



BUSINESS PLAN · INDIA

Fertiliser Manufacturing / Blending

NPK and specialty fertiliser with the batch analysis on the bag

AGRI-INPUTS

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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 a **Fertiliser Manufacturing & Blending Business** in India — a granulation and bulk-blending plant producing NPK complex and blended grades, specialty and water-soluble fertilisers, micronutrient mixtures and bio-fertilisers, sold through a dealer network, institutional buyers and direct custom-blend supply to large farms, with an in-house soil-testing laboratory.

This plan is the anchor of the agri-inputs vertical: the conventions it establishes are inherited and cross-referenced by the nine plans that follow rather than re-derived. They are set here because this vertical shares one defining feature — the buyer cannot test the product, the effect arrives a whole season after the purchase, and when it disappoints, the failure is attributed to the weather.

☐ **THE NUTRIENT CONTENT IS INVISIBLE, THE EFFECT ARRIVES MONTHS LATER, AND A SHORTFALL IS INDISTINGUISHABLE FROM A BAD MONSOON.** A farmer buying a bag of NPK has no laboratory, cannot isolate fertiliser as the variable in a season containing rainfall, temperature, seed, pest pressure and a dozen other things, and will attribute a poor yield to the rain — because that is the honest inference available to him. Under-formulated grades, filler-heavy blends and specialty products with token active content are therefore widespread, cheap, and effectively undetectable. So this plant **PUBLISHES EVERY BATCH ANALYSIS AGAINST THE BAG'S BATCH CODE** — nitrogen, phosphorus, potassium, sulphur, micronutrients, moisture and **FILLER CONTENT AS A NUMBER** — and **RETAINS A SAMPLE OF EVERY BATCH** with farmer re-test requests honoured. The general rule this vertical inherits: **WHERE THE EFFECT IS SEPARATED FROM THE CAUSE BY A SEASON, THE ONLY HONEST CONTROL IS A MEASUREMENT PUBLISHED AT THE TIME OF SALE.**

☐ **AND THE SUBSIDY MAKES DIVERSION THE INDUSTRY'S CHARACTERISTIC CRIME.** Fertiliser in India is price-controlled and subsidy-carrying under the Fertiliser (Control) Order and the nutrient-based subsidy regime, and subsidised urea diverted to industrial use is a large, real and criminal problem that costs the exchequer and starves the farmer it was meant for. This plant publishes a **MONTHLY RECONCILIATION OF SUBSIDISED MATERIAL** — received, consumed in grades, sold, and in stock — because a claim that rests on documentation must be defended by arithmetic a third party can check, and because a plant that cannot reconcile its urea is a plant that is not trying to.

☐ **The third finding is the one this industry never does: RECOMMEND LESS.** Indian soils are broadly over-dosed with nitrogen and starved of sulphur, zinc and organic carbon, so an honest soil test frequently concludes that a farmer should buy less of the highest-volume product a fertiliser company sells. This plant reports **RECOMMENDATIONS THAT REDUCED THE FARMER'S PURCHASE** — 6,200 in Year 3 — because a soil-testing service that never advises a smaller order is a marketing instrument wearing a laboratory coat.

This plan models an operator requiring **₹16.40 crore** (₹5.60 crore investor + ₹4.80 crore working-capital facility + ₹3.20 crore promoter + ₹2.80 crore term loan), moving from **₹62.00 crore revenue and a ₹1.42 crore loss** to **₹196.00 crore revenue and ₹6.86 crore profit** by Year 3 — a 3.5% net margin, 31.2% return on capital, and capacity utilisation rising from 42% to 74%. (Fertiliser manufacturing and blending — figures illustrative.)

2. Business Description, Vision & Legal Structure

Concept: A fertiliser plant whose bag carries a batch code that returns an analysis.

Vision: To be the company whose soil report a farmer believes because it sometimes tells him to buy less.

Mission: Publish the batch analysis against the code on the bag; state the filler as a number; retain a sample so a farmer can test us; reconcile every tonne of subsidised material in public; publish the CFU at manufacture and at expiry; disclose what the dealer earns; and report the recommendations that reduced the sale.

Legal structure

- **Private Limited** — required in substance. Fertiliser (Control) Order registration, subsidy participation, dealer appointments, bank guarantees and outside capital all assume it.
- **Proprietorship or partnership** — used by smaller blenders; **the consequence is that a mis-declared grade sits behind an entity with no laboratory, no retained samples and nothing to pursue when a season fails.**
- **Employed quality function holding intake and release authority**, reporting to the promoter — **because a marginal batch on the day a dealer's truck is waiting is precisely the decision production should not be making.**

Regulatory anchor: one of the most tightly regulated product categories in Indian agriculture, and one where compliance and honesty are not the same thing. **The first exposure is the Fertiliser (Control) Order under the Essential Commodities Act, which prescribes permitted grades, specifications, tolerance limits, packing, marking and price display — so a declared grade is a legal specification and a bag testing below tolerance is a misbranded article attracting penal consequences rather than a commercial dispute. The second is subsidy integrity: the nutrient-based subsidy and direct benefit transfer regime require accurate reporting of receipt, production and sale, and diversion of subsidised material is prosecuted under the Essential Commodities Act — this is the industry's characteristic crime and it is committed with paperwork rather than trucks. The third is representation beyond the FCO: specialty, bio and micronutrient products carry claims that the FCO's schedules only partly reach, and the Consumer Protection Act and CCPA guidelines fill the gap — a bio-fertiliser whose CFU count has decayed to nothing by the time it is used is a product that no longer does what its label says.** Then: state pollution-control consent for dust, effluent and emissions; explosives and storage rules for ammonium nitrate-based materials; factory, boiler and fire compliance; GST; and EPF/ESI and POSH.

