



Professional Services

Working Capital Management & Financing Guide

PROFESSIONAL SERVICES – OVERVIEW

₹1.33L Cr

ACCOUNTING MARKET

₹22k Cr

LEGAL MARKET

6.28%

GROWTH RATE

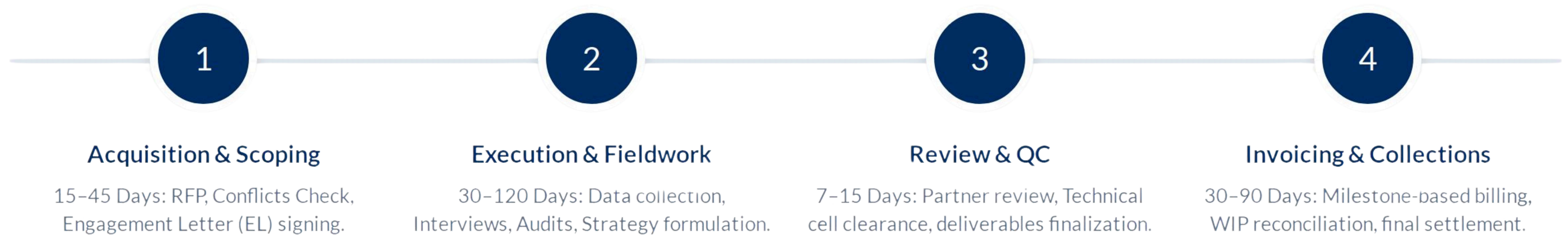
\$110 Bn

GCC EXPORT (2030)

- 📈 **The "Advisory" Pivot:** Digital Transformation and Cybersecurity are now primary revenue drivers (8.25% CAGR).
- 🔑 **Regulatory Catalysts:** Mandatory auditor rotation and DPDP Act have surged compliance demand.

- 🔧 **Legal Tech:** 65% of clients use subscription-based models powered by AI-led research.
- 🌐 **Global Hub Status:** India hosts world's largest GCC concentration, employing 1.9M+ professionals.

OPERATIONAL PROCESS FLOW



KEY RESOURCES & INPUTS



Human Capital

Primary Asset: CAs, Lawyers, Strategy Consultants, and Specialized STEM talent.



Intellectual Property

Proprietary audit methodologies, legal research databases, and strategy frameworks.



Tech Infrastructure

Practice Management Software, AI document tools, and secure cloud storage.



Compliance

ICAI/Bar Council memberships, global affiliations, and ISO/SOC2 certifications.



Brand & Reputation

Thought leadership, Legal 500/Chambers rankings, and client case studies.

SERVICE DELIVERABLES & REVENUE

Revenue Stream	Description	Billing Type
Retainers	Ongoing legal, compliance, or secretarial support.	Monthly Recurring
Project-Based Fees	M&A, ERP implementation, or litigation.	Fixed-Price
Success Fees	IB Advisory and specific legal settlements.	Contingency
Time & Material	Specialized consulting and expert witness services.	Hourly Billing
Knowledge Products	Subscription-based tax/legal tech platforms.	SaaS / Annual



WORKING CAPITAL CYCLE

The Cash Gap

Professional firms face a 45 to 90-day liquidity gap. The "Product" is time; salaries must be paid monthly while project collections are milestone-based.



Work-in-Progress (WIP): 30–60 Days (Unbilled hours logged).



Accounts Receivable: 60–120 Days (MNC Vendor cycles).

