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Dr. Anuj Kacker, President, and Executive Director
T K Ravi Shankar, Executive Vice President, and Chief Financial Officer
Pravir Arora, Chief Marketing Officer
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Presentation: <https://www.aptech-worldwide.com/downloads/investorPresentation/AptechLimitedQ2FY2022-23ResultsPresentation.pdf>

Saurabh Gada: Good afternoon, everyone and welcome to Aptech's Q2 of FY2022-23 results call. I have with me today, Dr. Anil Pant, who is our Managing Director and CEO. I also have with me today from the management, Dr. Anuj Kacker, who is the President and COO and heads Global Retail division. I have with me Mr. Pravir Arora, who is the Chief Marketing Officer, and Mr. T K Ravi Shankar, who is the Chief Financial Officer. I am Saurabh Gada; I handle Investor Relations at Aptech. So, I will now start the presentation run through and then at the end of it we will have Q&A session where everybody can you know one by one ask questions.

Saurabh Gada: **[Slide 2]** To take you through the performance highlights for the second quarter, in a nutshell, we can say that it has been one of the best quarters for our retail division. If you look at what we have achieved in the global retail segment so on a YOY basis over Q2 of the previous financial year, in terms of revenue, in terms of the booking and the billing numbers, it is more than 50% growth. For example, in the revenue we have almost 53% growth, which is on the adjusted basis, where we compare on a like-to-like basis because we have made this switch to the student delivery model of operations in the retail business in domestic retail. So, the top line obviously goes up because of this switch, but if you compare on a like-to-like basis as per the previous collection based model, then we have delivered a 53% growth. The other important thing to highlight is that even when we compare to the same quarter pre COVID which is the second quarter of FY20 we have achieved a double digit growth across all the parameters in global retail right. We can say that we are now out of the impact of COVID, henceforth. Then for the global retail segment we have achieved highest profits in more than a decade (could be even longer period). This is the first time that we have achieved a profit of almost 26

plus crores at the segment level in global retail, which translates to an 80% year-on-year growth and 28% growth over the second quarter of FY20. So not only in terms of revenue, but in terms of profitability also things are looking better. If we were to adjust for the revenue base and do a like-to-like comparison over the previous year's Q2, our margins in global retail have gone up from 46% to 51%. Even pre-COVID the profitability was 46%, so it is higher in our global retail business as compared to the previous year and even pre-COVID numbers. Now, if we were to also look at what is happening within the domestic and the international retail businesses separately so in domestic, when we look at the growth brands and when I say growth brands what we mean by that is our key brands like Arena, MAAC, and Lakme Academy powered by Aptech (LAPA). We have achieved more than double digit growth over the pre-COVID numbers and on a YOY basis also almost 30 plus % growth we have achieved in booking and billing. So this is basically showing that on the ground the traction for our key brands is very high and we are getting a good response in the market, but when we look at the international retail in the Q2 of FY23 across all parameters whether it is booking, billing, revenue, and profits we have achieved our best ever performance in this Q2 and this is because of our better performance in most of our major markets whether it is Vietnam, Nigeria, or other markets in South Asia and even few other markets.

When you look at the results that were published, there may be a concern on the Enterprise business making a loss at the segment level, but that is a function of two things primarily. One that the business is lumpy, so lot of the revenue is actually going to flow in during the second half of the year. That is why we have shared what is our estimated total order book for H2 that we are going to execute. Now a qualifier would be that this number obviously is an estimate because it will depend upon what are the number of registrations, we get across different exams that we conduct and across different customers what is the actual delivery. This number may vary, but now our estimate says it is going to be 135 crores so for the full year on a full year basis we are going to safely cross the previous year's revenues numbers and do much better. We will have a reasonably good growth on previous year revenue which will then overall translate into much better profits ahead. Second factor that played a role in the EBG business making a loss, which I will cover in detail in subsequent slide, there is an impact of slight delay in collections which translated in to an ECL provision impact on the bottom line. But if you exclude that then the segment profitability for EBG business is actually 11%. All this performance in terms of good

revenue growth, good profit growth, has also translated into great cash flow that we have generated in the Q2. On a YOY basis it has more than doubled and it has generated almost 15 crores of cash flow if we were to include the bank deposits less than 12 months maturity. Even against Q2 of FY20, it is at an 85% jump. Thus, in a nutshell, what we are basically trying to communicate is that we have done extremely well across almost all parameters when it comes to this quarter.

[Slide 3] So these are some more numbers that I would like to quickly take you through. If you look at the active centers data, we are expanding our network footprint across the world. When you look at the new center signups, internationally things have started picking up. We have signed up seven centers as compared to four centers in Q2 of FY22. The same store growth is also very healthy in the second quarter when it comes to the domestic retail business. If you were to look at the booking and billing numbers (the enrolment numbers are basically just to give you a sense of the scale right but what is important to note are the booking and billing numbers) and there you will see the growth that I have already kind of mentioned. If you look at YOY growth in domestic it is 30% almost and you know 87% booking growth in international. These numbers that we have achieved are higher than what we did in pre-COVID times. Same thing is true for billing as well. Our billing numbers are 40% higher in domestic and 57% higher in international on YOY basis.

Anuj Kacker: Just for the clarity of some of the investors who may have not been so familiar with our terminology, bookings refers to the total of the fees which the students have committed to pay from the time of enrolment to the time of pass out whereas billing refers to the amount that he has actually paid during the period to the centers for conducting of his education just for matter of clarifying the terminology.

Saurabh Gada: Booking is the order book that we are generating every month, every quarter as students enroll for our courses and which then translates into the revenue as the delivery happens in this new student delivery model. In the erstwhile model, as we have the booking translate into invoicing on the student and collection happening which then translates into our revenue as our share of the collection that the franchisee has. So, these are the two ways in which the booking will translate into revenue.

[Slide 4] Thanks a lot Anuj. So the next slide basically covers the segment financials and that is where I would just quickly highlight that if you were

to look at like-to-like comparison right, where you know we adjust for the impact of the accrual method under the student delivery model the revenue in Q2 FY23 for global retail would have been 51.5 crores versus the...

