



**BUSINESS PLAN · INDIA**

# **Milk Distribution / Agency**

*Last-mile milk delivery - sealed, logged and never decanted*

**DAIRY**

**AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES**

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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

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This plan sets out a **Milk Distribution / Agency Business** in India — a last-mile distributor delivering packaged milk, curd, paneer, ghee and allied daily essentials to households on subscription and to retail counters, operating owned routes with insulated crates, a subscription and billing platform, and a delivery workforce reaching doorsteps before dawn.

The dairy vertical's conventions are set in the dairy-farm anchor and carried through the processing, products-brand and ice-cream plans: **controls must be mechanical rather than motivational; an alarm somebody silenced is not a record; the product fails in somebody else's hands under a brand's name; and a remedy the customer must chase is a remedy she will not collect.** What is specific to distribution is that this business is the only party in the entire dairy chain the consumer actually meets — and the least supervised.

☐ **THE LAST MILE IS WHERE DILUTION AND SUBSTITUTION ACTUALLY HAPPEN, AND THE BRAND CARRIES THE BLAME.** A distributor handling loose or re-packed milk can add water, skim cream off the top, or slip a cheaper pouch into a subscription that was billed for a premium one — invisible to the household, untraceable back to the processor, and attributed entirely to the brand she thought she was buying. Every quality system upstream, from the withdrawal lock on the farm to the published test panel at the plant, terminates at a delivery bag nobody watches. So this business handles **SEALED PACKS ONLY WITH NO DECANTING AT ANY POINT**, delivers in tamper-evident crates with per-crate seal records, gives every household a route log showing what was delivered and when, and **REPORTS SEAL BREAKS FOUND** — 214 in Year 1 falling to 46. The general rule: **THE PARTY CLOSEST TO THE CONSUMER IS THE LEAST SUPERVISED AND THE MOST TRUSTED, SO ITS CONTROLS MUST BE PHYSICAL RATHER THAN CONTRACTUAL.**

☐ **AND THE FOUR A.M. DELIVERY BOY IS THE ENTIRE BUSINESS AND IS PAID LEAST.** He rides an unlit road before dawn carrying somebody else's cash and somebody else's brand, on a route he does not own, and the trade's answer to his 60%-plus annual attrition is to hire another one. This plan states his pay, insures him, gives him a route he keeps, and reports **ATTRITION AS A METRIC THAT MUST FALL** — 62% to 24% — because a business whose central control is a person's care cannot run on people who leave within four months.

☐ **The third finding is the one that produces most complaints: THE SILENT NON-DELIVERY.** A missed delivery on a subscription is discovered at breakfast, reported to a phone number, and credited only if the customer pursues it — so most are not. Here non-delivery is detected by the route system rather than by the customer, and **CREDITED AUTOMATICALLY** within twenty-four hours without her having to ask, per the anchor's rule that a remedy which must be chased will not be collected.

This plan models an operator requiring **₹2.80 crore** (₹95 lakh investor + ₹75 lakh working-capital facility + ₹70 lakh promoter + ₹40 lakh term loan), moving from **₹14.00 crore revenue and a ₹32 lakh loss** to **₹42.00 crore revenue and ₹1.26 crore profit** by Year 3 — a 3.0% net margin, 38.4% return on capital, and 52 deliveries per route-hour against a trade norm nearer 34. (Milk distribution agency — figures illustrative.)

## 2. Business Description, Vision & Legal Structure

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**Concept:** A milk agency that never opens a pack.

**Vision:** To be the last mile a processor's quality team stops worrying about.

**Mission:** Deliver sealed and decant nothing; seal the crate and record it; show the household what arrived and when; credit the missed delivery before she notices; pay the rider properly and insure him; keep him on the route he knows; and measure the business by deliveries per route-hour, not by litres.

## Legal structure

- **Private Limited** — recommended once volume passes a few thousand daily deliveries. Processor distribution agreements, quick-commerce and institutional contracts, vehicle financing and outside capital all assume it.
- **Proprietorship** — the trade's near-universal form, and the reason nothing in the last mile is auditable: **an agency with no route records, no seal log and no employment relationship cannot demonstrate anything about what reached a doorstep.**
- **Delivery workforce employed or on formal contract with insurance**, not treated as informal daily labour — **because a control that depends on somebody's care cannot rest on a person with no stake and no protection.**

**Regulatory anchor:** a food-handling and labour business operating at hours and margins that make both easy to neglect. **The first exposure is food safety: FSSAI registration or licensing applies to distribution and storage, and while sealed packs limit the risk, temperature abuse in transit or at a doorstep is a food-safety matter — and any re-packing or decanting of milk by a distributor is unlicensed manufacture and, in practice, the mechanism through which adulteration enters the chain. The second is labour: riders working from three in the morning on two-wheelers are among the most exposed workers in urban India, and EPF/ESI, accident insurance, working-hours discipline and vehicle roadworthiness are obligations rather than optional welfare — with the misclassification of continuous full-time work as casual engagement being both a legal risk and the root of the trade's attrition. The third is consumer contract: subscription billing, vacation credits, advance balances and refunds are a running account with a household, and unclaimed balances retained on discontinuation are a genuine consumer-protection exposure.** Then: Legal Metrology where any repackaging occurs; municipal trade licensing and vehicle permits; GST on allied non-dairy goods; and data obligations over household addresses and delivery patterns.

## 3. Promoter & Ownership

Led by a promoter with FMCG distribution, dairy or last-mile logistics background. Three competences decide outcomes. *Route design*, because this is a density business in which the difference between 34 and 52 deliveries per route-hour is the entire margin, and it is won on maps and sequencing rather than on speed. *Workforce retention*, since a rider who knows his route delivers faster, makes fewer errors and is trusted at the door, and every replacement resets all three. And *the discipline to refuse the informal shortcut* — the loose milk a competitor sells at better margin, the unrecorded cash sale, the crate that goes out unsealed because it is late. Ownership, equity & investor terms are editable inputs; **the seal protocol and the automatic credit rule are held by operations and the promoter, and cannot be waived by a route supervisor under morning pressure.**

## 4. Market Analysis — India

Indian household milk delivery is enormous, almost entirely informal, and being reshaped by subscription apps and quick commerce faster than its economics are being understood.

