Investment Memo: Spring Street

Recommendation: Invest. Kalaari should invest $3M in Spring Street at a $20M post-money valuation for 15.0%, and reserve $2M for Series A pro-rata. The money is released only after Spring Street acquires SEBI Investment Adviser registration. Spring Street manages global portfolios for Indian residents, funded through the RBI's Liberalised Remittance Scheme (LRS), and for NRIs.[1,2] The expected gross return is 3.1x at a 14.8% IRR; at market base rates it is 2.0x. Kalaari does not invest above $20.8M post-money.

Investment thesis: Indian households now save through markets, offshore is the next allocation, and regulation is pushing that flow into direct accounts. Large brokers have commoditised access, so value will accrue to whoever owns the advice relationship and the foreign-asset tax workflow. Spring Street is a pre-traction entry into that layer, led by a founder with institutional investing experience. It must first acquire licences to give advice and to manage wealth. **What must be true:** $1.24B of assets at a 0.85% net fee within seven years returns 3x on the first cheque.

Exhibit 1: Thesis pillars

Pillar	Evidence	Implication
Structural shift	Equities and funds: 2% (FY12) to over 15% (FY25) of household financial savings;[3] SIPs equal $40.4B a year[4]	5% of SIP flow is $2.0B a year, or 75% of FY26 LRS investment
Why now	LRS investment: $1.70B (FY25), $2.7B (FY26), $3.9B annualised in 2026[5,6,7]	2.3x FY25 on the 2026 run-rate
Regulatory push	$7B industry cap; Indian funds hold 1.1% abroad;[8,9] five leading global funds closed or limited in September 2026[10]	Flow must use the direct route
Asian precedent	Japan: Two global index funds passed ¥10 trillion each;[11] Korea: Individuals put $31.4B into overseas equities in 2025[12]	Korea's flow is 11.6x India's FY26 LRS investment
Where value accrues	Four large brokers won GIFT City approval in June 2026;[13] regular plans, 0.38 points costlier in Kotak's Nasdaq fund, hold 49–59% of fund assets[14,15]	Indians pay for advice, not access
Right to win	Goldman Sachs and Tata Mutual Fund pedigree; built-in tax workflow[16,17,18]	Credible, but unlicensed and without disclosed assets

Market Assessment

Global and India Market Sizing

Dollar conversions use ₹95, the rate in Spring Street's funding example.[18]

Exhibit 2: Market size

Market	Size and growth	Implication
Global robo-advisory[19]	$14.72B (2025) to $95.63B (2034); 6.5x	Category scale; India is not sized separately
India mutual fund assets[4]	₹85.76 lakh crore (Jul 2026); nearly 6x in ten years	The savings pool for global allocation
LRS equity and debt[6]	$2.7B in FY26; +56%	9% of the $28.98B LRS outflow

Exhibit 3: Serviceable market, top-down and bottom-up

Step	Value	Basis
Mutual fund assets, FY30	₹130 lakh crore	12% annual growth from ₹85.76 lakh crore; matches Bajaj AMC's projection[20]
Overseas allocation at 5%	$68.4B	Planners suggest 10–25% of equity abroad;[10] equity funds are 45% of assets,[21] so 4.5–11.3%
Managed share at 20%	$13.7B	Regular, adviser-distributed plans are 49–59% of mutual fund assets[15]
Annual fee pool	$82M–$171M	0.60% (Vested's lowest managed fee)[22] to 1.25% (Prisma Core)[23]
Bottom-up check	$8.7B	871,700 dollar-millionaire households[24] × $50,000 × 20% managed
Scale-case assets	$1.5B	11.0% of top-down and 17.2% of bottom-up assets; Dezerv reached ₹14,000 crore ($1.47B) within four years of its 2021 founding[25,26]
Clients required	30,000	At $50,000 each: 3.4% of those households, or 357 net new clients a month for seven years

Conclusion: The required scale is demanding. Vested's $800M of assets would return only 1.9x at the proposed price, so Spring Street must reach Dezerv's scale. If only 10% of overseas assets are managed, that scale needs 21.9% of the pool, against four large new entrants.

Market Growth

LRS investment reached $2.61B in January–August 2026, up 86% and close to all of FY26, while total LRS outflows fell 2% in FY26.[7,6] The scale case needs $214M of net new assets a year, 5.5% of the $3.9B run-rate. Flows rose in a year of Sensex −3.75% against Nasdaq +44%,[5] so part of the increase is performance-led. Demand has not been tested through a sustained Indian rally; in the latest month Nifty TRI rose 14.19% while ACWI fell 2.83%.[23,27]

Key Demand, Policy and Structural Tailwinds

Exhibit 4: Forces shaping demand

Type	Evidence	Effect on Spring Street
Demand	Rupee down over 10% in a year; Sensex lagged Nasdaq by 47.75 points[5]	Near-term; cyclical
Policy	$7B cap unchanged; Nippon, Kotak and Axis restricted schemes in April–May 2026[8]	**Strongest tailwind:** Redirects demand to LRS
Policy	Global Access Provider framework (August 2025) created a regulated, lower-cost route[13]	Widens the market; removes access as a moat
Structural	USD up 42.34% against INR in ten years, or 3.6% a year[28]	Recurring currency case for dollar assets

Overall Competitive Intensity

Intensity is high and rising. Spring Street names no competitor, only categories.[17] Upstox launched US investing on 7 September 2026 with a $1 minimum,[29] and Groww, with over 20M active users, began

its rollout that month.[30] Jio BlackRock holds a SEBI adviser registration.[31] The launches reviewed are self-directed, so Spring Street's lead lasts only until a broker adds managed portfolios.

Exhibit 5: Competitor benchmarks on revenue growth, margins and monetisation

Company	Model	Latest revenue	Growth	Margin	Asset yield	Capital raised
Spring Street	Managed global	Not disclosed	N/A	Not disclosed	1.25–1.50% list fee	$4M from Nexus, plus angels
Vested[32,22,33]	Self-directed and managed	₹6.38 Cr (FY25)	N/A	Not disclosed	0.08–0.17% of ₹3,700–8,000 Cr	$25M+
INDmoney[34]	Investing super-app	₹164 Cr (FY25)	+134%	Cash loss 46%	Not disclosed	$133M
Dezerv[35,36]	Managed, India-led	₹66 Cr (FY25)	+154%	EBITDA −159%	0.66% of ₹10,048 Cr	$100M
Wealthfront[37,38]	Automated, US	$338.6M (12 months)	+39%	Net 36%	0.38% of $88.2B	Listed at $2.05B

Conclusion: Direct rivals have raised $25M–$133M. Spring Street's 1.25% list fee is 1.9x Dezerv's 0.66% yield on December 2024 assets, the core risk in the model. Dezerv's employee cost is 168% of revenue, so a relationship-manager model cannot serve a $500 ticket.

Product Assessment

Customer Problem and Use Cases

An Indian investor faces restricted fund capacity,[8] must choose markets and weights unaided, and carries the LRS and tax filings. Spring Street addresses all three in one account.[18] **Global Core** is a multi-asset holding, **Global Growth** an equity allocation and **Global Advantage** a discretionary thematic allocation.[23,27,39] Investors can start at $500, with daily liquidity and no exit load.[18,40,17]

Product Maturity

Exhibit 6: Live performance in USD before fees, to 9 November 2026

Portfolio	Fee	Since launch	Index shown	Gap	1M gap	Beta	Vol.
Core (20 Mar 2026)[23]	1.25%	+5.07%	AOR 60/40: +9.39%	−4.32 pts	−5.62 pts	1.51	17.2%
Growth (20 Mar 2026)[27]	1.25%	+10.11%	ACWI: +15.25%	−5.14 pts	−5.57 pts	1.23	21.0%
Advantage (2 Jan 2026)[39]	1.50%	+13.71%	ACWI: +10.44%	+3.27 pts	−7.86 pts	1.72	32.7%

Conclusion: A record of seven to ten months cannot establish skill, and the evidence so far is unfavourable. Core is sold for stability with 17.2% volatility and a 1.51 beta to its balanced benchmark. Invesco's S&P 500 Momentum ETF is 41.7% of Growth and 28.4% of Core, and three semiconductor stocks are 23.7% of Advantage.[23,27,39] Spring Street names AOR as the benchmark for all three, yet compares Growth and Advantage with ACWI.

Differentiation

Spring Street prepares Schedule FA, Form 67 and TCS reconciliation.[18] Vested's managed portfolios are cheaper and start at $100, but its fee schedule and guide do not describe equivalent tax preparation.[22,41] Portfolio construction is not protected: the holdings and weights of all three Prismas are public, and Growth is six ETFs that sum to 100%,[27] so any investor can copy it.

