BUSINESS PLAN · INDIA

IT-Peripherals & Accessories Trade

Peripherals, cables, storage and networking - tested distribution

ELECTRONICS

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out an **IT-Peripherals & Accessories Trade** business in India — a regional distributor of keyboards, mice, headsets, cables, chargers, power banks, storage and memory, networking hardware and printer consumables, supplying computer retailers, system integrators and corporate IT departments from a single warehouse.

> The electronics vertical's conventions are set in the consumer-electronics-store anchor and cross-referenced rather than re-derived: **the margin is set by somebody else; electronics depreciates while it sits; GMROI is the trading metric; and ROCE belongs beside net margin. The durables-dealer plan's distribution disciplines carry too. What is specific here is that this is the most counterfeited category in Indian electronics, and the counterfeits are not merely inferior — several of them are dangerous.**

> **THE MEMORY CARD THAT LIES is the sharpest control opportunity this library has found, because the deception is total and the test is trivial. Fake-capacity flash media is endemic: a card sold as 64GB is often 8GB of real storage, reprogrammed to REPORT 64GB to the device. It mounts, it formats, it accepts files — and it silently discards everything written past the real capacity. The customer discovers this months later when her photographs are gone, with no way to attribute the loss to the card, the phone or herself. And a full write-verify test detects it conclusively in minutes, costs almost nothing, and is run by essentially nobody in the Indian channel. This plan runs it on 100% of flash-media lots at intake, rejecting 38 lots and 9,400 units in Year 3 — and the general rule it establishes is uncomfortable: WHERE A CHEAP AND CONCLUSIVE TEST EXISTS AND THE INDUSTRY DOES NOT RUN IT, THE OMISSION IS THE BUSINESS MODEL RATHER THAN AN OVERSIGHT.**

> **The second finding is that THE COUNTERFEIT ACCESSORY IS A SAFETY QUESTION, NOT A QUALITY ONE. A counterfeit charger without a protection circuit, a power bank built from re-wrapped salvaged cells, or a cable that cannot carry its rated current does not fail by ceasing to work — it fails as a fire on a bedside table or an electrocution from a phone on charge. This is the appliance-repair plan's grey-parts finding transplanted into a category where the unit price is ₹300 and nobody inspects anything. So sourcing moves to authorised distributors and verified imports (62% to 96%), BIS registration is verified per SKU rather than assumed (44% to 100%), and 14,600 non-compliant units were rejected at intake in Year 3 — reported as a number, on this vertical's rule that a verification gate with no rejections is not a gate.**

> **The commercial reality is stated rather than wished away. Accessories are the most price-transparent category in electronics: e-commerce has taken this trade's margin and it is not coming back, and roughly nine per cent of gap is absorbed rather than matched. What remains is a SKU-tail problem — 61% of SKUs contribute under a tenth of a per cent of gross profit each — so GMROI is reported BY DECILE, where the top tenth of SKUs returns 310% and the bottom half returns 18%. And the corporate and institutional channel is pursued deliberately from 3.0% to 5.0% of revenue, because an IT department buys on compliance and standardisation and is the only customer in this market who will pay for a tested product.**

This plan models a distributor requiring **₹4.60 crore** (₹2.40 crore working-capital facility + ₹1.60 crore promoter + ₹40 lakh term loan + ₹20 lakh investor), moving from **₹38.00 crore revenue and a ₹34 lakh loss** to **₹84.00 crore revenue and ₹1.85 crore profit** by Year 3 — *a 2.2% net margin against 27.2% return on capital. (IT peripherals and accessories distribution — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A distributor that writes to the card before it sells it.

Vision: To be the supplier whose stock has been tested rather than merely received.

Mission: Run the write-verify test on every flash lot; verify BIS registration per SKU rather than per brand; reject and count what fails; buy from authorised channels and say what the exceptions cost; report GMROI by decile so the tail cannot hide; and tell a corporate buyer exactly what was tested and how.

Legal structure

- **Private Limited** — recommended. Brand and import arrangements, inventory and receivable financing, corporate supply contracts and outside capital all point the same way.
- **Proprietorship or partnership** — the trade's traditional form, and the reason so much of this channel cannot answer a compliance question: **an entity with no separate books and no test records has nothing to show a corporate buyer who asks.**
- **Employed warehouse, testing and credit-control staff**, with intake testing separated from buying — **because the buyer who found a lot at an attractive price is not the person to decide whether it passes.**

> **Regulatory anchor:** a category with genuinely mandatory certification and near-zero enforcement at the point of trade. **BIS compulsory registration under the Electronics and IT Goods (CRO) Order covers a wide span of this catalogue — power banks, adaptors and chargers, USB devices, storage, wireless keyboards and mice, and printer hardware — and it operates PER MODEL rather than per brand, which is the detail the trade routinely misses: a distributor who confirms that a brand is registered has confirmed nothing about the specific SKU in front of him. Manufacture, import, sale or distribution of unregistered covered product is an offence, and the Indian accessories channel nonetheless carries very large volumes of it.** Then: **Legal Metrology on declared quantity, which is precisely what a fake-capacity memory card misstates — a 64GB declaration on 8GB of media is a false declaration before it is a fraud**; consumer protection and the unfair-trade-practice provisions on capacity, speed and compatibility claims; **counterfeit and trademark exposure under the Trade Marks Act, where a distributor handling counterfeit branded accessories is liable irrespective of what he believed about his supplier**; customs and import documentation, since much of this catalogue arrives as imports and the paperwork determines both duty and traceability; **E-Waste Rules and EPR obligations, which reach batteries and power banks with particular force**; battery transport and storage rules on lithium cells; GST; and shops-and-establishment, EPF/ESI and POSH across warehouse staff.

3. Promoter & Ownership

Led by a promoter with IT distribution, computer retail or accessories background. Three competences decide outcomes. *Category discipline*, because this business dies of SKU proliferation rather than of competition — every dealer request adds a line item, and a catalogue nobody prunes becomes a warehouse of dead stock in a category where relevance expires with the device generation. *Sourcing scepticism*, since the attractive price is almost always attractive for a reason and the reason is invisible without a test. And *the willingness to reject stock already paid for*, which is the moment this plan's entire position is decided: a failed lot is a real loss taken today against an invisible risk carried by somebody else later. Ownership, equity & investor terms are editable inputs; **intake testing and verification report to the promoter and quality, never to purchase, whose prices and supplier relationships they constrain.**

4. Market Analysis — India

Indian IT accessories demand is large and growing, and its distribution economics have been permanently reshaped by the fact that every price is now visible to every buyer.

