BUSINESS PLAN · INDIA

Pharma Distribution / C&F Business

Stockist and carry-forward operations

PHARMA

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out a **Pharma Distribution / C&F Business** in India — a licensed pharmaceutical wholesale distributor / Carrying-&-Forwarding (C&F) agent / stockist that warehouses & distributes pharma companies' products to retail pharmacies, hospitals, sub-stockists & institutions. It earns a **thin distribution/stockist margin (or C&F handling fee) on high volume**, monetising the essential pharma supply-chain link between manufacturers & the point of dispensing — a **thin-margin, high-volume, inventory-, trade-credit- & turns-driven** business requiring a wholesale drug licence & (often) cold-chain capability.

Every medicine reaches patients through a distribution chain — C&F agents (holding stock for pharma cos in a state) → stockists/distributors → retail chemists/hospitals. A pharma distributor/C&F is an **essential supply-chain business**: capital in inventory & receivables (trade credit), driven by pharma-company tie-ups (distribution rights), volume, inventory turns, credit discipline, reach (retail/hospital network) & (for many products) cold-chain. Margins are thin (regulated trade margins), so it is a **volume & turns** game. Revenue is **distribution/stockist margin (or C&F fee)**; success rests on company tie-ups, volume, turns, credit, reach & compliance — it is volume-, turns-, credit- & tie-up-driven.

This is a distribution business — funded by promoter equity plus bank finance (CC/OD-dominant for inventory + receivables). This plan models a pharma distributor/C&F requiring **₹1.4 crore** (₹45 lakh promoter + ₹95 lakh bank finance), targeting **₹18 crore** revenue in Year 1 and **₹38 crore** by Year 3. *(Pharma distribution/C&F; distribution margin/C&F fee on volume, volume/turns/credit/tie-up-driven, thin-margin — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A pharma distribution / C&F / stockist business - warehousing & distributing pharma companies' products to retail/hospital/sub-stockist/institution, earning distribution margin or C&F handling fee.

Vision: To be a reliable, compliant pharma supply-chain partner.

Mission: Deliver medicines reliably, in-compliance & on-time - right stock, cold-chain integrity & strong reach.

Legal structure options

- **Proprietorship / Partnership** — common for stockist/distribution.
- **Private Limited / LLP** — recommended for C&F/scale, company tie-ups, credit & funding.

> **Regulatory anchor:** a pharma distributor needs a **wholesale drug licence (Form 20B/21B)**, qualified person (pharmacist/competent person), GST, pharma-company distribution/C&F agreements, cold-chain/storage compliance (for temperature-sensitive/vaccines), Drugs & Cosmetics Act, & DPCO/trade-margin norms. Company tie-ups, volume, turns, credit, reach & compliance determine success; it is volume-, turns-, credit- & tie-up-driven, thin-margin.

3. Promoter & Ownership

Led by a promoter with pharma distribution, C&F, stockist or supply-chain experience & company/retail relationships. The team includes sales/orders (retail/hospital), warehouse/logistics (incl. cold-chain), a qualified pharmacist & accounts (credit). Company tie-ups, volume, turns, credit & reach are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's large, growing pharma market flows through an essential distribution chain (C&F → stockist → retail/hospital); demand is steady, healthcare-driven & largely non-discretionary. Demand is healthcare-/volume-/supply-chain-driven. The market rewards company tie-ups, volume, turns, credit, reach (retail/hospital network) & cold-chain/compliance; it is volume-, turns-, credit- & competition-sensitive, met with tie-ups, turns, credit & reach.

Demand drivers

- **Large, growing pharma** market.
- **Essential/non-discretionary** demand.
- **Retail-pharmacy & hospital** network.
- **Cold-chain/specialty** products.
- **New launches & company** expansion.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Pharma distribution in India	Very large & steady
SAM	Region/territory & segment	Substantial
SOM (Yr 1–3)	Volume / companies / retailers	Scaling

Target segments

- Retail pharmacies/chemists (core).
- Hospitals & institutions.
- Sub-stockists.
- Cold-chain/specialty (higher-value).

5. Competition & Competitive Advantage

Landscape: other distributors/stockists/C&F agents, large pharma-distribution chains & direct-company models. The distributor competes on company tie-ups, reach, service/reliability, turns, credit & cold-chain/compliance.

