



IPO Note

Wagons Learning Limited

Recommendation: **AVOID!**

Company Background -

- **Incorporation:** Wagons Learning Limited was originally incorporated on Oct 31, 2013. The registered office is located at Pune, Maharashtra.
- **Business Activity:** The company is engaged in providing Training and Certifications, Digital Learning solutions, skill development solutions, trainer outsourcing and payroll management solutions to clients.
- **Revenue Stream:** The company generates majority of the revenue from sale corporate learning and development and trainer outsourcing and payroll management services.
- **Human Resource:** The company has 96 full-time employees as on Apr 25, 2025.

Objects of the Issue -

- To meet out the Working Capital requirements of the Company
- Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the Company
- Offer Related Expense
- General Corporate Purposes

Promoters Name -

Uday Jagannath Shetty & Raviraj Poojary

Rationale for recommendation -

- ✓ The top line has seen a sudden increase in FY24.
- ✓ The EBITDA, bottom line and profitability margins have seen a huge increases in FY23 and FY24 which raises slight concern.
- ✓ The company had negative CFO for FY22, FY23 and Dec-24.
- ✓ The company has high concentration for customers.
- ✓ The promoter holdings have reduced to 48.52%.
- ✓ The lead manager's performance is not satisfactory.
- ✓ The industry is highly fragmented.

IPO Details

Opening Date	May 02, 2025
Closing Date	May 06, 2025
Allotment Date	May 07, 2025
Listing Date	May 09, 2025
Stock Exchange	BSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹78 to ₹82
Issue Size	38.38 Cr.
Fresh Issue	25.26 Cr.
Offer for Sale	13.12 Cr.
Application Amt	₹ 1,31,200 (1,600 shares)

INDUSTRY - Corporate Training

Avg. P/E ratio as per RHP - 22.16

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Dec-24
Revenue	979.14	1,610.58	3,337.68	3,305.78
EBITDA	15.83	114.61	799.61	826.48
Net Profit	9.36	70.92	561.21	554.39
RoCE	3.28%	22.01%	57.58%	22.79%*
ROE	2.29%	14.77%	41.08%	15.94%*
P/E	630.77	107.89	18.30	17.34*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
73.24%	48.52%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	4.48	4.73
BVPS	10.91	29.68
P/E	18.30	17.34
P/BV	7.52	2.76
Mkt Cap (In Cr)	102.66	127.92

*Annualized

Lead Managers -

Khandwala Securities Limited

Registrar -

Cameo Corporate Services Ltd

Business Overview -

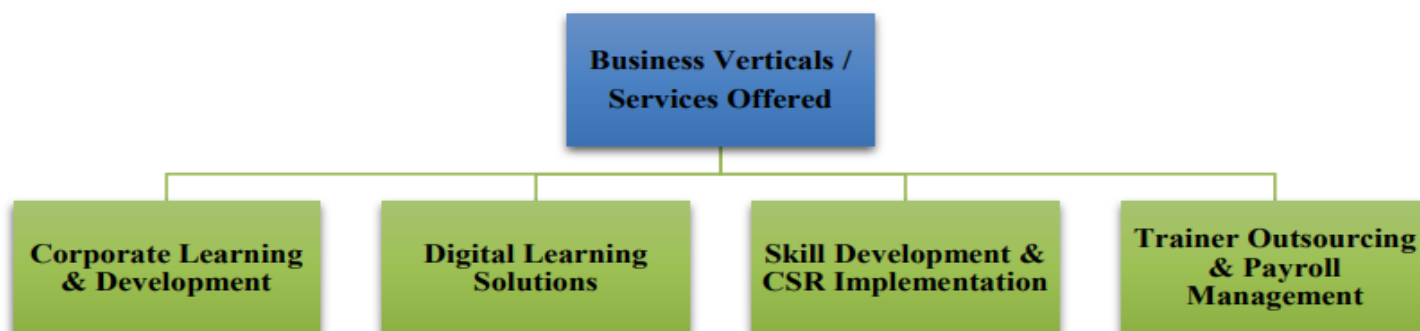
Wagons Learning Limited is mainly engaged in providing corporate training, digital learning and skill development solutions. The company functions on a B2B model wherein they provide Training and Certifications, Digital Learning solutions, skill development solutions, trainer outsourcing and payroll management solutions to clients. They are a National Skill Development Corporation (NSDC) certified company.

