

Physicswallah

14 August 2026

Operator: Good day and welcome to the PhysicsWallah Q1 FY27 earnings conference call. We hope you have had the opportunity to review our financial results and shareholders' letter, which have been uploaded on the stock exchanges and are also available on our investor relations website. Joining us today are Mr. Alakh Pandey, CEO and Whole-time Director; Mr. Pratik Boob, Whole-time Director; and Mr. Amit Sachdeva, Chief Financial Officer. Before we begin, I would like to remind everyone that certain statements made during this call may be forward-looking in nature and should be read together with the risk factors disclosed in our public filings. We request participants to limit themselves to two questions at a time and rejoin the queue for any additional questions. With that, I would now like to hand the call over to Mr. Amit Sachdeva. Please go ahead.

Amit Sachdeva – CFO: Thank you. Good evening, everyone. Thank you all for joining our first-quarter earnings call for PhysicsWallah. We are making good progress across all our education categories. Our focus now is to continue building the online early-learning and K-12 business, which has grown by almost 88% year-over-year. We are also tracking well on our offline business, with a focus on center-level cohort profitability. As always, we will cover our financial results, key business and other updates, and finally open the call for questions.

Our online early-learning and K-12 offering includes foundation, pre-foundation, Curious Junior, Commerce, SIP, Boards, and our state boards. We will discuss these examination categories in detail as we go through the call.

In terms of our quarterly results, we are happy to announce that our first-quarter revenue from operations closed at 1,054 crores, an year-over-year increase of over 24%, in line with what we were expecting. Revenue from online grew 33% year-over-year, while offline and other businesses grew 16%. Our Vishwas Diwas collections and early enrollments have been very encouraging across all our examination categories. As we mentioned in the Q4 shareholders' letter, our business continues to scale with the cyclical nature of the academic session, as enrollments continue at the start of the year and batches commence progressively in line with the academic calendar.

Given this seasonality, our first-quarter P&L EBITDA closed at negative 44 crores, equating to 4%, with an improvement of 624 basis points from Q1 of last year. Our profit before tax for the current quarter was negative 84 crores against 152 crores for the same quarter last year, an improvement of 995 basis points. We also took a one-time non-cash charge on account of the additional stake purchase in Sarathi AI, largely due to Sarathi's better-than-expected financial performance. EBITDA was positive in Q1 and closed at 52 crores, compared to negative 21 crores in the same period last year. As I mentioned, P&L EBITDA was negative 44 crores as against 88 crores in the same quarter last year, an improvement of 624 basis points.

All of this happened through the leverage coming from our cost items. Our employee cost, excluding ESOP cost, was lower by 2.6% compared to last year. Our current-quarter ESOP cost also remained flat, in line with what we had expensed in the first quarter of last year, and gave us a leverage of 117 basis points. We continue to see leverage on our distribution and marketing expenses. Our marketing spend for the first quarter was 128 crores against 117 crores, an improvement of 172 basis points year-over-year.

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As part of improving the quality of our reporting, we are committed to initiating segment-level reporting. Following discussions with our auditors, we have reported revenues and EBITDA separately for the online and offline businesses for the first time. We have also provided a reconciliation of online EBITDA and offline EBITDA along with our overall EBITDA. Given the academic and cyclical nature of our business, we believe a full-year view of the segments will provide meaningful direction to our business. This was also one of the key reasons for us to report the financials on the last permissible day.

One impact that we saw in this quarter was the change in the NEET examination pattern. We did see an impact on our collections and enrollments across our core business and our subsidiary, Allen. Although the NEET-UG calendar shifted by 5 to 7 weeks this year, we believe our collections after the results announcement on July 16 have been encouraging, and we have seen almost 50% growth compared to last year.

PW is now moving beyond its strength in test preparation to build a complete learning journey for students, starting much earlier with online early learning and K-12 education and continuing all the way through competitive examinations, higher education, and skills.

The idea is to use the same approach that made PW successful in our earlier categories—live classes, affordability, online-first teaching, and a focus on outcomes—and bring it to young learners as well. We have almost doubled our revenue from this category year-over-year, and we will continue to build on this. We have detailed this in question number 3 of our Q1 shareholders' letter and remain bullish on the growth of this category.