### Demand drivers

- **Daily milk as a household habit** — the most reliable recurring purchase in Indian retail, bought before breakfast every day of the year.

- **Subscription convenience**, which converts a daily errand into a standing order and creates genuine switching inertia.
- **Apartment and gated-community density**, which is where route economics actually work.
- **Allied basket growth** — curd, paneer, ghee, bread, eggs and daily essentials riding the same trip at far better margin than milk.
- **Quick commerce**, competing for the same household but structurally unable to match a pre-dawn scheduled delivery on price.
- **Distrust of loose milk**, which is the honest commercial argument for sealed-pack distribution.

### Market sizing (illustrative framing)

| Layer        | Definition                                                           | Indicative scale                                          |
|--------------|----------------------------------------------------------------------|-----------------------------------------------------------|
| TAM          | Household milk purchase across the served city                       | Very large; overwhelmingly informal agency and loose sale |
| SAM          | <b>Households within viable route density on a pre-dawn schedule</b> | <b>Bounded by ROUTE DENSITY, not by demand</b>            |
| SOM (Yr 1-3) | Households served across subscription and counter supply             | ₹14cr → ₹42cr; households 5,400 → 16,800                  |

### Why the milk is not the business

| Line (Yr 3)                                     | Revenue         | Gross margin | Gross profit   | Note                                                           |
|-------------------------------------------------|-----------------|--------------|----------------|----------------------------------------------------------------|
| <b>Packaged milk</b>                            | ₹28.00cr        | 5.7%         | ₹1.60cr        | <b>The reason she opens the door; barely pays for the trip</b> |
| Other dairy — curd, paneer, ghee, butter        | ₹9.00cr         | 14.0%        | ₹1.26cr        | Same trip, better margin, higher basket                        |
| <b>Allied essentials — bread, eggs, staples</b> | ₹5.00cr         | 19.0%        | <b>₹0.95cr</b> | <b>Marginal cost near zero once the route runs</b>             |
| <b>Total</b>                                    | <b>₹42.00cr</b> | <b>9.1%</b>  | <b>₹3.81cr</b> | <b>Blended figure describes none of the three</b>              |

Milk is 67% of revenue and 42% of gross profit, which is the fact every entrant misreads. The milk is the reason a household accepts a daily delivery at all — nothing else in the basket would justify a pre-dawn trip — but at 5.7% it barely covers the cost of making that trip. The business is built by adding items to a route that is already running, where the marginal delivery cost of a loaf of bread is close to zero. An operator who reads the blended 9.1% and pushes milk volume will grow revenue and lose money; the correct instruction is to grow **BASKET per stop, not stops per litre.**

### Constraints

- **Route density** — the single binding constraint, and the reason scattered subscriptions are worse than no subscriptions.
- **Workforce availability at 3 a.m.**, in a labour market with better-paid daytime alternatives.
- **Processor margin**, which is set by the brand and passes through with almost no negotiation.
- **Cash and float management** across hundreds of small advance balances.

## 5. Competition & Position

| Competitor type            | Strength                                                                                                                        | Weakness this plan exploits                                              |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Traditional milk agencies  | Entrenched relationships, cash flexibility, lowest cost                                                                         | <b>Loose handling, decanting, no record of what was delivered</b>        |
| Subscription delivery apps | Technology, scale, app convenience                                                                                              | Last mile subcontracted; seal discipline unenforced; rider churn extreme |
| Quick commerce             | Instant, wide assortment, capital depth                                                                                         | Cannot match a scheduled pre-dawn delivery on cost per drop              |
| Direct loose milk vendors  | Cheapest, perceived freshness, personal trust                                                                                   | No standard, no seal, no traceability, no accountability                 |
| <b>This plan</b>           | <b>Sealed only with no decanting, per-crate seal records, route log to the household, credits paid unasked, riders retained</b> | Cannot match loose-milk pricing; higher workforce cost per drop          |

The positioning claim is aimed at two buyers at once, which is unusual for a distribution business. To the household it is a delivery she can verify — a log showing what arrived and when, and a credit that appears before she has to complain. To the PROCESSOR it is something more valuable: a last mile that cannot dilute or substitute, which is the single largest uncontrolled risk to a dairy brand's reputation and the one its own quality system cannot reach. A processor who has published a test panel and locked a withdrawal period has every reason to prefer a distributor whose crates are sealed and logged, and that is where the better distribution terms come from.

The cost of the honest position is stated in rupees rather than implied. Refusing loose and decanted milk forfeits an estimated ₹94 lakh of Year-3 gross profit, because loose handling carries a materially better margin and a substantial part of the market still buys it. Paying, insuring and retaining riders properly costs ₹68 lakh a year more than the trade's informal engagement. Automatic credits cost ₹9 lakh. Sealing and audit cost ₹14 lakh. The offsetting return is a subscription base with 81% annual retention against a trade norm nearer 55%, allied-basket attachment that raises gross profit per stop by 62%, and distribution terms from processors that an unauditable agency cannot obtain.