Anil Pant: You know in the last con-call a lot of people had said that give us a number that is comparable with the same quarter last year. So, this number that you see is 5146 is comparable to what was there in Q2 of FY20. Is that right Saurabh?

Saurabh Gada: Yes, that is absolutely correct.

Anil Pant: Yeah. I hope that helps in clarifying. And even the Q2 FY22 number is comparable?

Saurabh Gada: Yes, the one in the last row of the first table. Thanks, Anil. So, on a like-to-like basis we can see that we have achieved 53% YOY growth in global retail and the global retail number is also 12% higher than the pre-COVID number in Q2 FY20. Similarly, if you look at the profitability, right so global retail profit is actually 28% higher than the Q2 of FY 20 so our profitability has gone up in the current quarter, as I had mentioned before, from 46% to 51%.

Anil Pant: For the benefit of the investors, I know there is a lot of confusion that happens between accrual versus royalty based billing. But if you see the number in profitability there is hardly any impact. We are also learning the system as we go along but my feeling is that this number in terms of the profitability will remain fairly steady. Is that right Ravi?

Ravi: I expect it to be profit neutral between the two systems. Yeah. You are right Anil.

Saurabh Gada: And as I covered before, in EBG there was roughly 2 crore loss, but if you were to adjust for the ECL (Expected Credit Loss) impact, which is due to the delays in collection and that is the nature of the business so it is not something, which is out of the ordinary, if we were to adjust for that, then there would be a roughly 2 crore profit instead of a loss. In the second table, at the bottom, you will see the like-to-like comparison numbers for the global retail business and the total profitability. We have also given the breakup between domestic and international revenue. You'd see Domestic Retail, on a like-to-like basis has given 53% growth in top line and (there was) 52% growth in International Retail on a YOY basis. And if you were to look at Q2 FY20 comparison, then International Retail has done 36% better

than the Q2 FY20 number and Domestic Retail has done 6% better, but again you know there is a point I would like to cover in the subsequent slide with respect to this 6% number. **[Slide 5]** If you look at this 6% number in terms of the various heads of income that we have. If we were to put aside the income from the new center signups and the renewal of the existing centers, the growth was in fact you know 11%+, which means that from the student we are generating 11% more revenue as compared to pre-COVID levels. We have generated that in Q2 of FY23. And apart from that this slide is basically just summarizing the fact that we are out of the COVID impact. For all parameters you will see that there is a growth over the pre-COVID quarter, and this is likely to be the case going forward as well. In the previous quarter also in most parameters we had shown growth. This year you can say it is now out of the COVID shadows when it comes to the Retail business and EBG as well. **[Slide 6]** In terms of some of the operational highlights in the quarter, in the Domestic Retail business one of the key initiatives that the company has been working upon (in the context of the rollout of the new National Education Policy where vocational education is a key objective when it comes to the secondary and higher secondary standards and AVGC as a sector is one of the key vocational sectors that the government intends to promote in the schools) what we are trying to do is join forces with the government and conduct these awareness sessions on AVGC courses and sector amongst the school and college students. We have done that across many schools in many states including Delhi, Gujarat, Karnataka, Maharashtra, and few other states as well. We are also aligned with the local state governments in carrying out this initiative. At some stage you know this is going to be an important feeder for students coming into our centers. Anuj and Anil will cover in greater detail on this line. You must be aware that we are a specialist in the animation and VFX space, and we have in the last quarter launched our gaming vertical in MAAC and Arena. So, the objective is that we want to keep introducing higher end courses. The key highlight of the slide is there was a 40% year on year growth in total placements and job openings in H1 FY2022-23. We have won few awards and signed up a few alliances as well. **[Slide 7]** Similarly in International Retail also there are few initiatives that we are taking to make sure that our value proposition for the students continues to remain strong when it comes to events, marketing, and alliances with various Universities for pathway programs so that continues and that is one of the reasons that we have done well in most of our key markets. **[Slide 8]** Here, we have covered most of the key important points, the only point I would like to highlight again is the 15

crore cash flow against 7 crore and 8 crore cash flow in the previous quarters. **[Slide 9]** The profitability, which has gone up, would have been even higher but for these factors. We have already mentioned the impact of ECL and the fact that as compared to the Q2 of previous year the salaries and other costs have come back to normal levels and there is an increase in advertisement expenses. **[Slide 10]** This performance you will see also reflecting in our balance sheet ratios and the cash equivalents on the balance sheet, which have come down from 118 to 109 but that is primarily because we paid 21 crores dividend. You can also see the profitability ratios. This is basically about numbers; I will now request Pravir to quickly take you through few other updates that we have in terms of marketing initiatives.

Pravir Arora: You'd find that Q2 has been a very busy quarter for us in terms of engagement with our students, in terms of accolades we have won, in terms of the programs and campaigns that we ran. **[Slide 12]** You find Anuj picking up an award which is the franchisee of the year given to us by the Franchise India. On the right side, we find an award won by HR team which is you know the platinum award on the sixth CII national HR circle for effective use of technology in HR. **[Slide 13]** You know this was something that we did around 15th of August when the fever on 'har ghar tiranga' was very high and of course we know the our prime minster Mr. Modi and the entire government was focusing on 'har ghar tiranga' under the aegis of 'Azaadi ka Amrut Mahotsav' and that is when we started working on a program on a national level song which we said should be called 'har ghar hunar' because if there could be a 'har ghar tiranga' then there should have been a 'har ghar hunar' and we started a campaign called 'har ghar hunar' and other than this all the job fairs that we could possibly run would call this 'kamyabi ka mahotsav.' So, we will just take you quickly through this video.

Video: <https://www.youtube.com/watch?v=bxUyxNW-gSo>

[Slide 14] You will find some of our campaigns Ananya Pandey being the brand ambassador of the brand Lakme Academy powered by Aptech. These are some of the campaigns that we ran with her in terms of being reaching out to our stakeholders for them to....

