



# PHYSICSWALLAH LIMITED

**Date: June 03, 2026**

**National Stock Exchange of India Limited**

Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051 India

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001 India

**Scrip Code: 544609**

**Symbol: PWL**

**Sub: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of Earnings Conference Call held on May 27, 2026.**

Dear Sir/Madam,

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the transcript of the Earnings Conference Call held on May 27, 2026, at 06:00 P.M., on the performance of Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 31, 2026.

This disclosure will also be hosted on the Company's website viz <https://www.pw.live/investor-relations>

You are requested to take the above on record.

Thank you.

**Yours sincerely,  
For Physicswallah Limited**

**Ajinkya Jain  
Group General Counsel, Company Secretary & Compliance Officer  
Membership No.: A33261**



Physicswallah Limited

Q4 & FY26 Earnings Conference Call

May 27, 2026



**MANAGEMENT: MR. ALAKH PANDEY -- CHIEF EXECUTIVE OFFICER  
AND WHOLE-TIME DIRECTOR – PHYSICSWALLAH  
LIMITED  
MR. PRATEEK BOOB – WHOLE-TIME DIRECTOR –  
PHYSICSWALLAH LIMITED  
MR. AMIT SACHDEVA – CHIEF FINANCIAL OFFICER –  
PHYSICSWALLAH LIMITED**

**Moderator:** Good evening, everyone, and thank you for joining Physicswallah's Q4 and FY26 Earnings Conference Call. We hope all of you had the opportunity to go through our results and our shareholders' letter uploaded on stock exchanges and our investor relations website.

Joining us today are Mr. Alakh Pandey, CEO and Whole-Time Director; Mr. Prateek Boob, Whole-Time Director; and Mr. Amit Sachdeva, CFO. Before we begin, I would like to remind everyone that certain statements made on this call may be forward-looking in nature and should be viewed in conjunction with the risk factors disclosed in company's filings. I would request everyone to limit their questions to two at a time and rejoin the queue for any additional questions.

I now hand the conference over to Mr. Alakh Pandey. Thank you, and over to you, sir.

**Alakh Pandey:** Hello everyone, good evening. Thank you so much for joining this call and a big thanks for supporting PW in this mission of affordable education throughout Bharat. This FY26 as a whole year is a strong financial year for us. It has proven to be a fantastic year for us. Revenue-wise, we did INR3,900 crores of revenue, which is 35% year-on-year growth.

If we talk about EBITDA, against INR93 crores EBITDA last year, we did INR300 crores of EBITDA, that is 3x jump in the EBITDA. If we talk about PAT, against last year of minus INR234 crores, we did minus INR24 crores of PAT. There is a significant improvement in the PAT, and we would have been PAT positive, there was one adjustment of INR63 crores which Amit will explain definitely.

PBT is positive this year. Enrolment-wise, we see across 10 lakh new enrolments, paid enrolments in our online, offline paid batches, that is 20% enrolment growth year-on-year. The mission still remains intact to reach every corner of the Bharat. We saw one mobile cover seller across the road getting selected in NEET due to the affordable online courses. We saw a visually impaired child, Manu Garg, selected in UPSC due to the recorded and the AI-enabled courses. It's just a matter of yesterday, we saw the strange story of a student getting selected from Champaran, Bihar in the International Olympiad. He will be representing not only PW but India on the international stage.

So that's the summary that I have. Over to Prateek.

**Prateek Boob:** Good evening, everyone. Online continued to grow at a very strong rate. So we grew 39% in online revenues, and blended we grew by 35%. AI continued to be a large focus area for the company. We have been building a couple of AI products internally. Wanted to quickly give an update on that.

Last quarter we launched Ask AI, more than 3 million queries have been solved by Ask AI, one of the most loved features which we have launched for the students. Apart from that, AI-powered books, AI Guru, AI Grader are continuously improving in every month.

Along with that, we are making AI affordable AI for the Bharat, and for that we have been investing in small language models. Aryabhata is our first small language model which we have done open source, trained on 4 billion parameters.

Now Aryabhata 2.0 is coming, which is getting trained on 20 billion parameters. This is a model which is better than in terms of accuracy from a couple of top frontier models, but as well as one-tenth of the cost and 5x of the speed. So the AI for the Bharat mission continues to be a great focus for the company.

And this year we are planning to launch Socratic AI Tutor as well, and getting very good initial results in our beta testing of AI Tutor. A couple of AI initiatives within the company to drive more efficiency. Now 91% of our code is now AI-assisted, driving 2x improvement in engineering and go-to-market velocity. AI Counselor is 75% cheaper, currently 6,000 plus daily calls are happening through AI voice agents. Along with that, I would like to hand over to Amit sir for a quick financial update.

