www.finnosights.com
April-June 2026

PERSPECTIVES

BY FINNOSIGHTS

The Annual Operating Plan

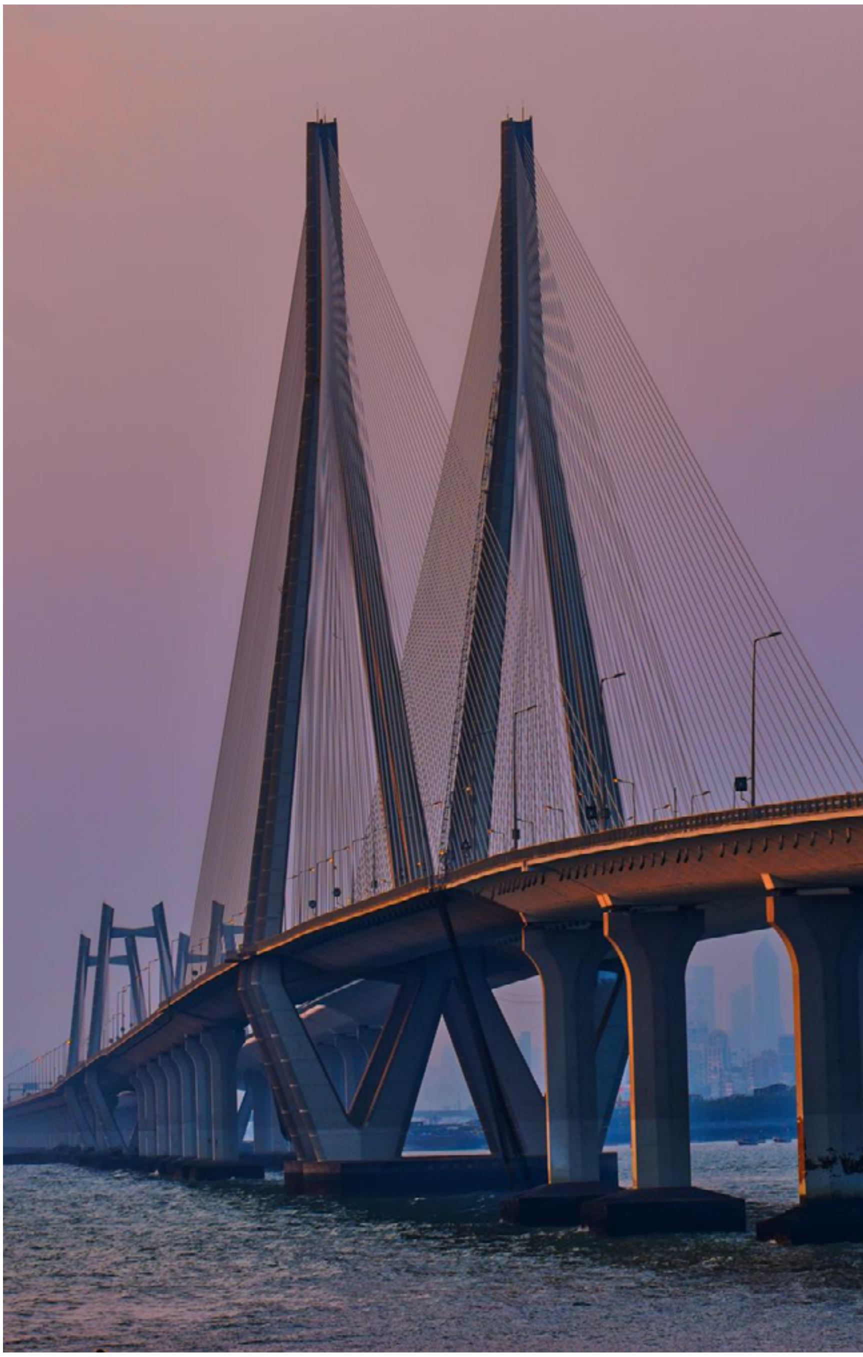
The Forcing Function Your Startup Needs

FINNOSIGHTS
FINANCE · INNOVATION · INSIGHTS

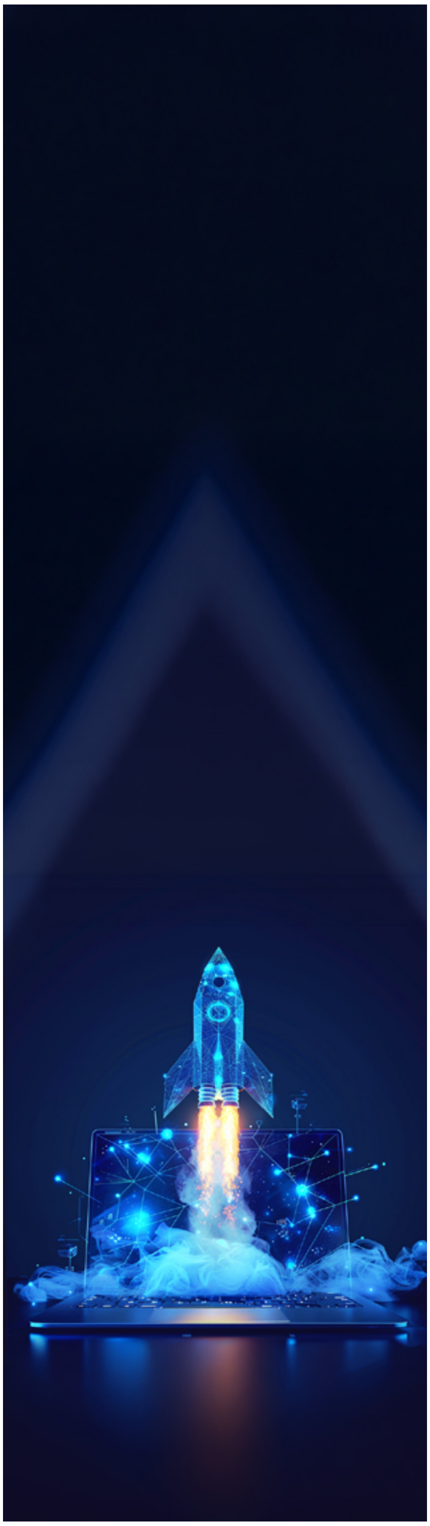

OCEAN TOWER

Contents

April – June 2026



01 From the Editor



Build Before You Have To

Friends,

In the early stages, speed gets the attention. And that is the right call.

