



BUSINESS PLAN · INDIA

Rubber Plantation and Processing

*An estate that measures the bark it consumes, because the cut made this month is paid
for in year eighteen*

PLANTATION AND ESTATE AGRICULTURE

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August 2026

This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out a **Rubber Plantation & Processing** business in Kerala — **248 hectares planted, 186 ha mature and tapped, 62 ha replanted and immature**, with a sheeting and smoke house, a block-rubber line and a centrifuging plant, and field latex and sheet bought from smallholder members. By Year 3 it handles **564,800 kg of dry rubber at ₹14.00 crore**: 290,000 kg from its own 83,700 trees at **1,559 kg per hectare**, and 274,800 kg from members.

This plan is the third in vertical 55 and **inherits the ten anchor rules (a)-(j)** set by the tea and coffee estate plan.

Item	Detail	Year 3
What is sold	Ribbed smoked sheet, block rubber and centrifuged latex concentrate, plus rubber wood from the replanted area and a tapping and panel-management service to members	₹14.00cr
Planted area / trees / members	186 ha tapped at 450 trees per hectare	248 ha; 83,700 trees; 590 members
Dry rubber handled	Own and member latex and sheet	564,800 kg
PAT / net margin	Rubber is a thin business and this is modelled at mid-cycle prices	₹0.85cr / 6.1%
ROCE on ₹8.00cr	Replanting, processing plant, effluent treatment, housing	16.1%
Growth (Year 1-3)	Trees whose bark consumption is actually measured	₹8.8cr → ₹14cr; 61,000 → 163,100

□ **THE MAN WHO CUTS THE TREE IS PAID ON THIS MONTH'S LATEX, AND THE DAMAGE HE DOES APPEARS IN YEAR EIGHTEEN.** Tapping is a cut into living bark, and the rate at which that bark is consumed decides how long the tree yields — the 500 cm of tappable bark a tree carries over its life lasts 24.7 years at the standard 1.5 mm per tapping and 14.8 years at the 2.5 mm that is routinely observed. **THE TAPPER IS PAID ON YIELD. THE COST FALLS ON AN OWNER A DECADE AND A HALF LATER. AND FOR THE FIRST TEN YEARS THE TWO TREES LOOK IDENTICAL.**

The unusual thing here is not that the fact is hidden. IT IS THAT THE FACT IS TRIVIALY CHEAP TO CREATE AND NOBODY CREATES IT. Bark consumption is a distance, measured with a marked panel and a rule, in seconds, by the tapper himself. What is missing is not an instrument. **IT IS ANYBODY WHOSE HORIZON REACHES YEAR EIGHTEEN.**

2. Business Description, Vision & Legal Structure

A private limited company holding the estate on a long lease, operating the sheeting and smoke house, block-rubber line and centrifuging plant, and buying field latex, lump and sheet from smallholder members within the surrounding panchayats.

Element	Position
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Legal form	Private limited company; estate on 30-year registered lease; Rubber Board registration as grower and dealer in the company's name
Where the money is made	Own latex at good margin; member purchase at volume and thin margin; centrifuged concentrate and rubber wood carry the difference
What is different	Every tapped tree has a marked panel and a bark-consumption record, and the record goes to whoever owns the tree
Vision	An estate whose accounts show what is being consumed, not only what is being sold

Why this shape	Reasoning
Own trees and member purchase together	Own trees set the panel standard and carry margin; member volume fills the smoke house and the centrifuge, which are fixed-cost assets that punish idleness
Three product forms rather than one	Sheet, block and concentrate serve different buyers on different price cycles, and field latex that misses the concentrate window still becomes sheet
Own processing	The panel record and the DRC reading only exist if the same entity owns the tree and the collection point
62 ha under replanting from the start	Rubber's chronic industry failure is deferred replanting; a holding that never replants is liquidating itself on a 30-year schedule

3. Promoter & Ownership

Item	Position
Promoter	Second-generation planter, Rubber Board-trained in tapping instruction, sixteen years on the estate; personally certifies every tapper before a panel is assigned
Promoter equity	₹2.88cr of the ₹8.00cr project cost (36%), unsecured and not withdrawable during the loan term
Ownership	Promoter family 76%; member producer company 14%; ESOP and key staff 10%
Governance	The bark depletion charge is presented to the board every quarter alongside PAT, and no incentive for any manager is calculated on a profit figure that excludes it

That last line is the whole design. **A rubber estate that pays its managers on reported profit has paid them to consume bark, because reported profit is exactly the number that leaves bark out. Fixing the incentive without fixing the measurement it runs on would change nothing at all.**

4. Market Analysis — India

Segment	What drives it	Position taken
Ribbed smoked sheet (RSS-4/5)	Kottayam price, import parity from Thailand and Indonesia, tyre-sector demand; the benchmark almost every Indian holding sells against	242,000 kg own at ₹185/kg