Demand drivers

- **An enormous and growing installed base of laptops, desktops and phones**, each generating recurring accessory and consumable demand independent of new device sales.
- **Hybrid and remote work**, which converted headsets, webcams, docks and networking hardware from office purchases into household ones.
- **Corporate IT refresh and standardisation cycles**, which buy in volume against a specification and are the segment that values testing.
- **Storage growth** — content creation, surveillance and backup driving SSD and flash demand faster than device sales.
- **Printer consumables**, a steady, high-frequency replacement category with its own severe counterfeit problem.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Accessory and peripheral spend across the served region	Large; growing with installed base
SAM	**Volume reachable through trade and corporate channels at a defensible price**	**Bounded by PRICE TRANSPARENCY**
SOM (Yr 1–3)	Billed volume across trade, integrators and corporate	₹38cr → ₹84cr; corporate 3.0% → 5.0%

> **The defining fact of this market is that the buyer can see every price, which removes the distributor's historic function and forces an honest answer about what remains. A dealer, an integrator and an IT manager can all check a landed online price on a phone in seconds, so the old distribution margin — earned on knowing what things cost and where to get them — has been competed to almost nothing. Roughly nine per cent of gap against online pricing is absorbed rather than matched, and a distributor claiming to match e-commerce across accessories is either not matching it or not making the margin he has projected. What has NOT been commoditised is whether the product is genuine, compliant and what it says it is — and that is invisible on every price comparison ever made.** Three consequences shape the plan. **The proposition is availability, credit, fulfilment and verification rather than price, and it is sold to buyers who need all four rather than to the ones who need none. Corporate and institutional business is grown deliberately from 3.0% to 5.0% of revenue because an IT department buys against a specification, can be given test records, and does not source a hundred laptop chargers from a marketplace listing. And the catalogue is pruned rather than extended — since in a price-transparent market breadth is not an advantage, it is inventory, and this vertical's rule that stock depreciates while it sits applies with unusual speed to an accessory whose device generation has moved on.**

5. Competition & Position

Landscape: national IT distributors with scale, brand contracts and deeper credit; **e-commerce marketplaces selling the same SKUs to the same dealers and their customers, permanently cheaper**; grey-market importers with no duty, no registration and no testing; brand-authorised distributors for specific lines; and a long tail of small traders competing on price alone. **Because genuineness and compliance are invisible in a price comparison, the trade's competitive selection runs almost entirely against the distributor who pays for either.**

The distributor's position

- **Write-verify capacity testing on every flash-media lot at intake.**
- **BIS registration verified per SKU, not per brand.**
- **Authorised-distributor or verified-import sourcing, with exceptions tested and the cost stated.**
- **Non-compliant and counterfeit units rejected at intake, and the count published.**
- **GMROI reported by SKU decile, so the tail cannot hide inside a blended number.**
- **Test records supplied to corporate buyers as a deliverable.**
- **The online price gap stated and absorbed rather than pretended away.**

> **The competitive difficulty is that this distributor's testing makes him slower and dearer on a product the buyer believes is a commodity, and in most of this market the buyer is right to believe that. A dealer buying a hundred memory cards is buying a printed capacity and a brand name; if both are present, the transaction is complete as far as he is concerned, and a supplier who costs four per cent more because he wrote 64 gigabytes to each of them looks like a supplier with a story. The failure, when it comes, lands on the end customer months later, is attributed to the card, the phone or her own handling, and never reaches the dealer who sold it — which means the market generates no feedback that would correct the price.** Three answers work. **Sell testing where somebody is accountable for the outcome: corporate IT, system integrators under a service contract, and schools or institutions buying in volume — all of whom own the consequence of a failure and can therefore value its prevention. Hand over the evidence rather than describe it: a lot test certificate with the date, the sample and the result is a document no competitor produces, and it converts an unverifiable claim into a checkable one. And publish the rejection count — 38 lots and 9,400 units in Year 3** — **because the honest version of "we test everything" is a number showing what the testing caught, and a distributor with no rejections has either extraordinary suppliers or no test.**

6. The Memory Card That Lies

Element	Character	Economics
WRITE-VERIFY CAPACITY TEST on every flash-media lot at intake	**Conclusive, minutes long, and run by almost nobody**	**0% → 100% of lots**
Flash lots failed and rejected / units rejected	**What the test actually caught**	**0 → 38 lots / 0 → 9,400 units**
Authorised-distributor or verified-import sourcing	**The attractive price is attractive for a reason**	**62% → 96%**
BIS registration verified PER SKU, not per brand	**Registration is per model; the trade checks the brand**	**44% → 100%**
Non-compliant or counterfeit units rejected at intake	**A gate with no rejections is not a gate**	**0 → 14,600 units**
GMROI — overall / top SKU decile / bottom five deciles	**The tail cannot hide inside a blended number**	**61% → 84% / 310% / 18%**
SKUs contributing under 0.1% of gross profit each	**This business dies of proliferation, not competition**	**61% → 38%**
Counterfeit returns from customers · online price gap absorbed · corporate share	Stated rather than pretended away	1.9% → 0.3% · ~9% · 3.0% → 5.0%

> **The write-verify test deserves its own paragraph because it is the clearest case in this library of a deception that is total, a remedy that is trivial, and an industry that declines to apply it. A fake-capacity card is not a lower-quality card — it is a smaller card that has been reprogrammed to lie to the device about its own size. Every check a dealer or a customer would naturally perform confirms the lie: it mounts, it reports 64GB, it formats to 64GB, and it accepts the first few gigabytes of files perfectly. Data written past the real capacity is discarded, and the card frequently reports success while doing so. The failure therefore surfaces weeks or months later as corrupted photographs or a video that will not open, at which point the customer blames her phone, and no signal ever travels back up the chain to the person who sold it. Meanwhile filling the card and reading it back detects the fault with certainty, requires a laptop and a free utility, and takes under an hour for a sampled lot.** Three practices make it operational rather than aspirational. **Testing is a receiving-dock step tied to lot acceptance, so stock cannot be binned or invoiced before the result is recorded — a check that happens when somebody remembers is a check that fails in a busy week. It is performed by a function that does not report to purchase, because rejecting a lot means writing off stock the buyer has already committed to and defending that decision against the person who negotiated it. And the rejection count is published rather than absorbed — 38 lots and 9,400 units — since the number is simultaneously the evidence that the control exists and the measure of what the channel would otherwise have delivered.**

7. The Counterfeit Charger, the SKU Tail and the Price Floor

Where the counterfeit stops being a quality problem

- **A charger without a protection circuit, a power bank of re-wrapped salvaged cells, a cable that cannot carry its rated current — these do not fail by ceasing to work.**
- **They fail as a fire on a bedside table or an electrocution from a phone on charge**, in a category where the unit price is ₹300 and nobody inspects anything.
- **BIS registration operates PER MODEL, not per brand — a distributor who confirms the brand is registered has confirmed nothing about the SKU in front of him** (verification 44% → 100%).
- **Authorised or verified sourcing 62% → 96%, with 14,600 non-compliant units rejected at intake in Year 3.**

The tail that eats the return

- **GMROI overall of 84% conceals a top decile at 310% and a bottom half at 18%** — the blended figure describes no actual SKU.
- **61% of SKUs contribute under a tenth of a per cent of gross profit each**, falling to 38% as the catalogue is pruned.
- **Dead stock over 180 days 24% → 9%**, with obsolescence written down rather than carried, **because an accessory's relevance expires with its device generation and no shelf-life rule captures that.**

