



A Case Analysis of Byju's Mass Layoffs: Examining the Enforceability of Employment Contracts and Severance Norms in India

AUTHORS: Barot Jay Hareshbai (Veer Narmad South Gujarat University, Surat, Student of M.A. Human Research Development)

KEYWORDS: Byju's lay offs, labour law

ABSTRACT:

The rapid growth of Byju's made it one of India's most prominent ed-tech companies, but its financial difficulties later resulted in a series of restructuring exercises and large-scale employee exits. From 2022 onwards, thousands of employees were reportedly removed as the company attempted to reduce costs, manage cash flow and deal with disputes involving investors and lenders. The manner in which some employees were terminated, particularly reports of termination through phone calls without a notice period, raised important questions about employment contracts, notice pay, retrenchment protection and final settlement of employee dues. This article examines the Byju's mass layoffs from the legal perspective of employment contracts and severance norms in India. It discusses the difference between contractual termination and statutory retrenchment, the importance of notice clauses, compensation requirements applicable to protected workers, and the practical remedies available to employees. The article also considers a 2025 Labour Court award involving a former Byju's employee to show how proof of employment, the correct employer and evidence of termination can become decisive in an employment dispute.

INTRODUCTION:

The employment relationship in India is governed by a combination of the employment contract, applicable labour legislation, service rules and, in some

situations, general principles of contract law. An appointment letter normally specifies important terms such as designation, salary, duties, probation, notice period and conditions for termination. However, a contractual clause does not operate in isolation. Where a statutory protection applies to an employee, the employer must also comply with the applicable law.

The Byju's crisis provides an important example of the difficulties that can arise when a financially distressed company reduces its workforce on a large scale. Byju's went through several rounds of layoffs while dealing with declining financial resources, disputes with investors and lenders, delayed salaries and restructuring of its business operations. In April 2024, Moneycontrol reported that another round of approximately 100 to 500 employees could be affected, particularly in the sales function. According to the report, some employees were informed of termination through phone calls and were not required to serve a notice period.

The central legal question is not simply whether a company can reduce its workforce during financial difficulty. Employers may restructure their businesses, and an employment relationship may ordinarily be terminated according to its contractual and statutory framework. The more important question is whether the method of termination complies with the employee's contract and any labour legislation applicable to that employee.



[Industrial Disputes Act, 1947 Section 2(s); employment contract principles]

BACKGROUND OF THE CASE AND FINANCIAL CRISIS

Byju's was founded by Byju Raveendran in 2011 and expanded rapidly during the growth of online education in India. The company acquired several education-related businesses, including WhiteHat Jr., Aakash, Hello English and Toppr. During the pandemic, the demand for online education increased significantly, contributing to the rapid expansion of the business.

The company's growth was accompanied by substantial expenditure and acquisitions. At one stage, Byju's was valued at approximately \$22 billion. However, the company later faced serious financial and legal difficulties. Its problems included disputes with lenders, disagreements with investors, delayed financial reporting, board-level departures, regulatory scrutiny and difficulties in raising and accessing funds.

The financial pressure eventually affected employees directly. Byju's began reducing its workforce in several stages. In 2022, reports referred to layoffs involving employees of acquired businesses such as Toppr and WhiteHat Jr., followed by a larger restructuring exercise involving thousands of employees.

In late 2022, Byju's announced plans to reduce approximately 2,500 positions as part of a cost-cutting exercise. In 2023, another round involving approximately 1,000 employees was reported. Later restructuring exercises continued after Arjun Mohan became CEO. The company had let go of more than 10,000 employees over the preceding two years.

The financial problems also affected salary payments. In March 2024, Byju Raveendran informed employees that the company was

unable to use funds raised through a rights issue because of the ongoing dispute with certain investors.

The company also reduced its physical office footprint as part of its cost-cutting efforts. Byju's had given up most of its offices across India and required many employees to work from home.