In terms of our overall treasury and cash position, as of June 30, our treasury was approximately 5,600 crores, including IPO proceeds of 2,000 crores. As I mentioned last time, our capital allocation will largely be towards new online content and categories, both organic and inorganic. Our approach to offline expansion will be opportunistic and limited to geographies that fit into our cohort economics. Accordingly, plans for new centers will probably be decided over the next two quarters. We are also keenly looking at AI-first opportunities that will complement our offerings and what we are building as part of our personalized AI tutor investment.

I will take a moment here to hand the phone to Alakh to provide an overview of our business and the new initiatives that we are undertaking. Alakh.

Alakh Pandey – CEO & Whole-time Director: Thank you so much, Amit. Hello, good evening, everyone, and a very happy Independence Day in advance. The results are excellent, as expected, and everything is online, in line with what we were expecting this year.

I would like to highlight a couple of things. Apart from our test-preparation business, which has been progressing as usual and growing as Amit rightly mentioned, we have entered school examination preparation through our K-12 online business. This is a completely asset-light, online business comprising online tuition. Enrollment-wise, it has grown by 40–41%, from 0.55 million to 0.78 million. In terms of revenue, it has grown by 88% year-over-year, from 56 crores to 105 crores. This includes pre-foundation, Grades 6 to 8, Curious Junior, and our state-board categories across different states. This appears to be a very promising future opportunity for us. More and more students who attend school are opting for online tuition, and this is another very large market. State

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boards represent a 6 crore TAM across India. Apart from that, we are exploring Grades 6 to 8, Grades 3 to 5, and other areas, and these are growing tremendously.

Apart from this, we have been investing in a category called NEET PG, which may become a large category. We have seen competitors doing significant business in this category, and this year we have seen NEET PG enrollments grow by approximately 50% and collections grow by 100%. This category is a major bet for us. Apart from this, some of our competitive examination categories, such as CA, CS, and ACCA, witnessed enrollment growth of 30%. All of this is in line with our expectations.

As Amit rightly said, there has been some impact on NEET enrollments, and we highlighted this in the previous quarterly meeting as well. This is purely because of the shift in the NEET examination cycle, which also happened in 2024. On an annual basis, we saw no change in overall enrollment in 2024, and we expect similar results this year. We can see this happening in July as well.

NEET enrollments have shifted. If you look at online, we can see online growth at 33%, whereas offline growth is 14%. A large part of our offline business comes from the NEET examination, so enrollments have shifted by 5 or 6 weeks. We can see that enrollment and growth in the next quarter.

That is all from my side. Everything is in line with what we have said. We are not making any new capital allocations, and no new surprises are expected from here. I hand it over to Pratik.

Pratik Boob – Whole-time Director: Hello, good evening, everybody. Amit and Alakh have provided the update on the numbers. I would like to touch upon a couple of new initiatives that we entered this quarter.

One is the launch of the PW Books app, which is a digital book-learning experience and an AI-native book-reading experience. We have seen very strong initial traction in this regard, which we have also covered in our shareholders' letter.

Along with that, we have created a new skilling category called Earners, in which short-term skilling courses are being provided in digital marketing, graphic design, and AI-led courses. This category is shaping up quite well.

Along with that, Pi, which is our OTT learning platform, and PW Talk, which we mentioned in our earlier shareholders' letters, continue to grow rapidly, with 130,000 enrollments in Talk and 40,000 enrollments in Pi.

AI remains the core focus area for the company. We have launched Ask AI, an AI-led doubt-solving engine within our batches. We are now seeing the majority of our doubts being solved by Ask AI, which is a great achievement by our product team.

Along with that, we are creating a companion AI for children and an AI tutor, which is a one-to-one Socratic AI tutor at a very affordable price. This product is already in the beta phase, and by next quarter we will roll it out to our students.

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AI-led efficiency is also taking effect within the company. The leverage coming through in our people cost is partly because of the AI-led automation that we have achieved over time.

I would also like to highlight a couple of numbers. We have seen strong online growth, with 33% revenue growth as well as an improvement of almost 600 basis points in the bottom line. Offline also witnessed 14% revenue growth as well as an improvement of 400 basis points in the bottom line.

