



BUSINESS PLAN · INDIA

Borewell Drilling and Water-Source Services

The product comes from a pool every customer shares, so every sale makes the previous sales worse and the repeat business is the damage

WATER SUPPLY, TREATMENT AND SOLUTIONS

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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 a **Borewell Drilling and Water-Source Services** business in a hard-rock district — three DTH rigs, geophysical survey, drilling, casing and pump installation, well rehabilitation, recharge works, and a water-level data service. By Year 3 it drills **400 new wells and 239,200 feet**, builds **400 recharge structures**, and sells **₹16.00 crore**, with domestic and farm wells sold on a **yield guarantee rather than by the foot**.

This plan is the sixth in vertical 56 and **inherits the ten anchor rules (a)-(j)** set by the packaged drinking-water plan.

Item	Detail	Year 3
What is sold	Yield-guaranteed domestic and farm borewells, surveyed per-foot industrial and municipal drilling, pumps, well rehabilitation and deepening, recharge structures, and geophysical survey and water-source data	₹16.00cr
Wells / footage / rigs	320 guaranteed + 80 per-foot; 280 deepening jobs	400; 239,200 ft; 3
PAT / net margin	Rig-heavy, fuel-heavy, and carrying the dry-hole risk itself	₹0.67cr / 4.2%
ROCE on ₹5.80cr	Three rigs, support fleet, survey equipment, recharge plant	23.1%
Recharge created against abstraction enabled by the same 400 wells	Honest, funded, built — and nowhere near enough	5.1%
Median static water level across our repeat sites, three years	Measured by us because nobody else measures it	down 4.6 m

☐ **THE PRODUCT IS DRAWN FROM A POOL EVERY CUSTOMER SHARES, SO EVERY SALE MAKES THE PREVIOUS SALES WORSE.** The well sold this month is part of why last year's customer will call in three years asking to deepen — **AND DEEPENING IS ALSO A SALE**, at a higher price per foot because deeper drilling costs more. **THE FAILURE OF THE PRODUCT IS THE DEMAND FOR THE PRODUCT:** this industry's repeat business is the damage it did last time.

And no single party can stop it. A farmer who declines to deepen loses his water to the neighbour who does not; a driller who declines the job loses it to the rig down the road. RESTRAINT BY ANY ONE PARTY IS A PURE TRANSFER TO THE LEAST RESTRAINED PARTY, which is why moralising about this achieves nothing at all.

2. Business Description, Vision & Legal Structure

A private limited company operating three down-the-hole hammer rigs with its own geophysical survey capability, recharge-works crews, and a logging programme that records the water table it is drawing down.

Element	Position
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Legal form	Private limited company; groundwater authority registration for drilling rigs where the state requires it; CGWA compliance in notified blocks; motor vehicle and transport permits; contractor registrations for municipal work
Where the money is made	Guaranteed-yield farm wells at volume; industrial and municipal per-foot work at scale; rehabilitation is the highest margin and the least comfortable line in this business
What is different	The customer buys water rather than footage, the site is surveyed before the rig moves, and every new well comes with a recharge structure
Vision	A drilling business that publishes what its own logs show about the resource it is selling

Why this shape	Reasoning
Yield guarantee on domestic and farm wells	It moves the total-loss risk from a smallholder who cannot bear it to a company that can pool it across 320 wells a year. It converts a lottery into insurance, which is exactly what this customer needs and has never been able to buy
Survey before the rig moves	A ₹4,200 resistivity survey changes the dry-hole rate from around a third to under a fifth, and under a yield guarantee that difference is our money rather than the customer's
Recharge structure with every well	The only intervention that acts on the pool rather than on our share of it — and, as stated plainly in §12.2, it offsets about a twentieth of what the same wells abstract
Water-level logging and publication	We hold the only continuous, geolocated record of the decline in this district, and at present the whole industry files it as job paperwork

3. Promoter & Ownership

Item	Position
Promoter	Nineteen years in drilling, twelve of them running rigs in this district; has the bore logs to prove what has happened to the water table and had never once been asked for them
Promoter equity	₹2.09cr of the ₹5.80cr project cost (36%), unsecured and not withdrawable during the loan term
Ownership	Promoter family 79%; ESOP and key staff 13%; angel investor 8%
Governance	A site the survey rates poor is declined in writing with the reason, and no estimator or crew leader can override it. 147 sites were declined in Year 3

The written refusal matters more than it looks. **A verbal "we don't think this site is good" is heard as a negotiating position and the customer goes to the next rig. A written refusal naming the resistivity result is the only document that farmer will ever hold about the ground under his own land, AND HE OFTEN BRINGS IT BACK EIGHTEEN MONTHS LATER WHEN THE WELL SOMEBODY ELSE DRILLED HAS FAILED.**

4. Market Analysis — India

Segment	What drives it	Position taken
Farm irrigation wells	Assured irrigation is the difference between one crop and two; the single largest driver of groundwater development in India	The bulk of 320 guaranteed wells