> **The price floor in this category has been set by somebody who is not in it, and a plan that does not say so is not describing the market it operates in. E-commerce platforms sell the same SKUs to the same dealers and to their customers, at prices this distributor's landed cost frequently cannot match — because the platform is buying deeper, sometimes selling below cost to hold a category, and is not carrying a warehouse, a delivery fleet or a credit book. Approximately nine per cent of gap is absorbed across the book, and it is stated rather than explained away. What has not been commoditised is everything the price comparison cannot see: whether the item is genuine, whether the model is registered, whether the card holds what it claims, and whether somebody will answer a warranty call in eighteen months.** Three responses follow, and none of them is price-matching. **Sell availability and fulfilment to dealers who need stock today rather than a delivery date,**

> **which is worth real money in a trade running on same-day service. Sell verification to buyers who are accountable — corporate IT, integrators under service contracts, institutions — where a test certificate is a procurement requirement rather than a curiosity. And carry credit deliberately and priced, since a dealer funded for thirty days is buying something a marketplace does not offer at all — while remembering the durables plan's warning that a credit book growing in line with sales means nobody has been choosing.**

8. Operations Plan (source, verify, test, bin, sell, prune)

- **Source verifiably: authorised-distributor or verified-import channels 62% → 96%, with import documentation retained for traceability; exceptions permitted only where the lot passes full intake testing, and the cost of the position stated.**
- **Verify registration per SKU: BIS registration checked per MODEL rather than per brand (44% → 100%) as a receiving-dock gate — because registration is granted per model and the trade habitually checks the brand.**
- **Test the flash: WRITE-VERIFY CAPACITY TESTING on every flash-media lot at intake (0% → 100%), tied to lot acceptance so stock cannot be binned or invoiced before the result is recorded.**
- **Test the dangerous categories: chargers, adaptors and power banks sample-tested for protection circuitry, marked capacity and cell provenance; cables checked against rated current.**
- **Reject and count: non-compliant and counterfeit units rejected at intake with the count PUBLISHED (0 → 14,600 units; 38 flash lots), on the rule that a verification gate with no rejections is not a gate.**
- **Separate the tester from the buyer: intake testing reports to the promoter and quality, never to purchase — because rejecting a lot means writing off stock the buyer committed to and defending it against the person who negotiated the price.**
- **Report GMROI by decile: overall 61% → 84%, top decile 310%, bottom five deciles 18%; SKUs contributing under 0.1% of gross profit each driven 61% → 38%.**
- **Prune the catalogue:** dead stock over 180 days 24% → 9%, with obsolescence written down rather than carried; **a new SKU admitted only against demonstrated demand, since in a price-transparent market breadth is inventory rather than advantage.**
- **Sell the evidence:** lot test certificates supplied to corporate and institutional buyers as a deliverable; corporate share grown 3.0% → 5.0%.
- **Handle the battery and the waste:** lithium storage and transport handled properly; **EPR obligations on batteries and power banks met rather than passed down the chain.**

Control points

Area	Activity	Control point
The card that lies to the device	Write-verify capacity test on every flash lot / lots rejected	0% → 100% / 0 → 38
A safety question, not a quality one	BIS verified per SKU / non-compliant units rejected at intake	44% → 100% / 0 → 14,600
The attractive price is attractive for a reason	Authorised-distributor or verified-import sourcing	62% → 96%
The tester must not report to the buyer	Intake testing reporting line / lots rejected after purchase commitment	Promoter & quality / 38

The blended number describes no SKU	**GMROI top decile vs bottom five deciles**	**310% vs 18%**
Death by proliferation	**SKUs under 0.1% of gross profit / dead stock over 180 days**	**61% → 38% / 24% → 9%**
Sold to somebody accountable	**Corporate & institutional share / test certificates issued**	**3.0% → 5.0% / 0 → 1,840**
Market reality & credit	Online price gap absorbed · dealer receivable over 90 days	~9% · 26% → 11%

9. BIS, Counterfeits & Operating Compliance (India)

- **BIS compulsory registration under the Electronics and IT Goods (CRO) Order** covers much of this catalogue — power banks, adaptors and chargers, USB devices, storage, wireless keyboards and mice, printer hardware — **and operates PER MODEL rather than per brand, which is the detail the trade routinely misses: confirming that a brand is registered confirms nothing about the SKU in hand. Import, sale or distribution of unregistered covered product is an offence, and this channel nonetheless carries very large volumes of it.**
- **Legal Metrology on declared quantity — which is exactly what a fake-capacity memory card misstates: a 64GB declaration on 8GB of media is a false declaration before it is a fraud.**
- **Consumer protection and unfair-trade-practice provisions** on capacity, speed and compatibility claims.
- **Trade Marks Act exposure on counterfeit branded accessories — a distributor handling them is liable irrespective of what he believed about his supplier, which is why sourcing documentation is a legal position and not merely good practice.**
- **Customs and import documentation**, since much of this catalogue arrives imported and the paperwork determines duty, legitimacy and traceability.
- **E-Waste Rules and EPR, reaching batteries and power banks with particular force**; lithium cell storage and transport rules as a genuine fire risk in a warehouse holding thousands of units.
- GST; shops-and-establishment, warehouse fire and storage compliance; EPF/ESI and POSH across warehouse staff.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Sales — trade, integrators & corporate	**24**	**34**	**46**
Warehouse — picking, binning & dispatch	20	30	44
Finance, accounts & credit control	6	9	13
Delivery	6	9	13
Purchase & category management (SKU-TAIL CONTROL)	**5**	**8**	**11**
INTAKE TESTING & VERIFICATION (reports to promoter & quality, NOT purchase)	**4**	**7**	**11**
Warranty / RMA & customer service	3	5	8
Head office, HR & admin · technology (ERP, SKU GMROI, test records)	3 · 2	4 · 3	6 · 4
Leadership	2	3	3
Total	**75**	**112**	**159**

Two placements carry this plan and the first is unusual for a distributor of this size. Eleven people in intake testing and verification, in a business with a two per cent net margin, exists because the entire commercial position rests on being able to say a lot was tested — and because the moment that position is decided is when a lot fails and stock already paid for must be written off. The function reports to the promoter and quality rather than to purchase, on this library's control-independence rule, for a reason specific to this trade: rejecting a lot means telling the buyer who negotiated an attractive price that the price was attractive for a reason, and no buying department has ever accepted that gracefully. Purchase and category management carries an explicit SKU-tail mandate — because this business dies of proliferation rather than of competition, and adding a line item to please a dealer is a decision made in a minute whose consequence sits in a bin for two years. Somebody must own the deletion as well as the addition, and it cannot be the salesperson who was asked for it.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–4	Receiving-dock test bench commissioned before the first inward — write-verify rigs, load testers and BIS lookup — with lot acceptance blocked in the ERP until results are recorded; testing function constituted outside purchase; SKU-level GMROI reporting live from the first month so the tail is visible before it grows; sourcing policy set to authorised or verified-import with documented exceptions; lithium storage and EPR arrangements in place before the first power-bank lot
Year 1	Year 1	₹38.00cr revenue, ₹34L loss; write-verify testing on 0% of flash lots and BIS verified per SKU on 44% — the baseline this plan exists to end; authorised sourcing 62%; GMROI 61% overall with 61% of SKUs contributing under 0.1% of gross profit each; dead stock over 180 days 24%; counterfeit returns from customers 1.9%; corporate share 3.0%
Year 2	Year 2	₹58.00cr revenue, ₹52L profit; write-verify on 100% of flash lots with 21 lots rejected; BIS per SKU 86%; authorised sourcing 88%; GMROI 72% with the decile split first published; SKUs under 0.1% down to 49%; dead stock 15%; counterfeit returns 0.8%; ROCE 10.0%
Year 3	Year 3	**₹84.00cr revenue, ₹1.85cr profit; ROCE 27.2%; write-verify on 100% of flash lots with 38 LOTS AND 9,400 UNITS REJECTED; BIS verified per SKU 100% with 14,600 non-compliant units rejected at intake; authorised or verified sourcing 96%; GMROI 84% overall — top decile 310%, bottom five deciles 18%; SKUs under 0.1% of gross profit down to 38% and dead stock over 180 days to 9%; counterfeit returns from customers 0.3%; corporate share 5.0% with 1,840 test certificates issued**