Speed of decisions.
Speed of experimentation.
Speed of failure.

Speed is the competitive advantage that proves the idea, validates the market, and convinces investors that something real is being built. It is what carries a startup through the uncertainty of the early years.

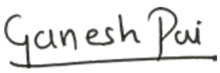
But growth, when it comes, demands something different. The habits that drove the first phase — move fast, decide quickly, figure it out as you go — begin to work against you. What the business now needs is infrastructure. The kind that does not build itself.

Founders often hear the advice: build the plane while flying. Sound counsel for the early days. But building the plane while flying, done for too long, risks more than turbulence. In some cases, it brings the flight down entirely.

The founders who scale well understand this early. They bring in the right talent before the gaps become crises. They put an Annual Operating Plan in place before the board starts asking hard questions. They build compliance into the operating rhythm before a notice arrives. They invest in systems and processes before the existing ones buckle under volume.

They build intentionally, before they are forced to.

That idea sits at the heart of this issue.



Ganesh Pai
Founder and Managing Partner
Finnosights

02 The Annual Operating Plan: The Forcing Function Your Startup Needs

The AOP is not a planning document. It is the conversation that forces your leadership team to confront what this year is actually for.

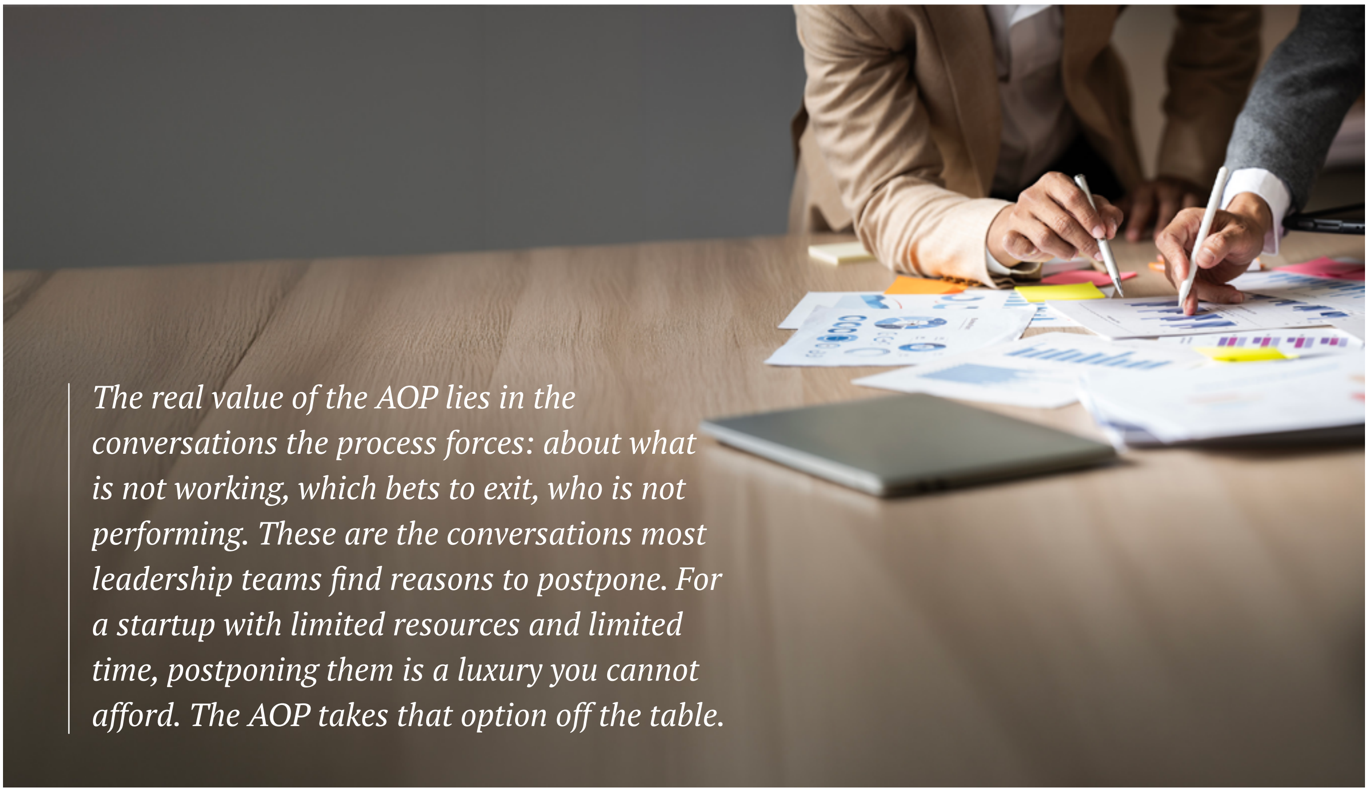
The Argument Against the AOP: Why It's Wrong

Ask a founder why they don't have an Annual Operating Plan and you will rarely hear 'we haven't got around to it.' You will hear something far more considered: 'We operate in an environment that changes every few weeks. Markets shift, businesses pivot, competitors move. Committing to a 12-month plan gives us false confidence. We'd rather stay nimble, make the right call in the moment, and course-correct as we go.'

It is a genuinely intelligent argument. Speed, adaptability, and optionality are real competitive advantages in early-stage companies. The founders making this case are not lazy. They are, in many instances, the sharpest people in the room. They are also wrong.

The AOP was never designed to predict the future. No serious business executive believes a 12-month plan survives contact with the market fully intact. What the AOP does, and what no amount of in-the-moment decision-making can replicate, is give every person in the room the same reference point. So, when reality drifts, and it will, the conversation is about the plan. Not about who was right all along.

