

STARTUP
INDIAN

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THE STARTUP NEWSLETTER

SEP'22

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OLA ELECTRIC'S STORM

An entrepreneur with no prior experience of manufacturing cars OR for that matter, manufacturing anything, went on to set up the world's largest 2-wheeler factory- the *FutureFactory* to spearhead the EV revolution in our Country through its E-scooters. What Bhavish Aggarwal and Ola Electric have set out to do is inherently more likely to fail than to ever succeed. But then again, the easy route never made an interesting tale. Did it?

Wellll, that's the romantic bit of it. The fact is, Ola Electric is falling apart and being stitched over and over again. Here's a brief timeline:

Ola Electric acquired a 500-acre land off Chennai, for setting up the '*FutureFactory*'



Feb'2021

Reports of Ola Scooters catching fire started making news, leading to an investigation by the authorities. Ola had to recall 1441 units to rectify excess heating issues.

Mar'2022

Several people from the senior management resigned, including the CMO and CTO. The Company saw its bookings contract for 4 months.



May-Aug'2022

The company launched an improved and more affordable version of its e-scooter. Things started looking up as it came back up to the top in scooter bookings, against competition.



Sep'2022

But before you discount the Startup, here's a food for thought:

- Did you know that **Tata Motors** is accredited with making India's 1st truly indigenous car: the Tata Indica? And yet, did you know that the **1st Tata Indica was a failure**?
- Did you know that the global pioneer of EVs - **Tesla** has been on the brink of **bankruptcy** several times over? And yet, it is now the world's **most valued car brand** clocking \$20Bn+ revenue per annum.

The early struggles of Ola Electric are strikingly similar to Tata Motors' and Tesla's. That's how we know that it's too soon to write it off.

Read the entire story [HERE](#)

