

September 19, 2025

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Dear Sir/Madam,

Sub: Transcript of the Investor call held on September 15, 2025

Pursuant to Regulation 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Investor call held on September 15, 2025. The said transcript is also available on the website of the Company at: <https://www.verandalearning.com/web/index.php/stock-exchange-intimations>

Thanks & Regards,
For Veranda Learning Solutions Limited

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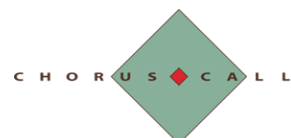
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Veranda Learning Solutions Limited

Group Investor Call”

September 15, 2025



**MANAGEMENT: MR. SURESH KALPATHI– CHAIRMAN AND EXECUTIVE
DIRECTOR – VERANDA LEARNING SOLUTIONS
LIMITED**

**MR. ADITYA MALIK – CHIEF OPERATING OFFICER –
VERANDA LEARNING SOLUTIONS LIMITED**

**MR. MOHASIN KHAN – CHIEF FINANCIAL OFFICER –
VERANDA LEARNING SOLUTIONS LIMITED**

MODERATOR: MS. SOUMYA CHAFED – GO INDIA ADVISORS LLP

Moderator: Ladies and gentlemen, good day, and welcome to the conference call of Veranda Learning Solutions Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note this conference is being recorded.

I now hand the conference over to Ms. Soumya Chhajed from Go India Advisors. Thank you, and over to you, ma'am.

Soumya Chhajed: Good day, everyone, and welcome to the Group Investor Call of Veranda Learning Solutions Limited. We have on call with us Mr. Suresh Kalpathi, the Chairman and Executive Director; Mr. Aditya Malik, the Chief Operating Officer; and Mr. Mohasin Khan, the Chief Financial Officer.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks pertaining to the business. I now request the management to take us through the recent business update. Post that, we'll open the floor for Q&A. Thank you, and over to you, Suresh, sir.

Suresh Kalpathi: Thank you. Good afternoon, everyone, and thank you for joining us today. On behalf of our entire leadership team, some of whom are on the call, some of whom are not, we appreciate your continued engagement and interest in what we are doing in Veranda Learning.

Today's call is particularly important because we're not just sharing quarterly updates, but also walking through a significant strategic addition that marks the next phase of our growth. As you know, Veranda has built itself into one of India's leading multi-vertical education platforms. Our presence cuts across our government spread, academic programs, vocational training and most importantly, our commerce vertical.

Each of these has distinct growth drivers, but the commerce business has evolved into a very strong, in some sense, a differentiated engine within the group, anchored by very well-known brands such as J.K. Shah Classes, BB Virtuals, Tapasya, Logic and Navkar.

This vertical has produced hundreds, even thousands of rankers over the last so many decades and has a dominant presence in many states, including Maharashtra, Gujarat, Rajasthan, Tamil Nadu, Kerala, Andhra, Telangana and establishing its presence significantly in states like Karnataka and other emerging locations.

It also currently impacts over 17,000 students across 70 intermediate colleges, which are all part of the larger commerce vertical. The business is also expanding quickly through both off-line campuses and online platform for our digital delivery, making it, I think, one of the most scalable part of our portfolio.

After extensive internal discussions and external consultations, our Board and Restructuring Committee have concluded that the best way forward is to demerge the commerce business into a separate listed entity, which will be called J.K. Shah Commerce Education Limited, in short JKSC.

What this means is that all the existing shareholders of Veranda will receive 1 share of JKSC for every share of Veranda that they have today. The economic ownership remains fully intact. We just simply gained direct access to a second listed company that's completely focused on the commerce education alone.

I think it makes sense for me to also briefly explain the rationale behind this move. The commerce education has a very distinct operating profile compared to our other verticals. It has its own growth trajectory, its own capital requirements, and its own brand building dynamics. By allowing this business to stand on its own, we can provide it with operational autonomy, a debt-free balance sheet from day 1.

That sets it up with a lot more flexibility to innovate, to form sector-specific partnerships and potentially accelerate expansion into newer geographies. I think at the same time, it allows Veranda to sharpen its own focus on the remaining verticals within -- without the capital and management bandwidth being split across commerce and the non-commerce verticals. So this, in some form is very much about creating 2 sharper, stronger platforms instead of one mixed structure.

Coming to quickly what exactly gets transferred, all assets, properties, employees, contract related to the commerce vertical will move to JKSC. This includes key businesses like BB Virtuals, Tapasya, Logic, Navkar Digital and of course, J.K. Shah Classes would be an anchor of JKSC.

So there will be a complete continuity of strategy as we move forward with our business in the commerce vertical. And I think importantly, every employee who is engaged in this business will transition seamlessly with no loss of tenure, ease of rights or benefits. We have designed this to ensure there is absolutely no disruption either for our people or for our clients, who are our students.

On the time line, this is obviously not an overnight process, but it is being done in such a way through a vertical split, which mirrors shareholding. So we have ensured that it moves in the least resistant path in creating these 2 distinct verticals that are listed. There are multiple layers of execution, including approvals from stock exchanges, NCLT approval, shareholders and creditor meetings and related regulatory filings.