## 6. The Party Closest to the Consumer Is the Least Supervised

Every control in this vertical — the withdrawal lock on the farm, the published test panel at the plant, the batch page on the pack — ends at a bag on a scooter at four in the morning.

| What can happen in the last mile                        | Who would notice         | Who gets blamed  |
|---------------------------------------------------------|--------------------------|------------------|
| Water added to loose or decanted milk                   | <b>Nobody</b>            | <b>The brand</b> |
| Cream skimmed from the top                              | Nobody                   | The brand        |
| A cheaper pouch substituted into a premium subscription | Almost nobody            | The brand        |
| Yesterday's returned stock re-delivered                 | Nobody until it sours    | The brand        |
| Delivery skipped and billed                             | The household, sometimes | The agency       |

Read the middle and right columns together: in four of five cases nobody detects the failure and somebody else pays for it. A processor can build the most rigorous quality system in the country and still have its reputation determined by an unsupervised person in the dark, whom it has never met and cannot audit. And the distributor is simultaneously the most TRUSTED party in the chain — he is the only one the household knows by name, comes daily, and is often given a key to the gate. **THE PARTY CLOSEST TO THE CONSUMER IS THE LEAST SUPERVISED AND THE MOST TRUSTED, SO ITS CONTROLS MUST BE PHYSICAL RATHER THAN CONTRACTUAL** — a clause in an agency agreement changes nothing at 4 a.m., and a seal does.

So the controls are physical objects rather than obligations. **SEALED PACKS ONLY, WITH NO DECANTING AT ANY POINT** — no loose milk, no measuring vessel, no re-packing, and no equipment on the premises capable of it, which is the supply-chain principle this vertical has used at every stage. Crates are **TAMPER-EVIDENT AND SEALED AT LOADING** with the seal number recorded against the route, and a broken seal at delivery is reported rather than replaced — 214 seal breaks in Year 1 falling to 46, most of them accidental and all of them recorded. Every household receives a **ROUTE LOG** showing what was delivered, at what time, by whom, so a substitution or a skip is visible to her rather than to nobody. And returned stock is destroyed and recorded, never re-delivered, per the ice-cream plan's rule.

## 7. The Four A.M. Delivery Boy, and the Last Hour of the Cold Chain

Two further problems determine whether any of the above actually happens.

□ **THE RIDER IS THE ENTIRE BUSINESS AND IS PAID LEAST.** He starts at three in the morning, rides an unlit road on a two-wheeler in traffic that has not yet appeared, carries somebody else's cash and somebody else's brand, and is engaged informally on a route that is not his. The trade's annual attrition runs above 60% and its response is to hire another one — which is why seal discipline, delivery accuracy and doorstep courtesy are all unreliable across the sector, since every one of them depends on a person with no stake, no protection and no reason to stay. So this plan states his income, provides accident and life insurance, gives him a route he keeps rather than one reassigned weekly, pays on a fixed cycle, and **REPORTS ATTRITION AS A METRIC THAT MUST FALL: 62% in Year 1 to 24% in Year 3.** The second, self-interested justification is direct — a rider who knows his route delivers 52 stops an hour instead of 34, and route density is the entire margin of this business.

The road-safety obligation deserves stating separately because the trade treats it as the rider's own problem. Pre-dawn two-wheeler delivery is genuinely dangerous work; helmets, reflective clothing, roadworthy vehicles, maintained lights and a route plan that does not require speeding are the operator's responsibility rather than the individual's preference. A delivery target that can only be met by riding badly is a management decision disguised as a rider's choice — which is why route sizing is set from the measured 52 stops per hour rather than from an aspiration, and why incidents are recorded and investigated rather than treated as bad luck.

□ **AND THE LAST HOUR OF THE COLD CHAIN IS THE DOORSTEP.** Milk delivered at five in the morning and collected at eight has spent three hours outside any refrigeration, which no upstream control can compensate for — and the trade simply does not mention it. This business states the assumption plainly rather than promising what a doorstep cannot hold: insulated crates on every route, insulated drop boxes offered to households at cost, delivery windows communicated so collection can be prompt, and a stated recommendation for the maximum time milk should stand outside in that city's climate. It is a modest claim, and it is the honest version of one the trade usually makes silently and grandly.

□ **THE SILENT NON-DELIVERY AND THE ADVANCE BALANCE.** A missed delivery is discovered at breakfast and credited only if the customer complains, so most are never credited; and a household that discontinues often leaves an advance balance that quietly stays with the agency. Here non-delivery is **DETECTED BY THE ROUTE SYSTEM** rather than reported by the customer, and **CREDITED AUTOMATICALLY** within twenty-four hours; vacation pauses are honoured from the app without a call; and any advance balance is **REFUNDED ON DISCONTINUATION WITHOUT BEING ASKED FOR**, with unrefunded balances reported at nil. The anchor's rule applies unchanged: a remedy a customer must chase is a remedy she will not collect.

## 8. Operations Plan (load, seal, route, deliver, log, settle)

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### Procurement and loading

- **Sealed packs received from the processor with delivery temperature recorded**, and the consignment refused where it arrives warm.
- **Crates loaded, sealed and the seal number recorded against route and rider** before any vehicle leaves.
- **No decanting equipment, measuring vessels or loose stock on the premises at all**, so the practice is impossible rather than prohibited.
- **Chilled holding at the hub** with logged temperature, since the hub is where product waits longest.

### Route design

- **Routes built for density rather than geography**, with a minimum stops-per-kilometre threshold below which a subscription is declined or deferred.
- **Route sizing set from measured deliveries per route-hour**, not from an aspiration a rider can only meet by riding dangerously.
- **Riders kept on their own routes**, with a named substitute trained on the same route rather than a floating pool.
- **Apartment and gated-community clusters prioritised**, since vertical density is worth several times horizontal spread.

### Delivery

- **Seal checked and recorded at the point of crate opening**; a broken seal is reported, not replaced.
- **Delivery confirmed in the app at the door** with time stamp, feeding the household's route log.
- **Insulated crates throughout**, and insulated drop boxes offered where collection is likely to be delayed.
- **Undelivered stock returned to the hub and destroyed, never re-delivered**, with the volume recorded.

### Billing, credits and settlement

- **Non-delivery detected by the system and credited automatically within twenty-four hours.**
- **Vacation pauses honoured from the app** without a call or a negotiation.
- **Advance balances refunded on discontinuation without being asked**, with unrefunded balances reported.
- **Rider settlement on a fixed cycle**, with cash reconciled daily and float exposure per rider capped.

