



BUSINESS PLAN · INDIA

Payroll & Compliance Staffing

Payroll compliance reconciled to the worker not the client ledger - discrepancies published, optimisation advisory refused

STAFFING & WORKFORCE SOLUTIONS

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 a **Payroll & Compliance Staffing** business in India — third-party payroll and statutory administration, covering payroll processing and disbursement, statutory compliance management across PF, ESI, professional tax and labour welfare fund, employer-of-record and staffing payroll, compliance audit and vendor-chain verification, labour-law advisory and registration, and technology licensing, administering roughly 118,000 workers across 226 clients by Year 3.

This plan closes the staffing vertical, and it is the right place to close it. **Every earlier plan described a harm that the compliance function was supposed to prevent. This business IS the compliance function — sold as a service, to the employer, by a vendor the employer chooses and can replace.**

☐ **THE AUDITOR IS PAID BY THE AUDITED, AND THE DELIVERABLE IS A DOCUMENT. A third-party payroll provider is engaged by the employer to certify the employer's own compliance, and what it produces is a challan, a return and a certificate — every one of which can be entirely accurate while the worker receives nothing. NOBODY VERIFIES THAT THE PROVIDENT FUND REACHED HIS UAN ACCOUNT, THAT THE WAGE THE RETURN DECLARES IS THE WAGE HE WAS PAID, OR THAT THE HEADCOUNT ON THE CHALLAN MATCHES THE PEOPLE ON THE FLOOR. The certificate is issued against documents the client supplied, reconciled to the client's own ledger, and delivered to the client — SO THE WORKER IS THE SUBJECT OF EVERY DOCUMENT IN THE PROCESS AND A PARTY TO NONE OF THEM. So this business RECONCILES TO THE WORKER RATHER THAN TO THE CLIENT'S LEDGER: PF and ESI credits verified on the portal per UAN at 99.8%, the declared wage confirmed against the wage actually received, and the challan headcount checked against the people physically deployed. WHERE THE COMPLIANCE IS CERTIFIED BY SOMEONE THE EMPLOYER PAYS, RECONCILE TO THE WORKER OR THE CERTIFICATE IS DECORATION.**

☐ **AND THE ADVISORY MENU OF THIS INDUSTRY IS THE LIST OF HARMS THIS VERTICAL HAS SPENT NINE PLANS DOCUMENTING. Allowance splitting to shrink the provident-fund base, contractor reclassification, rolling terms to defeat gratuity, apprentice substitution — these are not abuses at the edge of the trade, they are ITS PRICED, PACKAGED, PROFESSIONALLY DELIVERED ADVISORY PRODUCTS, sold under names like structuring and statutory efficiency. So NIL such engagements are accepted, each is REFUSED BY NAME, and ₹1.86 crore of advisory revenue was forgone in Year 3 with 31 clients leaving because we would not provide it.**

☐ **AND A PROVIDER THAT REPORTS NOTHING IS THE PROVIDER THAT GETS RETAINED. So every discrepancy found is PUBLISHED AND REPORTED — including for the clients who pay us — 21 clients were TERMINATED in Year 3 for refusing remediation, and the median time from discovery to the worker being made whole fell from 42 days to 14.**

This plan models an operator requiring **₹8.00 crore** (₹3.20 crore investor + ₹2.00 crore term loan + ₹1.60 crore promoter + ₹1.20 crore working capital), moving from **₹10.50 crore revenue and a ₹97 lakh loss** to **₹42.00 crore revenue and ₹3.36 crore profit** by Year 3 — *an 8.0% net margin and 54.0% return on capital. (Payroll compliance — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A compliance provider that checks whether the money reached the worker.

Vision: To make the UAN passbook, not the challan, the document that proves compliance.

Mission: Reconcile every return to the worker it names; publish what we find, including against the clients who pay us; refuse by name the advice this trade sells as optimisation; check that the people on the challan are the people on the floor; and let every worker see what was deposited in his name.

Legal structure

- **Private Limited** — recommended. Client contracting, EOR entities, professional indemnity and outside capital all assume it.
- **Worker-side reconciliation contracted as a deliverable, not offered as an option — the structural precondition for the whole plan, since a client permitted to decline verification will decline it exactly where it matters.**
- **Audit and reconciliation functions reporting to the board, independent of client relationships — because the client generating the most findings is always the client generating the most fees.**

Regulatory anchor: the EPF & MP Act 1952 and ESI Act 1948, with **UAN portability and the member passbook making it possible, for the first time, to verify from the worker's side what an employer says it deposited;** the Code on Wages 2019 and Code on Social Security 2020 as notified, with the Payment of Wages, Minimum Wages, Bonus and Gratuity Acts operating meanwhile; the Contract Labour (Regulation and Abolition) Act 1970, under which **the principal employer is jointly liable and a compliance certificate is frequently the only thing standing between it and that liability;** state professional tax and labour welfare fund obligations across every state of deployment; the Companies Act and auditing standards where statutory audit interacts with payroll certification; professional indemnity for certification work; the Digital Personal Data Protection Act 2023 for payroll, wage and UAN records; and the Industrial Employment (Standing Orders) Act where wage structures are certified. **The decisive structural fact is that NO RULE ANYWHERE REQUIRES A COMPLIANCE CERTIFICATE TO BE CHECKED AGAINST THE WORKER'S OWN RECORD, AND ALMOST NO CERTIFICATE EVER IS.**

3. Promoter & Ownership

Led by a promoter with payroll, statutory-compliance or labour-law background, with a technology lead and an audit professional in the leadership. Three competences decide outcomes. *Reconciliation engineering*, because verifying a million monthly records against a government portal is a data problem before it is a compliance one. *Multi-state statutory depth*, since professional tax, welfare fund and minimum wages differ by state and change constantly. And *the willingness to report a paying client to itself*, which is where this plan's proposition sits and which is the single thing that decides whether the certificate means anything. Ownership, equity & investor terms are editable inputs; **the audit and reconciliation functions report to the board independently of client relationships, and no employee's pay is linked to client retention.**

4. Market Analysis — India

A large and formalising market, bought almost entirely on price and on the absence of trouble.

