



BUSINESS PLAN · INDIA

Electrical and Plumbing Supplies Trade

The MCB that does not trip does not fail - it simply never works

BUILD MATERIALS

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August 2026

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

1. Executive Summary

This plan sets out an **Electrical & Plumbing Supplies Trading Business** in India — a distribution counter and godown stocking wires and cables, switchgear and modular wiring devices, pipes and fittings, bath fittings and sanitary ware, and lighting, supplying electricians and plumbers, MEP contractors, builders, interior firms and retail customers.

This business sells the two categories of product in this vertical that kill people when they are wrong, and both are under-specified in the Indian market in ways nobody at the counter can see. A cable marked 1.5 square millimetres that carries 1.2 costs about fourteen per cent less to make, because copper is most of a cable's cost — and it looks identical, coils identically, and fits the same conduit. It carries less current than the circuit was designed for, runs hot, and starts a fire inside a wall some years later, by which time nobody connects the two events. An MCB that does not trip at its rated current has an even quieter failure mode: it does not fail at all, it simply never does the one thing it exists to do, and nobody discovers that until the fault it was supposed to interrupt actually happens. This is the seventh time this vertical has met the same shape — a shortcut that pays immediately and is discovered late or never — and it is the most dangerous instance of it. **The answer here is unusually cheap, which makes the trade's failure to use it hard to defend: copper has a known density, so weighing a hundred metres of cable settles the question in two minutes with a scale and a tape.** This plan **weight-verifies 100% of cable consignments against declared conductor area, from nothing,** and takes consignments rejected on that check from six a year to none.

The second point follows from it: a counterfeit product carries a counterfeit mark, so inspecting the box proves nothing. Cables, switchgear and a growing list of plumbing items fall under mandatory BIS certification, and a great deal of non-compliant product circulates wearing a mark that was printed rather than earned. A dealer who checks that the ISI mark is present has verified that somebody printed it. Checking the licence number against the BIS register verifies something. This plan takes **stocked SKUs with a licence verified against the register rather than against the packaging from 61% to 100%,** and inherits the paint store's framing without modification: **stocking non-compliant product here is an offence rather than a quality lapse,** and the exposure arises exactly where a cheap unbranded line is taken on to fill a price point.

The third is the sharpest version of the intermediary problem this library has met, because the person who profits from the substitution is the same person who certifies that it is safe. The painter distorted quantity by deciding the thinning ratio; the carpenter distorted grade because his commission scaled with material value. The electrician does both and adds a third: he specifies the brand, he buys the material on the homeowner's behalf, and he is the one who tells her that the cheaper cable is "fine for this application". She has no way to evaluate that statement and no reason to doubt the tradesman she hired. This plan discloses incentives on the customer's invoice and does something more expensive: **it refuses to stock under-specified product at all, and states what that costs — ₹18 lakh of Year-1 turnover from accounts that went elsewhere for it.**

And the fourth is that this is the most inventory-heavy business in the vertical, and its range problem needs a rule the earlier plans did not have. Opening stock is 57% of project cost — more than the plywood trade's 49% and the tiles showroom's 42% — across fourteen thousand SKUs, most of them fittings that exist in every diameter, angle, thread and material. The paints plan's discipline was to cut the tail and buy the depth, and it holds here with one correction that matters: in a hardware shop the tail was genuinely dead, but here a great deal of it is what completes a system. A customer who needs one three-quarter-inch reducing tee and cannot get it does not buy the other forty items either — the fitting is not a slow-mover, it is a gate. So this plan cuts

lines and raises availability on a split basis: **lines carried fall from 14,200 to 11,800, while fill rate on system-completing fittings rises from 68% to 94%, measured separately from the overall figure.**

This plan models a business requiring **₹3.72 crore** (₹1.42 crore promoter + ₹60 lakh term loan + ₹1.70 crore cash-credit limit), moving from **₹11.40 crore turnover and a ₹14 lakh loss to ₹25.60 crore turnover and ₹1.00 crore profit** by Year 3, with return on capital employed rising from (3.7%) to 18.2%. (Electrical and plumbing materials distribution — figures illustrative.)

2. Business Description, Vision & Legal Structure

Concept: An MEP materials distributor run on verified specification, register-checked certification and split range discipline, in a trade where the cheapest product on the shelf is frequently not what its label says.

Vision: To be the counter whose cable has been weighed.

Mission: Weigh the drum; check the licence, not the mark; refuse the under-specified line and say what refusing it costs; hold depth on what completes a system and cut what does not; and disclose what the electrician is paid.

Legal structure options

- **Private Limited** — recommended: brand distribution agreements, MEP contractor supply, project billing and a ₹1.70 crore working-capital limit all sit better in a company.
- **Partnership / LLP** — common in the trade where family capital funds a large stock holding.
- **Proprietorship** — traditional and carries a specific exposure here: **a godown holding PVC pipe and cable is a high fire-load premises whose smoke is toxic, and stock is well over half this balance sheet.**

Regulatory anchor: lighter than manufacturing and containing one obligation with genuinely serious consequences. **Mandatory BIS certification under the Compulsory Registration Scheme and successive Quality Control Orders covers wires and cables, switchgear, wiring devices and an expanding list of plumbing items — and stocking non-compliant product is an offence, not a quality shortfall, which is the paint store's lead-limit point arriving in a category where the failure mode is a fire rather than a health exposure. Verification must be done against the BIS licence register rather than against the mark on the carton, because a counterfeit product carries a counterfeit mark and inspecting the packaging confirms only that somebody printed it. Legal Metrology on declared quantity, which in this trade means cable length: a drum declared at ninety metres that contains eighty-six is a metrological offence and a routine trade practice at the same time, and it is checked here alongside conductor weight. Then: Consumer Protection Act exposure on warranty and performance claims, which manufacturers make and the counter repeats; fire safety and NOC for a godown holding PVC and cable — a high fire load whose combustion products are toxic, and a risk that is casually treated across the trade; GST with input credit and e-way bills on despatch; shops and establishment registration, trade licence and professional tax; and EPF and ESI across a substantial godown, picking and loading workforce that is routinely under-documented.**

3. Promoter & Ownership

Led by a promoter with electrical or plumbing distribution, MEP contracting or brand-channel background. Three competences decide outcomes. *The discipline to verify rather than to trust the brand*, because counterfeit and under-specified product enters through channels that look ordinary, and a dealer who assumes his supplier's supplier is honest has delegated a safety decision he cannot delegate. *Range judgement across a fourteen-thousand-line catalogue*, distinguishing the fitting that completes a system from the one that merely occupies a bin — a distinction that cannot be

made from a movement report alone and requires knowing what an installer is actually assembling. And *the willingness to lose the accounts that want the cheap line*, which is the plan's position and its main cost, and which a promoter who has not decided in advance will concede one order at a time. Ownership, equity & investor terms are editable inputs.

4. Market Analysis — India

Indian MEP materials demand tracks both new construction and a very large renovation and replacement base — rewiring, bathroom refits, plumbing repairs and lighting upgrades — which makes this less cyclical than structural materials and closer in character to the paint trade than to the cement one.