Member latex, lump and sheet, reprocessed	Smallholders with no smoke house and no way to hold stock; the nearest collection point is effectively the only buyer	196,800 kg at ₹185/kg
Centrifuged latex concentrate (60% DRC)	Gloves, foam, thread and adhesives; a different buyer set and a different cycle from dry rubber	126,000 kg dry at ₹200/kg
Rubber wood and scrap	Furniture and panel industry; the replanting cycle's only cash inflow	₹1.40cr from the 62 ha cycle
Tapping, panel management and nursery service	590 member holdings that cannot get a trained tapper at any price	₹1.12cr, priced separately from the latex

Why the tapper is the binding constraint

Structure	Consequence
Indian rubber is roughly nine-tenths smallholder	Most trees in the country are tapped by someone who does not own them and will not be there in year eighteen
Trained tappers are scarce and ageing across Kerala	An owner who objects to a cut risks losing the only tapper who will come, so the practical answer is to say nothing
Tappers are paid per tree tapped or on a share of yield	Every incentive in the arrangement points at today's latex and none of them points at the panel
Latex must be collected and processed within hours	The collection point is chosen by geography, not by price, so competitive pressure on practice is weak
Prices swing on import parity, not on Indian cost	In a high-price month the pressure to tap harder is at its most intense and least resistible

Demand is not the constraint and never has been — **India consumes far more natural rubber than it grows and imports the difference. The constraint is that the country's tree stock is being consumed faster than anybody is measuring, by people who are not being dishonest and are not being asked.**

5. Competition & Position

Competitor type	What they do well	Where the gap is
Neighbouring estates	Scale, established buyer relationships, replanting capital, Rubber Board access	Tappers on yield-based pay, no panel record, and a P&L with no line for the bark
Dealers and collection agents	Working capital, reach into small holdings, immediate cash	Buy the latex and know nothing about the tree it came from
Large processors	Genuine processing competence, consistent grades, export capability	Buy dry rubber by the tonne; the panel is somebody else's problem entirely
Producer societies and RPS groups	Aggregation, Rubber Board schemes, member trust	Rarely employ tappers directly, so they cannot change how the cut is made
This estate	Own trees, own tappers, own collection and own processing in one entity	Positioned on the panel, which is the one asset in this industry nobody is counting

It is worth being honest about the competitive weakness. An estate that taps at d3 with a rested panel simply produces less rubber this year than the estate next door tapping at d2 on the same trees, and in a high-price year that gap is painful and public. The advantage arrives in year eighteen, which is not a period any competitor, lender or buyer is currently measuring — so this plan cannot claim a market that will reward it. It can only claim that the trees will still be yielding.

6. The Damage Appears in Year Eighteen and the Wage Is Paid This Month

This is the finding, and it is a question of the distance between an action and its consequence.

Bark consumed per tapping	Per year (135 tappings)	500 cm of tappable bark lasts
1.5 mm — the standard	20.3 cm	24.7 years
2.3 mm — measured here in Year 1	31.1 cm	16.1 years
2.5 mm — routinely observed	33.8 cm	14.8 years
Difference, 1.5 mm against 2.5 mm	—	Ten years of tree

TAPPING IS A CUT INTO LIVING BARK, AND HOW FAST THAT BARK IS CONSUMED DECIDES HOW LONG THE TREE YIELDS. The standard is 1.5 mm of bark per tapping. The rate routinely observed on hired-tapper holdings is 2.2 to 2.8 mm, because a deeper, faster cut releases more latex today. A tree carries about 500 cm of tappable bark across its virgin and renewed panels, so it lasts twenty-five years at the standard and fifteen at the observed rate — **TEN YEARS OF A TREE'S PRODUCTIVE LIFE, DECIDED ONE MILLIMETRE AT A TIME. THE TAPPER IS PAID THIS MONTH. THE OWNER PAYS IN YEAR EIGHTEEN. AND FOR THE FIRST TEN YEARS THE WELL-TAPPED TREE AND THE BADLY TAPPED ONE PRODUCE THE SAME LATEX AND LOOK EXACTLY THE SAME.**

What separates this from the findings before it is that the fact is neither missing nor withheld — **IT IS SIMPLY NEVER CREATED, AND IT WOULD COST ALMOST NOTHING TO CREATE.** Bark consumption is a distance. A marked panel and a rule measure it in seconds, and the tapper himself is the obvious person to read it. There is no instrument to invent, no laboratory to build and no third party to engage. **WHAT IS MISSING IS NOT A MEASUREMENT. IT IS ANYBODY IN THE ARRANGEMENT WHOSE HORIZON REACHES YEAR EIGHTEEN** — not the tapper, who will have moved on; not the dealer, who buys by the kilogram; not the processor, who never sees the tree; **and frequently not the owner either, because his own profit and loss account is silent on the subject.**

