BUSINESS PLAN · INDIA

Blue-Collar & Gig Staffing

Frontline staffing classified by control not contract - social-security contribution paid, hours capped and published

STAFFING & WORKFORCE SOLUTIONS

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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 a **Blue-Collar & Gig Staffing** business in India — deployed frontline workforce across security, housekeeping and facility services, last-mile delivery, and warehouse and material handling, together with payroll and social-security administration and frontline skilling, with roughly 6,800 workers deployed by Year 3.

> This plan inherits the ten staffing anchor rules set by **staffing-agency** and completes the sequence begun by **contract-staffing**. **The engineered break was a workaround — satisfying the rule eight times so it never applies once. Reclassification is the clean solution: if he was never an employee, there is nothing to satisfy at all.**

> **ONE WORD IN A CONTRACT DELETES THE ENTIRE STATUTORY APPARATUS. Call the frontline worker a "partner", a "gig associate" or an independent contractor and there is NO PROVIDENT FUND, NO ESI, NO GRATUITY, NO MINIMUM WAGE, NO NOTICE, NO POSH COMMITTEE AND NO CONTINUOUS SERVICE TO RESET — BECAUSE THERE WAS NEVER ANY SERVICE. And the reality of the relationship is entirely unchanged: WE SET HIS SHIFT, HIS UNIFORM, HIS ROUTE, HIS TEMPO AND HIS CONDUCT STANDARDS, AND WE CAN END HIS WORK WITHOUT NOTICE. Every test of control says employee. Only the paper says partner. The Code on Social Security 2020 created gig and platform-worker categories WITH AN AGGREGATOR CONTRIBUTION OF ONE TO TWO PER CENT OF TURNOVER, and that limb remains largely unimplemented — SO THE CATEGORY WAS CREATED WITHOUT THE OBLIGATION THAT JUSTIFIED CREATING IT. So this business CLASSIFIES BY THE REALITY OF CONTROL RATHER THAN THE WORDING OF THE CONTRACT, ENROLS 100% OF ITS FRONTLINE AS EMPLOYEES, AND PAYS THE SOCIAL-SECURITY CONTRIBUTION VOLUNTARILY AHEAD OF NOTIFICATION. WHERE THE LABEL DECIDES THE ENTITLEMENT, THE LABEL IS THE PRODUCT — SO CLASSIFY BY CONTROL, NOT BY CONTRACT.**

> **AND RECLASSIFICATION DOES NOT ONLY REMOVE HIS PENSION — IT REMOVES THE RECORD THAT HE WAS HURT. An injury to a "partner" is not a workplace injury: no ESI claim, no employer's liability, no statutory reporting, no entry in any register anywhere. So 100% of injuries and near misses are REPORTED, INVESTIGATED AND PUBLISHED — lost-time injuries down from 14.2 to 5.8 per thousand workers, near-miss reports UP from 386 to 2,470, and the four sites reporting no incident at all investigated rather than praised.**

> **AND THE TWELVE-HOUR DOUBLE SHIFT IS THIS INDUSTRY'S NORMAL. A security guard is billed to the client as two posts and paid as one and a quarter, and the arithmetic works only because nobody publishes it. So HOURS ACTUALLY WORKED ARE PUBLISHED AGAINST HOURS BILLED at 100%, the rostering engine CANNOT ASSIGN BEYOND THE CAP, breaches fell from 412 to 64 and are each investigated, and NIL guards now work twelve-hour double shifts against 18.4% in Year 1.**

This plan models an operator requiring **₹10.00 crore** (₹3.80 crore investor + ₹2.60 crore working capital + ₹2.20 crore term loan + ₹1.40 crore promoter), moving from **₹18.00 crore revenue and a ₹1.24 crore loss** to **₹84.00 crore revenue and ₹1.68 crore profit** by Year 3 — *a 2.0% net margin and 29.4% return on capital. (Blue-collar staffing — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A frontline workforce business whose workers are employees because that is what they are.

Vision: To make the classification question answerable by looking at the work rather than at the contract.

Mission: Classify by control and enrol accordingly; pay the social-security contribution before anyone compels it; cap the shift in the roster and publish hours worked against hours billed; report every injury and near miss; and deduct nothing from a frontline wage for the equipment we require him to wear.

Legal structure

- **Private Limited** — recommended. PSARA licensing, principal-employer contracting, statutory enrolment and outside capital all assume it.
- **A single employing entity with nil independent-contractor engagement of frontline roles — the structural precondition for everything else, since a business that engages some frontline as partners will always find reasons to grow that share.**
- **Safety and classification functions reporting to the board, independent of sales and operations — because the client asking for a cheaper model and the branch missing its margin are the same pressure arriving from two directions.**

> **Regulatory anchor:** the Code on Social Security 2020, which **created gig-worker and platform-worker categories together with an aggregator contribution of one to two per cent of turnover, a limb that remains largely unimplemented — so the category exists without the obligation that justified creating it**; the Private Security Agencies (Regulation) Act 2005 and state rules for security deployment, including training, verification and licensing; the Contract Labour (Regulation and Abolition) Act 1970, with principal-employer joint liability; the Code on Wages 2019, Minimum Wages Act and state minimum-wage notifications by skill category and zone; the EPF & MP Act 1952 and ESI Act 1948, **whose applicability turns entirely on whether the worker is an employee — which is the question the contract is drafted to avoid**; the Factories Act and state Shops and Establishments rules at the deployment site; the Employees' Compensation Act 1923 where ESI does not reach; POSH at the site rather than the employing office; motor-vehicle and road-safety obligations for rider deployment; and the Digital Personal Data Protection Act 2023 for worker and biometric attendance records. **The decisive structural fact is that NOTHING PREVENTS AN OPERATOR FROM WRITING "PARTNER" ON A CONTRACT FOR WORK IT DIRECTS IN EVERY PARTICULAR, AND THE ENTIRE STATUTORY APPARATUS TURNS ON THAT ONE WORD.**