3. Promoter & Ownership

Led by a promoter with fertiliser manufacturing, agronomy or agri-input distribution background. Three competences decide outcomes. *Raw-material and subsidy timing*, because inputs are globally priced commodities and subsidy receipts arrive late, so this is a treasury business with a granulator attached. *Agronomic credibility*, since the only durable differentiation available is being right about what a soil actually needs — which requires a laboratory and the willingness to act on its findings. And *the discipline to hold a grade* — resisting the constant pressure to shade a formulation toward tolerance limits when raw-material prices spike, which is invisible, profitable and season-delayed. Ownership, equity & investor terms are editable inputs; **batch release and the subsidy reconciliation sit with quality and finance reporting to the promoter, never with production or sales.**

4. Market Analysis — India

Indian fertiliser demand is enormous, heavily subsidised, badly balanced between nutrients, and served by a market in which the farmer has never been able to verify anything he buys.

Demand drivers

- **Structural food demand** and the yield expectations that follow it, which make purchased nutrition non-optional.

- **Nutrient imbalance correction** — decades of nitrogen-heavy application have left soils short of sulphur, zinc, boron and organic carbon, which is a genuine and growing demand for balanced and specialty products.
- **Soil health card and testing programmes**, which have begun to make soil status legible to farmers for the first time.
- **Water-soluble and fertigation growth** alongside micro-irrigation adoption.
- **Bio-fertiliser and organic-input interest**, driven by cost, certification and soil-degradation concern.
- **Horticulture and high-value crops**, where a farmer's per-acre input spend and his willingness to verify are both far higher.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Fertiliser consumption across the served states	Very large; subsidy-shaped and nitrogen-skewed
SAM	Grades this plant can make and place through a viable dealer network	Bounded by DEALER REACH and WORKING CAPITAL
SOM (Yr 1-3)	Tonnage sold across dealer, institutional and direct channels	₹62cr → ₹196cr; utilisation 42% → 74%

Why the farmer cannot tell good fertiliser from bad

What can be wrong	When it shows	What it is blamed on
Nutrient content below declaration	End of season, as lower yield	The rain, the seed, the pest
Excess filler in a blend	Never visibly; the bag weighs the same	Nothing
Specialty product with token active	Never; the crop was going to do that anyway	Nothing
Bio-fertiliser with dead cultures	Never — nothing happens, which looks normal	"Bio products don't really work"
Wrong grade for the soil	Slowly, over years, as declining response	Soil "getting tired"

Read the third column, because it is the diagnosis for this entire vertical. Not one failure mode produces evidence that points at the product; every one of them is absorbed by a plausible alternative explanation that the farmer already believes. The fourth row is the most damaging commercially, because a generation of dead bio-fertiliser has taught Indian farmers that biological inputs do not work — which is not a prejudice but an accurate summary of what they have experienced. A company entering this market is therefore not persuading a naive buyer; it is arguing against a well-founded conclusion drawn from repeated experience, and only a measurement published at the time of sale can move it.

Constraints

- **Raw-material price and currency volatility** — phosphates, potash and ammonia are globally priced and the exposure is enormous.
- **Subsidy receipt timing**, which is lumpy, political and consumes working capital.
- **Seasonality** — demand concentrates into two short windows against a plant that costs the same all year.
- **Dealer credit**, since inputs move on credit against a harvest that has not happened yet.

5. Competition & Position

Competitor type	Strength	Weakness this plan exploits
Large integrated fertiliser companies	Scale, brand, subsidy access, distribution depth	Batch analysis never published; farmer cannot check a bag
Regional blenders	Local grades, price, dealer relationships	Formulation shaded to tolerance; filler unstated
Specialty and imported brands	Genuine technology, high-value crop focus	Expensive; claims outrun evidence at the margin
Spurious and unbranded material	Cheapest by a wide margin	Frequently near-worthless; the reason trust is so low
This plan	Batch analysis published against the bag code, filler stated, samples retained, subsidy reconciled publicly, soil advice that reduces sales	Not the cheapest; declines the claims that sell specialty products

The positioning claim is the only verifiable one available in this category: read the code on the bag and see that batch's analysis, including the filler percentage that determines whether you bought nutrition or ballast. Institutional buyers and large horticulture farms respond first because they can compute cost per unit of nutrient and have never been able to compare suppliers on anything but price. The smallholder responds more slowly and more durably — he cannot read a laboratory report, but the soil-test recommendation that told him to buy less is a claim he can evaluate immediately, and it is the single most persuasive thing this business does.

The cost of the honest position is stated in rupees rather than implied. Formulating to declaration rather than to the bottom of the tolerance band costs an estimated ₹4.90 crore of Year-3 gross margin, because tolerance is a legal allowance every competitor uses and it is invisible to everybody. Soil recommendations that reduced a farmer's purchase forfeited ₹2.60 crore of Year-3 sales — the number is reported precisely because it is the proof the laboratory is independent. Batch testing, publication and retained samples cost ₹1.14 crore a year. Declining specialty claims the evidence does not support costs a further ₹1.80 crore. The offsetting return is institutional and horticulture business worth ₹58.80 crore of Year-3 revenue at better realisation and better terms, and a dealer network that stops losing farmers after the second season.

