



B U S I N E S S P L A N · I N D I A

Food-Export Business

One standard for all output - because a rejected export lot does not disappear

FOOD SERVICE

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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 **Food-Export Business** in India — export of spices and blends, processed and ready-to-eat foods, rice, pulses and staples, snacks and confectionery, plus private-label manufacture for overseas retailers and a documentation, compliance and consolidation service for smaller exporters, shipping roughly 9,170 tonnes a year to 24 destinations by Year 3.

This plan closes the food-service vertical, and it returns to the anchor's founding rule in a setting that tests it harder than any other. **The anchor established that where harm is rare, delayed and untraceable the leading-indicator rate must be published, because the outcome never teaches you anything in time. An exporter has the opposite problem: for half his output the outcome arrives with brutal clarity at a foreign border, and for the other half it never arrives at all.**

☐ **AN EXPORTER FACES TWO DIFFERENT STANDARDS FOR THE SAME PRODUCT, AND THE ECONOMICALLY RATIONAL RESPONSE IS TO SORT.** Destination limits on pesticide residues, aflatoxin, heavy metals and permitted additives are frequently far stricter than Indian ones, and a consignment bound for a port that will test it is treated with a care that a consignment bound for a domestic wholesaler will not receive. The trade's settled practice follows directly: material is graded into "export quality" and everything else, the good lots go abroad, and — the part nobody says aloud — **A LOT THAT FAILS AN EXPORT TEST DOES NOT DISAPPEAR.** It is sold domestically, where nobody will test it, at a lower price and with no further questions. The exporter has not broken any Indian law, the buyer at home has no way to know, and the practice is so normal that "export quality" is a marketing phrase in Indian domestic retail — an advertisement, in effect, for the existence of the sorting. So this business **HOLDS ONE STANDARD FOR ALL OUTPUT AT THE STRICTER OF THE TWO LIMITS, TESTS EVERY LOT AGAINST THE STRICTEST DESTINATION MRL REGARDLESS OF WHERE IT IS GOING, MAINTAINS NO SEPARATE "EXPORT GRADE", and NEVER DIVERTS A FAILED CONSIGNMENT TO THE DOMESTIC MARKET —** destroying or returning to non-food use instead. **WHERE TWO MARKETS APPLY DIFFERENT STANDARDS TO THE SAME PRODUCT, HOLD ONE STANDARD — OR YOU ARE SELLING YOUR OWN COUNTRY WHAT ANOTHER ONE REFUSED.**

☐ **AND THE EXPORTER'S FAILURES ARE ALREADY PUBLIC — ABROAD.** Destination border-rejection databases record consignment refusals by exporter, product and reason, so a European or American buyer can look up an Indian supplier's rejection history in minutes while an Indian buyer cannot. So this business **PUBLISHES ITS OWN REJECTION RECORD —** border rejections, value and cause — alongside the destination entries, in India as well as abroad.

☐ **AND A SOCIAL AUDIT THAT WAS PURCHASED IS NOT AN AUDIT.** Buyer-required ethical certifications are routinely obtained in India without a meaningful site visit, which converts a worker-protection instrument into a document. Every social and ethical audit here is **THIRD-PARTY VERIFIED WITH THE FULL REPORT SHARED WITH BUYERS,** and worker wage and hours are verified at grower level for 79% of volume.

This plan models an operator requiring **₹9.80 crore** (₹3.60 crore investor + ₹3.80 crore term loan + ₹1.60 crore promoter + ₹80 lakh working capital), moving from **₹18.00 crore revenue and an ₹86 lakh loss** to **₹82.00 crore revenue and ₹5.74 crore profit** by Year 3 — a 7.0% net margin and 34.8% return on capital. (Food export — figures illustrative.)

2. Business Description, Vision & Legal Structure

Concept: An exporter with one grade.

Vision: To make "export quality" a redundant phrase in our own supply chain.

Mission: Test everything to the strictest limit that applies anywhere we ship; keep no second grade; never sell at home what a border refused; publish our rejection record in India as well as abroad; trace residue to the farm; and verify the social audit rather than buy it.

Legal structure

- **Private Limited** — recommended. IEC registration, APEDA/Spices Board registration, buyer contracts, letters of credit and outside capital all assume it.
- **Proprietorship** — workable for a trading intermediary, and unsuited to a business holding destination approvals and buyer audits.
- **Laboratory with authority to condemn a lot, reporting to the promoter — because a lot that fails an export test has a ready domestic buyer, and the person who knows that cannot be the person deciding.**

Regulatory anchor: a business governed simultaneously by Indian law and by whichever destination is strictest, with almost nothing connecting the two. **Indian requirements include IEC registration, APEDA or Spices Board registration by commodity, FSSAI licensing for manufacture, and the FSS (Import/Export) framework — while DESTINATION requirements govern what actually determines a consignment's fate: EU and US maximum residue limits, aflatoxin ceilings, heavy-metal limits, permitted additives and colour, labelling in the destination's format and language, and increasingly documentary sustainability and deforestation requirements. The decisive structural fact is that these two bodies of rules do not talk to each other: a lot rejected at Rotterdam faces NO Indian regulatory consequence, no notification to any Indian authority follows automatically, and nothing prevents the same material being sold domestically the following week. Border rejections are, however, published in destination databases by exporter and cause, so the record exists — it simply is not visible in the country where the goods originated. Buyer-imposed requirements (BRCGS, FSSC, SEDEX, BSCI) function as private regulation with real commercial force and no statutory basis.** Then: customs, drawback and export incentives; currency and FEMA realisation; letters of credit and payment risk; and EPF/ESI and POSH.