3. Promoter & Ownership

Led by a promoter with facility-services, security-operations or large-scale frontline deployment background, with a labour-law specialist as compliance director and a qualified safety officer on the board's committee. Three competences decide outcomes. *Classification judgement*, because the control test is applied role by role and the honest answer usually costs money. *Frontline supervision density*, since the workers are dispersed across hundreds of client sites where nobody from head office is watching. And *the willingness to lose a mandate on hours*, which is where this plan's proposition sits and which is refused most often by exactly the clients running twelve-hour posts. Ownership, equity & investor terms are editable inputs; **the safety and classification functions report to the board independently of operations, and no employee's pay is linked to deployment volume, margin percentage or hours billed.**

4. Market Analysis — India

The largest workforce segment in the country, and the one migrating fastest out of employment altogether.

Demand drivers

- **Security demand** across commercial, residential, industrial and institutional premises.
- **Facility outsourcing** as occupiers move housekeeping off their own payrolls.

- **Quick-commerce and last-mile** delivery volumes growing faster than any other segment.
- **Warehousing expansion** driving material-handling and loading demand.
- **Formalisation** converting informal daily-wage hiring into invoiced supply.
- **Skilling incentives** supporting certification of frontline roles.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Indian deployed frontline and gig workforce demand	Very large; the country's biggest employment segment
SAM	**Mandates deliverable with the frontline enrolled as employees**	**Bounded by CLIENT ACCEPTANCE of enrolment cost**
SOM (Yr 1–3)	Frontline deployed on employment terms with capped hours	₹18cr → ₹84cr; 6,800 deployed; NIL engaged as partners

Revenue mix and share (Year 3)

Stream	Share	Gross margin — and who carries the risk
Security services deployment (PSARA-licensed)	**32.0%**	**11.0% — where the twelve-hour double shift lives**
Housekeeping & facility frontline	**26.0%**	**10.0% — chemicals, heights, and the least training**
Delivery, rider & last-mile frontline	**18.0%**	**8.0% — thinnest margin; the segment built on "partner"**
Warehouse, loading & material handling	14.0%	9.0% — manual handling injury is the dominant risk
Payroll, compliance & social-security administration	6.0%	38.0% — selling the discipline that governs us
Training, certification & frontline skilling	4.0%	30.0% — paid for by us, never deducted from him

> **The third row is where this plan is hardest and least profitable: last-mile delivery runs at eight per cent gross margin and is the one segment in Indian staffing built almost entirely on the partner model, so competing there on employment terms means competing against a cost base that carries no statutory content whatsoever. The first row is where the hours finding lives — a security post billed as two shifts and staffed by one and a quarter people is the industry's standard arithmetic, and capping it is the most expensive commitment in this plan after enrolment itself. The sixth row is the honest inversion: training and certification are a revenue line when a client pays for them and a cost line when we do, and this plan never recovers either from the worker's wage.**

Constraints

- **Client acceptance of enrolment cost**, which is the hard ceiling on doing this properly.
- **Attrition**, which at frontline rates destroys both margin and competence.
- **Supervision density**, since workers are dispersed across hundreds of client sites.
- **Minimum-wage variation** by state, zone and skill category, revised continuously.

5. Competition & Position

Competitor type	Strength	Weakness this plan exploits

National facility and security majors	Scale, licences, client depth, systems, price	**Twelve-hour posts billed as two, paid as one and a quarter**
Gig and delivery platforms	Infinite elasticity, no employment cost at all	**"Partner" status for work directed in every particular**
Regional security and housekeeping contractors	Cheapest rates, local supply, fast mobilisation	Uniform and training deducted from wages; no PPE
Client in-house frontline	Direct control, no agency margin	Full liability with no safety or classification apparatus
This plan	**Enrolled by control test, contribution paid, hours capped and published**	Higher rate card; loses posts priced on double shifts

> **The positioning makes one claim a client's auditor can verify and one the worker can verify in his own EPFO passbook: every person on your site is our employee with statutory cover, and the hours he actually worked are published against the hours you were billed. No competitor offers the second, because the gap between those two numbers is where a meaningful part of the industry's margin has always lived. The commercial difficulty is that our rate card carries statutory content that a partner-model rival simply does not have — and a procurement officer comparing per-post rates has no column for whether the man standing at his gate has any social security at all.**

> **The cost of the honest position is stated in rupees rather than implied. Classifying by control and enrolling the whole frontline as employees rather than engaging them as partners cost ₹2.86 crore of Year-3 margin — the largest item and the entire structural difference between this business and the segment it competes in. Capping hours in the rostering engine and publishing hours worked against hours billed cost ₹1.42 crore. Paying the social-security contribution voluntarily ahead of notification cost ₹84 lakh. Reporting and publishing every injury and near miss cost ₹68 lakh. Deducting nothing for uniform, training, equipment or PPE cost ₹52 lakh. Total ₹6.32 crore against ₹1.68 crore of profit — so an operator with the same client book running trade-standard practice would earn ₹8.00 crore.**

6. The Word That Deletes the Statute

This is the finding, and it is a single drafting choice with total consequences.