6. The Effect Arrives a Season Later and the Rain Gets the Blame

Every business in this vertical sells something whose performance cannot be attributed, and this is the clearest case.

The farmer's position	What he can actually do
He buys a bag declaring 10:26:26	Read the bag; nothing else
He applies it across five acres	No control plot, no comparison
The season brings uneven rain and pest pressure	Cannot separate the variables
The yield disappoints	Concludes it was the weather — reasonably
He buys the same brand next season	Because he has no basis to change

The last row is the commercially important one and it explains why this market does not self-correct: a farmer who cannot attribute a failure has no basis for switching, so under-formulation is not merely undetected but unpunished. The market signal that disciplines most industries — customers leaving after a bad experience — is absent here because the customer cannot tell there was one. That is why tolerance-shading, filler-loading and token actives persist across decades rather than being competed away, and it is why exhortation and brand-building change nothing. WHERE THE EFFECT IS SEPARATED FROM THE CAUSE BY A SEASON, THE ONLY HONEST CONTROL IS A MEASUREMENT PUBLISHED AT THE TIME OF SALE.

So every batch analysis is published against the batch code printed on the bag: nitrogen, phosphorus, potassium, sulphur, declared micronutrients, moisture, particle size, and FILLER CONTENT AS A PERCENTAGE. The filler number matters most and is the one nobody prints — a blend can meet its declared NPK while carrying twenty-five percent inert material a farmer paid to transport and spread, and stating it converts a bag of "10:26:26" into a bag whose whole composition is known. A SAMPLE OF EVERY BATCH IS RETAINED for the season plus a margin, with farmer re-test requests honoured, so a disputed bag can be tested rather than argued about. Formulation targets the DECLARED value rather than the bottom of the legal tolerance band — a distinction worth ₹4.90 crore a year and visible to nobody. And batches outside specification are rejected and recorded, never blended down into a lower grade, because a rejected batch relabelled is a relabelling.

7. The Subsidy, the Diversion, and the Recommendation That Reduces the Sale

Two further problems define this industry, and one of them is a crime.

☐ **SUBSIDISED MATERIAL DIVERTED TO INDUSTRIAL USE IS THIS INDUSTRY'S CHARACTERISTIC CRIME, AND IT IS COMMITTED WITH PAPERWORK.** Urea sold to a farmer at a controlled price is worth substantially more to an industrial buyer, and the gap is public money — so diversion is profitable, prosecutable under the Essential Commodities Act, and executed through documentation rather than through obvious theft: sales recorded against farmers who did not buy, stock reconciliations that never quite close, and material that leaves as fertiliser and arrives as feedstock. So this plant publishes a MONTHLY RECONCILIATION OF SUBSIDISED MATERIAL — opening stock, received, consumed in grades produced, sold with point-of-sale records, and closing stock — with the variance stated and explained. It is the organic-dairy plan's principle applied to public money: where a claim rests entirely on documentation, defend it with arithmetic a third party can check. A plant that cannot reconcile its urea is a plant that is not trying to.

☐ **AND THE HONEST SOIL TEST FREQUENTLY SAYS BUY LESS.** Indian soils are broadly over-dosed with nitrogen — decades of subsidy structure and habit have made urea the default — and short of sulphur, zinc, boron and organic carbon. Which means a genuinely independent soil recommendation will often tell a farmer to reduce his largest single purchase, and that purchase is a fertiliser company's highest-volume product. Every incentive in the industry therefore points toward soil testing as a marketing instrument: a free test, a recommendation that happens to match the catalogue, and a sample that nobody re-checks. So this plant REPORTS RECOMMENDATIONS THAT REDUCED THE FARMER'S PURCHASE — 1,840 in Year 1 rising to 6,200 in Year 3, worth ₹2.60 crore of forgone sales — because a soil-testing service that never advises a smaller order is a marketing instrument wearing a laboratory coat, and the count is the only evidence that it is not.

☐ **BIO-FERTILISER IS SOLD LIVE AND DELIVERED DEAD.** A bio-fertiliser's value is its colony-forming unit count, which decays with time, heat and sunlight — and Indian distribution routinely stores product in tin sheds at

forty-five degrees for months, so a substantial share of what reaches a farmer is biologically inert. He applies it, nothing happens, and he concludes that biological inputs do not work — which is why this category's reputation is so poor and why the conclusion is reasonable. So this plant publishes **CFU AT MANUFACTURE AND GUARANTEED CFU AT EXPIRY**, states the storage conditions the expiry figure assumes, prints a shorter and honest shelf life rather than the category's optimistic one, and tests retained samples at expiry to verify the guarantee.

□ **AND THE DEALER RECOMMENDS WHAT PAYS HIM.** A village dealer is a farmer's primary agronomic adviser and is remunerated by margin, so the product he recommends is systematically the product that pays best rather than the product the soil needs — and the farmer has no idea the advice is compensated. So the **DEALER MARGIN PER PRODUCT IS DISCLOSED** on the price list available at the counter, per the library's commission rule. It is uncomfortable for the dealer, costs some listings, and is the only way a farmer can weigh advice from an interested party.

8. Operations Plan (buy, test, formulate, granulate, publish, deliver)

Raw-material intake

- **Every consignment sampled and tested before unloading** — nutrient content, moisture, granulometry, contaminants — with the laboratory holding acceptance.
- **Rejections recorded with supplier named and disposition documented**, never diverted quietly into a lower grade.
- **Subsidised material received into a separately accounted stream**, reconciled monthly and published.
- **Supplier scoring on rejection history**, with repeat offenders removed rather than discounted.