Here is the paradox: the very volatility founders cite as a reason to avoid planning is what makes the AOP indispensable. In a stable environment, you might navigate on instinct. In a volatile one, you need a shared framework precisely because the ground keeps moving.



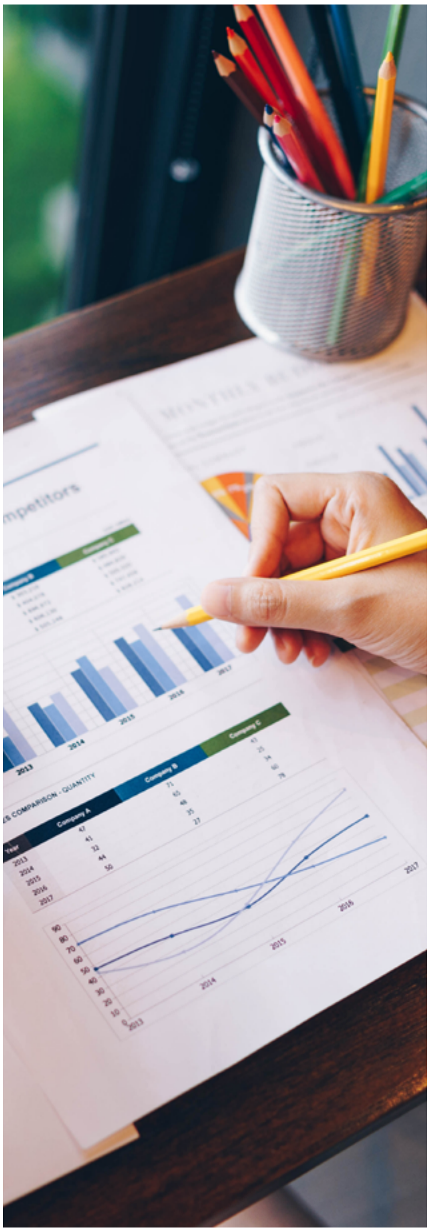
The real value of the AOP lies in the conversations the process forces: about what is not working, which bets to exit, who is not performing. These are the conversations most leadership teams find reasons to postpone. For a startup with limited resources and limited time, postponing them is a luxury you cannot afford. The AOP takes that option off the table.

What an AOP Actually Is

An AOP is not a budget. A budget is a constraint: a ceiling on what you can spend. An AOP is a commitment. It translates your strategic ambitions into the language of execution: headcount, spend, revenue milestones, priorities, and the tradeoffs you are consciously choosing to make. It tells every team member, every investor, and every future hire: here is what we believe, here is what we are betting on, here is what would have to be true for us to be right, and here is how we will know.

Done well, the AOP is how strategy becomes a daily operating reality. Your CFO has a framework to manage cash. Department heads have autonomy within guardrails. Your board has a basis for productive governance rather than anxious oversight.

A note for teams already using OKRs: the two are complementary, not interchangeable. The AOP is the financial and resource architecture: headcount, spend, runway, revenue targets. OKRs are the execution layer that sits within it. Think of the AOP as what you can afford to do. OKRs are how you will do it. You need both, and confusing one for the other is one of the more expensive planning mistakes a scaling team can make.



A well-constructed AOP contains six interlocking components. Pull one lever and everything downstream moves:

REVENUE PLAN

Pipeline assumptions, pricing architecture, cohort projections, and new logo targets. Built from both top-down goals and bottoms-up sales capacity.

OPEX BUDGET

Department-level operating expenditure with clear ownership: marketing spends, infrastructure, software, and G&A overhead.

HEADCOUNT PLAN

The largest cost driver for most startups. Timing of hires, role prioritisation, ramp assumptions. Directly connected to burn rate and revenue capacity.

CAPEX & INVESTMENT PLAN

Product builds, infrastructure, or market-entry costs. Investments in future capacity, not day-to-day operations.

CASH FLOW FORECAST

The most critical output. Runway is determined by cash, not burn. A monthly forecast including collections assumptions protects you from costly surprises.

KPI & METRICS FRAMEWORK

Define the 6–8 metrics that matter most, by function, by quarter. The AOP is only as useful as the rigour with which you track it.

These components do not exist in isolation. The revenue plan informs headcount. Headcount informs OpEx. OpEx informs cash flow. This interdependence is precisely why the AOP has to be built with every department, not assembled by Finance and presented to department heads for reluctant sign-off.

Finnosights POV:
Treading the Path with Discipline

A board-mandated AOP is a compliance document.
It satisfies governance and does almost nothing to align the organisation. The founders who build the AOP before the pressure arrives are the ones who use it to actually run their companies.

Allocate resources by stage, not inertia.
The question is not ‘what did we spend last year?’ but ‘where does one additional rupee generate the most optionality toward our next milestone?’ Seed companies should concentrate capital on proving product-market fit. Series B+ companies need infrastructure that makes growth repeatable and sustainable.

Name the Growth vs. Profitability tradeoff explicitly.
Most founders acknowledge this tension in conversations and avoid it in their AOP. At what ARR does your unit economics model become self-sustaining? The AOP is where you commit to an answer and own it with your board.

Key Considerations Before You Begin

Strategy first. What are the two or three things that will define this year? What are you explicitly choosing not to do? Is your organisation built to deliver those priorities, or does the plan assume a company you have not yet become? With AI reshaping cost structures and competitive moats, the strategy conversation must address what these forces make possible and what they make obsolete. Open the spreadsheet only after these questions have answers.

Calibrate ambition against reality. Investors want growth. Your team needs achievability. Targets that are ambitious but believable motivate. Targets that feel fictitious do the opposite. Targets that feel imposed from outside, inflated to satisfy a board push, collapse the moment the first quarter closes.

