

November 10, 2025

PhysicsWallah Limited

IPO Note

IPO Snapshot

Parameter	Value
Issue Opens On	November 11, 2025
Issue Closes On	November 13, 2025
Price Band (INR)	103–109
Issue Size (INR Cr.)	3,480
Recommendation	Subscribe

Company Overview

PhysicsWallah offers test preparation courses (e.g., JEE, NEET) and upskilling programs through a multi-channel delivery model: online, offline centers, and hybrid centers. Revenue is generated from both coaching services and the sale of study materials. Operating primarily in India, the company has expanded into the Middle East (UAE, Oman, Saudi Arabia) via its subsidiary, Knowledge Planet. The company provides content using engaging and tech-enabled pedagogy (which means teaching methodologies). Further, a large portion of the materials and courses are available in an open access or free format on its 207 YouTube channels (as at June 30, 2025), with an option for students to sign up for free or paid courses on websites or mobile applications. Its strategy leverages India's largest online student community with its main YouTube channel having 13.7 million subscribers as of July 15, 2025 to drive growth. Key competitive advantages include its powerful brand, community engagement, and an affordable pricing model, with its JEE and NEET courses cited as the most affordably priced among top players. The company's hybrid, multi-channel approach and proprietary technology, like "AI Guru," are key long-term differentiators. The company has 303 total offline centers as on 30th June, 2025.

Outlook

PhysicsWallah's IPO is priced at a P/Revenue multiple of 7.5x on TTM basis, reflecting its rapid growth in subscriptions and user base. Despite historical losses and governance concerns, the company's strong brand, community-driven model, and expansion strategy support subscription for listing gains. The fresh issue proceeds will fund inorganic growth and technology enhancements, aligning with sector tailwinds like hybrid learning and digital penetration. We recommend "Subscribe."

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Offer Structure

Particulars	IPO Details
No. of shares under IPO	31,92,66,054
Fresh issue (# shares)	28,44,03,669
Offer for sale (# shares)	3,48,62,385
Price band (INR)	103–109
Post issue MCAP (INR)	31,526.73

Issue Category	% Allocation
QIB	75%
NIB	15%
Retail	10%

Objects of the Issue

Objects of the Issue	Expected Amount (INR Cr)
Acquisitions	60.2
Technology enhancements	1,458.42
Other purposes	1,961.38
Total	3,480

Profit & Loss (INR Cr.)

Metric	FY23	FY24	FY25
Revenue	1,141.53	2,609.28	3,901.72
EBITDA	13.86	-829.35	193.2
PAT	-243.26	-1131.13	-84.08

Industry & Market Overview

Market Size and Growth

The Indian education sector represents a significant and growing opportunity. The test preparation sub-segment, in particular, is poised for robust expansion, driven by strong demographic tailwinds and increasing demand for specialized coaching.

Market Segment	Fiscal 2025 TAM (INR Trillion / US\$ Billion)	Fiscal 2030 Projected TAM (INR Trillion / US\$ Billion)	CAGR (FY25-FY30)
India's Education Market	INR 16.5 - 17.5 / \$199 - \$211	INR 25.5 - 26.5 / \$307 - \$319	9%
Test Preparation Market	INR 1.4 - 1.5 / \$17 - \$18	INR 2.3 - 2.5 / \$28 - \$30	11%
Government Test Prep	INR 0.65 - 0.75 / \$8 - \$9	INR 1.1 - 1.3 / \$14 - \$16	12%

Key growth drivers for the sector include increasing digital penetration, a rising middle-income demographic with higher discretionary spending on education, and evolving parental aspirations, especially in Tier 2+ cities where demand for quality supplementary education is surging.

