PHYSICSWALLAH LIMITED

Date: November 09, 2026

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

Symbol: PWL

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

Scrip Code: 544609

Sub: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") - Transcript of Earnings Conference Call

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI Listing Regulations, please find enclosed the transcript of the Earnings Conference Call held on November 04, 2026, Wednesday, at 06:00 P.M. (IST), on the performance of Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended September 30, 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 Rajendra Jain
Digitally signed by Ajinkya Rajendra Jain
Date: 2026.11.09 12:35:19 +05'30'

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

“Physicswallah Limited

Q2 FY2027 Earnings Conference Call”

November 04, 2026

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

Moderator: Good evening, everyone, and thank you for joining Physics Wallah's Q2 FY2027 Earnings Conference Call. We hope you've 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. Prateek 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 like to hand over the call to Mr. Alakh Pandey.

Alakh Pandey: Hello, everyone. Good evening. Namaskar. Happy Diwali to everyone in advance. This quarter has been amazing for PW. This was a very strong quarter for us. The Q2 revenue is INR1,242 crores, which is up by 18% year-on-year. The Pre-Ind AS EBITDA is INR233 crores, which is up by 45% at an 18.8% margin.

PAT is positive. It is INR142 crores, doubled year-on-year. Talking about H1, H1 swung to a INR55 crores profit from a INR57 crores loss on a 21% revenue growth. Talking about online, the Q2 revenue is INR694 crores, up 26.4%. Pre-Ind AS EBITDA is INR239 crores, up by 47.2% at a 34.4% margin.

What were the drivers for this growth. Q2 unique enrollments are up by 12.9% to 1.5 million and 3.44 million unique transacting users or students, up from 3.22 million. ACPU on unique enrollments up 9.2% to INR4,280 Infinity Pro collections up by 32%, with their share of collections rising to 35% from 31%.

Infinity Pro collections quadrupled in Q2. Skills enrollment up 10.3x to 1.69 lakh. CA enrollments up by 19%. NEET PG enrollments at 9,500, up by 35%. There is one miss, that is the government exams enrollment, down by 24% because of the vacancies and the forms not coming out.

NEET demand that was delayed in Q1, result came out on 16 July, a month late, showed up in Q2. So, in Q2, we saw NEET demand. Online NEET collections up by 27% and enrollment up over 30%. The gap has not fully closed. Full cycle online NEET collections are still 7% below last year, with enrollments 13% lower.

Offline NEET enrollments for the academic year are 8% lower, and we expect this gap to be reflected in full year NEET numbers. We are launching aggressive crash courses, so we have preponed the crash courses this year. So, in Q3 and Q4, we'll be launching crash courses, mega crash courses for NEET, both in online and as well as in offline, and we hope to cover some of this delta.

At the company level, we expect to partly cover this gap through K12 categories, new categories such as Earners, and of course, the NEET crash course that I have told you. We expect NEET

demand to recover over the medium to long term, supported by the anticipated transition to a computer-based examination format in FY 2028 and the structural expansion of India's medical education system.

The base is broadening. Categories beyond JEE NEET contributed 73.8% of H1 enrollments, up from 64.8%. Boards and CUET enrollments up 130%. Foundation enrollments up 15% and collections up 40%. Vernacular enrollments up 77% to 1.2 lakh across 10 languages. Higher value categories such as civil services, GATE, and MBA also recorded strong ACPU growth.

South India is our next leg of growth. I have been visiting South India frequently. Five states, 15 million students, and an online-first playbook. Approximately 10% of the revenue, actually 9% of H1 revenue is coming from South. Next, Prateek.

Prateek Boob: Good evening, team. Prateek this side. Quick catch-up on funnel that we have 106 million cumulative app downloads and 4.1 million daily active users, with the engagement of 98 minutes. Offline, a calibrated scale-up, and now we are at 370 centers with the highest ever admission, 4.13 lakh enrollments in H1, delivered 66% of the H1 offline revenue comes from our Vidyapeeth.

We are on track to deliver the overall revenue and the EBITDA growth numbers which we have stated earlier. AI across PW, we have amazing success, specifically this quarter. A big breakthrough in AI is all of our important live batches will be available in 12 different Indic languages as we plan the next academic year batches.

You can imagine this as the same set of teachers, which are the star teachers in respective exam categories. The students of all Indic languages will be getting benefited with this live AI translation of our batches. This we have already demonstrated, and this is helping us in terms of creating South India distribution as well.

Another big achievement which we could able to demonstrate in this quarter is our Socratic AI tutor launch. The product is live at tuto.pw.live. We have completed more than 5,000 hours of learning in this product, and this will be launched at Vishwas at a larger scale.

