

GOOD CAPITAL

Good Capital Fund I
Quarterly Investor Update
30 September, 2020

Prepared by:
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General Partner

Dear Partners,

We made three investments this quarter, of which one was a follow-on round in an existing portfolio company and two were new seed investment rounds.

Collectively, the investments for this quarter total up to \$1.1Mn. At an aggregate level, our TVPI¹ at the close of this quarter is approximately 1.48².

The Roundup

As the country emerges from one of the most severe lockdowns in the world, we have started seeing a revival in non-essential businesses.

A major consequence of Covid-19 has proven to be an acceleration in adoption & reliance of technology; we see a surge in deal-making with a huge emphasis on ed-tech, telemedicine and remote working solutions. In addition, another emerging and important trend we are seeing is high quality operators and executives at large-scale startups are leaving comfortable and well-paid jobs with substantial ESOP's on the table and taking the entrepreneurial plunge.

There are two primary reasons for this. First, this is testament to the opportunity that high quality operators/entrepreneurs are seeing in India- with data adoption thanks to Jio bringing hundreds of millions first-time consumers online, the addressable market size has grown tenfold. Secondly, most of these operators were a part of incredibly successful growth stories where they saw phenomenal growth, but now want to step-out of that comfort zone of a larger organisation and independently create something from scratch and generate wealth for themselves.

This is driving up the size and valuation for some of these seed rounds and bringing conventionally later-stage 'Series A' funds to invest significant sums of money into companies at a concept stage and crowding the seed market, like we saw in 2015.

It would be remiss of me to not talk about Reliance Jio here. Since our last quarterly report, we have seen another large technology player, Google, invest \$4.5BN into Jio Platforms. It is rare to see Facebook and Google partnering to invest in a company together, but this proves the unique way in which India operates and how the leading technology companies and capital allocators must rethink their strategy for a long-term commitment to the opportunity in India.

¹ TVPI is calculated based on the fair value of investments at the end of September 30th 2020 divided by the total amount deployed by the fund for the purpose of investment.

² The fair value in TVPI is calculated based on the markups on latest rounds of equity financing for the investee companies and adjusted for fluctuations in foreign exchange rate. See Schedule of investments Pg. 11 for breakdown on a deal by deal basis.

Arjun wrote an extensive report on Jio and their plan going forward in September, I am also enclosing it [here](#) for your perusal.

We wrote another story on how global companies are approaching India where you'll find a more comprehensive explanation of how Facebook, Google and Amazon are committing to their respective India strategy. The section on Facebook and Google piggybacking on Jio makes for a particularly interesting read. You'll find the [report here](#).

Portfolio Additions

Orange Health³

Position and Investment amount: Participated in a seed round with \$400,000 as part of a SAFE Note at cap of \$10MN. The company has cumulatively raised \$2.3MN in SAFE Notes, the most recent one being at a \$15MN cap.

Orange Health is building a technology platform that enables doctors to conduct consultations with their patients while offering them an omnichannel network to ensure patient treatment. This includes partnering with labs to process diagnostic tests, branded collection centers for pickup/dropoff of samples, and a ground workforce for the fulfilment of samples & prescriptions.

Both founders, Tarun Bhambra and Dhruv Gupta worked together at Practo (a leading healthcare company) for 5 years to build the consumer business into a profitable business with 100MN+ users. They have operated in senior positions at large healthcare and technology companies and have a deep understanding of their customer and the market.

Prior to Practo, Tarun was an investment professional at Matrix Partners, where he worked on the Healthcare team. Before Matrix, Tarun was a management consultant at McKinsey. Tarun was educated at IIT-Kharagpur where he studied a bachelors and masters degree in structural engineering and then did another postgraduate management degree at ISB.

Dhruv is a serial entrepreneur who's built businesses around social networks, consumer products and healthcare previously. His 3rd startup, Practo, was acquired by Practio in 2015. Dhruv graduated from the University of Michigan with a BS in Computer Science and Engineering.

Skillbee⁴

Position and Investment amount: Participated in a seed round with \$235,909 for a cumulative holding of 13.68% of the company.

³ <https://www.orangehealth.in/>

⁴ <https://skillbee.com/>

Good Capital was able to bring in strategic individual investors from the overseas recruitment industry that are able to add value to the company through business connections, local insights and strategic inputs & advice.

Skillbee is building a trusted platform for blue-grey collar workers seeking credible employment opportunities in international markets. Skillbee's current approach replaces intermediaries by providing a platform where prospective workers can directly find listed opportunities. An assisted onboarding process filters migrant workers for skills, travel eligibility and accreditations. In the long-term, Skillbee plans to move up the supply chain and work directly with overseas employers.

The Founders are Ujjawal Chauhan and Gautham Vinjamuri. Ujjawal is a graduate from IIT Kharagpur. He worked in the shipbuilding industry for three years at ST Marine in Singapore and worked to launch several digital innovations for the safety of workers. His experience of working with skilled workers in the shipyard helped him understand various pain points and the process for recruitment.

