Kaizenvest Impact Report 2022

Update 1.0



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About Kaizenvest



About Kaizenvest

Kaizenvest is an emerging markets asset manager focused on the future of learning and work, managing private equity and private debt funds across South and South East Asia and Sub-Saharan Africa. Our raison-d'etre is a firm conviction that learning is a catalyst for a better world.

Kaizenvest started as a pioneer in education investing in India in 2011, with the launch of the USD 35Mn Kaizen Private Equity I, which made ten investments. In 2017, the firm announced the closure of the USD 79Mn Kaizen Private Equity II and shifted its headquarters to Singapore, with its eyes set on the entire emerging market landscape. The company plans to launch Kaizen Private Equity III soon to expand on the successful strategy of the prior funds. Kaizenvest is also the implementation partner for USAID's CATALYZE EduFinance program in South Africa and Rwanda and plans to launch a debt fund in Sub-Saharan Africa. Creating social impact is one of the key pillars of Kaizenvest's investment strategy and is done through a combination of

1. Setting clear impact goals for Kaizenvest and its portfolio companies,
2. Driving impact and sustainability initiatives through Board-led engagement and
3. Monitoring, measuring and reporting impact metrics to track progress and Kaizenvest's contributions towards a better planet and an improved society.

Kaizenvest has made 19 investments till date and has seen 10 full exits and 3 partial exits. An overview of some of the marquee investments are given below:

Company	Country	Description	Impact
KLAY PRESCHOOLS AND DAYCARE	**India**	India's largest day care chain, enabling over 25k young mothers to return to the workforce soon after childbirth, by providing high-quality and safe day care and early learning solutions for children aged 0 to 6 years.	4 QUALITY EDUCATION, 5 GENDER EQUALITY
varthana	**India**	India's largest lender to the affordable private school segment, providing access to finance for 8k+ schools and over 4M+ students.	4 QUALITY EDUCATION, 10 REDUCED INEQUALITIES
upGrad INSOFE INSPIRE • EDUCATE • TRANSFORM	**India**	Equipping the workforce in India with Industry 4.0 skills at affordable costs through high-quality data science training (Sold to upGrad in 2022)	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH

Company	Country	Description	Impact
yola	**Vietnam**	Building a strong foundation in English language for 10k+ Vietnamese students, enabling them to pursue better education and career opportunities.	
PHINMA EDUCATION MAKING LIVES BETTER THROUGH EDUCATION	**Philippines**	Philippines' largest chain of higher education institutions, providing affordable higher education to 125k+ students	
toppr	**India**	Using AI/ML to provide high-quality, affordable, and personalized K-12 and test prep courses in India, for 32M+ students (acquired by BYJU's in 2021)	
leverage edu	**India**	Leading international student mobility platform, enabling 5k+ students to access quality education abroad.	
mindX Technology School	**Vietnam**	Pioneering coding education in Vietnam, with immersive tech-related hybrid and fully online courses for K12 students and adults.	
Blue Planet Environmental Solutions	**India**	Leading provider of practical and theoretical environmental education through waste collection drives and e-learning modules.	

Kaizenvest

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Message from the Team



Message from the Team

According to a recent report by the Global Impact Investing Network[1], the size of the impact investing market currently stands at USD 1.164 Tn in assets under management (AUM) – a significant milestone for an industry that is still maturing and growing in sophistication. Just over a year ago, this was estimated at around USD 715 Bn.

However to us at Kaizenvest, it is unsurprising that the impact investing market has seen such unprecedented growth in the last few years. Impact investing has the unique ability to combine financial structuring and private capital to drive meaningful social outcomes and that alone is sufficient to explain such rapid growth. The success of impact investing hinges significantly on the evidence of its positive outcomes, making measurement and evaluation critical elements of a fund's impact strategy.

> Kaizenvest's investment thesis focuses on sustainable human capital development. Leveraging the team's deep domain knowledge and strong operating and investing expereince of over hundred years cumulatively, we invest in innovation-led companies that are solving real challenges particularly in education and learning in emerging markets.

The education sector was deeply impacted by the pandemic as it caused severe disruptions to the delivery of learning in many countries (particularly emerging and under-developed countries) due to reasons including lack of technological and infrastructural solutions, societal divides based on gender and income levels, among many others. Through this period, our portfolio companies have been at the forefront of driving meaningful impact, and we are extremely proud of how our companies navigated through the last thirty months of turmoil. During this period, our companies remained focused on finding new opportunities to deliver on their mission and to make an impact that matters.

[1]Sizing the Impact Investing Market – GIINSIGHT 2022

At Kaizenvest, we strive to continually make progress on our ESG and impact goals, and in this report we present details of the progress our portfolio companies have made during this year, both qualitative and quantitative, to help our stakeholders better understand the impact of our work.

We firmly believe that the impact investing market will continue to make rapid progress in the years to come. As one of the leading impact asset managers in Emerging Asia, we are uniquely positioned to contribute meaningfully to the development of the sector. This report captures live examples and illustrations of meaningfully driven outcomes that our specialised investing style has been able to create for a wide-ranging set of beneficiaries, particularly those from less privileged and economically backward segments of society. Sustainable investing does not and should not mean sacrificing financial return. Impact investing can be a powerful instrument of change and the sector needs to move towards evidence-based impact reporting.

We thank you for your support in our mission to create a sustainable impact through our investments and we look forward to another year of successful investing and positive impact!

