

THE RISE AND FALL OF BYJU’S

Abeer Katyal

abeerkatyal214@gmail.com

Abstract

This paper examines the trajectory of BYJU’S, once celebrated as India’s most valuable startup and the world’s largest EdTech company, which experienced meteoric growth followed by a dramatic decline. The study explores the internal and external factors that contributed to BYJU’S success and subsequent downfall, focusing on business strategy, financial mismanagement, leadership issues, and changing market conditions. Through a case study methodology using secondary data sources, the research identifies lessons for startups, investors, and policymakers about balancing hypergrowth ambitions with sustainable business practices. The findings underscore the significance of corporate governance, realistic valuation strategies, and adaptability in dynamic sectors like education technology.

Keywords : BYJU’S growth story, Indian edtech industry, Edtech business model

INTRODUCTION

The rapid growth of the edtech market in India has transformed the traditional modes of learning only within the timespan of a decade. Among the most prominent players of the Industry was BYJU’S. Founded in 2011 by Byju Raveendran and had a peak valuation of 22 Billion \$, making it the world’s most highly valued edtech startup at its zenith.

Initially conceived as a platform for test preparation, It evolved into one of the world’s largest digital learning platform, offering a wide variety of courses. Beginning of the early 2020s, concerns emerged regarding its corporate governance, accounting practices, and business model sustainability, mounting financial losses, delayed regular filings and growing investor

dissatisfaction collectively eroded stakeholders confidence. Moreover, the company’s struggle reflected some structural issues within the edtech industry. The investors had concerns about the about the long term viability of the business venture, the capital intensive growth model opted by its founder and the aggressive sales tactic which led to questions being raised about the ethics of the firm.

This case study raises concerns about regulation of the provided funds, concerns about the balance between smart investments and reckless investments, the crunch in the cash flow even when the valuation was at its peak and about the lack of managerial ability. We will analyse the growth and downfall of Byju’s with a particular focus on what went wrong and why did the King of the Edtech sector fail so miserably.

Phase	Year/Period	Key Events
Founding & Early Growth	2011	Think & Learn Pvt. Ltd. (later BYJU’S) founded, focusing on K–12 education.
	2012	Named the fastest-growing tech company in India by Deloitte Technology Fast 50 India.
	2015	Launch of <i>The Learning App</i> ; crosses 2 million downloads within three months.
Expansion & Unicorn Status	2016	Receives investment from the Chan Zuckerberg Initiative, first Asian company to do so.
	2017	Featured in Harvard Business School case study; Shah Rukh Khan appointed brand ambassador.
	2018	Becomes India’s first edtech unicorn; ranked among top 5 most valuable Indian startups.
Aggressive Acquisitions & Partnerships	2019	Becomes official sponsor of Indian cricket team; launches Disney BYJU’S Early Learn; acquires U.S.-based Osmo for \$120M.

	2020	Launches “Education for All” initiative; acquires WhiteHat Jr for \$300M; achieves <i>decacorn</i> status; becomes title sponsor of Kerala Blasters FC.
	2021 (Mar–Dec)	Raises \$460M in Series F; acquires Aakash (\$1B), Epic! (\$500M), Great Learning (\$600M), Gradeup, Toppr, Tynker (\$200M), and GeoGebra (\$100M). Launches BYJU’S Classes; global ICC partnership; featured in TIME100; becomes India’s most valued startup.
Peak Valuation & Legal Stresses	March 2022	Raises \$800M; valuation peaks at \$22B. Becomes official sponsor of FIFA World Cup Qatar 2022; signs deal to set up R&D in Doha.
Decline & Crisis	Aug 2022	Faces scrutiny for 17-month delay in filing FY21 audited accounts.
	Nov 2022	Lays off 5,000+ employees amid rising concerns.
	Apr 2023	Enforcement Directorate raids offices over alleged FEMA violations.
	May 2023	Raises \$250M to stabilize finances.
	Jun 2023	Misses ~\$40M loan payment; lenders launch legal action.
	Apr 2022–Jul 2024	Valuation collapses; insolvency proceedings admitted; disputes with BCCI over sponsorship dues.
	Jan–Feb 2024	U.S. unit files for Chapter 11 bankruptcy; Delaware court rules \$500M transferred fraudulently to Camshaft Capital.
	Apr–Aug 2024	NCLT admits insolvency plea by BCCI; settlement reached in August.
Recent Downturn	Oct–Nov 2024	Media reports valuation essentially at zero; financial probes deepen.
	Feb 2025	Founder admits \$1.2B loan was a “major error” but defends Aakash acquisition; Prosus cuts valuation by 75%.
	May 2025	BYJU’S Android app delisted from Google Play due to unpaid AWS bills; mediation ongoing.
	Jul 2025	Sells Tynker (\$2.2M) and Epic! (\$95M), massive write-downs. Founder promotes “BYJU’S 3.0,” an AI-driven vision, though details remain unclear.

