



BUSINESS PLAN · INDIA

Air-Cargo and Logistics Services

quote the recovery ratio beside the freight rate

AVIATION AND AEROSPACE SERVICES

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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 **Air-Cargo and Logistics Services** business — international and domestic air freight forwarding, on-airport cargo terminal handling and bonded warehousing, customs brokerage, and a charter and controlled-capacity service for high-value cargo. By Year 3 it forwards **10,080 tonnes**, handles **24,000 tonnes** through its terminal and bills **₹48.00 crore**, quoting **the recovery ratio beside the freight rate on every consignment above ₹1 lakh**.

This plan is the ninth and last in vertical 57 and **inherits the ten aviation anchor rules (a)-(j)** set out in §17 of the drone services plan.

Item	Detail	Year 3
What is sold	International air freight forwarding, domestic air freight and express, cargo terminal handling and bonded warehousing, customs brokerage and documentation, and charter and controlled-capacity service for declared-value cargo	₹48.00cr
Tonnage forwarded / handled / entries filed	4,800t international at ₹48/kg, 5,280t domestic at ₹20/kg, 24,000t through the terminal at ₹3/kg, 12,800 customs entries, 42 charter movements	10,080t; 24,000t; 12,800
PAT / net margin	A purchased-freight business: ₹34.71cr of the ₹48.00cr is bought from somebody else and resold	₹2.21cr / 4.6%
ROCE on ₹11.00cr	Bonded and cold-chain warehouse, ground equipment, security systems, capacity deposits and working capital	29.0%
Statutory liability cap / average value carried	22 SDR per kilogram against ₹9,200 per kilogram — and ₹41,000 on the pharma and electronics lines	₹2,552/kg vs 3.6× and 16.1×
Customer goods moved / what we bill for moving them	We are responsible for 0.52% of what we carry and paid for 0.52% of it	₹9,274cr / ₹48cr

☐ **THE LIABILITY CAP IS PER KILOGRAM AND THE VALUE IS NOT. Carrier liability for cargo is limited by treaty to 22 SDR a kilogram — about ₹2,552 — regardless of what is inside the box. A 2.5 KG CONSIGNMENT OF DIAGNOSTICS WORTH ₹6.20 LAKH IS COMPENSATED AT ₹6,380: ONE PER CENT. AND THE AIRWAY BILL SAID SO ALL ALONG.**

The shipper can lift the cap by declaring the value — and that is exactly why nobody does. A special declaration of interest attracts a valuation charge of about 0.6%, which on that parcel is ₹3,720 against a ₹3,600 freight quote. DECLARING THE VALUE MORE THAN DOUBLES THE PRICE, SO THE FORWARDER WHO MENTIONS THE OPTION LOSES THE BOOKING. THE ONE PARTY WHO KNOWS WHAT IS IN THE BOX IS THE ONE PARTY WITH NO REASON TO SAY SO.

2. Business Description, Vision & Legal Structure

A private limited company operating as an IATA cargo agent and freight forwarder with its own on-airport bonded terminal, temperature-controlled warehousing, customs brokerage desk and a contracted block of capacity it controls itself.

Element	Position
Legal form	Private limited company; IATA cargo agency accreditation; BCAS regulated-agent status for security screening; customs broker licence and customs bonded warehouse licence; airline agency agreements and block-space arrangements
Where the money is made	Forwarding is 70% of revenue at a 14–17% margin and is essentially resale; terminal handling at 34%, customs brokerage at 46% and controlled-capacity charter at 24% are where the profit is
What is different	Every consignment above ₹1 lakh of stated commercial value is quoted twice — with and without a special declaration of interest — with the recovery ratio printed on the quote; and declared-value cargo moves only on capacity we control
Vision	A forwarder whose customer knows what he will get back before the box leaves, not after it does not arrive

Why this shape	Reasoning
Dual quotation with the recovery ratio printed	The cap is set on weight and the loss is suffered in value. A customer comparing three freight quotes is comparing the only number anybody shows him, and it is not the number that will matter to him
Declared-value cargo only on controlled capacity	Telling everybody a box is valuable is itself an exposure. Having advised the declaration and arranged the cover, we cannot then hand the consignment to whatever belly space happens to be going — the second finding is the control on the hazard the first remedy creates
Terminal and brokerage owned rather than bought	Forwarding margin is thin and contested; the terminal, the bond and the broker licence are the only parts of this chain that cannot be re-tendered every quarter
All-risk cover arranged at cost, no commission retained	A forwarder earning commission on cargo insurance has an interest in the premium rather than in the cover, and the customer cannot tell the difference

3. Promoter & Ownership

Item	Position
Promoter	Twenty-two years in air freight, the last six running a station; settled a claim on a ₹34 lakh consignment of instruments for ₹41,000 and had to explain to the customer that this was not a negotiation, it was the treaty
Promoter equity	₹3.85cr of the ₹11.00cr project cost (35%), unsecured and not withdrawable during the loan term
Ownership	Promoter and family 61%; senior operations and station managers under ESOP 19%; a logistics-focused investor 20%
Governance	No quotation may be issued for a consignment above ₹1 lakh of stated commercial value without a second quotation carrying a special declaration of interest and the recovery ratio printed at the same size. No declared-value consignment may be booked onto capacity we do not control, whatever the customer's urgency. No commission may be retained on any cargo insurance we arrange

The middle rule is the one that costs money in the moment. **340 bookings worth ₹2.05 crore were declined in Year 3 because the customer wanted high-value cargo away today and the only lift available was belly space on somebody else's schedule** — and the customer, every time, took it somewhere that said yes. **REFUSING A BOOKING TO PROTECT A CONSIGNMENT LOOKS EXACTLY LIKE BEING UNABLE TO DO THE JOB, AND FROM OUTSIDE THERE IS**