Domestic and housing	Municipal shortfall, plot development, apartment projects requiring their own source	Guaranteed, at ₹1.60L average
Industrial, institutional and municipal	Process water, scheme-funded village supply, larger diameter and deeper	80 wells at ₹4.40L, per foot
Rehabilitation and deepening	Wells that have failed. The fastest-growing line in the district and the most uncomfortable one to be growing	280 jobs at ₹0.80L
Recharge works	Statutory requirements, CSR programmes, farm ponds and scheme funding	400 structures at ₹40,000

What the same acre looks like to each party

Party	A new neighbouring well is
The farmer drilling it	Survival
The neighbour	A threat he answers by drilling deeper
The driller	A sale, and two more later
The lender	Collateral improved
The aquifer	Has no representative in the transaction

India abstracts more groundwater than any country on earth, and the great majority of it through privately owned wells drilled by contractors like this one. The market is enormous, genuinely essential and growing — AND THE ONLY PARTY WITH AN INTEREST IN THE RESOURCE ITSELF IS ABSENT FROM EVERY SINGLE TRANSACTION THAT DEPLETES IT.

5. Competition & Position

Competitor type	What they do well	Where the gap is
Independent rig owners	Cheap, mobile, fast, and available at three days' notice in the drilling season	Paid per foot regardless of outcome; no survey, or dowsing presented as survey; no recharge; no records
Larger regional drilling contractors	Fleet scale, municipal and scheme credentials, real technical depth	Same per-foot contract structure; the dry hole is still the customer's loss
Government and scheme drilling	Subsidised access for smallholders, hydrogeological input from state departments	Slow, rationed, and does not reach most private demand
Pump and irrigation dealers	Own the customer relationship after the well is made	Sell into whatever hole exists, with no interest in whether it should have been drilled
This business	Survey, yield guarantee, recharge and published data in one contractor	Positioned on the one risk this trade has always passed to the person least able to carry it

The competitive problem is stark: a guaranteed well is visibly dearer than a per-foot quotation, and the comparison is made by a customer who is certain HIS site has water. Every farmer buying a borewell believes he is buying a successful one — nobody commissions a dry hole — SO A GUARANTEE READS AS A PRICE INCREASE FOR AN EVENT HE HAS ALREADY DECIDED WILL NOT HAPPEN. It sells to the nineteen per cent only

after the fact, and to the eighty-one per cent never.

6. Every Sale Makes the Previous Sales Worse

This is the finding, and it concerns a product taken from a pool that all the customers share.

The cycle	Who gains
A new well is drilled	Driller paid
The local water table falls	Nobody notices for two years
An older well runs dry	Its owner loses everything in it
That owner deepens it	Driller paid again, more per foot
The table falls further	And round again

A borewell draws from an aquifer, and an aquifer is a common pool. The well this business sells in March is part of the reason last year's customer telephones in three years to ask about deepening — **AND DEEPENING IS ALSO A SALE**, at a higher rate per foot because deeper drilling is slower, harder on the hammer and heavier on fuel. **SO THE FAILURE OF THE PRODUCT IS THE DEMAND FOR THE PRODUCT.** The rehabilitation line in §12.1 is the fastest-growing in this plan, and it is growing because of the drilling line above it.

What makes this genuinely different from ordinary bad behaviour is that every participant is acting correctly. The farmer who deepens is not being greedy — if he stops, his water goes to the neighbour who does not stop, and he loses his crop as well as his well. The driller who declines the job does not save the aquifer; he loses the job to the rig from the next taluk, and the same feet get drilled by somebody who will not survey the site or build a recharge pit. **RESTRAINT BY ANY SINGLE PARTY IS A PURE TRANSFER TO THE LEAST RESTRAINED PARTY, WHICH IS PRECISELY WHY EXHORTATION HAS NEVER WORKED ON THIS PROBLEM AND NEVER WILL.**

And the water gets worse as it gets deeper. In much of peninsular hard-rock India the deeper fracture zones carry higher fluoride, higher salinity and, in some belts, arsenic. **SO THE REPEAT SALE THIS INDUSTRY DEPENDS ON DELIVERS PROGRESSIVELY WORSE WATER AT PROGRESSIVELY HIGHER COST** — and it is nobody's fault, nobody's decision, and nobody's job to say so.

There is no private solution to a commons problem, and this plan does not pretend to one. What it does is three things a driller is uniquely placed to do. **FIRST, A RECHARGE STRUCTURE IS BUILT WITH EVERY NEW WELL AT NO EXTRA CHARGE** — 400 of 400, ₹14,000 of unrecovered cost each — **AND IT OFFSETS 5.1% OF WHAT THOSE SAME WELLS ABSTRACT**, which is stated here rather than buried because a remedy that is real and inadequate is still worth more than one that is neither. **SECOND**, poor sites are declined in writing: 147 in Year 3. **THIRD**, and cheapest, **THE STATIC WATER LEVEL IS LOGGED AT EVERY WELL AND PUBLISHED AT PANCHAYAT LEVEL** — because this company holds the only continuous geolocated record of the decline in the district and the entire trade currently files it as job paperwork. **IT SHOWS A MEDIAN FALL OF 4.6 METRES IN THREE YEARS. GENERAL RULE: WHERE THE PRODUCT COMES FROM A POOL EVERY CUSTOMER SHARES, EACH SALE DEGRADES THE LAST AND THE REPEAT BUSINESS IS THE DAMAGE** — **SO SELL THE YIELD NOT THE DEPTH, PUT WATER BACK WITH EVERY WELL, AND PUBLISH WHAT YOUR OWN LOGS ALREADY SHOW.**

7. A Dry Hole Is a Total Loss to One Party and a Completed Job to the Other

The second thread is the contract, and the unit it is written in.

