

# CULTUS

<<COMPANY NAME>>



## INVESTMENT PERFORMANCE REPORT

**OCTOBER 2018**

Disclaimer: This report is a subjective analysis and opinion of an independent subject matter expert based on documents provided by the company and one on one meetings with the founding team. This report is also relevant for the limited period during which the facts do not change and / or there is no significant change in the business environment. For any clarifications you are encouraged to contact Natio Cultus Consultancy Pvt. Ltd. at [inquiry@natiocultus.com](mailto:inquiry@natiocultus.com)

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## Executive Summary

<<COMPANY NAME>>

### Corporate Office Address:

Address 1,  
Address 2,  
City, State - Zip code

### Company Information:

Type of Company	:	Pvt. Ltd/LLC/LLP/Proprietorship
Industry	:	<< Industry >>
Date of Incorporation	:	MM/YYYY

### Contact Information:

Name:	Full Name	Designation:	Designation
Email ID:	email@ID	Contact No:	1234567890
Name:	Full Name	Designation:	Designation
Email ID:	email@ID	Contact No:	1234567890

**Investment Received Thus Far**

**USD 1.5 Million**

**Summary of Investment Terms**

**Convertible Note on 1st April 2016.  
Fully converted to 18% equity on 31st  
March 2018**

**Requisite Investment Amount in Next Round**

**USD 3.5 Million**

**Overall total Score**

**1825.33 (95.00% Percentile of Closest  
Peer Group)**

## Performance Score & Commentary

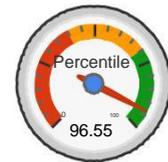
### CURRENT MARKET POSITIONING

This company provides custom chatbots for businesses to interact automatically with their customers through social media. It helps the small business owners to reduce the cost of manpower as they can directly connect with their customers easily.

It also collects customer data which can be used by the business to analyse the market and send promotional material depending on the customer preference. This is an area with huge potential and more and more human voice support is moving to automated systems of this kind. Further, with the increase in people using online facilities to buy and sell, these markets have a huge potential.



**Score: 198**



**Percentile of Peer Group: 96.557**

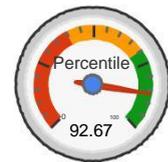
### CORPORATE SETUP, ETHICS & VALUES

This company was registered as a Private Limited company in October 2014. There are four Founders and the shareholding is in the ratio of 50% with the Founder and 10% each with the three Co-founders.

18% is owned by XXXX Capital the investment company that funded the company through the convertible note route in April 2016. The conversion is complete as on date. 2 % of the equity is kept aside for an ESOP scheme to be launched this year. They have a documented Founders Agreement. All the Founders are working full time in the company. The current investor does not have any first refusal rights to future equity sale and has a veto right only on any change in the primary nature of business of the company. The company has improved its overall corporate setup since the last round of investment. The leadership team's commitment to the stated values and ethics of the company is adequate and comparable to the best in the industry.



**Score: 112**



**Percentile of Peer Group: 92.67**

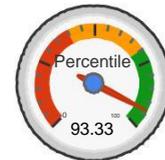
## MARKET SIZE & OPPORTUNITY

The market size is well established globally and in India. It is a fast growing market with rising awareness of such products that reduce labor costs and increase efficiency & quality.

The company has positioned itself after a detailed study of the competition and has documented strategies and plans to tap into the market opportunity. The product of the company has global appeal and scaling up globally is an option with low incremental costs. The company has mapped out its targeted client base and has a fairly good idea of its client segments. The management has made significant inroads into the market since the investment and their market share has increased by 19% even as the total market size has increased by 4% during the period.



**Score: 190**



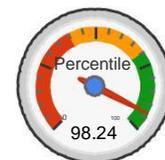
**Percentile of Peer Group: 93.33**

## COMPETITIVE ADVANTAGE

The founders are very well versed with the competition and their offering. The company has crafted an unique product taking into account what is currently available. It has blended machine learning, AI, Natural Language Programming.



