BUSINESS PLAN · INDIA

Tea and Coffee Estate

An estate that cups every lot and gives the grower his own score, because the buyer has always been the only one who knew

PLANTATION AND ESTATE AGRICULTURE

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1. Executive Summary

This plan sets out a **Tea & Coffee Estate** in the Western Ghats — 178 hectares planted (98 ha tea, 80 ha arabica and robusta), an own CTC and orthodox tea factory, a coffee pulping and curing works, and green leaf, cherry and parchment bought from about 1,150 small-grower members, producing roughly **858 tonnes of made tea and green coffee a year by Year 3 at ₹22.00 crore**, with 449,000 kg of made tea drawn from bought leaf at **₹196 per kg** and 200,000 kg of green coffee at **₹380 per kg**.

> This plan opens vertical 55 and **sets its ten anchor rules (a)–(j)**, listed in section 17. Every later plantation plan inherits them.

Item	Detail	Year 3
What is sold	Made tea and green coffee, in bulk and under a traceable single-estate and single-grower mark, with the cup score published by lot	**₹22.00cr**
Planted area / grower members	Own estate plus the leaf and cherry that surrounds it	178 ha; 1,150 members
Product handled	Made tea and green coffee across 1,240 scored lots	858,000 kg
PAT / net margin	Bought-leaf processing runs thin; the estate blocks and the traceable mark carry the margin	**₹1.22cr / 5.5%**
ROCE on ₹11.00cr	Asset-heavy: factory, curing works, replanting, housing	**16.9%**
Growth (Year 1–3)	Lots cupped, scored and the score returned to the grower	₹12.4cr → ₹22cr; 620 → 1,240 lots

> **VERTICAL 55 ANCHOR. THE ONLY PARTY WHO MEASURES THE QUALITY IS THE PARTY WHOSE COST FALLS WHEN THE QUALITY IS LOW. Green leaf is graded at the factory gate by the buyer, coffee is cupped on the buyer's floor after commingling, and the grower is paid on weight less a deduction he cannot audit against a grade he cannot contest. THE CUP SCORE — THE ONE NUMBER THAT DECIDES WHAT THE LOT IS WORTH — IS PRODUCED BY A TRAINED TASTER, RECORDED, PRICED ON, AND NEVER TOLD TO THE PERSON WHO GREW IT.**

> **The remedy is not a disclosure and not a certification. It is a return leg on a measurement that is already being taken: the lot is cupped anyway, by a trained taster, because the buyer needs the number to price it — so the entire reform is to write the number down against the grower who produced it and send it to him. That costs ₹1.92 crore a year here, 8.7% of revenue, and the reason it costs anything at all is that nobody has ever built the path back.**

2. Business Description, Vision & Legal Structure

A private limited company holding the estate on a long lease from the promoter family, operating the tea factory and the coffee curing works, and buying green leaf, cherry and parchment from member growers within a 40 km radius.

Element	Position
Legal form	Private limited company; estate on 30-year registered lease; Tea Board and Coffee Board registrations in the company's name

Where the money is made	Bulk made tea and green coffee at volume and thin margin; the traceable mark and the grower-services line at margin
What is different	The cup score goes back down the chain, by lot, free, to the grower who produced it
Vision	An estate whose members can tell which block, which flush and which drying day made the good cup — because they were told

> The estate is a **buyer of leaf and cherry as well as a grower of it**, which is exactly why the finding matters here: **the party this plan is asking to change its behaviour is the business itself.**

Why this shape	Reasoning
Own hectares and bought leaf together	The estate blocks carry margin and set the standard; the bought leaf carries volume and pays for the factory. Neither works alone at this scale
Tea and coffee together	Two crops, two harvest calendars, two unrelated price markets and one labour force that is otherwise idle for months
Own curing and factory	**Without processing there is no cupping, and without cupping there is no score to return. The whole plan rests on owning the step where the measurement happens**
Long lease rather than purchase	Plantation land at Western Ghats valuations would treble the project cost and add nothing to output

3. Promoter & Ownership

Item	Position
Promoter	Third-generation planter with a Q-grader qualification and eleven years running the factory; the cupping discipline is the promoter's own, not a hired function
Promoter equity	**₹3.96cr** of the ₹11.00cr project cost (36%), unsecured and not withdrawable during the loan term
Ownership	Promoter family 74%; grower-member producer company 16%; ESOP and key staff 10%
Governance	Two grower-member directors on the board with a standing right to see every appeal file

> The **16% held by the member producer company is not goodwill** — it is the mechanism that makes the published score enforceable against the estate itself, because the people it is published to own part of the estate.

> **It matters that the promoter is a Q-grader and not an owner who employs one. Every commitment in this plan can be quietly abandoned in a bad season by one instruction to one member of staff, and the instruction would never be written down. The published standard survives a full yard in the second week of the peak only if the person who would have to give that instruction is the person who cupped the lot.** That is a governance fact, not a biographical detail, and a lender should treat a change of promoter as a material event on the strength of it.

