

A Forensic Financial Analysis of BYJU'S: Valuation, Liquidity Crisis, and Business Model Breakdown

Harsh Jamgaonkar
IIT Gandhinagar

Abstract—This paper presents a comprehensive forensic financial analysis of BYJU'S, India's largest EdTech startup. It aims to decode the company's funding trajectory, operational performance, and valuation discrepancies. Using public data and financial metrics, we estimate the firm's fair value, highlight risk factors, and draw insights applicable to startup investing and financial health evaluation.

I. INTRODUCTION

BYJU'S witnessed exponential growth in valuation, reaching \$22 billion by 2022. However, significant financial losses and operational inefficiencies raised concerns. This project explores:

- The funding and valuation timeline
- Core profitability and cash flow indicators
- Valuation vs. fundamentals
- Lessons for startup investors and analysts

II. DATA COLLECTION

We manually compiled financial data from credible news outlets and reports: The Ken, Inc42, Entrackr, Tracxn, and filings. Datasets were structured into CSVs covering:

- Funding History
- Financials (Revenue, Loss, EBITDA)
- Valuation Estimates
- Acquisitions

III. FUNDING AND VALUATION TRAJECTORY

BYJU'S raised \$5.5B+ across multiple funding rounds:

- Early rounds: Seed to Series B for scaling
- Series F: Raised billions with valuation peaking at \$22B

However, post-2021 rounds indicated investor hesitation, including a down round at \$8.4B.

IV. FINANCIAL HEALTH INDICATORS

A. Revenue and Net Loss

FY22 Financials:

- Revenue: 5,300 Cr
- Net Loss: 4,564 Cr

This implies nearly 1 lost for every 1 earned, indicating weak cost control.

B. EBITDA Margin

EBITDA margin was -95%, suggesting unprofitable core operations. *EBITDA = Earnings before Interest, Taxes, Depreciation, Amortization.*

C. Burn Rate and Runway

- Estimated monthly burn: 400 Cr
- Runway: 6–8 months (based on cash reserves)

Inference: BYJU'S was at risk of liquidity crunch without external funding.

V. VALUATION ANALYSIS

A. Benchmarking with Public EdTech

- Duolingo: P/S 6–10x
- Coursera: P/S 4x
- Chegg: P/S 2x

B. Fair Valuation Estimation

- Revenue \times P/S (6x) = 5,300 Cr \times 6 = \$3.7B
- Market Valuation: \$22B

Result: Overvaluation of nearly 6 times.

VI. KEY RED FLAGS

- Negative EBITDA margins
- High acquisition costs without returns
- Heavy marketing spend and poor financial disclosures
- Executive exits and investor distrust

VII. TAKEAWAYS AND LESSONS LEARNED

- Valuations should reflect operating performance
- Burn rate and runway are critical for startup survival
- Due diligence is essential despite market hype
- Relative valuation (P/S) helps benchmark unprofitable firms

VIII. CONCLUSION

The BYJU'S case exemplifies the dangers of overvaluation amid weak fundamentals. Through data-backed forensic finance, this project reveals structural weaknesses masked by funding euphoria. It provides a replicable framework for analyzing other startups with limited financial disclosures.

REFERENCES

- [1] The Ken, Inc42, Entrackr — Financial news and startup insights.
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- [3] Coursera Annual Reports, 2022.
- [4] Chegg Quarterly Earnings, 2022.