Regarding divestment updates that we have already discussed, Vernacular, which we are building with the vision of creating a pan-India brand, has delivered a 1.7 times jump in enrollment and revenue in the vernacular categories. Alakh has already spoken about K-12, which delivered a 41% increase in enrollment and an 88% increase in revenue. Along with that, our state boards category, which represents a very large TAM, has doubled its enrollment, and its revenue has also doubled. These are some of the achievements that we have demonstrated in our shareholders' letter as well.

As part of our capital allocation, we have decided to divest Finzy Fintech. We have already received some interest and signed two non-binding term sheets. We will probably be able to complete this divestment within a quarter.

That is all from my side, and we can open the floor for questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. We also request that you limit yourselves to two questions only. You may rejoin the queue if you have any further questions. Ladies and gentlemen, we will now wait for a moment while the question queue assembles. Our first question comes from the line of Anmol Garg with Dam Capital. Please go ahead.

Anmol Garg - Dam Capital: Thank you for the opportunity. I wanted to understand a couple of things. While we have indicated 50% growth in our online business for August, could you indicate, on a like-for-like basis, what the growth in this quarter would have been if the NEET examinations had taken place on time, based on the registrations we have seen in early Q2? As part of that, could you also indicate the total registrations in our repeat batch?

Vikram - Investor Relations: Hi, Anmol, this is Vikram. I lead investor relations here at PhysicsWallah. I think the offline revenue growth witnessed this quarter was 14% year-over-year. It would have been approximately 20-25% had the NEET examination cycle been completed by May 4 in terms of the examination and had the results been announced on time, which would have been in early June.

If that had been the cycle, I think revenue growth could have been approximately 20-25%, and that would definitely have flowed into our margins as well because, as you would imagine, most of our costs are fairly fixed in the nature of our business. Having said that, I think this is just a quarterly shift for us. As Alakh has already highlighted, from a full-year perspective, we definitely see ourselves broadly in line to deliver what we have provided for in terms of our internal annual operating plans.

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Anmol Garg – Dam Capital: Could you also indicate the position on the online side?

Alakh: On the online side, again, in terms of enrollment, I think we would have seen at least 1 to 1.5 lakh additional NEET enrollments. Having said that, our online mix is currently very well diversified in terms of the number of categories that we have. Even with the launch of Vernacular and a few other categories that we have recently launched, the enrollment shortfall has largely been compensated for by these newer categories within our online mix.

Anmol Garg – Dam Capital: Secondly, are we planning to introduce star teachers into our offline business, and could this be a drag on our margins in the near term? What is our margin guidance? Does it remain the same, with us reaching break-even by the end of this year?

Management: No. I think the overall guidance for the offline business is near profitability this year. We are confident that we will achieve that guidance. Overall, we are improving the teacher quality, delivery, and experience of the offline business. That is what we guided in our last call, and it is coming from slower expansion as well as a more focused approach. There has been no abrupt increase in the average teacher cost in offline. Is the question about the launch of star teachers online?

Anmol Garg – Dam Capital: Offline, offline.

Management: Alakh, would you like to respond?

Alakh: No, we do not want to introduce star teachers in offline. We produce our own teachers through our faculty training program, and the batch size is only 80 students. Therefore, we do not have a single teacher teaching thousands of students. There is no star-teacher culture in offline. We are improving the student-teacher ratio and the average teacher cost, and this is being reflected in the overall profitability of offline. There are no major surprises there.

Anmol Garg – Dam Capital: Understood. One last thing: could you elaborate on the cash position? What types of acquisitions are we looking at, particularly on the online side of the business? Do we want to diversify away from STEM when we look at M&A, or are we looking more towards geographical or language-based expansion?

Management: The thesis remains the same in terms of category expansion as well as geographical expansion. The focus is to have online assets, and our overall treasury is approximately 5,600 crores as of July 31. We have a detailed response to this in question number 6 of Section D of our investor shareholders' letter, so you can refer to that.

Anmol Garg – Dam Capital: Thank you very much for answering my questions.

Operator: Thank you. Our next question comes from the line of Gaurav with Axis Capital. Please go ahead.

