

**A  
Research Project  
On**

**“A STUDY ON FINANCIAL CHALLENGES FACED BY BUJU’S  
COMPANY”**

Submitted to

**G.S. College of Commerce and Economics (Autonomous), Nagpur**

Affiliated to

**Rashtrasant Tukadoji Maharaj Nagpur University**

In partial fulfilment for the award of the Degree of

**Bachelor of Business Administration**

Submitted by

**DISHANT LEKHRAM KASARE**

Under the Guidance of

**Dr. KAMLESH THOTE**

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**G.S. College of Commerce and Economics, Nagpur**



Academic Year 2023-24

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**G.S. College of Commerce and Economics, Nagpur**



**Academic Year 2023-24**

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## **CERTIFICATE**

This is to certify that “**DISHANT LEKHRAM KASARE**” has submitted the project report titled “**A STUDY ON FINANCIAL CHALLENGES FACED BY BUJU’S COMPANY**”, towards partial fulfilment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate. It is further certified that he has ingeniously completed our project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

**Dr. KAMLESH THOTE**

**(Project Guide)**

**Dr. AFSAR SHEIKH**

**(Co-Ordinator)**

**Place: NAGPUR**

**Date:**

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**G.S. College of Commerce and Economics, Nagpur**



**Academic Year 2023-24**

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## **DECLARATION**

I here-by declare that the project with title "**A STUDY ON FINANCIAL CHALLENGES FACED BY BYJU'S COMPANY**", has been completed by me in partial fulfilment of '**BACHELOR OF BUSINESS ADMINISTRATION**' degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Place: Nagpur

**DISHANT LEKHRAM KASARE**

Date:

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**G.S. College of Commerce and Economics, Nagpur**



**Academic Year 2023-24**

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## **ACKNOWLEDGEMENT**

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to Dr. Praveen Mustoor, Principal, G.S. College of Commerce & Economics, Nagpur.

I am extremely thankful to my project guide **DR. KAMLESH THOTE** for his guideline throughout the project. I tender my sincere regards to Co-ordinator, **DR. Afsar Sheikh** for giving me outstanding guidance, enthusiastic suggestions and invaluable encouragement which helped me in the completion of the project.

I will fail in my duty if I do not thank the Non-Teaching staff of the college of the college for their co-operation.

I would like to thank all those who helped me in making this project report complete and successful.

Place: Nagpur

**DISHANT LEKHRAM KASARE**

Date:

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**CHAPTER 01**  
**INTRODUCTION**

## **CHALLENGES OF ED- TECH INDUSTRY IN INDIA.**

Online education has brought a huge shift in education sector in last 6 years. Among the top BYJU's, Vedantu, Upgrad, Unacademy etc have really disrupted the entire education sector. Size of edtech industry globally valued at more than \$200 billion and in India market size is around \$ 3.2 billion in 2021 which is expected to grow @30%. However in last 1 year specifically we have seen dramatic fall in ed-tech industry. Thousands of employees have been laid off, there are lot of complaints raised by students, governance issues and also problems with lenders etc.

### **Key issues with Edtech industry at the moment**

#### **1. Liquidity Issue:**

2021 was the best year of funding for Ed-tech start up with total funding of around \$ 4.7Bn but as soon as physical education started after removal of covid lockdown funding for startup dried up. Funding in 2022 for edtech comes down to only \$ 2.43 Bn. Further this dried up in 2023 due to global liquidity issue. As of today outlook is not very positive at-least on funding.

#### **2. Crazy Valuations and heavy losses:**

If we look at 2022 three major companies including Byju's, Unacademy and Vedantu together posted net loss of around 8000 crores. Byju's posted highest loss of around 4500 crores in 2022. Last year (2022) Byju's was valued at \$22 Bn but this year Blackrock has slashed the valuation to only \$8.4 Billion (a drop of 62%). How can someone with common sense justify this. Such a volatile valuations shake the faith of investors in this industry and create a risk on overall investment cycle.

### **3. Post Covid demand of online education decline:**

Yr. 2020 and 2021 when Covid Lockdown forced everyone to sit at home and go for online education opportunity, it opened up the bonanza for ed-tech companies. However gradually as world open up physical education has once again taken the front seat. Society at large including parents, government and education regulating bodies feel that

Ed-tech industry has huge potential to reach out to each and every one in the society with lowest cost possible specially in country like India with such a huge population. This industry can also revolutionize the future of education with use of technology. However, it should not be driven with game of valuation where every student is considered a factor for high valuation. Such ed-tech companies should focus on quality of education and fill the gaps which physical education is not able to do. Both Physical and online education should complement each other.



### **THE FINANCIAL CHALLENGES FACED BY BYJU'S COMPANY.**

Byju's valuation started to take a hit in 2023 when the demand for online education started to subside, especially with more competition in the industry. In April 2023, the ed-tech firm's struggle began when it came under the scanner of the Enforcement Directorate (ED), with three of its offices raided under provisions of the Foreign Exchange Management Act (FEMA).

ED slapped a FEMA violation notice on Byju's worth ₹9,362.35 crore. Legal troubles continued to mount for the ed-tech company after one of its foreign lenders ended up filing a lawsuit against Byju's in 2023.



US-based investment firm Redwood cut a loan of \$1.2 billion term loan B (TLB) to Byju's in November 2021, but the ed-tech firm failed to make a quarterly interest payment of ₹330 crore. After being faced with a lawsuit, Byju's further filed a case against Redwood for “accelerating its demand” to pay the loan.

While Byju's is locked in a dispute with lenders in the US over a missed interest payment on a \$1.2 billion TLB. The company has put two key assets — Epic and Great Learning — on the block to generate between \$800 million and \$1 billion in cash to address financial challenges, according to sources.

And on top of that Netherlands-based tech investor Prosus NV has marked down Byju's valuation to under \$3 billion. This is 86 per cent less than its peak valuation of \$22 billion last year.

## **FACTORS CONTRIBUTING TO BYJU'S FINANCIAL CHALLENGES.**

### **Expansion and Challenges:**

1. **White Hat Junior Flop:** BYJU'S faced challenges with the White Hat Junior program's relevance post-COVID. Despite potential struggles, the company hesitated to shut down the program, emphasizing its benefits to Indian teachers and kids.
2. **Advertising Costs:** Massive spending on brand ambassadors, athletes, and celebrities, including the Indian cricket team and FIFA World Cup sponsorship, led to over Rs 2,000 crores spent on marketing, representing 32% of the company's expenses.
3. **Scalability Problems:** Rapid expansion into new markets and quick growth posed challenges in maintaining scalable, individualized learning experiences. Failure to meet high standards could impact customer satisfaction and retention.

4. **Evolving Educational Landscape:** BYJU'S faced potential difficulties adapting to changing demands in education, including shifts in regulations, instructional techniques, and curriculum requirements.
5. **Technological Setbacks:** Dependency on technology infrastructure made BYJU'S susceptible to dissatisfaction from users due to significant technological errors, cybersecurity breaches, or service interruptions.
6. **Negative User Reviews:** The company's reliability and reputation could be adversely affected by negative user experiences or reviews, potentially leading to a decline in popularity.

### **Financial Woes and Valuation Fluctuations:**

1. **Fundraising Challenges:** BYJU'S encountered difficulties in July 2022 when Sumeru and Oxshott failed to transfer their \$250 million due sum, citing macroeconomic factors.
2. **Valuation Fluctuations:** BlackRock reduced BYJU'S valuation by 62% in May 2023, resulting in a new valuation of \$8.4 billion. Prosus slashed BYJU'S valuation to less than \$3 billion, an 86% decrease from the previous \$22 billion.

