

October 30, 2025

BSE Limited Dept of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 Scrip Code: 543514	National Stock Exchange of India Limited The Listing Department, Exchange Plaza, Bandra Kurla Complex, Mumbai – 400 051 Symbol: VERANDA
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Dear Sir/Madam,

Sub: Transcript of the Earnings Call held on October 28, 2025

Pursuant to Regulation 30 read with Part A of Schedule III and 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Call held on October 28, 2025, post announcement of the financial results of the Company for the quarter ended September 30, 2025.

The transcript is also uploaded on the Company's website at
<https://www.verandalearning.com/web/index.php/stock-exchange-intimations>

**Thanking you,
For Veranda Learning Solutions Limited**

**S Balasundharam
Company Secretary & Compliance Officer
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“Veranda Learning Solutions Limited Q2 and Half Year FY '26 Earnings Conference Call”

October 28, 2025



MANAGEMENT: **MR. SURESH KALPATHI – CHAIRMAN & 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 CHHAJED – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Veranda Learning Solutions Limited Q2 and HY FY '26 Earnings Conference Call, hosted by Go India Advisors LLP.

As a reminder, all participants' 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 this conference call, please signal an operator by pressing “*”, then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Soumya from Go India Advisors. Thank you and over to you.

Soumya Chhajed: Good day, everyone. And welcome to the Q2 & H1 FY '26 Conference Con-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 will open the floor for Q&A. Thank you, and over to you, sir.

Suresh Kalpathi: Thank you. Good morning, everyone, and thank you for joining us today. On behalf of our entire Leadership Team, we truly appreciate your continued engagement and confidence in Veranda Learning Solutions.

Today's discussion is crucial as it marks a defining inflection point in our growth journey. We are not only sharing quarterly updates but also walking you through a strategic realignment that positions Veranda for sustained profitability, sharper focus and a global expansion under our Veranda 2.0 framework.

So, we have completed half year with strong momentum, focused on scaling student enrollments, expanding course offerings and launching new programs, both online and offline across the spectrum. Our Q2 and H1 FY '26 performance has been exceptional with top line and bottom line growth of 19% and 182% year-on-year in Q2, and 20% and 148% year-on-year when you look at the overall H1 numbers, underscoring the success of our continued focus on operational excellence and strategic expansion.

All our business segments delivered strong results. And with the completion of the approval of the commerce demerger and vocational divestment, we are now better positioned to strengthen and scale our core verticals, academics and government test prep.

Over the past four years, as you all know, Veranda has built itself into one of India's most diversified education ecosystems. Our presence now spans government test prep, higher

education and academic programs, vocational and professional training; and importantly, the rapidly expanding commerce test preparation vertical. Each vertical has contributed uniquely to our growth story, however, the strategic maturity of our portfolio now allows us to move towards a simplified higher-margin structure.

As you all are well aware by now that within the restructuring the commerce vertical has emerged as an exceptionally strong and differentiated business, anchored by our flagship brands, J.K. Shah Classes, BB Virtual, Tapasya, Logic and Navkar. Given its strong stand-alone momentum and profitability profile, our Board approved the demerger of the Commerce Test Prep vertical into a new entity, J.K. Shah Commerce Education Limited to unlock long-term value for shareholders and enable independent scaling of both businesses. Collectively, they train annually over 2 lakh students, many are rankers since 2016, with a dominant presence across Western and Southern India.

The overall entity will operate as a debt-free entity with full operational autonomy and an expected FY '26 revenue of nearly Rs. 350 crores and an EBITDA of about Rs. 140 crores. Existing shareholders will receive 1 share of JKSC for every Veranda share they hold, ensuring full value continuity.

Equally transformative is the disinvestment of our vocational and skilling segment comprising Brain4ce Education Solutions Limited under the brand of Edureka, Veranda HigherEd and Six Phrase to SNVA EduTech Limited, a global education and skilling enterprise. This transaction is structured as a share-based arrangement. SNVA EduTech will issue shares to Veranda and its subsidiaries, giving us a joint 50% stake in the new entity. This strategic realignment marks a leap forward under Veranda 2.0, sharpening business focus while retaining exposure to global education markets through this partnership.

SNVA EduTech operates across more than 60 countries and owns universities and academic institutions in the US, UK, France, Italy, Malta and Switzerland. By uniting Veranda's domestic strength with SNVA's international presence, this partnership creates one of the most comprehensive global education ecosystems, offering degree programs, diplomas, certification, skilling initiatives; and across business, technology, data science, cybersecurity and AI domains.

The new entity is projected to generate over Rs. 250 crores in revenue by FY '26, growing at a CAGR of 25%, with EBITDA exceeding Rs. 60 crores. Over time, it will pursue a separate public listing to unlock further shareholder value. This is both a divestment and a step-up converting our vocational portfolio into a globally scaled equity partnership.

So, with these two strategic realignments, commerce vertical demerger and the vocational divestment to SNVA, Veranda 2.0 focuses squarely on key high-growth segments, government test prep and recruitment-linked training, academic test prep and institutional partnerships. These are businesses with strong demand visibility, scalable cost structures and steady cash generation potential.