Another big milestone in the company's journey is we got PW Digital University Incorporated, and it is India's first greenfield digital university, which will solve for our forward integration. As we are the largest player of high school examination in the country, this will be the natural forward integration for a lot of our kids. This is a quick headline update.

A small update around FinZ that the INR96 crores of outstanding loan book is sold to Auxilo Finserve. The PW translation away from the direct lending, credit risk, and the lending capital requirement move to lending partners, while students continue to access the financing through third-party lenders. These are some major updates from my side.

Now handing over to Amit for detailed financial walkthrough.

Amit Sachdeva: Thank you, Prateek sir. Good evening, everyone. Thank you all for joining our Second Quarter Earning Call for Physics Wallah. Firstly, wishing all of you and your loved ones a very happy Diwali in advance. We also had a great quarter as a precursor to the Diwali celebrations.

Like always, I will cover revenue and profitability. Alakh sir did talk about some of those metrics, our segments performance, current treasury, and key updates on our capital allocation strategy. We can then open the floor for questions. All numbers are consolidated and in INR crores. Also, when I say EBITDA, I mean Pre-Ind AS EBITDA, which is after lease payments and excludes other income.

A quick snapshot of our quarterly results. Revenue for first half consolidated closed at INR2,293 crores, up 21% from last year. This was a combination of increase in enrollments and our ARPU improvement initiatives that we run throughout the year. Our online business grew 29% year-over-year, with revenue closing at INR1,242 crores, and offline growing at 12% year-over-year to close at INR1,031 crores.

Our core business is stronger than ever. Our first half core online business grew at 34%, and overall business growth at 28%. We saw significant growth across all our newer and emerging categories. K-12 continues to grow for us. Collection growth pegged at almost 49%.

Our PW Skills and Earners program grew 10 times as compared to last year. Our finance category that covers courses like CA, CS, ACCA, CFA, and other similar categories grew close to 30%, making us now one of the leaders in professional finance courses across India. Revenue from operations in Q2 was INR1,242 crores, up 18% year-over-year from INR1,051 crores last year, which is 18% sequentially, both from Q1 and Q2 of last year.

One key point I would like to highlight that this is the highest quarterly revenue we have ever reported in the history of Physics Wallah. Online contributed INR694 crores, up 26%, like I said. Offline, INR541 crores, up 9%, and others at INR8 crores. Revenue for consolidated, which I talked about earlier, continues to grow strong, setting the entire core for our full-year growth.

In terms of EBITDA, our EBITDA was again highest ever in the quarter at INR233 crores in Q2, pretty much in line with the highest revenue quarter that I just talked about. This is up 45% from INR161 crores from Q2 of last year, translating into 18.8% margin against 15.3% that we did in the same year, an expansion of 350 basis points.

Sequentially, this is a swing from a loss of INR43 crores in Q1, which also reflects the seasonality of our collections and the delay in our NEET collections. For H1, Pre-Ind AS EBITDA was INR190 crores, 2.6 times last year's INR72 crores, with the margin of 450 basis points to 8.3% as we continue to see leverage across most cost line items.

Our profit before tax for the current quarter was INR209 crores against INR99 crores for last year, same quarter, an improvement of 743 basis points. We also turned around a PAT of INR142 crores for the quarter against INR70 crores for last year. Overall, at H1 level, we are INR55 crores of PAT against INR59 crores of PAT loss last year, like Alakh sir mentioned about it.

As committed at the start of the year, we are holding ourselves accountable to closing the year at PAT positive for the full year, for the remaining H1 and H2 put together. Some color on the key cost levers. Like mentioned earlier, we came strong in our pre-EBITDA for Q2, closing at 18.8%.

Our employee costs without ESOP costs were lower by 2.3% as compared to last year quarter, and at H1 level, lower by 2.4%. As we continue to operate at similar ESOP costs as compared to last year, with increasing revenues, we also saw leverage coming at almost 1% for both quarter and first half on our ESOP cost.

We continue to see managed reduction in our distribution and marketing costs. Our marketing spends for first half were INR216 crores against INR202 crores, an improvement of 1.2% year-over-year as a percentage of revenue. We will continue to see leverage on this as we improve ROCE and build efficiencies in our newer categories and initiatives.

We are continuing to invest in AI spends as we continue to build our AI tutor and other innovations within our batch. Our overall tech spends for H1 were INR104 crores as compared to INR70 crores last year, an increase of 1% as compared to the first half of last year as a percentage of revenues.

AI now writes 90% of our code, with significant improvement in velocity and timelines. Moving on to the treasury. As of September 30 this year, our treasury is INR5,268 crores, including IPO proceeds of INR1,800 crores. We talked about our strategy on allocating multiple times in the past, but here are a few updates in terms of what we are doing with that.