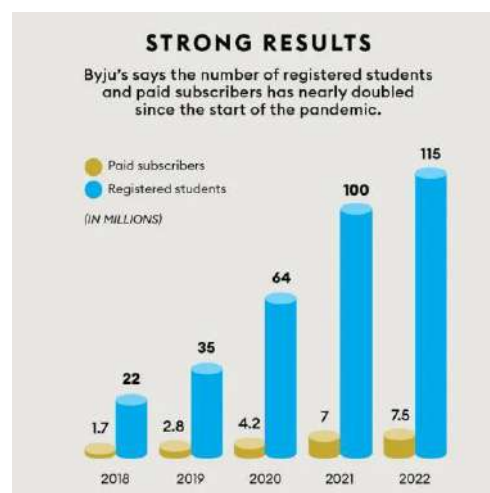
## **CHAPTER 02**

# **COMPANY PROFILE**



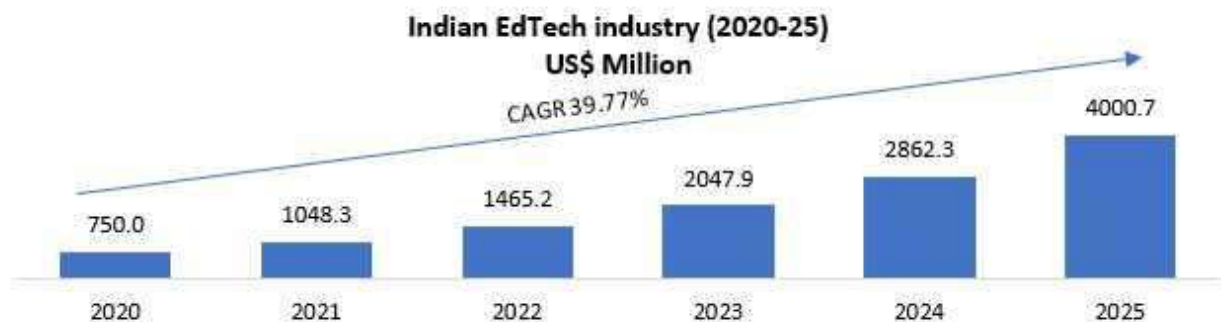
The company was founded in 2011 by Byju Ravendram and his wife Divya Gokulnath. Byju's is an Indian multinational education technology company, headquartered in Bengaluru. As of April 2023, the company claims to have over 150 million registered students. Byju's app was developed by Think and Learn Pvt. Ltd, a company which was established by Byju Raveendran, Divya Gokulnath. During the initial days, the company focused on offering online video-based learning programs for the K-12 segment and for competitive exams.

In 2012, the firm entered Deloitte Technology Fast 50 India and Deloitte technology fast 500 Asia Pacific ratings and has been present there ever since. In August 2015, the firm launched Byju's: The Learning App. In 2017, they launched Byju's Math App for kids and Byju's Parent Connect app. User numbers quickly grew, reaching 35 million registered students and 2.8 paid subscribers in 2019. Those numbers nearly doubled in the first year of the pandemic, and grew a further 80%, to 115 million and 7.5 million, respectively, at the start of this year. Online courses for Byju's subscribers start at \$150 a year. By 2019, 60% of Byju's students were from non-metros and rural India.

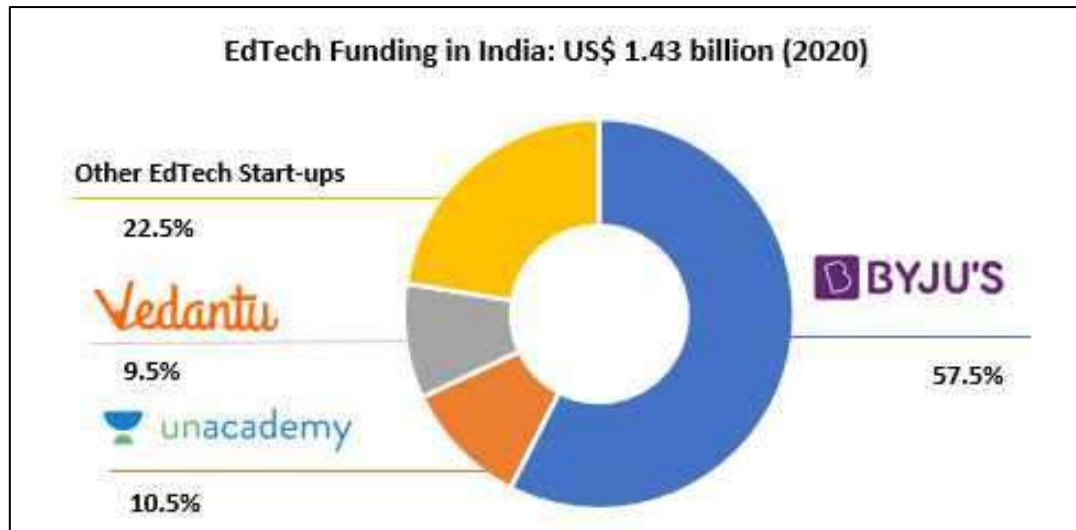


## **OVERVIEW OF THE INDIAN EDTECH INDUSTRY:**

As per the report of the India Brand Equity Foundation (IBEF), the India EdTech industry was valued a whopping 750 million US\$ in the year 2020. It is expected to reach US\$ 4 billion at a CAGR of 39.97%. The growth is seen as a result of rising demand for non-academic courses from tier II and tier III cities. US\$1.5 billion (out of projected market value of US\$4 billion) will be aimed at Kindergarten to Class 12 (K-12), after school foundational curriculum and pre preparatory courses and study material.



EdTech start-ups in India earned more than US\$ 1.43 billion through over 100 deals in the year 2020. EdTech emerged as the leading sector with maximum funding, owing to mandatory lockdowns imposed by the government which compelled the educational institutions to adopt and implement technology driven learning solutions. Out of the total funding raised, Byju's leads with 57% followed by Unacademy with 10.5% and Vedantu at 9.5%.



### **Edtech-post pandemic scenario:**

Earlier Parents has lack of confidence and knowledge regarding online learning and always believe in offline schooling of their child instead of e-learning. But the COVID outbreak has emerged as an opportunity for EdTech startups to convince the parents and build trust in their product by offering free access to their platforms during that period. That's why, Ed-tech firms now get the trial and mindshare they couldn't get earlier. Because of that, Parents are now increasingly starting to see ed-tech platforms as complementing their children's learning and growth.

### **Growth drivers of online education**

There are several factors that are driving digitization in Indian education sector and leading towards adoption of online learning:

**1. Internet Penetration:** The rise of internet penetration has catalyzed the expansion of online education market in India. India has witnessed a fall in the internet data costs by more than 90 percent since 2001, because of substantial increase in the number of internet users, which stands at 451 million in 2019, as per a report by Internet and Mobile Association of India (IMAI). However, this was only 190 million in 2013. Hence, it is an indication of high growth

potential. And it is also anticipated that by 2022, the total internet users will be more than 800 million, with internet penetration reaching to 60 percent. This internet penetration will enable increase traffic for online education players.

**2. Growing Smartphone penetration:** Rapid growth in the smart phone usage, which is expected to be reach to 829 million by 2022 is also one of the key driver, which stimulate online education player to enter in online education market and t introduce e-learning platforms.

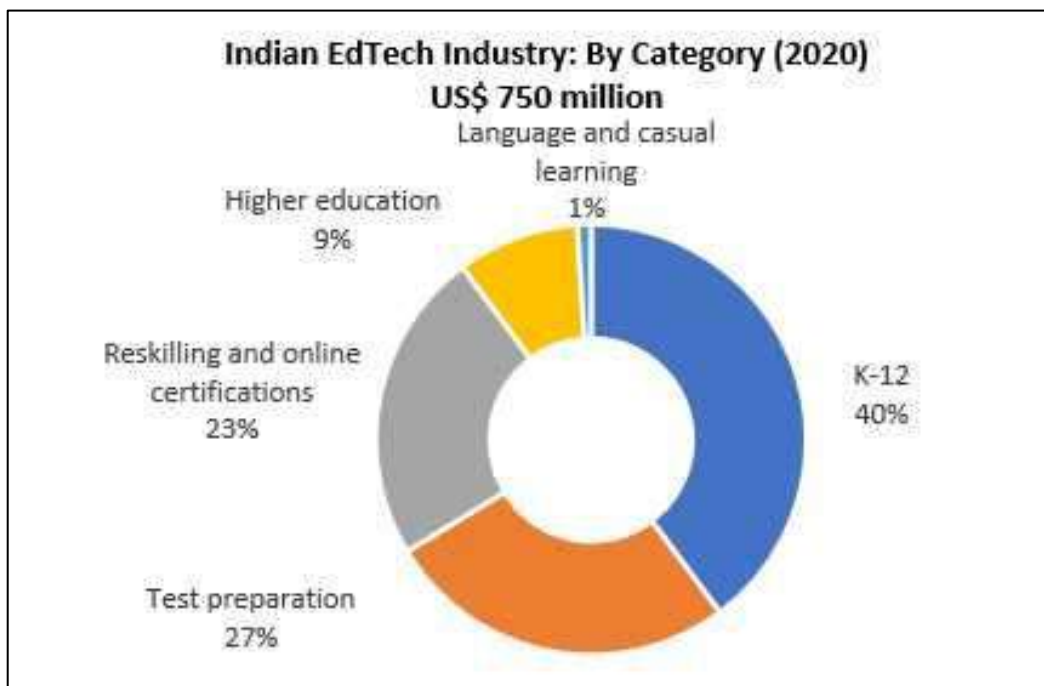
**3. Government initiatives:** Government of India has taken a number of inexpensive initiatives which are contributing in building the infrastructure needed for online education. These initiatives include SWAYAM, E-Basta, Rashtriya Madhyamik Shiksha Abhiyan (RMSA), Skill India and Digital India, Massive online open courses (MOOCs), National Digital Library. The authorities are also working on a National Open University for the dissemination of education to the masses. In addition, it is actively promoting digitization of education and ease of internet access.