So measure the bark and pay on it. EVERY TAPPED TREE CARRIES A MARKED PANEL AND ITS CONSUMPTION IS RECORDED MONTHLY — 163,100 TREES BY YEAR 3, 100% OF WHAT IS TAPPED, own and member alike, with the record returned to whoever owns the tree, free. Average consumption fell 2.3 mm → 1.6 mm and trees running above 2.0 mm fell from 41% to 6%. **60 TAPPERS TRAINED, CERTIFIED AND PAID A PANEL-CONDITION PREMIUM OF ₹66,667 A YEAR EACH — about a quarter of base pay, AND IT HAS TO BE THAT LARGE BECAUSE IT IS COMPETING AGAINST AN INCENTIVE THAT PAYS EVERY SINGLE DAY.** A token bonus against a daily yield payment changes nothing, which is why most panel-quality schemes in this industry have failed. The whole apparatus costs ₹1.32 crore, or ₹81 per tree per year — against a tree that yields ₹640 a year for another 20 years if the panel holds, and 12 if it does not. **GENERAL RULE: WHERE THE DAMAGE APPEARS IN YEAR EIGHTEEN AND THE WAGE IS PAID THIS MONTH, NO INCENTIVE IN THE SYSTEM POINTS AT THE TREE — SO MEASURE THE BARK, PAY ON IT, AND PUT IT IN THE ACCOUNTS.**

And it is worth naming why an owner tolerates it, because the usual answer — that he cannot tell — is only half true. He can see a ragged panel perfectly well if he walks the block and looks. What he cannot do is act on it: trained tappers are scarce and ageing across Kerala, and an owner who challenges the man cutting his trees risks having nobody cut them at all next season. **SO THE SILENCE IS NOT IGNORANCE. IT IS A BARGAINING POSITION, AND IT IS THE WEAKER ONE.** Which is exactly why the remedy here is a premium rather than a penalty: a scheme that punishes a scarce tapper simply loses him to the estate next door, and the only version of this that survives contact with the labour market is one where the careful cut **PAYS MORE.**

7. There Is No Depreciation Line for Bark

The second thread is why the owner does not object, and it is an accounting problem rather than a human one.

Asset	Consumed by use?	Charged in the accounts?
The smoke house	Yes	Yes. Depreciated
The centrifuge	Yes	Yes. Depreciated
The vehicle	Yes	Yes. Depreciated
The tappable bark	Yes. Irreversibly	No. Nowhere

A rubber tree is a thirty-year asset that is accounted for as an annual crop. Every kilogram tapped consumes a length of bark that does not grow back on any useful timescale, and no rubber profit and loss account in this country carries a line for it. SO THE OWNER IS NOT BEING DECEIVED BY THE TAPPER. HE IS BEING MISLED BY HIS OWN ACCOUNTS, WHICH REPORT THE PROCEEDS OF CONSUMING AN ASSET AS INCOME. Every other depleting thing on this estate is depreciated. The one that produces the revenue is not.

So it goes in. Establishment and immaturity cost ₹5.90 lakh per hectare — planting, upkeep and seven years without a rupee of income — and spread over the tapping life the trees actually achieve, across 186 tapped hectares, that is the **BARK DEPLETION CHARGE.** At the 1.6 mm this estate measures by Year 3 the life is 23.1 years and the charge is ₹0.48 CRORE A YEAR. At the 2.5 mm routinely observed the life is 14.8 years and the same arithmetic gives ₹0.74 CRORE. **THE DIFFERENCE — ₹0.26 CRORE A YEAR — IS WHAT CARELESS TAPPING ACTUALLY COSTS THIS ESTATE, AND IT IS INVISIBLE IN EVERY RUBBER PROFIT STATEMENT IN INDIA.** The charge is non-cash and it does not sit in the statutory accounts, but **it is presented to the board beside PAT every quarter, and it falls as the panel discipline holds — ₹0.68 crore in Year 1 at 2.3 mm to ₹0.48 crore in Year 3 at 1.6 mm, which is the only direction that number should ever move.**

8. Operations Plan (tap, measure, collect, process)

- **Tap.** Half-spiral on a d3 system, roughly 135 tapping days a year after rain and wintering; rain guards on the full tapped area to hold the monsoon months; panels opened only at 50 cm girth at 125 cm height, never earlier.
- **Measure.** Panel marked at opening; consumption read against the mark monthly by block; the reading takes seconds and the tapper takes it himself, because a measurement he performs is one he can act on.
- **Collect.** Field latex to the collection point within four hours, anticoagulant added, DRC by metrolac against a retained sample with the reading and the temperature both printed on the slip.
- **Process.** Coagulation, sheeting, dripping and smoking to RSS-4; off-grade and lump to block rubber; the concentrate line centrifuges within eight hours of collection.

- **Return.** Panel record, DRC slip and the block's consumption trend to the member within seven days; a block running above 2.0 mm generates a tapper visit, not a price cut.

