BUSINESS PLAN · INDIA

Super-Stockist Business

A warehouse and a cheque book - and the margin exists only while he is cheaper than a depot

FMCG

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1. Executive Summary

This plan sets out a **Super-Stockist Business** in India — a multi-district FMCG stocking point that buys in bulk from brands, holds inventory for a region, and breaks bulk to appointed distributors across several districts, carrying the stock, the freight and the financing between the brand's factory and the distributor's godown.

> **The two plans preceding this one described participants who own something. The manufacturer owns a brand; the distributor owns relationships with several hundred retailers who know him. This plan describes the only participant in the FMCG chain who owns nothing at all, and that fact governs everything else in it. A super-stockist has no consumers, no retailers, and not even his own distributors — they are appointed by the brand, and they would continue to exist if he did not.** He is **a warehouse and a cheque book**: he buys stock nobody consulted him about, holds it in a region the brand selected, and passes it to distributors the brand appointed, at a spread the brand set. **He performs no selling function whatsoever, and a plan that pretends otherwise is describing a distributor by the wrong name.**

> **The second point follows directly and is the one a prospective super-stockist should sit with before signing anything: his margin is not payment for value he adds. It is the difference between what it costs him to hold inventory in that region and what it would cost the brand to do it itself. The role exists because a company in Mumbai finds it cheaper to let someone in Nagpur own the stock than to open a depot there** — and it exists **only for as long as that remains true.** Improved logistics, a third-party warehouse, a regional depot or a change of policy can remove the function entirely, **and none of those decisions will involve him.** This plan therefore treats **cost per case handled — ₹18.40 falling to ₹12.90 — as the single number on which the business's survival rests**, because it is the only number that answers the question the brand is actually asking.

> **The third is that this is a low-return business, and this plan says so rather than dressing it up.** At a **2.43% gross spread**, after warehouse, freight, salaries, damages and interest, the business **loses money in Year 1 and earns 0.71% net in Year 3**. Return on capital employed reaches **15.2%** — respectable, but **materially below the 25.1% the general-trade distributor in this vertical achieves on less capital**, and the reason is not that he runs it worse. **He earns less because he does less: the distributor sells, services and holds relationships, while the super-stockist stores and forwards. Anyone entering this trade expecting distributor economics has misread the role.**

> **And the fourth, which is where most super-stockists actually fail: he carries expiry risk on goods he did not choose, in quantities decided by someone else's forecast. The brand pushes stock to hit its own quarter; the distributors lift only what they can sell; and the difference sits in his godown, ageing, financed by his cash-credit limit.** The anchor plan in this vertical described channel stuffing from the brand's side as a self-deception. **Seen from here it is not a deception at all — it is a transfer, and the super-stockist is who it is transferred to.**

This plan models a super-stockist requiring **₹1.63 crore** (₹58 lakh promoter + ₹25 lakh term loan + ₹80 lakh cash-credit limit), moving from **₹14.00 crore billing at a ₹5 lakh loss** to **₹28.00 crore billing at ₹20 lakh profit** by Year 3 — *on stock turns rising from 12.2 to 16.6 and cost per case falling by 30%. (Multi-district FMCG stocking point — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A regional bulk-breaking and stocking operation run on cost per case and stock velocity rather than on spread, with service levels to distributors treated as the product and brand concentration actively reduced.

Vision: To be cheaper and more reliable than the depot the brand would otherwise have to build.

Mission: Know the cost of handling a case and drive it down every quarter; fill a distributor's order completely and on time; claim within the window; refuse a quarter-end push that the region cannot absorb; and never assume the appointment is permanent.

Legal structure options

- **Private Limited** — recommended: this is a high-turnover, high-borrowing trade and the separation of personal assets matters more here than in most of this library.
- **Partnership / LLP** — workable where families pool the substantial working capital required.
- **Proprietorship** — traditional, but exposes personal assets to a business running ₹80 lakh of borrowed limit on a 2.4% spread.

> **Regulatory anchor:** lighter than a manufacturer's, and centred on storage and tax. **FSSAI registration or licence for warehousing and distribution of food products**, with pest control, stacking, segregation and — where relevant — temperature conditions maintained and documented, since **a super-stockist holds larger volumes for longer than anyone else in the chain and is the point at which a storage failure becomes a regional recall rather than a local one. GST, where this business sits mid-chain with very large input credits and where scheme credit-note treatment is a recurring exposure** — at ₹28 crore of billing, a systematic error in how schemes are accounted is not a small assessment issue. **No repacking or relabelling**, which would make him the deemed packer under Legal Metrology. Then the operational ones: shops and establishment registration, trade licence, professional tax, EPF and ESI for a warehouse workforce, fire safety and building compliance for a large godown, **and adequate stock insurance — which is genuinely material here, because at any moment this business is holding more inventory value than its entire net worth.**

3. Promoter & Ownership

Led by a promoter with warehousing, logistics or trade background. Three competences decide outcomes: *cost literacy*, because in a 2.4% business the operator who cannot state his cost per case has no idea whether he is competitive; *the discipline to refuse stock*, since accepting a quarter-end push to please an area manager transfers that manager's problem onto the promoter's balance sheet; and *service reliability*, which is the only differentiator available to a business that cannot compete on price and does not sell. Ownership, equity & investor terms are editable inputs.