4. Market Analysis — India

Segment	What drives it	Position taken
International air freight forwarding	Pharmaceuticals, electronics, engineering components, perishables and e-commerce; capacity and rates set by airlines, and roughly 60% of it moves in passenger-aircraft bellies	4,800 tonnes at ₹48 a kilogram
Domestic air freight and express	Time-definite movements between metros, spare parts, documents and high-value retail replenishment	5,280 tonnes at ₹20 a kilogram
Cargo terminal handling and bonded warehousing	Acceptance, screening, build-up, break-down, bond storage and cold chain; a licence-gated business with real fixed cost	24,000 tonnes at ₹3 a kilogram
Customs brokerage and documentation	Entry filing, classification, valuation, bond management and clearance; the highest-margin line at 46%	12,800 entries at ₹3,000
Charter and controlled-capacity service	Where the shipment cannot wait for somebody else's schedule and the value will not survive an uncontrolled chain	42 movements at ₹8.00 lakh

What a kilogram is worth, and what a kilogram is covered for

Measure	₹ per kg	Multiple of the cap
Statutory liability cap, 22 SDR per kilogram	2,552	1.0×
Portfolio average across everything we carry	9,200	3.6×
Pharmaceutical and electronics consignments	41,000	16.1×
Total customer goods moved, 10,080 tonnes	₹9,274cr	—
What we are paid to move it	₹48.00cr	0.52%

Indian air cargo has grown on pharmaceuticals, electronics, engineering exports and e-commerce, with new terminals, dedicated freighters and a serious push on cold chain. IT IS ALSO A MARKET IN WHICH THE THING BEING CARRIED IS WORTH ONE HUNDRED AND NINETY-THREE TIMES WHAT THE CARRIAGE COSTS, AND THE CARRIER'S EXPOSURE IS FIXED BY WEIGHT.

5. Competition & Position

Competitor type	What they do well	Where the gap is
Global forwarders	Network, contracted capacity, systems, and genuine ability to move anything anywhere	Value declaration is a tick box in a portal that nobody explains; the customer meets the cap for the first time at the claim
Domestic forwarding agents	Fast, cheap, personally responsive, and priced to win on the freight line	No controlled capacity at all; the quote is the whole conversation and the airway bill is a formality
Airline cargo divisions	Own the lift, own the rate, and set the terms the whole chain works to	Belly capacity is allocated on passenger economics; cargo is a residual and is treated as one

Integrated express carriers	Own aircraft, own network, own liability terms and a genuinely controlled chain	Priced accordingly, and uninterested in the mid-size industrial shipper who is most exposed
This forwarder	Dual quotation with the recovery ratio printed, cover at cost, and declared-value cargo only on controlled lift	Quotes higher on the only line the customer compares, for a benefit that exists only if something goes wrong

The competitive difficulty is stated exactly by the quotation. Three forwarders quote ₹3,600 and we quote ₹3,600 and ₹7,320, with a note explaining that the first number carries a one per cent recovery and the second carries full value. WE LOSE ON PRICE TO A QUOTE THAT IS NOT WRONG, FROM A COMPETITOR WHO HAS BREACHED NOTHING, TO A BUYER WHO IS COMPARING THE ONLY NUMBER ANYBODY HAS EVER SHOWN HIM.

6. The Liability Cap Is Per Kilogram and the Value Is Not

This is the finding, and it concerns a limit that is lawful, disclosed, printed on the document, and bears no relation to what is being risked.

What the cap is set on	Position
Unit of liability	Weight
Unit of loss	Value
Who knows the value	The shipper alone
What declaring it costs him	More than the freight
What not declaring it costs him	Nothing, until it does

Carrier liability for international cargo is limited by the Montreal Convention, given effect in India by the Carriage by Air Act, to 22 SDR per kilogram — roughly ₹2,552. The limit is per kilogram and it is absolute: it does not rise for pharmaceuticals, it does not rise for semiconductors, and it does not rise because the carrier was careless. A 2.5 KG CONSIGNMENT OF TEMPERATURE-SENSITIVE DIAGNOSTICS WORTH ₹6.20 LAKH IS COMPENSATED AT ₹6,380 — ONE PER CENT OF WHAT WAS LOST — AND EVERY WORD OF THAT WAS PRINTED ON THE AIRWAY BILL BEFORE IT FLEW.

The system has an answer, and the answer is structurally unused. A shipper may make a special declaration of interest, which lifts the cap to the declared figure; it attracts a valuation charge of around 0.6% of that figure. On our worked example that is ₹3,720 against a freight quote of ₹3,600 — DECLARING THE VALUE MORE THAN DOUBLES THE PRICE OF THE SHIPMENT, to ₹7,320. So the forwarder who raises it quotes 103% higher than the three who do not, on the only line the customer compares. THE MARKET THEREFORE CLEARS AT UNDECLARED VALUE, AND IT DOES SO BY WORKING EXACTLY AS DESIGNED.

What follows is that the entire risk-pricing signal is disconnected from what is in the box. Our exposure on a pallet of fasteners and a pallet of vaccines of the same weight is identical, so the rational amount to spend protecting them is identical too. Across our own book the portfolio average is ₹9,200 a kilogram — 3.6 times the cap — and on the pharmaceutical and electronics lines it is ₹41,000, SIXTEEN TIMES. WE MOVE ₹9,274 CRORE OF OTHER PEOPLE'S GOODS AND ARE ANSWERABLE FOR ABOUT ₹2,572 CRORE OF IT — TWENTY-EIGHT PER CENT — AND THAT GAP IS NOT A LOOPHOLE, IT IS THE TREATY.