Step	What is recorded	Who is given it
Panel opening	Girth, height, date, mark position	Tree register
Monthly reading	Consumption in mm per tapping, by block and by tapper	Tapper, owner and member
Collection	Weight, DRC, temperature, retained sample	Printed slip
Panel premium	Quarterly assessment against the record	The tapper, with the reading
Bark depletion charge	Achieved tapping life, recalculated on the year's readings	The board, beside PAT

The operational hinge is a block of 3,100 trees whose panel record shows consumption running at 2.6 mm, eight months in, tapped by the fastest and highest-yielding man on the estate, in a month when the Kottayam price is at a two-year high. The trade answer is to leave him alone: he is producing, the price is good, and nothing bad will happen for eleven years. Ours: the block moves to a rested panel, the tapper is retrained and his panel premium is withheld for the quarter, and the block's yield falls 14% for two quarters — 751 kg of dry rubber, ₹0.86 lakh. The arithmetic that justifies it is that at 2.6 mm this block's tapping life is 14.2 years instead of the 23.1 the rest of the estate is running, and ₹0.86 lakh is a cheap price for nine years of a 3,100-tree block. 24 blocks were rested or moved to controlled upward tapping in Year 3, at ₹0.35 crore of dry rubber forgone.

9. Rubber Board, Effluent & Plantation Labour Compliance (India)

Area	Requirement
Rubber Board	Rubber Act 1947; registration as grower, dealer and processor; returns on production, stock and sale; replanting and new-planting subsidy schemes and their conditions
Grading	RSS grading to the international standards adopted by the Board; ISNR block rubber specifications and BIS marking where applicable
Effluent	Water (Prevention and Control of Pollution) Act consent: sheet and block processing produce a high-BOD effluent and a serosity odour that is the single most common source of local complaint against a rubber factory
Air and ammonia	Air Act consent for the smoke house; ammonia handling and storage for latex preservation under the relevant rules
Labour	Plantations Labour Act 1951 and Kerala rules: housing, drinking water, crèche, medical; EPF, ESI, Minimum Wages; tappers engaged directly rather than through contractors
Tax	Income-tax Rule 7A: 65% of income from growing and manufacturing rubber is agricultural and exempt, 35% is business income; Kerala agricultural income tax position; GST on processed rubber
Other	Factories Act for the processing unit; Legal Metrology for weighbridges and DRC-linked weighment; Biological Diversity Act for cover crops and shade

Nothing in any of this requires anyone to record how much bark a tree lost this year, or to disclose it to the person who owns the tree. The Rubber Board publishes tapping standards and trains tappers to them, and the standards are good — but a standard with no measurement attached is advice, and advice loses to a daily

wage every time.

What the law reaches	What it does not
Production, stock and sale, returned to the Board	How much bark was consumed to produce any of it
The grade of the sheet leaving the factory	The condition of the panel it came from
Effluent load and stack emissions	Depletion of the asset generating both
Housing, crèche and medical for resident workers	Anything at all about the 590 member holdings around the estate
The accuracy of the weighbridge	The tree the rubber on it came off

Read down the right-hand column and the pattern is the same one this vertical keeps finding: the law reaches the product and the premises, and stops at the biological asset. That is not an oversight so much as a category error — a rubber tree is treated as land, land does not depreciate, and so nothing in the statutory framework has a place to record that it is being used up.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Note
Estate director	1	1	Certifies every tapper
Tappers	52	60	Derived, not assumed: 186 ha × 450 trees = 83,700, ÷ 1,395 trees per tapper on d3
Field workers (weeding, manuring, rain-guarding, upkeep)	38	46	62 ha immature under upkeep
Sheeting, smoke house, block and centrifuging	28	38	Two shifts in peak flow
Panel measurement and tapper training	7	11	163,100 trees recorded monthly
Collection points, DRC testing, member liaison	11	16	590 members
Welfare (housing, crèche, medical)	5	6	Plantations Labour Act
Sales, admin and accounts	8	10	—
Total	150	188	564,800 kg dry rubber; 163,100 trees on record

The 27 people in panel measurement, training, collection and DRC are the commitment made flesh. Their salaries are **₹0.58 crore — ₹2.15 lakh average CTC across 27** — and **₹0.16 crore** covers panel marking, gauges, the recording system and the depletion accounting. **The remaining ₹0.58 crore of the ₹1.32 crore line is the tapper programme: ₹0.18 crore of training and certification, and ₹0.40 crore of panel-condition premium across 60 tappers at ₹66,667 each.**

11. Implementation Timeline & Milestones

Phase	Months	Milestone
Registrations and finance	0-4	Rubber Board registration as grower, dealer and processor; effluent and air consents; term loan sanction; lease registered
Panel baseline	2-7	Every tapped tree marked and its current consumption rate recorded, before any premium is offered
Tapper certification	3-12	Training school running; 52 tappers certified; premium scheme published with the assessment method
Processing	5-16	Smoke house and sheeting upgraded; block line and centrifuge commissioned; effluent plant ahead of both
Member enrolment	8-24	310 → 590 members; panel service offered alongside purchase
Replanting	6-30	62 ha replanted with high-yielding clones; nursery established

Milestone that must not slip	Why
Panel baseline before the premium scheme	A premium paid against an unmeasured starting point rewards whoever happened to inherit the best trees
Effluent plant before the block line	A rubber factory that generates a complaint in its first season carries it for a decade
Tapper certification before member service is sold	The service being sold is a trained cut; selling it before it exists is selling nothing
Replanting inside the monsoon window	62 ha is a quarter of the holding; a late graft is a year lost at the far end

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions in Indian rupees, not forecasts or guarantees. Drivers are shown so every number can be changed.

