IPO Note

PHYSICS WALLAH LIMITED

Nov 11th, 2025

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Details of the Issue	
Price Band	₹ 103 - ₹ 109
Issue Size	₹ 3,480 Cr
Face Value	₹ 1
Bid Lot	137
Listing on	BSE,NSE
Post Issue Mcap	₹ 25,377 Cr
Investment Range	₹ 14,111 - ₹ 14,933

Important Indicative Dates (2025)	
Opening	11 - Nov
Closing	13 - Nov
Basis of Allotment	14 - Nov
Refund Initiation	17 - Nov
Credit to Demat	17 - Nov
Listing Date	18 - Nov

Lead Manager
Kotak Mahindra Capital Company Ltd
Goldman Sachs (India) Securities Pvt Ltd
Axis Capital Ltd
J.P Morgan India Pvt Ltd

Offer Details	
Offer Size	₹ 3,480 Cr
Fresh Issue	₹ 3,100 Cr
OFS	₹ 380 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	2,610	240	253	75
NII	522	47.89	50.63	15
Retail	348	31.93	33.79	10
Employ.	-	-	-	-
Total	3,480	319	338	100

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Company Profile

PhysicsWallah is a leading Indian edtech company providing test preparation courses for exams like JEE, NEET, and UPSC, along with upskilling programs in data science, finance, and software development. It operates through digital platforms (YouTube, website, and app) and tech-enabled offline and hybrid centers. Ranked among India's top five edtech firms by revenue, it had 13.7 million YouTube subscribers as of July 15, 2025. As of June 30, 2025, the company had 4.13 million unique online transacting users and 0.33 million offline students, with an average collection per user of ₹3,930.55. It offers courses across 13 education categories, operates 303 offline centers, and employs 6,267 faculty members and 18,028 staff, having also published 4,382 books.

GEPL's Insights & Investment Thesis:

- Physics Wallah Ltd has exponentially expanded its offline centers from 28 in FY23 to 303 in Q1 FY26. However, this rapid expansion and continued losses over the years, creates execution challenges for the company, leading to uncertainty in profitability.
- The company faces the risks of rising competition in the educational industry and elevated costs for expansion, impacting profitability.
- Based on the FY25 sales, relative to the company's post-IPO paid up capital, the issue is priced at a EV/Sales ratio of 9.7x. We believe that the issue is over valued, the company has weak profitability, faces risks of competition, and attrition of faculty and students. Therefore, we recommend a "**Avoid**" rating for the issue.

Business Highlights & Services

PhysicsWallah (PW), one of India's top five edtech companies by revenue, has demonstrated exceptional growth with 4.46 million paid users in FY25, reflecting a CAGR of 59.19% between FY23–FY25, and daily active users rising from 0.93 million to 2.70 million. Built on the mission of affordable and accessible education, PW has converted its vast free audience into paying users while offering among the most competitively priced courses for JEE, NEET, and UPSC. The company's diversified portfolio spans 13 education categories, from foundation to professional upskilling, delivered through a scalable multi-channel model—online, offline, and hybrid. Its offline footprint has rapidly expanded to 303 centers as of June 2025, supported by strategic acquisitions like Xylem and Utkarsh Classes, enhancing regional presence and course offerings. With a massive digital reach of over 119 million social media followers and strong brand recall, PW combines scale, affordability, and operational efficiency. Further, through PW Foundation initiatives such as Utthan, it reinforces its commitment to inclusive education, making it a high-growth, socially responsible, and scalable edtech investment opportunity.

PhysicsWallah (PW) has built a strong technology-led education ecosystem powered by a 548-member tech and product team and an advanced AI-driven learning management system (LMS) that ensures scalability, quality, and efficiency across online, offline, and hybrid channels. The company leverages tools like AI Guru, Smart Doubt Engine, and AI Grader to personalize learning, automate assessments, and enhance real-time engagement, while innovations such as AI Sahayak, TeacherX, and PW Drona improve productivity and performance tracking. PW's open-access model—offering free, high-quality content on YouTube, social media, and its app acts as a low-cost acquisition funnel, converting millions of free learners into paying users.

Backed by rich data analytics on student behavior and geography, PW strategically expands its offline presence and drives cross-selling through acquisitions like Utkarsh Classes, Xylem, and Knowledge Planet. Additionally, its Batch Infinity offering creates new monetization layers by bundling premium tech features with affordability. This strong integration of AI innovation, open-access marketing, and data-led expansion positions PW as a scalable, tech-first education leader with a sustainable growth model and strong long-term investment potential.