Benchmarking Against Competing Products and Alternatives

Exhibit 7: Spring Street against the investor's alternatives

Parameter	Prisma	Indian global fund	GIFT City fund	Vested Managed	Self-directed
Minimum	$500[18]	No minimum[17]	$5,000+[17]	$100[22]	$1 at Upstox[29]
Tax-loss harvesting	Quarterly[17]	Via your CA[17]	Not available[17]	Not described[41]	Investor-led
Withholding tax reclaim	Can claim[17]	Cannot claim[17]	Structure-dependent[17]	Investor files	Investor files
Annual cost	Up to 1.25–1.50% plus ETFs; Growth 1.59% all-in[2,42]	Kotak Nasdaq 100 FoF, all-in: 0.64% Direct, 1.02% Regular[14]	Not disclosed	0.60–1.00% plus ETFs; US Top10 1.99%[22]	ETFs and brokerage; 0.34% to copy Growth[42]
Tax on rebalancing	Each sale taxable; slab rate under two years[2]	Inside the fund; taxed at exit[17]	No pass-through[17]	Each sale taxable	Investor decides

Conclusion: On $50,000 in Growth the client pays $795 all-in, against $170 to copy the six ETFs. Core costs 0.65 points more than Vested's multi-asset portfolios, and Advantage 0.50 points more than its thematic portfolios. Each model-driven sale within two years is taxed at slab rather than 12.5%, up to 17.5 points higher at the 30% slab, a drag that a fund wrapper avoids. No competitor reviewed matches its tax preparation.

Technical Assessment

Underlying Technology and Technical Differentiation

ViewTrade provides brokerage and custody.[18,43] Spring Street builds the apps, onboarding, LRS workflow, rebalancing engine and tax pack.[18] Tax automation is the differentiated work, because foreign-asset reporting is a legal obligation for the client.[18] Global exposure comes through US-listed wrappers rather than direct access to local markets, which keeps operations simple but holds clients in US-situated assets until the UCITS switch at $60,000.[223]

Scalability and Defensibility

Portfolios are shared models, so additional clients add little research cost. Each rebalance is a per-account trade,[2] so a $500 account carries the same operational load as a $50,000 account. The June 2026 approvals route through ViewTrade, Interactive Brokers and Alpaca,[13] so rivals use the same rails. Defensibility must come from a multi-year audited record, accumulated client tax histories and an adviser network.

Benchmarking Against Comparable Technologies

Exhibit 8: Technology comparison

Layer	Spring Street	Comparable	Assessment
Brokerage and custody	ViewTrade; custody through Citi[2]	Vested: VF Securities and DriveWealth;[32] Groww: Alpaca[30]	No advantage
Portfolio engine	Rule-based Core and Growth; discretionary Advantage; 6–20 holdings[23,18]	Wealthfront: Automated at $88.2B;[37] Vested: Rule-based[41]	Unproven

Layer	Spring Street	Comparable	Assessment
Tax automation	Schedule FA, Form 67, TCS, harvesting[18,17]	Indian global funds: Via your CA[17]	**Main advantage**
Regulatory status	No licence held[17]	Vested: FINRA broker and SEC adviser, not SEBI-registered[32]	**Disadvantage**

Conclusion: Execution, custody and public ETFs are available to any competitor. Only the tax layer is proprietary, and funded brokers can build it.

Customer and Validation Assessment

Target Customer Segment / Ideal Customer Profile

Exhibit 9: Target segments in order of priority

Segment	Reason to buy and size	Assessment
HNIs: ₹1.9 crore+ of assets (core ICP)	25% is $50,000; ₹7.5 lakh TCS upfront. Universe: 871,700 dollar-millionaire households[24]	Only segment that carries the fixed cost
Earners above ₹1 crore	324,067 individual filers in FY25[44]	Largest identifiable high-income pool
Professionals: ₹40 lakh+ of assets	25% is ₹10 lakh ($10,526), TCS-free[5]	Marginal without top-ups
Mutual fund advisers	Access when funds close; trail income[17]	Fastest route to assets, at lower margin

Core Value Proposition and Business ROI

On $50,000 in Core, the fee is $625 against $320 at Kotak's 0.64% fund.[14] A 2.2% yield[23] at 25% withholding[32] creates up to $275 of credit that a fund investor cannot claim,[17] narrowing the gap to $30. Against Vested's 0.60% the credit is common to both, so the client pays $325 more. **The tax pack does not cover that premium at scale.** Tax filing with foreign income costs ₹4,999–₹11,000 in the market.[45,46] The 0.65-point premium equals that cost at tickets of $8,096–$17,814. At $50,000 the premium is ₹30,875, or 2.8x the top of the range, so allocation quality must earn the balance, and Core and Growth have not yet done so.

Key Business and Financial Metrics

Exhibit 10: Metrics, relationships and customer concentration

Item	Evidence	Assessment
Assets, clients, revenue, burn	Not disclosed; no financial filings located	Primary diligence item
Segment revenue	Not disclosed; Prisma fees and per-trade commission[23,18]	No split available
App traction	Android: 50+ downloads, 7 reviews[40]	Scale case needs 357 net new clients a month
Investors	Nexus: $4M at pre-seed; angels from CRED, Kiwi, Indiamart and AstroTalk[17]	Valuation undisclosed
Key vendor	ViewTrade is sole broker and custodian[18]	**High concentration risk**
Major customers	None named; testimonials include Kiwi's co-founder, who is also a backer[18,17]	No independent customer evidence

Item	Evidence	Assessment
Customer concentration	LRS limits a client to $250,000 a year[18]	**High:** One such client is 25% of $1M and 2.5% of $10M of assets
Series A readiness	Carta's US bar is $3M ARR; 20% of seed startups reach Series A[47]	$3M ARR needs $283M of assets at a 1.06% net fee

Business Model

Pricing Model

Spring Street charges up to 1.25% on Core and Growth and up to 1.50% on Advantage,[2] debited from the client wallet.[17] The fee sits inside SEBI's 2.5% cap on assets under advice.[48] Its website says each trade pays a commission plus GST, yet also claims not to earn more when clients trade more;[18] Inc42 reports no trade commission.[1] This must be reconciled, because an investment adviser and its group may not take commission or referral fees for implementation.[49] Revenue also moves with markets: Advantage's 10.69% fall in the latest month[39] cuts its fee run-rate by the same percentage.

Sales and GTM Channels

Direct: App sign-up through LRS funding earns the highest contribution but is undemonstrated, with 7 Android reviews.[18,40] **Advisers and distributors:** Empanelment, referral links and trail income, run by two business development staff, are the route to scale at a cost of 30% of the 1.25% fee.[17]

Unit Economics

Spring Street publishes no unit economics, so I test three tickets: the $500 minimum, the ₹10 lakh TCS-free limit and $50,000. Adviser trail is 0.38% of assets, the Regular–Direct cost gap in the Kotak Nasdaq 100 FoF.[14] Service cost is shown at two levels: ₹4,500 ($47.37), Vested's premium plan,[32] and ₹11,000 ($115.79), the ICAI scale for capital-gains returns.[46] The table excludes ViewTrade's undisclosed charges.

Exhibit 11: Annual economics per client

Line	$500	$10,526	$50,000
Fee at 1.25%	$6.25	$131.58	$625.00
Adviser trail at 0.38%	$1.90	$40.00	$190.00
Direct contribution, service cost $47.37	−$41.12	$84.21	$577.63
Adviser contribution, service cost $47.37	−$43.02	$44.21	$387.63
Direct contribution, service cost $115.79	−$109.54	$15.79	$509.21
Adviser contribution, service cost $115.79	−$111.44	−$24.21	$319.21
Maximum acquisition cost, 18-month payback, direct at $47.37	None	$126.32	$866.45
Maximum acquisition cost, 18-month payback, adviser at $47.37	None	$66.32	$581.45

Conclusion: A direct client needs $3,790–$9,263 to cover service cost, and an adviser client $5,445–$13,309, so the $500 minimum is a loss leader. At the TCS-free ticket an adviser client loses money at the higher service cost. Vested's late-2023 balance was $1,298 per KYC-verified account,[33] below every break-even and 38x short of the $50,000 ticket. With half of assets through advisers, every $1M of annual fixed cost needs $104M of assets at $50,000 tickets. Wealthfront's average account is $67,846,[37] so the model depends on affluent balances. Groww's ₹1,374 ($14.46) acquisition cost[50] is

below the $66–$126 limit at $10,526, but is a mass-market figure. If 18% GST sits inside the fee, fees fall 15.3%.