For Q3 going forward, our efforts will include enhancing faculty capabilities, driving digital-led admissions, strengthening partnerships with universities and corporates, introducing high-value courses and optimizing marketing across all our functions. With these initiatives, we aim to deliver robust growth, improve operational efficiency and create sustained value across verticals.

I will now request Mohasin – our CFO, to take us through the financials for the quarter and half yearly ending FY '26. Mohasin?

Mohasin Khan:

Thank you, Suresh sir. Good afternoon, everyone. So, let me walk you through the financial impact as it has been a key area of interest.

All of our segments continue to scale rapidly. To this thing, enrollments have grown from 61,000 to nearly 1 lakh this quarter compared to last quarter, with collections of around Rs. 173 crores compared to Rs. 137 crores in last quarter.

Financially, our revenue for the quarter stood at Rs. 127 crores, up 20% year-on-year. Gross profit was Rs. 78 crores, translating to a margin of 61%, an improvement of 60 basis points. EBITDA came in at Rs. 48 crores, leading to a reported PAT of Rs. 97 crores for the current quarter. Despite a few one-time adjustments this quarter for the above divestment-related things, we maintain a positive trajectory with an adjusted PAT of Rs. 23.3 crores, up 185% year-on-year. This shows our continuous PAT positive quarter.

And our balance sheet remains strong with Rs. 224 crores of debt outstanding at an average interest cost of 14%. Cash flows and collections continue to be robust, and we are confident of achieving the revenue guidance of Rs. 650 crores and EBITDA of Rs. 170 crores with a PAT of Rs. 70 crores by FY '26. So, this is the guidance, and we are on track on achieving the numbers.

So, these are the key highlights for the quarter and half year ended. Soumya, we can open for Q&A.

Moderator:

Thank you. We will now begin with the question-and-answer session. The first question is from the line of Rehan Saiyyed analyst Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed:

Thank you for giving me the opportunity. Sir, my first question is around the demerger time line that you have showed. So, you have indicated a 12-month time line for JKSC listing, so what are the two, three execution risks do you think which could stretch this time line beyond guidance?

Suresh Kalpathi:

This is Suresh. Mohasin, I will give some background, you could give the specifics. The demerger scheme was filed during the last week of September. After the filing, we have already received the first set of questions from both the exchanges, which have been duly answered and sent back to them. We have received a couple of further questions which are being answered and hopefully will be sent out before the end of this week. So, from the perspective of having filed the scheme September last week, the responses we have got and the rewards that we have done

and the frequency and the timeliness of the process so far, we feel quite confident that we are on track.

Typically, it's about three months for getting a no objection from the stock exchange. So, we expect to be able to get that by last week of December, which is about three months from the time we file. From that, another three months is what the time it takes with the NCLT to get it approved through the NCLT process. And after that really it's a listing and trading, which could be a couple of months. That's the sort of time line we have indicated where we should expect to see it listed traded around June last week, July first week. Currently, we seem to be on track. All questions seems to be quite normal for a process of this nature.

A big help that we are having is that this is being done as a vertical split with a mirror image shareholding on both sides. So, all shareholders equally benefit basis their shareholding in the parent company. And that's helping us significantly finding the process to be much simpler when compared to many other. So, in short, its process is going on track. The questions that we have got from the exchanges, the responses we have given, all of it seems to be going as per the plan and very timely.

Mohasin, you want to add something?

Mohasin Khan:

Yes, sir. So, the timeline, I think as Suresh sir said, we are on track. We are responding to the queries and there is proper communication with both the exchanges. As I said, the shareholders, there is a plain vanilla demerger saying that each shareholder of the Veranda listed entity upon demerger will get same shares in the resulting company. So, stock exchanges are comfortable on this, and they are asking queries on much other things. So, we hope that this process will be smooth. And by completing, as I said, June or July first week expected.

Rehan Saiyyed:

Just a follow-up on this on the capital allocation side. So, with the commerce division moving out and free cash flow improving, so how is the Board thinking about capital allocation? Is the focus on organic expansion, inorganic opportunities? Or as our balance sheet may be increase, like what the Management is taking regarding this?

Suresh Kalpathi:

So, just to summarize, from the QIP base, the debt that is there in the commerce vehicle has been extinguished, so it's expected to list as a debt-free company. The balance debt that would be there post the demerger in the residual business would be roughly about Rs. 150 crores to Rs. 160 crores of the overall debt that was given by Ascetis, and there is some debt from the promoters. The residual company is expected to have about Rs. 50 crores to Rs. 60 crores of EBITDA for next year. That sort of puts it at about 2.5x to 3x of debt to EBITDA for the residual business.

Additionally, the current debt that we have from Ascetis is a high-cost debt. We are in conversation with a couple of public sector banks and fairly in an advanced stage of those conversations. So, we expect to be able to refi Ascetis' high-cost debt with a low-cost debt. So, one is to bring down the debt burden on the balance debt that's there, would be there in the

residual balance sheet. And also from the perspective that this basis our EBITDA would be in the range of about 3x debt to EBITDA. So, it is expected to be comfortable in terms of being able to service the debt from even the residual cash flows of the non-commerce business.

Additionally, going forward, all of the expansion that we want to do, both in the academic and the government test prep businesses will be asset-light. So, we do not expect to take any further leverage except to continue to deleverage our existing balance sheet.