4. Market Analysis — India

The super-stockist exists because India is large, fragmented and expensive to serve directly. Brands need regional inventory close to their distributors, and holding it themselves means depots, staff and working capital in every state. The function is durable in principle — but the specific holder of it is replaceable in a way the distributor is not.

Demand drivers

- **Geographic spread** — distributors in Tier-3 and Tier-4 towns cannot economically be served from a distant factory.
- **Regional and challenger brands** expanding into new states without the capital for depots.
- **Working-capital transfer** — the brand's real motive, and worth naming plainly.
- **Service-level expectations** rising as distributors reduce their own inventory days.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	FMCG throughput across the assigned districts	Territory-defined
SAM	Brands willing to appoint a regional stocking point	Appointment-bounded
SOM (Yr 1–3)	**Cases handled × spread per case**	185,000 → 342,000 cases/yr

> **The competitive question in this business is not who else wants the appointment — it is whether the brand should be paying anyone for it at all, and a super-stockist who has never framed it that way is not managing his principal risk. His true competitor is not another trader in the district; it is the brand's own depot, a third-party logistics contract, or a decision to service distributors directly from a larger regional warehouse.** He wins that comparison only on cost and reliability, **and he loses it silently — there is no tender, no notice period in practice, and often no conversation until the appointment is restructured.** Three implications follow. **First, cost per case is not an efficiency metric here; it is the survival metric, because it is precisely the figure the brand is benchmarking him against. Second, service level is the only differentiator available, since he cannot lower a price he does not set and cannot sell to customers he does not have** — which is why fill rate to distributors rising from 91% to 98% is treated in this plan as a commercial investment rather than an operational nicety. **Third, and most uncomfortably: every improvement he makes also lowers the bar for whoever replaces him, because he is demonstrating what the function can cost.** The only durable answer is **to serve more brands, so that no single principal's decision ends the business** — concentration falls from 68% to 41% here, **and that reduction is worth more to this business than any margin improvement in the plan.**

5. Competition & Competitive Advantage

Landscape: the brand's own depot economics, 3PL contractors bidding for the same function, other stockists in adjacent regions seeking appointments, and — increasingly — direct-to-distributor models supported by better transport networks. **Every competitor is either a cheaper way of doing the same thing or a reason not to do it at all.**

The business's edge

- **Cost per case measured and driven down every quarter** — the metric the brand is silently benchmarking.
- **Fill rate and dispatch reliability** treated as the product, because service is the only differentiator available.
- **Claims documented and settled inside the window**, protecting a 2.4% spread that cannot absorb leakage.
- **Stock velocity managed** — 12.2 turns to 16.6, which is where the return actually comes from.
- **Multi-brand portfolio built deliberately**, reducing dependence on any single appointment.

> **Quarter-end pressure is the defining operational hazard of this business, and it is worth setting out precisely because it looks like ordinary commercial enthusiasm right up to the moment it becomes a write-off.** A brand approaching the end of its quarter needs primary dispatches. **Its distributors will not lift more than they can sell, because they are closer to the shelf and are protecting their own capital. The super-stockist is the point of least resistance in the chain** — he has a large limit, an appointed relationship, and an area manager who is personally persuasive and under pressure from above. **So the stock moves to him, the brand books its number, and the region's actual consumption does not change by a single case.** What has happened is not growth and not even really a sale; **it is a transfer of inventory risk from a company that can absorb it to an individual who cannot.** The consequences arrive on a delay: **his cash-credit limit is consumed, his turns fall, the goods age toward expiry, and when they eventually come back as damages the claim is disputed because the scheme under which they were**

> **pushed was agreed verbally.** The disciplines are unglamorous and effective. **Acceptance is capped at the region's measured offtake rather than at the limit's headroom; any quarter-end lift is taken only against written terms including near-expiry protection and a return right; and ageing stock is reported to the brand monthly so the conversation happens while the goods are still saleable.** The honest caveat is that **refusing stock costs goodwill with the very people who decide whether the appointment continues — which is exactly why it must be a written policy rather than a judgement made under pressure in a phone call.**

6. Service Offer, Spread Structure & What the Brand Is Buying

Function performed	What it replaces for the brand	Basis of the spread
Regional inventory holding	**A company depot and its working capital**	**The core of the 2.4–2.8% spread**
Bulk breaking & order assembly	Depot handling and manpower	Cost per case handled
Secondary freight to distributors	Brand-managed regional transport	**Recovered in spread, not billed separately**
Credit to distributors	Brand's own receivable exposure	10–15 days of financing risk
Damage & expiry absorption	Brand's returns liability	The unrecovered residue is a real cost
Selling, beat work or retailer servicing	**NIL — not performed**	**Which is why the spread is 2.4% and not 6%**
Accepting stock beyond measured regional offtake	**NIL — by policy**	**It is a transfer of risk, not a sale**

> **A super-stockist should be able to state, on demand, what it costs him to receive, store, pick and dispatch one case — and the fact that most cannot is the reason so many of them discover they are uncompetitive only when the appointment is withdrawn.** The calculation is simple: **total operating cost divided by cases handled.** On this plan it starts at **₹18.40 and falls to ₹12.90**, and every component of that fall is operational rather than commercial — **better warehouse layout, fuller vehicles, higher throughput over the same fixed rent, fewer damages, and staff productivity rising as volume grows against a largely fixed team.** The number matters for a reason beyond housekeeping. **When a brand reviews its regional structure, it compares the total cost of the super-stockist arrangement against the cost of a depot or a 3PL contract — and it performs that comparison whether or not he participates in it. A stockist who knows his cost per case can argue the comparison, propose a revised spread that still beats the alternative, and take on additional volume at a marginal cost he can actually compute. One who does not know it can only wait to be told the outcome.** The uncomfortable corollary, stated plainly: **this is a business whose principal commercial skill is being cheap, and whose principal commercial risk is that someone else is cheaper.**