Regulatory Landscape and Sector Risks

- The education sector is subject to an evolving regulatory framework. Key regulations include the National Education Policy (NEP) 2020, which aims to overhaul the education system, and various state-specific legislations governing private coaching centers. More recently, the Ministry of Education's 2024 guidelines introduced significant rules, such as prohibiting the enrollment of students below 16 years of age. This regulation poses a specific risk to the company's 'Foundation' course offerings, which cater to students in classes six to 10 and serve as a key student acquisition funnel.
- The primary industry risks stem from this dynamic regulatory environment. Disruptive changes in government policy or shifts in the format of government-administered exams, such as the recent modifications to the JEE Main syllabus, can require significant operational adjustments and increase compliance costs for industry players.

Key Trends

Two dominant trends are shaping the sector. First is the structural shift toward hybrid learning models, which blend the flexibility of online education with the engagement of offline interaction. Second is the rise of community-led engagement platforms, where companies leverage large online followings on platforms like YouTube to build brand affinity and drive user acquisition.

Recent Developments

Strategic Acquisitions

PhysicsWallah has pursued an aggressive inorganic growth strategy to expand its geographical footprint and diversify its course offerings.

- Xylem (Fiscal 2024): Acquired to strengthen the company's presence in the South India market.
- Utkarsh Classes (Fiscal 2023): Intended to improve the company's foothold in other government examination categories.
- Knowledge Planet (Fiscal 2023): Facilitated expansion into the UAE market, establishing an international presence.
- Guiding Light Education Technologies Private Limited ("Sarrthi IAS"): Acquired via an agreement on September 2, 2025, to expand presence in the highly competitive civil services exam category.
- Kay Lifestyle and Wellness Private Limited: Acquired via an agreement on April 15, 2025, marking an entry into the wellness space.

The acquisitions of Guiding Light and Kay Lifestyle are significant post-balance sheet events that occurred after the end of Fiscal 2025 (March 31, 2025). As such, their financial impact is not yet reflected in the historical financial statements presented in this analysis, a crucial point for forward-looking valuation. These moves underscore a clear strategy focused on rapid market penetration into new geographies and educational segments.

Product and Service Innovations

The company has recently launched new technology tools and services designed to enhance the student learning experience and improve operational efficiency.

- **AI-Powered Tools:** The company has introduced proprietary tools such as "AI Guru," an AI-based doubt resolution tool, and "AI Grader." These technologies are designed to provide scalable, on-demand student support and automate assessment processes, creating operational efficiencies.
- **Adjacent Services:** Following the acquisition of Xylem, the company began offering adjacent services such as hostel and transport facilities, aiming to provide a more integrated and supportive ecosystem for students.

These recent strategic activities have a direct bearing on the company's financial results, which are examined in the following section.

Financial Highlights (Last 3 Years)

Profit & Loss Analysis

The company has demonstrated rapid revenue growth, facilitated with increase in paid users, which stood around 4.4 million as of FY25.

Particulars (INR Cr.)	FY23	FY24	FY25	Q1 FY26
Revenue Expenses	754	1,941	2,887	947
EBITDA Expenses	(14)	(975)	274	(80)
EBITDA Margin (%)	(0)	(1)	0	(0)
Depreciation and Amortization	83	298	366	98
Finance Cost	21	65	85	33
Other Income	28	75	152	58
Loss before exceptional items and tax	(89)	(1,264)	(226)	(152)
Share of profit/(loss) of associates (r)	-	-	-	(0)
Exceptional items	-	71	(33)	-
Loss before tax	(89)	(1,193)	(259)	(152)
Tax Expense	(5)	(63)	(15)	(25)
Loss after tax interest	(84)	(1,130)	(243)	(127)
Non-controlling interest	(3)	(91)	(27)	(7)
Consolidated Loss	(81)	(1,040)	(216)	(120)

Balance Sheet

Particulars (INR Cr.)	FY23	FY24	FY25	Q1 FY26
Assets				
Non-Current Assets	1,270	1,766	1,920	2,088
Current Assets	812	715	2,237	2,988
Total Assets	2,082	2,481	4,156	5,076
Equity and Liabilities				
Equity	(50)	(1,172)	1,554	1,471
Non-Current Liabilities	1,620	2,571	1,171	1,217
Current Liabilities	510	1,082	1,432	2,388
Total Equity and Liabilities	2,082	2,481	4,156	5,076

Operational KPIs

The company's user and enrollment metrics show strong growth across both online and offline channels.