**Amit Sachdeva:**

Thank you Prateek sir, Alakh sir. Good evening, everyone. Thank you all for taking the time to join the Q4 and FY26 earnings call for Physicswallah. This is our first full-year financials post our IPO in November 2025. Our strong results showcase our operating leverage, not only in terms of our cost structures but also in terms of the growth that we've seen across all our education categories.

A quick overview of our full-year results. Alakh sir did talk about it earlier, but just covering some of those aspects in detail. Our full-year revenue from operations closed at INR3,900 crores, an year-over-year increase of over 35%, in line with our expectations. Revenue from online grew at 39% year-over-year, and offline and other businesses grew at 31% overall. As we've mentioned earlier, we are an online-first community-led platform, and we will continue to invest in such opportunities for growth. Our online revenues now contribute 50.1% of our overall revenues as compared to 48.6% in FY25.

Our endeavor for the next three years is to ensure our online business contributes 55% of overall revenues. We closed full-year pre-Ind AS EBITDA at INR300 crores, 3x of what we achieved in FY25. This was largely driven by leverage in our online business and our offline business reducing peak losses as we keep on improving our cohort mix.

We are also PBT positive for this year, closing the year at INR10 crores positive against negative INR259 crores for FY25. Our full-year PAT for this year is negative INR24 crores against negative INR243 crores that we did last year. We would have been PAT positive but for one-time expenses of implementation of Labour Code that came earlier this year and IPO expenses.

As mentioned earlier in our shareholder letter for last quarter, we remain committed for full-year PAT profitability for FY27. Also, as communicated earlier to stock exchanges, our annual flagship event Vishwas Diwas concluded with 36% year-over-year growth in collections from our online business, 21% growth in enrolments, and 12% growth in ARPU for collections that were done during the Vishwas Diwas.

Our increased geographic penetration is a reflection of the market dominance that we have been able to get. New categories that have seen strong adoption include state boards, vernacular batches, Curious Junior, and foundation and pre-foundation courses. The details of some of them have already been outlined in our enrolments as part of the shareholder letter.

These early indicators for the academic cycle remain encouraging, and the growth seen across categories demonstrates sustained demand and strengthens Physicswallah's positioning as one of the most preferred education partners in the country. As for our Q4 quarterly results, we've been able to deliver strong Q4 results, both in terms of what we did as compared to last year. Quick summary of our Q4 results. We closed Q4 at INR919 crores of revenue from operations, an increase of 51% as compared to last year.

We also significantly improved our profitability with pre-Ind AS EBITDA of INR9 crores against minus INR139 crores for last year. This is largely due to our focus on early student engagement and our focus on spend patterns on a quarterly basis. We are also very happy, just a few some color on our online and offline businesses. We are very happy to see how our online business is shaping up. Like I mentioned earlier, our online revenues now contribute over 50% of our overall business. Our online segment grew at 39% year-over-year with over 4.9 million paid students across multiple categories learning from our platforms, an increase of 20% year-over-year.

Our investments in building strong foundation and pre-foundation is already showing promising results. This segment across boards, CUET, foundation, pre-foundation along with state boards has almost doubled over the last year. Our offline business grew 31% year-over-year and now contributes almost INR1,775 crores in our overall revenue from operations. We now operate over 353 centers across PW and other brands, with VP, which is our Vidyapeeth offering, contributing almost 70% of offline revenue on an overall basis. We will continue to have a very balanced expansion strategy going forward on our offline expansion, with focus on improving profitability across all our offline channels and business.

We are still in student enrolment academic season and highly optimistic of breaking even across all our offline business in FY27. Quick update on our cost initiatives. Like mentioned a couple of times earlier, we closed the year at INR300 pre-Ind AS EBITDA as compared to INR93 crores, INR94 crores of last year. Our overall leverage on direct costs gave us 2.4% year-over-year benefit as we scale up and improve our operating leverage across all our businesses. Our employee cost excluding ESOP cost was lower by 1% as compared to last year. We also saw leverage coming in our distribution and marketing expenses.

Our marketing spend for FY26 was INR353 crores, approximately 9% of our overall revenues. We saw almost like half a percent leverage as compared to FY25. As I've mentioned couple of times in the past also, our playbook is to build communities in every category we get into, and we believe we will continue to get significant leverage on these costs as we scale up, with ambition of at least reducing this cost by 20% over the next three years, largely due to the impact of scale and efficiencies of spends.

Like we mentioned earlier, we did not do segment reporting in terms of profitability for our online and offline business in our financials or shareholders' letter. We remain committed to report SOTP and the breakup of these two segments from this year onwards as we will report our financials going forward.

In terms of our offline business, standalone offline business which comprises of Vidyapeeth, Pathshala, and other offline categories, remains the highest ARPU category. Its contribution to total enrolments has decreased from 80% to 72% due to accelerated growth in other offline categories. Shift has resulted in a lower blended ARPU which you will see has actually gone down from last year, whereas we've seen significant leverage in improving our margins in offline in spite of the lower ARPU.

