BUSINESS PLAN · INDIA

Spices and Condiments Brand

Printing the assay on the pack

FOOD SERVICE

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out a **Spices & Condiments Brand** in India — ground single spices, blended masalas, a whole-spice and grind-to-order range, sauces, pastes and condiments, institutional bulk supply and a private-label and export line, reaching 94 SKUs and roughly 1,440 tonnes a year by Year 3.

> The vertical's anchor established that **the leading-indicator rate must be published where harm is delayed and untraceable, and that the margin under pressure comes out of the ingredient. The packaged-food plan added that a label written to comply is not a label written to inform. This category carries the oldest and best-documented adulteration problem in Indian food, and it has a particular feature that makes it worse than most.**

> **GROUND SPICE IS THE EASIEST FOOD IN INDIA TO ADULTERATE AND THE HARDEST FOR A BUYER TO CHECK — AND THE ADULTERANT IS USUALLY CHOSEN TO MAKE THE PRODUCT LOOK BETTER. Powder conceals everything: brick dust and starch bulk out chilli, husk and bran bulk out coriander, papaya seed passes for black pepper, and colour is added because a brighter red and a deeper yellow are what a shopper reaches for. That is the cruel part of this category — Sudan dye in chilli and lead chromate in turmeric are not defects that slipped through, they are additions made SPECIFICALLY TO IMPROVE THE APPEARANCE THE BUYER USES TO JUDGE QUALITY. So the one visual cue a customer trusts is exactly the cue being manufactured, and the more attractive the powder, the more reason to be suspicious of it. So this brand PUBLISHES THE BATCH ANALYSIS AGAINST THE FSSAI STANDARD — total ash, acid-insoluble ash, moisture, volatile oil, artificial colour and heavy metals — retrievable on the batch number, and STATES THE VOLATILE-OIL FIGURE ON THE PACK, which is what the buyer actually wants and cannot possibly see. WHERE THE ADULTERANT IMPROVES THE APPEARANCE, THE APPEARANCE IS THE LAST THING TO TRUST — PUBLISH THE ASSAY.**

> **AND LEAD CHROMATE IN TURMERIC IS A PERMANENT NEUROTOXIC HARM TO CHILDREN, NOT A QUALITY DEFECT. It is added to brighten colour, it is not removed by cooking, it accumulates, and its effect on a developing brain does not reverse — which places it in a different category from every other adulteration in this business. So HEAVY METALS INCLUDING LEAD ARE TESTED ON EVERY LOT rather than on a sample of suppliers, turmeric is tested specifically for lead chromate, results are published, and 212 lots were rejected and destroyed in Year 3 — not returned to the supplier, because a rejected lot returned is a lot sold to somebody else.**

> **AND THE STRUCTURAL ANSWER IS TO SELL SPICE THAT HAS NOT BEEN GROUND. Powder is where adulteration lives, so a whole-spice and grind-to-order range — 13% of revenue and 246,000 grind-to-order transactions in Year 3 — lets a customer see what he is buying before it becomes untestable by eye.**

This plan models an operator requiring **₹7.20 crore** (₹3.00 crore investor + ₹2.60 crore term loan + ₹1.10 crore promoter + ₹50 lakh working capital), moving from **₹8.40 crore revenue and a ₹78 lakh loss** to **₹38.00 crore revenue and ₹3.42 crore profit** by Year 3 — *a 9.0% net margin and 33.2% return on capital. (Spice manufacturing — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A spice brand that prints the assay on the pack.

Vision: To make the batch number the thing a customer checks rather than the colour.

Mission: Publish the batch analysis against the standard; state the volatile oil on the pack; test every lot for lead and destroy what fails; name the sourcing region; sell whole spice for anybody who would rather see it; and refuse the words we cannot substantiate.

Legal structure

- **Private Limited** — recommended. Manufacturing licence, modern-trade and export listings, private-label contracts and outside capital all assume it.
- **Proprietorship** — the trade's usual form and the reason most adulteration prosecutions in this category reach an entity that no longer trades.
- **Laboratory reporting to the promoter with authority to destroy a lot — because a lot condemned by somebody who reports to procurement will be re-tested until it passes.**

> **Regulatory anchor:** a category where the standards are old, detailed and genuinely adequate, and where enforcement reaches a fraction of the market. **FSSAI product standards for spices and condiments prescribe, per spice, limits on TOTAL ASH, ACID-INSOLUBLE ASH, MOISTURE and volatile oil, together with limits on extraneous matter — and acid-insoluble ash is the decisive parameter, because it is the test that detects sand, grit, brick dust and earth, which is precisely what bulking adulteration adds. Artificial colour is not permitted in whole or ground spices, so Sudan dyes and metanil yellow are not "excess additive" questions but prohibited substances; and heavy-metal limits including lead apply, with lead chromate in turmeric being both a colour violation and a metals violation simultaneously. The critical practical point is that all of these are laboratory tests: NOTHING IN THIS CATEGORY IS DETECTABLE AT THE POINT OF SALE, so the entire regulatory framework depends on either an inspector's sample or a manufacturer's own honesty.** Then: labelling and claims per the packaged-food regime, where "pure" and "100% natural" carry substantiation obligations; Legal Metrology on net quantity; export registration and destination residue limits, which are frequently stricter; GST; and EPF/ESI and POSH.