PLANNING METHODOLOGY

Top-Down vs. Bottoms-Up: Why You Need Both

Neither approach alone produces a credible plan. The best AOPs use both, as a check against each

TOP-DOWN

Starts with board expectations and strategic targets

Sets ambition ceiling and directional priorities

Risk: aspirational targets disconnected from execution reality

Risk: conservative estimates that protect teams, not company

Surfaces capacity constraints and resource gaps

Starts with what each team believes is operationally achievable

BOTTOMS-UP

The calibration gap between the two is where the real planning and the real leadership happens

Build scenarios. A base case grounded in current momentum. A bull case for when things break right. A conservative case built around genuine downside risk. If revenue comes in 20% below plan, what do we cut first and what do we protect? Your AOP should have that answer before the year begins. External forces belong in the model, not outside it. A well-funded rival, a tariff shift, or a geopolitical disruption can invalidate a revenue line and destabilise a cost structure within a quarter.

Give the process enough runway. The AOP is not something you produce in a week. Departmental inputs need time to flow up, the gap between top-down ambition and bottoms-up reality needs to be worked through, and the board needs to engage rather than simply ratify. The conversations that surface during the process are frequently more valuable than the plan itself. Start earlier than feels necessary. Rushing through it risks living through the year with a sub-optimal plan.

Treat it as a living document. A monthly budget-versus-actual review, a mid-year reforecast, and clear protocols for when variances trigger a replanning conversation. The plan exists to be challenged by reality, not preserved in spite of it.

Know when to flex the framework. Pre-PMF startups should operate on a shorter horizon. Companies mid-pivot or in crisis need to replan, not defend an obsolete document. The discipline of planning still applies. The rigidity does not.

The Mistakes That Undermine Even the Best Plans

01 Confusing the AOP with the board deck	Many founders build the AOP for the board presentation and stop there. The numbers get polished for the audience rather than stress-tested for execution. The result is a document that looks credible in a boardroom and falls apart in a Monday morning leadership meeting. The AOP is an internal operating tool first. The board deck is a downstream output of it, not the other way around.
02 Finance building the plan without the business	When the Finance team presents a completed AOP to department heads for sign-off, rather than building it with them, the result is a plan nobody owns. The moment reality diverges from the model, which is typically by May for April-start companies, teams retreat to "that was Finance's number, not mine." Ownership is not a soft concept. It is the mechanism by which a plan gets executed.
03 The revenue plan and the hiring plan living in different universes	You cannot plan to grow ARR from $2 million to $5 million if you are not simultaneously planning the GTM headcount, the implementation capacity, and the customer success resources to support that trajectory. This is the single most common source of mid-year planning crises and it is entirely avoidable if the two plans are built in the same room, at the same time.
04 Understating the true cost of headcount	Salary is only the beginning. Factor in benefits, employer contributions, recruiting fees, notice period overlaps, onboarding time, and the productivity ramp curve. A hire planned for June rarely generates full output before Q3. Models that ignore this consistently produce optimistic burns and founders who are surprised every single quarter by what hiring actually costs.
05 Anchoring to last year without interrogating it	Prior-year actuals are useful data. They are not the plan's foundation. If your business model, competitive landscape, or strategic priorities have shifted, and in most startups they have, a percentage-increment on last year's numbers will produce a plan that is precisely wrong rather than approximately right. Start from strategy, not from history.

AOP PROCESS

From Strategic Intent to Execution

1. **Strategic Alignment**
   Leadership agrees on 3–4 priorities and, equally important, what is not a priority.

2. **Departmental Inputs**
   Each function submits headcount, budget, and KPI plans against Finance-provided templates

3. **Calibration**
   Finance closes the gap between top-down targets and bottoms-up submissions. The hard conversations happen here.

4. **Internal Review**
   Leadership stress-tests the plan. Scenarios modelled. Cash runway confirmed.

5. **Board Presentation**
   Strategic framing, key assumptions, scenario ranges. Not a line-by-line walkthrough.

6. **Implementation**
   Plan cascades into OKRs and individual targets. Budget ownership formally assigned.

7. **Budget vs. Actual**
   Monthly at function level. Quarterly for full leadership. Mid-year reforecast when variance warrants.

The AOP as Forcing Function

The value of an AOP is not in its numbers. It is in what building one forces your organisation to confront: the conversations you have been avoiding and the tradeoffs you have been deferring.

Not a constraint. A catalyst.

If your leadership team sat down today and tried to explain, in precise terms, what this financial year is for: the one or two bets you are making, the tradeoffs you have consciously accepted, the metrics that will tell you by September whether you are on track. Could they give the same answer? Without looking at a document? Without guessing?

If the answer gives you pause, that is where the work begins.

03

The Anatomy of Scale: Going Full Throttle, Thoughtfully

with ***Vivekananda HR, Co-founder and CEO, Bounce***

Bounce is one of India's most recognised names in urban shared mobility, a pioneer that has navigated pivots, a pandemic, and the complexity of full-stack hardware and software at scale. Vivekananda HR, Co-founder and CEO, has led that journey with a bias for transparency, speed, and building for the long run. At Bounce, the belief is simple: tough problems are avoided by most, which is precisely why they are drawn to them. In this conversation, he speaks candidly about what scaling actually demands, the decisions that shaped Bounce, and the lessons most founders learn the hard way.

Bounce has seen scale few Indian shared mobility startups have, but it has not been a straight line. Looking back, what did you underestimate most about what scaling actually demands?

A great finance team, a CFO who keeps a hawk eye on unnecessary stuff and maintains discipline, and a strong legal team to ensure all agreements are thought through. Business-wise we always did well but we didn't have the strongest legal agreements, or a CFO negotiating contracts. It was always business first, which had its advantages and disadvantages.

Before you move a business into the next gear, what must be true? How do you distinguish scaling from just growing?

Always know what's working and why it's working. Is it temporary? Is it solving a real problem? How much friction are users willing to absorb and still come back? In Bounce's case, riders were willing to walk 10 to 15 minutes to get to a scooter and then ride it. That showed real intent.