A dry 600-foot bore	Farmer	Contractor
Money	₹1.90L gone, often borrowed	₹1.90L earned
Water	None	Not a contract term
Obligation remaining	The loan	None; job complete
Next step	Borrow again, drill again	Another job

Drilling is billed per foot drilled, plus casing, plus mobilisation. WHETHER WATER IS STRUCK IS NOT A TERM OF THE CONTRACT. A 600-foot dry bore costs a smallholder something between one and two lakh rupees, frequently borrowed against the crop, and produces nothing whatever — and the contractor has performed his obligations completely and is properly owed for every foot. In hard-rock terrain without survey, somewhere between a third and a half of new bores in an over-exploited block yield too little to be useful.

The structural defect is that the contract is denominated in the input. THE CUSTOMER CANNOT BUY THE THING HE WANTS. He can only buy the activity that sometimes produces it, and the entire variance of the outcome sits on the party with the least capital, the least geological information and the least ability to spread the risk across more than one attempt.

So the unit of sale is changed on every domestic and farm well. **A FIXED PRICE FOR A WELL DELIVERING A STATED YIELD, WITH THE DRY HOLE AT OUR COST — 320 of 320 in Year 3. 61 came in dry or below yield and were borne, at ₹1.21 lakh of cost each; ₹0.40 crore of that is recovered through a guarantee premium of ₹15,400 built into the price of the 259 wells that succeeded. THAT PREMIUM IS 9.6% ON A ₹1.60 LAKH WELL, AND IT CONVERTS A NINETEEN PER CENT CHANCE OF LOSING EVERYTHING INTO A CERTAINTY OF PAYING A TENTH MORE — which is the trade the customer would obviously take if anybody had ever offered it to him.**

8. Operations Plan (survey, decline, drill, recharge, log)

- **Survey.** Resistivity profiling and hydrogeological assessment on every site before a rig is committed, with the interpretation recorded and given to the customer.
- **Decline.** A poor site is refused in writing, naming the result; no estimator or crew leader may override it, and no rig is dispatched to a declined site.
- **Drill.** Three DTH rigs; casing to specification rather than to the lowest tender; static water level and yield measured and recorded at completion.
- **Recharge.** A recharge pit or shaft connected to rooftop or field runoff is built with every new well, included in the price, before the job is signed off.
- **Log and publish.** Depth, strata, yield and static water level logged for every well and published in aggregate at panchayat level, with repeat measurement at prior sites.

Step	What is recorded	Why
Survey	Resistivity profile, recommendation, ₹4,200 cost	Dry-hole rate a third → under a fifth

Decline	Written refusal with the reason	147 sites; the only document the farmer holds
Completion	Depth, strata log, yield, static water level	The guarantee is settled against it
Recharge	Structure built, catchment connected	400 of 400; ₹14,000 unrecovered each
Publication	Aggregate levels at panchayat level	Median down 4.6 m in three years

The operational hinge is a farmer whose neighbour deepened to 480 feet last season and has water, while his own 400-foot well has gone dry. He wants 600 feet. The survey says he will get water at about 560 — for roughly three years, until the neighbour's next deepening takes it again. We can tell him exactly that, and he will drill anyway, because his alternative is losing his standing crop to a man who is not going to stop. **HIS DECISION IS CORRECT. THE OUTCOME IS STILL BAD. AND THE ONLY HONEST THING THIS BUSINESS CAN SAY IS BOTH OF THOSE AT ONCE.** So we drill it at ₹2.10 lakh, build the recharge pit, log the level, publish it — and none of that alters the arithmetic he is facing, which is the plainest statement of a commons problem anybody in this trade will ever hear.

One acre, four wells, over twelve years	Depth	Cost	Water lasted
Well 1, drilled 2014	220 ft	₹0.62L	6 years
Well 2, deepened 2020	400 ft	₹0.71L	4 years
Well 3, deepened 2024	560 ft	₹0.84L	3 years (projected)
Well 4, projected 2027	720 ft	₹1.02L	2 years (projected)
Total on one acre	+500 ft	₹3.19L	Shortening each time

This is a real profile from our own logs and it is the whole finding in one table. The same acre has paid ₹3.19 lakh across twelve years for water that lasts a shorter period each time and gets harder each time. **EVERY ONE OF THOSE FOUR JOBS WAS GOOD BUSINESS FOR A DRILLER, EVERY ONE WAS A RATIONAL DECISION BY THE FARMER, AND THE TREND LINE IS STRAIGHT DOWN.** Nobody in that sequence did anything wrong, and the seventh well on this acre will not be worth drilling at all.

