



BUSINESS PLAN · INDIA

Consumer-Electronics Store

Multi-brand electronics retail - phones, appliances, service and attachments

ELECTRONICS

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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

1. Executive Summary

This plan sets out a **Consumer-Electronics Store** business in India — a multi-brand retailer operating four stores and a warehouse in one city, selling mobile phones, televisions, large and small appliances, audio and accessories, with delivery and installation, a service desk, and an attachment book covering extended warranty, finance and insurance.

□ **THE STRUCTURAL FACT THAT GOVERNS THIS ENTIRE VERTICAL, AND THIS PLAN STATES IT AS THE ANCHOR: IN CONSUMER-ELECTRONICS RETAIL THE GROSS MARGIN IS SET BY SOMEBODY ELSE.** A smartphone or a television carries three to eight per cent of product margin, fixed by the brand's channel terms and price protection. The retailer does not price his principal product, cannot discount it without permission, and cannot compete on it at all. So the earnings are somewhere else entirely: attachment income — extended warranty, finance and insurance commission, installation and accessories — is 8.0% of revenue and 39.5% of gross profit by Year 3. Which means the customer is sold a low-margin object by a person whose income depends almost entirely on what he can add to it in the ninety seconds at the counter. Every integrity question in this business follows from that sentence.

□ The integrity instance is **THE EXTENDED WARRANTY THAT DUPLICATES THE MANUFACTURER'S.** It is sold at the till, under time pressure, to a customer who has just spent a large sum and is not reading anything — and in the Indian market it frequently covers a period the maker already covers, carries exclusions the buyer never sees, and is administered by a third-party insurer the store will later blame. The controls are specific. A written statement of what the manufacturer already covers and for how long is given **BEFORE** any plan is offered, from nothing to 100%. Cover sold overlapping the maker's period falls from 68% to nil. The commission earned is disclosed to the customer. And □ **THE ATTACH RATE AND THE CLAIMS-PAID RATE ARE REPORTED TOGETHER** — 31% attach at 41% claims paid, becoming 22% attach at 87% paid — because a high attach rate beside a low claims-paid rate is the signature of the abuse, and either number published alone conceals it.

The same discipline runs through the finance desk. "No-cost EMI" is a discount forgone plus interest embedded in the price, and the customer paying it is usually unaware she could have paid less in cash. So the cash-equivalent price is disclosed alongside the EMI price on every financed sale (0% to 100%), and the finance and insurance commission per financed sale is stated rather than absorbed. Behind both sits the structural fix without which none of it holds: staff variable pay linked to attachment sales falls from 46% to nil, on this library's rule that nobody paid per unit of a remedy should decide how much of it is needed.

□ The second vertical convention this anchor sets is that **ELECTRONICS DEPRECIATES ON THE SHELF.** GMROI is the retail metric — gross margin on goods divided by average inventory, rising from 73% to 115% — but here dead stock is not merely slow: a phone model loses value week by week while it sits, so the ageing report is a valuation document rather than a housekeeping one. Stock over ninety days falls from 24% to 9%, and price-protection claims actually recovered from brands rise from 41% to 92% — a number most Indian retailers leave on the table because nobody files them.

This plan models a retailer requiring **₹6.80 crore** (₹2.60 crore promoter + ₹1.40 crore term loan + ₹2.40 crore working-capital facility + ₹40 lakh investor), moving from **₹28.60 crore revenue and a ₹64 lakh loss** to **₹72.40 crore revenue and ₹2.54 crore profit** by Year 3 — a 3.5% net margin on 20.3% gross, and 29.5% return on capital. (Consumer-electronics retail — figures illustrative.)

2. Business Description, Vision & Legal Structure

Concept: A store that tells you what the manufacturer already covers before it sells you cover.

Vision: To be the retailer whose attachment income survives being explained.

Mission: Say what the warranty already gives you; sell cover only from where that ends; publish what we are paid for it and how many claims got paid; show the cash price next to the EMI price; pay nobody more for selling an add-on; sell nothing as new that has been opened; and treat the ageing report as a valuation rather than a tidy-up.

Legal structure

- **Private Limited** — recommended. Brand distribution agreements, inventory financing, insurance and finance-partner arrangements and outside capital all require it.
- **LLP or proprietorship** — workable for a single store, weak for multi-store credit lines and brand terms.
- **Employed store staff** — and here the important structural choice is not employment but **PAY DESIGN: variable compensation linked to attachment sales is removed entirely, which is expensive, unusual, and the reason the rest of this plan is credible.**

Regulatory anchor: a trade governed less by licensing than by disclosure and by waste. **Consumer protection and the Consumer Protection (E-Commerce) and unfair-trade-practice provisions reach the counter directly — selling cover that duplicates an existing manufacturer warranty, or presenting a financed price without its cash equivalent, are misleading-representation questions rather than sales technique.** Then: **insurance intermediation, since an extended-warranty or protection plan underwritten by an insurer is an insurance product and its distribution, disclosure and commission fall under IRDAI's framework rather than under shop practice; E-Waste (Management) Rules, under which a retailer sits inside the producer's Extended Producer Responsibility chain and is expected to collect and channel end-of-life goods — the obligation most widely ignored in Indian electronics retail, and the one that arrives with exchange and buyback units already in the store;** BIS compulsory registration on covered categories, which a multi-brand retailer must verify rather than assume; Legal Metrology on declarations, MRP and net-quantity marking; GST on goods and on services, taxed differently and invoiced separately; state shops-and-establishment registration and fire and occupancy compliance for retail floors; and employment obligations with EPF/ESI across a young, high-churn store workforce.

3. Promoter & Ownership

Led by a promoter with electronics retail, distribution or consumer-durables background. Three competences decide outcomes. *Buying and ageing judgement*, because in a category that depreciates weekly the difference between a good and a poor retailer is what he did not buy, and it is learned from ageing reports rather than from a brand's forecast. *The discipline to break the attachment incentive*, since paying staff on protection plans is the industry's default and removing it costs sales the best floor staff will notice immediately. And *the willingness to file* — price-protection claims, warranty claims, EPR returns — which is unglamorous administrative money most retailers leave uncollected. Ownership, equity & investor terms are editable inputs; **attachment compliance and claims audit report to the promoter and finance, never to the store or sales function whose attach rates they constrain.**

4. Market Analysis — India

Indian consumer-electronics retail is growing in value, shrinking in physical share, and being reshaped by brands that increasingly sell direct and price uniformly.