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 by decile and the SKU count are the levers. Catalogue breadth is not one — in a price-transparent market breadth is inventory rather than advantage, and it is the commonest way a distributor of this kind fails.***

12.1 Project cost & means of finance

Capital requirement	₹
OPENING INVENTORY (multi-SKU, warehouse + in-transit)	**1,86,00,000**
Working capital (dealer & corporate receivables)	1,42,00,000

Launch & initial operating losses	44,00,000
Warehouse fit-out, racking & bin location	38,00,000
INTAKE TEST BENCH (write-verify rigs, load testers, BIS verification)	**18,00,000**
Technology (ERP, SKU-level GMROI, intake test records)	16,00,000
Delivery vehicles	10,00,000
Deposits, insurance, legal & registrations	6,00,000
Total project cost	**4,60,00,000**
Working-capital facility (inventory & receivables)	**2,40,00,000**
Promoter contribution	1,60,00,000
Term loan (fit-out, test bench, vehicles, technology)	40,00,000
Investor / angel contribution	20,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Peripherals (keyboards, mice, webcams, headsets)	9,88,00,000	15,08,00,000	21,84,00,000
Cables, chargers, adaptors & power banks (SAFETY-CRITICAL)	**8,74,00,000**	**13,34,00,000**	**19,32,00,000**
Storage & memory (SSD, flash, cards — WRITE-VERIFY TESTED)	**8,36,00,000**	**12,76,00,000**	**18,48,00,000**
Networking & connectivity · printer consumables & spares	5,70,00,000 · 4,18,00,000	8,70,00,000 · 6,38,00,000	10,92,00,000 · 9,24,00,000
Corporate / B2B fulfilment & AMC supply	**1,14,00,000**	**1,74,00,000**	**4,20,00,000**
TOTAL REVENUE	**38,00,00,000**	**58,00,00,000**	**84,00,00,000**
Cost of goods sold	34,58,00,000	52,55,00,000	75,68,00,000
GROSS PROFIT / gross margin	**3,42,00,000 / 9.0%**	**5,45,00,000 / 9.4%**	**8,32,00,000 / 9.9%**
Salaries (sales, warehouse, admin)	1,18,00,000	1,56,00,000	2,08,00,000
Finance cost (inventory & receivable funding)	46,00,000	58,00,000	68,00,000
Warehouse & office rent · logistics & delivery	42,00,000 · 34,00,000	54,00,000 · 46,00,000	72,00,000 · 64,00,000
INVENTORY OBSOLESCENCE (SKU-tail write-down)	**32,00,000**	**42,00,000**	**52,00,000**
Marketing & channel	24,00,000	30,00,000	38,00,000
INTAKE TESTING & VERIFICATION (write-verify, load test, BIS lookup)	**22,00,000**	**30,00,000**	**42,00,000**
Bad debt & provision · technology (ERP, SKU GMROI, test records)	18,00,000 · 16,00,000	24,00,000 · 20,00,000	32,00,000 · 28,00,000

Insurance, legal, statutory & audit · depreciation · warranty / RMA handling	10,00,000 · 8,00,000 · 6,00,000	13,00,000 · 11,00,000 · 9,00,000	18,00,000 · 14,00,000 · 11,00,000
Total operating expenses	**3,76,00,000**	**4,93,00,000**	**6,47,00,000**
Net profit / (loss) before tax	**(34,00,000)**	**52,00,000**	**1,85,00,000**
Net margin	(0.9%)	0.9%	2.2%
AVERAGE CAPITAL EMPLOYED / RETURN ON CAPITAL EMPLOYED	**₹4.40cr / (7.7%)**	**₹5.20cr / 10.0%**	**₹6.80cr / 27.2%**
WRITE-VERIFY TEST ON FLASH LOTS / lots rejected / units rejected	**0% / 0 / 0**	**100% / 21 / 4,900**	**100% / 38 / 9,400**
BIS VERIFIED PER SKU / authorised or verified sourcing / non-compliant units rejected	**44% / 62% / 0**	**86% / 88% / 8,200**	**100% / 96% / 14,600**
GMROI — OVERALL / TOP SKU DECILE / BOTTOM FIVE DECILES	**61% / 240% / 14%**	**72% / 280% / 16%**	**84% / 310% / 18%**
SKUs under 0.1% of gross profit each / dead stock over 180 days / obsolescence written down	**61% / 24% / ₹32L**	**49% / 15% / ₹42L**	**38% / 9% / ₹52L**
Counterfeit returns from customers / RMA rate / corporate share / test certificates issued	**1.9% / 4.2% / 3.0% / 0**	**0.8% / 3.1% / 3.0% / 720**	**0.3% / 2.1% / 5.0% / 1,840**
Online price gap absorbed · dealer receivable over 90 days · median staff tenure	~9% · 26% · 13.6 mo	~9% · 17% · 16.8 mo	~9% · 11% · 19.4 mo

12.3 Unit economics & break-even

- **GMROI by decile is the only honest way to read this business. Overall 84% describes no SKU that exists: the top tenth returns 310% and the bottom half returns 18%, which means half the catalogue is consuming working capital and warehouse space to earn almost nothing.**
- **The catalogue is the cost structure. Taking SKUs contributing under a tenth of a per cent of gross profit from 61% to 38% is worth more than any price negotiation available, and it is achieved by deleting rather than by selling.**
- **Testing costs ₹42 lakh a year by Year 3 against a ₹1.85 crore profit** — 23% of profit — **and it buys the absence of a fire in somebody's bedroom and a customer's photographs that still exist. Neither shows up in any revenue line.**
- **The rejected stock is a real loss taken visibly. 9,400 flash units and 14,600 non-compliant accessories written off at intake is money already paid to a supplier, and the willingness to take that loss on the receiving dock is the entire difference between this distributor and the one down the road.**
- **Break-even: Year 2, at 0.9%. A 2.2% net margin at 12.4× capital turnover gives 27.2% ROCE — this vertical's recurring shape, and the reason net margin alone would make the business look unfundable.**