We expect this to take, and we will obviously, as a management, try to push to see if we can get this done in about 7 to 8 months, but it could potentially take a bit longer based on regulatory approvals that we get. After this, JKSC will be independently listed. And the key point, if you're an investor is that once this is complete, you will hold shares in both Veranda and JKSC, giving you direct exposure to 2 distinct growth stories.

Now I'll request Mohasin Khan, our CFO, to touch upon the numbers and financial health we'll be anticipating in the coming year. Over to you, Mohasin.

Mohasin Khan: Yes. Thank you, Suresh. Good day, everyone. So we'll be entering into the next phase of Veranda 2.0, the demerger of the commerce. Let me walk you through the financial impact as this has been the central area of interest. The Commerce segment, which Suresh was saying, is scaling very strongly on a macro basis. We expect the student numbers to rise from 1.7 lakhs in FY '25 to about 2 lakhs in FY '26.

And what the major point of this demerger strategy, one of the key things was to value unlocking the commerce business to create indicating the significant upside to the potential for the investors as the new commerce entity comes to market and is independently valued. And also to address the shareholders' entitlements and governance because those are often raised as questions from the investors.

As Suresh was saying, every 1 share of Veranda will entitle you to 1 share of J.K. Shah Commerce at the time of record date. ESOPs and warrants for the employees will be a portion in line so that there is no disadvantage to employees or shareholders who are holding. We are following a well-governed process, fairness opinions are being obtained from the independent advisors, compliance checks are in place.

And coming to the external people who are involved, PwC is involved as transaction advisor, Systematix is involved as a merchant -- as a finance opinion provider, Arvinth Pandian as a legal adviser, and VSS & Co as a valuer. So all these people have been with us in vetting the regulators at every stage, getting this documented. So this is on the financial side. Soumya, you can move on Q&A if at all...

Moderator: Yes sir, Thank you very much. The first question comes from the line of Deepesh Sancheti with Maanya Finance. Please go ahead.

Deepesh Sancheti: What are the main drivers for the 22% revenue growth projection in FY '26 for the Commerce Test Prep?

Mohasin Khan: Yes. I'll take up this, sir. So there has been a different -- actually in Commerce segment, CA business. Last year, there was a change in the commerce exam patterns, and that is one of the growth strategy. And also one of our verticals, BB Virtuals was into general -- providing only to the 6 papers of CA courses.

And we have moved into now giving the synergy benefits, we have entered into company secretaries and the other foreign courses as one of the strategy, which is driving this number of 22% to 25%. We expect the numbers to grow at much more level. This is the guideline numbers which we have given.

Deepesh Sancheti: Okay. And will the managed college business or virtual platforms face any tech integration challenges after this operation?

Aditya Malik: Let me take that. This is Aditya Malik. So no, there is -- so virtual, as a managed college business is all about opening new campuses and offering degrees, junior college, et cetera, across multiple locations. So the tech already for that, we have an in-house complete ERP system, which manages the complete admissions and complete -- the whole student life cycle. Similarly, BB Virtuals, which is the online CA, ACCA commerce business platform, again, has a full tech stack, which is used to deliver, and that is our online CA, ACCA, CMA coaching arm.

That will move as is to the new entity. So to that extent, there is absolutely no change or disruption there. In fact, it will be more sharpened because for example, the ERP, which Tapasya, which is our managed college entity uses, we are deploying same version into multiple JKSC and Logic and Navkar centers as we go forward. So instead of -- so it's only sharpened the focus as we go forward.

Suresh Kalpathi: I think just to add to it is I think there is also a significant amount of AI adoption that we are already doing. So it is currently being evaluated for being able to offer our online programs and recorded programs in multiple languages with different accents that suits the different parts of the Indian market. We are also trying it out, testing it out for various levels of assessment and customer support.

And lastly, it is being experimented in some parts of Veranda for automating the telesales part of the program. So there is multiple levels of adoption of AI that is also happening as we transition this business into a separate listed entity. But from a tech part of it, apart from using the ERP platform, there is a significant adoption of AI that you will start seeing the benefits of in the coming months, if not weeks.

Deepesh Sancheti: Okay. So you mean to say -- are there any IT data or intellectual property assets that could create operational friction between the 2 entities post demerger?

Aditya Malik: Repeat the question.

Deepesh Sancheti: I'm just saying that, are there any data or IP or intellectual property assets that could create any operational friction between the 2 entities post demerger?

Mohasin Khan: No. I'll take up this one. As part of demerger, so all the IP rights on all the brands will be transferred to the commerce entity, so which are working like BB Virtuals, J.K. Shah. So all the IP rights and data will be transferred as part of the demerger strategy. So they work on their independently on the data. So that's the reason we are doing this demerger, mainly because to unlock the value. So there is no separate value being accorded or something.

Aditya Malik: Additionally, I think, as a -- in fact, as a benefit, for instance, even after the demerger happens, all our K-12 schools will continue to look at J.K. Shah classes as a preferred choice for offering CA foundation programs in all our schools. So it would actually be the benefit of synergy that will start reflecting on both sides, the commerce and the non-commerce business, and we expect this to continue as we go forward building out these 2 businesses.

Deepesh Sancheti: Okay. And how is the debt going to be -- how is the debt going to work out between the 2 companies?

Mohasin Khan: So the demerged entity, when we do this, the demerger will be a debt-free entity. It will be.