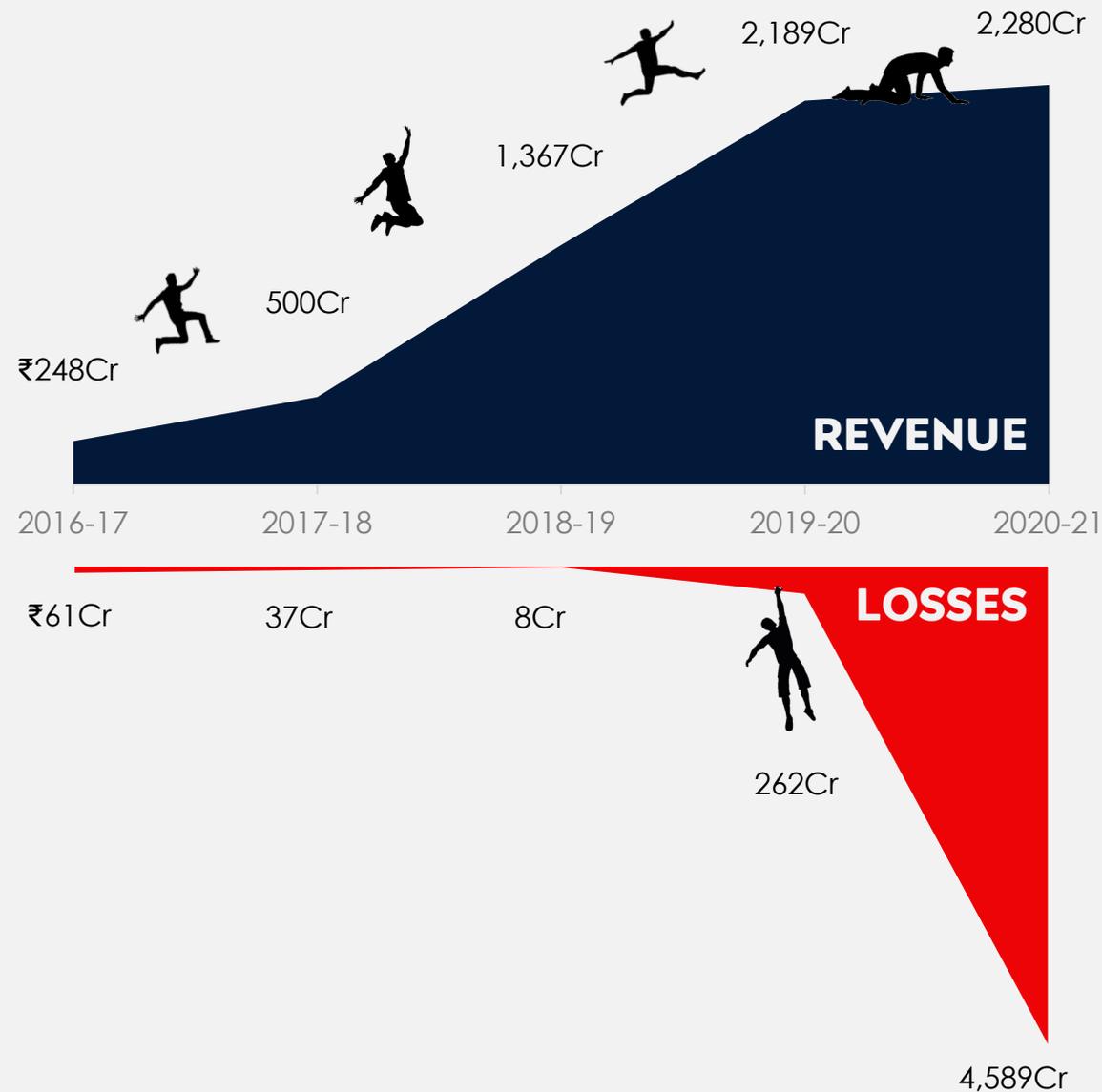
HUNGER FOR NUMBER

Where's thy growth, Byju's?

News Flash: India's most valuable Startup, Byju's financial results of FY21 comes after more than a year's deadlock with the auditors - Deloitte.

Reading Between the Numbers

- The results send shockwaves across the ecosystem as revenue grew by only 4% despite the much-anticipated Lockdown boom.
- What's more, Byju's revenue from India actually contracted by 40% to ₹987Cr during the year.
- 1/4th of the losses suffered in FY21 is contributed by WhiteHat Jr. - the coding for kids Startup that [Byju's acquired in Aug 2020](#).
- Byju's spent a massive ₹2,250Cr (2.5 times of FY20) in ads and promotions. This includes the fat sponsorship bills of IPL and Indian Cricket team (appx. 15%).
- Did the entire Industry fail to capitalize on the Lockdown boom? Guess not. Both Unacademy and Vedantu grew by over 4 times in FY21.
- All this while its paid subscriber base grew by 57% to 5.5Mn subscribers.
- AND its valuation ALSO grew by 57% from \$8.25Bn in Feb'20 to \$13Bn+ in Mar'21 - quite evident on what the investors were interested in.



Looking up?

The teaser: The Bengaluru-based start-up recently teased its top line numbers for FY22, saying that it has accrued gross revenues of ₹10,000Cr, although unaudited at the moment.

Our disclaimer: Very similarly, back in Aug'20, in an interview with Business Standard, Byju Ravindran had revealed that they're anticipating to get really close to \$1Bn in revenue in FY21. Yes, \$300Mn (₹2,280Cr) of revenue is indeed QUITE close.

Byju's email to employees: Following public hue and cry over the meagre results of Byju's, Ravindran penned an email to all its employees in Sep'22. Here's 2 extracts that are worth your attention:

1. The CEO said that the Company has started shifting its focus towards profitable growth and revenue of \$2Bn was well within its sights. He further added that they had clocked more than ₹1,000Cr in sales in each of the last 5 months and it is nearly 20 times the size of the next 2 competitors in the K12 (kindergarten through 12th grade) segment.
2. The CEO said, "Long growth story short, we now have the *world's largest self-learning platform* (Byju's learning app), the *world's largest live learning platform* (Byju's classes and Byju's 1-on-1), the *world's largest reading platform* (Epic!), the *world's largest kids' coding community* (Tynker), and *one of the world's largest not-for-profit edTech initiative* (Byju's Education for All)."

Ravindran could have also added that with an EV/R of over 40 times, they're also the *world's most-expensive Ed-tech platform*, as moneycontrol likes to put it.





