



BUSINESS PLAN · INDIA

PEO / EOR Services Firm

Employer-of-record & co-employment to hire in India without an entity

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 a **PEO / EOR Services Firm** in India — a business that acts as a **Professional Employer Organisation (co-employment)** and **Employer of Record (EOR)**, enabling companies (domestic and foreign) to hire, pay and manage employees in India compliantly without setting up or scaling their own entity. The firm becomes the legal/record employer or co-employer, handling payroll, statutory compliance, benefits, contracts and HR administration, while the client directs day-to-day work.

Global companies want to hire in India quickly and compliantly, and domestic firms want to expand into new states or hire flexibly without entity/compliance overhead. EOR/PEO solves this — a fast-growing, high-value model with recurring per-employee revenue and strong stickiness, though it carries significant compliance and liability responsibility.

The promoter — an HR/compliance professional — seeks total funding of **₹8.0 lakh** (₹3.5 lakh promoter + ₹4.5 lakh term loan for setup/opex; note EOR requires robust compliance infrastructure and working capital for payroll float — planned for separately), targeting **₹36 lakh** revenue in Year 1 and **₹95 lakh** by Year 3.

2. Business Description, Vision & Legal Structure

Concept: An employer-of-record partner that lets companies hire and run teams in India compliantly and fast — we handle employment, payroll, compliance and benefits; they direct the work.

Vision: To be a trusted EOR/PEO enabling companies to build teams in India effortlessly.

Mission: Employ, pay and support client teams with full compliance, great employee experience, and zero hassle for the client.

Legal structure

- **Private Limited** — required for a credible EOR carrying employer obligations, compliance infrastructure and client contracts.

Responsibility note: as EOR, the firm is the legal employer and bears statutory obligations (PF/ESI/PT/TDS, labour law, gratuity, contracts) and liability for the deployed workforce — plus payroll float (paying staff before/independent of client settlement timing). This demands rigorous compliance, strong contracts, insurance and working capital. Legal/tax structuring advice is essential.

3. Promoter & Ownership

Led by a promoter with HR, payroll-compliance or PEO/EOR experience. Delivery uses payroll/compliance, HR-ops and client-success teams on a robust platform, with legal/tax partners. Year-one ownership rests with the founder(s)/company; ownership and profit-sharing are editable inputs.

4. Market Analysis — India

Global hiring in India is booming (GCCs, remote-first companies, market entrants), and domestic firms increasingly want flexible, compliant hiring across states. EOR/PEO is a fast-growing category worldwide and expanding in India, driven by the desire to hire quickly without entity setup and to offload employment compliance to experts.

Demand drivers

- **Global hiring in India** without local entity setup.
- **Remote-first & distributed teams.**
- **Multi-state expansion** for domestic firms.
- **Compliance complexity** employers want to offload.
- **Speed & flexibility** in building teams.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Companies hiring in India via EOR/PEO	Large & growing
SAM	Reachable global & domestic clients in target segments	Focused
SOM (Yr 1-3)	Employees under management (EOR/PEO)	40 → 150 employees

Target segments

- Foreign companies hiring in India without an entity.
- Remote-first firms with distributed India teams.
- Domestic firms expanding to new states.
- Companies needing flexible/project hiring.

5. Competition & Competitive Advantage

Landscape: global EOR platforms, domestic PEO/staffing firms, and in-house entity setup. The firm competes on India-compliance depth, employee experience, speed, service and cost for the segments it targets.

The firm's edge

- **Deep India-compliance expertise.**
- **Fast onboarding** without client entity.
- **Great employee experience** (payroll, benefits, support).
- **Strong contracts & risk management.**
- **Personalised service** for target clients.