Like Prateek mentioned, we sold our FinZ book in the first week of October and added approx INR96 crores to our treasury. We also acquired 11% in Sarrthi IAS, translating to INR71 crores, with that transaction getting consummated in this quarter. With this acquisition, we are now the largest educator in civil services exam in India, both in terms of enrollments as well as collections.

We believe we will continue to take a very balanced expansion in terms of our offline, with focus there on the Vidyapeeth business turning EBITDA positive this year. We now have -- from an overall use of proceeds, we now have INR1,800 crores of IPO proceeds that we will utilize over the next 2 years.

We've talked about multiple times in the past in terms of our M&A strategy. We now have a very robust pipeline of education companies that fit into our M&A strategy of online and AI first. That has always been the color of companies that we have been looking at. Subject to SEBI disclosure norms, we are now in active discussions with quite a few of them and progressing well in terms of conversations with them.

Depending on board approvals, we are confident of closing a few of them in this quarter. We will also be allocating capital to our south expansion and AI tutor, our personalized AI tutor, though these will not be substantial given that we have created a solid playbook of creating YT funnel and launching categories around it.

A few other updates around the ones that some of them have already been talked about. FinZ update, for the sake of just repeating myself, we had mentioned in the Q1 earnings call that we will discontinue our book lending as part of the same. FinZ Finance, PW's wholly owned NBFC subsidiary, signed a deed of assignment on October 3 with Auxilo Finserve Private Limited, an RBI-registered education-focused NBFC, under which FinZ sold its entire loan book for a consolidated consideration of INR96 crores.

This is part of PW's decision to stay focused on its core edtech business. Going forward, student lending will be offered through regulated third-party NBFCs. FinZ Finance will continue as an RBI-registered NBFC until the closure process, which is subject to RBI approval. NEET impact, I would draw your attention to question two of the shareholder letter.

We continue to track our NEET performance and recovery for this year. While timing of NEET had an impact across our entire business, especially the offline business, and both core and non-subsidiaries included, our core business has been able to offset some of that slow recovery through other exam categories. Xylem did see an impact on that business given their dependence on NEET.

Digital University, again, like Prateek sir mentioned, we had talked about this briefly in our Q1 quarterly earnings call. We now have the officially -- PWDU has now been officially notified in the Punjab Government Gazette with effect from October 29. We believe this will set the foundation for quality online and distance learning with PW that can now offer undergrad, postgrad, and professional level exams through online delivery, digital assessments, virtual labs, and other tech-enabled tools.

We'll share more details in the next 3 months to 6 months in terms of the business plan for our PW Digital University. Our focus remains on effective capital allocation, with PWDU being capital asset light and digital delivery. Before I hand it back to moderator, subject to regulatory disclosures, we are also planning our first Investor Day on November 18 in Bombay -- in Mumbai, commemorating our first 1 year of stock exchange listing.

We look forward to welcome you all to be part of this important event for us as we showcase our online and offline capabilities, PW AI Tuto, our personalized AI tutor, and other key initiatives. Moderator?

Moderator: Thank you very much. We will now begin with the question-and-answer session. Your first question comes from the line of Gaurav Malhotra with Axis Capital. Please go ahead.

Gaurav Malhotra: Yeah. Hi. Thanks for the opportunity. I had a few questions. You have mentioned about the fact that NEET has improved, but maybe you will not be able to recoup it completely this year. In that context, I just wanted to get a sense on how do we think about the online growth? So till 1H, online growth has been pretty strong, but we see that the collection growth has been around 17% for 1H.

So for your stated guidance of say roughly around 30% for the full year, how much this collection growth will have to increase? If you can also give us some sense on what are the

pockets where you see that these collections will come so that it can flow into the revenue in the second half? That is my first question.

Prateek Boob: Hi, Gaurav. Prateek this side. So in terms of NEET impact, as compared to Q1 to Q2, there is a significant improvement in terms of collection and enrollment, which we have demonstrated. But this year specifically, when the exam cycle is delayed by a month, some growth we are expecting in Q3 numbers also, and the collection will flow over in Q3 numbers as well.

As Alakh told that in terms of strategic initiatives, this year we are introducing the full-length crash courses, and we have launched this in couple of other exam categories also, and we got good success. So that will be a strategic lever to compensate on the delta on NEET side. But we are not very sure that NEET specific category, how much delta will be covered, but we are quite confident on annual guidance, which we have given.

Couple of other initiatives, for example, short-term skilling courses, Earners have done quite well for us, and we will double down our efforts, and that is completely 100% online program. PW Talk, PW Books, and Pi, all of them put together will be another positive 3 million to 4 million support in the overall top line. So, in terms of collection, you will see collection numbers coming in next quarter as well.