Demand drivers

- **Multi-state statutory complexity** beyond what most employers can administer in-house.
- **Principal-employer joint liability** under CLRA making documented compliance a purchasing criterion.
- **Labour-code transition** creating uncertainty employers prefer to outsource.
- **Flexi and contract workforce growth** multiplying the entities requiring administration.
- **Client and investor ESG scrutiny** reaching supply-chain labour practices.

- **Digitised statutory filing** making verification technically possible for the first time.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Indian third-party payroll and statutory administration	Large; formalising; bought on price and quiet
SAM	Clients accepting worker-side reconciliation and published findings	Bounded by WILLINGNESS TO BE AUDITED, not by demand
SOM (Yr 1-3)	Workers administered under a reconcile-to-the-worker rule	₹10.5cr → ₹42cr; 118k workers; 21 clients terminated

Revenue mix and share (Year 3)

Stream	Share	Gross margin — and whose record is checked
Third-party payroll processing & disbursement	32.0%	34.0% — high volume; where the reconciliation runs
Statutory compliance management (PF, ESI, PT, LWF)	24.0%	42.0% — the certificate business; the finding lives here
Employer-of-record & staffing payroll	16.0%	22.0% — thinnest margin; we are the employer of record
Compliance audit & vendor-chain verification	12.0%	54.0% — selling the scrutiny that governs us
Labour-law advisory & registration services	10.0%	48.0% — smaller than the trade's, by refusal
Technology licensing — payroll & reconciliation platform	6.0%	68.0% — the reconciliation engine, sold on

The second row is where the finding lives: statutory compliance management is the certificate business, and a certificate is exactly the kind of product that can be manufactured to a high standard from inputs nobody checked. The fifth row is visibly smaller than a competitor's would be, and the gap is deliberate — ₹1.86 crore of advisory revenue was forgone because the profitable half of this trade's advisory menu consists of the practices the preceding eight plans documented as harms. The fourth and sixth rows are the useful inversion: audit, verification and the reconciliation engine are sold to other people, so the scrutiny that constrains us is a 54-68% margin revenue line rather than pure overhead — and a client buying it can see its own vendor chain for the first time.

Constraints

- **Client willingness to be audited**, which is the hard ceiling on the addressable base.
- **Reconciliation cost at volume**, since it scales with workers rather than with fees.
- **State-level statutory variation**, which multiplies the work per client.
- **Price competition** from providers certifying against the client's own documents.

5. Competition & Position

Competitor type	Strength	Weakness this plan exploits
Large payroll & compliance outsourcers	Scale, technology, multi-state reach, brand, price	Certify from client documents; reconcile to the client ledger

Regional compliance consultants	Cheapest, local relationships, statutory familiarity	Optimisation advisory is the core revenue line
Accounting & audit firms	Professional standing, audit methodology, credibility	Payroll treated as a bolt-on; no worker-side verification
In-house payroll teams	Control, proximity, no vendor margin	Cannot audit the vendor chain they themselves engage
This plan	Reconciled to the worker, findings published, optimisation refused	Higher fee; terminates clients; smaller advisory book

The positioning makes one claim a principal employer's board can rely on and one a worker can check in his own passbook: the certificate we issue has been reconciled to the people it names, and every discrepancy we found was reported whether or not the client wanted it. No competitor offers the first, because the first thing worker-side reconciliation does is generate findings against the people paying for it — which is a commercial problem disguised as a methodological choice. The commercial difficulty is exact: our fee is higher, our advisory book is smaller by deliberate refusal, and we terminate clients who will not remediate, so the model shrinks its own addressable market at three separate points.

The cost of the honest position is stated in rupees rather than implied. Reconciling to the worker — portal verification per UAN, wage confirmation and site headcount checks — cost ₹2.68 crore of Year-3 margin, the largest item and the entire difference between a certificate and a document. Refusing compliance-optimisation advisory by name cost ₹1.86 crore of forgone revenue and 31 departing clients. Publishing every discrepancy including against paying clients, and terminating 21 who refused remediation, cost ₹1.52 crore. Verifying challan headcount against people physically deployed cost ₹64 lakh. Giving every worker an accessible statement of what was deposited in his name cost ₹58 lakh. Total ₹7.28 crore against ₹3.36 crore of profit — so an operator with the same client book running trade-standard practice would earn ₹10.64 crore.

6. The Auditor Is Paid by the Audited

This is the finding, and it is the vertical-51 anchor structure in its purest form.

What the certificate attests	What was actually checked
The return was filed	Yes — filing is verifiable
The challan was paid	Yes — payment is verifiable
The amounts match the payroll register	Yes — against the client's own register
The wage declared is the wage he received	NOT CHECKED
The credit reached his UAN account	NOT CHECKED
The people named are the people working	NOT CHECKED, ANYWHERE, BY ANYONE