Gautham, a graduate from IIT Kharagpur, worked in the oil & gas industry for three years at Shell. He handled labor supply chain transformation and found a passion towards the welfare of blue-collar migrant labour. He studied Mechanical Engineering at IIT Kharagpur.

Follow ons

Entri⁵

Position and Investment amount: Participated with \$500,000 in a series A round of \$1.7Mn for a cumulative holding of 15.37% of the company

Brought in prominent co-investors such as Hari TN, head of HR at BigBasket, HyperTrack founder Kashyap Deorah and Indian world cup winning cricketer Robin Uthappa, who will also serve as the brand ambassador.

At the end of September 2020, Entri's revenues have grown 8% month-on-month in the last 2 quarters, and breached the monthly revenue figure of \$175,000.

The company has seen 7.5x revenue growth since September 2019.

They are expanding their user base and have crossed 3 million users in September 2020 from 1.6 million users beginning of 2020. To support this growth, their team grew from 130 to 200+, now spread across 6 different locations in India and is adding 6,000 new users each day to their platform.

A forced increased willingness is seen in ed-tech adoption across the board, due to Covid-19. This has positively impacted Entri's growth, which has seen an uptick in acquiring customers

⁵ <https://entri.me/>

and revenue. Other well funded competitors are ahead of Entri on revenue run rate, however, none have made any significant inroads into local language markets as yet.

Management Updates

Fund Governance

GCFI Audit

The Fund closed its first audit cycle for Financial Year 2019. Please find a link to this report [here](#).

Capital Call

We issued a capital call this quarter to all our investors. This included investment amounts, catch-up management fees, compensatory capital contribution from newer committing LP's to bring them at par with our existing investors.

Capital call for Q4-2020

The next capital call is expected to be in late November for management fees and any new investments.

Looking Ahead

Investments in Q4

We are looking closely at a few businesses:

1. Smarter virtual assistant: a general-purpose virtual assistant (like Cortana/Siri) that can be extended by building skill based workflows.
2. Credit card for children: Enabling children to become financially responsible adults by providing a credit card designed for children.
3. Platform for mental health fitness: Offering therapy & emotional fitness skills via live online classes, and eventually in-person studios.

Beyond these, some of our pipeline includes startups doing the following:

- An online fitness platform that offers basic exercise, personal training, and tailor-made nutrition plans for users.
- A targeted full-stack fintech platform for professionals, freelancers, small & medium size businesses and big corporate enterprises.
- A digital healthcare company focused on delivering data-driven personalized care through their SaaS platform which enables better patient management leading to improved outcomes.

Fundraising

We are currently in the process of adding two more LP's to the Fund. The Fund is continuing to conduct rolling closes for prospective LP's until January 2021, which will mark the final close of the fund.

In Closing

We were fortunate to complete two new transactions in Skillbee and Orange Health this quarter, as well as double-down to take a core position in Entri which has shown promising scale and progress over the lockdown.

While our pipeline for new investments remains strong, as I had mentioned earlier, we are seeing a surge in dealflow and a rise in high quality operators who are leaving coveted jobs at large startups to spin-out and build businesses of their own.

The rise of Jio remains the highlight of 2020: a culmination of the top technology companies, sovereign funds and private equity funds have come together to invest \$20 BN in Jio. This helps to build the foundation and infrastructure for the next couple of hundred million people coming online for the first time and increases the opportunity for startups to come and build products for this newly addressable target audience.

GOOD CAPITAL

GOOD CAPITAL FUND I

UNAUDITED FINANCIAL STATEMENTS

September 30th, 2020

GOOD CAPITAL FUND I
SUMMARY OF CAPITAL ACTIVITY ⁶ PERIOD ENDING September 30th 2020

Committed capital of the Fund \$ 14,000,000⁷

Summary of aggregate calls till date, split as follows:-

Total Capital Called since inception to date \$ 5,716,288

- Capital Called in FY 2019 - \$4,532,670
- Capital Called in FY 2020 (Q1 and Q2) - \$40,993
- Capital Called in FY 2020 Q3 - \$1,142,625

⁶ All figures are rounded to whole numbers

⁷ The total committed capital to the Fund at the end of September 30th 2020 is inclusive of all closes at the end of Q3-2020 and the total number of LP's is 30.

GOOD CAPITAL FUND I

PROFIT & LOSS STATEMENT⁸ FOR THE PERIOD July 1st to September 30th 2020**Income**

Unrealized gain on financial assets at fair value through profit	\$409,566
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Total Income	\$409,566
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Expenses**Management fees expense**

Management fees	\$ (105,863)
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Catch-up management fees ⁹	\$ (43,031)
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Organizational expense	Nil
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Operational expenses	\$ (17,008)
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Total operating expenses	\$ (165,902)
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Total comprehensive income before tax for the period¹⁰	\$243,664
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⁸ All figures are rounded to whole numbers

⁹ The catch-up management fees was called by GCFI from new incoming LP's in capital call 4 and 5. See breakdown on page 8.