4. Market Analysis — India

Segment	What drives it	Position taken

Bulk made tea (auction and private)	Auction averages, garden mark reputation, buyer blending programmes; price set on a taster's assessment the seller sees only as a number	Volume base; 449,000 kg from bought leaf at ₹196/kg
Green coffee (exporter and curer)	ICE terminal, differentials, outturn and defect count; arabica parchment and robusta cherry priced separately	200,000 kg at ₹380/kg blended
Traceable single-estate and single-grower lots	Specialty roasters and direct buyers who will pay for a named block, a named grower and a published score	78,000 kg at ₹310/kg
Grower services (cupping, grading, agronomy)	1,150 members with no other route to a cup score for their own coffee or a fine-leaf count they can check	₹1.10cr, priced at cost plus a margin, never bundled into the leaf price
Shade, pepper and timber intercrop	Silver oak, shade-grown pepper; incidental to the main lines	Held in other income at ₹0.22cr

> India's plantation sector is **dominated by smallholders on the supply side and by a handful of buyers on the price side**: most green leaf and a large share of coffee cherry now comes from growers with under two hectares, **who sell into a market where every measurement that sets their price is taken by the person paying it.**

How the supply side actually looks

Structure	Consequence for the grower
Small growers now supply the majority of green leaf in South India and a large and rising share of coffee cherry	The typical seller has under two hectares, no drying yard, no storage and no ability to hold a lot back for a better price
Green leaf must be processed within hours of plucking	**He cannot shop the load. The nearest factory that will take it is effectively the only buyer, on the day, at the gate**
Cherry can be held a little longer but degrades fast in the wet	Slightly more choice, and the same gate-grading practice at every door
Payment cycles run 10–21 days behind delivery	The grower has already delivered the next four loads before he can dispute the first
Price formulae reference the buyer's own realisation	**The input to the formula is a number only the buyer holds, so the formula is arithmetic he cannot perform**

> Demand is not the constraint in this market and never has been — **Indian tea and Indian coffee both sell.** The constraint is that **the quality signal never reaches the several hundred thousand people whose daily decisions actually determine it**, so the sector improves at the factory and the auction floor while standing still in the field.

5. Competition & Position

Competitor type	What they do well	Where the gap is
Bought-leaf factories	Scale, logistics, working capital, fast payment cycles	Gate grading is visual, unilateral and unrecorded; no sample retained, no appeal
Large corporate estates	Agronomy, replanting capital, brand reach, export compliance	Cup scores are internal management information; growers outside the estate see none of it

Curers and exporters	Cupping competence, quality separation, market access	The score is produced to price the lot, and pricing is the only place it is used
Grower producer companies	Bargaining position, aggregation, member trust	Rarely own a cupping capability, so they aggregate a product nobody has measured
This estate	Factory, curing works, cupping laboratory and 178 own hectares in one entity	**Positioned on the return leg: the measurement is made anyway, and here it travels back**

> Competition on price is **brutal and unavoidable in bulk**. The defensible position is not a better cup — it is being the buyer **whose grade a grower can check, contest and learn from**, which is a switching cost no bought-leaf factory within 40 km currently imposes.

> **It is worth being honest about why nobody else does this. A factory that returns cup scores hands its members information they can take to the factory down the road, and a factory that retains samples creates evidence that can be used against it. Both objections are correct.** The answer is not that they are wrong but that **the member who can read his own score is the member who stops side-selling for fifty paise** — and in a business whose only real asset is the leaf that keeps arriving, that is worth more than the information is worth to a competitor who cannot interpret it.

6. The Only Party Who Measures Is the Party Who Pays

This is the finding, and it opens the vertical on a fact that exists and does not move.

Who knows what a lot is really worth	Do they?
The buyer's taster — he cups it and prices on it	**Yes. Precisely**
The factory gate clerk — he grades the leaf	**Yes. Unilaterally**
The grower — he produced it	**No. He is told a weight**
The party who could act on it	**Never told**

> **THE MEASUREMENT IS TAKEN BY THE ONLY PARTY WHOSE COST FALLS WHEN IT COMES OUT LOW. Green leaf is graded at the gate on fine-leaf count, coarse content and moisture — visually, in seconds, by the buyer, with no sample retained and no appeal — and coffee cherry is assessed on the buyer's floor, cupped after commingling if at all. The grower receives one number: a weight, less a deduction, times a price. Nobody in this chain is being dishonest. The taster is competent, the grade is usually right, and the deduction is applied the way it has been applied for forty years.**

> **The last plan described a fact that did not exist; THIS ONE DESCRIBES A FACT THAT EXISTS, IS COMPETENTLY MEASURED, AND TRAVELS IN ONE DIRECTION ONLY. The consequence is that the grower cannot learn. He never finds out which block, which flush, which fermentation day or which drying yard produced the cup that scored well, so he cannot repeat it and cannot avoid the one that scored badly. He optimises for the only signal he is given — WEIGHT — WHICH IS PRECISELY THE SIGNAL THAT REWARDS COARSE PLUCKING AND OVER-RIPE CHERRY. Forty years of that is why smallholder quality in this sector has drifted downward while the tasting has stayed excellent: THE INDUSTRY MEASURES BEAUTIFULLY AND TELLS NOBODY WHO COULD DO ANYTHING ABOUT IT.**