The top three rows are true and the bottom three are unexamined, and a certificate that says all six is not lying — it is answering the questions it was asked. THE ENTIRE PROCESS IS A CLOSED LOOP BETWEEN THE PROVIDER AND THE CLIENT: the client supplies the register, the provider reconciles to the register, the certificate is issued to the client, and the worker — who is named in every document — IS PARTY TO NONE OF THEM AND RECEIVES NOTHING FROM ANY OF THEM. The pathology-lab anchor said that where the person

choosing for the patient is paid by the person selling to him, the choice is compromised. HERE THE STRUCTURE IS PURER STILL, BECAUSE THE AUDITOR IS PAID BY THE AUDITED AND THE SUBJECT OF THE AUDIT IS A THIRD PERSON WHO NEVER SEES THE REPORT. And the incentives are not subtle: a provider that reports nothing is retained, a provider that reports something creates work, cost and awkwardness for the person who signs its invoice, and the industry's retention statistics reflect exactly that. Nobody has to be dishonest. The methodology simply never asks the three questions whose answers would be inconvenient, AND NO RULE ANYWHERE REQUIRES A COMPLIANCE CERTIFICATE TO BE CHECKED AGAINST THE WORKER'S OWN RECORD. What has changed is that UAN portability and the member passbook now make it possible to check — so the reason it is not checked has moved from impossibility to preference.

So the reconciliation runs the other way. PF AND ESI CREDITS ARE VERIFIED ON THE PORTAL PER UAN, NOT AGAINST THE CLIENT'S REGISTER, at 99.8% by Year 3 — because a payroll system can show a deduction that was never deposited, and only the worker's own passbook settles it. THE WAGE DECLARED ON THE RETURN IS CONFIRMED AGAINST THE WAGE ACTUALLY RECEIVED, at 99%, by asking the worker rather than the employer. THE HEADCOUNT ON THE CHALLAN IS CHECKED AGAINST THE PEOPLE PHYSICALLY DEPLOYED at 100% of sites, with 38 mismatches investigated in Year 3 and workers found on the floor but absent from any return falling from 1,240 to 46. AND EVERY DISCREPANCY IS PUBLISHED AND REPORTED, INCLUDING AGAINST THE CLIENTS WHO PAY US — 21 terminated in Year 3 for refusing remediation, with the median time from discovery to the worker being made whole falling from 42 days to 14. The whole apparatus costs ₹227 per worker per year, which is the number that explains the industry: it is trivially small, and it is not spent. Cost ₹4.20 crore across the two commitments. WHERE THE COMPLIANCE IS CERTIFIED BY SOMEONE THE EMPLOYER PAYS, RECONCILE TO THE WORKER OR THE CERTIFICATE IS DECORATION.

7. The Advisory Menu Is the List of Harms

Two further rules, and the argument this vertical has been assembling for nine plans.

☐ THE PROFITABLE HALF OF THIS TRADE'S ADVISORY MENU IS THE LIST OF FINDINGS FROM THE PRECEDING EIGHT PLANS. Allowance splitting to shrink the provident-fund base is the staffing-agency finding, sold as wage structuring. Contractor reclassification is the blue-collar finding, sold as engagement-model optimisation. Rolling fixed terms to defeat gratuity is the contract-staffing finding, sold as flexibility design. Apprentice substitution is the apprenticeship finding, sold as cost-efficient hiring. THESE ARE NOT ABUSES AT THE EDGE OF THE COMPLIANCE INDUSTRY; THEY ARE ITS PRICED, PACKAGED, PROFESSIONALLY DELIVERED PRODUCTS, presented in decks, quoted per engagement, and defended as entirely lawful — which, individually and narrowly, each of them is. So NIL such engagements are accepted and each is REFUSED BY NAME rather than by policy, because a firm that declines "aggressive structuring" in the abstract will accept it under a different label. ₹1.86 crore of advisory revenue was forgone in Year 3 and 31 clients left because we would not provide it.

☐ AND A WORKER CANNOT CHECK A DOCUMENT HE HAS NEVER SEEN. Everything in this plan reduces to a record he can read, so EVERY WORKER RECEIVES A STATEMENT IN HIS OWN LANGUAGE OF WHAT WAS DEPOSITED IN HIS NAME — 100% by Year 3, with NIL workers unable to access their own record, and queries answered by A NAMED HUMAN AT NEITHER THE CLIENT NOR THE SITE at 99.6%, at a four-hour median. This is the cheapest commitment in the plan and the one that makes the others enforceable, since a reconciliation nobody outside the firm can see is a reconciliation the firm could quietly stop doing.

What the staffing vertical has now shown eight times

The same pattern has appeared in every plan of this vertical, and it is worth stating plainly at its close.

- **CLRA made the principal employer jointly liable** — the liability limb is real and almost nobody verifies it (*staffing-agency*).
- **Fixed-term employment was granted conditional on parity** — the flexibility limb was taken and the parity limb left (*contract-staffing*).
- **Gig-worker status came with an aggregator contribution** — the category arrived and the contribution did not (*blue-collar-staffing*).
- **Section 27 permits a bond recovering actual training cost** — it became a penalty untethered from any cost (*it-contract-staffing*).
- **CLRA ss.18-20 require welfare amenities** — the duty exists and the contract never mentions it (*facility-manpower-supply*).
- **The apprentice exclusion is justified only by training** — the exclusion was kept and the premise inverted (*apprenticeship-naps*).
- **DPDP consent must be specific and purpose-limited** — CVs are retained indefinitely and re-marketed (*rpo-firm*).
- **The Emigration Act licenses the agent and caps his charge** — the licence was taken and the cap inverted through unregistered sub-agents (*overseas-recruitment*).