Management: So the part of the demerger -- so J.K. Shah Commerce will be listed as a debt-free entity.

Deepesh Sancheti: It will be listed as a debt-free entity. So all the debt will be in Veranda Learning itself?

Mohasin Khan: Veranda Learning Solutions Limited. Yes.

Deepesh Sancheti: So how does it plan to pay this debt post demerger?

Aditya Malik: So obviously, the cash flows from J.K. Shah will not be there.

Suresh Kalpathi: Correct.

Mohasin Khan: So the business cash flows of the non-commerce vertical are self-sufficient to honor the debt commitments of the entity.

Suresh Kalpathi: I think just to give you a breakup, as part of the QIP raise, the principal debt amount came down from about INR435 crores, INR440 crores. We paid INR310 crores of principal. So the principal amount outstanding has come down to about INR125 crores, INR130 crores. That's the debt that will now reside in the non-commerce vertical.

Now that continues to be with the original lenders, which is Ascetis, which is a high-cost debt at about 17.25%, 17.3%. So the next immediate goal for the company is at some point that you will see over the next few months, it will get refinanced into a much cheaper cost debt as a first step.

And that debt, the existing cash flows of our non-commerce vertical will be sufficient to pay down the debt apart from investing some part of the money in the growth of the non-commerce business. So the first task would be to refi this into a much lower cost debt. And then the existing cash flows of the non-commerce business will be more than adequate to pay down the debt.

Deepesh Sancheti: So if I can just repeat your -- what you said, what you -- what Veranda will be left with is INR125 crores of term debt, which is at 17.25 %. And what will be the working capital debt? And also, the new entity, J.K. Shah will be absolutely debt-free. Is this the right understanding?

Aditya Malik: Mohasin?

Mohasin Khan: Yes, it's right understanding. Yes.

Deepesh Sancheti: Yes. If you can tell me the working capital, how much it is right now and at what open credit?

Mohasin Khan: No, working capital is only INR3 crores in the company. I don't have the...

Deepesh Sancheti: Only INR3 crores.

Mohasin Khan: Yes.

Deepesh Sancheti: Okay. And when are we planning to get this refinance from 17.25%? 17.25% is too high?

Mohasin Khan: Yes, we'll be doing another 3 to 4 months' time.

Deepesh Sancheti: Okay. So by the end of FY '26, we will be sitting -- both the companies will be sitting -- I mean, J.K. Shah is obviously debt-free, so that's not a problem. But Veranda will be sitting at a comfortable position with a lower cost of debt as well as only INR125 crores, which you plan to pare -- I mean, which you plan to reduce it over a period of 2, 3 years with your cash flow. Is that the right understanding?

Mohasin Khan: 2, 3 years, if the cash flow support, we'll be closing early, yes. Yes.

Deepesh Sancheti: But whatever the cash flows will come, will be there to bear out the debt, right? Or will it be good for the growth?

Suresh Kalpathi: So as far as the growth for the K-12 and the government test prep segment, it's already on a trajectory where we use extremely asset-light models. So there is no investment that will come in new assets for building these businesses, which will be an asset-light model. Franchising would be one way to grow the government test prep business. And on the K-12 segment, it will all be leased assets. So it's going to be on a very asset-light model.

And given the nature of the business where most of the fees gets collected upfront, it is also, in a way, not so much of a working capital-intensive business at the same time. So asset-light, fees gets collected upfront. So we don't expect working capital to become a bottleneck or the ability to invest in assets to become a bottleneck for our growth. Yes, like you said, quite a bit of this money will go towards paring down the debt.

Deepesh Sancheti: Great. Great. That was the really good understanding of the company.

Moderator: The next question comes from the line of Pooja from InCred AMC.

Pooja: I just have one question that on the new college campuses that we are looking at. So is there any capex involved? Or like what is the plan for that going ahead? And if that will be done from the JKSC wing, or will Veranda continue to do it? So I would like to understand the role split between both of them.

Aditya Malik: Okay. Suresh, you want to take it or shall I take it?

Suresh Kalpathi: Yes, yes, go ahead take it, Aditya.

Aditya Malik: Okay. So the -- all these colleges are managed colleges and they operate out of leased premises. So the capex is very, very nominal to the extent of some furnishing, soft furnishing, some labs, et cetera, very, very nominal capex. So that's from a capex perspective. Whatever campuses we are planning this year because for the next academic cycle, which is starting 2026, June, we will have to start the admissions from November, December this year.

So those we will do now till the time the demerger is completed. We have certain plans to open certain campuses. Going forward, the new entity, which is the J.K. Shah Classes Limited will be doing that capex or the nominal capex what we read as and when the demerger is approved and it is listed separately.

Suresh Kalpathi:

Just to add to it based on my understanding of your question. So as far as the business is done by the commerce vertical, it will be exclusive. Veranda will not be doing -- its non-commerce vertical is not expected in any way to conflict with the business of building out the commerce vertical. And just to explain, the commerce vertical starts with junior colleges, which is 11, 10, 12.

It also goes into B.Com and over a period, M.Com in terms of formal commerce education. It offers all Indian and foreign professional qualification programs across CA, ACCA, Company Secretary, Cost Accountant, CPA, ACCA, all of these programs. The non-commerce part of Veranda is not expected to do any of these businesses. So to answer your question, there shall be no conflict between the area of expertise, area of alignment in these 2 businesses.