7. Go-to-Market — Appointments and Service

Winning and holding appointments

- **Cost per case presented explicitly** when bidding, against the brand's depot alternative.
- **Service commitments in writing** — fill rate, dispatch turnaround, claim submission discipline.
- **Multi-brand build**, prioritising brands whose seasonality offsets rather than compounds existing lines.
- **Written near-expiry and return terms** agreed at appointment, never negotiated after the stock has aged.

Serving distributors — the actual daily job

- **Fill rate**, since a distributor who receives 91 of 100 cases has a beat that under-delivers and will say so to the brand.
- **Dispatch turnaround** measured in hours from order to vehicle.
- **Order accuracy and documentation**, because a disputed invoice becomes a delayed payment.
- **Near-expiry transparency** — distributors told what is ageing rather than discovering it on delivery.

The distributors are not customers in any meaningful sense — they were appointed by the brand and cannot choose an alternative stockist — which makes it tempting to treat service as optional. It is the opposite: because they cannot leave, their only recourse when service is poor is to complain to the brand, and the brand is the party that decides whether this business continues to exist. Fill rate is therefore not an operational statistic here; it is the mechanism by which the appointment is renewed or lost.

8. Operations Plan (receive, store, pick, dispatch, claim)

- **Inbound:** receipt verified against invoice and batch, **short receipts and transit damage claimed within the brand's window rather than absorbed to avoid friction.**
- **Storage:** FIFO enforced physically through racking and location discipline; **batch and expiry captured at receipt, because a super-stockist who cannot age his stock by batch cannot manage his single largest risk.**
- **Picking & dispatch:** order-to-vehicle turnaround measured in hours; **vehicle fill optimised, since secondary freight is recovered inside a 2.4% spread and an under-loaded vehicle consumes a meaningful part of it.**
- **Stock control:** perpetual inventory with cycle counts; **near-expiry flagged at 90 days and escalated to the brand at 60, while the goods are still saleable.**
- **Acceptance discipline: intake capped at measured regional offtake, with any quarter-end lift taken only against written near-expiry protection and a return right.**
- **Claims:** damages, shortages and scheme claims documented at the point of receipt or dispatch, aged weekly, escalated on a fixed calendar.
- **Distributor credit:** limits set and enforced; **ageing reviewed weekly, since ten days of credit on ₹28 crore is not a small exposure.**
- **Cost measurement: cost per case computed monthly and reviewed against the brand's depot alternative, not against last month.**

Control points

Area	Activity	Control point
Survival metric	**Cost per case handled**	**₹18.40 → ₹15.20 → ₹12.90**
The real return	**ROCE, not spread**	**1.6% → 9.2% → 15.2%**
Velocity	**Stock turns and days of inventory**	**12.2 → 16.6 turns; 30 → 22 days**
Service	**Fill rate to distributors**	**91% → 95% → 98%**
Existential risk	**Top-brand share of billing**	**68% → 54% → 41%**
Leakage	Damages, expiry & unrecovered claims	0.26% → 0.13% of billing
Claims	Documented, aged weekly, escalated	Outstanding >45 days: 41% → 12%

> **In a business earning 2.4%, leakage is not a cost line — it is a proportion of the entire margin, and this changes how it should be managed.** Damages, expiry and unrecovered claims at **0.26% of billing look negligible until they are read against the spread they come out of: they consume nearly eleven per cent of gross margin. A distributor losing the same proportion of billing gives up four per cent of his margin; a manufacturer gives up half a per cent. The super-stockist gives up a ninth of everything he earns.** The same arithmetic governs every other small number in this plan. **A vehicle dispatched at seventy per cent fill, a pallet stacked so that older stock is picked last, a shortage not claimed because the paperwork was tedious, ten days of distributor credit that quietly becomes eighteen — each is individually trivial and collectively decisive.** This is why the operational disciplines in this plan are stated at a level of detail that would be excessive in a higher-margin business: **batch capture at receipt, cycle counts, near-expiry escalation at 60 days, claim ageing on a weekly report, vehicle fill measured per dispatch. None of them is clever. In a 2.4% business, none of them is optional either — the margin is too thin to permit a single habit of carelessness.**

9. Licences, GST & Compliance (India)

- **FSSAI registration or licence** for warehousing and distribution, with pest control, stacking, segregation and temperature conditions documented — **this business holds more volume for longer than anyone else in the chain, so a storage failure here is a regional event.**
- **GST with very large input credits**, and **scheme credit notes treated correctly — at ₹28 crore of billing a systematic error is not a small assessment issue.**
- **No repacking or relabelling**, which would make the stockist the deemed packer under Legal Metrology.
- **Stock insurance sized to actual holding** — **genuinely material, because this business at any moment holds inventory worth more than its entire net worth.**
- Fire safety, building and warehouse compliance for a large godown; electrical and structural certification.
- Shops & Establishment registration, trade licence, professional tax.
- **EPF and ESI for the warehouse workforce**, applied properly rather than through contractor arrangements that transfer nothing in practice.
- Commercial vehicle permits, fitness and insurance for owned secondary transport; documented contracts for hired fleet.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / proprietor	1	1	2
Warehouse, stock control & loaders	**8**	**11**	**14**
Billing & accounts	3	4	5
Logistics & dispatch coordination	2	3	4
Claims & reconciliation	**1**	**1**	**2**
Total	**15**	**20**	**27**