Overall revenues and total enrolments have increased significantly. In terms of our cash flow generated from our operations, this year we generated over INR800 crores of cash flow from operations. Our current treasury stands at INR5,027 crores with approximately INR2,300 crores that we got from our IPO proceeds.

Our capital allocation will continue to remain judicious with selective inorganic opportunities in online community-led businesses and building vernacular capabilities. We will also take a very disciplined offline expansion view this year, like I said earlier, once the student enrolment season ends.

In terms of our acquisition that we announced last quarter, we are very happy how the Saarthi acquisition is panning out, and we are already working on multiple synergies in terms of tech build and distribution leverage. Saarthi will continue to run as an independent brand in the UPSC space.

AI initiatives, Prateek has already talked about this in details, and I would request everybody to refer this to question one in the shareholders' letter. And as part of our capital allocation, we will continue to find opportunities in AI to continue invest there, both in terms of any AI tech product and tech talent that we can find in that space. With this, we can open the floor for any questions, unless Alakh sir, Prateek sir, you have any initial comments.

**Prateek Boob:**

In terms of the capital allocation strategy, there is a slight shift in terms of K-12 capital allocation. So, we are taking a balanced approach from here after discussing with our board and couple of our strategic partners, and we will be going 100% asset-light in this direction.

And there will be no capital allocation for M&A in terms of K-12 domain, but our focus will continue to remain in online mode where we have seen huge upside in terms of 9x revenue jump in our state boards category which comes under K-12 only, and almost 4x revenue jump in Curious Junior, which is small cohort two-way communication online platform.

And as well as part of our expansion in South from FY25 to FY26, there also we have done almost 100% improvement in collection. So overall continue to grow in very strong direction. In our last earnings call that we will be announcing a couple of large online assets M&As in this year, which are PAT positive assets and will grow them as a independent brand like we are doing with Saarthi. So, I think this is all from my side. Happy to answer any of your questions.

**Amit Sachdeva:**

I think we can open the floor for any questions.

**Moderator:**

Thank you very much. We will now begin with the question-and-answer session. Your first question comes from the line of Garima Mishra with Kotak Securities. Please go ahead.

**Garima Mishra:** Yes, hi. Thank you so much for the opportunity. Can you elaborate a little on revenue growth drivers in 4Q? How much of the growth was organic and inorganic in nature? I'm basically trying to understand the reasons for the sharp acceleration in revenue growth to 50% plus Y-o-Y in the fourth quarter compared to 30-odd percent growth witnessed in the first nine months. And this despite you mentioning in the letter that 4Q is typically a soft quarter.

**Management:** See, Garima, if you see blended, we as a company grow at a 35%, and quarter four there are a couple of growth levers drivers. One essentially is Vishwas Diwas performance, and then we had couple of AI-led initiatives which have significantly improved in terms of our engagement. We have seen improvement in our paid-to-paid conversions as well.

Majority of this growth is coming from organic, but there is a small contribution because of Saarthi acquisition as well. Overall quarter four performance has been very strong, and that is the indicator of a good strong year ahead for a company because the nature of the business is as such that first three to four months becomes very important for us.

And the growth is coming from the higher enrolment, higher ARPU. If you see our ARPU is also improved by 12%, which is better than the entire year. So, these are some major growth levers for quarter four, but the biggest driver is the new year enrolments and the strong year ahead is what we are anticipating.

And lot of new initiatives that we took have been in their second or third year, like 12th after 12th course for UPSC has picked up very well in UPSC. State boards have picked up phenomenal this year. Pre-foundation has picked up very well. Curious Junior, the high ARPU course for grade third to ninth, that has picked up very well. And of course, as Prateek mentioned, a contribution from Saarthi as well. But the Saarthi contribution is very small in the overall scheme of things. So majority is organic growth only.

**Garima Mishra:** Understood, very clear. Can you also talk about the relative margin profiles of the online and offline businesses? Offline is clearly the lesser mature business of the two, so if not specific numbers, but what trends of center utilization and center-level profitability did you witness, let's say, in the last six months? And how many of your Vidyapeeth centers were profitable in, let's say, the fourth quarter?

**Management:** Yes, so I will start and then Amit will top up on this question. So, if you see blended level, the entire offline did minus 19% in FY25, which we have improved by 9% and this year our offline business did minus little less than minus 10%. So overall 9% improvement in net offline, which 70% of the business comes from Vidyapeeth as a business.

Almost our early Vidyapeeth centers which we have started have shown profitability. And out of 72 centers, out of 116 Vidyapeeth centers, which is 60% of our Vidyapeeth centers are now profitable. And the centers which we have started in FY25 and FY26 will show profitability. So what we are guiding that net offline will become nearly profitable in FY27 is and the early traction shows that we are going in that direction. Amit, you want to add anything here?

