

Business Overview

Company Profile:

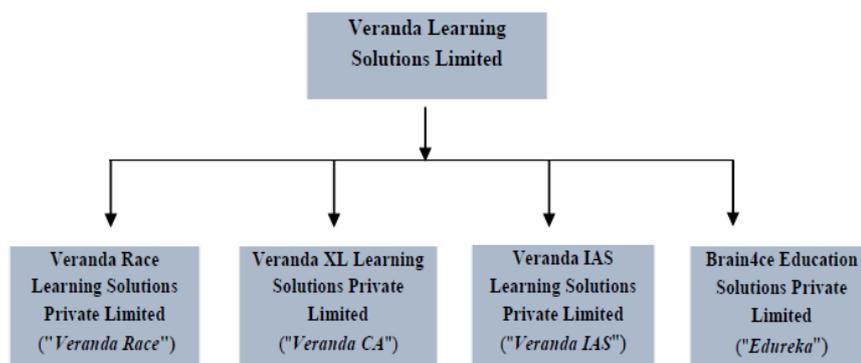
- Verdana Learning Solutions Ltd. was incorporated in November 2018 as as Andromeda Edutech Private Limited. It is engaged in the business of offering diversified and integrated learning solutions in online, offline hybrid and offline blended formats to students, aspirants, and graduates (collectively "Students") professionals and corporate employees ("Learners") enrolled with their courses through multitude of career-defining competitive exams, professional courses, exam-oriented courses, short term upskilling and reskilling courses.

Business Models:

Verdana Learning Solutions Ltd. primarily provide their services through online, offline hybrid and offline blended learning models.

- **Online** - The tech-infused online learning model comprises recorded videos and online live instructor led learning mode. It allows students to engage in self-paced inclusive and individualized learning experience.
- **Offline Hybrid** - It involves classroom teaching supported with online assessments and access to self-paced learning material to enhance recall and retention.
- **Offline Blended** - It involves a mix of online content and offline delivery, wherein the centre delivers LMS Study Materials together with traditional class room experience of personal mentoring from Mentors, with a dedicated Mentor in each class room available for assistance to students.

Verdana Learning Solutions Ltd. offers its services through its four Wholly-Owned Subsidiaries as seen in the image below:



| Subsidiary | Veranda Race | Veranda CA | Veranda IAS | Edureka |
|------------------------|---|---|--|---|
| Courses offered | 1. State Public Service Commission 2. Staff Selection Commission exams; 3. Banking and Insurance exams; and 4. Railways Recruitment Board exams. | 1. Chartered Accountancy (CA) – Foundation; 2. CA Intermediate; and 3. CA Final exams | 1. Union Public Service Commission – prelims and main exam, and personality tests; and 2. State Public Service Commission Group-I exams | 1. Short term skilling courses; 2. Long term courses (university partnership courses); and Corporate learning courses (B2B). |

Issue Details

Initial Public Offer of (*) Equity Shares aggregating up to ₹ 200 Cr.

Issue size: ₹ 200 Cr.

No. of shares (Post IPO):

15,384,615 – 14,598,540

Face value: ₹ 10/-

Price band: ₹ 130-137

Bid Lot: 100 shares and in multiples thereon

Post Issue Implied Market Cap:

₹ 735 – 764 Cr.

BRLMs: Systematix Corporate Services Limited

Registrar: Kfin Technologies Private Ltd.