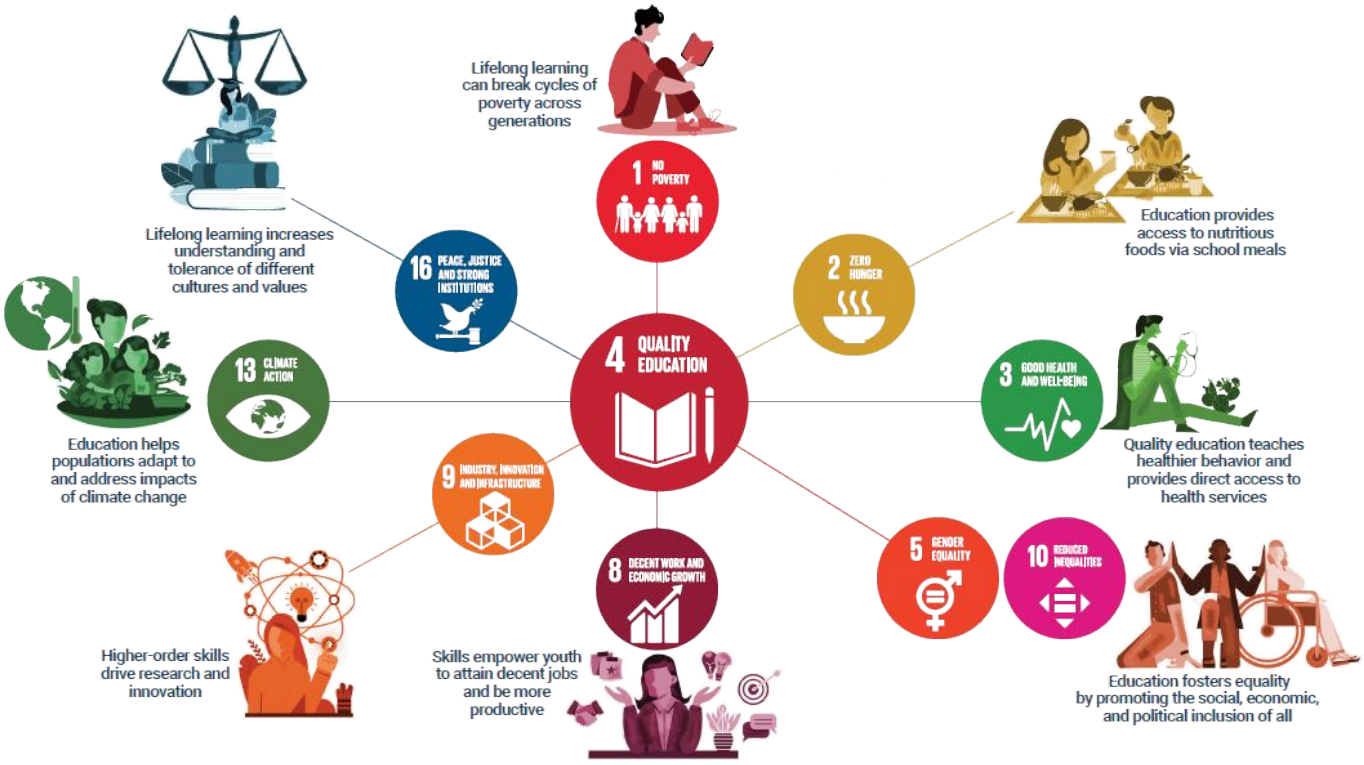
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Kaizenvest Theory of Change



Kaizenvest Theory of Change

Our work in sustainable human capital development is driven by the conviction that education can be a catalyst for a more equitable world – one where inequalities stemming from gender, income and wealth, or socio-political issues can be bridged by making learning systems affordable and accessible to all. We believe education can act as a great societal equaliser, and that access to affordable and efficient education and learning systems can meaningfully transform the lives of several young learners. This becomes clearer as we see the interlinkages between Sustainable Development Goal 4 ("Quality Education") with other Sustainable Development Goals.



Source: Dubai Cares and Education Commission. 2022. Rewiring Education for People and Planet.

To reinforce this thinking, Kaizenvest has put together the Kaizenvest Education (KE) Impact Framework and the Kaizenvest Education Theory of Change (EdToC) which is the driving force behind its investing approach. The KE Impact Framework attempts to answer the following key questions, leading to a Theory of Change Framework that stakeholders can use to define actionable goals, measure their progress, and identify their contribution towards SDG4.

WHAT

are the different levels of education and what are the interventions, outputs and outcomes to be measured for each level?

Core education:

The most basic form, central to an individual's learning experience. This is the level at which most of the learning takes place. It consists of primary, secondary, and tertiary education.

Parallel education:

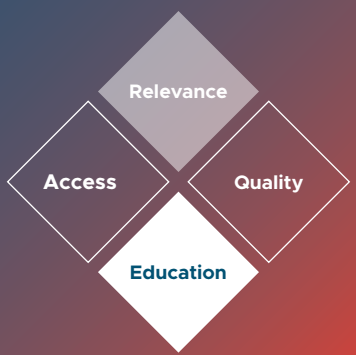
Education services which either provide additional learning beyond schools and higher education, or support learners to better engage with their core education. It includes after-school tutoring, pre-schooling, test prep, vocational education, as well as lifelong learning.

Ancillary education:

Education services which enable education delivery to take place through non-pedagogical support. These services enable learners to either more easily access or extract greater value from their education, or both. For instance, these could include loans (which allow more students to access quality education) or education technology (which enables greater access or better learning outcomes)

WHY

is education (SDG4) important for society; why are some measures more important in a context than others, and how does it relate to the other SDGs?



The EdToC seeks to look at the end state of education through the lens of the three critical challenges that are facing the sector today.

The adjoining diagram shows the aims and objectives of any education system, highlighted at the four corners. The first three refer to the 'Goals' of an education system – Access, Quality and Relevance. These three Goals together lead to one 'Output' i.e. Education, which is the fourth corner of the Diamond and represents SDG4.

The three Goals (defined below) can be further broken down into four 'Targets' each, which can be viewed as sub-goals within them. These twelve targets provide a framework for the system to measure their progress on achieving these Goals.

Access:
Provide equal opportunities and an inclusive environment for all learners to receive education.

Targets:
1. Infrastructure
2. Affordability
3. Gender
4. Marginalized

Quality:
Enhance learners' abilities in the form of cognitive and non-cognitive abilities, as well as their overall experience of engaging in the classroom.

Targets:
1. Engagement
2. Retention
3. Outcomes
4. Vocation

Relevance:
Ensure that education is aligned to the broader social objectives

Targets:
1. Development
2. Sustainability
3. Responsibility
4. Purpose

Each of the targets can further be broken down into several independent tasks or strategies. For instance, affordability could be achieved by offering scholarships to students or by improving cost efficiency of schools.

HOW

can investors, systems and organizations define and measure their progress towards SDG4?