**Management:** No, that's good. So, I think our early cohorts, Garima, just on the specific question of how VP is operating right now. So, centers that were open in FY22, '23, '24, all of them are EBITDA

positive. Some of the change in our strategy to go into micro-centers over the last 18 to 24 months, that is the biggest call that we took in terms of going closer to students and actually opening in geographies.

So, they are all of them are actually now starting to operate the way that the cohort mix should be operating right now. The same in terms of some of our other new offline centers that we have opened up, still 12 months old. So, I think the journey for them to get to a maturity stage that we are seeing in VP will start coming in over the next 12 to 24 months.

**Garima Mishra:** Thank you. Noted, Amit. And yes, just on that, you know, a follow-up from me. Medium term for the offline business, what is the kind of profitability or margin profile that you envisage?

**Management:** So, 13% to 15%, Garima, is what our the current business model we have factored in. And that is the trend which we are seeing in couple of our older centers, the average trend. Some of the centers have higher profitability on upwards of 20% as well, but blended is 13% to 15% is at a steady state margin is what we are aiming for.

**Garima Mishra:** Got it. Thank you so much.

**Moderator:** Thank you. Your next question comes from the line of Swapnil from JM Financial. Please go ahead.

**Swapnil:** Hi, thanks for the opportunity. My first question is more of a clarification to the previous question that was asked. Like when you say offline will become profitable next year in FY27, do you mean full-year profitability or do you mean on an exit basis or quarter or two?

**Management:** So, we are guiding on a full-year profitability. So, we have already demonstrated 9% improvement from minus 19% to minus 10%, and now we are targeting that at group level net offline will become profitable next year.

**Swapnil:** Got it. And the second question is with respect to the announcement that you made of a INR120 crores investment in a NBFC, a wholly owned company. So, can you explain the nature of loans that you intend to give through that company and who are these loans targeted towards?

**Management:** So, this is a FinZ initiative which we started two years before with the external partnership of a sustaining NBFC partnership. And we did around nearly INR200 crores of loan disbursements with the less than 1% NPA overall. And these are short-duration educational loans for 70% primarily for PW students and 30% for outside PW students.

So after successfully running these operations with external partner, we took this call to form a NBFC inside and infuse a primary capital and infuse a equity capital of INR120 crores. Essentially, this is to bring more access and more inclusion because we teach the below middle class, the below poverty line students, and for their inclusion we have to empower them with educational financing.

So, these are small duration less than one-year loans, 99%, and we will not be deploying very meaningful capital in this, and this is to support our existing students. And we have already demonstrated less than 1% NPA in past two years.

**Swapnil:** So, these loans will be on your balance sheet, right? Just to get that correct.

**Management:** Yes, so we got NBFC license from RBI and yes, we will be giving loans through that NBFC only.

**Swapnil:** Got it. And can you just elaborate on the K-12 schooling strategy that you talked about, like you will be going 100% asset-light? What do you exactly mean by that? Do you mean that the I think INR400 crores allocation that we had done earlier, you may not be deploying that amount, the remaining amount which was I think INR300 crores?

**Management:** Yes, so we took this strategic call to deploy no further capital and to go 100% asset-light. When I say asset-light, so this is a four-fold strategy. One is we are doing school integration partnerships. We have seen three times growth in terms of our revenues from school integration partnerships where we are sending our faculties to existing schools to have test prep preparation.

That is shaping up quite well. The another the online strategy to grow K-12 business is by launching state boards, again a 9x revenue jump from FY25 to '26 in our state boards. And this year also we have seen a very strong enrolment and it's a mega market. Fourth is to go heavy on Curious Junior. Curious Junior is again small cohort K-8 platform which is a two-way communication platform for the kids, again 4x jump in terms of revenue from FY25 to '26. And we will continue to go asset-light in terms of overall K-12 strategy and no capital allocation there for M&As.

**Swapnil:** Okay. Will there be capex?

**Management:** No, so this is all the strategies I told is online, so there's no capex. School integrated program is there is a running school already in the city by someone, and our teachers will just go and teach in that school and we'll get a part of revenue for that. So, no capex involved. And all the other things that Prateek mentioned, state board, that is online course, affordable online course. Curious Junior is premium online course. And foundation that we run is online. And board and CUET is all online. So, this is all online where couple of teachers teach thousands of students.

**Swapnil:** Understood. And just the last one on your seasonality part. So 4Q we saw dip on a Q-on-Q basis on the pre-Ind AS EBITDA. How does it work out for 1Q? I mean, will there be a further dip?

**Management:** So, the 4Q, it was not a dip. What Amit has mentioned is from minus INR139 crores we did positive plus INR9 crores. So, it's not a dip in EBITDA.