Gaurav – Axis Capital: Your enrollment growth has been impacted because of NEET. However, when you adjust the numbers for the NEET impact, online growth would still have been around 19-20% and offline growth would have been another 20-25%. Where do we stand against our full-year revenue guidance of 30%? I want to check whether you are maintaining that guidance as

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of now.

Alakh: Gaurav, as you rightly mentioned, NEET would have had that impact. Having said that, government examinations were also one of the factors affecting how Q1 enrollments shaped up.

At the overall revenue level, we stood at approximately 1,054 crores against approximately 847 crores delivered in Q1 FY26. This is the primary fundamental metric that we should broadly look at. We delivered approximately 847 crores in Q1 FY26, and the overall number for FY26 was approximately 3,900 crores.

Similarly, from a top line of approximately 1,054 crores that we delivered in Q1, we are broadly in line to deliver the annual operating plan that we have for FY27. Having said that, there will be an interplay between the enrollment factor and the ARPU factor. These two should not be treated as rigid metrics for plotting our business model for the future. There will be a certain trade-off between the two, but broadly, in terms of the top line that we have committed, we will remain aligned with our AOP.

Management: To add to what Alakh mentioned, the annual guidance of 30% revenue improvement and 100% EBITDA improvement remains unchanged.

Gaurav – Axis Capital: Understood. My second question is whether you could discuss the outcomes we are seeing in NEET and JEE, where we stand compared to where we would like to be, and what we are doing to improve those outcomes over time.

Management: Outcomes have never been a challenge in our online categories. Online, we have been delivering excellent results since inception, and people have been very receptive to and appreciative of our online results. In terms of marks and results, we have the maximum number of selections across NEET, JEE, UPSC, CA, and every examination that we teach. We teach the maximum number of students, and we deliver the maximum number of selections.

When it comes to offline, people always compare us with the results of our competitors. Without taking any names, I would like to address that. We are investing in results in the offline segment, and that is one of the core reasons that we have somewhat slowed down offline growth, while working on unit economics in offline and achieving better results in offline.

This is what we discussed in the investor roadshow and the previous earnings call as well: we will slow down offline expansion, we will not be as aggressive as we were earlier, and we will focus more on results. This year, we are working on the results vertical and investing in it.

If we talk about this year's results, we delivered the maximum number of NEET and JEE selections compared to any coaching institution in India. We claim this, and these are verified results that we have published. The number of results is excellent.

If we talk about the top results, we had several ranks in the top 100 this year as well. We are increasing our share of the top 100 by 5–10% year-on-year, and we are working and investing in that area as well. The path forward is to become the leading result-producing centers, and the leading top-result-producing centers, in offline and to outperform anyone else in the market. Offline is not about affordability for us; it is about top results. We are very much in the game and focused on

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results.

This year alone, we produced All India Rank 1 in the International Junior Science Olympiad, and we outperformed everyone else. Offline is the competition for top results, while online is already winning in the results vertical.

Gaurav – Axis Capital: Understood. Pratik, you mentioned that this year you would achieve near break-even in offline, as you have said previously. How should we think about the online business in terms of margins?

Management: The online business is performing strongly. In the first-quarter numbers themselves, revenue was up by 30–40%. The bottom line improved by almost 300 basis points.

For the online business, we have divided the entire business into three buckets, as covered in Section C of our shareholders' letter. The first bucket comprises highly profitable categories such as JEE, NEET, CA, MBA, Commerce, and Boards.

The second bucket comprises categories on a path to higher profitability, such as GATE, UPSC, State PSCs, Foundation, government examinations, and a few state boards.

The third segment comprises categories that are slightly loss-making, including NEET PG, Skills, Curious Junior, and Vernacular, which we entered quite recently. However, there has been significant improvement in the numbers for NEET PG, Skills, and Curious Junior. Curious Junior alone has shown a 67% improvement in enrollment and a 150% improvement in connections. Even so, the Curious Junior online business will reach break-even this year.

Overall, online margins continue to be strong, and Pratik will provide the specific numbers.

