BOOTSTRAPPED OR BACKED? DEFINING THE GROWTH PATH

PRESENTED BY :
CASECOMBATS

Strategic Recommendations | Trade-off & Risk Analysis | Scenario Models | Execution Plan

Strategic Path Forward: Hybrid Growth Strategy for RupayPay → Start Bootstrapped & then Scale with VC Funding Post-24 Months

Solution Overview

Solution

- **Phase – I: Disciplined Growth (0 – 24 Months)**
  - Customer Acquisition — Referral-led growth | Channelled Partnerships | Embedded financing
  - Customer Retention — Smarter app experience | Building trust & relationships | Loyalty & value-added services
  - Risk Management & Smart Partnerships — Smart risk-engine | Safety nets | Allies in growth
- **Phase – II: Rocket Fuel (After 24 Months)**
  - Raise VC growth round at stronger valuation
  - Scale nationally, diversify offerings, and accelerate growth through marketing, manpower and strengthen infrastructure

Core Challenges

WEAK CREDIT DISCIPLINE

MISSING LOCAL PARTNERSHIPS

CREDIT GAP OF $240-$360 BIL

LIMITED RURAL REACH

MARKET GAPS

Players in the Segment

Neogrowth, BharatPe, Paytm, LENDINGKART, indifi, FL, CLIX, KreditBee, Razorpay, pine labs, PhonePe

Comprehensive Solution (Following Phase-I)

CUSTOMER ACQUISITON

- **Referral Loans:** SMEs referring SMEs get lower interest rates.
- **Bundled Credits:** Combine multiple loans with existing SME clients.
- **Association Partnerships:** Tie up with SME/Kirana bodies for bulk onboarding, lowering CAC and building trust.
- **Distributor Tie-ups:** Collaborate with FMCG & supply chain distributors; provide embedded credit to retailers.
- **Marketplace Financing:** Partner with ONDC, Flipkart, Meesho to offer credit lines for digital sellers; use sales data for risk scoring; unlock working capital (Meesho = 14M+ sellers).

CUSTOMER RETENTION

- **Smarter App –** Local-language, voice AI, simple UI for Tier II/III users.
- **Business Health & Stories –** Dashboard with credit/sales insights + showcase SME success to build trust.
- **Co-branding & Workshops –** Partner with distributors & trade bodies for trust badges, literacy & demos.
- **Loyalty Programs –** Repayment-linked rewards: higher limits, lower interest (“Grow with RupayPay Score”).
- **Value-Added Tools –** Free/low-cost SaaS (invoicing, GST, payouts).
- **Add-on Services –** Insurance, BNPL for inventory purchases.

RISK MGMT. & SMART PARTNERSHIPS

- **Smart Risk Engine:** 360° SME scoring, fraud-blocking AI, dynamic limits, early warnings
- **Safety Nets:** Co-lending, govt guarantees, insurance cover, fund-use controls, diversified portfolio
- **Distributor Financing:** Order/transaction data for reliable retailer underwriting
- **Marketplace Tie-ups:** ONDC, Flipkart, Meesho seller financing with auto-deductions
- **System Integrations:** POS/ERP (Vyapar, Tally, Pine Labs) embed loans in billing.

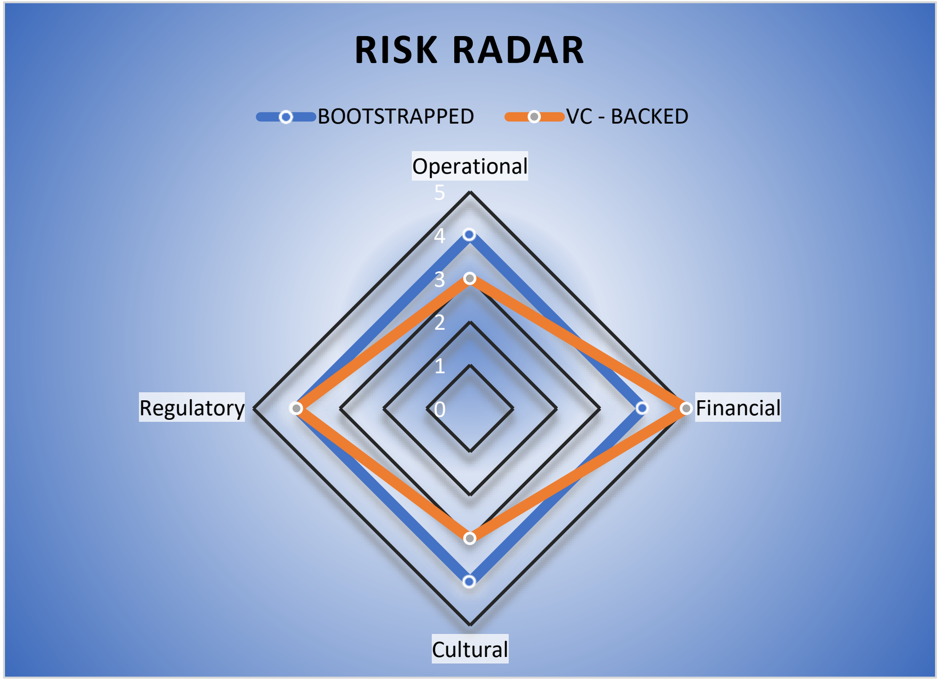
Strategic Recommendations | **Trade-off & Risk Analysis** | Scenario Models | Execution Plan