Rehan Saiyyed:

Okay. Thank you for the detailed answer. All the best for your coming quarter.

Moderator:

Thank you. The next question is from the line of Isha from VT Capital. Please go ahead.

Isha Agarwal:

Sir, my question is regarding the managed school segment. Just wanted to know, why has the academic side degrown? And why are we seeing impact on the EBITDA margin?

Suresh Kalpathi:

As far as our academic business is concerned, it largely comes from about 5,400 students that we have. And these are students who study across five CBSE schools and two Cambridge International Schools. That's currently what's the size of the business. There is a plan to add more schools going forward into the future.

The revenue streams that we get from our K-12 segment is largely steady state across months, except for the cycle of admission that happened significantly during Q1. And then, of course, we have a blip of admission that happens during Q2, smaller admissions that happened in Q2. Beyond revenues and EBITDA changes that come because of higher levels of admissions and slightly lower admissions that come in Q2. Generally, our academic business revenue and EBITDA is fairly steady state.

Now adding to that, expect our revenues to grow year-on-year to some extent of our EBITDA margins for two reasons. One, for instance, we are targeting to add another 7.5%, 8% more students into our existing five schools and two international schools next year, so the strength of students is expected to go up. Typically, in a year our fees goes up by about, again, 7% to 8%, depending on locations, but average 7% to 8% the fees also goes up year-on-year.

So, because of an increase in student intake 7%, 8% and a fee increase of about 7%, 8%, generally, the top line moves up, the EBITDA margins also go up and then EBITDA as a percentage of revenue also tends to go up marginally. So, it's the most defensive line of business that we have, fairly steady state. And the growth comes because of fee increases, 7% to 8% a year and a marginal uptick in students.

The third key area of growth that you should see in academics that will happen is we plan to add more schools in an asset-light fashion. And that is expected to substantially grow top line and bottom line because they will add to our existing seven schools. So, it's generally a very steady-state business. You will see some blips in Q1 and Q2 because of strong admission cycles that happens during the month of May, June, July and a little bit around September, October. This is sort of specific to Tamil Nadu and Karnataka.

Isha Agarwal: So, sir, is it right to assume that in H2 we will be back on track with a higher growth compared to H1?

Suresh Kalpathi: Mohasin?

Mohasin Khan: Yes. It will be steady-state and again there will be a bump in the Q3, again it will be a dip. So, it will be streamlined as achieved target, so we will be achieving it. I think if you have seen, Isha, I think from H1 to H1 comparison I think we have grown EBITDA from Rs. 8 crores to Rs. 11 crores, 36%, and the top line also has grown in the segmental performance, yes.

Isha Agarwal: Sir, another question is regarding the cash flows. In H1, we were seeing negative cash flows. Is it because of any adjustments? And if yes, then what would be the actual CF that I should see in H1?

Mohasin Khan: Okay. So, there were one-time events like we acquired J.K. Shah Education of Rs. 100 crores payout during the current half year. We purchased 24% stake from the Mr. J.K. Shah, and we purchased the balance stakes from Veranda K12. So, there were financial liabilities being paid out in the current half year, which are non-recurring from next quarter. So, next quarter onwards, I think, the cash flows will be available for in-house purposes for the expansion and for the working capital. EBITDA should flow to the cash flows.

Isha Agarwal: Okay. Sir, can you specify the number if possible?

Mohasin Khan: It has been displayed, I have to list it down Isha. It is there in the CFS. Yes, because we paid some six people. It is publicly available in the disclosures, yes, regulatory disclosures.

Isha Agarwal: Okay, no worries. And sir, my last question is regarding the CAPEX. So, as we are mentioning that the non-commerce side we are not seeing much of the CAPEX. But on the commerce side, what are we expecting CAPEX in coming one or two years, given the additions of college and the centers that we are targeting to achieve and expand?

Aditya Malik: Yes, Suresh. Go ahead.

Suresh Kalpathi: No. Aditya, you go ahead. I will add a few things too.

Aditya Malik: Sure. So, this is Aditya, Isha. So, what we are planning from a growth perspective in the commerce segment, there are a couple of initiatives which we are already working on, and they are well on the way. First, as you rightly said is the expansion of colleges. And when I say colleges, it is both junior colleges and degree colleges. So, in the current year itself we are adding a couple of other campus colleges under the brand name of Tapasya between Hyderabad and Bangalore. We will be kicking that off this year so that we can take admissions in the next academic year.

Apart from that, what we are planning is a clear expansion, especially in Maharashtra under the J.K. Shah brand. So, as you would know, J.K. Shah brand is fairly strong. So, we are looking at

starting with junior colleges, Mumbai is the first market, we will be starting with that. And then at the right time with all the statutory approvals going for the degree colleges there. So, that's from a college perspective.

Apart from that, we will have expansion of BB Virtual, which is the online arm for the coaching classes. In terms of earlier they were teaching only a select few papers for CA coaching. Now we have already started offering more because now with J.K. Shah faculty being available, that becomes a large pool to offer all courses, including the foreign courses like ACCA, CFA, CMA and other domestic courses like CA, etc. So, that's the second phase of expansion, which means online expansion for all courses under the BB Virtual brand.