Team Assessment

Founder Backgrounds

Exhibit 12: Nishant Bansal, Founder and CEO: Pedigree and relevance

Credential	Evidence	Why it matters here
Quantitative training	Master's in quantitative finance, Georgia Tech[16]	Technical basis for a rule-based allocation engine
Global markets	Traded equities and commodities at Goldman Sachs in New York[16,18]	First-hand experience of the markets Prisma allocates to
Systematic investing	AlphaGrep and Alpha Alternatives[17]	Exposure to quantitative strategies and Indian alternatives
Regulated fund management	Head of Commodity Strategy and AIF fund manager, Tata Mutual Fund[16]	Has run investor money under SEBI rules, the discipline Spring Street now needs
Scale claims	Spring Street states he ran India's largest long/short fund and launched the Tata Gold and Silver ETFs[18]	Company-sourced; reference check required

Why he can lead: Bansal combines the three skills this stage needs: portfolio construction across asset classes, running regulated money for Indian investors, and credibility with institutional capital, shown by Nexus's $4M at pre-seed.[17] He started Spring Street after seeing Indian HNIs concentrated in domestic assets and global products that ignored Indian tax and regulation.[16] **What is unproven:** He has no public record of building a consumer product or a distribution business, and no audited personal track record is published.

Exhibit 13: Core team

Name	Role	Background
Akashdeep Bhateja	Chief of Product	IIT Kanpur; quantitative developer at Wright Research; research at Siemens and C3i Hub[17]
Shivam Agarwal, Yash Garg	Business Development	Ten years in advisory and fundraising; three years in IFSCA-regulated products[17]

Relevant Domain Expertise

Investing, quantitative and advisory experience are present. The team lists no compliance or tax specialist.

Execution Capability

Since incorporation in May 2025,[51] a team of seven[16] has launched three portfolios, two apps, a brokerage integration, a tax workflow and an adviser programme.[18,17] Product delivery is demonstrated; client acquisition is not.

Key Team Gaps

Before closing: A regulatory and compliance head, because SEBI registration is a condition to fund. **Within 12 months:** A senior technology leader, as one founding engineer is listed,[16] and a distribution leader. **Key-person risk:** Investment credibility rests on one founder, so I require a second portfolio manager and key-person terms.

Investment View

Why Kalaari Should or Should Not Invest

Exhibit 14: Recommended terms

Term	Recommendation
Cheque	$3M now, plus $2M reserved for Series A pro-rata; $5M in total
Valuation	$20M post-money ($17M pre-money) for 15.0%
Price ceiling	$20.8M post-money, where the expected return falls to 3.0x; Kalaari does not invest above this
Instrument	Compulsorily convertible preference shares; 1x non-participating, ranking equally with earlier investors; one board seat
Condition to fund	SEBI Investment Adviser registration granted; auto-rebalance off until the portfolio-manager licence is held
Covenant	SEBI Portfolio Manager licence within 12 months of closing
Reserve release	At Series A, once licences are held, assets reach $283M ($3M ARR) and Core is at or above AOR over two years

Exhibit 15: The case for and against

Why Kalaari should invest	Why Kalaari should not invest
LRS investment is up 86% while domestic fund capacity is capped[7,8]	No disclosed assets or revenue; 50+ Android downloads[40]
Managed fees of 0.60–1.50% far exceed Vested's 0.08–0.17% blended yield[22,32,33]	Four large brokers now offer access; portfolios can be copied[13,27]
Founder traded at Goldman Sachs and managed regulated funds at Tata[16]	No licence is held today; Core and Growth trail their indices[17,23,27]
$5M of total exposure is 2.5% of the $200M corpus reported for Kalaari's fourth fund[52]	Returning that fund alone needs a $2.4B exit

Key Thesis Drivers

Exhibit 16: Drivers, 24-month proof points and consequences

Driver	Current evidence	24-month proof point	If missed
Offshore becomes a habit	LRS investment $3.9B annualised; SIPs $40.4B a year[7,4]	Over half of new clients on monthly plans	Flow is cyclical; hold the reserve
Licences acquired	None held[17]	Adviser registration at closing; portfolio-manager licence by month 12	No funding, or no discretionary product
Affluent client base	Vested: $1,298 per verified account;[33] Dezerv: $133M by December 2022[36]	$100M from 2,000 clients at $50,000	Unit economics fail
Fee holds	Core at 1.25% against Vested's 0.60%[23,22]	Net fee of at least 0.85% after trail	Return falls to 2.7x at 0.66%
Advisers adopt Prisma	Adviser programme launched[17]	100 active advisers; half of new assets	Direct acquisition must carry growth

Key Risks

Spring Street must acquire regulatory licences to give advice and to run a wealth-management platform. It holds none today. Its website calls it a "technology firm" and "not a regulated entity", yet it builds portfolios for a fee, states "advice on your side", labels Advantage "discretionary" and offers auto-rebalancing.[18,17,23] Fee-based advice on foreign securities to Indian clients falls under the adviser

regime.[53] SEBI enforces this actively: 147 of 218 orders under the adviser regulations were against unregistered entities.[54]

Exhibit 17: Licences to acquire

Activity	Licence	Requirement	Timing
Advice to Indian clients	SEBI Investment Adviser	Bank deposit of ₹1–10 lakh;[55] fee cap of 2.5% of assets[48]	**Before closing**
Discretionary wealth management	SEBI Portfolio Manager	₹5 crore net worth; ₹50 lakh minimum per client[56]	**Within 12 months**
Same activities from GIFT City	IFSCA equivalents	Adviser: $25,000 net worth;[57] portfolio management: $75,000 per client[58]	If run from GIFT City

Conclusion: The two SEBI licences need $536,842 of deposit and net worth, or 17.9% of the cheque. Until the portfolio-manager licence is held, Advantage and auto-rebalancing must move to client approval of each trade, an option the app already offers.[2] The ₹50 lakh minimum is $52,632, so the $50,000 core ticket falls $2,632 short and stays advisory. Advisory and distribution cannot go to the same client within a group.[49]

Exhibit 18: Risk register, highest severity first

Risk	Severity	Evidence	Mitigant
Licence	High	No licence held;[17] FAQ says GIFT City, footer says Mumbai, CIN shows Haryana[18,51]	SEBI adviser registration as a **condition to fund**
Entry price	High	$20M post-money is inside India's Series A range with no disclosed traction[59]	Ceiling of $20.8M post-money
Fee compression	High	Vested at 0.60% against Prisma's 1.25%;[22,23] brokers can add models at scale[13]	Returns already assume 0.75–0.85% net
ViewTrade dependence	High	Sole broker; site names ViewTrade Securities, agreement names ViewTrade IFSC[18,43]	Confirm entity and SIPC cover; add a second broker
US estate tax	Medium	FAQ: 40% above $60,000, moved into UCITS;[2] ViewTrade says none applies[43]	Legal opinion before the first $60,000 account
LRS and TCS	Medium	20% TCS above ₹10 lakh;[5] lower LRS limits have been proposed[6]	A $50,000 ticket is 20% of the limit

Expected Exit Outlook

A strategic sale in years five to nine is the likely route. Groww's purchase of Fisdom shows that brokers buy wealth capability, and Kalaari has already sold four portfolio companies to Reliance.[60,52]

Exhibit 19: Exit precedents

Transaction	Value	EV / revenue	EV / assets	Read-across
Fisdom to Groww (2025)[60]	$150M	8.6x	N/A	Closest Indian precedent
Personal Capital to Empower (2020)[61]	Up to $1B	N/A	8.3%	Strategic, adviser-led
Nutmeg to JPMorgan (2021)[62]	£700M, reported	N/A	20.0%	Paid for UK market entry
Wealthfront IPO (2025)[37]	$2.05B	6.1x	2.3%	Public-market reference
360 ONE and Nippon Life AMC (listed)[63,64]	Market value	9.9x; 22.8x	N/A	Profitable Indian asset managers

Potential Returns (ROI)

Entry: $20M post-money is inside India's Series A range of ₹150–300 crore ($15.8–31.6M) and above the ₹30–50 crore seed median,[59] a full price that is accepted only because it clears a 3.0x gross hurdle. **Outcomes:** Across 21,000 US financings, 65% returned under 1x, 10% returned 5x or more and 4%

returned 10x or more.[65] **Exit value:** The 1.25% fee, less 0.19 points of trail on half of assets and 0.21 points of compression towards Vested's 1.00% top managed rate, gives a 0.85% net fee. This is above Dezerv's 0.66% yield because Spring Street's book is wholly fee-bearing, whereas Dezerv's includes distribution assets. Multiples start at Fisdom's 8.6x and stay below Nippon's 22.8x.

