



BUSINESS PLAN · INDIA

HR & Payroll Outsourcing (HRO)

End-to-end payroll, compliance & HR operations as a service (PEPM)

HR-TECH

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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

1. Executive Summary

This plan sets out an **HR & Payroll Outsourcing (HRO) Business** in India — an end-to-end people-operations service that runs payroll, statutory compliance (PF/ESI/PT/TDS), employee onboarding/exit, leave & attendance, HR helpdesk, benefits administration and HR documentation for employers, delivered on a per-employee-per-month (PEPM) model. It combines payroll accuracy with full HR-operations support, so clients get a hands-off, compliant people function.

Growing employers want to focus on their business, not on payroll runs, statutory filings and HR admin — all of which are recurring, error-intolerant and compliance-heavy. HRO delivers this as a service, generating sticky, recurring PEPM revenue that scales with client headcount.

The promoter — an HR/payroll professional — seeks total funding of **₹6.0 lakh** (₹2.5 lakh promoter + ₹3.5 lakh term loan, eligible under PMMY-Mudra / CGTMSE), targeting **₹32 lakh** revenue in Year 1 and **₹82 lakh** by Year 3.

2. Business Description, Vision & Legal Structure

Concept: The outsourced people-operations department — payroll run accurately and on time, every statutory obligation met, and day-to-day HR admin handled, so employers can focus on growth.

Vision: To be the most reliable HR & payroll outsourcing partner for growing employers.

Mission: Deliver error-free payroll, full compliance, and smooth HR operations — with security and service.

Legal structure options

- **LLP / Private Limited** — recommended for credibility, data-liability and scale.
- **Proprietorship** — acceptable for a small start.

Trust & data note: HRO handles sensitive salary, personal and statutory data. Strong data security, confidentiality and DPDP-aligned handling are core to winning and keeping clients — especially larger ones.

3. Promoter & Ownership

Led by a promoter with payroll, HR-operations or compliance experience. Delivery uses payroll and HR-ops executives, a compliance specialist, and a client-success lead, on a technology platform. Year-one ownership rests with the promoter; ownership and profit-sharing are editable inputs.

4. Market Analysis — India

The base of employers needing payroll and HR-operations support is vast and growing, and compliance is tightening under the new labour codes. Many SMEs and mid-market firms prefer to outsource these recurring, error-intolerant functions. HRO combines payroll with broader HR operations, capturing more value per client than payroll-only providers.

Demand drivers

- **Universal, recurring need** — payroll & HR ops every month.
- **Compliance tightening** (labour codes, PF/ESI/PT/TDS).

- **Headcount growth** expanding PEPM revenue.
- **Focus & cost:** employers outsource non-core ops.
- **Technology** enabling efficient multi-client delivery.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Employers needing payroll/HR-ops in India	Very large
SAM	Reachable SMEs/mid-market in the firm's region	Large
SOM (Yr 1-3)	Client employers (by headcount)	30 → 100 clients

Target segments

- SMEs and startups wanting hands-off payroll + HR ops.
- Mid-market firms consolidating HR administration.
- Multi-location employers needing standardised ops.
- Companies scaling headcount rapidly.

5. Competition & Competitive Advantage

Landscape: payroll-only providers, HR-tech platforms, accountants offering payroll, and large HRO/PEO firms. The firm differentiates on the payroll+HR-ops bundle, accuracy, compliance, service and technology for the mid-market.

The firm's edge

- **Payroll + HR-ops bundle** — more value per client.
- **Accuracy & on-time compliance** guarantee.
- **Data security & confidentiality.**
- **Employee self-service & helpdesk** experience.
- **Technology-enabled, scalable delivery.**

6. Services & Pricing (PEPM)

Service	Model	Indicative price
Payroll processing + statutory	PEPM	₹150-400/emp/mo
Full HRO (payroll + HR ops + helpdesk)	PEPM	₹300-700/emp/mo
Minimum monthly retainer (small clients)	Monthly	₹6,000-15,000/mo
Onboarding/exit & documentation	Per event	Included / fee
Compliance audit & registers	Project	10,000-60,000
Benefits administration	PEPM / project	Add-on

PEPM pricing means revenue grows automatically with client headcount; the full-HRO bundle raises value per client vs payroll-only.

7. Go-to-Market — Marketing & Sales

- **Referrals:** CAs, HR consultants, staffing firms and existing clients.
- **SME & startup ecosystems** for scaling employers.
- **Digital presence** for "payroll outsourcing / HR outsourcing".
- **Partnerships** with HR-tech and accounting firms.
- **Content** on compliance and HR-ops best practice.

Sales funnel

Lead → payroll/HR-ops health check → PEPM proposal → onboarding (employee master, statutory setup) → monthly delivery → upsell (full HRO, compliance audit). Target 3–4 new clients/month, weighted to higher-headcount accounts.

8. Operations Plan

- **Location:** a secure office; delivery is largely digital with strict data controls.
- **Technology:** a payroll+HRMS platform, employee self-service, statutory-filing tools, and a client deadline/SLA tracker.
- **Delivery process:** inputs → process payroll → client approval → payslips & bank file → statutory computation → deposit & file → HR-ops tasks → reports.
- **Quality & security:** maker-checker; encrypted data; role-based access; audit logs; SLA management.
- **Capacity:** executives handle thousands of employee-records/month; scale by adding staff and automation.