Thus, the layoffs were not an isolated employment event. They formed part of a wider financial restructuring in which the company attempted to reduce its operating costs while dealing with disputes and restrictions over its funds.

[Employment contracts; Industrial Disputes Act, 1947; Sections 2(s), 25F]

THE BYJU'S MASS LAY OFF CASE

The most controversial aspect of the layoffs was the manner in which some employees were informed of termination.

Byju's was terminating employees through phone calls. According to the report, employees were informed that their services were being terminated immediately and were not required to undergo a performance improvement plan (PIP) or serve a notice period. The reported number of employees affected in that particular round was between 100 and 500, with sales employees particularly affected.

One reported employee received a call from HR and was told that his employment had been terminated. His last working day was stated to be the same day. Another employee reportedly received an email after the call confirming the last working day and stating that the full and final settlement would be made according to the company's exit policy.

The reports also stated that employees were concerned about pending salaries and the timing of their full and final settlements. Some employees had been verbally told that pending salaries would be paid by early



April and that full and final settlements would be completed within 90 days. However, the report noted that settlements for some employees who had been laid off much earlier were still outstanding.

From the company's side, the layoffs were described as part of a business restructuring exercise that had been announced in October 2023. Byju's stated that the restructuring was intended to simplify operating structures, reduce the cost base and improve cash-flow management.

Therefore, there are two sides to the issue. The company presented the terminations as part of a restructuring necessitated by extraordinary financial circumstances, while affected employees and reports raised questions concerning notice, reasons for termination and outstanding dues.

The legal issue is whether the restructuring was carried out in accordance with the individual employment contracts and the statutory protections applicable to particular employees.

[Section 25F — retrenchment requirements; Section 25G procedure]

EMPLOYMENT CONTRACTS AND TERMINATION CLAUSES

An employment contract is an important starting point for examining a termination dispute. Appointment letters commonly contain clauses relating to termination, notice period, probation and payment of dues.

A termination clause may provide that either party can terminate the employment by giving a specified period of notice or salary in lieu of notice. The actual period varies from contract to contract and may also depend on the employee's position and applicable law. Therefore, it would not be legally accurate to state that every employee in India automatically has a

statutory right to a 30-, 60- or 90-day notice period.

For a private employee whose relationship is primarily contractual, the terms of the employment agreement can be important. Courts have generally recognised that a private contract of employment that is determinable by notice cannot ordinarily be specifically enforced to compel an employer to continue employing the person. In appropriate cases, the employee may instead have a claim for monetary compensation according to the contract and applicable law.

This principle becomes important in the Byju's situation. If an employee's appointment letter required one month's notice or salary in lieu of notice, an immediate termination without the contractual notice or corresponding payment could potentially give rise to a contractual claim, subject to the precise wording of the agreement and applicable legislation.

However, the position changes where an employee is protected by labour legislation governing retrenchment or termination. In such circumstances, statutory requirements cannot simply be ignored because the employment contract contains a termination clause.

[Section 2(kkk) lay-off; Section 2(oo) retrenchment; Section 2(s) workman]

ENFORCEABILITY OF EMPLOYMENT CONTRACTS IN INDIA

The enforceability of employment contracts in India depends upon the nature of the employment relationship and the legal status of the employee.

A private employment contract is generally governed by its terms and by applicable provisions of contract and labour law. At the same time, courts have traditionally taken the view that contracts of personal service are ordinarily not specifically enforceable.



This means that an employee cannot normally obtain an order requiring a private employer to continue employing the employee merely because the employer allegedly breached the employment contract. (Indian Kanon)

There are recognised exceptions, particularly in cases involving public employment, statutory bodies and employees protected by industrial law.

This distinction is particularly relevant to the technology and start-up sector. Employees working in sales, business development, administration, technology and managerial positions may not all fall within the statutory definition of a protected “worker” or “workman” applicable to particular labour protections. The classification depends upon the actual nature of the employee’s duties and the applicable legislation, rather than merely the job title.