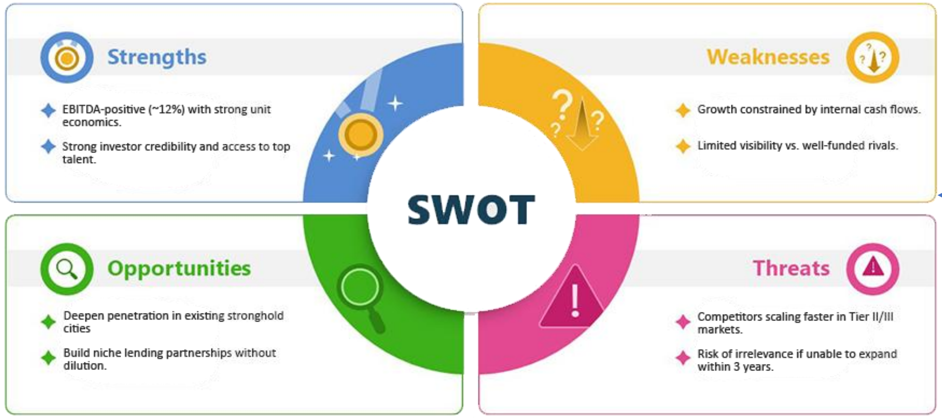
Key Takeaway: Bootstrapping ensures steady scale with manageable risk.

Detailed Comparison

Risk Category	Bootstrapped Path (Self-Funded Growth)	VC-Backed Path (Rocket Fuel Growth)
Operational	• Stable underwriting & customer trust • Growth matched with infra = **lower service breakdown risk** • Hiring slower, but stronger cultural fit	• Aggressive scale-up strains underwriting & servicing • Risk of **service quality decline** • Easier talent attraction due to brand visibility
Financial	• Sustainable, less dilution • Disciplined capital use = **lower NPA volatility** • Lean ops = higher unit economics	• Heavy upfront costs = EBITDA pressure • NPAs may creep to 3.5–5% • Stronger brand recall via marketing blitz
Cultural	• Founder retains control & **mission-driven culture** • Lean teams = tighter ownership & loyalty • Risk: slower decision-making	• Loss of autonomy with VC veto power • Aggressive, growth-first culture • **Energy & pace from fresh hires**, but turnover risk
Regulatory	• **Lower visibility = less RBI scrutiny** • Easier to adjust policies without hyper-growth pressure	• Direct RBI spotlight at scale • Compliance costs rise (guarantees, reporting) • Better access to consultants & infra upgrades

Risk Radar (Scorecard)