The next step in the KE Impact framework is to express these elements in a way that can be practically useful for systems and organizations engaged in improving education, thereby answering the last of the three key questions – "How can systems and organizations define and measure their progress towards SDG4?". Against each of the above targets, the Kaizenvest EdToC seeks to build a roadmap that charts the course for each investment towards generating impact. The EdToC articulates the inputs and activities that are required to deliver measurable outputs and outcomes, leading finally to sustainable impact. The EdToC is a framework to document, monitor and measure various impact dimensions in education as we see it from the lens of transformative change.

The Theory of Change framework is summarized across the following pillars:

		Access				Quality				Relevance			
		Infrastructure	Affordability	Gender	Marginalized	Engagement	Retention	Outcome	Vocation	Development	Sustainability	Purpose	Responsibility
Inputs		Private Capital + Thoughtful Capital				Introducing proprietary frameworks				Impact management frameworks + Ecosystem partnership			
Activities		Creation of social infrastructure supporting inclusive learning (e.g. PHINMA Education, MIndX, Varthana)				Active portfolio management + Engagement with experts to drive learning outcomes (e.g. Toppr, INSOFE)				Vision workshops + Best practices dissemination + Exit management (E.g. YOLA, INSOFE, Varthana, Blue Planet)			
Outputs		Increased private sector capital participation				Higher focus on education quality + Better practitioners				Improved ecosystem			
Outputs	Outcome	Increased access to education				Improved learning outcomes				Education as a change agent			
Outputs	Impact	Gender equality Reduced income + other inequalities				Quality education for all + Employment / economic growth + Good health and well-being				Good health and well-being + Addressing climate change			
		Personal Wellness				Societal Wellness				Planet Wellness			

Using the above EdToC framework, Kaizenvest aims to bring outcomes-led impact measurement in education to the forefront. In addition, we endeavor to create a pathway for companies to look at how well-deployed capital can bring about transformation leading to impact and sustainability in the long term.

Kaizenvest has been successfully applying the EdToc to its private equity investments across markets and across education stages.

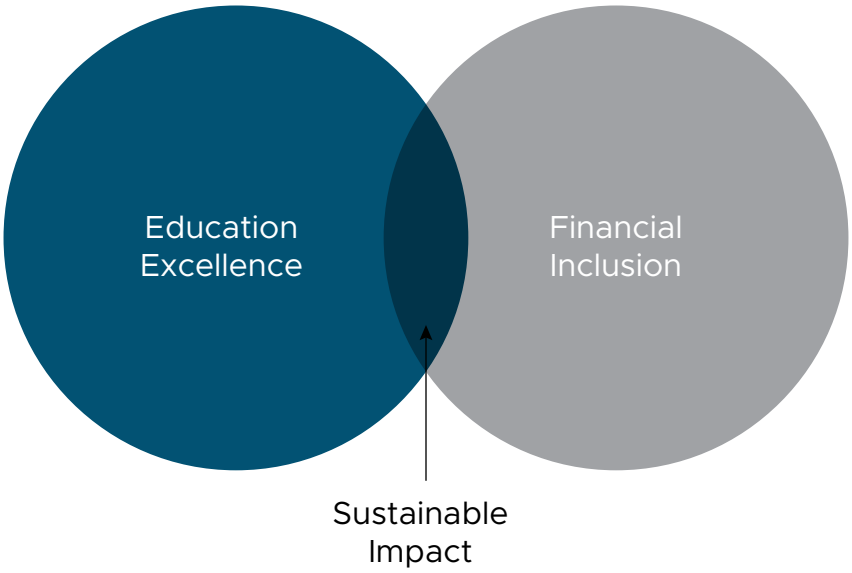
Since 2021, when we launched our deep impact blended finance activity in conjunction with USAID under the CATALYZE project in Sub-Saharan Africa (currently South Africa & Rwanda), we have adapted the EdToc to suit private debt as well, particularly through the use of blended finance.

In the context of private debt and blended finance, the EdToC focuses on the provision of "value-added debt" such that the dual challenges around access to finance and improvement of education quality can be addressed, by blending philanthropic capital with return-seeking capital. The ToC works on the premise that:

IF specialized financial products and incentives are developed and deployed to non-state education operators and affordable learning providers (ALPs)

THEN such education operators and ALPs will access appropriate finance to increase equitable access to quality education

SO THAT learning outcomes, particularly for those from underserved communities will improve and be sustained, resulting in greater skill levels and competencies required to succeed in work and life.



Kaizenvest's EduFinance interventions in South Africa and Rwanda incorporate the essence of the EdToC and involve the implementation of a private debt facility that combines efficient and affordable debt with a rewards and recognition framework to deliver impactful outcomes at scale. The program, currently at its pilot stage will serve as a strong bedrock to measure impact and quality at scale in such programs in other emerging markets where similar challenges in education quality and financial inclusion exist.

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Impact Summary and Highlights



Impact Summary and Highlights

The aggregate impact created by Kaizenvest portfolio companies across various metrics is summarised below:

12M+
Students benefited

6M+
Women positively impacted

7K+
Cities in India

4M+
Economically weaker students impacted

50K+
Teachers empowered

$300M+
Access to finance enabled

100+
Countries

5.5M+
Jobs created

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Kaizenvest Impact Principles



Kaizenvest Impact Principles

Impact is at the core of the investing philosophy at Kaizenvest. We consider impact to be tangible non-financial (social and/or environmental) outcomes from an investment, going well beyond the purpose and commitment to it.

According to the IFC, the definition of impact investing specifically encompasses three observable attributes of impact investors that can distinguish them from other investors:

INTENT	The investor articulates an intent to achieve a social or environmental goal by identifying outcomes that will be pursued through the investment and specifying who will benefit from these outcomes.
CONTRIBUTION	The investor follows a credible narrative, or thesis, which describes how the investment contributes to achievement of the intended goal—that is, how the actions of the impact investor will help achieve the goal.
MEASUREMENT	The investor has a system of measurement in place linking intent and contribution to the improvement in social and environmental outcomes delivered by the enterprise into which the investment has been made.

Investing for impact, in addition to financial returns has its roots in long-term sustainability and has been adopted as a key strategy at Kaizenvest. This is driven by the desire to make proactive contributions for the betterment of the world by investing in businesses that share this vision and objective.



Through investing in learning innovations, Kaizenvest aims to solve some of the key social challenges facing the world today, by using a double-bottom-line approach that focuses on social outcomes in addition to financial returns.

