Veranda Learning Solutions Limited

Q1 FY27 Earnings Conference Call"

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MANAGEMENT: **MR. SURESH KALPATHI– CHAIRMAN AND EXECUTIVE DIRECTOR – VERANDA LEARNING SOLUTIONS LIMITED**
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MODERATOR: **MS. SOUMYA – GO INDIA ADVISORS LLP**

Moderator: Ladies and gentlemen, good day and welcome to the Veranda Learning Solutions Limited Q1 FY27 Earnings Conference Call hosted by Go India Advisors LLP. 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 that this conference is being recorded.

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

Soumya: Good day, everyone, and welcome to Q1 FY27 Conference Call of Veranda Learning Solutions Limited. We have on call with us Mr. Suresh Kalpathi, Chairman and Executive Director; and Mr. Mohasin Khan, the Chief Financial Officer. We must remind you that 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 business update. And post that, we'll open the floor for Q&A. Thank you, and over to you, sir.

Suresh Kalpathi: Thank you. Thank you, Soumya. Good afternoon, everyone, and thank you for joining us today. On behalf of the entire leadership team, I sincerely appreciate your continued engagement and confidence in Veranda Learning Solutions. Before I talk about our performance, a word on the environment we are operating in.

India's education and skilling landscape continues to see structural tailwinds, growing emphasis on employability linked learning, rising aspiration for competitive government examinations, deeper penetration of a digital-first delivery model and, of course, an increasing willingness among students and parents to invest in outcome-oriented programs, whether it is in commerce, academics or in test prep.

This continues to validate the direction of our Veranda 2.0 strategy, which, as you know, has been built around scalable asset-light delivery of high-quality outcome-driven education. Now against this backdrop, we are pleased to report a strong start to financial year '27.

We delivered broad-based momentum across our portfolio in the first quarter of this year, led by exceptional performance in the commerce and government test prep businesses, while our K-12 business segment continues to strengthen its foundation through investments in systems, partnerships and brand building that we expect will translate into stronger growth over the coming quarters.

On the revenue front, the revenue from operations grew a strong 42% year-on-year to about INR150 crores in the first quarter of financial year '27, while PAT more than multiplied sixfold to INR34 crores compared to the same quarter last year, up 472% year-on-year from INR5.9 crores in the first quarter of FY26, our sixth consecutive quarter of PAT positive performance.

Overall enrollments during the quarter grew 35% year-on-year to about 1.03 lakh students, while collections grew 27% year-on-year, reflecting a healthy demand and robust execution across all our business segments. Each of these segments is being driven by distinct well-defined growth levers.

In commerce, we recently launched Commerce Virtuals, a live and recorded digital delivery format for Class 11 and Class 12 students, giving us pan-India's reach without additional physical infrastructure while continuing to expand our offline network, which now spans incidentally over 105 centers with 50 new commerce colleges under management in the pipeline.

This segment continues to be a category leader, holding the number one market position across CA, CS, CMA, ACCA and many other programs that we already offer. In the government test preparation space, growth was driven by the launch of our new offerings, including Group 1 offline programs, junior IAS for students in schools final years and subscription-based magazines alongside our RACE platform's network of centers and a diverse exam portfolio spanning UPSC, SSC, banking, Tamil Nadu Public Service Commission, Kerala Public Service Commission and other state Public Service Commission exams.

In academics and K-12, we continue to build out our managed schools opportunity, a large underpenetrated market worth over INR10 lakh crores across just South India. We currently manage six schools with over 5,400 students on an asset-light end-to-end managed services model and are targeting to expand the number of schools that we manage, supported by steady occupancy and fee growth dynamics in the coming years.

Turning now to the Commerce demerger process. We continue to make good progress and remain on track. The Board approved the composite scheme of demerger in late 2025, and we subsequently filed the scheme with NSE and BSE, receiving their new addiction certificates from both exchanges in January of 2026.