Exhibit 20: Ownership path on a $3M cheque at $20M post-money, before pro-rata

Stage	Basis	Retained	Ownership
Entry	$3M ÷ $20M post-money	100.0%	15.00%
Series A at $50M post-money	At $283M of assets ($3M ARR);[47] 2.5x step-up;[66] 17.5% dilution;[67] 5% option pool	78.4%	11.76%
Series B at $100M post-money	15.8% median dilution;[67] below the scale exit	84.2%	9.90%
Series C	15.8%, Series B rate applied	84.2%	8.33%
IPO	14.7% primary, as in Wealthfront's IPO[37]	85.3%	7.11%

Exhibit 21: Scenario returns on the first cheque, gross of fees and carry (Kalaari column is the underwritten case)

Scenario	Market	Kalaari	Assets	Exit build	Stake	Proceeds	MOIC	IRR
Write-off	40%	35%	N/A	N/A	N/A	$0	0.0x	-100%
Small sale, year 4	25%	20%	N/A	Rio.Money: $2.3M[68]	Pref.	$0.99M	0.3x	-24%
Modest sale, year 5	15%	15%	$250M	0.85% × 8.6 = $18.3M	Pref.	$3.00M	1.0x	0%
Scale, year 7	10%	14%	$1.5B	0.85% × 8.6 = $109.7M	9.90%	$10.85M	3.6x	20%
Upside, year 8	6%	9%	$4B	0.80% × 10 = $320M	8.33%	$26.67M	8.9x	31%
Breakout, year 9	2.5%	4.5%	$7B	0.75% × 12 = $630M	8.33%	$52.51M	17.5x	37%
Outlier IPO, year 10	1.5%	2.5%	$12B	0.75% × 15 = $1.35B	7.11%	$96.02M	32.0x	41%
Expected: Market	**100%**					**$6.14M**	**2.0x**	**9.3%**
Expected: Kalaari		**100%**				**$9.33M**	**3.1x**	**14.8%**

Waterfall: The small sale divides $2.3M across $7M of 1x preferences, $4M from earlier investors and $3M from Kalaari. In the modest sale, below the Series A trigger, Kalaari takes its 1x preference. **Capital check:** The scale case raises $31.6M in total, against $25M+ at Vested for $842M and $100M at Dezerv for $1.47B. **Exit check:** Exit values are 7.3–11.3% of assets, inside the 2.3–20.0% precedent range.

Conclusion: I underwrite 5x-plus outcomes at 16% against the market's 10%, because the licence condition removes one failure mode, the fund cap directs flow to direct accounts and no broker launch reviewed offers the tax workflow. This uplift is the key judgement. Loss of capital remains the likeliest result at 55%, and 77% of expected value comes from the 16% of outcomes at 5x or more. **VC method:** A 10x target on the $320M upside exit, with 55.6% retained, supports $17.8M post-money; the proposed $20M implies 8.9x. **What must be true:** A 3x needs a $90.9M exit and $1.24B of assets; a 10x needs a $359.9M exit and $4.5B. **Stress:** At Dezerv's 0.66% yield the return is 2.7x, at a 0.50% net fee 2.1x, and at Wealthfront's 6.1x multiple 1.8x. **Reserve:** Series A pro-rata costs $1.31M and returns 1.8x in the scale case.

Information Gaps and Their Effect on the Recommendation

Exhibit 22: How gaps affect risk and the recommendation

Gap	Effect on risk	Effect on recommendation
Assets, clients, revenue, margin	Unit economics rest on proxies	$20.8M ceiling; monthly reporting
Capital table and investor rights	Registry shows ₹1 lakh paid-up capital[51]	Reconcile before a term sheet
ViewTrade contract and entity	Margin and SIPC cover are unknown	Review before closing

Conclusion: These gaps explain the 35% write-off probability and the licence condition.

MIS and Balance Sheet Analysis

Key Takeaways

The company has reduced its losses and rebuilt contracted ARR, but it has yet to demonstrate that it can retain the revenue it sells. It closed Y5 with $8.39M of contracted ARR, $11.73M of cash and no borrowings. During the year it lost 44% of opening ARR. Run-rate runway is 15.6 months, and EBITDA break-even at the current cost base requires 2.5x the Y5 Q4 revenue run-rate. Retention, funding and reporting quality should lead the next board discussion.

Basis of preparation. Annual Y4 and Y5 revenue and costs are taken from the financial statements (FS), and quarterly and earlier-year data from the Summary MIS and KPI sheets. Where the MIS contains an error, Exhibit 10 records the reported figure and the correct figure, and this analysis uses the correct figure. EBITDA excludes other income. Customer-level data, a cash flow statement and notes to the accounts were not provided; where a conclusion depends on them, the point is raised as a question for management.

1. Revenue declined while contracted ARR recovered. FS revenue fell 2.5% to $5.92M in Y5, while contracted ARR grew 25.9% to $8.39M. ARR fell to $5.78M in Y5 Q1 and then grew 45.2% over the next three quarters. Revenue was 82.4% of average contracted ARR, down from 94.5% in Y4, so the recovery has yet to convert fully into recognised revenue.

2. Retention is the central issue. Gross and net ARR retention were 55.6% and 64.8% in Y5. ARR lost to churn and downgrades of $2.96M equalled 72.6% of the $4.07M sold to new customers. Since inception, 150 of 285 customers have left. At Y5 rates, ARR converges to approximately $11.6M, compared with the $18.5M of revenue required to break even. Net retention over Y5 Q2 to Q4 annualises to 83.1%, but that period excludes Q1, which carried 47.7% of Y5 ARR losses.

3. The reduction in losses came from cost, not revenue. EBITDA loss narrowed 23.6% to $10.14M as employee cost fell $3.67M. Other expenses rose $0.38M and revenue fell $0.15M. Within Y5 the loss was broadly flat, at $5.12M in H1 and $5.04M in H2. Annualised Y5 Q4 gross profit of $5.98M does not cover employee cost of $8.15M.

4. Run-rate runway is 15.6 months, compared with 19.0 months implied by the Y5 cash decline. Cash fell $7.40M to $11.73M after $4.08M of working capital inflows, including $3.06M of deferred revenue. At the Y5 Q4 burn of $0.75M a month, cash lasts 15.6 months. Runway is 13.9 months on Y5 H2 average burn and 12.5 months if prepayment cover returns to its Y4 level.

5. Y5 exit momentum is mixed. Y5 Q4 revenue rose 44.8% to $1.85M. New customer additions fell to 9, the lowest since Y1 Q2, and a single $329k contract represented 41.4% of the quarter's new ARR. Subscription MRR peaked in Y5 M10 and declined 3.7% by M12.

6. Reported revenue is shifting to Business Line 2 (BL2). Business Line 1 (BL1) has declined for eight consecutive quarters and is 52.3% below its Y3 Q4 peak, while BL2 reached 81% of Y5 Q4 revenue. The reported split is a whole-number percentage in all 18 quarters in which both lines have revenue and requires confirmation against booked revenue.

7. The MIS requires remediation before it can support board decisions. Y4 Q4 EBITDA is overstated by $1.31M because of a formula error, Y4 MIS revenue exceeds the FS by $212k, quarterly cost lines are fixed percentages of total cost, and four average new-customer ARR cells have been manually adjusted.

Exhibit 1: Three-year snapshot (FS for Y4 and Y5 revenue and EBITDA; MIS and KPI sheets otherwise)

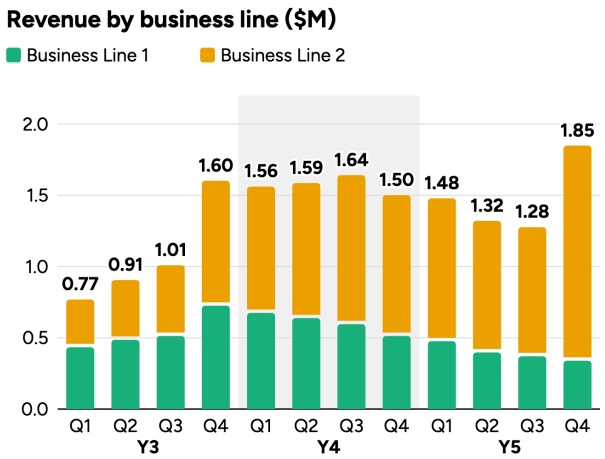
Metric	Y3	Y4	Y5
Revenue ($M)	4.29	6.08	5.92
Revenue growth	190.1%	41.8%	-2.5%
Gross margin (MIS)	81.3%	75.4%	77.1%
EBITDA ($M)	(11.26)	(13.28)	(10.14)
EBITDA margin	-263%	-218%	-171%
Closing contracted ARR ($M)	5.91	6.66	8.39
Contracted ARR growth	79.8%	12.7%	25.9%
Closing customers	117	116	135
Closing full-time employees	109	102	88
Contracted ARR per employee ($k)	54.2	65.3	95.3
Conclusion: Productivity and margin improved in Y5, but cumulative MIS EBITDA losses of $40.9M have built $8.4M of ARR, or $4.88 of losses per $1 of ARR. Y4 growth compares FS Y4 with MIS Y3 because no Y3 FS was provided; MIS to MIS it is 46.8%.			