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

Particulars (₹)	Q1	Q2	Q3 (festival)	Q4 (corporate year-end)
Opening balance	1,30,00,000	1,04,00,000	84,00,000	62,00,000

Collections (dealers on terms, corporate on contract, counter cash)	9,30,00,000	9,46,00,000	9,62,00,000	9,86,00,000
Supplier payments, salaries, rent, logistics, interest & overheads	9,56,00,000	9,66,00,000	9,84,00,000	10,14,00,000
Closing balance	**1,04,00,000**	**84,00,000**	**62,00,000**	**34,00,000**

> **Cash in accessory distribution is consumed by breadth rather than by depth, which makes it behave differently from the durables plan beside it. A durables distributor holds a few hundred high-value units; this one holds tens of thousands of low-value lines, and the working capital sits in the sheer number of SKUs each requiring a minimum order quantity, a bin location and a reorder point. Adding a line to please a dealer costs perhaps twenty thousand rupees of stock, which is invisible — and doing it four hundred times is eighty lakh of inventory nobody decided to buy. This is why the SKU tail is a cash problem before it is a margin problem, and why obsolescence at ₹52 lakh a year is a real line rather than an accounting nicety.** Three disciplines apply. **The facility is sized against inventory plus receivables together — ₹2.40 crore against ₹38 crore of Year-1 revenue — and drawn against a stock statement carrying SKU-level ageing rather than a total. New SKUs are admitted against demonstrated demand with a review date, and deletion is somebody's explicit job rather than a consequence of neglect. And dealer credit is capped and aged by counterparty — over-ninety-day balances falling from 26% to 11% — because in a trade where the product is a commodity, extending terms is the only lever a weak competitor has, and matching it is how a distributor acquires the accounts nobody else wanted.**

12.5 Key Performance Indicators to Monitor

- **Intake integrity: write-verify testing on flash lots; lots and units rejected; BIS verified per SKU; authorised or verified sourcing share; non-compliant units rejected at intake.**
- **Catalogue economics: GMROI overall AND by decile; SKUs contributing under 0.1% of gross profit; SKUs added versus deleted; dead stock over 180 days; obsolescence written down against provision.**
- **Product truth in the field:** counterfeit returns from customers; RMA rate by category; warranty claims by supplier.
- **Channel:** corporate and institutional share; test certificates issued; online price gap absorbed by category; dealer receivable ageing by counterparty.
- **Safety & compliance:** lithium storage and transport compliance; EPR obligations on batteries and power banks; import documentation completeness.
- **Working capital:** inventory days by decile; minimum-order-quantity exposure on tail SKUs; facility utilisation against stock ageing.

13. Funding Requirement & Bankability

Total ask: **a ₹2.40 crore working-capital facility plus a ₹40 lakh term loan** against ₹1.60 crore promoter contribution and ₹20 lakh of investor money. Four points. **First, this is almost entirely a stock-and-debtor proposition — there is little to buy beyond racking, a test bench and two vehicles — so the facility should be drawn against a stock statement carrying SKU-LEVEL AGEING rather than a total, because in this category a warehouse valued at cost can contain a great deal that is worth nothing. Second, the diagnostic is GMROI by decile, not gross margin. A blended 84% conceals a bottom half at 18%, and a distributor who cannot produce the decile split does not know which of his catalogue is funding the rest. Third, ask what intake testing consists of and what it rejected. A distributor who cannot answer is holding stock nobody has verified, in the most counterfeited category in Indian electronics, where several of the counterfeits are fire risks — and 38 flash lots and 14,600 non-compliant units rejected is the evidence a control exists, since a gate with no rejections is not a gate.**

Fourth, note the shape of the return: 2.2% net at 12.4× capital turnover is 27.2% ROCE, and a lender reading margin alone will misprice this business in both directions.

13.1 Funding utilisation

Use of funds	₹	% of total
Opening inventory (multi-SKU, warehouse + in-transit)	1,86,00,000	40.4%
Working capital (dealer & corporate receivables)	1,42,00,000	30.9%
Launch & initial operating losses	44,00,000	9.6%
Warehouse fit-out, racking & bin location	38,00,000	8.3%
Intake test bench (write-verify rigs, load testers, BIS verification)	18,00,000	3.9%
Technology (ERP, SKU-level GMROI, intake test records)	16,00,000	3.5%
Delivery vehicles	10,00,000	2.2%
Deposits, insurance, legal & registrations	6,00,000	1.3%
Total	**4,60,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
THE MEMORY CARD THAT LIES — A TOTAL DECEPTION WITH A TRIVIAL REMEDY	**A FAKE-CAPACITY CARD IS NOT A LOWER-QUALITY CARD — IT IS A SMALLER CARD REPROGRAMMED TO LIE TO THE DEVICE ABOUT ITS OWN SIZE. EVERY CHECK A DEALER OR CUSTOMER WOULD NATURALLY PERFORM CONFIRMS THE LIE: IT MOUNTS, REPORTS 64GB, FORMATS TO 64GB AND ACCEPTS THE FIRST FEW GIGABYTES PERFECTLY. DATA WRITTEN PAST THE REAL CAPACITY IS DISCARDED, FREQUENTLY WITH A SUCCESS MESSAGE — SO THE FAILURE SURFACES WEEKS LATER AS CORRUPTED PHOTOGRAPHS, THE CUSTOMER BLAMES HER PHONE, AND NO SIGNAL EVER TRAVELS BACK UP THE CHAIN TO THE PERSON WHO SOLD IT. MEANWHILE FILLING THE CARD AND READING IT BACK DETECTS THE FAULT WITH CERTAINTY, NEEDS A LAPTOP AND A FREE UTILITY, AND TAKES UNDER AN HOUR FOR A SAMPLED LOT → WRITE-VERIFY CAPACITY TESTING ON EVERY FLASH-MEDIA LOT AT INTAKE (0%→100%), TIED TO LOT ACCEPTANCE IN THE ERP SO STOCK CANNOT BE BINNED OR INVOICED BEFORE THE RESULT IS RECORDED — BECAUSE A CHECK THAT HAPPENS WHEN SOMEBODY REMEMBERS IS A CHECK THAT FAILS IN A BUSY WEEK**; performed by a function that DOES NOT REPORT TO PURCHASE, since rejecting a lot means writing off stock the buyer committed to; and **THE REJECTION COUNT PUBLISHED RATHER THAN ABSORBED (38 LOTS, 9,400 UNITS), SINCE THE NUMBER IS SIMULTANEOUSLY THE EVIDENCE THAT THE CONTROL EXISTS AND THE MEASURE OF WHAT THE CHANNEL WOULD OTHERWISE HAVE DELIVERED**. **GENERAL RULE: WHERE A CHEAP AND CONCLUSIVE TEST EXISTS AND THE INDUSTRY DOES NOT RUN IT, THE OMISSION IS THE BUSINESS MODEL RATHER THAN AN OVERSIGHT**