Following the NCLT directed court convened meeting in March, shareholders voted in favor of the scheme at the court convened meeting held in April, and we filed the second motion with the NCLT with all appropriate papers that same month. The next NCLT hearing is scheduled in Chennai on 17th August, which is coming Monday, and we expect the entire process to be completed by possibly the first half of September 2026, which is next month.

Upon completion, JK Shah Commerce Education Limited will be separately listed with every Veranda shareholder receiving 1 share in the newly listed entity on a 1:1 basis at no additional cost, enabling sharper strategic focus, more efficient capital allocation and long-term value creation for all our shareholders. Post demerger, the Commerce business will target a significant revenue growth over the next three, four years through product and geographic expansion with a long-term aspiration of crossing INR1,000 crores of revenue by September -- by financial year 2030.

On strategic priorities and outlook for FY27, our focus is clear and fourfold: expanding our government test preparation business into Karnataka to tap the state-level competitive exam market. entering the preschool managed operations to deepen our K-12 value chain and build early brand relationships, expanding our off-line commerce college network into an additional 15 new locations that we will manage and establishing an offline presence in North and West of India, targeting specifically UP, Bihar, Rajasthan and Gujarat to reduce our regional concentration and unlock a large underserved student base.

Overall, it's worth stepping back to look at the journey that has brought us here. We just want to conclude by saying that Veranda's revenue has grown from just INR3 crores in FY21 to INR481 crores in FY26, with total enrollments growing from under 29,000 to over 2.56 lakhs over the same period. This growth was built through Veranda 1.0, a phase of aggressive brand and capability acquisition, including CA, UPSC course launches, the Edureka acquisition, our BSE and NSE listing in April 2022 and the acquisitions of JK Shah Classes, Tapasya and several other organizations.

We have now transitioned, as I had mentioned in the past, into Veranda 2.0, a phase focused on consolidation, deleveraging and profitable scale, marked by our maiden QIP and the proposed commerce demerger. The divestment of our vocational segment to SNVA Veranda in September of last year and continued progress on the Commerce demerger process through FY26.

Taken together, these priorities underpin our FY27 guidance of approximately about INR670 crores in revenue, over INR250 crores in EBITDA and about INR140 crores in profit after tax and positions us well to deliver sustainable, profitable growth and long-term value for all shareholders.

I would now request Mohasin to take you through the financial performance in detail for the quarter. Over to you, Mohasin.

Mohasin Khan: Thank you, Suresh, sir. Good afternoon, shareholders. Thanks for joining. Let me take you through the financial performance for the Q1 FY27. Revenue from operations for Q1 FY27 stood at INR150 crores, up 42% year-on-year, supported by strong business momentum across commerce, government test prep and academic segments. EBITDA for the quarter came in at INR54 crores, registering 10% year-on-year growth, reflecting an EBITDA margin of approximately 36% and continued disciplined cost management. PAT for the quarter increased sharply to INR34 crores, up 472% year-on-year from INR5.9 crores in Q1 of last year, marking this as our sixth consecutive quarter of PAT positive performance.

On a segment-wise basis, how we're reporting, Commerce Test Prep delivered a revenue of INR108.6 crores, up 53% year-on-year with EBITDA of INR42.7 crores, up 58% year-on-year, translating into EBITDA margin of around 40 percentage, underlining the segment's strong and improving profitability.

Going to government test revenue grew 41% year-on-year to INR32.5 crores, with EBITDA improving to nearly INR4 crores from near breakeven level in the previous quarter. The Academic segment posted a revenue of INR12.2 crores, up 22% year-on-year with EBITDA of INR9.2 crores, which is up by 53% year-on-year.

As Suresh was saying, for FY27, we are guiding a revenue of approximately INR 670 crores with EBITDA of INR260 crores and PAT of INR144 crores compared to last year with INR482 crores of revenue and INR204 crores of EBITDA and INR130 crores of PAT, respectively, in FY26.