In fact, as I mentioned earlier in the call, the schools that we have will look at J.K. Shah Classes as the provider of choice for integration into CA Foundation for our students who are going into 11th and 12th in our CBSE schools, which will remain a part of the non-commerce Veranda. So we expect this to be more complementing and supplementing and not in any way conflicting.

In terms of colleges, we use the brand of Tapasya in Andhra, Telangana, Karnataka, where it has a significant presence. Moving it west and north where the J.K. Shah brand is very powerful, you will -- you should expect to see J.K. Shah College of Commerce being propagated and being built out. So we will use the J.K. Shah Classes brand to start with in the west and north in expanding the formal education program.

Moderator:

The next question comes from the line of Isha Agarwal from VT Capital.

Isha Agarwal:

So firstly, I would really like to understand the industry size in the Commerce Test Prep segment as to how many colleges are there presently and the number of students in the commerce side of the business?

Suresh Kalpathi:

Let me -- I'll do some part of this and probably Aditya could pitch in. In terms of size of the segment, and I will just give you some industry flag points. From the National Skill Development, NSDL, they are projecting a demand for about 1 million people with commerce background in the next 5 years. This is just from the industry. And this would sit across people who have finished B.Com, M.Com, multiple levels of professional qualification. It's really being driven -- this demand is really being driven from 2 perspectives.

One is the Indian economy, which was in the top 50, now pushing into the top 3 in the world. And like every country that has made this transition, manufacturing has led way to financial services and services as a whole becoming an increasing part of the GDP. So that has driven a requirement for commerce financial services professionals and those numbers as projected going

up to 1 million people in demand in the next 5 years is really coming out of India's domestic internal demand.

The other one that we are seeing, which is driving the demand in this industry is the global competency capability centers that are being set up in India, while initial drivers were software and software-related services. Today, a significant number of them are being set up for offshore financial services, especially for English-speaking western economies.

The demand by that alone is expected to go to 200,000, 250,000 people annually over the next set of 5 to 10 years. And this, as in software earlier, this is coming because of significant cost arbitrage between the value for such services in the Western economies to what it could be in India.

And just a data point, if something should cost \$40,000 per year to do back-office tax filing in an economy like the U.S., it could be done for INR5 lakhs to INR6 lakhs per year in India. So that cost arbitrage of 80%, 85% has made itself manifest in this sector. And that's the second driver for growth of talent in the commerce and financial services space in India, one domestic, one driven largely by GCC due to cost arbitrage.

J.K. Shah Classes and with all the other brands, the commerce vertical is pretty much the leader -- market leader in India, whether you look at revenues, you look at our presence in over 200 physical locations in India or our online presence, which arguably is delivering the maximum ranks in India over the last so many years in terms of profitability, which is expected to cross INR140 crores in the commerce vertical alone this year or for that matter, the number of students that we graduate every year across all our programs.

So as a market leader, we expect to be able to grow at over 35%, 40%, which is the industry average. And as a market leader, we expect to hopefully grow at least at that pace or better. So I think from a commerce vertical perspective, the demand is both domestic and GCC, and we are probably the best place to capture this demand.

Now as far as the number of colleges we have, going forward, the perspective is in every Tier 2, Tier 3 town in India, where there is a requirement for high-quality commerce coaching in arts and science colleges, we want to establish the J.K. Shah College of Commerce, which would probably be the most premium for the simple fact that the faculty teaching B.Com would now be faculty who are actually qualified to teach a program as important as a chartered accountant.

So you'll have chartered accountant type of faculty teaching B.Com in Tier 2 and Tier 3 towns, easily making it the most premium college in the respective town. So in terms of size of opportunity, India has got over 750, 760 districts. And for us to establish J.K. Shah Classes as the most premium brand is really the segment in the college space.

I'll probably ask Aditya to quickly add some numbers in terms of how many that we already have in the students that we track.