And lastly, across J.K. Shah classes, Navkar and Logic, which are our center-based coaching from a commerce perspective, we have already launched foreign courses like ACCA, CMA, CFA across a couple of centers last year. This year, as we speak, the focus is on expanding that pan-India across all the 100-odd centers we have, so that that will become a steady revenue stream because that has pretty much revenue and revenue coming through the entire year.

So, these three expansion of colleges and degree colleges, both under Tapasya and J.K. Shah name, expansion of BB Virtual with more foreign courses and other domestic courses as well. And lastly, expanding foreign courses to pretty much all the centers under J.K. Shah, Navkar as well as Logic.

Suresh, you want to add something else?

Suresh Kalpathi:

Yes. So, all of this expansion would be done in a very asset-light form because all premises, whether it is for junior colleges or for commerce colleges, or including offline centers that we establish, all of which will be leased premises. So, our investment will only be to the extent of a lease deposit and working capital that we might need in the first year of operations. So, all expansions will be asset-light as far as the commerce segment is concerned, be it expanding junior colleges, commerce colleges or our offline centers.

Including for launching new programs online, given that most of the faculty pool is already available within the ecosystem, almost all content is available within the ecosystem, the incremental investments, if at all, would be only in terms of faculty. And that would come more as a revenue expense rather than an investment.

Isha Agarwal:

Got it. That's it from my side.

Moderator:

Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri:

Firstly, congratulations on a great set of numbers, sir. I just wanted to know, sir, just one small clarification. I think in the guidance that you mentioned, could you just repeat that? It was Rs. 650 crores in revenue and what was about EBITDA and PAT, sir?

Mohasin Khan: Rs. 180 crores, sir, EBITDA, and Rs. 70 crores PAT.

Darshil Jhaveri: Okay. This would be the reported numbers, right, not like --?

Mohasin Khan: After IndAS adjustment.

Darshil Jhaveri: After IndAS adjustment, that's fair sir. And sir, just wanted to know like, so next year we will see the benefit completely of the lower finance cost because of our QIP raise. So, I just wanted to know currently so any kind of guidance you want to give for FY '27, sir?

Suresh Kalpathi: So, for FY '27, basis our reported numbers, I think one of the key changes that will happen is we will start reporting as two independent entities as we had mentioned. So, we expect the listing of J.K. Shah Commerce Education Limited to happen by end of June, July first week. So, that would report a separate set of numbers. The non-commerce business will start reporting its separate set of numbers. So, for FY '26 the guidance, as Mohasin had mentioned, is for the combined entity that we are projecting. But going forward, this will become two different entities.

Now, for the commerce part of the business, it is expected to get towards Rs. 200 crores of EBITDA. The finance cost is not expected to be there because it's going to be demerged as a debt-free business. As I mentioned, all expansion is asset-light. So, investments will happen in these deposits and possibly some bit of working capital in the first year of expansion, be it in terms of commerce colleges, junior colleges or online course expansion or offline centers that are being established nationally.

From the non-commerce part of the business, that's expected to achieve about Rs. 50 crores to Rs. 60 crores of EBITDA for FY '27. As I mentioned, it will carry a residual debt of about Rs. 150 crores, Rs. 155 crores of residual debt, which will be carried by the system. Currently, the residual debt is from Ascetis is a high-cost debt. We expect to switch it from a debt from a public sector bank with whom we are in advanced stages of conversation. So, the cost of money is expected to significantly come down.

So, from an EBITDA perspective, about Rs. 50 crores to Rs. 60 crores of EBITDA that we expect to see from our government test prep and academic. The cost of money is expected to come down from about 17% of the Ascetis debt that we have to probably a high single-digit debt that we will have. So, the cost of money is also expected to significantly come down. Obviously, it will not be debt-free like the commerce vehicle. But as I mentioned, we expect the debt to EBITDA to be in the range of about 3x, and be in a high single-digit percentage cost of debt annually compared to what it is now.

Darshil Jhaveri: Correct, sir. That helps a lot, sir. And sir, just wanted to know like so currently, I think we have a finance cost of around Rs. 20 crores for the quarter. So, that would be currently high cost debt, right, that we are carrying, right, sir? So, that in Q3 itself will reduce or what is the time line for that, sir?

Suresh Kalpathi: We expect refinancing to happen in Q3. I am not able to put an exact date to it, but I would think it will happen in December of Q3. So, in Q3 the cost of money might not significantly change, but you will see it dramatically coming down in Q4.

Darshil Jhaveri: Okay, so maybe Q4 onwards. Why I was asking that because that would impact very positively to our PAT number also, that's why. And sir, just wanted to know like, currently our run rate for our non-commerce segment is around, I think, EBITDA of Rs. 16 crores for half yearly. So, what gives the confidence of being able to reach Rs. 50 crores because that would indicate a significant leap, right, sir?

Suresh Kalpathi: So, as I mentioned, from an academic part of our business, the increase comes from a higher student intake, maybe about 7%, 7.5%. We expect the fees to go up by about 7% to 8%, which annually happens as far as school fees is concerned. So, that is expected to help move the EBITDA of academic part of our business to around Rs. 27 crores to Rs. 30 crores.

