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CM RATING 40 /100

# Physicswallah

## Offers affordable quality education

### Presence across many education categories in India with courses offered through online and offline mode

Physicswallah is an edtech company offering test preparation courses for various competitive examinations like JEE, NEET and UPSC and up-skilling courses like Data science and analytics, banking and finance and software development. It offers online services via social media channels, website and apps and offers tech-enabled offline centres and hybrid centres.

Students can enrol through the company's website, by downloading its apps or offline centers. Online course content includes live lectures and recorded lectures, among other services. Fees for online courses are typically collected at the time of enrolment. The offline class faculty conducts live classes in a physical center. The company operated 303 offline centers as on June 30, 2025. The offline channel also includes revenue from providing hostel or residential services to students. The company operated 166 residential hostels, under the Xylem brand, in the three months ended June 30, 2025.

The hybrid channel is a two-teacher offering: a student attends a live online lecture from a physical center and can benefit from another faculty that is present at the center to resolve doubts. Most hybrid centers are operated by its franchisee partners.

The company has created a content library of books, digital reading content, question banks, micro-videos, video classes, tests and other materials. The company had 4,382 books published and over 8.66 million question banks in its content library end June 2025. Additionally, it uses technologies such as artificial intelligence (AI), big data and machine learning to develop and offer students various tools to support their studies during live sessions and outside the classroom.

Physicswallah is among the top 5 edtech companies in terms of revenues in India and has 13.7 million subscribers on YouTube as of July 15, 2025. The YouTube community had 98.80 million subscribers as on June 30, 2025. It recorded a CAGR of 41.80% between Fiscals 2023 and 2025.

### Object of the offer

The IPO consists of a fresh issue of Rs 3100 crore and offer for sale of Rs 380 crore.

The selling shareholders include Alakh Pandey, who will offload 1,74,31,193 equity shares at the upper price band, aggregating Rs 190 crore; and Prateek Boob, who will offload 1,74,31,193 equity shares at the upper price band, aggregating Rs 190.0 crore.

PhysicsWallah proposes to utilise Rs 460.5 crore from the net fresh issue proceeds for fitouts of new offline and hybrid centres of the company and Rs 548.3 crore for lease payments of its existing identified offline and hybrid centres. The company will use Rs 47.2 crore in subsidiary Xylem Learning, Rs 31.6 crore for new centres and Rs 15.5 crore for lease payments and hostels.

Further, Rs 33.7 crore will be directed to Utkarsh Classes & Edutech for lease payments of its centres. Additionally, Rs 200.1 crore is earmarked for server and cloud infrastructure, Rs 710 crore for marketing initiatives, and Rs 26.5 crore for acquiring an additional stake in Utkarsh Classes. The balance will be utilized to fund growth through unidentified acquisitions and general corporate purpose.

### Strengths

The company had 4.46 million paid users in FY 2025, recording a CAGR of 59.2% between FY2023 and 2025. It had 2.43 million paid users in the three months ended June 30, 2025. The company has a strong and growing community which is supported by its ability to convert an engaged digital community into paying users.

The company has presence across 13 education categories in India and multiple channels, including online, offline centres and hybrid centres.

The company has built a flexible and scalable learning management system (LMS) technology stack, while ensuring enhancement of student experience at scale and maintaining the quality of pedagogy (method of how teachers teach, in theory and in practice). The company leverages AI, big data and machine learning to generate data insights which allow it to innovate new offerings and continuously improve its existing offerings.

Open access to quality education content along with affordable pricing for its paid courses has helped the company create brand affinity among students and encourage them to organically become its paid users.

As on June 30, 2025, the company had 6,267 specialized faculty members across categories. Further, the company has a centralized process for curriculum and content development supported by its faculty with subject matter expertise and has amassed a content library of digital reading content, question banks, micro-videos, video classes, test and other materials.

### **Weaknesses**

The company incurred losses at the net level in all the three preceding financial years and in the three months ended June 2025. If the company is unable to generate adequate revenue growth and manage its expenses and cash flow than the financial condition of the company will be affected.

The company's success depends on the company's ability to attract and retain students.

The courses offered by the company depends substantially on its faculties and the company's ability to attract and retain them.

The business is substantially dependent on the continued leadership of its founders Alakh Pandey and Prateek Boob as Alakh Pandey is responsible for overall business health of the company and Prateek Boob is responsible for directing strategies and innovation planning.

Success depends on its ability to provide updated and relevant content across education categories. Requirement of regular and significant updates and reprints of the content will increase the cost to the company impacting its profitability. Also, failure to make relevant content available on its platform on time and without errors could affect their study timelines and, in turn, the company's reputation and student enrolments.

Of the total unique transacting users (online channel) 26.64%, 15.63%, 12.33% and 17.61% were enrolled for courses across NEET, JEE, other government examinations and foundation education categories in the three months ended June 30, 2025. Failure to offer these education categories or increase enrolments across its other education categories could have an adverse impact.