Within this, we expect the commerce business to contribute annual revenue of approximately INR450 crores with EBITDA of around INR215 crores and a PAT of around INR110 crores. While the non-commerce business are expected to contribute revenue of approximately INR220 crores with EBITDA of INR46 crores and PAT of INR34 crores based on our current business plan and historical quarterly trends.

Collections and cash flows remained healthy throughout the quarter, and our balance sheet continues to strengthen following the deleveraging initiative undertaken over the past year. As we look ahead, we remain focused on disciplined expansion across our core verticals as we have planned as earlier stated, supported by new geography launches, scaling of offline centers, new course introductions and improving the digital-led admissions and tying up with more institutional partnerships and continued operating efficiencies.

So we have closed the quarter at good -- in line of guidance. This is on the quarterly performance. Soumya, you can take it.

Moderator: Thank you. We will now begin the question-and-answer session. We take the first question from the line of Aditya, an individual investor. Please proceed.

Aditya: Hello. So we are looking back at last 12 months, management has delivered significant improvement in profitability and has also completed most of the restructuring. So what is still missing for the market to recognize this improvement? Is it the JKSC listing, further debt reduction, FY27 growth or something else? And what specific milestone should shareholders to watch that would demonstrate the value creation you have talked about is actually happening?

Suresh Kalpathi: Thank you. Thank you, Aditya. While it's difficult for us to comment on how the markets perform, as you know, it depends on many factors, not just India, but also geopolitical factors worldwide. But specifically, in terms of what we are and what we want to deliver to the investors is the first, as you mentioned, is the demerger of our commerce vertical. We expect the process to be completed by next month and the listing to happen.

I think that should first would be a significant reward because it would be a market leader in its space in terms of pedigree profitability, in terms of the alumni network, in terms of number of centers, number of students, ranks. On all fronts, it's an undisputed market leader in that space. So we expect a significant unlocking of value when that listing happens, which is expected in the next month.

The second one is in the non-commerce space. We continue to build strongly on the other two verticals, which is in our government test prep, where we expect and working towards reaching INR100 crores of EBITDA over the next four to five years. And that would create, again, a second level of significant unlocking of value.

The third would be on what we are doing with K-12. While we have stabilized our network in the last two years, you will start us taking very clear action steps to build out the K-12 network in the coming years. Apart from that, the company has a significant stake in SNVA Veranda. As you recall, this is the company to which we moved our Veranda Higher Ed business, the Edureka business and the Six Phrase. So the entire rotational segment got merged into SNVA. And I think, again, there, we expect significant unlocking of value to happen.

And I think apart from taking a call that we will continue to stay PAT positive, whether in commerce or non-commerce in both entities going forward, I think now the trend we are setting, we have been able to consistently deliver on our projections and planning. And I think over a period, while we have said this is our sixth consecutive quarter of PAT positive performance, I think the market will start slowly rewarding based on such consistent performance.

So from an investor perspective, we are very focused to deliver value by creating businesses that are significantly scaled both in revenue and profitability in every segment that we are involved in. The recognition from the market, I think it's difficult for us to comment, but you can be sure with consistent performance, you will start seeing the market starting to reward such performance going forward.

Aditya: Okay. I understand the confidence, but similar growth expectations have been communicated earlier as well. What would be different this time that gives shareholders confidence that the outcome will actually be different?

Suresh Kalpathi: So I think what we have always been projecting and in terms of being able to meet expectations, I think over the last three years, we have gone through, as I mentioned earlier in the call, through multiple acquisitions and consolidation. And quite a bit of the acquisitions was done through structured debt, which were quite pricey, as you would recall.

I think when we were going through those steps, the risks were quite significant. We had to complete the entire process through a deleveraging and then ensuring that we refinance the debt with low-cost debt. So currently, the debt is at a cost of about 9% to 9.5%, bringing it down from a 17.5%, which we had last year. So while we had showcased the steps projected that this is where we are going, generally, investors react to when it actually happens.

