BUSINESS PLAN · INDIA

Grant & Fund-Accounting Service

Fund accounting, FCRA, CSR & donor reporting for NGOs in India

FINANCE

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out a **Grant & Fund-Accounting Service** in India — a specialist finance firm serving NGOs, trusts, Section-8 companies, foundations and CSR programmes with fund-based accounting, grant utilisation tracking and reporting, FCRA compliance, CSR accounting, 12A/80G matters, donor and funder reporting, and audit-readiness.

Non-profits operate under uniquely strict, donor- and regulator-driven accounting requirements — restricted funds, utilisation certificates, FCRA rules and CSR reporting — that generalist accountants handle poorly. A specialist grant & fund-accounting service provides the compliance rigour and donor-grade reporting these organisations need, on recurring retainers with high stickiness and mission-aligned demand.

The promoter seeks total funding of **₹5.0 lakh** (₹1.75 lakh promoter + ₹3.25 lakh term loan, eligible under PMMY-Mudra / CGTMSE), targeting **₹28 lakh** revenue in Year 1 and **₹70 lakh** by Year 3.

2. Business Description, Vision & Legal Structure

Concept: The outsourced finance department for the social sector — keeping non-profits compliant, funders confident and every grant rupee accounted for.

Vision: To be the most trusted finance-and-compliance partner for India's NGOs and CSR programmes.

Mission: Accurate fund accounting, on-time donor and statutory reporting, and full FCRA/CSR compliance for every client.

Legal structure options

- **LLP** — recommended: credibility with funders and limited liability.
- **Private Limited** — for scaling and platform build.
- **Proprietorship** — acceptable for a solo start.

> **Sector note:** non-profit finance is governed by donor agreements, FCRA, the Income-tax Act (12A/80G), CSR rules and state trust laws. Statutory audit and certifications are done by a partner CA; the firm owns bookkeeping, fund tracking, reporting and compliance support.

3. Promoter & Ownership

Led by a promoter with NGO finance, audit or development-sector accounting experience and knowledge of FCRA, CSR and fund accounting. Year-one ownership rests with the promoter; fund accountants and a compliance specialist are added as clients grow. Ownership and profit-sharing are editable inputs.

4. Market Analysis — India

India has a very large non-profit sector and a growing, legally mandated CSR ecosystem. Tightening FCRA rules, CSR reporting requirements and donor due-diligence have sharply raised the compliance bar — while most NGOs lack strong in-house finance. This gap creates durable demand for specialist fund-accounting services.

Demand drivers

- **Large NGO base:** lakhs of registered trusts, societies and Section-8 companies.
- **Mandatory CSR:** corporate CSR spending needs compliant accounting and reporting.

- **FCRA tightening:** stricter foreign-contribution rules raise compliance stakes.
- **Donor due diligence:** funders demand fund-based accounting and utilisation reports.
- **Weak in-house finance:** most NGOs cannot do this well internally.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	NGOs, trusts, Section-8 cos & CSR programmes in India	Lakhs of entities
SAM	Reachable NGOs/CSR programmes needing outsourced finance in region	5,000–15,000
SOM (Yr 1–3)	Client organisations served	30 → 90 clients

Target segments

- Grant-funded NGOs with multiple donors and restricted funds.
- Corporate CSR programmes and foundations.
- FCRA-registered organisations receiving foreign contributions.
- Trusts and Section-8 companies needing 12A/80G and audit support.

5. Competition & Competitive Advantage

Landscape: generalist accountants (weak on fund accounting), a few sector specialists, and in-house NGO finance staff. The firm wins on sector expertise, donor-grade reporting and compliance rigour.

The firm's edge

- **Fund-accounting expertise** — restricted funds, grant-wise tracking, utilisation.
- **FCRA & CSR compliance depth.**
- **Donor-grade reporting** that funders trust.
- **Audit-readiness** and clean 12A/80G/renewal support.
- **Mission alignment** and sector understanding.

6. Services & Pricing

Service	Model	Indicative price (₹)
Fund-based bookkeeping & grant tracking	Monthly retainer	8,000–30,000/mo
Donor / grant utilisation reporting	Per report / included	3,000–20,000
FCRA compliance & returns support	Annual + monthly	15,000–75,000
CSR accounting & reporting	Programme retainer	10,000–50,000/mo
12A/80G registration & renewals	Per application	10,000–40,000
Audit-readiness & support	Annual	15,000–60,000

> Monthly fund-accounting retainers are the recurring core; FCRA, CSR, registrations and audit support add compliance-driven layers.

7. Go-to-Market — Marketing & Sales

- **Sector networks:** NGO forums, funder networks and development-sector associations.
- **Referrals:** auditors, funders, CSR foundations and existing clients.
- **CSR-corporate outreach:** for programme accounting and implementation-partner compliance.
- **Content:** FCRA/CSR/12A-80G updates and compliance guides.
- **Funder partnerships:** becoming a recommended finance partner for grantees.

Sales funnel

Lead → compliance-health check → scoped retainer → onboarding (fund structure, donor mapping) → monthly delivery → compliance & audit upsell. Target 2–3 new NGO/CSR clients/month.

8. Operations Plan

- **Location:** a small office; delivery is largely digital.
- **Technology stack:** fund-accounting software (Tally/NGO-specific), grant-tracking sheets, donor-report templates, and a compliance-deadline tracker.
- **Delivery process:** collect data → fund-wise recording → grant/restricted-fund tracking → reconciliation → donor & statutory reports → FCRA/CSR compliance → audit support.
- **Quality & compliance:** maker-checker; donor-agreement mapping; FCRA/CSR calendar; confidentiality.
- **Capacity:** a fund accountant handles several NGO clients depending on grant complexity; scale by adding trained staff.

