PHYSICSWALLAH LIMITED

Date: February 12, 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 February 06, 2026.

Dear Sir/Madam,

This is in continuation to our earlier letter dated February 06, 2025, regarding audio recording of the Earnings Conference Call held on February 06, 2026, at 04:00 P.M. (IST) on the performance of Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2025.

Please find attached herewith the transcript of the above Earnings Conference Call.

The above disclosure is also being uploaded on the website of the Company at 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
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Ajinkya Jain
Group General Counsel, Company Secretary & Compliance Officer
Membership No.: A33261

“Physicswallah Limited

Q3 FY ‘26 Earnings Conference Call”

February 06, 2026

MANAGEMENT: **MR. PRATEEK BOOB – WHOLE TIME DIRECTOR – PHYSICSWALLAH LIMITED**
MR. AMIT SACHDEVA – CHIEF FINANCIAL OFFICER – PHYSICSWALLAH LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Physicswallah Limited Q3 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Joining us today to discuss earnings for the third quarter and nine months ended 31st December 2025 are Mr. Prateek Boob, Whole-Time Director and Mr. Amit Sachdeva, CFO. The results and shareholder letters that have been uploaded to the stock exchanges are available on the company's Investor Relations website.

Before we begin, I would like to remind you 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 the company's filing.

I now hand the conference over to Mr. Prateek Boob from Physicswallah Limited. Thank you and over to you Mr. Prateek.

Prateek Boob: Hello everyone, Prateek Boob this side. A very warm welcome to all participants here. I would like to brief, I would like to brief journey introduction about Physicswallah. A lot of attendees on these calls might be new.

Physicswallah started as a YouTube channel back in 2016 by Alakh Sir . And until 2020 it became India's largest YouTube channel and that's where our monetization journey started. So company formation happened in 2020 and with a very unique business model where we are teaching everything for free on internet across now 250 YouTube channels. So that gives us a very strong social media presence and this gives us a very strong top of the funnel.

The model is very unique in nature where we teach for free on internet and we launch our scheduled paid live classes i.e. batches on our mobile application for various exam categories. Currently covering 40+ exam categories right from JEE entrance exam, NEET entrance exams, to UPSC level.

The model is quite unique in nature where we call it as a zero CAC model. Essentially, we teach for free on internet and that's how we get traffic on our mobile application. Currently having 3.4 million daily active users on our mobile app and getting engaged for 106 minutes on a daily average basis. So this is a quick brief journey introduction.

Back in 2022 we started our offline learning centers as well. Currently operating more than 300 offline learning centers. Our offline model also quite unique in its nature. It's tech-enabled offline learning centers which we have expanded. This is essentially to cater a certain section of the students who are distracted in online mode of learning and their learning outcomes are better in offline mode of learning.

Our offline is the part of our online flywheel where 93% of the audience are studying in online mode of learning. 7% of our total learner base comes in our offline mode of learning. So

wherever we became number one in terms of number of students, we start our offline learning centers as well. So this is a brief journey and a model explanation.

Along with that we have created a great innovative culture in the company. You know if you ever get a chance to come to Noida would love to host you. There are a lot of entrepreneur energy on the floor and a lot of innovation which is happening at this point of time. Company stands for a vision that we want to make education affordable for every Indian household.

Highest quality education should either be free or it should be affordable. That is the vision which we are carrying. And along with that we want to become a lifelong learning partner of the students. This is something a motto which all of us are living here and thank you so much for your continued support and showing trust on us.

Together we are creating a great impact. The students who had never access to good quality structured learning are now able to crack JEE, NEET, UPSC and several other, kind of world's largest and toughest examination and we are empowering a India which was underserved and now it is creating the equal access and opportunity to students out there.

Thank you so much. Handing over to Amit.

Amit Sachdeva: Thank you, Prateek sir. Good evening, everyone. Thank you all for taking the time out to join the Q3 earnings call for Physicswallah. We are overall very happy with our strong Q3 quarter results and believe that the education opportunity in India remains significant. I'll take you know few minutes just emphasizing the results that we have published.

Overall revenue growth remained robust in Q3 FY'26 with total revenue from operations reaching to INR1,082 crores, a 34% revenue increase year-over-year. Pre-Ind AS EBITDA of INR219 crores translating to 20.2% margin. A PAT of INR102 crores equivalent of 9% and this is in spite of the INR23 crores of one-time expense that we booked in this quarter related to you know the changes in the Labor Code and IPO expenses which we just concluded in on 18th of November.

In terms of the overall performance for nine months we are happy to you know report that the growth came really strong in the overall nine months performance as well. Revenue was clocked at INR2,980 crores, a 31% year-over-year increase and surpassed the full year revenue of last year of INR2,886 crores.