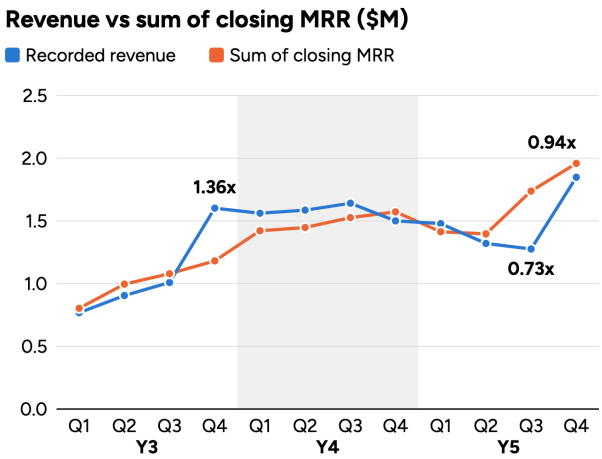
Detailed Analysis

Financial and Operating Trends

Revenue and revenue quality. Revenue reached an interim high of $1.64M in Y4 Q3, fell for four consecutive quarters to $1.28M in Y5 Q3 (-22.2%), then rose to $1.85M. The Y5 Q4 increase was tested against the sum of each quarter's monthly closing subscription MRR. Y5 Q4 revenue was 0.94x that sum, within the 0.91x to 1.10x range of 14 of the 16 quarters since Y2 Q1. Y5 Q3 was 0.73x, the lowest of the 16. The outlier is therefore Y5 Q3: MRR rose 26.7% that quarter while revenue fell 3.4%. Across Y5, MRR sums to $6.51M against recorded revenue of $5.92M, a $584k difference that requires explanation from management.

Exhibit 2: BL2 produced the Y5 Q4 revenue increase, and Y5 Q3 revenue was the furthest below MRR in the period (Summary MIS; KPI sheet; multiples show revenue divided by MRR)





ARR conversion. Revenue was 82.4% of average contracted ARR in Y5 (the average of the five quarter-end balances), compared with 94.5% in Y4 and 96.0% in Y3. At the Y4 rate, Y5 revenue would have been $6.79M, or $0.87M above the reported figure. Y5 Q4 annualised revenue was 88.2% of closing contracted ARR, which indicates partial catch-up in the final quarter.

ARR and customers. ARR growth slowed from 79.8% in Y3 to 12.7% in Y4, and customers fell from 117 to 116. Higher ARR losses explain 72% of the $1.87M fall in net new ARR in Y4. Customers recovered to 135 in Y5, although net additions were negative in four of the last six quarters. Expansion rose from

3.5% of opening ARR in Y3 to 9.1% in Y5, but at $0.61M it covered only 21% of the $2.96M lost. Contracted ARR exceeds subscription ARR by $0.71M (8.4%).

Figure 1: ARR plateaued through Y4 and recovered after Y5 Q1 as added ARR exceeded losses (KPI sheet)

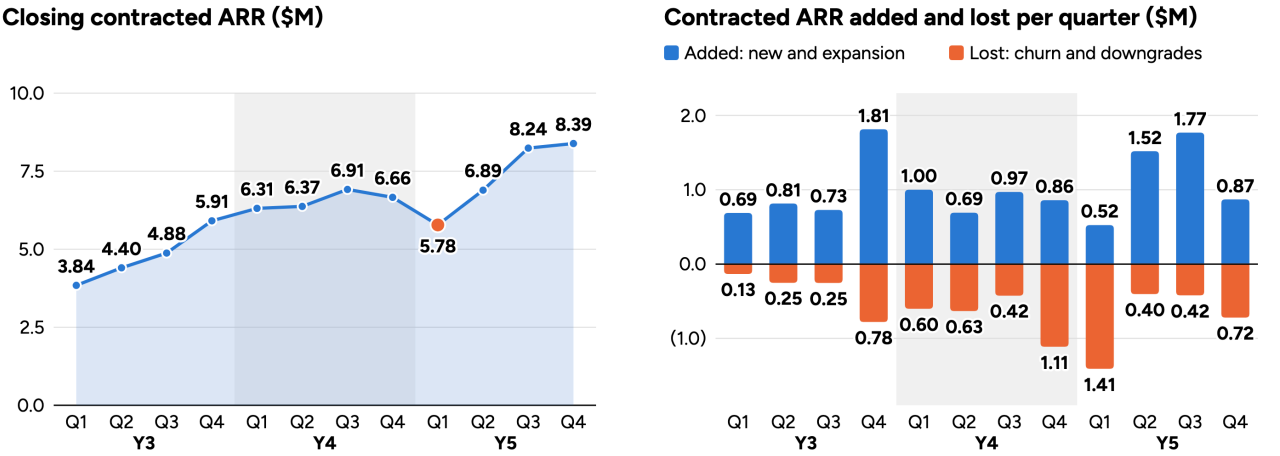


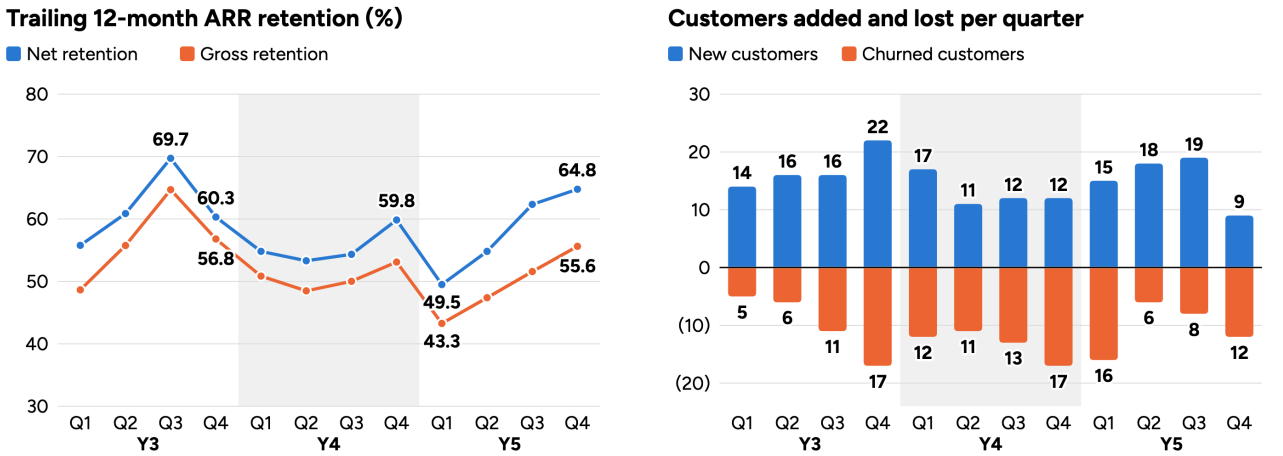
Exhibit 3: Contracted ARR bridge and retention (KPI sheet)

$M unless stated	Y3	Y4	Y5
Opening contracted ARR	3.29	5.91	6.66
New customers	3.93	3.12	4.07
Expansion	0.12	0.40	0.61
Downgrades	(0.12)	(0.49)	(0.31)
Churn	(1.30)	(2.28)	(2.64)
Closing contracted ARR	5.91	6.66	8.39
Gross ARR retention	56.8%	53.1%	55.6%
Net ARR retention	60.3%	59.8%	64.8%
Customer (logo) churn	44.3%	45.3%	36.2%
Average ARR per churned customer ($k)	33.3	43.0	62.9
ARR lost as % of new-customer ARR	36.2%	88.7%	72.6%
Conclusion: Year-end net retention has stayed between 59.8% and 64.8% for three years, and the average churned customer ($62.9k) is now in line with the average customer ($62.1k). Retention here is calculated on total ARR flows, including churn from customers signed in the same year, because cohort data was not provided.			

Cumulative attrition. Over five years the company has signed 285 customers and lost 150 (52.6%). It has sold $14.72M of new-customer ARR and lost $7.51M to churn and downgrades (51.0%).

Who is leaving. In Y5, ARR churn (39.7%) exceeded logo churn (36.2%), the reverse of Y4 (38.5% against 45.3%). In Y5 M1, 3 customers took $555k of ARR, 8.3% of that month's opening ARR. In Y5 M12, 4 customers took $440k, or $110k each. The largest churn quarter has fallen in Q4 or Q1 in each of the last three years, and Q1 and Q4 accounted for 71.2% of Y5 churn, up from 57.7% in Y4. Y6 Q1 is therefore the next test of retention.

Figure 2: Trailing net retention has recovered from its Y5 Q1 low of 49.5% but remains below its Y3 Q3 high of 69.7%, and net customer additions were negative in four of the last six quarters (KPI sheet)



Gross margin. MIS gross margin moved from 81.3% in Y3 to 75.4% in Y4 (74.5% on FS revenue) and 77.1% in Y5. COGS stayed between $324k and $354k a quarter in Y5 while revenue ranged from $1.28M to $1.85M, so the 80.9% margin in Y5 Q4 reflects higher revenue on a near-fixed cost. Reported margin also excludes all payroll: MIS People Cost equals FS employee expense in both years, so COGS contains no employee expense. Each 10% of employee cost that belongs in delivery or support would lower Y5 gross margin by 13.8 percentage points.