Management: Last fiscal year, we recorded margins of approximately 27%. As Pratik mentioned, some categories on the path to higher profitability, such as UPSC, GATE, Foundation, and state boards, are already approaching higher profitability, along with mature categories such as JEE and NEET. Therefore, margins will definitely improve from here.

Within this fiscal year itself, we are seeing good improvement in our online margins. As and when the NEET PG, Vernacular, and Curious Junior categories, in which we have been consistently investing over the last few quarters, begin to break even and contribute to EBITDA margins, we should see overall margin expansion.

Having said that, we believe we are broadly on track with the online margin included in our annual operating plan, and we feel that we will be able to deliver what we are planning internally.

Gaurav – Axis Capital: Understood. Just one last question. On the offline side, there has obviously been a healthy improvement in ARPU, whereas ARPU had declined last year. Is this primarily due to Vidyaapeeth, or could you give us some sense of the interventions that have been implemented to reverse this ARPU decline?

Management: Last year's ARPU was largely in line with the mix of the business. What we have consistently observed is that our offline ARPU was up 7% in the first quarter. Last year was largely a

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mix of shorter-term courses, along with the interplay of what we were doing in UPSC and Xylem's smaller-time courses. That was the reason for the ARPU movement.

In terms of our approach towards fees, as Alakh mentioned, our clear path towards steady-state profitability of 13-15% will largely come from an ARPU increase and improving outcomes. These are the two clear metrics that we are focusing on in offline, with this year's cohort moving towards near profitability, as Alakh mentioned.

Gaurav – Axis Capital: Understood. Thank you very much.

Operator: Thank you. Our next question comes from the line of Pratik Maheshwari with HSBC. Please go ahead.

Pratik Maheshwari – HSBC: Thank you for the opportunity. In terms of disclosures, I was trying to find the enrollments by category, such as JEE, NEET, and Foundation, which you had provided earlier. I remember seeing in your previous quarterly results that Foundation was approaching the size of your largest category.

I wanted to understand how far behind Foundation and other categories such as State and CUET are in terms of margins compared to the classic categories. When do we expect all four of them to reach the strong margins that you are expecting? That is my first question.

Management: The categories you mentioned are already profitable. However, Vernacular has seen a 70% increase in enrollment, State Board has seen a 100% increase in enrollment, and Curious Junior, which is also part of K-12, has shown a 67% improvement in enrollment and a 150% improvement in connections.

These are hyper-growth categories, and reaching steady-state margins will take some additional time. They are growth vectors for us. In terms of what we have anticipated, we are completely in line with our internal operating plan, and we are confident that we will create a large market in these specific categories.

Early traction remains very strong, and we will continue to show growth on an annualized basis. Because of the cyclical nature of the business, we have not disclosed this specifically in our investor shareholders' letter, but we will do so on an annual basis.

Pratik Maheshwari – HSBC: Just to double-check on that, since Foundation is approaching the NEET category in terms of student enrollment, could you explain the difference in the cost structure? Where do you probably need to invest more between Foundation and NEET? We are trying to understand at what scale Foundation would be as profitable as NEET.

Management: The cost structure of Foundation typically involves a lower ARPU compared to NEET as well as a lower average teacher salary cost. However, it is a much deeper market compared to JEE and NEET.

We anticipate that steady-state profitability will be much higher than NEET, but it will take longer to reach a steady state. Currently, the margin profile is not significantly different between NEET profitability and Foundation profitability. At steady state, however, Foundation will definitely

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outperform our flagship categories.

Pratik Maheshwari – HSBC: My second question is on the offline business. Last year, we remember that there was intense competition among your peers. Could you comment on how the situation is this year? Are you seeing similar levels of aggressiveness, or has it moderated this year?

Management: We are continuing to show ARPU improvement in Vidyapeeth, which accounts for 70% of our offline business. We have already demonstrated a 7% ARPU improvement. This shows that, despite intensified competition, we continue to deliver higher ARPU in our offline business, while our competitors' ARPU is almost flat or declining.

That is a testament to the strong experience we have created in offline. With better and better results, we should be able to increase ARPU. We have consciously decided that our offline business is not an affordable business. We intend to become number one in terms of ARPU, results, and all metrics in our offline business.

The entire focus is on controlling the bottom line and improving the experience. We are committed to achieving near profitability in our blended offline business.

