



BUSINESS PLAN · INDIA

Modular Kitchen & Wardrobe Business

Design, manufacture and installation of modular kitchens, wardrobes and fitted storage

INTERIOR DESIGN & FURNISHING

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 **Modular Kitchen & Wardrobe Business** in India — **designing, manufacturing and installing** modular kitchens, wardrobes and storage systems from an own factory, sold through an experience centre, a dealer channel, builder and project orders, and interior-designer referral.

The defining tension of this business, and the source of most of the money it loses: modular furniture is SOLD as a product but DELIVERED as a site installation. The customer is shown a catalogue, a price per running foot and a factory-finished sample — the language and economics of manufacturing. What actually arrives is a set of panels that must fit **walls that are not square, floors that are not level, ceilings at inconsistent heights, and service points a plumber positioned by eye.** The quoted price is a product price; the delivered cost is a project cost — and the gap between them is absorbed silently, order by order, until the year-end accounts show a margin nobody can explain.

One operational rule addresses most of it: final measurement must be a paid, sign-off-bearing stage, and nothing goes into production before it. The commonest failure in this trade is a measurement taken by a salesperson at the point of closing — before civil work is finished, before tiling has changed the floor level, before the false ceiling has dropped the height — followed by production begun under client pressure to "start making it". **The cabinet then does not fit, and the rework is at the manufacturer's cost because the customer bought a product and reasonably expects it to arrive as one.** This plan therefore treats site survey as a distinct paid stage with a client signature, and tracks **the share of orders where final measurement preceded production — rising from 68% to 95% —** as its single most important operating metric. Rework and warranty fall from 5.5% to 3.7% of revenue as a direct consequence.

And an honest note on the word "modular" itself. True modularity means standard carcass sizes made repeatably — that is where factory economics come from. **The Indian market, however, expects customisation, and every custom dimension moves the factory a step away from a production line and toward a joinery workshop.** A business can serve either, but should know which it is: **a "modular" manufacturer making every carcass to a different size has the cost structure of bespoke joinery and the pricing of a product, which is not a viable combination.** This plan holds a standardised carcass system with customised fronts and internals — the compromise that keeps the factory efficient while meeting the market where it is.

This plan models a business requiring **₹3.6 crore** (₹1.4 crore promoter + ₹1.3 crore term loan + ₹90 lakh working-capital finance), moving from **₹8.3 crore revenue and a ₹38 lakh loss** in Year 1 to **₹19.25 crore revenue and ₹1.27 crore profit** by Year 3, across roughly 1,380 installations. (*Modular furniture; manufacturing economics with project delivery risk — figures illustrative.*)

2. Business Description, Vision & Legal Structure

Concept: A modular kitchen and wardrobe manufacturer — in-house design and CAD, panel processing on CNC and edge-banding lines, hardware assembly, and own installation teams; sold through an experience centre, dealers, builder and project orders, and designer referral, with loose furniture and accessories as an adjacency.

Vision: To deliver a kitchen that fits the room it was measured in and still closes properly in its tenth year.

Mission: Measure after civil work, never before; never cut a panel against an unsigned drawing; specify boards for where they will actually sit; and buy hardware the customer will touch every day.

Legal structure options

- **Private Limited** — recommended: builder and project contracts, dealer agreements, equipment finance and warranty obligations all favour a company.
- **LLP** — workable at smaller scale with outsourced manufacturing.
- **Proprietorship** — feasible for a local workshop but will not carry a credible ten-year warranty or win project work.

Regulatory anchor: factory licence, labour and contract-labour compliance, and **pollution-control consent with dust extraction — wood dust is a recognised occupational health hazard and a fire risk, not a housekeeping issue.** Material compliance matters commercially and legally: **board and plywood grades are defined by BIS standards (BWR/BWP for moisture resistance), and describing a lower grade as a higher one is misdescription.** **Formaldehyde emission from engineered boards is a genuine indoor-air-quality question** increasingly asked by informed customers and required by some project specifications, so E1/E0-grade sourcing should be a documented choice. **Warranty commitments are contractual liabilities** — a ten-year warranty is standard in this trade and must be provisioned rather than treated as marketing copy. Consumer-protection rules apply to advertised specifications and warranty terms; GST, e-way bills and, for project work, retention and contractual obligations apply as in any supply-and-install business.