Pre-Ind AS EBITDA was closed at INR291 crores against INR233 crores for last year and you know for the full year, in terms of full year nine months we closed at a PAT of INR45 crores even in spite of the one-time adjustments of INR 23 crores for the nine months.

In terms of our breakup of our online and offline segment, our online segment grew at, now contributes almost like 51% and grew at 38% year-over-year. Offline grew 26% year-over-year and contributes at 46% and others contribute 3%.

Like we mentioned in the last earnings call as well, our playbook is to build communities and continue to increase our share of overall online revenues, that is the focus you know for us going

forward and I'll talk about some of the new categories that we are building in the online segment that will help us get to a higher share in the online segment.

In terms of the overall cost initiatives, the direct cost gave us a leverage of almost like 2.8% year-over-year obviously due to all the cost reduction initiatives that we ran, especially around the consultants and the professional fees. Our employee cost were higher including the ESOP expenses. So our ESOP expenses now are at INR125 crores for nine months against the 73 for last year. Largely due to the valuation impact on the new ESOPs that we issue.

And secondly, in terms of the new categories that we are now starting to invest which I will talk about in detail you know in the latter half of the call. Also, like we mentioned last quarter I think our marketing spends, the pattern of marketing spends was changed where we took a very conscious call of spending higher in the initial quarters rather than spreading it across over the year which was the case in the last financial year.

And hence we see significant leverage of those marketing spends to come both in this quarter and the next quarter. Our marketing spends dropped by almost like INR20 crores in this quarter and we expect a significant synergies coming in from the Q4 of last year to Q4 of this year.

Moving on in terms of our treasury, our treasury now stands at INR5,000 crores post our IPO of INR3,100 crores which was the fresh issue that we did. We generated almost INR600 crores from cash flow from operations in the first nine months.

In terms of our capital allocation like we have put in in the shareholder letter. We'll be allocating cash and capital on four key areas. The first is the offline expansion like we've put it in the use of proceeds on the RHP. We will continue to invest in opening centers. We are looking at 70 centers next year with an outlay of INR200 crores.

Inorganic opportunities. As and when the inorganic opportunities arise we will continue to invest into that. There is a certain amount that we've anyways we've raised as GCP and M&A, unannounced M&A as part of our IPO proceeds and as and when such opportunity arise, we're going to look at it.

Third is focused investments in K-12 platform. As you would have seen you know we actually acquired Tender Heart and we are now partnering with Tender Heart and we find ourselves in a very leading position to create a quality K-12 platform. We'll again talk about this in detail.

Some of these opportunities will keep on arising and we will allocate capital as part of the next year planning exercise. As of now we've invested INR400 crores in our wholly owned company to drive some of that K-12 platform investments that we will do.

And the last one is AI. I think this is an ongoing investment, both in terms of people as well as the new products that we'll be developing on. We'll talk about PW Talks, we'll talk about Ask AI and some of the other AI initiatives that we have listed in the shareholder letter as well and we see a significant leverage coming in from this one as well.

Like I earlier said there's a renewed focus on schools and K-12 platform. Our existing K-12 platform currently supports three schools and this is outside the SIP that we run, under the Vidyapeeth program which now almost touches 10,000 kids out there.

So in addition to that and the overall I think our idea coming in from the K-12 platform will be to teach at least 10,000 to 11,000 kids from a K-12 platform perspective. The central teams are now within PW starting to work, standardize and streamline operations including academics and all other synergies associated with the respective K-12 platform.

Moving on to the performance of our acquisitions, we are extremely bullish about our Sarrthi partnership and acquisition that we did last quarter in UPSC practice. On like-to-like basis Sarrthi doubled its revenue for nine months for this year as compared to last year. This quarter Sarrthi reported revenues of INR22 crores and EBITDA of INR15 crores, this is what we consolidated in our books and we can now surely say that our overall UPSC practice is now the market leader in terms of the overall, all our competition as well.

Utkarsh Classes had a great year in reimagining the entire state exams business, they reported 6% pre-Ind AS EBITDA against a negative for last year and we will see significant amount of cost leverage continue to come in that business.

Also in Xylem our test prep business in Kerala that has been growing this year they will close the year at roughly around INR330 to INR340 crores of revenue top line. When we bought the acquisition, I think they were INR90 crores in top line. We opened 13 new centers in Xylem supplementing our vernacular reach in southern states and we see that helping us to build our vision of a formidable player in the southern part of India as well.

Like I said on the AI initiative I think it's been mentioned in question 10 of the shareholder's letter in a very detailed and succulent way. We find ourselves significantly ahead of the AI initiatives at PW. Most of us would have seen the recent announcement about Gemini entering into mock testing and that actually validates our investments that we did in Aryabhata, we had done a detailed press release around Aryabhata as well.

And we now you know consciously are investing in AI tech talent. Our overall tech spends because of the scale that we have grown last year, we see almost like a percentage leverage on the tech spends in spite of our AI pod cost of the tech and product team going up by 40% from last year.