3. Promoter & Ownership

Led by a promoter with spice trading, food manufacturing or agri-processing background. Three competences decide outcomes. *Buying on assay rather than on appearance*, because the entire quality proposition is decided at procurement — a chilli bought on colour is a chilli bought on the adulterant, and volatile-oil-graded buying costs materially more. *Blending consistency*, since a masala is a formulation that must taste identical across seasons in which every input varies. And *the willingness to destroy stock*, which in a business where a rejected lot has a ready buyer elsewhere is a real and repeated cost. Ownership, equity & investor terms are editable inputs; **the laboratory reports to the promoter, holds the authority to destroy rather than return a failed lot, and its rejection counts are published.**

4. Market Analysis — India

Spice is one of India's largest packaged-food categories and the one where the branded premium rests most directly on trust.

Demand drivers

- **Shift from loose to branded**, driven substantially by adulteration anxiety.
- **Blended masala convenience** in smaller urban households.
- **Regional cuisine blends** reaching national distribution.
- **Institutional and HoReCa demand** for consistent, specification-bought spice.
- **Export and diaspora markets**, where residue and metals limits are stricter.

- **Quick commerce**, which has made small-pack spice a routine online purchase.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Indian spice and condiment consumption	Very large; branded share still growing
SAM	**Buyers who will pay for a tested product** — branded, institutional, export	**Bounded by ASSAY-GRADED SUPPLY, not by demand**
SOM (Yr 1–3)	Own brand plus bulk, private label and export	₹8.4cr → ₹38cr; 38 → 94 SKUs; 1,440 tonnes

Revenue mix and share (Year 3)

Stream	Share of revenue	Why it is there
Ground single spices	**35.0%**	**₹1.58 lakh per tonne; where adulteration lives**
Blended masalas	25.0%	₹2.10 lakh per tonne; formulation is the moat
Whole spice & grind-to-order	**13.0%**	**₹1.72 lakh per tonne; the structural answer**
Sauces, pastes & condiments	12.0%	₹1.08 lakh per tonne; different process risk
Institutional & HoReCa bulk	10.0%	₹78,000 per tonne; buyers who specify and test
Private label & export	5.0%	₹96,000 per tonne; stricter destination limits

> **The whole-spice and grind-to-order line at 13% of revenue exists for a reason that has nothing to do with margin. Every adulteration problem in this category requires the spice to be powdered first — you cannot pass papaya seed off as peppercorns to somebody looking at them, and you cannot hide brick dust in whole dried chillies. So offering whole spice, and grinding it in front of the customer on request, removes the possibility rather than managing it, and 246,000 customers chose that option in Year 3. Institutional and export buyers at 15% of revenue matter for the mirror reason: they test what they receive, which makes them the only customers in this business whose repeat orders constitute independent verification.**

Constraints

- **Assay-graded supply**, which is scarcer and dearer than commodity spice.
- **Agricultural variability** in volatile oil and colour across seasons and regions.
- **Trade spend**, since shelf space in a crowded category is expensive.
- **Price competition** from operators whose costs assume adulteration.

5. Competition & Position

Competitor type	Strength	Weakness this plan exploits
Large national spice brands	Distribution, brand trust, scale buying, advertising	**Batch analysis never published; assay is internal**
Regional and small packers	Price, regional blends, local loyalty	Thin or no laboratory; colour-led buying

Loose and chakki-ground spice	Cheapest, perceived freshness, visible grinding	No testing at all; the source of most adulteration cases
Private-label retailer brands	Shelf position, price, no listing fee	Manufacturer invisible; specification set by price
This plan	**Batch assay published, volatile oil on pack, every lot metals-tested, whole-spice option**	Costs more per kilo; refuses colour-led buying

> **The positioning inverts the category's own marketing language, which is entirely built on appearance and heritage. Competitors compete on redness, on aroma described in advertising and on a grandmother's recipe; this brand competes on a number a customer can look up, and on the uncomfortable observation that a brighter powder is a reason for suspicion rather than a reason to buy. That is a difficult message and it does not work on everybody — but it works completely on institutional buyers, export customers and the growing segment of households who have read about lead in turmeric and have no way to act on what they read. Repeat purchase at 51% against a category norm nearer 30% is the measure, and in a staple bought monthly, repeat purchase is the entire economics.**

> **The cost of the honest position is stated in rupees rather than implied. Buying volatile-oil-graded and assay-tested raw spice rather than commodity grade costs ₹2.16 crore a year — by a distance the largest item, and the one that IS the product rather than a control on it. Rejecting and destroying 212 metals-failing lots and 44 colour-adulterated lots, rather than returning them to a supplier who would sell them elsewhere, cost ₹94 lakh. Grading to the declared value rather than the permitted tolerance floor cost ₹48 lakh. Refusing 68 unsubstantiated "pure", "100% natural" and "no preservative" claims cost an estimated ₹62 lakh. Against that: 51% repeat purchase, an institutional and export book that tests every consignment and keeps re-ordering, and a private-label business won on the laboratory rather than on price.**

6. When the Adulterant Improves the Appearance

This is the finding, and it is what makes this category structurally worse than ordinary substitution.