So the recovery ratio is printed beside the rate. Every consignment above ₹1 lakh of stated commercial value is quoted twice, with and without a special declaration, with the cap, the declared alternative and the recovery ratio set out at the same size — 4,120 consignments in Year 3 at ₹1,262 each. All-risk cover is arranged at cost with no commission retained, forgoing ₹0.19 crore a year. Declaration or cover take-up rose from 4% of eligible consignments at intake to 32%, and blended recovery across all claims rose from 1.0% of commercial value to 31.4% — the 68% who still decline still recover one per cent, which is the honest shape of the number. **GENERAL RULE: WHERE A LIABILITY LIMIT IS SET ON A UNIT THE CUSTOMER DOES NOT CARE ABOUT, THE PRICE SIGNAL IS BROKEN — PUBLISH THE RECOVERY RATIO BESIDE THE RATE.**

7. Capacity Is a By-Product of Somebody Else's Passenger Schedule

The second thread is the control on the hazard the first one's remedy creates, and it concerns where the aircraft comes from.

Who decides	On what basis
Whether the aircraft flies	Passenger yield
Which aircraft type	Passenger demand
What tonnage is left	Passengers, bags and fuel first
When the route is dropped	A seat-factor review
Who consults the cargo customer	Nobody

Roughly sixty per cent of Indian air cargo travels in the belly of a passenger aircraft, which means the core input of this business is a residual of a decision taken about people. The schedule, the aircraft type, the available tonnage and the very existence of the route are set by passenger economics; cargo gets what is left after passengers, baggage and fuel. **UNDER ANCHOR RULE (e) UTILISATION IS THE ENTIRE ECONOMICS OF AN AVIATION BUSINESS — AND HERE THE UTILISATION WE DEPEND ON IS SOMEBODY ELSE'S, MEASURED IN A UNIT WE DO NOT SELL.**

Which turns the \$6 remedy into a hazard if it is left alone. Having advised the shipper to declare, arranged the cover and accepted a consignment everybody in the chain now knows is valuable, we would be handing it to whatever lift happened to be available — and disclosure of value is itself an exposure, because pilferage in air cargo concentrates precisely where the paperwork says what is worth taking. **WE WOULD HAVE TOLD THE WHOLE CHAIN WHAT WAS IN THE BOX AND THEN PUT THE BOX SOMEWHERE WE DO NOT CONTROL.**

So the control is a refusal, and it is expensive. Declared-value cargo moves only on capacity we control — contracted block space, our own charter movements, and a bonded chain with dual custody, seal integrity and continuous CCTV from acceptance to uplift. ₹0.58 crore a year of block space and charter minimums is held whether or not it is sold, ₹4,677 a tonne across the 1,240 tonnes of declared-value cargo it carries, and ₹0.60 crore goes on security beyond the regulated-agent minimum. 340 bookings worth ₹2.05 crore were declined in Year 3 because the customer wanted it away today and only uncontrolled belly space was going.

The point is that the two findings are one decision. Telling a customer what his recovery ratio really is obliges us to be able to do something about it, and the only thing that can be done about it is to control the chain the

goods travel through. A FORWARDER WHO ADVISES THE DECLARATION AND THEN BOOKS THE CONSIGNMENT ONTO WHATEVER IS FLYING HAS SOLD THE CUSTOMER A NUMBER INSTEAD OF A CUSTODY.

8. Operations Plan (quote, accept, screen, build, control, clear)

- **Quote.** Every consignment above ₹1 lakh of stated value quoted twice, with and without a special declaration, and the cap, the alternative and the recovery ratio printed at the same size.
- **Accept.** Acceptance, weighing and documentation at the terminal against the booking; declared-value consignments routed to controlled capacity at acceptance, or declined.
- **Screen.** Security screening under the regulated-agent regime — 26,400 man-hours a year, the single largest block of labour in the terminal.
- **Build.** ULD build-up, cold-chain segregation and seal application, with dual custody and continuous CCTV on the declared-value chain.
- **Control and clear.** Uplift on contracted or chartered capacity for declared-value cargo; customs entry, classification, valuation and bond management on 12,800 entries.

Step	What is recorded	Why
Dual quotation	Cap, declared alternative, recovery ratio	4,120 consignments; ₹1,262 each
Declaration or cover take-up	Eligible consignments actually protected	4% at intake to 32%
Blended claims recovery	Across all claims, as % of commercial value	1.0% to 31.4%
Declared-value routing	Controlled capacity only, or declined	1,240t; 340 declined, ₹2.05cr
Security screening labour	Regulated-agent screening man-hours	26,400 h, 36.7% of terminal labour

The operational hinge is a Thursday afternoon booking: 180 kg of analytical instruments worth ₹94 lakh, wanted in Frankfurt by Monday. Priority freight is ₹26,000; the valuation charge at 0.6% of ₹94 lakh is ₹56,400, so the declared quote is ₹82,400 — and the customer takes the undeclared one, as he is entitled to and as almost everybody does. The only lift that makes Monday is belly space on two connecting passenger sectors, so under our own rule we decline the booking and lose it to a forwarder who accepts it in four minutes. Nothing then goes wrong; the instruments arrive on Sunday; the customer saved ₹56,400 and a supplier relationship, and concluded that we are difficult to deal with. HE IS RIGHT. THE ENTIRE VALUE OF THE DISCIPLINE IS INVISIBLE ON EVERY OCCASION EXCEPT THE ONE, AND ON THAT OCCASION IT IS WORTH ₹94 LAKH.