> **So the score goes back. EVERY LOT IS CUPPED OR TASTED AND SCORED (1,240 lots, 100% of what is delivered), and the score is PUBLISHED BY GROWER AND BY BLOCK AND RETURNED FREE** — his own lot beside the member average, in a form he can read. **412 MEMBERS CHANGED A FIELD OR POST-HARVEST PRACTICE ON IT** by Year 3, and average member cup score moved 76.2 → 80.4 with lots at or above 80 going 34% → 58%. **AGRONOMY FOLLOWS THE SCORE** — a low score generates a field visit within eight days, not a price cut alone, because a number a grower cannot act on is only a smaller cheque. It costs **₹1.92 crore a year, 8.7% of revenue, and it is the largest discretionary line in this business. GENERAL RULE: WHERE THE ONLY PARTY WHO MEASURES QUALITY IS THE PARTY WHO PAYS FOR IT, THE MEASUREMENT WILL BE ACCURATE AND IT WILL TRAVEL ONE WAY — SO SEND THE SCORE BACK DOWN THE CHAIN, LOT BY LOT.**

> **And the market cannot correct this on its own, for a reason worth stating plainly. A grower who suspects he is being under-graded has exactly one instrument available to him: take the next load somewhere else and see whether the money is better. But the next factory grades by the same method, on the same day, on a load that is not the same load — different flush, different weather, different hours since plucking — so the comparison carries no information at all. He can switch buyers a dozen times over five years and learn nothing, because HE HAS NEVER ONCE OBSERVED THE SAME LOT PRICED TWICE. The one experiment that would settle it is the one experiment a perishable product makes impossible, which is why the practice has survived competition rather than in spite of it.**

7. The Deduction Nobody Audits

The second thread is the weight itself, and it sits underneath the first.

At the collection point	Trade practice	This estate
The scale	The buyer's, calibration unseen	**Legal Metrology stamped, certificate displayed**
The deduction	6–8%, "moisture and refraction", no basis given	**1.4%, stated as a number with its basis**
The sample	None retained	**Sealed and held 30 days**
The appeal	None	**46 settled by a third party**

> **A moisture-and-refraction deduction of six to eight per cent is applied to every load, on a scale the grower has never seen calibrated, with no sample retained and no route of appeal. IT IS WORTH ₹68 LAKH A YEAR ON OUR PURCHASE VOLUME OF ₹7.64 CRORE, WHICH IS WHY IT HAS SURVIVED UNEXAMINED FOR AS LONG AS ANYONE CAN REMEMBER.** Verified weighment took the average deduction from 7.1% to 1.4% and **put ₹44 lakh a year back into member hands** — money that never appears as generosity in these accounts because it is simply the leaf price, paid on the weight actually delivered.

> **And the two threads compound. A grower short-weighed by seven per cent and downgraded a class at the gate has been paid less on two counts he cannot verify, by the same party, on the same slip — and he still does not know whether his coffee was any good.**

> **The deduction deserves a defence, because it has one.** Green leaf genuinely arrives wet after rain, genuinely carries stalk and coarse leaf, and a factory that paid gross weight on every load in a monsoon week would be buying water at the price of tea. **The deduction is not a fiction; it is a real adjustment for a real thing. What makes it indefensible is not its existence but its form: A SINGLE PERCENTAGE, APPLIED TO EVERY LOAD FROM EVERY GROWER ON EVERY DAY, WHICH MEANS IT CANNOT BE MEASURING ANYTHING — because if it were measuring moisture it**

> **would move when the moisture moved. A number that does not vary with the thing it claims to describe is a price, not a measurement, and it has been presented as a measurement for forty years.**

> Ours varies: **the meter reads, the slip prints the reading and the deduction it produced, and in the dry weeks the deduction is nil. That is the whole reform — not a smaller number, A NUMBER THAT MOVES.**

8. Operations Plan (pluck, receive, process, score)

- **Field.** 98 ha tea on a 7–9 day round at 1,814 kg made tea per hectare; 80 ha coffee at 1,000 kg green per hectare; shade management, pruning cycle and pest scouting to the Tea Board Plant Protection Code.
- **Receive.** 14 collection points; stamped weighbridge, printed slip, sealed retained sample, fine-leaf count recorded against a photographed reference board — **the grade written down at the moment it is given, not reconstructed later.**
- **Process.** CTC and orthodox lines; withering, rolling, fermentation and drying logged by batch; coffee pulped within 8 hours, fermented, washed, dried on raised beds to 10.5% moisture, rested and hulled.
- **Score.** Every lot cupped by the laboratory against SCA protocol for coffee and a tasting panel for tea; score entered against the grower ID and the block ID before the lot is priced.
- **Return.** Score, defect notes and the member average sent to the grower within 6 days; low scores routed to agronomy for a field visit within 8 days.