Adulterant	In	What it does to appearance
Brick dust, sand, earth	Chilli powder	**Deepens the red**
Sudan dye, Rhodamine	Chilli powder	**Makes it brilliantly red**
Lead chromate	**Turmeric**	**Makes it a vivid yellow**
Metanil yellow	Turmeric, besan	Brightens the yellow
Papaya seed	Black pepper	Indistinguishable when ground
Starch, husk, bran	Coriander, cumin	Neutral — but bulks the weight
What a shopper judges on	**Colour, and how bright it is**	

> **Read the third column against the last row. In most adulterated products the adulterant degrades the thing — watered milk is thinner, diluted honey is runnier — and a discerning buyer has at least a chance. Here the adulterant IMPROVES precisely the attribute the buyer uses to judge, which means the shopper's own quality heuristic has been turned into the delivery mechanism. A brilliantly red chilli powder is more likely to contain Sudan dye than a dull one; a vivid turmeric is more likely to contain lead chromate; and the customer choosing**

the brighter packet is not being careless — he is applying the only test available to him, and it has been inverted. Nothing in this category is detectable at the point of sale: total ash, acid-insoluble ash, volatile oil and lead are all laboratory tests, which means the entire regulatory framework rests on either an inspector's sample or the manufacturer's own honesty.

So the assay is published and the useful number goes on the pack. EVERY BATCH IS ANALYSED AGAINST THE FSSAI STANDARD — total ash, ACID-INSOLUBLE ASH (the test that finds sand, grit and brick dust), moisture, volatile oil, artificial colour and heavy metals — and THE FULL RESULT IS PUBLISHED AND RETRIEVABLE ON THE BATCH NUMBER PRINTED ON THE PACK. THE VOLATILE-OIL FIGURE IS STATED ON THE PACK ITSELF, because it is the measure of what the spice will actually do in food — the flavour and aroma the customer is buying — and it is the one attribute that cannot be faked with colour and cannot be judged by eye. Mean volatile oil runs at 156% of the FSSAI minimum, and product is graded to the declared value rather than to the permitted tolerance floor, per the agri-inputs anchor's rule. WHERE THE ADULTERANT IMPROVES THE APPEARANCE, THE APPEARANCE IS THE LAST THING TO TRUST — PUBLISH THE ASSAY.

7. Lead, the Whole Spice and the Refused Word

Three further commitments, the first of which is not a quality matter at all.

LEAD CHROMATE IN TURMERIC IS A PERMANENT NEUROTOXIC HARM TO CHILDREN AND BELONGS IN A DIFFERENT CATEGORY FROM EVERY OTHER ADULTERATION IN THIS BUSINESS. It is added to brighten colour, it survives cooking entirely, it accumulates in the body, and its effect on a developing brain is not reversible — so unlike bulking with starch, which cheats a customer, this injures a child years before anybody connects the two. And it is undetectable by every means available to a household. So HEAVY METALS INCLUDING LEAD ARE TESTED ON EVERY LOT rather than on a sample of suppliers or a periodic audit, TURMERIC IS TESTED SPECIFICALLY FOR LEAD CHROMATE, results are published per batch, and 212 LOTS WERE REJECTED AND DESTROYED in Year 3 — DESTROYED RATHER THAN RETURNED, because a rejected lot sent back to a supplier is a lot that will be sold to somebody else, and refusing to buy it is not the same as taking it off the market. The destruction costs ₹94 lakh a year together with colour-adulterated rejections.

AND THE STRUCTURAL ANSWER IS TO SELL SPICE THAT HAS NOT BEEN GROUND. Every adulteration in the table above requires powder — you cannot pass papaya seed off as peppercorns to somebody holding them, you cannot hide brick dust in whole dried chillies, and colour applied to whole spice is visible as coating rather than as hue. So a WHOLE-SPICE RANGE AND GRIND-TO-ORDER SERVICE is offered at 13% of revenue, with 246,000 grind-to-order transactions in Year 3, which removes the possibility rather than managing it. It carries better contribution per tonne than ground single spice and is promoted for the honest reason: a customer who would rather see what he is buying should be able to.

AND THE WORDS THAT MEAN NOTHING ARE NOT USED. "Pure", "100% natural", "no preservatives", "chakki-fresh" and "authentic" are the category's standard vocabulary and none of them is a measurable claim — while "pure" in particular implies exactly the absence of adulteration that only an assay can establish. So unsubstantiated claims are refused and the refusals published — 68 in Year 3 — and the SOURCING REGION IS NAMED ON EVERY PACK, with 68% of volume traced to a grower programme farm, because a region and a farm are checkable and an adjective is not.

AND RETAINED SAMPLES ARE HELD SO THE BUYER CAN TEST THE SELLER. Per the agri-inputs anchor's rule, a sample from every batch is retained to expiry, so a customer, an institutional buyer or a regulator can have the published analysis independently verified rather than having to take it on trust.

8. Operations Plan (source, test, grind, blend, pack)

Sourcing

- **Buying on assay rather than on appearance** — volatile oil, moisture and ash specified at purchase.
- **Grower programme with farm-level traceability**, reaching 68% of volume.
- **Sourcing region named on every pack**, since a region is checkable and an adjective is not.
- **Supplier de-listed on a metals or colour failure**, not merely the lot rejected.

Testing and rejection

- **Every lot tested for heavy metals including lead**, with turmeric tested specifically for lead chromate.
- **Acid-insoluble ash on every lot**, being the test that detects sand, grit and brick dust.
- **Artificial colour screening on every chilli and turmeric lot.**
- **Failed lots DESTROYED rather than returned**, with the destruction recorded and the cost published.

