

Credin—Lending the Last Mile

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“We need to decide—do we stay lean and agile as an LSP or push to become a fully regulated NBFC?” That question did not just sit in the room; it echoed through every decision thereafter. We knew survival hinged on two things—cutting burn and keeping our partners close. So, we renegotiated, trimmed the fat, and leaned into what we could control. “From 94 to 40 people—those were not easy decisions. But every step was about becoming leaner, sharper, and more resilient.” We were not just slashing costs, we were learning. Bringing our AWS spend from ₹2 lakhs to ₹50K was not luck, it was a mindset shift.”

Birju Nayak, Co-founder, Credin

It was a scorching afternoon in Ahmedabad when the core team of Upkram Technologies gathered in their compact yet energized workspace anchored by a whiteboard brimming with ideas, two laptops driving bold innovation, and cups of tea fuelling relentless ambition. Birju, the founder, glanced at the revenue chart. The numbers were not flattering.

“From ₹2.4 crore to ₹1.6 crore in just a year,” he murmured. “We are holding the ship, but for how long?”

Rupesh, the co-founder, leaned forward. “Honestly, we have cut costs, survived the regulations, optimized tech... and we are still afloat. That is more than most FinTech can say right now.”

“But survival’s not the endgame,” Birju replied. “We need to decide—do we stay lean and agile as an LSP or push to become a fully regulated NBFC?”

“With ₹250 crore in supply lined up, we can leverage our 5% margin and scale 20x capital efficiency. No NBFC can give us that,” Rupesh countered.

“And yet,” Birju said, “as an NBFC, we would have control. We would not depend on partner lenders. But the compliance costs... the 15% borrowing rates... it’s a steep price.”

“So, either we remain the nimble disruptor, or we grow into a heavyweight with regulatory muscle. Both paths have their price. And neither comes with a safety net.” The room fell silent, the hum of the ceiling fan the only sound.

Finally, he asked, “What kind of company are we becoming? Should we think of being an NBFC or try for a banking license? Or continue as we are investing in technology, cutting costs, and staying committed to empowering rural dairy farmers?”

Background

Upkram Technologies Ltd., founded in February 2019 in Ahmedabad by Birju Naik and Rupesh Bishnoi, emerged at the intersection of fintech expertise and grassroots social insight. Birju, with 12 years of experience in digital lending at Citibank, brought a deep understanding of scalable financial technologies built for urban markets. Rupesh, with nine years of field experience in dairy cooperatives and rural entrepreneurship in Rajasthan, understood firsthand how smallholder farmers were excluded from formal finance due to irregular income, minimal documentation, and remote geography.

They started Upkram Technologies in 2018 with a clear mission: to make credit more accessible in rural markets. It took 12 months and multiple failures to build. In June 2020, they raised seed capital of INR 1 crore and went live pan-India, disbursing INR 2.5 crore under Credin Siksha during the lockdown. Although the project did not achieve sustained scalability after COVID, it became a critical learning experience. It revealed gaps in rural digital readiness and highlighted the need for financial solutions tailored to underserved populations.

This realization prompted a strategic pivot. Upkram Technologies rebranded as **Credin**, refocusing its mission on rural credit access—particularly for dairy farmers with steady but informal income streams. By integrating AI-powered credit scoring, simplified documentation

workflows, and a decentralized smart-branch model, Credin built credit products aligned with the rhythms of rural life.

However, the company continued to face challenges related to scaling operations, managing repayment in cash-heavy environments, and reducing dependence on external NBFC partners. The LSP vs NBFC dilemma continued to haunt every strategic decision, shaping the company's long-term path.

Discovery That Shaped the Future

Although Credin began with a broad rural lending vision, its early interactions across tier-4 and tier-5 towns revealed a pattern the founders had not anticipated. As loan applications poured in, nearly 80% of borrowers turned out to be dairy farmers seeking timely credit, showing consistent cash flows from milk sales, yet unable to provide formal income documents.

This was not part of the original strategy; it was a customer-driven discovery emerging from the ground. The team realized that dairy farmers despite being one of the most stable rural income groups in India remained largely underserved by institutional credit. Microfinance loans were too small, KCC loans were slow or inaccessible, and traditional banks demanded documentation that dairy farmers could not provide.