**Swapnil:** I'm looking on a Q-on-Q basis. I mean, I'm looking so I understand...

**Management:** Quarter-on-quarter only I'm telling you.

**Management:** No, from Q3 to Q4 obviously, you know, our if you look at our question four as part of the shareholders' letter, we've clearly articulated how the seasonality of our business operates. So

Q2 and Q3 are typically our strongest quarters in terms of revenue recognition as we run most of the batches both in terms of our online and offline courses at that point of time. Q4 is always a strong quarter in terms of collections as we get into the enrolment season both in terms of Vidyapeeth and Vishwas Diwas for online.

What we also this year what we're doing is since first year we're doing quarterly reporting, there has been significant improvement in terms of efficiency and discipline on a quarter-to-quarter basis on some of the cost points, especially around marketing and other direct costs that we've been able to bring in. And that is the reason, you know, what Prateek mentioned is at least Q4 to Q4 we've seen significant swing, but Q3 to Q4 is pretty much part of the normal cycle that you will see in an education company.

**Management:** And it's not fair to compare our Q3 to our Q4. The right way to look at the business is the Q4 to last year Q4 because business is cyclic in nature and revenue gets accrued over the period of time. So one quarter comparison to other quarter comparison will not derive anything.

**Swapnil:** No, very well understood that part. I'm just looking, actually the question was from the point of view that we have seen around INR150 crores of delta in our EBITDA on a Y-o-Y basis, let's put it that way. Should we build in a similar kind of number for 1Q FY27 as well or like it could be slightly lower than that? I mean, that.

**Management:** So see, as we said that Vishwas Diwas enrolments are upwards of 20% and total revenue is upwards of 36%. And I can guide you for an annual basis, there will be upwards of 100% improvement in terms of EBITDA what we have demonstrated in FY26. But it is not advisable to stretch that column for the entire four year because this will not make the right model actually.

**Swapnil:** Understood. No, thanks very much for that opportunity and all the best.

**Moderator:** Thank you. Your next question comes from Manish Adukia with Goldman Sachs. Please go ahead.

**Manish Adukia:** Hi, thank you, good evening and thanks for taking my questions. A few questions, most of them are follow-ons to the earlier question of Swapnil and Garima. First one is just on the margin bit. You called out 19% margin in FY25 going to minus 10% in FY26 on offline, and plans for break-even this year with mid-teens over a period of time.

Just want to understand drivers of this margin improvement apart from your centre utilization improving as those cohorts mature. In your guidance of 13% to 15% margin, is there any pricing element built in as well? And if you can just break out how much of margin improvement from here to, let's say, 15% is pricing increase of courses versus just improvement in store utilization? That will be my first question. Thank you.

**Management:** So for offline profitability improvement, we have detailed question which is question number five in our shareholders' letter. And the driver of the margin improvement comes from a student-teacher ratio which we are constantly improving. And currently we are at 80s of a student-teacher ratio in our overall offline scenario.

Second is coming through the seat utilization. And with the more and more seat utilization, currently we are at seat utilization as a metric at 2 at a company level, like total number of students divided by total number of seats, which is going to improve by 2.23, in upcoming years. And the average faculty cost is also coming down by introducing more of more FTB, which is a fresher faculties in the cohort. And the ARPU improvement is consistently happening. So all these four parameters put together, and we have detailed answer in our shareholder letter that we have demonstrated in the past and that is going to be the trajectory in the future as well.

**Manish Adukia:** Very clear. And thank you. And then on that ARPU point, when I look at, let's say, your shareholder letter, it talks about ARPU improvement from, you know, better course mix and longer duration programs, etcetera. So if I get that right, there is no pricing increase on a like-for-like course that you are building in your assumptions. It's just mix improvement in ARPU rather than actual price increase in the course. Is that assumption correct?

**Management:** No, so see, if I dissect the business, Vidyapeeth business which is 70% of my offline business, like-to-like ARPU is getting improved year-on-year. And the improvement is anywhere between 6% to 9% on an average level. But overall ARPU you might you would see slightly decreasing trend because of the mix is getting changed and there are lot of short-term courses which we have introduced. But if you see our offline trajectory, the enrolments are up by 42% and the revenues is up by 32%. So we are confident to have similar growth trajectories in future.

**Manish Adukia:** Got it, clear. Second question, again a follow-up to earlier question from Swapnil on the K-12 asset-light. And thank you for calling out all of those different dimensions of your K-12 business. But just to confirm, there are no plans to run schools. So in the asset-light model, you called out things like Curious Jr, boards, foundation, etcetera, but there are no plans to run schools at PW. Is that correct understanding?