RIGHT NOW IN YOUR MAILBOX

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Edtech is **shrinking**

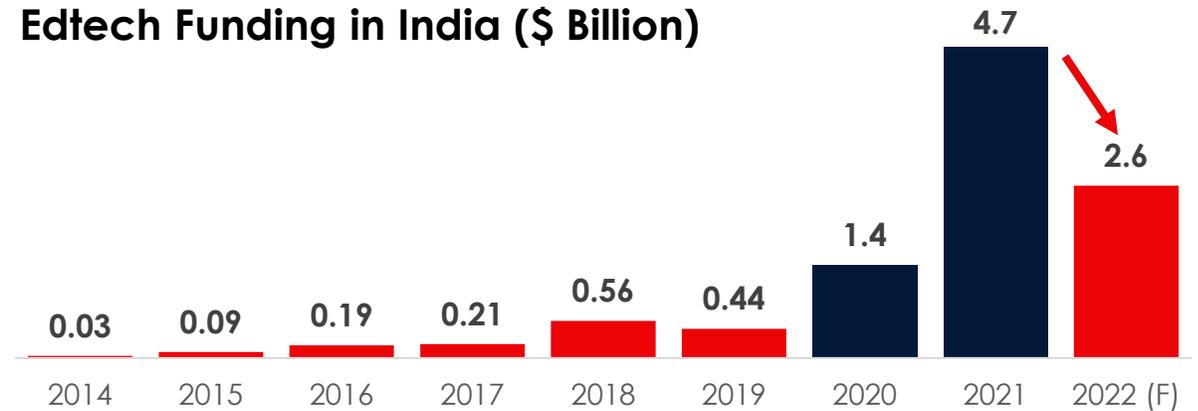
Digital learning by compulsion or choice?

With covid induced lockdowns, schools, colleges and tuition centres shut indefinitely, Edtech companies jumped at the opportunity of providing digital means to learning. Investors followed suit, and pumped billions into the sector. Resultantly, for 2 years, Edtech valuation swelled in India. Byju's emerged as the Edtech behemoth, while several turned unicorn. But were they too naïve to think that digital learning will outlast the pandemic?

Here's some insight into the recent turmoil in the industry:

- Physics Wallah, the new Edtech unicorn, and Unacademy have both forayed into hybrid model by opening **offline tuition centres** in Rajasthan's Kota (hub of JEE and NEET test preparation). Byju's already has offline centres (also in Kota) through its acquisition of Aakash Institute in 2021.
- Speaking of which, Byju's requested for an extension for payment to former investors of Aakash Institute, indicating **paucity of funds**.
- Both Unacademy and Vedantu have confessed that funding lines are drying up, as they restructure their operations to **cut cost**.
- While Unicorns are **laying off**, 3 early stage edtech startups – Crejo, Uday and SuperLearn have **stopped operations** altogether in June'22, sighting funding crunch and return to offline schooling as the reasons for their closing.

Edtech Funding in India (\$ Billion)



Edtech Layoffs in 2022

Company	Layoffs	Approx. % of workforce
Eruditus	40	2%
Frontrow	145	29%
Lido Learning	150	36%
Vedantu	624	11%
Unacademy Group	1,250	23%
Byju's Group	1400	2%

So we ask:

- Can social animals stay hooked to screens without any mode of interacting with their fellow learners or teachers? Or was it only out of compulsion?
- Did Edtech really disrupt? If yes, is it time for it to get disrupted by offline education?

Share your thoughts [HERE](#)