3. Promoter & Ownership

Led by a promoter with food export, commodity trading or processing background. Three competences decide outcomes. *Destination regulatory literacy*, because MRLs and additive rules change without notice and a consignment shipped against last year's limit is a rejection waiting at a port six weeks away. *Sourcing at specification*, since residue is determined in a field months before anybody tests for it and cannot be corrected at the packhouse. And *the discipline to destroy rather than divert*, which is where this plan's entire proposition sits and which costs real money on every failed lot. Ownership, equity & investor terms are editable inputs; **the laboratory reports to the promoter, holds sole authority over a failed lot's disposal, and the destination of every rejected lot is recorded.**

4. Market Analysis — India

India is a very large food exporter with a rejection record that is public everywhere except at home.

Demand drivers

- **Diaspora demand** across the Gulf, North America, the UK and Australia.

- **Mainstream adoption of Indian cuisine** in Western retail and food service.
- **Retailer private-label programmes** sourcing directly from origin.
- **Ingredient demand** from overseas manufacturers for spices, pulses and processed inputs.
- **Cost and scale advantage** in production and processing.
- **Buyer consolidation** favouring suppliers who can pass audits without remediation.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Indian processed and packaged food export	Very large and growing
SAM	Buyers whose limits we can meet on every lot , not on selected lots	Bounded by COMPLIANT SUPPLY, not by demand
SOM (Yr 1-3)	Tonnes shipped across destinations	₹18cr → ₹82cr; 2,060 → 9,170 tonnes; 24 destinations

Revenue mix and share (Year 3)

Stream	Share of revenue	Why it is there
Spices & spice blends	35.0%	₹34,000 contribution per tonne; the residue question
Processed & ready-to-eat foods	24.0%	₹52,000 per tonne; highest value, strictest additive rules
Rice, pulses & staples	18.0%	₹14,000 per tonne; volume and freight-sensitive
Snacks, sweets & confectionery	12.0%	₹44,000 per tonne; diaspora-led demand
Private label for overseas retailers	8.0%	₹21,000 per tonne; buyers who audit us
Documentation, compliance & consolidation services	3.0%	Sells the capability to smaller exporters

Private label at 8% of revenue carries the lowest contribution per tonne and is strategically the most valuable line in the business, because those buyers AUDIT. A European retailer putting its own name on a product sends people to the plant, reads the residue file, checks the social audit and returns annually — which makes it the only customer relationship in this business that constitutes independent verification rather than a purchase order. The services line at 3% sells the compliance capability to smaller exporters who cannot build a laboratory, and it has an effect the revenue does not capture: it raises the standard of the consignments leaving alongside ours from the same ports, which is where India's collective rejection record is actually made.

Constraints

- **Compliant supply**, which is scarcer than demand and is determined in the field.
- **Destination rule changes**, which arrive without notice and apply to goods already in transit.
- **Freight and currency**, which move independently of anything the exporter controls.
- **Payment risk** across 24 destinations with varying enforceability.

5. Competition & Position

Competitor type	Strength	Weakness this plan exploits
Large established food exporters	Scale, buyer relationships, freight rates, working capital	Two grades maintained; failed export lots sold domestically
Trading intermediaries and merchant exporters	Asset-light, flexible, fast to quote	No laboratory; no traceability past the supplier's invoice
Overseas importers sourcing directly	Buyer proximity, market knowledge, capital	No origin control; residue determined before they see it
Domestic manufacturers exporting opportunistically	Existing plant, incremental volume	Destination rules learned by rejection
This plan	One standard, no second grade, no domestic diversion of failed lots, rejection record published in India	Higher cost per tonne; rejects lots that would sell at home

The positioning is aimed at buyers who audit, and it makes an unusual claim: not that our export consignments are good, which every exporter says, but that we have **NO OTHER GRADE**. A buyer who has spent years in Indian sourcing understands immediately what that means — it removes the mechanism by which a supplier's export quality is subsidised by his domestic sales, and it means the residue programme has to work on everything rather than on the containers that will be tested. It is also checkable: a buyer can compare our domestic product's assay against our export specification and find them identical. Buyer retention at 88% and audit pass without remediation at 94% follow from it, and in export both are worth more than price, because a rejected container costs a buyer his shelf date.

The cost of the honest position is stated in rupees rather than implied. Holding one standard — testing all output to the strictest destination limit and rejecting lots that would pass comfortably in India — cost an estimated ₹3.86 crore of Year-3 margin, the largest item by a distance. Never diverting a failed consignment to the domestic market, and destroying or returning it to non-food use instead, cost ₹1.42 crore. Farm-level traceability and the grower programme that makes residue controllable cost ₹98 lakh. Third-party verified social audits rather than purchased certificates cost ₹64 lakh. Against that: one border rejection in Year 3 against three in Year 1, a private-label book that exists because the audits pass, and a services line selling the same capability to exporters who would otherwise ship on hope.

6. Two Standards for the Same Product

This is the finding, and its ugliness is that every step is individually lawful.

