BUSINESS PLAN · INDIA

Forensic Accounting & Fraud-Audit Firm

Fraud investigation, forensic audit & litigation support for India

FINANCE

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1. Executive Summary

This plan sets out a **Forensic Accounting & Fraud-Audit Firm** in India — a specialist practice that investigates financial fraud, embezzlement, asset misappropriation, revenue and expense manipulation, related-party abuse and vendor/procurement fraud, and provides forensic audit, fraud-risk assessment, whistleblower-complaint triage and litigation/expert-witness support.

Fraud is a persistent and rising cost for Indian businesses, banks and institutions. As organisations grow, controls lag, and digitisation both enables and exposes fraud. Regulators, boards, lenders and insurers increasingly demand independent forensic examination. This creates a high-value, expertise-driven advisory business with strong margins and a defensible moat: few firms combine accounting, investigation and data-analytics skill.

The promoter seeks total funding of **₹7.5 lakh** (₹3.0 lakh promoter + ₹4.5 lakh term loan, eligible under PMMY-Mudra / CGTMSE), targeting **₹40 lakh** revenue in Year 1 and **₹98 lakh** by Year 3.

2. Business Description, Vision & Legal Structure

Concept: An independent forensic practice that uncovers the truth in the numbers — investigating fraud, quantifying loss, and producing evidence that stands in boardrooms and courts.

Vision: To be the region's most trusted name in forensic accounting and fraud investigation.

Mission: Detect, quantify and document financial wrongdoing with rigour and independence, and help clients prevent its recurrence.

Legal structure options

- **LLP** — recommended: limited liability and professional credibility for sensitive engagements.
- **Private Limited** — for scaling, technology and larger institutional contracts.
- **Proprietorship** — acceptable for a solo expert, but LLP suits institutional clients.

> **Credibility note:** forensic work often ends up in litigation or regulatory proceedings. Independence, chain-of-custody discipline, and defensible methodology are the firm's core assets — and a partner CA/qualified forensic professional lends weight where certifications or expert testimony are needed.

3. Promoter & Ownership

Led by a promoter with forensic accounting, audit or investigation experience (e.g., CA with Forensic Accounting & Fraud Detection credentials, ex-internal-audit or ex-investigator). Delivery blends accounting judgement with data analytics and interview/investigation skill. Year-one ownership rests with the founder(s); forensic analysts and an investigation specialist are added as caseload grows. Ownership and profit-sharing are editable inputs.

4. Market Analysis — India

Demand for forensic accounting is structurally rising in India, driven by fraud losses, tighter governance, lender caution after high-profile defaults, and insurer scrutiny of claims. The supply of genuinely skilled forensic practitioners is thin, so credible firms command premium fees. Engagements are event-driven but recurring across a broad client base, and preventive/advisory work adds steadier revenue.

Demand drivers

- **Rising fraud incidence:** procurement, payroll, expense and revenue fraud across growing firms.
- **Governance & regulation:** boards, auditors and regulators demanding independent forensic review.
- **Lender & insurer scrutiny:** forensic audits for stressed accounts, diversion of funds and claim investigations.
- **Litigation support:** loss quantification and expert testimony in disputes.
- **Data availability:** digital records enable analytics-led fraud detection.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Companies, banks, insurers & institutions needing forensic services	Very large
SAM	Reachable mid-market, lenders & institutions in target region	2,000–6,000
SOM (Yr 1–3)	Forensic engagements delivered	12 → 40 engagements

Target segments

- Companies with suspected internal fraud or whistleblower complaints.
- Banks/NBFCs needing forensic audit of stressed or diverted accounts.
- Insurers investigating suspicious claims.
- Law firms and litigants needing loss quantification and expert testimony.
- Boards/investors commissioning independent reviews.

5. Competition & Competitive Advantage

Landscape: forensic arms of large consulting/audit firms, a few boutiques, and internal audit teams. Big firms are expensive and slow for mid-market needs; internal teams lack independence. The boutique wins on responsiveness, cost and specialist credibility.