Demand drivers

- **New residential and commercial construction**, the volume base, reached through MEP contractors.
- **Renovation, rewiring and bathroom refits**, frequent, small-ticket and largely cash — the segment that holds up through a downturn.
- **Rising electrical load per household**, as appliances, air-conditioning and EV charging raise cable and switchgear specification.
- **LED transition and lighting refresh**, high value per fitting and short replacement cycles.
- **Water infrastructure and sanitation programmes**, driving pipe and fitting volume in semi-urban and rural markets.
- **Migration from unbranded to branded product**, driven by warranty expectation and by tightening certification.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Electrical and plumbing materials in the catchment	Construction and renovation defined
SAM	Volume fundable at acceptable credit terms	Working-capital bounded, as in the dealership plan
SOM (Yr 1–3)	Turnover × margin, weighted across five tiers	₹11.40cr → ₹25.60cr; retail/renovation 38% → 51%

The most useful thing to understand about this market is that it contains a genuine two-tier price structure in which the cheaper tier is not a cheaper product but a different one, and a large share of buyers do not know that. Branded, certified cable and switchgear sits twenty to thirty-five per cent above unbranded or falsely marked alternatives, and the gap is not brand premium — it is copper that is present, a trip mechanism that works and a wall thickness that was specified. A dealer choosing to stock only the compliant tier is therefore choosing to be visibly more expensive on the item the customer compares most often, against a competitor whose price advantage he cannot explain without accusing him. Three consequences shape this plan. First, the retail and renovation segment is pursued deliberately — 38% to 51% of turnover — because a homeowner rewiring her own house can be shown the arithmetic and will usually accept it, whereas an MEP contractor bidding a fixed lump sum has a direct financial reason not to. Second, the verification record is the sales tool rather than the brand: a weight-check report on a named consignment is evidence where "we stock genuine product" is an assertion competing with the identical assertion at a lower price — exactly the position the plywood plan faced on grade. Third, the accounts that want the cheap line are conceded rather than fought for, and the plan states the cost of conceding them instead of implying that no such cost exists.

5. Competition & Competitive Advantage

Landscape: other electrical and sanitary counters, generally clustered in a trade market and competing on rate and credit; **dealers stocking the uncertified tier, whose price advantage is the specification they are not supplying** brand-authorised distributors with territory and scheme advantages; manufacturer-direct supply to large MEP contractors on projects; and online B2B supply for standardised items. **Because a coil of cable looks like a coil of cable and an MCB looks like an MCB, competition at the lower end runs on a price comparison between products that are not the same product — and the customer cannot tell which is which.**

The business's edge

- **Cable weight-verified against declared conductor area** on every consignment, with results available.
- **BIS licences checked against the register**, not the mark on the carton.
- **Depth on system-completing fittings**, so an order is not lost for one part.
- **Cable stock held deliberately short**, because it is a copper position rather than an inventory.
- **Disclosed trade incentives**, in a channel where they are universal and unmentioned.
- **GMROI computed by tier**, so capital follows return rather than counter appearance.

The verification argument has to be made commercially rather than morally, because a customer being told that a competitor's product is unsafe hears an accusation and discounts it. Nobody buys under-specified cable knowing it is under-specified; they buy the cheaper of two things they believe are equivalent. So the task is not to warn but to make the difference visible, and the weight check does that better than any certificate because it is arithmetic the customer can follow: copper has a fixed density, a hundred metres of three-core one-and-a-half-square-millimetre cable contains a computable weight of it, and a drum that is short is short by an amount anyone can see on a scale. It takes two minutes, costs almost nothing, destroys no sample — and is therefore a stronger position than the plywood dealer's boil test, which was slow, destructive and could only ever be done on a sample. Three ways it is used. As an incoming control that decides which suppliers this business buys from — rejections falling from six consignments a year to none, because the point is supplier selection rather than sorting. As a customer-facing document available on request, dated and attributed to a named consignment. And as a demonstration at the counter for the retail buyer who is comparing two prices, which converts an argument about honesty into an observation about weight.

6. Five Tiers, Verification & the Copper Position

Tier / element	Character	Economics (Year 3)
Wires & cables	Commodity, copper-linked, fast	11.5% margin × 9.6 turns = GMROI 110%
Switchgear & modular wiring devices	Brand-driven, specification-critical	22.0% × 5.0 = 110%
Pipes & fittings	Bulky, enormous SKU count	19.0% × 4.3 = 82%
Bath fittings & sanitary ware	Decorative, slow, showroom-led	29.0% × 2.7 = 78%
Lighting	Highest margin, slowest, technology- obsolescing	33.0% × 2.3 = 76% — the worst return
Cable consignments weight-verified / rejected on check	Two minutes with a scale	0% → 100% / 6 → 0 per year

SKUs with BIS licence verified against the register	Not the mark on the box	61% → 100%
Lines carried / fill rate on system-completing fittings	Cut the tail, hold the gates	14,200 → 11,800 / 68% → 94%

Cable is the one line in this business where the rule that depth is good does not apply, and the tension is worth resolving explicitly rather than leaving as an inconsistency. Everywhere else in this plan — and in the paints and plywood plans before it — the discipline is to hold depth on what moves, because availability wins orders and the tail consumes the capital that would have bought it. Cable is different because its price is copper's price, which moves daily on a global exchange and which manufacturers pass through in frequent revisions. A dealer holding forty days of cable is not holding inventory; he is holding a copper position, taken by somebody with no view on copper and no means of hedging it — the glass fabricator's aluminium problem, in a business where the exposed line is a third of turnover. The risk runs both ways, as the cement dealership established: metal that falls leaves expensive stock and metal that rises leaves quoted rates honoured against dearer material. The plan's answer is a deliberate exception. **Cable stock is held short — forty-one days falling to twenty-six — accepting occasional stock-outs on a fast-moving line that would be unacceptable anywhere else in the shop. Fixed-rate project quotations on cable are kept short or matched with a purchase commitment so the position is closed rather than open. And where a contractor wants a long fixed rate, it is priced for what the exposure costs rather than granted as a relationship concession** — the same discipline the cement dealership applied to steel and the glass fabricator to aluminium, now on its third instance in this vertical.

7. Go-to-Market — the Electrician, the Contractor and the Homeowner

Acquisition

- **Electricians and plumbers**, the dominant channel, who both recommend and purchase.
- **MEP contractors and project desks**, volume-led, tender-driven, thin and slow-paying.
- **Builders and interior firms** buying across categories for fit-out packages.
- **Retail and renovation customers**, higher margin, cash, and the segment that will hear the verification argument.
- **Consultants and electrical designers**, who specify switchgear brands and ratings on larger work.

Retention

- **Availability on system-completing items**, because one missing fitting loses the whole order.
- **Consistency of what arrives against what was ordered**, in a trade where substitution is common.
- **Warranty handled at the counter**, rather than routed to a manufacturer.
- **Predictable credit**, which contractors value more than an occasional better rate.

