



BUSINESS PLAN · INDIA

Agri-Commodity Trading / Aggregation

*Procure, grade & supply farm produce to processors & exporters — market linkage & fair
price discovery*

AGRI-TECH

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

August 2026

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 an **Agri-Commodity Trading & Aggregation** business in India — a firm that procures agricultural produce (grains, pulses, oilseeds, spices, cotton) from farmers, FPOs and mandis, aggregates and grades it, and sells to processors, wholesalers, exporters and institutional buyers. It earns a trading margin on the spread between procurement and sale price, plus value from grading, storage timing and logistics, acting as an efficient link between fragmented farm supply and bulk demand.

India's agri-commodity trade is enormous and continuous, but fragmented and inefficient — farmers get poor price discovery while buyers need reliable, graded, aggregated supply. A well-run trader/aggregator with market knowledge, buyer relationships, grading capability and disciplined risk management earns steady margins and can add storage, FPO-linkage and financing services over time.

The promoter — an agri-trader / mandi-experienced entrepreneur — seeks total funding of **₹35 lakh** (₹10 lakh promoter + ₹25 lakh working-capital/cash-credit + term finance, eligible under Mudra/CGTMSE), targeting **₹4 crore** turnover in Year 1 and **₹9 crore** by Year 3. (*Trading is a high-turnover, thin-margin, working-capital- and risk-intensive business.*)

2. Business Description, Vision & Legal Structure

Concept: An efficient aggregator/trader linking farmers & FPOs to bulk buyers — procuring, grading and supplying agri-commodities with fair price discovery and reliable quality.

Vision: To be a trusted agri-commodity trading & aggregation partner in the region's key crops.

Mission: Give farmers fair prices and buyers reliable graded supply — earning a fair trading margin through market skill and disciplined risk management.

Legal structure options

- **Proprietorship / LLP** — LLP recommended as volumes & counterparties grow.
- **Private Limited** — for scaling, exports, and bank/NBFC trade finance.

Regulatory anchor: agri-trading operates under APMC/mandi & eNAM rules, mandi licences/traders' registration, GST, and (for storage) warehousing norms; commodity price risk can be managed via NCDEX/eNAM. Market knowledge, buyer relationships, quality/grading, and rigorous working-capital & price-risk discipline determine survival and profit.

3. Promoter & Ownership

Led by a promoter with agri-trading, mandi or commodity experience. Delivery uses procurement agents, a grading/quality person, a logistics coordinator, and accounts. Year-one ownership rests with the promoter; ownership and profit-sharing are editable inputs.

4. Market Analysis — India

India produces vast volumes of grains, pulses, oilseeds and spices traded continuously through mandis, eNAM and private channels. Fragmented farm supply and bulk processor/exporter demand create a persistent need for aggregation, grading and market linkage. Reforms (eNAM, FPOs) and processing/export growth expand opportunities for efficient, trusted traders.

Demand drivers

- **Fragmented supply vs. bulk demand.**
- **Grading & aggregation** needs.
- **Processor & exporter** sourcing.
- **Price discovery & linkage** (eNAM/FPO).
- **Storage & timing** arbitrage.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Agri-commodity trade in India	Very large
SAM	Reachable volume in the firm's crops/region	Substantial
SOM (Yr 1-3)	Tonnes traded / year	Turnover-linked

Target segments

- Processors & mills.
- Wholesalers & distributors.
- Exporters & export houses.
- Institutional / bulk buyers.

5. Competition & Competitive Advantage

Landscape: other mandi traders, commission agents (arhtiyas), large aggregators, and FPOs selling direct. The firm competes on price discovery, grading, reliability, buyer relationships and risk discipline.

The firm's edge

- **Market knowledge & price discovery.**
- **Grading & quality** reliability.
- **Buyer relationships** & consistent supply.
- **FPO/farmer sourcing** networks.
- **Disciplined risk & capital** management.

6. Services & Pricing (trading model)

Activity	Model	Margin basis
Procure-aggregate-sell	Buy-sell spread	1-4% of value
Grading & sorting	Value uplift	Quality premium
Storage & timing	Time arbitrage	Seasonal spread
Commission/brokerage	Per trade (agent)	% commission
Logistics coordination	Service/margin	Add-on

The core is a thin buy-sell spread on large volume; grading, storage-timing and logistics add margin. High turnover with disciplined price-risk and working-capital management is what makes trading profitable — and survivable.

7. Go-to-Market — Marketing & Sales

- **Buyer relationships:** processors, exporters, wholesalers.
- **Farmer/FPO sourcing** networks & mandi presence.
- **eNAM & digital** trading platforms.
- **Reliability & quality** reputation for repeat trade.
- **Crop/region specialisation.**

Sales approach

Build buyer & supplier relationships → match graded supply to demand at a disciplined spread → manage price & credit risk tightly → grow volume & add storage/linkage. Relationships, quality and risk discipline drive sustainable trading.

8. Operations Plan

- **Base:** a mandi/market presence with grading & short-term storage; logistics network.
- **Process:** demand assessment → procurement (farmer/FPO/mandi) → grading & quality → aggregation & storage → sale & dispatch → payment & reconciliation.
- **Risk management:** price-risk (hedging/quick turns), counterparty credit checks, quality assurance.
- **Technology:** trading/inventory records, price tracking, eNAM integration, accounts.
- **Capacity:** volume via capital turns; scale with working capital, buyers & crops.