There are three additional categories now this time we have reported. So we used to report 13 categories but now we had three new categories that crossed the annual collections of INR10 crores, that is CLAT, NEET PG and IIT JAM. These three categories put together this year for the first nine months have contributed INR32 crores and we will continue to invest in these new categories to actually, to get them to the goodness that we've seen in our earlier categories.

The second category that we wanted to talk about today are state boards. There are almost like 6 crores kids studying in state boards exams across India and this vertical was launched in June '25 and we've scaled to 175,000 paid learners with a revenue of INR22 crores for the first nine months. I think we've talked about this in the last earnings call as well.

And what we feel is this is going to be the category that will actually give us the goodness of you know the JEE, NEET scale mass scale that we've seen in those categories the early categories. While we've started with five or six states you will see a roadmap of the next states that we are going into as part of the shareholder letter.

The third key category online expansion that we are seeing is on the vernacular side. We've started batches in five regional languages and enrolled 94,000 paid students in the first nine months with a revenue of INR24 crores. Again we will replicate the same PW playbook which we have grown our community to almost like 2.2 million subscribers across 30 regional YouTube channels.

So that's the overall our financial and business overview. We can now open the forum for any questions that we can take.

Moderator: Thank you. We will now begin the question and answer session. Any one who wishes to ask the question may press star and One on your touchphone telephone. If you wish the remove yourself from question queue give at star and two. Participants are requested to use their handest for last minute questions. Ladies and Gentlemen we'll wait for the moment while the question queue assembles. The first question comes from the line of Manish Adukia with Goldman Sachs. Please go ahead. Mr. Adukia, please go ahead with your question.

Manish Adukia: Hi, good afternoon. Thank you for taking my questions. My first question is on that K-12 foray that you discussed extensively in the opening remarks. Few questions, one if we were to take a slightly longer term view maybe three to five years, how should we think about the potential for how much this could add to your revenues or revenue growth?

How should we think about the margin profile of the business and is there like an upper limit in terms of how much capital you may allocate to this business beyond what you already talked about?

And maybe a related question to that also is what drove this decision of course K-12 is a large segment but we've historically talked about the large headroom for growth in your core exam categories that you operate in whether it's in online or offline which is also early stage. Given there is like a lot of headroom in your test prep, online and offline why the need to foray into let's say K-12 school segment just yet? Your thoughts there would be helpful. Thank you.

Prateek Boob: Yes, Manish. I'll take it up. So, thank you for bringing this question. Amit had briefly talked about it in his starting address. See, if you see test prep as a market, the TAM is of 6 crores children at this point of time which is growing at a 13%-15% CAGR. But this K-12 market is like four times bigger than the test prep as a market, so it's a much bigger market. And if we benchmark any mature economy, China is a perfect example because the demographics there are similar to India.

If India has JEE-NEET, then they have Gaon-Gaon. So there, 15 years ago, the test prep market used to be bigger. But currently K-12 is a bigger market there. Now within the K-12 market, in China, both online and offline are in play. We also started seeding to address the K-12 market

18 months ago, almost 18 to 24 months ago. The online playbook that is addressing our K-12 market is the Curious Junior product.

I think there will be many people in this audience who have young children from grade 3 to 10, so Curious Junior is a product you guys should use. It's an alternative to tuitions. It's an online tuition platform which enhances your outcomes in school and exams. So the Curious Junior product is growing at a very rapid rate.

We achieved almost 100% improvement in terms of EBITDA and enrolment, and we will continue to grow at the same rate in the coming time. So that makes us the largest online tuition player as well with the brand name of Curious Junior. Similarly, the other opportunity we saw, was running a K-12 schools management company.

So our first initiative was two years ago when we started Gurukulam in Gurgaon and Varanasi. So currently our school management company operates three schools; one is out Indore, another in Gurgaon, and the third in Varanasi. So school is a bottomless market, it's a large opportunity for us and we have seen this opportunity.

From a parent side, there is a great affinity because they want to get enrolled in a test prep national brand-centric school. Until now, this opportunity has not been very organized; it's a very large market opportunity and we already have a success story in Varanasi where we have turned around a brownfield school into a school full of 1,200 kids at this point of time in just 18 months of time.

And this playbook is getting mature and mature and this aligns with our overall mission to become a lifelong learning partner of the students. As well as, if we talk about test prep, we are already teaching everyone from grade 3 to 12 to UPSC. To run any good online or offline education business you have to take care of teacher ratings, learning outcomes, student attendance, and repeat rates.

So the basic principles remain the same. And within the K-12 schools where we have opened three schools, we are starting 8 more schools: 4 brownfield and 4 greenfield. As well as we have done a Tender Heart, Ranchi partnership where we have taken the management control of the school.

