



## Exploring the Financial Rollercoaster: A Deep Dive into BYJU's Journey from Zenith to Nadir

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### ABSTRACT:

This research paper studies the evolution of BYJU's as the market leader in the Indian ed-tech sector which rose quickly to unicorn status until most recently running into financial troubles. Established in 2011, BYJU's revolutionized the field of education technology by offering customized and engaging learning experiences through their websites and official App. However, there are several obstacles in the way, like assertive acquisitions, evolving learning settings, and more intense rivalry.

The study also highlights how Byju's moved from its humble origins to being a unicorn in 2018, highlighting major strategic decisions like the freemium business model, worldwide growth, and breakthroughs in early learning. The brand's dominance and financial success during the peak stage lay the groundwork for comprehending the problems that lie ahead. Analyzing BYJU's key acquisitions, which total almost three billion dollars, shows the strategic advantages of the corporation and the ensuing high level of debt. The paper examines various variables that may put BYJU's finances in peril beyond 2020, including growing debt, diminishing profitability, market difficulties, and internal issues.

Examining the study's objectives, the research evaluates the wider impacts of BYJU's financial rollercoaster on the broader EdTech ecosystem. It tries to draw crucial implications for BYJUs and the sector, underlining the significance of establishing a balance between financial sustainability and growth, open communication, and a focus to high-quality user experiences.

This study paper gives a complete perspective of BYJU's financial journey and its ramifications for the greater EdTech ecosystem through primary data collecting, financial trend analysis, and in-depth interviews with key stakeholders. The findings contribute to the ongoing discussion about the complexities of the EdTech sector and provide insightful viewpoints on the direction of educational technology.

In the end, BYJU's is taken into account as a case study, with its merits and faults acknowledged as a valuable resource for the EdTech sector. The study encourages a balanced approach to expansion and emphasizes the necessity of open communication and financial sustainability for long-term achievement in the rapidly evolving EdTech industry.

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**Keywords:** Ed-Tech, unicorn, financial crisis, K-12 education, startup.

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### Introduction:

The ed-tech is a rapidly growing industry in the world in this sector success rate is smaller than failure rate few companies only have captured global attention and endured a financial rollercoaster quite like BYJU's. Byju Raveendran started this Indian Ed tech firm in 2011, revolutionizing traditional learning via the use of technology to make it more engaging, personalized, and accessible. But the Byju's story is not a simple one of rags to riches. After BYJU's incredible ascent to unicorn status, the company has recently faced difficulties that have left many asking what went wrong.

This study delves deeply into the bizarre yet fascinating tale of BYJU's. We shall examine the factors that propelled them to their highest point and lowest point. We'll take a close look at their intricate business plan to uncover both their costly errors and calculated successes. We'll also look at how the Indian educational system is continually evolving and identify the factors that have led to changes in the fundamentals supporting BYJU's once-unquestionable reputation. Undoubtedly, we will closely monitor their financial spiral, paying particular attention to the debt burden, ambitious purchases, and internal restructuring that continue to cast a shadow over their future.

In addition to preserving BYJU's fascinating but sobering tale, we also intend to extract significant insights for the greater EdTech sector. By understanding the promise and challenges that await BYJUs, we can chart a more meaningful and sustainable trajectory for education in India going forward. Therefore, have a seat, and come along with us as we embark on this thought-provoking journey through the various ups and downs of BYJU's

amazing, but terrifying, narrative. Get ready to confront concerns linked to strategy, ambition, and the continuously evolving topography of the Indian startup scene. This is not merely the chronicle of one company's achievements; rather, it provides an insight into the evolving landscape of Indian education and bears noteworthy implications for how education will develop in a world that is changing quickly.