Demand drivers

- **Replacement cycles rather than first purchase** in metros — a smartphone every two to three years, a television every seven, appliances every eight to ten.
- **Consumer finance**, which has materially raised affordable ticket size and is now present in a large share of appliance and premium-phone transactions.
- **Air conditioning and large-appliance penetration rising** from a low base, with a sharp summer peak.
- **Immediate possession and installation**, which remain genuine advantages over a delivery date.
- **Exchange and buyback**, which converts an old device into a discount and brings end-of-life goods into the store.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Consumer-electronics spend across the served city	Large; value growing, offline share falling
SAM	Spend in the four store catchments, in categories where possession and installation matter	Bounded by CATCHMENT and by CATEGORY
SOM (Yr 1–3)	Revenue across phones, appliances, small goods and attachments	₹28.6cr → ₹72.4cr; attachments 7.0% → 8.0%

The sizing error in electronics retail is to treat the category as the market when the market is the catchment, and the distinction has become sharper as online pricing converged. A store does not compete for national demand; it competes for the households within a few kilometres who want the object today, want it installed, or want somebody to argue with if it fails. Outside those three motives, the customer is better served online and both parties know it — which is why a plan projecting share of a city-wide category is describing a market it cannot reach. The more useful framing is that this business sells possession, installation and recourse, and the goods are the medium. Three consequences shape the plan. **Category mix is chosen for where those three motives are strongest: large appliances and televisions, which need delivery and installation and are awkward to return, carry the weight, while phones deliver footfall and very little margin. Store count and location are decided by catchment density rather than by prestige, since a fourth store in an overlapping catchment cannibalises the other three and adds a full rent line. And the online price gap is stated rather than denied — roughly 7% absorbed across the book — because a retailer who claims to match online pricing across electronics is either not matching it or not making the margin he has projected.**

5. Competition & Position

Landscape: large-format national electronics chains with scale buying and their own attachment programmes; e-commerce platforms, permanently cheaper on comparable stock and now offering installation; brand exclusive stores selling direct at controlled prices; the neighbourhood dealer with lower costs and long-standing local relationships; and quick-commerce entering small electronics. Because product margin is set by the brand, nobody in this landscape competes on the object — they compete on what surrounds it, which is exactly where the customer is least equipped to judge.

The store's position

- **What the manufacturer already covers, in writing, before any plan is offered.**
- **Extended cover sold only from where the maker's warranty ends.**

- **Attach rate and claims-paid rate published together.**
- **The cash-equivalent price shown beside every EMI price.**
- **No staff pay linked to attachment sales.**
- **Nothing sold as new that has been opened, displayed or returned.**
- **Exchange and end-of-life goods routed to authorised recyclers, with the count reported.**

The competitive difficulty is that this store's honest position removes its two easiest sources of income at exactly the moment the customer is most willing to say yes. A protection plan sold at the till converts almost entirely to margin; disclosing that the maker already covers year one, and that this store earns a commission, will cost a material share of those sales. Removing attachment-linked variable pay costs more, because the floor staff who were best at it are precisely the ones who leave. And the competitor doing neither is not breaking any rule the market enforces — he is doing what the industry does, and his numbers will look better than this one's for at least a year. Three answers work. Make the disclosure a differentiator rather than an apology: a printed statement of existing cover, handed over before the plan is discussed, is a document no competitor produces and it converts a defensive position into the reason to return. Publish the claims-paid rate, because an attachment book worth buying is one where claims get paid, and 87% at eleven days is a marketing asset the industry cannot match without changing its plans. And shift the earnings mix deliberately toward things that are genuinely worth paying for — installation, delivery, exchange valued in front of the customer, and a service desk — which are smaller, harder and defensible, rather than large, easy and indefensible.

6. Where the Money Actually Is — The Attachment

Element	Character	Economics
ATTACHMENT INCOME AS A SHARE OF GROSS PROFIT	8.0% of revenue, 39.5% of gross profit — the vertical's organising fact	35.0% → 39.5%
Extended-warranty ATTACH RATE and CLAIMS-PAID RATE, reported together	Either number alone conceals the abuse	31%/41% → 22%/87%
Median days to settle a warranty claim	A plan that pays slowly is a plan that hopes you stop	54 → 11
Statement of what the MAKER already covers, given before any plan is offered	In writing, before the question is asked	0% → 100%
Cover sold OVERLAPPING the manufacturer's period	Selling her something she already owns	68% → NIL
Commission on the plan disclosed / cash-equivalent price shown beside EMI	The commission-disclosure framework at the till	0% → 100% / 0% → 100%
Staff variable pay linked to attachment sales	The structural fix without which none of the rest holds	46% → NIL
Units sold as new that had been opened or displayed · online gap absorbed	The quiet substitution · stated rather than denied	3.1% → NIL · ~7%

Reporting the attach rate and the claims-paid rate together deserves its own paragraph, because separately each of them is a marketing number and jointly they are a diagnosis. An attach rate is what the industry

publishes — "we sell protection on thirty-one per cent of transactions" — and it measures how effectively a plan was sold, which tells a customer nothing about whether it was worth buying. A claims-paid rate is what nobody publishes, and it measures whether the thing sold does what the buyer thought it did. A store attaching 31% and paying 41% of claims has found a product that converts at the till and disappoints later — and both facts are entirely invisible from the P&L, which shows only the commission. Falling attach at rising claims-paid is therefore the signature of the correction: fewer plans sold, to people who needed them, from an underwriter who pays. Three refinements make it real. The claims-paid rate is measured on plans this store sold rather than on the insurer's portfolio, because a national number tells a local customer nothing. Days-to-settle is published beside it (54 falling to 11), since a plan that pays eventually is a plan that hopes the claimant stops asking. And underwriters are selected on the paid rate rather than on the commission offered — which is the whole discipline in one sentence, because the two move in opposite directions and the store choosing on commission has chosen against its own customer.

7. GMROI, Ageing and Stock That Loses Value While It Sits

Why GMROI rather than margin

- **Margin percentage means nothing without turns** — a 25% accessory margin turning four times beats a 12% appliance margin turning twice, and the library's trading rule applies: $\text{MARGIN} \times \text{TURNS}$ is the number.
- **GMROI — gross margin on goods divided by average inventory — rises from 73% to 115%.**
- **Phones deliver footfall and almost no margin; appliances and accessories carry the gross profit**, and the mix must be managed as a portfolio rather than as a catalogue.

The twist that is specific to electronics

- **Stock does not merely sit — it depreciates while it sits. A phone model loses value week by week as its successor approaches, which no shelf-life rule captures.**
- **Ageing over ninety days falls from 24% to 9%**, and the ageing report is treated as a valuation document rather than a housekeeping one.
- **Price-protection claims recovered from brands rise from 41% to 92% — real money most Indian retailers leave uncollected because nobody files them.**
- **Obsolescence provided for rather than discovered**, at ₹46 lakh by Year 3.