Kaizenvest's investment thesis and decision process recognize that all businesses cannot be assessed in the same way, as issues such as financial, market and operating risks, and constituents of sustainability and impact creation can vary from business to business and from country to country.

Kaizenvest fundamentally believes that the organizations that will lead us through the challenges facing the world today will be those that see these challenges as opportunities to sharpen their sense of purpose, spark innovations that advance their mission, and compel them to the change the world needs most.

The need to generate sustainable social impact alongside market-benchmarked returns should be at the core of investing, and not at the cost of it. At Kaizenvest, we believe that companies that have a combination of a) a mission-driven management team with strong governance practices, b) a sound business and operating model, and c) the ability to attract institutional capital, are best positioned to generate high-quality impact at the scale necessary to make a difference. We aim to support companies that demonstrate these attributes consistently by incorporating long-term sustainable outcomes into their core business strategy. While considering impact, our endeavour is to look beyond the obvious and instead focus on the additionality that is being achieved as a result of the intervention. We aim to align with global best practices for the promotion of greater transparency in measurements and reporting, through engagement with industry organizations and other stakeholders.

Our impact framework considers the following six parameters as the most critical pillars of our strategy:

Innovation:
Companies that are developing technology, pedagogy, or ecosystem-led innovations to effect long-term impact in the education landscape.

INSOFE:
The company developed 'pathway programs' to enable the international mobility of students at a fraction of the cost, thus improving the livelihood and lifestyle of its students and their families.

PHINMA Education:
The company developed 'RAD Learning' to ensure that its students did not suffer from learning losses during the pandemic.

KLAY:
The company's innovative business model enabled mothers to return to work and the at-home kits provided to parents ensured that learning losses for kids during the pandemic were minimised.

Inclusion:
Companies solving for inclusivity by providing directly or indirectly to students, access to education or the means to achieve it. We look at companies solving for inclusivity in socioeconomic, gender and financial settings.

Toppr:
The company's offering allowed it to scale into the innermost regions of India to provide high-quality offerings to students.

Varthana:
The company has ensured financial inclusion by providing access to finance to affordable private schools in interior regions of India.

Gender:
Kaizenvest is committed to solving for SDG5 as we believe that it goes hand-in-hand with SDG4.

At Kaizenvest, our belief is that achieving SDG5, and empowering women and girls, is closely related to and necessary for achieving SDG4, i.e. ensuring inclusive and equitable quality education. As education is a key driver for empowerment, without gender equality in education, there will be little progress in achieving overall empowerment of women and girls. Our thinking around the linkages between SDG4 and SDG5 as well as our strategy for gender inclusive investing is articulated in a paper we published recently that can be accessed here[1].

1https://www.kaizenvest.com/our-network.html

Climate:
Kaizenvest believes that global warming, among other environmental challenges faced, has created the need for more cross overs between SDG4 and SDG13: Climate Action.

It is increasingly clear to us that education is a key driver of the transition to sustainable, low-carbon societies. Our investment in Blue Planet Environmental Solutions ("Blue Planet") is an example of our belief that integrating environmental education and sustainability in curriculums is one way to promote lifelong learning and also create opportunities to take action to combat climate change. Blue Planet's environmental education initiatives in the practical and theoretical domains leverage vast network of the company in waste management and educate children to be environmentally conscious from a young age. Our vision for Kaizenvest Private Equity III includes incorporating climate adaptation and/or mitigation into the core investment strategy.

Job Creation and Upward Mobility:
Companies that are building skilled and equipped workforce of the future.

In our eyes, a key objective of a strong education ecosystem is to create a workforce that is well-equipped to meet the demands of a rapidly changing world. Job readiness and employability are based on two aspects –

1. Core / foundational education leading to strong fundamentals and technical skills that support employability, and
2. Expert knowledge and specialisations including language training, lifelong learning and niche skills that support continued upward mobility. In this context, we have adopted a framework that categorises our investments across these dimensions.

Channel	Company	Type of skill				
		Foundational	Technical	Soft	Digital	Green
Delivery	Phinma Education	■	■	■	■	
	upGrad		■	■	■	
	Byju's		■	■	■	
	Yola		■	■	■	
	Blue Planet		■			■
	Vedantu		■	■		
	Founding Years	■		■	■	
	MindX			■	■	
Enabling	Varthana	■	■	■		
	Leverage Edu		■	■	■	

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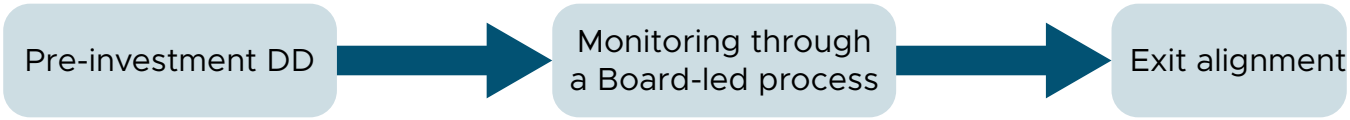
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Impact Management through the Deal Life Cycle



Impact Management through the Deal Life Cycle

At Kaizenvest, we believe impact management is crucial through the life cycle of a deal. Our understanding and evaluation of the potential impact of an investment commences from the point the deal enters the Kaizenvest ecosystem as a 'pipeline' and follows through all the way till the investment is exited (and oftentimes after).