9. Regulatory, Customs & Liability Framework (India)

Area	Requirement
Liability regime	Montreal Convention as given effect by the Carriage by Air Act — 22 SDR per kilogram, absolute unless a special declaration of interest is made and the valuation charge paid. This is the whole of \$6, and it is not a defect in the law: a treaty cannot price a box it cannot see inside
Agency and security	IATA cargo agency accreditation; BCAS regulated-agent status for screening, with screener certification and recurrent training; known-consignor arrangements where the shipper screens at source

Customs	Customs broker licence, customs bonded warehouse licence, bonds and continuity bonds, classification and valuation, AEO status where available. Under anchor rule (b) these licences are the asset and their scope is the revenue ceiling
Cold chain and special cargo	Temperature-controlled handling and excursion logging, dangerous goods acceptance and documentation, lithium battery handling, perishable and pharmaceutical protocols
Continuing obligations	Under rule (a) the agency accreditation, the regulated-agent approval, the broker licence and individual screener certifications all expire independently on their own cycles; under rule (h) international freight is dollar-priced and a rupee move is a cost event
Insurance and commercial	Cargo liability and errors-and-omissions cover priced under rule (d) on our own record; standard trading conditions; GST on freight and on handling at differing treatment; Companies Act, EPF, ESI and TDS

What the framework reaches	What it does not
That a limit exists and is disclosed	Whether anybody understood what it meant
That a declaration mechanism exists	That its price makes it unusable in a competitive quote
Screening, custody and documentation standards	Whether the capacity the cargo travels on is anybody's to control
Customs valuation of the goods	The complete disconnection of that value from the carrier's exposure

The framework does its job: it fixes a predictable liability so that air freight is insurable and affordable at all, and it provides a mechanism for the shipper who wants more. NEITHER PROBLEM IN THIS PLAN IS A REGULATORY FAILURE. The first is a limit denominated in the only unit a carrier can observe, with an opt-out priced by a market that competes on the freight line; the second is that belly capacity is a genuine efficiency — flying cargo in space that is already going — and its whole nature is that somebody else decides. Both are cases where the arrangement is sound and the incentive it creates points away from the customer's actual risk.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Note
Terminal and warehouse operatives	18	41	Derived: 72,000 man-hours ÷ 1,760 = 40.9
Documentation and customs staff	10	22	12,800 entries at 46% margin
Sales, key accounts and agency network	6	14	340 declined bookings to explain
Finance, administration and HR	5	9	—
Supervisors and duty officers	4	8	Seal integrity and dual custody
Security and compliance (regulated agent)	3	7	Screening is 36.7% of terminal labour
Pricing, capacity and airline procurement	3	6	Block space and charter minimums
Declared-value advisory and claims	2	5	4,120 dual quotations a year
IT and systems	2	4	Track and trace, EDI, customs
Managing director	1	1	Cannot waive the routing rule

Total	54	117	₹5.80L average CTC; ₹6.79cr payroll
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Terminal headcount is derived, not chosen	Working	Hours
Acceptance, weighing and documentation	24,000t × 0.9 h/t	21,600
Security screening under the regulated-agent regime	24,000t × 1.1 h/t	26,400
ULD build-up and break-down	24,000t × 0.7 h/t	16,800
Delivery, break-bulk and customer counter	24,000t × 0.3 h/t	7,200
Operatives required	72,000 ÷ 1,760 productive hours per person-year	40.9, staffed at 41

The screening line is the argument. 26,400 hours — 36.7% of all terminal labour, more than acceptance and documentation together — goes on security screening, which is a regulatory obligation under anchor rule (c) rather than a service. THE SINGLE LARGEST BLOCK OF WORK IN A CARGO TERMINAL IS SPENT ON SOMETHING NO CUSTOMER HAS EVER ASKED FOR AND NO INVOICE ITEMISES — which is exactly why a forwarder competing purely on the freight line is under permanent pressure to find it somewhere cheaper.

11. Implementation Timeline & Milestones

Phase	Months	Milestone
Licences, funding and first team	0-10	IATA agency, customs broker licence, term loan, warehouse lease
Dual quotation live from the first quote ever issued	0-3	Before any customer has been quoted the ordinary way, so we have never been a forwarder who hid the ratio
Regulated-agent status and screening	6-14	BCAS approval, screener certification, equipment commissioned
Bonded and cold-chain warehouse	8-18	Bond licence, cold rooms, dual-custody vault, CCTV and seal regime
Controlled capacity contracted before declared-value cargo is accepted	12-22	Block space and charter arrangements in place first, so the routing rule has never had to be broken
Charter and high-value service scaled	20-34	42 movements; 1,240 tonnes of declared-value cargo on controlled lift

Milestone that must not slip	Why
Controlled capacity before the first declared-value acceptance	Accepting a consignment we have told everybody is valuable, onto lift we do not control, is worse than never having advised the declaration at all — the disclosure is real and the custody is not
Dual quotation from the first quote	A forwarder who starts printing recovery ratios in year two is telling his existing customers that what they bought was not what they thought, which is true and unsellable
No commission on cover, from day one	Once a commission has been earned, every later recommendation to insure is contaminated, and the customer has no way to test it
Seal and dual-custody regime with the bond, not after	Retrofitting custody discipline onto a running warehouse means changing habits rather than setting them, and habits in a cargo shed are set in the first quarter

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions in Indian rupees, not forecasts or guarantees. Drivers are shown so every number can be changed.

12.1 Revenue build (₹ lakh)

Stream	Yr 1	Yr 2	Yr 3	Share	GM
International air freight forwarding	912	1,536	2,304	48.0%	14.0%
Domestic air freight and express	418	704	1,056	22.0%	17.0%
Cargo terminal handling and bonded warehousing	240	456	720	15.0%	34.0%
Customs brokerage and documentation	152	248	384	8.0%	46.0%
Charter and controlled-capacity high-value service	78	176	336	7.0%	24.0%
Total	1,800	3,120	4,800	100%	20.9%

Forwarding is 70% of revenue and 50% of gross profit, because ₹34.71 crore of the ₹48.00 crore is freight and space bought from somebody else and resold. The terminal, the bond and the broker licence carry 34% to 46% margins on 23% of revenue, and they are the only parts of this chain that cannot be re-tendered every quarter. A FORWARDER WITHOUT A TERMINAL IS A PRICE COMPARISON WITH AN OFFICE.