12.1 Revenue build (₹ lakh)

Stream	Yr 1	Yr 2	Yr 3	Share	GM
RSS from own field latex	300	382	448	32.0%	42.0%
RSS and block rubber from member latex and sheet	208	292	364	26.0%	14.0%
Centrifuged latex concentrate (60% DRC)	148	202	252	18.0%	34.0%
Rubber wood from replanted area, and scrap	92	118	140	10.0%	58.0%
Tapping, panel management and nursery service	68	90	112	8.0%	56.0%
Intercrop: honey, pineapple, cover-crop seed	64	76	84	6.0%	48.0%
Total	880	1,160	1,400	100%	36.4%

Dry rubber is **76% of revenue at a blended 36.4% gross margin**, which is what rubber looks like when the member line is stated at its real 14%. **The two streams that pay for the panel programme — the service line and rubber wood — are 18% of revenue and a third of the gross profit, and neither of them exists on a holding that has stopped replanting.**

12.2 What is committed, and what it is measured on

Commitment	Yr 1	Yr 3
Trees with a marked panel and monthly consumption recorded / % of tapped trees	61,000 / 73%	163,100 / 100%
Average bark consumption per tapping / trees running above 2.0 mm	2.3 mm / 41%	1.6 mm / 6%
Tappers certified / paid a panel-condition premium / premium each	52 / 52 / ₹41,000	60 / 60 / ₹66,667
Bark depletion charge disclosed to the board (₹5.90L/ha over the achieved tapping life)	₹0.68cr at 16.1 yrs	₹0.48cr at 23.1 yrs
Blocks rested or moved to controlled upward tapping / dry rubber forgone	9 / ₹0.14cr	24 / ₹0.35cr
Members given their own panel record free	0%	100%

Row four is the row to watch, and it is the only metric in this library that is supposed to go DOWN. A falling bark depletion charge means the achieved tapping life is lengthening, which is the whole object; a rising one means the estate is liquidating its trees faster than it is replacing them, whatever PAT happens to say that year.

12.3 Profit & loss (₹ lakh)

Line	Yr 1	Yr 2	Yr 3
Revenue	880	1,160	1,400
Cost of goods (member purchase, tapping wages, inputs, processing)	(552)	(735)	(891)
Gross profit	328	425	509
Panel marking, monthly measurement and the record returned	(26)	(34)	(42)
Tapper training, certification and the panel-condition premium	(34)	(46)	(58)
Panel rest, controlled upward tapping and depletion accounting	(20)	(26)	(32)
Selling and distribution	(24)	(30)	(36)
Estate, factory and welfare overhead	(72)	(88)	(104)
Administration	(26)	(30)	(34)
EBITDA	126	171	203
Depreciation and amortisation	(54)	(64)	(74)
Finance cost	(38)	(42)	(46)
Other income (nursery sales, misc)	6	9	12

PBT	40	74	95
Tax (Rule 7A: 65% agricultural, ~11% effective)	(4)	(8)	(10)
PAT	36	66	85
Net margin	4.1%	5.7%	6.1%
ROCE on ₹8.00cr	9.0%	13.4%	16.1%
<i>Memo: bark depletion charge (non-cash, not in statutory accounts)</i>	(68)	(56)	(48)

The memo line is the point of this plan and it is deliberately shown below PAT rather than inside it. Year 3 PAT of ₹0.85 crore is ₹0.37 crore once the bark is charged, and a reader who takes the ₹0.85 crore at face value is reading a rubber account exactly the way the whole industry reads one. The tax line is low because Rule 7A treats 65% of rubber income as agricultural — which also means the ₹1.32 crore spent on the panel programme earns almost no tax shield, so its after-tax cost is close to its full cost.

12.4 Project cost & funding (₹ lakh)

Use of funds	₹L	%	Source of funds	₹L
Replanting 62 ha with high-yielding clones and upkeep to maturity	216	27%	Promoter equity	288
Sheeting, smoke house and block rubber line	168	21%	Term loan (NABARD-refinanced)	320
Centrifuging plant	144	18%	Rubber Board replanting subsidy	112
Effluent treatment plant and odour control	88	11%	Working capital limit	80
Worker housing and welfare	72	9%	—	—
Panel systems, tapper training school and nursery	56	7%	—	—
Working capital margin and pre-operative	56	7%	—	—
Total	800	100%	Total	800

12.5 Sensitivities (₹ crore PAT, Year 3)

Scenario	What changes	PAT
Base case as planned	As above	₹0.85cr
Trade-standard practice instead	Tap at d2 not d3 (+30,400 kg, +₹0.56cr revenue), open the young panels below the 50 cm girth standard (+18,000 kg, +₹0.33cr), take the DRC reading without a retained sample (+₹0.16cr margin), close the panel, training and premium programmes (+₹1.32cr): revenue ₹14.89cr at 39.0% gross margin	₹2.56cr
RSS-4 down 20% to ₹148/kg	₹10.64cr of rubber-linked revenue takes the fall to gross profit; import parity moves on things Kerala does not control	(₹1.05cr)
Tapper shortage cutting tapped area 15%	Volume loss plus unabsorbed factory cost, ₹0.72cr	₹0.21cr