So now while we have spoken about this even in the last 1.5 years, now quite a bit of what we had projected at that time, we have completed. And so like in any other market, there is an increasing confidence that when we project, then there is a plan by the management to actually deliver on those projections. So it's a process. It's a confidence building process. We have been delivering based on what we have projected. And when market sees such consistent delivery on projections, it starts favorably reacting. I think that's pretty much whereas the management that we can comment at this stage.

Aditya: Okay. Thank you.

Suresh Kalpathi: Thank you, Aditya.

Moderator: Thank you. We take the next question from the line of Prachi Shah from Alpha Capital. Please proceed.

Prachi Shah: Hello. Hi, congratulations on the good set of numbers. I have a few queries. The first one is that can you provide the bifurcation of revenue in commerce between online and offline as well as the EBITDA margins in both of them?

Suresh Kalpathi: Mohasin, want to take it?

Mohasin Khan: Yes, I will take it up, sir. So we're expecting to have the next year guidance at INR450 crores, as I was saying. We expect the offline, online split to be about like our offline sales are at almost INR 330 crores and the offline at -- online is INR120 crores. So we are a major into off-line split with a hybrid brick-and-mortar model. So split is like 2:3 -- 2:1 ratio, 3:1 ratio. EBITDA margins for the offline space, one more to answer your question. Offline margins, we stood at peak at 35 percentage whereas our online sits at 45 to 48 percentage.

Prachi Shah: Okay. And sir, there is almost 50% jump in managed school revenue as per the segment revenue in the financials. So how much of this was driven by price and enrollment jump? Also on Y-o-Y basis, how has the number in managed school increased?

Mohasin Khan: Considering this is -- so the student growth enrollment managed schools where we operate, the growth has been by 10 percentage. And the additional growth came because in the Q1, there will be because of the start of the operations of the schools, college managers. There will be additional sales of books and other services given to the students. Hence, the Q1 will be upper -- slightly higher revenue by 20 percentage. This two has contributed to the growth in the Q1.

Prachi Shah: Okay. And sir, the revenue has grown like 42%, collections 27% and enrollment roughly 35%. So could you explain the divergence between these three metrics?

Mohasin Khan: Okay. So enrollment growth, we are seeing almost 35% growth as well as collections because 27 percentage. We are now operating in the subject-wise offerings in the commerce space, where we offer not by bulk courses, we offer course subject-wise classes also. Hence, the enrollment there is 35% growth, whereas in the collection, there is 27% growth.

Hence -- and also coming to the collection, if you see, we have collected INR165 crores in the Q1, whereas the revenue recognized INR150 crores. The INR15 crores on the advance because of the Ind AS 11 recognition that has been deferred to the subsequent quarters. And there is a difference.

Prachi Shah: Okay. Sir, how much of the deferred consideration for acquisition is pending to be paid? And how much is expected payment for FY27?

Mohasin Khan: There are no -- there are no deferred consideration payouts for next one year. So we are having the structured payouts in the next FY28 coming in the next five years, six and seven years. In recent next 12 to 15 years, there is no deferred consideration payout. And also the deferred considerations are based on the respective EBITDA achievements, everything.

Prachi Shah: Okay, okay. That's it. Thank you.

Mohasin Khan: Thank you, Prachi.

Moderator: Thank you. We take the next question from the line of Sudarsana Narashiman, an individual investor. Please proceed.

Sudarsana Narashiman: Sir, what is the total debt on the commerce and non-commerce?

Mohasin Khan: Debt on the commerce is INR125 crores and the debt on the non-commerce is INR145 crores, INR125 crores and INR145 crores.

Sudarsana Narashiman: Thank you.

Mohasin Khan: Yes.

Moderator: Thank you. We take the next question from the line of Junaid, an individual investor. Please proceed.

Junaid: I would like to ask like once both these companies are segregated, what will be the growth driver for Veranda eLearning, like SNVA will be in Veranda, right?

Suresh Kalpathi: The shareholding in SNVA will be sitting in the Veranda non-commerce entity. So that value will accrue into the non-commerce. The commerce business will be all businesses, except our government test prep, K-12 and the shareholding in SNVA.