Indicative Timetable

| Activity | On or about |
|------------------------------------|-------------|
| Issue Opens | 29-03-2022 |
| Issue Closes | 31-03-2022 |
| Finalization of Basis of Allotment | 05-04-2022 |
| Refunds/ Unblocking ASBA Fund | 06-04-2022 |
| Credit of equity shares to DP A/c | 06-04-2022 |
| Trading commences | 07-04-2022 |

Listing: BSE & NSE

Issue Break Up

| Retail | QIB | NIB |
|--------|-----|-----|
| 10% | 75% | 15% |

Shareholding *

| | Pre Issue | Post Issue |
|---------------------------|----------------|----------------|
| Promoter & Promoter Group | 89.22% | 65.87% |
| Public | 10.78% | 34.13% |
| Total | 100.00% | 100.00% |

*Calculated using data in RHP on page 80

Competitive Strengths

Proven track record of Promoters: The company benefits from the vision, strategic guidance and experience of its promoters who have a record of entrepreneurial success. The promoters have a collective experience of over 40 years in the education sector and also possess vast experience in other industries such as finance, information technology and the entertainment industry.

Result oriented method of teaching with 360-degree approach: The company believes it focuses on result oriented method of teaching to impart knowledge to the students, which in turn assists them to achieve success in the relevant courses. It also has an in-house and outsourced team of mentors to constantly monitor progress of the students and identify their special requirements and assist the students to achieve their goals. In addition to this, with a view to continue to grow and enhance the quality of the content, the company has established an in-house content development team, with domain and subject expertise. The company provides sufficient learning units, which are blends of audio, video and physical study material to cover relevant courses. It also provides practice programs and mock tests to ensure that the students achieve their goals.

Diversified course offerings and delivery channels: The company provides a wide range of learning solutions through its courses including competitive exams courses, professional courses, short term upskilling and reskilling courses to Students and professionals through online, offline hybrid, offline blended, campus in campus and online live instructor led learning models in various languages and therefore the services give the company a competitive edge over other players who are more particular course-specific.

Extensive experience in the education business and professionally qualified human capital: The company is managed by a team of experienced personnel having rich operational and business expertise in the courses offered. The experience, expertise and strategic guidance of the management team enables the company to continue to take advantage of both current and future market opportunities and address and mitigate various risks inherent in the business.

Strong Brand Presence of their brands: The company believes that it has established a strong presence in the competitive exam-oriented courses, particularly in Banking, SPSC, Insurance, RRB and SSC. With acquisition of Edureka, it has entered into the market to provide instructor led learning in the niche information technology area related courses. Edureka has over 3 million subscribers on its YouTube channel, which the company believes is one of the highest subscriber base in the world in the IT education sector. With the acquisition of Edureka, the Company has access to these international markets and is expected to continue to expand its overseas customer base.

Efficient infrastructure and resource management with strict quality control standards and affordable Courses: The company has an in-house content team, third party Mentors and instructors and an editorial team with vast experience in their respective domains who curate and prepare content for the study material. It has a centralized content development process to ensure quality and error-free content across all the courses that are offered. The company also has a centralized in-house process for training the mentors to ensure consistent standards of quality and delivery across its courses.

Technology driven, Asset Light & Scalable business model: The company's business model leverages on growing technologies and uses up-to-date technology to deliver the digital courses. The company has a large repository of digital content, including the study materials, which is uploaded on cloud based labs, which may be accessed across the world without any geographical constraints. The company's online and offline blended model allows it to expand the target market without being limited to geographical restrictions in which its centres are located.

Pandemic Proof Model: The COVID-19 pandemic has created unique global and industry-wide challenges, including challenges to the company's offline learning business model and shifting the offline learning business model to online model. Given the situation, the Company has evolved to shift to a COVID-19 or similar epidemic proof business model and it believes to have taken all possible steps to align the services to be pandemic proof.

For further details, refer to 'Competitive Strengths' page 158 of RHP

Business Strategies

Use opportunistic and strategic acquisitions to rapidly expand offerings and customer reach:

In order to grow and expand the business, the company evaluates targets for acquisitions and seek opportunities to acquire brands and businesses which complement its service offerings, strengthen or establish its presence in the targeted domestic and international market or enhance the knowledge-base and knowhow and provide synergy to its existing businesses and operations.