Pratik Maheshwari – HSBC: In your Vidyapeeth category centers, how should we think about utilization? At the current scale of centers, where do we stand on utilization, and how much could it improve?

Management: We track the student-teacher ratio and overall seat utilization, which is the total number of students divided by the total number of seats. On an annual basis, we try to improve this metric.

Historically, we have demonstrated an increase in seat utilization from 1.77 to 1.99, with an average improvement of 5–7% every year in terms of overall utilization. This number should improve somewhat more in the future as we continue to expand less aggressively than we have in the past.

Along with that, it is not only seat utilization that drives the overall profitability of offline. Other metrics include the non-academic-to-academic ratio. Overall, Vidyapeeth is becoming more academic in nature. There are also several central-level cost optimizations and a significant amount of automation that we are driving.

We have a fresher faculty program, under which we are hiring and training fresher faculty, and we are increasing that ratio as well. The student-teacher ratio, which used to be in the 80s, will become higher this year. All these parameters are combining to drive bottom-line growth.

Pratik Maheshwari – HSBC: Thank you very much, and all the best.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Swapnil with JM Financial. Please go ahead.

Swapnil – JM Financial: Thank you for the opportunity. My first question is on your cash position. It appears that your cash position has declined by 600 crores on a quarter-to-quarter basis. Could

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you explain what has happened?

Management: Again, this is the cyclical nature of the business. It is a negative working-capital-cycle business in which students pay their fees upfront, and those fees remain in our treasury.

That is the primary reason why, specifically in Quarter 1, if you compare the cash position with the previous year, it has improved by 600 crores. From the last quarter to this quarter, it improved by approximately 600 crores. This cyclicity occurs every year from Quarter 4 to Quarter 1.

Swapnil – JM Financial: Does that essentially relate to the collections that you generate?

Management: Yes. The nature of the online business involves an ARPU of 4,000 rupees. It is a one-time payment by the students. They pay the fees upfront for the entire year. That is the primary nature of the business itself.

Swapnil – JM Financial: My second question relates to some of the new initiatives that you discussed, including PW Books and several AI-driven initiatives. How do you report these new initiatives across the three segments that you are currently reporting?

Management: The first reporting happens on YouTube. If you want to track these initiatives closely, you will find Alakh launching them on YouTube every now and then.

As a company, we report these initiatives somewhat later in our shareholders' letter. Once a new initiative is launched among the students and is being used by 100,000 paid students, we generally try to report it in our shareholders' letters.

For example, the Books initiative that we reported this year-end had been in development for 1.5 years. The application was actually launched 1.5 years ago. Its current Play Store rating is 4.7, and it has 2.2 million downloads. Specifically, digital books were launched on the internet by Alakh approximately 2–3 months ago.

This is how we approach these initiatives. Specifically, for any new initiative in education, you have to conduct a pilot for 1 or 1.5 years to assess learning outcomes, engagement levels, and student retention. Therefore, it has a slightly longer life cycle.

There are also a couple of new launches taking place in AI, such as the AI tutor and AI companion. Since we have already seen success in AI-powered digital books, we will launch these initiatives during this financial year.

Swapnil – JM Financial: My question was actually about how you report the revenue—under which segments—and the profitability.

Management: Digital books are completely online, so we report them in our online business. PW is another online initiative, and Talk is also online. If the nature of a new initiative is not online, we generally report it under the "Others" category.

Swapnil – JM Financial: Have you changed the segment reporting somewhat? It appears that your Q1 FY26 numbers have been restated. Has there been any change in the reporting of revenues and costs?

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Management: That is correct. There were some changes that we discussed in terms of the allocation made earlier compared to now. As we mentioned, this is the first quarter in which we are reporting segment information, so it will become more refined after discussions with the auditors.

You will see some changes, largely related to the accounting of our B2B revenues and some of our other revenue, which was earlier treated under the "Others" category.

Swapnil – JM Financial: There appears to have been a decline in the number of Pathshala centers on a quarter-to-quarter basis. If I remember correctly, you had 84 Pathshala centers at the end of March, and you have now reported 70. Have you closed these centers, or do you report only the active centers? I wanted to understand the reason.