The electrician occupies all three positions this vertical has identified in intermediaries, and the third one is why this plan's stance is stricter than the paint store's or the plywood dealer's. He recommends the brand and receives scheme incentives from it, which is the ordinary commission problem. He buys the material on the homeowner's behalf and presents a marked-up figure, which is the contractor problem the tiles plan described. And uniquely, he is the person who assesses whether a cheaper product is adequate — "this cable is fine for a bedroom circuit", "you don't need the branded MCB here" — so the party who profits from the substitution is the same party certifying that it is safe, to a customer who has no means of evaluating the claim and no reason to doubt a tradesman she hired. In paint the consequence of that conflict was a wall that needed repainting sooner; here it is a circuit that overheats behind plaster. The library's framework applies —

forgo, disclose in full, or accept silently, the last being the trade norm — and this plan goes beyond disclosure because disclosure alone does not fix a safety problem. **Incentives are recorded and disclosed on the customer's invoice, moving from 0% to 100%. Homeowners are quoted the same rate whether they come alone or with a tradesman. And the under-specified line is not stocked at all, so the substitution cannot be made from this counter regardless of who recommends it — a position that cost ₹18 lakh of Year-1 turnover from accounts that went elsewhere for it, stated here rather than left out, because a plan that claims this stance is free is describing a market in which nobody wanted the cheap product.**

8. Operations Plan (verify, stock, split the range, disclose, collect)

- **Cable verification:** every consignment weighed against computed copper content for its declared conductor area and length, with results recorded by supplier and batch — two minutes, a scale and a tape, and the decisive control in this business.
- **Certification verification:** BIS licence numbers checked against the register at onboarding and re-checked periodically, because a counterfeit product carries a counterfeit mark and the carton proves nothing.
- **Length & quantity:** drum lengths metered on receipt, since short drums are a routine trade practice and a Legal Metrology offence simultaneously.
- **Supplier selection:** verification outcomes used to decide who this business buys from rather than to sort individual consignments — rejections falling to zero because the supplier set changed, not because the checking stopped.
- **Range — the split rule:** discretionary lines cut on movement; **SYSTEM-COMPLETING** fittings held in depth regardless of movement, because a customer who cannot get one reducing tee does not buy the other forty items either.
- **Cable stocking:** held deliberately short against the copper position, with fixed-rate project commitments kept short or matched with a purchase.
- **Lighting:** aged aggressively, because LED form factors and drivers obsolesce on a technology cycle rather than a fashion one — this tier's dead stock is created by the industry moving on, and it does not come back.
- **Storage & fire:** PVC and cable segregated with clear aisles and a current NOC — a high fire load whose smoke is toxic, and the physical risk most casually treated in this trade.
- **Warranty:** claims taken at the counter and pursued with the manufacturer separately, because the customer bought from a shop.
- **Credit:** MEP contractor limits enforced before despatch with weekly ageing, inheriting the dealership's discipline in full.

Control points

Area	Activity	Control point
The real return, by tier	GMROI — cables / switchgear / pipes / bath / lighting	110% / 110% / 82% / 78% / 76%
Two minutes with a scale	Cable consignments weight-verified / rejected on check	0% → 100% / 6 → 0 per year
The mark proves nothing	SKUs with BIS licence verified against the register	61% → 100%
Cut the tail, hold the gates	Lines carried / fill rate on system-completing fittings	14,200 → 11,800 / 68% → 94%

A copper position, not an inventory	Cable stock days	41 → 33 → 26
Obsolescence by technology	Lighting stock older than 12 months / provision held	34% → 11% / 28% → 100%
The cost of the position, stated	Trade incentives disclosed on invoice / turnover lost by refusing under-specified lines	0% → 100% / ₹18L in Year 1
Mix & credit	Retail & renovation share · receivable days blended vs MEP contractor · top-3 share	38% → 51% · 48/78 → 36/64 · 44% → 29%

Lighting introduces the fourth distinct dead-stock mechanism this vertical has encountered, and naming it as a separate category matters because the control differs from the other three. The tiles showroom lost stock to a manufacturer discontinuing a décor — a decision somebody else made about fashion. The plywood godown lost it to warping and moisture — a decision the dealer made about storage. The paint store's expired because the product has a shelf life and eventually told the truth about itself. Lighting stock dies because the technology moves: a driver specification changes, a form factor is superseded, an efficacy standard rises, and a fitting that was current eighteen months ago is now something an installer will not put into a job even at half price — not because it has failed but because it has been left behind. Unlike a discontinued tile, which will still tile a floor, an obsolete luminaire is competing against a better one at a similar price, and there is no discount at which it becomes the right choice. Three disciplines follow. Lighting aged on a twelve-month clock rather than the eighteen-month one used for the slower tiers, with provision reaching 100% of aged value. Depth held narrow deliberately, which is easier to accept once the tier's GMROI is visible at 76% against cable's 110%. And clearance taken early and decisively while the range is merely last season rather than superseded — because in this tier the window between "old stock" and "unsellable at any price" is measured in months.

9. BIS Certification, Metrology & Trade Compliance (India)

- **Mandatory BIS certification under the Compulsory Registration Scheme and successive Quality Control Orders covering wires and cables, switchgear, wiring devices and an expanding list of plumbing items — stocking non-compliant product is an offence rather than a quality shortfall.**
- **Verification against the BIS licence register rather than the mark on the carton — a counterfeit product carries a counterfeit mark, so inspecting packaging confirms only that somebody printed it.**
- **Legal Metrology on declared quantity, which here means cable length — a drum declared at ninety metres containing eighty-six is a metrological offence and a routine trade practice at the same time.**
- **Consumer Protection Act exposure on warranty and performance claims** made by manufacturers and repeated at the counter.
- **Fire safety and NOC for a godown holding PVC pipe and cable — a high fire load whose combustion products are toxic, and the physical risk most casually treated across this trade.**
- GST with full input credit and e-way bills on despatch; shops & establishment registration, trade licence, professional tax.
- **EPF and ESI across a substantial godown, picking and loading workforce**, routinely under-documented in this trade.
- Commercial vehicle permits and driver compliance for delivery; e-waste rules on returned and obsolete lighting.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / proprietor	1	1	2
Godown, picking, loading & delivery	7	10	14
Counter & technical sales	6	8	11
Electrician, plumber & contractor relations	3	4	6
Billing & accounts	3	4	5
MEP contractor & project desk	2	3	4
Verification & inventory control (reporting to the promoter)	1	2	3
Total	23	32	45

The verification and inventory function is one person in Year 1 and is this plan's whole position expressed as payroll. Weighing incoming cable, metering drum lengths, checking licence numbers against the register and running the split range rule is not a large job — which is precisely why the trade's failure to do any of it is a choice rather than a constraint. It reports to the promoter rather than to purchase or sales, the rule this library has applied across all eleven plans in this vertical: **a control that reports to the party it constrains is not a control — and here the constrained party is the one whose supplier would have to be dropped and whose fast-moving line would have to be rejected.**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–3	Godown and counter leased with segregated PVC and cable storage and fire NOC obtained before stock arrives, brand distribution agreements signed, precision scale and cable-length meter installed, BIS register checking built into supplier onboarding, opening range selected on the split rule rather than from a catalogue
Launch	Year 1	₹11.40cr turnover, ₹14L loss; retail & renovation 38%; weight verification live but supplier set unproven (6 rejections); BIS register checks 61%; 14,200 lines at 68% system fill; ROCE (3.7%)
Build	Year 2	Retail 45%; weight verification 100% with 1 rejection; register checks 88%; lines cut to 12,900 with system fill 83%; cable stock down to 33 days; ₹17.60cr turnover, ₹36L profit; ROCE 8.0%
Scale	Year 3	₹25.60cr turnover, ₹1.00cr profit; ROCE 18.2%; retail 51%; zero rejections on a settled supplier set; register checks 100%; 11,800 lines at 94% system fill; cable stock 26 days; lighting aged stock 11% fully provided; incentives disclosed 100%