Bounce has evolved its direction more than once. How do you bring a team with you when the destination changes?

This starts with transparency from day one, around everything. Why are we building what we are building? What's the thesis? What's our right to win? What are the major problems we need to navigate, and what are the major assumptions we've made? If teams clearly know this, most pivots are understood as steps toward the larger goal.

We didn't find great electric scooters in the market, so we decided to go full stack and acquire an OEM and manufacture our own. Certain things are also done based on macro situations and the company's capacity at that moment. Just after Covid, work from home was a reality and we didn't have the cash to scale Bounce Share, so we decided to sell the electric scooters we were manufacturing. That decision ended up giving us deeper insight into making scooters at scale. Now that the time is right, we've started rentals again, this time beginning with the gig economy and B2C customers who want to rent from one day to months.

How did your approach to hiring change as Bounce scaled? What did that teach you about the kind of people scaling actually needs?

The people you need before PMF and after PMF are genuinely different. Before PMF you need people with zero bias, an open mind, the ability to not give up, the ability to do whatever it takes. After PMF you need people who can do the same thing better and better and move the needle. The DNA is different. A lot of people who thrive in the 0-to-1 journey don't enjoy the 1-to-10 journey. Recognising that and bringing in the right people at the right stage is critical. Easier said than done, trust me.

What broke at Bounce during scaling that you didn't anticipate? What did that teach you?

Everything broke at scale. The government couldn't print so many RC cards at a time. OEMs couldn't supply plastic parts because they'd never anticipated breakage at that volume. We tested everything to its limits and built systems to cross them.

How does the role of support functions, finance, operations, HR, change as you move from 0 to 1 to 1 to 10?

Finance, HR, and legal are the backbone of the company. If these teams don't do their job, the company is destined to fail.

Bounce Co-founders (L–R): Anil G, Vivekananda HR, and Varun Agni

What is one lesson from a mentor, investor, or failure that changed how you operated at scale?

Think about keeping the company alive, always. Don't do anything that puts the company's existence at risk. Don't gamble it all. You can come back from almost everything else.

What is a counterintuitive truth about scaling that most founders learn the hard way?

For us it worked reasonably well. We knew what we were scaling and why. That clarity made a difference.

When things are not going to plan, how do you show up for the team without pretending everything is fine?

Be transparent and address the elephant in the room. Say what everyone already knows, but then go deeper: how well do we understand this problem? Is it skill, is it effort, or is it market conditions? Once you separate the problem from the people and address it, it becomes solvable. Fear comes from the unknown. The more clearly you name the problem, the less frightening it becomes and the more actionable it gets. Like Bhagwan Krishna says, focus on the efforts and leave the rest.

And despite all of that, what keeps you energised on the toughest days of building Bounce?

We like building things. We believe we are working on something very obvious for the market, something that should exist and can change how people move and how much they spend on mobility. We also believe that tough problems are avoided by most, which is precisely why we are drawn to them. The probability is lower, but the impact if you get it right is significant.

BEYOND BUILDING BOUNCE

Vivek Unplugged

A book you find yourself recommending most often?

The Courage to Be Disliked and The Courage to Be Happy.

The best advice you ignored and later wished you had taken?

Don't make decisions when you are angry.

A leader you admire and why?

Many. Travis Kalanick and Steve Jobs, for their ability to build things and bring people along with them.

04

What Got You Here Won't Get You There

On scaling the finance function deliberately, and before the cracks appear.

Marshall Goldsmith wrote those words for leaders mapping their personal transformation. But we have seen them play out just as vividly in the companies we work with, not in the people at the top, but in the functions around them. And of all the functions, finance is the one where the cost of not evolving shows up most visibly, and often at the worst possible moment.

We have had this conversation with founders more times than we can count. The books are clean. The accountant is reliable. The numbers are updated in the Google sheet each month. And then a Series A investor asks a question about retention by cohort, or a Series B data room surfaces a gap in revenue recognition, and suddenly 'working fine' turns out to have meant 'good enough for now.'

The finance function that serves a seed-stage startup is not the finance function that serves a Series B company. The gap between the two is not just about headcount or tools. It is about a deliberate decision to build the function ahead of where the business is, rather than scrambling to catch up after the fact.

Three dimensions determine whether that happens: People, Processes, and Technology. Companies that scale cleanly get all three right. Companies that struggle tend to have let one of them drift.

1. People: Scaling With the Business, Not Behind It

Every founder who has crossed the Series A threshold has faced this question, even if they have not said it out loud: are the people who got us here the right people to take us further? These are often people who joined early, worked hard, and earned genuine trust.

But trust and capability are not the same thing. And the longer that distinction goes unaddressed, the more expensive the conversation becomes.

Early finance hires are generalists by necessity. They keep the books clean, handle compliance, manage payroll, and chase receivables. These are survival skills, and they matter enormously in the early days. But as the business grows, what you need from finance changes. You need someone who can tell you what the numbers mean, not just what they are. Someone who is in the room when decisions are being made, not just reporting on them afterwards. A person who tells you what you need to hear, not what you want to hear.

That shift usually becomes necessary around Series A. It does not always require a full-time CFO hire. A strong fractional or outsourced CFO can bridge the gap. But it does require a conscious decision to upgrade.

One of our clients had worked with the same accounting firm since incorporation. The founder did not want to change that. We did not ask him to. We gave

> ***When you are scaling, you need people who tell you what you need to hear, not what you want to hear.***

the firm a defined set of routine compliance work and built a small in-house finance team around the gaps. It was the right structure for where the business was headed. The founder saw that quickly once the transition was made.

- **Build for the stage you are entering.** Hire ahead of need, not in response to pain.
- **Assess honestly.** Know which early team members are growing into bigger roles, and which are not. Have that conversation early.
- **Bridge deliberately.** A fractional CFO between Series A and Series B is not a compromise. It is often the right call.
- **Embed, don't just report.** As the business adds sales, product, and operations complexity, finance needs to be inside those conversations, not summarising them after the fact.