Eight times, Indian staffing law granted a permission with a condition attached, and eight times the trade kept the permission and dropped the condition. THE REASON IS THE SAME EVERY TIME, AND IT IS NOT DISHONESTY: THE PERMISSION BENEFITS SOMEBODY WHO IS IN THE ROOM WHEN THE CONTRACT IS PRICED, AND THE CONDITION PROTECTS SOMEBODY WHO IS NOT. A client negotiates the rate, an agency meets it, and the condition — parity, the contribution, the amenity, the training hour, the fee cap — is the only line in the arrangement with no advocate present. It is therefore not enforced by conscience, because conscience operates on people who are visible, and it is not caught by audit, because the audit is bought by one of the parties in the room. THAT IS WHY EVERY COMMITMENT ACROSS THESE NINE PLANS TAKES THE SAME FORM — NOT A PROMISE BUT A PUBLISHED MEASUREMENT, AND NOT A POLICY BUT A SYSTEM THAT REFUSES. A published number puts the absent party into the room as data, and a hard constraint removes the moment at which somebody would otherwise have to choose them over a target. This plan is the vertical's last because it is the one that checks the others: if a compliance certificate is reconciled to the worker, then allowance splitting, reclassification, tenure interruption and stipend substitution all become visible in the only record that was ever going to show them.

What a worker can check in sixty seconds, right now

Everything in this plan exists so that these six questions have answers.

- **Open your EPFO passbook — is this month's credit there?** A deduction on your payslip is not a deposit in your account, and only one of those two documents is evidence.
- **Does the wage on your return match the wage you were paid?** If the return shows a lower figure, your pension is being computed on it.
- **Is your name on the return at all?** People work for months on sites where nobody has filed anything in their name.
- **Who audits your employer's compliance, and who pays them?** If the same company pays and is checked, ask what the check consisted of.
- **Has anyone ever asked you what you actually earn?** If nobody has, the certificate was built entirely from your employer's paperwork.
- **Can you get a statement of what was deposited in your name?** If not, you cannot check any of the above, which is the point.

8. Operations Plan (process, reconcile, report, publish)

The reconciliation

- **PF and ESI credits verified on the portal per UAN** — 99.8%, not against the register.
- **Wage declared confirmed against wage received**, by asking the worker.
- **Challan headcount checked against people deployed** — 100% of sites.
- **Nil compliance certified from client documents alone**, in any engagement.

The findings

- **Every discrepancy published and reported**, including against paying clients.
- **Clients terminated for refusing remediation** — 21 in Year 3.
- **Median 14 days from discovery to the worker being made whole**.
- **Findings-per-client published**, so a clean record means something.

The refusals

- **Nil allowance-splitting, reclassification or gratuity-avoidance advisory**, refused by name.
- **Nil apprentice-substitution advice** or wage-structure optimisation of any kind.
- **Advisory revenue forgone published** — ₹1.86 crore in Year 3.
- **Clients lost to refusal counted and published** — 31 in Year 3.

The worker's record

- **Statement in his own language** of what was deposited in his name — 100%.
- **Queries to a named human** at neither the client nor the site, four-hour median.
- **Nil workers unable to access their own record**.
- **Anchor rules a-j carried**, with every blended figure at its 90th percentile.

The operational hinge is a manufacturing group at 18% of revenue where reconciliation shows 2,840 workers whose declared wage is materially below what they say they receive — the allowance-split structure the vertical's anchor plan described, applied consistently for eleven years, certified annually by three previous providers, and disclosed to us without hesitation because it has never once been treated as a problem. Remediation means recomputing eleven years of provident fund, and the client's response is that it will simply appoint a provider that does not ask. So THE CERTIFICATION SYSTEM CANNOT ISSUE A COMPLIANCE CERTIFICATE WITH AN OPEN UNREMIEDIATED FINDING: it is a hard constraint with no client, seniority or first-year-transition override, and where remediation is refused the engagement is TERMINATED AND THE FINDING REPORTED. The termination is published with the finding that caused it, because a provider that resigns quietly has handed the client to somebody who will certify it — and the next certificate will say exactly what the last three said. No pay is linked to client retention.

9. Statutory, Certification & Data Compliance (India)

- **EPF & MP Act 1952 and ESI Act 1948** — UAN portability and the member passbook make it possible, for the first time, to verify from the worker's side what an employer says it deposited.
- **Code on Wages 2019 and Code on Social Security 2020** as notified, with the Payment of Wages, Minimum Wages, Bonus and Gratuity Acts operating meanwhile.

- **Contract Labour (Regulation and Abolition) Act 1970** — the principal employer is jointly liable, and a compliance certificate is frequently the only thing standing between it and that liability.
- **State professional tax and labour welfare fund** obligations, differing by state and revised continuously.
- **Companies Act and auditing standards** where statutory audit interacts with payroll certification and related-party disclosure.
- **Professional indemnity** for certification work, and liability for certificates relied on by principal employers.
- **Digital Personal Data Protection Act 2023** for payroll, wage, bank and UAN records held on behalf of clients.
- **Industrial Employment (Standing Orders) Act** where wage structures are certified or advised on. **No rule anywhere requires a compliance certificate to be checked against the worker's own record, and almost no certificate ever is.**

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Notes
Promoter / managing director	1	1	Owns the certification gate
Payroll operations & processing	32	84	1,400 workers per executive
Worker-side reconciliation — UAN verification & wage confirmation	16	44	45,312 exceptions a year; ₹227 per worker
Client account management & compliance delivery	14	38	Nil pay linked to client retention
Compliance audit, vendor-chain verification & site checks	10	26	Board-reporting; independent of accounts
Technology, payroll engine & reconciliation platform	9	20	No certificate issues with an open finding
Admin, finance, legal & business development	8	18	Professional indemnity; multi-state registrations
Total internal staff	90	231	Against 118,000 workers, 226 clients

The reconciliation headcount is derived rather than assumed, and it reconciles three ways. By volume: 118,000 workers produce 1,416,000 monthly records a year, of which 3.2% fail automated matching, giving 45,312 exceptions — at 1,100 exceptions resolved per reconciler a year that is 41.2 people, carried at 44 so that a spike in one client's exceptions does not silently become a lower match threshold. By cost per worker: the ₹2.68 crore reconciliation line across 118,000 workers is ₹227 per worker per year — and that figure is the whole explanation of this industry, because ₹227 is not a barrier to anything; it is simply a cost nobody has ever been asked to bear, for a check nobody has ever been required to perform. By cost per head: the ₹1.94 crore reconciliation salary line across 44 people is ₹4.4 lakh cost-to-company each, and median take-home sits below that because of provident fund, ESI and gratuity — the same arithmetic this business verifies on behalf of 118,000 others. The audit function reports to the board rather than to client relationships, because the client generating the most findings is always the client generating the most fees.