Step	What happens	Is it lawful in India?
A lot is tested against a destination MRL	It fails on a pesticide residue	Yes
The consignment is not shipped	The exporter avoids a border rejection	Yes — prudent, even
The lot is re-tested against Indian limits	It passes, because the limit is higher	Yes
The lot is sold to a domestic wholesaler	At a lower price, with no disclosure	Yes
Nobody tests it again	It reaches an Indian household	Yes

"Export quality" is used in domestic marketing

An advertisement for the existence of the sorting

Read the third column: nothing on that list is a violation of Indian law, and most of it is ordinary commercial prudence. That is what makes the practice universal rather than furtive — an exporter who declines a shipment because it fails a European limit and then sells the same material at home has behaved correctly at every individual step, and would be genuinely puzzled to be told otherwise. The two regulatory systems simply do not connect: a rejection at Rotterdam produces no Indian consequence, triggers no notification, and leaves the goods entirely saleable in the country they came from. And the last row is the tell — "export quality" has become a domestic marketing phrase in India precisely because everybody understands there are two grades, which means the sorting is not a secret but an advertised feature of the market.

So the sorting mechanism is removed rather than managed. ONE STANDARD APPLIES TO ALL OUTPUT, SET AT THE STRICTER OF THE DESTINATION AND INDIAN LIMIT, and every lot is TESTED AGAINST THE STRICTEST DESTINATION MRL WE SHIP TO REGARDLESS OF WHERE THAT PARTICULAR LOT IS GOING — so the domestic customer receives material that met a European limit. NO SEPARATE "EXPORT GRADE" IS MAINTAINED, which removes the possibility rather than policing it. AND NO LOT THAT FAILS IS EVER DIVERTED TO THE DOMESTIC MARKET: 520 lots were rejected in-house in Year 3 and every one was destroyed or returned to the grower for non-food use, with the disposal of each recorded. WHERE TWO MARKETS APPLY DIFFERENT STANDARDS TO THE SAME PRODUCT, HOLD ONE STANDARD — OR YOU ARE SELLING YOUR OWN COUNTRY WHAT ANOTHER ONE REFUSED. It costs ₹5.28 crore across the two commitments, against ₹5.74 crore of profit.

7. The Public Record, the Field and the Purchased Audit

Three further commitments, the first of which corrects an asymmetry rather than a practice.

☐ **THE EXPORTER'S FAILURES ARE ALREADY PUBLIC — IN OTHER COUNTRIES.** Destination border-rejection systems record consignment refusals by exporter, product and reason, and they are searchable: a European or American buyer can pull up an Indian supplier's rejection history before the first telephone call, while an Indian buyer of the same supplier's domestic product cannot find anything at all. The information exists; it is simply held in the wrong country. So this business PUBLISHES ITS OWN REJECTION RECORD IN INDIA AS WELL AS ABROAD — border rejections, consignment value and stated cause, alongside the corresponding destination-database entries — because a record that is public to a Dutch importer and invisible to a Delhi wholesaler is not really public. One rejection in Year 3 against three in Year 1, with the cause and disposal of each stated.

☐ **RESIDUE IS DETERMINED IN A FIELD MONTHS BEFORE ANYBODY TESTS FOR IT.** No packhouse process removes a pesticide applied at flowering, so an exporter testing at despatch is measuring a decision somebody else made in another season — which means the only real control is upstream and the only real evidence is traceability. So RESIDUE IS TESTED PER LOT, TRACEABILITY REACHES THE FARM AND THE LOT for 88% of volume through a grower programme, growers are trained on approved molecules and pre-harvest intervals, and 28 SUPPLIERS WERE DE-LISTED on residue failure rather than merely having the lot rejected. Rejecting a lot addresses one consignment; de-listing addresses the source, and per the spice plan's rule a rejected lot returned to a supplier is simply sold to somebody else.

☐ **AND A SOCIAL AUDIT THAT WAS PURCHASED IS NOT AN AUDIT.** Buyer-required ethical certifications are routinely obtained in India with a nominal or announced visit, pre-prepared records and a fee — which

converts a worker-protection instrument into a document, and leaves the buyer believing something has been verified that has not. So every social and ethical audit here is **UNANNOUNCED WHERE THE SCHEME PERMITS, THIRD-PARTY VERIFIED, AND THE FULL REPORT INCLUDING NON-CONFORMANCES IS SHARED WITH BUYERS** rather than the certificate alone. Worker wage and hours are verified at **GROWER** level, not only at the packhouse, for 79% of volume — because the labour conditions a European buyer is asking about are mostly in a field rather than on our factory floor.

□ **AND THE DESTINATION RULE CHANGES WITHOUT WARNING.** An MRL revision or an additive delisting applies to goods already in transit, so destination regulatory monitoring is a standing function rather than an annual review, and buyers are notified of a change affecting their shipment before they discover it at their own border.

8. Operations Plan (source, test, process, document, ship)

Sourcing

- **Grower programme with farm and lot traceability**, reaching 88% of volume.
- **Growers trained on approved molecules and pre-harvest intervals**, since residue cannot be removed later.
- **Suppliers de-listed on residue failure**, not merely the lot rejected — 28 in Year 3.
- **One purchase specification**, set at the strictest destination limit, for all output.

Testing and disposal

- **Every lot tested against the strictest destination MRL**, regardless of the lot's intended market.
- **Aflatoxin, heavy metals, micro and additive screening** per commodity and destination.
- **Failed lots destroyed or returned for non-food use**, with disposal recorded per lot.
- **No diversion of a failed lot to the domestic market, ever.**

Processing and documentation

- **Destination labelling, language and format prepared per market** rather than adapted at the last stage.
- **Additive and colour compliance checked against the destination list**, which differs from India's.
- **Certificates of analysis issued per consignment** with retained samples held.
- **Destination regulatory changes monitored continuously**, with buyers notified before their border does.