What we in fact decide about him	What the contract says he is
Which site he reports to, and at what hour	An independent partner
What he wears, and whose logo is on it	An independent partner
His route, his tempo and his conduct standards	An independent partner
Who supervises him and who may discipline him	An independent partner
Whether he works tomorrow at all	**An independent partner**
Whether any statute in the country applies to him	**Decided entirely by that word**

> **The last row is the whole finding. The contract-staffing plan showed a rule being satisfied eight separate times so that it never applied once; RECLASSIFICATION IS THE CLEANER SOLUTION, BECAUSE THERE IS NO RULE LEFT**

> **TO SATISFY. No provident fund, no ESI, no gratuity, no minimum wage, no notice, no retrenchment compensation, no POSH committee, no continuous service to reset — and no service either. Every test the law actually applies asks about CONTROL: who sets the hours, who supplies the tools, who may discipline, who bears the loss, whether he may send a substitute, whether he may work for a competitor tomorrow. ON EVERY ONE OF THOSE TESTS THE FRONTLINE WORKER IS AN EMPLOYEE, AND ON THE ONE TEST THE INDUSTRY APPLIES — WHAT DOES THE PAPER SAY — HE IS NOT. And the legislature saw it coming: the Code on Social Security 2020 created gig and platform-worker categories precisely to attach some protection to these people, together with an aggregator contribution of one to two per cent of turnover. THE CATEGORY ARRIVED AND THE CONTRIBUTION DID NOT, so the trade received a name for the worker without the obligation that was the point of naming him — the third time this vertical has seen the same shape, after joint liability that nobody verifies and fixed-term flexibility taken without its parity condition.**

> **So classification is decided by the work rather than by the wording. EVERY FRONTLINE ROLE IS TESTED FOR CONTROL AND THE TEST IS DOCUMENTED, at 100% — and where we set the shift, the uniform, the route and the tempo, the answer is employee and he is enrolled as one. NIL workers are engaged as partners, associates or independent contractors, with PF and ESI enrolment VERIFIED ON THE PORTAL at 99.8% rather than asserted from our own register. AND THE SOCIAL-SECURITY CONTRIBUTION IS PAID VOLUNTARILY AT ONE PER CENT OF DEPLOYMENT TURNOVER AHEAD OF ANY NOTIFICATION COMPELLING IT — ₹84 lakh a year handed over because the obligation was the point of the category, not because anyone came asking. NIL frontline workers hold no social-security cover of any kind. Cost ₹3.70 crore across the two commitments. WHERE THE LABEL DECIDES THE ENTITLEMENT, THE LABEL IS THE PRODUCT — SO CLASSIFY BY CONTROL, NOT BY CONTRACT.**

7. The Injury That Was Never Recorded

Two further rules, plus the anchor obligations this plan carries unchanged.

> **RECLASSIFICATION DOES NOT ONLY REMOVE HIS PENSION — IT REMOVES THE RECORD THAT HE WAS HURT. An injury to a partner is not a workplace injury: no ESI claim, no employer's liability, no statutory reporting, no entry in any register anywhere — so the man goes home, pays for his own treatment, and the incident has simply not occurred as far as every safety statistic in the country is concerned. AND THIS IS THE WORKFORCE THAT ACTUALLY GETS HURT: guards on double shifts, housekeeping staff working at height with chemicals and no safety data sheet, riders on time-pressured two-wheelers, loaders lifting beyond any sensible limit. So 100% OF INJURIES AND NEAR MISSES ARE REPORTED, INVESTIGATED AND PUBLISHED, with lost-time injuries falling from 14.2 to 5.8 per thousand workers while NEAR-MISS REPORTS ROSE FROM 386 TO 2,470 — the rising number is the healthy one, and the four sites reporting no incident at all are investigated rather than congratulated, per the vertical anchor's rule that a gate with no rejections is not a gate. PPE is issued at our cost and NIL is deducted for it.**

> **AND THE TWELVE-HOUR DOUBLE SHIFT IS THIS INDUSTRY'S NORMAL. A security post is billed to the client as two shifts and staffed by one and a quarter people; the guard gets some extra money, the client gets a cheaper post, the agency gets the difference, and the only person who cannot see the whole arrangement is standing at the gate for twelve hours. So HOURS ACTUALLY WORKED ARE PUBLISHED AGAINST HOURS BILLED at 100%, THE ROSTERING ENGINE CANNOT ASSIGN BEYOND THE CAP with no site, branch or client override, breaches fell from 412 to 64 and each is investigated, and NIL guards work twelve-hour double shifts against 18.4% in Year 1 — median hours 48 a week with 54 at the 90th percentile, because a median conceals precisely the people working longest.**

AND THE TEN ANCHOR RULES APPLY UNCHANGED, WITH RULE (b) HARDENED. NIL deductions for uniform, training, equipment or PPE — because a deduction from a frontline wage for the kit we require him to wear is a candidate fee collected after joining rather than before. The margin is published at offer stage (a); the PF base is the full wage at 98% of gross (d); wages are paid on a fixed date whether or not the principal has paid (c); grievances reach a named human at neither the client nor the site at 99.2% (e); compliance is quoted separately and never discounted (g); refusals are published (h); and the roster engine refuses rather than warns (j).

What a frontline worker can check in sixty seconds, before he takes the job

Every commitment here is verifiable by the worker himself, and the first three need only his phone and his payslip.

- **Does your contract call you an employee, or a partner?** If it says partner while someone else sets your shift, your uniform and your route, the word is doing work the facts do not support.
- **Open your EPFO passbook — is there anything in it?** A partner has no passbook. That is not an oversight; it is the entire purpose of the word.
- **If you were hurt on site tomorrow, who pays?** Ask before you need the answer, because an injury to a partner is not a workplace injury anywhere in the records.
- **How many hours are you rostered, and how many is the client billed?** If a post is billed as two shifts, somebody is working both of them.
- **Did you pay for your uniform, your training or your equipment?** A deduction after joining is a fee collected later, not a fee avoided.
- **Who do you call about the site, and do they work at the site?** If the number belongs to the people you would be complaining about, there is no grievance channel.