- Aditya Malik:** Sure. Thanks. Yes. Thanks, Suresh. So currently, we run 15 campuses for Tapasya, which is our college, and we cover programs from junior college, which is 11th and 12th to undergrad, both BBA and B.Com. Currently, we have about 17,000 students across these 15 campuses split between Hyderabad and Bangalore. As Suresh had mentioned earlier, clearly, the intent is as we go forward, we will use JKSC brand to open similar colleges in Mumbai and surroundings and similarly, other brands wherever they are strong. So this remains a key growth and a focus area for us.
- Isha Agarwal:** Okay. So sir, like you had mentioned previously that we have 43 centers in J.K. Shah. So what exactly is our expansion plan? And how many centers are we targeting? And can you also help me with the capex needed for these centers? Or let me understand the unit of economics in the Commerce segment?
- Suresh Kalpathi:** So let me take the center side of it and then the financial aspect, Mohasin can cover. We have about 100 centers under J.K. Shah Classes. So now going forward, clear plan is to leverage the strengths we have. For example, in Gujarat. We have both Navkar and J.K. Shah brands operating in parallel.
- And between the two, we hold a significant market share. These are the two largest players as we go forward. In Puna, we have recently opened a center in which BB Virtuals as well as JKSC has come together, and we have had a significant traction in the first year itself.
- So going forward, what we'll be doing is we'll be leveraging various brands we have, whether it is BB Virtuals, whether it is Navkar, whether it is Logic or the flagship brand, J.K. Shah Classes and opening the center as a joint force across whichever market we want to open. The idea as of now is to significantly enhance the throughput in these centers. 100 centers makes us anyway the largest players in the commerce market today in the country.
- But we'll still take strategic bets to open in the key large markets, where we have other brands also present. Capex requirement for a center is again very minimal. These are leased properties, just some classroom furniture, some fittings and furnishings, etcetera, which is not a significant capex to build out a center. Exact number, I will let kind of Mohasin to cover and to cover unit economics as well. Mohasin?
- Mohasin Khan:** Let me add. So there are two distinct types of centers. We have close to 200 physical points of presence in the commerce vertical. This is across, as Aditya mentioned, over 100 locations of J.K. Shah Classes. Navkar has sets of locations. Logic has multiple locations in Kerala. And under Tapasya, we have brands in Andhra, Telangana and Karnataka. So all put together, the commerce vertical has close to 200 physical points of presence in India. There are two types of centers that we have.
- One is the professional qualification centers, which is like J.K. Shah Classes or a Navkar or a Logic, which are physical centers where people can go for professional qualification. There, as Aditya mentioned, it's very minimal interiors, lots of tables and chairs for a student to attend classes and simple lease agreements. So that could potentially be as low as INR20 lakhs, INR25 lakhs to as high as INR45 lakhs, INR50 lakhs for a center.

If it is for a formal education where we have junior college and undergrad, 11th, 12th and B.Com, BBA, that requires a slightly larger space, including the lease deposit, it could be about INR2 crores to about INR2.25 crores, INR2.3 crores, including the lease deposit of 10 months that we make. That is for the formal education, which is 11, 12 B.Com, BBA. So those are the two types of centers, all put together close to 200 physical points of presence in India.

Typically, a college, a formal setup, general payback period is between 3 and 4 years is a payback period. First year, including investments that we make in working capital is the number that I mentioned. By second year, we are starting to make profits. By the third year, we almost recouped the entire investment we make. As far as the centers where we provide professional qualification is concerned, the payback in some of the cases could be less than 1 year because these are very minimally staffed, very minimal amount of interior decoration or work that we do on soft capex.

Isha Agarwal: Okay. So sir, for Tapasya, like we had around 16 colleges. And for this year, we were targeting around 20 to 25 colleges. So where are we standing currently?

Mohasin Khan: So in terms of colleges that we set up, typically, the impact of these colleges starts only in the next cycle in terms of admissions. So this year, about three colleges are being added, predominantly in the South under the brand of Tapasya. The next set of locations for expansion through Tapasya and also through the brand of J.K. Shah College of Commerce have already been identified. We have already identified over 15 locations, which we will start targeting from next year.

So the work starts. We complete everything typically by November, December and open it for admissions for the coming academic cycle. That's sort of how that works. Identification has happened for over 15 locations, combination of both Tapasya and J.K. Shah College of Commerce branch.

Moderator: The next question comes from the line of Varun Pinto with Negen Capital. Please go ahead.

Varun Pinto: So the first question I have is this year for FY '26, you are projecting somewhere around INR136 crores of EBITDA, right? So this is our Ind AS EBITDA, correct?

Mohasin Khan: Sorry?

Varun Pinto: This is the Ind AS EBITDA, right?

Mohasin Khan: No, no, no. It is after rent. Ind AS EBITDA will be INR180 crores.

Varun Pinto: Okay. Okay. Ind AS EBITDA is INR180 crores. Also, sir, can you give me the number of like what kind of CFO, we are expecting this year from the commerce vertical and from the non-commerce vertical as well?

Mohasin Khan: What kind of -- sorry, I missed your question.

Varun Pinto: Cash flow from operations, sir?

Mohasin Khan: Cash flow from operations. See, coming to the non-commerce vertical, this being a debt-free entity, we are being -- commerce vertical being projected. There is no finance cost coming up from them, okay? And the depreciation and amortization, which is there being -some of the verticals being capital intensive, some of not being capital intensive, we expect the cash flows from the EBITDA directly to flow to the operations.

Only for any capital intensive business, like Tapasya, we're investing in colleges, 2 to 2.5 for 10.25. That will be in capex. It will be in cash flow from financing activities, but not in the operations. So limited point is, EBITDA should move to the operations, sir.

Varun Pinto: Understood, sir. So this is a similar thing even for the non-commerce vertical as well?

Mohasin Khan: No. Non-commerce are there, initially. There is a debt of INR125 crores sitting there, at 17.23 percentage. And there will be -- so the payouts will be happening there. So that finance cost will come and depreciation. Otherwise...

Varun Pinto: So sir, do you have any estimates of like what kind of cash flow from operations we can see this year in the non-commerce business?

Mohasin Khan: Non-commerce, we're expecting that number should be at INR35 crores EBITDA to be at.

Varun Pinto: Also, sir, like beyond FY '26, like FY '27 onwards, like do we expect this 20% plus growth trajectory to continue in the commerce business?

Mohasin Khan: Absolutely. I think -- Suresh sir, yes, I think he answered -- yes, please, sir.