While the overall businesses, I would like to highlight, there are a couple of exam categories have done outstanding for us. For example, CA's exam category, CLAT's exam category. So, the newer exam categories have done quite well for us, so that we could able to compensate it. This we have covered in our investor letter as the question number 5, that couple of our outstanding exam categories, which is compensating for the delta of the NEET.

Amit Sachdeva : Gaurav, our online business, just to add to what Prateek mentioned, is already growing at 29% for the first half. If I just look at the core business, online is actually growing at 34%. I think whatever, in spite of the calling out the NEET recovery slower than what we had projected, we are strongly believing that our online business will continue to grow.

In terms of the NEET, we also need to appreciate that NEET has a offline component attached to it, and that pace of recovery when I talked earlier is probably because of the dependence in Xylem, which is 80% NEET, is taking time because they do not have any other categories to recover. That is what we are trying to do now in terms of a strategy being put around the Xylem growth strategy in terms of how do we work out with the dependence on NEET going down in that entity. Hope that answers your question.

Gaurav Malhotra: Yeah. Thanks for this. On offline, you did call out Xylem, and you also mentioned that you are going a little bit slow otherwise itself. So that obviously we can see in the enrolments. Just in terms of the ARPU, the ARPU growth also has been like this 5%, 6%, 7%. This is obviously slower than what you are managing in the online side. Just wanted to get some sense as to how do we think about this ARPU growth going ahead in context to how the ARPU growth in online is shaping up?

Amit Sachdeva : Sure. I think great call out, Gaurav. I think in terms of the ARPU of offline, I think if you look at it is more a reflection of the mix of business changing as we start getting into newer centers that we are opening across both our core business as well as [inaudible 0:24:05.6].

Also, the offline ARPU is a more reflection of what we do on a full year basis, and that is what it gets reflected. So the true metric of ARPU in offline will be actually when the entire fees gets accrued over the four quarters and give you a little more color and guidance of how the full year ARPU is. What I can tell you is that Vidyapeeth ARPU is almost like 9% to 10% higher year-over-year in terms of our core business, which is the 70% of our business.

So I think what we are seeing in spite of NEET softness coming in spite of NEET dropper business, which is one of the highest EBITDA business for us, we saw weakness coming in through it. But we do believe that our VP business continues to be strong. We are now almost like 167 centers against the 117 centers that we had Vidyapeeth last year. So I think the full ARPU story we believe will get unlocked at the end of the year when the full revenue gets accrued full year, Gaurav.

Gaurav Malhotra: Understood. Just the last question, just in terms of M&A, should we expect a little bit more focus on South India?

Prateek Boob : Yeah. Can you repeat your question, Gaurav? Is it the South India?

Gaurav Malhotra: You called out South India to be a major focus region for you from a growth perspective. I was just saying that in a sense, from M&A, would that be a region which you will be more focused on from doing acquisitions? Would that be the right way to think?

Prateek Boob : No, no. South India, we are confident to go organically because of the recent development in AI live streaming product, which I have talked about. This is helping us creating South Indian distribution. You can imagine our teachers teaching in 12 Indic languages in a real live environment.

This has given us a good distribution push as well as we will be able to monetize the same product into South Indian geographies. We are not targeting any M&A growth in southern part of the country. Dedicated to South India growth, we have covered a question in our investor newsletter, which is the question three on page six.

Gaurav Malhotra Can I ask one more question?

Management: Sorry to interrupt, Gaurav.

Gaurav Malhotra: Okay, I will come back. I will come back. Thank you.

Moderator: We have our next question coming from the line of Abhishek Pathak with Motilal Oswal. Please go ahead.

Abhishek Pathak: Yeah. Hi, team. Morning, and congrats on good execution. I had a couple of questions. At the beginning of the year when the NEET situation happened, as compared to that, where would you

say our 30% growth in online revenues is in H1? Do you think they are higher or lower versus expectations?

In that context, if we are launching crash courses in H2, is there a possibility we are seeing that we can land up at the end of the year at a growth rate which is slightly higher than 30%, or is that too early to kind of call out? That is my first question.

Prateek Boob : Yeah. Online is doing quite robust, Abhishek. In H1, the core business grew at 34%. Internally, we have exceeded our targets of our online growth. It is slightly too early to say about the crash courses at this point of time. But internally, we are confident that this will cover definitely some delta in NEET. We have already launched this in JEE category and got a good response by kids. We are confident that NEET will also have the same user behaviour.

In terms of our offline strategy also, if this works out in our online strategy, we will have a replica in our offline crash courses, the similar strategy. In terms of growing more than 30% is not what we wanted to guide at this point of time.

Alakh Pandey : We have got a couple of initiative in online as well. For example, we launched a batch like a 360-degree tracker in online. We did this experiment in JEE, and we got good success in JEE. Now we are doing the same thing in NEET. It is like the same product we are repositioned and like a tracker arranged in the classroom, but students are very much attracted to that. We are going with that particular product in NEET as well. A lot of these things are planned. Also, the K12 growth is very promising right now.