Price protection deserves explaining because it is the least understood mechanism in this trade and it is where a disciplined retailer quietly makes back what he cannot make on price. When a brand cuts the price of a model, the stock already sitting in this store instantly loses value — the retailer bought at the old cost and must now sell at the new price — and most brands operate a protection scheme that compensates the channel for exactly that loss. The catch is that the claim must be filed, with stock counts, invoices and dates, within a window, and a retailer whose inventory records are approximate simply cannot substantiate it. So the money is not withheld by the brand; it is forfeited by the retailer, and the industry treats the resulting loss as the cost of doing business rather than as an administrative failure. Three practices convert it. Inventory is tracked at serial or batch level with dated cost, so a claim can be built in an afternoon rather than reconstructed in a fortnight. A named person in buying owns the ageing report and the claim calendar, because a task belonging to everybody in a busy retail week belongs to nobody. And recovery is reported as a percentage of eligible claims — 41% to 92% — rather than as a rupee figure — since only the percentage reveals what is still being left behind.

8. Operations Plan (buy, age, sell, disclose, deliver, recover)

- **Disclose before offering:** a written statement of what the manufacturer already covers and for how long, given BEFORE any protection plan is discussed (0% → 100%); cover sold only from year N+1 (overlap 68% → NIL).
- **Publish both numbers:** attach rate and claims-paid rate on plans THIS store sold, reported together (31%/41% → 22%/87%), with median days to settle (54 → 11); underwriters selected on the paid rate rather than the commission offered.
- **Commission disclosure:** the commission earned on every protection, finance and insurance product disclosed to the customer (0% → 100%).
- **Finance honesty:** the cash-equivalent price shown beside the EMI price on every financed sale (0% → 100%), with the finance and insurance commission per financed sale stated (₹1,840).
- **Break the incentive:** staff variable pay linked to attachment sales taken 46% → NIL — the structural fix, and the one that makes the disclosures survive a slow month.
- **Buy against ageing, not forecast:** serial or batch-level inventory with dated cost; ageing over 90 days 24% → 9%; obsolescence provided for (₹46L by Y3) rather than discovered.
- **File what is owed:** price-protection claims recovered from brands 41% → 92%, with a named owner for the ageing report and the claim calendar.
- **Nothing opened sold as new:** demo, display and returned units segregated, marked and sold as such (units mis-sold 3.1% → NIL).
- **Deliver and install:** installation and delivery treated as the store's real product rather than a service to be outsourced cheaply; installation defects tracked back to the installer.
- **Take back what the rules require:** e-waste collected against the EPR obligation and exchange units routed to authorised recyclers (38% → 100%), rather than sold into the informal chain that arrives at the back door.

Control points

Area	Activity	Control point
☐ The cover she already owns	Maker's-cover statement issued before any plan / overlapping cover sold	0% → 100% / 68% → NIL
☐ The two numbers that must be read together	Attach rate / claims-paid rate on plans this store sold	31% → 22% / 41% → 87%
A plan that pays slowly hopes you stop	Median days to settle a claim	54 → 11
Commission disclosure at the till	Commission disclosed / cash-equivalent price shown beside EMI	0% → 100% / 0% → 100%
☐ The structural fix	Staff variable pay linked to attachment sales	46% → NIL
☐ Stock that depreciates while it sits	GMROI / inventory ageing over 90 days	73% → 115% / 24% → 9%
Money the industry forfeits	Price-protection claims recovered as a % of eligible	41% → 92%
Integrity of stock & waste	Opened units sold as new · e-waste and exchange routed to authorised recyclers	3.1% → NIL · 38% → 100%

9. E-Waste, BIS & Operating Compliance (India)

- **Consumer protection and unfair-trade-practice provisions reach the counter directly** — selling cover that duplicates an existing manufacturer warranty, or presenting a financed price without its cash equivalent, are misleading-representation questions rather than sales technique.
- **Insurance intermediation** — a protection plan underwritten by an insurer is an insurance product, and its distribution, disclosure and commission fall under IRDAI's framework rather than under shop practice.
- **E-Waste (Management) Rules and Extended Producer Responsibility** — the retailer sits inside the producer's EPR chain and is expected to collect and channel end-of-life goods; it is the obligation most widely ignored in Indian electronics retail, and it arrives with the exchange and buyback units already standing in the store.
- **BIS compulsory registration** on covered categories, which a multi-brand retailer must verify rather than assume.
- **Legal Metrology** on declarations, MRP and net-quantity marking; GST on goods and services, taxed differently and invoiced separately.
- Shops-and-establishment registration; fire, occupancy and electrical safety on retail floors; brand distribution agreements governing price protection, returns and territory.
- **Employment obligations with EPF/ESI across a young, high-churn store workforce**, and POSH on the retail floor.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Store staff — sales, demo & cashiers (EMPLOYED; NO ATTACHMENT-LINKED VARIABLE PAY BY Y3)	62	96	142
Delivery, installation & logistics	14	22	34
Store managers & floor supervisors	8	13	20
Warehouse & inventory control	6	10	16
Service desk technicians	5	7	10
Finance & accounts	4	6	9
Buying, merchandising & AGEING / PRICE-PROTECTION CONTROL	3	5	8
ATTACHMENT COMPLIANCE & CLAIMS AUDIT (independent of sales)	2	4	6
Marketing · technology	2 · 2	4 · 3	6 · 5
Leadership	3	4	5
Total	111	174	261

Two features carry the plan's argument, and the first is a pay decision rather than a headcount. Store staff are employed and their variable compensation is progressively de-linked from attachment sales — 46% of variable pay in Year 1, nil by Year 3 — which is the most commercially expensive choice in this plan and the one that makes every disclosure in section 6 survive a slow month. A written statement of the maker's cover means nothing if the person handing it over loses income when the customer reads it. Attachment compliance and claims audit is small, independent, and paid on neither sales nor attach rate: it samples transactions for disclosure, tracks the claims-paid rate on plans this store sold, and reports to the promoter and finance rather than to the

store function whose attach rates it constrains. **And buying carries an explicit ageing and price-protection mandate — because in a category that depreciates weekly, the person who decides what to buy and the person who files the claim when its price is cut must be the same accountable function, or the claim does not get filed at all.**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-6	Four stores fitted and brand agreements signed with price-protection terms read and calendared; serial/batch-level inventory with dated cost live from the first receipt; the maker's-cover statement drafted per category and built into the POS flow as a mandatory step before any plan is offered; cash-equivalent price displayed beside EMI from day one; underwriter selected on claims-paid record rather than commission; e-waste channel contracted before the first exchange unit is taken
Year 1	Year 1	₹28.60cr revenue, ₹64L loss; attachment income 35.0% of gross profit; attach 31% against a claims-paid rate of 41% and 54 days to settle — the baseline this plan exists to end; 68% of cover sold overlapping the maker's period; staff variable pay 46% attachment-linked; GMROI 73%; ageing over 90 days 24%; price protection recovered 41%; e-waste routed 38%
Year 2	Year 2	₹48.20cr revenue, ₹42L profit; maker's-cover statement issued on 94% of plan discussions and overlap down to 11%; attach 26% with claims paid 71% in 24 days; commission and cash-equivalent disclosure live; variable pay linkage down to 18%; GMROI 94%; ageing 15%; price protection 74%; ROCE 5.8%
Year 3	Year 3	₹72.40cr revenue, ₹2.54cr profit; ROCE 29.5%; attachment income 39.5% of gross profit on 8.0% of revenue; maker's-cover statement 100% and overlapping cover NIL; attach 22% with CLAIMS PAID 87% in 11 days; commission and cash-equivalent price disclosed 100%; attachment-linked variable pay NIL; GMROI 115%; ageing over 90 days 9%; price protection recovered 92%; opened units sold as new NIL; e-waste and exchange routed to authorised recyclers 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. **GMROI and the claims-paid rate are the levers. Attach rate is not one — it is the number this industry optimises and the number that, taken alone, tells you least.***