9. Groundwater, Drilling & Safety Compliance (India)

Area	Requirement
Groundwater	Central Ground Water Authority NOC for abstraction in notified areas and state groundwater legislation where enacted; registration of drilling rigs and of wells in many states. IN A NOTIFIED OR OVER-EXPLOITED BLOCK, NEW PERMISSIONS CAN STOP ENTIRELY, WHICH IS THIS BUSINESS'S LARGEST SINGLE REGULATORY RISK
Well safety	Supreme Court directions and state rules on capping abandoned and failed borewells — a legal obligation that is very widely ignored and that this plan treats as non-negotiable on every hole we drill, dry or otherwise
Recharge	State building rules and groundwater rules mandating rainwater harvesting or recharge with new wells or new construction in many states — widely required, very rarely enforced
Water quality	IS 10500 as the reference for potability; fluoride, salinity and arsenic occurrence reported to the customer where the strata log or yield sample indicates it

Equipment and transport	Motor Vehicles Act for rigs and support fleet; compressor and pressure vessel safety; electrical safety on pump installation
Labour and safety	Contract Labour Act, Building and Other Construction Workers Act, EPF, ESI; noise, dust and rotating-equipment safety on the rig floor
Tax	Fully taxable business income; GST on works contracts, goods and services at differing treatment

What the law reaches	What it does not
Abstraction permission in notified blocks	The cumulative effect of wells that are each individually lawful
Rig and well registration	Whether the site should have been drilled
Capping of abandoned bores	Enforcement, which is close to absent
Recharge mandates on paper	Recharge in the ground

The most important line here is the first one in the second table. Groundwater law in India regulates wells one at a time, and the problem in this plan is not any individual well — EVERY WELL DESCRIBED HERE IS LAWFUL, PERMITTED AND CORRECTLY DRILLED. The damage is entirely cumulative, and a permission regime that examines applications singly has no instrument that can see it.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Note
Managing director	1	1	Cannot overrule a declined site
Rig crews	18	27	Derived, not assumed: 3 rigs × 9 per rig across shifts and relief
Support fleet drivers and helpers	12	18	Water, casing, crew movement
Pump installation and service	10	16	800 pumps
Recharge works crews	8	14	400 structures
Workshop and rig maintenance	9	13	Rig availability is the business
Geophysical survey and logging	7	11	1,000 surveys
Sales, estimation and site assessment	7	10	147 written declines
Finance, admin and HR	6	8	—
Water-level data and publication	2	4	Repeat measurement, panchayat reporting
Total	80	122	400 wells; 239,200 ft; 3 rigs

The 4 people in water-level data and publication are the cheapest commitment in this plan and the one nothing else in the industry does. Their salaries are ₹0.11 crore — ₹2.75 lakh average CTC across 4 — and ₹0.15 crore covers loggers, repeat measurement and the panchayat publication programme. ₹0.26 crore a year, or ₹6,500 per well drilled, produces the only continuous record of a district's water table that anybody holds.

11. Implementation Timeline & Milestones

Phase	Months	Milestone
Registrations and finance	0-5	Rig registration, CGWA position confirmed for the operating blocks, equipment finance
Rigs and fleet	3-14	Two rigs in Year 1, third in Year 2; compressors, support fleet, workshop
Survey capability before the guarantee	2-7	Resistivity equipment and interpretation capability live BEFORE the first yield-guaranteed well is sold
Guarantee provision fund	4-8	₹0.46cr funded before the guarantee is offered at scale
Recharge crews and plant	6-13	Excavator and crews so the 1:1 rule is deliverable rather than aspirational
Logging and publication	9-24	Baseline at every completed well; first panchayat-level publication at month 18

Milestone that must not slip	Why
Survey before the first guaranteed well	A yield guarantee without a survey is not a business model, it is a wager — the dry-hole rate is the whole economics and the survey is what moves it from a third to a fifth
Provision fund before offering at scale	Sixty-one dry holes in a year is ₹0.74cr of cost; a guarantee with no fund behind it is renegotiated the first time a bad season arrives
Recharge crews before the volume	A 1:1 rule that the crews cannot physically deliver becomes a 1:0.6 rule within a season and then quietly becomes nothing
Logging from the first well	The decline series is only worth anything as a continuous record; a gap in year one cannot be filled in later

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
Yield-guaranteed domestic and farm borewells	284	398	512	32.0%	38.0%
Industrial, institutional and municipal drilling, per foot	202	278	352	22.0%	34.0%
Pump supply, installation and servicing	148	202	256	16.0%	30.0%
Well rehabilitation, deepening and hydrofracturing	128	176	224	14.0%	44.0%
Recharge structures and rainwater-recharge works	88	124	160	10.0%	34.0%
Geophysical survey and water-source data service	50	72	96	6.0%	58.0%
Total	900	1,250	1,600	100%	37.5%

The rehabilitation line grows 75% across three years and carries the highest gross margin in the business at 44%. It is worth being explicit about what that line is: IT IS THE REVENUE FROM WELLS THAT HAVE FAILED, IN A DISTRICT WHERE THEY ARE FAILING BECAUSE OF THE DRILLING IN THE LINE ABOVE IT. No forecast in this plan is more reliable and none is less comfortable.

