



BUSINESS PLAN · INDIA

Agri-Input Retail Store

Seeds, fertiliser and crop protection - with our margin on the shelf label

AGRI-INPUTS

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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-Input Retail Business** in India — a chain of six village and mandi-town stores selling seed, fertiliser, crop protection, bio-inputs, micronutrients, sprayers and protective equipment, with an in-store soil-testing service, a field advisory team and a documented input-credit programme.

The agri-inputs vertical's conventions are set in the fertiliser-manufacturing anchor and carried through the crop-protection and seed plans: **where the effect is separated from the cause by a season the only honest control is a measurement published at the time of sale; report the advice that reduced the sale; pay field staff on advice quality rather than tonnage; and disclose what the seller earns. What is specific to retail is that this shop is simultaneously the farmer's diagnostician, his pharmacist, his adviser and his moneylender — and it is paid by the companies whose products it recommends.**

☐ **THE ONLY AGRONOMIC ADVICE MOST FARMERS EVER RECEIVE COMES FROM THE PERSON WHOSE INCOME DEPENDS ON SELLING THEM MORE.** The dealer identifies the pest from a leaf brought in a cloth bag, prescribes the molecule, sets the dose, supplies the product and extends the credit — a combination that in medicine would be recognised instantly as a conflict requiring separation, and which here is simply the structure of the market. He is not dishonest; he is a shopkeeper being asked to be a doctor, remunerated by margin, and steered by company schemes he never discloses because nobody has ever asked him to. So this chain **DISCLOSES THE MARGIN AND ANY COMPANY SCHEME ON THE SHELF LABEL OF EVERY PRODUCT, keeps the ADVICE RECORD SEPARATE FROM THE SALE RECORD, reports RECOMMENDATIONS THAT REDUCED THE PURCHASE — 5,400 in Year 3 — and REFUSES SALES** the diagnosis does not support, counting 1,340 refusals. The general rule: **WHERE THE ADVISER AND THE SELLER ARE THE SAME PERSON, THE ONLY HONEST STRUCTURE IS TO DISCLOSE WHAT THE SALE PAYS HIM.**

☐ **AND THE CREDIT IS THE REAL PRODUCT.** Most agri-input retail in India is sold on credit until harvest, with the interest buried in the price rather than stated — so a farmer paying 15% more for a bag he takes in June and settles in November is borrowing at an effective annual rate he has never been told and could not compute. Frequently the debt is repaid in crop, sold to the same dealer at a price he sets. This chain **STATES THE EFFECTIVE ANNUAL RATE IN RUPEES ON EVERY CREDIT BILL, prices cash and credit separately so the farmer can see the difference, and NEVER TIES REPAYMENT TO SELLING HIM THE CROP.**

☐ **The third finding is where the vertical's decay problem finally lands: THE SHED.** Bio-fertiliser colonies die, seed germination falls and pesticide actives degrade in a tin-roofed shop at forty-five degrees — so the manufacturer's guarantee expires somewhere between the factory and the farmer, on this retailer's own shelf. **Temperature-controlled storage for seed and biologicals, first-expiry-first-out discipline, and expired stock returned or destroyed rather than discounted: ₹38 lakh written off in Year 3.**

This plan models an operator requiring **₹3.80 crore** (₹1.30 crore investor + ₹1.20 crore working-capital facility + ₹80 lakh promoter + ₹50 lakh term loan) across six stores, moving from **₹18.00 crore revenue and a ₹34 lakh loss** to **₹62.00 crore revenue and ₹2.48 crore profit** by Year 3 — a 4.0% net margin, 38.6% return on capital, and credit days falling from 96 to 68. (Agri-input retail — figures illustrative.)

2. Business Description, Vision & Legal Structure

Concept: An input shop whose shelf label says what it earns.

Vision: To be the counter a farmer trusts because it sometimes sends him away.

Mission: Print our margin and any company scheme on the shelf; keep the advice apart from the sale; state the credit rate in rupees; never tie the loan to his crop; invoice every sale with the batch number; store the biologicals cold; and count the times we told him he did not need it.

Legal structure

- **Private Limited** — recommended for a multi-store operation. Company distribution agreements, credit facilities, scheme participation and outside capital all assume it.
- **Proprietorship** — the trade's near-universal form, and the reason the credit book is invisible: **an unregistered shop lending several crore against harvests keeps no provision, files no return on it, and is one bad season from taking its farmers down with it.**
- **Employed agronomists separate from counter sales**, paid on advice quality — **because the person diagnosing the problem cannot be the person whose income depends on the size of the answer.**

Regulatory anchor: a retail business holding three separate licences and running an undocumented lending operation on the side. **The first exposure is input licensing: separate seed, fertiliser and insecticide dealer licences under the Seeds (Control) Order, the Fertiliser (Control) Order and the Insecticides Rules, each carrying record-keeping, stock-register, display and sale-invoice obligations — and the sale of an insecticide requires a person with prescribed qualifications on the premises, which many shops satisfy on paper only. The second is the invoice: every one of those orders requires a bill showing batch or lot number, and the practical consequence is decisive — a farmer with no invoice has no claim against anybody, which is why cash-without-bill is not a tax convenience but the mechanism by which redress disappears. The third is credit: input credit at the shop is lending, and while a trade-credit arrangement is not a regulated deposit or NBFC activity, an interest charge concealed in a price differential engages consumer-protection provisions on unfair trade practice, and tying repayment to selling the crop back at a dealer-set price is a coercive arrangement in substance.** Then: Legal Metrology on weighing; storage rules for insecticides including separation from food and feed; state pollution and fire requirements; GST; and EPF/ESI and POSH.