6. Services & Pricing (per-employee)

Service	Model	Indicative price
EOR (legal employer)	Per employee/month	₹ per-emp fee / % of salary
PEO (co-employment)	Per employee/month	Per-emp fee
Payroll & statutory compliance	Included	Bundled
Benefits administration	Included / add-on	Bundled/fee
Onboarding & contracts	Per event	Included
Advisory (structuring, expansion)	Project	Engagement

Per-employee EOR/PEO fees are the recurring core (a fixed fee or % of salary per employee); revenue scales with employees under management and is very sticky.

7. Go-to-Market — Marketing & Sales

- **Global-hiring channels:** outreach to foreign companies/GCCs entering India.
- **Partnerships:** with global EOR platforms (as India partner), consultancies, and law/CA firms.
- **Content & SEO** for "hire in India / EOR India / PEO India".
- **Remote-work communities** and expansion advisors.
- **Employee experience & compliance reputation** for referrals.

Sales approach

Consultative: hiring need → EOR/PEO proposal → onboarding → ongoing management → expansion. Land initial employees, then grow the count under management; long, sticky relationships.

8. Operations Plan

- **Location:** a secure office; delivery is platform- and compliance-driven.
- **Process:** client contract → employee onboarding & contracts → payroll & statutory → benefits & support → compliance management → offboarding.
- **Technology:** an EOR/payroll platform, compliance engine, employee self-service, and client dashboards.
- **Compliance & risk:** rigorous statutory compliance, strong contracts, professional-indemnity/employer liability insurance, and payroll-float management.
- **Capacity:** compliance/payroll and client-success teams manage employees under management; scale carefully with controls.

Employer obligations managed

Obligation	Scope	Nature
Payroll & TDS	Salary, tax	Monthly
PF/ESI/PT	Statutory	Monthly
Contracts & policies	Employment terms	Per employee
Benefits & gratuity	Employee benefits	Ongoing
Labour compliance	State/central law	Ongoing

9. Regulatory, Licences & Compliance (India)

- **Company incorporation:** PAN/TAN; GST; PF/ESI/PT registrations; Shops & Establishments; labour registrations as applicable.
- **Employer obligations:** full statutory compliance as legal/record employer; gratuity; contracts; labour codes.
- **Contracts & insurance:** robust client & employee contracts; employer-liability/PI insurance; clear risk allocation.

- **Data protection** aligned to the DPDP Act; secure handling of employee/client data; cross-border considerations for foreign clients.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Founder / Head	1	1	1
Payroll / Compliance Specialist	2	3	5
HR-Ops / Client Success	1	3	4
Sales / Admin	1	2	2
Total	5	9	12

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-2	Entity, registrations, platform, contracts, insurance
Launch	Month 2-5	First EOR/PEO employees onboarded; compliance proven
Traction	Month 5-12	Employees under management grow; break-even nears
Scale	Year 2	Global-platform partnerships; more clients
Growth	Year 3	150 employees managed; recurring 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. Note: EOR revenue often includes salary pass-through (not shown as firm revenue here — only the service fee is counted). They are not projections of guaranteed results.

12.1 Project cost & means of finance (setup/opex)

Capital requirement	₹
Office & fit-out	1,40,000
Computers & secure IT (5)	2,00,000
EOR/payroll platform & compliance engine	1,50,000
Legal, contracts & insurance (initial)	80,000
Branding, website & BD	70,000
Working-capital buffer	1,60,000
Total setup cost	8,00,000
Promoter contribution	3,50,000

Term loan (setup/opex)	4,50,000
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Note: payroll float (funds to pay managed employees ahead of/independent of client settlement) is a separate working-capital requirement, typically funded by client advances/deposits and a dedicated facility — not this term loan.