Processing

- **Cryogenic or controlled grinding where volatile oil retention requires it**, since heat destroys what the customer is buying.
- **Blend formulations held centrally** and reconciled to input assay each season.
- **Graded to the declared value rather than the tolerance floor**, per the agri-inputs rule.
- **Whole-spice line and grind-to-order kept physically separate** from the powder line.

Packing and publication

- **Volatile-oil figure printed on the pack** alongside the standard declarations.
- **Batch number printed and the full analysis published against it.**
- **Retained sample held to expiry** so the buyer can test the seller.
- **Claims register maintained**, with refusals published.

The operational hinge is a chilli lot that fails colour screening at a moment when the market price has risen 20% and the blending schedule needs it this week. Returning it to the supplier costs nothing and solves the problem; destroying it costs the full purchase value; and the supplier will sell the returned lot to somebody else by Friday either way. So failed lots are DESTROYED RATHER THAN RETURNED and the supplier is DE-LISTED rather than warned, the laboratory reports to the promoter and holds that authority alone, and the destruction cost is published as a line rather than absorbed into cost of goods. The system refuses rather than warns, because refusing to buy an adulterated lot and taking it off the market are different acts, and only the second one protects anybody.

9. Standards, Claims & Operating Compliance (India)

- **Company & tax** — Private Limited, PAN/TAN, GST, factory licence and premises approvals.

- **FSSAI product standards** — per-spice limits on **TOTAL ASH, ACID-INSOLUBLE ASH, MOISTURE and volatile oil, plus extraneous matter; ACID-INSOLUBLE ASH IS THE DECISIVE PARAMETER because it is the test that detects sand, grit, brick dust and earth — precisely what bulking adulteration adds.**
- **Artificial colour** — **not permitted in whole or ground spices, so Sudan dyes, Rhodamine and metanil yellow are PROHIBITED SUBSTANCES rather than excess-additive questions.**
- **Heavy metals** — limits including lead; **lead chromate in turmeric is simultaneously a colour violation and a metals violation, and is a permanent neurotoxic harm rather than a quality defect.**
- **The practical position** — **every one of these is a LABORATORY test: nothing in this category is detectable at the point of sale, so the framework rests on either an inspector's sample or the manufacturer's own honesty.**
- **Labelling & claims** — packaged-food labelling regime; "pure" and "100% natural" carry substantiation obligations; Legal Metrology on net quantity.
- **Export** — destination residue, aflatoxin and metals limits, **frequently stricter than Indian ones**; and EPF/ESI and POSH.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Notes
Promoter / managing director	1	1	Owns the destroy-not-return policy
Plant — cleaning, grinding, blending & packing	38	104	Controlled grinding to retain volatile oil
Laboratory — assay, metals, colour & volatile oil	6	18	**Reports to promoter; can destroy a lot**
Sourcing & grower programme	5	15	**Buys on assay, not on appearance**
Quality assurance & retained samples	3	9	Samples held to expiry for independent test
Sales, trade & institutional	10	28	Cannot approve a claim or a specification
Labelling & claims governance	1	4	**Outside marketing; publishes refusals**
Supply chain, marketing, finance & admin	8	24	Publishes batch analysis against batch number
Total	**72**	**203**	Laboratory and sourcing at 16% of headcount

> **Sixteen per cent of headcount in the laboratory and in assay-based sourcing is roughly triple what a comparable packer carries, and it is the business rather than an overhead. In a category where nothing is detectable at the point of sale, the testing function is the only thing separating this product from a cheaper one that looks identical and often looks better. The laboratory reports to the promoter and holds sole authority to destroy a lot, because a condemnation issued to procurement will be re-tested until it passes — and re-testing until a lot passes is not a hypothetical failure mode in this industry, it is the standard one.**

11. Implementation Timeline & Milestones

Phase	Window	Milestones
Formation & plant	Month 0–8	Incorporation, FSSAI licence, cleaning, grinding and packing lines

Laboratory & publication	Month 2–9	**Assay, metals and colour capability; batch analysis published against batch number**
Assay-based sourcing	Month 4–14	Volatile-oil-graded buying; grower programme; destroy-not-return policy live
Whole spice & grind-to-order	Month 8–18	Separate line; in-store grinding; region naming on pack
Institutional & export	Month 14–28	Buyers who test every consignment; destination limits met
Scale	Month 26–36	94 SKUs, 1,440 tonnes; volatile oil at 156% of minimum

Training and competence

- **Buying on assay** for sourcing staff, including resisting a visually attractive lot.
- **Analytical method discipline** — acid-insoluble ash, volatile oil and metals sample preparation.
- **Controlled grinding**, since heat destroys the volatile oil the customer is paying for.
- **Explaining an assay figure** to a retailer or a customer who has only ever bought on colour.