What happens to one load, end to end

Step	What is recorded	Who can see it
Weighment at the collection point	Gross weight, meter reading, deduction and its basis, net weight	**Printed slip, grower's copy**
Grade at the point of receipt	Fine-leaf count or defect count against a photographed reference board	**On the slip, at the moment given**
Sample	Sealed, numbered, held 30 days	**Producible on appeal**
Processing	Batch log: wither hours, roll, fermentation, drier inlet and outlet, or pulp-to-dry timings	Internal, disclosed on request
Cupping	**Score against SCA protocol or panel score, entered against grower ID and block ID BEFORE the lot is priced**	**Returned to the grower, free**
Pricing	Grade, score and the day's reference price	Reproducible from the slip
Agronomy	Field visit note where the score fell below the member average	Grower and estate

> **The sequence matters more than any single step: THE SCORE IS ENTERED AGAINST THE GROWER BEFORE THE LOT IS PRICED. Cup first and price second and the score is a fact; price first and cup second and the score becomes a justification, which is what it is nearly everywhere in this trade.**

> **The operational hinge is a 1,180 kg lot of member parchment from a grower who has delivered for eleven years, which cups at 78.5 against our published floor of 80 for the traceable mark, in the second week of the peak with the yard full behind him. The trade answer is to blend it into the estate mark, where it disappears and nobody is worse off this week. Ours: it is declared at 78.5 and sold as bulk at ₹58 per kg less — ₹2.97 lakh**

> **instead of ₹3.66 lakh — THE GROWER IS TOLD THE SCORE AND THE REASON, AND AN AGRONOMIST WALKS THE BLOCK WITHIN EIGHT DAYS. 64 lots went that way in Year 3, ₹0.43 crore of gross profit forgone, and the reason it is worth it is that a lot blended away teaches nobody anything.**

9. Tea Board, Coffee Board & Plantation Labour Compliance (India)

Area	Requirement
Tea Board	Tea Act 1953; registration and the Tea Marketing Control Order; auction and private-sale rules; garden mark registration
Coffee Board	Registration of estate and curing works; export permits and post-shipment documentation
Labour	**Plantations Labour Act 1951 and state rules: housing, drinking water, crèche, primary schooling, medical facilities and canteen — obligations on the employer, not the state**
Food safety	FSSAI licence for factory and packing; Food Safety and Standards (Contaminants, Toxins and Residues) Regulations; tea MRLs under FSSAI, **which diverge from EU MRLs on several actives**
Plant protection	Insecticides Act 1968; Tea Board Plant Protection Code; banned and restricted actives; pre-harvest intervals
Measurement	**Legal Metrology Act for every weighbridge and platform scale at every collection point, and for packaged commodity declarations**
Tax	**Income-tax Rule 8 (tea: 60% agricultural, exempt) and Rule 7B (coffee), state agricultural income tax where levied; GST on tea and coffee sales**
Export	**EU Deforestation Regulation: coffee shipped to the EU must carry geolocation of the plot of origin and a due-diligence statement**
Other	EPF, ESI, Minimum Wages; Water and Air consents for the factory; Biological Diversity Act for shade species

> **Nothing in any of this requires a buyer to tell a grower what his coffee cupped at, or to retain the sample on which his grade was assessed. The one place the law does reach — the weighbridge, under Legal Metrology — is also the one place trade practice has quietly built a customary deduction that sits on top of a stamped and accurate scale.**

What the law reaches	What it does not
The accuracy of the scale, stamped and periodically verified	**The percentage subtracted from what the accurate scale reported**
Residue limits on tea and coffee offered for sale	Whether the grower is ever told the residue result on his own lot
Housing, crèche, schooling and medical facilities on the estate	Anything at all about the several hundred member growers who are not employees
Registration of the factory, the curing works and the garden mark	**Any obligation to record, retain or disclose the grade assigned at the gate**
Weights and measures on the packet the consumer buys	The count, grade or score on the load the grower sells

> **Read down the right-hand column and the pattern is unmistakable: the law protects the buyer at the end of the chain and the worker inside the gate, and leaves the grower in between with nothing. He is not an employee, so labour law does not reach him; he is not a consumer, so consumer law does not reach him; and he is selling an unpackaged agricultural commodity, so almost nothing else does either.**

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Note
Estate director	1	1	Q-grader; signs the published standard
Field workers	214	**258**	**Derived, not assumed: 98 ha tea at 2.1/ha + 80 ha coffee at 0.65/ha**
Factory and curing works	62	84	Two shifts in peak
Cupping, grading and quality	9	16	4 Q-graders
Field agronomy and grower liaison	13	24	Acts on low scores
Weighment, collection points, traceability	15	26	14 collection points
Welfare (crèche, school, medical)	7	9	Plantations Labour Act
Sales, admin and accounts	11	14	—
Total	**332**	**432**	**858,000 kg; 1,240 lots; 1,150 members**

> **The 66 people in quality, agronomy and weighment are the commitment made flesh.** Their salaries are **₹1.52 crore of the ₹1.92 crore line — ₹2.30 lakh average CTC across 66**, ranging from weighment clerks to four Q-graders — and the remaining **₹0.40 crore** is laboratory consumables, weighbridge calibration, sample logistics and the traceability platform.

> **The 258 field workers are the reason the Plantations Labour Act is a line in the project cost rather than a paragraph in the compliance section. Housing, drinking water, a crèche, primary schooling and a medical facility are obligations that fall on the employer, not the state, and they cost ₹1.21 crore of capital here plus a recurring share of the ₹1.26 crore overhead line. A plan that leaves them out is not describing an Indian plantation; it is describing a farm with a factory attached.** They are carried as retention rather than as compliance because plucking labour is scarce in every producing district and the estates that lose it are the ones with the worst housing.