As far as the government test prep is concerned, this year has been a good year. There is significant plan to expand deeper into Kerala where we are integrating the brands that we have there. And there is also a plan to expand our offerings as far as Tamil Nadu and Karnataka markets are concerned. So, it will come from expansion into new courses, consolidation in a couple of geographies across brands that we own in the government test prep. And that is expected to probably give us again Rs. 25 crores to Rs. 30 crores of EBITDA.

So, roughly, equal contribution from both academic and government test prep. In academic, coming from expansion of student intake and increase in course fees by 7%, 8%. As far as government test prep is concerned, consolidation in couple of key markets, introducing a few new programs that is in the anvil for being launched; and of course, about 6%, 7% increase in fees. So, equal parts coming from both of them.

Darshil Jhaveri: Okay, fair enough, sir. And sir, just wanted to know in terms of how we account. So, currently we have seen a really great jump in our enrollment, right sir, so that revenue will start coming in a bit later, right, because they would have just given us a fees and the course would just be starting? Or how would that be because our enrollments have jumped from like 62,000 to 108,000, so just wanted to know how would that fees be accounted for? When would that start flowing, sir?

Mohasin Khan: I will take that sir.

Suresh Kalpathi: Yes.

Mohasin Khan: So, we can see in the balance sheet, so there will be a deferred revenue accounted. So, our movement of deferred revenue is a bit same. So, actually, as per June deferred revenue was Rs. 101 crores, as of September it's Rs. 94 crores, which means that we already have a pipeline of Rs. 94 crores for the current year in the top line, which will stay, for example, Q3 we will start

all the batches for commerce government, which will recognize revenue in Q3 and Q4. So, the movement is not so heavy, so it's like a cycle we have.

Suresh Kalpathi:

If you look at the collections we had system-wide in Q2, it is probably one of the highest this company has had in its history, we collected about Rs. 173 crores of cash. But as you mentioned, these are accounted as advances received and the revenue recognition happens over the duration of the course. So, this Rs. 90 crores to Rs. 100 crores of deferred is really advances received. Collection has completed, revenue is yet to be recognized, and you should see that coming in strongly in Q3 and Q4.

Darshil Jhaveri:

Yes. I get that, sir. I just wanted to understand like, so example when I see, in March we had Rs. 117 crores that maybe we had to collect. And right now you are saying it's around Rs. 97 crores. So, ideally the enrollments are going higher, right, so our deferred revenue should be higher? Or how would be correlated, because we see such a big jump in enrollment, will there be a commensurate jump in the revenue that's going to flow in maybe in the future? So, just that's what I wanted to understand. How would we see a jump in enrollment and how do we link it to jump in revenue for our commerce segment, sir?

Suresh Kalpathi:

So, a couple of factors you need to consider, because last year our online revenues were minimal because BB Virtual really got consolidated only in the last quarter, given that it was acquired late during the last financial year. This year, it's a significant part of our revenue. Now the online program comes as live and the online programs also come as USB sticks that we sell, which is recorded, where the students can watch it 1.5x.

Now the revenue recognition for that is slightly different compared to a live program. So, if we do a live online or an offline program, which goes for six months, then the revenue is recognized over the duration of the course. So, there you will find that our deferred revenue is higher because usually students pay in advance, but the revenue recognition happens later. So, that leads to a higher accumulation of deferred.

But when we sell the USB sticks, which is basically recorded programs, the revenue recognition is significantly accelerated because we have already sold the product. The student can see it 1.5x over the next three months or six months, but our revenue recognition is accelerated to the point of sale. So, that reduces the deferred revenue that we capture where the collection becomes almost the same as sales.

So, you will see that our deferred revenue, when we offer live online or offline programs, deferred revenues are more. When we are selling recorded programs, the revenue recognition is accelerated. So, you will find that the deferred revenue has come down, our EBITDA and revenues have gone up this year. It is exactly because of the fact that the mix of programs that are recorded and sold is now a significant part of our business because BB Virtual now is part of our business for the full 12 months compared to the last three months that we had in financial year '25.

Darshil Jhaveri: Okay, that helps linkage a lot, sir. Yes, that's it from my side. Thank you so much. All the best, sir.

Moderator: Thank you. The next question is from the line of Deepesh J. Sancheti from Maanya Finance. Please go ahead.

Deepesh Sancheti: First question is regarding, how will the management rationalize the corporate overheads and the shared cost between Veranda and newly demerged J.K. Shah Commerce entity?

Mohasin Khan: Yes. So, there has been reduction in the corporate cost rationalization, sir, actually. For example, when compared to last financial year, we had Rs. 24 crores of corporate costs annually, which has been reduced to Rs. 15 crores already, which means that all the rationalization of corporate costs has been happened. And also, we have moved all the respective finance teams, management to the respective segment verticals. So, most of the corporate cost sitting now is like a management level, which will be absorbed by the respective segments on a revenue sharing or a cost plus markup basis, which has to be studied with the help of outside consultants, which will be planned in the future. But limited point that there has been a rationalization in the corporate cost, which you can see in the press release which I shared, we are on that.

Aditya Malik: Just to add to it, currently, while the scheme has been filed, the commerce business continues to be part of the overall business. Post the demerger, for instance, the commerce business under J.K. Shah Commerce Education Limited will have its own finance, will have its own secretarial department. And basically, what that means is cross-charging from Veranda non-commerce to the listed commerce business will not be there. So, currently, while the demerger scheme has been signed, it continues to operate as one company. So, the finance secretarial, all of this is a shared cost at this stage because it is still part of the same listed company. Post the demerger, the teams will be formed and there will not be any cross-charge from non-commerce to commerce.

