

Company Overview

PhysicsWallah Ltd. (PWL) is an Indian edtech platform founded by Alakh Pandey. It began as a YouTube channel named "Physics Wallah" in 2014, with the goal of providing high-quality, affordable, and accessible education. It provides a comprehensive learning solution, ranging from study materials and courses for students from Class 6 to Class 12, covering CBSE and various state boards, to test preparation for competitive exams like JEE, NEET, UPSC, GATE, NDA, and more, along with other upskilling courses. The company operates through three channels: 1. Online, which includes YouTube, website, and apps; 2. Offline (Vidyapeeth - 112 centres), which are tech-enabled physical centres where faculty conduct live classes; and 3. Hybrid (Pathshala – 78 centres), a two-teacher model where students attend live online classes at a physical centre and can also benefit from another faculty member present onsite for questions and revision classes. A significant portion of their materials and courses are freely available on their 888 channels across YouTube and other social media platforms, amassing 119 million subscribers and 22.8 billion views, helping the company grow organically with low marketing expenditure of 10% of revenue at a CAGR of 189% over FY22-24 to Rs. 1,940 crore in FY24, making it one of the top five education companies by revenue in India. PWL's offers its JEE, NEET, and UPSC test preparation courses, which make up 43% of enrolments, at just 6-18% of the prices charged by the leading competitors. With a focus on community, technology, and content across 13 education categories, PWL stands to cater to the INR 15-16 trillion Indian education market. In FY25, with a faculty of 6,267 and 48 lakh total users, the company generated revenue of Rs. 2,886 cr, with 48.6% contributed by online channels, 46.8% from offline centres, and the remaining 4.6% from other sources. Operationally, it opened 40 Vidyapeeth and 31 Pathshala centres, bringing the total number of offline centres to 303.

Objects of the issue

The company proposes to utilise net proceeds from the issue towards the following objects:

- ⇒ Capital expenditure for fit-outs of new offline and hybrid centres;
- ⇒ Expenditure towards lease payments of existing identified offline and hybrid centres;
- ⇒ Investment in the subsidiary, Xylem Learning Private Ltd for capital expenditure of offline centres and lease payments;
- ⇒ Investment in our Subsidiary, Utkarsh Classes and Edutech Private Ltd for lease payments of offline centres;
- ⇒ Expenditure towards server and cloud-related infrastructure costs;
- ⇒ Expenditure towards marketing initiatives;
- ⇒ Acquisition of additional shareholding in its Subsidiary, Utkarsh Classes & Edutech Pvt Ltd.; and
- ⇒ Funding inorganic growth through unidentified acquisitions and general corporate purposes.

Investment Rationale

Strong online and expanding offline presence across India, supported by a strong delivery model

Pine PhysicsWallah Ltd. has the largest student community in India, with 98.8 mn YouTube subscribers across 208 channels. The main YouTube channel, "Physics Wallah-Alakh Pandey," alone has ~13.7 mn subscribers, and this community has experienced rapid growth at a CAGR of 41.80% between FY23-25, with expectations of continued expansion. Initially, user traffic is primarily attracted by a vast library of free lectures and content on YouTube. In FY25 out of a total of 98.8 mn online students, PWL has successfully converted 4.46 mn users into paid subscribers which grew at a CAGR of 59% between FY23-25. through a content library that includes 4,382 books, 8.66 mn question bank items, micro-videos, video classes, tests, and other materials. In addition to a strong online presence and catering to market demand, they have established a substantial offline footprint with 303 stores as of 30 June 2025, which grew at a CAGR of 165% between FY23-25, forming 46.8% of FY25 revenue. All of this is supported by a faculty of 6,267, teaching across 13 education categories, including JEE, NEET, UPSC, GATE, NDA, and more, and is expected to keep driving growth.

Issue Details

Offer Period	11th Nov. 2025 - 13th Nov. 2025
Price Band	Rs. 103 to Rs. 109
Bid Lot	17
Listing	BSE & NSE
Issue Size (no. of shares in crores)	31.9
Issue Size	3,479.9
Face Value (Rs.)	1

Issue Structure

QIB	75%
NIB	15%
Retail	10%

BRLM	Kotak Mahindra Capital Co. Ltd., J.P. Morgan India Pvt. Ltd., Goldman Sachs (India) Securities Pvt. Ltd., Jefferies India Pvt. Ltd.
------	---

Registrar	MUFG Intime India Pvt. Ltd.
-----------	-----------------------------

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	81.6%	72.4%
Public	18.4%	27.6%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

PhysicsWallah Ltd.