Shipping and buyer relations

- **Social and ethical audits third-party verified with the full report shared.**
- **Our own rejection record published in India as well as abroad.**
- **Payment terms and currency exposure managed per destination.**
- **Contribution reported per destination and per commodity, never blended.**

The operational hinge is a forty-tonne turmeric lot that fails a European MRL by a small margin, passes the Indian limit comfortably, and has a domestic buyer who will take it this week at eighteen per cent below the export price. Selling it is lawful, recovers most of the value, harms nobody detectably, and is what the entire trade does — and the person proposing it is not being cynical, he is doing his job. So the disposal decision belongs to the **LABORATORY** rather than to commercial, the only permitted outcomes are destruction or return for non-food use, the **DISPOSAL OF EVERY REJECTED LOT IS RECORDED**, and the cost is published as a line

rather than absorbed. The system refuses rather than warns, because a policy against domestic diversion that permits a case-by-case judgement will produce a case-by-case judgement every time the price is right.

9. Export, Destination & Operating Compliance (India)

- **Indian requirements** — IEC registration, APEDA or Spices Board registration by commodity, FSSAI manufacturing licence, and the FSS (Import/Export) framework; customs, drawback and export incentives; FEMA realisation timelines.
- **Destination requirements** — what actually determines a consignment's fate: EU and US maximum residue limits, aflatoxin ceilings, heavy-metal limits, permitted additives and colours, destination-format labelling and language, and increasingly documentary sustainability and deforestation requirements.
- **The structural gap** — the two bodies of rules **DO NOT CONNECT**: a lot rejected at Rotterdam faces **NO** Indian regulatory consequence, triggers no automatic notification to any Indian authority, and nothing prevents the same material being sold domestically the following week.
- **The public record** — border rejections **ARE** published in destination databases by exporter and cause, so the record exists; it is simply not visible in the country where the goods originated.
- **Private regulation** — buyer-imposed schemes (BRCGS, FSSC, SEDEX, BSCI) carry real commercial force and no statutory basis; **and a certification obtained without a meaningful visit is a document rather than a verification.**
- **Commercial** — letters of credit, payment risk across destinations, currency exposure and freight contracting.
- **Workforce** — EPF/ESI, POSH, and wage and hours verification extending to grower level where buyers require it.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Notes
Promoter / managing director	1	1	Owens the one-standard and no-diversion rules
Processing, packhouse & packing	48	136	One specification for all output
Laboratory — residue, aflatoxin, metals, micro	8	22	Reports to promoter; sole authority on disposal
Grower programme & farm traceability	6	18	Residue is decided in the field, not the packhouse
Destination regulatory monitoring & documentation	4	12	Rules change and apply to goods in transit
Buyer relations, audits & private label	4	12	The customers who verify rather than order
Logistics, freight & customs	5	14	Across 24 destinations
Finance, HR & admin	5	15	Publishes the rejection record in India too
Total	81	230	Laboratory, growers and regulatory at 22% of headcount

Twenty-two per cent of headcount in the laboratory, the grower programme and destination regulatory monitoring is far above trade practice, and each of the three exists because the others cannot work alone. The laboratory detects what the grower programme should have prevented; the grower programme cannot be designed without knowing which destination limit binds; and destination monitoring is useless if the sourcing specification is set to Indian limits. The laboratory reports to the promoter and holds **SOLE** authority over a failed lot's disposal, for the reason this plan exists: a failed lot has a ready domestic buyer, and the person who knows that must not be the person deciding what happens to it.

11. Implementation Timeline & Milestones

Phase	Window	Milestones
Formation & registrations	Month 0–6	Incorporation, IEC, APEDA/Spices Board, FSSAI, first destinations
One-standard framework	Month 2–9	Single purchase specification at strictest limit; no export grade; disposal rule live
Laboratory & grower programme	Month 4–14	Residue, aflatoxin and metals capability; farm traceability begun
Buyer audits & private label	Month 10–22	BRCGS/FSSC readiness; verified social audits; first private-label contract
Destination expansion	Month 14–30	16 then 24 destinations; regulatory monitoring function established
Scale & publication	Month 26–36	9,170 tonnes; rejection record published in India; 88% farm traceability

Training and competence

- **Destination MRL and additive literacy** for sourcing and documentation staff.
- **Grower training on approved molecules and pre-harvest intervals**, delivered in the field.
- **Analytical method discipline** for residue and aflatoxin, with proficiency testing.
- **Audit conduct** — presenting non-conformances to a buyer rather than concealing them.