Deepesh Sancheti: Okay. Also sir, can the management outline the expected EBITDA margin traction for each vertical post demerger, especially considering the commerce verticals guidance of Rs. 135 crores to Rs. 140 crores EBITDA contribution for FY '26?

Mohasin Khan: So, traditionally, we are trading at a margin of 35%. So, over the next, if I say to you, next four to five years, we plan to reach at 47%.

Deepesh Sancheti: Can you please repeat the numbers, 35% you said, right?

Mohasin Khan: Yes.

Deepesh Sancheti: Okay. And it will reach to around 47% or 42%?

Mohasin Khan: 46% to 47%.

Deepesh Sancheti: 47%, okay.

- Mohasin Khan:** Yes, because of the online model increasing and we go into asset-light model, college has expansion, which breakeven over the next four, five years, we are expecting to achieve these numbers.
- Deepesh Sancheti:** Okay. And what will be the reinvestment strategy for the surplus cash flows generated post the debt repayment and the demerger?
- Mohasin Khan:** I think Aditya was saying that it's more into expansion of the centers, its asset-light model on the lease deposits and working capital. More on to that, not on acquisition side, anything, nothing else, only on the internal expansion and CAPEX, not anything else.
- Suresh Kalpathi:** So, just to add to it, as you mentioned, it is asset-light. So, mostly lease deposits and working capital during the first year when it is required. Additionally, the system will build a significant cash pool to buy out the residual stake from businesses that is expected to happen in the next 5, six years. So, for instance, in BB Virtual, today, we own 51% in the commerce vertical. Balance is expected to be bought in the fifth, sixth and seventh year after the first acquisition. The company will basis its cash flows, will have enough cash to acquire all the residual stake from internally generated cash.
- So, some part of the cash pool will be set aside for balance of residual stake buyouts at those respective points in time. Some of it will be invested, as I mentioned, in lease deposits and a bit on working capital for expansion of our junior colleges, commerce colleges and offline centers. And the rest will be available as a war chest for us to aggressively expand into newer identified markets.
- Deepesh Sancheti:** Right. And what will be the ROE for each company post demerger? ROE as in the sense, what will be the target ROE for the going forward?
- Mohasin Khan:** I will take it out. So, currently, we are trading at 12% ROE, okay? The target is next three years to make it happen to 24%, 25%. The reason I will say why it is at such high. The reason being the acquisitions which we did in the past three years were at the multiples of 8 to 10. That's the reason there is the ROE of 10% to 11% trading now, the target is by five years to take it to 30%, by three years to take it to 25%. So, we are trending in that way.
- Deepesh Sancheti:** This is for both the companies?
- Mohasin Khan:** Both the companies, Group.
- Deepesh Sancheti:** Okay, I will come back in line if I have more questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Aditya Rawal from Exencial Research Partners. Please go ahead.
- Aditya Rawal:** My question is, the government test preparation segment performance remains weak with revenue declining 28.8% year-on-year basis. So, please elaborate on this question.

Mohasin Khan: Academic or you are saying governmental? Sorry, government has increased quarter-on-quarter from 33% to 35%, stagnated. Academic is the one which has been reduced. Academic because I think, as Suresh explained, because of the admission season, it's a skewed business. Otherwise, our academic government test prep has been increased from last Q1 23% to Q2 to 33%, 43% uptick, because of the notifications in Q1 the deferred revenue has been come to Q2.

Aditya Rawal: Okay, thank you.

Moderator: Thank you. The next question is from the line of from Athar Syed with Smart City. Please go ahead.

Athar Syed: Athar Syed here from Smartsync Services. Thank you for the opportunity. I have one question related to this. Like how many colleges do we have under the name of Tapasya?

Suresh Kalpathi: Aditya, you want to take it?

Aditya Malik: Yes, I will take that. So, we have 15 campuses as of now, 15 colleges split between Hyderabad and Bangalore, offering junior college as well as degree courses in these two cities.

Athar Syed: And about this enrollment program, I have a question like you mentioned in your press release, we got many students from word of mouth. So, do we have this refer and earn program like if one student refer another student, so they will also get some benefit. And if yes, how much benefit they will get from us?

Aditya Malik: So, that, yes, we run referral programs across all our businesses. In fact, as you would know, in the education segment, it's a pretty common way of enrolling students, not because purely most of the people do not come only because of financial reasons, but anybody wants a reassurance from a friend and family that what course they are going through is good for them to enroll. So, yes, so referral is a big program. Amount varies by course. But what we have seen as a trend in our listing, as I was explaining to you just now, it's more about reassurance and getting the idea about what they want to do. That becomes the driver. Amount just becomes incidental. But we offer those amounts, but they vary by course and by segment.

Athar Syed: Okay, sir. And just last one thing. Can you please repeat guidance for revenue, EBITDA and PAT for FY '27? I missed that actually.

Mohasin Khan: Sorry, I missed your question, sorry.

Athar Syed: Guidance for FY '27, revenue, EBITDA and PAT.

Mohasin Khan: FY '27 averaging Rs. 250 crores for whole company, including commerce, vocational, government, everything.

