SLICE

Rajan Bajaj - Founder & CEO at slice

Deepak Malhotra - ex-Co-Founder at slice

Year of Foundation - 2016

Website - sliceit.com

About:

- Credit startup-hassle free payment cards-converted to EMI
- Slice super cards - Provide zero-fee cards to make transactions in online and offline
- 2% cashback on every transaction using Slice Credit card
- Credit limit - 2000 to 10 Lakhs
- **No interest** if Amount repaid within 3 EMIs
- The spendings in the card are also reflected in the app, like patterns, repayment reminders, etc.

Startup Story and Target:

- The main reason for this startup is, credit cards were one such thing that resulted in numerous hassles and plagued the whole generation, especially those who hail from middle-class families in Tier 2 and Tier 3 cities.
- Target Market: Students and early-age business associates who are ineligible for the usual credit card.
- Average age of Slice customers - 22 yrs.

Mission:

- The company is looking to change this by helping the students get credit options to buy their books or other relevant products like laptops and mobile phones, which they can then repay in monthly installments.
- That is the reason for the name of the company - Slice - Slicing the payments

Business Model:

- Subvention income from Merchants like Amazon, Flipkart for No-cost EMIs.
- Interchange income from Cards: When customers make purchases using Slice-issued credit cards, the merchant pays a fee known as interchange to the card issuer. That is a % of the transaction value.
- Interest income from EMIs.
- Additional incomes like charges for late payment fees, foreign transaction fees, service charges, etc.
- Targeted approach - Niche market segment like young people, millennials
- Transparent pricing which builds trust.
- Provides the daily data on payments, spending patterns, recommendations to convert dues to EMIs.

Change in Business model after RBI announcement on July 20,2022

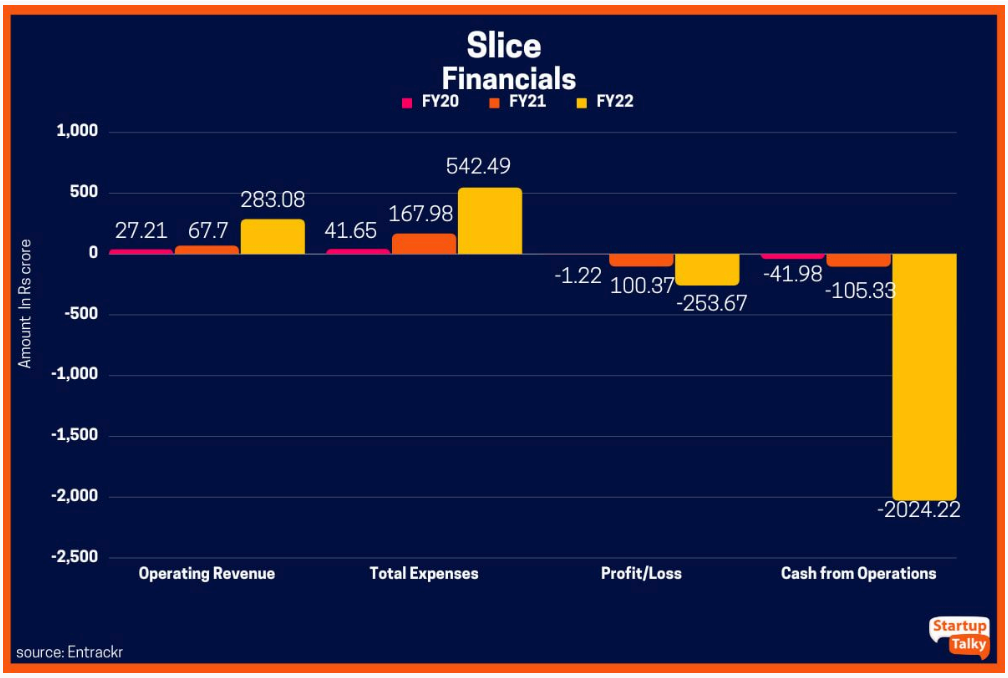
- Companies like Slice, which provide prepaid cards, can no longer offer credit cards to their customers.
- So, they offer "classic term loans", like borrowing money from a slice for a term.
- "**Purchase power**"- Unlike traditional credit limits, Slice evaluates the creditworthiness of customers on a transaction-by-transaction basis. This means that Slice analyzes factors such as the customer's payment history and financial situation before deciding whether to approve the loan for each transaction