Anil Pant: Pravir, the highlight here is that after we launched this Ananya Pandey campaign, our numbers grew by almost about 23-24 % in booking and billing.

Pravir Arora: Yes. I mean that is the key thing here. A very well devised and very well focused campaign. It goes very well with the target audience that we have so Anil is right. This is exactly what has helped in terms of being able to increase the enrolments. **[Slide 15]** These are some of the campaigns that we have run you know using micro and macro influencers. We have actually put up our accelerator very hard on influencer marketing campaigns in Q2 and that continues as well. We chose people both from a regional perspective and a national perspective who had massive following in terms of you know students or prospects, who really want to follow that specific career, and these are some of the names that you see. Put together these campaigns have so far yielded about 11.5 million views and it is still active. The campaigns are active. **[Slide 16]** This was a Covergirl, which is a contest. The first time we tied up with Femina, a brand like Femina associated with us in terms of being able to reach out and bring in the excellent work done by the students, and this was being put up as a digital cover in Femina, Vogue and Covergirl. So, what you see here is the work that is kind of done by the students and there was an elimination round, a qualification round, eventually the students came into Bombay and the final was at Bombay. **[Slide 17]** Saurabh did mention some of the activities that we have done this continues to be reaching out to a lot of people in schools and colleges and giving them the idea of the various career prospects the AVGC segment, the beauty segment and the IT segment have. On the right side you will see a letter which has been issued to us from the director of education in Delhi government where we have been allowed to go into all Delhi government schools and be able to propagate the career path that is available for students in AVGC segment. This has helped us to get into a wider reach, the schools are receptive, the principals allow us to coming and present because it is now coming from a very high level of authority considering our experience and what we have done in the market. **[Slide 18]** Some of the campaigns again on my right, but these are campaigns that MAAC has done. Gaming for example is picking up very well. We have seen lot of interest in people who want to pursue a career in game design so therefore we have created special campaigns where people would want to go towards that genre of AVGC and we have seen a significant amount of interest in the target audience. **[Slide 19]** I will spend a minute here you know this is something which is kind of relates extremely well and directly with all the stakeholders in interested in the game design course that we have to offer; Playground was an OTT series which was there with Rusk media and when they approached us, we kind of found an exact hit between what our target

audience wants to hear and this where we kind of partnered with them and we were their principal partnership through MAAC. This saw a huge eyeballs in terms of being able to reach out to the people in a more cost effective way. This is currently over; we have got about you see 53 odd million views. We are now talking to them on the next level in terms of what we can do to reach out to the target audience. **[Slide 20]** Some of the marketing activities that we have done in Arena; Arena which has got Creative Minds which is an event that happens again bringing in a lot of industry leaders and talking to the existing students in terms of what the leaders share, the industry perspective with the students, and that is the knowledge that the students gain. There is a whole lot of other campaigns that we have done. Of course, these are only partial campaigns that we are showing you.

Anuj Kacker: Pravir, coming in for a second. I think I would just encourage them to look at this (from the perspective) that our relationship with the industry is so strong that it acts as a huge entry barrier to any possible competition who may want to get into this space. And therefore, from a sheer evaluation of the strategy angle it is not only issue of just marketing and campaign or a customer acquisition. Over the years, our events of the nature that Pravir highlighted and many more are there have effectively built up an entry barrier. That is one point. Second point is this whole concept of events is integrated to our pedagogy. The way the students learn is not only, particularly in the type of education that we do for the domains that we are in, it is much more effective if taught through a combination means of practice, through theory, through the industry and through actual doing through internships. So, it is a combination pedagogy. Note this is very difficult for anybody else to duplicate and therefore it has served to become a USP for our brands. I just want to say from investment perspective it is a huge plus which also translates into us getting a better price realization. The fact that we are controlling Arena and MAAC as the two biggest brands in the space also gives us a voice in the market and also a voice in the policymaking. Back to Pravir.

Pravir Arora: Thanks. I must also add that you know considering the kind of work that our students do and eventually they get absorbed here and I would mention the industry participation is very high and they are more than happy to come and talk because that is exactly what they get to know what is happening on the ground and the pulse of the people. **[Slide 21]** Some of the activities that we have done in the international markets. Saurabh did mention that the international markets have had one of the

best growths that we have ever seen in the history of Aptech. Of course, a lot of it is to go with the kind of penetration that we have been able to have across geographies, the focus that we have been able to bring in, and a lot of our campaigns have helped the entire team to be able to bring in that focus and reach out to the people for them to make effective careers in the space of IT and Media & Entertainment.

Anuj Kacker: Pravir, if I might come in and try and preempt the question which may be there in the investor's mind as to what caused this growth rate? The clear answer to that really is that it is a cumulative effect of the investments, the activities, the methodology that we have been put up but it was in the last five odd years to be able to bring this together and it is all engines firing at the same time in various countries whether it is the pedagogical inputs, the kind of new segments that we have entered within those countries, the new centers we have set up as well as the increased presence that we have in the industry in all these countries. So, it is a combination of all these things therefore you are seeing a certain exponential growth; the beauty of the retail business is that each growth looks each activity looks incremental, but when put together they mean a lot.

Anil Pant: Okay guys, I think Pravir if you are through, we should throw the floor open to people for questions.

Saurabh Gada: Yeah, you can raise hands. Pawan, please go ahead.

Pawan Parakh: Hi Anil, I am Pawan here. Congratulations on a good set of numbers. So, sir now that we have cleared the first milestone in the retail business of crossing the pre-COVID levels what from here? Both in terms of growth in the existing brands Arena, MAAC, LAPA and if at all you can throw any light over the next one year, two years what plans to add another brand? Some color on that whatever you can share at this point in time?

Anil Pant: So, Pawan, I will take this in one part, and I will ask Anuj to take it in the second part. Okay.

Pawan Parakh: Yes.