Fifteen people handling ₹14 crore of billing is the whole point of this model — **there is no sales force because there is no selling, and the entire cost structure is warehouse, freight and finance.** It also explains why **cost per case falls so sharply as volume grows: the team is close to fixed, so throughput improvements fall almost**

entirely to the bottom line in a business that badly needs them to.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–3	Warehouse leased and racked, FSSAI and GST in place, WMS live, first appointment signed with written near-expiry and return terms
Launch	Month 3–12	₹14.00cr billing, ₹5L loss; 185,000 cases; 12.2 turns; cost per case ₹18.40; fill rate 91%; ROCE 1.6%
Build	Year 2	Third brand appointed; 268,000 cases; cost per case ₹15.20; fill rate 95%; concentration 54%; ₹21.00cr billing, ₹7L profit
Scale	Year 3	Four brands; 342,000 cases; **₹28.00cr billing, ₹20L profit; cost per case ₹12.90; fill rate 98%; concentration 41%; ROCE 15.2%**

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. ***Cost per case, turns and concentration are the levers; the spread is not one, because it is set by the principal.***

12.1 Project cost & means of finance

Capital requirement	₹
Working capital (inventory + distributor credit)	**1,10,00,000**
Warehouse deposit, racking & material-handling equipment	18,00,000
Security deposits with brands	**14,00,000**
Secondary transport vehicles	10,00,000
Launch & initial operating losses	6,00,000
Technology (WMS, billing, batch tracking)	3,00,000
Legal, licences, insurance & registrations	2,00,000
Total project cost	**1,63,00,000**
Promoter contribution	58,00,000
Term loan (warehouse setup & vehicles)	25,00,000
Cash-credit / working-capital limit	80,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
BILLING TO DISTRIBUTORS (net of GST)	**14,00,00,000**	**21,00,00,000**	**28,00,00,000**
Cost of goods (purchases from brands, net of schemes earned)	13,66,00,000	20,46,00,000	27,21,00,000
Gross margin	**34,00,000**	**54,00,000**	**79,00,000**

Gross spread %	**2.43%**	**2.57%**	**2.82%**
Salaries (warehouse, billing, logistics)	**11,00,000**	**14,50,000**	**19,00,000**
Finance cost (cash-credit interest)	**7,20,000**	**8,80,000**	**10,50,000**
Warehouse rent, utilities & handling	7,50,000	9,00,000	10,50,000
Secondary freight & vehicle running	6,00,000	7,80,000	9,60,000
Damages, expiry & unrecovered claims	**3,60,000**	**4,00,000**	**3,60,000**
Insurance, compliance & admin	2,20,000	2,60,000	3,20,000
Depreciation	1,40,000	1,80,000	2,10,000
Technology & subscriptions	50,000	70,000	90,000
Bad debt / unrecovered distributor credit	60,000	80,000	60,000
Total expenses	**39,00,000**	**47,00,000**	**59,00,000**
Net profit / (loss) before tax	**(5,00,000)**	**7,00,000**	**20,00,000**
Net margin (on billing)	(0.36%)	0.33%	0.71%
COST PER CASE HANDLED (the survival metric)	**₹18.40**	**₹15.20**	**₹12.90**
Cases handled	185,000	268,000	342,000
AVERAGE CAPITAL EMPLOYED	**1,40,00,000**	**1,72,00,000**	**2,01,00,000**
RETURN ON CAPITAL EMPLOYED	**1.6%**	**9.2%**	**15.2%**
STOCK TURNS PER YEAR / DAYS OF INVENTORY	**12.2 / 30**	**14.4 / 25**	**16.6 / 22**
FILL RATE TO DISTRIBUTORS	**91%**	**95%**	**98%**
Distributor credit days	15	12	10
Damages, expiry & unrecovered claims as % of billing	**0.26%**	**0.19%**	**0.13%**
— the same figure as % of GROSS MARGIN	**10.6%**	**7.4%**	**4.6%**
Scheme claims outstanding beyond 45 days	**41%**	**24%**	**12%**
TOP-BRAND SHARE OF BILLING / BRANDS SERVED	**68% / 2**	**54% / 3**	**41% / 4**
Stock accepted beyond measured regional offtake	**NIL**	**NIL**	**NIL**
Repacking or relabelling undertaken	**NIL**	**NIL**	**NIL**

12.3 Unit economics & break-even

- **A 2.43% spread produces a loss in Year 1, and this is the honest shape of a stocking point in its first year** — warehouse, racking and team are sized for a throughput not yet achieved, and **cost per case at ₹18.40 is simply fixed cost divided by too few cases.**
- **Cost per case is the survival metric, not an efficiency metric. It is the figure against which the brand compares a depot or a 3PL contract — and it performs that comparison whether or not the stockist participates in it.**