12.1 Project cost & means of finance

Capital requirement	₹
OPENING INVENTORY (four stores + warehouse)	2,60,00,000
Store fit-out, fixtures & display (four stores)	1,60,00,000
Working capital (brand payment cycle, attachment settlement)	96,00,000
Launch & initial operating losses	78,00,000
Technology (POS, serial-level inventory, AGEING & ATTACHMENT DISCLOSURE)	34,00,000
Deposits & rent advances	26,00,000
Delivery vehicles & installation kit	16,00,000
Brand onboarding, training & certification	6,00,000

Insurance, legal, licences & registrations	4,00,000
Total project cost	6,80,00,000
Promoter contribution	2,60,00,000
Working-capital facility (inventory funding)	2,40,00,000
Term loan (fit-out, vehicles, technology)	1,40,00,000
Investor / angel contribution	40,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Mobile phones & tablets	11,44,00,000	19,28,00,000	28,96,00,000
Large appliances & television	9,16,00,000	15,42,00,000	23,18,00,000
Small appliances, audio & accessories	5,44,00,000	9,16,00,000	13,74,00,000
ATTACHMENT INCOME (extended warranty, finance & insurance commission, installation)	2,00,00,000	3,68,00,000	5,80,00,000
Service desk & out-of-warranty repair	56,00,000	66,00,000	72,00,000
TOTAL REVENUE	28,60,00,000	48,20,00,000	72,40,00,000
Cost of goods sold	22,88,00,000	38,52,00,000	57,72,00,000
GROSS PROFIT / gross margin	5,72,00,000 / 20.0%	9,68,00,000 / 20.1%	14,68,00,000 / 20.3%
— of which ATTACHMENT INCOME (share of gross profit)	35.0%	38.0%	39.5%
Store salaries & incentives	1,96,00,000	3,00,00,000	3,90,00,000
Rent & CAM (four stores + warehouse)	1,48,00,000	1,96,00,000	2,52,00,000
Logistics, delivery & installation	42,00,000	66,00,000	96,00,000
Marketing & catchment activation	54,00,000	72,00,000	86,00,000
Electricity, utilities & store running	40,00,000	58,00,000	72,00,000
Head-office salaries (finance, buying, HR, leadership)	38,00,000	52,00,000	72,00,000
Finance cost (INVENTORY FUNDING)	34,00,000	52,00,000	68,00,000
INVENTORY OBSOLESCENCE & PRICE-PROTECTION SHORTFALL	16,00,000	30,00,000	46,00,000
Depreciation (fit-out, fixtures, IT)	22,00,000	30,00,000	38,00,000
Technology (POS, inventory, ageing, disclosure)	18,00,000	26,00,000	34,00,000
Insurance, legal, statutory & audit · shrinkage & damages	10,00,000 · 8,00,000	16,00,000 · 14,00,000	22,00,000 · 20,00,000
Service desk cost	10,00,000	14,00,000	18,00,000

Total operating expenses	6,36,00,000	9,26,00,000	12,14,00,000
Net profit / (loss) before tax	(64,00,000)	42,00,000	2,54,00,000
Net margin	(2.2%)	0.9%	3.5%
AVERAGE CAPITAL EMPLOYED / RETURN ON CAPITAL EMPLOYED	₹6.40cr / (10.0%)	₹7.20cr / 5.8%	₹8.60cr / 29.5%
GMROI (gross margin on goods ÷ average inventory) / ageing over 90 days	73% / 24%	94% / 15%	115% / 9%
ATTACH RATE / CLAIMS-PAID RATE on plans this store sold / median days to settle	31% / 41% / 54	26% / 71% / 24	22% / 87% / 11
MAKER'S-COVER STATEMENT ISSUED BEFORE ANY PLAN / cover sold OVERLAPPING it	0% / 68%	94% / 11%	100% / NIL
COMMISSION DISCLOSED / CASH-EQUIVALENT PRICE SHOWN BESIDE EMI / commission per financed sale	0% / 0% / n.d.	100% / 100% / ₹1,610	100% / 100% / ₹1,840
STAFF VARIABLE PAY LINKED TO ATTACHMENT SALES	46%	18%	NIL
Price protection recovered · opened units sold as new · e-waste routed · online gap absorbed	41% · 3.1% · 38% · ~7%	74% · 0.6% · 79% · ~7%	92% · NIL · 100% · ~7%

12.3 Unit economics & break-even

- **Gross margin is 20.3% and only 11.3 points of it come from goods; the rest is attachments and service. Attachment income is 8.0% of revenue and 39.5% of gross profit — the single most important ratio in this vertical, and the reason every integrity question here is a counter-side question rather than a buying one.**
- GMROI is the operating metric, not margin. Moving from 73% to 115% is achieved by mix and by ageing discipline rather than by negotiating price, which the brands control — and a retailer reporting margin percentage without turns is reporting half a number.**
- The honest positions cost real money and the plan says how much. Attach rate falls from 31% to 22% — roughly ₹74 lakh of forgone plan commission at Year-3 volumes — surrendered by telling customers what they already own and by paying nobody to sell it.**
- Price protection is the offsetting recovery. Taking recovery from 41% to 92% of eligible claims is worth a material share of Year-3 profit and costs nothing but records and a named owner — the closest thing to free money in this trade.**
- Break-even: Year 2, thinly. A 3.5% net margin on 20.3% gross is normal for the category and leaves no room for an ageing error; the business is 8.4 times its capital in turnover, which is why ROCE reaches 29.5% on a margin that looks unattractive in isolation.**

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

Particulars (₹)	Q1	Q2 (summer peak)	Q3 (festival)	Q4
Opening balance	1,50,00,000	1,22,00,000	96,00,000	74,00,000
Collections (retail same-day, finance settlement, attachment commission)	6,90,00,000	7,06,00,000	7,30,00,000	7,58,00,000

Supplier payments, salaries, rent, marketing, interest & overheads	7,18,00,000	7,32,00,000	7,52,00,000	7,86,00,000
Closing balance	1,22,00,000	96,00,000	74,00,000	46,00,000

Retail cash here looks excellent and is structurally fragile, and the two facts have the same cause. Sales are collected instantly — cash, card or financed, with the financier settling in days — while suppliers are paid on brand terms, so the business appears to fund itself and a growing store chain feels comfortable long before it is profitable. What that comfort conceals is that the entire float is inventory: ₹2.60 crore of opening stock, growing with every store, in goods that lose value while they sit. An operator who reads the healthy bank balance as headroom buys deeper into a range that is about to be superseded, and discovers the problem as an ageing report rather than as a cash crisis — which is why it is usually discovered late. Three disciplines apply. The facility is sized against inventory rather than against receivables, which barely exist — ₹2.40 crore against ₹28.60 crore of Year-1 revenue — and it is drawn against a stock statement with ageing, not against sales. Festival and summer peaks are bought to a plan with a defined markdown date, because the stock that did not sell in October is worth measurably less in November and materially less by January. And attachment commission receivable from insurers and financiers is tracked as a receivable rather than assumed — it is the one genuine debtor in this business and the easiest to leave uncollected.