3. Promoter & Ownership

Led by a promoter with agri-input distribution, agronomy or rural retail background. Three competences decide outcomes. *Credit judgement*, because this business's real balance sheet is a book of farmer receivables settled at harvest, and a chain that lends badly does not have a slow year — it has a season in which nothing comes back. *Category and season management*, since demand arrives in two short windows and stock bought wrong is stock that decays before the next one. And *the discipline to lose a sale* — telling a farmer his crop does not need the third spray a neighbour recommended, when the product is on the shelf and the margin is good. Ownership, equity & investor terms are editable inputs; **the advisory function reports to the promoter and is paid on advice quality, never on the value of what the customer subsequently bought.**

4. Market Analysis — India

Agri-input retail is the last mile of every plan in this vertical, and it is where the manufacturer's controls, guarantees and labels are either honoured or quietly dissolved.

Demand drivers

- **Input intensity rising** with hybrid adoption, horticulture expansion and declining soil health.

- **Credit dependence**, which is the single largest reason farmers buy where they buy.
- **Advisory vacuum** — public extension reaches a small fraction of farmers, so the shop fills the gap by default.
- **Soil health card programmes**, creating demand for a shop that can interpret a report rather than merely receive it.
- **Bio-inputs and micronutrients**, which need explanation and are therefore retail-dependent.
- **Horticulture clusters**, where per-acre spend is high and the farmer will pay for competence.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Input purchases in the served catchments	Large; overwhelmingly informal single-shop trade
SAM	Farmers within practical travel distance of a store	Bounded by CATCHMENT and CREDIT CAPACITY
SOM (Yr 1–3)	Farmers served across six stores	₹18cr → ₹62cr; active farmers 3,400 → 11,600

What the farmer is actually buying at the counter

What he thinks he is buying	What he is also buying
A bag of fertiliser	A diagnosis from an interested party
A bottle of insecticide	A dose decided by the seller
Seed for the season	Credit at an undisclosed rate
Advice about his crop	A recommendation shaped by a company scheme he cannot see
A relationship with a shop	An obligation to sell his harvest back to it

The right-hand column is invisible at the counter and is where the value in this trade actually sits — which is why input retail is far more profitable than its 17% gross margin suggests and far more consequential than a shop of its size should be. A farmer walking in with a diseased leaf receives, in a single transaction, a diagnosis he cannot check, a prescription from a person paid to prescribe, a price containing interest he was never told about, and sometimes an understanding about where his crop will go in November. Every disclosure in this plan is an attempt to unbundle that transaction into its parts so that he can see each one — and each disclosure costs money precisely because the bundle is where the margin lives.

Constraints

- **Credit capacity** — the binding constraint on growth, since every additional farmer is an additional receivable until harvest.
- **Extreme seasonality**, with demand concentrated into two short windows and stock decaying between them.
- **Catchment size**, which physically bounds each store.
- **Company scheme pressure**, which pushes stock and margin toward whatever the manufacturer is promoting rather than what the soil needs.

5. Competition & Position

Competitor type	Strength	Weakness this plan exploits
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Traditional single-shop dealers	Relationships, cash flexibility, generous credit, always open	Advice steered by margin and schemes nobody discloses
Cooperative input outlets	Subsidised fertiliser access, member trust, price	Limited range and advisory capability; stock-driven
Company-owned or franchised outlets	Brand, stock assurance, some agronomy	Single-company range; advice cannot be independent
Online and app-based input sellers	Price transparency, doorstep delivery	No diagnosis, no credit, no recourse when it fails
This plan	Margin and schemes on the shelf label, advice separated from sale, credit rate stated in rupees, no crop tie-in	Cannot match informal credit terms; refuses sales competitors make

The positioning claim is uncomfortable for the trade and simple for the farmer: the price of the advice is printed on the shelf. A label reading "our margin on this pack: ₹78 · company scheme running: yes, volume-linked" tells him something no competitor tells him, and it is the only information that lets him weigh a recommendation from somebody who profits from it. Horticulture growers and larger farmers respond first because they buy enough for the difference to matter; the smallholder responds to the refusals — the day he was told he did not need a spray is the day he starts believing the shop.

The cost of the honest position is stated in rupees rather than implied. Advice that reduced a farmer's purchase forfeited an estimated ₹2.90 crore of Year-3 revenue, and refused sales a further ₹94 lakh — both counted rather than quietly avoided. Declining company schemes that would have paid for pushing unsuitable stock costs ₹66 lakh of scheme income. Pricing credit transparently rather than burying it in the product price surrenders ₹1.12 crore of concealed interest margin, which is the single largest item and the one the trade would least like discussed. The offsetting return is a farmer base returning at 84% against a trade norm nearer 60%, credit days falling from 96 to 68 because a transparent lender collects better than an opaque one, and bad debt at 2.1% against a category where 6-8% is normal.

6. The Adviser and the Seller Are the Same Person

This is the structural conflict at the heart of Indian agriculture, and almost nobody names it.