### ***About BYJU's Company.***

Byju Raveendran, an engineer turned teacher, established Think and Learn Pvt. Ltd. in 2011, setting the groundwork for the future BYJU's. The company began by working with Divya Gokul Nath and a small group of students to provide online video-based learning curricula, with a focus on competitive testing and the K–12 market. Byju's broad background in math tutoring since 2006 was a major influence in developing the creative teaching methodology of the organization. Due to the rapid acknowledgment of BYJU's impact on the educational scene, the company was included in the esteemed Deloitte Technology Fast 50 India and Deloitte Technology Fast 500 Asia Pacific ratings in 2012. With this recognition, BYJU began its incredible path of expansion and innovation in the quickly developing field of education technology. In August 2015, BYJU's trajectory reached a major turning point with the release of "BYJU's: The Learning App." This was a game-changing event for the business, launching it into the public eye and solidifying BYJU's position as a major force in the field of online education. When BYJU's attained unicorn status in 2018—becoming the first edtech unicorn in India—the incredible rise persisted. This demonstrated the business's financial success as well as the growing importance of technology in education. With an astounding 15 million users by 2018, 900,000 of whom were paying members, BYJU's platform cemented its leadership in the edtech industry.

### ***What strategies made BYJU's as a well-known brand? and leading ed-tech startup.***

**Freemium Model and Content Access:** Byju's emerged as a market leader in the education technology sector. Operating on a freemium model, the platform allows users free access to its content for a limited period of 15 days following registration. Launched in August 2015, BYJU's initially targeted students from classes 4 to 12, later expanding its services to include an early learning program for classes 1 to 3 in 2019.

**Comprehensive Exam Preparation:** Beyond traditional academic subjects, BYJU's positioned itself as a comprehensive learning solution, providing coaching for various competitive exams in India, such as IIT-JEE, NEET, CAT, and IAS. Notably, it also extends its reach to international examinations, including GRE and GMAT.

**Novel Approach to Teaching:** Digital animation films, lasting between 12 and 20 minutes, serve as the foundation of BYJU's pedagogy and serve to clarify academic topics and subjects. The goal of this self-paced learning approach is to make education interesting and approachable. With 40 million users overall, 3 million yearly paid customers, and an astounding annual retention rate of over 85%, the company boasts a sizable user base.

**Global Expansion and Multilingual Approach:** In October 2018, BYJU's took a significant step towards internationalization by expanding its app to the United Kingdom, the United States, and other English-speaking countries. In 2019, the company announced plans to launch its app in regional Indian languages, further widening its reach within the country. Simultaneously, BYJU's aimed to create an international version of the app tailored for English-speaking students in other nations.

**BYJU's Future School and Leadership Changes:** In April 2021, BYJU's made headlines with the announcement of "BYJU's Future School," led by Karan Bajaj, the founder of WhiteHat Jr. This initiative aimed to transition from passive to active learning, integrating an interactive platform with coding and various subjects like Math, Science, English, Music, and Fine Arts through storytelling. The Future School was set to launch in several countries, including the United States, the United Kingdom, Australia, Brazil, Indonesia, and Mexico. Notably, Karan Bajaj resigned from WhiteHat Jr a year after its acquisition by BYJU's.

**Hybrid Model and Tuition Centers:** BYJU's strategic vision includes adopting a hybrid model of teaching and learning. To facilitate this, the company embarked on launching 500 tuition centers across 200 cities in India, with 80 centers already operational as of February 2022.

As BYJU's continues to evolve, these strategic moves reflect its commitment to innovation, adaptability, and addressing diverse learning needs on a global scale. The exploration of BYJU's financial rollercoaster is incomplete without considering these pivotal developments that have shaped its trajectory in the education technology landscape.

### ***Byju's marketing strategies: winning hearts and minds through innovation and engagement.***

Byju's has carved a unique path in the EdTech landscape. Its success can be attributed to several key marketing strategies such as

**Understanding the Audience:** Byju's caters to parents who make decisions for their children as well as Gen Z and millennial students. They provide learning experiences across a range of subjects and age groups, serving students from first graders to those preparing for competitive exams.

**High-Profile Brand Ambassadors:** Byju's used their enormous fan bases to reach millions of households by working with celebrities like Mahesh Babu (Telugu cinema), Kichcha Sudeepa from Kannada, and Shahrukh Khan (Bollywood). By focusing on both parents and kids, these campaigns increased brand awareness and trust.

**Leveraging Popular Culture:** Byju's was able to capitalize on the enthusiasm for sports and entertainment by forming alliances with Disney and sponsoring important athletic events such as the FIFA World Cup and ICC Cricket. The brand's popularity and reach were further enhanced by its affiliation with significant people and occasions.

By this strategy, Byju's became the market leader in a shorter time of span and the people across the world started recognising them.