2. Processes: Build the Muscle Before You Need It

In the early days, process is whatever works. Approvals happen over WhatsApp. Expenses live on spreadsheet. Revenue is whatever cleared the bank. None of this is reckless. It is the rational response to moving fast with limited resources.

But informal systems have a ceiling. And startups have a habit of hitting that ceiling at the worst possible time: mid-fundraise, during diligence, or when the auditor asks for documentation that does not exist.

One CFO we have worked with closely had a simple principle for this: make processes self-sufficient. Not because the team cannot think for themselves. Because a process that depends on one person's memory or presence is not a process. It is a risk.

The trigger for formalising processes is rarely a single event. It is a pattern. When the same reconciliation takes longer each month. When the same approval is sought informally twice a week. When the auditor flags the same gap for the second year running. That is the system signalling that it is ready to be redesigned.

- **Monthly close is not optional.** If the books are reviewed quarterly, decisions are made on stale information. That is a competitive disadvantage, not just an operational one.
- **Write down the informal.** Expense policies, approval hierarchies, vendor payment terms. If it only exists in someone's head, it is a risk.
- **Compliance compounds.** GST, TDS, PF, statutory returns. A missed filing early is a minor issue. Repetition reflects a lack of process to track and ensure compliance.
- **Design for the team, not just the CFO.** A process that only works when one person is in the room is not a process. It is a dependency.

5 SIGNS YOUR FINANCE FUNCTION HASN'T KEPT PACE

1. Your MIS takes more than a week to produce. If closing the books is a project rather than business-as-usual, the function is already behind.
2. Investor questions catch you off guard. Burn rate, gross margin, and runway should be answers you can give without opening a file, even if asked at 2 am.
3. The same compliance gap appears twice. A missed TDS filing or unreconciled GST once is a resource issue. Twice is a people and process issue.
4. Finance is the last to the strategy table. If finance is only called in to report on decisions already made, its influence is already limited.
5. Your finance team is always heads-down. A function consumed by closing last month has no bandwidth to play its part in decisions that matter.

3. Technology: Stop Managing by Spreadsheet

We have seen Series B companies still running finance on spreadsheets and a basic accounting tool. It is more common than most people admit. And it is not just an efficiency problem. It is a visibility problem. When data lives in disconnected sheets, decisions get made on an incomplete view of reality. And that leads to expensive surprises.

The ERP conversation almost always happens too late. By the time a CFO decides the current system is broken, they are already six months behind. Reports take too long. Reconciliations drag into weeks. Data cannot be trusted. The better trigger is anticipation: typically when you have multiple revenue lines, are spreading to new geographies, or when transaction volume has simply outgrown what a lightweight tool can handle cleanly.

With one company we work with, the ERP conversation came up well before the pain was visible. They were entering new verticals and expanding geographies. The finance team was reconciling P&L views manually across entities in Excel. We made the case simply: a clean P&L by vertical and geography is not a reporting convenience, it is how you make decisions at the next stage of growth. Excel was not going to get them there.

Technology is more than a record-keeping upgrade. AI tools are changing what a lean finance team can actually do. Automated categorisation, anomaly detection, cash flow forecasting, scenario modelling: tasks that once took a senior analyst days can now surface in minutes. The finance teams using these tools are not just more efficient. They are better informed, and faster to act on what they see.

The question is no longer "can we afford this tool?" It is "what decisions are we making without it?"

- **Match tools to stage.** Seed: lightweight cloud accounting. Series A: FP&A layer and dashboards. Series B+: ERP with integrated reporting.
- **Start the ERP conversation early.** Implementation takes 6–12 months. By the time it feels urgent, you are already late.
- **Automate the routine first.** MIS reports, bank reconciliations, payroll summaries. Free the team for work that actually requires judgment.
- **AI is available now.** Accessible, affordable, and already separating the finance teams that move fast from those that don't.

Finance Scaling By Stage

Stage	People	Processes	Technology
Seed/ Pre-Series A	Founder-led finance; 1 generalist (bookkeeper or CA). Focus: survival and compliance.	Manual ledgers, spreadsheets. Basic invoicing, payroll, GST. MIS reviewed informally.	Free or low-tier accounting tool (Tally, Zoho Books, QuickBooks). Basic bank reconciliation.
Series A	Dedicated finance lead (Controller or senior FA). Fractional or outsourced CFO engagement begins.	Monthly close discipline, formal approval workflows, expense policies, revenue recognition framework.	Premium version of Zoho Books or QuickBooks with API integrations and basic automations. Dashboards for burn, runway, and gross margin.
Series B+	Full finance team: CFO, Controller, FP&A, business finance partners aligned to business units, dedicated tax and secretarial compliance.	Formal SOPs, audit-ready books, board-level reporting. Segregation of duties enforced.	ERP (NetSuite, SAP, or equivalent). Automated reporting, real-time dashboards, AI-assisted insights.

Finance as Architect and Builder

There is a version of finance that keeps score. It records what happened, files what is required, and reports to whoever asks. It is necessary. But it is not sufficient.

There is another version, the one we work to help our clients build, where finance is a genuine partner in the decisions that shape where the company is headed. The CFO is in the room when strategy is being made, not just when numbers are being presented. The team is looking forward, not just closing last month.

The founders who get this right share one habit: they invest in the finance function before they feel the pain of not having done so. Before the fundraise that exposes the gaps, before the diligence that runs out of time, before the growth that the systems cannot keep up with.

Build the function for where you are going, not where you are. The founders who do this are on their way to building companies that are harder to stop.

05 Compliance as You Scale

Every stage of growth brings a new layer of compliance. The demands of growth often push these requirements to the back burner. In addition, the triggers are not always obvious until a notice is issued for non-compliance or the issue surfaces during due diligence. This playbook maps the compliance obligations that become applicable as Indian startups scale, organised by the events or thresholds that activate them.