Role the dealer performs	Equivalent elsewhere	How it is paid
Identifies the pest or deficiency	Diagnostician	By selling the treatment
Selects the molecule or grade	Prescriber	By margin on what he selects
Sets the dose and frequency	Dosing physician	By volume dispensed
Supplies the product	Pharmacist	By margin
Lends the money	Creditor	By an undisclosed spread
Often buys the resulting crop	Buyer	By the price he sets

In medicine, the first four roles are deliberately separated and the fifth and sixth would be unthinkable; in Indian agriculture all six sit behind one counter and nobody regards it as remarkable. The dealer is not villainous — he is a shopkeeper who has been handed a clinical role by the absence of anybody else, has no

training budget, and earns nothing for advice as such. But the incentive runs one way: every recommendation that increases the sale is rewarded and every recommendation that reduces it is not, so over years the advice drifts without anybody deciding that it should. WHERE THE ADVISER AND THE SELLER ARE THE SAME PERSON, THE ONLY HONEST STRUCTURE IS TO DISCLOSE WHAT THE SALE PAYS HIM.

So four things are done, and the first is the one competitors will find hardest. THE SHELF LABEL OF EVERY PRODUCT STATES THIS SHOP'S MARGIN IN RUPEES AND WHETHER A COMPANY SCHEME IS RUNNING ON IT — volume targets, trips, gifts or slabs — so a farmer weighing a recommendation can see what the recommendation is worth to the person making it. THE ADVICE RECORD IS KEPT SEPARATE FROM THE SALE RECORD: what was diagnosed, what was recommended and what was actually bought are three fields, and the gap between the second and third is reported. RECOMMENDATIONS THAT REDUCED THE PURCHASE ARE COUNTED — 1,600 in Year 1 rising to 5,400 in Year 3 — per the anchor's rule. And SALES ARE REFUSED where the diagnosis does not support them: 1,340 in Year 3, mostly a farmer arriving with a neighbour's prescription for a problem he does not have.

7. The Credit Is the Real Product, and the Shed Where Everything Decays

Two further mechanisms determine what this shop actually earns and what the farmer actually receives.

☐ THE CREDIT IS THE REAL PRODUCT AND ITS PRICE IS NEVER STATED. Most inputs in India are sold on credit until harvest, with the charge embedded as a price differential rather than as interest — so a farmer taking a bag in June at ₹1,380 that a cash buyer gets at ₹1,200 is paying ₹180 to borrow ₹1,200 for five months, an effective annual rate above 35% that he has never been told and could not compute if he tried. He experiences it as the price of the bag. So this chain PRICES CASH AND CREDIT SEPARATELY ON THE SHELF, STATES THE EFFECTIVE ANNUAL RATE AND THE RUPEE COST OF THE CREDIT ON EVERY BILL, and caps the credit exposure per farmer against a stated assessment rather than against how much he is willing to owe. The transparency costs ₹1.12 crore of concealed margin and produces a materially better book — credit days fall from 96 to 68 and bad debt runs at 2.1% against a category norm of 6-8%, because a farmer who knows what he is paying borrows less and repays sooner.

☐ AND THE LOAN IS NEVER TIED TO THE CROP. The most damaging arrangement in this trade is the one where input credit is repaid in produce, sold to the same dealer at a price he sets — which converts a loan into a lien on the harvest and removes the farmer's only real negotiating position at the only moment he has one. It is legal, ubiquitous and rarely written down. This chain lends against a stated assessment and takes repayment in cash or bank transfer only; it does not buy crops from its credit customers, and where it operates any produce-linked service it does so for farmers who owe it nothing. A farmer's harvest is his to sell to whoever pays most, and a lender who is also the buyer has an interest in his weakness.

☐ AND THE MANUFACTURER'S GUARANTEE DIES ON THIS SHELF. The vertical's plans go to considerable trouble over CFU counts at expiry, germination re-testing at despatch and pesticide assay — and every one of those guarantees then sits in a tin-roofed shop at forty-five degrees for four months. Bio-fertiliser colonies die, seed germination falls, actives degrade, and the farmer applies a product that was genuine when it left the factory and is inert when it reaches his field. So this chain holds seed and biologicals in TEMPERATURE-CONTROLLED STORAGE, operates strict first-expiry-first-out, refuses stock arriving with less than a stated shelf life remaining, and RETURNS OR DESTROYS EXPIRED STOCK RATHER THAN DISCOUNTING IT — ₹38 lakh written off in Year 3, reported rather than absorbed.

□ **AND WITHOUT AN INVOICE HE HAS NO CLAIM AGAINST ANYBODY.** Cash sales without a bill are normal in this trade and are usually discussed as a tax matter — but the decisive consequence is different: a farmer whose crop fails on a bad lot has no proof of purchase, no batch number and therefore no claim against the manufacturer, the dealer or anybody else. Every sale here is invoiced with the product's **BATCH OR LOT NUMBER** printed on it, which is a licence obligation the trade widely ignores and the single cheapest thing a shop can do to make the whole vertical's guarantees enforceable.

8. Operations Plan (stock, diagnose, advise, sell, credit, collect)

Stocking and category management

- **Range built from local soil and cropping data** rather than from scheme pressure, with a written rationale for every line carried.
- **Company schemes accepted or declined on merit and recorded either way**, with any accepted scheme disclosed on the shelf label.
- **Stock refused if it arrives with less than a stated shelf life remaining**, since the decay problem is inherited from upstream.
- **First-expiry-first-out enforced by the point-of-sale system** rather than by shelf discipline.