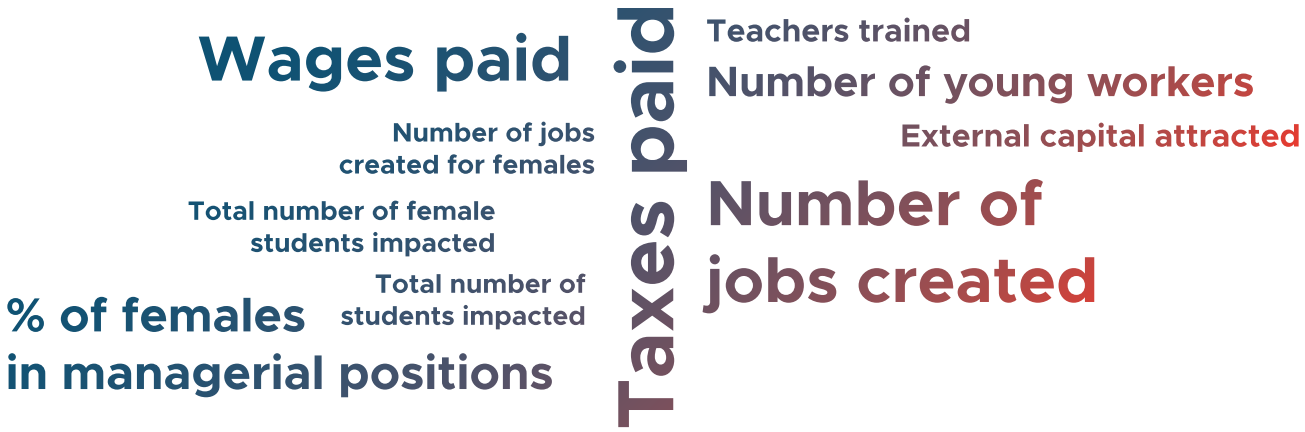
Pre-investment Due Diligence:
We conduct a comprehensive ESG due diligence with companies prior to investment. We incorporate an extensive ESG questionnaire as part of our due diligence process and its findings are given significant weightage by the Investment Committee while deciding on the deal's merits. Some of the areas covered in the questionnaire are stated below. We ensure that the Founders and management teams are aligned with us on the impact vision of the company.



Monitoring Impact:

1. Data and reporting

We have created a standardized impact measurement approach to track various financial and non-financial metrics of our portfolio companies that are linked to our target SDGs. This data is collected, consolidated, and monitored on a regular basis. The data is rigorously analyzed based on our targets to identify the areas for improvement which can then be communicated with portfolio companies. The validated data is also consolidated on a portfolio level to create an annual ESG report that is circulated to the fund's investors. Some sample metrics that are tracked (where applicable) are as follows:



2. Training and development

Kaizenvest is uniquely positioned to drive ESG and impact outcomes in our portfolio companies through a combination of resources, expertise, long-term focus and alignment of interests – all key elements to building and scaling a company sustainably. Post investment, Kaizenvest supports the impact management process through regular workshops and training programs suited to the needs of the company. These programs typically cover ESG best practices, core values to be maintained, community development and vision and mission alignment. In addition, Kaizenvest staff also goes through training programs and refreshers from time to time, covering ESG principles and impact management. Some glimpses from recent trainings are given below:



Vision workshop conducted by Kaizenvest at Yola in Vietnam in 2022



Kaizenvest's Managing Partner and ESG Officer Jetu Lalvani facilitating an ESG training program at Yola in Vietnam in July 2022.



Training session conducted for 150+ employees of Leverage Edu in Delhi (India) in May 2022.



Learning and development being used as a tool to build employee engagement at Leverage Edu in India.

Exit Alignment:

If we are exiting the company through a strategic sale or secondary sale of shares to a financial investor, we undertake our best efforts to ensure that the buyer is aligned on our core ESG values and vision for the company. We discuss our ESG targets and achievement with the Buyer to help them continue monitoring and supporting the company's ESG efforts. We are always willing to provide advice on ESG matters to our companies post-exit to help them in their undertakings.

Kaizenvest

07

Paving the way for Sustainable Change: Impact Stories



Founding Years (KLAY)

Building bright futures, one child at a time

4 QUALITY EDUCATION

1,138 ▸ 9,310

Total number of students enrolled in a calendar year

5 GENDER EQUALITY

335 (66%) ▸ 2,878 (96%)

Total number of female employees

(% of total employees)

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

507 ▸ 3,007

Total employees

Figures on the left represent before Kaizenvest investment

Figures on the right represent as of December 2022

About KLAY:

Founding Years is an Indian company that operates a childcare chain called KLAY. It is present in 15 cities across India and offers day care, preschool, and afterschool services for children aged between 18 months to 10 years. When the centres were closed due to COVID-19, the company launched Kare@Home, a product that provides at-home solutions for early childhood care and education.



78 Centres

15 Cities

25k+ Mothers returned to work

Influenced positive change to the Maternity Benefit (Amendment) Act, 2017

> KLAY is an organization in India that provides high-quality care and education for children and has enabled over 25,000 women to return to their careers after maternity leave. It employs around 3,000 professionals, with a focus on health and safety and an infrastructure that allows children to have ample space to learn and grow. It has received support from investors, mentors, and guides, including Kaizenvest, which has helped it to create its infrastructure and support women and children.
>
> - AK Srikanth, CEO of KLAY

“

Sending your child to a regular school is never easy. The thought of the very first day of your child's formal schooling gives you a nightmare and the day your child enters the new world of education, the whole day is so stressful that you feel like seeing your child right in front of your eyes. As a mother, I was nowhere different from many such mothers who become anxious when their child goes to school (formal) for the very first time. But honestly, my child was able to manage everything so well that within a week I stopped thinking about her day at school.

That's when I thanked the whole staff of KLAY for nurturing my child in such a way that she never threw tantrums to go to school. Because of KLAY, I have never faced any behavioural challenges when it came to settling her in a new environment.

KLAY has not only taught her to deal with her emotions but the curriculum of KLAY is so strong that both my daughters did really well in the entrance test and even now are able to relate to most concepts and do well in their studies.

In fact, I can write a book about how KLAY helps a child become confident and independent.
Thank you KLAY!

Anvita Tandon



Phinma Education

Empowering students for success through affordable, high-quality education

68,819 ▶ 124,501

Total number of students enrolled in a calendar year

33,033 ▶ 74,420
(48%) (60%)

Total number of female students

(% of total students)

13,368 ▶ 55,019

Total no. of scholarships awarded

2,219 ▶ 2,464

Total employees

Figures on the left represent before Kaizenvest investment

Figures on the right represent as of December 2022

About PHINMA Education:

PHINMA Education is a higher education provider that was founded in 2004 and now has nine institutions in the Philippines and one in Indonesia. The company focuses on providing affordable, high-quality education that prepares students for employment, and has implemented initiatives such as the "success ladder" and active learning pedagogy to achieve this.