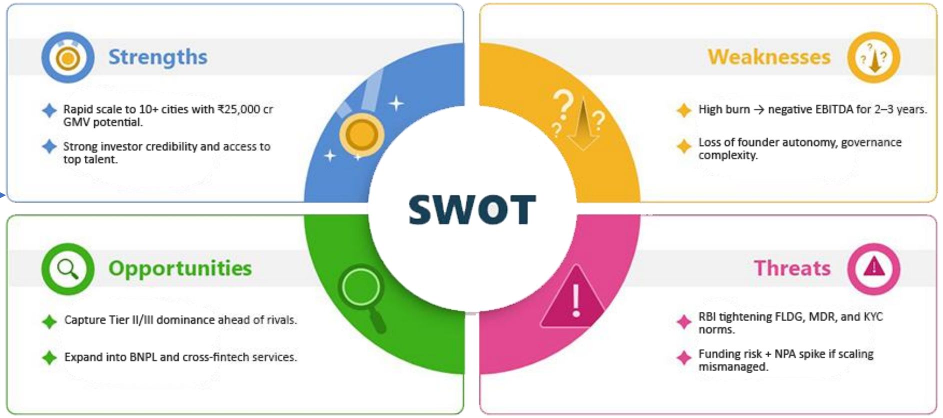




BOOTSTRAPPED

FRAMEWORK ANALYSIS

VC-BACKED



Strategic Recommendations | Trade-off & Risk Analysis | **Scenario Models** | Execution Plan

Key Takeaway: Fast but fragile vs steady and strong—Bootstrapped builds lasting value

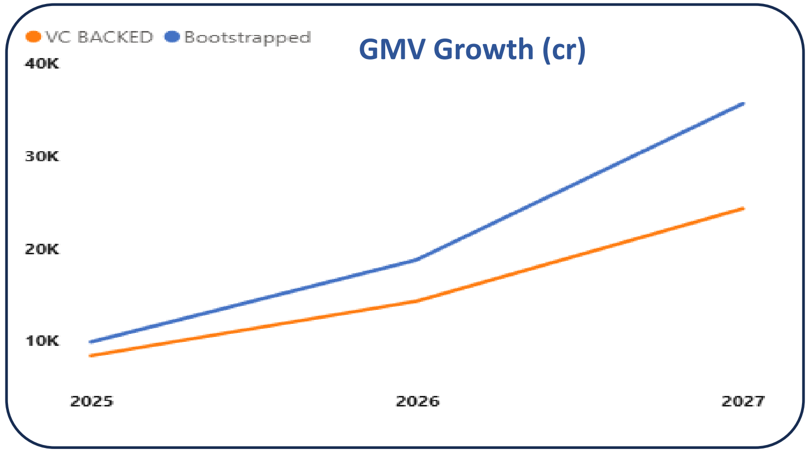
Value Lens

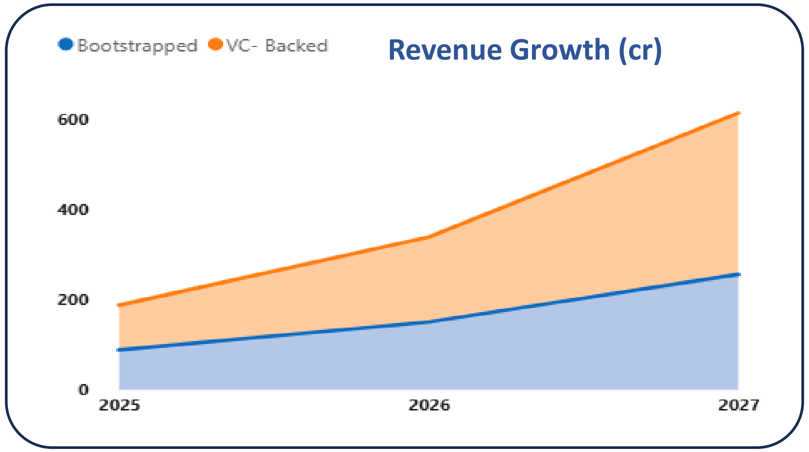
BOOTSRAPPED	VC - BACKED
70% CAGR revenue growth model linked to **GMV** take-rate, **SME** base growth, and loan penetration; profitability and **NPAs** adjusted for scale. Focus on **sustainable growth** , capturing market while **maintaining profit**	We used a Hypergrowth **Burn Model**, projecting **faster revenue** via aggressive SME onboarding and **higher loan** penetration, but at the cost of **negative** EBITDA, cash burn, and **higher NPAs**