The company specializes in corporate training and consulting across a broad range of domains such as sales training, customer service training, soft skills and behavioural training, functional training and knowledge-based, skill-based training solutions to the employees of corporate operating in the industries like Automotive, Banking and financial services, Pharma and healthcare services etc.

The company has a digital library compatible with all Learning Management Systems (LMS) and Learning Experience Platforms (LxP).

The company has also entered the markets of UAE, by opening an office in Dubai, wherein the company will start providing Education Technology (LMS/LXP), Digital Library, Government Projects, Custom Content Development to the Companies including Government organization in Dubai.

Services Offered:



Product-wise Revenue Bifurcation:

(In Lakhs)

Particulars	FY 2022		FY 2023		FY 2024		Dec-2024	
	Amt	%	Amt	%	Amt	%	Amt	%
Corporate Learning & Development (CLD)	237.28	24.21%	351.97	21.86%	1,701.96	50.99%	1,843.32	55.76%
Digital Learning Solutions (DLS)	101.00	10.31%	168.45	10.46%	242.43	7.26%	228.74	6.92%
Skill Development & CSR	98.56	10.06%	210.51	13.07%	159.50	4.78%	273.60	8.28%
Trainer Outsourcing & Payroll Management	543.10	55.42%	879.45	54.61%	1,233.82	36.97%	960.12	29.04%
Total	979.94	100%	1,610.38	100%	3,337.71	100%	3,305.78	100%

Domain	Courses Offered
Banking	Virtual Relationship Manager Programme
Banking	Professional Certification in New Age Branch Banking
Wealth Management	Certified Mutual Fund Adviser Programme
Financial Technology	Professional Certification in Fintech
Credit Management	Professional Certification in Credit Management
Insurance	Professional Certification in Insurance

Competition -

- Market Competition:** The industry is competitive where the key factors of competition primarily comprise of product pricing, quality, variety and availability of courses.
- Geographic Competition:** The company faces competition from various domestic players and international players.
- Barriers to entry:** Low barriers to entry.
- Threat of Substitutes:** High threat of substitutes.
- Bargaining Power of Buyers:** The bargaining power is high with the customers.

Business Strategies –

1. The digital library is getting updated for the school and higher education for providing online self-paced vocational education modules focusing on employability skills, soft skills & life skills applicable to age groups of 14 to 26 years.
2. The company is also venturing into B2C model by launching various industry ready certification courses.
3. The company invests in creating high-quality, engaging, and relevant learning content. This includes courses, tutorials, assessments, and interactive materials.
4. The company has built a digital library to generate revenue from digital learning platform. This includes subscription models, one-time purchases, licensing agreements, or partnerships with educational institutions.

Risk Factors –

1. The company is highly dependent on top 10 customers for their revenue generation constituting to 99.560%, 97.21%, 97.69% and 97.71% for FY22, FY23, FY24 and Dec-24 respectively.
2. The company experienced negative cash flow from operations for FY22, FY23 and Dec-24.
3. The contingent liabilities as of Dec-24 is Rs. 46.51 lakhs.

PEER ANALYSIS –

Particulars	Wagons Learning Limited			NIIT Learning Systems Limited			Vinsys IT Services India Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	0.96%	4.40%	16.81%	17.60%	13.95%	13.45%	-1.59%	15.58%	13.34%
EBITDA Margin	1.62%	7.12%	23.96%	26.84%	21.21%	24.69%	6.40%	21.61%	17.60%
RoCE	3.28%	22.01%	57.58%	48.70%	22.79%	27.02%	10.77%	45.60%	23.27%
ROE	2.29%	14.77%	41.08%	37.06%	24.95%	21.82%	-7.12%	62.67%	22.67%
EPS (INR)	0.13	0.76	4.48	17.48	15.37	15.80	-0.93	15.01	18.56
P/E	630.77	107.89	18.30	-	-	32.07	-	-	17.13