Athar Syed: Rs. 250 crores?

Mohasin Khan: EBITDA.

Athar Syed: And PAT?

Moderator: Sorry to interrupt Athar, if you have follow-up question, please rejoin the queue.

Athar Syed: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Henil Bagadia from Equicorp. Please go ahead.

Henil Bagadia: Thank you for the opportunity. Sir, I just had some questions related to the academic portion. Sir, we did have plans to add about probably four, five schools per annum. So, I mean, what actually didn't work out why we were not actually able to add schools? And since we are targeting 10 schools, that's increasing it by another three more schools, what's led to the reduction in the number of school adds? And will this be more on the CBSE side or on the Cambridge board side?

Suresh Kalpathi: So, the plan is to add more of CBSE schools than Cambridge schools. The plan continues to be there to add more schools. I think the only pivot that we are doing is we have been in conversation with a couple of REITs who are willing to fund our expansion into larger schools based on a REIT model. And so it is currently being evaluated to understand which one is the best approach. For instance the difference is, the approach through a REIT will allow us to set up larger schools. The plan is to use the existing schools and expand in zones around it.

So, if we have seven schools, we will probably have three or four schools into each one of these schools under each one of them. So, expand the schools around our existing points of strength using the REIT model. And so the plan continues to be there. The plan continues to be in terms of achieving our EBITDA targets. But we are evaluating a model as to whether we do it through acquisition of four or five small assets or a single large asset through a REIT model so that we continue to stay asset-light.

So, while we are planning to add schools, the target that we have to achieve our EBITDA continues to be the same. We are only looking at whether we want to do it through smaller schools or setting up larger schools. Now as far as the expansion will significantly focus on CBSE schools rather than international schools. There will be a few international, but largely will be CBSE.

Henil Bagadia: Sir, I mean, if you actually have the entire back-end curriculum and the entire stack, so do we plan to do something on what the REIT schools have done? I mean, use their back-end curriculum and the digital curriculum offerings to the existing school network and probably on a future date, it will be easy for us to convert those schools into our brands. And I mean, we also have the REIT model and structure in place also. So, probably we can get some private equity, some investors for school, et cetera. So, I mean, do we have any thoughts on that side because that will help us scale up the entire segment quickly. And if we actually see the segment, I mean,

a lot of private equity players are sitting at 50, 100, 150 schools. I mean, from 5 to 30 on a near date and probably larger. I mean something like this could probably help us.

Suresh Kalpathi:

Yes. I think from a perspective of having a set of schools which can potentially be converted to our own in the future, this provides a good pipeline. The only reason we have not gone too deep into that model is to understand what is this receivable cycle from schools. I think that's the only thing that's sort of holding us back because from what we have seen in the past, typically, if it's a Rs. 15 lakh, Rs. 20 lakh type of billing that you do on a per school basis to provide content and curriculum and faculty support, the cycle time it takes for us to receive the money has been some cause of concern, ability to collect from schools.

So, we are looking at it. We have significant strength in terms of the content that we own, the pedagogy and the faculty that we have. Our K-12 team is close to 500 people, so it's a significantly strong team that we have. We are trying to evaluate whether we go the REIT type of model that you mentioned. Our only concern there is the receivables and the cycle time it takes to collect the money. So, from profitability, it looks good from a collection and cash flow perspective. Sometimes it's been a strength to go behind schools and collect the money.

Henil Bagadia:

Yes, yes, that's a good thing. And lastly, on the government test prep side, sir, since we have entered a very competitive course for the --

Moderator:

Sorry to interrupt, Henil, if you have a follow-up please rejoin the queue. Thank you. The next question is from the line of Sudarsana Narashiman, an individual investor. Please go ahead.

Sudarsana Narashiman:

Sir, this is regarding exceptional items which you mentioned regarding those Rs. 90 crores. Is it related to the sale, because you mentioned that vocational is 50% joint stake does that mean like, for example, at the time of listing, we will also get a share of 2% to 1% at the time of listing. And this Rs. 90 crores, sorry I was not able to correlate between these two whether it is a cash flow or whether it is a one share that will be provided at the time of listing or 2:1 share. So, can you throw some light on this topic?

Mohasin Khan:

Okay. So, the Rs. 90 crores which you are seeing is comprised of two things, Rs. 130 crores non-cash gain on account of vocational segment divestiture. It was just an accounting on the consolidation books when we sold on divestiture segments, a non-cash gain, which is one-time nature. And again, when we list it and we do the treasury stock accounting, that time to the MTM accounting. As of now, we are accounting that can be a 50% our share as associate accounting to next quarter. The accounting will be associate accounting.

Sudarsana Narashiman:

Those were my questions. Thank you.

Moderator:

Thank you. The next question is from the line of Vimal Modi, an individual investor. Please go ahead.

Vimal Modi:

Thank you, sir. Since we are doing a plain vanilla 1:1 demerger of J.K. Shah, please tell me values of each part for calculation of gains for income tax purposes.

Mohasin Khan: Sorry, sir. Income tax purpose?

Vimal Modi: Since we are doing a plain vanilla 1:1 demerger of J.K. Shah, please tell me values of each part. I mean each entity which is getting created for calculation of long-term or short-term gains for income tax purpose.