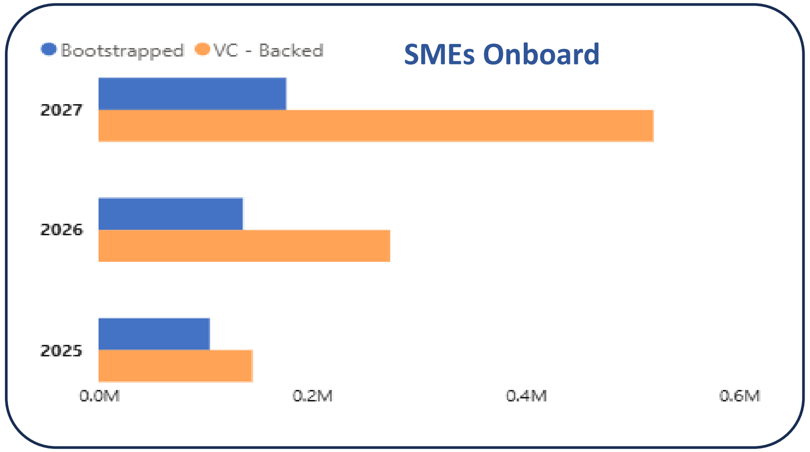
Assumptions

BOOTSTRAPPED	VC - BACKED
➢ **70% CAGR** revenue growth; GMV take-rate ~1.05% stable ➢ SMEs: 80k → 176k; Loan penetration: 20% → 28%, **avg ₹1.5–1.6L.** ➢ Margins compress: EBITDA **11% → 9%;** NPAs rise **2.1% → 2.7%.**	➢ **90% CAGR** → Revenue ₹52cr → ₹357cr; SMEs 80k → 520k. ➢ Loan penetration **20% → 40%;** ticket ₹1.4L → ₹1.8L; faster loan cycles. ➢ **EBITDA –18%, NPAs ~5%,** cash burn **₹80–90cr** annually

	EBITDA	NPA	LOAN BOOK (cr)	SMEs Onboarded (000s)	BURN (cr)
VC - Backed	➢ 2025 = -10% ➢ 2526 = -15% ➢ 2027 = -18%	➢ 2025 = 3.0% ➢ 2026 = 4.0% ➢ 2027 = 4.8%	➢ 2025 = 562.8 ➢ 2026 = 1397.4 ➢ 2027 = 3362.5	➢ 2025 = 80 ➢ 2026 = 300 ➢ 2027 = 520	➢ 2025 = 80 ➢ 2026 = 85 ➢ 2027 = 90
Bootstrapped	➢ 2025 = 11% ➢ 2026 = 10% ➢ 2027 = 9%	➢ 2025 = 2.2% ➢ 2026 = 2.5% ➢ 2027 = 2.7%	➢ 2025 = 343.2 ➢ 2026 = 523.9 ➢ 2027 = 787.4	➢ 2025 = 80 ➢ 2026 = 176 ➢ 2027 = 200	➢ 2025 = 0 ➢ 2026 = 0 ➢ 2027 = 0





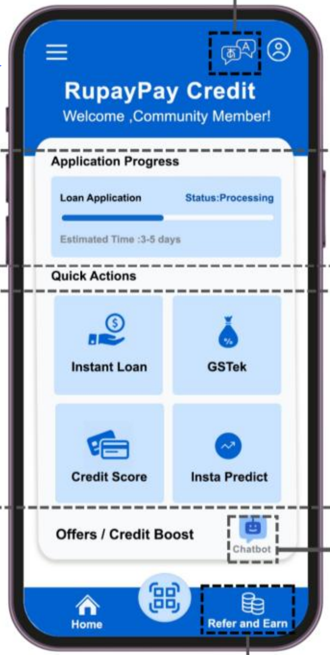


Key Takeaway: Lean tech, SME ties, and capital efficiency form Phase 1's execution foundation for sticky growth.

EXECUTION

Lean Tech Power

Lean tech design makes RupayPay app a one-stop growth companion for SMEs



Local Language Support: Access the app in preferred local languages for easier loan applications and financial management.

Application Tracker: Provides an easy way for SMEs to stay updated on the current status of their loan application

- **Insta Predict**: Upload invoices to instantly see eligible loan amounts and plan finances efficiently.
- **GSTek**: Manage GST filing, invoices, and compliance reminders within the app—simplifying taxation.

AI Chatbot: Get instant, step-by-step guidance on loans, credit scores, and EMIs in local languages.

Refer & Earn: Invite other SMEs and earn benefits like discounted interest rates for successful referrals.

