



The Building and Fall of a Valuable Startup from India, Byju's

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ABSTRACT

Headquartered in Bangalore, India, Byju's was launched in the year 2011 as a chain of physical (bricks-and-mortar) coaching center's by Raveendran. It started quickly moving towards the on-line education space providing attractive and dynamic online learning stages as well. It became popular across the country mainly because of its unique and customized style of teaching. Among the reasons behind Byju's rapid growth is its aptitude to change with emerging trends; particularly with the ongoing trend of online education came due to Covid 19 pandemic. When school moved online suddenly during the pandemic, their digital offering became very popular and reached millions of school children in India as well as around the world.

Byju's also entered into key partnerships and acquisitions to extend itself in terms of scale and capabilities. Following this, it acquired Aakash Educational Services, one among the best test preparatory companies in India to establish its dominance in competitive exams' field. Furthermore, high-profile branding, investment or endorsements have added significantly to BYJU'S goodwill and revenue, the valuation of Byju's was more than USD 16 billion, making it one of the most valuable global edtech start-ups.

Now when we see on the other side one of the biggest failures is overly aggressive marketing methods which they started using after a certain period of time. The education app as we know received flak for aggressive marketing strategies, especially towards kids and their parents. And much criticism has been thrown against the platform due to its tactics in pushing parents and also some say how they tries to manipulate to buy costly subscriptions based on guarantees of unequaled educational results.

These include complaints related to course quality and inconsistency with curriculum benchmarks. Some customers have discovered that the Byju's course is not exactly what they expected for school tests and in some cases the method used is not standardized either with the school curriculum, not only that, many questions have also been raised around the accessibility of Byju's service to begin with, since their target audience remains primarily urban, English-speaking audiences and exclude a vast segment of this country's mixed population, While the company established a sizable user base and also seen a considerable success overall, we see that they also come under fire and experienced setbacks with regard to its marketing strategies, the quality of its content, and accessibility, all of which require attention if it is to maintain its development and reputation.

INTRODUCTION

As the introduction now we will see from the start where the first investor coming in to many pulling off, In 2013, Byju's got its first funding from Aarin Capital managed by Ranjan Pai / Mohandas Pai. "It was your first Series A."

Next rounds brought in Sequoia Capital. Byju's raised its Series B funding at \$25 million. In the same year, the company released the Byju's app later on.

Byju's went on to raise four rounds of funding in 2016 and raced up the valuation charts overnight. Sequoia, Innoven Capital, Sofina Group, Time Internet and the International Finance Corporation, a part of World Bank Group invested in FSSAI.

The same year, CZI—the funding vehicle of Priscilla Chan and Mark Zuckerberg—led a \$50 million round and pumped-up Byju's valuation to \$462 million.

In the year 2017, European family office called Verlinvest joined the Byju's board. Its valuation touched \$600 million. Its expansion of 300,000 yearly paid, in 2019, Byju's acquired, Shahrukh Khan as their brand endorser. The edtech company became a Unicorn company with valuations of \$800 million in 2018. In that year, Byju's also became the first edtech company in India to acquire a 'Unicorn company tag. The startup now valued over \$1bn — the 11th unicorn in India. And had backing from General Atlantic, Naspers and Tencent.

This year was another landmark for Byju's and it became profitable. In the fiscal year ending March 2019, the startup said its revenue had more than trebled to ₹14.3 billion. This surge is being attributed to an increase in its paid user base of 2.4 million. It grew two times in comparison to the numbers of 2018 where they were just around 1.26 million. In that year only raised \$150 million from Qatar Investment Authority and Owl Ventures. Reports suggest that its worth \$5.7 billion. Indian ed-tech companies drawing investments from top global investors shows that India is emerging as the leader in eLearning globally. "This trend reinforces our belief that schools across all geographies recognize the value and benefits of providing personalized learning experiences through digital mediums to students at home in 2019 he made it into the Forbes Billionaires list — as a billionaire!