The Initial Success of BYJU’S

Humble Beginnings

The story of BYJU’S begins with its founder, **Byju Raveendran**, a former engineer turned educator from Kerala. Initially, he conducted offline coaching classes for competitive exams such as the CAT, IAS, and other national-level tests. What set him apart was his **teaching philosophy**—he emphasized conceptual clarity and real-world understanding over rote memorization. This distinctive approach resonated deeply with students, many of whom found themselves truly engaged with mathematics for the first time. His sessions grew in popularity, eventually attracting thousands of students from across India.

Recognizing the potential of structured and scalable learning beyond classrooms, Raveendran formally incorporated **Think & Learn Pvt. Ltd. in 2011**.

This company laid the foundation of what would soon become India’s most celebrated edtech startup—BYJU’S.

The Launch of BYJU’S Learning App

A major turning point came in **August 2015** with the launch of the **BYJU’S Learning App**, a move that would redefine the Indian education ecosystem. The app leveraged technology to make learning more engaging and accessible, especially for K–12 students and competitive exam aspirants.

Within just **three months**, the app crossed **2 million downloads**, a remarkable feat that signaled India’s readiness for digital learning. At the time, the edtech sector had very few serious players, giving BYJU’S a **first-mover advantage** that helped cement its early market dominance.

The app’s unique **video-based learning modules**—incorporating animations, graphics, and interactive

content—transformed how students perceived education. Rather than viewing studying as a tedious chore, learners began to “discover” concepts in a fun, engaging way, which became the company’s hallmark.

Large Fundings and Investor Trust

The early financial backing of BYJU’S also played a critical role in its initial success. In **2016**, BYJU’S became the **first Asian company to secure funding from the Chan Zuckerberg Initiative**, giving it international validation and credibility. This milestone not only injected vital capital but also boosted the company’s global brand image.

Further rounds of venture capital funding from **Sequoia Capital** and **Sofina** helped scale the business rapidly. The consistent inflow of capital reassured both domestic and global investors about the company’s growth trajectory, enabling BYJU’S to expand aggressively.

Brand Recognition and Aggressive Marketing

In **2017**, BYJU’S made a bold marketing move by appointing **Bollywood superstar Shah Rukh Khan** as its brand ambassador. This decision gave the brand immense visibility and credibility in Indian households. The company rolled out **multi-platform ad campaigns** across television, YouTube, Instagram, and news media, making BYJU’S a household name.

The slogan **“Falling in Love with Learning”** became instantly popular, appealing not only to students but also to parents eager for modern, effective educational tools. This emotional positioning helped BYJU’S establish itself as more than just a product—it became a lifestyle aspiration in education.

Global Recognition

The company’s meteoric rise soon caught global attention. In **2017**, BYJU’S was featured as part of a **Harvard Business School case study**, highlighting how an Indian startup could achieve global scale in the edtech sector. This recognition placed BYJU’S alongside pioneering global business models and marked its entry into academic and professional discourse on entrepreneurship and innovation.