Monthly delivery cycle

Activity	Frequency	Output
Payroll run	Monthly	Payslips, bank file
Statutory (PF/ESI/PT/TDS)	Monthly/Quarterly	Deposits & returns
HR ops (onboard/exit/leave)	Ongoing	Records
Helpdesk	Ongoing	Employee support
MIS & reports	Monthly	Dashboards

9. Regulatory, Licences & Compliance (India)

- **Business registration:** LLP/Pvt Ltd (preferred) or proprietorship; PAN/TAN; GST (fees attract GST); professional tax and Shops & Establishments as applicable.
- **Client statutory:** facilitate PF/ESI/PT/TDS compliance; labour-code alignment.
- **Data protection:** DPDP-aligned handling of employee data; confidentiality agreements; secure infrastructure.
- **SLA & contracts:** clear scope, SLAs, and data-processing terms.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / Delivery Head	1	1	1

Payroll / HR-Ops Executive	2	4	6
Compliance Specialist	1	2	2
Client Success / Admin	0	1	2
Total	4	8	11

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-1	Entity, platform, security, first clients
Launch	Month 1-3	First 10 clients; clean payroll & HR-ops runs
Traction	Month 4-9	30+ clients; full-HRO upsell; break-even nears
Scale	Year 2	Automation; larger accounts
Growth	Year 3	100 clients; recurring PEPM book

12. Financial Plan (Illustrative)

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

12.1 Project cost & means of finance

Capital requirement	₹
Office & fit-out	1,10,000
Computers & secure IT (4)	1,70,000
Payroll+HRMS platform & security	1,10,000
Branding, website & marketing	50,000
Deposits & pre-operative	50,000
Working-capital buffer	1,00,000
Total project cost	6,00,000
Promoter contribution	2,50,000
Term loan (Mudra / CGTMSE)	3,50,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
PEPM (payroll + HRO)	24,00,000	46,00,000	62,00,000
Compliance, onboarding & projects	5,00,000	9,00,000	13,00,000
Benefits admin & add-ons	3,00,000	6,00,000	7,00,000

Total revenue	32,00,000	61,00,000	82,00,000
Salaries & wages	15,60,000	29,00,000	38,00,000
Rent & utilities	1,80,000	2,20,000	2,60,000
Platform, security & IT	2,60,000	3,60,000	4,60,000
Marketing	1,60,000	2,40,000	3,00,000
Admin, travel & misc	2,20,000	3,20,000	4,20,000
Interest on term loan	38,000	28,000	16,000
Total expenses	24,18,000	40,68,000	52,56,000
Net profit (before tax)	7,82,000	20,32,000	29,44,000
Net margin	24.4%	33.3%	35.9%

12.3 Unit economics & break-even

- **Per-employee economics:** blended PEPM well above delivery cost; margins improve with automation and scale.
- **Revenue scales with headcount** — clients growing grows revenue with little added cost.
- **Break-even:** a threshold of processed employee-records/month — reached around month 8-10.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	1,00,000	80,000	1,45,000	2,60,000
Collections	4,80,000	7,40,000	9,00,000	10,80,000
Operating outflows	4,70,000	6,45,000	7,55,000	8,90,000
Loan EMI	30,000	30,000	30,000	30,000
Closing balance	80,000	1,45,000	2,60,000	4,20,000

Recurring PEPM revenue produces smooth, predictable cash flow; the buffer covers the client-onboarding ramp.

12.5 Key Performance Indicators to Monitor

- **Scale:** employees processed/month; client employers; net headcount growth.
- **Delivery:** on-time payroll & filing % (target 100%); error rate.
- **Retention:** client churn; tenure; PEPM revenue retention.
- **Economics:** PEPM realised; employees per executive; % recurring.

13. Funding Requirement & Bankability

Total ask: **₹3.5 lakh term loan** against ₹2.5 lakh promoter contribution — eligible under **PMMY (Mudra)** and coverable under **CGTMSE**. Year-1 net profit ~₹7.82 lakh against annual debt service of ~₹1.2 lakh gives a **DSCR above 3.0** — comfortably bankable, backed by recurring PEPM revenue.

13.1 Funding utilisation

Use of funds	₹	% of total
IT, platform & security	2,80,000	47%
Office setup & deposits	1,60,000	27%
Branding & marketing	50,000	8%
Working-capital buffer	1,00,000	17%
Total	6,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Payroll error / statutory penalty	Maker-checker; deadline dashboard; professional-indemnity cover
Data breach / confidentiality	Encryption, access controls, DPDP alignment, audit logs
Client churn	Full-HRO stickiness; SLAs; broad base
Labour-code / rule change	Platform updates; upskilling; client advisories
Month-end volume spikes	Capacity planning; automation; staggered cut-offs

15. SWOT Analysis

Strengths Recurring PEPM; scales with headcount; sticky full-HRO bundle; low capex.	Weaknesses Zero-error expectation; data-security burden; platform dependence.
Opportunities Labour codes; outsourcing trend; automation; larger accounts.	Threats HR-tech platforms; price competition; regulatory change.

16. Recommended AiSevak Tools for This Business

This business would use AiSevak's HR-Tech and Finance-payroll tools in delivery:

- **Payroll & compliance:** Payroll-Compliance, PF-EPF, ESI, PTax, TDS-Salary, Payslip Generator, Min-Wage, LWF, Gratuity/Bonus.
- **HR ops:** onboarding/exit, leave/attendance, policy and helpdesk tools.
- **Practice:** Business Plan, Break-even and Unit-Economics tools to model the HRO.

17. Key Assumptions & Notes

- ~30 client employers in Year 1 growing to ~100 by Year 3, weighted by headcount.
- Blended PEPM above delivery cost — replace with local pricing and client mix.
- Term-loan interest ~11% p.a., 5-year tenure; adjust to sanctioned terms.

- Figures exclude GST on fees (pass-through) and promoter remuneration (editable input).

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No signup needed to explore; each tool guides you step by step.

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