



Entrepreneurship Cell
IIT Kharagpur

RAJENDRA MISHRA SCHOOL OF ENGINEERING ENTREPRENEURSHIP

CASE FORGE

PRELIMINARY ROUND





RAJENDRA MISHRA SCHOOL OF ENGINEERING ENTREPRENEURSHIP

Entrepreneurship Cell, IIT Kharagpur is the largest student-run nonprofit organization, which works with the aim of fostering innovation and entrepreneurship. With 300+ successful startups incubated from IIT Kharagpur in less than 15 years since our inception, we aim to provide students with all the support they require for starting-up, training, mentorship, incubation, patenting, and funding.



Masters' Union is a business school focused on technology and business management, located in Gurugram, India, founded in 2020 by Mr. Pratham Mittal. It distinguishes itself by offering industry-immersive and hands-on learning experiences, with courses taught by CXOs, MDs, and other industry leaders, rather than solely relying on traditional academics. Masters' Union provides both undergraduate and postgraduate programs, emphasizing practical skills and real-world applications.

GUIDELINES

1. Participants are required to prepare a presentation consisting of solutions to all the questions.
2. Participants are required to answer all the questions in the context of the information provided in the case study.
3. All the assumptions taken while solving case questions must be stated clearly.
4. The teams may use 4 slides (excluding the title slide and appendix) to detail their solutions.
5. The last slide of the presentation must have the team name, participant's name, contact details, and email IDs of all participants.
6. Participants are required to convert the presentation to PDF format before submitting it to Unstop.
7. The PDF file must have the file name in the following format:
TeamName_CollegeName
8. Only one entry per team would be considered. Multiple registrations by a single team will lead to direct disqualification.
9. Participants are required to submit their PDF file before the deadline mentioned on Unstop. Any entry received after that shall not be considered for evaluation.
10. Entrepreneurship Cell, IIT Kharagpur reserves the right to disqualify teams in case they're found not abiding by the general code of conduct as laid down by the organizing team.

For any queries, please contact:

Rakshita Desai | rakshita@ecell-iitkgp.org | +91 9113952469

Anubhav Gupta | anubhav.gupta@ecell-iitkgp.org | +91 6205200870

PROBLEM STATEMENT

Case Study: Bootstrapped or Backed?

RupayPay Technologies: A Fintech Scale-Up Dilemma in the Indian SME Payments & Lending Arena (2025)

Setting the Stage: India's Fintech Crossroads (2025)

India's fintech boom has captured global attention. The country now boasts more than 7,600 startups, with market leaders pushing boundaries in markets as diverse as lending, insurance, and digital payments. According to recent studies, the Indian fintech sector is pegged at \$150–156billion this year and is expected to grow at a remarkable 30% CAGR, pointing towards a jaw-dropping \$990billion opportunity by 2032.

Beneath these headlines, the lending and SME finance segment has emerged as one of the main growth drivers. Digital-native and tech-forward lenders are stepping in where banks have lagged, especially for India's vast, underbanked micro and small businesses. Still, the opportunity comes with its share of growing pains: even as digital SME lending soars, the credit gap remains enormous (estimated between \$240–360billion) as formal banks still serve less than 16% of the addressable market. Fintechs tout faster approval and flexible underwriting, but all that speed brings real risk, especially if credit quality suffers as a result.

The regulatory landscape is shifting, too, with the RBI tightening rules on credit risk guarantees, ramping up monthly data reporting, and putting stricter compliance checks in place. The so-called "zero-MDR" regime for UPI-based payments remains a challenge for unit economics

putting extra pressure on payment-first fintechs to cross-sell, lend, or die competing on razor-thin margins. Meanwhile, competition is white-hot. Heavyweights like BharatPe, Paytm, and Razorpay are in an all-out war for India's Tier II and III merchants, bundling digital payments, credit, and value-added services to lock in loyalty.

The Company: Inside the Rise of RupayPay Technologies

Founded in Kolkata in 2021, RupayPay has quickly found its niche in this contested landscape. The pitch: a digital payment gateway married to instant working capital, targeted at the merchants and wholesalers in Tier II and III cities that mainstream lenders still often overlook.