They are exceeding their annual operating plan, whether it be the core CBSE or UP or Maharashtra or these state boards. They are exceeding their target. That will actually cover up. But definitely there is a hit of NEET, and we are not shying away from it. Definitely there is a NEET hit in online as well as in offline. In offline, that is showing more basically because of ARPU, of course, because of ARPU.

The online, if you see, online contribution of NEET is 15% only. That, of course, that 15%, we have a hit around that, and we are covering with a lot of other categories, and that reflection of numbers we can see in Tuto as well as H1.

Abhishek Pathak: Understood. Just a probably related question around margins. I mean, 35% EBITDA margins in online seems like there is some headroom over there. Any thoughts on whether we can reinvest some of these margins back into the business and probably some aggressive marketing to kind of again recoup, let us say, the growth? Because 35% seems to be pretty healthy.

Maybe I will just follow up with another question around the offline piece. You have guided that the offline center opening will now be much slower, and in that context, I mean, would you like to kind of just highlight a bit on the offline profitability benchmarks? Does this kind of lead to breakeven slightly faster? How do you kind of build that in going forward? Thank you.

Prateek Boob : Yeah. I will quickly touch upon both of the questions. In terms of margin, online margins, we are confident that we will deliver as we guided. There are no aggressive plans to shift those

margins into marketing. There is a 100% EBITDA growth, which we will deliver at a group level. Mostly this growth will come from online.

In terms of offline inching toward profitability, we are on track. Last year to this year, Vidyapeeth has already turned profitable at a stand-alone entity and overall offline also will inch toward near breakeven is what we are guiding.

Alakh Pandey: Minus 12%, it will be near breakeven. We will be showing great improvement in offline, very great improvement. Talking about the online profitability, I would just like to add on something to what Pratik said that the online EBITDA margins, of course, we can increase. We would have increased this year as well, but we are right now investing on AI tutor as well.

A good investment is going on the team which is working on the AI tutor. As Pratik mentioned, we launched the app. It is available on the Play Store, so it is a Tuto. 4,000 students are right now studying over there. We see promising results there, good feedback there, greater engagement in the batch actually there. Greater engagement, there are live batches. So that is a great product coming up.

We are investing in AI. Online profitability increasing from here to some different margins or we may think next two, three years maybe. We are not -- and we do not have any new plan for that. Yeah.

Abhishek Pathak: Got it. Thank you so much, Alakh. Actually, I was referring to already high online margins maybe being reinvested. It is already high, I mean, my compliments to you on that. Thanks.

Alakh Pandey: Thank you.

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

Swapnil: Hi. Thanks for the opportunity. My first question is again on the guidance side. At the beginning of the year, we were guiding for more than 30% revenue growth on a consol level. Obviously, our offline business is not in a shape where I think we will reach where we would have targeted at the beginning of the year. To that extent, is there any change in consol revenue guidance from your end? Any thoughts around that?

Prateek Boob : No, there is no change in consol revenue guidance at all because the compensation of offline is being done by online. The majority of the hit in offline is because of two reasons. One is the NEET impact, where the offline ARPU is significantly higher than online ARPU. So, NEET has impact -- a twofold impact that is impact in PW and another impact in Xylem.

Another offline thing has happened is the government exam notification, which has adversely affected one of our subsidiaries, which is Utkarsh Classes. But in terms of the core offline Vidyapeeth business, which is 66% of the total collections of H1, has done phenomenally well.

Alakh Pandey : I think not bifurcating the business to online, offline, at a consol level, full-year guidance, we are holding ourselves around the bill, so to what we have promised.

Swapnil: Is there any element of M&A also included in your guidance or like that is excluding that?

Management: Yeah.

Management: Yeah.

Prateek Boob : There is. We are in advanced talk on a couple of online assets with us.

Swapnil: Okay. Got it. Secondly, the question on AI Tuto, you just highlighted that you have around 4,000 students working with you on the app side. Can you give us some color on the unit economics that you foresee in this business? Any experiments that you would have done? At what price points people are comfortable paying you a certain amount and the engagement levels? Some color on those sides. Thanks.

Prateek Boob : Price discovery is yet to happen on Tuto side. But in terms of product quality or experience, this is the most superior product in terms of learning outcome and engagement which we have ever seen. Price discovery will happen. A broader guidance could be that it will be priced at double the ACPU of our online batches. But since we have very little monetization happening of this product in this year, it will be primarily experimental in nature.

In terms of delivery, this is the most affordable AI tutor, and we have been continuously working on the cost. We have brought it down the cost less than INR20 an hour of tutoring and which will further go down significantly in one or two quarter. But the major focus is not the cost, not the revenue or ARPU. Major focus is in terms of increasing the student experience and making it completely interactive and adaptive as per the student's needs. Would like to showcase this product on 18th November on our Investor Day.