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. **Tier mix, range discipline and cable position management are the levers. Headline margin is not one, because the highest-margin tier has the worst return.**

12.1 Project cost & means of finance

Capital requirement	₹
Opening inventory (five tiers, ~14,200 lines)	2,12,00,000
Godown & counter fit-out, racking, cable racks & bath display	54,00,000
Godown & showroom deposits	34,00,000
Launch & initial operating losses	26,00,000
Delivery vehicles & handling equipment	22,00,000
Launch marketing & electrician engagement	10,00,000
Verification setup (precision scale, cable-length meter, register access, test tie-up)	6,00,000
Technology (billing, inventory, SKU management)	5,00,000
Legal, licences, fire NOC & registrations	3,00,000
Total project cost	3,72,00,000
Cash-credit / working-capital limit	1,70,00,000
Promoter contribution	1,42,00,000
Term loan (fit-out, vehicles & equipment)	60,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
TURNOVER (net of GST)	11,40,00,000	17,60,00,000	25,60,00,000
— Wires & cables	3,88,00,000	5,81,00,000	8,19,00,000
— Switchgear & modular wiring devices	2,51,00,000	4,05,00,000	6,14,00,000
— Pipes & fittings	2,73,00,000	4,22,00,000	6,15,00,000
— Bath fittings & sanitary ware	1,37,00,000	2,20,00,000	3,33,00,000
— Lighting	91,00,000	1,32,00,000	1,79,00,000
Cost of goods (purchases from manufacturers & distributors)	9,28,00,000	14,24,00,000	20,58,00,000
Gross margin	2,12,00,000	3,36,00,000	5,02,00,000
Gross margin % — blended	18.6%	19.1%	19.6%
— cables / switchgear / pipes / bath / lighting	11.0 / 21.0 / 18.0 / 28.0 / 32.0%	11.2 / 21.5 / 18.5 / 28.5 / 32.5%	11.5 / 22.0 / 19.0 / 29.0 / 33.0%
Salaries (counter, godown, relations, verification, accounts)	66,00,000	88,00,000	1,18,00,000
Finance cost (cash credit on stock & trade receivables)	32,00,000	42,00,000	56,00,000

Godown & counter rent, CAM, power	30,00,000	36,00,000	46,00,000
Freight, delivery & handling	24,00,000	36,00,000	50,00,000
Dead stock: obsolete lighting, discontinued lines & damage	20,00,000	23,00,000	27,00,000
Bad debt & write-offs (MEP contractor accounts)	15,00,000	22,00,000	32,00,000
Depreciation (fit-out, racking, display, vehicles)	11,00,000	12,00,000	14,00,000
Marketing, electrician & contractor engagement	10,00,000	17,00,000	26,00,000
Admin, compliance & insurance	9,00,000	12,00,000	17,00,000
Verification: weighing, metering, register checks & sample testing	5,00,000	7,00,000	9,00,000
Technology & subscriptions	4,00,000	5,00,000	7,00,000
Total expenses	2,26,00,000	3,00,00,000	4,02,00,000
Net profit / (loss) before tax	(14,00,000)	36,00,000	1,00,00,000
Net margin (on turnover)	(1.23%)	2.05%	3.91%
AVERAGE CAPITAL EMPLOYED	3,80,00,000	4,50,00,000	5,50,00,000
RETURN ON CAPITAL EMPLOYED	(3.7%)	8.0%	18.2%
GMROI BY TIER — cables / switchgear / pipes / bath / lighting	99 / 97 / 68 / 67 / 64%	104 / 103 / 75 / 72 / 70%	110 / 110 / 82 / 78 / 76%
GMROI — blended	81%	88%	95%
— dealership 129%, showroom 136%, paints 133%, plywood 110%	The LOWEST in the vertical, and for plywood's reason: no tier that both earns and turns		
Stock turns — cables / switchgear / pipes / bath / lighting / blended	9.0 / 4.6 / 3.8 / 2.4 / 2.0 / 4.4	9.3 / 4.8 / 4.1 / 2.5 / 2.2 / 4.6	9.6 / 5.0 / 4.3 / 2.7 / 2.3 / 4.8
CABLE CONSIGNMENTS WEIGHT-VERIFIED / rejected on check (per year)	100% / 6	100% / 1	100% / 0
SKUs WITH BIS LICENCE VERIFIED AGAINST THE REGISTER	61%	88%	100%
Drum lengths metered on receipt / short-length consignments found	44% / 9	92% / 3	100% / 0
LINES CARRIED / fill rate on SYSTEM-COMPLETING fittings / overall fill rate	14,200 / 68% / 74%	12,900 / 83% / 79%	11,800 / 94% / 86%
CABLE STOCK DAYS (held short — a copper position, not an inventory)	41	33	26
Lighting stock older than 12 months / provision held against it	34% / 28%	21% / 66%	11% / 100%
Trade incentives disclosed on invoice / turnover lost by refusing under-specified lines	0% / ₹18,00,000	72% / ₹14,00,000	100% / ₹11,00,000

Retail & renovation share · receivable days blended vs MEP contractor · top-3 share	38% · 48 / 78 · 44%	45% · 42 / 71 · 36%	51% · 36 / 64 · 29%
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12.3 Unit economics & break-even

- The tier table inverts the P&L exactly as the paints and plywood plans did, and by now the pattern is the vertical's most reliable finding: lighting earns 33% and returns 76%; cable earns 11.5% and returns 110%. The tier that looks best on a margin report is the worst use of capital in the shop, in the third consecutive multi-tier business.
- Blended GMROI of 95% is the lowest in this vertical — below plywood's 110% and well below the 129-136% of the dealership, the showroom and the paint store — and the reason is the same one the plywood plan identified: no tier here both earns and turns. Cable turns and does not earn; lighting and bath earn and do not turn; pipes and switchgear are middling. That is a portfolio fact rather than an execution failure, and it is why an MEP counter's return on capital is structurally below a paint dealer's on comparable turnover.
- Inventory is 57% of project cost, the highest in this vertical — above the plywood trade's 49% and the tiles showroom's 42% — which is what a fourteen-thousand-line catalogue costs before a single sale is made.
- The verification programme costs ₹9 lakh a year at scale against ₹1.00 crore of Year-3 profit. Weighing a cable drum takes two minutes and needs a scale — which is the strongest available argument that the trade's failure to do it is a choice and not an economic constraint.
- Break-even: Year 2. The Year-1 loss is small because this business is far less capital-intensive than the plants in this vertical, but the ramp is real — a distribution counter earns its contractor accounts one project at a time.