Trade workflow

Stage	Activity	Metric
Assess	Demand/price	Spread
Procure	Buy produce	Cost
Grade	Quality/sort	Uplift
Sell	Dispatch	Realisation
Settle	Payment	Recovery

9. Regulatory, Licences & Compliance (India)

- **Mandi/APMC licence** & trader registration; eNAM participation; state market rules.
- **Business & tax:** proprietorship/LLP or Pvt Ltd; PAN/TAN; GST (agri-commodity GST treatment varies by product); Udyam (MSME).
- **Storage & quality:** warehousing norms (if stored); FSSAI where applicable; quality/weights compliance.
- **Risk & finance:** commodity-exchange (NCDEX) norms if hedging; bank/NBFC trade-finance documentation; IEC/APEDA if exporting.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / Trader	1	1	1
Procurement agents	2	4	6
Grading & quality	1	2	3
Logistics & accounts	2	3	4
Total	6	10	14

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-2	Licences, mandi presence, buyer & supplier network, WC line
Launch	Month 2-4	First trades; grading & logistics running
Traction	Month 4-9	Volume & turns build; break-even nears
Scale	Year 2	More crops/buyers; storage & FPO linkage
Growth	Year 3	Higher turnover; exports/value-add

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. Trading runs on high turnover, thin spreads, and capital turns.

12.1 Project cost & means of finance

Capital requirement	₹
Office, grading & storage setup	5,00,000
Weighbridge, equipment & IT	4,00,000
Licences, deposits & pre-operative	2,00,000
Trading working capital (stock)	22,00,000
Working-capital buffer	2,00,000
Total project cost	35,00,000
Promoter contribution	10,00,000
Cash-credit/WC + term loan (Mudra/CGTMSE)	25,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
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Trading turnover (sales)	4,00,00,000	6,50,00,000	9,00,00,000
Cost of goods (procurement)	3,82,00,000	6,17,50,000	8,50,50,000
Gross trading margin	18,00,000	32,50,000	49,50,000
Salaries & commissions	7,20,000	12,00,000	18,00,000
Logistics, grading & storage	3,60,000	6,00,000	9,00,000
Office, IT & overheads	2,40,000	3,40,000	4,40,000
Interest on WC/loan	2,50,000	3,80,000	5,20,000
Total expenses	15,70,000	25,20,000	36,60,000
Net profit (before tax)	2,30,000	7,30,000	12,90,000
Net margin (on turnover)	0.6%	1.1%	1.4%

12.3 Unit economics & break-even

- **Per trade:** spread (1-4%) – direct cost (logistics/grading/finance); grading & timing lift the spread.
- **Capital turns:** return depends on how many times working capital rotates per year (turnover ÷ WC).
- **Break-even:** reached around month 5-8 as volume & turns build; margins are thin so risk control is vital.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	2,00,000	1,80,000	2,10,000	2,55,000
Sale collections	85,00,000	1,00,00,000	1,10,00,000	1,05,00,000
Procurement & operating outflows	85,00,000	99,50,000	1,09,35,000	1,04,30,000
Interest servicing	20,000	20,000	20,000	20,000
Closing balance	1,80,000	2,10,000	2,55,000	3,05,000

Cash cycles rapidly through procurement and sales; the working-capital line funds stock and the spread is thin, so counterparty credit and price-risk discipline are essential to avoid losses on any single trade.

12.5 Key Performance Indicators to Monitor

- **Volume:** tonnes traded; turnover; capital turns/year.
- **Margin:** gross spread %; realised vs. planned.
- **Risk:** price-risk exposure; counterparty overdue; quality claims.
- **Working capital:** inventory & receivable days; WC utilisation.

13. Funding Requirement & Bankability

Total ask: **₹25 lakh (cash-credit/WC + term)** against ₹10 lakh promoter contribution — a **cash-credit/working-capital limit** (against stock & receivables) is the core need, with term finance for setup, eligible under Mudra/CGTMSE. Thin margins mean bankability rests on capital turns, disciplined risk management and clean receivables; Year-3 net profit ~₹12.9 lakh supports the facility. Trade finance/warehouse-receipt funding can augment as volumes grow.

13.1 Funding utilisation

Use of funds	₹	% of total
Trading working capital (stock)	22,00,000	63%
Office, grading & storage setup	5,00,000	14%
Weighbridge, equipment & IT	4,00,000	11%
Working-capital buffer	2,00,000	6%
Licences, deposits & pre-operative	2,00,000	6%
Total	35,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Price / market risk	Quick turns; hedging (NCDEX); back-to-back deals; position limits
Counterparty credit default	Credit checks; advances/LCs; limits; documentation
Quality claims / disputes	Grading, sampling & assured quality; clear contracts
Working-capital strain	CC limit; turns discipline; receivable control
Regulatory/mandi changes	Licences; eNAM; compliance tracking

15. SWOT Analysis

Strengths Huge continuous market; relationship & knowledge edge; scalable via capital; value-add options.	Weaknesses Thin margins; price & credit risk; working-capital heavy; skill-critical.
Opportunities eNAM & FPO linkage; storage/timing; exports & value-add; digital trading.	Threats Price volatility; defaults; policy/MSP shifts; large-aggregator competition.

16. Recommended AiSevak Tools for This Business

This agri-commodity trader would use AiSevak's Agri-Tech vertical tools in delivery:

- **Trading ops:** procurement, inventory, price-tracking and trade-ledger tools.
- **Risk & compliance:** counterparty-credit, mandi/GST and contract tools (with Finance & Legal verticals).
- **Practice:** Business Plan, spread/turns and Break-even tools to model the trading book.

17. Key Assumptions & Notes

- High-turnover, thin-spread trading (1–4% gross); returns depend on capital turns & risk discipline.
- Turnover ₹4 cr (Yr 1) to ₹9 cr (Yr 3); working capital rotates multiple times per year.

- WC/cash-credit interest ~11% p.a.; GST treatment varies by commodity; mandi/eNAM compliance assumed.
- Market knowledge, buyer relationships, grading and price/credit-risk discipline are decisive; figures exclude GST.

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

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