The business's edge

- **Company tie-ups (distribution rights).**
- **Reach (retail/hospital network).**
- **Service, reliability & turns.**
- **Credit discipline & relationships.**
- **Cold-chain & compliance.**

6. Products & Revenue Model

Stream	Model	Basis
Stockist / distribution	Trade margin (thin, ~8-10% regulated)	Core volume

C&F handling	Handling fee (% of turnover, low-WC)	Fee/low-risk
Hospital / institutional supply	Margin (volume/tender)	Volume
Cold-chain / specialty	Higher margin	Margin
Sub-stockist distribution	Distribution margin	Reach/volume

> Stockist/distribution earns thin regulated trade margins on volume; C&F handling is a fee on turnover (low working capital, stock owned by the company); hospital/institutional & cold-chain/specialty add volume/margin. Economics = volume × margin/fee × turns; company tie-ups, volume, turns, credit & reach drive it — the decisive distribution levers (thin-margin, high-volume, turns-driven).

7. Go-to-Market — Tie-ups & Reach

- **Pharma-company tie-ups** (distribution/C&F rights).
- **Retail/hospital network** (reach/beat).
- **Service, reliability & credit** (relationship).
- **Cold-chain/specialty** capability.
- **Sub-stockist & territory** expansion.

Sales approach

Secure company tie-ups (distribution/C&F rights) → build retail/hospital reach & beat → serve reliably with turns & credit → add cold-chain/specialty & territory → grow volume. Company tie-ups, reach, turns & credit build the distribution business; volume & turns drive thin-margin economics.

8. Operations Plan (distribution/C&F)

- **Warehouse & storage:** licensed warehouse, temperature/cold-chain (for sensitive), stock management, batch/expiry control.
- **Distribution:** order management, delivery/beat, retail/hospital supply, returns/expiry handling.
- **C&F:** hold company stock, dispatch to stockists, reconcile (company owns stock, distributor earns fee).
- **Compliance:** wholesale drug licence, pharmacist, cold-chain, batch/expiry, Drugs & Cosmetics Act.
- **Tech & WC:** inventory/billing, credit management, turns, receivables.

Workflow

Stage	Activity	Metric
Stock	Warehouse/cold-chain	Turns/expiry
Order	Retail/hospital	Volume/reach
Deliver	Beat/logistics	Reliability
Collect	Trade credit	Receivables
Comply	Licence/batch/expiry	Compliance

9. Regulatory, Licences & Compliance (India)

- **Wholesale drug licence:** Form 20B/21B; qualified pharmacist/competent person.
- **Storage:** cold-chain/temperature (sensitive/vaccines); batch/expiry; recall handling.
- **Compliance:** Drugs & Cosmetics Act; DPCO/trade margins; GST; company agreements.
- **Logistics:** transport/cold-chain norms.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / manager	1	2	3
Sales / orders (retail/hospital)	5	9	15
Warehouse, cold-chain & delivery	6	11	18
Pharmacist & compliance	2	3	5
Accounts (credit) & admin	2	4	6
Total	**16**	**29**	**47**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–2	Licence, warehouse/cold-chain, company tie-ups, first stock
Ramp	Month 2–7	Retail/hospital reach, volume, turns, credit
Traction	Month 7–12	Volume & turns; ₹18cr revenue
Expand	Year 2	More companies/territory/cold-chain, ₹28cr
Scale	Year 3	₹38cr revenue; tie-ups & reach

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. They are not projections of guaranteed results. Pharma distribution is thin-margin, high-volume; inventory + trade receivables are the main WC; C&F is low-WC (company owns stock); turns & credit are decisive; DPCO caps trade margins.

12.1 Project cost & means of finance

Capital requirement	₹
Opening inventory (stockist)	70,00,000
Working capital (retail/hospital receivables)	40,00,000
Warehouse, cold-chain & delivery setup	22,00,000
Licence, tech & pre-operative	8,00,000

Total project cost	**1,40,00,000**
Promoter contribution	45,00,000
Bank finance (term + CC, MSME)	95,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Stockist / distribution	13,00,00,000	20,00,00,000	26,00,00,000
C&F handling & institutional	3,50,00,000	6,00,00,000	8,50,00,000
Cold-chain / specialty & other	1,50,00,000	3,00,00,000	3,50,00,000
Total revenue	**18,00,00,000**	**29,00,00,000**	**38,00,00,000**
Cost of goods (stockist)	15,20,00,000	24,30,00,000	31,80,00,000
Salaries & staff	85,00,000	1,35,00,000	1,80,00,000
Warehouse, cold-chain, logistics & overheads	1,30,00,000	2,00,00,000	2,55,00,000
Interest & other	17,00,000	25,00,000	32,00,000
Total expenses	**17,52,00,000**	**27,90,00,000**	**36,47,00,000**
Net profit (before tax)	**48,00,000**	**1,10,00,000**	**1,53,00,000**
Net margin	2.7%	3.8%	4%