THE COUNTERFEIT ACCESSORY IS A SAFETY QUESTION, NOT A QUALITY ONE	**A CHARGER WITHOUT A PROTECTION CIRCUIT, A POWER BANK BUILT FROM RE-WRAPPED SALVAGED CELLS, OR A CABLE THAT CANNOT CARRY ITS RATED CURRENT DOES NOT FAIL BY CEASING TO WORK — IT FAILS AS A FIRE ON A BEDSIDE TABLE OR AN ELECTROCUTION FROM A PHONE ON CHARGE. THIS IS THE APPLIANCE-REPAIR GREY-PARTS FINDING TRANSPLANTED INTO A CATEGORY WHERE THE UNIT PRICE IS ₹300, NOBODY INSPECTS ANYTHING, AND THE COUNTERFEIT IS FREQUENTLY VISUALLY INDISTINGUISHABLE FROM THE GENUINE ARTICLE INCLUDING ITS PACKAGING** → AUTHORISED-DISTRIBUTOR OR VERIFIED-IMPORT SOURCING 62%→96% with import documentation retained, and **EXCEPTIONS PERMITTED ONLY WHERE THE LOT PASSES FULL INTAKE TESTING**; **BIS REGISTRATION VERIFIED PER SKU RATHER THAN PER BRAND (44%→100%) AS A RECEIVING-DOCK GATE, BECAUSE REGISTRATION IS GRANTED PER MODEL AND THE TRADE HABITUALLY CHECKS THE BRAND — CONFIRMING A BRAND IS REGISTERED CONFIRMS NOTHING ABOUT THE SKU IN HAND**; chargers, adaptors and power banks SAMPLE-TESTED for protection circuitry, marked capacity and cell provenance; and NON-COMPLIANT UNITS REJECTED AT INTAKE WITH THE COUNT PUBLISHED (0→14,600), **ON THE RULE THAT A VERIFICATION GATE WITH NO REJECTIONS IS NOT A GATE**
THE TESTER WHO REPORTS TO THE BUYER TESTS NOTHING	**THE MOMENT THIS PLAN'S POSITION IS ACTUALLY DECIDED IS WHEN A LOT FAILS AND STOCK ALREADY PAID FOR MUST BE WRITTEN OFF — A REAL LOSS TAKEN TODAY AGAINST AN INVISIBLE RISK CARRIED BY SOMEBODY ELSE LATER. REJECTING IT MEANS TELLING THE BUYER WHO NEGOTIATED AN ATTRACTIVE PRICE THAT THE PRICE WAS ATTRACTIVE FOR A REASON, AND NO BUYING DEPARTMENT HAS EVER ACCEPTED THAT GRACEFULLY. A TESTING FUNCTION SITTING UNDER PURCHASE WILL PASS THE MARGINAL LOT EVERY TIME, AND WILL DO SO WHILE GENUINELY BELIEVING IT IS BEING REASONABLE** → intake testing REPORTING TO THE PROMOTER AND QUALITY, never to purchase — this library's control-independence rule; test results recorded against LOT AND SUPPLIER so a pattern is visible across quarters; supplier scorecards built from REJECTION HISTORY rather than from price; and lots rejected after purchase commitment REPORTED AS A NUMBER (38), **BECAUSE THE COUNT OF EXPENSIVE DECISIONS IS THE ONLY PROOF THE FUNCTION IS INDEPENDENT**
DEATH BY SKU PROLIFERATION	**THIS BUSINESS DIES OF PROLIFERATION RATHER THAN OF COMPETITION. EVERY DEALER REQUEST ADDS A LINE ITEM COSTING PERHAPS ₹20,000 OF STOCK — INVISIBLE INDIVIDUALLY — AND DOING IT FOUR HUNDRED TIMES IS ₹80 LAKH OF INVENTORY NOBODY DECIDED TO BUY, IN A CATEGORY WHERE AN ACCESSORY'S RELEVANCE EXPIRES WITH ITS DEVICE GENERATION AND NO SHELF-LIFE RULE CAPTURES THAT. AND THE BLENDED GMROI OF 84% DESCRIBES NO SKU THAT EXISTS: THE TOP DECILE RETURNS 310% AND THE BOTTOM HALF RETURNS 18% → GMROI REPORTED BY DECILE RATHER THAN IN TOTAL, SO THE TAIL CANNOT HIDE INSIDE A BLENDED NUMBER — THIS LIBRARY'S BLENDED-AVERAGES RULE APPLIED TO A CATALOGUE**; SKUs contributing under 0.1% of gross profit each driven 61%→38%; DEAD STOCK OVER 180 DAYS 24%→9% with obsolescence WRITTEN DOWN RATHER THAN CARRIED (₹52L by Y3); new SKUs admitted ONLY AGAINST DEMONSTRATED DEMAND WITH A REVIEW DATE; and **DELETION MADE SOMEBODY'S EXPLICIT JOB IN CATEGORY MANAGEMENT RATHER THAN A CONSEQUENCE OF NEGLECT, SINCE THE PERSON WHO WAS ASKED FOR THE LINE ITEM WILL NEVER BE THE ONE TO REMOVE IT**