3. Promoter & Ownership

Led by a promoter with furniture manufacturing, interiors or building-products background. Three competences decide outcomes: *production discipline* — running a factory to standard sizes and tolerances rather than as a job shop; *installation management*, because installers are the real capacity constraint and the customer's entire experience happens through them; and *specification honesty*, since the material decisions that determine whether a kitchen survives a decade are invisible at the point of sale. Survey discipline, board and hardware specification, installer capability & warranty provisioning are the differentiators. Ownership, equity & any partner are editable inputs.

4. Market Analysis — India

Demand is driven by apartment handovers requiring kitchens and wardrobes, rising preference for factory-made over carpenter-made joinery, nuclear households setting up homes, builder projects specifying modular as standard, and replacement demand as first-generation modular kitchens age. Demand is large, growing and increasingly organised. The market rewards fit quality, hardware feel & delivery reliability; it is **installation-constrained, specification-opaque and price-competitive**.

Demand drivers

- **Apartment handovers** — bare kitchens delivered by developers, creating near-automatic demand at possession.
- **Shift from carpenter-made to factory-made**, driven by finish consistency, speed and the decline of skilled site carpentry.
- **Builder and project specification** of modular kitchens as a standard inclusion.
- **Replacement cycle** as early modular installations reach the end of their life — a genuinely growing segment.
- **Wardrobe and storage demand** in smaller homes, where built-in storage is a space necessity rather than a luxury.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
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TAM	Indian modular furniture & fitted storage	Very large, rapidly organising
SAM	Served city radius within installation reach	Logistics-bounded
SOM (Yr 1-3)	Installations the site teams can deliver	~640 → ~1,380

The SOM line names the constraint that surprises most entrants: the bottleneck is installers, not the factory. Panel-processing capacity is easy to buy — a CNC and an edge bander will out-produce any installation team a growing business can assemble. **Skilled installers, by contrast, are scarce, mobile, and take months to train to a standard where they will not damage a customer's home.** This plan runs the factory at 58-82% utilisation while installation capacity runs at 88-94%, and the disparity is deliberate rather than a modelling artefact: **a business that expands factory capacity ahead of installation capacity has bought the ability to make furniture faster than it can deliver it**, which converts directly into stored panels, delayed customers and cash tied up in work that cannot be invoiced.

Target segments

- **Direct retail customers** at possession or renovation — best margin, highest service expectation.
- **Interior designers and architects** — specification-driven referral, better briefs, fewer revisions.
- **Builders and project bulk** — volume and factory loading, but the hardest on price and payment.
- **Dealers and channel partners** in adjacent cities, extending reach without owned showrooms.
- **Replacement and renovation** customers, who arrive knowing what failed last time.

5. Competition & Competitive Advantage

Landscape: national modular brands with showroom networks, regional manufacturers, **large online interior platforms bundling design and modular supply**, imported systems at the premium end, and the local carpenter — still the largest competitor by volume in most cities. Competition is on price per running foot, and **the specification behind that price is where the real differences hide.**

The business's edge

- **Survey discipline** — measuring after civil work and producing against signed drawings, which is what makes a fit-first-time installation possible.
- **Honest board specification** for the zone — moisture-resistant grades where water will actually reach.
- **Hardware quality**, which is what the customer physically experiences every day and what they judge the product by.
- **Own installation teams** rather than subcontracted labour, so quality and behaviour in a customer's home are controllable.
- **Serviceable warranty** — provisioned, honoured, and therefore usable as a genuine selling argument rather than a printed claim.

6. Products & Revenue Model

Line	Model	Basis
Modular kitchens (retail/direct)	Per running foot + hardware	~38% — best margin
Wardrobes & storage (retail/direct)	Per sq ft of shutter area	Volume, simpler build
Builder & project bulk orders	Contract rate, retention	Factory loading, thin margin

Dealer & channel supply	Ex-factory, dealer installs	Reach without showrooms
Loose furniture, accessories & hardware	Attachment sale	Margin-rich adjacency

Two pricing realities deserve stating because customers compare on the wrong number. First, "per running foot" is not a comparable price — it can mean particle board with basic hinges or moisture-resistant board with soft-close hardware, and the same headline figure can describe products that differ by half in cost and by a decade in life. **A manufacturer competing on the headline rate is competing to be cheaper on a specification the customer has not been shown**, which is a race that ends in either a loss or a substitution. The workable answer is to quote against a written specification — board grade, edge banding, hardware brand and warranty — and to let the customer compare like with like. **Second, hardware is 25-35% of product cost and is the entire tactile experience of the product.** A customer does not evaluate a wardrobe by its carcass; they evaluate it by how the drawer runs and whether the door closes softly. **Cheap hardware is the fastest available way to destroy a premium positioning**, and it is also the easiest cost to cut invisibly at quotation stage.