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

Particulars (₹)	Q1	Q2 monsoon	Q3 festive	Q4
Opening balance	42,00,000	32,00,000	20,00,000	16,00,000
Collections from customers	2,62,00,000	2,44,00,000	2,96,00,000	2,82,00,000
Payments to suppliers, salaries, rent, freight, interest & overheads	2,72,00,000	2,56,00,000	3,00,00,000	2,90,00,000
Closing balance	32,00,000	20,00,000	16,00,000	8,00,000

Two cash features distinguish this business, and they pull in opposite directions. The first is that it is the most stock-heavy trading operation in this vertical: 57% of project cost is inventory across fourteen thousand lines, and every additional crore of turnover requires roughly ₹17 lakh of permanent additional stock at 4.8 turns. The working-capital limit therefore governs growth exactly as it did in the cement dealership — demand is not the constraint, funding is. The second pulls the other way: the retail and renovation half of this business pays at the counter, and it is growing from 38% to 51% of turnover, which is why the blended receivable falls from 48 days to 36 while the MEP contractor still pays in sixty-four. Both figures are reported because the blended improvement is mix and not collection — the standing rule this library applies wherever a blended average moves because the mix moved, established in the tiles plan and applying here unchanged. **One further point deserves stating: renovation and rewiring demand is genuinely counter-cyclical against the rest of this vertical, because a household that will not build will still rewire, refit a bathroom or replace a leaking line — so when a construction downturn removes the MEP contractor volume, roughly half of this business does not move, which is the strongest structural argument for the mix shift the plan makes.**

12.5 Key Performance Indicators to Monitor

- **The real return, by tier: GMROI for all five tiers separately and never blended in operating review; turns by tier; share of COGS versus share of inventory.**
- **Specification integrity: cable consignments weight-verified and rejections by supplier; BIS licence numbers checked against the register; drum lengths metered and short consignments found; supplier scorecard on verification history.**
- **Range — the split rule: lines carried and removed; fill rate on system-completing fittings reported SEPARATELY from overall fill; order-loss reasons recorded.**
- **Position & obsolescence:** cable stock days against the copper position; unpriced exposure on fixed-rate project commitments; lighting aged beyond 12 months and provision coverage.
- **Disclosure & commercial:** trade incentives disclosed on invoice; turnover forgone by refusing under-specified lines; retail share; receivable days blended AND for MEP contractors alone; concentration; fire NOC currency.

13. Funding Requirement & Bankability

Total ask: **₹60 lakh term loan plus a ₹1.70 crore cash-credit limit** against ₹1.42 crore promoter contribution. Four points. **First, this is a working-capital proposition with almost nothing else in it — 57% of project cost is opening inventory and the fixed assets are a fit-out and two vehicles, so the facility is the business and the term loan is incidental. Second, the stock security must be assessed by tier, because the five behave very differently on a forced sale: branded cable and switchgear are standard, certified and readily saleable; pipes and fittings are bulky but liquid; bath fittings move slowly; and lighting is worth materially less than book because obsolescence in that tier is technological and does not reverse. Third, ask for GMROI by tier rather than blended margin — a dealer reporting 19.6% may be earning 110% on cable and 76% on lighting, and only the split shows where the limit is actually parked. Fourth, and specific to this trade: ask what the borrower does to verify what he is selling. In a category where the price gap between compliant and non-compliant product is twenty to thirty-five per cent and the failure mode is a fire, a dealer who weighs incoming cable and checks licence numbers against the register is running a fundamentally different risk from one who takes what arrives in a branded carton — and the difference does not appear in the accounts until it appears as a liability claim or a prosecution, all at once.**

13.1 Funding utilisation

Use of funds	₹	% of total
Opening inventory (five tiers, ~14,200 lines)	2,12,00,000	57.0%
Godown & counter fit-out, racking, cable racks & bath display	54,00,000	14.5%
Godown & showroom deposits	34,00,000	9.1%
Launch & initial operating losses	26,00,000	7.0%
Delivery vehicles & handling equipment	22,00,000	5.9%
Launch marketing & electrician engagement	10,00,000	2.7%
Verification setup (scale, cable-length meter, register access, test tie-up)	6,00,000	1.6%
Technology (billing, inventory, SKU management)	5,00,000	1.3%
Legal, licences, fire NOC & registrations	3,00,000	0.9%

Total	3,72,00,000	100%
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14. Risk Analysis & Mitigation

Risk	Mitigation
Under-specification, and the failure mode is a fire	A CABLE MARKED 1.5 SQUARE MILLIMETRES THAT CARRIES 1.2 COSTS ABOUT FOURTEEN PER CENT LESS TO MAKE BECAUSE COPPER IS MOST OF A CABLE'S COST — AND IT LOOKS IDENTICAL, COILS IDENTICALLY AND FITS THE SAME CONDUIT. IT CARRIES LESS CURRENT THAN THE CIRCUIT WAS DESIGNED FOR, RUNS HOT, AND STARTS A FIRE INSIDE A WALL SOME YEARS LATER, BY WHICH TIME NOBODY CONNECTS THE TWO EVENTS. AN MCB THAT DOES NOT TRIP AT ITS RATED CURRENT HAS AN EVEN QUIETER FAILURE MODE: IT DOES NOT FAIL AT ALL, IT SIMPLY NEVER DOES THE ONE THING IT EXISTS TO DO, AND NOBODY DISCOVERS THAT UNTIL THE FAULT IT WAS SUPPOSED TO INTERRUPT ACTUALLY HAPPENS. THIS IS THE SEVENTH TIME THIS VERTICAL HAS MET THE SAME SHAPE — A SHORTCUT THAT PAYS IMMEDIATELY AND IS DISCOVERED LATE OR NEVER — AND IT IS THE MOST DANGEROUS INSTANCE → the decisive control, and unusually cheap: COPPER HAS A KNOWN DENSITY, SO WEIGHING A HUNDRED METRES SETTLES THE QUESTION IN TWO MINUTES WITH A SCALE AND A TAPE — NON-DESTRUCTIVE, UNLIKE THE PLYWOOD BOIL TEST, WHICH MAKES THE TRADE'S FAILURE TO USE IT HARDER TO DEFEND (consignments verified 0%→100%; rejections 6→0 per year, BECAUSE THE POINT IS SUPPLIER SELECTION RATHER THAN SORTING); drum lengths metered on receipt (44%→100%; short consignments 9→0)
A counterfeit product carries a counterfeit mark	CABLES, SWITCHGEAR AND A GROWING LIST OF PLUMBING ITEMS FALL UNDER MANDATORY BIS CERTIFICATION, AND A GREAT DEAL OF NON-COMPLIANT PRODUCT CIRCULATES WEARING A MARK THAT WAS PRINTED RATHER THAN EARNED. A DEALER WHO CHECKS THAT THE ISI MARK IS PRESENT HAS VERIFIED THAT SOMEBODY PRINTED IT; CHECKING THE LICENCE NUMBER AGAINST THE BIS REGISTER VERIFIES SOMETHING. AND STOCKING NON-COMPLIANT PRODUCT HERE IS AN OFFENCE RATHER THAN A QUALITY LAPSE — THE PAINT STORE'S LEAD-LIMIT POINT ARRIVING IN A CATEGORY WHERE THE FAILURE MODE IS A FIRE RATHER THAN A HEALTH EXPOSURE, AND THE EXPOSURE ARISES EXACTLY WHERE A CHEAP UNBRANDED LINE IS TAKEN ON TO FILL A PRICE POINT → licence numbers verified against the register at supplier onboarding and re-checked periodically (61%→100%); verification outcomes maintained as a supplier scorecard; and the verification function reporting to the promoter rather than to purchase or sales, since THE CONSTRAINED PARTY IS THE ONE WHOSE SUPPLIER WOULD HAVE TO BE DROPPED AND WHOSE FAST-MOVING LINE WOULD HAVE TO BE REJECTED
The person who profits from the substitution certifies that it is safe	THE PAINTER DISTORTED QUANTITY BY DECIDING THE THINNING RATIO; THE CARPENTER DISTORTED GRADE BECAUSE HIS COMMISSION SCALED WITH MATERIAL VALUE. THE ELECTRICIAN DOES BOTH AND ADDS A THIRD: HE SPECIFIES THE BRAND, HE BUYS ON THE HOMEOWNER'S BEHALF, AND HE IS THE ONE WHO TELLS HER THAT THE CHEAPER CABLE IS "FINE FOR THIS APPLICATION" — SO THE PARTY WHO PROFITS FROM THE SUBSTITUTION IS THE SAME PARTY CERTIFYING THAT IT IS SAFE, TO A CUSTOMER WITH NO MEANS OF EVALUATING THE CLAIM AND NO REASON TO DOUBT A TRADESMAN SHE HIRED. IN PAINT THE CONSEQUENCE WAS A WALL THAT NEEDED REPAINTING SOONER; HERE IT IS A CIRCUIT THAT OVERHEATS BEHIND PLASTER → the library's framework applied and then exceeded, BECAUSE DISCLOSURE ALONE DOES NOT FIX A SAFETY PROBLEM: incentives recorded and disclosed on the customer's invoice (0%→100%); homeowners quoted the same rate with or without a tradesman; and THE UNDER-SPECIFIED LINE NOT STOCKED AT ALL, SO THE SUBSTITUTION CANNOT BE MADE FROM THIS COUNTER REGARDLESS OF WHO RECOMMENDS IT — A POSITION THAT COST ₹18 LAKH OF YEAR-1 TURNOVER, STATED HERE RATHER THAN LEFT OUT, BECAUSE A PLAN THAT CLAIMS THIS STANCE IS FREE IS DESCRIBING A MARKET IN WHICH NOBODY WANTED THE CHEAP PRODUCT

