



BUSINESS PLAN · INDIA

Pest-Control Service

The treatment the customer cannot verify

HOME SERVICES

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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 **Pest-Control Service** in India — a licensed operator providing residential and commercial pest management, cockroach, rodent and bed-bug treatment, anti-termite work including pre- and post-construction, and annual maintenance contracts, with an employed technician workforce in one city.

The structural facts of this vertical are set out in the home-cleaning plan and are not re-derived here: **the worker enters the customer's home alone and the risk runs both ways; route density rather than price decides the margin; classification is the legal fault line and this plan employs its technicians; the theft or damage allegation is a when rather than an if; and the rating system is a pay system.** What is different here — and it governs everything — is that this business applies scheduled poisons inside a home where children, pets and pregnant women live. The Insecticides Act and Rules make this a licensed activity: only formulations registered with the Central Insecticides Board for that use, at the label dose, applied by a competent operator, from licensed storage. But the compliance that matters most is the one nobody enforces — the household is the only party who will need to know what was sprayed if a child is unwell that night, and it is the party that almost never gets told. This plan hands over a written record of the product, its batch, the concentration, the areas treated and the re-entry interval, on every job, from nothing to 100%, with registered formulations at label dose rising from 84% to 100% and technicians certified for the chemicals they carry from 62% to 100%.

The second is the sharpest information asymmetry in this vertical, and it is the reason pest control has the reputation it has. Nobody in the household can tell whether the technician sprayed the registered chemical at the registered dose, the same chemical at a third of the dose, or water. The service looks identical in all three cases, smells roughly the same, and takes the same forty minutes. The customer learns the answer eight months later when the termites come back — at which point the operator can point at the plumbing, the neighbour's wall, or the monsoon, and is usually believed, because by then nobody can reconstruct what was actually applied. A trade in which quality is invisible at delivery and contestable at failure will drift toward dilution unless something inside the operator makes it visible. Three controls do that here. Batch and lot recorded against every job, from nothing to 100%. Chemical consumption reconciled monthly against jobs specified — a technician drawing 40% of the expected volume for the work he booked is the tell, and seven such variances were investigated in Year 1 falling to two. And treated points photographed, because reconciliation catches dilution but not a technician who applied the right chemical in the wrong place.

The third is that the annual maintenance contract is the business, and it is also a liability the industry routinely books as income. One-off jobs are firefighting: low margin, high acquisition cost, no relationship. An AMC with four scheduled visits is the annuity that makes this trade worth being in, and it moves from 38% of revenue to 64% here. But a contract collected in April for visits due in July, October and January is an unearned liability until those visits happen — the coaching plan's rule applied to a service business — and the industry's open secret is that a great many of them do not happen. An operator with a strong renewal rate and a 76% visit-delivery rate does not have loyal customers; he has customers who have not noticed yet, and the day they do is the day the renewal book collapses. This plan takes contracted visits actually delivered from 76% to 97% and recognises AMC revenue on visit delivery rather than on collection, from nothing to 100% — which makes the first two years look worse and the business real.

One cross-vertical observation belongs in the executive summary because it explains this plan's margin. The home-cleaning plan established leakage to direct hire as the defining economic problem of home services, at an estimated 14%. Here it is roughly 6%, and the reason is not loyalty or brand — it is that a customer cannot

buy the chemical or the licence. A householder can hire a cleaner directly at half the price; she cannot legally source a registered termiticide, and would not know the dose if she could. That same barrier that stops the customer going around the operator also stops price collapsing, which is why this business reaches a 9.0% net margin where the cleaning plan reaches 2.9%. The licence is the moat, and an operator who treats it as a compliance cost rather than as the source of his margin has misread his own business.

This plan models an operator requiring **₹4.50 crore** (₹2.20 crore promoter + ₹1.30 crore term loan + ₹64 lakh working-capital facility + ₹36 lakh investor), moving from **₹4.13 crore revenue and a ₹60 lakh loss** to **₹13.13 crore revenue and ₹1.18 crore profit** by Year 3, with *return on capital employed* reaching 24.1% across a workforce growing from 38 to 92 technicians. (Pest-control services — figures illustrative.)

2. Business Description, Vision & Legal Structure

Concept: A licensed pest-control operator that tells the household exactly what was sprayed in it, and can prove the technician actually sprayed it.

Vision: To be the operator whose warranty is worth something because its records are.

Mission: Use only registered formulations at label dose; hand the household a written record on every job; reconcile what we bought against what we applied; deliver the visits we were paid for and book the revenue only when we have; provide for a warranty we may have to honour in ten years; and protect the technician who is in a treated space every day.

Legal structure

- **Private Limited** — recommended. Licensing under the Insecticides framework, chemical storage, treatment-liability insurance and long-dated warranties all point the same way.
- **LLP** — workable for a small local operator, weaker where multi-year warranties create long-tail obligations.
- **An employed technician workforce** — inheriting the vertical's classification rule; **and here it is not only a legal position but an operational one, because a contractor cannot be held to a chemical-consumption reconciliation.**

Regulatory anchor: this is a licensed chemical business operating inside people's homes, and that is a materially heavier regime than the rest of the vertical carries. The Insecticides Act 1968 and Insecticides Rules 1971 govern registration, manufacture, sale, storage and use: only formulations registered with the Central Insecticides Board and Registration Committee may be used, only for the pests and sites for which they are registered, and only at the label dose — which is a legal maximum and, for efficacy and warranty purposes, effectively a minimum too. Licences are required to stock and to undertake pest-control operations, storage must be separate, secured, ventilated and inventory-controlled, and technician competence is a licensing condition rather than a training preference. Fumigation with aluminium phosphide and comparable restricted materials sits under a stricter regime again and is not undertaken here without specific authorisation and accredited personnel — a distinction many operators blur and the one most likely to kill somebody. Then: public liability and treatment-liability insurance; consumer-protection exposure on warranty representations, since a ten-year anti-termite guarantee is an advertised promise; hazardous-waste and empty-container disposal rules; chemical transport requirements; and the vertical's shared obligations — **employment classification, POSH extending to the customer's premises, and DPDP over household data.**

3. Promoter & Ownership

Led by a promoter with pest management, facilities services or agri-chemical background. Three competences decide outcomes. *Technical literacy about the chemistry*, because a promoter who cannot say why a particular termiticide is used at a particular dose cannot supervise the people who dilute it. *The discipline to reconcile consumption*, since the control that makes this business honest is a monthly stock reconciliation that nobody outside the company will ever ask to see. And *the nerve to provide for warranties*, which reduces reported profit today against an obligation that falls due after most owners would have sold. Ownership, equity & investor terms are editable inputs; **chemical purchasing and consumption reconciliation report to finance rather than to operations, because the manager whose route productivity improves when a technician stretches a drum is not the person to audit the drum.**

4. Market Analysis — India

Indian pest-control demand is driven by climate, dense urban housing, food-safety enforcement in commercial premises, and a construction sector where anti-termite treatment is written into specifications.