Profitability and cost base. Headcount explains 44% of the fall in people cost. Average employees fell 13.7%, while cost per average employee fell 20.1%, from $107.6k to $85.9k, a reduction that requires explanation from management. Total MIS operating expense moved from $4.24M in Y5 Q1 to $3.00M in Q2 and $3.74M in Q3, although employees fell in every quarter of Y5. Revenue covered 72.7% of employee cost in Y5, up from 51.4% in Y4 and 44.7% in Y3. Within Y5, the EBITDA loss moved only from $5.12M in H1 to $5.04M in H2, and operating expense rose 3.4% ($7.24M to $7.49M) while average employees fell 11.9% (100.8 to 88.8). H2 therefore shows no further cost benefit from the lower headcount.

Figure 3: Gross margin ended Y5 at its highest level since Y4 Q1, and quarterly EBITDA loss has narrowed from its Y3 Q3 peak (Summary MIS)

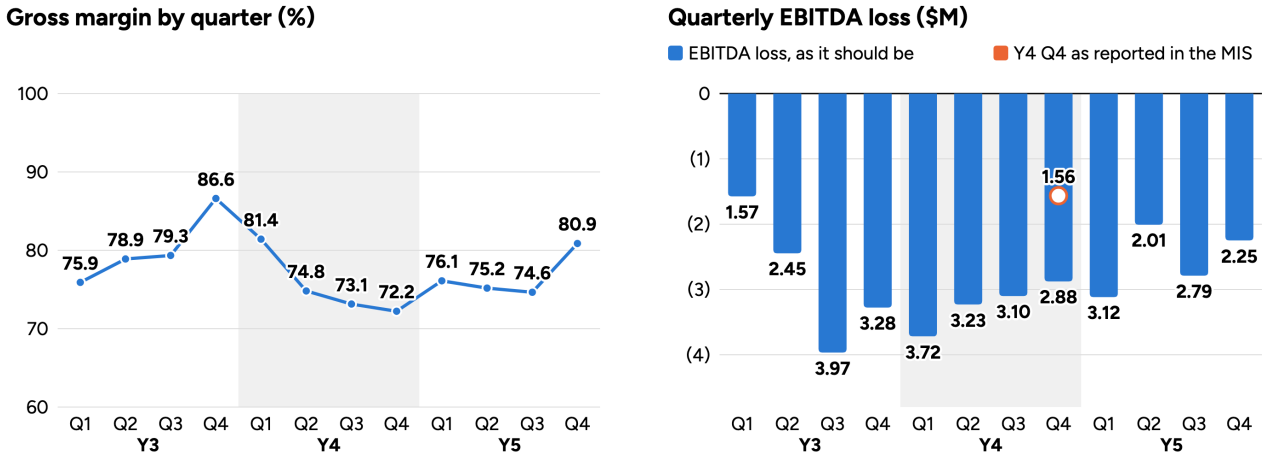


Exhibit 4: Income statement bridge ($'000, FS; a positive change on a loss line means the loss narrowed)

Line	Y4	Y5	Change %
Revenue from operations	6,078	5,924	-2.5%
Employee benefits expense	11,816	8,148	-31.0%
Other expenses	7,538	7,915	5.0%
EBITDA	(13,276)	(10,139)	23.6%
Depreciation and amortisation	81	22	-72.8%
Other income	1,672	1,244	-25.6%
Net loss	(11,685)	(8,917)	23.7%
Conclusion: Other income of $1.24M is 21% of revenue and reduces an operating loss of $10.16M to a net loss of $8.92M. It equals 8.1% of average cash and bank balances. Its composition is not disclosed.			

Balance sheet. The company has no borrowings or finance cost, and receivables were stable at 55 days of revenue in both years. Shareholders' funds fell 50.6%, and deferred revenue rose to 53.1% of cash from 16.5%.

Exhibit 5: Balance sheet quality ($'000, FS)

Line	Y4	Y5	Change %	Assessment
Cash and bank balances	19,121	11,726	-38.7%	68% of total assets
Deferred revenue	3,162	6,223	96.8%	105% of Y5 revenue; all classified as current
Cash less deferred revenue	15,959	5,503	-65.5%	Cash not matched by unearned customer receipts
Other non-current assets	1,133	2,613	130.6%	Rose $1.48M; composition not disclosed
Short-term loans and advances	2,033	1,436	-29.4%	$0.60M release supported Y5 cash
Trade receivables	922	899	-2.5%	Flat; 37 days of implied Y5 billings
Shareholders' funds	19,761	9,763	-50.6%	Share capital unchanged; reserves show no inflow
Conclusion: The current ratio fell from 5.8x to 2.0x. Excluding deferred revenue, it is 16.7x, so the near-term constraint is operating burn, not creditors.				

Exhibit 6: Y5 cash bridge, derived from balance sheet movements ($'000)

Item	Y5
Net loss for the year	(8,917)
Add back depreciation	22
Increase in deferred revenue	3,061
Increase in payables and provisions	192
Release of receivables, advances and other current assets	827
Operating cash flow	**(4,815)**
Implied capital expenditure (net PPE movement plus depreciation)	(19)
Operating net burn	**(4,834)**
Increase in other non-current assets (not classified)	(1,480)
Reserves movement not explained by the net loss (not classified)	(1,081)
Net decrease in cash and bank balances	**(7,395)**
Conclusion: Working capital supplied $4.08M of Y5 cash. Without it, net burn would have been $8.91M, which reconciles to the $10.14M EBITDA loss after $1.24M of other income and $0.02M of capex. $2.56M of the cash decline cannot be classified without notes to the accounts.	

Performance Drivers

Driver 1: new-customer volume and deal size. Contracted ARR growth of 25.9% reflects a 16.4% increase in customers and an 8.2% increase in average ARR per customer. New-customer ARR rose $947k in Y5: $541k from volume (52 to 61 customers) and $406k from deal size ($60.1k to $66.8k). Bookings were concentrated. Y5 M6 and M9 produced $2.07M, or 50.9% of the year, and the last month of each quarter produced 72.4%, up from 62.3% in Y4 and 58.9% in Y3. The average Y5 Q4 deal was $88.2k, or $58.1k without the $329k contract.

Driver 2: business-line mix. On MIS figures, BL1 lost $0.84M of revenue in Y5 (-33.9%) and BL2 added $0.47M (12.4%). The net $0.36M fall exceeds the $0.15M fall in the FS because Y4 MIS revenue is overstated by $212k. The KPIs are not split by line, so churn cannot be attributed to either one.

Driver 3: sales efficiency. Y5 improved on Y4 but returned less than Y3. Sales and marketing cost on the KPI sheet was $5.90M, or 99.6% of revenue. CAC payback of 22.6 months consumes 75% of the 30.2-month lifetime implied by ARR churn. Sales and marketing cost fell 9.2% in Y5 while new-customer ARR rose 30.3%. Gross profit of $4.57M covered 77.4% of sales and marketing cost. At the Y5 efficiency of 0.69x, replacing the $2.96M of ARR lost absorbed $4.28M of the $5.90M spent.

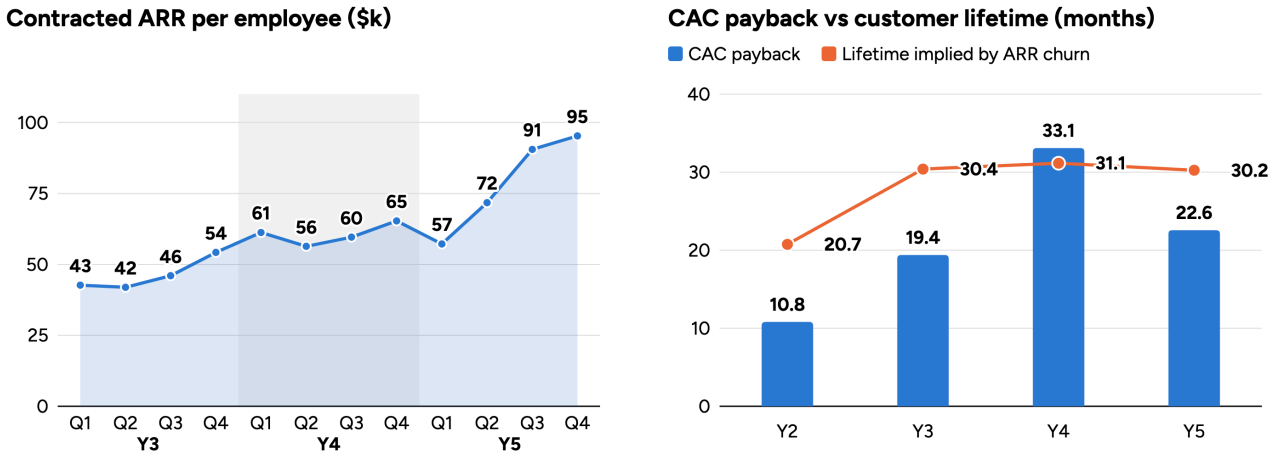
Exhibit 7: Sales efficiency and unit economics (KPI sheet; MIS gross margin)