12. Financial Plan (Illustrative)

> **All figures are illustrative model assumptions, not forecasts or guarantees.** They exist to show the drivers of a spice P&L and how the testing, sourcing and disclosure disciplines move them. Every input is editable. **The defining economic fact is that assay-graded raw material costs materially more than commodity grade and IS the product — so this business's cost of goods is not a cost to be optimised but the thing being sold, which is why the ₹2.16 crore premium is stated separately rather than buried.**

12.1 Project cost & funding

Item	₹ lakh	Notes
Plant, building & utilities	212	Cleaning, destoning, grinding and blending
Controlled and cryogenic grinding capability	**148**	**Heat destroys the volatile oil being sold**
Laboratory — assay, metals, colour & volatile oil	**124**	**Every lot, not a sample of suppliers**
Packing lines, batch coding & retained-sample store	86	Batch number printed and published against
Whole-spice line & grind-to-order equipment	42	Physically separate from the powder line
Grower programme & sourcing setup	38	Farm traceability to 68% of volume
Trade launch, listing & first-year distribution	44	A crowded shelf is expensive
Working capital & contingency	26	Seasonal raw-material buying
Total project cost	**720**	₹300L investor + ₹260L term loan + ₹110L promoter + ₹50L WC

12.2 Operating metrics

Metric	Yr 1	Yr 2	Yr 3

BATCH ANALYSIS PUBLISHED against the FSSAI standard — total ash, ACID-INSOLUBLE ASH, moisture, volatile oil, colour, metals — **retrievable on the batch number printed on the pack** / retained sample held to expiry	100% / 100%	100% / 100%	**100% / 100%**
HEAVY METALS INCLUDING LEAD tested on EVERY lot / turmeric tested specifically for lead chromate / **lots rejected and DESTROYED (not returned) on metals failure** / artificial colour detected and destroyed	100% / 100% / 84 / 22	100% / 100% / 146 / 31	**100% / 100% / 212 / 44**
VOLATILE-OIL FIGURE PRINTED ON THE PACK / **mean volatile oil as % of the FSSAI minimum** / product graded to the declared value rather than the tolerance floor / batches at the tolerance floor	100% / 138% / 100% / NIL	100% / 147% / 100% / NIL	**100% / 156% / 100% / NIL**
Whole-spice and grind-to-order as % of revenue / **grind-to-order transactions** / whole-spice line physically separate from the powder line	9% / 42,000 / 100%	11% / 118,000 / 100%	**13% / 246,000 / 100%**
Claims REFUSED as unsubstantiated ("pure", "100% natural", "no preservatives") and published / sourcing region named on every pack / **volume traced to a grower-programme farm** / suppliers de-listed on failure	26 / 100% / 34% / 9	44 / 100% / 52% / 14	**68 / 100% / 68% / 21**
SKUs / tonnes despatched / contribution per tonne / total supplier lots rejected on all grounds / repeat purchase	38 / 340 / ₹1,18,500 / 210 / 31%	62 / 760 / ₹1,27,500 / 380 / 42%	**94 / 1,440 / ₹1,42,500 / 596 / 51%**

> **Row two's third figure is the commitment that costs the most and matters the most: 212 lots rejected AND DESTROYED on metals failure, not returned — because a rejected lot sent back to a supplier is sold to somebody else by Friday, and declining to buy an adulterated lot is not the same as taking it off the market. Row three's second figure is the number a customer can actually use: mean volatile oil at 156% of the FSSAI minimum, printed on the pack, being the measure of what the spice will do in food and the one attribute that cannot be faked with colour. Row six's contribution of ₹1,42,500 per tonne is blended and stated with its underlying per the library's rule — blended masala ₹2.10 lakh, whole spice and grind-to-order ₹1.72 lakh, ground single ₹1.58 lakh, sauces ₹1.08 lakh, private label and export ₹96,000, bulk ₹78,000.**

12.3 Revenue build

Stream	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)	Driver
Ground single spices	294	665	1,330	**₹1.58 lakh per tonne; assay published**
Blended masalas	210	475	950	₹2.10 lakh per tonne; formulation is the moat
Whole spice & grind-to-order	109	247	494	**₹1.72 lakh per tonne; removes the possibility**
Sauces, pastes & condiments	101	228	456	₹1.08 lakh per tonne
Institutional & HoReCa bulk	84	190	380	₹78,000 per tonne; buyers who test
Private label & export	42	95	190	₹96,000 per tonne; stricter limits
Total revenue	**840**	**1,900**	**3,800**	Illustrative

12.4 P&L summary

Line	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)
Revenue	840	1,900	3,800
Cost of goods — assay-graded raw spice & conversion	**(437)**	**(931)**	**(1,748)**
Gross profit	**403**	**969**	**2,052**
Plant operations & wages	(118)	(190)	(342)
Laboratory — assay, metals, colour, volatile oil	**(78)**	**(102)**	**(168)**
Sourcing, lot rejection & grower programme	**(52)**	**(74)**	**(126)**
Packaging	(58)	(116)	(228)
Trade spend & distribution	(96)	(180)	(380)
Marketing	(48)	(76)	(132)
Admin, licences, insurance & other	(82)	(122)	(186)
EBITDA	**(129)**	**109**	**490**
Depreciation & amortisation	(72)	(106)	(148)
Finance cost	(38)	(58)	(78)
Other income — food-processing scheme incentive (tapering), export incentives & scrap *(disclosed)*	135	156	192
PBT	**(104)**	**101**	**456**
Tax	26	(25)	(114)
PAT	**(78)**	**76**	**342**
Net margin	**(9.3%)**	**4.0%**	**9.0%**
ROCE	**(27.9%)**	**0.4%**	**33.2%**

> **The cost of goods line deserves a specific note, because in this business it is not a cost to be optimised — it IS the product. Buying volatile-oil-graded, assay-tested spice rather than commodity grade costs ₹2.16 crore a year more, and a competitor who buys on colour has that entire sum available as margin while selling a powder most customers cannot distinguish and many would prefer on sight. The four commitments total ₹4.20 crore against ₹3.42 crore of PAT — graded buying ₹2.16 crore, destroyed lots ₹94 lakh, refused claims ₹62 lakh, grading to declared value ₹48 lakh. The laboratory at ₹1.68 crore is 8.2% of gross profit and is the only reason any of the above is verifiable.**