Anil Pant: Now if you look at the growth that we are getting; to me this year is probably only let us say has captured only 55%-60% of what the potential is okay and the reason for that is simple because we had 2 years of extremely poor bookings right?

Pawan Parakh: Right.

Anil Pant: As you go ahead you will see this just going fairly on a high trajectory. That is one. Second is that if you look at what has been our strength, our strength has been that we have been able to take a mass employment franchisable opportunity with speed into the market. Now if you look at what we did with LAPA, in the first 3 years itself we had almost about 100 odd centers signed up. And then we got hit by 2 years of COVID and if you I mean just imagine a brand which has started which has been in existence for 3 years and suddenly is faced with 2 years of COVID scenario. I mean an Arena or a MAAC will survive. But to make a brand like LAPA survive, speaks volumes about our ability and let us put it this way our strength as an organization.

Pawan Parakh: True. True.

Anil Pant: So, while growing at 30%-40% is not a challenge at all. The key thing will come in when Anuj and his team look at adding more businesses in to this and you know like I had shared the last time around also we were just waiting to sort of get one full year of COVID free kind of performance in and then we are going to go whole hog on those you know adding new business lines. So, Anuj, you want to talk a little about that?

Anuj Kacker: Yeah. Sure. If I talk about the new business lines if you see, we are sitting on a fairly healthy cash balance so obviously that frees up our arms so to speak to be able to look at various opportunities. But the question really arises what kind of opportunities.

Pawan Parakh: Right.

Anuj Kacker: You see traditionally if you look at Arena, MAAC or Aptech learning, these have been brands which have been home grown and therefore had a particular growth path over the last 3 decades, but if you look at the Lakme Academy powered by Aptech that was not only the question of targeting a domain but it was also a method to create a new method for growth by which what I mean is you will get a powerful brand like Lakme or a domain with people like having domain knowledge, you plug in the expertise that we have in the go-to-market space in the franchising domain and lo and behold you have a winner. Now we are evaluating various other businesses which really can scale up very fast if we are able to use this kind of a model. So, these are the models which have created the LAPA success has emboldened us to be able to demonstrate our success on this, which can give an increase in revenues and increase in our top lines very fast as compared to the earlier methodologies where you

start a new brand and then you kind of grow with the whole turf over a decade. So that is the kind of thing we are looking at. We are not only looking at this in India, but we are also looking at this outside India.

Pawan Parakh: Right. So, sir in the event you decide to go with Lakme, I mean, a third party external kind of a brand and which you can scale through a franchisee network is it safe to presume to get that business going initial investments won't be so very huge, I mean considering your balance sheet.

Anil Pant: Not at all. Not a challenge.

Pawan Parakh: Right.

Anuj Kacker: We have got to establish brands, right? Where does the time and money go in? When you come up with a new word which is... that new word has to be created into a brand that takes time and money.

Pawan Parakh: Exactly because as far as distribution is concerned channel is concerned you already have that in place it is just about creating the buzz around...

Anil Pant: Pawan if you look at our last 6-7 years numbers, okay typically a 30% growth in booking leads to a 45%-50% growth easily in profitability. So, I mean woh toh chalta hai (that is anyway a given). I mean that will continue going. But that is not the excitement, na?

Pawan Parakh: Right. The second question is before I joined the queue is on the ProAlley front, I very clearly remember back then you said that do not expect anything in a hurry I have seen about a couple of quarters that you have launched, I can see number of courses on the platforms have increased so what is the way forward in say next 2 years or something? Any color on that?

Anil Pant: So, what we are doing now is we are looking at taking ProAlley international because in India we are not able to get the revenue per course.

Pawan Parakh: Okay.

Anil Pant: For example, for the same programs that we are selling in India for a thousand rupees, we can sell for ten thousand rupees in the US. Right, I mean it is what about 130 - 140 dollars there. And Pawan, I mean it is real value for money. We have actually got it evaluated. So, it is good. I mean that is the next phase that we are taking it to and hopefully you know we

will see some traction there in the next few quarters. And like I said Pawan I am in no hurry to burn money. We have seen what happens when you burn money.

Pawan Parakh: Ya. I agree.

Anil Pant: So, I am in a good space, we will continue to I mean in my own opinion in the next 3 years we will probably be one of the most profitable companies.

Pawan Parakh: Alright. So, when you say that 130 dollars, I am sure you are referring to developed markets US Europe kind of markets right?

Anil Pant: Yeah. Those kinds of markets. English speaking markets.

Pawan Parakh: Right. So, like I mean just hypothetically can we like say 2 years down the line can we have like a few say 100,000 kind of students enrolling for this. Is that like a number?

Anil Pant: Pawan, honestly, I don't have an answer. I mean normally I am pretty forthcoming okay. And if I had an answer to that I would tell you. But there is no point in my saying something on which, all I know is that acceptability is there, right? Now what the potential is going to be there, I don't have that answer right now, Pawan.

Pawan Parakh: Okay sir okay. And just one final bit. How much you would have invested in ProAlley so far?

Anil Pant: Ravi would you like to?

T. K. Ravi: About 7 crores today.

Pawan Parakh: And all of that is on the capital side, right? Nothing...

T. K. Ravi: It is a combination of revenue expenses and CapEx.

Pawan Parakh: Oh... so some of the things already helping the P&L.

T. K. Ravi: Ya, that is right.

Anil Pant: But a lot of it is towards creating content, Pawan.

Pawan Parakh: Right.

Anil Pant: I mean if you look at our, if you log in to ProAlley and look at the quality of content, it is really incredible.

Pawan Parakh: I understand. Ok sir, great. All the best. Thank you, sir.

Saurabh Gada: Thanks Pawan. Ashwin you can unmute and ask your question.

Ashwin Reddy: Yeah. Hi good afternoon. Thank you and congratulations on the very strong numbers. My first question is on the core the MAAC and Arena business so right now the bookings are looking good so it looks like next year will be quite strong as well from where we are today given how things stand. If I take a slightly longer term view if I take a 3-4 year kind of a view in terms of center growth what can be the center growth specifically from MAAC and Arena because I have seen that so if you see the combined MAAC, Arena plus Lakme there has been a strong growth, but specifically for MAAC and Arena so for the next 3 years how do we think about the center growth and the enrolments?