The asymmetry is why the whole segment is migrating toward the partner model rather than away from it. Reclassifying a worker removes his pension, his medical cover, his injury record, his notice and his minimum wage, and costs the operator NOTHING — it removes cost, removes liability, removes reporting, and wins the mandate on rate all at once. THERE IS NO COUNTERVAILING FORCE ANYWHERE IN THE SYSTEM: the client saves money and gains deniability, the operator saves cost, the regulator has not implemented the contribution, and the worker is presented with the arrangement as a job offer he can accept or go hungry. The one party who could object is the one for whom objecting means not working tomorrow, and he is usually told the arrangement is better for him because the gross figure looks larger. IT IS LARGER. THAT IS THE POINT — THE MISSING CONTRIBUTIONS ARE PRECISELY WHAT MAKES IT LOOK LARGER, AND HE IS BEING SHOWN HIS OWN DEDUCTIONS AS A BENEFIT. That is why classification here is not a policy but a gate: the onboarding system has no independent-contractor route for a frontline role, the control test is documented before any offer is made, and no sales or branch pay is exposed to deployment volume, margin percentage or hours billed.

8. Operations Plan (classify, enrol, roster, report)

Classification

- **Control test applied and documented per role**, before any offer is made.
- **Nil frontline engaged as partners**, associates or independent contractors.
- **No independent-contractor route exists** in the onboarding system for a frontline role.
- **PF and ESI enrolment verified on the portal** — 99.8%, not asserted from our register.

Social security

- **Contribution paid voluntarily at 1% of deployment turnover** ahead of notification.
- **Accident insurance for 100%**, including where ESI does not reach.
- **Nil workers without social-security cover** of any kind.
- **Full wage as the statutory base**, PF at 98% of gross (anchor rule d).

Hours and safety

- **Rostering engine cannot assign beyond the cap** — no site, branch or client override.
- **Hours worked published against hours billed** — 100%, with 64 breaches investigated.
- **Injuries and near misses published** — 5.8 per thousand, 2,470 near misses.
- **Sites reporting no incident investigated**, not congratulated.

The worker's cost

- **Nil deductions for uniform, training, equipment or PPE** (rule b hardened).
- **PPE issued at our cost** and replaced on condition, not on schedule.
- **Margin published at offer stage** and wages on a fixed date (rules a and c).
- **Every blended figure with its 90th percentile**, per the vertical rule.

> **The operational hinge is a 340-post security renewal where the client's own tender specifies twelve-hour posts at a rate that only clears if each post is staffed by one and a quarter guards — a specification written by a facilities team copying last year's document, matching what every incumbent has always done, and where our compliant bid is 19% higher and will be marked non-responsive on price alone. Nobody at the client is asking for anyone to be exploited; they are asking for the arrangement the market has always quoted them. So THE ROSTERING ENGINE CANNOT ASSIGN A THIRTEENTH HOUR: it is a hard constraint with no site, branch, client or executive override, and we bid two posts properly staffed or we do not bid. The refusal is published alongside the specification we refused, because a business that walks away quietly has left the specification in place for the next bidder — and the specification is the problem.**

9. Classification, Safety & Statutory Compliance (India)

- **Code on Social Security 2020** — **created gig and platform-worker categories with an aggregator contribution of 1–2% of turnover, a limb that remains largely unimplemented, so the category exists without the obligation that justified it.**
- **Private Security Agencies (Regulation) Act 2005** and state rules — licensing, training, verification and supervision standards for security deployment.
- **EPF & MP Act 1952 and ESI Act 1948** — **applicability turns entirely on whether the worker is an employee, which is the question the contract is drafted to avoid.**
- **Contract Labour (Regulation and Abolition) Act 1970** and state rules, with principal-employer joint liability throughout.
- **Code on Wages 2019 and Minimum Wages Act** — state notifications by skill category and zone, revised continuously.
- **Employees' Compensation Act 1923** where ESI does not reach; **Factories Act and state Shops and Establishments rules at the deployment site.**
- **POSH** at the site rather than the employing office; **motor-vehicle and road-safety obligations** for rider deployment.

- **Digital Personal Data Protection Act 2023** for worker and biometric attendance records. **Nothing prevents an operator from writing "partner" on a contract for work it directs in every particular, and the entire statutory apparatus turns on that one word.**

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Notes
Promoter / managing director	1	1	Owns the classification gate
Field operations, site supervision & worker safety	28	87	78 deployed workers per supervisor
Recruitment, mobilisation & onboarding	16	38	**Nil deductions for uniform or training**
Statutory compliance, enrolment & social security	12	34	**Portal-verified enrolment at 99.8%**
Safety, injury reporting & welfare	6	18	**Board-reporting; independent of operations**
Admin, finance, legal & business development	6	14	**Nil pay linked to hours billed**
Technology, rostering engine & worker app	4	9	Cap is a hard constraint in the roster
Total internal staff	**73**	**201**	**Against 6,800 deployed workers**

> **The field headcount is derived rather than assumed, and it reconciles three ways. By volume: 6,800 deployed workers at 78 per field supervisor is 87 field staff — a denser ratio than the trade runs, and deliberately so, because these workers are dispersed across hundreds of client sites where nobody from head office is ever watching and the supervisor is the only mechanism that exists. By cost per worker: the ₹2.94 crore of compliance, safety and social-security contribution across 6,800 deployed workers is ₹4,324 per worker per year — which is not an internal statistic but the precise amount a partner-model competitor does not spend, and therefore the precise size of the rate gap we lose tenders on. By cost per head: the ₹1.22 crore compliance salary line across 34 people is ₹3.6 lakh cost-to-company each, and median take-home sits below that because of provident fund, ESI and gratuity — the same arithmetic this plan insists on for the 6,800 it deploys. The safety function at eighteen people reports to the board rather than to operations, because the site that produces an injury report is the site an operations manager must keep.**

11. Implementation Timeline & Milestones

Phase	Window	Milestones
Formation, licensing & enrolment build	Month 0–6	Incorporation, PSARA and CLRA licences, EPFO/ESIC registration
Classification gate in onboarding	Month 3–8	**No independent-contractor route for frontline; control test documented**
Rostering cap & hours publication	Month 5–12	Hard cap live; hours worked published against hours billed
Social-security contribution	Month 8–14	1% of deployment turnover paid voluntarily, ahead of notification
Safety reporting & PPE programme	Month 12–24	Near-miss reporting 386 → 1,140; nil PPE deductions

Scale & publication	Month 22–36	6,800 deployed; nil double shifts; 2,470 near misses published

Training and competence

- **Applying the control test**, taught to recruiters who will be asked to make exceptions.
- **Near-miss reporting** for workers who have never been asked to report anything.
- **Refusing a twelve-hour specification**, scripted for branch teams under tender pressure.
- **Chemical, height and manual-handling safety**, at our cost and on our time.