Demand drivers

- **Climate and density** — cockroach, rodent and mosquito pressure is year-round in most Indian cities and rises with monsoon.
- **Apartment living**, where an untreated neighbouring flat reinfests a treated one, making building-level contracts far more effective than individual ones.
- **Food-safety enforcement** in restaurants, hotels, food processing and retail, where a pest-management contract is an audit requirement.
- **Construction specifications** mandating pre-construction anti-termite treatment.
- **Bed-bug resurgence** in hospitality and rented housing, a high-value and repeat-prone segment.
- **Warehousing and cold-chain growth**, which carries its own compliance-driven demand.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Households and commercial premises in the served city	Large; substantially unserved or self-treated
SAM	Premises inside served clusters willing to pay for licensed treatment	Bounded by density and by the DIY alternative
SOM (Yr 1-3)	Jobs delivered and AMCs held	47,900 → 149,000 jobs; AMC 38% → 64%

The competitor most entrants underestimate is not another operator — it is the aerosol can, and understanding why it wins so often is what tells this business where to sell. A household with cockroaches can buy a spray for two hundred rupees, use it that evening, and see dead insects within minutes. The professional treatment costs fifteen times as much, produces no visible result for two days because gel baits work slowly, and requires letting a stranger into the flat. On the customer's own evidence the cheap option worked and the expensive one did not — which is wrong, because the aerosol killed the visible insects and left the population intact, but nothing in the customer's experience communicates that. Three consequences shape this plan. **The commercial segment is pursued from the outset, because a restaurant, hotel or food processor is buying an audit outcome rather than dead insects, understands why bait works better than a knock-down**

spray, and renews on a contract rather than on a memory. Building-level and society contracts are prioritised in residential, since an untreated neighbouring flat reinfests a treated one and a single-flat treatment is a service that will be judged to have failed for reasons outside the operator's control. And the residential proposition is sold on what the aerosol cannot do — a warranty, a scheduled return visit, treatment of harbours that the customer cannot reach, and a written record of what entered the home — rather than on a claim of superior killing, which the customer's own kitchen appears to disprove.

5. Competition & Position

Landscape: national branded operators with recognition, standard protocols and commercial contracts; **a very large number of small local operators, many working without a valid licence, with unrecorded chemicals and no warranty capacity;** facilities-management companies bundling pest control into building contracts; and the retail insecticide aisle, which is the largest competitor by volume. **Because the customer cannot verify what was applied, price competition in this trade runs directly into dilution — an operator quoting 40% below the market is frequently not more efficient, he is using less chemical, and the customer will not discover it for two seasons.**

The operator's position

- **A written chemical record handed to the household on every job.**
- **Batch and lot captured per job, with consumption reconciled monthly.**
- **Registered formulations at label dose only,** with certified technicians.
- **Contracted AMC visits actually delivered,** and revenue recognised when they are.
- **Warranty provided for on the balance sheet** rather than promised and forgotten.
- **Callbacks free and honoured without argument.**

The honest competitive difficulty is that every one of these disciplines is invisible to the customer at the point of sale and expensive to the operator immediately. A quotation carrying full-dose chemical, a certified technician, a warranty provision and four delivered visits cannot match one that carries none of them, and the customer standing in her doorway has no way at all to tell the difference between the two offers. She is not being careless — the information genuinely does not exist on her side of the transaction. Three answers work, and they are narrower than a promoter would like. **Give her something checkable: the written record with product name, registration number, batch, dose and re-entry interval is a document the cheaper operator will not produce, and a customer who has once seen one understands immediately what its absence means. Compete for buyers who can evaluate — food businesses, hotels, warehouses and facility managers face audits, know what a registered formulation is, and will pay for documentation, which is why the commercial segment is not a diversification here but the natural home of the proposition. And treat the callback as the proof: a free, unarguing callback honoured 100% of the time is the only quality claim in this trade that costs the operator money to make falsely, which is exactly what makes it credible.**

6. The AMC, the Warranty & What Reconciliation Catches

Element	Character	Economics
Annual maintenance contracts	The annuity; the reason this trade is worth being in	38% → 52% → 64% of revenue
Contracted visits actually delivered	The industry's open secret, measured	76% → 89% → 97%

AMC revenue recognised on visit delivery, not collection	Makes the first two years look worse and the business real	0% → 100%
One-off residential jobs	Firefighting: low margin, high acquisition cost	Falling share as AMC builds
Anti-termite & pre-construction (5-10 year warranty)	High value; a long-dated liability	₹48L → ₹1.54cr; provision ₹44L cumulative
Chemical consumption reconciled to job specification	The control that makes the trade honest	0% → 100%; 7 → 2 variances investigated
Estimated leakage to direct hire	~6% against the cleaning plan's 14% — the LICENCE, not loyalty	The moat, and the source of the margin
Revenue per technician-day · jobs per technician-day · travel	The vertical's density economics	₹3,200 → ₹4,200 · 4.2 → 5.4 · 31% → 18%

The five-to-ten-year anti-termite warranty deserves treating as what it is: a long-dated liability written by a business that may not exist when it falls due, sold to a customer who has no way to price that risk. A householder paying for pre-construction treatment on a house he is building is buying a promise about the year 2034 from a company with three years of accounts, no provision on its balance sheet, and an owner who will very likely have sold or closed before the obligation matures. The industry's usual approach is to book the fee as income in full, treat the warranty as a marketing feature, and deal with claims by disputing causation when they arrive — which works, because after eight years nobody can prove what was applied or whether the customer's own plumbing leak caused the infestation. It is a business model in which the warranty is worth most to the seller precisely when it is worth least to the buyer. Three disciplines follow. A warranty provision carried on the balance sheet and built each year — ₹44 lakh cumulative by Year 3 — which reduces reported profit against an obligation that is genuinely owed. Job records retained for the full warranty term with product, batch, dose and treated points, so a claim in year eight is settled on evidence rather than on argument. And the average age of the warranty book reported — 2.1 rising to 3.8 years — because a young book conceals its own liability, and an operator whose book is ageing without provisions is accumulating a problem that will surface after he has stopped watching.

7. Technician Exposure & the Household That Is Never Told

The person most exposed is not the customer

- **The customer is in a treated space for a few hours; the technician is in one every working day.**
- **Respiratory protection issued and fit-checked**, not merely supplied — 54% to 100%.
- **Exposure and health records with an annual check**, and cholinesterase monitoring where organophosphates are used.
- **Rotation off high-exposure work** and hard limits on daily application volumes.

The record the household needs

- **Product name and CIB&RC registration number**, so it can be looked up.
- **Batch and concentration applied**, and the areas treated.
- **The re-entry interval and precautions** for children, pets and pregnant women.
- **A contact number for the emergency question at eleven at night**, which is when it will be asked.

The written chemical record costs almost nothing and is the single most consequential thing this plan does, which is worth stating plainly because it is so easily dismissed as paperwork. A child in a treated flat becomes unwell at eleven at night. The parent takes her to a hospital, and the first question a doctor asks is what she was exposed to. In the overwhelming majority of Indian pest-control jobs the honest answer is that nobody in the household knows: the technician said it was safe, the invoice says "cockroach treatment", there is no product name, no concentration and no telephone number that will be answered. The information exists — the operator has it — and it simply was never handed over, because handing it over is not required, not asked for, and slightly inconvenient. The party who needs it most is the only party who does not have it. Four elements make the record useful rather than decorative. The registration number, so a doctor or a parent can look the product up rather than take the operator's word. The concentration actually applied, not the label range. The re-entry interval and specific precautions for infants, pets and pregnancy, stated in writing rather than mentioned at the door. And a number that is answered at night — because the emergency this record exists for will not happen during office hours.