### **Peak stage of Byju's**

From 2018 to 2020 was the golden era for Byju's because this time they achieved their highest point in exceptional expansion of the business, leadership in the educational technology industry, and financial success. With a valuation of more than \$1 billion, the company became a unicorn in 2018, securing its place in the highly competitive Indian startup scene. BYJU's saw a remarkable increase in its user base during this time, drawing millions of students from a variety of grade levels and competitive test segments. The company overtook its competitors and emerged as the market leader in India's EdTech space, securing a significant market share. BYJU's thriving financial results were a result of its aggressive acquisition strategy, high-profile collaborations, and premium pricing structures. With the support of cricket legends and celebrities such as Shahrukh Khan in well-planned advertising campaigns, the brand achieved widespread awareness and became synonymous with education. Despite the ensuing problems leading to a nadir stage in recent years, evaluating this peak time gives light on the potential of EdTech and the strategic initiatives that rocketed BYJU's to market supremacy. Notably, the company's rise was supported by both strategic acquisitions and organic growth, demonstrating a proactive approach to diversification and expansion in the rapidly changing field of educational technology.

### **BYJU's key acquisitions which cost more than 2.8 Billion USD**

Company Acquired	Date	Cost (USD million)	Focus Area
TutorVista + Edurite	Jul-17	-	Online tutoring and resources
Osmo	Jan-19	120	Educational games (3-8 years)
WhiteHat Jr	Jul-20	300	Coding education for children
LabInApp	Sep-20	-	Virtual labs and simulation learning
Scholr	Feb-21	-	Doubt clearing platform
Aakash Educational Services Ltd	Apr-21	950	Test preparation (competitive exams)
Epic!	Jul-21	500	Kids learning platform (US market)
Great Learning	Jul-21	600	Higher education platform (Singapore)
Toppr	Jul-21	-	After-school learning app (India)
Gradeup	Sep-21	-	Online test preparation platform
Tynker	Sep-21	200	Coding platform (US)
GeoGebra	Dec-21	100	Mathematics education platform
Superset (acquired by Great Learning)	Feb-22	-	Campus recruitment platform

### **After 2020 what went wrong with the company?**

After reaching its peak of prosperity, BYJU's is currently facing severe financial hardship and a variety of complex issues. The business's aggressive acquisition strategy has left it with a massive debt load of more than \$1.5 billion, which has restricted its ability to make investments in innovation and long-term growth. Financial filings show that BYJU's has seen a drop in profitability in recent years, despite having a sizable user base. This raises questions about the company's long-term financial stability. The corporation has instituted cost-cutting measures, such as compensation cutbacks, learning center closures, and layoffs, in an attempt to address these difficulties. However, these actions have had an adverse effect on employee morale and brand image. Following the reopening of schools, BYJU's customer base has decreased due to the growing competition in the EdTech sector, which has been made worse by the COVID-19 epidemic. Uncertainties in the educational landscape are further compounded by changes in curriculum standards and government laws. BYJU's problems have been exacerbated by claims of aggressive sales methods undermining brand trust. Critics within the corporation claim that the emphasis has changed from organic expansion to quick acquisitions, which could lower the standard of customer experience. Integration

of many acquired companies creates operational issues that result in cultural conflicts and reduced productivity. Retaining talent is threatened by the significant staff turnover brought on by recent layoffs and cost-cutting efforts. The magnitude of the difficulties encountered by the once-thriving educational technology powerhouse was shown by the sharp decline in BYJU's worth, which fell to \$3 billion by November 2023 from its 2020 appraisal of \$22 billion. As of now, the valuation is 1 billion which is 95% less than compared to 2020 valuation.

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### Literature review:

“The sales machine that propelled Byju's rapid ascent to the world's most valuable ed tech also played a large role in its downfall, according to *The Learning Trap*, a new book by Morning Context journalist **Pradeep Shah**”

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### Objectives of the study.