12.2 Projected Profit & Loss (3 years) — service fee only

Particulars	Year 1	Year 2	Year 3
EOR/PEO per-employee fees	30,00,000	56,00,000	76,00,000
Onboarding & advisory	4,00,000	8,00,000	12,00,000
Benefits & add-ons	2,00,000	5,00,000	7,00,000
Total income (service fee)	36,00,000	69,00,000	95,00,000
Salaries & team	19,20,000	34,00,000	45,00,000
Rent & utilities	2,40,000	3,00,000	3,60,000
Platform, compliance & IT	3,20,000	4,40,000	5,40,000
Legal, insurance & risk	2,40,000	3,40,000	4,40,000
Marketing, admin & misc	3,20,000	4,60,000	6,00,000
Interest on term loan	50,000	36,000	20,000
Total expenses	30,90,000	49,76,000	64,60,000
Net profit (before tax)	5,10,000	19,24,000	30,40,000
Net margin (on service fee)	14.2%	27.9%	32.0%

12.3 Unit economics & break-even

- **Per employee managed:** recurring service fee well above per-employee delivery cost; margins scale with count.
- **Stickiness:** switching EOR is disruptive — very high retention.
- **Break-even:** a threshold of employees under management — reached around month 10-12.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	1,60,000	90,000	1,20,000	2,35,000
Collections (service fee)	5,50,000	8,00,000	10,50,000	12,00,000
Operating outflows	5,75,000	7,30,000	9,05,000	10,30,000
Loan EMI	45,000	40,000	30,000	30,000
Closing balance	90,000	1,20,000	2,35,000	3,75,000

Service-fee cash builds as employees under management grow. Separately, payroll float must be carefully managed via client advances/deposits — it is not shown in this service-fee view.

12.5 Key Performance Indicators to Monitor

- **Scale:** employees under management; clients; net growth.
- **Compliance:** statutory-filing accuracy (100%); incidents (zero).
- **Experience:** employee & client satisfaction; onboarding TAT.
- **Economics:** service fee per employee; retention; float management.

13. Funding Requirement & Bankability

Setup ask: **₹4.5 lakh term loan** against ₹3.5 lakh promoter contribution — eligible under **PMMY (Mudra)** and coverable under **CGTMSE**. Year-1 net profit ~₹5.1 lakh (on service fee) against annual debt service of ~₹1.5 lakh gives a **DSCR above 3.0**. Payroll float is managed separately via client advances/deposits and a dedicated facility.

13.1 Funding utilisation (setup/opex)

Use of funds	₹	% of total
IT, platform & compliance engine	3,50,000	44%
Office setup & legal/insurance	2,20,000	28%
Branding & business development	70,000	9%
Working-capital buffer	1,60,000	20%
Total	8,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Employer liability & compliance	Rigorous compliance; strong contracts; employer-liability/PI insurance
Payroll float / client non-payment	Advances/deposits; credit checks; clear payment terms; dedicated facility
Statutory error / penalty	Compliance engine; maker-checker; expert oversight
Data security (employee/client)	Strong security; DPDP alignment; access controls
Regulatory changes (EOR/labour)	Continuous tracking; legal partners; adaptable contracts

15. SWOT Analysis

Strengths Recurring per-employee fees; very sticky; fast-growing category; scales with count.	Weaknesses Employer liability; payroll-float capital; compliance-intensive.
Opportunities Global hiring in India; remote work; multi-state expansion; platform partnerships.	Threats Global EOR platforms; regulatory changes; client-payment/credit risk.

16. Recommended AiSevak Tools for This Business

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

- **Payroll & compliance:** Payroll-Compliance, PF-EPF, ESI, PTax, TDS-Salary, Gratuity/Bonus, Payslip Generator, Min-Wage.
- **Employment:** employment-contract, offer-letter, policy and onboarding tools (Legal vertical).
- **Practice:** Business Plan, Unit-Economics and Working-Capital tools to model the EOR/PEO and float.

17. Key Assumptions & Notes

- ~40 employees under management in Year 1 growing to ~150 by Year 3; service fee only counted as revenue.
- Salary pass-through and payroll float are managed separately via client advances/deposits.
- Term-loan interest ~11% p.a., 5-year tenure; figures exclude GST where applicable.
- Employer liability, compliance and insurance are foundational — obtain legal/tax structuring advice.

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

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