**Management:** So we are already running schools and we have disclosed that in the past as well and in our DRHP as well. But the approach towards that problem is have taken completely asset-light mode. So we will have couple of brownfield tie-ups where existing schools, sick schools, we will take over management control. But since that number will be will be in single digit, the overall revenue contribution from school is less than 1%, so it's not fair to spend time on this question again and again.

**Manish Adukia:** Got it, very clear. And in that case, just to follow on what you had said in the previous earnings call where I think I recall that you mentioned over a period of time that segment could end up becoming bigger than your test prep. That does not hold true anymore?

**Alakh Pandey:** So right now we saw good growth in online, and I think tier-3 and villages are still waiting for us. So the complete company focus is right now on online only. And we hope and we know that there are segments in Rajasthan where online school has been legal.

So we are waiting for these kinds of things to happen where the things turn online. So we are focusing more on State Boards, Curious Jr, boards, CUET. In terms of school, SIP is a program through which we can reach out to school. And of course, as Prateek told, that there are single-

digit number of schools that we are running. So this is very, very small and we are doing management over there. There is no capex. Yes.

**Manish Adukia:** Very clear. Just last question from me on the NBFC. So you mentioned 70% of the students are PW students and 30% are non-PW students. Just want to again understand a bit better as to what is, like, PW's right to win in the non-PW students in terms of giving them loans and what drives that, maybe if you can explain that maybe?

**Management:** Yes, sure. So just to explain you, the number of students which we have served through NBFC is just 80,000 students, which is again less than 2% of the total paid students which we teach at PW. So there is no significant, significant contribution in terms of revenue through loans. And the 70% of the students are PW students and we have their complete academic track record. And what we are trying to build trying to build is AI-powered ML algorithm which will underwrite students on their academic performances.

That is the vision because we have the maximum academic data and academic profile of the student. At the same time, the 30% of the students, the same model, the same academic ability underwriting model is we are trying we are testing, and we have demonstrated less than 1% of NPA. We are going very slow and very meaningful in this direction, and this is more for enabling students. Alakh wanted to add something here.

**Alakh Pandey:** Yes, there is no meaningful capital allocation over this also.

**Manish Adukia:** Thank you so much. Thanks for answering my questions. All the best.

**Moderator:** Thank you. Your next question comes from the line of Karma Kapoor with Ritz Capital . Please go ahead.

**Karma Kapoor:** Hi team, good evening. Thank you for taking my question. So these are more AI-centric. I think in the start of the call, Amit sir had mentioned that PW is an AI-first company. Given that we're seeing most companies making that claim these days, so was this like a generic statement in terms of PW employees using AI, or does PW have specific AI products that are for the students?

**Management:** Yes, thank you for asking this question. See, all the repeat task, especially in education, the AI can do a lot of value creation, and the repeat task, AI can AI can perform much better. So, what we have the unfair advantage in this AI era is, we have 3.5 million students coming on the application on a daily basis, and spending almost two hours on application with us and generating billions of data points.

See, if you have to understand this in the AI race, we have the unfair advantage of this billions of data points with us. And this data we are using internally to develop the small language model. Effectively, if any AI tutor has to be built for Indian student, it has to be very affordable.

The current frontier labs, the token cost is very high, and it cannot be built for Indian students, because what we teach at PW, the average ARPU of our online course is less than INR4,000, that comes down to a INR10 per day cost of tutoring. And we deliver almost four hours of live lecture. So, if we -- and so that is the approach we have taken is to invest more and more in small

language model to make AI more cost-effective for our students. And that is why we could be able to achieve personalization in our mega batches at a fraction of cost.

At the same time, we have been continuously empowering our online batch with AI-powered solution. More than 100 million questions are been solved, 100 million academic questions are been solved by AI Guru with very high accuracy. More than 2 million answer sheets, the students' answer sheets, the subjective answer sheets have been evaluated by our AI Grader with very high accuracy. And similarly, the AskAI is another feature which is a AI voice bot which solves students' doubt.

But now with the small language model Aryabhata, we will be launching our AI Tutor, and this will be a world-class transformative tutor. This will act as a true companion for the kids, and it will remember all of your past mistakes. For example, six months before you have done any question wrong in any of any of the chapter

It will have that memory, and it will, not only increase the solving power of the student, but it will act as a true companion for the kids. So, we are very committed to produce AI-led revenues this year, and this is the focus of our tech team at this point of time.

**Karma Kapoor:** Okay. So, I think follow-up on that, given like we've heard about you working in terms of AI, but do you think India is behind in AI implementation when it comes to education compared to third-world countries?

**Management:** See, India, see, the problem India presents is very different. Still 95% of the test takers doesn't take any formal preparation. So, I think, in terms of application layer, I consider PW as a world-class AI team and the company, and we could be able to demonstrate that with our AskAI, AI Guru, AI books, AI Grader at a scale. And with our Socratic AI Tutor and revenue generation through AI.