The operational hinge is the morning a rider is sick and a crate seal is found broken at 4:20 with sixty households waiting. Replacing the seal takes four seconds, nobody would ever know, and the alternative is sixty undelivered subscriptions and a supervisor explaining himself. So the seal number is recorded at loading against the route, the app will not accept a delivery against a seal number that does not match, and the substitute rider is a named person already trained on that route rather than whoever is available — because a

control that can be resolved by a supervisor's judgement at 4:20 in the morning will be resolved that way.

## 9. FSSAI, Labour & Operating Compliance (India)

- **Company & tax** — Private Limited, PAN/TAN, GST on allied non-dairy goods, FSSAI registration or licence for distribution and storage, municipal trade licence and vehicle permits.
- **Food safety** — sealed-pack handling with temperature control at hub and in transit; **any re-packing or decanting of milk by a distributor is unlicensed manufacture and is, in practice, the mechanism through which adulteration enters the chain.**
- **Labour** — EPF/ESI, accident and life insurance, working-hours discipline and vehicle roadworthiness for pre-dawn two-wheeler riders; **misclassifying continuous full-time work as casual engagement is both a legal risk and the root of the trade's attrition.**
- **Road safety** — helmets, reflective clothing, maintained lights and route plans that do not require speeding; **a target achievable only by riding badly is a management decision disguised as a rider's choice.**
- **Consumer contract** — subscription terms, vacation credits, refund of advance balances on discontinuation, and clear pricing including any delivery charge.
- **Metrology & data** — Legal Metrology if any repackaging occurs; DPDP obligations over household addresses, delivery patterns and absence data, which together describe when a home is empty.

## 10. Organisation & Manpower Plan

| Function                             | Yr 1      | Yr 3       | Notes                                                         |
|--------------------------------------|-----------|------------|---------------------------------------------------------------|
| Promoter / managing director         | 1         | 1          | Owns the seal protocol and the credit rule                    |
| <b>Delivery riders</b>               | 38        | 98         | <b>Employed or formally contracted, insured, route-owning</b> |
| Route supervisors                    | 5         | 12         | Cannot waive a seal discrepancy                               |
| Hub operations, loading & sealing    | 8         | 20         | Seal records against route and rider                          |
| Customer service & subscriptions     | 4         | 11         | Vacation, credits, complaints, onboarding                     |
| Technology & route planning          | 2         | 5          | Density design; deliveries per route-hour                     |
| Sales & society acquisition          | 4         | 10         | Cluster-first, never scattered                                |
| Finance, cash reconciliation & admin | 3         | 8          | Float control; automatic credits; refunds                     |
| <b>Total</b>                         | <b>65</b> | <b>165</b> | Riders are 59% of headcount and the whole product             |

**Ninety-eight riders at Year 3 are 59% of headcount and effectively the entire customer experience, which is why the plan treats their retention as an operating metric rather than an HR aspiration. The commercial case is arithmetic: a rider who knows his route delivers 52 stops an hour against 34 for a new one, so retention is worth more than any route-optimisation software. And the seal discrepancy cannot be waived by a route supervisor — it goes to hub operations and is recorded — because the supervisor is the person whose morning it ruins, which is precisely why he cannot be the one deciding.**

## 11. Implementation Timeline & Milestones

| Phase               | Window      | Milestones                                                                                                   |
|---------------------|-------------|--------------------------------------------------------------------------------------------------------------|
| Formation & hub     | Month 0-3   | Incorporation, FSSAI registration, hub with chilled holding, processor distribution agreement                |
| Systems & protocol  | Month 2-5   | Seal protocol and records; subscription and billing platform; route log to households; automatic credit rule |
| First clusters      | Month 4-12  | Apartment and gated-community clusters; deliveries per route-hour baselined; rider terms established         |
| Basket expansion    | Month 9-20  | Other dairy and allied essentials attached to running routes; gross profit per stop tracked                  |
| Density & retention | Month 14-26 | Route redesign on measured density; attrition down; substitute-rider training per route                      |
| Scale               | Month 22-36 | Second hub, institutional and counter supply, 16,800 households                                              |

### Training and competence

- **Seal protocol for every rider and loader**, including what to do when a seal is found broken — which is the failure mode that actually occurs.
- **Road safety and night riding**, with vehicle checks, reflective gear and the explicit instruction that no target justifies unsafe riding.
- **Doorstep conduct**, since the rider is the only person in the dairy chain the household ever meets.
- **Cash handling and float discipline**, with daily reconciliation and capped exposure per rider.

## 12. Financial Plan (Illustrative)

**All figures are illustrative model assumptions, not forecasts or guarantees.** They exist to show the drivers of a last-mile dairy distribution P&L and how the seal, retention and credit controls move them. Every input is editable. **The defining feature of this model is route density — deliveries per route-hour and gross profit per stop decide the return, and milk itself contributes 67% of revenue against 42% of gross profit.**

### 12.1 Project cost & funding

| Item                                               | ₹ lakh    | Notes                                                               |
|----------------------------------------------------|-----------|---------------------------------------------------------------------|
| Hub — lease fit-out, chilled holding, loading bays | 64        | Where product waits longest; logged temperature                     |
| Delivery fleet — two- and three-wheelers           | 72        | Roadworthy, maintained, lit                                         |
| <b>Insulated crates, seals &amp; drop boxes</b>    | <b>38</b> | <b>The physical control, and the last hour of cold chain</b>        |
| Subscription, billing & route platform             | 46        | Seal matching, route log, automatic credits                         |
| Cold-chain equipment & backup power                | 26        | Hub refrigeration and standby                                       |
| Rider equipment, safety gear & onboarding          | 14        | Helmets, reflective kit, devices                                    |
| Deposits, licences & pre-operative                 | 10        | Lease, FSSAI, trade licence, insurance                              |
| <b>Working capital &amp; contingency</b>           | <b>10</b> | <b>Processor paid on short terms; subscriptions bill in advance</b> |

|                    |     |                                                                   |
|--------------------|-----|-------------------------------------------------------------------|
| Total project cost | 280 | ₹95L investor + ₹75L WC facility + ₹70L promoter + ₹40L term loan |
|--------------------|-----|-------------------------------------------------------------------|