Suresh Kalpathi: So without making too many forward-looking statements, but just a couple of facts, Varun. First is that the industry in terms of demand for professional is expected to grow anywhere between 35% to 40%, at least for the next 5 to 7 years. Based on, as I mentioned earlier in the call, the domestic demand with the strengthening of India's GDP's ranking in the world and second one due to cost arbitrage of GCCs increasingly being set up for doing offshore financial services for Western English-speaking economies.

Both of these twin drivers are expected to drive demand anywhere between 35% to 40% year-on-year for the next 5 to 7 years. The second fact is in whatever metric that you choose, our commerce vertical under J.K. Shah Commerce Education Limited is a market leader. Is it -- if you look at revenue, if you look at number of locations, which is close to 200. In terms of ranks, we produce in thousands across all segments, in terms of profitability, in terms of being debt-free, we are absolute market leaders.

And the base expectation will be that as a market leader, we should be able to keep up with the growth of the entire sector, if not actually outperform the industry average. So in some sense, while we have had growth between 20%, 25% in the past, largely because we were sort of building out the fabric as most of my investors will know, we were acquiring businesses, integrating businesses, creating a seamless platform.

So a lot of effort went into streamlining, aligning compliance, disclosures of many of these businesses into a single seamless hole. That part has now been accomplished. We expect actually our growth to move faster going forward. So we would expect to see ourselves, as I mentioned, to keep up with industry growth, if not more, at about 35% or more CAGR. I think for the next 5 to 7 years, I see a very clear pathway for us to achieve.

Beyond 7 years, I expect this to start maturing. But for the next 5, 7 years, with no visible competition of a national player and a segment that's growing so fast, we expect to sort of be the undisputed leader in this segment, growing at about 35-odd percent year-on-year for the next 5 to 7 years, Varun.

Varun Pinto:

Super, sir. Also, sir, could you like sort of give me a similar -- what is your thought process on the non-commerce side of the business? Like I think in the previous presentation that we had uploaded, we had -- we are expecting somewhere around INR73 crores of EBITDA this year in the non-commerce business, right? So what kind of growth do we expect to see there?

Suresh Kalpathi:

Mohasin will probably share with you some of the actual numbers. I'll sort of give you an idea of what strategy we have for non-commerce. One of the things that we actually looked at was across our 4 verticals to be able to unbundle and create value in each one of them. And for me, personally, what it means that each one of them are part of a business that has a pathway to becoming debt-free, pathway to achieving a INR100 crores EBITDA in that chosen vertical and having a clear target segment that is growing at 40%, 45% year-on-year. For me, that's the sweet spot. And our view is to target this across all our verticals.

Beyond just the demerger of the commerce vertical, which is now being executed, we have also taken a resolution, which we have taken -- which we are taking to our members on 29th in our AGM. This is for being able to do a transaction around our vocational vertical. And again, the view is that's our second pillar of our growth, and we expect to be able to work with us to create a long-term strategy around upskilling platforms combined with certification diploma degree from universities worldwide. So around that, would be our next area of growth to unlock significant value.

As far as the strategy for growth is concerned, I think there is an explosion in demand for adoption of emerging technologies, including machine learning, AI, cloud computing, all of that. I think you will see us having a significant slant in that direction, combined with recognition in terms of whether nano credit or micro credit or fully credentialed certification diplomas and degrees of recognized universities. And we are looking at expanding this into a worldwide platform. So that's a target in terms of strategy for the vocational space.

As far as K-12 is concerned, we currently have over 5,600 students who study with us across 4 CBSE K-12 schools and 2 Cambridge Schools. We are looking at expanding this in an asset-light model over the next 5, 6 years. So you should see us adding multiple schools to our portfolio. Typically, each of our schools drives a profitability of anywhere between INR3 crores to INR4 crores, INR4.5 crores, depending on the size of the campus.

So the plan going forward would be to over the next 5 years is to see if we can take this network to about 75 to 100 schools. And that will potentially drive our EBITDA from that segment alone to maybe INR350 crores, INR400 crores. While we have projected much more conservative numbers, I think we -- I'm only looking at the capability of the 500-odd team that we have in our K-12 team and also the type of demand that we are seeing for high-quality school education.

So we think the demand is there. We think we are rightly positioned with the very top quality team, and we are already off the base with about 5,600 students, 6 schools and EBITDA of over INR23 crores, INR24 crores. So we are fairly well set to leverage on this to build out the K-12. As far as government test prep is concerned, we are very strong in the South. In Tamil Nadu and Kerala, we are sort of market leaders.

We are also establishing our presence in Karnataka. And over a period after we consolidate our strength in the South, we'll look for opportunities in the North. So that's sort of the overall strategy in the non-commerce, vocational, K-12 and the government test prep. Mohasin, do you want to add a bit on numbers for this here, Mohasin.

Mohasin Khan: Sorry, if I missed the call because of connective issue. Sorry.

Suresh Kalpathi: Yes. No. So the non-commerce part of the business, EBITDA for FY '26 would be INR35 crores...

Mohasin Khan: INR35 crores to INR40 crores.

Varun Pinto: INR35 crores to INR40 crores after rent, right?

Mohasin Khan: After rent. After rent.