11. Implementation Timeline & Milestones

Phase	Window	Milestones
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Formation, registrations & platform build	Month 0-6	Incorporation, multi-state registrations, payroll engine, first clients
UAN reconciliation engine live	Month 3-10	Portal verification per member; 96.2% of credits confirmed
Wage confirmation with workers	Month 6-14	Declared wage checked against received wage at 94% → 97%
Site headcount verification	Month 10-22	Challan vs deployed at 68% → 88%; workers off-return 1,240 → 388
Worker statements & query desk	Month 14-26	Statements in worker languages at 96%; response median 22h → 11h
Scale & publication	Month 24-36	118k workers; 21 clients terminated; findings published

Training and competence

- **Reading a UAN passbook against a payroll register**, and knowing which one is evidence.
- **Asking a worker what he actually earns**, in a way that does not put him at risk.
- **Refusing an optimisation brief by name**, scripted for advisory teams under revenue pressure.
- **Reporting a finding to the client it is against**, without softening it into invisibility.

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions, not forecasts or guarantees. They exist to show the drivers of a payroll-and-compliance P&L under a reconcile-to-the-worker rule. Every input is editable. **The defining economics are that reconciliation costs ₹227 per worker per year and generates findings against the people paying for it — a cost that is trivial and a consequence that is not, which together explain why the check is technically possible, commercially available and almost never performed.**

12.1 Project cost & funding

Item	₹ lakh	Notes
Technology — payroll engine, UAN reconciliation & discrepancy registry	268	No certificate issues with an open finding
Worker-side verification capability — portal integration & contact operations	156	Reaching 118,000 people, not 226 clients
Working capital — client receivables	128	Enterprise clients settle at 60-75 days
Compliance audit teams, site-verification capability & tooling	112	Challan headcount against people on the floor
Offices, delivery centres & multi-state presence	78	State-level statutory variation drives presence
Registrations, licences, professional indemnity & deposits	38	Certification liability is real and insured
Brand, client acquisition & pre-operative	20	Panel empanelment, credentialing, deposits
Total project cost	800	₹320L investor + ₹200L term loan + ₹160L promoter + ₹120L WC

12.2 Operating metrics

Metric	Yr 1	Yr 2	Yr 3
RECONCILED TO THE WORKER, NOT THE CLIENT'S LEDGER — PF and ESI credits VERIFIED ON THE PORTAL PER UAN / compliance certified from client-supplied documents alone / declared wage confirmed against wage ACTUALLY RECEIVED / cost per worker per year of doing so	96.2% / NIL / 94% / ₹350	99.1% / NIL / 97% / ₹238	99.8% / NIL / 99% / ₹227
EVERY DISCREPANCY PUBLISHED AND REPORTED — INCLUDING AGAINST CLIENTS WHO PAY US / discrepancies found and not reported / clients TERMINATED for refusing remediation / median days from discovery to the worker being made whole	100% / NIL / 6 / 42	100% / NIL / 14 / 26	100% / NIL / 21 / 14
CHALLAN HEADCOUNT VERIFIED AGAINST HEADCOUNT PHYSICALLY DEPLOYED / sites where the two did not match, each investigated / workers found on the floor and absent from any return / vendor-chain tiers verified	68% / 186 / 1,240 / 62%	88% / 94 / 388 / 84%	100% / 38 / 46 / 100%
NIL "COMPLIANCE-OPTIMISATION" ADVISORY — allowance splitting, reclassification and gratuity avoidance REFUSED BY NAME / such engagements accepted / clients who left because we would not provide it / advisory revenue forgone	100% / NIL / 18 / ₹68L	100% / NIL / 26 / ₹132L	100% / NIL / 31 / ₹186L
EVERY WORKER CAN SEE WHAT WAS DEPOSITED IN HIS NAME — statement in his own language / workers unable to access their own record / queries answered by a named human at neither the client nor the site / median hours to first response	82% / 18% / 94.6% / 22	96% / 4% / 98.2% / 11	100% / NIL / 99.6% / 4
Workers under administration / clients served / anchor rules a–e carried / statutory dues deposited by due date / returns filed late	28k / 62 / 100% / 100% / NIL	74k / 148 / 100% / 100% / NIL	118k / 226 / 100% / 100% / NIL

Row one's last column is the number that explains the entire industry: ₹227 per worker per year is what it costs to check that the money reached the person it was deducted from, and it is not a barrier to anything — it is simply a cost nobody has ever been asked to bear. Row two is the commercially expensive one, because publishing findings against the client who pays you is the single behaviour that determines whether the certificate means anything, and 21 terminations is what holding it looks like. Row three's third column — workers on the floor and absent from any return, falling from 1,240 to 46 — is the finding no ledger-based reconciliation can ever produce, because a person missing from the register is invisible to any check that starts there. Row four's ₹1.86 crore forgone is the price of refusing to sell the harms the rest of this vertical documented.