12.2 What is committed, and what it is measured on

Commitment	Yr 1	Yr 3
Consignments above ₹1 lakh quoted both ways with the recovery ratio printed	100%, 1,480	100%, 4,120
Declaration or all-risk cover take-up on eligible consignments	4% at intake	32%
Blended claims recovery as a share of commercial value	1.0%	31.4%
Declared-value cargo carried on capacity we control	100%, 320t	100%, 1,240t
Bookings declined for want of controlled capacity	96, ₹0.54cr	340, ₹2.05cr
Commission retained on cargo insurance arranged	nil	nil; ₹0.19cr forgone

Row three is the only one a customer ever feels, and its shape is deliberately unflattering. 31.4% is not a good recovery rate — it is 32% of shippers recovering 96% and 68% still recovering one per cent. WE CANNOT MAKE ANYBODY DECLARE. WE CAN ONLY MAKE SURE THAT WHEN HE DOES NOT, IT WAS A DECISION HE TOOK RATHER THAN ONE THAT WAS TAKEN FOR HIM BY A QUOTATION FORMAT.

12.3 Profit & loss (₹ lakh)

Line	Yr 1	Yr 2	Yr 3
Revenue	1,800	3,120	4,800
Direct cost (purchased freight and space, trucking, ULD and terminal labour)	(1,431)	(2,474)	(3,796)
Gross profit	369	646	1,004

Declared-value advisory, dual quotation and claims support	(20)	(34)	(52)
Controlled-capacity block space and charter minimums held unsold	(24)	(40)	(58)
Bonded warehouse security, dual custody, CCTV and seal integrity	(28)	(44)	(60)
Sales, agency network and airline relationships	(62)	(100)	(146)
Pricing, capacity procurement and IT systems	(44)	(72)	(102)
Cargo liability and errors-and-omissions cover	(13)	(19)	(26)
Terminal overhead, equipment hire, utilities and rent	(32)	(48)	(66)
Administration, finance, statutory and management	(48)	(66)	(87)
EBITDA	98	223	407
Depreciation and amortisation	(58)	(72)	(88)
Finance cost	(36)	(52)	(64)
Other income (storage beyond free period, demurrage, misc)	20	28	40
PBT	24	127	295
Tax (fully taxable business income, ~25%)	(6)	(32)	(74)
PAT	18	95	221
Net margin	1.0%	3.0%	4.6%
ROCE on ₹11.00cr	3.6%	13.7%	29.0%

12.4 Project cost & funding (₹ lakh)

Use of funds	₹L	%	Source of funds	₹L
Bonded and temperature-controlled warehouse fit-out, racking and cold rooms	275	25%	Promoter equity	385
Ground support equipment, forklifts, dollies, scanners and weighing	198	18%	Term loan	374
Working capital margin (airline settlement against customer credit)	165	15%	Working capital limit	264
Security systems, CCTV, dual-custody vaults, seal and access control	121	11%	Unsecured promoter loan	77
Controlled-capacity deposits and block-space commitments	110	10%	—	—
IT, tracking, EDI, customs and warehouse management systems	99	9%	—	—
IATA agency, licences, customs bonds and deposits	88	8%	—	—
Preliminary, pre-operative and contingency	44	4%	—	—
Total	1,100	100%	Total	1,100

12.5 Sensitivities (₹ crore PAT, Year 3)

Scenario	What changes	PAT
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Base case as planned	As above	₹2.21cr
Trade-standard practice instead	Take the 340 declined bookings onto whatever lift is going (+₹2.05cr revenue, +₹0.43cr), buy purely spot rather than holding contracted block space (+₹1.18cr), retain the insurance commission (+₹0.19cr), quote once and never mention the cap (+₹0.52cr), no controlled-capacity minimums (+₹0.58cr), security at the regulated minimum with no dual custody (+₹0.60cr), thinner documentation with errors absorbed by customers (+₹0.38cr), bill demurrage hard on our own delays (+₹0.26cr), liability cover at market (+₹0.26cr), drop the seal audit (+₹0.11cr) and track-and-trace transparency (+₹0.14cr) — but carry the claims and goodwill that follow (–₹0.34cr) and lose the pharma and electronics accounts that require controlled capacity (–₹1.60cr revenue, –₹0.38cr): revenue ₹48.64cr at 24.9% gross margin	₹5.15cr
Belly capacity withdrawn on two key routes	Under rule (e) and §7 the schedule is not ours: international tonnage down 22%, ₹5.07cr of revenue at a 14% margin, plus ₹0.18cr of charter substitution to hold the declared-value commitments: revenue ₹42.93cr	₹1.54cr
Rate squeeze — sell rates down 12%, buy rates down only 8%	₹4.03cr off revenue on the ₹33.60cr forwarding book with only ₹2.29cr of relief on the buy side; the commitments do not scale down with the rate: revenue ₹43.97cr	₹0.91cr
A high-value loss on uncontrolled capacity	Claims and cover excess ₹0.34cr and the loss of one pharma account worth ₹1.44cr at a 24% margin; under rule (d) the next renewal is priced on our own record	₹1.69cr
Regulated-agent or broker licence suspension, 60 days	₹1.81cr of terminal and brokerage revenue at a 38.2% blended margin, plus ₹0.30cr of remediation; under rule (b) the licence is the ceiling and its absence is the floor	₹1.47cr

The trade-standard row is ₹5.15 crore against ₹2.21 crore, and every line in it is ordinary industry practice. Quoting once is normal, buying spot is efficient, earning commission on cover is standard, and screening to the regulated minimum is by definition compliant. THE FIRM THAT DOES ALL OF IT MAKES MORE THAN TWICE AS MUCH, AND THE DIFFERENCE ONLY BECOMES VISIBLE ON THE DAY A BOX DOES NOT ARRIVE — WHICH, FOR ANY PARTICULAR CUSTOMER, IS ALMOST NEVER.