We will continue to have a strong position. Couple of companies globally, which I benchmark in education is not US companies, these are some of the Chinese companies have done fairly good amount of work. But with the PW's AI stack, I don't think that we are we are anywhere lesser than global education player.

**Karma Kapoor:** All right. Thank you for taking my question. I think I've gotten all I want. Thank you, team. All the best.

**Moderator:** Thank you. Your next question comes from the line of Ankita from Amaya Capital. Please go ahead.

**Ankita:** Hi, hi everyone. So, have you taken any price hikes this year? What is the reason from a long-term outlook for the same, and is it both for offline and online?

**Management:** See, the strategy remains the same for our online. The base batch prices are nearly same, because we stand for the access, we stand for the inclusion for the education. But at the same time, Infinity, Infinity Pro, Curious Junior, Power Batch, all these premium strategies have been worked out very well for us.

This year we have seen higher attachment rate for Infinity and Infinity Pro, which is a product-led pure profit growth. So overall improvement in ACPU is more than 11%, and the majority of this contribution is coming from Infinity, Infinity Pro, Curious Junior, and Power Batch. So that strategy is playing out quite well. Still a lot of students opt for a base batch because they cannot afford premium batches, but overall improvement in ARPU is 12%, and the similar strategy is for Vidhyapeeth as well.

**Ankita:** Okay, okay. Thank you.

**Moderator:** Thank you. Your next question comes from the line of Prateek Maheshwari with HSBC Securities. Please go ahead.

**Prateek Maheshwari:** Hi, thank you for the opportunity. I was looking at question four from DRHP where you guys have detailed Vishwas Diwas performance year-on-year. Still wanted to request if you could double-click on, how should we understand the signals out of it, right? So overall if it has grown 36%, right, like what should our takeaway be for FY27 or beyond for from this metric?

**Alakh Pandey:** So, we will grow revenue at a more than 30% rate for FY27, and upwards of 100% would be our EBITDA improvement is what we are guiding to the market at this point of time.

**Management:** Just one thing, Prateek, offline we believe online will obviously grow faster, that is where all, you know, investments and energy of the company is growing like Alakh also mentioned. I think it still be closer offline will also come strong, probably a couple of percentage lower, but we still believe at a full-year number 30% year-over-year growth is what we are still projecting.

In terms of Vishwas Diwas numbers that we have reported, I think one of the reasons for that is largely, those are early signals that help us start our planning sessions in terms of how we start building batches. So, year-over-year basis that gives us significant confidence as we continue to start getting into the academic session, when our batches start operating which translate into accrued revenues over the Q2 and Q3.

**Prateek Maheshwari:** Right. Also, on one of the previous questions, you all mentioned about the seat utilization. So, the seat utilization that I heard was about two times, right? So, like just wanted to understand where this could get because there's also interplay of other than JEE and NEET categories, right? So just wanted to understand depending on your center growth and the new category growth, what should we kind of think of as a steady state for the seat utilization?

**Management:** See, 2.25 is the number what steady state number is we have taken in our model. And since our center runs in two shifts, some centers runs in three shifts, some centers have a three days program, some centers have a weekend program.

So currently we are guiding only for 2.25 as a steady state number, but this may improve with time.

**Management:** And this is for our VP cohort only. So, I think that is how you should probably look at it in terms of our Vidhyapeeth cohort is what we are looking at from a seat utilization perspective.

- Prateek Maheshwari:** Okay. And is it correct the VP cohort would largely be JEE and NEET and not other?
- Management:** Yes, JEE and NEET. 70% of our offline business is JEE and NEET grades.
- Prateek Maheshwari:** Okay, okay. And lastly, just if we do breakup on online margin. So online margins should be somewhere around 26%, 27% right, if the offline margins are around -10%, right? So I would concur that probably your JEE and NEET category which are which are gradually becoming lower than 30.0% right, would be highest margin category, right, while your state and foundation categories are kind of scaling really fast. So just wanted to understand when we see foundation state category improving, are they improving a lot more in terms of margin expansion as well?
- Management:** Yes, both top line and bottom line are improving because see online essentially is a very profitable model. It gets for first few months of operation it starts generating cash. And at a gross level, you are thinking in the right direction.
- Prateek Maheshwari:** And so, should we from here on should we see a strong expansion on online margins as well because probably as?
- Management:** Yes. The new categories will scale more, have more number of students, and the cost will remain almost same. So definitely. Because every additional student in our online batches is not top line, it's bottom line.
- Prateek Maheshwari:** Okay. Thank you. Those were my questions.
- Moderator:** Thank you. Your next question comes from the line of Dhwanit Shah with PL Capital. Please go ahead.
- Dhwanit Shah:** Yes, hi. Thanks, thank you for the opportunity and congrats on good set of numbers. So just a couple of bookkeeping questions from my side. What would be the number of student dropouts during the year, and can you also quantify the refunds given to these student dropouts? Yes, that would be my first question.?
- Management:** So, the refunds and the dropouts at a blended level is less than 2% overall for the group. And that is completely in control, in line with our projections. And yes, and overall, it is it is going in line with over with our projections. And we are very generous when it is 2%, so we are very brand sensitive.
- Dhwanit Shah:** All right, all right, sir. And sir, another question would be that as compared to the earlier participant, the 36% growth, can you quantify that number? What number would be the Vishwas Diwas sales witnessed a 36% growth? Can you quantify the number?
- Management:** That 36.0%, I'll just say INR200 crores worth of sales in just one month, sorry, worth of collections through Vishwas Diwas in just one month, which is three weeks actually. So INR200 crores of the collection. It's a sales event that we do, it's big.
- Dhwanit Shah:** Okay. Great, sir.