Heavy monsoon cutting tapping days 12%	₹0.58cr even with rain guards on the full area	₹0.33cr
Wage revision +12%	₹0.46cr across tappers, field and factory	₹0.44cr

THE SECOND ROW IS THE PLAN IN ONE NUMBER AND IT IS BRUTAL. Trade-standard practice earns **₹2.56 crore against ₹0.85 crore — three times as much** — and every component of the gap is a decision whose cost lands after this loan is repaid. **₹1.67 crore of it is the commitments themselves — ₹1.32 crore of panel measurement, training and premium, plus ₹0.35 crore of dry rubber forgone — so PAT plus commitments is ₹2.52 crore against a trade-standard ₹2.56 crore.** That is the entire reason the practice persists, and no plan that pretends otherwise is worth reading. The honest counter-argument is the memo line: the trade-standard estate is depleting bark ₹0.26 crore a year faster, which across the remaining tapping cycle is roughly ₹3.9 crore its reported profit will never show.

One caution on that comparison. The trade-standard column is not a description of a badly run estate — it is a description of a well-run one, operating exactly as its accounts, its lender and its buyers all measure it. Every rupee of the ₹1.71 crore gap is earned by a decision that is legal, ordinary, defensible in the moment, and invisible for a decade. **THE PROBLEM THIS PLAN IS SOLVING IS NOT MISCONDUCT. IT IS THAT THE SCOREBOARD STOPS AT THE END OF THE FINANCIAL YEAR AND THE TREE DOES NOT.**

12.6 Volumes and unit economics (Year 3)

Physical driver	Volume	Realisation	Revenue
Own field latex to RSS	242,000 kg	₹185/kg	₹448L
Member latex and sheet to RSS and block	196,800 kg	₹185/kg	₹364L
Centrifuged concentrate (own 48,000 + member 78,000)	126,000 kg	₹200/kg	₹252L
Rubber wood, scrap and intercrop	—	—	₹224L
Tapping and panel service	590 members	—	₹112L
Total dry rubber handled	564,800 kg	—	₹1,400L

Derived figure	Working	Result
Own yield	290,000 kg over 186 tapped hectares	1,559 kg/ha
Per tree	290,000 kg over 83,700 trees, at ₹185/kg	3.46 kg and ₹640 a year
Tappers	83,700 trees ÷ 1,395 per tapper on d3	60
Cost of the panel programme per tree	₹1.32cr over 163,100 trees on record	₹81 per tree per year
Panel premium per tapper	₹0.40cr over 60 tappers	₹66,667, about a quarter of base pay
Forgone dry rubber	30,400 kg at ₹115/kg marginal contribution	₹0.35cr

The fourth row is the argument. **₹81 a year buys a tree that yields ₹640 a year for another 20 years instead of 12. Eight extra years at ₹640 is ₹5,120 of revenue for ₹81 a year of measurement, and the reason that trade is not**

universal has nothing to do with the arithmetic and everything to do with who is standing there in year eighteen.

13. Funding Requirement & Bankability

Item	Position
Requirement	₹8.00cr: ₹2.88cr promoter equity, ₹3.20cr term loan, ₹1.12cr Rubber Board subsidy, ₹0.80cr working capital limit
Security	Leasehold improvements, processing plant and centrifuge, hypothecation of stock and receivables; personal guarantee of the promoter
Debt service	Year 3 EBITDA ₹2.03cr against interest ₹0.46cr and scheduled repayment; DSCR above 1.9x from Year 3
Subsidy risk	₹1.12cr of Rubber Board replanting subsidy is milestone-based and paid in instalments over the immaturity period; the model assumes it in tranches, not upfront
Price risk	A 20% fall in RSS-4 makes this book loss-making with nothing operationally wrong; a lender should stress it there and look at the working capital limit rather than the P&L
What a lender should test	Not the tree count — the bark depletion charge and its trend. A holding whose reported profit is rising while its achieved tapping life is falling is selling its own collateral

Year	EBITDA	Interest	Repayment	DSCR
Year 1	₹1.26cr	₹0.38cr	Moratorium	—
Year 2	₹1.71cr	₹0.42cr	₹0.40cr	2.09x
Year 3	₹2.03cr	₹0.46cr	₹0.60cr	1.92x

Year 1 carries a moratorium and it is the plan, not a concession: 62 hectares replanted yield nothing for seven years, and the panel baseline has to be paid for before a single measured season has run. **What a lender is underwriting in Year 1 is the promoter's ₹2.88 crore and 186 hectares of trees that will still be tapping in 2051 if this plan is followed and will not if it is not.**