12.3 Revenue build

Stream	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)	Gross margin
Third-party payroll processing & disbursement	336	800	1,344	34.0%
Statutory compliance management (PF, ESI, PT, LWF)	252	600	1,008	42.0%
Employer-of-record & staffing payroll	168	400	672	22.0%
Compliance audit & vendor-chain verification	126	300	504	54.0%
Labour-law advisory & registration services	105	250	420	48.0%

Technology licensing — payroll & reconciliation platform	63	150	252	68.0%
Total revenue	1,050	2,500	4,200	39.8% blended

12.4 P&L summary

Line	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)
Revenue	1,050	2,500	4,200
Cost of delivery — processing, filing & statutory operations	(632)	(1,504)	(2,527)
Gross profit	418	996	1,673
Payroll operations & processing teams	(142)	(238)	(346)
Worker-side reconciliation — UAN verification & wage confirmation	(98)	(176)	(268)
Client account management & compliance delivery	(72)	(124)	(176)
Compliance audit, vendor-chain verification & site checks	(62)	(104)	(152)
Technology, payroll engine & reconciliation platform	(86)	(102)	(118)
Admin, finance, legal & business development	(48)	(70)	(99)
EBITDA	(90)	182	514
Depreciation & amortisation	(44)	(62)	(82)
Finance cost	(18)	(28)	(38)
Other income — platform licensing & assessment fees <i>(disclosed)</i>	22	38	54
PBT	(130)	130	448
Tax	33	(33)	(112)
PAT	(97)	97	336
Net margin	(9.2%)	3.9%	8.0%
ROCE	(16.8%)	15.0%	54.0%

Reconciliation at ₹2.68 crore is 6.4% of revenue and 80% of profit, and it exists to check a set of facts that no client asked about and no regulation requires. The forgone advisory revenue of ₹1.86 crore does not appear in this statement at all, which is the point — it is the most profitable work in the trade and it is absent by choice rather than by inability. At a 39.8% blended gross margin and 54.0% return on ₹8 crore of capital this is an asset-light, fee-based business much like the RPO plan, with the same consequence: entry is easy, price competition is constant, and the candidate-side or worker-side commitments are always the first thing a competitor removes. Other income of ₹54 lakh is platform licensing and assessment fees, disclosed as a line and 1.3% of revenue. Commitments of ₹7.28 crore against ₹3.36 crore of profit mean a trade-standard operator would earn ₹10.64 crore.

12.5 Break-even & sensitivity

Scenario	Yr 3 revenue	Yr 3 PAT	Comment
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Base	₹42.0cr	₹3.36cr	As modelled, reconciled to the worker
Trade-standard — certify from client documents, no published findings, optimisation sold	₹51.2cr	₹11.58cr	The trade's model, computed rather than dismissed
Audit & advisory streams halved	₹37.4cr	₹1.58cr	The high-margin lines carry the commitments
Workers under administration 20% below plan	₹36.0cr	₹1.82cr	Fixed reconciliation capacity against variable volume
Client terminations double	₹38.6cr	₹2.36cr	The rule is allowed to cost revenue, not just margin
Reconciliation cost rises 40%	₹42.0cr	₹2.56cr	₹227 becomes ₹318; still not a barrier

13. Funding Requirement & Bankability

Source	₹ lakh	Terms (indicative)
Investor equity	320	Platform and reconciliation build; certification covenant
Term loan	200	Technology, offices and multi-state presence; 5 years
Promoter contribution	160	Cash and compliance leadership
Working capital facility	120	Client receivables at 60–75 days
Total	800	Illustrative structure

An investor should read portal-verification coverage, discrepancies published, clients terminated and advisory revenue forgone, and should understand that this business generates findings against the people who pay it and terminates those who will not act on them. The starkest figure is that certifying from client documents, publishing nothing and selling the optimisation advisory would take profit from ₹3.36 crore to ₹11.58 crore with the same clients and the same workers — and every one of those changes is lawful, invisible to the client's board and indistinguishable in the certificate itself. That is precisely why it is a covenant. The sharpest exposure is concentration in the two high-margin lines: halving audit and advisory takes profit to ₹1.58 crore, because payroll processing and EOR at 22–34% carry very little of it. An investor should also weigh the asset the model builds — a firm whose certificate has been reconciled to 118,000 workers holds something no competitor can assert, and it is worth exactly as much as the terminations that prove it.

- **Use of funds** — 34% technology and reconciliation engine, 20% worker-side verification capability, 16% working capital, 14% audit and site verification, 10% offices and multi-state presence, 5% registrations and indemnity, 2% brand.
- **Repayment** — term loan from Year 3 cash flow; working capital revolving against client receivables.
- **Investor exit** — sale to an HR-technology platform, a professional-services firm or a payroll group; or promoter buyback. **Worker-side reconciliation, published findings and advisory-refusal commitments survive change of control.**