7. Go-to-Market — Experience Centre and Referral

Winning orders

- **Experience centre** — customers need to open drawers and feel finishes; this is one product category where the showroom genuinely converts.
- **Designer and architect referral**, which brings specified, briefed customers with fewer revisions and less price argument.
- **Builder tie-ups** at project handover stage, reaching customers at the exact moment of need.
- **Digital and 3D design tools** that let a customer see their own kitchen before committing.

Delivering them

- **Paid, signed site survey** after civil work — the stage that determines everything downstream.
- **Realistic delivery dates**, since the customer is usually living around an unusable kitchen and every slipped week is felt.
- **Clean, disciplined installation** in an occupied home, which is as much about conduct as about carpentry.
- **Prompt service response**, because the referral that generates the next order depends on how the first complaint is handled.

Sales approach

Build the experience centre as the primary conversion asset → quote against written specifications rather than headline rates → cultivate designer and architect referral for better-quality demand → use builder and project orders to load the factory in lean months while capping their share → grow dealers for geographic reach → and **never let sales pressure move a job into production before final measurement**. That last rule will cost some orders to competitors who promise faster starts. **It will also prevent the specific, repeated, entirely avoidable loss that this industry inflicts on itself** — and a business that holds the line will find its rework line falling while its competitors' quietly does not.

8. Operations Plan (survey, design, produce, deliver, install)

- **Initial consultation & concept:** requirement capture, layout options, 3D visualisation and indicative quotation.

- **Site survey: final measurement after civil work, tiling and false ceiling are complete — dimensions, levels, service points, deviations recorded and signed by the client.**
- **Design freeze:** production drawings issued against the signed survey; **any change after freeze is a variation with a price.**
- **Panel processing:** cutting to optimised layouts, edge banding, CNC boring and grooving.
- **Assembly & hardware fitting:** carcass build, shutter finishing, hardware mounting and quality inspection.
- **Packing & despatch:** protected packing, since transit damage to a finished shutter is a full remake.
- **Installation:** levelling, scribing to walls, hardware adjustment, appliance coordination and site cleaning.
- **Handover & service:** demonstration, snag closure, warranty registration and periodic service.

Order cycle

Stage	Activity	Control point
Sell	Concept, 3D, quotation	Quoted against written spec
Survey	Final measure post-civil, signed	Survey-before-production %
Freeze	Production drawings issued	Changes after freeze = variation
Produce	Cut, band, bore, assemble	Factory utilisation; rejects
Install	Fit, scribe, adjust, clean	Fit-first-time %; site days
Service	Snags & warranty	Rework & warranty cost

Board specification is this industry's equivalent of plating thickness in fashion jewellery: invisible at purchase, decisive in year three. A kitchen has wet zones — under the sink, beside the hob, along the skirting where the floor is washed — and **particle board in those positions swells, delaminates and fails, while moisture-resistant plywood or HDHMR does not.** The customer cannot see the difference at the showroom, both look identical when new, and **the cheaper specification wins the order and fails after the warranty conversation has been forgotten.** The commercial pressure to substitute is therefore constant and the discipline has to be structural: **specify by zone, state the board grade in the quotation, and hold the specification when a competitor undercuts on an unstated one.** A business that does this cannot always win on price, but it is the only one that can offer a ten-year warranty without dreading it — **and in this trade a warranty is a provisioned liability, not a marketing line.** That is precisely why rework and warranty is carried here as a visible 3.7–5.5% of revenue rather than buried in overheads.

9. Regulatory, Licences & Compliance (India)

- **Factory & labour:** factory licence, contract-labour compliance, and safety for panel saws and CNC equipment.
- **Dust & fire:** **wood dust extraction is an occupational-health requirement and a fire-risk control, not housekeeping;** pollution-control consent applies.
- **Material standards:** **BIS grades for plywood and boards (BWR/BWP for moisture resistance) — describing a lower grade as a higher one is misdescription,** and specification should be stated in the quotation.
- **Formaldehyde emission:** an indoor-air-quality issue with E1/E0 grading; increasingly specified in project work and worth documenting as a deliberate sourcing choice.
- **Warranty: a contractual liability to be provisioned;** terms, exclusions and service obligations stated clearly.
- **Consumer protection:** advertised specifications, delivery timelines and warranty terms must be accurate.