57%
New enrollments from underpriviledged backgrounds

71%
Placement rate of students

75%
Board exam pass rate (vs. national avg. of 63%)

> It's no secret that this past year has been our most successful yet: we gained the trust of over 124 thousand students in the Philippines and Indonesia. Along the way, we strengthened our connections with colleagues and students alike, formed an alliance with like-minded organizations, and shared our mission with the world. Kaizenvest's unique expertise and constant support has empowered us to make bold decisions that improved our learning strategies, business processes, and bottom line. Our sustainability initiatives have lowered costs across our campuses and allowed us to make education accessible to those who need it the most. Now, we are also empowering students to make the lives of others better by becoming informed and participative citizens. Together, PHINMA Education and Kaizenvest are bringing more and more underserved students and their families closer to the dignified life they deserve.
>
> - Dr. Chito Salazar, President & CEO of PHINMA Education



“

If not for the assistance given by PHINMA Education, and knowing that I came from a poor family, I wouldn't be able to continue pursuing the career that I'm in right now. The scholarship that was given to me inspired me to strive hard as this will surely help me achieve my goals and dreams in life. They've given me opportunities that not everyone has. And with that, I'll continue doing my best.

Madelyn Grace Pangilinan,
Accountancy Student



“

Flex learning is convenient, it pays respect to my personal time, leeway, co-curricular activities, and job opportunities. As a working student, it aids me to still conquer heights while working in my free time to support my study. There was a time that it was almost impossible for me to fit everything into my schedule, yet this system of learning saved me; with its decent subject distribution, the time frame for completing each, and the considerate instructors and teachers.

Lester Piad,
Criminology Student

Vedantu:

Transforming K-12 Learning Experience in India and 100+ countries

1.3M+
Total number of students on the platform

c. 600k
(44%)

Total number of female students
(% of total students)

1,561
(61%)

Total number of female employees
(% of total employees)

11k+
Total no. of scholarships

2,570
Total employees

About Vedantu:
Vedantu is the leader in the K-12 live tutoring space in India, offering 1:1 and 1:Many offerings. Today Vedantu offers tutoring courses to young students from 3 to 18 year olds, as well as preparation for competitive exams such as IIT-JEE, NEET, Commerce, CBSE, ICSE, state exams, and extracurriculars such as English speaking, reading and coding. Its superior quality product has resulted in it having an 6% selection rate in IIT-JEE, as compared to the national average of 1%.

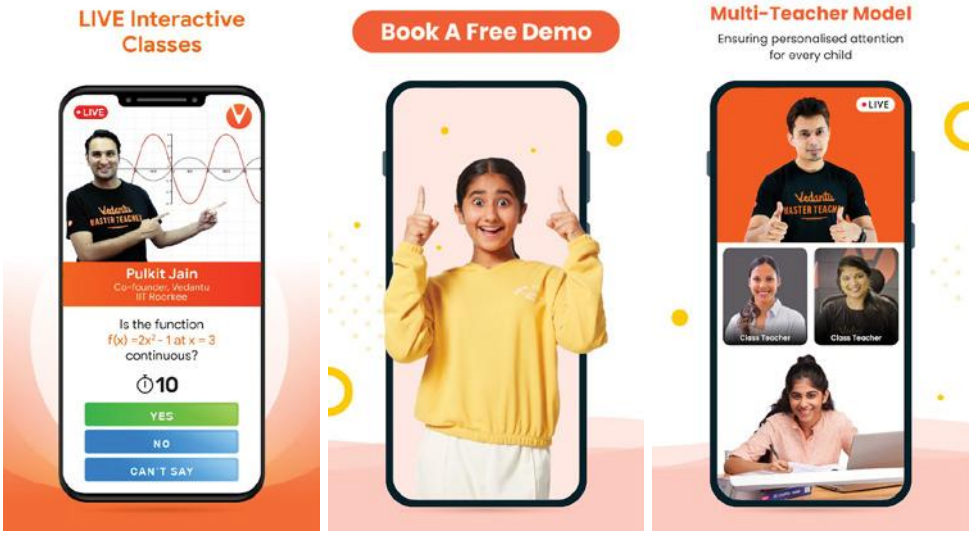
21M+
hours of live learning

8.8M
Students on the YouTube channel

6%
selection rate for IIT-JEE (vs. national avg of 1%)

114
countries served

c. 90%
districts in India covered





“The teachers are incredible, and we were given a personal number to contact them at any time during the journey. The books provided were really helpful, and we were also provided with additional materials. I followed the Tatva book for most of my tests. We had doubt sessions every Saturday where my doubts were cleared easily.”

Simon, State Topper for JEE Main



“I joined Vedantu’s dropper batch. While giving JEE, I didn't feel the heat this time, because of the number of tests they made us practice, to build our stamina. Every child in Vedantu gets a personal teacher with whom you can talk about academics and non-academics, consult with, and clear doubts from.”

Vasu, first boy from his village to crack IIT

Varthana:

Deepening financial inclusion in affordable private schools in India

60 ▸ 8.5k
Number of schools impacted till date

40k ▸ 4M+
Number of students reached

1.4k ▸ 60k
Number of teachers empowered

58 ▸ c. 6k
Number of active loans disbursed

9 ▸ 678
Number of employees

Figures on the left represent before Kaizenvest investment

Figures on the right represent as of December 2022

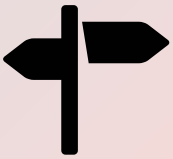
About Varthana:
Established in 2013, Varthana is an Indian NBFC which is the largest lender to the Affordable Private School Segment. It targets mature affordable K-12 schools with more than 1,000 students and loan sizes range from INR 1 million to INR 20 million with the average size of INR 3.5 million. It provides loans to affordable private schools (B2B) and parents (B2C) and operates through an extensive branch network in 37 locations. Additionally, it also offers "Beyond Loans" programs that assist schools in addressing the learning needs of their students.



INR 23 Bn+
Loans disbursed since inception



~60%
States covered



11k+
Pin codes served



> Kaizenvest has made significant contributions to Varthana's growth and evolution ever since it became one of Varthana's key shareholders in March of 2016. From the outset, the Kaizenvest team's knowledge of the education sector has increased Varthana's efforts to serve schools and students beyond our initial focus on loans to schools. This has enabled Varthana to broaden its offerings to incorporate academic solutions both directly and through partnerships. Kazienvest was also very helpful when Varthana launched its retail, student loan business. Kaizenvest's knowledge about marketing to students, as well as its understanding of the student loan landscape have been crucial to Varthana's success in launching this business. Without a doubt, Kaizenvest's relationship with Varthana has allowed us to better extend and deepen our impact directly in India and indirectly, through our joint efforts with Kaizenvest, to launch and strengthen other initiatives internationally.
>
> - Steve Hardgrave, Co-founder, CEO of Varthana

ST. SARA'S SCHOOL
Bengaluru, Karnataka

Mrs Husana Banu was different from most women in the community in which she lived.