Junaid: Okay. Thanks.

Moderator: Thank you. We take the next question from the line of Ishitaa from Axene. Please proceed.

Ishitaa: Hi. Hi sir. I had a few questions. So one is despite 42% revenue growth, consolidated EBITDA grew only 10%. Could you quantify where the incremental revenue is currently being reinvested or reabsorbed in the cost structure?

Mohasin Khan: I'll take this up, Suresh sir. So, hi. So the reason for growing 10% actually in the last year, Q1 of FY26, there was a onetime other income of INR17 crores sitting. So that has because of the remeasurement of financial liabilities, which has come off because of the Ind AS adjustments. If we can adjust that and see the revenue has grown by 30 percentage -- EBITDA has grown by 30 percentage. So revenue incremental has been added to top line. But because of this other income, we are seeing only 10% growth in EBITDA. Otherwise, the growth has been almost 30 percentage in EBITDA also.

Ishitaa: Got it.

Suresh Kalpathi: Just to add to it. I think, in line with the demerger that is expected next month, we have also been spending money on advertising and marketing the commerce vertical as a standalone brand. So those spendings in advertisement have been also expensed in the first quarter, so that is also leading to a minor depression in EBITDA which was not undertaken last quarter. But in the first quarter, we have done quite a bit of advertising and marketing to establish our commerce brand. So that has also been a reason for a bit of a dip in the EBITDA margins.

The other one is also that we are -- as we had mentioned in the call, we are adding another 15 managed commerce colleges. So some of the initial work has been undertaken in Q1. So those spends have also been expensed during this quarter. So apart from the one-time that had happened a quarter previous, but also due to this spend in advertising and marketing for the establishment of the commerce business as a standalone entity in line with the expected listing next month.

And also initial work that's happening in establishing the 15 managed commerce colleges. So they have also been expensed during this quarter. You should see the impact of this -- positive impact of this in the growth that we will have in the commerce business in the subsequent three quarters of this year itself.

Ishitaa: Got it, got it, sir. Sir, my another question was regarding our finance cost. Now that a large part of the refinancing benefit has already been captured, what is our sustainable quarterly finance cost we should expect going forward?

Mohasin Khan: So it will be INR8 crores, it will be INR7.5 crores to INR8 crores. Okay.

Ishitaa: Okay. And one last question was regarding the guidance. You are guiding for INR260 crore EBITDA in FY27 and that is implying INR56 crore incremental EBITDA over FY26. So could you give us a bridge for this INR56 crore? As in, how much comes from revenue growth, margin expansion and finance cost savings and cost efficiency?

Mohasin Khan: So EBITDA doesn't include finance cost. There's no savings in the EBITDA on the finance cost, first one. So the EBITDA we have to be expecting is on the two fronts; on the one thing is as Suresh was mentioning, on the managed colleges expansion where we want to start 15 new colleges this year from their side. And we have a concept of increasing the ARPU every year on 7 percentage to 8 percentage that also gives us that bridge. And the student count to increase by 10 percentage. These two will contribute to the difference what we are targeting for the next year. So these are the two critical things we are taking.

And one more thing in the online space what we are doing is entering the new markets like 11th and 12th commerce, we are starting the digital aid programs and also CMA India we are concentrating. This will also generate the additional new cash inflows into the system. So these are the three steps we are taking.

Ishitaa: Got it. Thank you. That was all. Thank you.

Moderator: Thank you. We take the next question from the line of Yash Modi from Ashika Group. Please proceed.

Yash Modi: Yes, good afternoon, sir and congratulations on a good set of numbers. So, my question was with regard to this demerger dates. So you mentioned that we expect a listing to happen next month. So obviously this has been slightly delayed, obviously, on the part of the court. So I just wanted to know the status of the court NCLT. The final -- has the final hearing happened in Supreme Court? Where are we in that process? And what gives us confidence that the listing will happen next month?