Moderator: The next question comes from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: A lot of my questions have already been answered. So I just want to have a few maybe nitpicking a bookkeeping question. So sir, we're saying, I think, around INR135 crores of EBITDA in commerce and non-commerce, we are expecting INR35 crores, INR40 crores. But in Q1, we've kind of done INR37 crores. So how do we see the quarterly movement of this EBITDA flowing through, sir?

Suresh Kalpathi: So -- Mohasin, do you want to take it?

Mohasin Khan: Sir, please. You can take it.

Suresh Kalpathi: So two different parts of -- and again, this is the number for the consolidated whole, all the 4 verticals put together. So typically, the business that we get from the academic part of the business, whether it is the junior colleges or commerce colleges or our K-12 schools, those are pretty steady state throughout the year. We recognize revenue in equal parts across the 4 quarters. And what you're seeing is revenue recognized.

The first quarter was very significant. So Q4 of last year was not that big a quarter for us. So from a revenue recognition part of point of view, the benefit that we got from a strong last year did not come into Q1. Q1 has been very strong. Our cash flows have been very strong in Q1. So you will see a significant part of that impact coming as revenue recognition in Q2, Q3 and Q4.

Now apart from that, the professional exams, at least the Indian CA coaching now happens across 3 times a year rather than 2 times a year. So you will see that also providing specific spike in revenues in at least another couple of quarters. So while we have delivered what numbers we have delivered in Q1, Q2 and Q3 from a revenue recognition is expected to be stronger and Q4 would sort of be similar to a Q1.

So that's sort of how our numbers move up and down. So Q2, Q3 expected to be stronger than Q1 and Q4 would be very similar to what we had in Q1. That would be Q4. So that sort of adds up to the overall number of INR175 crores, INR180 crores of EBITDA that we are shooting for, not just commerce, but across all our verticals put together.

Darshil Jhaveri: Correct. Correct, sir. And just for clarifying this INR170 crores, we are not saying reported. This is, we are saying post end, right? Like so the reported would be even higher?

Suresh Kalpathi: Yes. Mohasin?

Mohasin Khan: So our annual rent is INR35 crores to INR40 crores. So it will be more to that extent...

Darshil Jhaveri: Sorry, sir, I couldn't get you, sir. Sorry?

Mohasin Khan: No, the annual rent for the company is INR35 crores to INR40 crores. So that will be reported EBITDA, Ind AS EBITDA...

Darshil Jhaveri: Okay. Okay. That's really helpful, sir. So that way, we have -- with paring down of debt also, we'll have a very good PAT figure, sir. So that looks very promising for us, sir. I just wanted to know, like, I think in the Q1 call, we had thought of like maybe the Commerce segment itself could reach around INR500 crores EBITDA by FY '30 from J.K. Shah itself only. So are we still that bullish on J.K. Shah? Or how do we look at it, sir, right now?

Suresh Kalpathi: So this is a growth that comes from all our verticals put together. Obviously, our flagship brand is J.K. Shah Classes and hence, the name of the demerged company will be J.K. Shah Commerce Education Limited. If you look at our EBITDA moving from, let's say, INR140-odd crores to maybe about INR500 crores over the next 4 to 5 years. As I had mentioned, the industry demand for our professionals is growing between 35% to 40%.

And as a market leader, we expect to be at least at that pace, if not being able to grow even faster. So if you sort of calibrate it with the guidance that we have in terms of just the growth the industry is expected to see from professionals required in the commerce space to our ability to be able to deliver at that or even higher being the market leader, that will align with the projections that we are making. So we could be even growing faster. But I think as far as the numbers we had projected does not take into account all the levers of growth that we have.

- Darshil Jhaveri:** Okay. Fair enough, sir. And just last question from my end...
- Moderator:** I'm sorry to interrupt, Mr. Darshil, I would request you to please come back in the queue for further questions. The next question is from the line of Athar Syed with Smartsync services. Please go ahead.
- Athar Syed:** My first question is related to how will the shareholding pattern of J.K. Shah Commerce Education look towards demerger? Will Professor J.K. Shah equity directly and if yes, what portion?
- Mohasin Khan:** So I'll take up this one. So as I was saying, this is a vertical split between the Veranda and J.K. Shah Commerce. So every shareholder who is existing, like, record shareholder will be given 1 share in J.K. Shah Commerce. If you're asking -- so there will be mirror shareholding. There is no change in the share cap table if that share cap table of the Veranda Learning listed company will be replicated to the J.K. Shah Commerce.
- Athar Syed:** Sir, Mr. J.K. Shah -- will Professor J.K. Shah will also get some equity on margin? That's my question.
- Mohasin Khan:** So as of today, he holds shares in the listed company, so 2 percentage, but -- like he holds shares. So that will be given. And as part of the new entity for his performance-based, there will be separate ESOP or any policies will be drafted.
- Suresh Kalpathi:** So just to add to it, we -- basis is residual stake that we had recently bought, which is that 24%. As part of that, he took 50% of it in cash, 50% in stock. That gives Professor. J.K. Shah shareholding in the listed company, which automatically as part of the mirror shareholding in J.K. Shah Commerce, he will automatically have that same percentage of holding.
- Number two, there is also a stock option plan that has been put in place, which will allow them to add another 7% to his stake in J.K. Shah Commerce Education Limited. So all put together, I would think he'll be able to head up to between 8% to 10% of the company.
- Athar Syed:** My second question is recently, you announced to equity conversion of Veranda XL, could you share the exact quantum of debt, number of shares issued and the restructuring of equity...
- Suresh Kalpathi:** I'm unable to catch your question, sorry. Your voice is...
- Athar Syed:** Like recently, on 10th September, you had announced about Veranda XL, like, you are converting that into equity. So can you please explain that?
- Mohasin Khan:** Okay. You're speaking on that. Okay. So as part of QIP fundraise, so we did INR350 crores of QIP, right, out of which we closed the majority of the Ascetis debt, which I was mentioning, INR310 crores. This INR310 crores was sitting in the Veranda XL, which is a commerce vertical. So the listed company did the QIP and give it as a loan to the subsidiary, which is Veranda XL and the same was repaid to the Ascetis.