8. Operations Plan (specify, apply, record, reconcile, return)

- **Chemical governance:** only CIB&RC-registered formulations, for registered uses, at label dose (84% → 100%), from licensed, secured and inventory-controlled storage.
- **Technician competence:** certified for the chemicals they carry (62% → 100%) — a licensing condition rather than a training preference.
- **The customer's record:** product, registration number, batch, concentration, areas treated, re-entry interval and a night-answered contact number, handed over on every job (0% → 100%).
- **Verification of the invisible:** batch and lot captured per job; consumption reconciled monthly against jobs specified; variances investigated (7 → 2); treated points photographed, because reconciliation catches dilution but not misapplication.
- **AMC delivery:** contracted visits scheduled, tracked and delivered (76% → 97%), with revenue recognised on delivery rather than collection.
- **Callbacks:** free, honoured without argument (71% → 100%), and treated as the operator's only quality claim that costs money to make falsely.
- **Warranty:** provision carried and built annually; job records retained for the full warranty term so a year-eight claim is settled on evidence.
- **Technician safety:** respiratory protection fit-checked, exposure records with annual health checks, rotation off high-exposure work, and daily application-volume limits.
- **Restricted materials:** fumigation with aluminium phosphide and comparable materials NOT undertaken without specific authorisation and accredited personnel — a distinction many operators blur and the one most likely to kill somebody.
- **Waste:** empty containers and residues disposed of under hazardous-waste rules, never returned to the customer or the general waste stream.

Control points

Area	Activity	Control point
What entered the home	Written chemical record handed to the household / registered formulation at label dose	0% → 100% / 84% → 100%

□ The treatment nobody can verify	Batch & lot per job / consumption reconciled monthly / variances investigated	0% → 100% / 0% → 100% / 7 → 2
What reconciliation cannot catch	Treated points photographed	0% → 100%
The unearned liability	Contracted AMC visits delivered / revenue recognised on delivery	76% → 97% / 0% → 100%
The promise about 2034	Warranty provision carried / average age of the warranty book	₹44L cumulative / 2.1 → 3.8 years
The most exposed person	Respiratory protection fit-checked / exposure & health records with annual check	54% → 100% / 0% → 100%
The claim that costs money to fake	Callbacks free and honoured without dispute	71% → 100%
Vertical economics (see home-cleaning anchor)	Revenue per technician-day · travel · verification both ways · employment	₹3,200 → ₹4,200 · 31% → 18% · 100% · 100% EPF/ESI

Chemical consumption reconciliation is the control that makes this business honest, and it works because it is arithmetic rather than judgement. Every job specification implies a chemical volume: a two-bedroom cockroach gel treatment consumes a known quantity of a known product, and a hundred such jobs consume a hundred times it. Compare the store issue against the job book monthly and a technician who has been stretching his material shows up as a number — not as a suspicion, not as a customer complaint two seasons later, but as 40% consumption against a specification he himself booked. Seven such variances were investigated in Year 1 and two in Year 3, and the fall is the control working rather than the problem disappearing. Three things make it real rather than nominal. Purchasing and reconciliation report to finance, not to operations — the vertical's control-independence rule, and here the constrained party is the area manager whose route productivity improves when a drum lasts longer than it should. The reconciliation runs monthly, because a quarterly one lets a technician cover a variance with the next quarter's issue. And the honest limitation is stated: reconciliation proves the volume left the store and does not prove where it went, so it is paired with photographed treatment points and free callbacks — three imperfect controls covering each other's gaps, which is the most any operator in this trade can honestly claim.

9. Insecticides Act Licensing & Operating Compliance (India)

- **Insecticides Act 1968 and Insecticides Rules 1971** — only CIB&RC-registered formulations, only for registered pests and sites, only at the label dose, which is a legal maximum and, for efficacy and warranty purposes, effectively a minimum.
- **Licences to stock and to undertake pest-control operations**, with **separate, secured, ventilated and inventory-controlled storage**; technician competence is a licensing condition, not a training preference.
- **Fumigation with aluminium phosphide and comparable restricted materials sits under a stricter regime** requiring specific authorisation and accredited personnel — **not undertaken here, and the distinction many operators blur is the one most likely to kill somebody**.
- **Public liability and treatment-liability insurance**, sized against the fact that the product is applied inside occupied homes.
- **Consumer protection on warranty representations** — a **ten-year anti-termite guarantee is an advertised promise and a provisionable obligation**.

- **Occupational exposure:** respiratory protection, exposure records, periodic health checks and cholinesterase monitoring where organophosphates are used.
- Hazardous-waste and empty-container disposal; chemical transport requirements; food-safety-linked documentation for commercial clients under audit.
- **Vertical-shared (see the home-cleaning plan):** employment classification under the Social Security and Wages Codes with EPF/ESI; **POSH extending to the customer's premises;** DPDP over household data; GST; shops and establishment registration.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Technicians (EMPLOYED, certified for the chemicals carried)	38	62	92
Contact centre, scheduling & AMC servicing	7	11	16
Supervisors & area managers	6	10	15
Sales & business development (commercial-led)	5	8	11
Training, certification & chemical safety	3	5	7
Licensed store, inventory control & logistics	3	5	7
Finance & accounts (incl. consumption reconciliation)	3	4	6
Technology (dispatch, job records, batch capture, AMC engine)	2	4	5
Leadership	2	3	4
Total	69	112	163

Two features distinguish this establishment from the cleaning operator's. Training, certification and chemical safety is a standing function from Year 1, because technician competence is a licensing condition here rather than a quality initiative, and an operator whose technicians are not certified for what they carry is operating unlawfully rather than imperfectly. **A licensed store with dedicated inventory control is carried from the outset** — three people at a 69-person scale — since the chemical store is both a legal requirement and the source of the consumption data on which the entire integrity control depends. **Consumption reconciliation sits inside finance and purchasing reports there too**, on the rule this library applies throughout: **a control that reports to the party it constrains is not a control**, and the constrained party is the operations manager whose route numbers improve when material is stretched.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-5	Insecticides Act licences obtained and licensed store commissioned before first job, technician certification pipeline running, batch-capture and consumption-reconciliation built into the job system rather than added later, customer chemical-record format defined, treatment-liability insurance bound, warranty provisioning policy adopted at inception
Year 1	Year 1	38 technicians, 47,900 jobs; ₹4.13cr revenue, ₹60L loss; AMC 38% of revenue with only 76% of contracted visits delivered — the baseline this plan exists to fix; registered-formulation compliance 84%; 7 consumption variances investigated; callbacks honoured 71%

Year 2	Year 2	62 technicians, 89,300 jobs; broadly break-even at ₹3L; AMC 52% and visits delivered 89%; chemical records handed over on 100% of jobs; batch capture and monthly reconciliation at 100%; respiratory protection fit-checked at 84%; ₹7.80cr revenue
Year 3	Year 3	92 technicians, 149,000 jobs; ₹13.13cr revenue, ₹1.18cr profit; ROCE 24.1%; AMC 64% with 97% of contracted visits delivered and revenue recognised on delivery; registered formulations and certification at 100%; consumption variances down to 2; callbacks honoured without dispute at 100%; warranty provision ₹44L cumulative; leakage ~6% against the vertical's 14%

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. **AMC share and revenue per technician-day are the levers. Job count is not one — and neither is chemical cost per job, which an operator can always "improve" by diluting.**

12.1 Project cost & means of finance

Capital requirement	₹
Launch & initial operating losses	86,00,000
Vehicles & field logistics	72,00,000
Working capital (chemical stock, AMC servicing, payroll)	64,00,000
Equipment (sprayers, foggers, drilling & injection rigs)	56,00,000
Technology (dispatch, job records, BATCH CAPTURE, AMC engine)	48,00,000
Customer acquisition & market entry	40,00,000
Licensed chemical store, hub & office fit-out	34,00,000
Licensing, technician certification & training infrastructure	24,00,000
Deposits (hub, vehicles, utilities)	14,00,000
Insurance, legal, registrations & compliance setup	12,00,000
Total project cost	4,50,00,000
Promoter contribution	2,20,00,000
Term loan (vehicles, equipment, store & technology)	1,30,00,000
Working-capital facility	64,00,000
Investor / angel contribution	36,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
TECHNICIANS / TECHNICIAN-DAYS / JOBS DELIVERED	38 / 11,400 / 47,900	62 / 18,600 / 89,300	92 / 27,600 / 149,000
Job & AMC revenue (residential and commercial)	3,65,00,000	6,88,00,000	11,59,00,000