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions, not forecasts or guarantees. They exist to show the drivers of a food-export P&L and how the one-standard, disposal and traceability disciplines move them. Every input is editable. **The defining economics are a thin gross margin against high freight and testing cost, and the fact that this plan's central commitment — refusing to recover value from a failed lot by selling it at home — converts what the trade treats as recoverable inventory into a write-off.**

12.1 Project cost & funding

Item	₹ lakh	Notes
Processing plant, packhouse & packing lines	324	One specification, no second grade
Laboratory — residue, aflatoxin, metals, micro	186	Tests every lot to the strictest limit
Cold and controlled storage	124	Commodity-specific holding conditions
Grower programme & farm traceability systems	86	Residue is decided before we see the crop
Certification, audit readiness & destination documentation	68	BRCGS/FSSC, social audit, labelling per market
Working capital — consignment cycle and receivables	142	Shipment to realisation runs 60–120 days

Licences, deposits, insurance & pre-operative	32	Multiple registrations by commodity
Rejection and disposal provision	18	Because failed lots are destroyed, not sold
Total project cost	980	₹360L investor + ₹380L term loan + ₹160L promoter + ₹80L WC

12.2 Operating metrics

Metric	Yr 1	Yr 2	Yr 3
ONE STANDARD FOR ALL OUTPUT at the stricter of destination and Indian limits / every lot tested against the strictest destination MRL regardless of intended market / a separate "export grade" maintained	100% / 100% / NIL	100% / 100% / NIL	100% / 100% / NIL
LOTS REJECTED IN-HOUSE / destroyed or returned to non-food use / lots diverted to the DOMESTIC market after failing an export test / disposal recorded per lot	186 / 100% / NIL / 100%	340 / 100% / NIL / 100%	520 / 100% / NIL / 100%
BORDER REJECTIONS AT DESTINATION — published by us IN INDIA as well as abroad / consignments rejected / value (₹L) / cause and disposal stated	100% / 3 / 42 / 100%	100% / 2 / 28 / 100%	100% / 1 / 18 / 100%
Traceability to FARM and LOT for residue / grower-programme volume share / residue tested per lot / suppliers DE-LISTED on residue failure	58% / 46% / 100% / 12	74% / 63% / 100% / 19	88% / 81% / 100% / 28
Social and ethical audits THIRD-PARTY VERIFIED with the FULL REPORT including non-conformances shared with buyers / audits obtained without a meaningful site visit / worker wage and hours verified at GROWER level	100% / NIL / 41%	100% / NIL / 62%	100% / NIL / 79%
Destinations / tonnes shipped / realisation per tonne / contribution per tonne / largest destination as % of revenue / buyer audit pass without remediation	9 / 2,060 / ₹84,800 / ₹26,200 / 38% / 81%	16 / 4,760 / ₹85,600 / ₹28,200 / 29% / 89%	24 / 9,170 / ₹86,700 / ₹30,400 / 22% / 94%

Row two is the row this plan exists to report, and its third figure is the whole proposition: NIL lots diverted to the domestic market after failing an export test, across 520 in-house rejections. That number is worth ₹1.42 crore a year and is the one commitment in this plan that a competitor would find genuinely difficult to imitate, because it requires writing off inventory that has a willing buyer in the next district. Row three publishes in India a record that already exists abroad — one border rejection in Year 3, with cause and disposal stated — because a record public to a Dutch importer and invisible to a Delhi wholesaler is not really public. Row six's realisation of ₹86,700 and contribution of ₹30,400 per tonne are blended and stated with their underlying per the library's rule: processed and RTE ₹1.42 lakh and ₹52,000, snacks ₹1.18 lakh and ₹44,000, spices ₹96,000 and ₹34,000, private label ₹74,000 and ₹21,000, rice and pulses ₹48,000 and ₹14,000.

12.3 Revenue build

Stream	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)	Driver
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Spices & spice blends	630	1,470	2,870	₹96,000 per tonne; the residue question
Processed & ready-to-eat foods	432	1,008	1,968	₹1.42 lakh per tonne; strictest additive rules
Rice, pulses & staples	324	756	1,476	₹48,000 per tonne; freight-sensitive
Snacks, sweets & confectionery	216	504	984	₹1.18 lakh per tonne; diaspora-led
Private label for overseas retailers	144	336	656	₹74,000 per tonne; buyers who audit us
Documentation, compliance & consolidation services	54	126	246	Raises the standard of consignments beside ours
Total revenue	1,800	4,200	8,200	Illustrative

12.4 P&L summary

Line	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)
Revenue	1,800	4,200	8,200
Cost of goods — sourced to one specification, incl. rejected-lot write-off	(1,260)	(2,856)	(5,412)
Gross profit	540	1,344	2,788
Processing, packhouse & wages	(168)	(292)	(486)
Laboratory — residue, aflatoxin, metals, micro	(112)	(164)	(246)
Grower programme, traceability & sourcing	(72)	(118)	(186)
Freight, insurance & port handling	(128)	(268)	(492)
Certification, buyer audits & verified social audit	(52)	(78)	(118)
Admin, legal, insurance & other	(108)	(164)	(268)
EBITDA	(100)	260	992
Depreciation & amortisation	(86)	(138)	(186)
Finance cost	(62)	(108)	(148)
Other income — export incentives, drawback and forex gain on realisation (<i>disclosed</i>)	133	154	107
PBT	(115)	168	765
Tax	29	(42)	(191)
PAT	(86)	126	574
Net margin	(4.8%)	3.0%	7.0%
ROCE	(19.0%)	12.4%	34.8%

The rejected-lot write-off sits inside cost of goods rather than as a separate expense, and that placement is itself the point: in the trade's normal accounting a failed export lot is not a write-off at all, it is inventory realised at a lower price in a different market. Converting it into a cost is what this plan actually does, and it is worth ₹1.42 crore a year. The four commitments total ₹5.90 crore against ₹5.74 crore of PAT — one standard

₹3.86 crore, no domestic diversion ₹1.42 crore, farm traceability ₹98 lakh, verified social audits ₹64 lakh — so an operator on trade-standard practice would earn roughly twice as much shipping identical containers. Freight at ₹4.92 crore is 18% of gross profit and moves independently of anything the exporter controls, which is why contribution is reported per destination rather than blended.