In 2020, the company secured funding from General Atlantic, Tiger Global, to be pegged at the skyrocketing high valuation of \$8.2 billion. In a press release they confirmed it will book over half a billion dollars in revenues by March this year, in the last round, via a partial exit, the Chan Zuckerberg initiative exited with over INR 167.7 crores. The fund's investment in September 2016 was ₹22.86 crore which now has a worth of over seven times. The same deal paid handsomely for Sequoia, Times Internet and SCHF PV Mauritius.

Now the other part of the whole story where it all goes wrong, we can say that Raveendran is neither a cheat," stated Anita Kishore. He's not even a fabulist. Not only he is an innovative leader in the evolving space of Education technology but he also discovered an opportunity to expand himself during the pandemic. Raveendran faces perhaps his greatest crisis yet today. Online education rat winner, gym rat, is now a rat in a trap: Investors are bailing out of byju'S with exits, byju'S founders having left their own company with ex-employees describing the work culture at 24 X, the ed-tech giant, which had big name backers including General Atlantic, BlackRock and Sequoia Capital, is facing charges of not paying its debts. On 31 Jan, even statutory auditors Deloitte Haskins & Sells LLP (DHS) resigned from being auditors, citing "non-availability" for a period of more than three months to complete the statute Since 2015 promoters have sold shares worth millions of dollars, though a company spokesman tells us that they've invested the money into the business. A billion-dollar debt which is now has been rejected restructuring by creditors so as their story goes now there are just him (CEO Raveendran), his wife (Divya Gokulnath) and his brother (Riju Raveendran) on the board.

REVIEW OF LITRETURE

The Byju's bust: Decoding the rise and fall of the once most valued start-up.

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Formerly known as a pioneering force behind India's startup ecosystem, Byju's appears to have suffered from its own growth by acquisition strategy. "It has gone past that quiet inner evolution business and now it's become an M&A spree towards the summit, hiring a football celebrity (Lionel Messi) as brand ambassador, splurging heavily on ads (Byju's was the number

Byju's failure to publish accounts prompts scrutiny of edtech giant

Mercedes Roehl in Singapore and Chloe Cornish in Mumbai September 11 2022

Now the Indian startup ecosystem's most highly valued company is being intensely probed by the government, investors, and lenders after failing to file its financial statements time and again, with funding and revenue drying up in the once red-hot edtech industry.

How India's biggest start-up company "grew too fast." Fei Ruby, Tech Times

The byju's, an Indian education-technology company, witnessed the sudden surge in its popularity over recent years. Founded by Raveendran in 2011, the company initially began as a chain of offline/classroom coaching centers. But shortly after, pivoted, as one does these days, to an attractive, interactive digital learning platform in the realms of online education. became renowned for its pioneering education method which is flexible too. One of the major reasons behind such growth is their flexibility towards new trends in education, for instance, the online mode of Learning, triggered due to the COVID-19 pandemic.

**A STUDY OF IMPACT OF EDTECH COMPANIES ON EDUCATION WITH
SPECIALREFERENCE TO BYJUS AND VEDANTU**

Authors: Mitali Sharad Gupta, Mr. Pratik

Students are increasingly choosing courses through online learning platforms like Byju's, etc. The majority of parents feel like they don't have the time to homeschool their own children. This pattern is growing stronger as more people rely on their smartphones. And with more than half of internet searches being done from mobile devices. The purpose of this research is to determine the effect of many edtech startup companies on education and to examine both the good and the bad part of edtech startup such as BYJUS.

Reasons for BYJU'S failure, Prose Ponderer

Online businesses like byjus are thriving, but all we can say is, the reason behind may failures have yet to be determined, thus caution needs to be taken on any hypothesis (speculating) about cause the failure. By Byju's But Here are potential areas they may have issues of failure with.

The rise of Byju's

Authors: Lopamudra Pattanayak, Lalatendu Kesari Jena, Kalpana Sahoo

CAT 2003 with Common Aptitude Test score... but still took the examinations again as his score was 100%, because he didn't want this to be just coincidence! It wasn't. But then he makes it out... He even managed scores as much — and still was NOT goanna go to business school, but teaching instead! "Wise decision". "15 years into the future, 40-year-old Raveendran is running India's biggest edtech company. As far as new era leaders were concerned, he did every bit possible to give them a long-lasting remembrance. Such leadership styles have been something one could aspire to follow in for instance.