12.3 Unit economics & break-even

- **Volume × margin × turns:** stockist trade margins are thin (regulated ~8–10%), C&F is a low-WC fee; inventory turns against holding/interest, expiry & credit is the core lever — thin net margins, so volume & turns decide.
- **Credit & expiry:** retail/hospital trade credit ties up receivables; batch/expiry management prevents losses; turns, credit discipline & expiry control protect the thin margin.
- **Break-even:** at a volume/turns threshold covering warehouse, logistics & interest; net margins thin (distribution), profit scales with volume, turns, C&F/specialty mix & reach.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	8,00,000	7,20,000	7,40,000	7,70,000
Collections	3,80,00,000	4,40,00,000	4,90,00,000	5,20,00,000
Purchases, salaries & operating	3,80,80,000	4,39,80,000	4,89,70,000	5,19,20,000
Closing balance	**7,20,000**	**7,40,000**	**7,70,000**	**8,50,000**

> Pharma distribution carries heavy inventory + retail/hospital trade-credit WC & expiry risk; C&F is lighter (company owns stock). Turns, credit discipline, expiry/batch control, C&F mix, CC & the WC margin manage cash; the key risks are thin margins/DPCO, credit defaults (retail/hospital), expiry/obsolescence, cold-chain integrity & competition — met with turns, credit control, expiry management & C&F/specialty mix.

12.5 Key Performance Indicators to Monitor

- **Sales:** volume; company tie-ups; reach (retailers/hospitals); C&F/specialty mix.
- **Inventory:** turns; expiry/returns; cold-chain integrity.
- **WC:** receivable days; inventory days; CC; defaults.
- **Finance:** gross margin; net margin; turns.

13. Funding Requirement & Bankability

Total ask: **₹95 lakh bank finance** against ₹45 lakh promoter contribution — term for warehouse/cold-chain plus **CC/OD for working capital** (inventory + retail/hospital receivables), MSME-eligible. Bankability rests on company tie-ups, volume, turns, reach & credit discipline; pharma distribution is essential & steady. Year-1 profit ~₹48 lakh growing to ₹1.53 crore supports servicing; turns, volume & credit are key. Company tie-ups, volume, turns, credit & reach underpin the model.

13.1 Funding utilisation

Use of funds	₹	% of total
Opening inventory (stockist)	70,00,000	50%
Working capital (retail/hospital receivables)	40,00,000	28.6%
Warehouse, cold-chain & delivery setup	22,00,000	15.7%
Licence, tech & pre-operative	8,00,000	5.7%
Total	**1,40,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
Thin margins / DPCO	Turns, volume, C&F/specialty mix, cost efficiency
Credit defaults (retail/hospital)	Credit control, limits, checks; CC; relationships
Expiry / obsolescence	Turns, batch/expiry management, returns handling
Cold-chain integrity	Cold-chain infra, monitoring, compliance, insurance
Competition / tie-up loss	Reach, service, multiple companies, C&F, relationships

15. SWOT Analysis

Strengths Essential/steady demand; company tie-ups & reach; C&F low-WC option; turns-scalable; cold-chain/specialty upside.	**Weaknesses** Thin margins/DPCO; inventory-/credit-/WC-intensive; expiry/cold-chain risk; competition; tie-up-dependent.
Opportunities Pharma-market growth; hospital/institutional; cold-chain/specialty; C&F; territory & company expansion.	**Threats** Margin/DPCO pressure; credit defaults; expiry; direct-company/e-pharmacy shifts; competition.

16. Recommended AiSevak Tools for This Business

This pharma distributor would use AiSevak's Pharma vertical tools in delivery:

- **Distribution ops:** inventory/turns & batch/expiry/cold-chain, order/beat & retail/hospital-reach, credit-control tools.
- **Compliance:** wholesale-drug-licence & DPCO/trade-margin, company-tie-up/C&F & GST tools (with Legal & Finance verticals).
- **Practice:** Business Plan, turns/margin and Break-even tools to model the distribution business.

17. Key Assumptions & Notes

- Pharma distribution/C&F: licensed wholesale distributor/C&F/stockist warehousing & distributing pharma products to retail/hospital/sub-stockist/institution; distribution margin (thin) or C&F fee on volume.
- Volume × margin × turns decisive; company tie-ups, volume, turns, credit, reach & cold-chain/compliance are the levers; C&F is low-WC (company owns stock).
- Term + CC/OD (MSME) for WC (inventory + receivables); wholesale drug licence + pharmacist, cold-chain, batch/expiry, DPCO, Drugs-&-Cosmetics-Act.
- Volume, turns, credit, expiry & tie-ups drive economics; thin margins, high volume, WC-intensive; figures illustrative, exclude GST.

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