12.2 What is committed, and what it is measured on

Commitment	Yr 1	Yr 3
Domestic and farm wells sold on a yield guarantee rather than per foot	22%	100%, 320 of 320
Dry or sub-yield holes borne at our cost / net of guarantee premium	19	61 / ₹0.34cr net of ₹0.40cr
Recharge structure built with every new well	34%	100%, 400 of 400
Recharge created against abstraction enabled by those same wells	not measured	5.1%
Sites declined in writing after survey, with the reason stated	41	147 of 1,000 surveys
Static water level logged and published at panchayat level / median three-year change	nil	100% / down 4.6 m

Row four is the one this plan will be judged on and it is deliberately unflattering. 400 recharge structures, genuinely built and genuinely funded, offset 5.1% of what the 400 wells beside them abstract. THE HONEST STATEMENT IS THAT THE REMEDY IS REAL AND NOWHERE NEAR SUFFICIENT, AND A BUSINESS PLAN THAT PRINTS THAT NUMBER IS AT LEAST ARGUING FROM THE RIGHT ARITHMETIC.

12.3 Profit & loss (₹ lakh)

Line	Yr 1	Yr 2	Yr 3
Revenue	900	1,250	1,600
Cost of goods (fuel, bits and hammers, casing, pumps, crew, mobilisation)	(564)	(782)	(1,000)
Gross profit	336	468	600
Recharge structure with every new well, unrecovered cost	(30)	(42)	(56)
Geophysical survey before every well, and declined sites	(24)	(32)	(42)
Water-level logging and panchayat publication	(14)	(20)	(26)
Rig operations, crew and mobilisation overhead	(54)	(70)	(86)
Workshop, rig maintenance and spares	(38)	(50)	(62)
Sales, estimation and customer service	(32)	(42)	(52)
Administration and overhead	(34)	(44)	(54)
EBITDA	110	168	222
Depreciation and amortisation	(70)	(80)	(88)
Finance cost	(46)	(54)	(60)

Other income (scrap, equipment hire, misc)	10	12	16
PBT	4	46	90
Tax (fully taxable business income, ~25%)	(1)	(12)	(23)
PAT	3	34	67
Net margin	0.3%	2.7%	4.2%
ROCE on ₹5.80cr	6.9%	15.2%	23.1%

12.4 Project cost & funding (₹ lakh)

Use of funds	₹L	%	Source of funds	₹L
Three DTH rigs with compressors and support	238	41%	Promoter equity	209
Support fleet: water tankers, casing trucks, crew vehicles	87	15%	Term and equipment finance	238
Geophysical survey equipment and logging tools	70	12%	Working capital limit	75
Workshop, yard and rig maintenance facility	64	11%	Scheme and subsidy support	58
Recharge works plant and equipment	52	9%	—	—
Dry-hole guarantee provision fund	46	8%	—	—
Working capital margin and pre-operative	23	4%	—	—
Total	580	100%	Total	580

12.5 Sensitivities (₹ crore PAT, Year 3)

Scenario	What changes	PAT
Base case as planned	As above	₹0.67cr
Trade-standard practice instead	Bill dry holes per foot and drop the guarantee premium (+₹0.34cr), drill the declined sites (+₹0.36cr), drill 18% deeper without survey (+₹1.09cr revenue, +₹0.44cr), take 50% more deepening work as wells fail faster (+₹0.49cr), redrill 45 failed sites (+₹0.27cr), fit cheaper casing (+₹0.44cr), cut rig maintenance and crew safety to minimum (+₹0.32cr), close the recharge, survey and logging programmes (+₹1.24cr), halve recharge sales and lose the survey line (–₹1.76cr revenue): revenue ₹18.46cr at 42.4% gross margin	₹2.68cr
The block is declared over-exploited and new permissions stop	New wells down 45% with pumps and rig capacity unabsorbed: ₹1.62cr. THIS IS THE LARGEST SINGLE RISK IN THE PLAN AND IT IS CAUSED BY EXACTLY THE PROCESS DESCRIBED IN §6	(₹0.54cr)
A drought year	Demand rises and the dry-hole rate goes 19% → 31%: ₹0.80cr, all of it ours under the guarantee. THE ONE EVENT THAT INCREASES ORDERS AND DESTROYS MARGIN AT THE SAME TIME	₹0.07cr
Major rig failure or extended downtime	₹0.62cr; three rigs means one out is a third of capacity	₹0.21cr

Diesel and consumable cost +18%	₹0.44cr; compressor fuel is the largest single cost in DTH drilling	₹0.34cr
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Read rows three and four together and the position is uncomfortable. THE BUSINESS IS DAMAGED BY A DROUGHT, DAMAGED WORSE BY THE REGULATORY RESPONSE TO DEPLETION, AND BOTH OF THOSE ARE DOWNSTREAM OF THE ACTIVITY IT SELLS. A driller in a hard-rock district is long the depletion of his own market, and the only genuine hedges available are the recharge, survey and rehabilitation lines — which is a large part of why this plan is built around them.