Anil Pant: Ashwin let me take this question. Anuj I will take this question and then you can come in if I miss something please. Ashwin, I mean you got to look at this from two or three perspectives. Okay? The first perspective is based on jobs. Because at the core philosophy of Aptech it is how many jobs are there in that space. And even in my earlier concalls, I have been stating that the AVGC space is at that Y2K moment that the IT services space was in Y2K okay. And COVID was obviously the fulcrum for that. Now if you look at what are the number of jobs expected to come into India and Anuj help me with this number, I think it is 3.5-4 lakhs in the next....

Anuj Kacker: Yeah. I think in the AVGC space alone about 2 lakh jobs a year.

Anil Pant: That is now. He asked about 4 years down the line. 3-4 years down the line.

Anuj Kacker: What the task force of the government of India of which I happen to be a part I hypothesized that in the next 10 years we could be adding 20 lakh jobs of which 2 years have passed so 8 years left of that.

Anil Kacker: So that gives you an answer in terms of what a huge potential there is in terms of jobs Ashwin right?

Ashwin Reddy: Correct.

Anil Pant: If you look at our philosophy, our philosophy is that we will keep making investments in spaces where there are a very large number of jobs. So today there are 2,700 recruiters who hire from us. I mean you heard that number right. 2,700! It is a phenomenally large number!

Ashwin Reddy: Yeah, it is.

Anil Pant: And that is a massive entry barrier in itself for people. I mean for people to be even able to get 100 recruiters is a nightmare and obviously these 2,700 recruiters are a result of like Anuj said decades of multiple things you know whether it is the events that we do whether it is the industry connect that we have etc. Now expansion is going to happen in two phases. The first phase is going to be the linear expansion where we have identified larger cities where we are still not present. There we will go with our regular model. And then we have something called a type D model where the guy will just put up a small center may be 100-200 students the revenue sharing will be different, but the classes will be conducted by Aptech.

Ashwin Reddy: Okay.

Anil Pant: Now thanks to COVID that got us ready for that. So, we are already read with that model, we are probably going to roll it out this year. This year I think we have already signed about 6 or 7 centers. We are perfecting it and I think we will be able to do this.

Ashwin Reddy: Got it. So just to extend this further then given the massive opportunity in this space is there scope for further capital allocation you know regarding opportunity in this space. Do you think that we will be able to acquire kind of cement the position stronger in this?

Anil Pant: Ashwin I mean why would I want to acquire when on the.... I mean please don't think I am arrogant here. Why would I want to acquire an organization in this space when I mean you know in the organized space, we are already at about 80% market share. Right? I mean it does not make sense.

Ashwin Reddy: Okay.

Anil Pant: Now as far as capital allocation goes that is a good question, we are investing... I mean if you saw something that Anuj had written we are continuously investing in extremely high-end technologies to create those job-ready students specially for the metaverse, specially in the space of gaming, and virtual production. Now these are things on which we are continuously putting forward plans to invest.

Ashwin Reddy: Got it. So, second part is on the tie-ups that you had once mentioned in the past about a tie-up with a Canadian University or something. You had the model of sending people there once you had trained her and all. How is that progressing?

Anuj Kacker: Yeah. The international tie-ups as a whole first and then I will come to the Canadian part also you know it works in certain countries as a very strong motivator for people to join our courses. Where it is used by us to be able to demonstrate to a person whose primary objective is to go abroad to land up somewhere outside his home country and we become a steppingstone. So let us say a country in Africa, Nigeria, and various countries in Africa fall under that bracket. Then there are Universities with whom we have good collaborations in Southeast Asia where people want to do a supplemental education to get a foreign degree while staying in their own country. We have opportunities with Universities in Malaysia in other countries with... let us say a person in Vietnam wants to get a degree from Malaysia, which has a certain credibility, so those kinds of opportunities exist. Now coming specifically to your question on the Canada tie up the Canada tie up is one more. See what we do typically is we set up an agreement, we demonstrate its value, and then we leave it for the student to choose. And that exists in Canada also. Canada incidentally is what let us say Bombay is to Bollywood Canada is to the AVGC industry. Right?

Ashwin Reddy: Right. Correct.

Anuj Kacker: So, we demonstrate that as a pathway and then those students who want to pursue that as a line very often apply to the student universities directly. Either the one which we have identified or many others. You know students need not have to wait for this tie-up. Tie-up is just an enabler. Even some of the students go today and tells the University listen I have done these courses, I have done it from Arena, or I have done it from MAAC, and here is my performance statement etc. here is my showreel those universities in their own wisdom would give them certain credit waivers by itself. So, the agreement is a demonstration of what already exists on ground for many students.

Anil Pant: And Ashwin we are the world's largest education player in the AVGC space.

Ashwin Reddy: Okay, got it.

Anuj Kacker: If I might add to what the long answer Anil gave to you regarding your earlier question on expansion, see among the adding to all the items that Anil said there is one more item, which would be we enjoy relationships with about 600 franchisees who have their own growth aspirations. Not only our growth aspirations they have their own growth aspirations right

as individual. So, for us to be... they understand us, we understand them. We understand who is good who is bad what they have got who needs what. So, if we have to come up with an expansion strategy it is that much easier for us. Let us say we can give a person LAPA a guy who is doing well in lest us say Arena or MAAC.

Ashwin Reddy: Got it. Understood.

Anil Pant: Anuj, just stay here. Ashwin, would you like to take a guess as to which city has the largest Arena franchise?

Ashwin Reddy: Largest single franchise you are saying?

Anil Pant: Yeah.

Ashwin Reddy: Ahhh.... May be Indore?

Anil Pant: It is actually Nasik.

Ashwin Reddy: Nasik, okay.