Why is Byju's Failing? Reasons behind Byju's Downfall

by Jai yaday

Being an official sponsor for the 2022 FIFA World Cup, India has now joined hands with Byju's where this Edtech startup will be the first to be representing as an Indian Co-Partner in the FIFA event. Byju's valuation is 22 billion dollars, Byju's revenues of the previous year were 2400 crores and losses were 4600 crores. The question now was, How Byju's had a Loss of Rs.4600 crores? Reasons for Byju's loss! And Why is Failing?

'Consumer perception towards Byju's the learning app and byju's the early learn app.' Heli Vyas

In any e-Learning system, the focus should be on the learner. With materials and activities made to cater for the learning style and interest of its users. Students take leadership in the learning experience and customize it to fit their own needs. E-Learning is self-directed and self-paced education. The amount of time devoted to a specific course depends on students. It means that the students can fast forward for information they know and slowdown in places that require more detail. Using this personalized approach usually results in faster completion times for students compared with more traditional approaches.

Byju's The Learning App: An Investigative Study on The Transformation from Traditional Learning to Technology Based Personalized Learning

Authors: Sruthi Palliyalil, Sangeeta Mukherjee

The technological education structure has many different learning apps under its hat. Byju's — The Learning App [Byju's] is the leading education learning platform in the country and has over 300,000 annual subscribers. The learning application employs content, multimedia and technology together to create an interactive and engaging environment for learning among the students.

Star Founder Broke Down in Tears as Crises Engulfed Byju's By Anto Antony

By end April, byju's was raided by Indian plainclothes cops at its newly opened byju's lab office at Bengaluru for alleged FE (Foreign Exchange) violations — laptops were confiscated! Checkout, It was early morning over on the other side of the world, where Byju Raveendran, CEO and founder of the company Byju's (yes, that is his name), paced his flat in Dubai drinking black coffee all day, taking calls from top investors

RESEARCH METHODOLOGY

Secondary data was collected from a variety of sources; accessible through online means in my research, then later on, I picked some papers and analyzed if they have any gaps among those studies. and then paid attention to these gaps as much possible and also tried to do this research with awareness of the topic and collected certain details or I will say information from there some journal which was made by the known person in the domain. All of the data is based on how an edtech giant once highly valued startup has gone under severe decline which already had 15 Million customers which spend around billion acquiring tech startup and business is following the success during the pandemic and then how things changed for Raveendran how they reported a 327 million loss in 2021 how the companies worth reduce to 5.1 billion how the customers and employee complaints started Rising employees talking about the work culture not been adequate customer talking about how they been betrayed by the company they are going through many legal troubles now because they were talks in possible preachers of foreign currency rules landers started filing law suit against them and also we talked about how Raveendran is fighting back with all he has to save the dream which he turn to into a million dollar reality if he shows this intent by quickly replacing Deloitte with BDO as a new auditor then now also they are trying to upholds the high standards of financial security and account ability they are trying everything possible to regain the position in this market and to require the market build their brand equity again they want to put a good word in people again they also wanted their employees to work in a good work environment Raveendran is not going down without giving up fight from the start he shows the intent and he is not going down like this he is going to bounce back it's a matter of time I worked with all these data and concluded it how the whole story form the beginning to till now.

SUMMARY OF FINDINGS

Prospering During the Pandemic

With the pandemic's success, Byju's acquired a slew of ed-tech start-ups and businesses for over \$2 billion in 2021 alone. It overtook Paytm to emerge as the most valuable startup of the country. The agency blew several billions of dollars in advertising with Lionel Messi being their top-rated Brand Ambassador along with Shah Rukh Khan. Likewise, Byju's also got on board as official sponsors of the FIFA World Cup 2022, and the main cricket sponsor for the Indian team.