Metric	Y3	Y4	Y5
Sales and marketing, KPI sheet ($M)	5.16	6.50	5.90
New customers	68	52	61
CAC ($k)	75.9	125.0	96.7
Average new-customer ARR ($k)	57.8	60.1	66.8
New-customer ARR / sales and marketing (x)	0.76	0.48	0.69
Net new ARR / sales and marketing (x)	0.51	0.12	0.29
EBITDA loss / net new ARR (x)	4.29	17.67	5.88
CAC payback on gross margin (months)	19.4	33.1	22.6
Lifetime implied by ARR churn (months)	30.4	31.1	30.2
LTV/CAC at the KPI sheet's 36-month life (x)	1.86	1.09	1.60
LTV/CAC at implied life (x)	1.57	0.94	1.34

Conclusion: Each $1 of Y5 acquisition spend returns $1.34 of lifetime gross margin at implied life, before any payroll outside sales and marketing. CAC is $96.7k on the KPI figure and $38.1k on the MIS figure of $2.32M, so the definition must be settled.

Driver 4: headcount productivity. Employees fell 24.1% from the Y4 Q3 peak of 116 to 88, while contracted ARR per employee rose from $59.6k at that peak to $95.3k. Between Y4 and Y5, logo churn improved from 45.3% to 36.2%, while ARR churn moved from 38.5% to 39.7%. The data therefore shows no clear link between the headcount reduction and customer losses.

Figure 4: ARR per employee has risen as headcount has fallen, and CAC payback consumes most of customer lifetime (KPI sheet)



Driver 5: customer prepayment. Deferred revenue rose 97% while revenue fell, and it now equals 9.7 months of subscription ARR, up from 6.3. Implied Y5 billings of $9.0M (revenue plus the change in deferred revenue) were 1.52x revenue and 107% of closing contracted ARR. Annual-in-advance billing would produce billings close to closing ARR, so the 107% requires one of three things: invoices covering more than 12 months, billings outside ARR, or customers billed in Y5 who left before year-end. Back-ended Y5 bookings also lift year-end deferred revenue. Only the deferred revenue schedule can separate these, and any invoice beyond 12 months would conflict with the balance being classified wholly as current.

Areas of Concern and Key Risks

ARR at current retention stops short of break-even. ARR stabilises when new sales equal net losses, so its ceiling is annual new ARR divided by the net loss rate: $4.07M / 35.2% = $11.6M. At those rates ARR would reach $9.50M in Y6 (13.3% growth) and $10.23M in Y7 (7.6%), compared with 25.9% in Y5.

Break-even requirement. EBITDA break-even at Y5 Q4 annualised operating expense ($14.98M) and that quarter's 80.9% gross margin requires $18.5M of revenue, or 2.5x the run-rate, treating ARR as revenue. The requirement is $16.4M if COGS stays at its Y5 Q4 level and $19.4M at the Y5 average margin, and every case exceeds the $11.6M ceiling.

Levers to close the gap. Cost reduction alone cannot close it, because annualised Y5 Q4 gross profit of $5.98M is below employee cost of $8.15M. At Y5 retention, the company would need $6.53M of new-customer ARR a year, 1.6x its highest annual level of $4.07M. With new sales held at the Y5 level and no cost growth, net retention must reach 78%; 70% would raise the ceiling to $13.6M and 75% to $16.3M. Net retention over Y5 Q2 to Q4 annualises to 83.1%, against 67.8% for the same quarters of Y4 and above the required level, but those quarters exclude Q1, which carried 47.7% of Y5 ARR losses. Y6 Q1 will show whether the improvement holds.

Runway calculation. Base-case runway divides closing cash of $11.73M by run-rate net burn of $0.75M a month, being the Y5 Q4 EBITDA loss annualised plus Y5 capex, because quarterly balance sheets were not provided.

Exhibit 8: Runway from $11.73M of closing cash and bank balances

Basis	Calculation	Annual ($M)	Monthly ($M)	Months
Gross burn, Y5 Q4 annualised	COGS plus operating expense; no collections	16.39	1.37	8.6
Y5 cash decrease	Includes $2.56M not classified	7.40	0.62	19.0
Y5 operating net burn	Operating cash flow plus capex; includes $4.08M of working capital inflows	4.83	0.40	29.1
Y5 normalised net burn	Operating net burn excluding working capital inflows	8.91	0.74	15.8
Run-rate net burn (base case)	Y5 Q4 MIS EBITDA loss x 4 plus Y5 capex; deferred revenue flat; other income excluded	9.02	0.75	15.6
Y5 H2 average burn (sensitivity)	Y5 H2 MIS EBITDA loss x 2 plus Y5 capex	10.10	0.84	13.9
Downside	Base case plus $2.22M unwind as deferred revenue returns to 6.3 months of subscription ARR	11.24	0.94	12.5

Conclusion: The base case of 15.6 months implies zero cash in Y7 M4. Y5 Q4 benefited from a 44.8% revenue increase, so Y5 H2 average burn is shown as a sensitivity at 13.9 months; the downside is 12.5 months. Other income at 8.1% of a declining balance would extend the base case to 16.5 months. If the $2.61M of other non-current assets is confirmed liquid, it adds 3.5 months.

Funding timeline. Allowing six months to close a round and six months of cash at closing, both planning conventions rather than company data, the raise must begin by month 3.6 of Y6 in the base case, by month 1.9 on Y5 H2 average burn and within 0.5 months of Y5 close in the downside.

Burn efficiency and break-even. Normalised Y5 net burn of $8.91M produced $1.72M of net new ARR, a burn multiple of 5.17x. Even if net new ARR held at $1.72M a year, a more favourable assumption than the ceiling implies, each year would add $1.39M of annual gross profit against a $9.02M annual burn. Break-even would then take 6.5 years and $29.2M of cumulative funding, against $11.7M of cash: a shortfall of $17.4M. The company cannot reach break-even on its existing cash at current growth and cost.

Figure 5: The ARR ceiling sits below break-even, and runway ranges from 8.6 to 19.0 months across burn bases (KPI sheet; Exhibit 8)

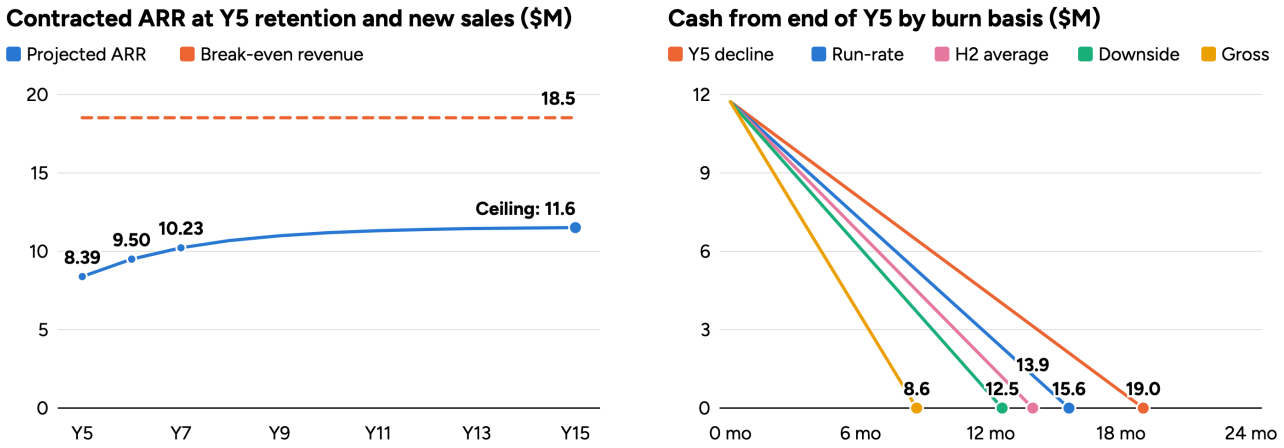


Exhibit 9: Key risks, ranked

Risk	Evidence	Severity and exposure
Structural churn	Net retention of 64.8%; $2.96M lost in Y5; average churned customer up from $33.3k in Y3 to $62.9k	High: ARR ceiling of $11.6M
Funding gap	15.6 months of run-rate runway (12.5 downside); $17.4M shortfall to break-even at Y5 net new ARR	High: raise must begin in Y6 H1
Y6 renewal test	$2.80M of new ARR signed in Y5 Q2 and Q3, equal to 33.4% of closing ARR. If contracts are annual, it first renews in Y6 Q2 and Q3; terms are not disclosed	High: $2.80M of ARR faces first renewal
Deferred revenue unwind	Deferred revenue of $6.22M is 53.1% of cash. A return to Y4 cover would cost $2.22M of cash and 3.1 months of runway	High: 3.1 months of runway at stake
Reporting reliability	Formula errors, manually adjusted KPIs, allocated cost and revenue lines, a Y4 mismatch with the FS and $1.08M of unexplained reserves (Exhibit 10)	High: Y4 and quarterly lines need rework before use
Acquisition economics	CAC payback of 22.6 months against 30.2 months of implied lifetime; LTV/CAC of 1.34x	Medium: $1.34 of gross margin per $1 of CAC
Business-line dependency	BL1 down 52.3% from its peak; BL2 at 81% of Y5 Q4 revenue after a 67.6% quarterly rise	Medium: 81% of revenue in one line
Bookings concentration	72.4% of new ARR landed in quarter-end months; one $329k contract was 41.4% of Y5 Q4 new ARR	Medium: one contract set 41% of a quarter's new ARR

Reporting integrity. Each finding below records the figure as reported in the MIS, the evidence that it is incorrect and the figure it should be. The source data has not been altered.