- **The return is materially below the distributor's in this vertical, and that is correct rather than a defect. 15.2% against 25.1% on more capital reflects a simpler function: the distributor sells, services and holds relationships; the super-stockist stores and forwards.**
- **Leakage must be read against the spread, not against billing. Damages and unrecovered claims at 0.26% of billing consume 10.6% of gross margin — the same proportion costs a manufacturer a fraction of that.**
- **Break-even: Year 2. The binding constraints are the cash-credit limit and the appointment itself — and only one of those can be negotiated with a bank.**

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	16,00,000	11,00,000	7,00,000	4,00,000
Collections from distributors	3,04,00,000	3,42,00,000	3,68,00,000	3,86,00,000
Payments to brands, salaries, freight & overheads	3,09,00,000	3,46,00,000	3,71,00,000	3,88,00,000
Closing balance	**11,00,000**	**7,00,000**	**4,00,000**	**2,00,000**

> **The cash structure here is the most leveraged in this vertical and the least protected, and a promoter should understand the asymmetry before signing an appointment letter. At any moment this business holds inventory worth more than its entire net worth, financed by a cash-credit limit, on goods it did not select, in quantities set by someone else's forecast, for a spread of two and a half per cent.** Compare the participants. **The manufacturer at least owns a brand that retains value if a channel fails. The distributor owns retailer relationships that make him expensive to replace. The super-stockist owns inventory and a warehouse lease** — **and the inventory is the brand's product and the lease is a liability.** Three consequences deserve stating. **First, a single brand withdrawing an appointment removes the revenue but leaves the warehouse, the team and the debt entirely intact**, which is why concentration falling from 68% to 41% is the most important number in this plan. **Second, stock ageing is not an inventory problem but a solvency problem, because the limit is consumed by goods that cannot be converted. Third, the quarter-end push is where both risks combine** — accepting it uses the limit, lowers turns and creates the ageing stock, **and it is accepted because refusing it strains the relationship with the people who decide whether the appointment survives.** The controls are therefore written policy rather than judgement: **intake capped at measured offtake, near-expiry escalated at 60 days while goods remain saleable, ageing reported to the brand monthly, and appointments actively diversified even when the incumbent brand is performing well — because the time to find a second principal is while the first is happy.**

12.5 Key Performance Indicators to Monitor

- **Survival: cost per case handled; the same figure benchmarked against the brand's depot or 3PL alternative; top-brand concentration; number of principals.**
- **Capital: ROCE; stock turns and days of inventory; cash-credit utilisation; capital tied up per brand.**
- **Service: fill rate; order-to-dispatch turnaround; order accuracy; distributor complaints escalated to the brand.**
- **Leakage:** damages, expiry and unrecovered claims as % of gross margin (not of billing); near-expiry stock at 90 and 60 days; claims aged beyond 45 days; vehicle fill rate.

13. Funding Requirement & Bankability

Total ask: **₹25 lakh term loan plus an ₹80 lakh cash-credit limit** against ₹58 lakh promoter contribution. Four points. **First, the limit is the business. Throughput here is a direct function of how much inventory can be financed, and a limit sized conservatively does not make this business safer — it makes it unviable, because fixed warehouse and team costs are incurred whether or not there is enough stock to earn a spread on. Second, the security position is strong on paper and should be read carefully anyway**: stock is branded, fast-moving and has established resale value, and distributor receivables are short at ten to fifteen days — **but the stock is concentrated in a handful of principals' products, so a drawing-power calculation should look at ageing and batch expiry rather than at value alone, since expired stock has a book value and no realisable one. Third, and the most useful diagnostic available to a lender: ask for cost per case handled and top-brand concentration. The first tells you whether this operator will still hold the appointment in three years; the second tells you what happens to the loan if he does not. A super-stockist who cannot state his cost per case is not managing his principal risk, and one at 68% concentration is a single head-office decision away from having no revenue and all of the fixed costs. Fourth, treat stock ageing as a covenant**: **at a 2.4% spread and a limit fully drawn against inventory, goods sitting past 90 days are not slow-moving stock — they are the early stage of a default.**

13.1 Funding utilisation

Use of funds	₹	% of total
Working capital (inventory + distributor credit)	1,10,00,000	67.5%
Warehouse deposit, racking & material-handling equipment	18,00,000	11.0%
Security deposits with brands	14,00,000	8.6%
Secondary transport vehicles	10,00,000	6.1%
Launch & initial operating losses	6,00,000	3.7%
Technology (WMS, billing, batch tracking)	3,00,000	1.8%
Legal, licences, insurance & registrations	2,00,000	1.2%
Total	**1,63,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
He owns nothing	**SETS THIS PLAN'S GOVERNING CONVENTION: THE MANUFACTURER OWNS A BRAND; THE DISTRIBUTOR OWNS RELATIONSHIPS WITH SEVERAL HUNDRED RETAILERS WHO KNOW HIM; THE SUPER-STOCKIST OWNS NOTHING AT ALL. HE HAS NO CONSUMERS, NO RETAILERS, AND NOT EVEN HIS OWN DISTRIBUTORS — THEY ARE APPOINTED BY THE BRAND AND WOULD CONTINUE TO EXIST IF HE DID NOT. HE IS A WAREHOUSE AND A CHEQUE BOOK: HE BUYS STOCK NOBODY CONSULTED HIM ABOUT, HOLDS IT IN A REGION THE BRAND SELECTED, AND PASSES IT TO DISTRIBUTORS THE BRAND APPOINTED, AT A SPREAD THE BRAND SET — HE PERFORMS NO SELLING FUNCTION WHATSOEVER, AND A PLAN THAT PRETENDS OTHERWISE IS DESCRIBING A DISTRIBUTOR BY THE WRONG NAME →** the only durable answer is more principals: concentration 68%→54%→41%