12.5 Key Performance Indicators to Monitor

- **Attachment integrity:** attach rate AND claims-paid rate together; days to settle; maker's-cover statement issued before any plan; overlapping cover sold (must reach nil); commission disclosed; variable pay linkage (must reach nil).
- **Finance honesty:** cash-equivalent price shown beside EMI; commission per financed sale; share of financed sales in the mix.
- **Stock:** GMROI by category; ageing buckets; price-protection claims recovered as a % of eligible; obsolescence provision against actual markdown; shrinkage.
- **Stock integrity:** opened, demo and returned units sold as new (must be nil); serial-level traceability; returns rate by category.
- **Store economics:** revenue and gross profit per square foot; conversion; basket; delivery and installation defect rate.
- **Compliance:** e-waste collected against EPR obligation; exchange units routed to authorised recyclers; BIS registration verified by SKU.
- **People:** store-staff tenure and cost to replace in a high-churn workforce; training currency on disclosure obligations.

13. Funding Requirement & Bankability

Total ask: a ₹2.40 crore working-capital facility plus a ₹1.40 crore term loan against ₹2.60 crore promoter contribution and ₹40 lakh of investor money. Four points. **First, note the shape: the working-capital facility exceeds the term loan because this is an inventory business, and the facility should be drawn against a stock statement carrying AGEING rather than against sales — stock over ninety days in this category is not slow-moving, it is depreciating. Second, the diagnostic is GMROI rather than gross margin. Margin percentage is set by the brands and tells a lender almost nothing about the operator; margin times turns tells him everything, and 73% rising to 115% is the whole story of whether this retailer can buy. Third, ask for the attach rate and the claims-paid rate together and treat a high attach rate alone as a warning rather than a strength. A store attaching 31% of transactions at a 41% claims-paid rate has a large, profitable and fragile income line that depends on customers not comparing notes, and it is the first thing to break when a**

regulator or a consumer forum looks closely. Fourth, ask what price protection is being recovered. Forty-one per cent of eligible claims is the industry norm and it is an administrative failure rather than a commercial one — the money is not withheld by the brand, it is forfeited by the retailer, and taking it to 92% costs nothing but records and a named owner.

13.1 Funding utilisation

Use of funds	₹	% of total
Opening inventory (four stores + warehouse)	2,60,00,000	38.2%
Store fit-out, fixtures & display (four stores)	1,60,00,000	23.5%
Working capital (brand payment cycle, attachment settlement)	96,00,000	14.1%
Launch & initial operating losses	78,00,000	11.5%
Technology (POS, serial-level inventory, ageing & disclosure)	34,00,000	5.0%
Deposits & rent advances	26,00,000	3.8%
Delivery vehicles & installation kit	16,00,000	2.4%
Brand onboarding, training & certification	6,00,000	0.9%
Insurance, legal, licences & registrations	4,00,000	0.6%
Total	6,80,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
THE GROSS MARGIN IS SET BY SOMEBODY ELSE, SO THE EARNINGS SIT IN THE ATTACHMENTS	THE VERTICAL'S ORGANISING FACT, AND THIS ANCHOR STATES IT PLAINLY: A SMARTPHONE OR TELEVISION CARRIES 3-8% OF PRODUCT MARGIN FIXED BY THE BRAND'S CHANNEL TERMS AND PRICE PROTECTION, SO THE RETAILER DOES NOT PRICE HIS PRINCIPAL PRODUCT, CANNOT DISCOUNT IT WITHOUT PERMISSION AND CANNOT COMPETE ON IT AT ALL. ATTACHMENT INCOME IS THEREFORE 8.0% OF REVENUE AND 39.5% OF GROSS PROFIT — WHICH MEANS THE CUSTOMER IS SOLD A LOW-MARGIN OBJECT BY A PERSON WHOSE INCOME DEPENDS ALMOST ENTIRELY ON WHAT HE CAN ADD TO IT IN THE NINETY SECONDS AT THE COUNTER, AND EVERY INTEGRITY QUESTION IN THIS BUSINESS FOLLOWS FROM THAT SENTENCE → the ratio REPORTED EXPLICITLY as a headline rather than buried in other income; the earnings mix shifted deliberately toward things GENUINELY WORTH PAYING FOR — installation, delivery, exchange valued in front of the customer, a service desk — WHICH ARE SMALLER, HARDER AND DEFENSIBLE RATHER THAN LARGE, EASY AND INDEFENSIBLE; and THE STRUCTURAL FIX WITHOUT WHICH NOTHING ELSE HOLDS — STAFF VARIABLE PAY LINKED TO ATTACHMENT SALES TAKEN 46%→NIL, ON THE RULE THAT NOBODY PAID PER UNIT OF A REMEDY SHOULD DECIDE HOW MUCH OF IT IS NEEDED, BECAUSE A WRITTEN STATEMENT OF THE MAKER'S COVER MEANS NOTHING IF THE PERSON HANDING IT OVER LOSES INCOME WHEN SHE READS IT