So this is, in the overall scheme of things, not even contributing half a percent of revenue at this point of time but in the long run it will contribute a good amount of EBITDA. And that strength, and in the schools, we are starting, we are doing a fair amount of test prep integration so that students' JEE and NEET preparation happens during their formative years.

By the time we enrol our students in grade 11th, the damage is already done. Their basics are so weak that it is a bit difficult to get outcomes from them. And if we look at it, the need for overall specialized preparation for medical and engineering entrances is only arising because our schooling system hasn't lived up to the expectation of these exams.

So the entire coaching is an outcome of bad schooling in the country, we want to fix it at the root, so that is why we have taken some baby steps in this direction. So this is, and in the long

term, within three to five years, this will become a significant EBITDA, a noticeable significant EBITDA by FY '29-'30 in upcoming years, is what I can say to you.

Amit Sachdeva: Prateek, just to add, in terms of the capital allocation we you know we allocated INR400 crores in our school management company probably couple of months back. So that is the you know allocated capital right now for building the K-12 platform. I think what has significantly turned around for us like Prateek mentioned two things first the nuances around the school management which we've been able to work with the Varanasi school has given us some level of how the entire economics of school management should run like that has given us a little confidence.

And secondly, I think what Tender Heart partnership has done is that lot of good K-12 platforms have started reaching out to us and they want to work with Physicswallah just in terms of the pedagogy that we bring on the table. So right now that is the allocation.

But once we go through the planning cycle for next year that is one when that is when we will probably take a refreshed view of where we are right now and the ambition like Prateek mentioned where we want to be in '29-'30 because this is going to be a long-term story for the next you know at least few at least four-five years where we start building this thing.

Prateek Boob: So we have both the models here, Prateek here, that we have an asset-light model with the name of School Integrated Program, where we have partnership with 50 such schools will teach almost 25,000 -- will generate almost INR25 crores of top line through that model also. Along with that we have a complete management control over Tender Heart and as well as some greenfield and brownfield K-12 schools coming up.

And as I mentioned, K-12 is going to be a larger business than a test prep business down the line five years, is what I imagine. And if you benchmark any company in China, be it New Oriental, EDU, all are listed, their K-12 business is larger than their test prep business and we also think the same will happen with Physicswallah down the line five years.

Manish Adukia: Very helpful. My second question would be maybe a related question. You explained the opportunity in K-12 and when we think about let's say few buckets of education which is test prep where you have been now, you're entering K-12 and you have your own IOI as well which is of course small right now but would you also then consider entering formal education in undergrad and postgrad as well or that's something which is not a part of the plan over the next three-five years?

Prateek Boob: See, so, see formal education if you see 70% of the students which we are teaching at this point of time are 12th plus students which have already passed grade 12. So if you see do I have the best faculty in India who's teaching computer science? Yes, we do have. Do I have the best faculty in terms of civil engineering, in terms of mechanical engineering, in terms of from a GATE category, perspective I am already number one player in terms of all engineering streams producing almost back-to-back rank one in past two years consecutively.

If you say do I have the best faculty of UPSC humanities all 19 subjects? Yes, I do have. See UPSC as a business also have grown more than 100% in past -- in first nine months. So and everyone in the three IAS and three IPS is been produced by us at this point of time. In formal

education we are not providing degrees, but still we are teaching a significant number of students in all these categories like GATE, UPSC, CAT, CA.

Within formal education, the right way of entering is to start at 100% online digital university. What gap we feel there is that the student takes college exams separately and does test prep preparation separately. So when these two things are merged, there will be a lot of value addition in students' lives.

For this, we have launched courses in partnership with many existing Indian Institutes of Technology, Indian Institutes of Management under the brand name of Medharthi, as well as we are trying to set up India's first digital university, we are in talks with various authorities and we are finding a way to create value for the students there as well.

Manish Adukia: Very clear. Just last question on -- and thank you for the detailed disclosure around student breakup etc. I noticed that your NEET and JEE, student growth or enrolment growth has now maybe slowed down to around low single digit, of course other categories continue to do really really well.

Is that something that maybe we should extrapolate to other categories as well that you know as you enter categories you see some very strong growth for the first three-four years but over time these categories saturate and then they start growing lower?

So I'm just trying to think that of course you've talked about boards as a large opportunity but when I think about let's say the interplay of these categories where I'm guessing JEE, NEET are very profitable for you but the other ones currently early stages. So how should I think about you know just the growth dynamics of these various categories and the interplay of that to profitability.

Prateek Boob: Yes, so JEE, NEET we have seen a great traction in terms of the southern part of the country, their YouTube channels and enrolments are picking up very fast. But since the denominator is very high in terms of number of students in North India and penetration is very high so that's why the overall growth is only 3%-4%. But if you see there is a good amount of shift of the students from JEE, NEET to board exam as well. You know earlier we never had a offerings like state boards as a exams as well as CBSE grade 11th and 12th.