Formulation and manufacture

- **Formulation targets the DECLARED value, not the tolerance floor**, which is the single largest honesty decision in the plant.
- **Filler content minimised and measured**, with the percentage carried onto the published analysis.
- **Granulation, drying, screening and coating controlled**, with particle size measured because segregation in a blend is a real and invisible failure.
- **Batch identity maintained from raw material to bag**, which is what makes publication and recall possible.

Bio-fertiliser and specialty production

- **Culture propagation under controlled conditions** with CFU verified at manufacture.
- **Guaranteed CFU at expiry established by real storage trials**, not extrapolated from ideal conditions.
- **Shorter honest shelf life printed**, with the storage conditions the guarantee assumes stated on the pack.
- **Retained samples tested at expiry** to verify the guarantee, with failures reported.

Testing, publication and distribution

- **Every batch analysed before release** against its declaration, with out-of-specification batches rejected rather than blended down.
- **Results published against the batch code** within a stated period of despatch.
- **Dealer margin per product disclosed** on the counter price list.

- **Soil-testing service delivering recommendations independent of the catalogue**, with sales-reducing recommendations counted and reported.

The operational hinge is the week phosphate prices spike and every formulation in the plant could be shaded two points toward the tolerance floor. It would be lawful, invisible, worth several crore a year, and no farmer would ever detect it — the effect arrives next season and the rain will take the blame. So the declared value is a system parameter in the formulation software rather than a target a plant manager can adjust, batch release is blocked on an out-of-specification result, and the published batch analysis means a shift in formulation policy would have to appear on a public page. That is the products-brand plan's finding in a different industry: a figure that will be published tomorrow is a figure nobody shades today.

9. Fertiliser Control Order, Subsidy & Operating Compliance (India)

- **Company & tax** — Private Limited, PAN/TAN, GST, factory licence, product-liability insurance, bank guarantees for subsidy and trade.
- **Fertiliser (Control) Order** under the Essential Commodities Act — permitted grades, specifications, tolerance limits, packing, marking and price display; **a declared grade is a legal specification, and a bag below tolerance is a misbranded article with penal consequences rather than a commercial dispute.**
- **Subsidy integrity** — nutrient-based subsidy and direct benefit transfer reporting on receipt, production and sale; **diversion of subsidised material is prosecuted under the Essential Commodities Act and is committed with paperwork rather than trucks.**
- **Claims beyond the FCO** — specialty, bio and micronutrient claims only partly reached by FCO schedules, with Consumer Protection Act and CCPA guidelines filling the gap; **a bio-fertiliser whose CFU has decayed to nothing no longer does what its label says.**
- **Storage & safety** — explosives and storage rules for ammonium nitrate-based materials; factory, boiler and fire compliance; dust and confined-space controls.
- **Environment** — state pollution-control consent for dust, effluent and emissions; hazardous-waste handling.
- **Workforce** — EPF/ESI, POSH, respiratory and chemical-handling protection, and machinery guarding.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Notes
Promoter / managing director	1	1	Owens the declared-value policy and the reconciliation
Quality assurance & laboratory	9	20	Holds intake rejection and batch release; reports to the promoter
Soil-testing laboratory & agronomy	6	16	Recommendations independent of the catalogue
Production — granulation, blending, bagging	38	86	Two shifts in season; declared value as a system parameter
Raw-material procurement & imports	6	13	Cannot overrule a laboratory rejection
Warehousing, logistics & despatch	16	38	Subsidised stream separately accounted
Sales, dealer network & field agronomy	18	46	Field agronomists paid on soil-test quality, not tonnage

Finance, subsidy reconciliation & admin	8	18	Publishes the monthly reconciliation
Total	102	238	Laboratory functions salaried without volume-linked pay

Sixteen people in the soil-testing laboratory and agronomy at Year 3 is a large investment in a function whose most valuable output is a recommendation that reduces revenue — which is exactly why the field agronomists are paid on soil-test quality and follow-up rather than on tonnage moved. An agronomist compensated on sales will produce recommendations that match the catalogue within two seasons, and neither he nor his employer will notice it happening. The quality laboratory is separately staffed and separately reported, because intake rejection and batch release are different decisions from agronomic advice and should not share a manager.

11. Implementation Timeline & Milestones

Phase	Window	Milestones
Land, approvals & build	Month 0–10	Incorporation, FCO registration, pollution consent, plant construction, storage and safety approvals
Plant commissioning	Month 8–14	Granulation, blending, drying, screening and bagging lines; batch identity system
Laboratories & publication	Month 9–15	Quality and soil laboratories; batch analysis publication page; retained-sample store; subsidy reconciliation format
Dealer network	Month 12–22	Appointments with disclosed margins; field agronomy team; soil-testing camps
Specialty & bio range	Month 18–30	Water-solubles, micronutrients and bio-fertilisers with CFU-at-expiry guarantees from real storage trials
Utilisation & scale	Month 26–36	Utilisation to 74%, custom blending for large farms, second season at full dealer strength

Training and competence

- **Laboratory method certification** with inter-analyst comparison, because a published result must not depend on who ran it.
- **Sampling discipline at intake and in the field** — a wrong sample makes every downstream number meaningless and is the step most often rushed.
- **Agronomic advisory training**, including how to deliver a recommendation that reduces a farmer's order and why it is the most valuable thing the company does.
- **Chemical, dust and storage safety**, including ammonium nitrate handling and confined-space procedure.

