



BUSINESS PLAN · INDIA

AP Audit & Profit-Recovery Firm

Recovering duplicate payments, overbilling & missed rebates

FINANCE

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out an **Accounts-Payable (AP) Audit & Profit-Recovery Firm** in India — a specialist that audits a company's historical vendor payments to find and recover leaked money: duplicate payments, overbilling, missed rebates and early-payment discounts, unapplied credits, freight/utility overcharges, and GST/ITC mismatches. The firm typically works on a **contingency (success-fee)** basis, taking a share of what it recovers.

Large and mid-sized organisations process millions of vendor invoices; even a tiny error rate leaks lakhs to crores of rupees. Most companies never audit this because their finance teams are busy closing books, not recovering the past. A recovery-audit firm monetises this hidden leakage with a compelling, low-risk pitch: **no recovery, no fee**.

The promoter seeks total funding of **₹7.0 lakh** (₹3.0 lakh promoter + ₹4.0 lakh term loan, eligible under PMMY-Mudra / CGTMSE), targeting **₹38 lakh** revenue in Year 1 and **₹95 lakh** by Year 3 as the client base and recovery pipeline mature.

2. Business Description, Vision & Legal Structure

Concept: A data-driven recovery-audit firm that finds money companies have already lost — turning historical AP data into recovered cash, on a self-funding success-fee model.

Vision: To be the go-to profit-recovery partner for Indian enterprises and mid-market firms with large vendor spend.

Mission: Recover every rupee of leaked spend, plug the root causes, and pay for ourselves out of what we find.

Legal structure options

- **LLP** — recommended: limited liability and credibility for enterprise engagements.
- **Private Limited** — for scaling, technology build and larger contracts.
- **Proprietorship** — acceptable for a solo start, but LLP/Pvt Ltd suits enterprise clients.

Model note: the contingency model aligns incentives — clients pay only from realised recoveries — which shortens sales cycles but means cash flow lags the audit work. The plan builds a working-capital buffer for this lag.

3. Promoter & Ownership

Led by a promoter with audit, AP/finance-operations or data-analytics experience. Delivery combines forensic audit skill with data analysis over large invoice datasets. Year-one ownership rests with the founder(s); data analysts and a recovery/claims specialist are added as engagements grow. Ownership and profit-sharing are editable inputs.

4. Market Analysis — India

Recovery audit is a mature service globally but under-penetrated in India, where growing enterprises and mid-market firms run high vendor spend with imperfect controls. As procurement digitises and data becomes accessible, the ability to analyse full payment histories makes recovery audit increasingly feasible and valuable. The pitch's zero-downside economics make it easy to sell.

Demand drivers

- **High transaction volumes:** manufacturers, retailers, hospitals, hospitality and distributors process vast invoice counts with inevitable leakage.

- **Weak duplicate/rebate controls** in fast-growing firms and post-ERP-migration environments.
- **GST/ITC mismatches** that leave recoverable credit unclaimed.
- **Zero-risk proposition:** contingency pricing removes the buyer's objection.
- **Data availability:** ERP and digital records make large-scale analysis practical.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Mid/large firms in India with significant vendor spend	Tens of thousands
SAM	Reachable mid-market & enterprise clients in target sectors/region	2,000-6,000
SOM (Yr 1-3)	Recovery-audit engagements delivered	8 → 30 engagements

Target segments

- Manufacturers and distributors with large supplier bases.
- Retail and hospitality chains with high invoice volumes.
- Hospitals and large service firms with complex procurement.
- Companies post-ERP migration or rapid growth (higher error rates).

5. Competition & Competitive Advantage

Landscape: a few specialist recovery-audit firms, some large consultancies offering it as a line, and internal audit teams (who rarely do it well). The market is under-served in India; the edge is analytical capability, sector knowledge and a frictionless commercial model.

The firm's edge

- **Data-analytics depth** — algorithms to detect duplicates, overbilling and missed rebates at scale.
- **Contingency model** — zero client risk, fast to sell.
- **Root-cause fixes** — not just recovery, but control improvements clients value.
- **Confidential, non-disruptive process** that works from client data with minimal team involvement.
- **Sector playbooks** for faster, higher-yield audits.