Rapid Growth in User Base and Revenue

By **2018**, BYJU’S had amassed a staggering **1.5 crore (15 million) users** and **9 lakh (900,000) paid subscribers**, reflecting the growing trust of parents and students in its platform. The company’s strong user base translated directly into revenue growth, enabling BYJU’S to report its **first-ever profit in 2019**, an extraordinary milestone in the Indian startup ecosystem where most unicorns were still in the red.

This early profitability, combined with high retention rates and a rapidly expanding subscriber base, gave BYJU’S a **sustainable growth engine** and positioned it as a global leader in digital education.

Finances of the Company During Its Initial Success

1. Revenue Growth

BYJU’S experienced one of the steepest growth curves in the Indian startup ecosystem, largely fueled by the novelty of its app-based learning and the rising demand for digital education.

2015–16: In its launch year, BYJU’S reported revenues of approximately ₹20 crores. This modest figure reflected the company’s early stage, where investments were directed more toward technology development and customer acquisition than immediate profitability.

2016–17: Revenues surged to nearly ₹120 crores, a six-fold jump, underscoring how the app disrupted India’s K–12 education landscape. Early adoption by middle-class families and the novelty factor of video-led, gamified content fueled this growth.

2017–18: With rapid subscription growth, revenues crossed ₹500 crores. BYJU’S became synonymous with aspirational learning, attracting not only urban customers but also semi-urban markets through aggressive outreach.

2018–19: The company nearly tripled revenues, hitting ₹1,430 crores, signaling its dominance in the edtech space. This period represented the consolidation of BYJU’S as the market leader in digital education.

2. Profitability Milestone

A major breakthrough occurred in **FY 2018–19**, when BYJU’S reported its first-ever profit of **₹20**

crores. This was considered a rare feat among unicorn startups, many of which were still burning cash to acquire customers. The profitability was underpinned by:

Subscription-driven revenues: Annual subscription packages priced between ₹10,000–₹15,000 per student created steady, predictable cash inflows.

Controlled expenses: Operating costs were relatively contained during this phase, as the company had not yet embarked on its aggressive global acquisition spree.

Strong product-market fit: The alignment of India’s competitive exam-driven culture with BYJU’S interactive learning format translated into strong retention rates.

This milestone positioned BYJU’S as a sustainable growth story, distinguishing it from peers that were still loss-making.

3. Funding and Valuation Growth

BYJU’S strong financial performance was paralleled by a surge in investor confidence, reflected in both funding inflows and valuation milestones:

2016: The Chan Zuckerberg Initiative’s investment marked the first major international endorsement of BYJU’S. This added global credibility and paved the way for larger capital inflows.

2017–18: Series D and E rounds brought in tens of millions of dollars from marquee investors such as

Sequoia Capital, Sofina, and Tencent, strengthening the company’s balance sheet.

2018: The company crossed the coveted **\$1 billion valuation mark**, officially becoming India’s **first edtech unicorn**.

2019: Subsequent fundraising pushed valuations to **\$5.5 billion**, reflecting both investor optimism and BYJU’S dominance in the Indian edtech space.

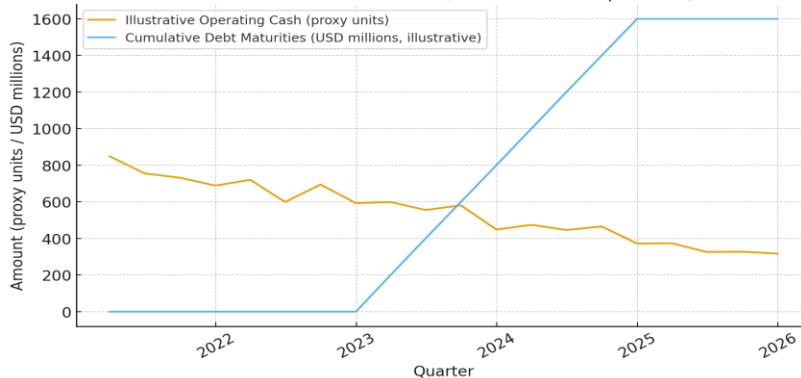
4. Business Model Strength

The sustainability of BYJU’S early success was closely tied to the robustness of its business model:

- **Subscription revenue:** Annual plans ensured recurring revenues, stabilizing cash flows and minimizing dependency on one-off transactions.
- **High retention rates:** The content’s engaging nature, gamified delivery, and parental pressure for continued academic excellence ensured long-term subscriptions.
- **Low initial customer acquisition costs (CAC):** In the early years, BYJU’S benefitted from word-of-mouth publicity and the app’s organic popularity, which kept marketing costs low before the era of heavy advertising spends began.
- **Scalability:** The app-based delivery meant rapid scalability without proportionate increases in infrastructure costs, enabling margins to improve as user numbers grew.

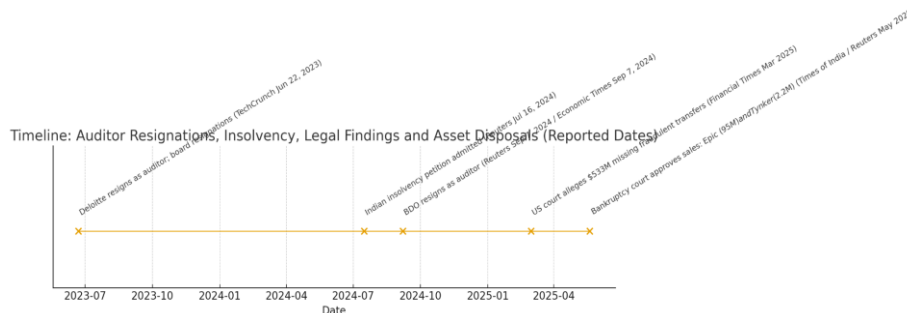
Root-Cause Analysis (Five Lenses)

Cashflow vs Cumulative Debt Maturities (Anchored to reported \$1.2bn term loan)



Cashflow vs Cumulative Debt Maturities (anchored to reported \$1.2bn term loan)

This schematic uses the reported \$1.2bn term loan as an anchoring datum and shows how cumulative maturities in 2023–24 could outpace operating cash



Timeline: Auditor Resignations, Insolvency, Legal Findings and Asset Disposals (reported dates)

Annotated with key, reported dates (Deloitte resignation June 22, 2023; NCLT/insolvency July 16, 2024; BDO resignation Sep 7, 2024; FT/US court findings re \$533m Mar 2025; Epic & Tynker sales May 20, 2025).

- Maintain a minimum runway target (12–18 months) in liquid, unencumbered assets.
- Prioritize covenant transparency and lender communications; avoid opaque intra-group cash movements that can trigger cross-border litigation.

1) Capital Structure & Liquidity Mismatch

Failure mode: BYJU’s built an aggressive growth plan funded by large USD-denominated term loans and bridge financing during a low-rate, high-liquidity period. That capital structure exposed the company to (a) FX exposure, (b) U.S./international covenant regimes, and (c) refinancing risk when global liquidity tightened. When macro conditions shifted and collections slowed, the company lacked a resilient liquidity buffer and faced creditor acceleration. The \$1.2bn US term loan became a focal point of creditor claims.

Why it mattered: Rapid scaling and M&A produced high cash burn; USD debt magnified funding stress because local rupee cashflows needed to service foreign-currency obligations and were subject to exchange and legal jurisdictional risks. In short: debt maturity/FX profile and insufficient matched cashflows created a solvency shock rather than a purely operational slowdown.

Diagnostics & mitigation:

- Stress-test cashflow under FX shock and covenant breach scenarios; require matched-currency or hedged debt for consumer-revenue businesses with home-currency cashflows.

2) Governance & Financial Reporting Failures

Failure mode: A sequence of auditor resignations, delayed or incomplete financial disclosures, and opaque related-party or off-balance transactions eroded investor, lender and board trust. Auditor churn (Deloitte → BDO resignations) and regulatory scrutiny signalled informational breakdowns and impaired the firm’s ability to refinance or negotiate credibly with creditors.