Management: No. That is a great observation, and thank you for highlighting it. The trajectory of a mature Pathshala is eventually that, once we see traction, it becomes a Vidyapeeth.

Technically, once a Pathshala reaches a certain size and scale, it becomes a larger Vidyapeeth because we believe we can turn that center into a much larger Vidyapeeth center. We do not technically close any centers. No Pathshala centers have been closed. Those Pathshala centers were converted into Vidyapeeth centers.

Swapnil – JM Financial: Understood. Thank you very much for the opportunity, and all the best.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Ritwik Agarwal with Triplus Investment Managers. Please go ahead.

Ritwik Agarwal – Triplus Investment Managers: I have two questions. My first question is regarding enrollments. Compared to Q1 FY26, I do not see strong growth even after considering an improvement of 1 to 2 lakh in NEET enrollments. There is only 5-10% growth. Is that the correct observation?

Management: The observation is correct, but NEET enrollments have shifted from Quarter 1 to Quarter 2. There has also been a significant decline in government examination notifications. Because of that, one of our subsidiaries, Utkarsh, had an overall enrollment decline of 800,000. The nature of government examination notifications is highly cyclical, and we should see some enrollment spikes in the coming years.

At the overall level, if you look at PW itself, we have shown an 8-9% improvement in enrollment in Quarter 1 alone. Net-net, we have not anticipated any major impact because of this enrollment movement. It is simply the cyclical nature of the business shifting from one quarter to another.

Management: I think this reflects one more point about how we should look at the business: we should consider the consolidated H1 numbers. The change in the NEET admission cycle, along with the new notifications that we are anticipating, makes the H1 numbers more relevant.

We believe the eventual right number, and the appropriate proxy, will be revenue, as we discussed earlier. When we look at the year-to-date number, it will provide a better proxy for the overall

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picture, both for PW and for all the subsidiaries together.

Ritwik Agarwal – Triplus Investment Managers: My second question is on offline centers. We have added approximately 63 offline centers, but enrollment at those centers has not improved significantly. Is that again because of NEET?

Management: Yes, that is primarily because of NEET. The majority of our offline business is JEE-NEET business. Because of the re-examination, students took longer to decide whether to join our offline centers. There was a delay of 1.5 months because of the re-examination and the subsequent results. Therefore, this was primarily due to NEET.

Ritwik Agarwal – Triplus Investment Managers: Do you also report collection growth on a year-on-year basis?

Management: No. The correct proxy to consider is our contractual liabilities on the liabilities side of the balance sheet. That provides a good reflection of the position. Collections are a more relevant metric for the online business and not for the offline business.

That is why the online business is reported at the ARPU level, while the offline business is also reported at the ARPU level, which is a full-year metric. That is the correct parameter for the offline business.

Ritwik Agarwal – Triplus Investment Managers: Understood. Thank you.

Operator: Thank you. Our next question comes from the line of Rajdeep with Earthmitra Capital. Please go ahead.

Rajdeep – Earthmitra Capital: Thank you for giving me this opportunity. I have two questions. In my first question, I would like you to broadly explain what you do in school-integrated programs and which regions you cover.

Management: The School Integrated Program is a pan-India program in which we partner with existing schools and send our Vidyapeeth faculty so that students can prepare within the schools themselves.

The number of partnerships grew from 15 schools to more than 50 schools last year. Overall, it is a great program for students because it helps them save time and maintain focus while attending school and preparing for examinations. It is a completely asset-light model in which we also obtain certain guarantees from schools in terms of the number of student admissions.

Rajdeep – Earthmitra Capital: In my second question, I would like to ask how large the K-12 market is.

Rajdeep – Earthmitra Capital: Who are your three key competitors in this segment?

Management: In the K-12 market, there is no significant competition as such. We are the category creator and, at this point, a small market leader. The overall K-12 market comprises {? 250 million students ?} across all categories.

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However, the addressable market is the online-tuition market, which we are covering through PhysicsWallah Junior. Another significant TAM is the state-board market, which we are covering through our various state-board initiatives.

We have doubled the number of state boards in which we operate, from 7 to 14. We are forming regional teams, hiring regional teachers, and creating regional YTD distributions to cater to student demand.