This insight naturally guided Credin toward a sharper and more impactful lending direction.

Sharper Focus on Dairy Lending

India's livestock economy is massive, dynamic, and resilient. In 2019–20, livestock generated ₹5,777 billion in products and by-products, contributing 4.5% to national GVA and 29.4% to agricultural GVA. The sector saw a remarkable 7.6% annual growth between 2010–11 and 2019–20—double the agricultural growth rate.

The bovine financing market in FY 24–25 is estimated at ₹3.4 lakh crore (~\$40 billion) and expected to grow to ₹5.08 lakh crore (~\$60 billion) over the next decade, a conservative 50% expansion.

Historically, informal lenders filled the credit gap for dairy farmers. Landlords, traders, and moneylenders offered loans based on trust, with flexible repayment but extremely high interest rates. Over time, government programs and financial inclusion initiatives have reduced reliance on these systems. Yet dairy farmers still struggle to access institutional credit due to lack of collateral, inadequate documentation, and high transaction costs.

Recognizing this gap, Credin built a lean, technology-powered lending model specifically for dairy farmers leveraging cash-flow underwriting, digital integrations, and automated workflows.

But even with this model, the LSP vs NBFC dilemma persisted:

If Credin remained LSP, it would keep flexibility and low overhead, but risk dependency on partner NBFCs. If it became an NBFC, it would gain control, but the cost of capital and compliance would rise sharply.

Becoming an NBFC would require Credin to meet a minimum net owned fund of ₹10 crore, undergo a licensing process that could take 1–1.5 years, and incur significantly higher ongoing regulatory and compliance costs. While the cost of funds could potentially decline from approximately 16% to 12% as an NBFC, access to bank funding would remain constrained in the absence of a credible credit rating, which typically takes up to two years to obtain. During this period, leverage would be limited, and capital would remain largely locked in. In contrast, continuing as an LSP allowed Credin to scale with lower fixed costs and faster execution, albeit with continued reliance on partner NBFCs for balance-sheet funding.

Rather than opening branches or hiring large teams, Credin created a plug-and-play digital infrastructure that integrates seamlessly with schools, NBFCs, cooperatives, and retail partners. Each step from identity verification, eligibility assessment, loan disbursement, to repayment is

automated. By the end of 2023–24, Credin had invested ₹55.38 lakhs in technology to strengthen this platform.

As the founder put it: “We didn’t choose dairy farmers, they chose us.”

When 80% of early applicants were dairy farmers with consistent bank flows but no formal income proof, Credin realized that it had uncovered more than a segment. It had discovered an underserved rural ecosystem ready for structured credit.

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Footnote: Kisan Credit Card (KCC) for dairy farmers provides short-term working capital loans for feed, veterinary care, and other expenses. It offers collateral-free credit up to ₹1.6 lakh (₹3 lakh for milk union tie-ups) at concessional interest rates, with an effective rate as low as 4% for prompt repayment. Applications can be made online or at bank branches.

NABARD’s Dairy Entrepreneurship Development Scheme (DEDS) supports small-scale dairy farming by offering a back-ended capital subsidy of 25% (33.33% for SC/ST beneficiaries) for units with 2 to 10 animals. For a 10-animal unit, the investment is ₹5 lakh, with a maximum subsidy of ₹1.25 lakh (₹1.67 lakh for SC/ST). The scheme aims to enhance dairy infrastructure and promote self-employment in rural areas.