Cut the tail — but some of the tail is a gate	THIS IS THE MOST INVENTORY-HEAVY BUSINESS IN THE VERTICAL AT 57% OF PROJECT COST, ACROSS FOURTEEN THOUSAND SKUs MOSTLY MADE OF FITTINGS THAT EXIST IN EVERY DIAMETER, ANGLE, THREAD AND MATERIAL. THE PAINTS PLAN'S DISCIPLINE WAS TO CUT THE TAIL AND BUY THE DEPTH, AND IT HOLDS HERE WITH ONE CORRECTION THAT MATTERS: IN A HARDWARE SHOP THE TAIL WAS GENUINELY DEAD, BUT HERE A GREAT DEAL OF IT IS WHAT COMPLETES A SYSTEM — A CUSTOMER WHO NEEDS ONE THREE-QUARTER-INCH REDUCING TEE AND CANNOT GET IT DOES NOT BUY THE OTHER FORTY ITEMS EITHER. THE FITTING IS NOT A SLOW-MOVER, IT IS A GATE → the range cut on a SPLIT basis: discretionary lines removed on movement, system-completing fittings held in depth REGARDLESS of movement (lines 14,200→11,800 while fill rate on system-completing items rises 68%→94%, MEASURED SEPARATELY from the overall figure); order-loss reasons recorded so the distinction is made from what installers are actually assembling rather than from a movement report alone
Cable is a copper position, not an inventory	EVERYWHERE ELSE IN THIS PLAN THE DISCIPLINE IS TO HOLD DEPTH ON WHAT MOVES. CABLE IS DIFFERENT BECAUSE ITS PRICE IS COPPER'S PRICE, WHICH MOVES DAILY ON A GLOBAL EXCHANGE AND WHICH MANUFACTURERS PASS THROUGH IN FREQUENT REVISIONS — SO A DEALER HOLDING FORTY DAYS OF CABLE IS HOLDING A POSITION TAKEN BY SOMEBODY WITH NO VIEW ON COPPER AND NO MEANS OF HEDGING IT. THIS IS THE GLASS FABRICATOR'S ALUMINIUM PROBLEM IN A BUSINESS WHERE THE EXPOSED LINE IS A THIRD OF TURNOVER, AND THE RISK RUNS BOTH WAYS AS THE CEMENT DEALERSHIP ESTABLISHED ON STEEL → a deliberate exception to the depth rule: cable stock held SHORT (41→26 days), ACCEPTING OCCASIONAL STOCK-OUTS ON A FAST-MOVING LINE THAT WOULD BE UNACCEPTABLE ANYWHERE ELSE IN THE SHOP; fixed-rate project commitments on cable kept short or matched with a purchase so the position is closed; and where a contractor wants a long fixed rate, IT IS PRICED FOR WHAT THE EXPOSURE COSTS RATHER THAN GRANTED AS A RELATIONSHIP CONCESSION — the third instance of this discipline in the vertical after steel and aluminium
Lighting dies of technology — the vertical's fourth dead-stock mechanism	THE TILES SHOWROOM LOST STOCK TO A MANUFACTURER DISCONTINUING A DÉCOR (SOMEBODY ELSE'S DECISION ABOUT FASHION); THE PLYWOOD GODOWN TO WARPING AND MOISTURE (THE DEALER'S OWN DECISION ABOUT STORAGE); THE PAINT STORE'S EXPIRED BECAUSE THE PRODUCT HAS A SHELF LIFE AND EVENTUALLY TOLD THE TRUTH ABOUT ITSELF. LIGHTING STOCK DIES BECAUSE THE TECHNOLOGY MOVES — A DRIVER SPECIFICATION CHANGES, A FORM FACTOR IS SUPERSEDED, AN EFFICACY STANDARD RISES — AND A FITTING CURRENT EIGHTEEN MONTHS AGO IS NOW SOMETHING AN INSTALLER WILL NOT PUT INTO A JOB EVEN AT HALF PRICE, NOT BECAUSE IT HAS FAILED BUT BECAUSE IT HAS BEEN LEFT BEHIND. UNLIKE A DISCONTINUED TILE, WHICH WILL STILL TILE A FLOOR, AN OBSOLETE LUMINAIRE COMPETES AGAINST A BETTER ONE AT A SIMILAR PRICE, AND THERE IS NO DISCOUNT AT WHICH IT BECOMES THE RIGHT CHOICE → lighting aged on a TWELVE-month clock rather than the eighteen used for slower tiers, with provision reaching 100% of aged value (aged stock 34%→11%); depth held narrow deliberately, EASIER TO ACCEPT ONCE THE TIER'S GMROI IS VISIBLE AT 76% AGAINST CABLE'S 110%; and clearance taken early and decisively, since IN THIS TIER THE WINDOW BETWEEN "OLD STOCK" AND "UNSELLABLE AT ANY PRICE" IS MEASURED IN MONTHS