- **Project work:** contract terms, retention, liquidated damages and site-safety obligations as in any supply-and-install contract.
- GST, e-way bills, and transit insurance on finished goods.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / managing director	1	1	2
Factory production workers	42	62	88
Site installers & fitters	28	44	64
Designers & CAD	12	19	28
Sales & experience centre	10	16	24
Project coordination & site survey	6	10	15
Logistics & stores	5	8	12
QC, service & warranty	4	7	11
Admin, accounts & IT	4	7	10
Total	112	174	254

Site survey is staffed as a separate function reporting to project coordination, not to sales. That separation is the organisational expression of the rule in §8: **a measurement taken by the person whose incentive is to close the order is the origin of most of this industry's rework.**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-6	Factory, CNC & edge bander, dust extraction, experience centre, installer recruitment
Ramp	Month 6-12	~640 installations; ₹8.3cr revenue, ₹38L loss; survey discipline at 68%
Grow	Year 2	Survey discipline 84%, rework to 4.4%; ₹13.2cr, ₹38L profit
Scale	Year 3	₹19.25cr revenue, ₹1.27cr profit; survey-before-production 95%, rework 3.7%

12. Financial Plan (Illustrative)

*All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. **Survey discipline, rework/warranty cost, installation capacity, material specification & channel mix are the levers — and rework is carried as a visible line because it is the cost this industry most reliably hides.***

12.1 Project cost & means of finance

Capital requirement	₹
Manufacturing plant (panel saw, edge bander, CNC, boring)	1,25,00,000

Working capital (material, WIP & receivables)	1,05,00,000
Experience centre / display showroom	58,00,000
Factory setup, dust extraction & utilities	32,00,000
Design software, CAD/CAM, ERP & IT	18,00,000
Installation tools, vehicles & site equipment	12,00,000
Brand, catalogue & launch	6,00,000
Legal, registrations & certifications	4,00,000
Total project cost	3,60,00,000
Promoter contribution	1,40,00,000
Term loan	1,30,00,000
Working-capital finance	90,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Modular kitchens (retail/direct)	3,45,00,000	5,20,00,000	7,40,00,000
Wardrobes & storage (retail/direct)	2,20,00,000	3,40,00,000	4,90,00,000
Builder & project bulk orders	1,35,00,000	2,40,00,000	3,60,00,000
Dealer & channel supply	85,00,000	1,50,00,000	2,30,00,000
Loose furniture, accessories & hardware	45,00,000	70,00,000	1,05,00,000
Total revenue	8,30,00,000	13,20,00,000	19,25,00,000
Material (boards, laminates, hardware, accessories)	3,90,00,000	6,10,00,000	8,76,00,000
Salaries (design, sales, project, admin)	92,00,000	1,32,00,000	1,88,00,000
Manufacturing labour & factory wages	78,00,000	1,18,00,000	1,68,00,000
Installation labour & site costs	66,00,000	98,00,000	1,42,00,000
Experience centre, rent & showroom overheads	48,00,000	62,00,000	82,00,000
Rework, warranty & site rectification	46,00,000	58,00,000	72,00,000
Marketing, catalogue & business development	42,00,000	58,00,000	78,00,000
Depreciation, interest & other	42,00,000	52,00,000	62,00,000
Factory, power, dust extraction & overheads	36,00,000	52,00,000	72,00,000
Logistics & transport	28,00,000	42,00,000	58,00,000
Total expenses	8,68,00,000	12,82,00,000	17,98,00,000
Net profit / (loss) before tax	(38,00,000)	38,00,000	1,27,00,000
Net margin	(4.6%)	2.9%	6.6%

Gross margin (revenue – material)	53.0%	53.8%	54.5%
Rework & warranty as % of revenue	5.5%	4.4%	3.7%
Orders with final survey BEFORE production	68%	84%	95%
Factory utilisation	58%	71%	82%
Installation capacity utilisation — the real constraint	88%	92%	94%
Installations completed	~640	~980	~1,380