12.6 Volumes and unit economics (Year 3)

Physical driver	Volume	Realisation	Revenue
Yield-guaranteed domestic and farm wells	320	₹1.60L	₹512L
Industrial and municipal wells, per foot	80	₹4.40L	₹352L
Pumps supplied and installed	800	₹32,000	₹256L
Rehabilitation and deepening jobs	280	₹80,000	₹224L
Recharge structures / surveys	400 / 1,000	₹40,000 / ₹9,600	₹256L
Total footage drilled	239,200 ft	72.9 km	₹1,600L

Derived figure	Working	Result
Footage on new wells	320 × 420 ft + 80 × 680 ft	188,800 ft
Footage on deepening	280 jobs × 180 ft	50,400 ft
Guarantee premium	₹0.40cr recovered across the 259 wells that succeeded	₹15,400, or 9.6% of a well
Recharge cost per new well	₹0.56cr over 400 wells	₹14,000, or 8.8% of a well
Survey cost per site	₹0.42cr over 1,000 surveys	₹4,200
Rig crew	3 rigs × 9 per rig across shifts and relief	27

The two numbers that define this business sit beside each other: a ₹4,200 survey and a ₹1.21 lakh dry hole. Twenty-nine to one — and the trade skips the survey, because under a per-foot contract THE DRY HOLE IS NOT THE DRILLER'S NUMBER AT ALL. Move the risk and the survey pays for itself before the rig is even loaded.

13. Funding Requirement & Bankability

Item	Position
Requirement	₹5.80cr: ₹2.09cr promoter equity, ₹2.38cr term and equipment finance, ₹0.75cr working capital limit, ₹0.58cr scheme support
Security	Hypothecation of three rigs, compressors, support fleet, survey equipment and workshop; receivables; personal guarantee of the promoter
Debt service	Year 3 EBITDA ₹2.22cr against interest ₹0.60cr and scheduled repayment; DSCR above 1.7x from Year 3

Seasonality	Drilling is compressed into the pre-monsoon and post-harvest windows; roughly two-thirds of the year's footage is drilled in five months, so working capital must be sized for the season rather than the average
The guarantee exposure	₹0.46cr provisioned against ₹0.74cr of gross dry-hole cost, ₹0.40cr of which is recovered in premium — a buffer, not a cover, and a drought year takes it
What a lender should test	Not the order book — the dry-hole rate and the survey-to-drill ratio. A contractor drilling everything he surveys has no survey worth the name, and under a yield guarantee that shows up in the provision account within two seasons

Year	EBITDA	Interest	Repayment	DSCR
Year 1	₹1.10cr	₹0.46cr	Moratorium	—
Year 2	₹1.68cr	₹0.54cr	₹0.48cr	1.65x
Year 3	₹2.22cr	₹0.60cr	₹0.70cr	1.71x

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
Every sale makes the previous sales worse	An aquifer is a common pool. The well sold this month is part of why last year's customer rings in three years to deepen — AND DEEPENING IS ALSO A SALE, at a higher rate per foot. THE FAILURE OF THE PRODUCT IS THE DEMAND FOR THE PRODUCT, and the rehabilitation line is the fastest-growing in this plan because of the drilling line above it. Every participant is acting correctly: a farmer who stops loses his water to the neighbour who does not; a driller who declines loses the job to the next rig, and the same feet get drilled by somebody who will not survey or recharge. RESTRAINT BY ANY ONE PARTY IS A PURE TRANSFER TO THE LEAST RESTRAINED PARTY. And the water worsens with depth — higher fluoride, salinity and in some belts arsenic	There is no private solution to a commons problem and this plan claims none. Three things a driller uniquely can do: A RECHARGE STRUCTURE WITH EVERY NEW WELL at no extra charge, 400 of 400 at ₹14,000 unrecovered each — WHICH OFFSETS 5.1% OF WHAT THOSE WELLS ABSTRACT, printed rather than buried; POOR SITES DECLINED IN WRITING, 147 in Year 3, because a written refusal is the only document the farmer will ever hold about his own ground; and cheapest of all, THE STATIC WATER LEVEL LOGGED AT EVERY WELL AND PUBLISHED AT PANCHAYAT LEVEL — this company holds the only continuous geolocated record of the district's decline and the trade files it as job paperwork. MEDIAN FALL 4.6 m IN THREE YEARS. GENERAL RULE: SELL THE YIELD NOT THE DEPTH, PUT WATER BACK WITH EVERY WELL, AND PUBLISH WHAT YOUR OWN LOGS ALREADY SHOW