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
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The damage appears in year eighteen and the wage is paid this month	Bark consumption decides how long a tree yields: the 500 cm of tappable bark a tree carries lasts 24.7 years at the standard 1.5 mm per tapping and 14.8 years at the 2.5 mm routinely observed — TEN YEARS OF TREE, DECIDED ONE MILLIMETRE AT A TIME. The tapper is paid on today's latex, the cost lands on an owner fifteen years out, and for the first decade the two trees produce the same rubber and look identical. The fact is not hidden and not impossible — it is a distance, measurable in seconds with a marked panel and a rule. What is missing is anybody in the arrangement whose horizon reaches year eighteen	MEASURE THE BARK AND PAY ON IT. 163,100 trees marked and read monthly, 100% of what is tapped, own and member alike, the record returned free to whoever owns the tree. Consumption 2.3 mm → 1.6 mm; trees above 2.0 mm from 41% to 6%. 60 TAPPERS CERTIFIED AND PAID A PANEL PREMIUM OF ₹66,667 EACH — a quarter of base pay, AND IT MUST BE THAT LARGE BECAUSE IT COMPETES WITH AN INCENTIVE THAT PAYS EVERY DAY; token schemes are why most panel-quality programmes in this industry have failed. ₹1.32cr, or ₹81 per tree per year, against a tree yielding ₹640 a year for 20 more years instead of 12. GENERAL RULE: WHERE THE DAMAGE APPEARS IN YEAR EIGHTEEN AND THE WAGE IS PAID THIS MONTH, NO INCENTIVE POINTS AT THE TREE — SO MEASURE THE BARK, PAY ON IT, AND PUT IT IN THE ACCOUNTS
There is no depreciation line for bark	A thirty-year asset accounted for as an annual crop. The smoke house is depreciated, the centrifuge is depreciated, and the tappable bark — the one thing being irreversibly consumed to generate the revenue — is charged nowhere. So the owner is not deceived by the tapper; he is misled by accounts that report the proceeds of consuming an asset as income	A bark depletion charge in the management accounts: ₹5.90L per hectare of establishment and immaturity cost over the achieved tapping life across 186 ha — ₹0.48cr at the 23.1 years 1.6 mm buys, ₹0.74cr at the 14.8 years 2.5 mm implies. THE ₹0.26cr DIFFERENCE IS WHAT CARELESS TAPPING COSTS. Presented to the board beside PAT quarterly; no manager's incentive is calculated on a profit figure that excludes it
Rubber price volatility	RSS-4 moves on import parity from Thailand and Indonesia, not on Indian cost. A 20% fall takes ₹10.64cr of revenue down and PAT to (₹1.05cr) — a loss-making year with nothing operationally wrong, and the year in which the pressure to tap harder is greatest	Three product forms on different buyer cycles; concentrate serves gloves and foam rather than tyres; rubber wood and the service line are unlinked to the latex price; working capital sized to hold sheet stock through a bad quarter rather than sell into it
Tapper shortage	The binding constraint in Kerala and worsening as the trade ages. A 15% shortfall in tapped area is ₹0.72cr and takes PAT to ₹0.21cr. An owner short of tappers accepts whatever cut he is given, which is the mechanism that produced this finding in the first place	Direct engagement rather than contractors; the training school as a supply pipeline rather than a compliance exercise; housing and welfare at 9% of project cost; the premium scheme is itself the recruitment argument, because a certified tapper earns visibly more here
Monsoon and disease	Kerala loses tapping days to rain and to abnormal leaf fall; a 12% loss of days is ₹0.58cr	Rain guards on the full tapped area; disease scouting and prophylactic spraying to Board advisories; clone diversity across the replanted 62 ha
Effluent and odour	High-BOD effluent and serosity odour are the commonest source of local complaint against a rubber factory	Effluent plant at 11% of project cost and commissioned ahead of the block line
Member concentration	590 members can sell to any collection agent for cash the same day	The panel record and the trained tapper are what no agent offers

15. SWOT Analysis

Strengths	Weaknesses
Own trees, own tappers, own collection and own processing in one entity, which is the only configuration in which a panel record can actually be produced and acted on; three product forms on different cycles; a promoter who certifies tappers personally; 62 ha already under replanting while most of the industry defers it; the depletion charge governed at board level rather than buried in a management pack	Rubber is a thin business and 6.1% net margin leaves little room; a 20% price fall makes it loss-making; the panel programme costs ₹1.32cr against ₹0.85cr of PAT; the payoff arrives in year eighteen and no lender, buyer or competitor currently measures that period; Rule 7A means the programme earns almost no tax shield
Opportunities	Threats
Tapper scarcity makes a training school a genuine supply asset rather than a cost; the service line prices off a trained cut that members cannot buy anywhere; rubber wood from a disciplined replanting cycle is a real second income; a bark depletion charge is the kind of disclosure a serious lender will eventually ask for	A neighbour tapping at d2 simply out-produces this estate every year until year eighteen; import parity collapse; tapper attrition to construction and the Gulf; abnormal leaf fall in a wet year; nothing stops a competitor copying the programme once it visibly works

The honest reading is that this plan trades three years of visible profit for a decade of tree, against a scoreboard that only counts the first of those. Nothing here makes the estate more profitable than the one next door — it makes it an estate that still has trees in 2051, which is a claim no annual account is built to show.