12.5 Break-even & sensitivity

Scenario	Yr 3 revenue	Yr 3 PAT	Comment
Base	₹82.0cr	₹5.74cr	As modelled
Two grades, failed lots sold domestically	₹87.3cr	₹11.64cr	Identical containers, trade-standard practice
Freight +30%	₹82.0cr	₹4.14cr	Outside the exporter's control entirely
Rupee appreciates 8%	₹75.4cr	₹2.86cr	Revenue in dollars, costs in rupees
Largest destination closes to the commodity	₹64.0cr	₹2.32cr	Why concentration fell 38% → 22%
An MRL revision applied to goods in transit	₹78.7cr	₹4.06cr	Why monitoring is a standing function

13. Funding Requirement & Bankability

Source	₹ lakh	Terms (indicative)
Investor equity	360	Growth capital; one-standard and no-diversion covenants
Term loan	380	Plant, laboratory and storage; 6-7 years
Promoter contribution	160	Cash and grower relationships
Working capital facility	80	Consignment cycle at 60-120 days
Total	980	Illustrative structure

A lender should read the border-rejection series and the destination concentration, and should treat the no-diversion rule as a covenant rather than a description. A single border rejection in Year 3 against three in Year 1 is the operating quality indicator that matters, because a rejected container costs a buyer his shelf date and a second rejection generally costs the relationship. Destination concentration falling from 38% to 22% of revenue is the structural risk being managed: a single market closing to a commodity — which happens on regulatory grounds without warning — takes Year-3 profit to ₹2.32 crore rather than to zero. Currency and freight are the two exposures wholly outside the operator's control, and between them account for a larger swing than any operational variable. The no-diversion rule deserves a covenant because it is the one commitment whose breach would be invisible in the accounts and would improve them.

- **Use of funds** — 33% processing and packing, 19% laboratory, 14% working capital, 13% cold and controlled storage, 9% grower programme and traceability, 7% certification and audit readiness, balance licences and disposal provision.
- **Repayment** — term loan from Year 2-3 cash flow; working capital revolving against the consignment cycle with FEMA realisation timelines observed.
- **Investor exit** — strategic sale to a larger exporter, an overseas importer integrating backward, or an Indian food group building an export arm; or promoter buyback.

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
Two standards for the same product	Destination limits on residues, aflatoxin, metals and additives are frequently far stricter than Indian ones, so the economically rational response is TO SORT: material graded into "export quality" and everything else. And the part nobody says aloud — A LOT THAT FAILS AN EXPORT TEST DOES NOT DISAPPEAR. IT IS SOLD DOMESTICALLY, WHERE NOBODY WILL TEST IT, at a lower price and with no disclosure. EVERY INDIVIDUAL STEP IS LAWFUL IN INDIA and most is ordinary commercial prudence, which is why the practice is universal rather than furtive — an exporter who declines a European shipment and sells the material at home has behaved correctly at every step and would be puzzled to be told otherwise. AND "EXPORT QUALITY" IS A DOMESTIC MARKETING PHRASE IN INDIA — AN ADVERTISEMENT FOR THE EXISTENCE OF THE SORTING	ONE STANDARD FOR ALL OUTPUT at the STRICTER of the two limits; EVERY LOT TESTED AGAINST THE STRICTEST DESTINATION MRL REGARDLESS OF WHERE IT IS GOING, so the domestic customer receives material that met a European limit; NO SEPARATE "EXPORT GRADE" MAINTAINED, which removes the possibility rather than policing it; and NO FAILED LOT EVER DIVERTED TO THE DOMESTIC MARKET — 520 rejected in Year 3, all destroyed or returned for non-food use, disposal recorded per lot. WHERE TWO MARKETS APPLY DIFFERENT STANDARDS TO THE SAME PRODUCT, HOLD ONE STANDARD — OR YOU ARE SELLING YOUR OWN COUNTRY WHAT ANOTHER ONE REFUSED. Costs ₹5.28 crore across the two commitments
The forty-tonne lot with a domestic buyer waiting	It fails a European MRL by a small margin, passes the Indian limit comfortably, and a domestic buyer will take it this week at 18% below export price. Selling it is LAWFUL, recovers most of the value, harms nobody detectably, and IS WHAT THE ENTIRE TRADE DOES — and the person proposing it is not being cynical, HE IS DOING HIS JOB	The disposal decision belongs to the LABORATORY, not commercial; the ONLY permitted outcomes are DESTRUCTION OR RETURN FOR NON-FOOD USE; the disposal of EVERY rejected lot is RECORDED; and the cost is PUBLISHED AS A LINE rather than absorbed. The system refuses rather than warns, because A POLICY AGAINST DOMESTIC DIVERSION THAT PERMITS A CASE-BY-CASE JUDGEMENT WILL PRODUCE A CASE-BY-CASE JUDGEMENT EVERY TIME THE PRICE IS RIGHT
The failures are public — in other countries	Destination border-rejection databases record refusals by exporter, product and cause and are searchable, so a European or American buyer can pull an Indian supplier's history before the first call — WHILE AN INDIAN BUYER OF THE SAME SUPPLIER'S DOMESTIC PRODUCT CANNOT FIND ANYTHING AT ALL. The information exists; IT IS SIMPLY HELD IN THE WRONG COUNTRY	PUBLISH OUR OWN REJECTION RECORD IN INDIA AS WELL AS ABROAD — border rejections, consignment value and stated cause, alongside the corresponding destination-database entries — BECAUSE A RECORD PUBLIC TO A DUTCH IMPORTER AND INVISIBLE TO A DELHI WHOLESALER IS NOT REALLY PUBLIC. One rejection in Year 3 against three in Year 1, with cause and disposal stated for each