Anti-termite & pre-construction projects (5-10 yr warranty)	48,00,000	92,00,000	1,54,00,000
TOTAL REVENUE	4,13,00,000	7,80,00,000	13,13,00,000
Technician wages, EPF/ESI, floor & leave (EMPLOYED)	1,16,00,000	2,05,00,000	3,27,00,000
Chemicals & consumables (registered formulations at label dose)	62,00,000	1,14,00,000	1,96,00,000
Travel, vehicles & field logistics	42,00,000	66,00,000	96,00,000
Customer acquisition & marketing	44,00,000	66,00,000	98,00,000
Supervisors & area managers	28,00,000	46,00,000	70,00,000
Head-office salaries (finance, HR, operations, leadership)	30,00,000	46,00,000	66,00,000
Contact centre, scheduling & AMC servicing	22,00,000	36,00,000	52,00,000
Equipment (sprayers, foggers, drilling & injection)	18,00,000	28,00,000	42,00,000
Licensing, technician certification, training & chemical safety	16,00,000	26,00,000	38,00,000
Technology (dispatch, job records, batch capture, AMC)	16,00,000	24,00,000	34,00,000
Licensed chemical store, hub & rent	16,00,000	22,00,000	30,00,000
Free callbacks & rework	12,00,000	18,00,000	26,00,000
Insurance (public liability, TREATMENT liability, workmen's compensation)	10,00,000	16,00,000	26,00,000
Depreciation (vehicles, equipment, store, IT)	10,00,000	16,00,000	24,00,000
WARRANTY PROVISION (anti-termite, 5-10 year)	8,00,000	14,00,000	22,00,000
Legal, statutory, audit & compliance	8,00,000	12,00,000	18,00,000
Finance cost	9,00,000	10,00,000	10,00,000
Bad debt & refunds	6,00,000	12,00,000	20,00,000
Total expenses	4,73,00,000	7,77,00,000	11,95,00,000
Net profit / (loss) before tax	(60,00,000)	3,00,000	1,18,00,000
Net margin	(14.5%)	0.4%	9.0%
AVERAGE CAPITAL EMPLOYED / RETURN ON CAPITAL EMPLOYED	₹4.20cr / (14.3%)	₹4.50cr / 0.7%	₹4.90cr / 24.1%
AMC SHARE OF REVENUE / CONTRACTED VISITS DELIVERED / revenue recognised on delivery	38% / 76% / 0%	52% / 89% / 100%	64% / 97% / 100%
WRITTEN CHEMICAL RECORD HANDED TO THE HOUSEHOLD / registered formulation at label dose / technicians certified	0% / 84% / 62%	100% / 96% / 88%	100% / 100% / 100%
BATCH & LOT RECORDED PER JOB / consumption reconciled monthly / VARIANCES INVESTIGATED	0% / 0% / 7	100% / 100% / 4	100% / 100% / 2

Treated points photographed / callbacks honoured without dispute (all free of charge)	0% / 71%	78% / 92%	100% / 100%
WARRANTY PROVISION CARRIED (cumulative) / average age of the warranty book	₹8,00,000 / 2.1 yrs	₹22,00,000 / 3.0 yrs	₹44,00,000 / 3.8 yrs
Respiratory protection issued AND fit-checked / exposure & health records with annual check	54% / 0%	84% / 100%	100% / 100%
ESTIMATED LEAKAGE TO DIRECT HIRE (vertical anchor: 14% in cleaning)	~6%	~6%	~6%
Revenue per technician-day · jobs per technician-day · travel as % of paid hours · median tenure · EPF/ESI cost	₹3,200 · 4.2 · 31% · 9.4 mo · n/a	₹3,700 · 4.8 · 24% · 12.8 mo · ₹34L	₹4,200 · 5.4 · 18% · 16.2 mo · ₹58L

12.3 Unit economics & break-even

- Revenue per technician-day is the unit, as it is across this vertical, and it reaches ₹4,200 against a fully loaded technician cost of about ₹1,090 a day plus roughly ₹710 of chemical. Chemical is a real and large cost here, unlike in cleaning, which is precisely why diluting it is so tempting and why the reconciliation exists.
- The AMC is the whole difference between a good year and a business. At 64% of revenue it carries the fixed cost before a single one-off job is booked — and at a 76% visit-delivery rate it would be a renewal book waiting to collapse rather than an annuity.
- The 9.0% net margin is three times the cleaning plan's, and the reason is the licence rather than better management. A customer cannot source a registered termiticide or apply it lawfully, so leakage runs at 6% against 14% and price competition is bounded — the moat and the margin are the same thing.
- The warranty provision costs ₹22 lakh in Year 3 against a ₹1.18 crore profit. An operator not carrying it would report roughly 19% more profit and would be reporting a liability as earnings — the industry norm, and the reason so many anti-termite warranties are honoured by nobody.
- Break-even: Year 2, marginally, and Year 3 properly. The Year-1 loss is licensing, certification, a licensed store and a technician base built before the AMC book exists — capacity ahead of annuity, which is the shape of every contract-services business.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	64,00,000	58,00,000	50,00,000	46,00,000
Collections (AMC in advance, one-off on completion, commercial on terms)	88,00,000	1,04,00,000	1,12,00,000	1,18,00,000
Wages, chemicals, travel, marketing, interest & overheads	94,00,000	1,12,00,000	1,16,00,000	1,22,00,000
Closing balance	58,00,000	50,00,000	46,00,000	42,00,000

The AMC creates the most seductive cash position in this vertical and the one most likely to mislead a promoter into thinking he is doing well. Annual contracts are collected up front, often in a concentrated season, and the visits they buy fall due over the following twelve months. Cash arrives long before the cost of servicing it, which means an operator selling AMCs aggressively will have a healthy bank balance and a growing obligation he has not yet performed. If he then books that collection as revenue — the industry norm — his profit and loss looks excellent in exactly the period when his liability is largest. The failure mode is not

fraud: it is an operator who genuinely believes he is profitable, spends accordingly, and discovers in month fourteen that a year's worth of visits are owed and the cash that would have funded them has gone into growth. Three disciplines follow. **AMC revenue is recognised as visits are delivered rather than as cash is collected, so the profit and loss cannot flatter the unperformed obligation. The unperformed visit liability is tracked as a balance-sheet figure and reported to the promoter monthly alongside cash, since the two move in opposite directions and only one of them is real. And chemical stock is bought against the visit schedule rather than on price — a bulk purchase at a discount is a good decision that consumes the cash the delivery obligation is standing behind.**

12.5 Key Performance Indicators to Monitor

- **What entered the home:** chemical records handed over; registered formulation at label dose; technician certification currency; restricted-material jobs (must remain nil without authorisation).
- **The invisible treatment:** batch capture per job; consumption reconciled monthly; variances investigated and outcomes; treated points photographed; callbacks free and honoured.
- **The annuity:** AMC share; contracted visits delivered; unperformed visit liability; revenue recognised on delivery; renewal rate read alongside delivery rate rather than instead of it.
- **The long tail:** warranty provision carried; average age of the warranty book; claims received and honoured; job records retained for the full warranty term.
- **The technician:** respiratory protection fit-checked; exposure and health records; rotation off high-exposure work; daily application volumes; median tenure and cost to replace.