**4. Online Channels:** There are numerous EdTech startups in india like like BYJU's, UpGrad, Simplilearn, Topper, Catalyst Group and Unacademy, Coursera, Udemy with their main focus on test preparations and personalized learning programmes. Foreign players like Brainly have also started operating here. YouTube channels like StudyIQ, wifistudy and Mahendras, Khan academy are very popular and have a sizable subscriber base. Hence, this trend will motivate other players also to enter in such a growing sector.

**5. Low cost and convenience:** Online skill enhancement and enrichment courses are more economical as well as convenient than offline alternatives for many students, as most of them are freely available and subscription is applicable only for some specialized programs. Many prestigious universities and institutes such as Harvard University, Berkeley University of California, and Boston University, Indian institute of management, IITs facilitate online

courses on numerous subjects. It is also more convenient for students to access their lecture and study material at any time and place.

**6. Increase in disposable income and a large fraction of the young population:** Growth in disposable income is egging the young population to enhance their skills for better career and salary increments. Employment opportunities globally are tightening their qualifications, resulting in acute competition. This makes the young population with high aspirations but lower income, a good target market for online education. Further, the acceptability of online channels is also higher in the younger demographics.

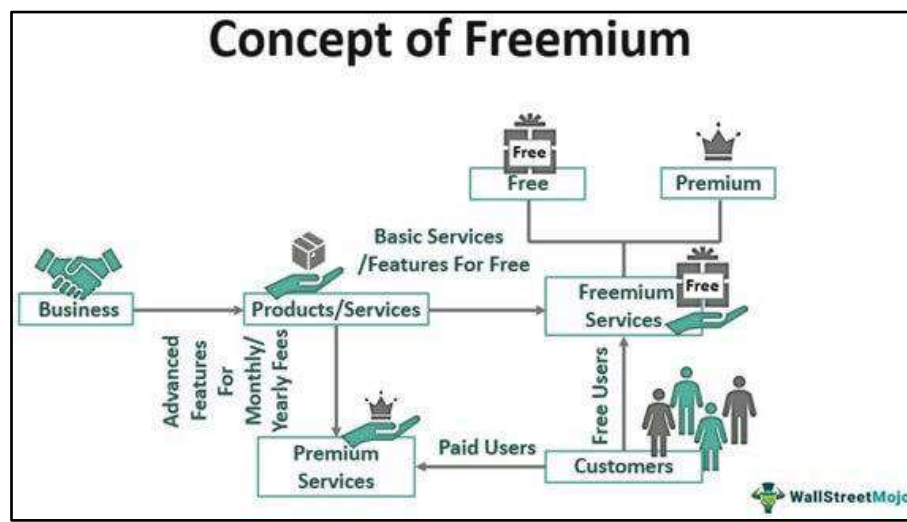


The Indian EdTech industry in India is rising at an exponential pace, with particularly high penetration in the K–12 segment as lockdowns significantly disrupted the working of educational institutions. According to Tracxn, a data analytics company, Indian EdTech firms have raised US\$ 5.77 billion in funding in 2021 so far. Of the total amount raised, US\$ 99 million was raised by K–12 education specialists. Since 2018, more than 4,800 K–12 startups



have been launched globally, with 1,782 start-ups in India alone offering courses in the form of subscription packages for a set of subjects to each class.

### **BYSYNESS MODEL:**

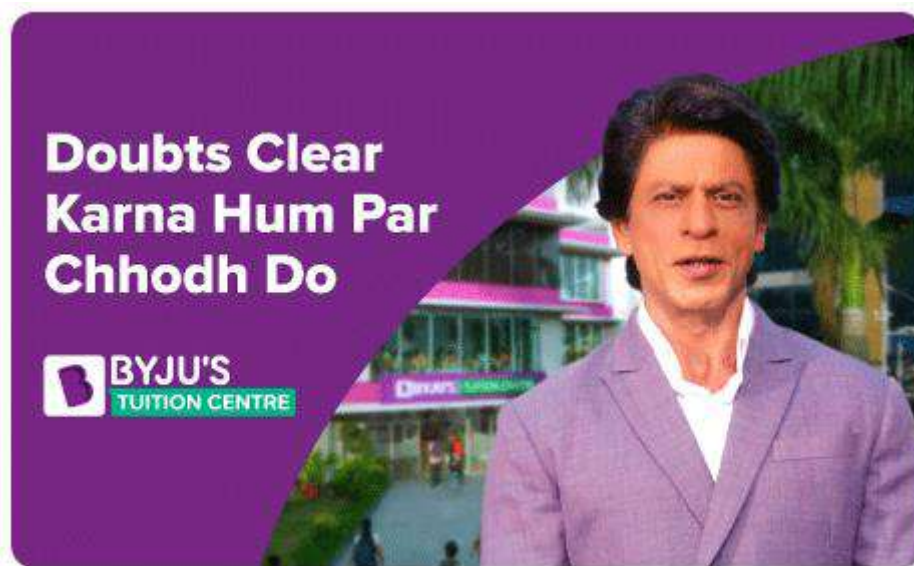


Byju's is an education tutoring app that runs on a freemium model, with free access to content limited for 15 days after the registration. It was launched in August 2015, offering educational content for students from classes 4 to 12. In 2019, an early learning program started for classes 1 to 3. It also trains students for examinations in India such as IIT-JEE, NEET, CAT, IAS, and international examinations such as GRE and GMAT.

Academic subjects and concepts are explained with 12–20minute digital animation videos through which students learn in a self-paced mode. Byju's reports to have 40 million users overall, 3 million annual paid subscribers and an annual retention rate of about

85%. In October 2018, the app expanded to the United Kingdom, United States and other English-speaking countries.

The company is focusing on adopting a hybrid model of teaching and learning by launching 500 tuition centers across 200 cities in India. As of February 2022, 80 centers are already launched.



However initial moto of the company was to improve the way of learning by integrating technology to enhance the productivity of students and teachers. BYJU'S is known for its quality content and teacher accessibility.