Compliance calendar (the delivery backbone)

Item	Applies to	Cadence
Donor / grant utilisation reports	Grant-funded NGOs	Monthly/Quarterly
FCRA returns (FC-4) & quarterly disclosure	FCRA orgs	Annual/Quarterly
CSR reporting (to corporates)	CSR programmes	Periodic
Income-tax return & audit (10B)	All	Annual
12A/80G renewals	Registered NGOs	As due

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.
- **Client-side expertise:** FCRA, CSR rules, Income-tax (12A/80G/10B), and trust/society law — with a partner CA for statutory audit and certifications.
- **Data protection:** DPDP-aligned handling of donor and beneficiary data; strict confidentiality.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / Practice Lead	1	1	1
Compliance Specialist (FCRA/CSR)	1	1	2
Fund Accountant	1	3	4
Client Support / Admin	0	1	1
Total	**3**	**6**	**8**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–1	Entity, software, templates, sector network
Launch	Month 1–3	First 10 NGO/CSR clients; delivery rhythm set
Traction	Month 4–9	30+ clients; FCRA/CSR lines; break-even nears
Scale	Year 2	Funder partnerships; audit-season capability
Growth	Year 3	90 clients; recurring compliance 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	1,00,000
Computers & IT (3)	1,40,000
Fund-accounting software	55,000
Branding, website & BD	50,000
Deposits & pre-operative	55,000
Working-capital buffer	1,00,000
Total project cost	**5,00,000**
Promoter contribution	1,75,000
Term loan (Mudra / CGTMSE)	3,25,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Fund-accounting retainers	18,00,000	35,00,000	48,00,000
FCRA / CSR compliance	6,00,000	12,00,000	16,00,000
Registrations & audit support	4,00,000	7,00,000	6,00,000
Total revenue	**28,00,000**	**54,00,000**	**70,00,000**
Salaries & wages	13,50,000	25,00,000	33,00,000
Rent & utilities	2,20,000	2,80,000	3,40,000
Software & IT	1,40,000	2,20,000	2,80,000
Marketing & BD	1,60,000	2,40,000	3,00,000
Admin, travel & misc	2,40,000	3,40,000	4,40,000
Interest on term loan	36,000	26,000	15,000
Total expenses	**21,46,000**	**36,06,000**	**46,75,000**
Net profit (before tax)	**6,54,000**	**17,94,000**	**23,25,000**
Net margin	23.4%	33.2%	33.2%

12.3 Unit economics & break-even

- **Average retainer:** ~₹15,000/client/month blended; delivery cost ~₹8,500 → gross margin ~43%.
- **Break-even:** ~28–30 client organisations on retainer — reached around month 8–10.
- **Stickiness:** donor-linked, compliance-critical work with very high retention.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	1,00,000	80,000	1,45,000	2,55,000
Collections	4,20,000	6,60,000	8,10,000	9,10,000
Operating outflows	4,10,000	5,65,000	6,70,000	7,60,000
Loan EMI	30,000	30,000	30,000	30,000
Closing balance	**80,000**	**1,45,000**	**2,55,000**	**3,75,000**

> Recurring retainers produce steady, predictable cash flow; the buffer covers the onboarding ramp.

12.5 Key Performance Indicators to Monitor

- **Growth:** client organisations; net additions; revenue run-rate.
- **Delivery:** on-time donor & statutory reporting %; FCRA/CSR compliance rate.
- **Retention:** client churn (kept low); tenure.
- **Economics:** revenue per client; clients per accountant; % recurring.

13. Funding Requirement & Bankability

Total ask: **₹3.25 lakh term loan** against ₹1.75 lakh promoter contribution — eligible under **PMMY (Mudra)** and coverable under **CGTMSE**. Year-1 net profit ~₹6.54 lakh against annual debt service of ~₹1.1 lakh gives a **DSCR above 3.0** — comfortably bankable, backed by sticky recurring revenue.

13.1 Funding utilisation

Use of funds	₹	% of total
IT & fund-accounting software	1,95,000	39%
Office setup & deposits	1,55,000	31%
Branding & business development	50,000	10%
Working-capital buffer	1,00,000	20%
Total	**5,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
FCRA / compliance error	Specialist expertise; maker-checker; CA coordination; professional-indemnity cover
Donor-funding volatility (client side)	Diversified client base; CSR + grant + trust mix
Regulatory change (FCRA/CSR)	Continuous tracking; client advisories; software updates
Data confidentiality	Secure handling; access controls; DPDP alignment
Price sensitivity (NGO budgets)	Efficient delivery; tiered offerings; value in compliance risk avoided

15. SWOT Analysis

Strengths Specialist niche; sticky recurring revenue; compliance-critical demand; mission alignment.	**Weaknesses** NGO budget sensitivity; FCRA-change exposure; specialist-talent need.
Opportunities Mandatory CSR growth; FCRA tightening; funder partnerships; multi-region scale.	**Threats** Regulatory shifts; funding-climate effects on NGOs; price competition.

16. Recommended AiSevak Tools for This Business

This firm would use AiSevak's Finance vertical grant/fund tools in delivery:

- **Grant & fund:** Grant-Accounting, FCRA-Checklist, CSR-Tracker, Grant-UC, 12A-80G, Fund-Allocation, Donor-Reporting, Form-10B.
- **Support:** Bookkeeping, Bank-Reconciliation, Month-End Checklist; Business Plan and Unit-Economics tools to model the practice.

17. Key Assumptions & Notes

- ~30 client organisations in Year 1 growing to ~90 by Year 3.
- Blended retainer ~₹15,000/client/month — 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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