Stage-by-Stage Compliance Reference

Trigger/ Threshold	What Kicks In	Risks to Watch-Out for
Stage 1: DAY ONE		
At incorporation	• **Registrations:** MCA incorporation, PAN, TAN, Shops & Establishments Act, Professional Tax. • **Books of accounts:** Statutory audit mandatory for all private companies — irrespective of turnover. • **TDS:** Begins with the first payment. Covers salary, contractors, professionals, rent, interest, commission. • **Payroll basics:** Offer letters, employee KYC, salary structure, TDS under Sec 192, payslips, statutory registers.	TDS is a Day 1 obligation. Mode of payment, including founder's personal account or credit card, is irrelevant.
Stage 2: EARLY GROWTH		
10+ employees	• **ESIC:** Mandatory. Covers employees earning ≤ Rs 21,000/month. Employer 3.25% + Employee 0.75%. • **Gratuity Act:** Applicable. 5 years for regular employees. Social Security Code (Nov 2025): fixed-term employees eligible after 1 year. • **POSH:** Internal Committee mandatory. Senior-level woman employee - Presiding Officer of the committee. One external member. Annual IC report required.	Gratuity liability accrues from Day 1. Provision must be made in the books even though it is payable only at exit.
20+ employees	• **EPF:** Register with EPFO within 1 month. Employer + Employee: 12% each of Basic + DA. Includes contractual and part-time workers. • **Bonus Act:** Min 8.33%, max 20% of salary. Applies to employees earning gross ≤ Rs 21,000/month. Pay within 8 months of FY end.	EPF headcount includes all worker types, not just permanent staff on payroll.

Trigger/ Threshold	What Kicks In	Risks to Watch-Out for
Revenue crosses GST threshold	• **GST registration:** Goods: Rs 40L / Rs 20L (special states). Services: Rs 20L / Rs 10L (special states). Interstate: mandatory regardless of turnover. • **Tax Audit (Sec 44AB):** Mandatory above Rs 1 crore turnover. Threshold rises to Rs 10 crore if cash transactions ≤ 5% of total.	Non-payment of GST under RCM is one of most common mistakes. Tax audit is required even in a loss year if turnover crosses the limit.
Stage 3: SCALLING OPERATIONS		
Revenue crosses Rs 5 crore	• **GST E-invoicing:** Mandatory above Rs 5 crore PAN-level turnover. Every invoice authenticated on IRP portal. Integrate billing systems before hitting the threshold. • **HSN/SAC:** 6-digit codes required for all supplies (4 digits sufficient below Rs 5 crore). Update item master data. • **GSTR-9C:** Annual GST reconciliation statement. • **Monthly filing:** Turnover above Rs 5 crore exits Quarterly Return, Monthly Payment and moves to monthly returns. Plan resourcing. • **ITC controls:** Reconcile GSTR-2B monthly. Reverse ITC if supplier not paid within 180 days; re-avail once paid.	ITC reversals are the most common GST scrutiny trigger. Build a monthly GSTR-2B reconciliation into your close process before you need it.
Multi-state expansion	• **New GSTIN:** Separate registration in each state with a fixed place of business. One PAN, multiple GSTINs.	Non-registration in a new state triggers penalties on all supplies made from that state.
Stage 4: PROFITABILITY & GOVERNANCE		
Profits materialise	• **Advance Tax:** Four instalments — Jun 15 (15%), Sep 15 (45%), Dec 15 (75%), Mar 15 (100%). Shortfall attracts interest under Sec 234B/234C. • **CSR (any one trigger):** Net Profit ≥ Rs 5 crore / Turnover ≥ Rs 1,000 crore / Net Worth ≥ Rs 500 crore. CSR Committee required; spend 2% of average net profits on CSR; disclose in Annual Report.	First profitable year consistently catches founders off guard on advance tax. Forecast taxable profit to avoid interest cost on delayed payment of advance tax.
Exits 'Small Company': paid-up capital > Rs 10 crore OR turnover > Rs 100 crore	• **XBRL filing:** Financial statements filed with MCA using XBRL tagging. • **IFC reporting:** Auditor reports on adequacy and effectiveness of Internal Financial Controls. • **Annual Return:** Full MGT-7 certified by Company Secretary in practice.	IFC reporting significantly increases compliance cost and team bandwidth. Plan 6 months ahead and not after you breach the threshold.

Trigger/ Threshold	What Kicks In	Risks to Watch-Out for
Stage 5: CROSS-BORDER		
Payments to non-residents	• **TDS:** Applies from first payment. Rate per DTAA / nature of payment. Form 15CA/15CB required. • **Transfer Pricing:** Related-party cross-border transactions: TP method, benchmarking study, Form 3CEB certified by CA.	TP audit risk is high for SaaS/IP companies with overseas group entities. Document arm's length pricing at transaction time.
Inbound FDI	• **Entry route:** Automatic vs Government Route and sectoral cap. Confirm before term sheet. • **Pricing:** Cannot issue shares below FMV. Merchant Banker valuation certificate required. • **Allotment:** Within 60 days of receipt of funds; if not allotted, refund within 15 days. • **FC-GPR:** File with RBI via FIRMS portal within 30 days of allotment. • **FLA Return:** Annual filing by July 15.	FC-GPR is a hard 30-day post-allotment deadline. Missing it triggers FEMA non-compliance. Put it on the closing checklist.
Outbound ODI	• **Limit:** ≤ 400% of net worth under Automatic Route (equity + loans + guarantees combined). • **FC-ODI:** File via AD Bank before funds leave India. RBI issues UIN for the JV/WOS. • **APR:** Annual Performance Report due December 31.	APR (Dec 31) is one of the most frequently missed ODI obligations.
Stage 6: FUNDRAISING		
Fresh allotment – equity rounds, CCDs, ESOPs	• **Resolutions:** Board and shareholder approval required before allotment. • **Demat:** Non-small companies must issue shares in dematerialised form. • **PAS-3:** Return of Allotment to MCA within 15 days of allotment for private placement. • **Valuation:** Valuation certificate required (Registered Valuer and/or Merchant Banker, as applicable). • **ESOPs:** Formal Scheme document required before first grant. Track grant and allotment registers. Tax differs at exercise (perquisite) vs sale (capital gain).	PAS-3 is consistently missed post-closing. Assign ownership at term sheet stage. The 15-day window closes faster than it looks.