□ THE EXTENDED WARRANTY THAT DUPLICATES THE MANUFACTURER'S	SOLD AT THE TILL, UNDER TIME PRESSURE, TO A CUSTOMER WHO HAS JUST SPENT A LARGE SUM AND IS NOT READING ANYTHING — AND IN THE INDIAN MARKET IT FREQUENTLY COVERS A PERIOD THE MAKER ALREADY COVERS, CARRIES EXCLUSIONS THE BUYER NEVER SEES, AND IS ADMINISTERED BY A THIRD-PARTY INSURER THE STORE WILL LATER BLAME. AND IT IS AN INSURANCE PRODUCT, SO ITS DISTRIBUTION, DISCLOSURE AND COMMISSION FALL UNDER IRDAI'S FRAMEWORK RATHER THAN UNDER SHOP PRACTICE → A WRITTEN STATEMENT OF WHAT THE MANUFACTURER ALREADY COVERS AND FOR HOW LONG, GIVEN BEFORE ANY PLAN IS DISCUSSED (0%→100%) AND BUILT INTO THE POS FLOW AS A MANDATORY STEP RATHER THAN A POLICY; COVER SOLD ONLY FROM YEAR N+1 (overlap 68%→NIL); the COMMISSION EARNED DISCLOSED (0%→100%); and □ THE ATTACH RATE AND CLAIMS-PAID RATE REPORTED TOGETHER (31%/41% → 22%/87%) WITH MEDIAN DAYS TO SETTLE (54→11), BECAUSE SEPARATELY EACH IS A MARKETING NUMBER AND JOINTLY THEY ARE A DIAGNOSIS: AN ATTACH RATE MEASURES HOW WELL A PLAN WAS SOLD AND SAYS NOTHING ABOUT WHETHER IT WAS WORTH BUYING, AND A STORE ATTACHING 31% WHILE PAYING 41% OF CLAIMS HAS FOUND A PRODUCT THAT CONVERTS AT THE TILL AND DISAPPOINTS LATER — BOTH FACTS INVISIBLE FROM A P&L THAT SHOWS ONLY THE COMMISSION; claims-paid measured ON PLANS THIS STORE SOLD rather than on the insurer's portfolio; and UNDERWRITERS SELECTED ON THE PAID RATE RATHER THAN THE COMMISSION OFFERED, SINCE THE TWO MOVE IN OPPOSITE DIRECTIONS AND THE STORE CHOOSING ON COMMISSION HAS CHOSEN AGAINST ITS OWN CUSTOMER
□ "NO-COST EMI" IS A DISCOUNT FORGONE PLUS INTEREST EMBEDDED	THE CUSTOMER PAYING IT IS USUALLY UNAWARE SHE COULD HAVE PAID LESS IN CASH — THE INTEREST HAS BEEN MOVED INTO THE PRICE AND THE DISCOUNT SHE WOULD OTHERWISE HAVE RECEIVED HAS BEEN WITHDRAWN, SO THE ARRANGEMENT IS NOT FREE, IT IS PRE-PAID. AND PRESENTING A FINANCED PRICE WITHOUT ITS CASH EQUIVALENT IS A MISLEADING-REPRESENTATION QUESTION UNDER CONSUMER PROTECTION RATHER THAN A SALES TECHNIQUE → THE CASH-EQUIVALENT PRICE SHOWN BESIDE THE EMI PRICE ON EVERY FINANCED SALE (0%→100%), printed on the quotation rather than mentioned; the FINANCE AND INSURANCE COMMISSION PER FINANCED SALE STATED (₹1,840) rather than absorbed into other income; the tenure, processing fee and any bundled insurance ITEMISED; and no staff incentive attached to the financed option, SO THE PERSON EXPLAINING THE CHOICE HAS NO INTEREST IN WHICH ONE SHE MAKES
□ ELECTRONICS DEPRECIATES ON THE SHELF — THE VERTICAL'S SECOND CONVENTION	GMROI IS THE RETAIL METRIC EVERYWHERE, BUT HERE DEAD STOCK IS NOT MERELY SLOW — IT IS ACTIVELY LOSING VALUE WHILE IT SITS, BECAUSE A PHONE MODEL FALLS IN WORTH WEEK BY WEEK AS ITS SUCCESSOR APPROACHES AND NO SHELF-LIFE RULE CAPTURES THAT. THE AGEING REPORT IS THEREFORE A VALUATION DOCUMENT RATHER THAN A HOUSEKEEPING ONE, AND A RETAILER WHO REVIEWS IT MONTHLY IS ALREADY LATE → GMROI adopted as the operating metric (73%→115%) on the library's trading rule that MARGIN × TURNS IS THE NUMBER AND NEITHER HALF MEANS ANYTHING ALONE; AGEING OVER 90 DAYS DRIVEN 24%→9% with dated cost at serial or batch level; OBSOLESCENCE PROVIDED FOR RATHER THAN DISCOVERED (₹46L by Y3); peaks bought TO A PLAN WITH A DEFINED MARKDOWN DATE, BECAUSE THE STOCK THAT DID NOT SELL IN OCTOBER IS WORTH MEASURABLY LESS IN NOVEMBER AND MATERIALLY LESS BY JANUARY; and the facility drawn AGAINST A STOCK STATEMENT CARRYING AGEING rather than against sales

□ PRICE PROTECTION — MONEY THE INDUSTRY FORFEITS RATHER THAN LOSES	WHEN A BRAND CUTS A MODEL'S PRICE, STOCK ALREADY IN THE STORE INSTANTLY LOSES VALUE — BOUGHT AT THE OLD COST AND SALEABLE ONLY AT THE NEW PRICE — AND MOST BRANDS OPERATE A SCHEME COMPENSATING THE CHANNEL FOR EXACTLY THAT LOSS. THE CATCH IS THAT THE CLAIM MUST BE FILED WITH STOCK COUNTS, INVOICES AND DATES INSIDE A WINDOW, AND A RETAILER WHOSE INVENTORY RECORDS ARE APPROXIMATE SIMPLY CANNOT SUBSTANTIATE IT — SO THE MONEY IS NOT WITHHELD BY THE BRAND, IT IS FORFEITED BY THE RETAILER, AND THE INDUSTRY BOOKS THE RESULTING LOSS AS THE COST OF DOING BUSINESS RATHER THAN AS AN ADMINISTRATIVE FAILURE → serial or batch-level inventory WITH DATED COST so a claim can be built in an afternoon rather than reconstructed in a fortnight; A NAMED PERSON IN BUYING OWNING THE AGEING REPORT AND THE CLAIM CALENDAR, BECAUSE A TASK BELONGING TO EVERYBODY IN A BUSY RETAIL WEEK BELONGS TO NOBODY; and RECOVERY REPORTED AS A PERCENTAGE OF ELIGIBLE CLAIMS (41%→92%) RATHER THAN AS A RUPEE FIGURE, SINCE ONLY THE PERCENTAGE REVEALS WHAT IS STILL BEING LEFT BEHIND
The store is a free showroom, and the honest answer is not price-matching	A CUSTOMER HANDLES THE TELEVISION HERE AND BUYS IT ONLINE FOR SEVEN PER CENT LESS, HAVING USED THE FLOOR, THE DEMO AND THE STAFF TIME AT NO COST. NO RETAILER IN THIS CATEGORY CAN CLOSE THAT GAP, BECAUSE THE GAP IS THE COST OF THE FLOOR SHE JUST USED — AND A RETAILER CLAIMING TO MATCH ONLINE PRICING ACROSS ELECTRONICS IS EITHER NOT MATCHING IT OR NOT MAKING THE MARGIN HE HAS PROJECTED → the gap STATED RATHER THAN DENIED (~7% absorbed across the book) and priced into the plan; the proposition narrowed to WHAT A WEBSITE CANNOT SUPPLY — IMMEDIATE POSSESSION, INSTALLATION, AN EXCHANGE VALUED IN FRONT OF HER, AND A HUMAN WHO ESCALATES A SERVICE FAILURE; category mix weighted toward LARGE APPLIANCES AND TELEVISIONS which need delivery and installation and are awkward to return, with phones carried FOR FOOTFALL RATHER THAN MARGIN; and store count decided by CATCHMENT DENSITY, SINCE A FOURTH STORE IN AN OVERLAPPING CATCHMENT CANNIBALISES THE OTHER THREE AND ADDS A FULL RENT LINE
The opened box, and the waste that arrives with the exchange	DEMO UNITS, DISPLAY PIECES AND RETURNED GOODS ARE THE TRADE'S QUIET SUBSTITUTION — SOLD AS NEW TO A CUSTOMER WHO CANNOT TELL AND WOULD OBJECT IF SHE COULD. AND EVERY EXCHANGE TRANSACTION BRINGS AN END-OF-LIFE APPLIANCE INTO THE STORE, WHICH UNDER THE E-WASTE RULES AND THE PRODUCER'S EPR CHAIN THE RETAILER IS EXPECTED TO COLLECT AND CHANNEL — THE OBLIGATION MOST WIDELY IGNORED IN INDIAN ELECTRONICS RETAIL, BECAUSE THE INFORMAL BUYER AT THE BACK DOOR PAYS CASH AND ASKS NOTHING → demo, display and returned units SEGREGATED, MARKED AND SOLD AS SUCH with units mis-sold reported and driven to NIL (3.1%→NIL); serial-level traceability making the substitution detectable rather than deniable; E-WASTE AND EXCHANGE UNITS ROUTED TO AUTHORISED RECYCLERS WITH THE COUNT REPORTED (38%→100%) AND THE CHANNEL CONTRACTED BEFORE THE FIRST EXCHANGE UNIT IS TAKEN; and BIS compulsory registration VERIFIED BY SKU rather than assumed across a multi-brand range