Employer Magnet

Employer Magnet

- **Equity Options**: ESOPS; Stock Options
- **Mission Driven**: Strategic Participation; Leadership Storytelling
- **Work-life Balance**: Remote work; Flexible Hours
- **Culture**: Relaxation Perks; Rewards Merit

Capital Efficient Growth

AGILE GROWTH

AI-CREDIT
- Alternative data underwriting
- Lower default probability
- Automated loan decisions

SME ASSOCIATION
- Bulk onboarding via groups
- Lower acquisition cost
- Builds credibility & trust

DISTRIBUTOR TIES
- Embedded supply chain finance
- Real-time repayment tracking
- Stronger partner stickiness

ONDC SELLERS
- Access to verified digital sellers
- Sales-linked credit assessment
- Low-cost customer acquisition

PLATFORM LENDING
- Integrate with SaaS/marketplaces
- Shared data for underwriting
- Scalable, asset-light growth

LOYALTY REWARDS
- Repay-better limits
- interest rate discounts
- Higher repeat borrowing

Customer Lock-in

CUSTOMER LOCK-IN

REWARDS
- Repayment linked loyalty
- Grow with our score

EMBEDDED TOOLS
- Free Saas tool (GST, Payouts)
- Make us part of SME's daily workflow

COMMUNITY & TRUST
- Workshops & testimonials build credibility
- Long lasting trust outlasts VC marketing blitz

Capital Partnership

1. **CO-LENDING**
   - NBFC/SFB partnerships
   - Shared credit risk
2. **GUARANTEES & INSURANCE**
   - SIDBI/CGTMSE backing
   - Default risk cover
3. **CAPITAL EFFICIENCY**
   - Asset-light growth
   - Preserve internal cash
4. **PORTFOLIO DIVERSIFICATION**
   - Cross-industry spread
   - Lower concentration risk

Risk & Mitigation

Capital Crunch

Risks: We may run out of lending capital.

Mitigation: Expand co-lending pool, securitize loan book, and access SIDBI/CGTMSE lines.

Deep-Pocketed Entrants

Risk: A new player with heavy VC money may enter and undercut us.

Mitigation: Focus on retention moat (loyalty, SaaS tools, trust badges) that money cannot buy.

Regulatory Shifts

Risk: Government or RBI may introduce stricter SME lending rules.

Mitigation: Stay audit-ready with explainable AI, diversify into insured/guaranteed credit products.

Rising NPAs

Risk: Economic slowdown or sector shocks may increase defaults

Mitigation: Deploy Early Warning System, restructure at-risk loans quickly, and use credit guarantees.

Tech Lag

Risk: Competitors may leap ahead in AI and product features

Mitigation: Build lean modular tech, integrate with Account Aggregator/OCEN rails, and partner with SaaS/ERP firms.

Talent Constraints

Risk: Hard to attract top talent as a bootstrapped company.

Mitigation: Offer ESOP-lite incentives, automate ops to reduce dependency, and build an impact-driven brand.

Concentration Risk

Risk: Overexposure to one sector, region, or anchor could create portfolio stress.

Mitigation: Diversify across FMCG, textiles, agri-trade, and Tier II/III clusters.

Trust/Ecosystem Risk

Risk: Low financial literacy or fraud attempts may erode SME trust.

Mitigation: Run on-ground literacy workshops, deploy fraud detection AI, and co-brand with trusted anchors.

APPENDIX

Forecasting Methodology

- **Bootstrapped** → Revenue CAGR & Lending Driver Model (linked revenue growth to SME base, loan penetration, avg ticket size)
- **VC-backed** → Hypergrowth Burn Model (higher SME onboarding, aggressive penetration, higher NPAs, lower EBITDA)

Calculation Logic

- Revenue → GMV: Revenue CAGR applied, mapped to GMV via ~1% take-rate
- GMV → Loan Book: Based on SME base × penetration × avg loan ticket.
- EBITDA: Applied margin compression (Bootstrapped: 11% → 9%; VC-backed: 0% → −18%).
- NPAs: Bootstrapped creep (2.1% → 2.7%); VC-backed higher risk (3% → 5%).
- Cash Burn (VC): Burn = |EBITDA| + Growth investments (Marketing, Hiring, Tech).