13. Funding Requirement & Bankability

Total ask: **₹1.30 crore term loan plus a ₹64 lakh working-capital facility** against ₹2.20 crore promoter contribution and ₹36 lakh of investor money. Four points. **First, this is a stronger credit than most of its vertical because the licence bounds competition — leakage runs at 6% against the sector's 14%, prices hold, and the AMC book is genuine recurring revenue rather than a repeat-purchase habit. Second, the AMC also creates the risk: cash arrives up front and the obligation is performed over twelve months, so an operator can look strongly cash-generative while accumulating unperformed visits — which is why this plan recognises AMC revenue on delivery and reports the unperformed liability separately. Third, the diagnostic questions are visit-delivery rate and consumption reconciliation, not revenue growth or renewal rate. An operator with a 90% renewal rate and a 70% delivery rate has customers who have not noticed yet, and a promoter who cannot produce a monthly chemical reconciliation cannot tell a lender — or himself — whether the treatments he sold were actually applied. Fourth, ask about the warranty book. Five- and ten-year anti-termite guarantees are long-dated liabilities routinely booked as income and provided for by nobody, and an operator whose warranty book is ageing without a provision is showing a profit that belongs to a claim he has not yet received.**

13.1 Funding utilisation

Use of funds	₹	% of total
Launch & initial operating losses	86,00,000	19.1%
Vehicles & field logistics	72,00,000	16.0%
Working capital (chemical stock, AMC servicing, payroll)	64,00,000	14.2%
Equipment (sprayers, foggers, drilling & injection rigs)	56,00,000	12.4%

Technology (dispatch, job records, batch capture, AMC engine)	48,00,000	10.7%
Customer acquisition & market entry	40,00,000	8.9%
Licensed chemical store, hub & office fit-out	34,00,000	7.6%
Licensing, technician certification & training infrastructure	24,00,000	5.3%
Deposits (hub, vehicles, utilities)	14,00,000	3.1%
Insurance, legal, registrations & compliance setup	12,00,000	2.7%
Total	4,50,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
☐ Scheduled poisons applied inside a home where children, pets and pregnant women live — and the household is never told what	A CHILD IN A TREATED FLAT BECOMES UNWELL AT ELEVEN AT NIGHT. THE PARENT TAKES HER TO A HOSPITAL AND THE FIRST QUESTION A DOCTOR ASKS IS WHAT SHE WAS EXPOSED TO. IN THE OVERWHELMING MAJORITY OF INDIAN PEST-CONTROL JOBS THE HONEST ANSWER IS THAT NOBODY IN THE HOUSEHOLD KNOWS: THE TECHNICIAN SAID IT WAS SAFE, THE INVOICE SAYS "COCKROACH TREATMENT", THERE IS NO PRODUCT NAME, NO CONCENTRATION AND NO NUMBER THAT WILL BE ANSWERED. THE INFORMATION EXISTS — THE OPERATOR HAS IT — AND IT WAS SIMPLY NEVER HANDED OVER, BECAUSE DOING SO IS NOT REQUIRED, NOT ASKED FOR, AND SLIGHTLY INCONVENIENT. THE PARTY WHO NEEDS IT MOST IS THE ONLY PARTY WHO DOES NOT HAVE IT → a WRITTEN CHEMICAL RECORD handed over on EVERY job (0%→100%) carrying THE CIB&RC REGISTRATION NUMBER SO A DOCTOR OR PARENT CAN LOOK IT UP RATHER THAN TAKE THE OPERATOR'S WORD, THE CONCENTRATION ACTUALLY APPLIED RATHER THAN THE LABEL RANGE, THE RE-ENTRY INTERVAL AND SPECIFIC PRECAUTIONS FOR INFANTS, PETS AND PREGNANCY IN WRITING RATHER THAN MENTIONED AT THE DOOR, AND A NUMBER THAT IS ANSWERED AT NIGHT — BECAUSE THE EMERGENCY THIS RECORD EXISTS FOR WILL NOT HAPPEN DURING OFFICE HOURS ; plus registered formulations at label dose only (84%→100%) and technicians certified for what they carry (62%→100%)

□ THE TREATMENT THE CUSTOMER CANNOT VERIFY	THE SHARPEST INFORMATION ASYMMETRY IN THE VERTICAL. NOBODY IN THE HOUSEHOLD CAN TELL WHETHER THE TECHNICIAN SPRAYED THE REGISTERED CHEMICAL AT THE REGISTERED DOSE, THE SAME CHEMICAL AT A THIRD OF THE DOSE, OR WATER — THE SERVICE LOOKS IDENTICAL IN ALL THREE CASES, SMELLS ROUGHLY THE SAME, AND TAKES THE SAME FORTY MINUTES. THE CUSTOMER LEARNS THE ANSWER EIGHT MONTHS LATER WHEN THE TERMITES COME BACK, AT WHICH POINT THE OPERATOR CAN POINT AT THE PLUMBING, THE NEIGHBOUR'S WALL OR THE MONSOON AND IS USUALLY BELIEVED, BECAUSE BY THEN NOBODY CAN RECONSTRUCT WHAT WAS APPLIED. A TRADE IN WHICH QUALITY IS INVISIBLE AT DELIVERY AND CONTESTABLE AT FAILURE WILL DRIFT TOWARD DILUTION UNLESS SOMETHING INSIDE THE OPERATOR MAKES IT VISIBLE — WHICH IS ALSO WHY PRICE COMPETITION HERE RUNS STRAIGHT INTO DILUTION: AN OPERATOR QUOTING 40% BELOW MARKET IS FREQUENTLY NOT MORE EFFICIENT, HE IS USING LESS CHEMICAL → THREE IMPERFECT CONTROLS COVERING EACH OTHER'S GAPS: batch and lot captured per job (0%→100%); CHEMICAL CONSUMPTION RECONCILED MONTHLY AGAINST JOBS SPECIFIED, BECAUSE IT IS ARITHMETIC RATHER THAN JUDGEMENT — A TECHNICIAN DRAWING 40% OF THE EXPECTED VOLUME FOR THE WORK HE HIMSELF BOOKED SHOWS UP AS A NUMBER, NOT AS A SUSPICION OR A COMPLAINT TWO SEASONS LATER (7→2 variances investigated, MONTHLY not quarterly SINCE A QUARTERLY RECONCILIATION LETS A VARIANCE BE COVERED BY THE NEXT QUARTER'S ISSUE, and reporting to FINANCE not operations); and treated points PHOTOGRAPHED, BECAUSE RECONCILIATION PROVES THE VOLUME LEFT THE STORE AND DOES NOT PROVE WHERE IT WENT
□ The AMC is an unearned liability the industry books as income	ANNUAL CONTRACTS ARE COLLECTED UP FRONT, OFTEN IN A CONCENTRATED SEASON, AND THE VISITS THEY BUY FALL DUE OVER THE FOLLOWING TWELVE MONTHS — SO CASH ARRIVES LONG BEFORE THE COST OF SERVICING IT AND AN OPERATOR SELLING AMCs AGGRESSIVELY HAS A HEALTHY BANK BALANCE AND A GROWING OBLIGATION HE HAS NOT PERFORMED. BOOK THAT COLLECTION AS REVENUE — THE INDUSTRY NORM — AND THE P&L LOOKS EXCELLENT IN EXACTLY THE PERIOD WHEN THE LIABILITY IS LARGEST. THE FAILURE MODE IS NOT FRAUD: IT IS AN OPERATOR WHO GENUINELY BELIEVES HE IS PROFITABLE, SPENDS ACCORDINGLY, AND DISCOVERS IN MONTH FOURTEEN THAT A YEAR'S VISITS ARE OWED AND THE CASH HAS GONE INTO GROWTH. AN OPERATOR WITH A 90% RENEWAL RATE AND A 70% DELIVERY RATE HAS CUSTOMERS WHO HAVE NOT NOTICED YET → the coaching plan's rule applied: contracted visits scheduled, tracked and DELIVERED (76%→97%); AMC REVENUE RECOGNISED ON VISIT DELIVERY RATHER THAN COLLECTION (0%→100%), WHICH MAKES THE FIRST TWO YEARS LOOK WORSE AND THE BUSINESS REAL ; the UNPERFORMED VISIT LIABILITY tracked on the balance sheet and reported monthly ALONGSIDE CASH, SINCE THE TWO MOVE IN OPPOSITE DIRECTIONS AND ONLY ONE OF THEM IS REAL ; and chemical bought AGAINST THE VISIT SCHEDULE rather than on price, because A BULK PURCHASE AT A DISCOUNT IS A GOOD DECISION THAT CONSUMES THE CASH THE DELIVERY OBLIGATION IS STANDING BEHIND

