ROUND 1 SUBMISSION

METRIC VALIDATION (EDUMENTOR)

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Challenge: Apex Ventures – Profit & Learn
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Title: Validation of Year 1 Financial Metrics for EduMentor

1. Annual Recurring Revenue (ARR)

Formula:
ARR = Number of Paying Users × Annual Revenue Per User (ARPU)

Data Given in the materials is:

- Paying Users (Year 1 Target): 5,000
- Subscription Fee: ₹999/month
- ARPU = ₹999 × 12 = ₹11,988

Calculation:
ARR = 5,000 × ₹11,988 = ₹59,94,00,000 = **₹5.994 Cr**

2. Customer Acquisition Cost (CAC)

Formula:
CAC = Total Marketing Spend ÷ New Paying Users Acquired

Data Given in the materials is:

- Total Marketing Spend (Year 1): ₹15,00,000
- New Paying Users Targeted: 4,000 (excluding the 1,000 existing)

Calculation:
CAC = ₹15,00,000 ÷ 4,000 = **₹375**

3. Lifetime Value (LTV)

Formula:
LTV = ARPU ÷ Churn Rate

Data Given in the materials is:

- ARPU = ₹11,988
- Churn Rate = 25% (industry standard for edtech)

Calculation:
LTV = ₹11,988 ÷ 0.25 = **₹47,952**

Assumptions Used

1. **ARR** is based on Year 1 goal of **5,000 total paying users**, as projected in the pitch deck and financials.
2. **CAC** calculation is based **only on new customers** (4,000), not total users.
3. **LTV** assumes a **25% churn rate**, validated by the Business Standard clipping as an edtech industry average.

Risks & Opportunities

Risks:

- Valuation multiple is ~1.0× ARR, which is low compared to the edtech benchmark of 5–10×.
- The CAC may rise if marketing strategies underperform in Tier 2/3 markets.

Opportunities:

- Extremely low CAC suggests scalable customer acquisition.
- High LTV indicates solid potential for recurring value from each customer.

Summary Table

Metric	Value	Source
ARR	₹5.994 Cr	Financials & ARPU
CAC	₹375	Marketing / New Users
LTV	₹47,952	ARPU / Churn Rate

Conclusion

All three key metrics are internally consistent, well-founded on assumptions, and position EduMentor as financially promising for further investment evaluation.