Diagnosis and advice

- **Agronomist available at each store**, employed and paid on advice quality and follow-up rather than on sales.
- **Advice recorded separately from the sale** — diagnosis, recommendation, what was bought — with the gap reported.
- **Soil test offered and interpreted**, with recommendations that reduce purchase counted per the anchor's rule.
- **Sale refused where the diagnosis does not support it**, and the refusal recorded with the reason.

Sale and disclosure

- **Shelf label states the shop's margin in rupees and any scheme running on the product.**
- **Cash and credit prices displayed separately** so the cost of borrowing is visible before the decision.
- **Every sale invoiced with batch or lot number**, without exception, including cash sales.
- **PPE offered with every crop-protection sale** and supplied free where the manufacturer packs it, per the crop-protection plan.

Credit and collection

- **Credit limit assessed and stated per farmer**, reviewed each season rather than allowed to accumulate.
- **Effective annual rate and rupee cost printed on every credit bill.**
- **No repayment tied to selling the crop**, and no purchase of produce from credit customers.
- **Collection through the season rather than only at harvest**, with rescheduling on a stated basis when a crop fails.

The operational hinge is the farmer who walks in during the pest window holding a leaf and a neighbour's advice, wanting a product his crop does not need. Selling it takes ninety seconds and pays; refusing it takes twenty minutes of explanation, may send him to the shop across the road, and earns nothing. So the agronomist's pay is structurally separated from the till, the refusal is recorded as a positive metric rather than a lost sale, and the store manager's incentive includes the advice-gap and refusal counts alongside revenue — because a target that measures only what was sold will, within two seasons, produce a shop that only sells.

What a farmer can see at this counter that he cannot see anywhere else

- **What this shop earns on the product being recommended to him**, printed on the shelf in rupees.
- **Whether a company scheme is running on it** — and therefore whether the recommendation has a second beneficiary.
- **What the credit costs**, as a rate and as a rupee figure, before he decides rather than after.
- **What was diagnosed and what was recommended**, recorded separately from what he actually bought.
- **The batch number of everything he takes home**, on a bill, so a failure has somewhere to go.

None of these five items is expensive and none is prohibited to any competitor, which is the observation worth sitting with. They are absent across the trade not because they are difficult but because each one converts something currently invisible into something a farmer could ask about — and the entire commercial structure of input retail depends on the bundle staying bundled. A shop that unbundles it gives up margin in four places at once, which is why the practice will not spread by imitation and why it is defensible for as long as this chain is willing to carry the cost.

9. Licensing, Credit & Operating Compliance (India)

- **Company & tax** — Private Limited, PAN/TAN, GST, shops & establishments per store, premises insurance.
- **Input licensing** — separate seed, fertiliser and insecticide dealer licences under the Seeds (Control) Order, Fertiliser (Control) Order and Insecticides Rules, with stock registers, display and qualified-person requirements; **the insecticide licence requires a qualified person actually on the premises, which many shops satisfy on paper only.**
- **The invoice** — every order requires a bill showing batch or lot number; **a farmer with no invoice has no claim against anybody, so cash-without-bill is the mechanism by which redress disappears rather than merely a tax convenience.**
- **Credit** — trade credit is not a regulated deposit or NBFC activity, but **interest concealed in a price differential engages consumer-protection provisions on unfair trade practice, and tying repayment to selling the crop back at a dealer-set price is coercive in substance.**
- **Storage & safety** — insecticide storage separated from food, feed and seed; fire and ventilation requirements; spill and disposal procedure.
- **Metrology** — Legal Metrology on weighing and on repacking, which is not permitted without licence.
- **Workforce** — EPF/ESI, POSH, and chemical-handling training for counter staff.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Notes
Promoter / managing director	1	1	Owns the disclosure policy and credit limits
Store managers	3	6	Measured on advice gap and refusals alongside revenue
Store agronomists	3	8	Employed; paid on advice quality, never on sales
Counter sales & stock staff	12	30	Qualified person present per insecticide licence
Soil testing & field advisory	2	7	Reports that sometimes reduce the order
Credit assessment & collection	2	6	Limits set independently of the store's sales target

Warehouse, cold store & logistics	3	8	Temperature control for seed and biologicals
Finance, systems & admin	2	6	Shelf-label margins, advice records, batch invoicing
Total	28	72	Agronomy and credit functions salaried without sales-linked pay

Two separations carry this plan. The agronomist is employed and paid on advice quality and follow-up rather than on what the customer bought, because an adviser compensated on sales will produce sales-shaped advice within two seasons and neither he nor the company will notice the drift. And credit limits are set by a function independent of the store, since a manager whose target is revenue and whose customer wants goods on credit has every reason to approve — which is precisely how input-retail credit books go bad quietly, one accommodation at a time.

A word on what this structure does not fix, because overclaiming would be its own version of the problem. Disclosing a margin does not make a shopkeeper an agronomist, and an employed agronomist at six stores cannot substitute for the public extension service that most Indian farmers no longer have — this chain reaches perhaps eleven thousand farmers in three years while the advisory vacuum covers tens of millions. What the structure does is narrower: it stops this particular shop's advice being quietly bent by its own incentives, and it gives a farmer the information to discount advice from anybody who has not made the same disclosures. That is a real improvement and a small one, and it is worth stating at its actual size.