AROUND THE WORLD IN A BLINK – OURA RING

Small but Mighty

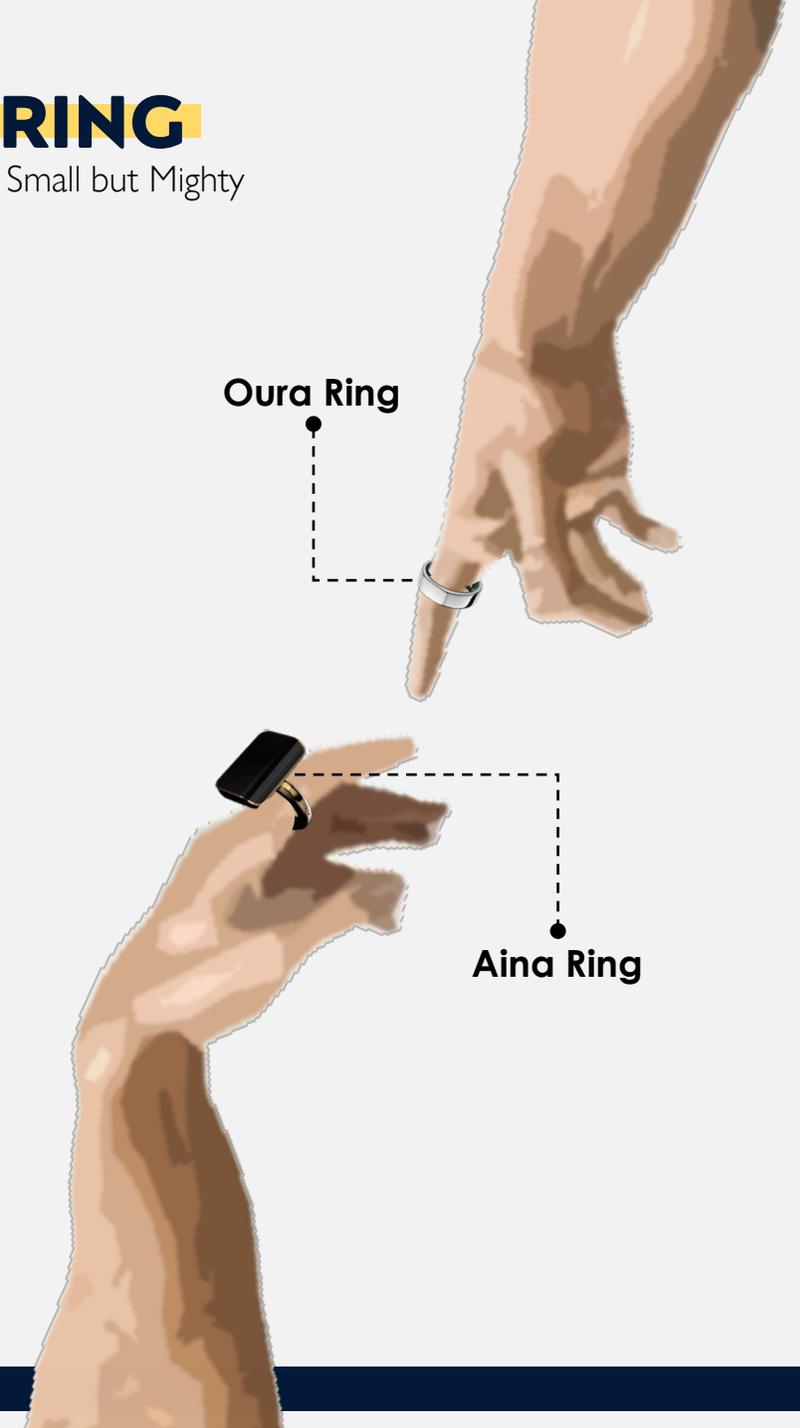
Smart watches are often touted as health bands because of their multitude of features around tracking daily health. But in case you're someone who doesn't want to look at yet another screen that does all kinds of techie stuff, you'd be interested to know that **Oura Health Oy** has been doing things differently. Instead of joining the now crowded space of wrist bands, the **Finnish** health technology company has developed a **Ring** that goes into one's finger to **monitor health**. Unlike wrist watches, one can wear the ring while bathing and even sleeping, which is also where it first focused viz. **sleep tracking**. The company believes that lack of sleep has been linked to worsening health conditions including diabetes, cardiac disease, cancer, poor mental health, and more. The ring uses a **Sleep Staging algorithm**, to provide feedback to the users about the quality of their sleep, in the form of **sleep scores**. Other than this, it also tracks activities, SpO2 levels, heart rate, body temperature, respiratory rate and sleep data, all collected and transmitted via Bluetooth to a smartphone app.

Fast forward, In March 2022, Oura announced that it has sold more than **one million** rings since it first released its ring in 2015. You can spot the ring in the fingers of athletes in sports leagues like NBA, WNBA and UFC and even on Prince Harry's finger. After the launch of the **third generation** of its line, Oura has moved to a **subscription-based model** since early 2022, and now they're planning to go for an IPO by the end of this year.

But, on the contrary, one might find it simply inefficient because smart watches do almost all of these and also tell you the time (Genius!). Right?

While we're at it: Did you know that there's an Indian startup called **Lazy Co.** which has been developing a similar technology that solves this very concern – a ring with a screen. It's called **Aina Ring** (you can guess where it got its name from). Interestingly the company was acquired by Bangalore based healthtech company Ultrahuman earlier this year, that has recently launched a ring very similar to Oura Ring!