Thin margin, high turns, and no room for an ageing error	A 3.5% NET MARGIN ON 20.3% GROSS IS NORMAL FOR THE CATEGORY AND LEAVES NO ROOM AT ALL: ONE BADLY BOUGHT RANGE, ONE MISSED MARKDOWN WINDOW OR ONE UNFILED PRICE-PROTECTION SEASON CONSUMES THE YEAR. AND RETAIL CASH DISGUISES IT — SALES COLLECT INSTANTLY WHILE SUPPLIERS ARE PAID ON TERMS, SO A GROWING CHAIN FEELS COMFORTABLE LONG BEFORE IT IS PROFITABLE, AND THE ENTIRE FLOAT IS INVENTORY IN GOODS THAT LOSE VALUE WHILE THEY SIT. AN OPERATOR READING THE HEALTHY BANK BALANCE AS HEADROOM BUYS DEEPER INTO A RANGE ABOUT TO BE SUPERSEDED AND DISCOVERS IT AS AN AGEING REPORT RATHER THAN A CASH CRISIS — WHICH IS WHY IT IS USUALLY DISCOVERED LATE → the facility SIZED AGAINST INVENTORY RATHER THAN RECEIVABLES, WHICH BARELY EXIST; attachment commission receivable from insurers and financiers TRACKED AS A RECEIVABLE rather than assumed, SINCE IT IS THE ONE GENUINE DEBTOR IN THIS BUSINESS AND THE EASIEST TO LEAVE UNCOLLECTED; ROCE reported beside net margin (29.5% on 3.5%, at 8.4x capital turnover), ON THE LIBRARY'S RULE THAT A THIN MARGIN AND A FAT ONE CANNOT BE COMPARED WITHOUT THE CAPITAL BASE; and store-staff tenure and cost to replace tracked in a young, high-churn workforce with POSH obligations on the retail floor
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15. SWOT Analysis

Strengths A written statement of the manufacturer's cover before any plan is offered, and no overlapping cover sold; attach rate and claims-paid rate published together, with claims settled in eleven days; commission and cash-equivalent pricing disclosed; no attachment-linked variable pay; GMROI of 115% with ageing at 9%; price protection recovered at 92%; e-waste and exchange routed lawfully; 29.5% return on capital.	Weaknesses A 3.5% net margin with product pricing controlled by the brands; 39.5% of gross profit from attachments, deliberately shrunk by the plan's own disclosures; inventory that depreciates while it sits; four rent lines and a young, high-churn floor workforce; an online price gap of about 7% that cannot be closed.
Opportunities Replacement cycles and rising appliance penetration in the catchments; price protection and warranty claims the industry systematically fails to file; installation, delivery and exchange as defensible earnings a website cannot replicate; the service desk as a retention asset; and a disclosure position no competitor is willing to copy.	Threats E-commerce permanently cheaper on comparable stock and now installing; brands selling direct through exclusive stores at controlled prices; a regulator or consumer forum examining extended-warranty practice across the industry; a model transition stranding a bought-in range; finance partners repricing commission; and quick-commerce taking the small-electronics basket.

16. Recommended AiSevak Tools for This Business

This retailer would use AiSevak's Electronics vertical tools in operations:

- **Attachment integrity: maker's-cover statement generated per SKU and issued as a mandatory POS step before any plan is offered, overlap blocking, commission-disclosure capture, and paired attach-rate / claims-paid-rate dashboards with days-to-settle by underwriter.**
- **Finance honesty: cash-equivalent price computed and printed beside every EMI quotation, commission-per-financed-sale reporting, bundled-insurance itemisation.**
- **Stock & value: serial or batch-level inventory with dated cost, GMROI by category, ageing buckets with markdown-date planning, and a price-protection claim builder with a calendar and a named owner.**

- **Stock integrity:** demo, display and returned-unit segregation and marking, opened-as-new exception reporting, serial-level traceability.
- **Compliance:** EPR e-waste collection register, exchange-unit routing to authorised recyclers, BIS registration verification by SKU, Legal Metrology declaration checks.
- **Store economics:** revenue and gross profit per square foot, conversion and basket, delivery and installation defect tracking, staff tenure and disclosure-training currency.