Why it mattered: Strong governance and timely, independent auditability are preconditions for creditor forbearance. Reputational damage from governance failures reduces the optionality that high-growth firms rely on (e.g., covenant waivers, working capital facilities). The court filings later alleging concealed transfers amplified perceived governance risk.

Diagnostics & mitigation:

- Institutionalize independent audit committees and rotate external auditors with full cooperation clauses; ensure audit access across jurisdictions and subsidiaries.
- Enforce rigorous internal controls for intercompany flows, with real-time treasury dashboards for the board and lenders.
- Adopt an independent forensic review when anomalies appear; early remediation and transparent disclosure reduce escalation risk.

3) Integration & M&A Execution Risk

Failure mode: BYJU's executed an unusually rapid M&A spree (multiple domestic and overseas acquisitions within a short span). The pace outstripped integration bandwidth: disparate product ecosystems, divergent pricing, uneven unit economics, and cross-cultural management needs led to underperforming assets and heavy goodwill impairment risk. Several U.S. assets were ultimately sold in distress for a fraction of prior valuations.

Why it mattered: Acquisitions increased operational complexity and cash requirements (for restructuring, marketing, and aligning tech/content). Poorly integrated acquisitions inflate opex and delay synergies—exactly the opposite of what is needed when liquidity tightens.

Diagnostics & mitigation:

- Pre-M&A “integration scorecard”: measure cultural fit, unit economics, retention of revenue drivers, tech stack portability, and 12-month cash impact.
- Stage deals with performance-contingent payouts rather than large upfront cash outlays.
- Create a central integration office with mandate and KPIs to drive 90/180/360-day milestones and accelerate rationalization decisions if KPIs fail.

4) Go-to-Market, Unit Economics & CAC Sensitivity

Failure mode: BYJU's growth model relied heavily on large sales & marketing spend to acquire customers (high CAC), optimized in a near-zero interest, high-liquidity environment where LTV assumptions held. When post-pandemic demand normalized and CAC rose (and financing cost increased), the math unraveled: payback periods lengthened and capital consumption rose sharply. Several analyses documented exceptionally high S&M intensity and suboptimal payback dynamics.

Why it mattered: Consumer edtech businesses are highly CAC-sensitive; sustained high acquisition spend requires either very high LTV (via upsell, subscription retention) or cheap, patient capital. As capital repriced and retention softened, the firm faced a classic funding–unit economics death spiral.

Diagnostics & mitigation:

- Continuously track cohort-level LTV/CAC and payback periods; tie S&M budgets to marginal contribution and cohort break-even horizons.
- Diversify GTM channels (organic content, referrals, marketplace partnerships) to reduce marginal CAC.
- Shift to product-led growth elements (trial conversion, retention engineering) to improve LTV without proportional S&M increase.

5) Legal, Compliance & Fraud Allegations

Failure mode: Multi-jurisdictional disputes—including U.S. creditor litigation, allegations of fraudulent transfers, insolvency petitions, and regulatory probes (ED and courts)—consumed senior management time, damaged reputation, and curtailed treasury options (assets frozen, litigation drains). A U.S. court found evidence of questionable transfers and lenders filed suit seeking recovery of allegedly concealed funds.

Why it mattered: Legal entanglement creates compound effects: restricted access to assets (bankruptcy stays / freezes), diverted leadership focus, higher cost of capital, and loss of supplier/customer trust. Allegations of fraudulent transfers also invite clawbacks and criminal/regulatory exposure, further undermining resolution flexibility.

Diagnostics & mitigation:

- Implement strict compliance “red lines” for intercompany transfers, with dual-signatory controls and external legal sign-offs for large cross-border payments.
- Maintain a specialized legal/treasury war-room during stress to centralize responses and preserve asset protection under applicable insolvency regimes.
- Conduct early voluntary disclosures to regulators/lenders when material irregularities surface—cooperation often reduces punitive actions and preserves negotiating credibility.