11. Implementation Timeline & Milestones

Phase	Months	Milestone
Registrations and finance	0–4	Tea Board and Coffee Board registration, FSSAI, term loan sanction, lease registered
Factory and curing works	3–11	Orthodox line commissioned; pulping, raised beds and hulling upgraded

Cupping laboratory and weighbridges	4–10	**Laboratory operational; 14 collection points stamped; first scores returned**
Member enrolment	5–20	640 → 1,150 members; published standard and appeal process issued
Replanting and housing	8–30	62 ha replanted; housing, crèche and medical block completed
Traceable mark	14–30	EUDR geolocation captured for every coffee plot; first single-grower lots shipped

> The **laboratory is scheduled before the member drive, not after** — a promise to return a score to 1,150 growers is worth nothing until the thing that produces the score is running.

Milestone that must not slip	Why
First 200 scores returned by month 10	The member drive is sold on this. Enrol first and fail to deliver and the reputation is worse than never having offered
Weighbridges stamped before the first flush after commissioning	An unstamped scale makes every slip issued that season contestable and worthless as evidence
Appeal process published before the first downgrade	A route of appeal announced after a dispute reads as a concession, not a standard
EUDR plot geolocation captured before the export season	Coffee without a plot polygon and a due-diligence statement cannot enter the EU, whatever it cups at
Replanting completed within the monsoon window	A hectare planted late is a hectare lost for a year, and 62 ha is 35% of the estate

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
Made tea from bought green leaf	512	728	880	40.0%	22.0%
Made tea from own estate leaf	192	254	308	14.0%	38.0%
Cured coffee from member cherry and parchment	216	314	396	18.0%	20.0%
Green coffee from own estate	158	214	264	12.0%	44.0%
Traceable single-estate and single-grower lots	106	172	242	11.0%	56.0%
Cupping, grading and agronomy service to members	56	78	110	5.0%	62.0%
Total	**1,240**	**1,760**	**2,200**	**100%**	**32.3%**

> Bulk is **84% of revenue at a blended 32.3% gross margin**, which is what a bought-leaf model looks like honestly stated. The traceable mark and the grower-services line are 16% of revenue and **a third of the gross profit** — and neither exists

> without the laboratory.

12.2 What is committed, and what it is measured on

Commitment	Yr 1	Yr 3
Lots cupped and scored / % of lots delivered / score returned	620 / 71% / free	**1,240 / 100% / free**
Average deduction at weighment / samples retained / appeals settled by a third party	3.8% / 61% / 14	**1.4% / 100% / 46**
Members / who received their own score / who changed a practice on it	640 / 71% / 118	**1,150 / 100% / 412**
Lots declared at true grade rather than blended into the estate mark / gross profit forgone	21 / ₹0.14cr	**64 / ₹0.43cr**
Average member cup score / lots at or above 80	76.2 / 34%	**80.4 / 58%**
Paid to members above the customary deduction	₹0.16cr	**₹0.44cr**

> **Row five is the one that has to move for any of the rest to matter.** A member cup score rising 76.2 → 80.4 is **the only evidence that returning the score changed anything in a field**; every other row here measures effort, and effort that does not show up in the cup is a cost centre with good intentions. **Row four is its price: 64 lots declared at their true grade and ₹0.43cr of gross profit given up, because a standard that bends in a full yard in the second week of the peak is not a standard.**

12.3 Profit & loss (₹ lakh)

Line	Yr 1	Yr 2	Yr 3
Revenue	1,240	1,760	2,200
Cost of goods (leaf, cherry, parchment, inputs, processing)	(848)	(1,202)	(1,490)
Gross profit	**392**	**558**	**710**
Cupping, scoring and returning the score	(58)	(74)	(92)
Verified weighment, retained samples, appeals	(34)	(44)	(54)
Field agronomy acting on low scores	(30)	(38)	(46)
Selling and distribution	(36)	(48)	(60)
Estate, factory and welfare overhead	(88)	(106)	(126)
Administration	(34)	(38)	(42)
EBITDA	**112**	**210**	**290**
Depreciation and amortisation	(76)	(90)	(104)
Finance cost	(52)	(58)	(64)
Other income (shade timber, pepper, misc)	12	17	22
PBT	**(4)**	**79**	**144**
Tax (Rule 8 / Rule 7B, ~15% effective)	1	(12)	(22)
PAT	**(3)**	**67**	**122**

Net margin	(0.2%)	3.8%	**5.5%**
ROCE on ₹11.00cr	3.3%	10.9%	**16.9%**

> The **tax line is low because the law says so, not because of any structuring**: Rule 8 treats 60% of tea income as agricultural and outside central income tax, Rule 7B does the equivalent for coffee, **and the state agricultural income tax that once took the other side of it has been abolished in Karnataka and Tamil Nadu.**