12. Financial Plan (Illustrative)

> **All figures are illustrative model assumptions, not forecasts or guarantees.** They exist to show the drivers of a frontline deployment P&L where the workforce is enrolled rather than engaged. Every input is editable. **The defining economics are that revenue is gross billing including wages, at a 12.3% blended gross margin — and the enrolment, contribution and hours commitments this plan funds are precisely the costs a partner-model competitor does not carry at all, which is why the rate gap is structural rather than negotiable.**

12.1 Project cost & funding

Item	₹ lakh	Notes
Working capital — wages funded ahead of client receipts	**386**	**Fixed wage date (anchor rule c) is funded, not promised**
Technology, rostering engine, enrolment & worker app	168	The hours cap is a hard constraint here
Branch network, mobilisation & training centres	152	Supervision density is the only real control
Safety equipment, PPE and injury-response infrastructure	**108**	**Issued at our cost; nil deducted from wages**
Statutory deposits, PSARA and CLRA licences & registrations	96	Multi-state; renewed continuously
Recruitment, onboarding & skilling capacity	62	Attrition at frontline rates is the largest hidden cost
Brand, client acquisition & pre-operative	28	Tender participation, credentialing, deposits
Total project cost	**1,000**	₹380L investor + ₹260L WC + ₹220L term loan + ₹140L promoter

12.2 Operating metrics

Metric	Yr 1	Yr 2	Yr 3
CLASSIFIED BY THE REALITY OF CONTROL, NOT THE WORDING OF THE CONTRACT — frontline ENROLLED as employees / workers engaged as "partners", associates or independent contractors / PF and ESI enrolment VERIFIED ON THE PORTAL / control test documented per role	100% / NIL / 98.2% / 100%	100% / NIL / 99.4% / 100%	**100% / NIL / 99.8% / 100%**

SOCIAL-SECURITY CONTRIBUTION PAID VOLUNTARILY AHEAD OF NOTIFICATION / contribution as a share of deployment turnover / workers covered by accident insurance / **workers with NO social-security cover of any kind**	100% / 1.0% / 100% / NIL	100% / 1.0% / 100% / NIL	**100% / 1.0% / 100% / NIL**
HOURS ACTUALLY WORKED PUBLISHED AGAINST HOURS BILLED / **shifts exceeding the rostering cap, each investigated** / **guards on twelve-hour double shifts** / median hours per week **(90th percentile)**	100% / 412 / 18.4% / 54 (68)	100% / 186 / 7.2% / 50 (60)	**100% / 64 / NIL / 48 (54)**
INJURIES AND NEAR MISSES REPORTED, INVESTIGATED AND PUBLISHED / lost-time injuries per 1,000 workers / **near-miss reports received** / **sites reporting NO incident at all, investigated**	100% / 14.2 / 386 / 22	100% / 9.6 / 1,140 / 11	**100% / 5.8 / 2,470 / 4**
Deductions for uniform, training, equipment or PPE (rule b hardened) / PPE issued at our cost / anchor rules carried — **margin published (a)** / PF base as a share of gross (d) / wages on a fixed date (c)	NIL / 100% / 100% / 96% / 100%	NIL / 100% / 100% / 97% / 100%	**NIL / 100% / 100% / 98% / 100%**
Deployed workers / **worker attrition** / median tenure / conversion to client permanent rolls / grievances to a named human off-site (e)	1,850 / 86% / 5 mo / 1.8% / 95.4%	4,300 / 62% / 9 mo / 5.4% / 97.8%	**6,800 / 41% / 14 mo / 11.2% / 99.2%**

> **Row one contains the number the segment is organised to avoid producing: nil workers engaged as partners, with enrolment verified on the EPFO portal rather than asserted from our own register. Row three's last column is the one an operations manager would fight hardest — nil guards on twelve-hour double shifts, down from 18.4%, which removes a slice of billing that every competitor still collects. Row four is deliberately counter-intuitive: lost-time injuries fall while near-miss reports rise more than sixfold, and the rising number is the healthy one, because a frontline workforce that reports nothing is not safe, it is silent — which is why the four sites reporting no incident at all are investigated rather than congratulated. Row six's attrition falling from 86% to 41% is the operating figure that matters most, since a workforce turning over almost completely each year is permanently staffed by people in their first month on a site they do not know.**

12.3 Revenue build

Stream	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)	Gross margin
Security services deployment (PSARA-licensed)	576	1,344	2,688	**11.0%**
Housekeeping & facility frontline	468	1,092	2,184	**10.0%**
Delivery, rider & last-mile frontline	324	756	1,512	**8.0%**
Warehouse, loading & material handling	252	588	1,176	9.0%
Payroll, compliance & social-security administration	108	252	504	38.0%
Training, certification & frontline skilling	72	168	336	30.0%
Total revenue	**1,800**	**4,200**	**8,400**	**12.3% blended**

12.4 P&L summary

Line	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)
Revenue (gross billing, including wages passed through)	1,800	4,200	8,400
Cost of services — worker wages and statutory dues	**(1,579)**	**(3,683)**	**(7,367)**