In a way, this is a very strong LTV business because if we acquire students early and add value at an early stage, they will become lifelong learning partners for us.

Rajdeep – Earthmitra Capital: Thank you.

Operator: Thank you. Our next question comes from the line of Gaurav with Axis Capital. Please go ahead.

Gaurav – Axis Capital: Thank you again for the opportunity. I had a few follow-up questions. First, you mentioned that we should look at the business on a year-to-date basis because NEET was pushed out. Can you give us some sense of the year-to-date enrollment number for online and offline, or anything else that you can share?

Management: In terms of year-to-date performance, we remain aligned with the 30% improvement in revenue guidance. We are not specifically providing any enrollment guidance at this point. However, our revenue guidance remains largely intact, as does our EBITDA guidance.

Gaurav – Axis Capital: Understood. Secondly, in terms of the centers that opened in FY24, could you explain the margin levers for these centers?

Management: The steady-state margin is 13–15%, which we are delivering in our FY24 centers. I would specifically call out the Kota center. Kota as a city has declined in terms of student inflow, but all the remaining centers are currently delivering a 13–15% margin profile.

Gaurav – Axis Capital: I meant what the margin levers would be. You are saying that the other centers are at that level; I wanted to understand the margin levers for some of the newer centers.

Management: That is a very intelligent question. The margin lever for some of our early centers is a hybrid course in which students need to come to the center only twice a week. This can further improve our student-teacher ratio as well as overall capacity utilization.

However, this remains under the umbrella of a couple of new initiatives. We are already delivering a 13–15% margin profile, and we are continuously working on city-level results and center-level results. Once we gain a majority in terms of city-level results, we can increase ARPU. Therefore, ARPU becomes a good growth lever for Vidyapeeth in the future.

Gaurav – Axis Capital: Understood. One last point, if you can—

Operator: I am sorry, Gaurav. We request you to rejoin the queue if you have any further queries. Thank you. Our next question comes from the line of Dev Manish Shah with Jam Capital Advisors. Please go ahead.

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Dev Manish Shah – Jam Capital Advisors: Thank you for this opportunity. I have two questions. The first is on the offline business. What kind of drag are our other centers currently contributing to the overall offline business? Where does that portfolio currently stand?

Second, in the last quarter you mentioned that approximately 60% of the 140-odd Vidyapeeth centers were profitable. Where does that stand right now? Can we provide the percentage of centers that are currently profitable?

Management: That is a very good question. First, I will address the drag. The drag in offline is coming from a couple of new categories that we entered in the offline business over the past 2 years. The drag is coming from UPSC, government examinations, and CA.

In terms of overall profitability, Vidyapeeth is performing better than the overall average, both in terms of ARPU growth and bottom-line growth. In terms of center profitability—

Management: We last shared the profitability percentage at the end of Q4 because we had an overall annual view at the end of FY26. We want to maintain that cadence and mention it at the end of FY27, given that we have a full-year profitability view only once we have completed all 4 quarters.

Looking at profitability on a quarter-on-quarter level would not make much sense, and we generally avoid sharing that data. We will be happy to revisit this at the end of FY27.

Dev Manish Shah – Jam Capital Advisors: Is it possible to provide the adjusted EBITDA percentage for the other centers?

Management: The profitability metric for offline centers at the center level would make sense at the end of the fiscal year. We would be able to share that data once the year ends.

Management: Noted. At an annual level, we would like to provide the cohort-level profitability of Vidyapeeth and the overall offline business.

Dev Manish Shah – Jam Capital Advisors: Thank you.

Operator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, gentlemen.

Management: Thank you, everyone, for attending the call. We also thank all the team members for preparing us for this call and joining us here.

Regarding the overall set of questions, I could see that many questions were forward-looking, and we deliberately avoided answering the forward-looking questions. The annual numbers will provide a better basis for analysis.

On the question of offline profitability, I would like to say that we are improving significantly year-on-year in terms of offline profitability, whether we consider Vidyapeeth or the overall offline division. Thank you very much for attending this call. We will be teaching the whole of India. Happy Independence Day to everyone. Thank you.

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Operator: Thank you. On behalf of PhysicsWallah Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

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