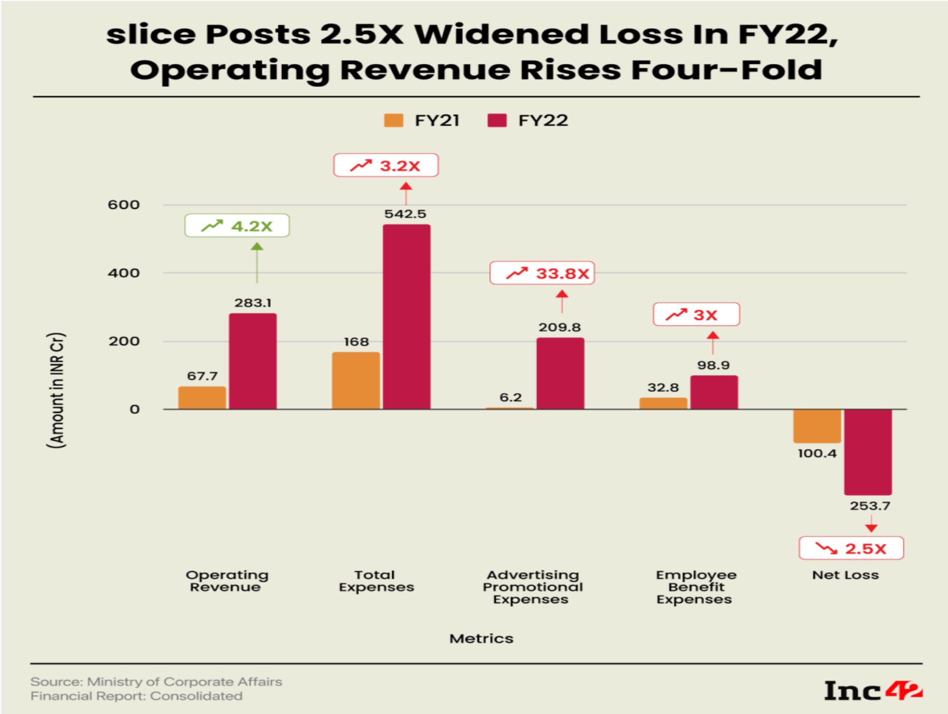
DATE	TRANSACTION NAME	MONEY RAISED	LEAD INVESTORS
November 14, 2023	Debt Financing	$9 million	Stride Ventures
June 1, 2022	Series C	$50 million	Tiger Global, Moore Strategic Ventures, Insight Partners
November 29, 2021	Series B	$220 million	Insight Partners and Tiger Global
July 29, 2021	Debt Financing	$10.04 million	-
June 28, 2021	Venture Round	$20 million	-
May 24, 2021	Debt Financing	$22.63 million	-
November 11, 2020	Debt Financing	$5.19 million	-
June 25, 2020	Series B	$6.12 million	Gunosy Capital
October 20, 2019	Debt Financing	$1.4 million	-
September 19, 2019	Debt Financing	$2.72 million	Gunosy Capital and Pegasus Wings Group
September 3, 2018	Series A	$14.9 million	FINUP
February 15, 2016	Seed Round	$0.5 million	Blume Ventures

- Among the shareholders of Slice, Tiger Global and Moore Strategic own 7.82% and 3.05% stakes in the company, respectively, while Insight Partners commands a 6.58% stake.

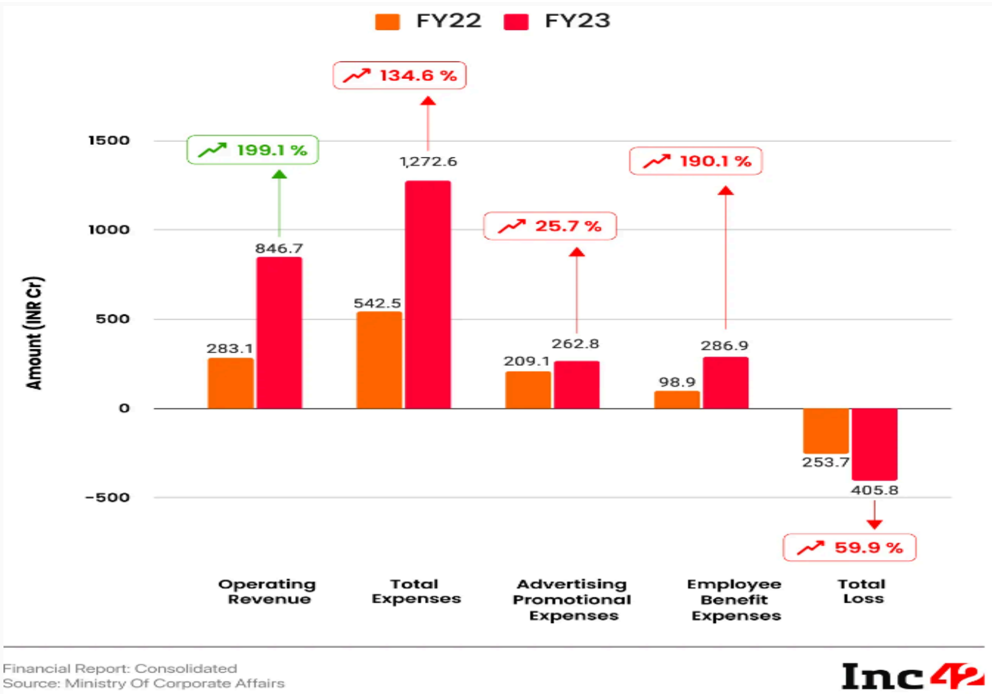
Growth and Revenue:

- Slice has already crossed the one million mark of transactions through its app within 5 months after the company launched its first physical card in May 2019. 60% of the transactions were done offline, and the rest, 40%, were done online back then.
- Slice started its game as a **buy now, pay later (BNPL)** company in 2016, which soon pivoted with its card product in 2019, and now the company has again pivoted with its UPI product.
- Series B funding round that Slice witnessed, which helped the company mop up $220 million and reach a **unicorn valuation on November 29, 2021**. The company is counted among the Indian startup unicorns. Slice was the **31st Indian startup to achieve such a status in 2021**. The company's valuation was $1.8 billion as of March 2023.
- Slice operating **revenue** has increased from **Rs 67.7 crore in FY21 to Rs 283.08 crore in FY22.** In terms of company profit and loss, company **losses increased from Rs 100.37 crore to Rs 253.67 crore in FY22.**





- The operating revenue of the fintech startup, primarily founded as a lending platform catering to students and young adults, jumped 4.2X to INR 283.1 Cr from INR 67.7 Cr in FY21.
- Consolidated net loss widened 2.5X to INR 253.7 Cr in the financial year 2021-22 (FY22) from INR 100.4 Cr in the prior fiscal year, hurt by a significant surge in advertising expenses.



Source : ISN

- Fintech unicorn Slice has achieved a significant milestone in FY23, with its revenues soaring to **Rs 846.7 crore, a 200% increase from the previous fiscal year.**
- The growth comes on the back of a substantial rise in **both interest income from loans, which reached Rs 471.81 crore, and fees and commissions, amounting to Rs 374.93 crore.**
- Despite the impressive revenue growth, Slice's financial year was not without challenges. The startup's **losses widened by 60% to Rs 405.78 crore in FY23, up from Rs 253.67 crore in FY22.**
- The increase in losses is paralleled by a surge in expenses, which **more than doubled from Rs 542.49 crore in FY22 to Rs 1,272.56 crore in FY23, driven by a near-tripling of employee benefit costs and a 159% hike in finance costs.**

- **EXPENSE TO REVENUE RATIO:**
    - Expense to Revenue Ratio = (Total Expenses / Total Revenue) * 100

    - Let's calculate the expense to revenue ratio for FY21 and FY23:

    - For FY21:
    - Expense to Revenue Ratio = (167.98 / 67.7) * 100 ≈ 248.46%

    - For FY23:
    - Expense to Revenue Ratio = (1272.6 / 846.7) * 100 ≈ 150.21%

    - In FY21, the expense to revenue ratio is approximately 248.46%. This indicates that the total expenses were significantly higher than the total revenue for that fiscal year, suggesting potential financial challenges or inefficiencies in cost management.
    - In FY23, the expense to revenue ratio is approximately 150.21%. While still high, it is lower than in FY21, indicating an improvement in cost management or a better alignment between expenses and revenue. However, it's worth noting that the ratio is still elevated,

suggesting that expenses continue to consume a significant portion of the company's revenue

- The company had an increase in its EBITDA margin in FY22, going from -131.31% in FY21 to -62.14%. Additionally, the expense as a share of operational revenue was reduced from Rs 2.48 to Rs 1.92 in FY22, demonstrating greater cost management. However, the **Return on Capital Employed (ROCE)** remained negative but improved from -142.73% in FY21 to -16.52% in FY22, indicating increased capital efficiency.

SLICE FY21-FY22	FY21	FY22
EBITDA Margin	-131.31%	-62.14%
Expense/Rs of Op Revenue	Rs 2.48	Rs 1.92
ROCE	-142.73%	-16.52%

Note:EBITDA, or earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. By including depreciation and amortization as well as taxes and debt payment costs, EBITDA attempts to represent the cash profit generated by the company's operations.

- Slice's EBITDA margin in FY23 was -25%. The fintech company's losses grew 59.8% to Rs 406 crore in FY23, up from Rs 254 crore in FY22, while its ROCE stood at -22%.

slice FY22-FY23

	FY22	FY23
EBITDA Margin	-61%	-25%
ROCE	-16%	-22%
Expense/Rupee of ops revenue	₹1.92	₹1.50

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Other Info’s:

- Auto reload of money into the wallet.
- Seamless transaction because of autoload.
- Slice Card UPI