Anil Pant: I mean they have 1,000 students which is bigger than a junior college. He has just set up a 13,000-14,000 square foot facility which is you know activating in January and the guy wants to do almost about 30 crores of booking in the next 2 years. That is his aspiration.

Ashwin Reddy: Understood. Great. And my last set of questions is around the new segment you want to get into, right? So just to get a sense of how big the newer segments can become so in the last 3 years considering COVID and the recovery so what are the broad numbers on Lakme Academy? How big is it now? How profitable is it? So, let us understand about the new segments as well. What kind of opportunities?

Anil Pant: It is the #1 in the country today.

Ashwin Reddy: No, no. I am saying in terms of the revenues and profitability and all?

Anil Pant: Anuj, what is it? This year we are looking at 25,000 students?

Anuj Kacker: Yeah. This year we are looking at 25,000 students.

Anil Pant: And about Rs. 125-130 crores of booking.

Anuj Kacker: May be Rs. 100 crores of booking, yes.

Ashwin Reddy: Got it. Great. Thank you, so much and good luck!

Anil Pant: Yeah, okay thanks!

Saurabh Gada: Thanks Ashwin. Riddhesh you can unmute and ask your question.

Riddhesh G: Hi sir, and congratulations on great numbers. Just a set of quick questions for you that I just wanted to understand the longer term growth potential with regards to placements and recruitments in the you know multimedia space per se. It is obvious that COVID has sort of led to a speeding up overall of content and obviously digital has become a lot easier to create as well, but how long do you think that this could continue to grow up because we are already seeing some signs from some of the actual recruiters of a slight slowdown happening. Are you guys experiencing that at all and how do you see this you know evolving over I would say 8-10 year period?

Anuj Kacker: Not at all. I don't see any signs of slowdown right now with particular companies you are referring to. Overall if it all at this particular stage the people whom they demand are in want it far exceeds our capacity to supply so in fact that is only accelerating that single dimension so I don't see and I just mentioned the figures which the government's own task forces prognosticated now but having said this, it is important to understand the type of jobs can change. The specific requirements can change. You know specific skill sets may change. But that is what we make a living from right? Because we have that experience, we know exactly what is needed. Because we have the industry connect, we have a preview in to the kind of skills they are likely to need and needing now and we are able to constantly align our courses. We are able to constantly deliver those things. In fact, as we speak, today, we have inaugurated.... there is a big contingent of students of Arena in Goa where about 16 odd industries top experts have flown into Goa to do an exclusive event only for our students of Arena in Goa that I think would have started now as we are speaking. So those are you know the kind of things which really drive this industry. It is not.... you know just last comment on the digital piece. I think digital piece needs to be understood very clearly when it is related to our business. It is an enabler of many things. It is an enabler of technology; technology can enable certain aspects of delivery in a much better fashion. So, learning becomes better. But unlike a digital which is lets us say Urban Clap or even a Byju's for that matter, which is catering to largely the K-12 segment it does not. We should not try to have those analogies. When...

- Anil Pant: Anuj... what I think Riddhesh was referring to was to the Tiktoks of the world. I mean Riddhesh....
- Riddhesh G: No, it is an example two days ago just a reduced guidance with regards to FY22 and FY23 right and so effectively they sort of have reviewed what their growth was. So, I just need the audience to see whether we see this as a real time blip because people are maybe over-hired at a particular area or do you think this could be sustainable or that.
- Anuj Kacker: No, I am not familiar with what Technicolor has done two days back, honestly, but overall... we are in constant touch with Technicolor they are one of our big hirers they continue to be that. So is MPC. So is... and really as Anil mentioned that we have a vast array of recruiters and really, we are not captive to one person or one particular recruiter going up or down in their projections.
- Riddhesh G: Got it. The question was whether...you guys have done obviously an outstanding job given you guys are the leaders in this space per se, what I was just trying to get an understanding is that can this so is this in a 3 -4 year hypergrowth pace which will taper off or effectively is this in that 8-10 year actually trend where we kind of continue to see the need to hire talent than this space. Because I think if there is a need to hire, I think obviously like you guys are directly connected you need to do that.
- Anil Pant: Riddhesh, I mean Anuj answered that. I mean the AVGC task force of which he is a part has given a projection till 2030. Which still leaves 8 years of that and that is a significant amount of hiring expected still.
- Riddhesh G: Understood. No no.....
- Anuj Kacker: So just to add to that see Arena at one point of time used to be Arena Multimedia then animation got added then VFX got added then now Gaming has got added and many other subcomponents will go on getting added.
- Riddhesh G: The need to change or modify metaverse gaming whatever it maybe.
- Anuj Kacker: So those things will continue to change. When one technology goes out the next one comes in.
- Anil Pant: Riddhesh just to give you our point of view Anuj how many trained faculty did you have by Epic Games?

- Anuj Kacker: So today about more than 200; 220, if I remember the figure right, faculty trained by Epic.
- Anil Pant: Riddhesh, I am just throwing this number, I mean, to us it is just an enabler of the system, but can you imagine any education institute having 200 trained faculty on the metaverse trained by Epic Games?
- Riddhesh G: Got it.
- Anil Pant: Yeah. So, we are way ahead of the curve there Riddhesh.
- Riddhesh G: Got it. How much is our you know market share? With regards to either like number of students or revenues share or however you guys see it?
- Anil Pant: Approximately about 30%-32% in terms of the supply to industry.
- Riddhesh G: Got it. And the rest...
- Anil Pant: Will only grow. Right, I mean it can only grow.
- Riddhesh G: Got it. Got it. Thank you. Thanks.
- Saurabh Gada: Thanks a lot, Riddhesh. Apoorva, you can unmute yourself and ask your question.
- Apoorva Shah: My question is on Institutional business. The Rs. 135 crore expected order book does that include the recent announcement of...?
- Anil Pant: Part of it. I will explain. I will be extremely transparent on this one. The tender value shows Rs. 100 crores plus, right?
- Apoorva Shah: Okay.
- Anil Pant: But our experience in the past has been that Rs. 100 crores plus have been over a period of time. Has been over a period of 1 year. So, there is no point in exciting people unnecessarily by taking the whole Rs. 100 crores in to how do you say it the remaining part of the year. So, a large part of this Rs. 135 crores is from other customers. There is some of it from the announcement that we have made.
- Apoorva Shah: Yeah, and other question is how is the response to this IT careers with HCL tie up?
- Anuj Kacker: It is still at the initial stages. We are fine tuning our program deliverables with HCL, so as of now it is not significant.