Certain subsidiaries including Xylem, Knowledge Planet and Utkarsh Classes incurred losses in FY2024 and 2025 and in the three months ended June 30, 2025, and June 30, 2024, and had negative net worth.

The 'Physics Wallah' brand is critical to the company's success, and the company incurs advertisement and publicity expenses to promote new courses and maintain its brand.

Any disruptions in the availability of the company's social media channels, website or apps due to systems failures or for any other reason could adversely affect business.

The company faces intense competition from both organised and unorganized players as the India education market is fragmented, encompassing a diverse range of players.

## Valuation

Consolidated sales were up 33.4% to Rs 847.09 crore in the three months ended June 2025. However, net loss widened by 76.9% to Rs 127.01 crore as against net loss of Rs 71.81 crore in the corresponding period of the previous year.

Consolidated sales were up by 48.7% to Rs 2886.64 crore in FY2025. Growth in revenues was on account of increase in revenue from online and offline channels of delivery and increase in the total number of paid users. The company turned profitable at the operating levels with operating profit of Rs 73.54 crore as against operating loss of Rs 975.20 crore in FY2024. Other income inclined 104.7% to Rs 152.45 crore, while interest cost increased 31.1% to Rs 85.32 crore and depreciation increased 22.8% to Rs 366.43 crore. Loss before EO was Rs 225.88 crore as against loss before EO of Rs 1263.91 crore in the corresponding previous year. Eventually, net loss was at 243.26 crore as against net loss of Rs 1131.13 crore in FY2024.

Most of the students aspiring for preparation of competitive examinations and training courses enrol themselves with the company in the first five months, i.e., from April to August of a fiscal year.

Overall, its business and revenues fluctuate based on the academic cycle of courses and timelines of the entrance and competitive exams. These are cyclical and instantaneous in nature and dependent on the dates of the examinations as well as release of the examination results by respective authorities empowered to conduct such exam. Depending on the entrance / recruitment exams, the company may recognize lower revenues in certain months or quarters of the year. However, the company plans to introduce new offerings to reduce the impact of seasonality on the financial performance.

P/E could not be calculated as the company is incurring losses. At the upper price band of Rs 109, the post-issue EV/TTM sales is 10.26x.

There are no similar listed peers in India.

Listed players in the education space include Career Point Edutech, which is in the business of tutorial from kindergarten to PHD, Veranda Learning Solutions engaged in developing & managing an integrated online-to-offline edtech platform offering a wide range of learning programs for learners preparing for competitive and professional exams; and Jaro Institute of Technology Management and Research an online higher education and upskilling company.

<b>PhysicsWallah: Issue Highlights</b>	
Fresh issue (in Rs crore)	3100
Offer for sale (in Rs crore)	380
Offer for sale (in number of shares)	
- in Upper price band	34862385
- in Lower price band	36893204
Price Band (Rs)	103-109
For Fresh Issue Offer size (in no of shares)	
- in Upper price band	284403670
- in Lower price band	300970874
<b>Post issue capital (Rs crore)</b>	
- in Upper price band	285.96
- in Lower price band	287.62
<b>Post issue Promoter and Promoter Group shareholding</b>	
-On higher price band (%)	72.3%
-On lower price band (%)	71.8%

Bid Size (in No. of shares)	-
Issue open date	11/11/2025
Issue close date	13/11/2025
Listing	BSE, NSE
Rating	40/100

<b>Physics Wallah : Consolidated Financial</b>					
	2303 (12)	2403 (12)	2503 (12)	2406 (3)	2506 (3)
Sales	744.32	1940.71	2886.64	635.20	847.09
OPM (%)	-1.93	-50.25	2.55	-2.49	-9.40
OP	-14.37	-975.20	73.54	-15.81	-79.59
Other inc.	28.23	74.64	152.45	25.05	58.32
PBIDT	13.86	-900.57	225.99	9.24	-21.26
Interest	20.72	65.06	85.32	24.84	33.18
PBDT	-6.86	-965.62	140.67	-15.60	-54.45
Dep.	82.59	298.29	366.43	86.57	97.63
PBT	-89.45	-1263.91	-225.76	-102.17	-152.07
Share of profit/loss from JV	0.00	0.00	-0.12	0.00	0.04
PBT Before EO	-89.45	-1263.91	-225.88	-102.17	-152.03
Exceptional items	-	-71.22	32.67	-	-
PBT After EO	-89.45	-1192.69	-258.55	-102.17	-152.03
Total Tax	-5.37	-61.56	-15.29	-30.36	-25.02
PAT	-84.08	-1131.130	-243.26	-71.81	-127.01
Minority Interest	-	-	-	-	-
Net Profit	-84.08	-1131.13	-243.26	-71.81	-127.01
EPS (Rs)*	-0.29	-4.19	-0.74	#	#
EPS is on post issue equity capital of Rs 285.96 crore of face value of Rs 1 each					
Figures in Rs crore					
# EPS is not annualized due to seasonality of the business					
Source: PhysicsWallah Issue Prospectus					