Suresh Kalpathi: So the couple of last hearing -- we had a hearing in July 20th of last month, Yash. So that hearing it was, orders were reserved. So that typically happens when they are close to pronouncing the order. And pronouncing the order is pretty much the last step at the NCLT. They had come back with a couple of queries just this week on what would be the appointed date for the process which pretty much goes into the order that they give. And that is being submitted today. And the next hearing is scheduled on Monday -- coming Monday.

Yash Modi: Okay. Got it.

Suresh Kalpathi: So considering that orders have been reserved. We are pretty much in the last stage. So we expect the orders to be pronounced very, very soon. Typically, the process after that is we file with the ROC, which is probably three, four days after that. We set up a record date where we give a minimum one week before book closure. After that we submit the papers for listing. We have already been in touch with both the exchanges. We had a meeting with them just about a week ago in Bombay, and we are keeping them fully informed, and they are all geared up for the listing.

Yash Modi: Perfect sir. Perfect. Thank you. All the best, sir. Thank you.

Suresh Kalpathi: Thank you, Yash.

Moderator: Thank you. We take the next question from the line of Rahil Kothari, an Individual Investor. Please proceed.

Rahil Kothari: Yes. Hello. Good afternoon. Sir, congratulations, first of all, for the strong results. So my question is, what is the next milestone after NCLT approval? RoC filling, listing permission and what is the timeline for each?

Suresh Kalpathi: So as I mentioned, the next meeting with the NCLT has been posted for coming Monday. They have asked for some clarifications this week, the affidavit has been prepared, it's being filed today. Since on July 20th itself in the NCLT meeting on conclusion they have posted the outcome as orders reserved. Now typically when orders are reserved they make subsequent step is basically pronouncement of the order. Now I am sure how exactly NCLT I wouldn't want to presuppose as to what they would decide, but I am just going based on cross incidents that once the orders are reserved generally the pronouncement follows. So the next meeting is coming Monday with NCLT. Couple of clarification they had on the appointment date. We have already prepared the affidavit. Its been filed today.

So we would expect us to receive orders and subsequently from there, in about three, four days. So we expect the orders in all probability to come next week. Three days, four days from there we will file with RoC. We need to give minimum one week for the record date. So it will be one week from there for a record date, after which shares will be credited to all the shareholders' accounts. So it will be yet to be listed and traded but you should see the shares credited in the individual Demat accounts.

We will submit the DRHP similar document to the exchange, it's already prepared. We have had a meeting with both the exchanges last week and they are fully geared up for the listing. Any typically in a process like this unlike an IPO since the first step of the demerger is to get a no objection certificate for the entire scheme from both the exchanges. That is when the NCLT even accepts our application. So since this has been, sort of, pre-approved by the exchange it goes through a listing process that's very fast. So hence we believe that we should be able to complete the entire process before end of September.

Rahil Kothari: Okay, sir. Thank you so much.

Suresh Kalpathi: Thank you.

Moderator: Thank you. We take the next question from the line of Junaid, an Individual Investor. Please proceed.

Junaid: Yes. I would like to ask, is there like whether Veranda in future or in present, any plans to go in defense training or like nuclear, these things, because this is a buzzword and we are doing wonders in this field in defense and nuclear also we are coming up with so many things. So is there any plans for going into this?

Suresh Kalpathi: As far as defense is concerned, typically it would belong to our portfolio of government test prep in which we are there. But are we doing anything specific in defense as of now? Not at this time Junaid, but I will take your inputs. We had looked at this space before. We have tried to study the type of volume of recruitment that happens, the type of testing that is required. I think in the current context where there is an increasing spend on defense, possibly the recruiting is also going up. So we will definitely take a look at the space and see if it makes sense for us to enter.

But from a larger sectoral perspective, we are already there in government test prep. So for us to add defense-related courses should be fairly easy and very, very incremental in cost. As far as nuclear is concerned, no, we are really not in that space. And I think that's a significant intensive engineering training and that's not a vertical where we are there today, Junaid.