12.5 Break-even & sensitivity

Scenario	Yr 3 revenue	Yr 3 PAT	Comment
Base	₹38.0cr	₹3.42cr	As modelled
Commodity buying, no lab, colour-led	₹39.2cr	₹8.14cr	**A powder most buyers prefer on sight**

Assay-graded raw material +20%	₹38.0cr	₹1.06cr	The input IS the product
Trade spend 10% → 14% of revenue	₹38.0cr	₹2.28cr	A crowded shelf
Lot rejection rate doubles on a bad crop	₹38.0cr	₹2.48cr	Destroyed stock, not returned
A metals finding on our own product	₹26.6cr	(₹1.84cr)	Why every lot is tested

13. Funding Requirement & Bankability

Source	₹ lakh	Terms (indicative)
Investor equity	300	Growth capital; testing and destroy-not-return covenants
Term loan	260	Plant, grinding and laboratory; 6–7 years
Promoter contribution	110	Cash and formulations
Working capital facility	50	Seasonal raw-material buying
Total	**720**	Illustrative structure

A lender should treat the published batch record as the credit file and the destroy-not-return policy as the covenant that matters. The catastrophic event in this category is a metals or colour finding on the company's own product, which takes Year-3 revenue to ₹26.6 crore and into loss — and the difference between a business that survives it and one that does not is whether three years of per-lot testing and published analysis exist to demonstrate that the finding was an exception rather than a practice. Assay-graded raw material at 46% of revenue is the principal cost exposure: a 20% input move takes profit to ₹1.06 crore, and it cannot be met by downgrading the specification without abandoning the entire proposition. Institutional and export buyers at 15% of revenue test every consignment, which makes their repeat orders the closest thing to independent verification a lender can rely on.

- **Use of funds** — 29% plant and building, 21% controlled grinding, 17% laboratory, 12% packing and batch coding, 6% whole-spice line, 6% trade launch, 5% grower programme, balance working capital.
- **Repayment** — term loan from Year 3 cash flow with a moratorium through the sourcing ramp; working capital revolving against seasonal raw-material buying.
- **Investor exit** — strategic sale to a national food group, a spice exporter integrating forward, or a private-equity food platform; or promoter buyback.

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation

The adulterant improves the appearance	Powder conceals everything — brick dust and starch in chilli, husk in coriander, papaya seed as pepper — and the colour adulterants are added SPECIFICALLY TO IMPROVE THE ATTRIBUTE THE BUYER USES TO JUDGE. In most adulterated products the adulterant degrades the thing and a careful buyer has a chance; HERE THE SHOPPER'S OWN QUALITY HEURISTIC HAS BEEN TURNED INTO THE DELIVERY MECHANISM. A brilliantly red chilli powder is MORE likely to contain Sudan dye than a dull one, and the customer choosing the brighter packet IS NOT BEING CARELESS — HE IS APPLYING THE ONLY TEST AVAILABLE TO HIM, AND IT HAS BEEN INVERTED. Nothing here is detectable at the point of sale	**PUBLISH THE BATCH ANALYSIS AGAINST THE FSSAI STANDARD — total ash, ACID-INSOLUBLE ASH (the test that finds sand, grit and brick dust), moisture, volatile oil, colour and metals — RETRIEVABLE ON THE BATCH NUMBER PRINTED ON THE PACK; and STATE THE VOLATILE-OIL FIGURE ON THE PACK, being the measure of what the spice will DO in food and the one attribute that CANNOT BE FAKED WITH COLOUR (156% of the FSSAI minimum); graded to the DECLARED VALUE rather than the tolerance floor. WHERE THE ADULTERANT IMPROVES THE APPEARANCE, THE APPEARANCE IS THE LAST THING TO TRUST — PUBLISH THE ASSAY**
Lead chromate in turmeric	Added to brighten colour, it SURVIVES COOKING ENTIRELY, ACCUMULATES IN THE BODY, and its effect on a developing brain IS NOT REVERSIBLE — so unlike bulking with starch, which cheats a customer, THIS INJURES A CHILD YEARS BEFORE ANYBODY CONNECTS THE TWO. And it is undetectable by every means available to a household	**HEAVY METALS INCLUDING LEAD TESTED ON EVERY LOT rather than on a sample of suppliers or a periodic audit; TURMERIC TESTED SPECIFICALLY FOR LEAD CHROMATE; results PUBLISHED PER BATCH; and 212 LOTS REJECTED AND DESTROYED in Year 3 — DESTROYED RATHER THAN RETURNED, BECAUSE A REJECTED LOT SENT BACK TO A SUPPLIER IS SOLD TO SOMEBODY ELSE BY FRIDAY, AND REFUSING TO BUY AN ADULTERATED LOT IS NOT THE SAME AS TAKING IT OFF THE MARKET. Suppliers DE-LISTED rather than warned — 21 in Year 3**
The failed lot when the market has moved	A chilli lot fails colour screening when the price has risen 20% and the blending schedule needs it this week. Returning it costs nothing and solves the problem; destroying it costs the full purchase value; AND THE SUPPLIER WILL SELL THE RETURNED LOT TO SOMEBODY ELSE EITHER WAY	**Failed lots DESTROYED and the supplier DE-LISTED; the LABORATORY REPORTS TO THE PROMOTER and holds that authority alone, because A LOT CONDEMNED BY SOMEBODY WHO REPORTS TO PROCUREMENT WILL BE RE-TESTED UNTIL IT PASSES — and re-testing until a lot passes is not a hypothetical failure mode in this industry, IT IS THE STANDARD ONE; and the destruction cost is PUBLISHED AS A LINE rather than absorbed into cost of goods**
Powder is where adulteration lives	Every adulteration in this category requires the spice to be ground first — you cannot pass papaya seed off as peppercorns to somebody holding them, or hide brick dust in whole dried chillies	**A WHOLE-SPICE RANGE AND GRIND-TO-ORDER SERVICE at 13% of revenue with 246,000 transactions in Year 3, which REMOVES THE POSSIBILITY RATHER THAN MANAGING IT; the whole-spice line kept PHYSICALLY SEPARATE from the powder line; and it carries better contribution per tonne than ground single spice, so it is promoted for the honest reason — A CUSTOMER WHO WOULD RATHER SEE WHAT HE IS BUYING SHOULD BE ABLE TO**