¹⁰ This does not include presumed tax liability on unrealized gain and will be adjusted in audited financials for FY 2020

GOOD CAPITAL FUND I
BALANCE SHEET¹¹ AS OF September 30th 2020

ASSETS**Non-Current Assets**

Fair value of investment	\$7,478,206 ¹²
<i>(Including Cost of investment - USD \$ 5,057,672)</i>	

Current Assets

Cash and cash equivalents	\$22,851
Capital contribution receivable from LPs	\$173,882
Compensating capital contribution receivable from LP's	\$7,454
Prepaid expenses and Other receivables	\$11,629

Total Assets **\$7,694,022**

LIABILITIES

Subscriptions received in advance	\$103,607
Management fee payable	\$148,894
Deferred tax liability ¹³	\$112,343
Other payables	\$23,712

Total Liabilities **\$388,556**

SHAREHOLDER CAPITAL

Share capital	\$5,816
Capital contribution	\$5,710,572
Retained Earnings (for period ending December 31st 2019)	\$668,381
Retained Earnings (January 1st 2020 to June 30th 2020) ¹⁴	\$677,033
Net comprehensive income (for period from July 1st 2020 to September 30th 2020)	\$243,664

Total Shareholder Capital **\$7,305,466**

Total Liabilities and Shareholder capital **\$7,694,022**

¹¹ All figures are rounded to whole number

¹² The fair value of investment is adjusted for FX rate at the end of 30th September 2020. See page 11.

¹³ The deferred tax liability is carried forward from audited financial statements for FY 2019

¹⁴ The calculation of Retained Earnings (January 1st 2020 to June 30th 2020) was recorded after the finalization of FY 2019 audit. The explanation can be found in annexure A with an amended P&L for the corresponding period.

GOOD CAPITAL FUND I

SCHEDULE OF INVESTMENTS AS OF September 30th 2020

Company Name	Date	Round	Shares	% of Company Held ¹⁵	Cost	Cost per share ¹⁶	Fair value	FMV per share-FX adjusted ¹⁷
Buildwealth Technologies Private Limited	Aug 16, 2019	Series A	21,700	11.82%	\$ 856,790.60	\$ 39.48	\$ 824,873.90	\$ 38.01
Metamorphosys Technologies Private Limited	Jan 6, 2020	Series A	2,985	18.52%	\$ 714,034	\$ 239.21	\$ 677,880.11	\$ 227.10
SZS Tech Private Limited	Aug 28, 2019	Seed	6,040	9.24%	\$ 574,294	\$ 95.08	\$ 2,025,852.73	\$ 335.41
	Dec 8, 2019	Series A	4,611		\$ 1,016,645	\$ 220.48	\$ 1,546,557.44	\$ 335.41
Entri Inc.	Oct 2, 2019	Seed	1,389,797	15.37%	\$ 460,000	\$ 0.33	\$ 896,779.77	\$ 0.65
	Oct 21, 2019	Pre-Series A	502,827		\$ 250,000	\$ 0.50	\$ 324,453.92	\$ 0.65
	Sep 25, 2020	Series A	774,882		\$ 500,000	\$ 0.65	\$ 500,000.00	\$ 0.65
Spatial Systems Inc.	Aug 5, 2019	Series A	18,561	0.08%	\$ 49,999	\$ 2.69	\$ 49,999.00	\$ 2.69
Orchard Healthcare Inc	Sep 7, 2020	Seed-SAFE Note	N/A	-	\$ 400,000	N/A	\$ 400,000.00	N/A
Skillbee Inc.	Sep 16, 2020	Seed	2,000	13.68%	\$ 235,908.83	\$ 117.95	\$ 231,809.76	\$ 115.90
Total					\$5,057,671.64		\$ 7,478,206.62	

¹⁵ % of company held is updated to show the latest diluted holding in the most recent round of financing

¹⁶ The Cost/Share for investments in currency other than USD is determined on the basis of the foreign exchange rate as of the date of the transaction.

¹⁷ Value per share basis the INR/USD exchange rate as of September 30th 2020 from Google Finance, wherever applicable.

ANNEXURE A**PROFIT & LOSS STATEMENT¹⁸ FOR THE PERIOD January 1st to June 30th 2020****Income**

Unrealized gain on financial assets at fair value through profit	\$982,187
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Total Income**Expenses****Management fees expense**

Management fees	\$ (202,200)
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Organizational expense	\$ (62,729)
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Operational expenses	\$(40,226)
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Total operating expenses	\$(305,149)
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Total comprehensive income before tax for the period¹⁹	\$677,033
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¹⁸ All figures are rounded to whole numbers

¹⁹ This does not include presumed tax liability on unrealized gain and will be adjusted in audited financials for this period