1. **Unravelling the Factors Behind BYJU's Meteoric Rise and Subsequent Decline:** This objective examines the intricate interactions between financial decisions, market movements, strategic choices, and outside variables that drove BYJU's rise to the top of the Indian EdTech industry and then contributed to its recent decline. To provide a comprehensive understanding of the dynamics that drove BYJU's financial rollercoaster, the study will analyze both internal and external pressures.
2. **Evaluating the Impact of BYJU's Financial Rollercoaster on the Broader EdTech Ecosystem:** This goal examines the wider implications of BYJU's financial swings on the Indian EdTech scene in addition to the company's particular tale. This article aims to investigate the ways in which BYJU's triumphs and setbacks have affected investor sentiment, market perceptions of online education, competition, and regulatory frameworks. Gaining knowledge of these knock-on effects would be important for the development of edtech in India.
3. **Extracting Valuable Lessons and Identifying Future Paths for BYJU's and the EdTech Industry:** In the end, the goal is to extract useful insights from BYJU's wild journey. The study will evaluate the company's advantages and disadvantages, pinpoint viable recovery and long-term growth plans, and offer more general guidance for other EdTech companies navigating this ever-changing and frequently unpredictable market. In the long run, this study can help create more robust and effective economic models for online learning, which will be advantageous to both businesses and students.

These three objectives, when explored thoroughly, will paint a comprehensive picture of BYJU's financial journey, its implications for the EdTech ecosystem, and its potential path forward. The research paper aims to serve as a valuable resource for understanding the complexities of the EdTech market, examining the rise and fall of a major player, and extracting valuable lessons for the future of education technology.

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### Research methodology:

The research is based on primary data collection such as financial data from BYJU's annual reports, quarterly reports, and financial statements. Trend analysis of financial statements over the selected time period. And In-depth interviews with key stakeholders (BYJU's executives, industry experts, investors). (to Newspaper), Case studies of critical events or strategic decisions in BYJU's financial journey.

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### Findings of the Research Paper.

**Financial Decisions and Acquisitions:** By this research, I find that how Byju's aggressive acquisition strategy, totaling at nearly 3 billion USD, played a major role in its rapid rise.

In addition to broadening BYJU's products, the acquisition frenzy resulted in a significant debt load that exceeded \$1.2 billion.

**Market Movements and Competition:** In this growing time Byju's faced increased competition in the EdTech sector, putting pressure on its premium pricing model and market share.

The COVID-19 pandemic initially propelled BYJU's growth, but the reopening of schools contributed to a decline in customers.

**Strategic Shifts and Brand Image:** Opponents contend that BYJU's emphasis has switched from organic expansion to quick acquisitions, possibly lowering the standard of customer experience.

The brand's reputation has suffered due to claims of deceptive pricing structures and pushy sales techniques.

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### The future path for Byju's.

Though BYJU's has to deal with difficult obstacles and a complicated financial state, it still has some advantages, such as a large and devoted user base that covers a wide range of educational domains, technological capabilities, and a strong brand recognition in India. Strategic measures including reducing operations, looking into new revenue streams, and reviewing marketing techniques are some of the ways the company is actively addressing its financial situation. Nevertheless, their financial situation became more complicated when the financial results for FY 2022 were delayed and disclosed a term loan

B of USD 1.2 billion. Financial restructuring techniques, such as debt negotiation and asset monetization, may be taken into consideration by BYJU's to manage this complex scenario. Optimizing processes throughout acquired businesses and putting cost-cutting measures in place can increase profitability. Key tactics include putting profitability ahead of quick growth and diversifying sources of income outside of K-12 industry. Rebuilding brand confidence requires addressing issues in a straightforward manner and concentrating on high-quality offerings. Sustained success also requires investments in technology, efforts to retain personnel, open communication with stakeholders, and flexibility in response to changing market conditions. A thorough and multifaceted strategy will be needed to successfully escape the debt trap, proving BYJU's dedication to sustainable growth in the constantly changing EdTech industry.

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## Conclusion:

The fascinating story of BYJU, from its peak as an EdTech unicorn to its current problems at the lowest point, is covered in detail in the conclusion of the research report. The study digs deeply into the causes of BYJU's explosive growth and the problems that followed, which ultimately contributed to its financial catastrophe. A comprehensive insight of BYJU's complicated trajectory is provided by the analysis, which takes into account a number of factors such as financial decisions, market moves, strategic alterations, and internal issues.

The research emphasizes the period between 2018 and 2020 as BYJU's pinnacle, characterized by remarkable growth, brand supremacy, and financial success. The company's noteworthy accomplishments during that time are highlighted by this phase, which is marked by unicorn status, a sharp increase in the user base, market leadership, and strategic acquisitions.