Credin’s Dairy Lending Model

Credin now offers a full suite of financial solutions tailored to dairy farmers at every stage of scale and maturity:

1. Emerging Dairy Farmers

- Collateral-free unsecured loans up to ₹3 lakhs
- 24-hour disbursal
- Based on dairy cash-flow underwriting
- Supports purchase of up to four cattle

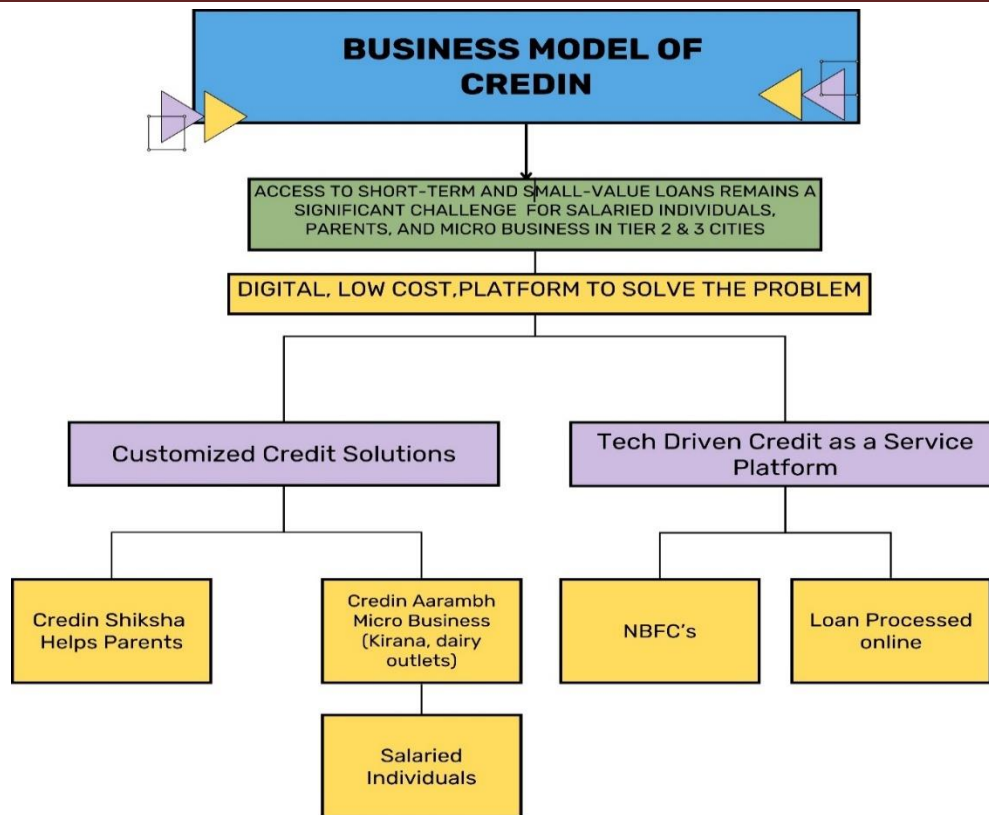
2. Growing & Established Farmers

- Secured loans up to ₹15 lakhs
- Designed for cattle purchase, shed construction, and dairy allied expansion

3. High-Ticket Needs

- Property-backed digital secured loans
- 70% reduction in turnaround time through automated workflows

This evolution, from broad rural lending to a specialized dairy finance model did not change Credin's mission; it sharpened it. Dairy lending became the most reliable, scalable path to achieving the founders' vision of empowering rural borrowers across India. Credin's revenue model was built on a 5% interest margin as per RBI guidelines, supplemented by processing and collection fees and value-added services such as livestock insurance and digital wallets. This sharper focus made Credin's offerings more relevant and "stickier" among rural customers, while also creating opportunities for cross-selling and deeper engagement. Yet, even with a clearer market niche and emerging product-market fit, the company continued to grapple with the complexities of managing credit risk and controlling operational expenses, challenges that remain central to its long-term sustainability



(Company Sources)

RBI: A Regulatory Turning Point

“We were part of RBI’s fintech lending framework even before it was regulated. When the guidelines came in, we did not just adapt, we helped shape the transition.”

“Earlier, NBFCs demanded margins as high as 50% or even 100%. RBI stepped in to protect the ecosystem and that changed everything.”

The Reserve Bank of India played a pivotal role in reshaping the fintech-NBFC partnership model by introducing a regulatory framework that directly affected how credit risk and margins could be shared. Prior to regulation, NBFCs often demanded very high margins—sometimes up to 100% from fintech partners, creating an opaque, high-risk arrangement. Credin, which had

been disbursing ₹4–5 crore monthly between FY20 and FY23, faced a major disruption when RBI intervened in mid-2020, instructing all such arrangements to pause.