Gross profit	**221**	**517**	**1,033**
Field operations, site supervision & worker safety	(82)	(128)	(186)
Statutory compliance, enrolment & social security	**(74)**	**(112)**	**(152)**
Recruitment, mobilisation & onboarding	(48)	(70)	(92)
Social-security contribution paid ahead of notification	**(18)**	**(42)**	**(84)**
Safety, injury reporting & welfare	**(32)**	**(44)**	**(58)**
Technology, rostering engine & worker app	(36)	(40)	(44)
Admin, finance, legal & business development	(28)	(36)	(47)
EBITDA	**(97)**	**45**	**370**
Depreciation & amortisation	(34)	(56)	(76)
Finance cost — funding the fixed wage date	**(52)**	**(88)**	**(128)**
Other income — skilling incentives & administration fees *(disclosed)*	18	36	58
PBT	**(165)**	**(63)**	**224**
Tax	41	16	(56)
PAT	**(124)**	**(47)**	**168**
Net margin	**(6.9%)**	**(1.1%)**	**2.0%**
ROCE	**(13.1%)**	**(1.1%)**	**29.4%**

> **Worker wages and statutory dues at ₹73.67 crore are 87.7% of revenue, so ₹84 crore of billing produces ₹1.68 crore of profit and a single percentage point of gross margin is worth half the entire annual profit. That is the arithmetic that makes reclassification irresistible: the statutory content of a frontline wage is the largest soft cost in the model, and one word removes all of it at once. The social-security contribution at ₹84 lakh is a line no competitor carries and no regulator has yet demanded — it is 50% of profit, paid because the obligation was the point of the category rather than because anyone came asking. Other income of ₹58 lakh is skilling incentives and administration fees, disclosed as a line and 0.7% of revenue. Commitments of ₹6.32 crore against ₹1.68 crore of profit mean an operator with the same client book running trade-standard practice would earn ₹8.00 crore.**

12.5 Break-even & sensitivity

Scenario	Yr 3 revenue	Yr 3 PAT	Comment
Base	₹84.0cr	₹1.68cr	As modelled, frontline enrolled, hours capped
Trade-standard — frontline engaged as partners, no contribution, uncapped hours	₹99.1cr	₹8.09cr	**The segment's model, computed rather than dismissed**
Gross margin compressed 1 point	₹84.0cr	₹1.05cr	**At 12.3% blended, one point is a third of profit**

Deployed headcount 15% below plan	₹72.7cr	₹0.85cr	Fixed supervision cost against variable billing
Contribution notified at 1.5% of turnover	₹84.0cr	₹1.37cr	We already pay 1%; the step is survivable
Client terms stretch 58 → 90 days	₹84.0cr	₹1.19cr	We absorb it; the worker's date does not move

13. Funding Requirement & Bankability

Source	₹ lakh	Terms (indicative)
Investor equity	380	Network and platform build; classification covenant
Working capital facility	260	Funds a full wage cycle ahead of client receipts
Term loan	220	Technology, branches and training centres; 5 years
Promoter contribution	140	Cash and frontline-operations leadership
Total	**1,000**	Illustrative structure

An investor should read the enrolment percentage, the double-shift figure and the near-miss series, and should understand that this business carries statutory content its competitors have removed with a single word. The starkest number in the sensitivity table is that engaging the frontline as partners, dropping the contribution and uncapping hours would take profit from ₹1.68 crore to ₹8.09 crore with the same clients, the same sites and the same people standing at the same gates. Nothing visible would change — the same man would do the same work in the same uniform — and the difference would be almost entirely invisible until he was injured. That is precisely why it is a covenant. The sharpest operating exposure is margin compression: one point takes profit to ₹1.05 crore, because at a 12.3% blended margin there is very little between gross profit and nothing. Two loss-making years must be funded deliberately, since the temptation to reclassify arrives exactly when cash is tightest and is available immediately, at no visible cost, to anyone willing to change a word.

- **Use of funds** — 39% working capital for the wage cycle, 17% technology and rostering engine, 15% branch and training network, 11% safety equipment and PPE, 10% statutory deposits and licences, 6% recruitment and skilling, 3% brand and pre-operative.
- **Repayment** — term loan from Year 3 cash flow; working capital revolving against client receivables, never against wage timing.
- **Investor exit** — sale to a national facility-services group, an integrated staffing platform or a security major; or promoter buyback. **Classification, contribution and hours-cap commitments survive change of control.**