If you see the cohort of grade 11th and 12th, put together still you will see a double digit growth, a higher double digit teen growth for sure. The UPSC as a category is growing at 100% revenue run rate for first nine months, the similar trends we have seen in Commerce as a category, CA as a category.

So the Hindi heartland, the North India where we can see that like, we have a decent amount of penetration but the entire southern part of the country is the headroom left for our early exam categories JEE and NEET and all our newer exam categories are any which ways growing at a double digit growth rate.

Manish Adukia: Very helpful. Thank you so much for taking my questions. All the best.

Prateek Boob: Thank you.

Moderator: Thank you. Next question comes from the line of Gaurav Malhotra with Axis. Please go ahead.

Gaurav Malhotra: **Hi!,** Thanks for the opportunity. Just had a couple of questions and some follow up on this strategy for K-12. See, in this only, wanted to get an understanding, what is the right to win here, right? Because in online offline we had this top of the funnel and that is sort of helping us gain a disproportionate advantage in the online space and to some extent in offline, but this is like a completely different kind of a business, right? So just wanted to get some sense on our right to win over here?

Prateek Boob: So I'll quickly answer this question. So we have students enrolled in our Vidyapeeth which is brick-and-mortar physical setup technology enabled right from gate grade 8th onwards so grade 8th, 9th, 10th, 11th, 12th are already been covered in existing Vidyapeeth setup. And if you see the journey of the student, they have to go to schools in the morning and coaching in the evening, so that is double workload.

If you talk to any parent, they want an integrated setup both test prep and school education should happen at one roof it's a great opportunity and that explains my right to win. If I can create value for a grade 8th student, grade 9th student and 10th student in a Vidyapeeth setup I can create the similar value in terms of school environment.

Second thing is from a brand perspective, if you see, parents instead of sending their kid to a local -- hyper-local school, vis-à-vis compared to a national brand whose curriculum, pedagogy, data-driven systems, and technology is giving more assurance for their kid to have the right foundation to prepare for IIT-JEE, NEET, as well as UPSC and all test prep; so it is the test prep branded school is what the playbook is.

And if you talk about our online pedagogy, Curious Junior starts from grade 3, our online mega batches which are affordable online mega batches already start from our grade 6. So we have all these curriculums in place, pedagogy in place, teacher training and technology in place. So I think we have all the right to win.

For example what is my competition here? Here is my competition is a local non-tech led schools where the curriculum and the standard practices are not there. So even it is much more easier market to win and create brand is what we have seen in our initial interventions.

Gaurav Malhotra: Got it. Prateek just follow up. So you mentioned that say in the next four to five years, you would think that you know K-12 will become larger than say test prep and you know if you just sort of focus on the offline business because the offline business is also sort of keep growing. So just from a -- right now there's INR400 crores has been allocated, but suppose I assume say I don't know thousand students per school right?

So even to get to like say one lakh students you know it'll probably say thousand say 100 schools right so I'm just trying to understand how big is the potential capital allocation for this segment say if you were to think from a four to five year perspective and how do we sort of think about it?

Prateek Boob: So when I say K-12 it's broadly classified into schools as well as online which is much larger number of students. So for example, in Curious Junior we are currently teaching 30,000 students. The School Integrated Program that is running in offline existing schools, it has 5,000 students and INR25 crores of top line, and in the Tender Heart school, there are 5,000 students, 5,500 students existing.

So this is a broader vision for the company. At this point of time, what is the significance of this? See, in the overall INR4,000 crores top line, the contribution of this initiative is less than 1% at this point of time, if I add Curious Junior, School Integrated Program, and the existing schools together.

The playbook is the same, to grow online in this segment significantly and to start a hyper local school. Of course, to reach to 1 lakh students we have to have 100 or more schools in place. But at the same time if you see the unit economics of this business student takes admission in grade 1st, it is there till grade 12th. So it's a great LTV business as well.

At a steady state, we have seen schools making 25% to 35% margin business and we will bring -- we will integrate test prep into the schools that is a great synergy because by doing it we could able to charge right amount of fees, we could able to save time for the students and create value within the school premises itself.

So did I answer your question? Do you have any follow-up question on this?

Gaurav Malhotra: No this is good. Thank you so much.

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

Swapnil Potdukhe: Hi, thanks for the opportunity. I just wanted to understand the state of your marketing spends, how much of it is happening to drive traffic on the online side and then these new initiatives that you are talking about the K-12 and others. How do you distribute that? And a related question to that is, like you mentioned that you have started spreading out the investments on marketing over the entire year. Does that mean that your 4Q marketing spends this year will be significantly lower in percentage terms or absolute terms versus the previous year?

Prateek Boob: So I'll address the first part of the question and Amit will take the second part. So in terms of my early exam categories engineering entrance and medical entrance the spends are less than 2% to 3% is just the awareness is spent because we already have a good position in the Hindi heartland, in our early exam categories.