The regulator questioned why NBFCs were transferring credit risk to unregulated entities and emphasized that licensed institutions must remain accountable. This resulted in nearly two years of uncertainty for Credin, during which lending supply dried up. However, once RBI formalized its guidelines in late 2024, Credin became part of the official fintech repository. Under the new framework, margins were capped at 5%, and credit risk was clearly reassigned to banks and NBFCs. This regulatory clarity not only restored operational momentum for Credin but also enhanced its credibility, unlocking ₹250 crore in lending supply and drawing renewed interest from institutional partners.

Building the Digital Foundation

To support this renewed direction, Credin became one of the first companies in India to offer Lending Against Property (LAP) through a fully digital platform. Over the next few years, it disbursed ₹155 crore worth of loans and launched its first “smart branch” to support operational scaling in rural areas. Still, despite digital infrastructure, rural onboarding and loan recovery proved far more complex than in urban markets. Many borrowers lacked formal documentation and were unfamiliar with digital processes, making customer acquisition and collections difficult.

Believing technology to be the long-term enabler, Credin invested heavily in its digital infrastructure. Between FY 2019–20 and FY 2022–23, its investment in intangible assets grew from ₹8 lakh to over ₹55 lakh (Exhibit 1). The company developed proprietary systems for loan origination, AI-driven credit scoring, risk assessment, and automation—laying the groundwork for scalable, data-driven rural lending.

Expansion at a Cost

By 2021, Credin had entered a phase of rapid growth. Its Assets Under Management (AUM) rose to ₹27 crore, and it disbursed nearly ₹6 crore in loans each month. However, this expansion brought new challenges. Loan repayments began to slow, and without a First Loss Default Guarantee (FLDG)—a common safeguard in the fintech sector—Credin had to absorb the full impact of defaults. At the same time, operating costs rose sharply, particularly in onboarding, verification, and collections.

Although income from technical fees grew to ₹228 lakh by FY 2022–23, operational expenses reached ₹375 lakh, pushing the company deeper into losses (Exhibit 2, Expense–NPA). Despite an equity infusion of ₹1.5 crore from GAIL India and a strategic partnership with Northern Arc in 2022, profitability remained elusive. Credin was now experiencing the consequences of scaling too quickly in a high-risk environment without adequate financial buffers.

Current Focus: Default Pressures and Rising Collection Costs

Between FY 2021–22 and FY 2023–24, Credin’s non-performing assets (NPAs) fluctuated significantly—rising from ₹5.91 lakh to ₹40.68 lakh, briefly declining, then increasing to ₹47.77 lakh in FY 2023–24 (Exhibit 2).

The temporary dip in FY 2022–23 (to ₹3.21 lakh) suggested that stronger underwriting or improved recovery efforts were effective for a period. However, the subsequent rise pointed to renewed repayment stress, rooted in structural challenges within Credin’s core borrower base rather than isolated execution lapses.

In Credin’s case, this renewed repayment stress reflected a mismatch between rural realities and urban-style loan structures. While dairy farming is often seen as a steady income source, farmers’ cash flows fluctuate due to animal health issues, changes in fodder costs, and seasonal factors. However, EMIs were fixed and often began before incomes had stabilized. Repayments were further affected by a cash-based rural economy and reliance on manual collections, and in

some cases loan funds were diverted to urgent household needs. Limited formal credit histories reduced the effectiveness of AI-based credit scoring, while rapid expansion without a financial loss guarantee (FLDG) buffer magnified early defaults. Since banks and NBFC partners classified loans as NPAs after 90 days of missed payments, even short-term disruptions were sufficient to push many farmer loans into NPA status.

Simultaneously, collection charges surged from ₹13 lakh in FY 2019–20 to ₹267 lakh in FY 2023–24 (Exhibit 3). In a largely cash-driven rural economy, collections often require manual follow-ups and physical verification, increasing costs and limiting scalability. Employee expenses also ballooned to ₹302 lakh in FY 2023–24; while marketing costs declined, other overheads like legal, compliance, and technology continued to rise. Despite efficiencies brought by AI and automation, the overall cost structure remains heavy.