The margin is not payment for value added	**IT IS THE DIFFERENCE BETWEEN WHAT IT COSTS HIM TO HOLD INVENTORY IN THAT REGION AND WHAT IT WOULD COST THE BRAND TO DO IT ITSELF. THE ROLE EXISTS BECAUSE A COMPANY IN MUMBAI FINDS IT CHEAPER TO LET SOMEONE IN NAGPUR OWN THE STOCK THAN TO OPEN A DEPOT — AND IT EXISTS ONLY FOR AS LONG AS THAT REMAINS TRUE. HIS TRUE COMPETITOR IS NOT ANOTHER TRADER BUT THE BRAND'S OWN DEPOT, A 3PL CONTRACT, OR DIRECT SERVICING FROM A LARGER WAREHOUSE — AND HE LOSES THAT COMPARISON SILENTLY: NO TENDER, NO NOTICE PERIOD IN PRACTICE, OFTEN NO CONVERSATION UNTIL THE APPOINTMENT IS RESTRUCTURED** → cost per case ₹18.40→₹12.90 measured monthly and benchmarked against the alternative, not against last month, **BECAUSE THE BRAND PERFORMS THAT COMPARISON WHETHER OR NOT HE PARTICIPATES IN IT**
Quarter-end push	**THE DEFINING OPERATIONAL HAZARD, AND IT LOOKS LIKE ORDINARY COMMERCIAL ENTHUSIASM UNTIL IT BECOMES A WRITE-OFF: DISTRIBUTORS WILL NOT LIFT MORE THAN THEY CAN SELL BECAUSE THEY ARE CLOSER TO THE SHELF AND PROTECTING THEIR OWN CAPITAL, SO THE SUPER-STOCKIST IS THE POINT OF LEAST RESISTANCE — A LARGE LIMIT, AN APPOINTED RELATIONSHIP, AND A PERSUASIVE AREA MANAGER UNDER PRESSURE FROM ABOVE. THE STOCK MOVES, THE BRAND BOOKS ITS NUMBER, AND THE REGION'S CONSUMPTION DOES NOT CHANGE BY A SINGLE CASE. THE ANCHOR PLAN CALLED CHANNEL STUFFING A SELF-DECEPTION FROM THE BRAND'S SIDE; SEEN FROM HERE IT IS NOT A DECEPTION AT ALL — IT IS A TRANSFER, AND THE SUPER-STOCKIST IS WHO IT IS TRANSFERRED TO** → intake capped at measured regional offtake; quarter-end lifts only against written near-expiry protection and a return right; ageing reported to the brand monthly while goods are still saleable. **REFUSING COSTS GOODWILL WITH THE PEOPLE WHO DECIDE WHETHER THE APPOINTMENT CONTINUES, WHICH IS EXACTLY WHY IT MUST BE WRITTEN POLICY RATHER THAN A JUDGEMENT MADE UNDER PRESSURE IN A PHONE CALL**
Leakage against a 2.4% spread	**DAMAGES AND UNRECOVERED CLAIMS AT 0.26% OF BILLING LOOK NEGLIGIBLE UNTIL READ AGAINST THE SPREAD THEY COME OUT OF — THEY CONSUME 10.6% OF GROSS MARGIN. A DISTRIBUTOR LOSING THE SAME PROPORTION OF BILLING GIVES UP FOUR PER CENT OF HIS MARGIN; A MANUFACTURER GIVES UP HALF A PER CENT; THE SUPER-STOCKIST GIVES UP A NINTH OF EVERYTHING HE EARNS** → batch capture at receipt, FIFO by location, cycle counts, near-expiry at 90 escalated at 60, claims aged weekly, vehicle fill measured per dispatch. **NONE OF THESE IS CLEVER; IN A 2.4% BUSINESS NONE IS OPTIONAL EITHER — THE MARGIN IS TOO THIN TO PERMIT A SINGLE HABIT OF CARELESSNESS** (0.26%→0.13% of billing; 10.6%→4.6% of margin)
Concentration & appointment risk	**A SINGLE BRAND WITHDRAWING AN APPOINTMENT REMOVES THE REVENUE BUT LEAVES THE WAREHOUSE, THE TEAM AND THE DEBT ENTIRELY INTACT** → four principals by Year 3, chosen so seasonality offsets rather than compounds; **THE TIME TO FIND A SECOND PRINCIPAL IS WHILE THE FIRST IS HAPPY**
Service is the only differentiator	The distributors cannot choose an alternative stockist, which makes service look optional — **IT IS THE OPPOSITE: BECAUSE THEY CANNOT LEAVE, THEIR ONLY RECOURSE WHEN SERVICE IS POOR IS TO COMPLAIN TO THE BRAND, AND THE BRAND DECIDES WHETHER THIS BUSINESS CONTINUES TO EXIST — FILL RATE IS NOT AN OPERATIONAL STATISTIC HERE BUT THE MECHANISM BY WHICH THE APPOINTMENT IS RENEWED OR LOST** (91%→95%→98%)
Low return, correctly understood	**ROCE 15.2% AGAINST THE DISTRIBUTOR'S 25.1% ON MORE CAPITAL IS CORRECT RATHER THAN A DEFECT — HE EARNS LESS BECAUSE HE DOES LESS: THE DISTRIBUTOR SELLS, SERVICES AND HOLDS RELATIONSHIPS, WHILE THE SUPER-STOCKIST STORES AND FORWARDS. ANYONE ENTERING THIS TRADE EXPECTING DISTRIBUTOR ECONOMICS HAS MISREAD THE ROLE**