Alakh Pandey : There are like three different modes of learning in the AI tutor and we would like to demonstrate that to all of you. It will be like one of a kind of experience.

Prateek Boob : This is a product which we believe that can full-fill our international aspiration as well. We are quite bullish on these lines.

Swapnil: Just an extension of that question, is there any specific category that you are working on this right now? NEET, JEE or IIT specific…

Prateek Boob : The first launch will happen between 6th to 12th and JEE, NEET, where we have complete dominance in terms of brand distribution and the students. The grade 6th to 12th and JEE, NEET is the first category, but AI itself by nature is very scalable. This product will be available in 20 Indic languages, as well as it will be very easy to scale across category.

The first launch might take some time, the paid launch and it will be synchronized to our academic cycle launches of the product. Vishwas Diwas is the time where we will officially launch it for the students. But right now also, the product is live on tuto.pw.live.

Amit Sachdeva : And you can scan the QR code in question number seven also. That will give you a little demo of how the AI Tuto also works.

Swapnil: Got it. Just last one on your…

Moderator: Sorry to interrupt, sir. We request to join back in queue.

Swapnil: It is a small question, if I can?

Moderator: Sir, please, there are several other participants waiting for their turn.

Swapnil: Got it.

Moderator: Thank you. We have our next question coming from the line of Anmol Garg with DAM Capital. Please go ahead.

Anmol Garg: Yeah, guys, thanks for the opportunity. I had a couple of questions. First, on the offline side of the business, you have indicated that slowdown is because of NEET and government exam notifications. Do you see that the growth will accelerate toward the second half of the year, particularly if you think that the government exams will ramp up?

Prateek Boob : There will be some delta but there will be not a complete transformation of numbers in second quarter, I would say. But in terms of the bottom line, we are quite on track.

Anmol Garg: Understood.

Amit Sachdeva : I believe on NEET is that it's going to make a strong recovery as we go into the next academic session. That is how the nature of some of these exams we've seen in the past. Obviously, some of the notifications and government business are dependent on conditions that we don't control and it's clearly an indicator of as and when those notifications come.

What we have done is that our cost structures are now more aligned to handle some of the situation that arose this year and that is the reason why Prateek mentioned, at least on an EBITDA level, we are more confident in terms of what target that we had set for the start of the year on the offline business.

Anmol Garg: Understood. Just to follow up on the same question, is that whatever the newer centers that we are opening up, particularly in offline, are they catering more toward JEE, NEET or is there any different categories that we are particularly looking at for our offline expansion?

Prateek Boob : In terms of offline expansion, the growth levers are primarily JEE, NEET only. As we have said earlier also, the 25 to 30 centers is the opening rate of our offline centers annually for next two to three years. Another is government examination offline centers.

But the nature of our government examination offline center is independent of any notification, because generally, first year and second year college students enroll in our government examination offline center. That is the offline expansion strategy, which is in track of what we have guided in the last earning call.

Anmol Garg: Understood.

Amit Sachdeva: Question six will give you the exact breakup of the centers we are going with.

Anmol Garg: Understood. And lastly, if…

Moderator: Sorry to interrupt. Anmol sir we request you to re-join the queue for any follow-up question please.

Anmol Garg: Okay.

Moderator: Thank you. We have our next question coming from the line of Pankaj Mehendiratta with Bank of America. Please go ahead.

Pankaj Mehndiratta: Thank you. Good evening, management. I have a couple of questions. I will speak them in once. While you mentioned about your M&A strategies, and very interesting when you said quite a few of them. Without talking about the specifics, can you please give a broad idea on what is the scale of assets that you are looking at, perhaps online versus offline, and which categories that these could help you with? And a follow-up to that is that, is it 30% FY 2027 revenue guidance dependent on this inorganic to close, or is it just on the organic side of things? That is the first question.

Prateek Boob : In terms of colors and contours of our M&A assets which we are, the strategy remains the same in terms of category expansion. We will be doing these assets. All of those assets are 100% online in nature. That's what I can say, and we are at very advanced stages with these assets. In terms of overall guidance, the 30% is inclusive of these M&As which we have planned.

This will allow us to expand ourselves into couple of other online domains of the businesses. There will be lot of synergies in terms of tech integrations with these assets, as well as the overall YouTube distribution engine which we have created will benefit these assets in future growth. In terms of, I think that's all I can say at this point of time. This question remains on the forward guidance. I think that's all from my side.

Pankaj Mehndiratta: That is helpful. My second and last question is, how much capital would you be willing to stream toward the South India expansion and more toward Tuto essentially? On the current P&L, where would actually be able to see Tuto-related investments going out there? That is it from my side.