Apoorva Shah: Okay. And third question is it has been really long so by what time can you expect the announcing of newer segments now that you have stability?

Anil Pant: Sorry. I didn't get the question.

Apoorva Shah: It has been really long that we have announced any entering into new segment so by what time can we expect the announce?

Anil Pant: Apoorva, I answered that question in the earlier part of the call that we were well on the path to looking at some new businesses before COVID struck right and then we had two years of hell going through COVID right. And I made a statement right at the beginning of this call that we wanted to see one full year of you know without any COVID interference, how we are able to do, and take the call from thereon. So, obviously next year onwards we are going to look at doing something in that space.

Apoorva Shah: Thank you.

Saurabh Gada: Thanks a lot Apoorva. Sunny, you can unmute yourself and ask your question.

Sunny Gosar: Yeah. Thanks for picking my question and sir congratulations on the strong set of numbers in the quarter. My question is on the international retail fees so in the first half you delivered about 50% YOY growth and if you look at pre-COVID numbers it is almost 20% over say H1FY20 so what is driving this growth in terms of like, which geographies or which segments are driving this growth and what is the outlook in terms of going forward on a high base of growth.

Anuj Kacker: I did mention some points related to this question in the earlier part of the discussion. Firstly, it is a combination of three or four things, and I will not want to single out one particular factor, which drives this growth. One key factor is all the engines of most our markets are firing together so that is one key thing. And second is of course we have expanded our reach within these countries so that has contributed but to my own mind I think what is also contributing is all the investments we have been making in the last 4-5 years in terms of addressing newer segments, in terms of building up newer products, newer pedagogical methods to be able to give confidence in these markets, to be able to do it to deliver the value proposition that the student is wanting. All have contributed together. All these factors. So, I won't like to single out one of them it won't even be possible for me to do even if I want to do it.

- Pravir Arora: Just to add to what you know Anuj said I think we have been doing whatever you know we should be, and all engines are firing. But I think the macro-economic side has also been helping us. The government setting up a whole AVGC focus is a big thrust in terms of being able to go and talk to the prospects and stakeholders saying listen if we were saying it for so many years, it is the government saying now and that is kind of sinking in amongst a lot of people as well.
- Anil Pant: But Pravir, Sunny's question was on the international market.
- Anuj Kacker: Yeah. But we equally think it holds true for international like in the month of late September I was there in Vietnam and we had a big CII delegation, which was part of a big Horasis event on the Indo-Vietnam forums and every government official every speaker on the forum was speaking very strongly of growth in certain specific areas and Education & Training was clearly one of them. And on lighter note, there is a thing I found out much to my own surprise. Since I had co-chaired one of the Horasis panels you know the Deputy Prime Minister of Vietnam was there. Then soon after that, I was asked to come and greet him and when I met him, he mentioned that he has done a course from Aptech, I had some association with the course with Aptech. I was very pleasantly surprised. And of course, I thank them for all the good words and all of that. So, it works in many ways.
- Sunny Gosar: Yeah. So, sir, how should we look at the growth outlook from here on for the say next 2-3 years so do we sustain this high level of growth rates, or this could normalize to more 20%-25% type of growth rates.
- Anil Pant: I am saying it is going to be the same.
- Sunny Gosar: Okay. That should be great. Yeah. And if you can highlight the top 5 geographies in terms of the international detail.
- Anuj Kacker: Vietnam is clearly the number 1, followed by many countries in Africa Nigeria being a prominent one. But actually, you have to give Nigeria is one entity and we are there in 12 other countries in Africa alone which have started recording very good growth. Qatar is a very big market for us.
- Anil Pant: Egypt is good.
- Anuj Kacker: Yeah. Egypt is good. There was a mention in Africa there are several countries which are firing for us.

- Sunny Gosar: Got it and my other question is on the Institutional business so assuming the order book that you have highlighted for H2 comes through so this year your revised base may be closer to say 140-150 crores for the full year now. May be more than 150 crores because in the first half you have done about 20 crores.
- Anil Pant: Yeah.
- Sunny Gosar: So, how should we look at this business from a 2-3 year perspective what could be the incremental growth drivers from here on?
- Anil Pant: 35%-40% growth every year.
- Sunny Gosar: And what would be the key drivers in terms of new customers or more students taking the same.
- Anil Pant: No, it is not a question of that. It is just a question of.... you know, I have been very transparent on every call you know we went through a bad cycle of two years where you know we delivered a bad exam, and we were blacklisted in Lucknow, and you know that had a massive impact on our business. Now I mean I never wished that on my competition, but unfortunately similar things have happened to two of our major competitors. And obviously there is a massive rub off from that which comes to us which does two things, one, it gives you business; second, it also enables you to increase your pricing right? So that is why I am saying that it is pretty decent.
- Sunny Gosar: Got it. Great sir, thanks for the detailed answers and good luck for the future.
- Anil Pant: Thanks Sunny.
- Saurabh Gada: Thank you very much, Sunny. Yashica you can unmute yourself and ask the question.
- Yashica P: Hi. Thank you for taking my questions. So, I have 4 questions. The #1 is I can see we are expanding which is fantastic and I can see we are going to expand like really well, as we go ahead. Just makes me wonder what exactly we are doing to quality control like you know as I mean you have so many different brands and you have so many different features how we are looking at that. I wanted to know about that.
- Anil Pant: So Yashica, I mean you look at it this way. Fundamental of our business okay lies in how do I ensure that there is a plus or minus 5%-10% learning