The study also reveals the difficulties that surfaced after 2020 and contributed to the present financial difficulties and downfall of BYJU. The corporation has had difficulties due to a number of factors, including growing debt, diminishing profitability, heightened rivalry, the COVID-19 pandemic's effects, and internal issues.

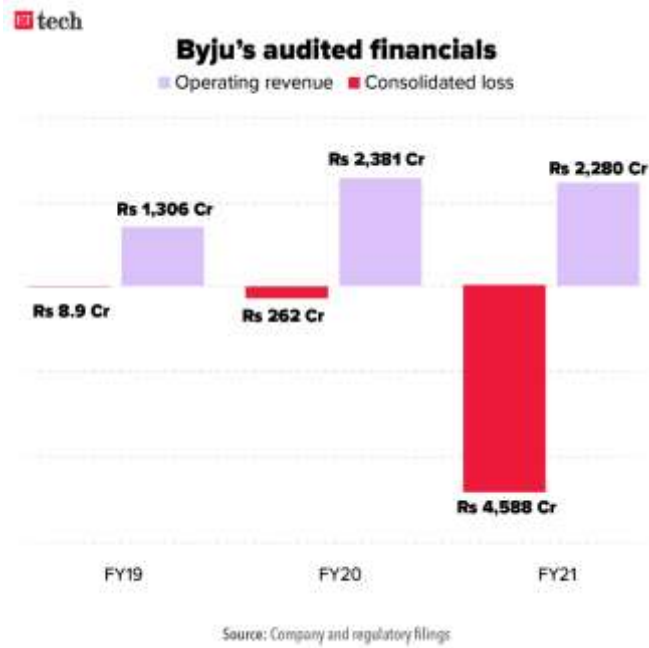
Let's sum up by saying that BYJU is a case study that offers insights for EdTech enterprises navigating a changing and dynamic industry. It has both successes and challenges. In order to succeed over the long run in the EdTech industry, the report promotes a balanced approach to growth, stressing the significance of financial sustainability, open communication, and a dedication to high-quality user experiences.

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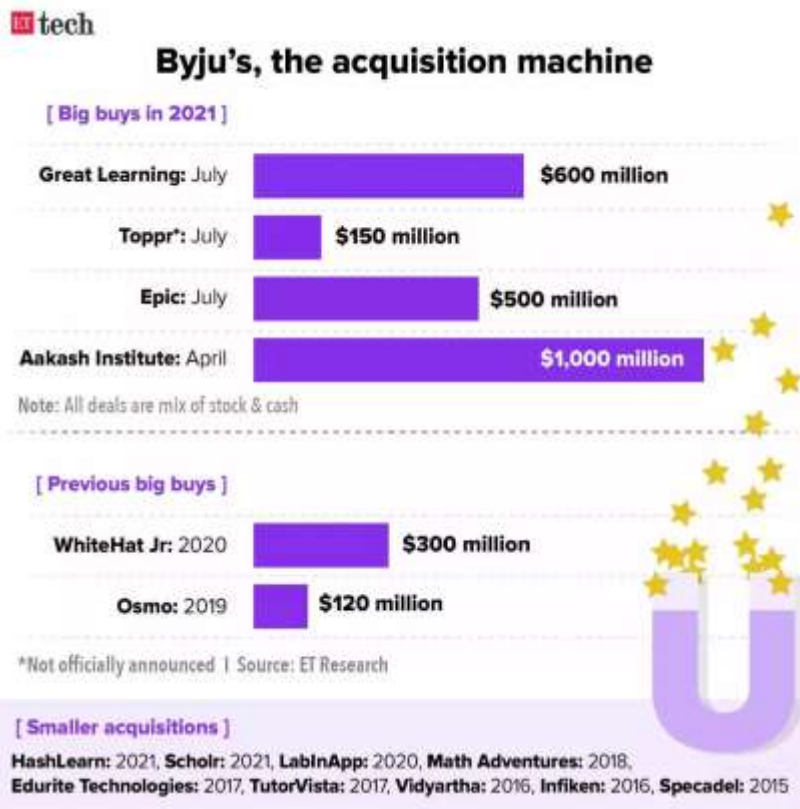
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1. Profit and losses since FY 19 to 21



2. Byju's major acquisitions.



3. Term loan B details.