## 12.2 Operating metrics

| Metric                                                                                                                                        | Yr 1                     | Yr 2                      | Yr 3                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------|----------------------------------|
| <b>Sealed packs only, no decanting</b> / decanting equipment on premises / <b>seal breaks found and REPORTED</b>                              | 100% / NIL / 214         | 100% / NIL / 96           | <b>100% / NIL / 46</b>           |
| <b>Crates sealed at loading with seal number recorded against route</b> / route log visible to household / returned stock re-delivered        | 100% / 100% / NIL        | 100% / 100% / NIL         | <b>100% / 100% / NIL</b>         |
| <b>Rider annual attrition</b> / riders insured / riders on an owned route with a named trained substitute                                     | 62% / 100% / 74%         | 38% / 100% / 91%          | <b>24% / 100% / 98%</b>          |
| <b>Non-delivery credited automatically within 24 hrs / advance balances unrefunded on discontinuation</b> / vacation pauses honoured from app | 100% / NIL / 100%        | 100% / NIL / 100%         | <b>100% / NIL / 100%</b>         |
| <b>Road incidents recorded and investigated</b> / safety gear compliance / delivery targets requiring speeding                                | 18 / 100% / NIL          | 11 / 100% / NIL           | <b>6 / 100% / NIL</b>            |
| Households / <b>deliveries per route-hour</b> / gross profit per stop / subscription retention                                                | 5,400 / 34 / ₹4.90 / 61% | 10,200 / 44 / ₹6.60 / 73% | <b>16,800 / 52 / ₹7.94 / 81%</b> |

Row one is read the vertical's way: 214 seal breaks reported in Year 1, most of them accidental, all of them recorded. An agency reporting no seal breaks has riders replacing seals rather than reporting them, which is exactly the failure the control exists to prevent. Row three is the one an investor should weigh hardest — rider attrition falling from 62% to 24% is not welfare reporting, it is the mechanism behind row six's jump from 34 to 52 deliveries per route-hour, which is the entire margin of this business. Row five records road incidents because pre-dawn two-wheeler delivery is dangerous work and an operator not counting is an operator not managing it.

## 12.3 Revenue build

| Stream                                        | Yr 1 (₹L)    | Yr 2 (₹L)    | Yr 3 (₹L)    | Driver                                        |
|-----------------------------------------------|--------------|--------------|--------------|-----------------------------------------------|
| <b>Packaged milk — household subscription</b> | 820          | 1,480        | 2,280        | <b>The reason the door opens; 5.7% margin</b> |
| Packaged milk — retail counter & society bulk | 200          | 340          | 520          | Route fill; lower service intensity           |
| <b>Other dairy — curd &amp; paneer</b>        | 160          | 340          | 580          | <b>Same trip, 14% margin, daily repeat</b>    |
| Other dairy — ghee, butter & value-added      | 80           | 180          | 320          | Monthly rather than daily; higher ticket      |
| <b>Allied — bread &amp; eggs</b>              | 70           | 160          | 320          | <b>Marginal delivery cost near zero</b>       |
| Allied — staples & household essentials       | 70           | 100          | 180          | Basket depth; 19% margin                      |
| <b>Total revenue</b>                          | <b>1,400</b> | <b>2,600</b> | <b>4,200</b> | Illustrative                                  |

## 12.4 P&L summary

| Line    | Yr 1 (₹L) | Yr 2 (₹L) | Yr 3 (₹L) |
|---------|-----------|-----------|-----------|
| Revenue | 1,400     | 2,600     | 4,200     |

|                                                                                                                                         |                |              |              |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------|--------------|
| <b>Cost of goods — processor and supplier purchase</b>                                                                                  | (1,286)        | (2,372)      | (3,819)      |
| <b>Gross profit</b>                                                                                                                     | <b>114</b>     | <b>228</b>   | <b>381</b>   |
| <b>Rider cost — pay, insurance, safety gear</b>                                                                                         | <b>(76)</b>    | <b>(118)</b> | <b>(168)</b> |
| Supervision, hub operations & loading                                                                                                   | (22)           | (34)         | (52)         |
| Vehicles, fuel & maintenance                                                                                                            | (26)           | (38)         | (56)         |
| Hub rent, chilling & power                                                                                                              | (14)           | (18)         | (24)         |
| <b>Crates, seals, drop boxes &amp; seal audit</b>                                                                                       | <b>(8)</b>     | <b>(11)</b>  | <b>(14)</b>  |
| <b>Automatic credits paid</b>                                                                                                           | <b>(6)</b>     | <b>(8)</b>   | <b>(9)</b>   |
| Technology platform & route planning                                                                                                    | (12)           | (15)         | (18)         |
| Customer service, sales & acquisition                                                                                                   | (18)           | (26)         | (38)         |
| Admin, insurance, professional & other                                                                                                  | (16)           | (22)         | (32)         |
| <b>EBITDA</b>                                                                                                                           | <b>(84)</b>    | <b>(62)</b>  | <b>(30)</b>  |
| Depreciation & amortisation                                                                                                             | (32)           | (37)         | (42)         |
| Finance cost                                                                                                                            | (14)           | (18)         | (22)         |
| Other income — crate and drop-box hire, route franchising, advertising on crates, processor performance incentives ( <i>disclosed</i> ) | 98             | 152          | 262          |
| <b>PBT</b>                                                                                                                              | <b>(32)</b>    | <b>35</b>    | <b>168</b>   |
| Tax                                                                                                                                     | 0              | (7)          | (42)         |
| <b>PAT</b>                                                                                                                              | <b>(32)</b>    | <b>28</b>    | <b>126</b>   |
| <b>Net margin</b>                                                                                                                       | <b>(2.3%)</b>  | <b>1.1%</b>  | <b>3.0%</b>  |
| <b>ROCE</b>                                                                                                                             | <b>(11.6%)</b> | <b>13.8%</b> | <b>38.4%</b> |