11. Implementation Timeline & Milestones

Phase	Window	Milestones
Formation & first stores	Month 0–5	Incorporation, three input licences per store, first three catchments opened
Systems & disclosure	Month 3–7	Shelf-label margin printing, advice-record separation, batch invoicing, credit rate on bills
Advisory capability	Month 5–12	Store agronomists, soil testing, refusal and advice-gap reporting live
Credit programme	Month 8–16	Assessment framework, limits per farmer, collection through the season
Stores four to six	Month 14–26	Additional catchments; cold storage for seed and biologicals at the hub
Scale & density	Month 24–36	11,600 active farmers; credit days to 68; category mix toward advisory-led lines

Training and competence

- **Diagnostic competence for agronomists**, including when to say the sample does not show a problem worth treating.
- **Disclosure discipline for counter staff** — how to explain a shelf-label margin to a farmer who asks why it is printed.
- **Credit conversation training**, including stating the effective rate aloud rather than leaving it on the bill.
- **Storage, expiry and chemical-handling**, with the qualified-person requirement genuinely staffed rather than nominally met.

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions, not forecasts or guarantees. They exist to show the drivers of an agri-input retail P&L and how the disclosure and credit disciplines move them. Every input is editable. **The defining feature of this model is that the credit book, not the shelf, is the balance sheet — a chain of six stores carries several**

crore of farmer receivables settled at harvest, and how that book is priced and collected determines whether the business works.

12.1 Project cost & funding

Item	₹ lakh	Notes
Store fit-out — six locations	78	Racking, counter, licensed storage separation
Hub cold storage & temperature-controlled room	62	Where the vertical's decay problem is finally stopped
Opening stock across six stores	96	Seasonal build; category mix by catchment
Soil-testing equipment & advisory kit	34	Interpretation capability, not just a report
Point-of-sale, shelf-label & advice-record systems	28	Margin printing, batch invoicing, advice gap
Vehicles & delivery	26	Farm delivery and field advisory
Licences, deposits, insurance & pre-operative	24	Three licences per store; leases
Working capital & contingency	32	The credit book is the real requirement
Total project cost	380	₹130L investor + ₹120L WC facility + ₹80L promoter + ₹50L term loan

12.2 Operating metrics

Metric	Yr 1	Yr 2	Yr 3
Shelf label stating our margin in rupees and any company scheme / advice record kept separate from sale record	100% / 100%	100% / 100%	100% / 100%
Recommendations that REDUCED the purchase / sales REFUSED on diagnosis grounds / agronomists paid on sales value	1,600 / 480 / NIL	3,200 / 890 / NIL	5,400 / 1,340 / NIL
Effective annual credit rate and rupee cost stated on the bill / cash and credit priced separately on the shelf / repayment tied to selling us the crop	100% / 100% / NIL	100% / 100% / NIL	100% / 100% / NIL
Sales invoiced with batch or lot number / cash sales without a bill	100% / NIL	100% / NIL	100% / NIL
Seed and biologicals in temperature-controlled storage / stock refused for short remaining shelf life / expired stock discounted rather than returned or destroyed	100% / 118 / NIL	100% / 186 / NIL	100% / 264 / NIL
Active farmers / credit days / bad debt / farmer return rate	3,400 / 96 / 3.8% / n/a	6,900 / 81 / 2.7% / 76%	11,600 / 68 / 2.1% / 84%

Row two is the row that defines this business and its numbers must rise: 5,400 recommendations that reduced a purchase and 1,340 refused sales in Year 3. A shop whose advisory function never reduces an order is not advising, it is selling with a stethoscope on the wall. Row six carries the commercial answer to the obvious objection: credit days fall from 96 to 68 and bad debt from 3.8% to 2.1% against a category norm of 6-8% — because a farmer who is told what the credit costs borrows less and repays sooner, which means the transparency that surrenders concealed margin buys a materially better book. Row five's 264 consignments

refused for short shelf life is the decay problem being stopped at the point where it actually kills the product.

12.3 Revenue build

Stream	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)	Driver
Fertiliser — bulk and specialty	760	1,460	2,480	Volume core; thin margin, price-controlled
Crop protection	540	1,080	1,860	Advisory-led; where refusals concentrate
Seed	260	540	940	Short window; storage discipline decisive
Bio-inputs, micronutrients & soil conditioners	110	240	420	Needs explanation; cold storage essential
Sprayers, PPE, tools & sundries	100	220	380	Best margin; PPE offered with every spray sale
Soil testing, advisory & application services	30	60	120	Small revenue, disproportionate trust
Total revenue	1,800	3,600	6,200	Illustrative

12.4 P&L summary

Line	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)
Revenue	1,800	3,600	6,200
Cost of goods sold	(1,512)	(3,006)	(5,146)
Gross profit	288	594	1,054
Store staff & management	(128)	(186)	(268)
Agronomy & advisory	(42)	(62)	(96)
Shelf-label, advice-record & batch-invoice systems	(14)	(18)	(24)
Expired stock written off	(18)	(26)	(38)
Rent, utilities & store running	(48)	(62)	(84)
Credit provision & bad debt	(28)	(42)	(62)
Transport, handling & delivery	(22)	(32)	(46)
Marketing & farmer meetings	(16)	(22)	(32)
Admin, licences, insurance & other	(38)	(52)	(74)
EBITDA	(66)	92	330
Depreciation & amortisation	(30)	(38)	(46)
Finance cost	(52)	(74)	(108)
Other income — stated credit charges, application services, company display and training support (<i>disclosed</i>)	102	92	154
PBT	(46)	72	330
Tax	12	(20)	(82)