6. Services & Pricing

Service	Model	Indicative commercials
AP recovery audit (duplicates, overbilling, credits)	Contingency	15-30% of recovery
Rebate & early-payment-discount recovery	Contingency	20-35% of recovery
Freight & utility overbilling audit	Contingency	20-35% of recovery
GST / ITC mismatch recovery	Contingency / fixed	15-25% or fixed
Vendor master clean-up & controls fix	Project	50,000-3,00,000
Continuous-monitoring subscription	Annual retainer	1,00,000-6,00,000/yr

Contingency work is the wedge; controls-improvement projects and continuous-monitoring retainers convert one-time audits into recurring revenue.

7. Go-to-Market — Marketing & Sales

- **CFO / finance-head outreach:** a direct, ROI-led pitch — "we find money you've lost, at no risk".
- **Referrals:** auditors, consultants and satisfied CFOs.
- **Sector targeting:** concentrate on high-volume verticals (manufacturing, retail, hospitals).
- **Proof-of-value pilots:** a sample audit on a data subset to demonstrate leakage.
- **Thought leadership:** case studies and benchmarks on AP leakage.

Sales approach

Target CFOs/finance controllers → NDA + data sample → proof-of-value finding → full engagement. The recovered-amount proof closes deals; each successful engagement seeds referrals and a monitoring retainer.

8. Operations Plan

- **Location:** a lean, secure office; delivery is data-centric and can be substantially remote.
- **Process:** data intake (AP ledger, invoices, contracts, vendor master) → analytics & anomaly detection → validation of findings → claim substantiation → recovery/credit realisation → root-cause report.
- **Technology:** data-analytics tools/scripts, secure data environment, and a claims-and-recovery tracker.
- **Security & confidentiality:** strict NDAs, encrypted handling of client financial data, access controls.
- **Capacity:** an analyst pod runs multiple engagements in parallel; scale by adding analysts and sector leads.

Typical leakage categories audited

Category	Example	Typical yield
Duplicate payments	Same invoice paid twice / across systems	High
Overbilling / price variance	Billed above contracted rate	High
Unapplied credits / debit notes	Vendor credits never adjusted	Medium
Missed rebates / discounts	Volume rebates, early-payment terms unclaimed	Medium
GST / ITC mismatch	Eligible credit not availed	Medium

9. Regulatory, Licences & Compliance (India)

- **Business registration:** LLP/Pvt Ltd (preferred) or proprietorship; MCA incorporation.
- **Udyam (MSME)**, PAN/TAN, **GST registration** (fees attract GST), professional tax and Shops & Establishments as applicable.
- **Engagement contracts:** clear contingency terms, data-use scope, confidentiality and liability caps.
- **Data protection:** DPDP-aligned handling of client financial and vendor data; secure infrastructure and access logs.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Founder / Engagement Lead	1	1	1
Recovery / Claims Specialist	1	2	3
Data Analyst	1	3	5
Sales / Admin	0	1	2
Total	3	7	11

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-2	Entity, analytics toolkit, secure data environment, playbooks
First wins	Month 2-6	First 3 engagements; proof-of-value case studies
Pipeline	Month 6-12	8 engagements; first monitoring retainers; break-even nears
Scale	Year 2	Sector playbooks; larger enterprise clients
Growth	Year 3	30 engagements; recurring monitoring book; multi-sector

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. They are not projections of guaranteed results.

12.1 Project cost & means of finance

Capital requirement	₹
Office & secure IT setup	1,40,000
Computers & analytics workstations (3)	1,80,000
Analytics tools & software	70,000
Branding, website & BD	60,000
Deposits & pre-operative	50,000
Working-capital buffer (contingency lag)	2,00,000
Total project cost	7,00,000
Promoter contribution	3,00,000
Term loan (Mudra / CGTMSE)	4,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Contingency recovery fees	28,00,000	52,00,000	68,00,000
Controls-fix & clean-up projects	6,00,000	11,00,000	15,00,000
Continuous-monitoring retainers	4,00,000	9,00,000	12,00,000
Total revenue	38,00,000	72,00,000	95,00,000
Salaries & delivery team	18,00,000	34,00,000	45,00,000
Rent & utilities	2,40,000	3,00,000	3,60,000
Analytics tools & software	2,20,000	3,20,000	4,20,000
Marketing & BD	2,40,000	3,40,000	4,40,000
Admin, travel & misc	3,00,000	4,40,000	5,80,000
Interest on term loan	44,000	32,000	18,000
Total expenses	28,44,000	48,32,000	63,18,000
Net profit (before tax)	9,56,000	23,68,000	31,82,000
Net margin	25.2%	32.9%	33.5%