Strong presence across a wide range of education categories in India, with strong faculty and brand recall.

The company offers courses across 13 Education Categories, adding seven since FY23. With courses for engineering and medical entrance examinations like JEE and NEET through our online, offline and hybrid channels, with "foundation" courses starting from classes 6 to 10 for these competitive exams. They also offer courses for students preparing for other competitive entrance examinations such as GATE, CUET, and CAT; public administration jobs (such as civil services and railways); and professional qualifications (such as chartered accountancy courses). This wide range of offerings across multiple formats gives them an edge in reaching all kinds of students in the fast-growing Rs. 15-16 trillion Indian education market. The strong brand recall among the student community helps them acquire users at a low marketing cost of 10% along with pricing being at 80% below that of major competitors, provides a significant advantage in both student acquisition and retention. All of this is supported by a faculty of 6,267 teachers, paving the way for sustainable growth.

Valuation

PhysicsWallah Ltd. offers test-preparation courses for competitive examinations and other upskilling programmes, ranging from K-12 to professional development. Their modes of delivery include online platforms, technology-enabled offline centres, and hybrid models. It is among the top five education companies in India by revenue, with the largest student community in the country, boasting 98.80 mn YouTube subscribers as of June 30, 2025, which grew at a CAGR of 41.80% between FY23-25. With a significant presence both offline and online, they rank among the fastest-growing companies. Owing to their student-led approach, they have fostered strong brand affinity among students, with daily active users increasing from 0.93 mn in FY23 to 2.70 mn in FY25, resulting in a revenue growth of 96.9% over FY23-25 to Rs. 2,886.6 cr, with the online and offline revenue growing at 75.5% and 119.3% CAGR, respectively. The offline centres have reached 303, and this growth has come at a cost of increased need for capital expenditure and hiring of new faculty, which has reached 6,267. This high recurring cost and capex has resulted in negative operating margins and increased lease liabilities. Further capital infusion is needed for expansion based on the current business model which is also the prime reason for the IPO, as mentioned in the company's objects. Additionally, intense competition from both organised players like Allen, Unacademy, Upgrad, Aakash, etc and unorganised players reaching tier 2/3 markets could constrain margin and revenue expansion. While PWL does have multiple competitive advantages, these are a double-edged sword as low pricing limits revenue growth and margin expansion. **From a valuation standpoint, At the upper end of the price band of Rs. 109 per share, the issue is valued at a P/S of 10.9x based on FY25 sales, which seems expensive relative to fundamentals, a low margin business and high capex for offline growth, warranting a cautious stance despite strong growth prospects. We, thus, recommend a "Avoid" rating for this issue.**

Key Risks:

- ⇒ PWL has incurred net loss for FY23/FY24/FY25/Q1FY26 of Rs. 84 cr/ Rs. 1,131 cr/ Rs. 243 cr/ Rs. 127 cr, respectively. If the company is unable to generate adequate revenue growth and manage expenses and cash flows as it grows, it may continue to incur losses, which could negatively affect its financial condition.
- ⇒ The business is heavily dependent on its ability to attract and retain faculty members and students. Any failure to do so could adversely impact our business, operations, financial condition and cash flow. The company had high attrition rates of 45% and 36% in FY24 and FY25, respectively, which could potentially harm the business's sustainability.

PhysicsWallah Ltd.

Income Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	Q1FY26
Revenue:				
Revenue from operations	744	1,941	2,887	847
Total revenue	744	1,941	2,887	847
Expenses:				
Direct expenses	75	380	513	154
Purchases of traded goods sold	23	51	54	21
Changes in inventories	-13	-15	-18	4
Cost of raw material and components consumed	29	54	87	29
Employee benefits expense	413	1,159	1,401	460
Net loss/(gain) on remeasurement of financial instruments at fair value	67	817	115	6
Other Expenses	166	470	661	253
Total operating expenses	759	2,916	2,813	927
EBITDA	-14	-975	74	-80
Depreciation & amortization	83	298	366	98
EBIT	-97	-1,273	-293	-177
Finance costs	21	65	85	33
Other Income	28	75	152	58
PBT before share of associate and exceptional items	-89	-1,264	-226	-152
Share in net loss of an associate	0	0	0	0
Exceptional items	0	71	33	0
PBT	-89	-1,193	-258	-152
Current Tax	15	0	2	0
Deferred tax	-20	-62	-17	-25
Total tax	-5	-62	-15	-25
PAT	-84	-1,131	-243	-127
Diluted EPS	-0.4	-4.8	-0.9	-0.5