The verification argument must be commercial, not moral	A CUSTOMER TOLD THAT A COMPETITOR'S PRODUCT IS UNSAFE HEARS AN ACCUSATION AND DISCOUNTS IT. NOBODY BUYS UNDER-SPECIFIED CABLE KNOWING IT IS UNDER-SPECIFIED; THEY BUY THE CHEAPER OF TWO THINGS THEY BELIEVE ARE EQUIVALENT — AND A DEALER STOCKING ONLY THE COMPLIANT TIER IS CHOOSING TO BE VISIBLY MORE EXPENSIVE ON THE ITEM THE CUSTOMER COMPARES MOST OFTEN, AGAINST A COMPETITOR WHOSE PRICE ADVANTAGE HE CANNOT EXPLAIN WITHOUT ACCUSING HIM → the task reframed as making the difference VISIBLE rather than issuing a warning, WHICH THE WEIGHT CHECK DOES BETTER THAN ANY CERTIFICATE BECAUSE IT IS ARITHMETIC THE CUSTOMER CAN FOLLOW — A DRUM THAT IS SHORT IS SHORT BY AN AMOUNT ANYONE CAN SEE ON A SCALE; the retail and renovation segment pursued deliberately (38%→51%) BECAUSE A HOMEOWNER REWIRING HER OWN HOUSE CAN BE SHOWN THE ARITHMETIC AND WILL USUALLY ACCEPT IT, WHEREAS AN MEP CONTRACTOR BIDDING A FIXED LUMP SUM HAS A DIRECT FINANCIAL REASON NOT TO; and the price-only accounts conceded rather than fought for, with the cost stated
Return by tier, credit, fire & the funding constraint	BLENDED GMROI OF 95% IS THE LOWEST IN THIS VERTICAL — BELOW PLYWOOD'S 110% AND WELL BELOW THE 129-136% OF THE DEALERSHIP, THE SHOWROOM AND THE PAINT STORE — FOR PLYWOOD'S EXACT REASON: NO TIER HERE BOTH EARNS AND TURNS. CABLE TURNS AND DOES NOT EARN; LIGHTING AND BATH EARN AND DO NOT TURN. THAT IS A PORTFOLIO FACT RATHER THAN AN EXECUTION FAILURE AND IT IS WHY AN MEP COUNTER'S RETURN ON CAPITAL IS STRUCTURALLY BELOW A PAINT DEALER'S ON COMPARABLE TURNOVER → GMROI computed BY TIER and never blended in operating review; capital allocated on return rather than on counter appearance. Credit: MEP contractor limits enforced before despatch with weekly ageing (receivables blended 48→36 days against contractors' 64, REPORTED SIDE BY SIDE BECAUSE THE BLENDED IMPROVEMENT IS MIX AND NOT COLLECTION; concentration 44%→29%). INVENTORY AT 57% OF PROJECT COST MAKES THE FACILITY THE BUSINESS — EVERY ADDITIONAL CRORE OF TURNOVER NEEDS ~₹17 LAKH OF PERMANENT STOCK AT 4.8 TURNS, SO DEMAND IS NOT THE CONSTRAINT, FUNDING IS, the cement dealership's finding unchanged. And A GODOWN HOLDING PVC PIPE AND CABLE IS A HIGH FIRE-LOAD PREMISES WHOSE SMOKE IS TOXIC, WITH STOCK WELL OVER HALF THE BALANCE SHEET → NOC before stock arrives, segregated storage, clear aisles, insurance written against the licensed position

15. SWOT Analysis

Strengths Cable weight-verified on every consignment — a two-minute, non-destructive, decisive check the trade does not perform; BIS licences checked against the register rather than the carton; the split range rule holding depth on system-completing fittings while cutting 2,400 discretionary lines; cable stock held short against the copper position; GMROI computed by tier; a retail base that is genuinely counter-cyclical.	Weaknesses The lowest blended GMROI in this vertical at 95% — no tier that both earns and turns; 57% of project cost in inventory across 14,000 lines; visibly more expensive on the item customers compare most; lighting stock that obsolesces technologically and does not recover; a high fire-load godown; margin on a third of turnover exposed to a metal priced on a global exchange.
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Opportunities Renovation, rewiring and bathroom refits — frequent, cash-paying and holding up through a downturn; rising electrical load per household from appliances, air-conditioning and EV charging; tightening BIS certification, which turns this plan's verification discipline into a regulatory tailwind; LED refresh cycles at high value per fitting; water and sanitation programmes driving pipe volume; migration from unbranded to branded product.	Threats Dealers stocking the uncertified tier, whose price advantage is the specification they are not supplying; a liability claim or prosecution arising from product this business did not verify; copper price movement against held stock or quoted project rates; online B2B supply of standardised items; MEP contractor failure taking both receivable and volume; a godown fire.
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16. Recommended AiSevak Tools for This Business

This business would use AiSevak's Build Materials vertical tools in operations:

- **The real return, by tier: GMROI for cables, switchgear, pipes, bath and lighting separately with blending disabled in operating review, turns by tier, share-of-COGS versus share-of-inventory comparison.**
- **Specification integrity: cable weight-check calculator (computed copper content by conductor area and length) with consignment register, drum-length metering capture, BIS licence-register verification at onboarding with periodic re-check, supplier scorecard on verification history.**
- **The split range rule: system-completing fitting flagging with separate fill-rate measurement, discretionary-line movement review, order-loss reason capture, line-addition approval.**
- **Position & obsolescence:** cable stock-days monitor against the copper position, unpriced exposure register on fixed-rate commitments, lighting twelve-month ageing with provision, clearance realisation tracking.
- **Disclosure, credit & safety:** trade incentive register with invoice disclosure, forgone-turnover log on refused lines, credit limits enforced pre-despatch with ageing, blended-and-underlying receivable reporting, fire NOC and insurance currency tracker.

17. Key Assumptions & Notes

- Electrical & plumbing supplies trade: distribution counter and godown stocking wires and cables, switchgear and modular wiring devices, pipes and fittings, bath fittings and sanitary ware, and lighting, supplying electricians and plumbers, MEP contractors, builders, interior firms and retail customers. **Eleventh plan in the build-materials vertical and the one that CLOSES it; TRADING sub-model with GMROI reported by tier.**
- **⚠ CONVENTIONS SET HERE: (a) UNDER-SPECIFICATION IS THE VERTICAL'S SEVENTH INTEGRITY INSTANCE AND THE MOST DANGEROUS — a 1.5 sq mm cable carrying 1.2 costs ~14% less, looks identical, and starts a fire inside a wall years later; an MCB that does not trip DOES NOT FAIL AT ALL, IT SIMPLY NEVER DOES THE ONE THING IT EXISTS TO DO. THE CONTROL IS UNUSUALLY CHEAP — COPPER HAS A KNOWN DENSITY, SO WEIGHING A HUNDRED METRES SETTLES IT IN TWO MINUTES, NON-DESTRUCTIVELY, WHICH MAKES THE TRADE'S FAILURE TO USE IT HARDER TO DEFEND THAN THE PLYWOOD DEALER'S FAILURE TO BOIL-TEST. (b) A COUNTERFEIT PRODUCT CARRIES A COUNTERFEIT MARK — CHECKING THE CARTON PROVES SOMEBODY PRINTED IT; CHECKING THE LICENCE AGAINST THE BIS REGISTER PROVES SOMETHING. (c) THE ELECTRICIAN IS THE SHARPEST INTERMEDIARY CASE IN THE LIBRARY BECAUSE THE PARTY WHO PROFITS FROM THE SUBSTITUTION IS THE PARTY CERTIFYING IT IS SAFE — SO DISCLOSURE IS NOT ENOUGH AND THE UNDER-SPECIFIED LINE IS NOT STOCKED AT ALL, WITH THE COST OF THAT POSITION STATED (₹18 LAKH OF YEAR-1 TURNOVER). (d) CUT THE TAIL — BUT SOME OF THE TAIL IS A GATE: a fitting that completes a system is not a slow-mover, and fill rate on system-completing items is measured SEPARATELY from overall fill. (e)**