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions, not forecasts or guarantees. They exist to show the drivers of a fertiliser P&L and how the declaration and subsidy controls move them. Every input is editable. **The defining feature of this model is that raw material is 79% of revenue and is globally priced, while subsidy receipts arrive late — so this is a treasury and procurement business with a granulator attached.**

12.1 Project cost & funding

Item	₹ lakh	Notes
Land, civil works & plant building	320	Dust-managed, fire-compliant, storage-approved
Granulation, drying, screening & coating plant	460	The capacity; utilisation decides the return
Blending, bagging & batch-coding lines	180	Batch identity is what makes publication possible
Quality laboratory & retained-sample store	124	Full FCO analytical capability held in-house
Soil-testing laboratory & field kits	96	The differentiator, and the thing that reduces sales
Raw-material and finished-goods storage	210	Seasonal build; ammonium nitrate storage compliance
Utilities, dust extraction, effluent & power	150	Emissions and effluent consent conditions
Working capital & contingency	100	Seasonal raw-material build, dealer credit, subsidy lag
Total project cost	1,640	₹560L investor + ₹480L WC facility + ₹320L promoter + ₹280L term loan

12.2 Operating metrics

Metric	Yr 1	Yr 2	Yr 3
Batch analysis published against the bag's batch code / filler content stated as a number / retained sample held with farmer re-test honoured	100% / 100% / 100%	100% / 100% / 100%	100% / 100% / 100%
Formulation targeted at DECLARED value rather than tolerance floor / batches REJECTED on specification / rejected batches blended into a lower grade	100% / 94 / NIL	100% / 156 / NIL	100% / 216 / NIL
Monthly subsidised-material reconciliation published / unexplained variance / diversion incidents	100% / NIL / NIL	100% / NIL / NIL	100% / NIL / NIL
Soil recommendations that REDUCED the farmer's purchase / soil reports issued / field agronomists paid on tonnage	1,840 / 9,400 / NIL	3,700 / 21,800 / NIL	6,200 / 38,000 / NIL
Bio-fertiliser CFU published at manufacture AND guaranteed at expiry / expiry-sample tests failing the guarantee / dealer margin disclosed on the counter list	100% / 14 / 100%	100% / 6 / 100%	100% / 2 / 100%
Capacity utilisation / tonnes sold / contribution per tonne / dealer retention	42% / 41,000 / ₹1,860 / n/a	61% / 76,000 / ₹2,340 / 81%	74% / 124,000 / ₹2,720 / 89%

Row four carries the number that proves the soil laboratory is independent: 6,200 recommendations in Year 3 that reduced a farmer's purchase, against 38,000 reports issued — roughly one in six. A fertiliser company's soil-testing service that never advises a smaller order is a marketing instrument wearing a laboratory coat, and this count is the only evidence available that it is not. Row two's rejections rising from 94 to 216 with NIL blended down is the working-gate pattern, and row five's expiry failures falling from 14 to 2 is a guarantee being tested rather than asserted — because a CFU-at-expiry promise that is never verified at expiry is a number on a bag.

12.3 Revenue build

Stream	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)	Driver
NPK complex & blended grades	3,100	5,900	9,800	Volume core; declared-value discipline lives here
Urea, DAP & straight fertiliser trading	1,400	2,600	4,200	Subsidised stream; reconciled and published
Specialty & water-soluble	800	1,540	2,600	Best margin; claims disciplined
Micronutrient & soil-conditioner	480	940	1,600	Answers the real Indian soil deficiency
Bio-fertilisers	280	540	900	CFU guaranteed at expiry, not at manufacture
Soil testing, advisory & custom blending	140	280	500	Small revenue, disproportionate credibility
Total revenue	6,200	11,800	19,600	Illustrative

12.4 P&L summary

Line	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)
Revenue	6,200	11,800	19,600
Raw material — phosphates, potash, nitrogen, fillers, cultures	(5,022)	(9,322)	(15,484)
Packaging & bagging material	(198)	(354)	(568)
Gross profit	980	2,124	3,548
Production & engineering employee cost	(212)	(326)	(504)
Quality laboratory, publication & retained samples	(74)	(94)	(114)
Soil-testing laboratory & field agronomy	(96)	(148)	(226)
Power, fuel, dust extraction & utilities	(184)	(302)	(478)
Warehousing, freight & distribution	(228)	(392)	(624)
Sales, dealer support & marketing	(148)	(238)	(382)
Admin, insurance, professional & other	(142)	(224)	(356)
EBITDA	(104)	400	864
Depreciation & amortisation	(148)	(164)	(182)
Finance cost	(186)	(248)	(318)
Other income — toll blending, bagging services, by-product, freight recovery (<i>disclosed</i>)	248	386	551
PBT	(190)	374	915
Tax	48	(156)	(229)
PAT	(142)	218	686
Net margin	(2.3%)	1.8%	3.5%

ROCE	(9.6%)	17.4%	31.2%
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Raw material at ₹154.84 crore is 79% of revenue and globally priced, which is why net margin is 3.5% and ROCE rather than margin is the measure this business should be judged on. Finance cost at ₹3.18 crore is unusually large for the revenue and is the honest signature of a subsidy-carrying, seasonal business: material is bought ahead of a season, sold on dealer credit, and part of the price arrives as a subsidy receipt months later. The two laboratory lines together cost ₹3.40 crore — 1.7% of revenue — against ₹4.90 crore of gross margin forgone by formulating to declaration and ₹2.60 crore of sales forgone by honest soil advice, which is the complete price of this plan's position stated in one place.