**COURSES OFFERED BY BYJU'S COMPANY:**

- Early learn program (LKG, UKG,1-3) – Rs 5,000
- live classes (class 4-10) – Rs 6,999
- Video lesson station device (class 4-10) – Rs 2,200
- Self-study plan learning app (class 4-10) – Rs 2,499
- Akash Byju's (JEE, NEET, CAT, GATE) – Rs [24,000-44,000]

**FUNDING:****FUNDING ROUNDS**

27

**TOTAL FUNDING AMOUNT**

\$6 BILLION

**LEAD INVESTORS**

23

**INVESTORS**

61

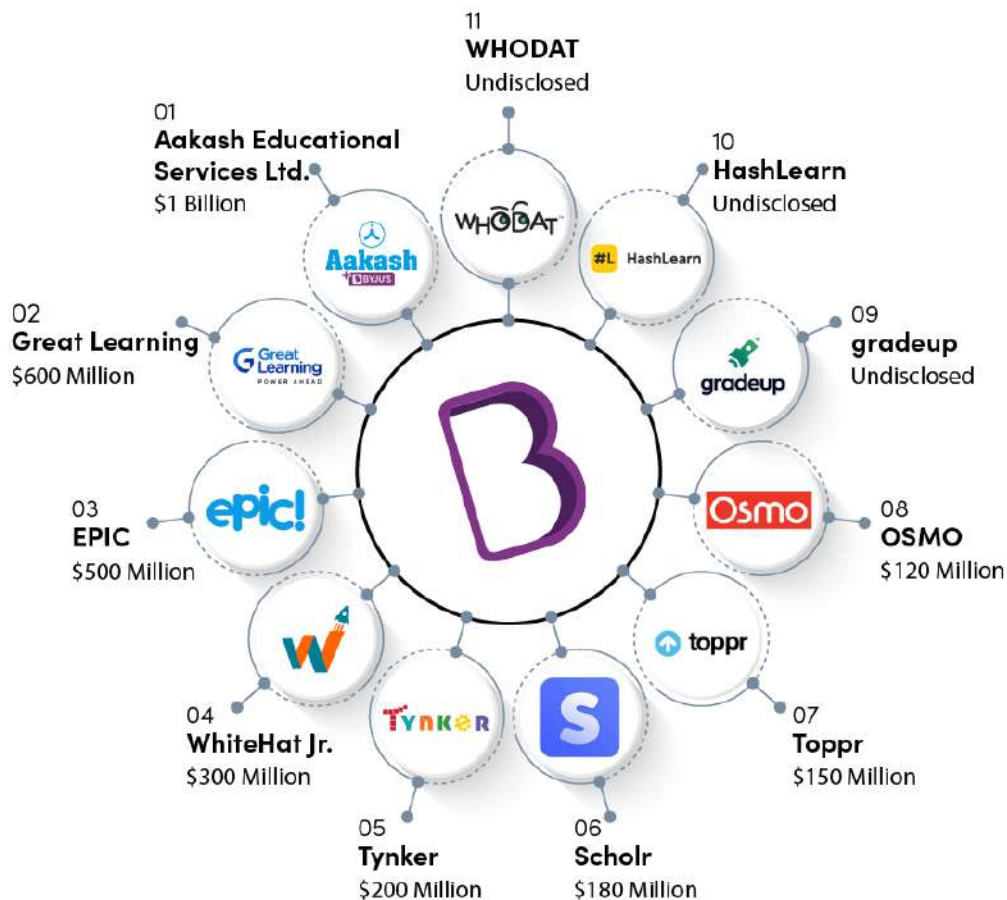
- BYJU'S has raised a total of \$6B in funding over 27 rounds. Their latest funding was raised on May 13, 2023 from a debt financing round.
- BYJU'S is funded by 61 investors. Davidson Kempner and Aakash Educational Services are the most recent investors.

BYJU'S has acquired 17 organizations. Their most recent acquisition was GeoGebra on Dec 8, 2021.

## ACQUISITIONS BY BYJUS COMPANY:

The BYJU'S also acquired various of startups in its journey, such as acquiring WHITEHATE JR for \$300 million in august 2020 making it one of the biggest deals in the edtech space then. And another US based startup EPIC for \$500 million, and AKASH education services for \$900 million and list goes on.

But in the last two years, the BYJU'S has seen a dramatic downturn. The press has gone crazy about their functioning, the company is dealing with investors troubles, an auditor and multiple board member have left, they have laid off thousands of employees and most importantly, they have been bleeding with thousands of cores in losses. And during this time their valuation has dropped from \$22 billion in 2022 to below \$3 billion today.



## **COMPITION OF BYJU'S COMPANY:**

BYJU'S has faced competition from various other edtech companies in India and globally.

Some of its key competitors include:

**Unacademy:** is another prominent edtech platform in India offering a wide range of courses and educational content through live classes and recorded lessons. It covers various subjects and competitive exams.

**Toppr:** is an Indian edtech company that provides online learning materials and classes for students from classes 5 to 12. It also offers preparation courses for various competitive exams.

**Vedantu:** is known for its live online tutoring platform where students can interact with teachers in real-time. It offers personalized learning experiences and covers a wide range of subjects and exams.

**Meritnation:** primarily focuses on providing study materials and resources for students from classes 1 to 12. It offers multimedia-rich content and study material for various subjects.

**Khan Academy:** While primarily based in the United States, Khan Academy offers free online courses and resources covering a wide range of subjects. It has gained popularity globally as a supplementary learning resource.

Coursera, Udemy, and other MOOCs: While not direct competitors in the K-12 education space, massive open online course (MOOC) platforms like Coursera and Udemy offer a wide range of courses for higher education and professional development. These platforms can sometimes be seen as competition, especially for higher-level courses and skills development.

Competition in the edtech industry is intense, with companies continually innovating to offer better learning experiences, more comprehensive content, and personalized learning solutions. Additionally, factors such as pricing, marketing strategies, and technological advancements play crucial roles in shaping competition within the market.

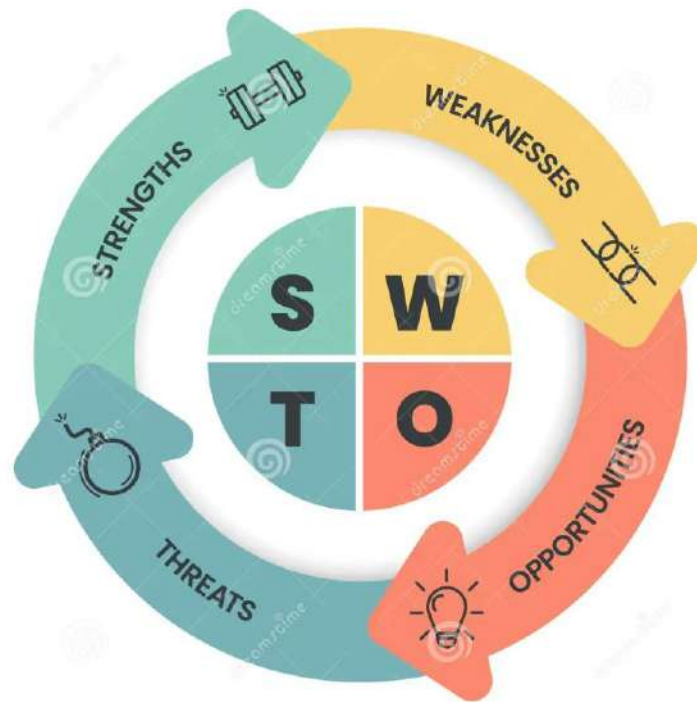
**TOP SIX COMPETITOR OF BYJU'S COMPANY:**



Khan Academy



## SWOT ANALYSIS OF BYJU'S COMPANY



### Strength of Byju's

Byju's, the leading educational technology company, possesses several key strengths that have contributed to its success in the edtech industry. Two prominent strengths of Byju's are its innovative learning approach and its wide range of educational products.

### **Innovative Learning Approach**

One of the major strengths of Byju's is its innovative learning approach that combines technology, engaging content, and personalized learning experiences. Byju's offers interactive video lessons and uses cutting-edge technology to create an immersive learning environment

for students. The platform employs visual and interactive elements to make learning more enjoyable and effective.

Byju's leverages data analytics and artificial intelligence to provide personalized learning experiences tailored to each student's needs and learning style. Through adaptive learning algorithms, the platform identifies areas where students may be struggling and provides targeted remedial content to help them grasp concepts more effectively.

### **Wide Range of Educational Products**

Byju's offers a comprehensive range of educational products that cater to students across various age groups and academic levels. The company provides K-12 learning programs, preparation courses for competitive exams, and a variety of educational games and apps. This wide range of offerings allows Byju's to address the diverse learning needs of students worldwide.

Byju's covers subjects like math, science, and English, providing students with a holistic learning experience. The platform offers courses for students from classes 1 to 12, ensuring that learners at different stages of their academic journey can benefit from its resources.

According to [Coursesidekick](#), Byju's has over 100 million registered students and 6.5 million annual paid subscribers as of September 2021. This extensive user base is a testament to the popularity and effectiveness of the educational products offered by Byju's.

Byju's strengths lie not only in its innovative learning approach and wide range of educational products but also in its global expansion efforts and strategic partnerships with educational



institutions. These factors contribute to the company's continued growth and prominence in the edtech industry.