Junaid: Okay thank you.

Suresh Kalpathi: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for their closing comments.

Suresh Kalpathi: Thank you. Thank you to all the shareholders. I think for us this has been a very important quarter with significant events that are happened. We have made significant progress in the demerger process of our commerce vertical. As I mentioned we expect this to be completed next month

Moderator: Sorry to interrupt, sir. We have questions -- last minute request question, would you like to take that?

Suresh Kalpathi: Yes, we can.

Moderator: Alright sir. So we take the next question from the line of Mehul Jain from Siddharth Partners. Please proceed.

Mehul Jain: Hi sir. My question is to Mohasin. If you can throw some light on this tax expense, where if we look at the past few quarters it was in the range of INR8 crores per quarter

Mohasin Khan: Correct.

Mehul Jain: And if we look at the current quarter it's going negative to around INR3 crores.

Mohasin Khan: Negative. Correct.

Mehul Jain: Right? If you can let me understand what exactly has changed here?

Mohasin Khan: Yes, sir. So recently I think we gave in the rectificatory notes also. What happened in Q1, so we had applied for a merger scheme of Veranda Administrative and Veranda K-12, one of our two subsidiaries. On account of merger, we had to use the accumulated losses of the parent top company, and hence the tax created in the earlier has been reversed in the current year sir. So if you have seen the face of the P&L, we have a INR7.35 crores reversal of tax related to earlier years. So on account of that, we had a negative tax reversal this quarter.

Mehul Jain: So there was a DTA because of that which is written off?

Mohasin Khan: No, no, these are all current tax. On account of merger, we saved on the tax payout this year.

Mehul Jain: Okay, okay understood. Understood. And on the second one on the EBITDA piece, if we look at the trailing EBITDA for past few quarters it has been you know dipping. So if we exclude other income, so more or less if we look at September '25 it was 36.44%. Then it came down to 35.96% and 35.5% and current quarter it is at 35 -- 34.71. So -- and we have guided for this year at around 38.8% overall EBITDA. So just wanted to understand means that this quarter-on-quarter is going down and how are we planning to achieve that 38% over the remaining year

Mohasin Khan: If you have seen sir. So for last year we have without other income we had a EBITDA of 45..

Mehul Jain: So exclude other income. So if you look at Q4 last year so 35.5 is coming down to 34.71.

Mohasin Khan: No they said it is INR55 crores. What we reported every time.

Mehul Jain: Correct. Percentage terms. I'm talking. I'm talking about percentage.

Mohasin Khan: Percentage wise -- okay. Percentage wise because I was saying I think Suresh was mentioning and the Q1 we had the because of the start of the year financial year where colleges everything will be there. We had advertisement expenses spent more this quarter and also the on the main college expansion that has reduced the margin but going forth will be reaching that margin Q2, Q3.

Mehul Jain: Mainly, if we look at numbers you know mostly a major decline, I think, it's coming on account of the other expenses. Other expenses like employee benefit, lecturer fees and the other operating revenue has gone down, but mainly employee benefit and lecturer fees has gone up.

Mohasin Khan: Correct.

Mehul Jain: So, is it something which will sustain quarter-on-quarter? Means this increase will be there over the year or is it cyclical?

Mohasin Khan: No, no, it is variable to the revenue also. On account if you see revenue has increased by INR132 crores to 149 crores

Suresh Kalpathi: As a proportion of revenue also this has gone up.

Mehul Jain: Yes. So I mean tracking that numbers with that...

Suresh Kalpathi: Mohasin, if I can step in

Mohasin Khan: Sure. Sure. Please. Yes sir.

Suresh Kalpathi: As far as the EBITDA margins are concerned, I think some of the reasons that you are finding us in terms of a stable EBITDA and EBITDA percentage is going down is because, you know, for instance, if you look at colleges, we are doubling the number of colleges this year. So there is a certain level of spending that we are doing in this expansion which is getting expensed in the respective quarters.