Key Inputs

- Revenue CAGR: Bootstrapped 70%, VC-backed 90%
- SME Growth: Bootstrapped 80k → 176k, VC 80k → 520k
- Loan Penetration: Bootstrapped 20% → 28%, VC 25% → 38%
- Avg Ticket: Bootstrapped ₹1.2L → ₹1.5L, VC ₹1.4L → ₹1.7

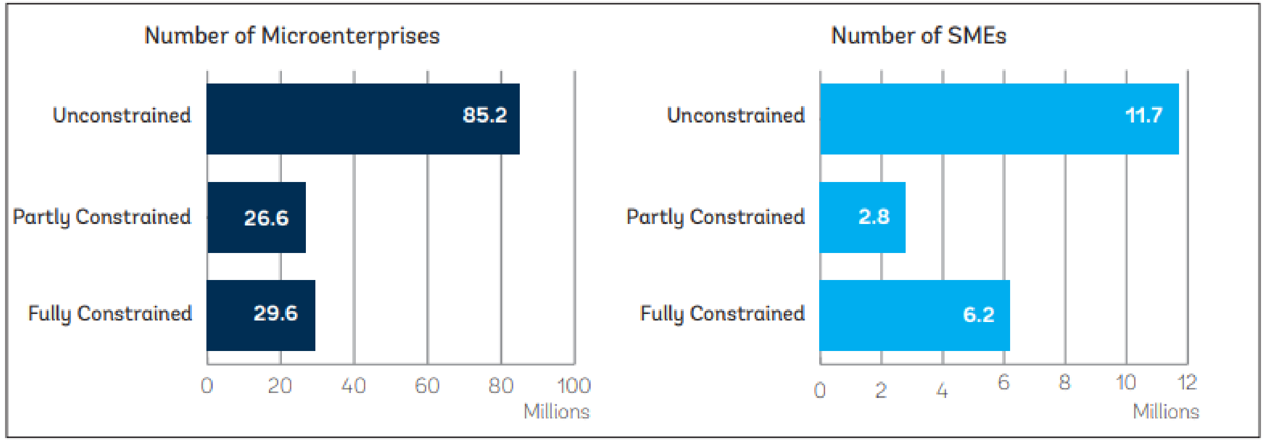
SENSITIVITY ANALYSIS

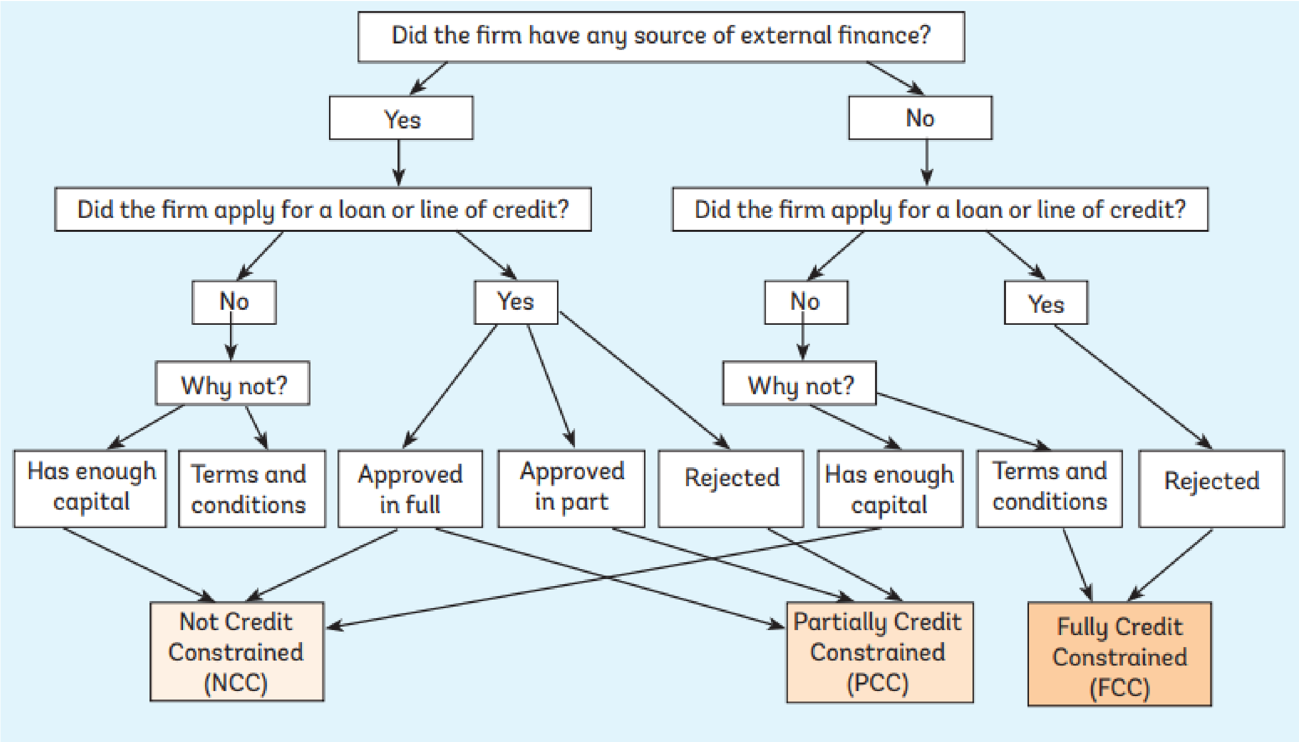
SCENARIO	BOOTSTRAPPED (FY28)	VC - backed (FY 28)
BASE CASE	RS.255 cr Revenue ; 2.7% NPA ; EBITDA + RS.23 cr	RS.357 cr Revenue ; 4.8% NPA ; EBITDA - RS.64 cr
NPA = + 2%	4.7% NPA ; EBITDA = RS. 10 cr	6.8 % NPA ; EBITDA - RS. 90 cr
CAGR = - 20%	RS. 180 cr Revenue ; EBITDA +RS. 15 cr	RS.250 cr Revenue ; EBITDA - 40 cr