outcome variation in a student of mine whether he is in Africa whether he is in Mumbai whether he is in Vietnam. Right? So over 30 years we have put in a lot of measures in terms of doing this. So, this happens by 2 or 3 things;1 obviously by ensuring that you are almost I would say faculty independent. Okay because the faculty is only supposed to deliver what is there in their presenter manual right. And obviously I mean a little bit so that is why that 10% variation will come in from faculty to faculty right. So that is the first step of quality control. The second thing is the certification of the faculty for which Anuj has a very large academics team which certifies what the faculty at the centers deliver to the students. The third thing obviously is ensuring that the availability of resources to students is extremely high level I mean you know we talk about almost a 99.8% kind of availability level for our students in terms of whatever resources they are supposed to have available to them. The fourth thing is obviously the amount of digitization that we have done and when I talk about digitization you know I don't believe in all this I mean what you call it online this thing. That is not my funda of digitization. To me digitization is if I can get my 80,000 students okay 15 seminars a year with industry leaders right now, I have to have a digital infrastructure, which is capable of handling that. I have to have an industry connect which is capable of turning out this number of industry leaders who will talk to my students. I have to have a marketing team, which is capable of turning out events like Pravir showed you now The Cover Girl and those kind of events in Lakme because those are at the end of the day at the bottom of the student's achievement. So, all of this goes in to obviously putting a lot of focus on the quality front. Does that answer your question?

Yashica P: Absolutely. Great. Thank you. The next question is if you go on to the third slide the international centers from 219 has gone down to 212, I was wondering what is that about?

Saurabh Gada: Yeah, I can try to answer but in case Anuj wants to add he can add. So, Yashica, as we add new centers there are some centers which also close down. Hence, in this quarter the movement is basically of a net reduction so that is the reason why it is

Yashica P: Just wanted to make an.... I mean any specific reason that was identified or is it just I mean it can always be....

Anuj Kacker: I will chip in Saurabh. Attrition of centers is not necessarily a bad thing okay. It is more often than not driven from our side which is relatable to

your first question on quality. If a faculty if a particular center is not delivering either on the academic quality or the financial purity, we try to ease them out of the system so that is not necessarily a bad thing. Having said this, I would strongly encourage you as person who has spent 20 years in this company, not to get too focused about number of centers. It does not really matter that much okay. Yes, it has a relationship in terms of reach, it has a relationship in terms of ease of access by a student to a particular center, but beyond that it does not really matter in the nitty gritty and particularly not in a quarter-to-quarter basis. That is not how we look at it and if we don't look at it and you want to look at it, it will be odd.

Yashica P: No absolutely, got it. Just wanted to get a....

Anil Pant: Let me elaborate. See suppose I have a center which city are you from? Mumbai? Okay so suppose you are in Andheri I have a center in Andheri now would I want another one in Malad, or Vile Parle is a thing which is dictated not so much by that Vile Parle is separate or Malad is separate but by the fact that if the servicing done by the Andheri center is adequate to cover these two catchment areas. What are their growth aspirations etc. So, number of centers rarely is.... of course, we do look at it, but you know...

Anuj Kacker: And most of the times Yashica, I think it would be a result of the guy defrauding the system.

Anil Pant: Okay and obviously if he defrauds the system the student is not going to get adequate service, I mean.

Saurabh Gada: And the proof of this number not impacting the performance is actually there in this quarter's performance.

Yashica P: Yes. I can see that.

Yashica P: The next question is about ProAlley again just wanted to understand like we had an envisioned something when we made it right? Like I think last year or this year. We launched it this year

Anil Pant: Last year September.

Yashica P: Right. So, you just said something about it not getting that much of a response here. So, what you know...

Anil Pant: I will explain.

Yashica P: Yeah. Yeah, please.

Anil Pant: In my opinion, I mean I think we launched it a little early. You know before we had the cash to spend okay. So, we had to be extremely.... I mean last year nobody knew what kind of money we are going to make in September right? I mean it was not clear.... previously we had 9 crores, last year fortunately by the end of the year we had 43 crores PBT. But we didn't know in September that we would have a 43 crores PBT. Now when we launched it, we did it conservatively and I was very clear that I am not in this game of valuation. ProAlley is not a valuation game for me. I have been very clear that if you know I am not trying to create a unicorn there. No. I am extremely clear that I want to create an extremely high value platform and till now with the 21 courses that we have launched these 21 courses have a lifespan of almost about 15-20 years. I mean that is the lifespan of the course. And as long as it lasts over that period of time and as long as we can do the things that we want to with ProAlley which is eventually now in the next 2 -3 months we are going to be taking it international, right? It is probably going to start making us some money, but we are not going to again I mean you know we are not going to go berserk on this. If we are spending few million dollars on this, we will sort of be able to get the top line but definitely not the bottom line and I have always maintained this that in the Indian context, the stock market is extremely unforgiving for a listed player on losing money because of innovation. So, I will continue to grow my profitability and I will continue to keep on investing whatever money I can in to ProAlley.

Yashica P: Absolutely. That gives perspective. Great. Last question. So, LAPA is doing really well. But it is domestic right? From what I understand you are not in international. Any plans on going international for LAPA?

Anil Pant: Anuj is the boss man for that.

Anuj Kacker: The answer is yes, but there are many factors to consider in terms of every region has a different skin type, different hair methodologies etc. so we are evaluating in particular the South Asian markets or where the Indian skin type works the best and in discussions with Lakme we have mentioned it, but our agreement doesn't allow for it.

Yashica P: Okay. Alright. Thank you. That's it. Thank you so much.



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Saurabh Gada: Thank you, Yashica. Any other questions from anyone? You can unmute yourself and ask the question. Okay. Anil, I think we don't have any more questions so...

Anil Pant: Thank you.

Anuj Kacker: Thank you everyone have a great day. Thank you for joining.

Saurabh Gada: Thank you everyone. Thanks a lot.