Storage, insurance & compliance	Holds more volume for longer than anyone in the chain → **A STORAGE FAILURE HERE IS A REGIONAL RECALL RATHER THAN A LOCAL ONE**; FSSAI conditions documented, fire and building compliance current, **STOCK INSURANCE SIZED TO ACTUAL HOLDING BECAUSE THIS BUSINESS AT ANY MOMENT HOLDS INVENTORY WORTH MORE THAN ITS ENTIRE NET WORTH**; GST scheme credit notes correct, since at ₹28cr billing a systematic error is not a small assessment issue; no repacking or relabelling

15. SWOT Analysis

Strengths **Cost per case measured and benchmarked against the brand's own alternative**; very lean structure — 15 people handling ₹14cr; **fill rate treated as the mechanism of appointment renewal**; high stock velocity; claims documented and escalated on a calendar.	**Weaknesses** **Owns nothing — no brand, no retailers, not even his own distributors**; 2.4% spread with no pricing power; **holds inventory worth more than net worth, on goods he did not select**; lowest return in the vertical; loss-making in Year 1.
Opportunities Regional and challenger brands expanding without capital for depots; **brands retreating from direct servicing they find uneconomic**; adjacent-district consolidation; **additional principals with offsetting seasonality**; throughput gains falling straight to the bottom line against a fixed team.	**Threats** **The brand's own depot, a 3PL contract, or direct-to-distributor servicing — any of which removes the function entirely**; appointment withdrawal without notice or compensation; **quarter-end stock transfers ageing into write-offs**; a storage or expiry failure at regional scale.

16. Recommended AiSevak Tools for This Business

This super-stockist would use AiSevak's FMCG vertical tools in operations:

- **Survival metric: cost-per-case calculator (total operating cost ÷ cases handled) with benchmarking against depot and 3PL alternatives; concentration and principal-dependency tracker.**
- **Stock & risk: batch and expiry capture at receipt, FIFO location discipline, near-expiry alerts at 90 and 60 days, ageing report formatted for monthly submission to the brand.**
- **Acceptance discipline: measured regional offtake model with an intake cap, quarter-end lift register recording written near-expiry and return terms.**
- **Service:** fill rate, order-to-dispatch turnaround, order accuracy and vehicle-fill monitoring; distributor complaint log.
- **Capital:** ROCE and stock-turn dashboard, cash-credit utilisation and drawing power against aged stock, claim ageing beside distributor receivables.

17. Key Assumptions & Notes

- Super-stockist: multi-district FMCG stocking point buying in bulk from brands, holding regional inventory and breaking bulk to brand-appointed distributors, carrying stock, freight and financing between factory and distributor godown. **FOURTH PLAN IN THE FMCG VERTICAL — COMPLETES THE DISTRIBUTION SUB-MODEL BY DESCRIBING ITS LEAST PROTECTED PARTICIPANT.**
- **⚠ GOVERNING CONVENTION FOR THE STOCKING SUB-MODEL, SET HERE: (a) HE OWNS NOTHING — NOT THE BRAND, NOT RETAILERS, NOT EVEN HIS OWN DISTRIBUTORS, WHO ARE APPOINTED BY THE BRAND AND WOULD EXIST WITHOUT HIM; HE IS A WAREHOUSE AND A CHEQUE BOOK AND PERFORMS NO SELLING FUNCTION WHATSOEVER. (b) HIS MARGIN IS NOT PAYMENT FOR VALUE ADDED — IT IS THE DIFFERENCE**

BETWEEN HIS COST OF HOLDING REGIONAL INVENTORY AND THE BRAND'S COST OF DOING IT ITSELF, SO THE ROLE EXISTS ONLY WHILE HE IS CHEAPER THAN A DEPOT. (c) THIS IS A LOW-RETURN BUSINESS AND THE PLAN SAYS SO: 15.2% ROCE AGAINST THE DISTRIBUTOR'S 25.1% ON MORE CAPITAL, BECAUSE HE DOES LESS. (d) HE CARRIES EXPIRY RISK ON GOODS HE DID NOT CHOOSE, IN QUANTITIES SET BY SOMEONE ELSE'S FORECAST. (e) LEAKAGE MUST BE READ AGAINST THE SPREAD, NOT AGAINST BILLING.