But couple of my newer exam categories the marketing spends is to generate awareness is to generate top of the funnel, signups and to reach to a critical number of students where you need not to spend further marketing dollars to have a top of the funnel then the word of mouth starts kicking in then students keeps on adding the new student.

So to answer your questions the spend in the early exam category is 2% to 3% and the newer exam category is slightly more. As well as the spend is going in the southern part of country to

generate awareness to have enrolments. And in terms of leverage coming out Amit will take it up.

Amit Sachdeva: So I think Swapnil just two points I think Prateek had mentioned and summarized it really well. Our marketing spends if you look at from any other education company are almost like 20%-25% of any other player who is in the online business. I think the reason why our spends -- and we typically don't call them marketing spends, I think these are more cost of distribution for us because our playbook is largely community led playbook.

So I think like we mentioned right at the start of the call is that you create communities on social media, on YouTube start you know putting in content out there then there is general traction that happens there. Students you know start appreciating the content being put up there because these are like online teachers who are really good at their subject matter knowledge.

Student comes on to the app, still has the ability to consume free content and then depending on all the value adds that he sees in terms of buying a batch which is our core product, he ends up buying a batch and that is how the entire monetization channel works for us you know. So in in terms of like the point that earlier you were making earlier, this is the big chunk of this thing.

The point I was earlier making in terms of leverage, if our last year marketing spends were INR276 crores which was roughly 9.6% of the last year revenues. The nine months number for you know this year is INR266 crores which is roughly 8.9% and the corresponding number for the nine months last year was INR183 crores you know. But if you look at it the point, I was making in terms of marketing spends lower for us this was in terms of the marketing spend as compared to last quarter.

On a full year basis we are anticipating that we will significantly be lower than the 9.6% that we spent last year. Two reasons for it, like I said I think the incremental spends that we did in the first Q1 and Q2 that actually gave us a higher ROI.

And the reason why the marketing spends will not be lower this quarter than as compared to the Q3 of this year is largely because of the Vishwas Diwas and the student acquisition that starts happening for the next academic session but what we believe anything between 8%-8.5% is where we will land the full year marketing spends for this year which is significantly lower than 9.6 percentage of the last financial year.

Prateek Boob: Can we take to the next question?

Amit Sachdeva: Yes.

Moderator: Mr. Potdukhe are you done with the question? We have no response from the line of Mr. Potdukhe. We'll move to the next. The next question comes from the line of Pratyush Kamal with Incred Equities. Please go ahead.

Pratyush Kamal: Hey hi, Amit and Prateek, congratulations on the good set of numbers first. There are few things which is on my mind when I saw that you are getting into the acquisition of the schools. So definitely we definitely have seen a lot of private equity deals happening in the last couple of

years in the schools but again, the question comes is that which type of schools are you actually catering to?

Are you getting into the premium schools or you are getting into the market of economy or sub-economy of schools? That is the one question because again the margins the EBITDA margin the PAT margin totally definitely is relevant and gets impacted on the kind of schools you are operating in?

And second question is regarding, what kind of margins etcetera which you see coming off from these schools? And do you also see that these schools would be a GTM for the add-on services which you would be providing in terms of, online test prep or giving the online test prep coaching or something like that for JEE for IIT or for NEET etcetera which you have already talked about?

So is the schools not just an offline center for gathering new people for gathering or catering new K-12 students, but is it also a go-to-market strategy for you in terms of, getting the access of these people getting the access of these students and getting them enrolled in your test prep division in the online mode. So how do you see the plan coming up and ramping up?

Prateek Boob: Yes, in the interest of time, I'll quickly answer your question is. Your first part is the price point for the students. So anywhere between INR70,000 as annual fees to INR1.5 lakh, depends on the metro tier 1 tier 2 tier 3 cities essentially these are the CBSE schools is what the price point is. And the margin can vary in between 20% to 40% depends whether you own the property or it's a lease property.

And coming back to the synergy part which is very important. See a school going kid so the positioning is above average or premium in between and the synergy between test prep and school is very organic. Grade 9th is the year where the student start preparing for their medical and engineering entrance exam. And grade 11th they become quite serious and either they opt out of the schooling -- opt for a dummy schooling system or they continue to go school in the morning time and stretch for their specialized preparation in the second half of the day.

So existing school ecosystem kids will get benefit with our test prep courses. We can prepone their decisions. For example a commerce kid who is going in the 11th grade, can start his CA preparation journey in grade 11th itself. For a UPSC aspirant, the real foundation we can start building from grade 11th onwards, grade 9th onwards only. So it is test prep integration.

The question whether it will it will fuel our existing Vidyapeeth center? Partially yes, but if we see Ranchi as a city where we have done Tender Heart, we are number one in offline now we are number one in schooling. So that is a number one position in terms of one city which is a state capital in terms of coaching as well in terms of school prep that gives you a lot of cross synergy and strength. So yes, there is a definitely a great synergy with existing Vidyapeeth as an ecosystem.