The words that mean nothing	"Pure", "100% natural", "no preservatives", "chakki-fresh" and "authentic" are the category's standard vocabulary and NONE IS A MEASURABLE CLAIM — while "pure" in particular implies exactly the absence of adulteration THAT ONLY AN ASSAY CAN ESTABLISH	**Unsubstantiated claims REFUSED and the refusals PUBLISHED — 68 in Year 3, ₹62 lakh; the SOURCING REGION NAMED ON EVERY PACK with 68% of volume traced to a grower-programme farm, BECAUSE A REGION AND A FARM ARE CHECKABLE AND AN ADJECTIVE IS NOT; claims approval held OUTSIDE MARKETING per the packaged-food rule; and RETAINED SAMPLES HELD TO EXPIRY so a buyer, an institution or a regulator can TEST THE SELLER rather than take the published figure on trust**
Assay-graded input cost	A 20% move in graded raw material takes Year-3 profit from ₹3.42cr to ₹1.06cr, and it CANNOT be met by downgrading the specification without abandoning the entire proposition	Seasonal contract buying and forward positions on the largest exposures; a grower programme reaching 68% of volume that stabilises both price and provenance; product mix weighted toward blends and whole spice where formulation and form carry value beyond raw grade; institutional and export contracts with stated escalation; and price changes made openly rather than met by specification drift, per the vertical's rule
Agricultural variability	Volatile oil, colour and moisture vary by season and region, so a formulation held constant against varying inputs is a real technical problem	Blend formulations held centrally and RECONCILED TO INPUT ASSAY EACH SEASON rather than to a fixed recipe; controlled and cryogenic grinding where volatile oil retention requires it, since HEAT DESTROYS WHAT THE CUSTOMER IS BUYING; multi-region sourcing so a poor crop in one belt does not force a specification compromise; and declared values set with sufficient headroom that a normal season never approaches the tolerance floor
A metals or colour finding on our own product	Takes Year-3 revenue to ₹26.6cr and into loss; and in a brand sold on testing, the reputational damage is disproportionate precisely because the promise was verification	Every lot tested rather than sampled, so the probability is low and the record is complete; three years of PUBLISHED per-lot analysis and retained samples available to demonstrate that any finding was an exception rather than a practice; batch traceability with the analysis retrievable on the batch number; recall procedure drilled; product liability insurance with the category profile accurately disclosed; and export consignments meeting DESTINATION limits, which are frequently stricter than Indian ones and function as a second independent check

15. SWOT Analysis

Strengths	Weaknesses
• Batch analysis published and retrievable on the pack • Volatile oil printed on pack at 156% of minimum • Every lot metals-tested; 212 lots destroyed, not returned • Whole-spice and grind-to-order at 13% of revenue • Sourcing region named; 68% traced to farm	• ₹4.20cr forgone against ₹3.42cr of profit • Costs more per kilo than colour-led competitors • Input cost is the product and cannot be optimised • Message competes against appearance-led marketing
Opportunities	**Threats**
• Households aware of lead in turmeric with no way to act • Institutional and export buyers who test every consignment • Private label won on the laboratory rather than on price • Whole spice removing the problem rather than managing it • Enforcement tightening against colour adulteration	• A metals finding on our own product • Graded raw-material cost and crop variability • Trade spend in a crowded shelf • Competitors whose cost base assumes adulteration

16. Recommended AiSevak Tools for This Business

- **Batch analysis publisher** — full assay against the standard, retrievable on the printed batch number.
- **Per-lot metals & colour register** — every lot, with rejection, destruction and supplier de-listing recorded.
- **Volatile-oil grading tool** — pack declaration and grading to declared value rather than tolerance floor.
- **Grower programme traceability** — region and farm to volume share.
- **Grind-to-order log** — transactions and whole-spice line separation.
- **Claims register** — unsubstantiated words refused, published with reasons.
- **Contribution per tonne dashboard** — by SKU and form; never blended alone.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, SKUs, tonnage, contribution per tonne, rejection counts and assay figures are editable inputs; actual outcomes depend on crop quality, graded-material prices and shelf access. Figures are in Indian rupees.
- **The central integrity finding is that ground spice is the easiest food in India to adulterate and the hardest for a buyer to check — and the adulterant is usually chosen to make the product look BETTER.** Powder conceals everything: brick dust and starch bulk out chilli, husk and bran bulk out coriander, papaya seed passes for black pepper. **But the colour adulterants are the cruel part: Sudan dye in chilli and lead chromate in turmeric are not defects that slipped through, they are additions made specifically to improve the appearance the buyer uses to judge quality. In most adulterated products the adulterant degrades the thing — watered milk is thinner, diluted honey runnier — and a discerning buyer has at least a chance. Here the shopper's own quality heuristic has been turned into the delivery mechanism: a brilliantly red chilli powder is more likely to contain Sudan dye than a dull one, a vivid turmeric more likely to contain lead chromate, and the customer choosing the brighter packet is not being careless — he is applying the only test available to him, and it has been inverted.**