Geographic expansion through PDCs:

The company intend to expand its presence in the existing and new markets, by increasing the number of PDCs primarily through arrangements, wherein the company enters into agreements with PDCs to conduct and operate online blended and offline blended model of learning under revenue sharing arrangements. The company plan to leverage its brand recognition and experience in the markets to service the increasing demand for its learning courses. The company intends to increase its customer base through greater marketing efforts and introduction of more courses.

Addition of new courses and offerings to ensure that the company covers Students' and Professionals' education need:

The company intends to provide early age academic tech infused courses such as (a) engaging with educational institutions like K-12 schools and colleges where the company intends to deliver high-quality digital content across video lectures, books, regular tests and mock exams for K-12 (ii) exam oriented courses for various college entrance examinations for admissions to universities. Similarly, the company intend to expand its services to working professionals by providing them certain new certificate courses including courses under university affiliated programs.

Expand focus on B2C and B2B models to include individual Students, corporates and educational institutions including schools and colleges:

The company presently focuses on B2C and B2B spectrum of the education sector by offering online, offline hybrid and offline blended formats to the Students, corporates and educational institutions. The company intends to expand its focus on B2C and B2B spectrum of the education sector. It believes that there is a significant growth opportunity in the B2C and B2B spectrum of the education sector.

Develop and expand publishing and content development:

The company is an asset-light Ed-Tech company and its core strengths are the content and multiple delivery platforms, which they have built, created, developed, acquired and which will be the key drivers for its business in the future. All the Study Material, which is used by the company are prepared and curated by highly experienced in-house and third party Mentors/ instructors who have vast experience in such domains. The company will continuously endeavor to develop, update and acquire the content to cater to the demand of the courses offered by them.

Drive economy of scale to ensure that the company continues to stay affordable while delivering the highest quality of education:

The company has a centralized in-house process for curriculum and content development. This centralized process helps them to maintain consistent standards and delivery across its learning channels.

Brand building strategy that covers a judicial mix of print, video, digital and social media:

The company is engaged in marketing and brand building campaigns through various media vehicles, including mix of online marketing through search engines such as Google, YouTube, social media platforms, electronic commercials and print media. They intend to continue building their brands on the functional aspect of reliability and innovation by increasing investment in television marketing such as print advertisements, such as newspapers and magazines, digital marketing such as social media presence and internet advertising

Focus on rationalizing their indebtedness:

The company focuses on rationalizing its indebtedness. It has entered into various financing arrangements with banks and financial institutions for loan facilities. The company proposes to repay or prepay all or a portion of certain borrowings availed from the Offer Proceeds. The repayment or prepayment will help reduce its outstanding indebtedness, and assist the company in maintaining a favourable debt-equity ratio and enable utilisation of its internal accruals for further investment in business growth and expansion.

For further details, refer to 'Strategies' page 161 of RHP

Profile of Directors

Mr. Kalpathi S. Suresh is an Executive Director cum Chairman and one of the Promoters of the company. He holds a Bachelor's Degree of Technology (B. Tech) in Electrical Engineering (Electronics) from Indian Institute of Technology, Madras (Chennai, Tamil Nadu), and a Master's Degree of Science in Electrical Engineering from Clemson University. He oversees the day-to-day operations comprising mainly of contributing in high level business development, networking, business guidance, business visibility, administration, finance, policy and decision making, of the Company.

Mr. Kalpathi S. Aghoram is a Non-Executive Director cum Vice-Chairman and one of the Promoters of the company. He holds a Bachelor's Degree in Commerce from the University of Madras (Chennai, Tamil Nadu).

Mr. Kalpathi S. Ganesh is a Non-Executive Director and one of the Promoters of the company. He holds a Bachelor's Degree of Applied Science from Anna University (Chennai, Tamil Nadu). He has completed a certificate course in Computer Software and Applications from the National Institute of Information Technology (NIBT), and also holds a Master's Degree in Software Systems Branch from the Birla Institute of Technology & Science (Pilani, Rajasthan). He also holds a membership certificate from the Institution of Engineers (India) (Kolkata, West Bengal) and a diploma of associate membership certificate from the Institute of Engineers (India).