### **Weaknesses of Byju's**

Even though Byju's is one of the leading players in the EdTech industry, it is not without its weaknesses. Understanding these weaknesses is essential for Byju's to address them effectively and continue to grow.

#### **High Cost of Subscription**

One of the primary weaknesses of Byju's is the high cost associated with its subscription plans. While Byju's offers comprehensive educational content and personalized learning experiences, the pricing structure may not be affordable for all segments of the population. The cost of subscriptions may pose a significant barrier, especially for individuals from lower-income households or those residing in economically disadvantaged areas.

Byju's should consider implementing more flexible pricing options or introducing affordable plans to cater to a broader audience. This strategy can help Byju's capture a larger market share and make quality education accessible to more students.

#### **Limited Reach in Rural Areas**

Another weakness of Byju's is its limited reach in rural areas. While Byju's has made significant strides in urban regions, there is still a gap in reaching students in rural and remote areas. This limitation can be attributed to various factors, including limited internet infrastructure and connectivity challenges in these regions.

To overcome this weakness, Byju's should focus on expanding its reach by investing in infrastructure and technology that can facilitate access to its educational content in rural areas. Collaborating with local educational institutions, government bodies, or NGOs can also help Byju's extend its services to underserved communities.

By addressing the high cost of subscription and expanding its reach to rural areas, Byju's can overcome these weaknesses and establish a stronger foothold in the EdTech market. It is important for Byju's to continuously evaluate and adapt its strategies to ensure it remains accessible and relevant to a diverse range of learners.

### **Opportunities for Byju's**

While Byju's has already established itself as a leader in the EdTech industry, there are still several opportunities for the company to further expand and strengthen its position.

### **Expansion into International Markets**

Byju's has recognized the potential for growth beyond its home market of India and has already made significant strides in expanding internationally. The company has a presence in countries such as the United States, the United Kingdom, Australia, and the Middle East (Source). This expansion allows Byju's to tap into new markets with diverse educational needs and reach a wider audience of learners.

Expanding into international markets provides Byju's with the opportunity to adapt its platform and content to cater to the specific educational requirements of different regions. By tailoring its offerings to local curricula and educational standards, Byju's can enhance its appeal and effectiveness in these markets. This expansion also helps Byju's diversify its revenue streams and reduce dependence on any single market.

## **Partnerships with Educational Institutions**

Collaborating with educational institutions presents another significant opportunity for Byju's. By forging partnerships with schools, colleges, and universities, Byju's can integrate its digital learning solutions into the existing educational ecosystem. These partnerships can provide Byju's with access to a large student base and enhance its credibility as an educational resource.

Through partnerships, Byju's can leverage the expertise and infrastructure of educational institutions to further enhance its offerings. This collaboration allows for the development of customized solutions that align with the specific needs of different educational institutions. Byju's can work closely with educators to develop content that complements classroom teaching and supports students' learning journeys.

Strategic partnerships can also open doors for Byju's to explore new markets, gain brand visibility, and establish itself as a trusted educational partner. Byju's has already demonstrated its commitment to strategic acquisitions, such as Aakash Educational Services Limited, Great Learning, and others, which have expanded its product offerings and strengthened its competitive position ([LinkedIn](#)).

Byju's can continue to explore partnerships with educational institutions to foster mutually beneficial relationships that drive innovation, improve learning outcomes, and accelerate the adoption of digital learning solutions.

As Byju's continues to expand internationally and forge partnerships with educational institutions, it can seize these opportunities to solidify its position as a global leader in the EdTech industry. By leveraging its strengths and addressing its weaknesses, Byju's can

capitalize on these opportunities and stay ahead of the intense competition and regulatory challenges it faces.

### **Threats to Byju's**

As one of the leading players in the edtech industry, Byju's faces various threats that can impact its growth and market position. This section will delve into two major threats: intense competition in the edtech industry and regulatory challenges.

#### **Intense Competition in the EdTech Industry**

Byju's operates in a highly competitive market, with numerous players vying for a share of the growing edtech industry. Competitors such as Khan Academy, Udemy, Coursera, and Vedantu offer similar educational products and services, making it crucial for Byju's to differentiate itself and continuously innovate to maintain its competitive edge.

Rapid advancements in technology, combined with the increasing demand for online learning solutions, have led to the emergence of new edtech startups, further intensifying the competition. These startups often bring fresh ideas, unique teaching methodologies, and competitive pricing to the market, posing a challenge to Byju's market dominance.

To stay ahead, Byju's must continually invest in research and development, enhance its product offerings, and adapt to changing customer preferences. Building strong brand loyalty, expanding its reach into untapped markets, and leveraging partnerships with educational institutions can help Byju's mitigate the threat of intense competition.

## **Regulatory Challenges**

Operating in the education sector comes with its fair share of regulatory challenges. Byju's must navigate various regulations and compliance requirements imposed by government bodies and educational authorities. These regulations can include licensing, curriculum standards, privacy laws, and data protection regulations.

Ensuring compliance with these regulations while scaling operations can be a daunting task for Byju's. Failure to comply with regulatory requirements can result in legal consequences, reputational damage, and loss of customer trust. Additionally, regulatory changes or new legislation can impact Byju's business model and growth strategies, requiring swift adaptation.

To address regulatory challenges, Byju's must maintain a proactive approach by closely monitoring changes in regulations, investing in legal expertise, and building strong relationships with relevant authorities. By working closely with regulatory bodies and staying ahead of compliance requirements, Byju's can mitigate the risks posed by regulatory challenges.

Byju's must carefully navigate the landscape of intense competition and regulatory challenges to secure its position as a leader in the edtech industry. Continual innovation, strategic partnerships, and a strong focus on compliance will be key factors in overcoming these threats and ensuring long-term success.

## **CHAPTER 03**

# **RATIONALE OF THE RESEARCH**

## **NEEDS OF STUDY**

- For knowing, to focus on uncompromised value and impact of the product, while they scale is more important than just focusing on speed of scale.
- For knowing, the basic financial principle plays vital role in functioning of business.

## **OBJECTIVES OF THE STUDY**

- Understanding the functioning of accrual principle.
- Understanding the risk took by the BYJU'S company.
- Understanding the sales practices used by BYJU'S company.
- SWOT Analysis of the BYJU'S company.

## **HYPOTHESIS**

**H1** - if the BYJU'S company perfectly manages the financials, then it Will led to a significant decrease in debt, increase in liquidity, and ultimately contribute to its growth.

.

**H0** – if the BYJU'S company experienced financial mismanagement, then it led to a significant increase in debt, reduced liquidity, and ultimately contribute to its downfall.



## **RESEARCH METHEDODOLOGY**

The methodology adopted for eliciting the date required for the study was survey method. It is the overall pattern or framework of the project that will dictate as to what information is to be collected, from which sources and by what procedures.

## **DATA COLLECTION**

The information needed to further proceed in the study has been collected through secondary data.

### **Secondary data:**

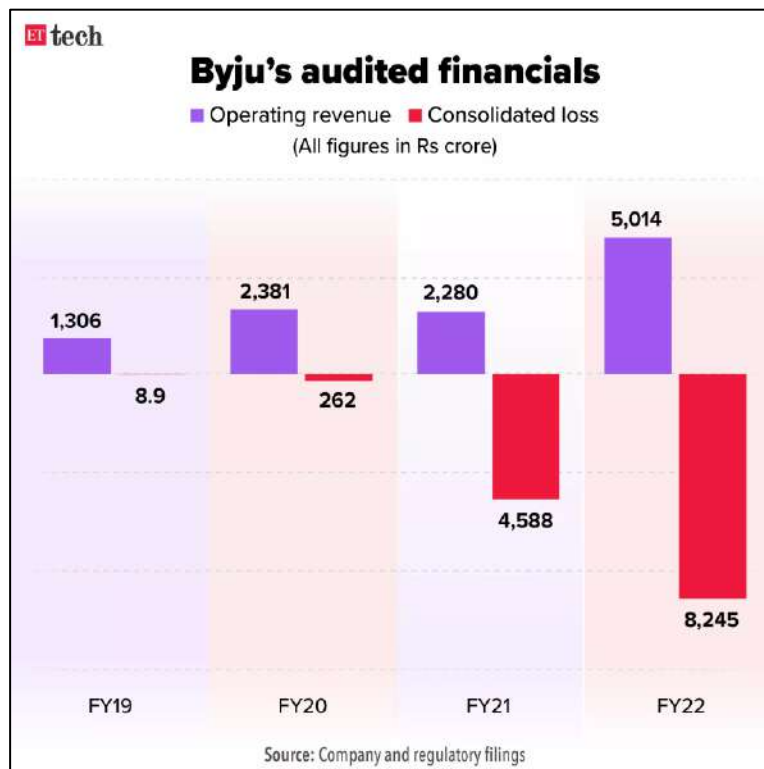
Secondary data collection refers to the process of gathering information that has already been collected, processed, and published by others. This data can come from various sources such as books, academic journals, government publications, industry reports, websites, and databases. In the context of a research paper, secondary data can be used to support or complement primary data collected by the researcher.

