Financial Effects of Ai Driven Education in Indian EdTech Industry

Navdeep Jangra
Shaheed Bhagat Singh Evening College, University of Delhi, India

Abstract:

Certainly, in the last decade, the industry experienced a dramatic transition due to acknowledgment of the significant role that AI plays. The current research explores the financial impact of adopting AI in India using three major hypotheses.

First, the implementation of AI leads to higher corporate investment. Second, AI boosts revenue and profitability rates. Third, the use of AI entails layoffs and labor reallocation.

I chose five Indian EdTech companies—Unacademy, Physics Wallah (PW), upGrad, Vedantu, and LEAD School—to capture different sources of the market. These five make up five of India's six Edtech unicorns, covering 83% of the unicorn in the sector. Financial data from FY 2019-20 to FY 2024-25 was retrieved from statutory filing (MCA/RoC), trusted financial websites, and the SSCBS Ed-Tech

Industry Report (2025)

With regard to the first hypothesis, the findings support it. All companies in the sample show increasing investment amounts post-AI, several instances of tripling and even tenfold of investments and financing occurred. For example, PW grew from zero investment the company valuation of $1.1 billion valuation.

Concerning the second hypothesis, four out of five companies showed higher profit and revenue values, with PW and LEAD School demonstrating the highest and most sustainable improvements. Nevertheless, it should be noted that the impacts of AI are not homogeneous across all companies; e.g., although Vedantu implemented sophisticated AI technologies, its rapid growth in the period of a global pandemic made it vulnerable to possible future external shocks.

Moreover, in support of the third hypothesis, all companies cut down their staff, with Unacademy around 54%, and Vedantu – by 44%. Considering the structure of the labor force in the companies (content creators, teachers, doubt solvers, etc.), these changes are connected with AI implementation. Overall, AI makes a notable financial difference, but its impact vary in different circumstances. While the B2b approach allowed LEAD School to have stable financial performance without changing the amount of staff, in the case of B––2C model, there was both investment increase and staff reduction. Therefore, the current AI framework evaluates not only revenue-making capabilities but also business models and unit economics.

Keywords:

Artificial Intelligence, EdTech, Indian Education Technology, Investment Analysis, Revenue Growth, Employment Displacement, Unacademy, Physics Wallah, upGrad, Vedantu, LEAD School.