The Supreme Court’s decision in S.K. Verma v. Mahesh Chandra illustrates the importance of examining the actual nature of duties rather than relying solely on a designation. The Court held that Development Officers of LIC were “workmen” because their actual functions did not amount to managerial or administrative work. (Indian Kanon)

Although this case did not concern Byju’s, the principle is relevant to understanding why the legal protection available to employees cannot be determined simply by describing someone as a manager, executive or sales employee.

Accordingly, in the Byju’s context, the first question in an individual dispute would be whether the employee falls within the relevant statutory category. The second would be whether the termination complied with the applicable statutory requirements and the employment contract.

[Contractual notice-period clause; Section 25F(a) notice/wages in lieu for retrenchment]

NOTICE PERIOD AND TERMINATION

Notice periods are an important part of employment contracts. They provide the employee with time to find alternative employment and, where the contract permits it, allow the employer to arrange a replacement or complete the employee’s responsibilities.

A contractual notice clause generally operates according to its wording. If the employer has the right to terminate by giving one month’s notice or paying salary in lieu of notice, the employer ordinarily needs to follow that clause unless another legally valid basis for immediate termination exists.

However, statutory retrenchment requirements can impose additional obligations on employers.

The Industrial Relations Code, 2020 provides that a worker who has completed at least one year of continuous service cannot be retrenched unless the statutory requirements are satisfied. Section 70 provides for one month’s written notice stating the reasons for retrenchment, or wages in lieu of that notice, along with retrenchment compensation equivalent to 15 days’ average pay for every completed year of continuous service, or part exceeding six months, subject to the Code’s requirements. It also provides for notice to the appropriate Government or specified authority.

The important point is that these statutory provisions apply to workers covered by the relevant law. They should not be treated as a universal 30-day notice rule applicable to every employee.

The reports of Byju’s employees being terminated over the phone therefore raise a legal question rather than automatically establishing illegality. The answer depends upon the employee’s contract, status, length of service, nature of duties, applicable law and the circumstances of termination.



[Section 25F(b) & (c); retrenchment compensation and notice to appropriate government]

SEVERANCE PAY AND COMPENSATION NORMS

The term “severance pay” is often used generally to describe money paid to an employee at the end of employment. Indian law, however, does not provide one universal severance payment applicable to every private employee.

The employee may be entitled to different amounts depending upon the circumstances. These can include:

- unpaid salary;
- salary in lieu of contractual notice;
- statutory retrenchment compensation where applicable;
- earned but unpaid benefits;
- gratuity where statutory conditions are satisfied;
- provident fund amounts and other statutory dues; and
- other amounts specifically promised under the employment contract.

Under Section 70 of the Industrial Relations Code, 2020, a covered worker with at least one year of continuous service is entitled to retrenchment compensation calculated at 15 days' average pay for every completed year of continuous service, or part thereof exceeding six months, subject to the statutory framework. (India Code)

This is different from a contractual notice payment. Notice pay compensates for the contractual or statutory notice period, while retrenchment compensation is a separate statutory entitlement where the retrenchment provisions apply.

The Byju's reports also raised concerns about delayed full and final settlements.

some employees were waiting for outstanding dues and that some earlier settlements remained pending.

This demonstrates an important practical distinction: an employee may have a legal entitlement on paper, but recovering that entitlement can become difficult when the employer is experiencing severe liquidity problems or insolvency proceedings.

[Section 25N; permission for retrenchment in establishments]

LEGAL ISSUES ARISING FROM THE BYJU'S LAYOFFS

Several legal issues arise from the Byju's mass layoffs:

1. Whether the termination was contractual or statutory retrenchment

The first issue is the legal nature of the termination. A company restructuring its workforce may rely on contractual termination provisions in some cases. In other situations, statutory retrenchment provisions may apply. The distinction is important because the procedural requirements and remedies can differ.