17. Key Assumptions & Notes

- Consumer-electronics store: multi-brand retailer operating four stores and a warehouse in one city, selling mobile phones, televisions, large and small appliances, audio and accessories, with delivery and installation, a service desk, and an attachment book covering extended warranty, finance and insurance. **FIRST PLAN AND ANCHOR OF THE ELECTRONICS VERTICAL (44). The conventions below are SET HERE and the following nine plans INHERIT AND CROSS-REFERENCE them in one paragraph in §1 and one risk row rather than re-deriving them.**
- **VERTICAL CONVENTIONS SET HERE:** (a) **THE GROSS MARGIN IS SET BY SOMEBODY ELSE — 3-8% product margin fixed by brand channel terms means the retailer DOES NOT PRICE HIS PRINCIPAL PRODUCT, so THE EARNINGS ARE ENTIRELY IN THE ATTACHMENTS (8.0% of revenue, 39.5% of gross profit) AND THE CUSTOMER IS SOLD A LOW-MARGIN OBJECT BY SOMEBODY WHOSE INCOME DEPENDS ON WHAT HE ADDS TO IT AT THE COUNTER. EVERY INTEGRITY QUESTION IN THIS VERTICAL FOLLOWS FROM THAT SENTENCE.** (b) **THE EXTENDED WARRANTY THAT DUPLICATES THE MANUFACTURER'S — state what the maker already covers IN WRITING BEFORE THE PLAN IS OFFERED, sell only from year N+1, disclose the commission.** (c) **REPORT THE ATTACH RATE AND THE CLAIMS-PAID RATE TOGETHER — separately each is a marketing number and jointly they are a diagnosis; A HIGH ATTACH RATE BESIDE A LOW CLAIMS-PAID RATE IS THE SIGNATURE OF THE ABUSE, AND EITHER PUBLISHED ALONE CONCEALS IT. Measure claims paid ON PLANS THIS STORE SOLD, publish DAYS TO SETTLE, and SELECT UNDERWRITERS ON THE PAID RATE RATHER THAN THE COMMISSION OFFERED, SINCE THE TWO MOVE IN OPPOSITE DIRECTIONS.** (d) **NO-COST EMI IS A DISCOUNT FORGONE PLUS INTEREST EMBEDDED — show the CASH-EQUIVALENT PRICE beside the EMI price and state the commission per financed sale.** (e) **BREAK THE COUNTER INCENTIVE — attachment-linked variable pay to NIL, BECAUSE A WRITTEN DISCLOSURE MEANS NOTHING IF THE PERSON HANDING IT OVER LOSES INCOME WHEN SHE READS IT.** (f) **ELECTRONICS DEPRECIATES ON THE SHELF — GMROI is the metric (MARGIN × TURNS), and dead stock is not merely slow, IT IS ACTIVELY LOSING VALUE WHILE IT SITS, WHICH MAKES THE AGEING REPORT A VALUATION DOCUMENT RATHER THAN A HOUSEKEEPING ONE.** (g) **PRICE PROTECTION IS FORFEITED, NOT WITHHELD — the money is there and the claim goes unfiled; report recovery AS A PERCENTAGE OF ELIGIBLE, SINCE ONLY THE PERCENTAGE REVEALS WHAT IS BEING LEFT BEHIND, and give the ageing report and claim calendar A NAMED OWNER, BECAUSE A TASK BELONGING TO EVERYBODY IN A BUSY RETAIL WEEK BELONGS TO NOBODY.** (h) **THE STORE IS A FREE SHOWROOM AND THE HONEST ANSWER IS NOT PRICE-MATCHING — state the gap absorbed (~7%) and sell WHAT A WEBSITE CANNOT SUPPLY.** (i) **NOTHING OPENED SOLD AS NEW, and E-WASTE/EPR ARRIVES WITH THE EXCHANGE UNIT ALREADY IN THE STORE.** (j) **REPORT ROCE BESIDE NET MARGIN — 3.5% net is 29.5% ROCE at 8.4× capital turnover.**
- Economics & cash — **GROSS MARGIN 20.3% OF WHICH ONLY 11.3 POINTS COME FROM GOODS; ATTACHMENT INCOME IS 8.0% OF REVENUE AND 39.5% OF GROSS PROFIT, THE SINGLE MOST IMPORTANT RATIO IN THIS VERTICAL** (Y1 —₹64L → Y2 +₹42L → Y3 +₹2.54cr; revenue ₹28.60cr→₹72.40cr; GMROI 73%→115% with ageing over 90 days 24%→9%; attach rate 31%→22% WITH CLAIMS PAID 41%→87% and days to settle 54→11; maker's-cover statement 0%→100% and overlapping cover 68%→NIL; commission and cash-equivalent price disclosed 0%→100% with ₹1,840 per financed sale stated; attachment-linked variable pay 46%→NIL; price protection recovered 41%→92%; opened units sold

as new 3.1%→NIL; e-waste and exchange routed 38%→100%; online gap absorbed ~7% STATED; obsolescence provisioned ₹46L; ROCE (10.0%)→29.5% at 8.4x capital turnover; **BREAK-EVEN YEAR 2, THINLY — A 3.5% NET MARGIN LEAVES NO ROOM FOR AN AGEING ERROR, AND ONE BADLY BOUGHT RANGE OR ONE UNFILED PRICE-PROTECTION SEASON CONSUMES THE YEAR; AND THE HONEST POSITIONS COST ~₹74 LAKH OF FORGONE PLAN COMMISSION AT Y3 VOLUMES, OFFSET BY THE PRICE-PROTECTION RECOVERY, WHICH COSTS NOTHING BUT RECORDS AND A NAMED OWNER**). Regulatory (section 9): **CONSUMER PROTECTION AND UNFAIR-TRADE-PRACTICE PROVISIONS REACHING THE COUNTER — DUPLICATE COVER AND A FINANCED PRICE WITHOUT ITS CASH EQUIVALENT ARE MISLEADING-REPRESENTATION QUESTIONS RATHER THAN SALES TECHNIQUE; INSURANCE INTERMEDIATION, SINCE A PROTECTION PLAN UNDERWRITTEN BY AN INSURER IS AN INSURANCE PRODUCT UNDER IRDAI'S FRAMEWORK RATHER THAN SHOP PRACTICE, E-WASTE RULES AND EPR, THE OBLIGATION MOST WIDELY IGNORED IN INDIAN ELECTRONICS RETAIL AND THE ONE THAT ARRIVES WITH THE EXCHANGE UNIT ALREADY IN THE STORE**; BIS compulsory registration verified by SKU; Legal Metrology on declarations and MRP; GST on goods and services invoiced separately; shops-and-establishment, fire and electrical compliance; EPF/ESI and POSH across a young high-churn floor workforce. Lender note (section 13): **THE FACILITY EXCEEDS THE TERM LOAN BECAUSE THIS IS AN INVENTORY BUSINESS — DRAW IT AGAINST A STOCK STATEMENT CARRYING AGEING, SINCE STOCK OVER NINETY DAYS HERE IS NOT SLOW-MOVING, IT IS DEPRECIATING; THE DIAGNOSTIC IS GMROI RATHER THAN GROSS MARGIN, WHICH THE BRANDS SET; ASK FOR ATTACH AND CLAIMS-PAID TOGETHER AND TREAT A HIGH ATTACH RATE ALONE AS A WARNING**; and **ASK WHAT PRICE PROTECTION IS BEING RECOVERED — 41% IS THE INDUSTRY NORM AND IT IS AN ADMINISTRATIVE FAILURE RATHER THAN A COMMERCIAL ONE**. ₹6.80cr; revenue ₹28.60→72.40cr; 111→261 staff; ROCE (10.0%)→29.5%. Figures illustrative, exclude GST.

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