PhysicsWallah (PW) has built a strong academic foundation with 6,267 faculty members specializing in teaching, content creation, and doubt resolution, supported by a robust training program that ensures consistent pedagogy across channels. Its centralized content development, featuring 4,382 books and 8.66 million question banks, is continuously updated using AI tools like AI Guru and Smart Doubt Engine to deliver personalized and data-driven learning. Tech-enabled classrooms with smart boards, 3D models, and interactive features have increased average student engagement from 93 minutes in FY23 to 107 minutes in Q1 FY26. By combining expert faculty, advanced technology, and holistic student support through counselling and motivational programs, PW delivers high-quality, scalable education—strengthening learning outcomes, brand trust, and long-term growth potential.

PhysicsWallah aims to enhance learning outcomes and expand access to affordable quality education through technology-led solutions. The company continues to strengthen its student community by offering free, engaging content across platforms and converting users into paid subscribers. It is developing AI-driven tools like AI NCERT and personalized study paths to improve student performance and engagement, while investing in cloud infrastructure to support scale and efficiency. Strategic marketing campaigns and flagship events such as Vishwas Diwas and PW Anniversary enhance brand visibility and drive enrolments across online and offline channels. With India's test prep market growing at ~11% CAGR and increasing demand for multilingual education, PW is expanding into new categories like K–12, state boards, law entrance, and post-profession skill development. Leveraging data insights, content assets, and proven pedagogy, PW is positioned to deliver scalable, tech-enabled education solutions across the learning lifecycle, strengthening its growth and leadership in the education ecosystem.

Scalable Hybrid Expansion with Strong Offline Growth Momentum PhysicsWallah has rapidly scaled its offline network to 303 centers as of June 30, 2025, growing at an impressive 165.9% CAGR (FY23–FY25). The company strategically expands through a mix of organic centers, acquisitions, and franchisees, leveraging data-driven insights from its online student base to identify high-demand locations. This hybrid model ensures strong enrolments, efficient resource allocation, and deeper regional penetration, especially in new markets across India and the Middle East. Technology-Enabled Operating Leverage and Margin Expansion PW's integrated technology stack enables seamless delivery across online, offline, and hybrid channels, driving operational efficiency and scalability. Standardized pedagogy, centralized content, and AI-based learning tools enhance learning outcomes while optimizing faculty utilization. Offerings like Batch Infinity and Infinity Pro enable cross-selling and upselling of bundled value-added services, boosting revenue per student with minimal incremental cost. As the ecosystem scales, economies of scale and cost efficiency are expected to strengthen margins. Strategic Acquisitions and Diversified Growth Pathways PW's disciplined acquisition strategy has enhanced its multi-regional and multi-category presence. Acquisitions such as Xylem (South India), Knowledge Planet (Middle East), Utkarsh Classes, and Guiding Light (Sarrthi IAS) have diversified its portfolio across K–12, test prep, government exams, and UPSC segments. The company's ability to successfully integrate acquired entities using its tech stack ensures faster go-to-market, brand synergies, and operational uniformity. Additionally, initiatives in education financing (via Finz Finance and LKFSL) strengthen its ecosystem, supporting sustainable long-term growth.

Revenue Split — Delivery Channels

Particular	June FY25		FY25		FY24		FY23	
	Amount (In Cr)	% of TR	Amount (In Cr)	% of TR	Amount (In Cr)	% of TR	Amount (In Cr)	% of TR
Online Channel	399	47.10%	1404	48.60%	965	49.70%	456	61.20%
Offline Channel	413	48.80%	1352	46.80%	928	47.80%	281	37.80%
Others	35	4.20%	131	4.50%	48	2.50%	7	1.00%
Total Revenue from Operations	**847**	**100%**	**2887**	**100%**	**1941**	**100%**	**744**	**100%**