2. Absence of notice

Reports that employees were terminated immediately without serving a notice period raise the question of whether the employer complied with the applicable employment agreement.

If the contract required notice or payment in lieu of notice, the employee may have a contractual monetary claim depending on the circumstances.

3. Retrenchment compensation

Where an employee falls within the statutory definition of a protected worker and the relevant retrenchment provisions apply, the employer must comply with the statutory compensation and procedural requirements.



4. Forced resignation

Reports and allegations of employees being pressured to resign raise another legal issue. A resignation should ordinarily represent a voluntary decision by the employee. If an employee alleges that a resignation was obtained through coercion or pressure, the circumstances surrounding the resignation become relevant.

The legal character of the separation may therefore become a matter for evidence rather than simply the label placed on the document.

5. Full and final settlement

Delayed payment of earned salary and other lawful dues can create separate claims from the question of whether the termination itself was valid.

The termination of employment does not automatically extinguish amounts that had already become payable to the employee.

6. Statutory deductions

Reports also raised concerns regarding statutory deductions and employee dues. Where amounts have been deducted from salary for statutory purposes, the employer's obligations concerning those deductions must be considered separately from the employment termination itself.

[Employment contract + evidence; Section 2(oo)]

RIGHTS AND REMEDIES AVAILABLE TO EMPLOYEES

Employees affected by a disputed termination may have several possible remedies, depending upon their employment status and the nature of the dispute.

First, an employee can examine the appointment letter and termination communication to identify the contractual

notice period, termination clause and payment obligations.

Second, where the employee falls within the applicable statutory definition of a worker and the dispute concerns retrenchment or illegal termination, the employee may approach the appropriate labour authorities and pursue conciliation or adjudication under the applicable industrial-relations framework.

Third, contractual claims for unpaid salary, notice pay or other dues may be pursued through the appropriate legal forum depending upon the nature and amount of the claim.

Fourth, employees may have separate statutory remedies concerning provident fund, gratuity or other employment-related dues where the relevant legislation applies.

An important practical point is that the correct employer must be identified. Large corporate groups often operate through separate legal entities. An employee may work under a brand name while the actual contractual employer is a different company.

This issue was demonstrated in a 2025 Labour Court award involving a former Byju's employee.

[Section 2(s) — workman status; Industrial Disputes Act provisions considered by the court]

FINAL COURT DECISION

Relevant to the Byju's employment dispute:

In *Rahul Kumar Meena v. M/s Byju's Tuition Centre & Another*, decided by Labour Court-III, Rouse Avenue Courts, New Delhi, on 28 April 2025, the employee alleged that his services had been illegally terminated and sought reinstatement and back wages. The Court examined his appointment documents and found that his appointment letter identified Think & Learn Pvt. Ltd. as his employer, while the claim had been filed



From the employees' perspective, the manner of termination was a major concern. Reports of phone-call terminations, immediate last working days, lack of clarity regarding reasons and uncertainty over pending dues created questions about whether contractual and statutory obligations had been followed. Moneycontrol's reporting documented several employee accounts concerning this process.

The case also demonstrates that employment protection in India is not based on one single rule. Different employees may have different legal protections depending upon their duties, contractual terms, length of service and statutory classification.

Another important issue is the difference between legal entitlement and practical recovery. Even where an employee establishes an entitlement to notice pay or other dues, financial distress can make recovery difficult. The Byju's situation illustrates how disputes involving investors, lenders and insolvency proceedings can affect the availability of company funds.

The enforcement of employment contracts therefore involves two stages. The first stage is determining what the employee is legally entitled to. The second stage is obtaining actual payment or another appropriate remedy.

The Byju's experience also shows why employment documentation is important. Appointment letters, salary records, emails, termination communications, bank statements and records of statutory deductions can become important evidence if a dispute reaches a labour authority or court.