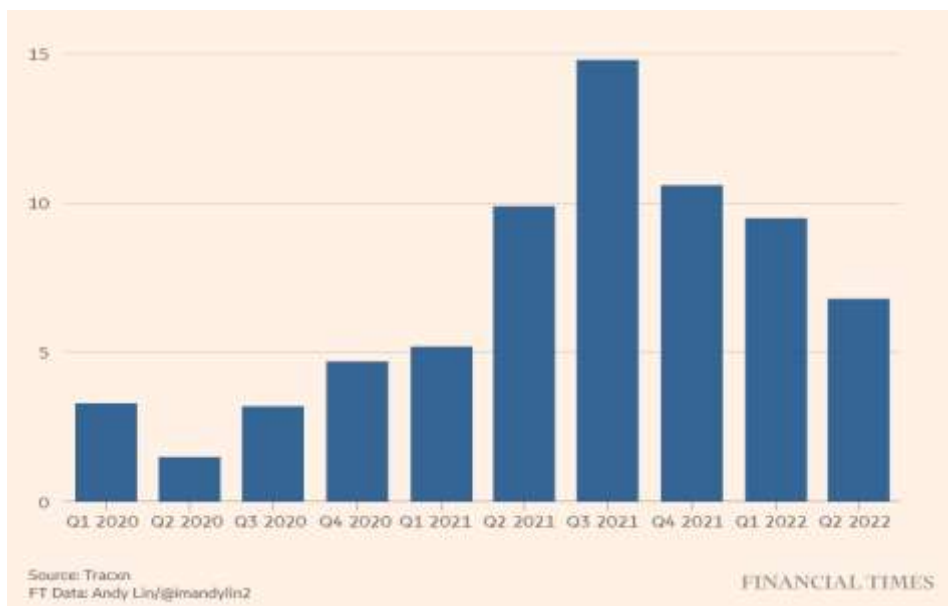
It took advantage of the shutdowns during Covid to become an online tutoring company that is now worth \$22 billion following its acquisition of tens of billions in funds through a series of rounds from big name private equity players such as General Atlantic and Tiger Global. The company even took out \$1.8bn of debt, still however, two investors have not yet allocated at least an additional \$250 million toward Flipkart itself, according to individuals familiar with the situation.

Signs of Failure

The business grew massively during the Covid-19 pandemic. But by 2021 Byju's had reported an Rs 2,400 crore (\$327 million) loss — 17 times more than the year before that. Their biggest stakeholder, the business's leading investor — has slashed its value to just \$5.1bn. Questions from the BBC went unanswered.

Even though there may have been down rounds, with the pandemic came more investment to the business from buyers into Byju's. Angel investor Aniruddha Malpani dismissed the company's business approach as having "paper wealth" and "huge disparity between valuation and value".

The entity has missed even its own deadlines to submit financial results for the period ended March 2021. In February this year, India's Ministry of Corporate Affairs ordered the company to explain a delay of almost 18 months. The ministry declined to comment on Byju's noncompliance when asked about that, in fact, Byju's has been publicly stating time and again that its auditor, Deloitte, had not declared its accounts as ready for signatures due to the complexity of reporting over \$1.1 billion worth of acquisitions the company made in FY 20. Two sources consulted by the Financial Times are questioning the company's rush to expand globally and buy its way into new markets.



Perception about Spacs, and start-ups for that matter, has shifted considerably from thereon. According to Tracxn data, the record high funding levels for Indian start-ups was at \$14.8bn in the quarter three of 2021. However, three-quarters were downhill as macro situations deteriorated: the Q2 numbers this year reached only \$6.8 billion, a 34% decrease from last year's Q2 (\$10.5 billion). This time around, co-founder and CEO Raveendran invested personally in driving the funds that fueled his company's latest fundraising effort.

Similar to many other start-ups, Byju's mother concern i.e., Think & Learn Private Limited is not profitable. In its latest set of financials — for the fiscal year ending in March 2020 — GSHPL had recorded losses Rs 2.6 billion (\$32.5 million) so the company generated its revenue mainly from "Sale of educational tablets & SD-cards" which totaled to Rs 16.8 billion.