CABLE IS A COPPER POSITION, NOT AN INVENTORY — the one line where the depth rule is deliberately reversed. (f) **LIGHTING DIES OF TECHNOLOGY** — the vertical's **FOURTH** dead-stock mechanism after fashion (tiles), storage (plywood) and shelf life (paint), and the only one where **NO DISCOUNT MAKES THE STOCK THE RIGHT CHOICE**.

- **ON THE VERTICAL'S GOVERNING ARITHMETIC, WITH THIS PLAN AS THE FINAL DATA POINT: GMROI (MARGIN % × TURNS) ACROSS THE FIVE TRADING AND RETAIL BUSINESSES — CEMENT DEALERSHIP 129%, TILES SHOWROOM 136%, PAINTS STORE 133%, PLYWOOD TRADE 110%, MEP COUNTER 95%. THE FIRST THREE CONVERGE NEAR 130% BECAUSE EACH HAS AT LEAST ONE LEG THAT BOTH EARN AND TURNS; THE LAST TWO FALL BELOW BECAUSE NEITHER HAS ONE. THAT IS THE VERTICAL'S MOST RELIABLE FINDING AND IT SHOULD NOT BE FORCED TO FIT: MARGIN IS NOT RETURN, TURNS ARE NOT RETURN, THE PRODUCT OF THE TWO IS — AND WHERE THE PRODUCT IS LOW IT IS A PORTFOLIO FACT RATHER THAN AN EXECUTION FAILURE. IN EVERY MULTI-TIER BUSINESS THE HIGHEST-MARGIN TIER HAD THE WORST RETURN, THREE TIMES OUT OF THREE.**
- Economics & cash — **INVENTORY AT 57% OF PROJECT COST IS THE HIGHEST IN THIS VERTICAL, WHICH IS WHAT A FOURTEEN-THOUSAND-LINE CATALOGUE COSTS BEFORE A SINGLE SALE; THE FACILITY IS THE BUSINESS AND DEMAND IS NOT THE CONSTRAINT, FUNDING IS** (Y1 ₹14L → Y3 ₹1.00cr; net margin −1.23%→3.91%; blended gross margin 18.6%→19.6% with cables 11.0%→11.5%, switchgear 21.0%→22.0%, pipes 18.0%→19.0%, bath 28.0%→29.0%, lighting 32.0%→33.0%; **ROCE (3.7%)→8.0%→18.2%; BLENDED GMROI 81%→95%, THE LOWEST IN THE VERTICAL**; blended turns 4.4→4.8; break-even Year 2; **THE VERIFICATION PROGRAMME COSTS ₹9 LAKH A YEAR AGAINST ₹1.00 CRORE OF PROFIT AND A CABLE WEIGHING TAKES TWO MINUTES — THE STRONGEST AVAILABLE ARGUMENT THAT THE TRADE'S FAILURE TO DO IT IS A CHOICE AND NOT AN ECONOMIC CONSTRAINT**; blended receivables 48→36 days against MEP contractors' 64, **REPORTED SIDE BY SIDE BECAUSE THE IMPROVEMENT IS MIX AND NOT COLLECTION**; and **RENOVATION AND REWIRING DEMAND IS GENUINELY COUNTER-CYCLICAL, SO WHEN A CONSTRUCTION DOWNTURN REMOVES THE CONTRACTOR VOLUME ROUGHLY HALF THIS BUSINESS DOES NOT MOVE**). Regulatory: **MANDATORY BIS CERTIFICATION UNDER THE CRS AND SUCCESSIVE QUALITY CONTROL ORDERS ON CABLES, SWITCHGEAR, WIRING DEVICES AND AN EXPANDING LIST OF PLUMBING ITEMS, WHERE STOCKING NON-COMPLIANT PRODUCT IS AN OFFENCE RATHER THAN A QUALITY SHORTFALL; VERIFICATION AGAINST THE LICENCE REGISTER RATHER THAN THE MARK ON THE CARTON; LEGAL METROLOGY ON DECLARED CABLE LENGTH, WHERE A NINETY-METRE DRUM CONTAINING EIGHTY-SIX IS AN OFFENCE AND A ROUTINE TRADE PRACTICE SIMULTANEOUSLY**; Consumer Protection exposure on warranty claims repeated at the counter; **FIRE SAFETY AND NOC FOR A GODOWN HOLDING PVC AND CABLE — A HIGH FIRE LOAD WHOSE COMBUSTION PRODUCTS ARE TOXIC AND THE PHYSICAL RISK MOST CASUALLY TREATED ACROSS THIS TRADE**; e-waste rules on obsolete lighting; GST and e-way bills; EPF/ESI for a routinely under-documented godown workforce. Lender note: **A WORKING-CAPITAL PROPOSITION WITH ALMOST NOTHING ELSE IN IT — THE FACILITY IS THE BUSINESS AND THE TERM LOAN IS INCIDENTAL; STOCK SECURITY MUST BE ASSESSED BY TIER, SINCE BRANDED CABLE AND SWITCHGEAR ARE STANDARD AND READILY SALEABLE, PIPES ARE BULKY BUT LIQUID, BATH FITTINGS MOVE SLOWLY, AND LIGHTING IS WORTH MATERIALLY LESS THAN BOOK BECAUSE OBSOLESCENCE THERE IS TECHNOLOGICAL AND DOES NOT REVERSE; ASK FOR GMROI BY TIER RATHER THAN BLENDED MARGIN — A DEALER REPORTING 19.6% MAY BE EARNING 110% ON CABLE AND 76% ON LIGHTING**; and **ASK WHAT THE BORROWER DOES TO VERIFY WHAT HE IS SELLING, BECAUSE IN A CATEGORY WHERE THE PRICE GAP BETWEEN COMPLIANT AND NON-COMPLIANT PRODUCT IS TWENTY TO THIRTY-FIVE PER CENT AND THE FAILURE MODE IS A FIRE, A DEALER WHO WEIGHS INCOMING CABLE AND CHECKS LICENCE NUMBERS IS RUNNING A FUNDAMENTALLY DIFFERENT RISK FROM ONE WHO TAKES WHAT ARRIVES IN A BRANDED CARTON — AND THE DIFFERENCE DOES NOT APPEAR IN THE ACCOUNTS UNTIL IT APPEARS AS A LIABILITY CLAIM OR A PROSECUTION, ALL AT ONCE**. ₹3.72cr, turnover 11.40→25.60cr, 23→45 staff, retail 38%→51%, ROCE

(3.7%)→18.2%. Figures illustrative, exclude GST.

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