

# MEMORANDUM

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**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	<b>Projection;</b> 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	<b>Projection;</b> ₹ 15 lakh will be spend from fund for marketing to acquire new users
LTV	ARPU ÷ Churn rate ₹ 11,988 / 25%	₹ 47,952	<b>Clipping;</b> It's an industry standard for edtech subscriptions.

## 3. Assumptions & Data Sources

- **Assumption 1 :** ₹ 999/month subscription (ARPU ₹ 11,988) - Pitch deck (Business Model)
- **Assumption 2 :** 4,000 new users gain with ₹ 15,00,000 marketing budget - Pitch deck (Use of funds)
- **Assumption 3 :** 25% churn rate - Industry standard (per clipping)

## 4. Analysis : Risks & Opportunities

**Risks:**

- Low valuation multiple (~1.0x ARR) compared to industry benchmark i.e. (5x - 10X) which might kill investors interest.
- Higher churn rate i.e.. 25% losing customers drastically future cash flow might be impacted.

**Opportunities:**

- Strong team Anil Rao CEO (IIT Bombay, ex-Byuu's) and Meera Desai CTO (IIT Delhi, ex-Google India) with relevant experiences.
- LTV:CAC is extraordinarily high i.e 127.9x it may show that the business acquires customers at low cost.

**5. 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 5x - 10x ARR depending on growth and margins.

Focus on AI mentorship as well as present on other social media platforms for marketing (such as Youtube, instagram). Organize webinars with alumni and students, launch demo classes so that the student finds value and purchase subscriptions.

Further investigation should be conducted since there is a high churn rate but also the LTV:CAC ratio is extremely high, which indicates that customers are loving the product while churn rate is high.

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**Attachments:**

1. Year -1 Financial Projections (Excel)
2. Market News Clippings (PDF)

**Distribution List:** Apex Ventures Investment Committee