Table 1: Mean Debt-to-Sales Ratios

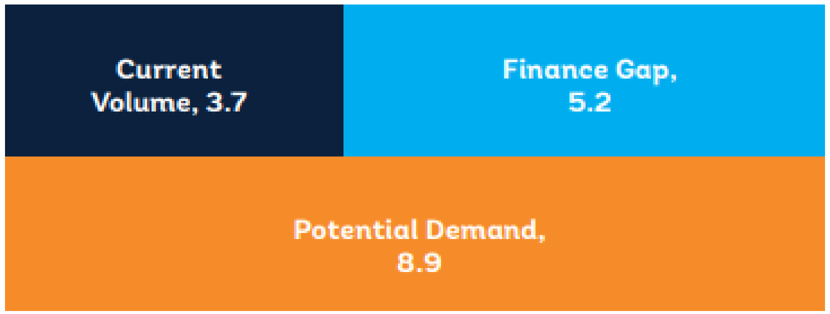
Size of MSME (employees)[a]	0 to 9		10 to 19		20 to 49		50 to 99		100 to 249	
Age of MSME	Young	Mature	Young	Mature	Young	Mature	Young	Mature	Young	Mature
Manufacturing	0.34	0.28	0.32	0.22	0.33	0.21	0.31	0.20	0.34	0.19
Retail	0.25	0.21	0.22	0.17	0.22	0.16	0.25	0.14	0.31	0.14
Services	0.25	0.28	0.24	0.23	0.31	0.24	0.52	0.28	0.52	0.32

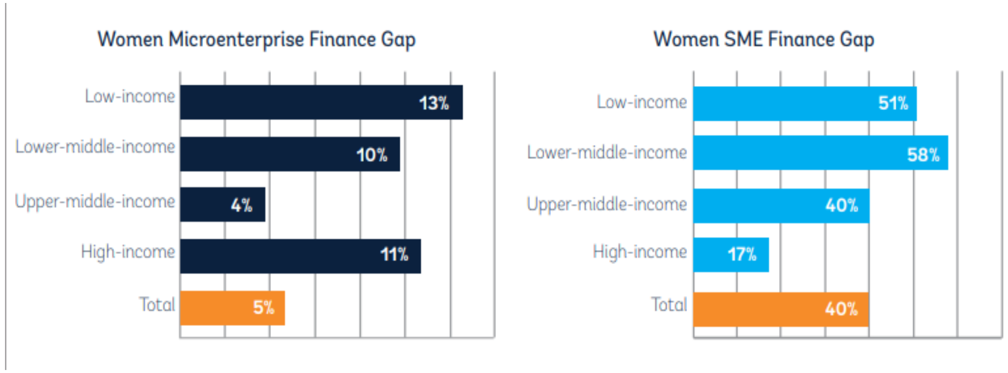
Source: MSME Finance Gap study calculations (based on the Orbis dataset).





MSME Finance Gap, US$ trillions





THANK YOU

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