PAT	(34)	52	248
Net margin	(1.9%)	1.4%	4.0%
ROCE	(11.4%)	16.2%	38.6%

The other-income line deserves particular attention because of what it contains and what it does not. ₹1.54 crore comprises stated credit charges — interest earned openly rather than buried in the product price — plus application services and company display support, and it is disclosed separately per the library's rule. What it does NOT contain is the concealed price differential that funds most of this trade: pricing credit transparently surrenders roughly ₹1.12 crore that a conventional dealer would show inside gross profit, invisible to everybody. So this P&L looks thinner than a competitor's at the gross line and honest at the bottom, and the difference between the two is the entire disclosure.

12.5 Where the shop actually earns — by category

Category (Yr 3)	Revenue	Gross margin	GMROI	Note
Fertiliser — bulk	₹24.80cr	9%	168%	Footfall driver; barely pays for itself
Crop protection	₹18.60cr	21%	246%	Advisory-led; where refusals cost most
Seed	₹9.40cr	18%	214%	Short window; storage decisive
Bio, micronutrient & conditioners	₹4.20cr	28%	188%	Best margin, slowest turn, fastest decay
Sprayers, PPE, tools & sundries	₹3.80cr	32%	296%	Best of both; nobody stocks it properly
Services	₹1.20cr	61%	n/a	No stock; builds the trust that sells the rest

Reported as GMROI by category per the library's trading rule, and the two rows worth acting on are the last two. Sprayers, PPE and tools carry both the best margin and the best turn and are chronically under-stocked in Indian input retail because they are unglamorous and nobody's company scheme pays for them — which makes them the clearest available profit improvement and, given the crop-protection plan's findings on applicator safety, the most useful thing this shop can put on a shelf. Bulk fertiliser at 168% GMROI is close to not earning its shelf space, and is carried because it brings the farmer through the door — which is the honest reason, and a shop that cuts it to improve margin will discover it has cut its footfall instead.

12.6 Break-even & sensitivity

Scenario	Yr 3 revenue	Yr 3 PAT	Comment
Base	₹62.0cr	₹2.48cr	As modelled
Credit priced conventionally (interest buried)	₹63.1cr	₹3.32cr	The cost of the position, stated as a number
Bad debt 2.1% → 6.0%	₹62.0cr	₹66L	The category norm; what transparency avoids
Advice gap closed — no reduced recommendations	₹64.9cr	₹3.14cr	What the advisory position forfeits
A season fails in the catchment	₹48.4cr	₹18L	Receivables and demand fall together
Credit days 68 → 92	₹62.0cr	₹1.86cr	Finance cost; the working-capital reality

13. Funding Requirement & Bankability

Source	₹ lakh	Terms (indicative)
Investor equity	130	Growth capital; credit-quality and advisory covenants
Working-capital facility	120	The farmer credit book is the real requirement
Promoter contribution	80	Cash and equipment
Term loan	50	Store fit-out and cold storage; 4-5 years
Total	380	Illustrative structure

The bankability case is really a credit-quality case, and a lender should read this business as a small rural lender with a shop attached rather than the other way round. Several crore of farmer receivables settled at harvest is the asset, and its quality is determined by whether limits were assessed or accumulated, whether the rate was disclosed, and whether a failed season triggers rescheduling or a spiral. Bad debt at 2.1% against a category norm of 6-8% is the number that matters, and it is a direct consequence of the disclosure — a borrower who knows his rate borrows within his means, and a lender who does not hold his crop hostage gets repaid because the farmer wants to return next season. A catchment-wide crop failure remains the concentration risk and should be provisioned rather than hoped away.

- **Use of funds** — 25% opening stock, 21% store fit-out, 16% hub cold storage, 9% soil-testing and advisory equipment, 8% working capital, 7% systems, balance vehicles, licences and deposits.
- **Repayment** — term loan from Year 3 cash flow; working-capital facility revolving against the seasonal credit cycle with limits reviewed each season.
- **Investor exit** — strategic sale to an agri-input distribution group, rural retail chain or agri-fintech seeking a lending base with real farmer relationships, or a promoter buyback.

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
Advice shaped by margin and undisclosed schemes	The dealer diagnoses, prescribes, doses, supplies, lends and sometimes buys the crop — six roles that in medicine would be deliberately separated — and every recommendation that increases the sale is rewarded while every one that reduces it is not, so the advice drifts over years without anybody deciding it should	THE SHELF LABEL STATES THIS SHOP'S MARGIN IN RUPEES AND WHETHER A COMPANY SCHEME IS RUNNING ON THE PRODUCT, so a farmer can see what the recommendation is worth to the person making it; the ADVICE RECORD IS KEPT SEPARATE FROM THE SALE RECORD with the gap between recommendation and purchase reported; agronomists are EMPLOYED AND PAID ON ADVICE QUALITY, NEVER ON SALES; recommendations that reduced the purchase are counted (1,600 → 5,400); and sales are REFUSED where the diagnosis does not support them (1,340 in Year 3)
The farmer in the pest window with a neighbour's prescription	Selling him a product he does not need takes ninety seconds and pays; refusing takes twenty minutes, may send him across the road, and earns nothing	The agronomist's pay is structurally separated from the till; the refusal is recorded as a POSITIVE metric rather than a lost sale; and the store manager's incentive includes the advice-gap and refusal counts alongside revenue — because a target measuring only what was sold will, within two seasons, produce a shop that only sells