An investor must read the last three lines honestly: operating EBITDA remains negative at Year 3, and ₹2.62 crore of crate hire, route franchising, crate advertising and processor performance incentives carries the result. That is disclosed as a separate line per the library's rule and deserves a hard question — a distribution business earning its profit from incentives and ancillary income rather than from the spread is a business whose profit its processor can withdraw. The honest reading is that Indian last-mile dairy distribution does not pay for itself on the milk spread at this scale, which is exactly why the trade underpays riders and handles loose milk: those are the two ways to make the arithmetic work, and this plan has declined both and funded the gap from ancillary income instead. Rider cost at ₹1.68 crore is 44% of gross profit and is the line that would disappear first under pressure.

## 12.5 Route economics — the whole business

| Element                          | Yr 1 | Yr 3 | Note                                    |
|----------------------------------|------|------|-----------------------------------------|
| Active routes                    | 38   | 98   | One rider per route, retained           |
| <b>Deliveries per route-hour</b> | 34   | 52   | <b>Retention and density, not speed</b> |

|                              |       |        |                                            |
|------------------------------|-------|--------|--------------------------------------------|
| Stops per route per morning  | 119   | 171    | 3.3-hour delivery window                   |
| <b>Gross profit per stop</b> | ₹4.90 | ₹7.94  | <b>Basket depth, not milk volume</b>       |
| Gross profit per route-day   | ₹583  | ₹1,358 | The unit that must cover the rider         |
| Rider cost per route-day     | ₹548  | ₹599   | <b>Covered only after basket expansion</b> |

The last two rows are the arithmetic of this entire trade laid out plainly: in Year 1 a route generates ₹583 of gross profit and costs ₹548 in rider pay, leaving ₹35 to cover the vehicle, the hub, the technology and everything else. That is why the sector pays badly and handles loose milk — those are the only two levers that make a milk-only route work. By Year 3 the same route generates ₹1,358 because the basket has deepened and density has risen, and the rider is paid slightly more rather than slightly less. The route, not the litre, is the unit of account, and an operator who does not model it this way will conclude that the business is impossible — which, on milk alone and with a properly paid rider, it is.

## 12.6 Break-even & sensitivity

| Scenario                          | Yr 3 revenue | Yr 3 PAT | Comment                                               |
|-----------------------------------|--------------|----------|-------------------------------------------------------|
| Base                              | ₹42.0cr      | ₹1.26cr  | As modelled                                           |
| <b>Other income down 30%</b>      | ₹42.0cr      | ₹67L     | <b>The result depends on it; hence the disclosure</b> |
| Deliveries per route-hour 52 → 42 | ₹42.0cr      | ₹58L     | Density is the margin                                 |
| Allied basket attach down 40%     | ₹39.6cr      | ₹52L     | Milk alone does not carry a route                     |
| Subscription retention 81% → 66%  | ₹38.8cr      | ₹71L     | Acquisition cost recurs; density falls                |
| Rider attrition back to 60%       | ₹41.2cr      | ₹74L     | Retraining, errors and slower routes                  |

## 13. Funding Requirement & Bankability

| Source                   | ₹ lakh     | Terms (indicative)                                       |
|--------------------------|------------|----------------------------------------------------------|
| Investor equity          | 95         | Growth capital; density and retention covenants          |
| Working-capital facility | 75         | Processor purchase against subscription collection cycle |
| Promoter contribution    | 70         | Cash and vehicles                                        |
| Term loan                | 40         | Hub fit-out, fleet and cold equipment; 4-5 years         |
| <b>Total</b>             | <b>280</b> | Illustrative structure                                   |

The bankability case rests on subscription recurrence and on advance collection, and it has one genuinely attractive feature: households pay in advance while the processor is paid on short terms, so working capital is modest for the revenue carried. What a lender should test is density and retention rather than household count — 16,800 scattered households is a worse business than 10,000 clustered ones, and no revenue figure reveals the difference. The seal records, the route logs and the rider-retention data are what make this last mile auditable, which is also what earns the processor terms that an informal agency cannot obtain — the durability test satisfied, since the control that protects the household is the same one that improves the buying price.

- **Use of funds** — 26% delivery fleet, 23% hub fit-out and chilled holding, 16% subscription and route platform, 14% insulated crates, seals and drop boxes, 9% cold equipment and backup power, balance rider equipment, deposits and working capital.
- **Repayment** — term loan from Year 3 cash flow; working-capital facility revolving against the subscription collection cycle.
- **Investor exit** — strategic sale to a subscription-commerce platform, dairy processor seeking owned last mile, or quick-commerce operator wanting scheduled morning density; or a promoter buyback.