Mrs. Kalpathi Aghoram Archana is a Non-Executive Director of the company. She is a graduate in Computer Science from the College of Engineering, Guindy in Chennai. She holds Master's Degree from the State University of New York (USA) and has completed an extensive Wealth Management Programme from SMUSwiss Institute of Finance-Yale University (USA). She is a Director of AGS Cinemas Private Limited, the feature film exhibition company, which commenced its operations in 2008 in Chennai. She is also an executive producer for movies produced by AGS Entertainment Private Limited.

Mr. S. Lakshminarayanan is a Non-Executive Independent Director of the company. He is a fellow member of the Institute of Chartered Accountants of India. He holds a Bachelor's Degree in Commerce from the University of Madras (Chennai, Tamil Nadu). He is also a Registered Valuer in Securities or Financial Assets and has obtained a Certificate of Registration from the Insolvency and Bankruptcy Board of India and a Certificate of Practice from the IOV Registered Valuers Foundation. He also holds a Company Secretary membership from the Institute of Company Secretaries of India. Additionally, he has also obtained Certificates for courses on Business Responsibility and Sustainability Reporting and Forensic Accounting and Fraud Detection from the Institute of Chartered Accountants of India. He is also a graduate of the Institute of Cost and Works Accountants of India. Presently, he is the proprietor of S L N & Co, Chartered Accountants.

Ms. Revathi S. Raghunathan is a Non-Executive Independent Director of the company. She is a fellow member of the Institute of Chartered Accountants of India. She is also an Insolvency Professional registered with the Insolvency and Bankruptcy Board of India. She has also obtained a Certificate for course on Forensic Accounting and Fraud Detection from the Institute of Chartered Accountants of India. She is also a Certified Information Systems Auditor registered as a member of the Indian Science Congress Association. She is also a member of the Institute of Directors. Presently, she is a partner at A. Raghunathan and Company.

Mr. P. B. Srinivasan is a Non-Executive Independent Director of the company. He is a fellow member of the Institute of Chartered Accountants of India. He also served as an auditor for Board of Control for Cricket in India. He holds a Bachelors' Degree in Commerce from A. M. Jain College, Chennai. Presently, he is a partner of the firm P. B. Vijayaraghavan & Co.

Mr. Kasaragod Ullas Kamath is a Non-Executive Independent Director of the company. He is a fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He also holds a Bachelor of Laws Degree and has attended the Advanced Management Programme at Wharton Business School and Harvard Business School. He has won the CA Business Achiever Award – SME category in ICAI Awards 2008 on January 25, 2009. He was serving as a Joint Managing Director of Jyothy Labs Limited until recently and has also joined the Board of Snapdeal Limited as a director.

Given above is the abstract of data on directors seen on page 178 of the RHP

Object of the Offer

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

| Particulars | Amount (Rs. In Million) |
|---|-------------------------|
| Repayment or pre-payment, in part or full of all or certain of borrowings | 600.00 |
| Payment of acquisition consideration of Edureka or repayment of a bridge loan availed specifically for the purpose of discharge of such acquisition consideration of Edureka ⁽²⁾ | 251.89 |
| Growth initiatives | 500.00 |
| General corporate purposes ⁽¹⁾ | [•] |
| Total | [•] |

(1) To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.

(2) The Company is under an obligation to pay and discharge the post-dated cheques for ₹251,889,348 on March 26, 2022, issued to certain of the then shareholders of Edureka, in terms of its payment obligation under the Share Purchase Agreement dated August 30, 2021.

Comparison with peers

There are no listed companies in India that are comparable in all aspects of business and services that the company provides. Hence, it is not possible to provide an industry comparison in relation to the Company.