Residue is decided in a field months earlier	No packhouse process removes a pesticide applied at flowering, so an exporter testing at despatch is MEASURING A DECISION SOMEBODY ELSE MADE IN ANOTHER SEASON — the only real control is upstream and the only real evidence is traceability	RESIDUE TESTED PER LOT; TRACEABILITY TO FARM AND LOT for 88% of volume through a grower programme covering 81%; growers TRAINED ON APPROVED MOLECULES AND PRE-HARVEST INTERVALS in the field; and 28 SUPPLIERS DE-LISTED on residue failure rather than merely having the lot rejected — because REJECTING A LOT ADDRESSES ONE CONSIGNMENT WHILE DE-LISTING ADDRESSES THE SOURCE, and per the spice plan's rule a rejected lot returned to a supplier is simply sold to somebody else
A social audit that was purchased	Buyer-required ethical certifications are routinely obtained in India with a nominal or announced visit, pre-prepared records and a fee — WHICH CONVERTS A WORKER-PROTECTION INSTRUMENT INTO A DOCUMENT and leaves the buyer believing something has been verified that has not	Every social and ethical audit UNANNOUNCED where the scheme permits, THIRD-PARTY VERIFIED, and THE FULL REPORT INCLUDING NON-CONFORMANCES SHARED WITH BUYERS rather than the certificate alone; and worker wage and hours verified AT GROWER LEVEL, not only at the packhouse, for 79% of volume — BECAUSE THE LABOUR CONDITIONS A EUROPEAN BUYER IS ASKING ABOUT ARE MOSTLY IN A FIELD RATHER THAN ON OUR FACTORY FLOOR
Destination rule change in transit	An MRL revision or additive delisting applies to goods already on the water, so a compliant shipment becomes non-compliant mid-voyage; the sensitivity shows ₹4.06cr	Destination regulatory monitoring as a STANDING FUNCTION with twelve staff rather than an annual review; buyers NOTIFIED OF A CHANGE AFFECTING THEIR SHIPMENT BEFORE THEY DISCOVER IT AT THEIR OWN BORDER; sourcing specifications set to the strictest limit across all destinations so a tightening in one market rarely invalidates existing stock; and retained samples held so a disputed finding can be independently re-tested
Destination and buyer concentration	A single market closing to a commodity on regulatory grounds takes Year-3 profit to ₹2.32cr; concentration is the structural risk of all export businesses	Largest destination reduced from 38% to 22% of revenue across 24 markets; commodity mix spanning spices, processed foods, staples and snacks whose regulatory exposures differ; private label at 8% with buyers who audit and therefore stay; the services line uncorrelated with our own shipments; and no destination allowed to exceed a stated share without board approval
Freight, currency and payment risk	Freight +30% takes profit to ₹4.14cr and an 8% rupee appreciation to ₹2.86cr — a larger swing than any operational variable, and both wholly outside the operator's control	Forward cover on a portion of contracted receivables; freight contracted rather than spot-booked where volume permits; contribution reported PER DESTINATION so a route that stops working is visible rather than averaged away; letters of credit or credit insurance on new buyers and in higher-risk destinations; and FEMA realisation timelines observed so exposure is not extended by administrative delay

15. SWOT Analysis

Strengths • One standard for all output; no export grade maintained • Nil failed lots diverted to the domestic market • Own rejection record published in India as well as abroad • 88% farm-and-lot traceability; 28 suppliers de-listed • Third-party verified social audits with full reports shared	Weaknesses • ₹5.90cr forgone against ₹5.74cr of profit • Rejects lots that would sell comfortably at home • Thin gross margin against heavy freight and testing cost • Currency and freight exposure outside our control
Opportunities • Buyers who audit and stay, rather than order and switch • Retailer private-label programmes sourcing at origin • Compliance services raising standards at our own ports • Tightening sustainability and traceability requirements • Domestic buyers who learn the two-grade practice exists	Threats • A border rejection damaging a buyer's shelf date • MRL revision applied to goods in transit • Freight and currency movement • Competitors whose cost base assumes two grades

16. Recommended AiSevak Tools for This Business

- **One-standard specification engine** — strictest applicable limit across destinations, applied to all purchase and release.
- **Lot disposal register** — every rejected lot with its disposal route, and a hard block on domestic diversion.
- **Rejection record publisher** — border rejections, value and cause, published in India alongside destination entries.
- **Farm-to-lot traceability** — grower, plot, spray record and pre-harvest interval linked to the consignment.
- **Destination regulatory monitor** — MRL and additive changes by market, with in-transit impact alerts.
- **Audit & non-conformance file** — verified social and technical audits with full reports shared to buyers.
- **Contribution per destination and per commodity** — never blended alone.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, tonnage, realisation and contribution per tonne, rejection counts and traceability shares are editable inputs; actual outcomes depend on crop quality, destination rules, freight and currency. Figures are in Indian rupees.
- **The central integrity finding is that an exporter faces two different standards for the same product, and the economically rational response is to sort.** Destination limits on pesticide residues, aflatoxin, heavy metals and permitted additives are frequently far stricter than Indian ones, so a consignment bound for a port that will test it receives care that a consignment bound for a domestic wholesaler does not — and the part nobody says aloud is that a lot which fails an export test does not disappear. **It is sold domestically, where nobody will test it, at a lower price and with no disclosure. Every individual step is lawful in India and most of it is ordinary commercial prudence, which is exactly why the practice is universal rather than furtive: an exporter who declines a European shipment because it fails an MRL and then sells the same material at home has behaved correctly at every step, and would be genuinely puzzled to be told otherwise. The two regulatory systems simply do not connect — a rejection at Rotterdam produces no Indian consequence, triggers no notification, and leaves the goods entirely saleable in the country they came from. And "export quality"**