It's been a while since markets have heard any news about how that is going. The company issued a \$1.2 billion bond sale in November, which was priced at 69 cents on the dollar on Wednesday, down from more than 90 cents since it started selling off back in April, based on Bloomberg data.

Customer and Employee Complaints

In addition, some parents have reported to the company with Byju's failing to fulfill its promises and taking them to pay for those extra programs, along with not providing what they were supposed to. And, former company workers also said they had faced extremely aggressive selling situations some claimed exploitive practices amid impossibly overboard expectations. The company laid off hundreds of employees within the last year alone in an effort to cut costs. Allegations include unfair treatment of students, aggressive sales tactics and improper advertising and Byju's denies the accusations; the company is under investigation by both the press and Government officials. "Geeta Undair a part time kitchen worker from the region of chakala in Maharashtra's Mumbai, wished the best school for her 13 yrs. daughter "The Byju's marketing executive literally gaslighted me into enrolling my kid in their one-on-one classes," an emotional Shruthi Undare told The News Minute, They bombarded my kid with hard questions to test her proficiency at the end and concluded by stating that she's 'not advanced enough', she needs extra support to come on par. Plus they said they would assist her in the exams. I informed them about the course fee of Rs 33,000 was beyond my budget (which in turn meant my kid will be screwed) but he still kept trying to lure me. There was that one stipulation if I didn't like it after testing it out for 14 days, I could get a full refund. Then that was also the day on which i got indebted because no one picked up the call when i called them after 11 days telling me about my monetary problems, to pay for their mistake. "I still feel bad for that choice," she confesses.

Exploitative sales techniques notwithstanding, even susceptible individuals such as Undare can buckle under pressure to fall into the trap laid out by Byju's marketing team but director Hansal Mehta has publicly condemned their tactics. They came knocking at my door in the middle of this pandemic to sell me things for my daughter I didn't need, they would encourage her to think of herself as not smart enough in hopes of getting one more dollar. "They needed to be chased from my home," he tweeted.

On when the Chairman of the Nationwide Payment Safety Commission for Baby Rights, Sri Priyank Kanoongo accused Byju's of focusing on first generation learners after which "purchasing cellphone numbers of children and their dad and mom... rigorously following the first person who opened up about this was Ranjana Sharma from Amritsar, who accused the Bengaluru- based company of mentally harassing her for a balance of Rs 60,000 that she was owed. "Apart from maltreating and insulting us, one of them had also registered me with a loan scheme and put up two non-existent students in our name," she spoke out to the press.

In the same manner, one such case was registered also with Madhya Pradesh's Police headquarters where a woman named Priyanka Dikshit of Indore alleged to have herself deposited Rs.1.8 crore for I.A.S coaching last year She complained at a Consumer Court in Madhya Pradesh and obtained an order refunding her fees with interest, as well as awarding her compensation. Dikshit had the capacity as well as knowledge about her legal rights, but undare succumbed to pressure.

Byju's Legal Troubles

The Bangalore branch of the firm was raided last April by India police for violating FEMA guidelines. Company denies wrongdoing but assures workers follow the rulebooks. In May lenders sued them for default on the loan, breach of loan terms, and transferring money via their subsidiary Alpha. In June, Byju's filed a harassment case on lenders after failing to pay around 400 crore worth interest payment and later on several rounds of layoffs leading to more than 1000 plus people losing job. Deloitte Haskins and Sells LLP has resigned from the audit due to later submission of the financial statements.

After the three resigned from the board, Raveendran, his wife Divya Gokulnath and his younger brother Riju Ravedran become the sole surviving trustees of the organization which they founded. The company is in talks for a financial reboot. In India, online grocery major Big Basket labeled Byju's as "not adhering to minimum standards". The only reason for the lag in financial filings is because of this sudden turnaround in Covid19 (returning everything back to business as usual for all ed-tech companies), he added.

Experts say that the tech hype on its own during the pandemic had been exaggerated, and children required physical care in the form of safe physical spaces with someone looking after them when they were young enough, peer grouping when older, and peer group learning," said Dr Malpani Publicly traded companies in terms of the operations; according to those experts).

Even though Byju's has announced the creation of an advisory body, people believe that it hasn't shown a desire as yet for introspection on their part.