- **ON COST PER CASE: TOTAL OPERATING COST DIVIDED BY CASES HANDLED, ₹18.40→₹15.20→₹12.90, EVERY COMPONENT OF THE FALL OPERATIONAL RATHER THAN COMMERCIAL — BETTER LAYOUT, FULLER VEHICLES, HIGHER THROUGHPUT OVER FIXED RENT, FEWER DAMAGES, AND STAFF PRODUCTIVITY RISING AGAINST A LARGELY FIXED TEAM. IT MATTERS BEYOND HOUSEKEEPING: WHEN A BRAND REVIEWS ITS REGIONAL STRUCTURE IT COMPARES THE TOTAL COST OF THIS ARRANGEMENT AGAINST A DEPOT OR 3PL CONTRACT, AND IT PERFORMS THAT COMPARISON WHETHER OR NOT HE PARTICIPATES. A STOCKIST WHO KNOWS HIS COST PER CASE CAN ARGUE IT, PROPOSE A REVISED SPREAD THAT STILL BEATS THE ALTERNATIVE, AND TAKE ON VOLUME AT A MARGINAL COST HE CAN COMPUTE; ONE WHO DOES NOT CAN ONLY WAIT TO BE TOLD THE OUTCOME. THE UNCOMFORTABLE COROLLARY: THIS IS A BUSINESS WHOSE PRINCIPAL COMMERCIAL SKILL IS BEING CHEAP AND WHOSE PRINCIPAL COMMERCIAL RISK IS THAT SOMEONE ELSE IS CHEAPER — AND EVERY IMPROVEMENT HE MAKES ALSO LOWERS THE BAR FOR WHOEVER REPLACES HIM.**
- **ON THE QUARTER-END PUSH: DISTRIBUTORS WILL NOT LIFT MORE THAN THEY CAN SELL, SO THE SUPER-STOCKIST IS THE POINT OF LEAST RESISTANCE — A LARGE LIMIT, AN APPOINTED RELATIONSHIP, AND A PERSUASIVE AREA MANAGER UNDER PRESSURE FROM ABOVE; THE STOCK MOVES, THE BRAND BOOKS ITS NUMBER, AND THE REGION'S CONSUMPTION DOES NOT CHANGE BY A SINGLE CASE. HIS LIMIT IS CONSUMED, HIS TURNS FALL, THE GOODS AGE, AND WHEN THEY RETURN AS DAMAGES THE CLAIM IS DISPUTED BECAUSE THE SCHEME WAS AGREED VERBALLY** → intake capped at measured offtake (stock accepted beyond it: NIL), written near-expiry protection and return rights on any quarter-end lift, monthly ageing reports to the brand while goods remain saleable.
- Economics & cash — **THE MOST LEVERAGED AND LEAST PROTECTED POSITION IN THIS VERTICAL: AT ANY MOMENT THIS BUSINESS HOLDS INVENTORY WORTH MORE THAN ITS ENTIRE NET WORTH, FINANCED BY A CASH-CREDIT LIMIT, ON GOODS IT DID NOT SELECT, IN QUANTITIES SET BY SOMEONE ELSE'S FORECAST, FOR A SPREAD OF TWO AND A HALF PER CENT. THE MANUFACTURER OWNS A BRAND THAT RETAINS VALUE IF A CHANNEL FAILS; THE DISTRIBUTOR OWNS RETAILER RELATIONSHIPS THAT MAKE HIM EXPENSIVE TO REPLACE; THE SUPER-STOCKIST OWNS INVENTORY AND A WAREHOUSE LEASE — AND THE INVENTORY IS THE BRAND'S PRODUCT AND THE LEASE IS A LIABILITY. A SINGLE BRAND WITHDRAWING AN APPOINTMENT REMOVES THE REVENUE BUT LEAVES THE WAREHOUSE, THE TEAM AND THE DEBT INTACT; STOCK AGEING IS NOT AN INVENTORY PROBLEM BUT A SOLVENCY PROBLEM, BECAUSE THE LIMIT IS CONSUMED BY GOODS THAT CANNOT BE CONVERTED** (Y1 −₹5L → Y3 ₹20L; net margin −0.36%→0.71%; ROCE 1.6%→9.2%→15.2%; turns 12.2→16.6; break-even Year 2; **THE BINDING CONSTRAINTS ARE THE CASH-CREDIT LIMIT AND THE APPOINTMENT, AND ONLY ONE CAN BE NEGOTIATED WITH A BANK**). Regulatory: FSSAI warehousing conditions documented; GST with large input credits and correct scheme credit-note treatment; no repacking or relabelling under Legal Metrology; fire, building and electrical compliance; EPF/ESI for the warehouse workforce; **STOCK INSURANCE SIZED TO ACTUAL HOLDING.** Lender note: **THE LIMIT IS THE BUSINESS — A LIMIT SIZED CONSERVATIVELY DOES NOT MAKE THIS BUSINESS SAFER, IT MAKES IT UNVIABLE, BECAUSE FIXED WAREHOUSE AND TEAM COSTS ARE INCURRED WHETHER OR NOT THERE IS STOCK TO EARN A SPREAD ON**; security is strong on paper but **DRAWING POWER SHOULD LOOK AT AGEING AND BATCH EXPIRY RATHER THAN VALUE ALONE, SINCE EXPIRED STOCK HAS A BOOK VALUE AND NO REALISABLE ONE**; **ASK FOR COST PER CASE AND TOP-BRAND CONCENTRATION — THE FIRST TELLS YOU WHETHER HE WILL STILL HOLD THE APPOINTMENT IN THREE YEARS, THE SECOND TELLS YOU WHAT HAPPENS TO THE LOAN IF HE DOES NOT**; and **TREAT STOCK AGEING**

AS A COVENANT, BECAUSE AT A 2.4% SPREAD WITH THE LIMIT DRAWN AGAINST INVENTORY, GOODS SITTING PAST 90 DAYS ARE NOT SLOW-MOVING STOCK — THEY ARE THE EARLY STAGE OF A DEFAULT.
₹1.63cr, billing 14.00→28.00cr, 185,000→342,000 cases, 15→27 staff, cost per case ₹18.40→₹12.90, concentration 68%→41%. Figures illustrative, exclude GST.

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