A few numbers bring the story to life:

- ₹5,000crore in GMV processed this year
- ₹52crore in revenue, growing at 70% CAGR
- An EBITDA margin of 12%, with three straight profitable quarters
- Loan book at ₹320crore; NPAs held at just 2.1%, well below the fintech average
- A loyal customer base of 80,000 SMEs and a lean, 74-person team

The founders have achieved this entirely on the back of scrappiness and bootstrapping, they've never taken external equity capital, funding growth through cash flows and grit. The in-house credit model, which taps GST and transaction data, has become their "secret sauce", not just enabling instant decisions, but actually keeping delinquencies in check.

Here's the tension: growth is now brushing up against hard capital constraints. The company can build, but only as fast as the business self-funds. Every quarter, the market map gets more crowded. Rivals like Paytm and BharatPe are onboarding thousands of merchants each day, sometimes throwing loan offers and discounts just to keep

merchants on their platforms. If the competition's pattern holds, a few "category captains" will seize most of the market, while late-movers scramble for what's left.

The Fork in the Road: Is It Time for Rocket Fuel?

That's when M Partners comes knocking with a Series A term sheet: ₹125crore in exchange for 20% of the company, with a board seat and some very clear milestones. The ask: scale the GMV to ₹25,000crore in under three years, leap into 10 new cities, build up compliance, and get ready for a high-stakes Series B within 18–24months, assuming targets are met.

The offer is, in every sense, rocket fuel. Suddenly, barriers in loan book size, tech hiring, brand building, and regulatory progress could be flattened, if the team is ready to push the pedal.

But it's not without substantial trade-offs:

- Control. The founders give up not just equity (20% post-money), but also vetoes on key business decisions.
- Margin pressure. Hyper-growth means investing heavily upfront (talent, marketing, technology), likely moving the business from EBITDA positive to deep burn for at least the next two–three years.
- Risk. Every area—credit quality, regulatory exposure, even company culture—faces more volatility.
- VC expectations. Miss the high bar, and future fundraising could get tough quickly.

The Market Realities: A Deeper Dive

The numbers, and recent regulatory moves, underscore how high the stakes are. Leading fintechs now add merchants at rates of 5,000–10,000 per day. Digital payment volumes have exploded, with GMV per capita up over 400% since 2019 for Tier II/III cities. But the aggregation dynamic is brutal: most SME loan clients stick with the biggest two or three providers, meaning speed to scale really does make all the difference.

Right now, fintechs running a tightly controlled, risk-optimized loan engine can keep NPAs around 2%–2.5%, but those numbers creep rapidly north of 3.5%–5% for players scaling at breakneck speed. Regulations are also evolving: RBIs requirement for “first-loss default guarantee” absorbers, digital KYC/fraud infrastructure, and full lending transparency are setting the bar ever higher for those aspiring to be regulated NBFCs.

Funding is available, but more demanding than ever. Investors now want “proof of scale” before writing big cheques, and are showing less patience with missed milestones, unproven management teams, or red-flag NPA ratios.

The Road Ahead: Key Differences Between the Paths

The bootstrapped path focuses on steady, capital-efficient growth—maintaining strong margins, tight credit control, and building a regional leadership position. In contrast, taking venture capital would accelerate expansion significantly, enable rapid scaling of the loan book and customer base, but introduce margin pressure, increased credit risk, and heightened operational and governance complexity.

These contrasting realities set the stage for critical strategic choices about growth pace, risk appetite, ownership, and long-term positioning in a fiercely competitive fintech market.

Your Mandate

The board wants answers, not platitudes or “pro-con” lists. You and your team are tasked to prepare a crisp, four-slide deck that brings together—

1. **Strategic Recommendation:** Given the market, competition, regulatory change, and company’s core moat—what path delivers the best long-term value?
2. **Trade-off and Risk Analysis:** Lay out the real operational, financial, cultural, and regulatory risks of both paths—not just for year one, but for the entire three-year outlook.
3. **Scenario Models:** Show robust, side-by-side financials (revenue, EBITDA, NPA, customer count, loan book, burn) based on the numbers provided, updating with your own assumptions and research as needed.
4. **Execution Plan:** If you pick speed (VC money), what are the three must-win battles—credit controls, regulatory readiness, AI/analytics leverage, hiring? If you stick with bootstrapping, how do you defend your turf or outmaneuver heavyweight rivals with bigger war chests? Include actionable risk mitigants and contingency plans.

Participants are encouraged to benchmark decisions against the real moves of Paytm, BharatPe, Lendingkart and Fibe. Extra credit for integrating new levers, such as AI-driven automation, smart partnerships, or product strategies that position the company for both hypergrowth and sustainable economics.