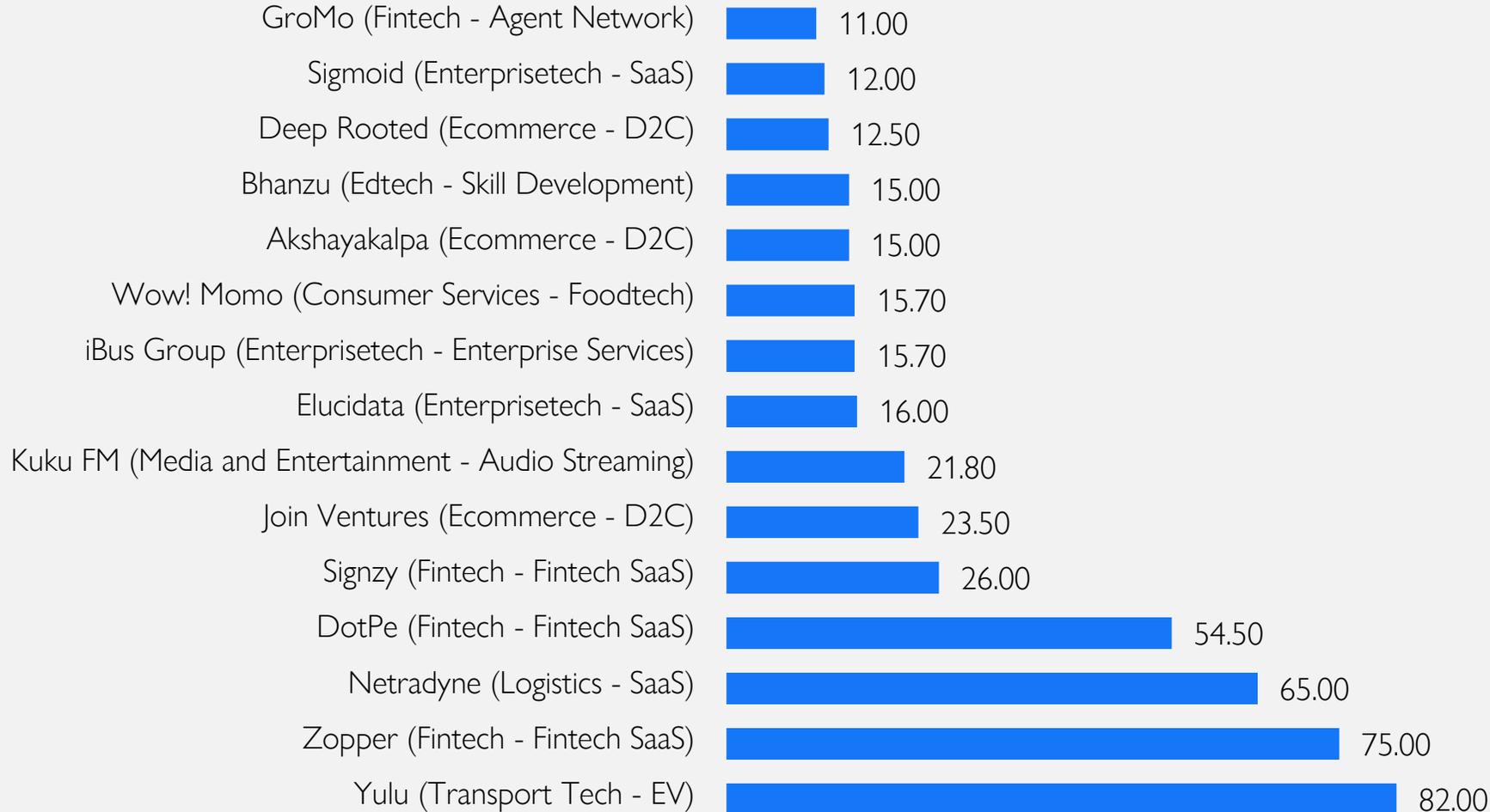
Ps. Unfortunately this is not a paid promotion



STAKE GRABS IN INDIAN STARTUPS – SEP'22

(figures in \$ Million)

Top 15 (excluding unicorns)



30% FINTECH TECH



\$193 Mil.
Raised by
FinTech
Startups

20% ▼ Fall in Startup
funding (YTD)