16. Recommended AiSevak Tools for This Business

- **Business plan and project report generator** — for the Rubber Board replanting scheme file and the term loan appraisal.
- **Compliance calendar** — Rubber Board returns, effluent and air consent renewals, FSSAI where applicable, EPF, ESI and Plantations Labour Act registers.
- **Labour and payroll toolkit** — tapper muster rolls, direct engagement records, the panel-premium calculation and welfare-facility registers.
- **Cost and pricing calculator** — cost per kg of dry rubber by block, DRC conversion, sheet versus block versus concentrate netbacks.
- **GST and invoicing helper** — Rule 7A agricultural split, member purchase vouchers, reverse charge, processed-rubber GST.
- **Loan and subsidy application helper** — the milestone-based replanting subsidy and the working capital assessment that has to carry it in tranches.
- **Contract and terms drafting helper** — the member supply agreement, the published tapping standard and the premium assessment method.

Every tool above is **free to use on AiSevak and needs no signup to explore**. The toolkit link at the end of this plan opens the whole plantation set.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, planted area, yields, RSS and concentrate prices, bark consumption rates and achieved tapping life are editable inputs; outcomes depend on import parity, weather, disease and tapper availability. Figures are in Indian rupees. **This plan is the third in vertical 55 and inherits its ten anchor rules (a)-(j).**
- **The central finding is that the man who cuts the tree is paid on this month's latex and the damage he does appears in year eighteen.** The 500 cm of tappable bark a tree carries lasts 24.7 years at the standard 1.5 mm per tapping and 14.8 years at the 2.5 mm routinely observed — **ten years of tree, decided one millimetre at a time — and for the first decade the two trees look identical.**
- **What is unusual is that the fact is cheap to create and nobody creates it.** Bark consumption is a distance, read in seconds against a marked panel. **There is no instrument to invent and no third party to engage. What is missing is anybody in the arrangement whose horizon reaches year eighteen. GENERAL RULE: WHERE THE DAMAGE APPEARS IN YEAR EIGHTEEN AND THE WAGE IS PAID THIS MONTH, NO INCENTIVE IN THE SYSTEM POINTS AT THE TREE — SO MEASURE THE BARK, PAY ON IT, AND PUT IT IN THE ACCOUNTS.**
- **The premium has to be large.** ₹66,667 per tapper per year is about a quarter of base pay, **and it competes against an incentive that pays every single day. A token bonus against a daily yield payment changes nothing, which is why most panel-quality schemes in this industry have quietly failed.**
- **The second thread is that there is no depreciation line for bark.** The smoke house, the centrifuge and the vehicle are all depreciated; the tappable bark is not. **The owner is not deceived by the tapper — he is misled by accounts that report the proceeds of consuming an asset as income.** The bark depletion charge is ₹5.90L per hectare over the achieved tapping life across 186 ha: ₹0.48cr at the 23.1 years 1.6 mm buys, ₹0.74cr at the 14.8 years 2.5 mm implies. **Year 3 PAT of ₹0.85cr is ₹0.37cr once it is charged.**
- **Volumes and unit economics.** 564,800 kg of dry rubber: 242,000 kg own latex to RSS and 196,800 kg member at ₹185/kg, 126,000 kg dry to concentrate at ₹200/kg. Own yield 1,559 kg/ha over 186 ha; 3.46 kg and ₹640 per tree per year. Tappers are derived, not assumed: 186 ha × 450 trees = 83,700, ÷ 1,395 trees per tapper on d3 = 60. The panel programme costs ₹81 per tree per year across 163,100 trees on record.
- **The honest version is much the less profitable one, and here the gap is the widest in this vertical.** Trade-standard practice earns ₹2.56cr against ₹0.85cr — three times as much — because every component of the gap is a decision whose cost lands after the loan is repaid. **The counter-argument is the memo line: that estate has consumed about ten years of tree to earn it, worth roughly ₹2.4cr of gross profit that will not arrive.**
- **Compliance and professional advice.** Rubber Act 1947 and Rubber Board registration as grower, dealer and processor, with returns on production, stock and sale; RSS and ISNR grading standards; **the Water Act consent, because sheet and block processing produce a high-BOD effluent and an odour that is the commonest source of local complaint against a rubber factory;** Air Act consent for the smoke house and ammonia handling for latex preservation; Plantations Labour Act 1951 and the Kerala rules, with tappers engaged directly rather than through contractors; **Income-tax Rule 7A, under which 65% of rubber income is agricultural and exempt and 35% is business income;** Legal Metrology for weighbridges and DRC-linked weighment; the Factories Act for the processing unit. **Nothing requires anyone to record how much bark a tree lost this year or to tell the person who owns it.** Professional advice should be taken on lease and Board registration, the Rule 7A split, effluent consent conditions, and the employment-law standing of a premium assessed against a recorded measurement.

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