Decoding the downfall

However, the Band-Aids have not silenced Raveendran's detractors who are still howling for his scalp. "What makes Byju's stand out is it's the quintessential example of overreach. It's a tale of greed and rat race in the valuation game which has become commonplace today with our savage 'we-must-grow with a series of acquisitions, spin-offs and takeovers, Byju's, having risen through the rungs of glory had plummeted to depths, taking its ecosystem along, be it investors, employees or customers including students and their parents. Since inception the promoter holding is at 21.2% having fallen from 71.6% in FY15-16 to 21.2% now in FY23. "The marketers appear to have lost belief in their item. The consequences of this decision would be far reaching on its ecosystem of stakeholders and employee morale was the least of his concerns," said one of India's prominent Mumbai-based ed-tech chief executives, "but the greater concern here would be what the larger

Tech isn't magic

One of the firm's biggest errors is overselling tech instead of selling courses.

"Byju's used to sell a tech hardware device called a tab that delivered content, and they bullied parents into buying subscription because they would guilt trip them with 'you will ruin your kid's life or he won't end up getting an IIT JEE "The thing that Byju's did was substitute technology for technology rather than supplementing with learning," says academic researcher, Dr Usha Batra, director of Manav Rachna COE for Cyber Security, and adds, "It might have ignored the very important role that this company started with.

Hazards of Poor Compliance

The euphoria surrounding the ed-tech sector has fizzled out. As Byju's slides, it will serve as a poignant reminder of 'valuation vs value', 'hype vs results,' quips Malpani. Let's hope this is an opportunity to destroy the evil commercialization of education with vindictive sales targets and profit in mind. Chandwani stresses: "This is not an individual crime but the need for a check in balances across the entire pyramid right from the policymaker's level (the business of education has no rules as the ed tech space does fall under any legal framework)". This is one example of what keeps Riddhi up at night — the unrestrained nature of a nascent industry. "There's no policing or judicial system in place for operational parameters like ethics, standards, safety checks, privacy, auditing, etc.,"

"Without such protections", says Rajawat, "one can anticipate more problems to come". It's up to investors and regulators to make Byju's safe not only for students but also for its management team at SOS — same as in the cases of Bharat Pe and Satyam Computers. The most important interventions needed are with the company's board. We need people with track records of successfully running businesses for long times such as Arvind Thakur, Rajendra Pawar, and Ganesh Natarajan and not friends and family" Rajawat adds amidst calls for holding purse strings of financial world accountable". Failing to do your homework before investing leads to awful outcomes. Either way, "irresponsible investment approaches have screwed up startups and now everyone is thinking about profit first before other things," Malpani said.

This leaves room for more introspection into what went wrong at Byju's and it's all about the powerful auditors — DHS — who stepped down from its job. "They're big enough in the industry to have killed people and still walk away but we hold those responsible." "They have to be investigated for dereliction of duty," says Malpani, and adds: "Raveendran should come clean here — not hide out in Dubai, nor throw all these men and women out on the streets." And as Byju's management soldiers forward.

CONCLUSION

This paper here gives an exhaustive outline of Byju's background, business showcase model alongside driving achievement drivers, difficulties looked by Byju's consistently, just as its arguments and debates. For example, it's received a great deal of negative press over the years regarding the way that their marketing and particularly, their sales pushes are handled. While some people have questions or skepticism towards the content that was produced as well as the way it's being taught. There are even more questions about its methods too. Along with the tax evasion case against Raj Kundra. And then

other such stories about Byju's that come up on a regular basis. In conclusion, the paper stresses on innovation, agility, and strategic alliances and also discusses Byju's partnerships and acquisitions aimed towards extending their reach and capabilities. In fact, we have collaborated with institutes such as the Indian Institute of Technologies (IITs) to bring exceptional content on the platform for our learners. Byju's has additionally procured a few edtech ventures like Whitehat Jr, intended to increment its administrations just as to enter the new market. for the edtech sector as well and Byju's shows you how effectively they have utilized all these things to become the global leaders of this field.

REFERENCES

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