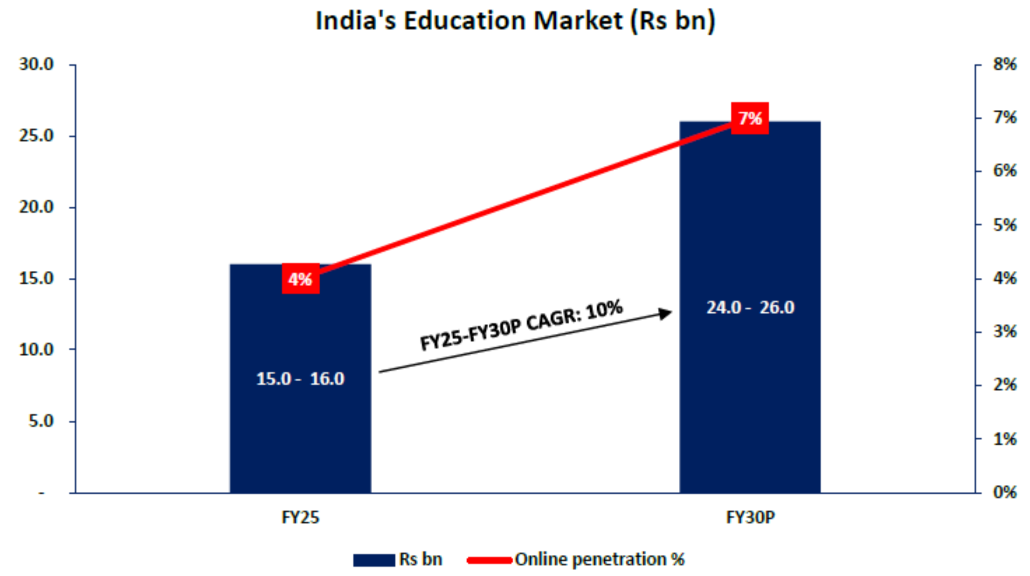
No. of Students Enrolled in Various Paid Courses

Categories (In lakhs)	Q1FY26	FY25	FY24	FY23
JEE	3.3	5.7	5.3	4.2
NEET	5.6	9.3	9	6.7
Board and CUET	1.4	1.9	0.8	-
Chartered Accountancy	0.2	0.5	0.4	-
Civil Services Examinations	0.6	1.4	1	0.5
Commerce	0.4	0.5	0.3	-
Defence	0.4	1	0.8	-
Foundation	3.7	5.3	3.8	1.9
GATE	0.2	0.7	0.6	0.3
Other Government Examinations	2.6	9.3	9.9	-
MBA	0.1	0.2	0.3	-
Others	3.4	11.8	7	6.5
Skills	0.1	0.2	0.3	-
Total Users	**22**	**48**	**39.5**	**20.1**
Overlap	1	6.6	5.5	3.2
Unique Transacting Users	21	41.3	34	16.8

Operational KPI

Particular	Unit	Q1FY26	FY25	FY24	FY23
Total Employees	number	18,028	15,775	12,956	7,253
Total Faculty Members	number	6,267	5,096	3,654	2,436
Employees	number	5,354	4,207	2,850	2,292
Consultants	number	913	889	804	144
Education Categories	number	13	13	13	6
Total Number of Paid Users	in million	2.4	4.5	3.6	1.8
Number of Unique Transacting Users (Online channel)	in million	2.1	4.1	3.4	1.7
Average Collection Per User (Online Channel)	Rs	3,931	3,683	3,142	3,107
Number of Offline Student Enrollments	in million	0.3	0.3	0.2	0.1
Average Revenue Per User (Offline Channel)	Rs	11,822	40,405	39,597	34,467
Total Offline Centers	number	303	198	126	28
PW Vidyapeeth Centers	number	112	79	47	7
PW Pathshala Centers	number	78	47	20	21
PW Other Centers	number	47	19	7	-
Total Subsidiaries Centers	number	66	53	52	-

Industry Outlook



Company's Competitive Strength

- PWL has 4.46 million Total Number of Paid Users in Fiscal 2025 which grew at a CAGR of 59.19% between Fiscals 2023 and 2025 and we had 2.43 million Paid Users in the three months ended June 30, 2025, driven by a student community-led approach.
- PWL has a presence across a large number of education categories in India with courses offered through multiple channels.
- PWL has proprietary technology-stack enhances students' learning experience.
- PWL ecosystem generates network effects driven by our community based approach.
- Specialized faculty members across categories, quality content and well-planned curriculum leading to successful results.
- PWL has an experienced management team led by our visionary founders

Key Strategies Implemented by Company

- Increase student engagement leading to enhanced brand recall.
- Expand and enhance offerings across multiple Education categories.
- Grow offline and hybrid channels of delivery.
- Scale operations and introduce new value-added services.
- Strategically pursue inorganic opportunities.

Particular (INR in Cr)	Q1 FY26	FY25	FY24	FY23
Equity Capital	219	218	6	6
Reserves and Surplus	1,228	1,306	-1,252	-189
Net Worth	1,447	1,524	-1,246	-183
Revenue	847	2,887	1,941	744
Growth (%)		49%	161%	
EBITDA	-73	188	-159	53
EBITDAM (%)	53%	61%	22%	7%
PAT	-120	-183	-1,112	-81
PATM (%)	-14.2%	-6.3%	-57.3%	-10.9%

Notes

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