12.4 Project cost & funding (₹ lakh)

Use of funds	₹L	%	Source of funds	₹L
Tea factory: CTC and orthodox line	297	27%	Promoter equity	396
Coffee curing works, pulping, drying yards	209	19%	Term loan (NABARD-refinanced)	440
Replanting and infilling, 62 ha	154	14%	Tea Board / Coffee Board subsidy	154
Collection points, weighbridges, traceability	132	12%	Working capital limit	110
Worker housing, crèche, school, medical	121	11%	—	—
Cupping laboratory and grading equipment	88	8%	—	—
Working capital margin and pre-operative	99	9%	—	—
Total	**1,100**	**100%**	**Total**	**1,100**

12.5 Sensitivities (₹ crore PAT, Year 3)

Scenario	What changes	PAT
Base case as planned	As above	**₹1.22cr**
Trade-standard practice instead	Blend the 64 declared lots into the estate mark (+₹0.43cr revenue), take the customary deduction and grade at the gate (+₹0.68cr margin), close the laboratory, the weighbridges and the agronomy team (+₹1.92cr): revenue ₹22.43cr at 36.6% gross margin	**₹3.76cr**
Auction and terminal price −12% on bulk	₹18.48cr of bulk revenue takes the full fall to gross profit	(₹0.66cr)
Drought cutting own and member yields 18%	Volume loss plus unabsorbed factory overhead, ₹1.42cr	₹0.02cr
Green leaf up ₹4/kg on 2.11m kg	₹0.84cr straight off gross profit	₹0.51cr
Labour cost +12% on a wage revision	₹0.58cr across field and factory	₹0.73cr

> **THE SECOND ROW IS THE WHOLE PLAN IN ONE NUMBER.** Trade-standard practice earns **₹3.76 crore against ₹1.22 crore** — and the gap is not inefficiency, it is **₹2.35 crore of commitments: ₹1.92 crore of laboratory, weighbridges and agronomy, and ₹0.43 crore of gross profit given up on lots we refused to blend away. Anyone reading this plan should understand that the honest version of this business is the less profitable one, and that this is the**

reason nobody does it.

12.6 Volumes and unit economics (Year 3)

Physical driver	Volume	Realisation	Revenue
Made tea from bought leaf, sold bulk	449,000 kg	₹196/kg	₹880L
Made tea from own estate leaf, sold bulk	157,000 kg	₹196/kg	₹308L
Green coffee from member cherry and parchment, bulk	104,200 kg	₹380/kg	₹396L
Green coffee from own estate, bulk	69,500 kg	₹380/kg	₹264L
Into the traceable mark (52,000 kg tea + 26,300 kg coffee)	**78,000 kg**	**₹310/kg**	**₹242L**
Grower services (cupping, grading, agronomy)	1,150 members	—	₹110L
Total product handled	**858,000 kg**	**₹256/kg**	**₹2,200L**

Derived figure	Working	Result
Green leaf purchased	480,000 kg of bought-leaf made tea at 4.4:1 conversion	**2.11m kg at ₹22/kg = ₹464L**
Member coffee purchased	120,000 kg green equivalent as cherry and parchment	**₹300L**
Total paid to members	The number the deduction is applied to	**₹764L**
Own estate yield	177,800 kg made tea / 98 ha; 80,000 kg green coffee / 80 ha	1,814 and 1,000 kg/ha
Average lot	858,000 kg across 1,240 scored lots	692 kg
Cost of the commitment per kg handled	₹1.92cr over 858,000 kg	**₹22.4/kg, or ₹15,484 per lot**

The last row is the number to argue with. **₹22.40 per kilogram, against a blended realisation of ₹256, is 8.7% of revenue spent on measuring something the trade does not measure and giving away the answer. It is not a rounding error and it is not marketing spend — it is the second-largest cash cost in this business after the leaf itself.**

13. Funding Requirement & Bankability

Item	Position
Requirement	**₹11.00cr**: ₹3.96cr promoter equity, ₹4.40cr term loan, ₹1.54cr Board subsidy, ₹1.10cr working capital limit
Security	Leasehold improvements, factory and curing plant, hypothecation of stock and receivables; personal guarantee of the promoter
Debt service	Year 3 EBITDA ₹2.90cr against interest ₹0.64cr and scheduled repayment; DSCR above 1.8x from Year 3
Subsidy risk	**₹1.54cr of Board subsidy is reimbursement-based; the model assumes an 11-month lag and the working capital limit is sized to carry it**

Working capital	Peak season leaf and cherry payments run 14 days ahead of auction realisation; the limit is drawn hardest in the two flush months
What a lender should test	**Not the cup scores — the appeal register. A published score with no contested appeals is a score nobody believed enough to challenge.**

> The bankable feature of this model is **member retention rather than margin**: 1,150 growers who can check their weight and read their own score do not side-sell for fifty paise, **and a bought-leaf factory's only real asset is the leaf that keeps arriving.**

Year	EBITDA	Interest	Repayment	DSCR
Year 1	₹1.12cr	₹0.52cr	Moratorium	—
Year 2	₹2.10cr	₹0.58cr	₹0.55cr	1.86x
Year 3	**₹2.90cr**	**₹0.64cr**	**₹0.73cr**	**2.12x**

> A lender should note that **Year 1 does not service principal and is not meant to**: a replanted hectare yields nothing for three years and a member drive from 640 to 1,150 growers is a two-season exercise. **The moratorium is the plan, not a concession — and a project report that showed Year 1 principal repayment on a plantation would be describing a different crop.**