Key Performance Indicator	Fiscal 2023	Fiscal 2024	Fiscal 2025
Total Number of Paid Users (millions)	1.77	3.63	4.75
Unique Transacting Users (Online) (millions)	1.68	3.40	4.13
Offline Student Enrolments (millions)	0.08	0.23	0.61
ARPU - Offline Channel (INR)	34,467.15	39,597.24	45,216.79
Total Offline Centers (Number)	28	126	198

Peer Comparison

There are "no other companies in the education industry of the same size, scale and business model comparable to PhysicsWallah Ltd. that are listed in India. Unlisted peers like Allen Career Institute (INR 3,244 Cr revenue in FY24) and Aakash Educational Services (INR 2,386 Cr revenue in FY24) provide a point of reference for scale.

Cash Flow Analysis

Cash Flow Trends Despite reporting net losses, the company has consistently generated positive cash from its operating activities. Its investing activities reflect an aggressive acquisition strategy, while financing activities show significant capital raising.

Net Cash Flow (INR in million)	Fiscal 2023	Fiscal 2024	Fiscal 2025
From Operating Activities	106	212	561
(Used in) Investing Activities	351	237	(18,171.16)
From/(Used in) Financing Activities	(746.88)	(1,646.54)	10,067.60

- **Operating Activities:** The company generated positive and growing net cash from operations in all three fiscal years, indicating that its core business model generates sufficient cash to cover operational needs.
- **Investing Activities:** The significant cash used in investing activities, especially in Fiscal 2025, is directly linked to the company's inorganic growth strategy, including payments for acquisitions and investments in mutual funds and debentures.
- **Financing Activities:** A large cash inflow in Fiscal 2025 was driven by the proceeds from the issuance of Compulsorily Convertible Preference Shares (CCPS). In other periods, cash outflows were primarily for lease liability payments and loan repayments.

Objects of the Issue

IPO Structure

The offer consists of two main components: a fresh issuance of shares by the company and an offer for sale by its promoters.

- **Fresh Issue:** An issuance of new equity shares aggregating INR 31,000.00 million.
- **Offer for Sale (OFS):** The promoters, Alakh Pandey and Prateek Boob, are offering existing shares aggregating up to INR 1,900 million each, for a total OFS amount of INR 3,800 million.

Utilization of Net Proceeds

The company has detailed its planned use of the net proceeds from the Fresh Issue to fund its strategic growth initiatives.

Proposed Utilization of Net Proceeds	Estimated Amount (INR million)
1. Capital expenditure for fit-outs of new Company offline centers	4,000.00
2. Investment in subsidiary, Xylem, for new centers and lease payments	2,000.00
3. Investment in subsidiary, Utkarsh, for payment of acquisition consideration	4,000.00
4. Investment in technology, server costs, and R&D	2,001.06
5. Marketing and sales promotion initiatives	7,100.00
6. Funding inorganic growth through unidentified acquisitions	7,000.00
7. General corporate purposes	[Balance Amount]

Strategic Alignment Assessment

The proposed utilization of funds is directly aligned with the company's articulated growth strategy. The planned expenditures on opening new offline centers (organic growth), funding past and future acquisitions (inorganic growth), strengthening technology infrastructure, and expanding marketing efforts are all consistent with its goal of expanding its multi-channel presence and consolidating its market position. Notably, the allocation of INR 7,000.00 million, representing a substantial 22.5% of the Fresh Issue, to 'funding inorganic growth through unidentified acquisitions' underscores the centrality of M&A to the company's future strategy. This significant reliance on future deals carries inherent execution and integration risks, a point elaborated upon in the Risk Factors section.