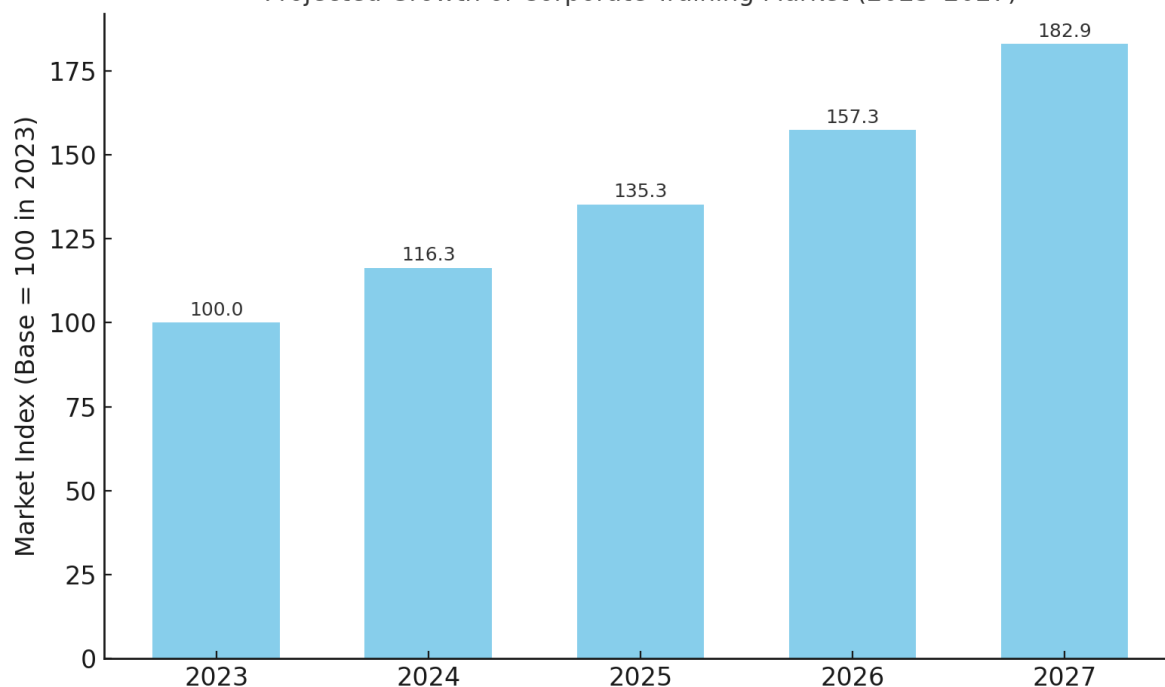
- The company is not directly comparable to the peers mentioned as NIIT Learning Systems provides management training services and Vinsys IT Services provides IT training services.
- The company has lower market cap compared to its peers.
- The company has better PE ratio compared to NIIT Learning Systems.

INDUSTRY OVERVIEW -**Corporate Training Industry in India**

Corporate training companies play the very important role of the bridging the gap between the education system and the on-the-job requirements. While certain parts of corporate training can be done in-house with internal trainers and facilitators, it isn't always possible to cater to all kinds of learning needs with a select set of trainers. Corporate training companies have the right experts suited to different levels, industries and learning objectives and hence the decision to outsource learning to specialized corporate training companies. The Corporate Training Market in India is in its growth stage and will continue to be so for the next 10-15 years. Telecom and BFSI are two large industry verticals contributing towards the market growth.

In the review period 2017-2022P, the Corporate Training Market in India grew at a positive CAGR of 9.8%. Even though there was a negative contraction in FY'21, market was able to maintain a positive CAGR as IT and service companies quickly resumed operations by adopting hybrid and work from home model and training companies were able to deliver online through various modes of e-learning. Corporate training market is expected to grow by CAGR of around 16.3% between 2023- 2027.

Projected Growth of Corporate Training Market (2023-2027)

**Schemes and Initiatives through National Skill Development Corporation:**

1. **PMKVY:** Government's flagship scheme offering free short-term skill training, training over 1.42 crore youth across four phases.
2. **PMKVY 4.0:** Focuses on Industry 4.0 skills like AI, robotics, IoT, with training through colleges, ITIs, and digital platforms.
3. **Apprenticeship/NAPS:** Combines education with paid on-the-job training to boost youth employability.
4. **SANKALP:** World Bank-backed project to enhance training quality, private participation, and decentralised skill planning.
5. **MGNF:** Two-year IIM-led fellowship placing youth in districts to support skill development and planning.
6. **International Workforce Mobility:** Aligns training with global standards to enable overseas employment opportunities for Indian workers.