Note to readers:

The information above is intended as a directional playbook rather than formal advice. Regulations evolve and may apply differently depending on the facts and the nature and scale of the business. Think of this as a checklist to start the right conversations with your finance, legal, and tax advisors, ideally before a compliance trigger arises.

US Compliance: What Founders Often Overlook

As Indian startups establish US entities for fundraising or market access, federal and state compliance obligations apply from day one. Areas founders most commonly overlook:

Annual state filings — Delaware companies must file annual reports and pay franchise tax to maintain good standing.

Federal and state tax filings — US entities must file annual federal tax returns with the IRS even if no tax is payable. State returns may also be required depending on structure and operations.

Form 5472 — Foreign-owned US C-corps and LLCs with a foreign parent must file annually with the IRS. Non-filing attracts a penalty of USD 25,000.

Forms 1099 and 1042 — Payments to US-based contractors require Form 1099. Payments to non-US persons, including the Indian parent, may require Form 1042 and withholding obligations.

Sales and use tax — Unlike GST, the US operates a state-level sales tax system. SaaS and digital services are taxable in several states. Companies may owe sales tax in states where they cross revenue or transaction thresholds, even without a physical presence.

US requirements vary by state and business structure. Engage a US CPA early, ideally before your first US customer or hire.

07 Bookmarked: *The Living Company: Growth, Learning and Longevity in Business*

Arie de Geus

Most companies die young. The average large corporation survives for less than fifty years — a remarkably short lifespan for institutions that consume so much human energy to build. Arie de Geus spent decades at Royal Dutch/Shell asking why, and what he found challenges almost everything conventional management thinking takes for granted.

His answer is deceptively simple: the companies that endure are not the most efficient. They are the most alive.

Drawing on a Shell-commissioned study of corporations that had survived for a century or more — among them DuPont and Siemens — de Geus argues that long-lived companies share a common orientation. They treat themselves not as machines designed to produce profit, but as communities of people capable of learning, adapting, and evolving. Profit, in this view, is not the purpose of the enterprise. It is the oxygen that keeps it breathing while it pursues something larger.

Four qualities distinguish these enduring organisations. They remain acutely sensitive to changes in the world around them. They cultivate a strong internal identity — people feel part of something, not merely employed by it. They tolerate experimentation at the edges, allowing unconventional ideas space to develop. And they manage their finances conservatively, preserving the flexibility to navigate uncertainty without being forced into decisions by pressure.

The book also shapes how we think about strategy. De Geus helped develop Shell's scenario planning methodology — the practice of building multiple plausible futures rather than betting on a single forecast. When the 1973 oil crisis hit, Shell was among the few oil majors that had already imagined it. Planning, he argued, is not prediction. It is organised learning.

For founders building companies in fast-moving markets, the book carries a silent nudge: the structures, systems, and cultures you build today are not just operational choices. They determine whether your company is capable of surviving what it cannot yet see coming

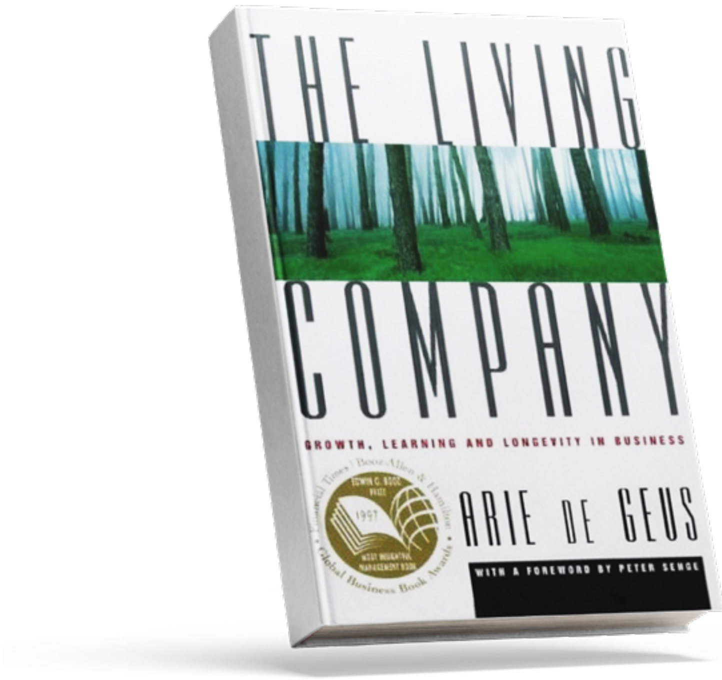
Key Takeaways

1. **Companies that last behave like living organisms**
   They evolve, learn, and adapt rather than rigidly following fixed strategies.

2. **Profit is necessary but not the purpose**
   Long-lived organizations treat profit as fuel for survival, not the ultimate destination.

3. **Learning beats planning**
   The real value of strategy processes lies in building organizational understanding of the future.

4. **Financial conservatism supports longevity**
   Strong balance sheets create the freedom to experiment and endure downturns.



The Perspectives Library

FINNOSIGHTS
FINANCE · INNOVATION · INSIGHTS

FINNOSIGHTS CONSULTING LLP
WeWork The Pavilion, 62/63, Church Street,
MG Road, Bengaluru, KA 560001

A NOTE TO READERS

The views expressed in Perspectives by Finnosights are those of individual contributors and do not necessarily reflect the views of Finnosights Consulting LLP ("Finnosights"). The content is intended for informational purposes only and should not be construed as financial, legal, or business advice. While every effort has been made to ensure accuracy, Finnosights makes no representations or warranties regarding the completeness or relevance of the information. Readers are advised to consult qualified professionals before making any business or financial decisions.

www.finnosights.com