The ten-year warranty written by a three-year-old company	A HOUSEHOLDER PAYING FOR PRE-CONSTRUCTION TREATMENT IS BUYING A PROMISE ABOUT 2034 FROM A COMPANY WITH THREE YEARS OF ACCOUNTS, NO PROVISION ON ITS BALANCE SHEET, AND AN OWNER WHO WILL VERY LIKELY HAVE SOLD OR CLOSED BEFORE THE OBLIGATION MATURES — AND THE CUSTOMER HAS NO WAY TO PRICE THAT RISK. THE INDUSTRY'S USUAL APPROACH IS TO BOOK THE FEE AS INCOME IN FULL, TREAT THE WARRANTY AS A MARKETING FEATURE, AND DISPUTE CAUSATION WHEN CLAIMS ARRIVE — WHICH WORKS, BECAUSE AFTER EIGHT YEARS NOBODY CAN PROVE WHAT WAS APPLIED OR WHETHER THE CUSTOMER'S OWN PLUMBING LEAK CAUSED THE INFESTATION. IT IS A MODEL IN WHICH THE WARRANTY IS WORTH MOST TO THE SELLER PRECISELY WHEN IT IS WORTH LEAST TO THE BUYER → a WARRANTY PROVISION CARRIED AND BUILT ANNUALLY (₹44L cumulative by Y3, costing ₹22L in Y3 against a ₹1.18cr profit — AN OPERATOR NOT CARRYING IT WOULD REPORT ROUGHLY 19% MORE PROFIT AND WOULD BE REPORTING A LIABILITY AS EARNINGS); job records with product, batch, dose and treated points RETAINED FOR THE FULL WARRANTY TERM, SO A CLAIM IN YEAR EIGHT IS SETTLED ON EVIDENCE RATHER THAN ON ARGUMENT; and the AVERAGE AGE OF THE WARRANTY BOOK reported (2.1→3.8 years) since A YOUNG BOOK CONCEALS ITS OWN LIABILITY AND AN OPERATOR WHOSE BOOK IS AGEING WITHOUT PROVISIONS IS ACCUMULATING A PROBLEM THAT WILL SURFACE AFTER HE HAS STOPPED WATCHING
The most exposed person in the transaction is the technician	THE CUSTOMER IS IN A TREATED SPACE FOR A FEW HOURS; THE TECHNICIAN IS IN ONE EVERY WORKING DAY, MIXING CONCENTRATES, SPRAYING IN ENCLOSED KITCHENS AND CRAWL SPACES, AND CARRYING RESIDUE HOME ON HIS CLOTHES. THE INDUSTRY'S ATTENTION GOES ALMOST ENTIRELY TO CUSTOMER SAFETY, WHICH IS THE LESSER EXPOSURE BY AN ORDER OF MAGNITUDE, AND PROTECTIVE EQUIPMENT IS TYPICALLY ISSUED ONCE AND NEVER FITTED, CHECKED OR REPLACED → RESPIRATORY PROTECTION ISSUED AND FIT-CHECKED rather than merely supplied (54%→100%); EXPOSURE AND HEALTH RECORDS with an annual check (0%→100%) and CHOLINESTERASE OR EQUIVALENT MONITORING WHERE ORGANOPHOSPHATES ARE USED; ROTATION OFF HIGH-EXPOSURE WORK and hard daily application-volume limits; and FUMIGATION WITH ALUMINIUM PHOSPHIDE AND COMPARABLE RESTRICTED MATERIALS NOT UNDERTAKEN WITHOUT SPECIFIC AUTHORISATION AND ACCREDITED PERSONNEL — A DISTINCTION MANY OPERATORS BLUR AND THE ONE MOST LIKELY TO KILL SOMEBODY. Empty containers and residues disposed of under hazardous-waste rules, never returned to the customer or the general waste stream
The competitor is an aerosol can, and on the customer's own evidence it works	A HOUSEHOLD WITH COCKROACHES CAN BUY A SPRAY FOR TWO HUNDRED RUPEES, USE IT THAT EVENING AND SEE DEAD INSECTS WITHIN MINUTES. THE PROFESSIONAL TREATMENT COSTS FIFTEEN TIMES AS MUCH, PRODUCES NO VISIBLE RESULT FOR TWO DAYS BECAUSE GEL BAITS WORK SLOWLY, AND REQUIRES LETTING A STRANGER INTO THE FLAT. ON THE CUSTOMER'S OWN EVIDENCE THE CHEAP OPTION WORKED AND THE EXPENSIVE ONE DID NOT — WHICH IS WRONG, BECAUSE THE AEROSOL KILLED THE VISIBLE INSECTS AND LEFT THE POPULATION INTACT, BUT NOTHING IN THE CUSTOMER'S EXPERIENCE COMMUNICATES THAT → the COMMERCIAL SEGMENT pursued from the outset, BECAUSE A RESTAURANT, HOTEL OR FOOD PROCESSOR IS BUYING AN AUDIT OUTCOME RATHER THAN DEAD INSECTS, UNDERSTANDS WHY BAIT BEATS KNOCK-DOWN, AND RENEWS ON A CONTRACT RATHER THAN ON A MEMORY; BUILDING-LEVEL AND SOCIETY CONTRACTS prioritised in residential, since AN UNTREATED NEIGHBOURING FLAT REINFESTS A TREATED ONE AND A SINGLE-FLAT TREATMENT IS A SERVICE THAT WILL BE JUDGED TO HAVE FAILED FOR REASONS OUTSIDE THE OPERATOR'S CONTROL; and the residential proposition sold on WHAT THE AEROSOL CANNOT DO — a warranty, a scheduled return visit, treatment of harbourages the customer cannot reach, and a written record of what entered the home — RATHER THAN ON A CLAIM OF SUPERIOR KILLING, WHICH THE CUSTOMER'S OWN KITCHEN APPEARS TO DISPROVE