Key Management -



Key Management Persons Name -	Uday Jagannath Shetty
Age	44
Designation and No. of years of experience	Promoter, Chairman and CEO, 20+ years of experience in commercial training and coaching industry
Qualification	Bachelor of Science and Master of Business Administration (Marketing and Finance)
Other Directorships	Wealth Infoline Financial Services Private Limited, Wagons Skill Foundation, Philomath Digital LLP and Wagons Management Consulting

Key Management Persons Name -	Raviraj Poojary
Age	44
Designation	Promoter and Managing Director, 17+ years of experience in commercial training and coaching industry
Qualification	Master's in Business Administration,
Responsibility	Responsible for handling operations related to Automotive and Allied Industries of the Company.
Other Directorships	99 Jobs Private Limited, Tiqwick Securities Private Limited, Wagons Skill Foundation etc.

- The overall management of the company is satisfactory.
- The promoter and management have decent experience in the industry.
- Mudit Consul, Rameshwar Dyal and Govind Ram Gupta are the Non-Executive Independent Directors of the Company. They have relevant experience in their respective fields.
- **Abhishek Gopal Sinha (Executive Director – Govt & CSR division & CFO)**, aged 43 years, holds a Master's in Business Administration. He has 19 years of experience in the field of finance.
- **Vineet Birendra Singh (Executive Director & CTO)**, aged 37 years, holds a Master's degree in Computer Science. He has 15 years of experience.
- **Soma Ghosh Dutta (Executive Director - Business Head - BFSI)**, aged 51 years, holds a Master's in Physics and Postgraduate in Business Management. He has 26 years of experience in BFSI sector.
- **Neeru Saini (CS and Compliance Officer)**, holds a Bachelors of Business Administration, and has 5 years of experience.

FINANCIAL SNAPSHOT

Statement of Profit and Loss				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Dec-24
Revenue from Operations	979.14	1,610.58	3,337.68	3,305.78
Other Income	9.81	5.99	13.04	17.68
Total Income	988.95	1,616.57	3,350.72	3,323.46
Expenses				
Employee Benefit Expenses	313.04	334.49	241.38	207.42
Finance Cost	8.49	13.37	64.32	66.22
Depreciation and Amortization Expense	1.93	5.52	2.62	33.86
Other expenses	650.27	1,161.48	2,296.69	2,271.88
Total Expenses	973.73	1,514.86	2,605.01	2,579.38
EBITDA	15.83	114.61	799.61	826.48
EBITDA Margin	1.62%	7.12%	23.96%	25.00%
Profit/(Loss) before tax	15.22	101.71	745.71	744.08
Tax Expense				
Current tax	5.56	28.97	186.80	179.11
Deferred Tax	0.30	1.82	(2.30)	10.58
Total Tax	5.86	30.79	184.50	189.69
Profit/(Loss) for the year	9.36	70.92	561.21	554.39
Net Profit Margin	0.96%	4.40%	16.81%	16.77%

Statement of Assets and Liabilities				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Dec-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	1.49	1.49	1,252.00	1,252.00
Reserves and Surplus	407.61	478.53	114.04	668.43
Total Equity	409.10	480.02	1,366.04	1,920.43
NON-CURRENT LIABILITIES				
Long-term Borrowings	6.71	3.99	1.04	-
Long Term Provisions	7.96	11.63	17.03	27.15
Deferred Tax liability	-	-	-	3.38
Total Non-current liabilities	14.67	15.62	18.07	30.53
CURRENT LIABILITIES				
Short-term Borrowings	89.91	164.56	422.17	1,044.75
Trade Payables	29.36	87.32	141.20	82.90
Other Current Liabilities	7.76	2.47	6.51	6.80
Short-term Provisions	95.76	103.50	187.12	216.70
Total Current liabilities	222.79	357.85	757.00	1,351.15
Total Liabilities	237.46	373.47	775.07	1,381.68
Total Equity and Liabilities	646.56	853.49	2,141.11	3,302.11
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	3.84	6.14	6.29	14.88
Intangible assets	-	-	-	412.82
Intangible assets under development	-	-	442.39	405.14
Non-Current Investments	109.95	121.33	313.25	356.33
Long Term Loans and Advances	129.99	143.54	365.29	315.95
Deferred Tax Asset	6.72	4.90	7.20	-
Total Non-Current assets	250.50	275.91	1,134.42	1,505.12

Particulars	FY 22	FY 23	FY 24	Dec-24
CURRENT ASSETS				
Trade Receivables	235.04	394.86	723.71	1,434.75
Cash & Cash equivalents	107.47	117.47	176.92	166.18
Short Term Loans and Advances	53.54	65.26	106.06	196.07
Total Current assets	396.05	577.59	1,006.69	1,797.00
Total Assets	646.55	853.50	2,141.11	3,302.12