Pratyush Kamal: Got it. And when you say that margins would be 18% to 44%. Definitely I totally understand that it…

Moderator: Mr. Kamal, sorry for interrupting, your voice is breaking.

Pratyush Kamal: Am I audible now?

Moderator: No, it's still breaking. Can you come a little closer to the mic and speak? Hello, we have lost the line of Mr. Kamal. We'll move to the next, that is Mr. Shubham from Nirmal Bang Equities. Please go ahead.

Shubham: Hi, thank you thank you for the opportunity. My first question is that in the last conference call you mentioned that you will be disclosing EBITDA separately for offline and online from the next financial year. So this school thing that is coming up, will this also be included in offline or will it be reported separately, and could you explain what greenfield means here—are we going to be capex-heavy here, so how will it work? Kindly explain that.

Prateek Boob: So sir online and offline segmental reporting we will do from the 1st of April and school will not be a part of our offline business, it will be a part of our others business at this point of time. And what I mentioned about greenfield, four such schools are happening, and in this, the land and property is a build-to-suit model where the owner is constructing the school as per our need and we are leasing out these properties for nine years.

And therefore such schools will be coming and it's completely asset-light. And that too for the next financial year it will be a very small portion of our overall bottom line and top lines.

Moderator: Thank you. Mr. Shubham, please rejoin the queue for more questions. The next question comes from the line of Ritesh Iyer with Ritz Capital. Please go ahead.

Ritesh Iyer: Thank you. Sir, my question is on your AI capabilities. First of all, how are your Aryabhata and AI capabilities different from other players, and a follow-up to this would be that since players like Gemini and OpenAI are coming into education, so how confident are you that you'll be able to outperform their models when it comes to education?

Prateek Boob: See, one thing which makes us very different is that, all the AI tools we have built, be it AI Guru or AI Grader, all of these tools are completely designed for Indian test prep kids. And it is completely designed by our own in-house proprietary data from millions of students visiting daily, the lakhs of questions they are asking, their doubts, as well as the data generated from their learning behaviour and patterns, from all those behaviours and data points we have fine-tuned and implemented a RAG layer.

As well as, if you see, now AI is becoming an integral part of the student's life cycle. AI has made learning hyper-personalized, it has added a lot of value to students' lives, as well as a great value addition in teachers' lives with the help of AI. Teachers are now more efficient. AI is designing PPTs, AI is designing question papers, AI is evaluating the answer sheets of the kids. So we have very beautifully integrated AI into the teachers' life cycle as well.

Quickly on your point on Gemini and other folks coming in education. See education is a very niche use case. A teacher cannot go wrong. So if you look at the accuracy of our models, it is better than Gemini and the existing GPT because it operates on a RAG layer which is a fine-tuned layer on top of these large language models. That gives us a great opportunity.

We have launched our own small language models like Aryabhata as well as another small language model for concept clearance; the cost of all these models is one-tenth of Gemini and GPT. So we are among the top players in terms of AI in education and we continue to be bullish about it, and the way the ecosystem is developing, we see this as a great opportunity.

Moderator: Thank you. Mr. Iyer, please rejoin the queue for more questions. Next question comes from the line of Ayushi with Arth Vritt Capital. Please go ahead.

Ayushi: Hello, hi team. I just had two questions around it. So with the recent incorporation of a hostel services entity, how do you intend to integrate and scale it across your existing student ecosystem? And second question being PW Talks caters to a separate target system. How large do you believe the opportunities for PW Talks as there are already many large players doing it.

Prateek Boob: Yes, thank you will I'll quickly answer both the questions. So about the hostel entity this is designed to integrate a hostel business of our subsidiary Xylem which was fragmentedly run in in Trivandrum as well as we have a very small student housing opportunity at various parts of the country. So that's why we thought that we will integrate the entire housing business which is very small which is again less than a percent at this point of time into an independent entity.

And this we don't have any aggressive plans to grow that business, that is just to facilitate couple of student and parent need and this will be in some of the hot pockets like Patna, like Trivandrum in India. The second is a very good question about PW Talk. See, our brand is very strong in the Central/North India, and we see a common problem there among students, which is English speaking skills.

Especially in government exams, especially after exams like UPSC and GATE when students move towards their professional careers, they face many hurdles in English speaking; so for that, we developed PW Talk which is a completely asset-light tech product, where you learn English by talking to an AI agent and watching PW's recorded lessons, bite-sized learning lessons.

And this initiative is also 18 months old; we haven't talked about many of these initiatives in our DRHP, but by the end of this year, this initiative will reach a million-dollar ARR run rate. And we have also beautifully integrated its monetization within the student journey in the app. For example, when you go to purchase something on Blinkit or Zepto and you get to see frequently bought together items and you add those items to the cart.