12.5 Contribution per tonne, by grade

Product (Yr 3)	Tonnes	Realisation / tonne	Contribution / tonne	Note
NPK complex & blends	72,000	₹13,610	₹2,180	Volume core; declared-value discipline
Urea, DAP & straights	38,000	₹11,050	₹960	Subsidised; thin and reconciled
Specialty & water-soluble	7,400	₹35,140	₹8,420	Where claim discipline costs most
Micronutrient & soil conditioner	4,900	₹32,650	₹9,180	Best margin; least detectable if under-dosed
Bio-fertilisers	1,700	₹52,940	₹11,600	CFU guarantee is the whole product
Blended	124,000	₹15,400	₹2,720	Describes none of the rows above

The micronutrient row repeats the cattle-feed plan's warning exactly and deserves the same treatment: the best contribution per tonne in the plant sits on the product whose under-dosing is least detectable by anybody. A zinc or boron mixture at half its declared content costs a fraction to make, produces no visible failure, and its absence shows up years later as a deficiency somebody attributes to the soil. **HIGH MARGIN PLUS ZERO DETECTABILITY IS A STANDING WARNING FLAG RATHER THAN AN OPPORTUNITY** — so micronutrient dosing is assayed on every batch and published like everything else, and the fact that it is the most profitable line is precisely the reason.

12.6 Break-even & sensitivity

Scenario	Yr 3 revenue	Yr 3 PAT	Comment
Base	₹196.0cr	₹6.86cr	As modelled
Raw-material cost up 8% unrecovered	₹196.0cr	₹1.63cr	79% of revenue; the dominant sensitivity
Formulating to tolerance floor instead of declaration	₹196.0cr	₹10.53cr	The cost of the position, stated as a number
Utilisation 74% → 58%	₹156.8cr	₹2.94cr	Fixed-cost plant; seasonal exposure
Subsidy receipt delayed one quarter	₹196.0cr	₹5.42cr	Finance cost; the treasury reality
Specialty and micronutrient mix down 4 points	₹188.2cr	₹4.31cr	The high-contribution lines carry the result

13. Funding Requirement & Bankability

Source	₹ lakh	Terms (indicative)
Investor equity	560	Growth capital; utilisation and quality covenants
Working-capital facility	480	Seasonal raw-material build, dealer credit and subsidy lag
Promoter contribution	320	Cash and land
Term loan	280	Plant, storage and laboratories; 7–8 years
Total	1,640	Illustrative structure

The bankability case rests on utilisation and on the working-capital cycle, and a lender should treat the subsidy receivable as the central exposure rather than as a government-backed comfort. Subsidy claims are subject to verification, reconciliation and administrative timing, so they are slow, occasionally contested, and consume limits for months — which is why this plan publishes its reconciliation monthly: an operator whose subsidy accounting is auditable in public is an operator whose receivable is more likely to be paid on time and less likely to be disallowed. The batch-publication and retained-sample discipline carries a second, credit-relevant benefit: an FCO prosecution for a misbranded grade can suspend a manufacturer's registration, which would end the business regardless of its P&L.

- **Use of funds** — 28% granulation plant, 20% land and building, 13% storage, 11% blending and bagging, 9% utilities and dust extraction, 8% quality laboratory, 6% soil laboratory, balance working capital.
- **Repayment** — term loan from Year 3 cash flow with a moratorium through commissioning and the first full season; working-capital facility revolving against the seasonal cycle and subsidy receipts.
- **Investor exit** — strategic sale to a national fertiliser or agri-input group seeking regional capacity and a credible agronomy franchise, or a promoter buyback once utilisation matures.

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
Under-formulation the farmer can never detect	Nutrient content is invisible, the effect arrives a season later, and a shortfall is indistinguishable from a bad monsoon — so under-formulation is not merely undetected but UNPUNISHED, because a farmer who cannot attribute a failure has no basis for switching and the market signal that disciplines other industries is absent	EVERY BATCH ANALYSIS PUBLISHED AGAINST THE BAG'S BATCH CODE — N, P, K, S, micronutrients, moisture, particle size and FILLER CONTENT AS A PERCENTAGE, the number nobody prints and the one that separates nutrition from ballast; a RETAINED SAMPLE of every batch for the season plus a margin with farmer re-test requests honoured; formulation targeting the DECLARED value rather than the legal tolerance floor, a distinction worth ₹4.90 crore a year and visible to nobody; and batches outside specification rejected (94 → 216) with NIL blended down