Cash Flow Statement Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
Net Cash Flow from Operating Activities	(81.03)	(34.23)	171.42	(121.63)
Net Cash Flow from Investing Activities	(112.50)	(14.33)	(627.10)	(444.43)
Net Cash Flow from Financing Activities	271.74	58.57	515.13	555.32

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	FY 25*	Valuation Ratios	FY 22	FY 23	FY 24	FY 25*
					(x)				
Diluted EPS	0.13	0.76	4.48	4.73	EV/EBITDA	25.16	4.63	2.02	0.91
BV per share	2,741.04	3,216.21	10.91	29.68	Market Cap / Sales	0.01	0.01	3.08	2.91
					P/E	630.77	107.89	18.30	17.34
					Price to Book Value	0.03	0.03	7.52	2.76
Operating Ratios					Solvency Ratios				
EBITDA Margins	1.62%	7.12%	23.96%	25.00%	Debt / Equity	0.24	0.35	0.31	0.23
PAT Margins	0.96%	4.40%	16.81%	16.77%	Current Ratio	1.78	1.61	1.33	1.33
Inventory days	-	-	-	-	Quick Ratio	1.78	1.61	1.33	1.33
Debtor days	87.86	89.73	79.36	94.08	Asset Turnover	1.51	1.89	1.56	2.05
Creditor days	-	-	-	-	Interest Coverage Ratio	1.64	8.16	12.39	11.97
Return Ratios									
RoCE	3.28%	22.01%	57.58%	22.79%					
RoE	2.29%	14.77%	41.08%	15.94%					

*Annualized

INTERPRETATION –

- The top line has increased over the years. It increased by 64.49% in FY23 and in FY24 it increased by 107.23% which was due to new training modules and they served new clients.
- The net profit increased over the years. It increased by 657.69% in FY23 and it increased by 691.33% in FY24.
- The EBITDA and PAT margin saw a sudden increase in both FY23 and FY24 which was due to overall decrease in expenses in relation to revenue.
- The company had negative cash flow from operations for FY22, FY23 and Dec-24.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Kandwala Securities Limited**.

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Khandwala Securities Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Newmalayalam Steel Limited	41.76	90.00	Dec 19, 2024	28.40
2.	Supreme Facility Management Limited	50.00	76.00	Dec 18, 2024	36.45
3.	Premium Plast Limited	26.20	49.00	Oct 28, 2024	31.85
4.	BikeWo GreenTech Limited	24.09	62.00	Sep 27, 2024	16.40
5.	Phoenix Overseas Limited	36.03	64.00	Sep 27, 2024	22.10
6.	QVC Exports Limited	24.07	86.00	Aug 28, 2024	27.80
7.	Euphoria Infotech India Limited	9.60	100.00	Jan 30, 2024	41.48
8.	Kaushalya Logistics Limited	36.60	75.00	Jan 08, 2024	86.20
9.	Vishnusurya Projects and Infra Limited	49.98	68.00	Oct 10, 2023	175.40

The company has handled 9 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 30th Apr 2025.

As per the offer document, from the above-mentioned mandates Newmalayalam Steel, Supreme Facility Management, Premium Plast, Bikewo GreenTech and Phoenix Overseas have opened at a discount and the remaining have opened at a premium on the listing day.

Recommendation -

Wagons Learning Services Limited has been in the industry since 2013 and has good experience in the industry.

The P/E on a post-IPO annualized basis is around 17.34 times which makes it fairly priced.

The company's management structure is satisfactory.

The company's top line has increased over the years and has seen a sudden increase in FY24. Although, the EBITDA and bottom line have seen huge jumps in FY23 and FY24 which raises concerns. The profitability margins have also seen a similar trend as the bottom line. The company incurred negative cash flow from operations for FY22, FY23 and Dec-24. Overall, the financials look unsustainable and signals potential risk.

The company has high concentration for customers and loss of any may have adverse effects on the business operations. Further, the promoter holdings have reduced to 48.52% which reduces investors' confidence in the company.

The lead manager's performance also raises slight concerns as the last 5 mandates served by Khandwala Securities have opened at a discount.

The corporate training industry is highly fragmented and competitive and there are many established players.

Thus, investors can **AVOID** this IPO for now.

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