A dry hole is a total loss to one party and a completed job to the other	Drilling is billed per foot plus casing plus mobilisation, and whether water is struck is not a term of the contract . A 600-foot dry bore costs a smallholder ₹1.90 lakh, often borrowed against the crop, and yields nothing — while the contractor has performed completely and is properly owed for every foot . Without survey, a third to a half of new bores in an over-exploited block fail. THE CONTRACT IS DENOMINATED IN THE INPUT: THE CUSTOMER CANNOT BUY THE THING HE WANTS, only the activity that sometimes produces it — with the whole variance on the party with least capital, least information and least ability to try twice	Change the unit of sale: a fixed price for a stated yield with the dry hole at our cost, 320 of 320. 61 came in dry at ₹1.21L of cost each; ₹0.40cr recovered through a ₹15,400 guarantee premium on the 259 that succeeded. THAT IS 9.6% ON A ₹1.60L WELL AND IT CONVERTS A 19% CHANCE OF LOSING EVERYTHING INTO A CERTAINTY OF PAYING A TENTH MORE — the trade any smallholder would take if it had ever been offered. The ₹4,200 survey against a ₹1.21L dry hole is twenty-nine to one, and it only pays once the risk has moved
Regulatory: the block is declared over-exploited	The largest single risk here, and it is downstream of the activity itself . New permissions stopping takes new wells down 45%: ₹1.62cr and a ₹0.54cr loss	Recharge, rehabilitation and survey lines are unaffected or improved by restriction; municipal and scheme drilling continues under different permission; geographic spread across blocks rather than depth in one; CGWA position confirmed before rig deployment
Drought	Orders rise and the dry-hole rate goes 19% → 31%, all of it ours under the guarantee: ₹0.80cr. The one event that increases demand and destroys margin simultaneously	Provision fund; guarantee terms reference a stated yield at a stated depth ceiling rather than being open-ended; survey thresholds tightened in a poor season; deepening and rehabilitation work rises in the same conditions and partly offsets
Rig availability	Three rigs means one out of service is a third of capacity; a major failure is ₹0.62cr	Workshop and spares held rather than ordered; maintenance scheduled off run-hours; hired rig capacity for peak season rather than owning a fourth; drilling season planned around planned overhauls
Fuel and consumables	Compressor diesel, bits and hammers are the largest variable cost; +18% is ₹0.44cr	Fuel indexation on per-foot contracts; bit and hammer life tracked per formation from the strata logs; the survey reduces footage drilled per successful well, which is the real hedge
Safety and abandoned bores	Rotating equipment, compressed air and open holes; uncapped failed bores are a serious legal and human risk that the trade very widely ignores	Every hole capped on completion, dry or otherwise, photographed and recorded; BOCW and Contract Labour compliance; rig-floor procedures and personal protective equipment as a condition of crew pay, not an aspiration

15. SWOT Analysis

Strengths	Weaknesses
The only yield-guaranteed offer in the district; own survey capability that makes the guarantee affordable; recharge crews making the 1:1 rule real; the only continuous water-level record anybody holds; rehabilitation and recharge lines that grow when drilling is restricted	4.2% net margin on rig-heavy assets; the commitment costs ₹1.94cr against ₹0.67cr of PAT; a guaranteed well is visibly dearer to a customer certain his own site has water; drought hits margin and demand in opposite directions; deeply seasonal working capital
Opportunities	Threats

Rehabilitation is the fastest-growing line in the district; recharge mandates exist in law and are almost never enforced, so compliance is a differentiator waiting to be sold; the water-level dataset has real value to lenders, insurers, panchayats and state departments	Over-exploited block declaration; drought; per-foot competitors who will always quote lower; and the structural fact that this business's long-run market is being consumed by its own short-run activity
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The honest summary is that this is a well-run business inside a badly structured market, and it does not fix the market. It moves the dry-hole risk to the party who can bear it, puts back a twentieth of what it takes out, and writes down what is happening to the water table. THAT IS WORTH DOING AND IT IS NOT A SOLUTION, AND ANY PLAN IN THIS SECTOR THAT CLAIMS OTHERWISE IS SELLING SOMETHING.

Where the ₹1.94 crore of commitments goes	₹cr	Per new well drilled
Recharge structure with every new well	0.56	₹14,000
Geophysical survey before every well, and declined sites	0.42	₹10,500
Dry holes borne, net of the guarantee premium	0.34	₹8,500, off the P&L
Gross profit forgone on 147 declined sites	0.36	₹9,000, off the P&L
Water-level logging and panchayat publication	0.26	₹6,500
Total	1.94	₹48,500 per well

₹48,500 on a well selling for ₹1.60 lakh is thirty per cent, which sounds impossible until the composition is read. ₹0.70 crore of it is off the profit and loss entirely — dry holes and refused work — and it is the price of moving a risk rather than a cost. THE ON-BOOK PORTION IS ₹31,000 A WELL, OR NINETEEN PER CENT, AND A THIRD OF THAT IS A SURVEY THAT PAYS FOR ITSELF TWENTY-NINE TIMES OVER THE MOMENT THE DRY HOLE BECOMES OUR NUMBER INSTEAD OF THE FARMER'S.

