

Round 1

Numerical

Annual Recurring Revenue (ARR):

Average Revenue Per User (ARPU) = ₹11,988 (₹ 999 * 12)

No. of paying customers = 5,000

Now, using formula

Monthly Recurring Revenue (MRR):

= No. of paying customers * average revenue per user (ARPU) per month

= 5,000 * ₹ 999

= ₹ 49,95,000

Again,

ARR = MRR * 12

= ₹ 49,95,000 * 12

= ₹ 5,99,40,000

or,

ARR = No. of paying customers * average revenue per user

= 5,000 * ₹ 11,988

= ₹ 5,99,40,000

Therefore, the annual revenue recurring amount is ₹ 5,99,40,000.

Customer Acquisition Cost (CAC):

Cost to incurred on marketing = ₹ 15,00,000

New paying users = 4,000

Using formula,

CAC = Cost to incurred on marketing / new paying users

= ₹ 15,00,000 / 4,000

= ₹ 375

Hence, ₹ 375 is spent to acquire a new customer.

Lifetime Value (LTV):

Average Revenue Per User (ARPU) = ₹ 11,988

Churn Rate = 25%

Using formula,

LTV = Average Revenue Per User / Churn Rate

= ₹ 11,988 / 25%

= ₹ 11,988 / 0.25

= ₹ 47,952

Thus, ₹ 47,952 revenue will be generated throughout its lifespan as a customer.

Round 2

MEMORANDUM

To: Ms. Priya Sharma, Senior Partner, Apex Ventures

From: Junior Investment Analyst

Date: 06 July 2025

Subject: Investment Recommendation - EduMentor

1. Executive Summary

EduMentor is an edtech startup offering an AI-driven, mobile-first platform for personalized mentorship to college students preparing for competitive exams and job placements. The startup projects ₹ 5,99,40,000 in Year 1 Annual Recurring Revenue with a Customer Acquisition of ₹ 375 and Lifetime value of ₹ 47,952. Based on the analysis, this memo issues a **“yellow”** recommendation due to low CAC and valuation multiple (~1.0x ARR).

2. Metrics Validation Table:

Metric	Calculation	Result (₹)	Source/ Notes
ARR	Paying users × ARPU 5,000 * ₹ 11,988	₹ 5,99,40,000	Projection; It is aimed to scale to 5,000 paying users within 12 months.
CAC	Marketing spend ÷ New paying users ₹ 15,00,000 / 4,000	₹ 375	Projection; ₹ 15 lakh will be spend from fund for marketing to acquire new users
LTV	ARPU ÷ Churn rate ₹ 11,988 / 25%	₹ 47,952	Clipping; It's an industry standard for edtech subscriptions.

3. Recommendations

We recommend **“yellow” - proceed with caution**. While EduMentor's current valuation (~1.0x ARR) is below market norms, reflecting stagnant growth, burn rate and runaway. Most SaaS companies typically valued at 3x - 10x ARR depending on growth and margins.