Every discipline is invisible at the point of sale and expensive immediately	A QUOTATION CARRYING FULL-DOSE CHEMICAL, A CERTIFIED TECHNICIAN, A WARRANTY PROVISION AND FOUR DELIVERED VISITS CANNOT MATCH ONE THAT CARRIES NONE OF THEM, AND THE CUSTOMER STANDING IN HER DOORWAY HAS NO WAY AT ALL TO TELL THE TWO OFFERS APART. SHE IS NOT BEING CARELESS — THE INFORMATION GENUINELY DOES NOT EXIST ON HER SIDE OF THE TRANSACTION → give her SOMETHING CHECKABLE: THE WRITTEN RECORD WITH PRODUCT, REGISTRATION NUMBER, BATCH, DOSE AND RE-ENTRY INTERVAL IS A DOCUMENT THE CHEAPER OPERATOR WILL NOT PRODUCE, AND A CUSTOMER WHO HAS ONCE SEEN ONE UNDERSTANDS IMMEDIATELY WHAT ITS ABSENCE MEANS; compete for BUYERS WHO CAN EVALUATE — food businesses, hotels, warehouses and facility managers face audits and will pay for documentation, WHICH IS WHY THE COMMERCIAL SEGMENT IS NOT A DIVERSIFICATION HERE BUT THE NATURAL HOME OF THE PROPOSITION; and treat the callback as the proof, since A FREE, UNARGUING CALLBACK HONOURED 100% OF THE TIME IS THE ONLY QUALITY CLAIM IN THIS TRADE THAT COSTS THE OPERATOR MONEY TO MAKE FALSELY, WHICH IS EXACTLY WHAT MAKES IT CREDIBLE
Vertical-inherited risks (see the home-cleaning anchor)	THE WORKER ENTERS THE CUSTOMER'S HOME ALONE AND THE RISK RUNS BOTH WAYS → verification both ways, the NO-QUESTIONS WITHDRAWAL RIGHT at no cost to the worker, worker-raised concerns logged as a number that must rise. ROUTE DENSITY IS THE WHOLE MARGIN AND TRAVEL APPEARS IN NO COST LINE → clusters served deliberately narrowed, travel 31%→18% of paid hours, revenue per technician-day ₹3,200→₹4,200. CLASSIFICATION IS THE FAULT LINE — THE LABEL DOES NOT DECIDE THE RELATIONSHIP, THE CONTROL DOES → technicians EMPLOYED with EPF/ESI at a stated ₹58L a year by Y3, AND HERE IT IS AN OPERATIONAL POSITION AS WELL AS A LEGAL ONE, BECAUSE A CONTRACTOR CANNOT BE HELD TO A CHEMICAL-CONSUMPTION RECONCILIATION. POSH REACHES THE CUSTOMER'S PREMISES; the theft or damage allegation is a when not an if, with the worker's account recorded before any decision and no removal without a finding; the rating system is a pay system with an appeal route; attrition is structural and reported (tenure 9.4→16.2 months, higher than cleaning because the skill is licensed). AND THE CROSS-VERTICAL POINT: LEAKAGE HERE IS ~6% AGAINST THE CLEANING PLAN'S 14%, NOT BECAUSE OF LOYALTY BUT BECAUSE A CUSTOMER CANNOT BUY THE CHEMICAL OR THE LICENCE — THE SAME BARRIER THAT STOPS HER GOING AROUND THE OPERATOR STOPS PRICE COLLAPSING, WHICH IS WHY THIS BUSINESS EARNS 9.0% WHERE CLEANING EARNS 2.9%. THE LICENCE IS THE MOAT, AND AN OPERATOR WHO TREATS IT AS A COMPLIANCE COST RATHER THAN AS THE SOURCE OF HIS MARGIN HAS MISREAD HIS OWN BUSINESS

15. SWOT Analysis

Strengths A written chemical record handed to the household on every job — a document the cheaper operator will not produce; batch capture and monthly consumption reconciliation making an invisible service verifiable; AMC revenue recognised on delivery; a provisioned warranty book; free callbacks honoured without argument; licensing that bounds both leakage and price competition; technicians employed and certified.	Weaknesses Every discipline is invisible at the point of sale and costs money immediately; a Year-1 loss driven by licensing, certification and a store built before the AMC book exists; chemical is a large cost that can always be "improved" by dilution; long-dated warranty obligations; cash that flatters an unperformed obligation; dependence on a technician base whose competence is a licensing condition.
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Opportunities Commercial and food-safety-audited clients who can evaluate documentation and renew on contract; building- and society-level residential contracts, which solve the reinfestation problem a single flat cannot; construction-linked pre-construction anti-termite work; warehousing and cold-chain growth; bed-bug resurgence in hospitality and rented housing; a fragmented local market with many unlicensed operators.	Threats Price competition that is actually dilution, which the customer cannot detect for two seasons; the retail aerosol, which appears to work on the customer's own evidence; a serious exposure incident involving a child, a pet or a technician; regulatory action on licensing or restricted materials; warranty claims arriving on a book with no provision; and resistance development requiring formulation changes the operator must fund.
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16. Recommended AiSevak Tools for This Business

This operator would use AiSevak's Home Services vertical tools in operations:

- **What entered the home: customer chemical-record generator carrying product, CIB&RC registration number, batch, concentration, treated areas, re-entry interval and a night-answered contact; label-dose validation against the job specification; technician certification currency tracking.**
- **The invisible treatment: batch and lot capture per job, monthly consumption reconciliation against job specifications with variance flagging routed to finance, treated-point photography, free-callback register.**
- **The annuity:** AMC scheduling with contracted-versus-delivered visit tracking, unperformed-visit liability on the balance sheet, delivery-based revenue recognition, renewal rate reported alongside delivery rate.
- **The long tail:** warranty register with provisioning, warranty-book ageing, full-term job-record retention, claim workflow settled on stored evidence.
- **The technician & the vertical basics:** exposure and health records with fit-check tracking, application-volume limits and rotation, plus the anchor's controls — two-way verification, the no-questions withdrawal log, allegation workflow and rating appeals.

17. Key Assumptions & Notes

- Pest-control service: licensed operator providing residential and commercial pest management, cockroach, rodent and bed-bug treatment, anti-termite including pre- and post-construction, and annual maintenance contracts, with an employed technician workforce in one city. **Second plan in the homeservices vertical (43). The home-cleaning anchor's conventions are INHERITED AND CROSS-REFERENCED IN ONE PARAGRAPH rather than re-derived — worker-enters-alone and both-way risk, route density, leakage, classification, POSH at customer premises, the allegation, the rating system, structural attrition.**
- **△ CONVENTIONS SET HERE: (a) □ THE OPERATOR APPLIES SCHEDULED POISONS INSIDE A HOME WHERE CHILDREN, PETS AND PREGNANT WOMEN LIVE, AND THE PARTY WHO NEEDS THE INFORMATION MOST IS THE ONLY PARTY WHO DOES NOT HAVE IT — hand over a WRITTEN CHEMICAL RECORD on every job with the REGISTRATION NUMBER (so it can be looked up rather than taken on trust), the CONCENTRATION ACTUALLY APPLIED (not the label range), the RE-ENTRY INTERVAL AND PRECAUTIONS IN WRITING, and A NUMBER ANSWERED AT NIGHT, BECAUSE THE EMERGENCY THIS RECORD EXISTS FOR WILL NOT HAPPEN DURING OFFICE HOURS. (b) □□ THE TREATMENT THE CUSTOMER CANNOT VERIFY — the sharpest information asymmetry in the vertical: registered chemical at dose, the same chemical at a third of the dose, or water all LOOK IDENTICAL, SMELL ROUGHLY THE SAME AND TAKE THE SAME FORTY MINUTES, and the answer arrives eight months later when causation can be argued. A TRADE IN WHICH QUALITY IS INVISIBLE AT DELIVERY AND CONTESTABLE AT FAILURE WILL DRIFT TOWARD DILUTION UNLESS**