Exhibit 10: Reporting integrity findings

Finding	As reported	What is wrong	What it should be
Y4 Q4 EBITDA	MIS R16: ($1,564,912)	Formula is =R9-R11, so it deducts People Cost only and omits $1,311,236 of other operating expense	=R9-R10: ($2,876,148). Y4 MIS EBITDA should be -$12.92M, not -$11.61M
Gross margin %	MIS O19: 18.6%; T19: 24.8%	Both cells divide COGS (row 6) by revenue instead of gross margin (row 9)	Y4 Q1: 81.4%; Y5 Q2: 75.2%
Average new ARR, Y5 Q4	KPIs CD14: $33,074	Formula is =CD7/(CD13+15), adding 15 customers to a count of 9 without explanation	$793,767 / 9 = $88,196; $58,096 if the $329k contract is shown separately
Average new ARR, Y5 M12, M6 and Q2	KPIs CC14: $72,731; BU14: $58,412; BV14: $51,170	CC14 removes $329,000 and one customer without disclosure. BU14 and BV14 are hard-coded, while the rest of the row uses formulas	M12: $619,922 / 5 = $123,984; M6: $104,094; Q2: $75,428
Y4 MIS against FS	Revenue $6.29M; non-people costs $7.40M	Revenue is $212k above the FS and non-people costs are $223k below it. Y5 ties within $1k on both	FS: revenue $6.08M; other expenses plus depreciation $7.62M
Revenue by business line	BL2 share: 70% in Y5 Q3, 81% in Y5 Q4	BL1 is hard-coded and BL2 is revenue less BL1. BL2 is a whole-number percentage of revenue in all 18 quarters with revenue in both lines	Booked revenue by line from the ledger
Quarterly cost lines	People Cost share of Other Expenses: 60.0%, 63.0%, 65.0%, 66.9%, 55.3% (Y1 to Y5)	Each share is identical in all four quarters of a year. Product and Engineering is also a fixed share of COGS. Sales & Marketing and G&A both equal $682,054 in Y5 Q1	Booked quarterly expense by line. Annual People Cost is the only cost line that ties directly to an FS line

Finding	As reported	What is wrong	What it should be
Sales and marketing cost	KPI sheet $5.90M; Summary MIS $2.32M (Y5)	The $3.58M difference has no reconciliation, and it ranges from 34% to 61% of People Cost by quarter in Y5	One fully loaded figure reconciled to the FS, with sales payroll shown separately
MIS EBITDA definition	Y5 MIS EBITDA: -$10.16M	Y5 non-people costs tie to FS other expenses plus $22k of depreciation, so the line is struck after depreciation	Y5 EBITDA from the FS: -$10.14M
Reserves movement	Reserves fell $9.998M	Net loss was $8.917M. The balance sheet balances, but $1.081M of the movement has no disclosed explanation	Closing reserves of $9.968M from the loss alone, or a disclosed $1.081M adjustment
Customer lifetime	KPIs row 51: 36 months in all 60 months	The figure is fixed regardless of churn. ARR churn implied 31.1 months in Y4 and 30.2 in Y5	Lifetime calculated each period from actual churn
KPI definitions	Dropped customers: zero in all 60 months; four labels carry an asterisk	No footnote defines the asterisked rows or distinguishes dropped from churned customers	Written definition for each KPI

Key Questions and Follow-Up Items

Questions for Founders and Management

Exhibit 11: Questions for the Investment Partner to raise with Founders

#	Question	Data behind it
Retention and renewals		
1	Which customers made up the $2.64M of Y5 churn, and why did each leave? What changed for the 3 customers lost in Y5 M1 and the 4 lost in M12?	$555k and $440k lost in those months; average churned customer $62.9k
2	What is net retention by signing cohort and business line, what is the Y6 target, and which actions deliver it?	Net retention 64.8%; 78% needed at Y5 new sales; Y5 Q2 to Q4 annualises to 83.1%
3	How much of the $2.80M signed in Y5 Q2 and Q3 renews in Y6, on what terms, and what is the current renewal forecast? What ARR is due for renewal in Y6 Q1?	33.4% of closing ARR; 71.2% of Y5 churn fell in Q1 and Q4
Bookings and business lines		
4	What drove bookings in Y5 M6 and M9, and are they repeatable? Why did new customers fall to 9 in Y5 Q4, and what pipeline covers Y6 H1?	$2.07M in two months; 72.4% of new ARR in quarter-end months
5	Which customer signed the $329k contract in Y5 M12, on what terms, and why is it excluded from the reported average? Were other contracts excluded in Y5 M6?	41.4% of Y5 Q4 new ARR; four adjusted cells in row 14
6	Why did MRR fall from $664k to $640k late in Y5 while contracted ARR rose? How long does signed ARR take to go live, and why did revenue fall to 82.4% of average contracted ARR?	$0.71M gap between contracted and subscription ARR
7	Is BL1 being wound down deliberately or losing customers? What are booked revenue, ARR, churn and gross margin for each line?	BL1 down for eight quarters; split in whole percentages
8	What produced BL2's $604k rise in Y5 Q4, how much of it recurs, and why did Y5 Q3 revenue trail MRR?	Revenue at 0.73x MRR in Q3, 0.94x in Q4; $584k Y5 difference
Unit economics and costs		
9	What does the $5.90M of sales and marketing cost include? What is CAC by business line and channel?	MIS shows $2.32M; CAC $96.7k on the KPI figure
10	Where do support, onboarding and engineering salaries sit? What is gross margin including delivery payroll?	COGS contains no employee expense; reported margin 77.1%

#	Question	Data behind it
11	Why did cost per employee fall 20.1%? How much of the $8.15M employee cost is recurring, and which functions were reduced?	Employee cost down $3.67M; employees down 24.1% from peak
12	Why did quarterly operating expense fall 29% and then rise 25% in Y5? Why did operating expense rise 3.4% from H1 to H2 while average employees fell 11.9%?	Other expenses up 5.0%; employees fell every quarter
Cash, balance sheet and funding		
13	Why did deferred revenue nearly double? Were discounts given for prepayment, do refund rights exist, and should any of the balance be non-current?	$3.16M to $6.22M; billings 1.52x revenue
14	What makes up other non-current assets, other income and the $1.08M reserves movement? How much of the non-current balance is liquid?	Other non-current assets up $1.48M; other income $1.24M
15	What is the zero-cash date under the Y6 budget, when will the raise begin, and which cost actions are triggered if bookings or renewals miss plan?	15.6 months base case; 12.5 months downside
16	Who owns the MIS, how is it closed each month, why were KPI cells manually adjusted, and when will it be rebuilt from booked ledger data?	Findings in Exhibit 10

Follow-Up Items Ahead of the Board Meeting

Exhibit 12: Information to request from management

#	Item	Why it is needed
1	Customer-level monthly ARR ledger with signing date, term and business line	Cohort retention, concentration, top-20 customers and the Y6 renewal schedule
2	Corrected MIS for Y1 to Y5, reconciled to the FS, with booked revenue and expense lines	Resolves the Exhibit 10 findings and provides true quarterly trends
3	Revenue, ARR, churn and gross margin by business line	Shows which line carries churn and which earns margin
4	Deferred revenue schedule by customer, billing term and expiry	Separates recurring prepayment from one-off cash pull-forward
5	Monthly Y4 and Y5 cash flow statements and notes to the accounts	Replaces the EBITDA proxy with actual net burn and resolves $2.56M of unclassified cash movement
6	Headcount and payroll by function, with contractors and one-off items	Confirms recurring people cost, CAC and gross margin
7	Y6 budget, 24-month cash forecast and downside case	Tests the zero-cash date and the timing of the raise
8	Pipeline by stage and written definitions for each KPI	Tests bookings quality and removes manual adjustments

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