Strategic Crossroads: Scaling vs. Strengthening

“In FY20–23, we were disbursing ₹4 to ₹5 crore monthly. Then came the pause. It was tough, but we held steady. The one-and-a-half-year regulatory freeze tested our resilience. But once the framework was formalized, we were ready to scale,” Birju explained.

These mounting financial and operational pressures place Credin at a strategic crossroads. The company must now choose between aggressively scaling its lending volume to reach more rural borrowers or focusing on improving portfolio quality by tightening risk controls and reducing defaults.

Scaling quickly could boost revenue and market presence but may amplify credit risk—especially in markets where formal documentation is scarce. Conversely, prioritizing portfolio health may strengthen long-term stability but could restrict growth in regions that Credin set out to serve.

Complicating this decision is the company's reliance on a narrow set of NBFC and banking partners. Any shift in these partners' strategies could directly affect Credin's lending capacity, making diversification of funding sources critical.

Going forward, Credin must adopt smarter cost-control strategies that retain borrower engagement while driving operational efficiency. Its future success hinges on balancing expansion with discipline scaling sustainably without compromising financial health or mission alignment.

Conclusion: Sustaining A Vision with Discipline



“Today, we are part of RBI's fintech repository. With just a 5% margin requirement, we have unlocked ₹250 crore in lending supply,” Birju noted.

Credin has demonstrated that lending in rural India is both viable and scalable when deeply grounded in the borrower's economic reality. Its unique emphasis on the dairy ecosystem has unlocked a niche where social impact and commercial viability intersect.

But the core dilemma remains:

Do we stay lean and agile as an LSP or push to become a fully regulated NBFC?

If Credin navigates these crossroads thoughtfully, it is well-positioned to become a leading force in inclusive and grassroots financial services.

“Now that the framework is clear, banks and NBFCs are eager to collaborate. We are not just compliant, we are confident.” With this, the conversation closes.

Exhibits

Exhibit 1: Intangible assets (Technology) (₹ in lacs)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening	0.0	8.0	15.7	41.8	55.38
+ Addition	8.5	9.8	18.6	23.55	5.8
Less: Amortization	(0.5)	(2.1)	(4.5)	(9.97)	(12)
Closing	8	15.7	29.8	55.38	49.18
Capital WIP	0	0	12	0	0
		15.7	41.8	55.38	49.18

Source: Company Balance sheet from 2019 - 2024

Exhibit 2: Profit and Loss Account (₹ in lacs)

Financial Year	2019-20	2020-21	2021-22	2022-23	2023-24
Income					
(i) Revenue from Operations					
(a) Interest income	0	0	0	0	0
(b) Technical fee	1.88031	30.95288	124.53	228.34	141.71
Total Revenue from Operations (i)	1.88031	30.95288	124.53	228.34	141.71
(ii) Other income	0	0.04159	0.16	9.77	1.83
(iii) Total income (i+ii)	1.88031	30.99447	124.69	238.11	143.54
Expenses					
(iv) Expenses					
(a) Finance cost	0.81582	0.40925	0.97	5.21	13.78
(b) Direct expense	0	0	0	20.5	14.01
(c) Employees' expense	4.092	45.84641	108.37	226.76	302.19

(d) Marketing & development expense	1.559	18.69949	22.98	32.12	15.36
(f) Other expenses	9.69223	40.40902	66.95	87.5	114.13
(g) NPA charges	0	5.90519	40.68	3.21	47.77
Total expenses	16.1589	111.2694	239.95	375.3	507.24
EBITDA	-14.2786	-80.2749	-115.26	-137.19	-363.7

Source: Company Balance Sheet from 2019 - 2024

Exhibit 3: Transactional Expense (Collection charges ₹ in lacs)

Operational Expenses (₹ Lacs)	2019-20	2020-21	2021-22	2022-23	2023-24
Customer Physical Verification (CPV) Cost	0	0	0	0	0
PAN & AADHAR verification Cost	0	1	2	5	8
E-sign Cost	0	1	3	7	11
SMS Cost	0	0	0	1	2
Email Cost	0	0	0	1	2
Credit Score Cost	7	18	46	95	150
Cloud Cost	1	1	1	1	1
E-Mandate Registration Cost	0	1	2	4	6
E-Mandate Recurring Cost	4	10	27	54	86
Bank Account Validation	0	0	1	1	2
Total (₹ Lacs)	13	33	83	169	267