So you will see that while there is a revenue expansion, there is a spend that we are doing for creating the platform for expansion in the next three year, four years. For instance, colleges, we are doubling colleges this year from almost 17 we will we are adding another 15 more.

Also keeping in mind the demerger that's happening, there is a certain level of advertising spend that we did in the first quarter to establish the commerce vertical under J.K. Shah Commerce. So that spending has also been expensed in the quarter. So most of the last three, four quarters, we have been setting up the stage for growth.

So those spends are being expensed in the respective quarters. So the benefit of that you will see even in the next three quarters you will see and in subsequent years the ramp-up that's coming is because significant capacities have been created and those expenses are being captured in the previous quarters.

Mehul Jain: Understand. So substantial expense portion is taken care of, now next few quarters this EBITDA will continue to go up which will help you achieve the 38% guidance.

Mohasin Khan: Yes. Correct.

Mehul Jain: Understood, understood sir. Thank you. That is all.

Mohasin Khan: Thank you.

Moderator: Thank you. We have one more follow-up question from the line of Rahil Kothari from Excel Residential. Please proceed.

Rahil Kothari: Yes. Hello. Sir, does putting all the debt of non-commerce entity will it while like J.K. Shah Limited, so list debt free, means the market will value Veranda residential business structurally lower multiple or effectively transferring value to J.K. Shah shareholders?

Suresh Kalpathi: So the way we expect it and you know, it's very difficult for me to look at the crystal ball and predict where it will land, but I'm just saying that the commerce vertical demerger creates an entity that is an undisputed leader in its space. So the commerce space as I mentioned earlier, whether it is in terms of profitability, revenue, student base, number of locations, ranks, pedigree, it is an undisputed number one in India.

So, being the market leader generally you get higher multiples if you are the leader in the market. Over and above what the sectoral multiples are. So we expect it to have a much higher multiple when it lists, even compared to what Veranda currently gets as a multiple because Veranda is seen as a player in the education sector where clearly we are not the leaders in terms of revenue, or for that matter, number of years of existence as Veranda as a whole.

So, the J.K. Shah Commerce being a leader when it lists, will trade at a much superior multiple than what Veranda is trading today given its leadership position in all forms in that sector. Now, as far as the non-commerce is concerned, I think the government test prep will carry a certain good multiple because we are at about INR130 crores, INR150 crores of revenue, and being one of the strongest players in the south, we should command some higher multiple because it will help us deliver much faster growth.

As I mentioned over the next four years, five years, we expect our government vertical to get to about INR95crores, INR100 crores of EBITDA by itself. And that's on the basis of its leadership position in the south.

So it should also get multiples. As far as K-12 space is concerned, as you very well know, managing six, seven schools really doesn't put us anywhere in the top-10 in the leaderboard as far as K-12 is concerned. So I would expect K-12 to not get the best of multiples, government test prep should get a good multiple, and I think the commerce vertical when it is demerged will probably get the highest multiple in that sector.

Rahil Kothari: Okay, sir. Thank you.

Suresh Kalpathi: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for their closing comments.

Suresh Kalpathi: Thank you. So, as I mentioned that this has been an important quarter for us. I think we have completed a majority of the steps in one of the key events that we ourselves are looking forward to, which is the demerger and listing of our commerce vertical.

As I mentioned a bit earlier, I think this should when it gets listed as a market leader in many facets in that space, it should command a good multiple and very good interest from the shareholders even compared to what Veranda Learning is today. Apart from that, I think we have made good progress in SNVA, we have made good progress in our government test prep. And I think as far as K-12 is concerned, we are taking certain very definitive steps which we will talk about in the next quarter once they start showing results.

So all-in-all, it's been a very good quarter for us, it's a sixth consecutive PAT-positive quarter. And again thanks to all the shareholders who have been with us over the last three years, four years and for your confidence that you have laid in us for being able to execute. Thank you once again.

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

Suresh Kalpathi: Thank you.