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
The only party who measures is the party who pays	Every measurement that sets a grower's price — gate grade, moisture deduction, cup score — is taken by the buyer, and the cup score is never disclosed to him at all. **The measurement is accurate; it simply travels one way.** So the grower optimises for weight, the only signal he receives, and the sector's smallholder quality drifts down while its tasting stays excellent	**SEND THE SCORE BACK. 1,240 lots cupped and scored, 100% of what is delivered, published by grower and by block and RETURNED FREE beside the member average. 412 MEMBERS CHANGED A PRACTICE ON IT; member score 76.2 → 80.4 and lots at or above 80 from 34% to 58%. AGRONOMY FOLLOWS THE SCORE — a field visit within 8 days, not a price cut alone. ₹1.92cr, 8.7% of revenue, the largest discretionary line here**
The deduction nobody audits	A 6–8% moisture-and-refraction deduction on every load, on an uninspected scale, with no sample and no appeal — worth ₹0.68cr a year on ₹7.64cr of purchases, which is why it has never been examined	**Legal Metrology stamped weighbridges with the certificate displayed, printed slip, sealed sample held 30 days, third-party appeal (46 settled). Deduction 7.1% → 1.4%, returning ₹0.44cr a year to members as leaf price, not as generosity**

Weather, drought and pest	Blister blight in a wet year, tea mosquito bug and white stem borer in a dry one, and both crops exposed to the same monsoon. A poor season cuts own and member yields 18%, and because the factory's fixed cost does not fall with the leaf, the hit is larger than the volume loss — ₹1.42cr, taking PAT to ₹0.02cr. **Climate variability in the Ghats is the single risk here that is getting worse rather than staying constant**	Irrigation and water harvesting at 12% of project cost; shade management and silver oak retained rather than felled for short-term timber income; scouting to the Tea Board Plant Protection Code with pre-harvest intervals enforced on member deliveries as well as own blocks; risk spread across tea, arabica and robusta on different altitudes and different harvest calendars, so a season rarely fails on all three
Price volatility	Auction averages and the ICE terminal move on global supply, currency and speculation, none of which this estate influences and none of which track its cost of production. A 12% fall across ₹18.48cr of bulk revenue takes PAT to (₹0.66cr) — **a loss-making year with nothing operationally wrong**	The traceable mark and grower services are 16% of revenue and price off a published score rather than the terminal, which is the only part of the book that is insulated; forward cover on a portion of the coffee; member payment terms that do not lock in a leaf price before the made-tea realisation is known, because the estate is not in a position to absorb both sides of a price fall
Labour cost and availability	Plantations Labour Act obligations are a fixed cost base that does not scale down: a 12% statutory wage revision costs ₹0.58cr and takes PAT to ₹0.73cr. **Plucking labour is scarce in every producing district and getting scarcer as younger workers leave for construction and services**	Housing, crèche, school and medical at 11% of project cost, carried as retention rather than compliance because the estates losing labour fastest are the ones with the worst of it; mechanical harvesting on blocks with suitable terrain and bush architecture; a plucking round lengthened where the score shows no quality penalty, which is a decision the cupping data makes available and guesswork does not
Residue and MRL divergence	FSSAI and EU limits differ on several actives; a rejected consignment costs the mark, not just the lot	**One residue standard for every destination, tested by lot**
Member concentration and side-selling	1,150 members can leave for fifty paise more	Retention rests on the score and the slip, not price alone

15. SWOT Analysis

Strengths	Weaknesses
Factory, curing works, cupping laboratory and 178 own hectares in a single entity, so a score can be produced and acted on without a third party; Q-grader promoter for whom cupping is a practised discipline rather than a hired function; member producer company holding 16% with two directors on the board; 14 collection points inside a 40 km radius; both tea and coffee, which spreads weather and price risk across two unrelated markets	Bulk is 84% of revenue at 32.3% gross margin and there is no way to make that thick; heavy fixed cost base in factory, housing and welfare that does not fall when volume does; working capital peaks hard in the two flush months; ₹1.54cr of Board subsidy carried as a receivable on an assumed 11-month lag; the commitment costs ₹1.92cr a year and a competitor can decline to spend it
Opportunities	**Threats**

EUDR plot geolocation captured grower by grower, which is a compliance cost for everyone else and an asset here; specialty and direct-trade demand for named-block and named-grower lots that can only be served by someone who scored them; grower services as a margin line rather than a cost centre; the appeal register and score history as a genuine switching cost; mechanical harvesting on suitable blocks as plucking labour tightens	Auction averages and the ICE terminal move on things this estate does not control; climate variability in the Ghats is worsening and both crops are exposed; buyer consolidation squeezes bulk realisation; statutory wage revisions land on a large fixed headcount; a well-capitalised competitor could copy the score-return practice and outspend it

> **The honest reading of this SWOT is that the strengths are structural and the weaknesses are financial. Nothing here makes the business more profitable than a factory that grades at the gate and says nothing — it makes it more durable, which is a different claim and a slower one.**