Mohasin Khan: It's a tax neutral demerger which we are doing, because it satisfied the definition of 249 of Income Tax Act. The demerger is from the listed entity, which, I guess, we must have a vertical split. But each shareholder gets the split, he will get share in Veranda, and he will get the share in the J.K. Shah Commerce.

Vimal Modi: So, J.K. Shah will be treated as zero, J.K. Shah cost will be treated as zero?

Mohasin Khan: So, there will be a cost allocation happening at the time of listing, preopening session. So, where the cost allocation, for example, if you purchased at Rs. 100 in Veranda today, the cost split of that ratio will be given at the time when the ratio will be awarded.

Vimal Modi: It will be based on pre-open. It won't be based on financials. It will be based on pre-open.

Mohasin Khan: Yes. So, at that time valuation will be done for both entities on net worth basis, so that time the value will be decided, sir.

Vimal Modi: On on pre-open or net worth basis?

Mohasin Khan: So, bankers are still activating on us how to do. So, since you say once NCLT approval comes, that time will be deciding, sir. So, because we want to do in preopening basis, preopening basis, we want to do it. So, unlocking the value will be there. It will be given to public as time goes, sir.

Vimal Modi: It should be as per income tax guidelines rather no, sir?

Mohasin Khan: Yes, sir. That's what I am saying, sir. So, we will be doing on a regulatory basis, when the listing happens. Cost allocation will be done on the numbers obviously.

Vimal Modi: Our consolidated cash flow shows repayment of non-current borrowings of Rs. 310 crores.

Mohasin Khan: Yes.

Vimal Modi: Can you please provide a breakup?

Mohasin Khan: No, that is paid, sir. It is in commerce vertical, commerce vertical has been made debt free after this repayment. When the demerger happens, the assets and liabilities will move to the new vertical without any external borrowing on its balance sheet, it will be a debt-free entity.

Vimal Modi: So, 100% is towards J.K. Shah, Rs. 310 crores?

Mohasin Khan: Yes. Exactly, sir.

Vimal Modi: Thank you, sir.

Moderator: Thank you. The next question is from the line of Raj Sarraf from Finvestors. Please go ahead.

Raj Sarraf: Just wanted to know the trend of how the revenue recognition going quarter-on-quarter basis. And just need a elaboration on Slide 11 of the last presentation.

Mohasin Khan: I think the revenue recognition, I think we spoke, sir. I think on the deferment, there is a revenue recognition skewed basis. So, I think based on the recognition whenever admission happens, collection-wise it will be better off. But on the revenue recognition, it will be over the next three, four months period. And coming to your slide query, one second, sir, I need to open it. That was the guidance number, sir, which I was saying to the team, I think we will achieving Rs. 650 crores of top line with EBITDA of Rs. 180 crores after rent and Rs. 70 crores of PAT, sir. So, that is both thoughtful entity.

Raj Sarraf: The quarterly trend of revenue recognition, how Q1, Q2, Q3, Q4, how it goes?

Mohasin Khan: As of today, if you see we have achieved a number of Rs. 290 crores on top line. So, another way, I am saying that another Rs. 350 crores to be achieved in next Q3, Q4. So, if I say the Rs. 350 crores to be split between another two means, I can say that it will be like Rs. 180 crores and Rs. 190 crores top line. It will be on the same levels.

Raj Sarraf: Thank you very much. Best of luck for the future, sir.

Soumya Chhajed: Thank you. Ladies and gentlemen, due to time constraint, this was the last question for today. I now hand the conference over to management for closing comments. Thank you, and over to you.

Suresh Kalpathi: Thank you, Soumya. Just to summarize, this has been a very pivotal quarter for the company. As I mentioned, we achieved our highest cash collection of Rs. 170 crores this quarter. This is the highest in the history of the company. Three key events have happened during the quarter as part of our Veranda 2.0 strategy. We had raised QIP to significantly close down our debt. The Commerce business demerger was approved by the Restructuring Committee and subsequently by the Board and has already been filed with the exchanges and well in process to be able to be a listed separately traded company under J.K. Shah Commerce Education Limited under the Chairmanship and CEO of J.K. Shah himself.

The third event that has happened, our vocational business has been merged along with SNVA EduTech, allowing us an opportunity to unlock significant value where the company is in process of being an independent listed and a globally available company in the near future. These three events has significantly contributed for us to be able to achieve an EBITDA for Q2, including exceptional items of close to Rs. 100 crores of PAT. Outside of exceptional items, the company achieved a PAT closer to Rs. 24 crores in its continuing operating business and clearly expect

this profit that we have achieved this quarter to be able to grow quarter-on-quarter from here given that the addressable market size is significantly large.

Last, and I think not the least is significant deleverage has happened. A lot of the high cost debt has been retired. The commerce vehicle would be debt free. The non-commerce vehicle will switch to a low-cost single-digit percentage debt wherein conversations with public sector banks is already ongoing. So, in short, the company had one of its best quarters, both in terms of EBITDA, significant events and setting the stage for shareholder value being unlocked going forward as part of our 2.0 strategy.

Thank you once again for all who participated in the call, and we look forward to see you again when we give our Q3 results.

Moderator:

Thank you very much, sir. On behalf of Veranda Learning Solutions Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.