## **CHAPTER 04**

# **DATA ANALYSIS & INTERPRETATION**

## BYJUS FY22 LOSES

Edtech firm Byju's parent, Think & Learn Pvt Ltd, has reported a consolidated loss of Rs 8,245 crore on operating revenue of Rs 5,014 crore for the fiscal year ended March 31, 2022, in a regulatory filing of the results that it made after multiple missed deadlines over the past year. Meanwhile, the company, which was once storied as India's most valuable startup but is now desperately scouting for funds to keep operations running, has approached existing shareholders to raise \$100 million via a rights issue at a valuation of as low as \$500 million to \$1 billion, people aware of the discussions said. At its peak, Byju's was valued at \$22 billion. The company needs this money as an immediate lifeline, but most of the early investors it has approached with the proposal for fresh fundraising have said "no" to participating, said a person close to the matter. "...they feel there are too many unknowns surrounding the way the company is being run under founder Byju Raveendran ... Nothing has been officially put out there or notified," the person added.



Top shareholders at Byju's have demanded the company meet certain conditions before they consider any future capital infusion into the beleaguered edtech firm that is battling a deepening fund crunch, people in the know of the matter said. These investors have asked the company to file its audited financials for the year ended March 31, 2023, at the earliest. In addition, they want founder Byju Raveendran to loosen his day-to-day control over operations at the firm, the sources added.

**'Company requires around \$120-130 million'**

In exchange, Raveendran has pledged a part of his personal stake in Byju's subsidiary Aakash Institute, they told ET on condition of anonymity. The Byju's founder owns about 27% stake in Aakash. The latest funding by Pai is separate from his investment of Rs 1,400 crore in Aakash on November 10 that was used to clear Byju's debt to US lender Davidson Kempner. The latest funding by Pai is separate from his investment of Rs 1,400 crore in Aakash on November 10 that was used to clear Byju's debt to US lender Davidson Kempner.

"For anything to move from existing investors, audited FY23 financials would be required," said one person aware of the specifics, noting that "the audited FY22 data is 18 months old, what matters is where the business is now and that will come through the FY23 numbers, even as it (Byju's) is looking to sell assets for other reasons."

## High-stakes Game

Byju Raveendran and family own **25-27%** of Think & Learn

Raveendran holds around **27%** in Aakash

Part of Aakash stake pledged to Pai for additional funds

**Epic sale:** Due diligence closed; three said to be interested



**LIMITED RELEASE**

**Think & Learn FY22 standalone nos**

Revenue:  
**₹3,569 cr**

Ebitda loss:  
**₹2,253 cr**

**This does not include Aakash Institute and other acquisitions of Byju's**

Last year, epharmacy startup PharmEasy took a 90% hit on its valuation when it raised funds through a right issue. Tech startup, business-to-business ecommerce firm Udaan's valuation was slashed by nearly half to \$1.8 billion in December when a bunch of investors converted debt into equity.

### \$1.2 billion Term Loan

Byju's is also in the middle of negotiations with lenders for a settlement of a \$1.2 billion term loan. Raveendran is expected to hold discussions with the steering committee of the lenders of the term loan B, the person said. Byju's raised the loan in November 2021.

The Bengaluru-based edtech firm needs to close the impending sale of subsidiaries like Epic and Great Learning to clear its debt. A statement from the lenders in July had said they had reached an agreement with Byju's to amend the loan terms. Both Byju's and the lenders have dragged each other in US courts as well.

Byju's auditor, BDO, has made an observation on the term loan in the financial statement, saying it adds 'material uncertainty'. It also said the management of the company is in the process of arranging necessary funding through asset sale to clear the debt with lenders. "Further, based on legal opinion, the management is of the view that it is unlikely that the TLB loan will be required to be paid in the foreseeable future," according to a note added in Byju's audited financials for FY22.

### **Low scores**

For fiscal year 2022, the company's operating revenue almost doubled, while losses swelled 80%. Before filing the results with the regulators, Byju's had presented its FY22 financials during its annual shareholders' meeting in December.

The company said its earnings before interest, tax, depreciation and amortisation margin improved from a negative 171% in FY21 to a negative 126% in FY22.

Byju's has scaled down Whitehat Jr significantly during FY23 and parts of FY24 as it was still incurring a high rate of cash burn.

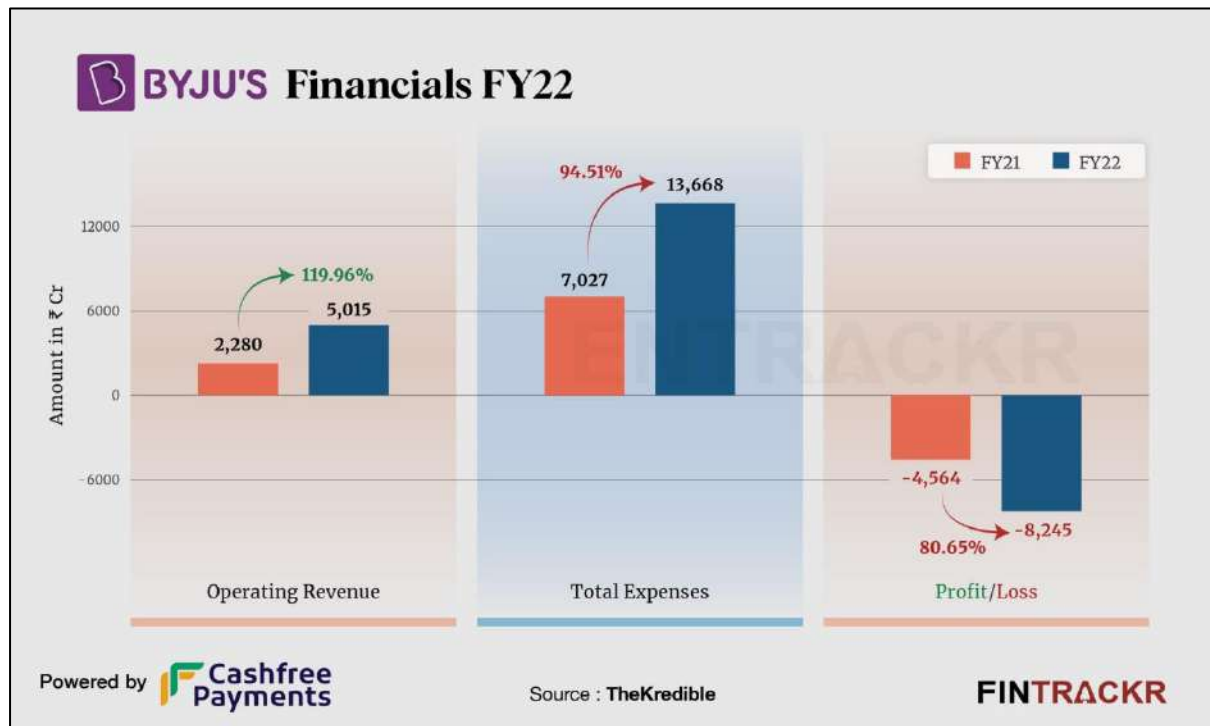
Byju's-owned Aakash — one the remaining strong assets for the edtech group — reported a 40% jump in revenue at Rs 1,491 crore in FY22, along with a profit of close to Rs 80 crore. Great Learning, another unit, posted revenue of Rs 628 crore as against Rs 354 crore in FY21.

Byju's staff expenses shot up to Rs 3,552 crore in FY22 from Rs 1,943 crore in the previous year.