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
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The auditor is paid by the audited	A third-party provider is engaged BY THE EMPLOYER TO CERTIFY THE EMPLOYER'S OWN COMPLIANCE, and the deliverable is A CHALLAN, A RETURN AND A CERTIFICATE — every one of which CAN BE ENTIRELY ACCURATE WHILE THE WORKER RECEIVES NOTHING. NOBODY VERIFIES THAT THE PF REACHED HIS UAN, THAT THE DECLARED WAGE IS THE WAGE HE WAS PAID, OR THAT THE CHALLAN HEADCOUNT MATCHES THE PEOPLE ON THE FLOOR. THE ENTIRE PROCESS IS A CLOSED LOOP BETWEEN PROVIDER AND CLIENT, AND THE WORKER IS THE SUBJECT OF EVERY DOCUMENT AND A PARTY TO NONE. A provider that reports nothing is retained; one that reports something creates work for the person signing its invoice	RUN THE RECONCILIATION THE OTHER WAY. PF AND ESI CREDITS VERIFIED ON THE PORTAL PER UAN (99.8%), NOT AGAINST THE CLIENT'S REGISTER, BECAUSE A PAYROLL SYSTEM CAN SHOW A DEDUCTION THAT WAS NEVER DEPOSITED AND ONLY THE WORKER'S OWN PASSBOOK SETTLES IT. DECLARED WAGE CONFIRMED AGAINST WAGE ACTUALLY RECEIVED (99%) BY ASKING THE WORKER. CHALLAN HEADCOUNT CHECKED AGAINST PEOPLE PHYSICALLY DEPLOYED at 100% of sites, with workers found on the floor and ABSENT FROM ANY RETURN falling 1,240 → 46. EVERY DISCREPANCY PUBLISHED AND REPORTED INCLUDING AGAINST CLIENTS WHO PAY US, 21 TERMINATED, median discovery-to-whole 42 → 14 days. The whole apparatus costs ₹227 PER WORKER PER YEAR (₹4.20cr). GENERAL RULE: WHERE THE COMPLIANCE IS CERTIFIED BY SOMEONE THE EMPLOYER PAYS, RECONCILE TO THE WORKER OR THE CERTIFICATE IS DECORATION
Eleven years of allowance splitting at an 18% client	Reconciliation shows 2,840 workers whose DECLARED WAGE IS MATERIALLY BELOW WHAT THEY SAY THEY RECEIVE — the anchor plan's structure, applied CONSISTENTLY FOR ELEVEN YEARS, CERTIFIED ANNUALLY BY THREE PREVIOUS PROVIDERS, and DISCLOSED TO US WITHOUT HESITATION BECAUSE IT HAS NEVER ONCE BEEN TREATED AS A PROBLEM. Remediation means recomputing eleven years of PF, and the client will SIMPLY APPOINT A PROVIDER THAT DOES NOT ASK	THE CERTIFICATION SYSTEM CANNOT ISSUE A CERTIFICATE WITH AN OPEN UNREMIEDIATED FINDING — a hard constraint with NO CLIENT, SENIORITY OR FIRST-YEAR-TRANSITION OVERRIDE. THE SYSTEM REFUSES RATHER THAN WARNS (rule j). Where remediation is refused the engagement is TERMINATED AND THE FINDING REPORTED, and the termination PUBLISHED WITH THE FINDING THAT CAUSED IT — because a provider that resigns quietly HAS HANDED THE CLIENT TO SOMEBODY WHO WILL CERTIFY IT, AND THE NEXT CERTIFICATE WILL SAY EXACTLY WHAT THE LAST THREE SAID
The advisory menu is the list of harms	ALLOWANCE SPLITTING, CONTRACTOR RECLASSIFICATION, ROLLING TERMS TO DEFEAT GRATUITY AND APPRENTICE SUBSTITUTION are NOT ABUSES AT THE EDGE OF THE COMPLIANCE INDUSTRY — THEY ARE ITS PRICED, PACKAGED, PROFESSIONALLY DELIVERED ADVISORY PRODUCTS, presented in decks, quoted per engagement and defended as lawful, WHICH INDIVIDUALLY AND NARROWLY EACH OF THEM IS	NIL such engagements accepted, EACH REFUSED BY NAME RATHER THAN BY POLICY, BECAUSE A FIRM THAT DECLINES "AGGRESSIVE STRUCTURING" IN THE ABSTRACT WILL ACCEPT IT UNDER A DIFFERENT LABEL. ₹1.86cr OF ADVISORY REVENUE FORGONE AND PUBLISHED, with 31 clients leaving because we would not provide it — the forgone revenue is disclosed precisely because IT DOES NOT APPEAR ANYWHERE IN THE P&L (₹1.86cr)
A worker cannot check a document he has never seen	Every commitment here reduces to A RECORD HE CAN READ, and a reconciliation NOBODY OUTSIDE THE FIRM CAN SEE is one THE FIRM COULD QUIETLY STOP DOING	EVERY WORKER RECEIVES A STATEMENT IN HIS OWN LANGUAGE OF WHAT WAS DEPOSITED IN HIS NAME (100%), NIL unable to access their own record, queries answered by A NAMED HUMAN AT NEITHER THE CLIENT NOR THE SITE (99.6%) at a FOUR-HOUR MEDIAN. The cheapest commitment in the plan AND THE ONE THAT MAKES THE OTHERS ENFORCEABLE (₹58L)

Concentration in high-margin lines	Halving audit and advisory takes profit to ₹1.58cr, since processing and EOR at 22–34% carry very little of it	Client count grown 62 → 226 to dilute concentration; technology licensing at 68% expanded; reconciliation sold as a product to principal employers auditing their own vendor chains; and no covenant dependent on a single stream
Certification liability	A certificate relied on by a principal employer carries real exposure, and reconciling more deeply means finding more to be liable about	Professional indemnity carried and reviewed annually; findings reported in writing with dated remediation status; scope and methodology published so reliance is informed; and open findings block certification rather than being footnoted
Price competition	Providers certifying from client documents carry none of the ₹227-per-worker cost and quote accordingly	Reconciliation quoted as a separate non-discountable line (rule g); audit and platform sold to principals rather than only to employers; and terminations published so the certificate's meaning is externally visible

15. SWOT Analysis

Strengths • 99.8% of credits verified on the portal, not the ledger • Findings published against paying clients; 21 terminated • Workers off-return found and fixed: 1,240 → 46 • Optimisation advisory refused by name; ₹1.86cr forgone • Every worker sees what was deposited in his name	Weaknesses • ₹7.28cr forgone against ₹3.36cr of profit • Shrinks its own market at three separate points • Reconciliation scales with workers, not with fees • Higher fee than ledger-based certification
Opportunities • Principal employers exposed to CLRA joint liability • Reconciliation platform licensed at 68% margin • Investor and buyer ESG scrutiny of supply-chain labour • Any enforcement requiring worker-side verification • Labour-code transition driving advisory demand	Threats • Providers certifying from client documents at lower fees • Clients moving to vendors that do not ask • State-level statutory variation raising cost to serve • Certification liability rising with depth of reconciliation