Interest concealed in the price	A bag at ₹1,380 on credit against ₹1,200 cash is a five-month loan at an effective annual rate above 35% that the farmer has never been told and could not compute — he experiences it as the price of the bag	CASH AND CREDIT PRICED SEPARATELY ON THE SHELF so the cost of borrowing is visible BEFORE the decision; the EFFECTIVE ANNUAL RATE AND RUPEE COST PRINTED ON EVERY CREDIT BILL ; credit limits assessed and stated per farmer and reviewed each season rather than allowed to accumulate; ₹1.12 crore of concealed margin surrendered — and repaid in a better book, since credit days fall 96 → 68 and bad debt runs at 2.1% against a category norm of 6-8%, because a farmer who knows what he is paying borrows less and repays sooner
Credit tied to the crop	The most damaging arrangement in the trade — input credit repaid in produce sold to the same dealer at a price he sets, which converts a loan into a lien on the harvest and removes the farmer's only negotiating position at the one moment he has one; legal, ubiquitous and rarely written down	Lending against a stated assessment with repayment in CASH OR BANK TRANSFER ONLY; NO purchase of produce from credit customers; any produce-linked service offered only to farmers who owe nothing; and the principle stated plainly — a farmer's harvest is his to sell to whoever pays most, and a lender who is also the buyer has an interest in his weakness
The manufacturer's guarantee dying on this shelf	Bio-fertiliser colonies die, seed germination falls and actives degrade in a tin-roofed shop at 45°C — so a product genuine at the factory is inert in the field, and the farmer blames the category	Seed and biologicals in TEMPERATURE-CONTROLLED STORAGE; strict first-expiry-first-out enforced by the point-of-sale system rather than by shelf discipline; consignments REFUSED if they arrive with less than a stated shelf life remaining (264 in Year 3); and expired stock RETURNED OR DESTROYED rather than discounted — ₹38 lakh written off and reported rather than absorbed
The sale with no invoice	Cash without a bill is normal and is discussed as a tax matter, but the decisive consequence is that a farmer whose crop fails on a bad lot has no proof of purchase, no batch number and therefore NO CLAIM against anybody	Every sale invoiced with the product's BATCH OR LOT NUMBER, including cash sales, without exception — a licence obligation the trade widely ignores and the single cheapest thing a shop can do to make the whole vertical's guarantees enforceable; and the reason explained to the farmer at the counter rather than treated as paperwork
Catchment-wide crop failure	Receivables and demand fall together; a failed season takes Year-3 profit to ₹18 lakh	Credit limits assessed per farmer with exposure capped by catchment; rescheduling on a stated basis rather than a spiral of rollovers; provisioning held rather than released in good years; category mix across crops and seasons; and stores sited across more than one agro-climatic pocket
Company scheme pressure on the range	Schemes push stock and margin toward what the manufacturer is promoting rather than what the soil needs	Range built from local soil and cropping data with a written rationale for every line; schemes accepted or declined on merit and RECORDED EITHER WAY; any accepted scheme disclosed on the shelf label; and ₹66 lakh of scheme income declined in Year 3 where acceptance would have required pushing unsuitable stock

15. SWOT Analysis

Strengths • Margin and company schemes printed on the shelf label • Advice recorded separately from the sale; 5,400 reduced recommendations • Effective credit rate stated in rupees on every bill • No repayment tied to the crop; bad debt at 2.1% • Every sale invoiced with the batch number	Weaknesses • Cannot match informal credit terms or convenience • Refuses sales competitors make in ninety seconds • Thin gross margin once credit is priced openly • Catchment-bound with concentrated seasonal risk
Opportunities • Advisory vacuum left by limited public extension • Sprayers, PPE and tools — best margin and turn, chronically under-stocked • Horticulture clusters that will pay for competence • Soil health card programmes needing interpretation • A credit book that a lender can actually underwrite	Threats • A catchment-wide crop failure • Informal competitors with looser credit and no disclosure • Fertiliser price control and subsidy changes • Online sellers taking the price-transparent categories

16. Recommended AiSevak Tools for This Business

- **Shelf-label generator** — margin in rupees and scheme status printed for every product line.
- **Advice & sale record** — diagnosis, recommendation and purchase as three fields, with the gap and refusals reported.
- **Batch invoicing at point of sale** — no sale completed without a batch or lot number on the bill.
- **Credit assessment & disclosure engine** — limits per farmer, effective annual rate and rupee cost printed on every credit bill.
- **Expiry & FEFO stock control** — inward shelf-life gate, first-expiry-first-out, write-off register.
- **GROI by category dashboard** — margin, turn and shelf productivity by line.
- **Collection & provisioning tracker** — ageing through the season, rescheduling and bad-debt provision.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, farmer numbers, credit days, bad debt and headcount are editable inputs; actual outcomes depend on catchment, cropping pattern, season quality and credit discipline. Figures are in Indian rupees.
- **The central integrity finding is that the only agronomic advice most farmers ever receive comes from the person whose income depends on selling them more.** The dealer identifies the pest, selects the molecule, sets the dose, supplies the product, lends the money and sometimes buys the resulting crop — six roles that in medicine are deliberately separated and that here sit behind one counter without anybody regarding it as remarkable. **He is not villainous: he is a shopkeeper handed a clinical role by the absence of anybody else, with no training budget and no payment for advice as such. But the incentive runs one way — every recommendation that increases the sale is rewarded and every one that reduces it is not — so the advice drifts over years without anybody deciding that it should. WHERE THE ADVISER AND THE SELLER ARE THE SAME PERSON, THE ONLY HONEST STRUCTURE IS TO DISCLOSE WHAT THE SALE PAYS HIM.**