During the course of FY23 and the current financial year of FY24, Byju's has cut jobs to save cost. Founder Raveendran has been borrowing money from investors pledging his assets to clear staff salaries. The company also fired several senior executives and conducted a restructuring in its top ranks.

## BYJUS REVENUE FROM FY22

Byju's revenue from operations spiked to Rs 5,015 crore in FY22 from Rs 2,280 in FY21, according to its consolidated financial statements.



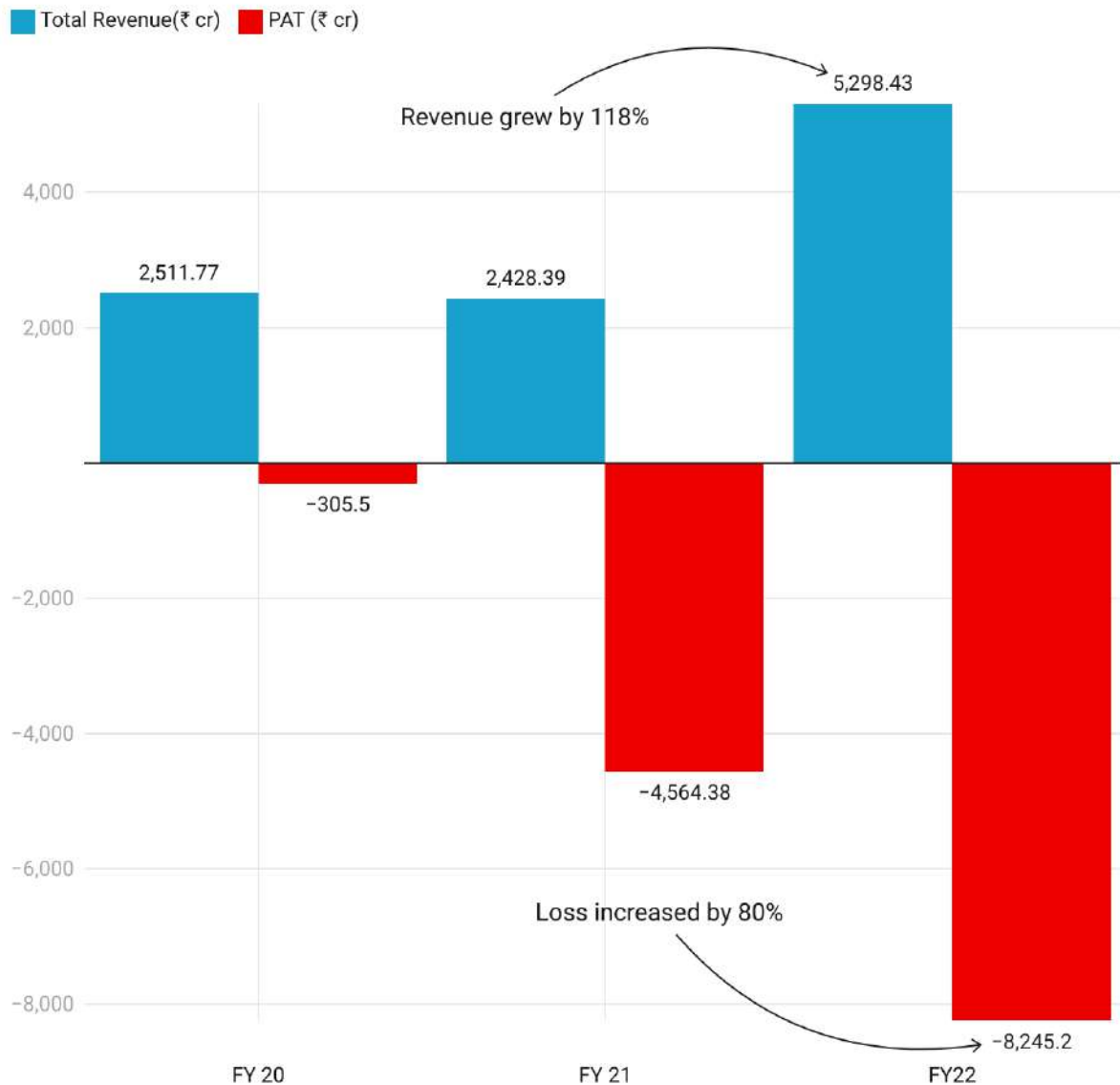
The consolidated financial statement is a mix of its 12 main subsidiary companies including Aakash Institute and other entities such as WhiteHat Jr, Byju's K3, Toppr, Epic, Great Learning, and others.

Coming to its revenue part, the sale of education products which include video lectures recorded in SD cards and tablets formed 57% of the total revenue which increased by 56.8% to Rs 2,901 crore in FY22.



In FY22, Byju's experienced a significant 80% increase in losses, even amidst a substantial 118% surge in revenue compared to the previous fiscal year.

### Byju's 2024: Revenue & PAT Over The Last 3 Years



Source: PrivateCircle Research • Created with Datawrapper

This juxtaposition raises questions about the company's operational efficiency and cost management strategies.

An intriguing shift in revenue composition was observed, with the sale of edtech products accounting for 54% of total revenue in FY2022, down from 76% in FY2021.

## Byju's 2024: Revenue Breakdown

■ Sale of Edutech products  
 ■ Course fee  
 ■ Educational content services  
 ■ Other income  
■ Streaming and other services  
 ■ Other Operating revenue



Source: PrivateCircle Research · Created with Datawrapper

Notably, the share of course fees increased to 27% from 13% in the previous year, signaling a diversification in revenue streams. Additionally, the contribution of educational content services witnessed a remarkable upsurge, becoming the third-largest revenue source.

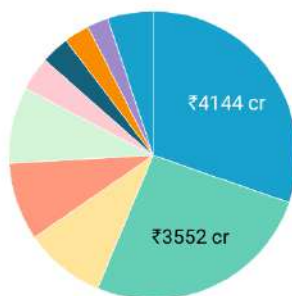
The rest of the income came from the course fees collected from the students, streaming, and educational content services. The company also has other income (non-operating) of Rs 283 crore largely from interest and gain on the sale of current investments which tallied its total income to Rs 5,298 crore in FY22.

## BYJUS EXPENSES BREAKDOWN FY21&FY22:

Byju's witnessed a nearly doubled expenditure in FY22 compared to the preceding year.

### Byju's 2024: Expenses Breakdown

■ Production activities   
 ■ Employee benefit expense   
 ■ Purchases of stock-in-trade   
 ■ Legal and professional fees  
■ Depreciation, depletion and amortisation expense   
 ■ Finance costs   
 ■ Travelling expense   
 ■ Teacher's fees  
■ IT expenses   
 ■ Sponsorship expenses   
 ■ Commission   
 ■ Rates and taxes   
 ■ Other



**FY22**  
Total Expenses:  
₹13668 cr



**FY21**  
Total Expenses:  
₹7027 cr

Source: PrivateCircle Research • Created with Datawrapper

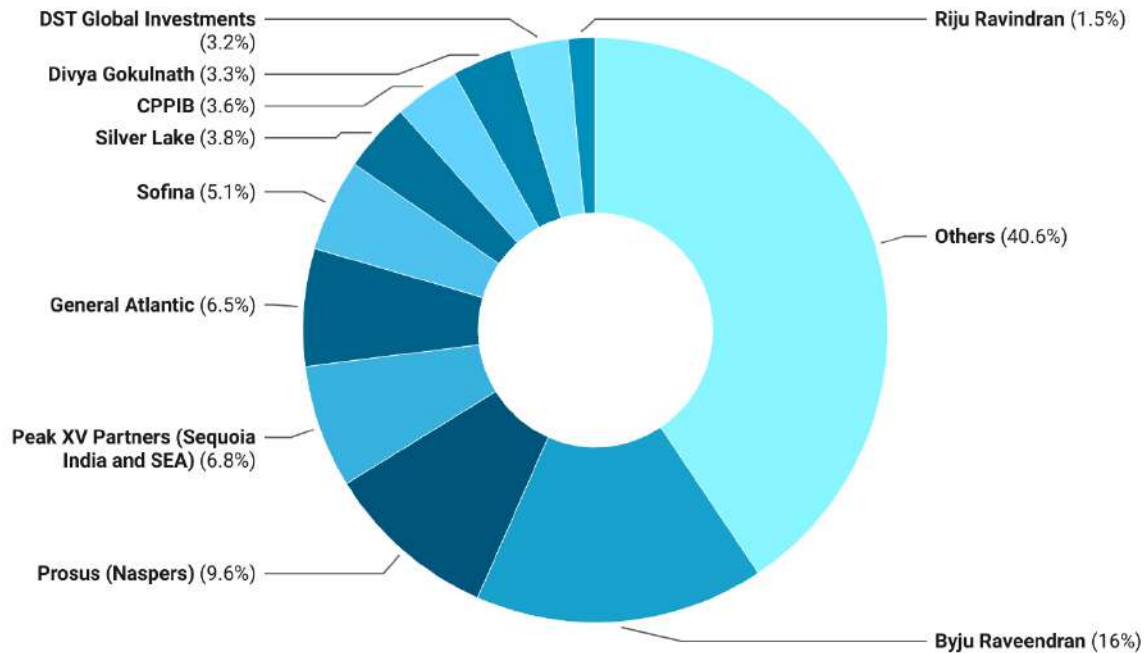
Significant increases were observed across various expense heads, including production activities, employee benefits, and legal expenses. These factors contributed to the substantial loss incurred by the company during the fiscal year.

