# Founders Checklist - Kredily

## Industry and Market Size

Industry: HRMS (Human Resource Management System) & Payroll Automation SaaS for SMEs in India.  
Market Size:  
- Indian HR Tech Market (SME focus): ~USD 1.3B (2024) with ~20% CAGR.  
- Payroll Processing Industry: ~70M SMEs in India; ~90% still manage payroll via Excel.  
- Target Reach: SMEs with 5–1000 employees; initially focusing on 20–200 employees segment.

## Revenue Streams

### 1. Subscription Fees – 80%

Description: Monthly/Annual SaaS subscription for Pro & Enterprise plans.  
How it Works: Customers upgrade from free payroll to paid plans for advanced features like compliance automation, integrations, AI-powered insights.  
Target Audience: SME owners, HR managers.  
Pricing Strategy:  
- Free Plan: Payroll & HR core features — ₹0 PEPM.  
- Pro Plan: ₹60 PEPM.  
- Enterprise Plan: ₹150 PEPM.  
Rationale: Freemium for mass adoption, upsell to higher-value features.

### 2. Commission from Insurance & Financial Products – 20%

Description: Embedded financial products (insurance, loans, advances) offered via payroll data insights.  
Target Audience: SMEs and their employees.  
Pricing: Revenue-share model with insurance/fintech partners.

## Unit Economics

CAC: ₹5,000.  
LTV: ₹35,000.  
LTV:CAC Ratio: 7:1.  
Recurring Revenue: ~85%.  
One-Time Revenue: ~15%.

## Payment Flow and Terms

Collection Method: Online gateway, direct bank transfer, invoicing.  
Frequency: Monthly & Annual.  
Refund Policy: 30-day satisfaction guarantee for annual subscribers.

## Scalability

Freemium Distribution via CAs → large-scale low-cost acquisition.  
AI-driven automation reduces marginal cost per customer as base grows.  
Bank Network Partnerships → integration with banking ecosystem for payroll-linked fintech products and credit distribution.

## Additional Revenue Opportunities

- SME credit products.  
- Embedded payroll-linked lending.  
- Upsell of AI productivity modules.

## Competitor Analysis

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| --- | --- | --- | --- |
| Category | Zoho People | greytHR ($47M funding) | Keka ($57M funding) |
| HQ | Chennai, IN | Bengaluru, IN | Hyderabad, IN |
| Founding Year | 1996 | 1994 | 2015 |
| Funding | Bootstrapped | $47M | $57M+ |
| Revenue Model | Subscription | Subscription | Subscription |
| Revenue Streams | SaaS | SaaS | SaaS |
| Target Market | SMEs, large | SMEs | SMEs, mid |
| Gross Margin | ~85% | ~80% | ~80% |
| ARR Growth | 20%+ | 15%+ | 40%+ |

## Founder Profile

Name: Devendra Khandegar.  
Education: B.Tech – IIT Kanpur, MBA – IIM Lucknow.  
Work Experience: Venture Capital, Banking, SaaS entrepreneurship.  
Past Ventures: None.  
ESOP Pool: 13%.  
Investments Done: None.  
Litigations: None.

## Financials (July 2025)

MRR: ₹41 Lakh.  
ARR: ₹4.92 Cr.  
Gross Margin: ~80%.  
CM1: 79.99%.  
CM2: 79.25%.  
CM3: 70.20%.  
Burn: Profitable (positive cash flow).  
Runway: Self-sustaining.

## Technology

Stack: Python 3.6, Django 2.2, Celery 4.3, PostgreSQL 12, Redis, GCP (Cloud SQL, GKE),   
Partners: Google Cloud, Insurance/Fintech partners, Banking partners.  
IP Ownership: Kredily.

## Fundraising

Total Funding Till Date: ₹17 Cr — Pre-Series A.  
Valuation Rationale: Proven freemium model, first mover in Agentic AI for Payroll OS, only HRMS with deep integrated fintech model, insurance license applied.  
Round Structure: Extension of Pre-Series A.  
Valuation: ₹60 Cr floor, ₹90 Cr cap.  
Discounts: 10% for 0–3 months, 15% for 3–6 months, 20% for 6–9 months.

## Business Note

Key Problem Solved:  
90% of SMEs still use Excel for payroll due to complexity & high cost of existing solutions. Kredily offers AI-powered, easy-to-use, free payroll to democratize payroll in India.  
  
Business Model:  
Freemium → Paid upgrades (Pro, Enterprise) → Embedded financial products.  
  
Pipeline:  
Strong SME inflow through CA partnerships, bank network integrations, and targeted marketing to mid-market companies.  
  
Projected Growth:  
Target ₹1 Cr/month revenue by Mar 2026; 2X YoY revenue growth.  
  
Why Now:  
Built a strong Payroll OS and established strong revenue base. Now is the time to transform into an **Agentic AI-powered Payroll OS** for India, leveraging our position to lead the next phase of automation and embedded fintech integration.

Market Trends:  
Embedded fintech, AI adoption, government compliance push.  
  
Competitive Edge:  
Freemium mass adoption, CA-led distribution, AI-driven automation, bank partnerships, embedded fintech monetization.  
Financials:  
ARR ₹5.5 Cr; Gross Margin ~80%; Profitable.  
  
Funding Ask:  
₹2 Cr.  
  
Structure:  
Convertible; Valuation ₹60 Cr floor, ₹90 Cr cap.  
Discounts — 10% for 0–3 months, 15% for 3–6 months, 20% for 6–9 months.  
  
Series A Plan:  
Raise in 3–6 months; soft commitments of $1M.  
  
Risks & Mitigation:  
- Risk: Low conversion rate from free to paid. Mitigation: Expand AI premium features.  
- Risk: Competitive pricing war. Mitigation: Maintain freemium moat + fintech monetization.