Prateek Boob : Tuto-related investments you can see in our AI cost incremental. The entire Tuto investments rolls up in our online business only, because that is the core online team, the innovation team is with us. You can see in our investor letter also that our AI cost is getting increased because of the AI experiments which we are doing.

The capital allocation for these assets will be less than USD20 million. That is the amount which we have from our IPO proceeds. The 10% of the IPO proceeds can be used as unidentified M&As. All these deals will be very margin accretive for us.

Pankaj Mehndiratta: Thank you. Wish you all a happy Diwali and see you in Bombay in two weeks.

Prateek Boob : Happy Diwali to you as well.

Moderator: Thank you. The next question comes from the line of Ritvik Agrawal with 3P Investment Managers. Please go ahead.

Ritvik Agrawal: Hi, thanks for the opportunity. Just wanted to check on the…

Moderator: Sorry to interrupt. Ritvik, sir, you are sounding very feeble right now.

Ritvik Agrawal: Am I audible now? Hello? Is it better?

Management: Yeah, yeah.

Ritvik Agrawal: Just wanted to check on the online guidance. So, right now we are at around 24% collection. Just wanted to check on the full year guidance. Is it that substantial part of it will come from inorganic acquisition? Because right now, for the first half, we are only seeing 16% collection growth, right? I mean, how do we see it going forward?

Prateek Boob : So, the collections will flow over in next quarters, because of the crash courses and the NEET effect is still we can see. In terms of the contribution of M&As, it would be less than 5%. In terms of overall growth, which the revenue growth which we are giving guidance, that still remains at 30%. Some of the collections will flow through in the next quarter as well.

Ritvik Agrawal: Got it. That's very helpful. Thank you.

Moderator: Thank you. The next question comes from the line of Neeraj with Amaya Capital. Please go ahead.

Neeraj: Hello, everyone. Good evening. What I wanted to ask, sir, is how do you plan for capital allocation and inorganic expansion plans?

Prateek Boob : As I just answered that, we will be allocating around USD20 million for our inorganic growth in terms of online categorical expansion. That is what the plan is, and it is in line with the original plan of INR300 crore of IPO capital, IPO fundraise for unidentified M&As, which we wanted to do in three years of time.

Neeraj: Okay, I guess. Thank you.

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

Karma Kapoor: Hi, everyone. Thank you so much for this opportunity. I would really like to know, could you just explain the concept of a digital university and what it could mean for the future of PW?

Prateek Boob : In terms of the largest online player in the country, we have more than six million paid learners every year, and a distribution of more than 100 million learners. The digital university will solve for affordable degrees, diplomas, and certificates. As per the National Education Policy, students can have dual degrees also. A lot of students, we have seen a trend in terms of while they are studying in couple of tier 1, tier 2 colleges, they are still pursuing a secondary degree with some other universities.

The online degree business is very new in the country. It started 25 years back in U.S. and in India, it's just five-year-old. The market is exploding at this point of time, and that's why we came up with the PW Digital University. In terms of forward integration of all of our JEE NEET students, it will be a key milestone. The courses which we are planning to offer here are like BCA, BBA, BCom, BA, and MCom, MCA, MBA type of courses.

There are two theses in terms of construction of these courses. One, we wanted to merge the test prep preparation with the university's degree, and there's a near zero capital allocation in terms of these courses delivery because this will be 100% digital universities, which that we have created. The another initiative is, we will be using our PW Skills capability, and there will be industry-led curriculum to make country more employable.

As per our forward integration of our grade 12 students, this will be quite instrumental for a long-term growth of the company. We are very confident of this particular initiative. Although, the admission cycle will be July next year, but the preparation and the work we will start by this year itself.

Karma Kapoor: All right. But additionally, I would just like to know how do you plan to differentiate yourself from the players already there, like IGNOU and other universities that are also offering digital upskilling and digital degrees?

Prateek Boob : By large, we are the most engaging and interactive online learning platform. The same technology will be used here in terms of the live classrooms, which we have used in test prep. And this is the most advanced AI-led curriculum which we have created, which is driving personalization as well as adaptiveness in the overall course delivery.

Any which ways, a lot of our students are opting for dummy universities and dummy colleges where they are not attending regular classes. So, PW as a group, we have already 200 PhDs working with us. In terms of the PG exam categories, now we are number one in CA Foundation, Inter. The CA curriculum will be taught along with BCom. We are number one as a UPSC player also.

So, the BA curriculum will be blended with the UPSC curriculum and delivered to the students for a long-term three-year course. This will be a test prep integration, and we are fastest growing CAT player in the company as well. Those students who are not able to secure seats in premium MBA institutions will opt for MBA program with PW.