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	Q1FY26
Cash Flow from/(used in) operating activities	270	212	507	968
Cash flow from/(used in) investing activities	-1,076	-43	-1,513	-926
Net cash flows (used in) / from financing activities	848	-165	1,007	-59
Net increase/(decrease) in cash and cash equivalents	42	4	0	-18
Cash and cash equivalents at the beginning of the period	7	49	53	54
Cash and cash equivalents at the end of the period	49	53	54	36

Source: RHP, BP Equities Research

Balance Sheet (Rs. in crores)

Particulars	FY23	FY24	FY25	Q1FY26
Assets				
Non-Current Assets				
Property, plant and equipment	175	278	286	314
Capital Work in progress	5	0	7	6
Right-of-use of assets	464	727	918	910
Goodwill	284	254	223	225
Other Intangible Assets	198	205	159	151
Intangible assets under development	0	0	3	0
Investments accounted for using equity method	0	0	5	5
Financial Assets				
(i) Investments	0	25	55	223
(ii) Trade receivables	0	13	30	33
(ii) Other financial assets	86	148	101	74
Deferred tax Assets (Net)	20	79	96	120
Non-Current Tax Assets	22	23	23	24
Other non current assets	16	13	15	2
Total Non Current assets	1,270	1,766	1,920	2,088
Current Assets				
Inventories	23	53	77	74
Financial Assets				
(i) Trade Receivables	13	27	42	43
(ii) Investments	205	148	1,341	2,178
(iii) Cash and cash equivalents	49	53	54	36
(iv) Bank balance other than cash	481	26	122	134
(v) Loans	1	2	7	10
(vi) Others	21	375	531	420
Other current assets	20	30	64	93
Total Current Assets	812	715	2,237	2,988
Total Assets	2,082	2,481	4,156	5,076
Equity and Liabilities				
Equity Share Capital	6	6	218	219
Instruments entirely equity in nature	0	0	834	834
Other Equity	-189	-1,252	472	394
Non-controlling interests	132	74	29	24
Total Equity	-50	-1,172	1,554	1,471
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	925	1,649	0	0
(ii) Lease Liabilities	404	658	833	821
(iii) Other financial liabilities	287	253	287	292
Deferred tax liabilities	2	0	0	0
Other non-current liabilities	2	0	29	79
Provisions	3	11	22	25
Total Non-Current Liabilities	1,622	2,571	1,171	1,217
Current Liabilities				
Financial Liabilities				
(i) Borrowings	31	39	0	1
(ii) Trade Payables	52	129	187	272
(iii) Lease Liabilities	68	116	164	177
(iv) Liabilities towards prepaid cards	0	0	0	0
(iv) Other financial liabilities	38	137	142	153
Other current liabilities	316	651	918	1,764
Provisions	4	11	20	21
Total Current Liabilities	510	1,082	1,432	2,388
Total Liabilities	2,132	3,653	2,603	3,605
Total Equity and Liabilities	2,082	2,481	4,156	5,076

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

We analysts and the authors of this report, hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of the subject issuer (s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation (s) or view (s) in this report. Analysts aren't registered as research analysts by FINRA and might not be an associated person of the BP Equities Pvt. Ltd. (Institutional Equities).

General Disclaimer

This report has been prepared by the research department of BP EQUITIES Pvt. Ltd, is for information purposes only. This report is not construed as an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal.

BP EQUITIES Pvt. Ltd have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time. Prospective investors are cautioned that any forward looking statement are not predictions and are subject to change without prior notice.

Recipients of this material should rely on their own investigations and take their own professional advice. BP EQUITIES Pvt. Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. BP EQUITIES Pvt. Ltd. or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

BP EQUITIES Pvt. Ltd and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by any person in any locality, state and country or other jurisdiction where such distribution, publication or use would be contrary to the law or regulation or would subject to BP EQUITIES Pvt. Ltd or any of its affiliates to any registration or licensing requirement within such jurisdiction.

Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392