12.3 Unit economics & break-even

- **Per engagement:** a mid-market audit might recover ₹15-60 lakh; at a ~20% fee that is ₹3-12 lakh revenue per engagement.
- **Break-even:** ~6-8 successful engagements in Year 1 (plus retainers) — reached as the pipeline matures around month 9-11.
- **Cash timing:** fees realise only on recovery — the working-capital buffer bridges the lag between audit work and collection.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	2,00,000	1,05,000	1,40,000	3,05,000
Collections (recoveries realise)	4,00,000	8,50,000	11,50,000	14,00,000
Operating outflows	4,55,000	7,75,000	9,55,000	11,00,000
Loan EMI	40,000	40,000	30,000	30,000
Closing balance	1,05,000	1,40,000	3,05,000	5,75,000

Cash builds through the year as early engagements convert to realised recoveries; the buffer is essential in Q1 while the first audits are still in progress.

12.5 Key Performance Indicators to Monitor

- **Pipeline:** engagements signed; recovery pipeline (₹ identified vs realised).
- **Yield:** recovery as % of spend audited; average fee per engagement; realisation rate.
- **Efficiency:** engagement cycle time; analyst utilisation; ₹ recovered per analyst.
- **Recurring:** monitoring-retainer conversions; repeat clients.

13. Funding Requirement & Bankability

Total ask: **₹4.0 lakh term loan** against ₹3.0 lakh promoter contribution — eligible under **PMMY (Mudra)** and coverable under **CGTMSE**. Year-1 net profit ~₹9.56 lakh against annual debt service of ~₹1.5 lakh gives a **DSCR above 3.0**. The main financing rationale is the working-capital buffer for the contingency cash-flow lag.

14. Risk Analysis & Mitigation

Risk	Mitigation
Cash-flow lag (fees only on recovery)	Working-capital buffer; monitoring retainers; milestone-based fixed fees for some work
Client data access / cooperation	Clear data-intake protocols; executive sponsorship; proof-of-value pilots
Disputed / uncollectable claims	Rigorous validation before claiming; documentation; vendor-relationship-sensitive approach
Confidentiality / data security	NDAs, encryption, access controls, DPDP-aligned handling
Long enterprise sales cycles	Mid-market focus; ROI-led pitch; referrals and case studies

15. SWOT Analysis

Strengths Zero-risk client pitch; high-margin, data-driven; under-served market; strong ROI story.	Weaknesses Cash lags work; depends on client data access; requires analytics skill.
Opportunities Under-penetrated in India; monitoring retainers; sector playbooks; GST/ITC recovery niche.	Threats Client controls improving over time; consultancy competition; long sales cycles.

16. Recommended AiSevak Tools for This Business

This firm would use AiSevak's Finance vertical AP-recovery and forensic tools in delivery:

- **AP recovery:** AP Audit, Duplicate-Payment, Vendor-Statement Recon, Early-Payment-Discount, Rebate-Recovery, Overbilling Audit, Vendor-Master Cleanup, Freight-Utility Audit, Unapplied-Credit, GST-AP Mismatch.
- **Forensic support:** Benford, Ghost-Vendor, Related-Party.
- **Practice:** Business Plan and Unit-Economics tools to model the firm.

17. Key Assumptions & Notes

- ~8 engagements in Year 1 growing to ~30 by Year 3, plus controls projects and monitoring retainers.
- Blended contingency fee ~20% of realised recovery — adjust to contract terms.
- Term-loan interest ~11% p.a., 5-year tenure; adjust to sanctioned terms.
- Recovery amounts and timing vary widely by client; figures are illustrative and exclude GST on fees (pass-through).

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