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation

The word that deletes the statute	Call the frontline worker a "partner" and there is NO PF, NO ESI, NO GRATUITY, NO MINIMUM WAGE, NO NOTICE, NO POSH COMMITTEE AND NO CONTINUOUS SERVICE TO RESET — BECAUSE THERE WAS NEVER ANY SERVICE. The contract-staffing break satisfied a rule eight times so it never applied once; THIS IS THE CLEANER SOLUTION, BECAUSE THERE IS NO RULE LEFT TO SATISFY. Yet WE SET HIS SHIFT, HIS UNIFORM, HIS ROUTE, HIS TEMPO AND HIS CONDUCT STANDARDS AND CAN END HIS WORK WITHOUT NOTICE: ON EVERY TEST THE LAW APPLIES HE IS AN EMPLOYEE, AND ON THE ONE TEST THE INDUSTRY APPLIES — WHAT DOES THE PAPER SAY — HE IS NOT	**CLASSIFY BY THE WORK, NOT THE WORDING. CONTROL TEST APPLIED AND DOCUMENTED PER ROLE (100%) BEFORE ANY OFFER IS MADE; where we set shift, uniform, route and tempo the answer is EMPLOYEE and he is enrolled as one. NIL engaged as partners, associates or contractors — enforced as A GATE RATHER THAN A POLICY, since THE ONBOARDING SYSTEM HAS NO INDEPENDENT-CONTRACTOR ROUTE FOR A FRONTLINE ROLE. PF and ESI enrolment VERIFIED ON THE PORTAL (99.8%) RATHER THAN ASSERTED FROM OUR OWN REGISTER. AND THE SOCIAL-SECURITY CONTRIBUTION PAID VOLUNTARILY AT 1% OF DEPLOYMENT TURNOVER AHEAD OF ANY NOTIFICATION — ₹84L, HALF OF PROFIT, PAID BECAUSE THE OBLIGATION WAS THE POINT OF THE CATEGORY (₹3.70cr). GENERAL RULE: WHERE THE LABEL DECIDES THE ENTITLEMENT, THE LABEL IS THE PRODUCT — CLASSIFY BY CONTROL, NOT BY CONTRACT**
The 340-post tender specifying twelve-hour shifts	The client's own specification only clears if EACH POST IS STAFFED BY ONE AND A QUARTER GUARDS — written by a facilities team COPYING LAST YEAR'S DOCUMENT, matching what every incumbent has always done, with our compliant bid 19% HIGHER AND MARKED NON-RESPONSIVE ON PRICE ALONE. NOBODY AT THE CLIENT IS ASKING FOR ANYONE TO BE EXPLOITED; THEY ARE ASKING FOR THE ARRANGEMENT THE MARKET HAS ALWAYS QUOTED THEM	**THE ROSTERING ENGINE CANNOT ASSIGN A THIRTEENTH HOUR — a hard constraint with NO SITE, BRANCH, CLIENT OR EXECUTIVE OVERRIDE. THE SYSTEM REFUSES RATHER THAN WARNS (rule j). We BID TWO POSTS PROPERLY STAFFED OR WE DO NOT BID, and the refusal is PUBLISHED ALONGSIDE THE SPECIFICATION WE REFUSED (rule h) — because a business that walks away quietly HAS LEFT THE SPECIFICATION IN PLACE FOR THE NEXT BIDDER, AND THE SPECIFICATION IS THE PROBLEM**
The injury that was never recorded	An injury to a partner IS NOT A WORKPLACE INJURY: no ESI claim, no employer's liability, no statutory reporting, NO ENTRY IN ANY REGISTER ANYWHERE — the man goes home, pays for his own treatment, AND THE INCIDENT HAS NOT OCCURRED AS FAR AS EVERY SAFETY STATISTIC IN THE COUNTRY IS CONCERNED. And this is THE WORKFORCE THAT ACTUALLY GETS HURT	**100% OF INJURIES AND NEAR MISSES REPORTED, INVESTIGATED AND PUBLISHED. Lost-time injuries 14.2 → 5.8 per thousand WHILE NEAR-MISS REPORTS ROSE 386 → 2,470 — THE RISING NUMBER IS THE HEALTHY ONE, because a frontline workforce that reports nothing IS NOT SAFE, IT IS SILENT. The 4 SITES REPORTING NO INCIDENT AT ALL ARE INVESTIGATED RATHER THAN CONGRATULATED (anchor rule d). PPE issued at our cost (₹68L)**
He is shown his own deductions as a benefit	The partner arrangement is presented to him as A LARGER GROSS FIGURE, AND IT IS LARGER — THE MISSING CONTRIBUTIONS ARE PRECISELY WHAT MAKES IT LOOK LARGER. The one party who could object is the one for whom objecting MEANS NOT WORKING TOMORROW	**Classification is NOT OFFERED AS A CHOICE HE MUST UNDERSTAND TO RECEIVE — it is structural and applied by default. The margin is published at offer stage (rule a), the deduction he is not paying is shown against the gross he is not receiving, and NIL DEDUCTIONS FOR UNIFORM, TRAINING, EQUIPMENT OR PPE, because a deduction after joining IS A CANDIDATE FEE COLLECTED LATER (rule b hardened, ₹52L)**

Thin margin and rate compression	Wages are 87.7% of revenue; one point of gross margin takes profit to ₹1.05cr, so the ₹4,324 per worker a partner-model rival does not spend IS THE EXACT SIZE OF THE RATE GAP WE LOSE TENDERS ON	Compliance administration at 38% margin and skilling at 30% grown deliberately as absorbers; attrition driven 86% → 41% to cut repeat mobilisation cost; and compliance quoted as a separate non-discountable line (rule g) so a rate conversation cannot silently become a classification conversation
Supervision density across dispersed sites	Workers sit at hundreds of client sites where nobody from head office is ever watching, so the supervisor is the only mechanism that exists	87 field staff at 78 workers each, denser than the trade runs; grievances to a named human off-site at 99.2% (rule e); and site visits weighted to sites with no incident reports rather than to sites with many
Minimum-wage variation and revision	Rates vary by state, zone and skill category and are revised continuously, so an under-quoted contract becomes non-compliant mid-term	Rate cards keyed to notified minimums with automatic revision; the payroll engine cannot process below the floor (rule j); and revision pass-through agreed in every contract before signature rather than negotiated after

15. SWOT Analysis

Strengths • Nil frontline engaged as partners; enrolment portal-verified • Social-security contribution paid ahead of notification • Nil twelve-hour double shifts; hours published against billed • Near-miss reporting up 386 → 2,470 • Nil uniform, training, equipment or PPE deductions	**Weaknesses** • ₹6.32cr forgone against ₹1.68cr of profit • Rate card carries cost partner-model rivals do not • 12.3% blended margin; two loss-making years • Loses tenders written around double shifts
Opportunities • Principals exposed to classification and injury liability • Any notification of the aggregator contribution favours us • Compliance administration sold at 38% margin • Workers choosing an employer with actual cover • Client ESG and audit requirements on frontline welfare	**Threats** • Partner-model rivals with no statutory cost base • Tender specifications written around twelve-hour posts • Minimum-wage revisions outpacing contract pass-through • Attrition eroding competence and mobilisation economics