Conclusion

The story of BYJU'S is emblematic of the promises and perils of hypergrowth in the startup ecosystem. From its humble beginnings as a coaching class in Kerala to becoming the world's most valued edtech

startup, BYJU'S leveraged technology, aggressive marketing, and a strong business model to capture unprecedented scale. Early profitability, global investor confidence, and marquee acquisitions positioned it as a global leader in education technology. However, the same factors that fueled its meteoric rise—overreliance on debt, unchecked acquisition strategies, governance lapses, and unsustainable customer acquisition costs—ultimately precipitated its decline. Mounting legal challenges, auditor resignations, and liquidity crises exposed deep structural weaknesses. The fall of BYJU'S underscores the need for startups to balance ambition with financial discipline, prioritize transparent governance, and adopt sustainable growth practices.

For policymakers, the case highlights the importance of strengthening regulatory oversight in fast-growing sectors like edtech, ensuring accountability in fund utilization, and protecting consumers from aggressive sales tactics. For entrepreneurs, it serves as a reminder that valuation is not synonymous with value, and resilience often lies in measured growth, cultural integration, and long-term stakeholder trust.

Ultimately, the rise and fall of BYJU'S offers a cautionary tale and a set of critical lessons for India's startup ecosystem and the global edtech industry.

References

- Economic Times. (2023). *BYJU'S faces mounting debt crisis and delayed financial filings*. Retrieved from <https://economictimes.indiatimes.com>
- Times of India. (2023). *Auditor resignations raise concerns over BYJU'S governance practices*. Retrieved from <https://timesofindia.indiatimes.com>
- Financial Times. (2025). *US court finds evidence of \$533m transfer in BYJU'S dispute*. Retrieved from <https://www.ft.com>
- Business Insider. (2025). *Inside BYJU'S legal battles and cash flow challenges*. Retrieved from <https://www.businessinsider.com>
- TechCrunch. (2023). *Deloitte resigns as BYJU'S auditor, citing lack of disclosures*. Retrieved from <https://techcrunch.com>
- Reuters. (2024). *BDO India quits as BYJU'S auditor amid financial turbulence*. Retrieved from <https://www.reuters.com>
- Business Standard. (2023). *BYJU'S \$1.2 billion term loan becomes focal point of dispute*. Retrieved from <https://www.business-standard.com>
- The Hindu Business Line. (2024). *Insolvency petitions filed against BYJU'S in Indian courts*. Retrieved from <https://www.thehindubusinessline.com>
- Livemint. (2023). *BYJU'S delays FY21 results by over 17 months amid acquisition consolidation*. Retrieved from <https://www.livemint.com>
- Harvard Business School. (2017). *Case study: BYJU'S – Scaling an Indian edtech startup globally*. Harvard Business Publishing.
- Deloitte Technology Fast 50 India. (2012). *Fastest-growing technology company rankings*. Deloitte Insights.
- Chan Zuckerberg Initiative. (2016). *Investing in education technology: BYJU'S case*. Retrieved from <https://chanzuckerberg.com>
- Sequoia Capital. (2017). *Backing BYJU'S growth journey*. Retrieved from <https://www.sequoiacap.com>
- Sofina Group. (2018). *Supporting high-growth companies in India*. Retrieved from <https://www.sofinagroup.com>
- Prosus Ventures. (2025). *Valuation markdown of BYJU'S holdings*. Retrieved from <https://www.prosus.com>
- MarketBrief. (2025). *BYJU'S sells Epic to TAL Education for \$95 million*. Retrieved from <https://marketbrief.edweek.org>
- CodeHS News. (2025). *Tynker sold by BYJU'S for \$2.2 million*. Retrieved from <https://codehs.com>
- Business Today. (2022). *BYJU'S sponsorship of FIFA World Cup Qatar 2022*. Retrieved from <https://www.businesstoday.in>
- Indian Express. (2023). *Enforcement Directorate raids BYJU'S offices over FEMA violations*. Retrieved from <https://indianexpress.com>
- Forbes India. (2020). *How BYJU'S became a decacorn: lessons from India's edtech boom*. Retrieved from <https://www.forbesindia.com>
- TIME. (2021). *BYJU'S listed among TIME100 Most Influential Companies*. Retrieved from <https://time.com>