The firm's edge

- **Analytics-led detection** — Benford, anomaly and pattern analysis over large datasets.
- **Independence & defensibility** — court-ready methodology and documentation.
- **Speed & discretion** for sensitive, time-critical matters.
- **Preventive advisory** — fraud-risk assessments and controls design as recurring revenue.
- **Sector expertise** for faster, higher-yield investigations.

6. Services & Pricing

Service	Model	Indicative fee (₹)
Forensic investigation / fraud audit	Project	1,50,000–15,00,000+
Fraud-risk assessment & controls review	Project	75,000–4,00,000
Whistleblower-complaint triage & investigation	Per case	50,000–3,00,000
Bank / lender forensic audit	Per engagement	2,00,000–20,00,000

Insurance-claim investigation	Per case	40,000–2,50,000
Litigation support / expert witness	Retainer + rate	Hourly / project
Ongoing fraud-monitoring / advisory	Annual retainer	1,50,000–8,00,000/yr

> Investigations are high-value but episodic; fraud-risk assessments, monitoring retainers and empanelments (banks, insurers) provide a steadier base.

7. Go-to-Market — Marketing & Sales

- **Professional referrals:** lawyers, statutory auditors, bankers and existing clients — the primary channel.
- **Bank & insurer empanelment** for forensic-audit and claim-investigation panels.
- **Board & CFO relationships** for independent-review mandates.
- **Thought leadership:** fraud case studies, red-flag guides and governance talks.
- **Discreet direct outreach** to companies and law firms.

Sales approach

Highly trust- and referral-driven. Confidentiality, credentials and track record win mandates. Convert investigations into preventive advisory and monitoring retainers; pursue institutional empanelments for recurring flow.

8. Operations Plan

- **Location:** a discreet, secure office suitable for confidential interviews and evidence handling.
- **Process:** scoping & independence check → data acquisition (with chain-of-custody) → analytics & document review → interviews → loss quantification → evidenced report → remediation recommendations → (if needed) testimony.
- **Technology:** forensic data-analytics tools, e-discovery/document review, secure evidence storage.
- **Quality & ethics:** independence and conflict checks; documented methodology; defensible working papers; strict confidentiality.
- **Capacity:** a lead investigator + analyst pod runs parallel engagements; scale by adding forensic analysts and sector leads.

Common fraud typologies investigated

Typology	Example	Red flags
Asset misappropriation	Cash/inventory theft, ghost employees	Anomalies, gaps
Procurement / vendor fraud	Kickbacks, shell vendors, overbilling	Related parties
Financial-statement fraud	Revenue/earnings manipulation	Unusual entries
Expense & payroll fraud	Fake claims, ghost payroll	Duplicates
Diversion of funds	Loan/asset diversion (lender cases)	Fund trails

9. Regulatory, Licences & Compliance (India)

- **Business registration:** LLP/Pvt Ltd (preferred) or proprietorship; MCA incorporation.
- **Udyam (MSME)**, PAN/TAN, **GST registration** (fees attract GST), professional tax and Shops & Establishments as applicable.
- **Professional standards:** where CAs are involved, ICAI forensic standards/guidance; independence and ethics; lawful evidence handling and privacy compliance (DPDP Act).
- **Engagement contracts:** scope, confidentiality, independence, liability and evidence-use terms.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Founder / Lead Investigator	1	1	1
Investigation / Forensic Specialist	1	2	3
Forensic Data Analyst	1	3	4
Admin / Case Coordinator	0	1	2
Total	**3**	**7**	**10**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–2	Entity, forensic toolkit, secure evidence handling, credentials
First cases	Month 2–6	First 4 engagements; case studies; referral base
Empanelment	Month 6–12	Bank/insurer panels; monitoring retainers; break-even nears
Scale	Year 2	Sector specialisation; larger institutional mandates
Growth	Year 3	40 engagements; recurring advisory book; multi-analyst pods

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	₹
Secure office & fit-out	1,50,000
Computers & forensic workstations (3)	1,90,000
Forensic analytics & e-discovery tools	90,000
Branding, website & BD	60,000