- **So the shelf label states this shop's margin in rupees and whether a company scheme is running on the product** — volume targets, trips, gifts or slabs — so a farmer weighing a recommendation can see what it is worth to the person making it. The advice record is kept separate from the sale record, with diagnosis, recommendation and purchase as three fields and the gap reported; agronomists are employed and paid on advice quality rather than on sales; recommendations that reduced the purchase are counted at 5,400 in Year 3; and 1,340 sales were refused where the diagnosis did not support them. **A shop whose advisory function never reduces an order is not advising, it is selling with a stethoscope on the wall.**
- **The credit is the real product and its price is never stated.** A bag taken in June at ₹1,380 against a cash price of ₹1,200 is a five-month loan at an effective annual rate above 35%, which the farmer has never been told and could not compute — he experiences it as the price of the bag. **So cash and credit are priced separately on the shelf, the effective annual rate and the rupee cost are printed on every credit bill, and limits are assessed per farmer rather than allowed to accumulate. It surrenders ₹1.12 crore of concealed margin — the single largest cost of this plan's position and the one the trade would least like discussed — and it is repaid in the book: credit days fall from 96 to 68 and bad debt runs at 2.1% against a category norm of 6-8%, because a farmer who knows what he is paying borrows less and repays sooner.**
- **The loan is never tied to the crop.** Input credit repaid in produce sold to the same dealer at a price he sets converts a loan into a lien on the harvest and removes the farmer's only negotiating position at the one moment he has one — and it is legal, ubiquitous and rarely written down. **This chain lends against a stated assessment, takes repayment in cash or bank transfer only, and does not buy crops from its credit customers. A farmer's harvest is his to sell to whoever pays most, and a lender who is also the buyer has an interest in his weakness.**
- **The manufacturer's guarantee dies on this shelf, which is where the vertical's decay problem finally lands.** The upstream plans go to considerable trouble over CFU at expiry, germination re-tested at despatch and pesticide assay — and every one of those guarantees then sits in a tin-roofed shop at forty-five degrees for four months, so a product genuine at the factory is inert in the field and the farmer concludes the category does not work. **Seed and biologicals are held in temperature-controlled storage, first-expiry-first-out is enforced by the point-of-sale system rather than by shelf discipline, 264 consignments were refused for short remaining shelf life, and expired stock is returned or destroyed rather than discounted — ₹38 lakh written off and reported.**
- **Without an invoice he has no claim against anybody.** Cash sales without a bill are normal in this trade and are usually discussed as a tax matter, but the decisive consequence is different: a farmer whose crop fails on a bad lot has no proof of purchase, no batch number and therefore no claim against the manufacturer, the dealer or anybody. **Every sale here is invoiced with the batch or lot number — a licence obligation the trade widely ignores and the single cheapest thing a shop can do to make the whole vertical's guarantees enforceable.**
- **The shop earns where nobody looks.** Reported as GMROI by category: bulk fertiliser at 168% barely earns its shelf space and is carried because it brings the farmer through the door — the honest reason, and a shop that cuts it to improve margin will discover it has cut its footfall. **Sprayers, PPE and tools carry both the best margin (32%) and the best turn (296% GMROI) and are chronically under-stocked in Indian input retail because they are unglamorous and no company scheme pays for them — which makes them the clearest available profit improvement and, given the crop-protection plan's findings on applicator safety, the most useful thing this shop can put on a shelf.**
- **This is a small rural lender with a shop attached, and it should be read that way.** Several crore of farmer receivables settled at harvest is the asset, and its quality depends on whether limits were assessed or accumulated and whether a failed season triggers rescheduling or a spiral. **The honest position costs ₹2.90 crore of forgone revenue from reduced recommendations, ₹94 lakh from refused sales, ₹66 lakh of declined scheme income and ₹1.12 crore of concealed interest margin — against an 84% farmer return rate, bad debt at a third of the category norm, and a credit book a lender can actually underwrite. A catchment-wide crop failure**

remains the concentration risk and is provisioned rather than hoped away.

- **Compliance covers three licences and an undocumented lending operation.** Separate seed, fertiliser and insecticide dealer licences under the Seeds (Control) Order, Fertiliser (Control) Order and Insecticides Rules with stock registers, display and qualified-person requirements — where the insecticide licence requires a qualified person actually on the premises, which many shops satisfy on paper only; the batch-numbered invoice required by each order, whose practical significance is redress rather than tax; consumer-protection provisions on unfair trade practice reaching interest concealed in a price differential, and the coercive substance of tying repayment to selling the crop back at a dealer-set price; insecticide storage separated from food, feed and seed with fire and ventilation requirements; Legal Metrology on weighing, and the prohibition on repacking without licence; GST; and EPF/ESI and POSH. Professional advice should be taken on the specific licences, credit terms and store agreements.

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