43% SEED STAGE



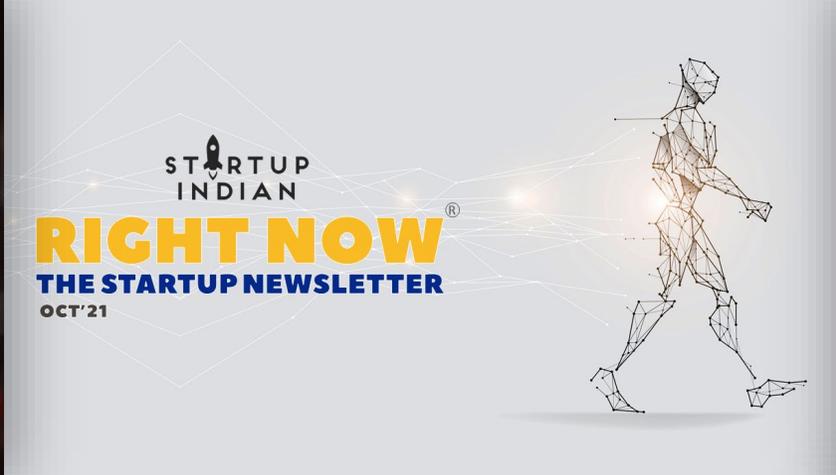
44
Deals in
Seed Stage

(source: Inc42)

WHAT ELSE IS BUZZING?

- **OYO has long Covid** – Softbank, the single biggest shareholder of the hospitality unicorn OYO rooms, further cut its valuation to \$2.7 Billion after benchmarking it with peers having similar operations. For perspective, the startup was valued at \$9.7 Billion in 2019, and then the pandemic changed everything.
- **UpGrad is betting bigger on the B2B space** – With fresh fund infusion by marquee investors of \$210M, Upgrad is going bigger on the B2B space. The edtech Unicorn recently acquired online learning platform **Harappa Education** and corporate learning startup **Centrum Learning**, making these its 13th and 14th acquisitions so far.
- **SEBI is in search for reasons** – As new age tech companies continue to perform poorly in the bourses, the market regulator has asked PE and VC firms to **disclose funds' valuation methodology** for startups and the qualifications of the professional who carries out the valuation.
- Speaking of the bourses, **Infurnia**, the Bengaluru based provider of architecture and interior design software, recently got listed on BSEs **Startup Platform**. Only 13 other companies are listed on the platform that was launched in 2019.
- **Huge pile of cash** – As investors become more picky about the startups they invest in, VCs across the globe are sitting on a record cash pile of \$539B, \$100B more than last year.
- **ED is on a raiding spree** – In the past month, the enforcement directorate raided premises of a Kolkata based gaming company for allegations of **money laundering**, recovering Rs. 17 crores in cash. It also raided Razaorpay, Cashfree and Paytm in connection with an ongoing probe against illegal Chinese loan apps.
- **EV or ride hailing?** – The 12-year-old ride hailing Unicorn OLA recently **laid off 1000** employees, while its EV counterpart Ola Electric is aggressively scaling up. Speaking of, on independence day, the company unveiled its first Electric Car, which is touted to be one of the fastest car in India with a range of 100km. Fun fact: OLA owns less than 5% of Ola Electric, whereas Bhavish Aggarwal alone owns 36% of the company.
- **Another jewel in its crown** – 1MG, the Tata owned healthtech startup, emerged as the 2nd unicorn in Tata Group's cohort of acquired startups after in a fresh round of funding lead by Tata Digital. In case you're wondering, BigBasket was the 1st.





CREATORS AT STARTUP INDIAN

Born and brought up in one of the world's fastest growing economies, we witnessed that change is the only thing that has been constant in our young India. With that new road, that new policy, that first e-commerce site, that first app-based cab ride, the world around us kept shrinking right up to the size of our palm. Moved by this wave, we started wondering where does it all start? What are those little things that add up to the big change? What does it take to lead a change?

The more we dug deeper, the more excited we became to share with you the beauty there is, in every new dent in the universe. So here we are, a bunch of 4 enthusiasts, reading books, news, financials and reports, to tell you all that is worth your time:



 Ritwik



 Dhruvik



 Abhimanyu



 Kartik-K

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