## 14. Risk Analysis & Mitigation

| Risk                                                              | Impact                                                                                                                                                                                                                       | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Dilution, skimming or substitution in the last mile</b>        | Every quality control upstream — the farm's withdrawal lock, the plant's published test panel, the brand's batch page — terminates at a bag on a scooter that nobody watches, and the household blames the brand she trusted | <b>SEALED PACKS ONLY WITH NO DECANTING AT ANY POINT, and no decanting equipment, measuring vessels or loose stock on the premises, so the practice is impossible rather than prohibited; crates TAMPER-EVIDENT AND SEALED AT LOADING with the seal number recorded against route and rider; the app refusing a delivery against a non-matching seal; a ROUTE LOG to every household showing what arrived, when and from whom; seal breaks REPORTED not replaced (214 → 46); and returned stock destroyed, never re-delivered</b> |
| <b>The 4:20 a.m. broken seal with sixty households waiting</b>    | Replacing it takes four seconds, nobody would ever know, and the alternative is sixty undelivered subscriptions and a supervisor explaining himself                                                                          | <b>The control is removed from the supervisor's judgement: seal numbers recorded at loading, the app rejecting a mismatch, the discrepancy routed to hub operations rather than resolved on the route, and a NAMED SUBSTITUTE RIDER already trained on that route rather than whoever is available — because a control that CAN be resolved by a supervisor at 4:20 in the morning WILL be resolved that way</b>                                                                                                                 |
| <b>Rider attrition and the informal engagement that causes it</b> | 60%+ annual churn makes seal discipline, delivery accuracy and doorstep courtesy all unreliable — every one of them depends on a person with no stake, no protection and no reason to stay                                   | <b>Income stated, accident and life insurance provided, a route he keeps rather than one reassigned weekly, fixed payment cycle, and ATTRITION REPORTED AS A METRIC THAT MUST FALL (62% → 24%); the self-interested justification is direct — a rider who knows his route delivers 52 stops an hour against 34, and density is the entire margin, so retention is worth more than any routing software</b>                                                                                                                       |
| <b>Road injury on a pre-dawn two-wheeler route</b>                | Genuinely dangerous work at hours with poor lighting and no traffic discipline, treated by the trade as the rider's own problem                                                                                              | <b>Helmets, reflective clothing, maintained lights and roadworthy vehicles as the operator's responsibility rather than the individual's preference; ROUTE SIZING SET FROM THE MEASURED 52 STOPS PER HOUR rather than from an aspiration, because a target achievable only by riding badly is a management decision disguised as a rider's choice; incidents recorded and investigated (18 → 6) rather than treated as bad luck; accident cover in force</b>                                                                     |

|                                                                |                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The last hour of the cold chain at the doorstep                | Milk delivered at 5 a.m. and collected at 8 has spent three hours outside refrigeration, which no upstream control compensates for                                           | The assumption stated plainly rather than a promise made about what a doorstep cannot hold; insulated crates on every route; insulated drop boxes offered at cost; delivery windows communicated so collection is prompt; and a stated recommendation for maximum standing time in that city's climate — a modest claim, and the honest version of one the trade makes silently and grandly                                                                           |
| Silent non-delivery and retained advance balances              | A missed delivery is credited only if pursued, so most are not; and a discontinuing household's balance quietly stays with the agency                                        | Non-delivery DETECTED BY THE ROUTE SYSTEM and credited automatically within 24 hours; vacation pauses honoured from the app without a call; advance balances REFUNDED ON DISCONTINUATION WITHOUT BEING ASKED, with unrefunded balances reported at nil — the anchor's rule that a remedy a customer must chase is one she will not collect                                                                                                                            |
| Route density and scattered subscriptions                      | The binding constraint; ten fewer deliveries per route-hour removes more than half of Year-3 profit                                                                          | Routes built for density with a minimum stops-per-kilometre threshold below which a subscription is declined or deferred; apartment and gated-community clusters prioritised since vertical density is worth several times horizontal spread; allied basket grown to raise gross profit per stop rather than chasing milk volume; and density reported per route rather than as a city average                                                                        |
| <b>Dependence on ancillary income and processor incentives</b> | Operating EBITDA is negative at Year 3 and ₹2.62 crore of crate hire, franchising, advertising and processor incentives carries the result — income a processor can withdraw | <b>Disclosed as a separate line so the dependency is unmissable rather than buried; basket depth grown deliberately so the spread carries more of the load each year; multiple processor relationships rather than one; and the honest framing carried into planning — Indian last-mile dairy does not pay for itself on the milk spread at this scale, which is precisely why the trade underpays riders and handles loose milk, and this plan has declined both</b> |

## 15. SWOT Analysis

|                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strengths</b> <ul style="list-style-type: none"> <li>Sealed only; no decanting equipment on the premises</li> <li>Seal numbers matched by the app; breaks reported not replaced</li> <li>Route log to every household</li> <li>Rider attrition 24% and 52 deliveries per route-hour</li> <li>Credits and refunds paid without being asked</li> </ul> | <b>Weaknesses</b> <ul style="list-style-type: none"> <li>Cannot match loose-milk pricing</li> <li>Higher rider cost per drop than informal competitors</li> <li>Operating EBITDA negative; ancillary income carries the result</li> <li>Density-dependent and geographically bounded</li> </ul> |
| <b>Opportunities</b> <ul style="list-style-type: none"> <li>Allied basket at near-zero marginal delivery cost</li> <li>Processors seeking an auditable last mile</li> <li>Apartment and gated-community density</li> <li>Subscription inertia and 81% retention</li> <li>Route franchising and crate advertising</li> </ul>                             | <b>Threats</b> <ul style="list-style-type: none"> <li>Quick commerce competing for the same household</li> <li>Processor margin compression or incentive withdrawal</li> <li>Rider availability at 3 a.m. in a tightening labour market</li> <li>Fuel and vehicle cost inflation</li> </ul>     |

## 16. Recommended AiSevak Tools for This Business

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- **Seal & crate register** — seal numbers recorded at loading against route and rider, with delivery rejected on a mismatch.
- **Route log & household delivery record** — what arrived, when and from whom, visible to the customer.
- **Route density planner** — deliveries per route-hour, stops per kilometre, cluster-first acquisition.
- **Subscription, billing & automatic credit engine** — non-delivery detected and credited within 24 hours; vacation pauses; refunds on discontinuation.
- **Rider register** — route ownership, named substitute, insurance, attrition and incident records.
- **Basket & gross-profit-per-stop dashboard** — the metric that decides whether a route pays.
- **Cash reconciliation & float tracker** — daily settlement with capped exposure per rider.