12.6 Volumes and unit economics (Year 3)

Physical driver	Volume	Realisation	Revenue
International air freight	4,800t	₹48/kg	₹2,304L
Domestic air freight and express	5,280t	₹20/kg	₹1,056L
Terminal handling and warehousing	24,000t	₹3/kg	₹720L
Customs entries filed	12,800	₹3,000	₹384L
Charter and controlled-capacity movements	42	₹8.00L	₹336L
Total tonnage forwarded	10,080t	₹9,274cr carried	₹4,800L

Derived figure	Working	Result
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Statutory liability cap	22 SDR per kilogram at ₹116 to the SDR	₹2,552/kg
Value carried against the cap	₹9,200/kg portfolio; ₹41,000/kg pharma and electronics	3.6× and 16.1×
Worked example	2.5 kg worth ₹6.20 lakh; cap 2.5 × ₹2,552	₹6,380, a 1.0% recovery
Cost of declaring it	0.6% valuation charge on ₹6.20 lakh, against a ₹3,600 quote	₹3,720, quote +103%
Dual quotation / controlled capacity	₹0.52cr over 4,120 consignments; ₹0.58cr over 1,240 tonnes	₹1,262; ₹4,677/t
Terminal operatives	72,000 man-hours ÷ 1,760 per person-year	40.9, staffed at 41

₹1,262 is what it costs to tell one customer what he will actually recover, on a consignment where the gap between the cap and the value averages ₹6,648 a kilogram. Any forwarder in India could print it; the cap is public, the valuation charge is published, and the division takes a spreadsheet. THE REASON IT IS NOT PRINTED IS NEITHER COST NOR DIFFICULTY. IT IS THAT THE HONEST QUOTE IS THE ONE THAT LOOKS EXPENSIVE, AND THE CUSTOMER WHO WOULD HAVE VALUED IT MOST HAS ALREADY BOOKED WITH SOMEBODY WHO SAID ₹3,600 AND STOPPED TALKING.

13. Funding Requirement & Bankability

Item	Position
Requirement	₹11.00cr: ₹3.85cr promoter equity, ₹3.74cr term loan, ₹2.64cr working capital limit, ₹0.77cr unsecured promoter loan
Security	Warehouse fit-out, cold rooms, ground equipment and security systems; hypothecation of receivables; customs and continuity bonds; personal guarantee of the promoter
Debt service	Year 3 EBITDA ₹4.07cr against interest ₹0.64cr and scheduled repayment ₹0.58cr; DSCR 3.34x from Year 3
The settlement gap is the working capital	Airlines settle on a fortnightly IATA cycle and customers take 45 to 60 days; ₹1.65cr of the project cost is margin against a gap that widens exactly when volumes grow, which is the classic way a profitable forwarder runs out of money
Licence concentration	Under rule (b) the IATA agency, the regulated-agent status and the customs broker licence are the asset; suspension of any one of them is ₹1.47cr of PAT and a 60-day hole in two revenue lines
What a lender should test	Not the tonnage — the declaration take-up rate and the share of declared-value cargo on controlled lift. The first says whether customers are actually being told, and the second is the only number that cannot be produced by a forwarder who is simply reselling whatever space is cheapest

Year	EBITDA	Interest	Repayment	DSCR
Year 1	₹0.98cr	₹0.36cr	Moratorium	—
Year 2	₹2.23cr	₹0.52cr	₹0.42cr	2.37x
Year 3	₹4.07cr	₹0.64cr	₹0.58cr	3.34x

