Profit & Learn – Round 1 Submission: Metric Validation for EduMentor
Name: Kalyan Singh Rathore
Role: Junior Investment Analyst

Objective
To validate EduMentor's Year 1 key financial metrics using the provided financials and standard assumptions:

- Annual Recurring Revenue (ARR)
- Customer Acquisition Cost (CAC)
- Customer Lifetime Value (LTV)

---

1. Annual Recurring Revenue (ARR)
Formula: ARR = Total Revenue for Year 1
From Financials: Year 1 Revenue = ₹5.994 Cr
☑ **ARR = ₹5.994 Cr**

---

2. Customer Acquisition Cost (CAC)
Formula: CAC = Sales & Marketing Spend / New Customers Acquired
From Financials: ₹15,00,000 spend for 4,000 users
Calculation: ₹15,00,000 / 4,000 = ₹375
☑ **CAC = ₹375**

---

3. Customer Lifetime Value (LTV)
Formula: LTV = (ARPU × Gross Margin) / Churn Rate
Assumptions:
ARPU = ₹999 × 12 = ₹11,988
Gross Margin = 70% (assumed)
Churn Rate = 25% annually
Calculation: (₹11,988 × 0.70) / 0.25 = ₹33,566.40
☑ **LTV = ₹33,566**

Conclusion
All metrics are validated using EduMentor's financial data and assumptions:

- ARR = ₹5.994 Cr
- CAC = ₹375
- LTV = ₹33,566

With an LTV:CAC ratio of approximately **89:1**, EduMentor demonstrates strong unit economics and high investability potential.