As part of merger being contemplated, we wanted this to convert this loan to equity. So VLS now VXL being 100% subsidiary of the listed company, this loan to equity conversion will not -- will be 100% subsidiary. It doesn't get any significant value. We wanted this merger to become easy. So that's the reason we did this. There's no other agenda.

Moderator: I would request Mr. Ather to come back in the queue for any further questions. The next question comes from the line of Majid Ahmed with PinPointX Capital. Please go ahead.

Majid Ahmed: Just want to understand the competitive landscape of the industry that when I'm looking at especially the commerce, we are seeing players especially in Chennai and South India, you can -- players like KS Academy, where there's a CA coaching academy. Now they are -- now again, pivoting similar like yourself, getting all the commerce courses, like ACCA, CMA, CS or whatever qualification they are.

So there are like small niche players who are trying to get into those niches similar to that. How do you think that you can leverage on the competitive advantage on that? And secondly, if you have some very high quality faculty at your academy and in this case, if they have high popularity and they're going out, there's also a traction that you also has to face as a risk in terms of getting the stickiness. So how are you going to sustain that?

Suresh Kalpathi: So I think both are very interesting points. I actually work out of Chennai. So I can relate to quite a bit of what you said, right? So the first is there are always local players, who will always be there in all types of education. You always have these individual professors who are brilliant in what they teach, who are very well known in the local market. There is somebody whose classes you will go for advanced accounting. There is somebody who does indirect taxes very well. So there are these pockets in local micro markets that are prevalent all over India, right?

Our view is that we will establish the single largest national brand. Specifically in the market that you mentioned, for instance, in Tamil Nadu, today, J.K. Shah Classes is a very close #2 to KS Academy. So we are there. And I think based on some of the internal numbers, predictions that we have, I think we have a shot at going number one in Tamil Nadu also.

So -- but having said that, these players exist starting from markets in Kolkata to Bhubaneswar to Jaipur to Ahmedabad. There is always a local player where it's a brilliant professor who takes classes extremely well, and that exists in all types of test preps. In any education, it always exists.

A couple of things we have done. Today, all our programs J.K. Shah Classes is -- provides consistent high-quality rank holders year-on-year and all the brands that we have, starting from BB Virtuals, Bhanwar Borana Classes to Navkar to Logic to Tapasya, we provide consistent, high-quality nationally present education. Significant number of rank holders. I think even in the last exam, we had collectively close to 150 ranks in India. And so we deliver in terms of ranks, very high-quality education, very top-quality test papers, high-quality content that we provide.

And we don't look at this becoming faculty dependent within our commerce vertical. specifically, which means there are some of these papers which are taught by multiple faculty,

same paper. So we ensure that it is the brand, the credentials, the testimonials that we have established and the alumni that we have speaks and drives our numbers and word of mouth, not so much on a specific faculty.

Now having said that, there are markets in every part of India in smaller segments where there are individual professors, who are very popular. And that is something that will always be there in this segment, not just the commerce, but I think across education, you always have these brilliant professors.

But the way our pedagogy is set up within our commerce vertical, and I would, in fact, hazard to tell you that not just commerce, including our non-commerce vertical, it's our brand, which is the popular teacher. It's not an individual. So we never try to look at individual being driving it. It's the brand, it's our content, it's our delivery. That's number one.

Having said that, all micro markets have these brilliant players. While you have a KS Academy in Tamil Nadu, there are similar players in other markets as well. Our focus is to establish the national brand, which means we are there big in Tamil Nadu. We are big in Maharashtra. We are big in Gujarat. We are big in Karnataka.

We are big in Andhra, Telangana. We are big in Rajasthan. So we look at establishing a national brand. And I think the entire idea of demerging this into a separate vertical under J.K. Shah Commerce Education Limited is really a point in that direction. So local markets, local professors will always exist. We are clearly the undisputed national leader in this space.

Moderator: Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for their closing remarks.

Suresh Kalpathi: Thank you. Again, very good afternoon to all the participants. Thank you for joining our call today. The company is today at an exciting inflection point. I think with this demerger poised to drive not just enhanced operational and financial clarity, but also will lead to attracting sector-focused capital allocation that will happen.

And I think we should target to achieve an independent market driven valuation that we should get being the market leader in this space. Veranda and the new JKSC will stand well positioned for leadership and scale in their respective domains. We again look forward to your continued support and engagement as we execute the strategic transition and unlock the next chapter of growth for the company and value creation for all our shareholders. Thank you once again for joining this call today.

Moderator: Thank you. On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.