**Score: 82.33**



**Percentile of Peer Group: 98.24**

While the market is crowded with some good apps and many "me too" offerings, this product has excellent potential to disrupt and scale due to multiple factors that the company has worked on. They are targeting three market categories; the first being enterprises who might require custom chatbot development to promote and sustain their customer service. The second one is for Tour and Travel industry which can use one of their products to search airline tickets, hotel accommodation and/or tour packages. The company's client retention at 84% is higher than the industry average of 60%. The company has internal processes that are effective in continuously assessing the competitive advantage and finding ways to stay

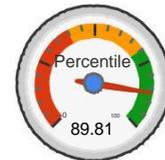
## QUALITY, SKILL & DIVERSITY OF TEAM

The founders working in the business are highly skilled, experienced and qualified to lead the business. They are passionate about the business and have set the company up professionally for success.

There are eight employees currently and the company is backed by an excellent set of advisors. All the founders are aligned to the business goals and vision. The current shareholding agreement does not have any risk for an investor investing into the business. There is an effective management team and the founders are aware of the leadership that needs to be brought in as they scale up. The human capital value has improved more than



**Score: 265**



**Percentile of Peer Group: 89.81**

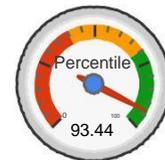
## PRODUCT/SERVICE MATURITY

The custom development of chatbots is operational for the past one year and they have 20 big clients. The response is good and they have received repeat orders. Their product for Tour and Travel Industry was launched in August, 2018, in partnership with

XXXX, which is an Airport Authority Company operating in XXXX. It has been received well but still needs features to be added, which is being worked on. Their second product is under development and will be released in the first quarter of 2019. There is a clear product road map and documentation of the product is adequate. There is a clear USP compared to its competitors and the product road map is well defined and documented. The customer testimonials are excellent with high (comparative) retention rates and customer satisfaction scores. Almost all major development work of the product has been executed in-house. The value of the Intellectual Property since investment has improved substantially.



**Score: 161**

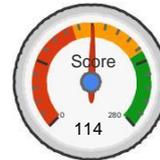


**Percentile of Peer Group: 93.44**

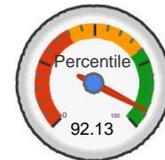
## BUSINESS PLAN & STRATEGY

There is a documented business plan that covers all aspects of strategy, marketing and operations. The company has subscription plans that are paid for with a unique a la carte model with an AI coach. The plans are for 3/6/12 months and plans are for rolling out other offerings as well.

The company also plans to offer, platform as a service to health tech companies, insurance companies for risk assessment + packaged plans. The company has met the agreed milestones and metrics that were signed in the investment agreement. It has suitable controls to track the metrics and calibrate their response to market dynamics.



**Score: 114**



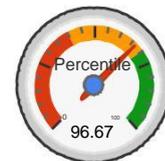
**Percentile of Peer Group: 92.13**

## FINANCIAL ROBUSTNESS

The company has EBITDA profits of about 37% and net profits of 21%. There are documented financial plans and projections and the accounting is up to date. The founders currently draw a nominal salary from the company.



**Score: 163**



**Percentile of Peer Group: 96.67**

There are no loans in the company and the founders are launching an ESOP scheme for key employees. The capitalization of the development spend is adequately done. Investor funds were deployed as per plan and investors have been regularly provided reports on the financial performance of the company. The overall financial robustness has improved since the investment.

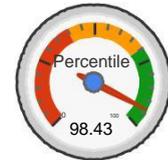
## VALUATION, INVESTABILITY & LONG TERM OUTLOOK

The company has a formal valuation report available although it is not current. The company has received an offer for a buy out in the past but the shareholders are not evaluating any offers currently.

USD 1.5 million was raised in the last round through a convertible note which has converted to 18% equity on schedule. The company is seeking investment of USD 3.5 million against a defined spending plan. The shareholders are open to equity and non-equity options of funding. The business has the potential to go viral and scale rapidly. The current investors have received enhanced value as expected and the current round of investment sought is as per plan. The leadership's commitment to enhanced investor value is commendable.



**Score: 86**



**Percentile of Peer Group: 98.43**

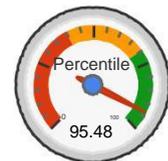
## RETURN ON INVESTMENT & INVESTOR RELATIONS

The shareholders have a formal shareholding agreement among themselves. There are no apparent risks for a future investor in this agreement. The founders have a fair idea of exit options for a potential investor as they have substantial business experience prior to this company.