Risk Factors

- History of Losses and Negative Net Worth (Business Risk)** The company has incurred restated losses for Fiscals 2023, 2024, and 2025, as well as for the three months ended June 30, 2025. It reported a negative Net Worth as of March 31, 2024, and negative EBITDA in Fiscal 2024 and for the quarter ended June 30, 2025. An inability to achieve and sustain profitability could significantly harm the business and its operating results.
- Statutory Auditor Qualifications and Internal Control Weaknesses (Governance Risk)** The statutory auditors have raised several qualifications in their reports, indicating significant weaknesses in internal financial controls and governance. Key issues cited include: the company's accounting software server not being located in India and the audit trail not being preserved as required; an unsecured investment of INR 310.44 million deemed prejudicial to the company's interest; the schedule of repayment for loans to two subsidiary companies was not stipulated; and a material uncertainty was noted related to subsidiary iNeuron's ability to continue as a going concern.
- Dependence on Founders and Key Management (Business Risk)** The company's success, brand identity, and strategy are heavily dependent on its founders, Alakh Pandey and Prateek Boob. The discontinuation of their services could adversely impact the business and student enrolments. This risk is compounded by high employee attrition rates, which were reported at 45.27% in Fiscal 2024 and 36.51% in Fiscal 2025.
- Evolving Regulatory Landscape (Industry/Regulatory Risk)** The coaching sector faces the risk of new and evolving government regulations. Guidelines from various state governments and the Ministry of Education (2024), which include restrictions on enrolling students below 16 years of age and new rules for advertising, could increase compliance costs and adversely affect the company's business model.
- Risks Associated with Inorganic Growth Strategy (Business Risk)** The company has relied heavily on acquisitions as a key growth strategy. However, there is a significant risk that it may not be able to successfully integrate acquired companies. For example, the company acknowledged that with the iNeuron acquisition, it "did not realize the business synergies envisaged," which resulted in impairment charges and highlights the execution risk in its inorganic growth plans.

Management & Governance

Promoter Profile and Track Record

The company is led by its two co-founders, who serve as promoters.

- Alakh Pandey:** As the Whole-Time Director and Chief Executive Officer, Mr. Pandey is responsible for the overall business health of the company. His journey began with a YouTube channel teaching physics, which evolved into the foundation of the company. He has received numerous accolades, including "Entrepreneur of the Year – Education" by the Economic Times in 2024.
- Prateek Boob:** As a Whole-Time Director, Mr. Boob is responsible for strategy and innovation. He holds a degree in technology from IIT (BHU) and has over 10 years of experience in the education-technology industry.

Promoter Shareholding

The promoters hold a significant majority of the company's equity prior to the IPO.

Promoter	Number of Equity Shares	Percentage of Pre-Offer Capital (%)
Alakh Pandey	1,051,200,000	40.31%
Prateek Boob	1,051,200,000	40.31%
Total	2,102,400,000	80.62%

The post-IPO shareholding is not yet determined but will be lower following the Fresh Issue and the Offer for Sale.

Key Management Personnel

Beyond the promoters, the company is supported by experienced professionals in key roles:

- **Amit Sachdeva (Chief Financial Officer):** A member of the Institute of Chartered Accountants of India, Mr. Sachdeva is responsible for managing all financial and operational activities. He was previously associated with Blink Commerce (Grofers) and IGT Solutions.
- **Ajinkya Jain (Group General Counsel, Company Secretary and Compliance Officer):** Mr. Jain is responsible for all legal, secretarial, and regulatory compliance. He was previously associated with WestBridge Capital Advisors and Gangakhed Sugar & Energy.

Legal and Regulatory Controversies

According to the summary of outstanding litigation provided in the RHP, there are no criminal proceedings, tax proceedings, or regulatory actions reported against the promoters.

Summary of Major Dealings

The company has engaged in several transactions with its key management personnel (KMP) and subsidiary companies.