E-COMMERCE HAS TAKEN THE MARGIN AND IT IS NOT COMING BACK	**ACCESSORIES ARE THE MOST PRICE-TRANSPARENT CATEGORY IN ELECTRONICS: A DEALER, AN INTEGRATOR AND AN IT MANAGER CAN ALL CHECK A LANDED ONLINE PRICE ON A PHONE IN SECONDS, SO THE HISTORIC DISTRIBUTION MARGIN — EARNED ON KNOWING WHAT THINGS COST AND WHERE TO GET THEM — HAS BEEN COMPETED TO ALMOST NOTHING. PLATFORMS BUY DEEPER, SOMETIMES SELL BELOW COST TO HOLD A CATEGORY, AND CARRY NO WAREHOUSE, DELIVERY FLEET OR CREDIT BOOK. A DISTRIBUTOR CLAIMING TO MATCH THEM ACROSS ACCESSORIES IS EITHER NOT MATCHING OR NOT MAKING THE MARGIN HE HAS PROJECTED** → THE GAP STATED AND ABSORBED (~9%) RATHER THAN PRETENDED AWAY AND PRICED INTO THE PLAN; the proposition narrowed to WHAT A PRICE COMPARISON CANNOT SEE — **WHETHER THE ITEM IS GENUINE, WHETHER THE MODEL IS REGISTERED, WHETHER THE CARD HOLDS WHAT IT CLAIMS, AND WHETHER SOMEBODY WILL ANSWER A WARRANTY CALL IN EIGHTEEN MONTHS**; availability and same-day fulfilment sold to dealers who need stock today rather than a delivery date; and CORPORATE AND INSTITUTIONAL BUSINESS GROWN 3.0%→5.0%, **BECAUSE AN IT DEPARTMENT BUYS AGAINST A SPECIFICATION, CAN BE GIVEN TEST RECORDS, AND DOES NOT SOURCE A HUNDRED LAPTOP CHARGERS FROM A MARKETPLACE LISTING**
The market generates no feedback that would correct the price	**A DEALER BUYING A HUNDRED MEMORY CARDS IS BUYING A PRINTED CAPACITY AND A BRAND NAME; IF BOTH ARE PRESENT THE TRANSACTION IS COMPLETE AS FAR AS HE IS CONCERNED, AND A SUPPLIER COSTING 4% MORE BECAUSE HE WROTE 64 GIGABYTES TO EACH OF THEM LOOKS LIKE A SUPPLIER WITH A STORY. THE FAILURE LANDS ON THE END CUSTOMER MONTHS LATER, IS ATTRIBUTED TO THE CARD, THE PHONE OR HER OWN HANDLING, AND NEVER REACHES THE DEALER — SO THE MARKET NEVER LEARNS AND THE PRICE NEVER CORRECTS. THIS IS THE STRUCTURAL REASON HONEST SOURCING LOSES ON PRICE INDEFINITELY** → SELL TESTING WHERE SOMEBODY IS ACCOUNTABLE FOR THE OUTCOME — corporate IT, integrators under service contracts, institutions buying in volume — **ALL OF WHOM OWN THE CONSEQUENCE OF A FAILURE AND CAN THEREFORE VALUE ITS PREVENTION**; HAND OVER THE EVIDENCE RATHER THAN DESCRIBE IT, with lot test certificates carrying date, sample and result issued as a deliverable (0→1,840), **WHICH CONVERTS AN UNVERIFIABLE CLAIM INTO A CHECKABLE ONE**; and track COUNTERFEIT RETURNS FROM CUSTOMERS (1.9%→0.3%) as the one field signal this trade can generate for itself
Cash consumed by breadth, and credit as the weak competitor's only lever	**A DURABLES DISTRIBUTOR HOLDS A FEW HUNDRED HIGH-VALUE UNITS; THIS ONE HOLDS TENS OF THOUSANDS OF LOW-VALUE LINES, AND THE WORKING CAPITAL SITS IN THE SHEER NUMBER OF SKUs EACH REQUIRING A MINIMUM ORDER QUANTITY, A BIN LOCATION AND A REORDER POINT — WHICH IS WHY THE SKU TAIL IS A CASH PROBLEM BEFORE IT IS A MARGIN PROBLEM. MEANWHILE IN A TRADE WHERE THE PRODUCT IS A COMMODITY, EXTENDING TERMS IS THE ONLY LEVER A WEAK COMPETITOR HAS, AND MATCHING IT IS HOW A DISTRIBUTOR ACQUIRES THE ACCOUNTS NOBODY ELSE WANTED** → the facility SIZED AGAINST INVENTORY PLUS RECEIVABLES TOGETHER and drawn against A STOCK STATEMENT CARRYING SKU-LEVEL AGEING RATHER THAN A TOTAL, **BECAUSE A WAREHOUSE VALUED AT COST CAN CONTAIN A GREAT DEAL THAT IS WORTH NOTHING**; minimum-order-quantity exposure on tail SKUs monitored explicitly; dealer credit CAPPED AND AGED BY COUNTERPARTY with over-90-day balances 26%→11%; and the durables plan's warning carried — **A CREDIT BOOK THAT GROWS IN LINE WITH SALES MEANS NOBODY HAS BEEN CHOOSING**

Vertical-inherited (see the electronics-retail-store anchor & the durables-dealer plan) & compliance	**THE GROSS MARGIN IS SET BY SOMEBODY ELSE** → here by platform pricing rather than brand terms; earn on verification, availability and fulfilment rather than on the spread. **ELECTRONICS DEPRECIATES ON THE SHELF AND THE AGEING REPORT IS A VALUATION DOCUMENT** → applies with unusual speed, since an accessory's relevance dies with its device generation. **GMROI IS THE TRADING METRIC (MARGIN × TURNS)** → reported BY DECILE. **REPORT ROCE BESIDE NET MARGIN** → 2.2% net at 27.2% ROCE on 12.4× capital turnover. From the durables plan: **A CREDIT BOOK GROWING IN LINE WITH SALES MEANS NOBODY HAS BEEN CHOOSING**; **PRIMARY BILLING IS NOT DEMAND**. Compliance: **BIS CRO REGISTRATION PER MODEL ACROSS MUCH OF THIS CATALOGUE, WITH IMPORT, SALE OR DISTRIBUTION OF UNREGISTERED COVERED PRODUCT AN OFFENCE**; LEGAL METROLOGY ON DECLARED QUANTITY, **WHICH IS PRECISELY WHAT A FAKE-CAPACITY CARD MISSTATES — A 64GB DECLARATION ON 8GB OF MEDIA IS A FALSE DECLARATION BEFORE IT IS A FRAUD**; **TRADE MARKS ACT EXPOSURE ON COUNTERFEIT BRANDED ACCESSORIES, WHERE THE DISTRIBUTOR IS LIABLE IRRESPECTIVE OF WHAT HE BELIEVED ABOUT HIS SUPPLIER, WHICH MAKES SOURCING DOCUMENTATION A LEGAL POSITION RATHER THAN GOOD PRACTICE**; customs and import documentation determining duty, legitimacy and traceability; E-WASTE AND EPR REACHING BATTERIES AND POWER BANKS WITH PARTICULAR FORCE, plus lithium storage and transport as a genuine warehouse fire risk; GST; EPF/ESI and POSH

15. SWOT Analysis

Strengths **Write-verify capacity testing on 100% of flash lots — a conclusive test almost nobody in the channel runs**; **BIS verified per SKU rather than per brand, with 14,600 non-compliant units rejected and the count published**; intake testing independent of purchase; GMROI reported by decile so the tail cannot hide; test certificates as a corporate deliverable; 27.2% return on capital.	**Weaknesses** **A 2.2% net margin in the most price-transparent category in electronics**; **₹42 lakh a year of testing that no price comparison can see**; stock written off at intake as a visible loss; working capital consumed by SKU breadth; dependence on dealers who cannot perceive the difference being sold; and a market that generates no feedback to correct the price.
Opportunities **A growing installed base generating recurring accessory and consumable demand independent of device sales**; **corporate IT and integrators who buy against specification and can be given test records**; hybrid work converting office peripherals into household ones; storage growth outpacing device sales; and consolidation as undercapitalised traders exit.	**Threats** **E-commerce permanently cheaper on identical SKUs to the same dealers**; **grey-market importers with no duty, registration or testing**; a counterfeit charger or power bank causing a fire traced to this warehouse; national distributors with deeper credit; SKU proliferation quietly consuming the facility; and lithium storage or transport incidents.

16. Recommended AiSevak Tools for This Business

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

- **Intake verification: write-verify capacity testing workflow tied to lot acceptance in the ERP, BIS per-SKU registration lookup as a receiving-dock gate, charger and power-bank sample-test capture, and a rejection register reporting lots and units.**
- **Sourcing integrity: authorised-versus-verified-import classification per purchase, import documentation retention, supplier scorecards built from rejection history rather than price.**

- **Catalogue economics: GMROI by SKU decile, SKUs-under-threshold reporting, SKU add-versus-delete tracking with review dates, dead-stock ageing and obsolescence provisioning.**
- **Evidence as product:** lot test certificate generation for corporate and institutional buyers, counterfeit-return tracking, RMA analysis by supplier.
- **Working capital:** stock statement with SKU-level ageing for facility drawing, minimum-order-quantity exposure on tail lines, dealer receivable ageing by counterparty.
- **Compliance:** EPR register for batteries and power banks, lithium storage and transport records, Legal Metrology declaration checks.