The week phosphate prices spike	Every formulation could be shaded two points toward the tolerance floor — lawful, invisible, worth several crore, and no farmer would ever detect it because the effect arrives next season and the rain takes the blame	The declared value is a SYSTEM PARAMETER in the formulation software rather than a target a plant manager can adjust; batch release is blocked on an out-of-specification result; and the published batch analysis means a shift in formulation policy would have to appear on a public page — a figure that will be published tomorrow is a figure nobody shades today
Diversion of subsidised material	Urea sold at a controlled price is worth substantially more industrially, and the gap is public money — so diversion is profitable, prosecutable under the Essential Commodities Act, and executed through documentation rather than obvious theft	MONTHLY RECONCILIATION OF SUBSIDISED MATERIAL PUBLISHED — opening stock, received, consumed in grades, sold with point-of-sale records, closing stock — with variance stated and explained; subsidised material received into a separately accounted stream; and the principle applied that where a claim rests entirely on documentation it must be defended by arithmetic a third party can check. A plant that cannot reconcile its urea is a plant that is not trying to
Soil testing as a marketing instrument	Indian soils are over-dosed with nitrogen and short of sulphur and micronutrients, so an honest recommendation frequently tells a farmer to reduce his largest purchase — which is the company's highest-volume product, and every incentive points toward a test whose findings match the catalogue	RECOMMENDATIONS THAT REDUCED THE FARMER'S PURCHASE REPORTED — 1,840 rising to 6,200, roughly one report in six, worth ₹2.60 crore of forgone sales; field agronomists paid on soil-test quality and follow-up rather than on TONNAGE, because an agronomist compensated on sales will produce catalogue-matching recommendations within two seasons and neither he nor his employer will notice; and the soil laboratory staffed and reported separately from quality
Bio-fertiliser sold live and delivered dead	CFU counts decay with time, heat and sunlight, and Indian distribution stores product in tin sheds at 45°C for months — so the farmer applies it, nothing happens, and he concludes biological inputs do not work, which is why the category's reputation is poor and the conclusion is reasonable	CFU PUBLISHED AT MANUFACTURE AND GUARANTEED AT EXPIRY, with the guarantee established by REAL STORAGE TRIALS rather than extrapolated from ideal conditions; a shorter honest shelf life printed rather than the category's optimistic one; storage conditions the guarantee assumes stated on the pack; and retained samples TESTED AT EXPIRY to verify it, with failures reported (14 → 2) — because a CFU-at-expiry promise never verified at expiry is a number on a bag
Micronutrient under-dosing	The best contribution per tonne in the plant sits on the product whose under-dosing is least detectable — half-strength zinc produces no visible failure and shows up years later as a deficiency blamed on the soil	Micronutrient dosing assayed on every batch and published like everything else; the combination of high margin and zero detectability treated as a standing warning flag rather than an opportunity, per the cattle-feed plan; and mixer uniformity validated rather than assumed
Raw material, currency and subsidy timing	Raw material is 79% of revenue and globally priced; an 8% unrecovered rise removes 76% of Year-3 profit, and a one-quarter subsidy delay removes ₹1.44 crore	Seasonal buying into owned storage sized for it; forward and currency cover on core inputs where available; grade mix shifted toward specialty and micronutrient contribution which is less commodity-exposed; working-capital facility sized to the subsidy lag rather than to average need; and pricing reviewed on a stated cycle within FCO constraints

Dealer credit and channel advice	Inputs move on credit against a harvest that has not happened, and the dealer who advises the farmer is paid by margin — so the recommendation is systematically the product that pays best	DEALER MARGIN PER PRODUCT DISCLOSED on the counter price list per the library's commission rule, so a farmer can weigh advice from an interested party; credit limits set and released by finance rather than by sales; institutional and direct-farm channels grown to reduce channel dependence; and receivable ageing reviewed weekly through the season
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15. SWOT Analysis

Strengths • Batch analysis published against the bag code, filler stated as a number • Formulation to declaration, not to the tolerance floor • Subsidised-material reconciliation published monthly • 6,200 soil recommendations that reduced the farmer's purchase • Bio-fertiliser CFU guaranteed at expiry and verified	Weaknesses • Costs more than competitors who formulate to tolerance • Soil advice deliberately reduces revenue • Raw material is 79% of revenue and globally priced • Heavy working-capital cycle with subsidy lag
Opportunities • Genuine nutrient imbalance creating specialty and micronutrient demand • Soil health card programmes making soil status legible • Horticulture and high-value crops that verify and pay • Fertigation growth alongside micro-irrigation • Toll blending and bagging monetising off-season capacity	Threats • Raw-material and currency shocks against controlled prices • Subsidy policy or disbursement change • Spurious material destroying category trust • An FCO prosecution suspending registration

16. Recommended AiSevak Tools for This Business

- **Batch analysis & publication system** — results tied to the bag's batch code, with filler percentage, published where a farmer can reach them.
- **Formulation guard** — declared value as a system parameter, with release blocked on an out-of-specification result.
- **Subsidised-material reconciliation** — opening, receipts, consumption, sales and closing, published monthly with variance explained.
- **Retained-sample register** — sample per batch, storage location, farmer re-test requests and outcomes.
- **Soil-test & recommendation tracker** — reports issued, recommendations that reduced the order, follow-up outcomes.
- **CFU & expiry verification log** — manufacture and expiry counts, storage trials, failures against the guarantee.
- **Dealer margin & credit register** — disclosed margins on the counter list, limits, ageing and season exposure.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, tonnage, utilisation, raw-material cost and headcount are editable inputs; actual outcomes depend on region, crop pattern, subsidy policy and commodity prices. Figures are in Indian rupees.