Deposits & pre-operative	60,000
Working-capital buffer	2,00,000
Total project cost	**7,50,000**
Promoter contribution	3,00,000
Term loan (Mudra / CGTMSE)	4,50,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Investigations & forensic audits	26,00,000	48,00,000	62,00,000
Fraud-risk assessments & advisory	8,00,000	16,00,000	22,00,000
Monitoring retainers & empanelment	6,00,000	12,00,000	14,00,000
Total revenue	**40,00,000**	**76,00,000**	**98,00,000**
Salaries & delivery team	19,00,000	36,00,000	47,00,000
Rent & utilities	2,60,000	3,20,000	3,80,000
Forensic tools & software	2,40,000	3,40,000	4,40,000
Marketing & BD	2,20,000	3,20,000	4,00,000
Admin, travel & misc	3,20,000	4,60,000	6,00,000
Interest on term loan	48,000	35,000	20,000
Total expenses	**29,88,000**	**50,75,000**	**65,40,000**
Net profit (before tax)	**10,12,000**	**25,25,000**	**32,60,000**
Net margin	25.3%	33.2%	33.3%

12.3 Unit economics & break-even

- **Per engagement:** average ₹2–4 lakh, with large forensic audits far higher; utilisation of the analyst pod drives economics.
- **Break-even:** ~10–12 engagements in Year 1 plus retainers — reached around month 9–11.
- **Mix:** episodic investigations plus recurring assessments/retainers smooth the revenue line.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	2,00,000	1,15,000	1,60,000	3,15,000
Collections	5,00,000	9,00,000	11,80,000	14,20,000
Operating outflows	5,45,000	8,15,000	9,95,000	11,40,000
Loan EMI	40,000	40,000	30,000	30,000
Closing balance	**1,15,000**	**1,60,000**	**3,15,000**	**5,65,000**

> Cash builds as engagements complete and retainers stack; the buffer covers the ramp and lumpy timing of large investigations.

12.5 Key Performance Indicators to Monitor

- **Caseload:** engagements in progress/completed; empanelments secured.
- **Value:** average fee per engagement; ₹ fraud detected/quantified; realisation rate.
- **Quality:** report defensibility; conversion to litigation/action; client satisfaction.
- **Recurring:** assessment & monitoring-retainer share; repeat/referral rate.

13. Funding Requirement & Bankability

Total ask: **₹4.5 lakh term loan** against ₹3.0 lakh promoter contribution — eligible under **PMMY (Mudra)** and coverable under **CGTMSE**. Year-1 net profit ~₹10.12 lakh against annual debt service of ~₹1.5 lakh gives a **DSCR above 3.0** — bankable, supported by high-margin advisory work.

14. Risk Analysis & Mitigation

Risk	Mitigation
Reputational / liability from findings	Rigorous, independent methodology; documentation; professional-indemnity cover
Episodic revenue / lumpiness	Assessments, monitoring retainers and empanelments for a steady base
Evidence / legal admissibility	Chain-of-custody discipline; lawful acquisition; legal coordination
Confidentiality / safety	Strict NDAs, secure handling, discreet operations
Talent scarcity (forensic skill)	Training; credential support; analytics tooling to leverage skill

15. SWOT Analysis

Strengths High-value, high-margin; scarce expertise moat; rising demand; premium pricing.	**Weaknesses** Episodic revenue; reputational exposure; specialist-talent dependence.
Opportunities Governance & regulatory push; bank/insurer empanelment; monitoring retainers; analytics-led scale.	**Threats** Big-firm competition; long institutional sales cycles; legal risk.

16. Recommended AiSevak Tools for This Business

This firm would use AiSevak's Finance vertical forensic tools in delivery:

- **Detection:** Forensic, Benford, Ghost-Vendor, Expense-Fraud, Revenue-Manipulation, Related-Party, Embezzlement.
- **Response:** Whistleblower-Triage, Fraud-Risk-Assessment.
- **Support:** AP Audit / Duplicate-Payment tools for spend investigations; Business Plan and Unit-Economics tools to model the practice.

17. Key Assumptions & Notes

- ~12 engagements in Year 1 growing to ~40 by Year 3, plus assessments and retainers.
- Average engagement ~₹2–4 lakh; large forensic audits materially higher — adjust to case 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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