In the same way, if a student is preparing for a government exam and is going to purchase a batch, they can also add the English speaking course along with it. We will also put digital marketing efforts on this to leverage the top of the funnel which is our YouTube ecosystem. But this is an assisted learning environment, and if you see the biggest company in the world in education at this point of time, it is Duolingo.

And within India, I see that it's a large opportunity because I am in the hindi heartland; with a very small team of 10 people and a fraction of a few lakh rupees of investment in content, we created this, and approximately a million-dollar annual run rate will be achieved by the end of this month/year. We served a happy first 10,000 students in this, so we do see this as a great

opportunity, especially after the AI play; the only way to learn English is that you have to speak English.

I was a Hindi medium student, but my first job was in Chennai, and there neither anyone knew Hindi nor I knew English, so that's how I learned English. We have benchmarked against global standards, you all should use the PW Talk application too, give it to your domestic help, and we have seen that after three to six months of dedicated effort, people's efforts in spoken English are actually translating into outcomes.

Although we are bullish about it but still it's like very small percentage of revenue at this point of time. But if I see globally, Speak.ai is a unicorn company which helps Spanish as well as Korean people to talk in English as well as Duolingo is another example. So it's a large opportunity in the long run.

Moderator: Thank you. Ms. Ayushi, please rejoin the queue for more questions. Next question comes from the line of Yashika Pancholi with Centrum. Please go ahead.

Yashika Pancholi: Hello Hi, Can you hear me ???

Moderator: **yes**

Yashika Pancholi: Hi Prateek Hi Ankit, Hi Amit congratulations. The results are fantastic. Immense potential in the company, it's great. I just want to hear a little bit about going forward in the next five years of five to seven years, in the K-12 what are we looking at as far as revenue share is concerned? I know you cannot give a definite number but even a conservative ballpark would be very helpful?

Prateek Boob: Yes. So, K-12 is a large possibility. It is a large vision for the company and it is growing at a very rapid rate in terms of Curious Junior, in terms of our school integrated programs as well as brick-and-mortar schools. But the right, like if you see if you see China as a benchmark, 40% of the top line comes from K-12 and 30% from their test prep business.

So K-12 will become larger than test prep is what we anticipate down the line seven years because that growth is aligned with the domestic consumption story of the country and we do see a great value addition in terms of student empowering in these formative years. I don't have a like a number which will happen seven years down the line but the early trends suggest that it is going in a very right direction.

Moderator: Thank you. Ms. Pancholi, please rejoin the queue for more questions. Next question comes from the line of Diwakar Shukla with Amaya Capital. Please go ahead.

Diwakar Shukla: Hi team, congratulations on amazing results. So my question to you is, are you planning like what is the road map for the M&As piece of PW? Are you planning to do any M&As outside India as well? And the second part to the question is like are you planning to do M&As in the online space only like you just did in Sarrthi or do you intend to do it in the offline space as well?

Prateek Boob: See, consolidation is one of our major thesis for why we listed and raised a good primary capital. In terms of online and offline, that's not how I look at these businesses. The quality of a good education business is defined by the students' attendance, outcomes, and overall student NPS; so M&A is done keeping all these things in mind. Outside India, the answer is a simple no.

We are not evaluating any assets outside India right now, nor are we going to acquire any. We don't have the bandwidth to go outside India at this point of time. In terms of within India, yes, we are evaluating both offline and online assets and we will announce a couple of M&As in the next two quarters as well. But the thesis here is the synergies with the group.

Any such exam categories which are not in our target audience, which we cannot do, and someone there has built a good business with good EBITDA. That is another core thesis of the company, that we generally acquire profitable entities and the range of the multiple we give to these companies is anywhere between eight to twelve.

And we believe in an earnout structure where we don't take one-shot majority, we take anywhere between 25% to 50% equity as the first go and a three-to-four year integration and earnout structure for the founder. Sarrthi is the right example as you mentioned, the very similar playbook where we want founders to run the company and transition the brand with us for the upcoming three to four years. But we are in talks with a couple of good domestic offline players as well as we are in talks with some pure online players like Sarrthi at this point of time.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. For more questions reach out directly to Physicswallah management team. I would now like to hand the conference over to the management for closing comments.

Amit Sachdeva: Thank you everyone for joining the earnings call today. I think the number of questions that came on the K-12 platform also re-emphasizes the fact that we are thinking in the right direction. Also while we talked about K-12 a significant portion of our revenues still come from test prep.

We grew almost like 97% CAGR for the last two years and we will for a full year guidance we will grow in the range of 32% to probably 35% this year, with strong growth coming in both in the online as well as offline and our commitment to continue to grow in both these segments. With this thank you again and we look forward to you all joining in the next earnings call. Thanks.

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