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
The liability cap is per kilogram and the value is not	Montreal Convention liability, given effect by the Carriage by Air Act, is 22 SDR per kilogram — about ₹2,552 — absolute, and it does not rise for pharmaceuticals, semiconductors or carelessness. A 2.5 kg consignment worth ₹6.20 lakh is compensated at ₹6,380: ONE PER CENT, all of it printed on the airway bill before it flew. The opt-out exists and is structurally unused: a special declaration attracts a ~0.6% valuation charge, ₹3,720 against a ₹3,600 freight quote, so DECLARING MORE THAN DOUBLES THE PRICE and the forwarder who raises it quotes 103% higher on the only line the customer compares. THE MARKET THEREFORE CLEARS AT UNDECLARED VALUE BY WORKING EXACTLY AS DESIGNED — and the risk signal disconnects entirely: our exposure on a pallet of fasteners and a pallet of vaccines of the same weight is identical. Portfolio average ₹9,200/kg (3.6×) and ₹41,000/kg on pharma and electronics (16.1×)	PRINT THE RECOVERY RATIO BESIDE THE RATE. Every consignment above ₹1 lakh of stated value quoted TWICE — with and without a special declaration — with the cap, the alternative and the recovery ratio at the same size: 4,120 consignments at ₹1,262 each. All-risk cover arranged AT COST with no commission retained, ₹0.19cr forgone. Take-up rose from 4% of eligible consignments to 32% and blended recovery from 1.0% to 31.4% — an honest number, being 32% recovering 96% and 68% still recovering one per cent. GENERAL RULE: WHERE A LIABILITY LIMIT IS SET ON A UNIT THE CUSTOMER DOES NOT CARE ABOUT, THE PRICE SIGNAL IS BROKEN — PUBLISH THE RECOVERY RATIO BESIDE THE RATE
Capacity is a by-product of somebody else's passenger schedule	Roughly 60% of Indian air cargo moves in passenger bellies, so the schedule, the aircraft type, the tonnage available and the existence of the route are all set by passenger yield — cargo gets what is left after passengers, bags and fuel. Under rule (e) utilisation is the entire economics, and here the utilisation is somebody else's, measured in a unit we do not sell. It also turns the \$6 remedy into a hazard: having advised the declaration, arranged cover and accepted a box everybody now knows is valuable, handing it to whatever lift is going means WE HAVE TOLD THE WHOLE CHAIN WHAT IS IN THE BOX AND THEN PUT IT SOMEWHERE WE DO NOT CONTROL — and pilferage concentrates precisely where the paperwork says what is worth taking. Withdrawal on two routes is ₹1.54cr	THE CONTROL IS A REFUSAL. Declared-value cargo moves ONLY on capacity we control — contracted block space, our own charter movements, and a bonded chain with dual custody, seal integrity and continuous CCTV from acceptance to uplift. ₹0.58cr of block space and charter minimums held whether or not sold (₹4,677 a tonne across 1,240 tonnes) and ₹0.60cr on security beyond the regulated-agent minimum. 340 bookings worth ₹2.05cr declined in Year 3 because only uncontrolled belly space was going. Charter substitution budgeted so a route withdrawal does not force a breach of the routing rule
Rate volatility and margin squeeze	Forwarding is 70% of revenue at 14-17%; sell rates falling 12% against buy rates falling 8% is ₹1.74cr of gross profit and takes PAT to ₹0.91cr	Terminal, bond and brokerage at 34-46% on 23% of revenue are not rate-exposed; charter and controlled capacity price on custody rather than on rate; block-space contracts fix a portion of the buy side
Licence concentration	Under rule (b) the IATA agency, regulated-agent status and broker licence ARE the business; a 60-day suspension is ₹1.81cr of revenue and ₹1.47cr of PAT	Under rule (a) all four approvals and individual screener certifications tracked on independent expiry cycles; compliance staffing at 7; known-consignor arrangements as a partial alternative; AEO pursued to widen the customs base

High-value loss or pilferage	Claims, cover excess and account loss is ₹1.69cr; under rule (d) the next renewal is priced on our own record, so one event reprices the business	Dual custody, seal integrity, continuous CCTV and a bonded vault; declared-value cargo never on uncontrolled lift; value disclosure restricted to the parties who must have it
Working capital and settlement	Airlines settle fortnightly, customers at 45–60 days, and the gap widens with growth	₹1.65cr of margin plus a ₹2.64cr limit sized to the settlement cycle rather than a billing month; credit discipline and stop-supply thresholds; advance terms on charter
Currency and fuel	Under rule (h) international freight is dollar-priced and fuel and security surcharges move independently of the base rate	Surcharge pass-through in standard trading conditions; short quote validity on international lanes; the domestic, terminal and brokerage lines at 45% of revenue are rupee-denominated

15. SWOT Analysis

Strengths	Weaknesses
The only dual quotation with a printed recovery ratio in the market; take-up at 32% against 4%; controlled capacity for declared-value cargo; own bonded and cold-chain terminal; broker licence and regulated-agent status; cover at cost	4.6% net margin; commitments cost ₹2.58cr against ₹2.21cr of PAT; 72.3% of revenue is bought from somebody else; the honest quote looks expensive; 340 lost bookings a year; belly dependence on 60% of the lift
Opportunities	Threats
Pharmaceutical and electronics shippers who have already met the cap once; cold chain and dedicated freighter growth; AEO and known-consignor arrangements; charter demand whenever a schedule is withdrawn	Rate wars on the freight line; belly capacity set by passenger economics; licence suspension; a single high-value loss repricing our cover; and the structural fact that our differentiator is invisible until the day it is not

The honest summary is that this forwarder competes by showing customers a number the rest of the market has no reason to mention, and then refuses bookings in order to be able to stand behind it. It is paid for by a terminal, a bond and a broker licence that carry real margin, and by the shippers who have already had the conversation about 22 SDR a kilogram. THE BET IS THAT A COMPANY WHICH HAS ONCE SENT ₹34 LAKH OF INSTRUMENTS AND RECEIVED ₹41,000 WILL NEVER AGAIN CHOOSE A QUOTE ON THE FREIGHT LINE ALONE — AND EVERY YEAR, A FEW MORE OF THEM HAVE HAD THAT LETTER.

16. Recommended AiSevak Tools for This Business

- **Business plan and project report generator** — for a term loan on a bonded terminal and a working capital limit sized to an airline settlement cycle.
- **Compliance calendar** — IATA agency accreditation, BCAS regulated-agent approval, customs broker and bonded warehouse licences and individual screener certifications, remembering rule (a) that these expire independently.
- **Cost and pricing calculator** — freight buy-versus-sell by lane, the valuation charge and recovery ratio on a dual quotation, cost per tonne through the terminal, and charter break-even.
- **GST and invoicing helper** — freight, handling and brokerage at differing treatment, place of supply on international movements, and reimbursable customs duty on a pure-agent basis.

- **Labour and payroll toolkit** — terminal headcount derived from tonnage and hours per tonne, shift rostering, EPF, ESI and Minimum Wages.
- **Contract and terms drafting helper** — standard trading conditions, the declared-value and routing clauses, block-space and charter agreements, and surcharge pass-through terms.
- **Loan and subsidy application helper** — warehouse and cold-chain incentive schemes and a limit sized to the settlement gap rather than the billing month.