Source: Company Balance Sheet from 2019 – 2024

Exhibit 4: Mortgage-Backed Loan- Tech Cost

Average Loan Size	Average Tenure (Month)
500000	60
Average Approval Rate	33%
Particulars	Per Unit Cost (₹)
PAN Verification	2
Aadhar XML	1.5
Voter ID	2.5
Penny Drop	2.5
Account Aggregator	12
Bureau Report	30
Agreement Signing	12
Video KYC	5
NACH Registration	8
NACH Presentation	3
Total Cost Per Unit	294
Per Loan Cost (Net of rejections)	891
Per Loan Cost in %	0.18%

Source: Data provided by Company

Exhibit 5: Asset Backed Loan-Tech Cost

Average Loan Size	Average Tenure (Month)
150000	24
Average Approval Rate	33%
Particulars	Per Unit Cost (₹)
PAN Verification	2
Aadhar XML	1.5
Voter ID	2.5
Penny Drop	2.5
Account Aggregator	12

Bureau Report	30
Agreement Signing	12
Video KYC	5
NACH Registration	8
NACH Presentation	3
Total Cost Per Unit	186
Per Loan Cost (Net of rejections)	564
Per Loan Cost in %	0.38%

Source: Data provided by Company

Exhibit 6: Branch Economics

Fixed Cost			
Particulars	Pax	Cost per unit	Total Cost
Rent (Average)	1	8000	8000
BM	1	25000	25000
SO/RM	4	18000	72000
Total			105000
Variable Cost			
Particulars	Pax	Cost per unit	Total Cost
Electricity	1	2000	2000
Water	1	500	500
Patty Cash	1	2000	2000
Secured Loan Onboarding Cost	5	891	4455
Unsecured Loan Onboarding Cost	40	564	22545
Total Incentive	NA	Per File 600 for US/3000 for SE	39000
Total Conveyance	NA	0.4% per lakh	34000
Total			104500
Total Branch Cost			
Particulars	Total Cost		
Fixed Cost	105000		

Variable Cost	104500
Total	209500

Source: Data provided by Company

Exhibit 7: Productivity

Particulars	Amount %
Per Sales Person Monthly Cases-Secured	1
Per Sales Person Monthly Cases-Unsecured	8
Per Sales Person Monthly Thru Put-Secured	500000
Per Sales Person Monthly Cases-Unsecured	1200000
Total Thru put per Sales Person	1700000
Total Thru put @ Branch Level	8500000
PF Revenue %	2.50%
Total Upfront Revenue	212500
Incentive Per Sales Person	7800
Conveyance Per Sales Person	6800
Total Incentive	39000
Total Conveyance	34000
Profit/Loss	3000

Source: Data provided by Company

Exhibit 8: Peer Comparable

DGV	DVARA	CREDIN
Eco system play – End to end Digital Lending Unsecured cattle loan, payments, insurance market place	Eco system play – End to end lending Unsecured cattle loan, savings, insurance market place	Eco system play – End to end Digital Lending Unsecured / secured cattle loan, Nano business loan
B2B2C Dairy farmers, Dairy societies, Dairy unions, Micro Dairy enterprise	B2B2C Dairy farmers, Dairy societies, Dairy unions, Micro Dairy enterprise	B2B2C & B2C Dairy Farmers and Nano Enterprises
Traction 5 Cr disbursement Incorporated in December 2019	Traction 34 Cr disbursement Incorporated in November 2019	Traction 55 Cr disbursement Incorporated in February 2019
Fund Raised \$9M	Fund Raised \$2M	Fund Raised \$0.9M

Omidyar, Omnivore, InfoEdge	Axilor	Angles, GAIL India
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Source: Data provided by Company

Exhibit 9: Credin Timeline



Website: <https://www.credin.in/home>

Instagram: [credinindia](https://www.instagram.com/credinindia)