16. Recommended AiSevak Tools for This Business

- **Business plan and project report generator** — for equipment finance and the working capital limit sized to a five-month season.
- **Compliance calendar** — CGWA and state groundwater positions by block, rig and well registration, BOCW and Contract Labour, EPF and ESI.
- **Cost and pricing calculator** — cost per foot by formation and depth, guarantee premium pricing against a measured dry-hole rate, and recharge structure costing.
- **GST and invoicing helper** — works contract versus goods versus service treatment across drilling, pumps and recharge works.
- **Labour and payroll toolkit** — rig crews on shift, seasonal contract labour, BOCW registration, EPF and ESI.
- **Loan and subsidy application helper** — equipment finance, scheme support for recharge works, and a seasonal working capital assessment.
- **Contract and terms drafting helper** — the yield-guarantee agreement with its depth ceiling and yield definition, the written site refusal, and per-foot terms for institutional work.

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 water set.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, well counts, footage, dry-hole rates and recharge volumes are editable inputs; outcomes depend on rainfall, permissions, competition and fuel. Figures are in Indian rupees. **This plan is the sixth in vertical 56 and inherits its ten anchor rules (a)-(j).**
- **The central finding is that the product is drawn from a pool every customer shares, so every sale makes the previous sales worse.** The well sold this month is part of why last year's customer will ring in three years to deepen, **and deepening is also a sale at a higher rate per foot. The failure of the product is the demand for the product, and the rehabilitation line grows because of the drilling line above it.**
- **Every participant is acting correctly, which is why this is structural rather than moral.** A farmer who stops loses his water to a neighbour who does not; a driller who declines loses the job to the next rig and the feet get drilled anyway, by somebody who will not survey the site or build a recharge pit. **Restraint by any one party is a pure transfer to the least restrained party.** And the water worsens with depth — higher fluoride, salinity, and arsenic in some belts.
- **There is no private solution to a commons problem and this plan claims none.** Three things a driller uniquely can do: a recharge structure with every new well at no extra charge (400 of 400, ₹14,000 unrecovered each); poor sites declined in writing (147); and the static water level logged at every well and published at panchayat level, **because this company holds the only continuous geolocated record of the district's decline and the trade currently files it as job paperwork — median fall 4.6 metres in three years. GENERAL RULE: SELL THE YIELD NOT THE DEPTH, PUT WATER BACK WITH EVERY WELL, AND PUBLISH WHAT YOUR OWN LOGS ALREADY SHOW.**
- **The recharge programme offsets 5.1% of the abstraction the same wells enable, and that number is printed rather than buried.** 400 structures at about 280 cubic metres a year each against 400 wells at about 5,500 cubic metres a year each. **The remedy is real and nowhere near sufficient, and saying so is the only defensible position available.**
- **The second thread is that a dry hole is a total loss to one party and a completed job to the other.** Drilling is billed per foot and **whether water is struck is not a term of the contract**; the contract is denominated in the input, so **the customer cannot buy the thing he wants, only the activity that sometimes produces it**, with the whole variance on the party least able to carry it. Remedy: a fixed price for a stated yield, dry hole at our cost, 320 of 320 — **61 borne at ₹1.21L each, ₹0.40cr recovered through a ₹15,400 premium on the 259 that succeeded, which is 9.6% on a ₹1.60L well and converts a 19% chance of total loss into a certainty of paying a tenth more.**
- **Volumes and unit economics.** 320 guaranteed wells at ₹1.60L, 80 per-foot wells at ₹4.40L, 800 pumps at ₹32,000, 280 deepening jobs at ₹80,000, 400 recharge structures at ₹40,000, 1,000 surveys at ₹9,600; 239,200 feet or 72.9 km drilled (188,800 on new wells, 50,400 on deepening). Rig crew is derived, not assumed: $3 \times 9 = 27$. **A ₹4,200 survey against a ₹1.21 lakh dry hole is twenty-nine to one, and the trade skips it because under a per-foot contract the dry hole is not the driller's number at all.**
- **Compliance and professional advice.** CGWA NOC for abstraction in notified areas and state groundwater legislation where enacted, with rig and well registration — **and note that in a notified or over-exploited block new permissions can stop entirely, which is this plan's largest regulatory risk and is downstream of the process described above**; Supreme Court directions and state rules on capping abandoned and failed borewells, **a legal obligation very widely ignored and treated here as non-negotiable on every hole, dry or otherwise**; state rules mandating rainwater harvesting or recharge, widely required and rarely enforced; IS 10500 as the potability

reference, with fluoride, salinity and arsenic reported where the strata log indicates; Motor Vehicles Act, compressor and pressure-vessel safety, electrical safety on pump installation; Contract Labour Act, BOCW, EPF, ESI; GST at differing treatment across works contracts, goods and services. **Note the structural gap: groundwater law regulates wells one at a time, every well in this plan is lawful and correctly drilled, and the damage is entirely cumulative — a permission regime that examines applications singly has no instrument that can see it.** Professional advice should be taken on the yield-guarantee agreement, block-level permission status before rig deployment, capping obligations, and works-contract GST.

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

Every tool referenced in this plan is available on aisevak.in. Open the [Water Supply, Treatment and Solutions toolkit](#) to browse and use them all at <https://aisevak.in/verticals/water> — 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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