- **Remuneration to Key Management:** The promoters received significant remuneration in the form of short-term employee benefits.
 - Alakh Pandey: INR 45.76 million in Fiscal 2023, INR 55.01 million in Fiscal 2024, and INR 32.01 million in Fiscal 2025.
 - Prateek Boob: INR 18.01 million in Fiscal 2023, INR 18.01 million in Fiscal 2024, and INR 13.51 million in Fiscal 2025.
- **Transactions with Subsidiaries:** The company engages in numerous inter-company transactions, including the purchase and sale of goods/services, borrowings, and reimbursements with subsidiaries such as Penpencil, Utkarsh, and Xylem. These are typical for a consolidated group structure.
- **Loans to KMP:** A loan of INR 2.56 million was given to Amit Sachdeva (CFO) in Fiscal 2025. Repayments of INR 0.85 million were made in Fiscal 2025, and a further INR 0.64 million was repaid in the three months ended June 30, 2025.

Assessment of Transactions

For the most part, these dealings appear to be in the normal course of business. Remuneration to promoters and operational transactions with wholly-owned or majority-owned subsidiaries are standard for a company of this structure.

However, two points raised by the company's auditors are governance concerns that investors should note:

1. An unsecured investment made by the company was qualified as being "prejudicial to the Company's interest."
2. The auditors noted a lack of stipulated repayment terms for loans granted to two of its subsidiary companies.

IPO Details

Peer Group Analysis

To provide some context on operational scale, the table below compares PhysicsWallah's revenue with that of its key unlisted competitors.

Company	Fiscal 2024 Revenue from Operations (INR million)
Allen Career Institute	32,447.2
Aakash Educational Services	23,858.2
PhysicsWallah Limited	19,407.1

It must be reiterated that due to the absence of listed peers, a direct comparison of key valuation multiples such as Price-to-Earnings (P/E), Price-to-Book (P/B), or Enterprise Value-to-EBITDA (EV/EBITDA) is not possible.

Valuation

In terms of Price/Revenue, the company is trading at a multiple of 7.5x on Trailing Twelve Month basis. However, the company is seeing growth in subscription and user base, which will drive future revenue and profitability. Therefore, the IPO can be subscribed for listing gains.

Red Flags

1. **Extensive Auditor Qualifications and Remarks** The statutory auditors have issued several qualifications in their reports for Fiscals 2023, 2024, and 2025. These point to material weaknesses in financial controls and governance, including issues with data hosting (servers not in India), prejudicial unsecured investments, lack of stipulated repayment terms on loans to subsidiaries, and non-compliance at the subsidiary level (iNeuron). This is a significant governance concern.
2. **History of Financial Losses and Negative Net Worth** The company has a consistent history of reporting net losses, including a substantial loss of INR 11,311.30 million in Fiscal 2024. Furthermore, it reported a negative Net Worth of INR (8,617.89) million as of March 31, 2024, indicating that its liabilities exceeded its assets at that time.
3. **Ongoing Material Litigation** The company is involved in several material legal proceedings. These include a civil suit filed by competitor FIITJEE Limited, a franchisee dispute with Aditya Associates, and a significant notice of arbitration from the former shareholders of an acquired company (Knowledge Planet) with a claim amount of approximately INR 860.00 million.
4. **Tax Proceedings Against Subsidiary** The company's subsidiary, Utkarsh Classes, has received notices from the Income Tax Department seeking extensive information and explanations regarding its financial affairs from FY 2020-21 to FY 2023-24, indicating heightened regulatory scrutiny.
5. **High Employee and Faculty Attrition** The RHP discloses high employee attrition rates (45.27% in FY24 and 36.51% in FY25). It also notes specific instances of faculty members leaving in groups to join competitors, highlighting a significant challenge in retaining key talent in a competitive market.
6. **Challenges in Integrating Acquisitions** The company has acknowledged that it "did not realize the business synergies envisaged" from certain acquisitions like iNeuron, which led to the impairment of goodwill and intangible assets. This raises concerns about its ability to successfully execute its inorganic growth strategy, a key pillar of its expansion plans.