She was a college graduate, had been a teacher all her life and wanted to support her family by starting a school. But it wasn't easy. She was discouraged from doing so by people in her family and community.

In a particular neighbourhood of Bengaluru, she noticed the extreme poverty that families experienced.

Nearly after one year of struggling to find the right premises she opened St. Sara's School with six students in one small room in Bengaluru. Soon, her student strength grew to 22. One of her primary challenges was getting access to finance to rent or purchase a building to accommodate the school.

In addition to finding a solution to this financial issue, another challenge was the internal conflict she experienced with the number of neighbourhood children on the streets or working in shops, garages and bakeries.



In a low-income neighbourhood such as this one, it was preferred to send children to work and earn extra money rather than attend school.

Opening a school was just the first step to addressing this problem; convincing parents to enrol their children was another. It took patience and time to speak to parents in the neighbourhood and convince them that education is the best option to secure a good future for their children.

Her timely partnership with Varthana allowed her to continue construction on an adjacent building where she was preparing to hold high school classes for the older children. The partnership with Varthana helped the children continue the journey of receiving a quality education.

> "It is very difficult to pay for orphan kids or essential bills when no help is available. It is also hard to see teachers being underpaid for such incredible jobs they do. Varthana has helped us in not only reaching our financial goals but also in accomplishing our education goals. Together, we offer families quality education at affordable rates and are very active in generating chances for them to serve the community and better their standard of living.
>
> **Rabin Kumar Lima**
> **Atmika English Medium School,**
> **Muniguda, Odisha**

Leverage Edu:

Unlocking international education opportunities by providing access and finance

9k ▶ 16k+

Number of admission offers received from global institutes

c. 400 ▶ c. 1.5k

Total number of female students enrolled with universities via Leverage Edu

$3.6M ▶ $13.4M

Amount of loans disbursed annually

150+ ▶ 800+

Students receiving scholarships

850+ ▶ 3,200+

Number of jobs created

Figures on the left represent before Kaizenvest investment

Figures on the right represent as of December 2022

About Leverage Edu:
Founded in 2018, Leverage Edu is an online platform that helps students in India, Bangladesh, and Nigeria secure admission to international higher educational institutes in the UK, Australia, Canada, and the US, among other countries. The company has partnered with c. 700 international universities and offers a one-stop solution. It is Leverage Edu's 'students-first' approach that sets it apart from traditional service providers and provides students access to a larger pool of college choices.

80M+
Number of students on the platform till date

95%
Students get an admit in less than 4 weeks

'Padho India Initiative' (Study India Initiative)
For every student who uses Leverage Edu's service to study abroad, the company sponsors 1 entire year's education for an underprivileged child (aged 5-13)





When I made the decision to study abroad it was tough because I didn't know anyone who had studied outside. When you google study in the UK, the first thing that comes up is Leverage Edu. I saw multiple videos and they were very assuring. The counsellor understood my profile very well. They helped me get the best SOPs, applying was very easy. Even after getting my offer letter, they helped me with my finances too.

Pallavi

In 2019, I initially thought of exploring a data science program in US, but unfortunately got misguided during the intricate VISA process. I was rejected about 5 times in the VISA stage for the US before I came across Leverage Edu. I was given so much more clarity about the various study abroad destinations at Leverage Edu. When I got to know about UK, its 1 year course & the 2 years post study work VISA, I immediately knew this is where I wanted to go.

Ramasheesh

Yola:

Empowering English language skills for all ages in Vietnam

c. 52k
Cumulative students impacted

c. 29k
Cumulative female students impacted

c. 430
Total employees

USD 15Mn
Student scholarships

About Yola:
Yola is a leading player in the English language training segment. The company started with test preparation (GMAT, IELTS, TOEFL) for high school and college students and has since expanded into English Language Training (ELT) programs for primary and middle school children, focusing on academic learning. Yola is recognized as one of the top 3 brands in ELT in Vietnam.

86%
Students achieve their target score

c. 4,000
International student mobility enabled



> "Since 2019, Kaizenvest has been our valued partner in our shared commitment towards making better lives through better education. We have created an exciting vision & mission in which we want to build Yola to be a place where students love to learn, teachers love to teach and people love to work. During the past 3 years, we have been through the most challenging years with the onset of Covid-19, and we are grateful that Kaizenvest has spent countless time to not only support us overcome the difficult situation and minimize the students' learning interruption but also build and strengthen our 'muscle' for sustainable growth."
>
> - Ngoc Vo, CEO of Yola

“The reason why I decided to choose YOLA for my child is that the founders, staff and teachers are young and active. They have innovative thinking and have built a clear pathway for a Junior program, to not only enhance English but also prepare students skills to study abroad in the future.”

A Yola student’s parent



UpGrad:

Empowering Career Growth through Quality, Industry-Relevant Education

7M+
Total number of students impacted

2.5M+
(35%)

Total number of female students impacted
(% of total students)

54%
Salary hike post course

c. 34k
Student mobility enabled

As of December 2022

About UpGrad:
upGrad is South Asia's largest Higher EdTech company. It offers a variety of graduate and post-graduate level degree programs in fields such as technology, management, data science, and law. The company partners with universities and industry leaders to provide students with high-quality, industry-relevant education. upGrad also offers a range of professional development courses, as well as online certificate programs. The education platform is known for its online learning format and focus on practical skills and career development.