17. Key Assumptions & Notes

- IT-peripherals & accessories trade: regional distributor of keyboards, mice, headsets, cables, chargers, power banks, storage and memory, networking hardware and printer consumables, supplying computer retailers, system integrators and corporate IT departments from a single warehouse. **Sixth plan in the electronics vertical (44) and its second trading plan. The electronics-retail-store anchor's conventions and the durables-dealer distribution disciplines are INHERITED AND CROSS-REFERENCED rather than re-derived.**
- **⚠ CONVENTIONS SET HERE: (a) WHERE A CHEAP AND CONCLUSIVE TEST EXISTS AND THE INDUSTRY DOES NOT RUN IT, THE OMISSION IS THE BUSINESS MODEL RATHER THAN AN OVERSIGHT. Fake-capacity flash media is detected with certainty by a write-verify test costing nothing — AND THE CHANNEL DOES NOT RUN IT, WHICH IS NOT AN ACCIDENT. This is the sharpest available test of whether an operator's stated standards mean anything, and it generalises to every trade where a definitive check is available and unused. (b) THE COUNTERFEIT IS A SAFETY QUESTION, NOT A QUALITY ONE — a charger without a protection circuit fails as A FIRE ON A BEDSIDE TABLE, not as a product that stops working; the appliance-repair grey-parts finding at a ₹300 unit price where nobody inspects anything. (c) VERIFY THE REGISTRATION PER MODEL, NOT PER BRAND — BIS registration is granted per model and the trade habitually checks the brand, SO CONFIRMING A BRAND IS REGISTERED CONFIRMS NOTHING ABOUT THE SKU IN HAND. (d) THE TESTER MUST NOT REPORT TO THE BUYER — rejecting a lot means telling the person who negotiated an attractive price that it was attractive for a reason, AND THE COUNT OF EXPENSIVE DECISIONS IS THE ONLY PROOF THE FUNCTION IS INDEPENDENT. (e) REPORT GMROI BY DECILE — a blended 84% describes no SKU that exists when the top tenth returns 310% and the bottom half returns 18%; the library's blended-averages rule applied to a catalogue. (f) A BUSINESS CAN DIE OF PROLIFERATION RATHER THAN COMPETITION — every added line is invisible individually and ruinous collectively, so DELETION MUST BE SOMEBODY'S EXPLICIT JOB, SINCE THE PERSON WHO WAS ASKED FOR THE LINE ITEM WILL NEVER REMOVE IT. (g) WHERE THE MARKET GENERATES NO FEEDBACK, HONEST SOURCING LOSES ON PRICE INDEFINITELY — the failure lands on an end customer who blames her phone, so SELL VERIFICATION TO BUYERS WHO ARE ACCOUNTABLE FOR THE OUTCOME AND HAND THEM THE EVIDENCE.**
- Economics & cash — **GMROI BY DECILE IS THE ONLY HONEST WAY TO READ THIS BUSINESS: OVERALL 84% DESCRIBES NO SKU THAT EXISTS, SINCE THE TOP TENTH RETURNS 310% AND THE BOTTOM HALF RETURNS 18% — WHICH MEANS HALF THE CATALOGUE CONSUMES WORKING CAPITAL AND WAREHOUSE SPACE TO EARN ALMOST NOTHING** (Y1 −₹34L → Y2 +₹52L → Y3 +₹1.85cr; revenue ₹38cr→₹84cr; write-verify testing on flash lots 0%→100% WITH 38 LOTS AND 9,400 UNITS REJECTED; BIS verified per SKU 44%→100% and authorised or verified sourcing 62%→96% with 14,600 NON-COMPLIANT UNITS REJECTED AT INTAKE; SKUs contributing under 0.1% of gross profit each 61%→38% and dead stock over 180 days 24%→9% with ₹52L written down; counterfeit returns from customers 1.9%→0.3% and RMA 4.2%→2.1%; corporate share 3.0%→5.0% with 1,840 TEST CERTIFICATES ISSUED; dealer receivable over 90 days 26%→11%; online price gap absorbed ~9% STATED; staff tenure 13.6→19.4 months;

ROCE (7.7%)→27.2% at 12.4× CAPITAL TURNOVER; **BREAK-EVEN YEAR 2 AT 0.9%**; **TESTING COSTS ₹42L A YEAR — 23% OF PROFIT — AND BUYS THE ABSENCE OF A FIRE IN SOMEBODY'S BEDROOM AND A CUSTOMER'S PHOTOGRAPHS THAT STILL EXIST, NEITHER OF WHICH APPEARS IN ANY REVENUE LINE**; **AND CASH IS CONSUMED BY BREADTH RATHER THAN DEPTH — TENS OF THOUSANDS OF LOW-VALUE LINES EACH NEEDING A MINIMUM ORDER QUANTITY, A BIN AND A REORDER POINT, SO THE SKU TAIL IS A CASH PROBLEM BEFORE IT IS A MARGIN PROBLEM**). Regulatory (section 9): **BIS CRO REGISTRATION COVERING MUCH OF THIS CATALOGUE AND OPERATING PER MODEL RATHER THAN PER BRAND — THE DETAIL THE TRADE ROUTINELY MISSES**; **LEGAL METROLOGY ON DECLARED QUANTITY, WHICH IS EXACTLY WHAT A FAKE-CAPACITY CARD MISSTATES: A 64GB DECLARATION ON 8GB OF MEDIA IS A FALSE DECLARATION BEFORE IT IS A FRAUD**; **TRADE MARKS ACT LIABILITY ON COUNTERFEIT BRANDED ACCESSORIES IRRESPECTIVE OF BELIEF ABOUT THE SUPPLIER, MAKING SOURCING DOCUMENTATION A LEGAL POSITION**; customs and import documentation; E-WASTE AND EPR ON BATTERIES AND POWER BANKS with lithium storage as a genuine warehouse fire risk; consumer protection on capacity, speed and compatibility claims; GST; EPF/ESI and POSH. Lender note (section 13): **ALMOST ENTIRELY A STOCK-AND-DEBTOR PROPOSITION — DRAW THE FACILITY AGAINST A STOCK STATEMENT CARRYING SKU-LEVEL AGEING, BECAUSE A WAREHOUSE VALUED AT COST CAN CONTAIN A GREAT DEAL THAT IS WORTH NOTHING**; **THE DIAGNOSTIC IS GMROI BY DECILE, NOT GROSS MARGIN**; **ASK WHAT INTAKE TESTING CONSISTS OF AND WHAT IT REJECTED, SINCE A GATE WITH NO REJECTIONS IS NOT A GATE**; and **2.2% NET AT 12.4× CAPITAL TURNOVER IS 27.2% ROCE — A LENDER READING MARGIN ALONE WILL MISPRICE THIS BUSINESS IN BOTH DIRECTIONS.** ₹4.60cr; revenue ₹38→84cr; 75→159 staff; ROCE (7.7%)→27.2%. Figures illustrative, exclude GST.

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