## 17. Key Assumptions & Notes

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- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, household count, route density, basket depth and headcount are editable inputs; actual outcomes depend on city, cluster geography, processor terms and labour availability. Figures are in Indian rupees.
- **The central integrity finding is that the last mile is where dilution and substitution actually happen, and the brand carries the blame.** A distributor handling loose or decanted milk can add water, skim cream, or slip a cheaper pouch into a premium subscription — invisible to the household, untraceable to the processor, and attributed entirely to the brand she thought she was buying. **Every control upstream, from the withdrawal lock on the farm to the published test panel at the plant to the batch page on the pack, terminates at a bag on a scooter at four in the morning that nobody watches. And the distributor is simultaneously the MOST TRUSTED party in the chain — the only one the household knows by name, who comes daily and is often given a key to the gate. THE PARTY CLOSEST TO THE CONSUMER IS THE LEAST SUPERVISED AND THE MOST TRUSTED, SO ITS CONTROLS MUST BE PHYSICAL RATHER THAN CONTRACTUAL: a clause in an agency agreement changes nothing at 4 a.m., and a seal does.**
- **So the controls are physical objects rather than obligations.** Sealed packs only with no decanting at any point, and no decanting equipment, measuring vessel or loose stock on the premises — the supply-chain principle this vertical has used at every stage, making the practice impossible rather than prohibited. Crates tamper-evident and sealed at loading with the seal number recorded against route and rider; the app refusing a delivery against a non-matching seal; a route log to every household showing what arrived, when and from whom; returned stock destroyed and never re-delivered. **Seal breaks are REPORTED rather than replaced — 214 in Year 1 falling to 46, most accidental and all recorded — because an agency reporting no seal breaks has riders replacing them, which is exactly the failure the control exists to prevent.**
- **The control exists for the morning a seal is found broken at 4:20 with sixty households waiting.** Replacing it takes four seconds, nobody would ever know, and the alternative is sixty undelivered subscriptions. **So it is removed from the supervisor's judgement: numbers recorded at loading, the app rejecting a mismatch, the discrepancy routed to hub operations, and a NAMED SUBSTITUTE already trained on that route rather than whoever is available — because a control that CAN be resolved by a supervisor at 4:20 in the morning WILL be resolved that way.**
- **The rider is the entire business and is paid least.** He starts at three in the morning on an unlit road, carries somebody else's cash and somebody else's brand, and is engaged informally on a route that is not his — and the trade's answer to 60%+ attrition is to hire another one. **Which is why seal discipline, delivery accuracy and doorstep courtesy are unreliable across the sector: every one of them depends on a person with no stake, no**

**protection and no reason to stay. Income stated, insurance provided, a route he keeps, fixed payment cycle, and ATTRITION REPORTED AS A METRIC THAT MUST FALL (62% → 24%). The self-interested justification is arithmetic: a rider who knows his route delivers 52 stops an hour against 34, and density is the entire margin — retention is worth more than any routing software.**

- **Road safety is the operator's responsibility, not the rider's preference.** Pre-dawn two-wheeler delivery is genuinely dangerous work; helmets, reflective clothing, maintained lights and roadworthy vehicles are provided, incidents are recorded and investigated (18 falling to 6), **and route sizing is set from the MEASURED 52 stops per hour rather than from an aspiration — because a delivery target achievable only by riding badly is a management decision disguised as a rider's choice.**
- **The last hour of the cold chain is the doorstep, and the trade does not mention it.** Milk delivered at five and collected at eight has spent three hours outside refrigeration, which no upstream control compensates for. This business states the assumption rather than promising what a doorstep cannot hold: insulated crates, drop boxes offered at cost, communicated delivery windows and a stated maximum standing time for the local climate. **It is a modest claim, and the honest version of one the trade usually makes silently and grandly.** Similarly, non-delivery is detected by the route system and credited automatically within 24 hours, and advance balances are refunded on discontinuation without being asked — per the anchor's rule that a remedy a customer must chase is one she will not collect.
- **Milk is 67% of revenue and 42% of gross profit, which is the fact every entrant misreads.** The milk is the reason a household accepts a daily delivery at all — nothing else would justify a pre-dawn trip — but at 5.7% it barely covers the cost of making that trip. **The business is built by adding items to a route already running, where the marginal delivery cost of a loaf of bread is near zero. An operator who reads the blended 9.1% and pushes milk volume will grow revenue and lose money; the instruction is to grow BASKET PER STOP, not stops per litre.**
- **The route, not the litre, is the unit of account — and the arithmetic is stated plainly.** In Year 1 a route generates ₹583 of gross profit and costs ₹548 in rider pay, leaving ₹35 for the vehicle, hub, technology and everything else. **That is precisely why the sector pays badly and handles loose milk: those are the only two levers that make a milk-only route work, and this plan has declined both. By Year 3 the same route generates ₹1,358 through basket depth and density while the rider is paid slightly more rather than less. An investor should also be told plainly that operating EBITDA is still negative at Year 3 and ₹2.62 crore of crate hire, route franchising, crate advertising and processor incentives carries the result — disclosed separately because a distributor whose profit is a processor's incentive is a distributor whose profit a processor can withdraw.**
- **Compliance is food safety, labour and consumer contract at once.** FSSAI registration or licensing for distribution and storage, with any re-packing or decanting by a distributor constituting unlicensed manufacture and being, in practice, the mechanism through which adulteration enters the chain; EPF/ESI, accident and life insurance, working-hours discipline and vehicle roadworthiness for pre-dawn riders, where misclassifying continuous full-time work as casual engagement is both a legal risk and the root of the trade's attrition; subscription terms, vacation credits and refund of advance balances on discontinuation; Legal Metrology if any repackaging occurs; municipal trade licensing and vehicle permits; GST on allied non-dairy goods; and DPDP obligations over household addresses, delivery patterns and absence data, which together describe when a home is empty. Professional advice should be taken on the specific engagement terms, subscription contracts and processor agreements.

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