Financials (Restated Consolidated)

(Rs. In Millions)

| Particulars | As at 30 th September, 2021 | As at 31 st March, 2021 | As at 31 st March, 2020 | As at and for the period from November 20, 2018 to March 31, 2019 (Proforma) |
|-----------------------------|--|------------------------------------|------------------------------------|--|
| Equity Share Capital | 376.00 | 70.00 | 0.01 | 0.01 |
| Other Equity | (148.94) | (70.62) | (2.94) | (0.98) |
| Net Worth | 227.06 | (0.62) | (2.93) | (0.97) |
| Total Borrowings | 1651.99 | 61.58 | 1.16 | 0.53 |
| Revenue from Operations | 154.63 | 25.40 | - | - |
| EBITDA | (150.52) | (76.27) | (1.96) | (0.98) |
| Profit/(Loss) Before Tax | (184.77) | (82.87) | (1.96) | (0.98) |
| Net Profit/(Loss) after tax | (182.92) | (82.79) | (1.96) | (0.98) |
| Basic Earnings Per Share | (5.14) | (7.29) | (489.69) | (245.88) |

Above data obtained from pages 24, 25, 63, 249 and 276 of RHP

Key Risk Factors

- Although the company was incorporated in November 2018, the business operations commenced in December 2020. Their growth strategy includes evaluating opportunities for strategic alliances, partnerships, investments, acquisitions and rebranding of acquired business. If they are unable to successfully identify and integrate acquisitions, their growth strategy, business, results of operations and prospects may be adversely affected.
- Any changes in the company's relationships with its Preferred Delivery Partners ("PDPs") or non-adherence to prescribed service standards, payment defaults or other contractual breaches or irregularities may adversely affect the business, results of operations and prospects.
- The intellectual property developed by the company has not been registered under the patent or copyright laws of India.
- A significant portion of company's operating revenue is derived from their business of exam oriented courses offered by Veranda Race and IT related professional courses offered by Edureka. Failure to attract students or working professionals in their courses, including due to an unsatisfactory success ratio, may adversely affect the revenues, business, results of operations and prospects.
- The company's ability to retain the present number of students serviced and attract new students may impact its business and its revenues.
- The exam oriented and training courses offered by the company depend substantially on its Mentors and the ability to attract and retain them. Sudden decrease in the number of its Mentors may affect the operations and business.
- Some of new initiatives by the company may not perform as anticipated or commence on time or at all or may be discontinued.
- There are outstanding legal proceedings involving the Promoters, Directors and Group Companies.
- The company may face risks associated with the NCD issue.
- The business is linked to the academic cycle and is, therefore, cyclical in nature. The company's revenues may vary in some quarters as compared to the other quarters.
- The coaching and training sector in which the company operates is not specifically regulated. Changes in the central and state government regulations cannot be ascertained presently and may affect its business adversely in the future.
- A cyber-security breach could adversely affect the company's operations.
- Certain public advertisements made by the company in the past may be against the Publicity Guidelines and misleading.
- Most of the company's businesses are operated in and from the state of Tamil Nadu and Karnataka. Due to this geographic concentration of business operations, the results of operations and growth might be restricted to the economic and demographic conditions of Tamil Nadu and Karnataka.
- The business may face risks associated with the issue of post-dated cheques and Deferred Consideration.
- The company has issued certain unsecured loans to its Subsidiaries which if not repaid on time, may result in the company facing financial constraints and affecting its financial position.
- The Promoters have interests in the company, in addition to their normal remuneration or benefits and reimbursement of expenses incurred.
- The company's funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised, and may be subject to change, based on various factors, some of which are beyond its control.
- The company may be unable to enforce its rights under some of the agreements on account of inadequate stamping and not registering the agreements or other reasons.
- Certain other companies registered in India have names similar as that of the company's Trademark "Veranda". Any potential litigation involving such companies may lead to confusion in the Investors, which may affect the company's brand image.
- Company's subsidiary, Veranda Race has issued Restricted Stock Units to its employee i.e. Mr. Bharath Seeman, which if exercised, may dilute its shareholding in Veranda Race

Please read carefully the Risk Factors given in detail in section II (page 30 onwards) in RHP

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