SOMETHING INSIDE THE OPERATOR MAKES IT VISIBLE — and PRICE COMPETITION RUNS STRAIGHT INTO DILUTION, SO AN OPERATOR QUOTING 40% BELOW MARKET IS FREQUENTLY NOT MORE EFFICIENT, HE IS USING LESS CHEMICAL. Answer with THREE IMPERFECT CONTROLS COVERING EACH OTHER'S GAPS: batch/lot per job · MONTHLY consumption reconciliation reporting to FINANCE (arithmetic, not judgement — 40% of expected volume against a spec the technician booked himself shows up as A NUMBER, NOT A SUSPICION) · treated points PHOTOGRAPHED, because RECONCILIATION PROVES THE VOLUME LEFT THE STORE AND NOT WHERE IT WENT. (c) □ THE AMC IS AN UNEARNED LIABILITY THE INDUSTRY BOOKS AS INCOME — recognise on VISIT DELIVERY not collection, track the UNPERFORMED VISIT LIABILITY beside cash SINCE THE TWO MOVE IN OPPOSITE DIRECTIONS AND ONLY ONE IS REAL, and note that AN OPERATOR WITH A 90% RENEWAL RATE AND A 70% DELIVERY RATE HAS CUSTOMERS WHO HAVE NOT NOTICED YET. (d) THE 5-10 YEAR WARRANTY IS A LONG-DATED LIABILITY WRITTEN BY A BUSINESS THAT MAY NOT EXIST — provide for it, retain job records for the FULL TERM so a year-eight claim is settled ON EVIDENCE RATHER THAN ARGUMENT, and report the AVERAGE AGE OF THE WARRANTY BOOK because A YOUNG BOOK CONCEALS ITS OWN LIABILITY. (e) THE MOST EXPOSED PERSON IS THE TECHNICIAN, NOT THE CUSTOMER — fit-checked respiratory protection, exposure records, cholinesterase monitoring, rotation, volume limits; and RESTRICTED FUMIGANTS NOT UNDERTAKEN WITHOUT SPECIFIC AUTHORISATION, THE DISTINCTION MOST LIKELY TO KILL SOMEBODY. (f) THE COMPETITOR IS AN AEROSOL CAN AND ON THE CUSTOMER'S OWN EVIDENCE IT WORKS — sell to buyers who can evaluate (commercial, audited), take BUILDING-LEVEL contracts since AN UNTREATED NEIGHBOURING FLAT REINFESTS A TREATED ONE, and pitch WHAT THE AEROSOL CANNOT DO rather than superior killing. (g) □ CROSS-VERTICAL: LEAKAGE IS ~6% HERE AGAINST CLEANING'S 14%, NOT FROM LOYALTY BUT BECAUSE A CUSTOMER CANNOT BUY THE CHEMICAL OR THE LICENCE — THE SAME BARRIER STOPS PRICE COLLAPSING, WHICH IS WHY THIS EARNS 9.0% WHERE CLEANING EARNS 2.9%. THE LICENCE IS THE MOAT, AND AN OPERATOR WHO TREATS IT AS A COMPLIANCE COST RATHER THAN THE SOURCE OF HIS MARGIN HAS MISREAD HIS OWN BUSINESS.

- Economics & cash — **REVENUE PER TECHNICIAN-DAY IS THE UNIT (₹3,200→₹4,200 against ~₹1,090 of loaded technician cost plus ~₹710 of chemical), AND CHEMICAL IS A REAL AND LARGE COST HERE UNLIKE IN CLEANING, WHICH IS PRECISELY WHY DILUTING IT IS SO TEMPTING AND WHY THE RECONCILIATION EXISTS** (Y1 —₹60L → Y2 +₹3L → Y3 +₹1.18cr; revenue ₹4.13cr→₹13.13cr; technicians 38→92, jobs 47,900→149,000; AMC 38%→64% with visits delivered 76%→97%; travel 31%→18%; ROCE (14.3%)→24.1%; warranty provision ₹44L cumulative, costing ₹22L in Y3 — **AN OPERATOR NOT CARRYING IT WOULD REPORT ROUGHLY 19% MORE PROFIT AND WOULD BE REPORTING A LIABILITY AS EARNINGS**; EPF/ESI cost ₹58L a year by Y3; **BREAK-EVEN YEAR 2 MARGINALLY AND YEAR 3 PROPERLY, THE YEAR-1 LOSS BEING LICENSING, CERTIFICATION, A LICENSED STORE AND A TECHNICIAN BASE BUILT BEFORE THE AMC BOOK EXISTS — CAPACITY AHEAD OF ANNUITY, THE SHAPE OF EVERY CONTRACT-SERVICES BUSINESS**). Regulatory (section 9): **INSECTICIDES ACT 1968 AND RULES 1971 — ONLY CIB&RC-REGISTERED FORMULATIONS, FOR REGISTERED PESTS AND SITES, AT THE LABEL DOSE, WHICH IS A LEGAL MAXIMUM AND, FOR EFFICACY AND WARRANTY PURPOSES, EFFECTIVELY A MINIMUM**; licences to stock and to operate, with separate secured ventilated inventory-controlled storage and TECHNICIAN COMPETENCE AS A LICENSING CONDITION RATHER THAN A TRAINING PREFERENCE; **FUMIGATION WITH ALUMINIUM PHOSPHIDE UNDER A STRICTER REGIME AND NOT UNDERTAKEN WITHOUT SPECIFIC AUTHORISATION AND ACCREDITED PERSONNEL**; public liability and TREATMENT-liability insurance; consumer protection, since **A TEN-YEAR ANTI-TERMITE GUARANTEE IS AN ADVERTISED PROMISE AND A PROVISIONABLE OBLIGATION**; occupational exposure monitoring; hazardous-waste and container disposal; chemical transport; plus the vertical-shared classification, POSH-at-customer-premises, DPDP, GST and shops-and-establishment obligations. Lender note (section 13): **A STRONGER CREDIT THAN MOST OF ITS VERTICAL BECAUSE THE LICENCE BOUNDS COMPETITION**; but **THE AMC CREATES THE RISK — CASH ARRIVES UP FRONT AND THE OBLIGATION IS PERFORMED OVER TWELVE MONTHS, SO AN OPERATOR CAN LOOK STRONGLY CASH-GENERATIVE WHILE**

ACCUMULATING UNPERFORMED VISITS; THE DIAGNOSTICS ARE VISIT-DELIVERY RATE AND CONSUMPTION RECONCILIATION, NOT REVENUE GROWTH OR RENEWAL RATE — A PROMOTER WHO CANNOT PRODUCE A MONTHLY CHEMICAL RECONCILIATION CANNOT TELL A LENDER, OR HIMSELF, WHETHER THE TREATMENTS HE SOLD WERE ACTUALLY APPLIED; and ASK ABOUT THE WARRANTY BOOK, BECAUSE FIVE- AND TEN-YEAR GUARANTEES ARE LONG-DATED LIABILITIES ROUTINELY BOOKED AS INCOME AND PROVIDED FOR BY NOBODY, AND AN OPERATOR WHOSE BOOK IS AGEING WITHOUT A PROVISION IS SHOWING A PROFIT THAT BELONGS TO A CLAIM HE HAS NOT YET RECEIVED. ₹4.50cr; technicians 38→92; revenue ₹4.13→13.13cr; 69→163 staff; AMC 38%→64%; ROCE (14.3%)→24.1%. Figures illustrative, exclude GST.

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

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

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