Every tool above is **free to use on AiSevak and needs no signup to explore**. The toolkit link at the end of this plan opens the whole aviation set.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, tonnage, rates, the SDR conversion, declaration take-up and claims recovery are editable inputs; outcomes depend on airline capacity, freight rates, the rupee and licence status. Figures are in Indian rupees. **This plan is the ninth and last in vertical 57 and inherits the ten aviation anchor rules (a)-(j) from §17 of the drone services plan — in particular (b) the licence is the asset, since the IATA agency, regulated-agent status and customs broker licence set the revenue ceiling; (e) utilisation is the entire economics, which here is the whole of \$7 because the utilisation in question is somebody else's; (d) cover is priced on the operator's own record, so one high-value loss reprices the business; and (h) international freight is dollar-priced, so a rupee move is a cost event.**
- **The central finding is that the liability cap is per kilogram and the value is not.** Montreal Convention liability, given effect in India by the Carriage by Air Act, is **22 SDR a kilogram — about ₹2,552 — and it is absolute**. A 2.5 kg consignment worth ₹6.20 lakh is compensated at ₹6,380: **one per cent, and every word of it was printed on the airway bill before it flew.**
- **The opt-out exists and is structurally unused, which is what makes this a market failure rather than a legal one.** A special declaration of interest attracts a valuation charge of about 0.6% — **₹3,720 against a ₹3,600 freight quote, so declaring more than doubles the price and the forwarder who raises it quotes 103% higher on the only line the customer compares. The market clears at undeclared value by working exactly as designed, and the one party who knows what is in the box is the one party with no reason to say so.**
- **The consequence is that the risk signal is disconnected from the cargo.** Our exposure on a pallet of fasteners and a pallet of vaccines of the same weight is identical, so the rational spend protecting them is identical. **Portfolio average ₹9,200 a kilogram against a ₹2,552 cap (3.6×), and ₹41,000 on the pharmaceutical and electronics lines (16.1×). We move ₹9,274 crore of other people's goods, bill ₹48 crore for it, and are answerable for about ₹257 crore of it.**
- **The remedy is to print the recovery ratio beside the rate.** Every consignment above ₹1 lakh quoted twice with the cap, the declared alternative and the recovery ratio at the same size — **4,120 consignments at ₹1,262 each — and all-risk cover arranged at cost with no commission retained, ₹0.19 crore forgone. Take-up rose from 4% to 32% and blended recovery from 1.0% to 31.4%, which is 32% of shippers recovering 96% and 68% still recovering one per cent. GENERAL RULE: WHERE A LIABILITY LIMIT IS SET ON A UNIT THE CUSTOMER DOES NOT CARE ABOUT, THE PRICE SIGNAL IS BROKEN — PUBLISH THE RECOVERY RATIO BESIDE THE RATE.**
- **The second thread is that capacity is a by-product of somebody else's passenger schedule, and it is the control on the hazard the first remedy creates.** About 60% of Indian air cargo moves in passenger bellies, so schedule, aircraft type and available tonnage are set by passenger yield. **Having advised the declaration and accepted a box everybody now knows is valuable, handing it to whatever lift is going would mean telling**

the whole chain what is in the box and then putting it somewhere we do not control — and pilferage concentrates exactly where the paperwork says what is worth taking. Remedy: **declared-value cargo only on controlled capacity, ₹0.58 crore of block space and charter minimums held unsold (₹4,677 a tonne across 1,240 tonnes), ₹0.60 crore of security beyond the regulated-agent minimum, and 340 bookings worth ₹2.05 crore declined.**

- **Volumes, unit economics and headcount.** 4,800t international at ₹48/kg, 5,280t domestic at ₹20/kg, 24,000t through the terminal at ₹3/kg, 12,800 customs entries at ₹3,000 and 42 charter movements at ₹8.00 lakh — ₹48.00 crore, of which ₹34.71 crore is freight and space bought and resold. **Terminal headcount is derived, not chosen: 72,000 man-hours ÷ 1,760 productive hours per person-year = 40.9, staffed at 41**, built from 24,000 tonnes at 0.9 h/t acceptance, 1.1 h/t screening, 0.7 h/t build-up and 0.3 h/t delivery. **Screening alone is 26,400 hours — 36.7% of all terminal labour, the largest single block, and it is a regulatory obligation no customer asks for and no invoice itemises.** 117 staff at ₹5.80 lakh average CTC.
- **Compliance and professional advice.** Montreal Convention and Carriage by Air Act liability limits and special declarations of interest; IATA cargo agency accreditation; BCAS regulated-agent status with screener certification and recurrent training, and known-consignor arrangements; customs broker and bonded warehouse licences, bonds and continuity bonds, classification, valuation and AEO; dangerous goods, lithium battery, perishable and pharmaceutical handling protocols with temperature-excursion logging; cargo liability and errors-and-omissions cover; standard trading conditions; GST on freight, handling and brokerage at differing treatment with pure-agent treatment of duty; Companies Act, EPF, ESI, Minimum Wages and TDS. **Note the structural point: neither problem in this plan is a regulatory failure — the first is a limit denominated in the only unit a carrier can observe, with an opt-out priced by a market that competes on the freight line; the second is that belly capacity is a genuine efficiency whose whole nature is that somebody else decides.** Professional advice should be taken on trading conditions and declared-value clauses, cargo liability structure, customs valuation and bond management.

► **Use these tools now — free on AiSevak**

Every tool referenced in this plan is available on aisevak.in. Open the [Aviation and Aerospace Services toolkit](https://aisevak.in/verticals/aviation) to browse and use them all at <https://aisevak.in/verticals/aviation> — or go straight to any specific tool at <https://aisevak.in/service/<tool-name>>. No signup needed to explore; each tool guides you step by step.

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