7k+
cities covered

80%
Placement rate

3.7k+
Corporate partnerships

> "Kaizenvest has been a great partner with their immense experience in wider edtech across Asia. They bring a participative approach proactively sharing their learnings, connecting to right stakeholders, identifying key success drivers and learnings from success stories in the region. Kaizenvest's periodic nuanced inputs on key emerging trends and developments in specific geographies, unfolding changes in workforce ecosystem and demography level inputs have been quite enriching as we at upGrad augment our learners centric delivery and providing high quality education and career outcomes at scale."
>
> - Mayank Kumar, upGrad CEO

“

When I quit my job at Reliance as an Assistant Manager to concentrate on my health and decided to leave Mumbai, I was already experimenting with food and organically sharing my recipes. After spending a few years as a housewife, I realized my passion for cooking and baking. Hence, I began my home baking business and then underwent a Digital Marketing course with upGrad and started my blog. This is a comprehensive course that eliminates the need to refer to any external material. It allowed me to set an example for my daughter by giving her a vision of both her parents working, thus empowering her to do whatever she dreams. I started my food blog in April 2020 and have already garnered 21,000+ followers on Facebook.

Kanak Gurnani,
Food Blogger,
PGC Digital Marketing

“

I found my true vocation in Computer Science and graduated from Panimalar College (a Tier-3 college in India). I was actively looking for a course to upskill and found upGrad. It is difficult to study with a year-old child but upGrad’s schedule is designed to accommodate varying schedules and yet be extremely comprehensive. Doing this program gave me a great sense of confidence and I have been able to understand the market analytics better. The help I received from the Careers Team to prepare me for interviews was instrumental in helping me land the job of a Manager. They gave me detailed answers to common questions, helped me with mock interviews, and helped me build my resume.

Anand Mohan
(PGD Data Science)

Empowering the Workforce of the Future

Human Capital Development involves investing in the skills, knowledge, and abilities of individuals to improve their productivity and earning potential. This can be achieved through a variety of means, including education and training programs, as well as policies and initiatives that support career development and lifelong learning.

Investing in Human Capital Development is essential for economic growth and development, as it allows individuals to acquire the skills and knowledge necessary to participate in the workforce and contribute to the economy. It also enables individuals to adapt to changes in the labor market and to take advantage of new opportunities as they arise.

Education and training are key components of Human Capital Development. Formal education, from early learning to primary and secondary schooling, provides individuals with the basic skills and knowledge they need to participate in the workforce. Tertiary education and training programs, including vocational training, language training and apprenticeships, can help individuals acquire the more specialized skills and knowledge required for certain jobs.

Another important aspect of human capital development is to ensure that everyone has access to education and learning opportunities to improve their livelihood, regardless of their background or socio-economic status. This is particularly important for disadvantaged groups, such as low-income individuals and minorities, who may face barriers in accessing education and training. In addition, upskilling and lifelong learning is essential as it ensures that individuals have sufficient opportunities to improve their own economic status.

Investing in human capital development can fill existing gaps in the economy in the following ways:

Gap No. 1:

Inadequate number of skilled workforce in the market

Addressing the gap:
Core education systems providing basic technical and other skills and knowledge to increase the number of qualified and skilled workers.

Kaizenvest approach:
Enabling high quality affordable education at all levels and enabling core education delivery.

Portfolio Companies

PHINMA EDUCATION
MAKING LIVES BETTER THROUGH EDUCATION

varthana

Gap No. 2:

Existing need for an adaptive workforce

Addressing the gap:
Parallel education models support teaching to the future and enable the creation of a more adaptive and resilient workforce through industry-ready skills to meet the demands of a rapidly changing economy, while core education systems support teaching to the past by emphasizing the memorization of established knowledge and skills. The gig economy is shaping the future of work by enabling flexible and diverse employment opportunities.

Kaizenvest approach:
Niche offerings that focus on deepening the quality of learning in specific areas.

Portfolio Companies

upGrad INSOFE
upGrad
yola
mindX Technology School

Gap No. 3:

Insufficient homegrown entrepreneurs and small and medium enterprises (SMEs)

Addressing the gap:
Entrepreneurship equips people with skills and resources to start SMEs and create new jobs in a virtuous circle.

Kaizenvest approach:
Dedicated program for entrepreneurship.

Deepened access to finance for SME entrepreneurs.

Portfolio Companies

PHINMA EDUCATION
varthana

Kaizenvest's investment thesis encompasses all the above dimensions of human capital development and has both directly and indirectly contributed to greater employment and job creation.

yola

By supporting international student mobility through IELTS, Yola has led to

4k+ jobs

2025 Target:
9k+ jobs

PHINMA EDUCATION
MAKING LIVES BETTER THROUGH EDUCATION

Through its affordable tertiary courses, PHINMA Education has contributed to the generation of

250k+ jobs

2025 Target:
500k+ jobs

upGrad

upGrad's upskilling courses have resulted in the creation of

5M+ jobs

2025 Target:
9M+ jobs

leverage edu

By providing end to end services that facilitate international student mobility, Leverage Edu has enabled

3.2k+ jobs

2025 Target:
10k+ jobs

varthana

By providing capital to schools for their expansion and students to study in courses of their choice, Varthana has created

100k+ jobs

2025 Target:
250k+ jobs

Kaizenvest

08

The Road Ahead – Future Steps



The Road Ahead - Future Steps

Our investment thesis, centred around Sustainable Human Capital Development has thus far touched several Sustainable Development Goals as detailed in the foregoing sections of this report. Increasingly, we see a strong interplay of our core themes of education and learning with other emerging sectors including climate, health, food & agriculture etc. We expect to capture these interplays more meaningfully in the years to come, through our existing and new funds.

Current Sub-Sectors Targeted by Kaizenvest

Core Education

- leverage edu
- BYJU'S The Learning App
- PHINMA EDUCATION
- Vedantu LIVE ONLINE TUTORING

Financial Inclusion

- varthana
- Pintek

Upskilling and Lifelong Learning

- upGrad
- yola
- mindX Technology School

Climate Education

- Blue Planet Environmental Solutions

In addition to core, parallel and ancillary education, other emerging sectors within human capital development that Kaizenvest is expected to focus on, through its new Fund Kaizenvest Private Equity III (2023) are listed below:



Kaizenvest

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Acknowledgements



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This report has been prepared with the help and support of our portfolio companies. Kaizenvest would like to thank all our portfolio companies for the invaluable contributions made towards building sustainable impact. The opinions and conclusions shared in this document are the sole responsibility of Kaizenvest. We endorse no company, product or service mentioned in this report, nor do we imply any judgement about those not mentioned.

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