In our opinion an exit will most likely come through a strategic acquisition or a later stage funding round. The investors have delivered on their commitments including ones on market development. The shareholder value has increased 63% since the investment. There are no disputes with the current investors and no undue interference in the day to day operations of the company.



**Score: 130**



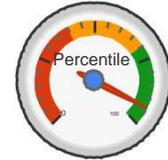
**Percentile of Peer Group: 95.48**

## GOVERNANCE & RISKS

Overall the company is well managed from a statutory compliances perspective. Founders work full time in the business and there are adequate financial controls with timely accounting.



**Score: 324**



**Percentile of Peer Group: 98.32**

There is a functioning advisory board and there are reasonable checks and balances on financial matters. All statutory filings are in place and up to date. There is no foreseeable existential risk to the company over the medium term of three years. The company is aware and compliant with the industry best practices.

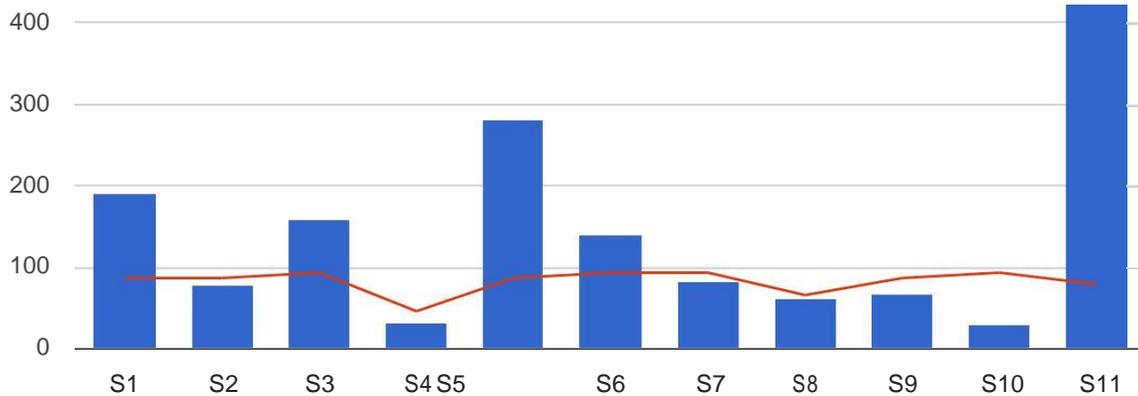
## Overall Investment Readiness Score



## Percentile of Closest Peer Group



## Investment Readiness Score by Criteria



Score Percentile

Potential of Idea (S1)	Corporate Setup (S2)	Market Size & Opportunity (S3)	Competitive Advantage (S4)	Quality, Skill & Diversity of Team (S5)	Product/Service Maturity (S6)	Executable Business Plan (S7)	Financial Robustness (S8)	Investability (S9)	Exit Strategy & Probability (S10)	Governance & Risks (S11)
198	112	190	82.33	265	161	114	163	86	130	324
96.55	92.67	93.33	98.24	89.81	93.44	92.13	96.67	98.43	95.48	98.32



## Strengths

- Patented offering with AI/Machine Learning and chatbots that are rapidly gaining market share
- Highly skilled founder team working with documented plans and excellent set of advisors
- Good early traction and acceptance from the market. Excellent knowledge of the markets & competition
- Well governed with shareholding agreement and clear product road map
- Excellent investor relations and performance against milestones agreed with the investor
- Significant enhancement in shareholder value and improvement in market share

# CULTUS



## Areas of Focus

- Go to market needs to be accelerated. The current pace can be improved
- A Leader for the Marketing function will be essential immediately
- The projections for the next round of funding may need to be reworked based on a reengineered organization structure. The sum being sought will be difficult to justify with the current projections, as the enterprise value does not grow at the rate an investor would expect
- The leadership should discuss and analyze with the current investor, their goals for exit in this or future rounds.



## Funding Strategies

- The company should go in for a Series A round with a Venture Capital firm. The route this time should be a straight equity sale and not a convertible option.

# CULTUS



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