16. Recommended AiSevak Tools for This Business

- **Classification gate** — control test documented per role; no independent-contractor route exists for frontline.
- **Enrolment verifier** — PF and ESI checked on the portal, not asserted from the payroll register.
- **Hours cap in the roster** — a thirteenth hour cannot be assigned; no override role exists.
- **Hours-billed reconciler** — hours actually worked published against hours invoiced, per post.
- **Near-miss register** — reports rewarded and published; silent sites flagged for investigation.
- **Contribution tracker** — social-security payment at 1% of deployment turnover, disclosed.
- **Deduction blocker** — no uniform, training, equipment or PPE charge can reach a wage line.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, deployed headcount, margin percentages, statutory rates, injury rates and attrition are editable inputs; actual outcomes depend on client acceptance of enrolment cost, state minimum-wage notifications, labour-code implementation and working-capital availability. Figures are in Indian rupees. **This plan inherits the ten staffing anchor rules set by `staffing-agency` and hardens rule (b).**
- **The central integrity finding is that one word in a contract deletes the entire statutory apparatus.** Call the frontline worker a partner and there is no provident fund, no ESI, no gratuity, no minimum wage, no notice, no POSH committee and no continuous service to reset, because there was never any service. **Where the contract-staffing plan showed a rule satisfied eight separate times so that it never applied once, reclassification is the cleaner solution: there is no rule left to satisfy.**
- **And the reality of the relationship is entirely unchanged.** We set his shift, his uniform, his route, his tempo and his conduct standards, and we can end his work without notice. Every test the law actually applies asks about control — who sets the hours, who supplies the tools, who may discipline, who bears the loss, whether he may send a substitute. **On every one of those tests the frontline worker is an employee, and on the one test the industry applies — what does the paper say — he is not.**
- **The legislature saw it coming and the obligation did not arrive.** The Code on Social Security 2020 created gig and platform-worker categories precisely to attach some protection to these people, together with an aggregator contribution of one to two per cent of turnover. **The category arrived and the contribution did not, so the trade received a name for the worker without the obligation that was the point of naming him — the third time this vertical has seen the same shape, after joint liability that nobody verifies and fixed-term flexibility taken without its parity condition.** So classification is decided by the work: the control test is documented per role, nil workers are engaged as partners, enrolment is verified on the portal at 99.8%, and the contribution is paid voluntarily at 1% of deployment turnover — ₹84 lakh, half of profit, paid ahead of anyone demanding it. **It costs ₹3.70 crore. WHERE THE LABEL DECIDES THE ENTITLEMENT, THE LABEL IS THE PRODUCT — SO CLASSIFY BY CONTROL, NOT BY CONTRACT.**
- **Reclassification does not only remove his pension — it removes the record that he was hurt.** An injury to a partner is not a workplace injury: no ESI claim, no employer's liability, no statutory reporting, no entry in any register anywhere. **So 100% of injuries and near misses are reported, investigated and published, with lost-time injuries falling from 14.2 to 5.8 per thousand while near-miss reports rose from 386 to 2,470 — the rising number is the healthy one, because a frontline workforce that reports nothing is not safe, it is silent — and the four sites reporting no incident at all are investigated rather than congratulated.**
- **The twelve-hour double shift is this industry's normal.** A security post is billed to the client as two shifts and staffed by one and a quarter people; the guard gets some extra money, the client gets a cheaper post, the agency gets the difference, and the only person who cannot see the whole arrangement is standing at the gate for twelve hours. **So hours actually worked are published against hours billed, the rostering engine cannot assign a thirteenth hour with no override at any level, breaches fell from 412 to 64 and nil guards now work double shifts — with median hours at 48 a week and 54 at the 90th percentile, because a median conceals precisely the people working longest.**
- **The asymmetry explains why the segment is migrating toward the partner model rather than away from it.** Reclassifying removes his pension, medical cover, injury record, notice and minimum wage, and costs the operator nothing — it removes cost, liability and reporting and wins the mandate on rate all at once. **There is no countervailing force anywhere: the client saves money and gains deniability, the operator saves cost, the regulator has not implemented the contribution, and the worker is shown a larger gross figure as a benefit. It is larger — the missing contributions are precisely what makes it look larger, and he is being**

shown his own deductions as an advantage. Wages are 87.7% of revenue, so ₹84 crore of billing yields ₹1.68 crore of profit, and adopting the segment's ordinary practice would take that to ₹8.09 crore with the same people standing at the same gates. Commitments of ₹6.32 crore against ₹1.68 crore of profit mean a trade-standard operator would earn ₹8.00 crore.

- **Compliance and professional advice.** The Code on Social Security 2020, which created gig and platform-worker categories with an aggregator contribution of 1–2% of turnover that remains largely unimplemented; the Private Security Agencies (Regulation) Act 2005 and state rules for licensing, training and verification; **the EPF & MP Act 1952 and ESI Act 1948, whose applicability turns entirely on whether the worker is an employee — the question the contract is drafted to avoid**; the Contract Labour (Regulation and Abolition) Act 1970 with principal-employer joint liability; the Code on Wages 2019 and Minimum Wages Act with state notifications by skill category and zone; the Employees' Compensation Act 1923 where ESI does not reach; the Factories Act and state Shops and Establishments rules at the deployment site; POSH at the site rather than the employing office; motor-vehicle and road-safety obligations for rider deployment; and the Digital Personal Data Protection Act 2023 for worker and biometric attendance records. **Nothing prevents an operator from writing "partner" on a contract for work it directs in every particular — which is why classification is a business decision rather than a compliance one.** Professional advice should be taken on control-test documentation, aggregator-contribution treatment, injury liability where ESI does not reach, and principal-employer indemnity.

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