**Moderator:** Ladies and gentlemen, we will take this as our last question for today. I now hand the conference over to the management for closing comments.

**Management:** Yes. So, as we mentioned in our shareholders' letter also, and the initial trends of this year looks very strong, very promising. Couple of things I wanted to highlight which we haven't covered in shareholders' letter. This year NEET examination got cancelled because of paper leak.

So, and this have happened in FY24 as well, which has nothing to do with our business. It's just a cyclic shift of student enrolments from one to another. But this comes with the one of the biggest opportunity for us is that NEET from FY27 onwards will become online.

So that will so that may drive this category on a upwards enrolments in our online batches as well as we are planning to launch a dedicated test series product not just for NEET but for all exam categories, but of course there will be great affinity in the NEET market and it's our biggest market. And as well as whether in terms of the global macros, it is counter-intuitive to our business because education is a non-discretionary spend of any household.

**Management:** And people may not spend on grocery, but they stress themselves. It's sad, but incidents like this actually make students shift more towards online. So that same thing happened in COVID and so that's the nature we operate.

And on an ending note, I would like to say that me, Prateek, the CFO Amit sir, and the whole company is running for online and we are damn focused for online and we see great opportunity in online. We step into state board and that is scaled like 10x this year in terms of revenue, in terms of enrolment it scaled 10 years this year, 10 times this year. And same thing is happening with board, CUET, foundation.

So, the company focus remains largely on online. And talking about the offline expansion, so we will be closing the list for offline expansion once we end up the enrolment for this year and then we will take a balanced approach about it.

**Management:** And in terms of our Southern India expansion, this is going in a very right direction. We got some very good success in Telugu market, Andhra and Telangana. As well as we are in talks with a Southern market asset to expand further in deeper in South market. As well as there are couple of talks to have partnership with online-first players which allows us to have a partnership which we did like Sarrthi.

So, continue to remain focused and keeping learners at the center of our all our discussion. We are keep on investing heavily on AI and we will produce the world's first Socratic AI Tutor which will create a large impact. And if I have to touch upon quickly, the course completion rates of AI Tutor is very high in terms of any of the categories we have seen because it is truly acting as a companion.

And when we talk to the young learners, Gen Alphas, they are more comfortable to asking a doubt to a AI than a human being because AI don't judge them. And they can repetitively ask again and again a silly doubt also, and a machine will not get tired, not get emotional, not get angry at a student. So, this is a great affinity which is coming from the student side.

And we are blessed that the first digital purchase of any kind of online course in India is happening with us. So, we have opportunity to become a lifelong learning partner with these kids. And the AI will have all kind of personalization context right from beginning of the grade sixth, grade ninth, and it will be hyper-personalized to the needs of the students.

We have been continuously tirelessly working on it. And this year and we will become the first company in India which will have a AI-led revenue, first consumer internet company which is not just using AI for operational efficiency or increase in terms of conversion, but we will have a AI-led revenue stream.

We have talked about couple of new initiatives also at a question number eight in our in our shareholders' letter. One of the achievement is we have launched Earners category which is a small ticket size skilling courses and have done more than a million dollars in just one month of...

**Management:**

Yes, 1 lakh students enrolled, so this is like affordable online skills and these courses are like AI-enabled video editing, AI-enabled graphic designing, and AI core skills. So, we see good traction there and we see like infinite TAM over there. So, we will be going in that. And that is again one thing is online. So that's the core message. The company is moving towards online, affordability, which was the initial mission.

I thank you all of you for coming to this call and big thanks to all of you for supporting in this mission of supporting offline affordable education throughout Bharat and lifting up these kids. Thank you so much all the investors. Thank you so much all the bankers and everyone. Thank you. We are planning a investor day also in upcoming months. Would like to see a participation there. Thank you so much.

**Moderator:**

Thank you. On behalf of Physicswallah, that concludes this conference. Thank you, everyone, for joining us and you may now disconnect your lines.