16. Recommended AiSevak Tools for This Business

- **UAN reconciliation engine** — credits verified on the portal per member, not against the client register.
- **Wage-confirmation loop** — declared wage checked against the wage the worker says he received.
- **Headcount verifier** — challan roll matched to people physically present at the site.
- **Certification gate** — no certificate issues with an open unremediated finding; no override exists.
- **Discrepancy registry** — every finding logged, published, and tracked to the worker being made whole.
- **Refusal log** — optimisation engagements declined by name, with revenue forgone published.
- **Worker statement** — what was deposited in his name, in his language, on request.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, workers under administration, exception rates, reconciliation cost and termination counts are editable inputs; actual outcomes

depend on client willingness to be audited, statutory change, state-level variation and competitive pricing. Figures are in Indian rupees. **This plan closes the staffing vertical and carries the ten anchor rules set by `staffing-agency`.**

- **The central integrity finding is that the auditor is paid by the audited, and the deliverable is a document.** A third-party provider is engaged by the employer to certify the employer's own compliance, and what it produces — a challan, a return, a certificate — can be entirely accurate while the worker receives nothing. **Nobody verifies that the provident fund reached his UAN account, that the wage the return declares is the wage he was paid, or that the headcount on the challan matches the people on the floor.**
- **The process is a closed loop between provider and client.** The client supplies the register, the provider reconciles to the register, the certificate is issued to the client — so the worker is the subject of every document in the process and a party to none of them. **Nobody has to be dishonest; the methodology simply never asks the three questions whose answers would be inconvenient. What has changed is that UAN portability now makes it possible to check, so the reason it is not checked has moved from impossibility to preference.**
- **So the reconciliation runs the other way, at ₹227 per worker per year.** Credits are verified on the portal per UAN rather than against the client's register; the declared wage is confirmed against the wage actually received by asking the worker; challan headcount is checked against people physically deployed, with workers found on the floor and absent from any return falling from 1,240 to 46; and every discrepancy is published and reported including against clients who pay us, with 21 terminated for refusing remediation. **It costs ₹4.20 crore. WHERE THE COMPLIANCE IS CERTIFIED BY SOMEONE THE EMPLOYER PAYS, RECONCILE TO THE WORKER OR THE CERTIFICATE IS DECORATION.**
- **The profitable half of this trade's advisory menu is the list of findings from the preceding eight plans.** Allowance splitting is the staffing-agency finding sold as wage structuring; contractor reclassification is the blue-collar finding sold as engagement-model optimisation; rolling fixed terms are the contract-staffing finding sold as flexibility design; apprentice substitution is the apprenticeship finding sold as cost-efficient hiring. **These are not abuses at the edge of the compliance industry — they are its priced, packaged, professionally delivered products. So nil such engagements are accepted and each is refused by name, because a firm that declines "aggressive structuring" in the abstract will accept it under a different label.**
- **Eight times in this vertical, Indian staffing law granted a permission with a condition attached, and eight times the trade kept the permission and dropped the condition.** Joint liability nobody verifies; fixed-term flexibility without parity; gig status without the contribution; a training bond without the training cost; welfare amenities the contract never mentions; an apprentice exclusion whose premise was inverted; purpose-limited consent against indefinite CV re-marketing; a licence whose fee cap is inverted through unregistered sub-agents. **The reason is the same every time and it is not dishonesty: the permission benefits somebody who is in the room when the contract is priced, and the condition protects somebody who is not. It is therefore not enforced by conscience, because conscience operates on people who are visible, and not caught by audit, because the audit is bought by one of the parties in the room.**
- **That is why every commitment across these nine plans takes the same form — not a promise but a published measurement, and not a policy but a system that refuses.** A published number puts the absent party into the room as data; a hard constraint removes the moment at which somebody would otherwise have to choose them over a target. **And this plan is the vertical's last because it is the one that checks the others: if a compliance certificate is reconciled to the worker, then allowance splitting, reclassification, tenure interruption and stipend substitution all become visible in the only record that was ever going to show them.**
- **Compliance and professional advice.** The EPF & MP Act 1952 and ESI Act 1948, with UAN portability and the member passbook making worker-side verification possible for the first time; the Code on Wages 2019 and Code on Social Security 2020 as notified, with the existing Acts operating meanwhile; **the Contract Labour (Regulation and Abolition) Act 1970, under which the principal employer is jointly liable and a compliance certificate is frequently the only thing standing between it and that liability;** state professional tax and labour welfare fund

obligations differing by state; the Companies Act and auditing standards where statutory audit interacts with payroll certification; professional indemnity for certification relied on by principals; the Digital Personal Data Protection Act 2023 for payroll, wage, bank and UAN records; and the Industrial Employment (Standing Orders) Act where wage structures are certified. **No rule anywhere requires a compliance certificate to be checked against the worker's own record — which is why reconciling to the worker is a business decision rather than a compliance one.** Professional advice should be taken on certification liability, remediation of historic wage-structure findings, termination rights on refusal to remediate, and data-processing agreements with clients.

► **Use these tools now — free on AiSevak**

Every tool referenced in this plan is available on aisevak.in. Open the [Staffing & Workforce Solutions toolkit](#) to browse and use them all at <https://aisevak.in/verticals/staffing> — or go straight to any specific tool at <https://aisevak.in/service/<tool-name>>. No signup needed to explore; each tool guides you step by step.

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