has become a domestic marketing phrase in India, which is an advertisement for the existence of the sorting.

- **So the sorting mechanism is removed rather than managed.** One standard applies to all output at the stricter of the destination and Indian limit; every lot is tested against the strictest destination MRL regardless of where that lot is going, so the domestic customer receives material that met a European limit; no separate "export grade" is maintained, which removes the possibility rather than policing it; and no lot that fails is ever diverted to the domestic market — 520 lots were rejected in-house in Year 3 and every one was destroyed or returned to the grower for non-food use, with the disposal of each recorded. **WHERE TWO MARKETS APPLY DIFFERENT STANDARDS TO THE SAME PRODUCT, HOLD ONE STANDARD — OR YOU ARE SELLING YOUR OWN COUNTRY WHAT ANOTHER ONE REFUSED. The two commitments cost ₹5.28 crore against ₹5.74 crore of profit, and the disposal decision sits with the laboratory rather than with commercial, because a policy that permits a case-by-case judgement will produce one every time the price is right.**
- **The exporter's failures are already public — in other countries.** Destination border-rejection databases record consignment refusals by exporter, product and reason and are searchable, so a European or American buyer can pull up an Indian supplier's rejection history before the first telephone call, while an Indian buyer of the same supplier's domestic product cannot find anything at all. **The information exists; it is simply held in the wrong country. So this business publishes its own rejection record in India as well as abroad — border rejections, consignment value and stated cause, alongside the corresponding destination entries — because a record that is public to a Dutch importer and invisible to a Delhi wholesaler is not really public. One rejection in Year 3 against three in Year 1.**
- **Residue is determined in a field months before anybody tests for it.** No packhouse process removes a pesticide applied at flowering, so an exporter testing at despatch is measuring a decision somebody else made in another season — which means the only real control is upstream and the only real evidence is traceability. **So residue is tested per lot, traceability reaches the farm and the lot for 88% of volume through a grower programme covering 81%, growers are trained in the field on approved molecules and pre-harvest intervals, and 28 suppliers were de-listed on residue failure rather than merely having the lot rejected — because rejecting a lot addresses one consignment while de-listing addresses the source, and per the spice plan's rule a rejected lot returned to a supplier is simply sold to somebody else.** And every social and ethical audit is unannounced where the scheme permits, third-party verified, and shared as a full report including non-conformances rather than as a certificate — with worker wage and hours verified at grower level for 79% of volume, because the labour conditions a European buyer is asking about are mostly in a field rather than on our factory floor.
- **The economics turn on an accounting fact worth naming.** In the trade's normal treatment a failed export lot is not a write-off at all — it is inventory realised at a lower price in a different market — and converting it into a cost is precisely what this plan does, at ₹1.42 crore a year. **The four commitments total ₹5.90 crore against ₹5.74 crore of PAT, so an operator on trade-standard practice would earn roughly twice as much shipping identical containers.** Freight at ₹4.92 crore is 18% of gross profit and moves independently of anything the exporter controls, and a 30% freight rise or an 8% rupee appreciation each produce a larger swing than any operational variable — which is why contribution is reported per destination and per commodity rather than blended, and why destination concentration was actively reduced from 38% to 22% of revenue.
- **Private label is the most valuable line in the business and carries the lowest contribution per tonne.** A European retailer putting its own name on a product sends people to the plant, reads the residue file, checks the social audit and returns annually — which makes it the only customer relationship here that constitutes independent verification rather than a purchase order, and it is why buyer audit pass without remediation at 94% matters more than price. **The compliance services line at 3% of revenue has an effect its revenue does not capture: it raises the standard of consignments leaving alongside ours from the same ports, which is where India's collective rejection record is actually made — and a country's export reputation is a shared asset that no single**

exporter can protect alone.

- **Compliance and professional advice.** Indian requirements including IEC registration, APEDA or Spices Board registration by commodity, FSSAI manufacturing licence and the FSS (Import/Export) framework, customs and drawback, and FEMA realisation timelines; destination requirements that actually determine a consignment's fate — EU and US maximum residue limits, aflatoxin ceilings, heavy-metal limits, permitted additives and colours, destination-format labelling and language, and increasingly documentary sustainability and deforestation requirements; the structural gap between the two, under which a border rejection carries no Indian regulatory consequence and no automatic notification; buyer-imposed private schemes such as BRCGS, FSSC, SEDEX and BSCI, which carry real commercial force and no statutory basis; letters of credit, payment risk and currency exposure; and EPF/ESI, POSH and wage and hours verification extending to grower level where buyers require it. Professional advice should be taken on destination compliance by market and commodity, buyer contract terms, certification scope and export incentive eligibility.

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