So, in terms of curriculum, in terms of course designing, we already have a lot of in-house capabilities, and merging test prep with the college curriculum, it's relatively easier task for us. And we already have a skilling and Earners as a skilling initiative which are linked to employment. So those capabilities we'll be using in PW Digital University to drive employment link degrees and diplomas.

Karma Kapoor: All right. So, I think one last question that I have. How large do you think South India market can be for PW in the next 3 years to 5 years?

Prateek Boob : So, we are growing at quite a rapid rate. As we mentioned, 10% of the H1 revenue comes through the Indic languages' courses. With the new development in the live streaming video translation, all of my live batches will be available in 12 Indic languages. And without any incremental academic cost, I could able to reach out to those students. So, we are quite bullish that it will be significantly large.

I don't want to put a number to it, but in terms of paying capacity, we have seen the higher ARPU is also coming up from the South market. It will be quite a significant at a steady state.

Karma Kapoor: All right. Thank you so much.

Moderator: Thank you. The next question comes from the line of Jinesh Joshi with PL Capital. Please go ahead.

Jinesh Joshi: Thanks for the opportunity. Sir, my first question is with respect to our guidance on the offline side, whereby we intend to achieve a break-even in this financial year. Now, f I look at our H1 pre-Ind AS EBITDA loss, that is at about INR108 crores. And in the base period, we were at about INR120 crores, while some reduction has happened on a Y-o-Y basis.

Given the fact that our offline expansion plan is slightly curtailed, it might help us to conserve some bit of opex spend. But given the growth in H1 is about 11% odd, and the fact that over here we have high dependence on Vidyapeeth and the NEET issue that you spoke about, and also the government examination issue that you highlighted in the opening remarks. Do you think the revenue recovery in second half will be good enough for us to achieve the break-even guidance that we have given for the full year?

Amit Sachdeva : Sure. No, thank you so much for the question. Two important factors that we need to include, that for offline, Q2 and Q3 are our strongest quarters. So, in terms of the revenue, if you look at it, our overall recovery comes higher in Q3, largely because most of our batches happen in Q2 and Q3.

Secondly, if you look at last year, we opened up almost 50.Vidyapeeth centers, the pace of which expansion costs are all included in the last year's numbers over the second half. This year I said, we've made a very conscious call of going very steady in terms of the number of new Vidyapeeth that will open up, which means that in H2, my expansion cost, hiring teachers upfront, taking lease rentals, opex cost, all attached with this is much lower than what we had done for last year.

Secondly, at the time of the academic session, obviously, with marketing and student and infra cost is higher in H1. As you go to in H2, obviously, those costs are much lower. But having said that, I think that's an aspiration that we have taken, especially on our centers in our subsidiaries, especially Xylem, Vidyapeeth anyways, like I said, is either break even this year or make money for sure as we close the enrolment season for this year. I think it's the work that we are doing right now in terms of cost efficiencies, negotiating with the landlords is all going in our subsidiary centers.

Jinesh Joshi: Understood. Sir, just one small observation from my side. I think, if I'm not mistaken, this is the first quarter wherein we have seen the total number of employees decline on a sequential basis,

as well as if I look at our total faculty count, if I'm not mistaken, this is the first quarter wherein we have seen a dip on a sequential basis. Is there anything specific to read into this observation, or is it that there was some slab that we have perhaps cut out in Q2?

Management: Sorry, which numbers are you looking at? At least from the Q2, FY 2025 to 2026.

Jinesh Joshi: Sir, Q1, Q numbers, the total employee count that we have reported in this quarter, as well as the faculty member count, I think that was at about 7,100. The employee count which we have reported is at about 19,100. These numbers sequentially have never seen a dip, but I think, if I am not mistaken, this is the first quarter where we have seen some kind of a dip come from.

Vikram Bhardwaj : Okay. That is the right observation, Jinesh Joshi. Essentially, a lot of AI efficiencies wherein we have earlier also spoken around the content and the QC teams, the test-making team, all of that is now being. And even the gradations that we do in terms of evaluating our subjective copies, all of that is happening now through AI in a much more efficient way.

So, I think there is some efficiencies that have come in specific to these pods, whether it is content making, quality checks, test paper making, test paper evaluation. All of these teams have seen some efficiencies coming in.

Jinesh Joshi: Understood. Thank you so much and all the best for your full year guidance.

Management: Thanks.

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I now hand the conference back to the management for closing comments.

Amit Sachdeva : Well, thank you all for joining us for the Physics Wallah second quarter earnings call. Like I said earlier, we look forward by coming you all on the 18th of November to our first Investor Day, and a happy Diwali to all of you from our side. Thank you so much.

Moderator: Thank you. On behalf of Physics Wallah that concludes this conference. Thank you everyone for joining us and you may now disconnect your lines. Thank you.