- **So the assay is published and the useful number goes on the pack.** Every batch is analysed against the FSSAI standard — total ash, acid-insoluble ash, moisture, volatile oil, artificial colour and heavy metals — with the full result published and retrievable on the batch number printed on the pack, and a retained sample held to expiry so a buyer, an institution or a regulator can test the seller rather than take the figure on trust. **The volatile-oil figure is stated on the pack itself, because it measures what the spice will actually do in food — the flavour and aroma being bought — and it is the one attribute that cannot be faked with colour and cannot be judged by eye. Mean volatile oil runs at 156% of the FSSAI minimum and product is graded to the declared value rather than the permitted tolerance floor. WHERE THE ADULTERANT IMPROVES THE APPEARANCE, THE APPEARANCE IS THE LAST THING TO TRUST — PUBLISH THE ASSAY. And the practical point behind all of it: acid-insoluble ash, volatile oil and lead are laboratory tests, so nothing in this category is detectable at the point of sale and the whole framework rests on either an inspector's sample or the manufacturer's own honesty.**
- **Lead chromate in turmeric is a permanent neurotoxic harm to children rather than a quality defect, and is treated as a different kind of problem.** It is added to brighten colour, survives cooking entirely, accumulates in the body, and its effect on a developing brain does not reverse — so unlike bulking with starch, which cheats a customer, this injures a child years before anybody connects the two, and it is undetectable by every means available to a household. **So heavy metals including lead are tested on every lot rather than on a sample of suppliers, turmeric is tested specifically for lead chromate, results are published per batch, and 212 lots were rejected and DESTROYED in Year 3 — destroyed rather than returned, because a rejected lot sent back to a supplier is sold to somebody else by Friday, and refusing to buy an adulterated lot is not the same as taking it off the market. Twenty-one suppliers were de-listed rather than warned.**
- **The laboratory holds the destroy authority alone, and reports to the promoter, for a specific reason.** When a lot fails at a moment when the market price has risen and the blending schedule needs it, returning it costs nothing and destroying it costs the full purchase value — so a condemnation issued to procurement will be re-tested until it passes. **Re-testing until a lot passes is not a hypothetical failure mode in this industry; it is the standard one.** And the structural answer to the whole problem is to sell spice that has not been ground: every adulteration listed requires powder, so a whole-spice and grind-to-order range at 13% of revenue with 246,000 transactions removes the possibility rather than managing it — and it carries better contribution per tonne, so it is promoted for the honest reason that a customer who would rather see what he is buying should be able to.
- **The words that mean nothing are not used.** "Pure", "100% natural", "no preservatives", "chakki-fresh" and "authentic" are the category's standard vocabulary and none is a measurable claim — while "pure" in particular implies exactly the absence of adulteration that only an assay can establish. **So unsubstantiated claims are refused and the refusals published, 68 in Year 3, and the sourcing region is named on every pack with 68% of volume traced to a grower-programme farm — because a region and a farm are checkable and an adjective is not.**
- **The economics are unusual in one respect worth stating plainly: the cost of goods is not a cost to be optimised, it is the product.** Buying volatile-oil-graded, assay-tested spice rather than commodity grade costs ₹2.16 crore a year more, and a competitor buying on colour has that entire sum available as margin while selling a powder most customers cannot distinguish and many would prefer on sight. **The four commitments total ₹4.20 crore against ₹3.42 crore of PAT — graded buying ₹2.16 crore, destroyed lots ₹94 lakh, refused claims ₹62 lakh, grading to declared value ₹48 lakh — and the laboratory at ₹1.68 crore, 8.2% of gross profit, is the only reason any of it is verifiable.** A 20% move in graded raw material takes profit to ₹1.06 crore and cannot be met by downgrading the specification without abandoning the proposition, so it is met by price or by mix instead.
- **Compliance and professional advice.** FSSAI product standards for spices and condiments prescribing per-spice limits on total ash, acid-insoluble ash, moisture, volatile oil and extraneous matter — with acid-insoluble ash the decisive parameter, being the test that detects sand, grit, brick dust and earth; the prohibition on artificial colour in whole and ground spices, making Sudan dyes, Rhodamine and metanil yellow prohibited substances rather than excess-additive questions; heavy-metal limits including lead, where lead chromate in turmeric is simultaneously a colour and a metals

violation; the packaged-food labelling and claims regime, under which "pure" and "100% natural" carry substantiation obligations; Legal Metrology on net quantity; export registration and destination residue, aflatoxin and metals limits, frequently stricter than Indian ones; product liability insurance and a drilled recall procedure; GST; and EPF/ESI and POSH. Professional advice should be taken on product-standard compliance per spice, claim substantiation, export destination limits and recall procedure.

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