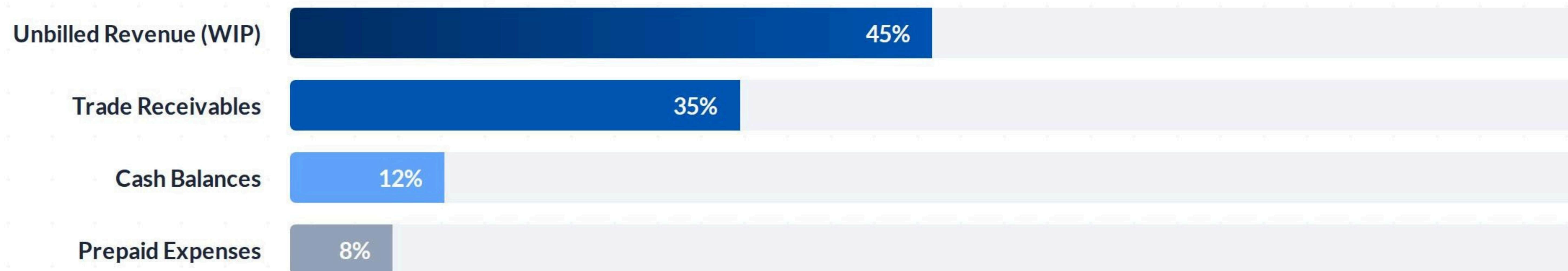


Accounts Payable: 15–30 Days (Payroll & software renewals).

$$WCC = (WIP \text{ Days} + AR \text{ Days}) - AP \text{ Days}$$



CURRENT ASSET COMPOSITION



Note: Cash Buffer is critical for high-value payroll and performance bonuses in the talent-heavy professional services industry.



COMMON MISTAKES TO AVOID

- ✘ **Poor WIP Tracking:** Allowing hours to leak without being captured in final billing.
- ✘ **Scope Creep:** Doing extra work beyond EL without Change Orders.
- ✘ **High Attrition Cost:** Losing key talent leads to "Knowledge Loss" and high recruitment fees.
- ✘ **Over-reliance on One Client:** >30% revenue from one client creates massive cash flow risk.

STANDARD OPERATING METRICS (2026)

Metric	Industry Standard	Key Significance
Utilization Rate	75% - 85%	Percentage of billable hours vs. total hours.
Realization Rate	80% - 90%	Actual amount invoiced vs. hours logged.
EBITDA Margin	25% - 40%	Consulting usually commands higher margins.
Revenue Per Professional	₹40L - ₹1.2 Cr	Dependent on Tier and specialization.
DSO (Days Sales Outstanding)	65 - 85 Days	Efficiency of the collection process.

COLLECTION & REALIZATION PERIODS

SMEs & Startups

15–30 Days

Often upfront or monthly retainers.

MNCs & Enterprises

60–90 Days

Fixed vendor payment cycles.

Public Sector

90–180 Days

Longer approval chains involved.

Transaction Advisory





6–12 Months

Realized only at deal closure.

Best Practice: Implement **Hybrid Billing** (Monthly Retainer + Milestone Top-up) to flatten the cash flow curve and maintain consistent liquidity.



INDUSTRY THREATS & CHALLENGES

-  **AI Disruption:** DIY SaaS platforms cannibalizing low-level routine service fees.
-  **Talent War:** Acute shortage of ESG/Cyber experts leading to 20% salary inflation.
-  **Regulatory Penalties:** Increasing scrutiny on audit quality with higher financial liabilities.
-  **Cybersecurity:** High risk of "Client Data Breaches" causing reputational damage.

HOW TERKAR CAPITAL CAN HELP

Unsecured Working Capital

Up to ₹5 Cr to manage monthly payroll for high-cost specialized teams.

Invoice Discounting

Immediate liquidity against 90-day invoices from Fortune 500 or MNC clients.

Expansion Loans

Funding for acquiring boutique firms or setting up new regional offices.

Technology Financing

Loans for upgrading AI-infrastructure and cybersecurity frameworks.

Partner Capital Loans

Financing for Partner Buy-ins or succession planning within the firm.

Customized Solutions

Flexible financing aligned perfectly with your firm's unique billing cycles.

Partner with Terkar Capital

Financing the Experts Who Drive India's Global Ambition.



Head Office, Pune and PCMC

101, 102, 103, Castle Eleganza, Dr. Ketkar Road, Erandavane, Pune. Maharashtra 411004.



Corporate Office, Mumbai

The Capital, Level 3, B-Wing, Plot C – 70, G Block, BKC, Bandra (E), Mumbai-400051, India.