- **This plan is the anchor of the agri-inputs vertical.** The conventions established here — publishing a measurement at the time of sale where the effect arrives a season later, stating filler and inert content as numbers, retaining samples so the buyer can test the seller, reconciling subsidised material in public, disclosing dealer margin, and reporting the advice that reduced the sale — are inherited and cross-referenced by the nine plans that follow rather than re-derived in each.
- **The central integrity finding is that the nutrient content is invisible, the effect arrives months later, and a shortfall is indistinguishable from a bad monsoon.** A farmer has no laboratory, no control plot, and no way to isolate fertiliser as the variable in a season containing rainfall, temperature, seed and pest pressure — so he attributes a poor yield to the weather, which is the honest inference available to him. **And the commercially decisive consequence is that he then buys the same brand again, because he has no basis to change: UNDER-FORMULATION IS NOT MERELY UNDETECTED BUT UNPUNISHED.** The market signal that disciplines other industries — customers leaving after a bad experience — is absent because the customer cannot tell there was one, which is why tolerance-shading and filler-loading persist across decades rather than being competed away. **WHERE THE EFFECT IS SEPARATED FROM THE CAUSE BY A SEASON, THE ONLY HONEST CONTROL IS A MEASUREMENT PUBLISHED AT THE TIME OF SALE.**
- **So every batch analysis is published against the batch code printed on the bag** — nitrogen, phosphorus, potassium, sulphur, declared micronutrients, moisture, particle size and FILLER CONTENT AS A PERCENTAGE. **The filler number matters most and is the one nobody prints: a blend can meet its declared NPK while carrying twenty-five percent inert material a farmer paid to buy, transport and spread, and stating it converts a bag of "10:26:26" into a bag whose whole composition is known.** A sample of every batch is retained for the season plus a margin with farmer re-test requests honoured; formulation targets the DECLARED value rather than the legal tolerance floor, a distinction worth ₹4.90 crore a year and visible to nobody; and out-of-specification batches are rejected with NIL blended down, because a rejected batch relabelled is a relabelling.
- **The control exists for the week phosphate prices spike.** Every formulation could be shaded two points toward the tolerance floor — lawful, invisible, worth several crore, and undetectable because the effect arrives next season and the rain takes the blame. **So the declared value is a system parameter in the formulation software rather than a target a plant manager can adjust, release is blocked on an out-of-specification result, and the published analysis means a change in policy would have to appear on a public page: a figure that will be published tomorrow is a figure nobody shades today.**
- **Diversion of subsidised material is this industry's characteristic crime, and it is committed with paperwork.** Urea sold at a controlled price is worth substantially more industrially and the gap is public money, so the offence is executed through sales recorded against farmers who did not buy and reconciliations that never quite close. **A monthly reconciliation of subsidised material is published — opening stock, received, consumed in grades, sold with point-of-sale records, closing stock, variance stated and explained. It is the organic-dairy plan's principle applied to public money: where a claim rests entirely on documentation, defend it with arithmetic a third party can check. A plant that cannot reconcile its urea is a plant that is not trying to.**
- **The honest soil test frequently says buy less, and that is the point of having one.** Indian soils are broadly over-dosed with nitrogen and short of sulphur, zinc, boron and organic carbon, so an independent recommendation often tells a farmer to reduce his largest single purchase — which happens to be a fertiliser company's highest-volume product. **Every incentive therefore points toward soil testing as a marketing instrument. So recommendations that reduced the farmer's purchase are reported: 1,840 rising to 6,200, about one report in six, worth ₹2.60 crore of forgone sales — because a soil-testing service that never advises a smaller order is a marketing instrument wearing a laboratory coat, and the count is the only evidence that it is not. Field agronomists are paid on soil-test quality and follow-up rather than on tonnage, since one compensated on sales will produce catalogue-matching recommendations within two seasons without anybody noticing.**

- **Bio-fertiliser is sold live and delivered dead, which is why the category is distrusted.** CFU counts decay with time, heat and sunlight, and Indian distribution routinely holds product in tin sheds at forty-five degrees for months, so a substantial share arrives biologically inert — the farmer applies it, nothing happens, and he concludes that biological inputs do not work. **That conclusion is not prejudice; it is an accurate summary of his experience. So CFU is published at manufacture AND guaranteed at expiry, with the guarantee established by real storage trials rather than extrapolated from ideal conditions, a shorter honest shelf life printed, storage conditions stated, and retained samples tested at expiry to verify it — failures falling from 14 to 2, because a guarantee never verified at expiry is a number on a bag.**
- **Two further disciplines carry across the vertical.** The micronutrient line has the best contribution per tonne in the plant and the least detectable failure mode — half-strength zinc costs a fraction, produces no visible effect, and surfaces years later as a deficiency blamed on the soil — so HIGH MARGIN PLUS ZERO DETECTABILITY IS TREATED AS A STANDING WARNING FLAG RATHER THAN AN OPPORTUNITY, exactly as in the cattle-feed plan. **And the dealer who advises the farmer is paid by margin, so his recommendation is systematically the product that pays best — which is why dealer margin per product is disclosed on the counter price list, uncomfortably, as the only way a farmer can weigh advice from an interested party. The complete cost of this plan's position is ₹4.90 crore of gross margin from formulating to declaration, ₹2.60 crore of sales from honest soil advice, ₹1.80 crore from declined specialty claims, and ₹3.40 crore of laboratory cost — against ₹58.80 crore of institutional and horticulture revenue that a company without published analyses cannot reach.**
- **Compliance is unusually tight and is not the same thing as honesty.** The Fertiliser (Control) Order under the Essential Commodities Act prescribing permitted grades, specifications, tolerance limits, packing, marking and price display — where a declared grade is a legal specification and a bag below tolerance is a misbranded article with penal consequences, and where an FCO prosecution can suspend a manufacturer's registration entirely; nutrient-based subsidy and direct benefit transfer reporting, with diversion prosecuted under the Essential Commodities Act; Consumer Protection Act and CCPA guidelines filling the gap on specialty, bio and micronutrient claims the FCO schedules only partly reach; explosives and storage rules for ammonium nitrate-based materials; factory, boiler, fire, dust and confined-space compliance; state pollution-control consent for dust, effluent and emissions; GST; and EPF/ESI and POSH. Professional advice should be taken on the specific grades, subsidy participation and label claims.

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