Finally, the case demonstrates that the word "layoff" should not automatically be treated as a legal conclusion. In everyday reporting, layoffs may refer to many forms of workforce reduction. Legally, termination, retrenchment, resignation, redundancy and



other forms of separation can have different consequences.

[Sections 2(s), 2(oo), 25F, 25G and 25N]

RECOMMENDATION

The Byju's case provides several lessons concerning employment contracts and workforce restructuring.

1. Clear termination clauses

Employment contracts should clearly state the notice period, payment in lieu of notice and circumstances in which immediate termination may occur.

2. Compliance with statutory requirements

Employers should determine whether employees are protected by applicable labour legislation before implementing large-scale retrenchments. Contractual clauses should not be treated as substitutes for statutory compliance.

3. Proper termination communication

Termination should be communicated clearly and formally. Employees should receive information concerning the effective date, applicable notice or notice pay, return of company property and the process for settlement of outstanding dues.

4. Timely settlement of dues

Companies undergoing restructuring should maintain a clear process for payment of earned salary, notice pay, statutory benefits and other amounts legally payable to employees.

5. Accurate employment records

Both employers and employees should maintain appointment letters, salary records, correspondence and separation documents. These records can become important when the identity of the employer or the circumstances of termination are disputed.

6. Correct identification of the legal employer

Corporate groups should clearly identify the entity employing an individual. Employees should also check the legal name appearing in their appointment letter because a brand name and the legal employer may not always be the same.

7. Employees should understand their contractual rights

Employees should read their appointment letters carefully, particularly clauses concerning notice, termination, probation, compensation and dispute resolution. In the event of a dispute, professional legal advice may be appropriate.

CONCLUSION

The Byju's mass layoffs show the problems that can arise when a company faces serious financial difficulties and has to restructure its business. Over the years, Byju's carried out several rounds of layoffs to reduce costs, and reports of employees being informed about termination through phone calls and without notice raised concerns about employment contracts, notice periods and pending payments. At the same time, the legal position is not the same for every employee because it depends on the terms of the employment contract, the nature of the employee's work and the labour laws that apply to them. If a contract provides for a notice period or payment in place of notice, those terms become important when employment is ended.

Similarly, employees covered by statutory retrenchment provisions may have additional rights. The Rahul Kumar Meena case also shows that proper evidence, including proof of the employment relationship and the identity of the actual employer, is important when an employee takes a dispute to court.



Overall, the Byju's case shows that financial problems may lead a company to restructure, but employees' contractual and legal rights still need to be considered. It also highlights the importance of clear employment terms, proper communication during termination and timely payment of dues.

REFERENCES

1. Moneycontrol, "Byju's initiates layoffs via phone calls; lets go staff without PIP, notice period amid dire financial strain," 2 April 2024.
2. Moneycontrol, "BYJU's Layoffs: Employees Laid Off Without Notice Period, PIP," 3 April 2024.
3. Moneycontrol, "Byju's unable to pay salaries due to dispute with investors, says founder Raveendran," 2 March 2024.
4. Moneycontrol, "Byju's gives up almost all office spaces across India, mandates employees to work from home," 11 March 2024.
5. Government of India, The Industrial Relations Code, 2020, India Code, Section 70.
6. S.K. Verma v. Mahesh Chandra & Another, (1983) 4 SCC 214, Supreme Court of India.
7. Rahul Kumar Meena v. M/s Byju's Tuition Centre & Another, Labour Court-III, Rouse Avenue Courts, New Delhi, Award dated 28 April 2025.
8. Arya Kumar Muduli v. Spectar Digi Services Pvt. Ltd., decision dated 6 June 2024, concerning contractual employment, notice and the specific enforcement of determinable employment contracts.
9. Abhijit Mishra v. Wipro Limited, decision dated 14 July 2025, discussing principles applicable to private employment contracts and notice-based termination.