16. Recommended AiSevak Tools for This Business

- **Business plan and project report generator** — for the Board subsidy application and the term loan file.
- **Compliance calendar** — Tea Board and Coffee Board returns, FSSAI renewal, Legal Metrology stamping dates, EPF and ESI.
- **GST and invoicing helper** — auction and private sales, member purchase vouchers, reverse charge on agricultural produce.
- **Labour and payroll toolkit** — Plantations Labour Act registers, muster rolls, welfare-facility records.
- **Export documentation helper** — Coffee Board permits, EUDR due-diligence statements, certificates of origin.
- **Cost and pricing calculator** — leaf-to-made-tea conversion, outturn, cost per kg by lot.
- **Loan and subsidy application helper** — NABARD-refinanced term loan file, Tea Board factory modernisation and Coffee Board replantation claims, and the working capital assessment that has to carry an 11-month subsidy lag.
- **Contract and terms drafting helper** — the member supply agreement, the published grading standard, and the appeal procedure, which only means anything if it is written down before the first dispute.

> Every tool above is **free to use on AiSevak and needs no signup to explore.** Section 16 names the specific ones; 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, leaf and cherry prices, cup scores and deduction rates are editable inputs; outcomes depend on weather, auction and terminal prices, labour availability and member retention. Figures are in Indian rupees.
- **This plan opens vertical 55 and sets its ten anchor rules, inherited by every later plantation plan.** **(a)** Every lot is cupped or tasted and the score returned free to whoever grew it. **(b)** Weighment is on a stamped scale with a printed slip, and any deduction is a number with its basis. **(c)** A sealed sample of every lot is retained and the grade is appealable to a third party. **(d)** A lot below the published standard is declared at its true grade, never blended into a better mark. **(e)** The published standard applies to the estate's own lots on the same terms as to members'. **(f)** Where an estate field, factory or drying decision caused the defect, it is recorded against the estate. **(g)** Residue testing is to one standard and the destination does not change it. **(h)** Plantations Labour Act obligations are delivered in fact, measured and published against the statutory floor. **(i)** Agronomy follows the score — a low score generates a visit, not only a price cut. **(j)** Nothing enters the price that the grower cannot reproduce from the slip he was handed.

- **The central finding is that the only party who measures the quality is the party whose cost falls when it comes out low.** The gate grade, the moisture deduction and the cup score are all taken by the buyer, and the cup score is never disclosed at all. **Unlike the finding that closed the last vertical, this fact exists and is competently measured — it simply travels in one direction.**
- **The consequence is that the grower cannot learn.** He never discovers which block, flush, fermentation day or drying yard made the good cup, so he optimises for weight, **which is exactly the signal that rewards coarse plucking and over-ripe cherry. GENERAL RULE: WHERE THE ONLY PARTY WHO MEASURES QUALITY IS THE PARTY WHO PAYS FOR IT, SEND THE SCORE BACK DOWN THE CHAIN, LOT BY LOT.**
- **The deduction nobody audits sits underneath it.** Six to eight per cent off every load for moisture and refraction, on a scale never seen calibrated, with no sample and no appeal — **₹0.68cr a year on ₹7.64cr of purchases.** Verified weighment took it to 1.4% and returned ₹0.44cr to members as leaf price.
- **Volumes and unit economics.** 858,000 kg handled across 1,240 lots: 606,000 kg of made tea sold bulk at ₹196/kg, 173,700 kg of green coffee sold bulk at ₹380/kg, and 78,000 kg into the traceable mark at ₹310/kg; 2.11m kg of green leaf bought at ₹22/kg at 4.4:1 conversion. Field headcount is derived, not assumed: 98 ha at 2.1/ha plus 80 ha at 0.65/ha = 258.
- **The honest version is the less profitable one.** Trade-standard practice earns ₹3.76cr against ₹1.22cr; the ₹2.35cr gap is ₹1.92cr of laboratory, weighbridges and agronomy plus ₹0.43cr of gross profit forgone on 64 declared lots. **That is stated plainly because a plan that hides it is asking a lender to fund a claim it has not costed.**
- **Compliance and professional advice.** Tea Act 1953 and the Tea Marketing Control Order; Coffee Board registration and export permits; **Plantations Labour Act 1951 and state rules, under which housing, crèche, schooling and medical facilities are the employer's obligation**; FSSAI licensing and the Contaminants, Toxins and Residues Regulations, **whose tea MRLs diverge from EU limits on several actives**; the Insecticides Act and the Tea Board Plant Protection Code; **the Legal Metrology Act, which reaches the weighbridge but not the customary deduction applied on top of it**; Income-tax Rules 8 and 7B and state agricultural income tax; **the EU Deforestation Regulation, requiring plot geolocation and a due-diligence statement for coffee**; EPF, ESI and Minimum Wages; Water and Air consents. **Nothing requires a buyer to tell a grower what his lot cupped at, or to keep the sample his grade was assessed on.** Professional advice should be taken on lease and Board registration, the agricultural-income split, EUDR due diligence, and the contractual standing of a published grade and its appeal.

▶ Use these tools now — free on AiSevak

Every tool referenced in this plan is available on **aisevak.in**. Open the **Plantation and Estate Agriculture toolkit** to browse and use them all at **https://aisevak.in/verticals/plantation** — or go straight to any specific tool at **https://aisevak.in/service/<tool-name>**. No signup needed to explore; each tool guides you step by step.