The year 2020 marked a milestone for Byju's, as it raised a staggering \$1.6 billion in funding, reflecting the heightened interest in online education during the Covid-19 pandemic.

This influx of funds undoubtedly played a crucial role in fueling the company's expansion and innovation efforts.

Byju Raveendran, along with Divya Gokulnath and Riju Ravindran, holds approximately 21% of Byju's shares, indicating strong promoter confidence in the company's future prospects.

## Byju's 2024: Diluted Shareholding



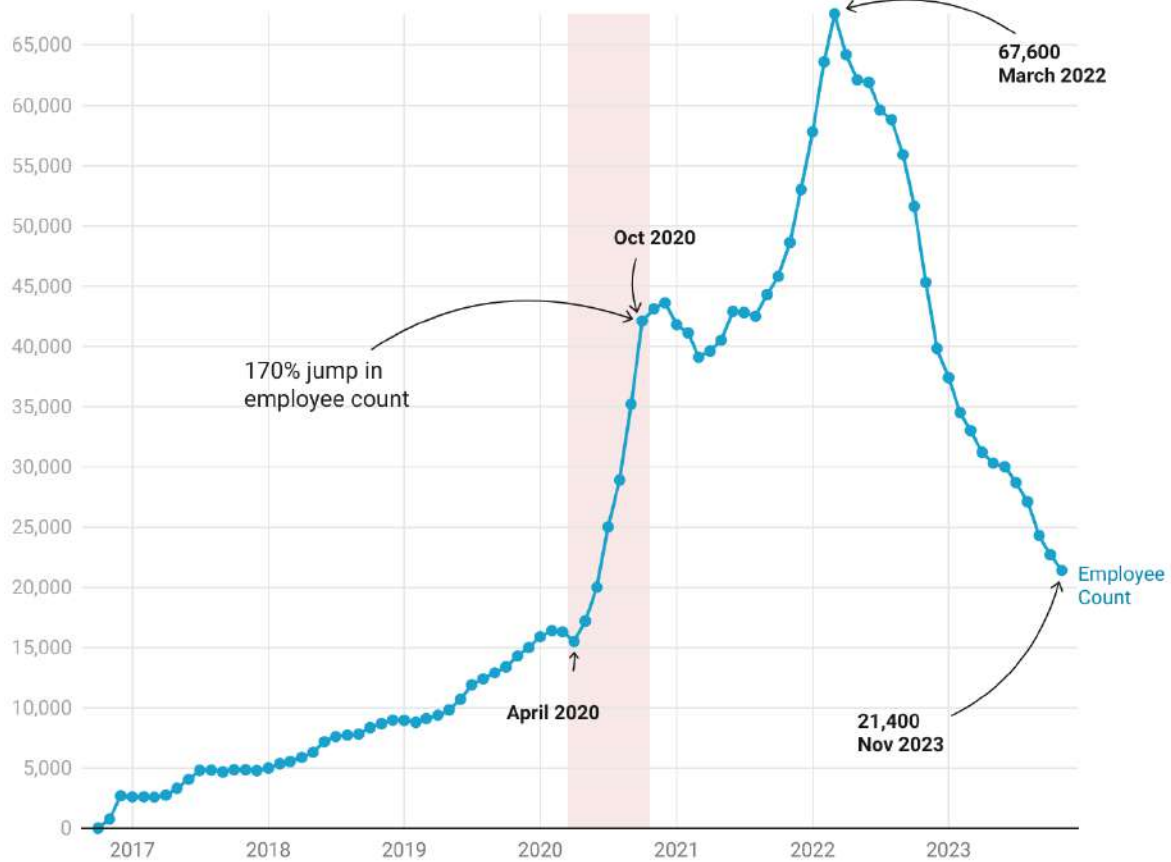
*Note: The shareholder list is as of November 4, 2022 (latest available filings).*

Source: PrivateCircle Research • Created with Datawrapper

Notably, Prosus (Naspers) emerges as the second-largest shareholder, underscoring Byju's appeal to global investors.

Byju's experienced a significant surge in its workforce, reaching a peak of 67,000 employees in March 2022.

## Byju's 2024: Employee Count Since Inception



Note: This only includes employees for whom the PF was filed as of February 8, 2024.

Source: PrivateCircle Research • Created with Datawrapper

This surge was particularly notable following the Covid-19 outbreak in 2020, with a staggering 170% increase in the workforce within a span of just six months.

## HYPOTHESIS TESTING

**H1** - if the BYJU'S company perfectly manages the financials, then it Will led to a significant decrease in debt, increase in liquidity, and ultimately contribute to its growth.

**H0** – if the BYJU'S company mismanage its financials, then it led to a significant increase in debt, reduced liquidity, and ultimately contribute to its downfall.

From the above research conducted it is found that the Hypothesis H1 that is “– if the BYJU'S company mismanage its financials, then it led to a significant increase in debt, reduced liquidity, and ultimately contribute to its downfall.” is found to be true, hence accepted. Where the Null hypothesis H0 that is “if the BYJU'S company perfectly manages the financials, then it Will led to a significant decrease in debt, increase in liquidity, and ultimately contribute to its growth.” Is rejected.

**CHAPTER 05**  
**FINDINGS & SUGGESTIONS**

## **FINDINGS**

1. It has been found that operating expenses have been increased in FY20 by 94.51% due to acquisitions made in FY21.
2. Byju's owned Aakash — on the remaining strong assets for the edtech group — reported a 40% jump in revenue at Rs 1,491 crore in FY22, along with a profit of close to Rs 80 crore. Great Learning, another unit, posted revenue of Rs 628 crore as against Rs 354 crore in FY21.
3. Byju's has scaled down Whitehat Jr significantly during FY23 and parts of FY24 as it was still incurring a high rate of cash burn.
4. An intriguing shift in revenue composition was observed, with the sale of edtech products accounting for 54% of total revenue in FY2022, down from 76% in FY2021.
5. Significant increases were observed across various expense heads, including production activities, employee benefits, and legal expenses. These factors contributed to the substantial loss incurred by the company during the FY22.



## **SUGGESTIONS**

1. Byju's should focus on allocating resources on further development of services and policies.
2. The company should focus on its strong assets like its subsidiary company Akash institute and dispose itself from non-performing assets like Whitehat jr.
3. The company should at least get rid of its 48% debt (Rs 8,485 crore), total debt = Rs 17,678 crore.
4. The company should raise funds independently by selling Epic and by partially selling a stake in other subsidiaries.

## **CHAPTER 06**

## **CONCLUSION**

## **CONCLUSION**

The conclusion for the said research work “**A STUDY ON FINANCIAL CHALLENGES FACED BY BUJU’S COMPANY**” will be drawn based on the study and research done during the particular time period and based on finding and analysis.

Byju’s performance in FY20 & FY21 a dynamic landscape characterized by rapid revenue growth, evolving revenue compositions, and strategic challenges in managing escalating expenses. As the company continues to navigate through these complexities, investors and stakeholders remain keenly observant of its trajectory and future endeavour.

**CHAPTER 07**  
**BIBLIOGRAPHY**

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