12.3 Unit economics & break-even

- **Survey discipline is the profit driver, and the two rows prove it.** As survey-before-production rises from 68% to 95%, rework falls from 5.5% to 3.7% of revenue. **That 1.8-point swing is worth roughly ₹35 lakh at Year 3 volumes — more than a quarter of the year's profit, earned by a process rule that costs nothing to implement.**
- **Installers, not machines, cap revenue.** Factory utilisation has headroom throughout while installation runs at 88-94%; **growth is a recruitment-and-training problem, and capex ahead of installer capacity is money spent on a bottleneck that is not binding.**
- **Hardware is 25-35% of product cost and carries the perceived quality** — the cheapest place to cut cost and the most expensive place to be caught doing it.
- **Builder and project work loads the factory but dilutes margin** and brings retention and slow payment; capped deliberately at around 19% of revenue.
- **Break-even: Year 2. Year 1's loss reflects an under-loaded factory, an installer team being trained, and the rework rate of a business still learning its own survey discipline.**

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	52,00,000	20,00,000	7,00,000	14,00,000
Collections	1,78,00,000	1,92,00,000	2,05,00,000	2,15,00,000
Material, wages, installation, showroom & overheads	2,10,00,000	2,05,00,000	1,98,00,000	2,02,00,000
Closing balance	20,00,000	7,00,000	14,00,000	27,00,000

Cash here is materially better than elsewhere in this vertical, for one structural reason: retail modular collects advances. Customers routinely pay **50-70% before production and the balance before or at installation**, which means the retail book is substantially self-funding — a genuine advantage over the design studio, which bills in arrears against stages, and over turnkey contracting, which funds sites and waits for retention. **But the advantage is channel-specific and easy to lose. Builder and project orders invert it entirely:** they pay on milestones, retain a percentage, and settle slowly, so **every rupee of project revenue consumes working capital that retail revenue supplies.** Three disciplines follow. **Cap the project share deliberately** — here at about 19% — so retail advances continue to fund the business. **Do not treat the advance as profit:** it is a liability until the kitchen is installed, and a business that spends advances on overheads is financing today with tomorrow's obligations. And **collect the balance before installation, not after**, because once the kitchen is in the customer's home the leverage transfers completely and every minor snag becomes a reason to hold payment.

12.5 Key Performance Indicators to Monitor

- **Delivery quality:** orders with final survey before production; fit-first-time %; rework and warranty cost as % of revenue; site days per installation.
- **Capacity:** installation capacity utilisation vs. factory utilisation; installations per team per month; installer attrition and training pipeline.
- **Specification:** board grade delivered vs. quoted; hardware brand delivered vs. quoted; warranty claims by cause and by board type.
- **Commercial:** channel mix and margin; project share of revenue; advance collected before production; balance collected before installation.

13. Funding Requirement & Bankability

Total ask: **₹1.3 crore term loan plus ₹90 lakh working-capital finance** against ₹1.4 crore promoter contribution. Four points frame the credit. **First, this is a genuinely asset-backed proposition** — CNC, edge banding and panel-processing equipment are standard, resaleable machinery, which makes it a more conventionally securable file than the design or contracting plans in this vertical. **Second, working capital is modest relative to turnover because retail advances fund a large part of the cycle**, and a lender should understand that this favourable position is contingent on channel mix: **if project and builder work grows beyond the modelled share, the working-capital requirement rises sharply and the facility must be resized**. **Third, the operating risk is concentrated in delivery quality rather than in demand** — the market is growing and orders are obtainable; what determines profitability is whether the product fits first time, so **survey-before-production and rework percentage are more informative covenant metrics than any revenue projection**. **Fourth, warranty is an unfunded liability unless provisioned**, and a business offering ten-year terms on thousands of installations is accumulating an obligation that will not appear in an early-year P&L; the provision shown here is deliberate and should be maintained rather than released to flatter a result.

13.1 Funding utilisation

Use of funds	₹	% of total
Manufacturing plant (panel saw, edge bander, CNC, boring)	1,25,00,000	34.7%
Working capital (material, WIP & receivables)	1,05,00,000	29.2%
Experience centre / display showroom	58,00,000	16.1%
Factory setup, dust extraction & utilities	32,00,000	8.9%
Design software, CAD/CAM, ERP & IT	18,00,000	5.0%
Installation tools, vehicles & site equipment	12,00,000	3.3%
Brand, catalogue & launch	6,00,000	1.7%
Legal, registrations & certifications	4,00,000	1.1%
Total	3,60,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
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Production before final measurement	The defining, entirely avoidable loss of this industry. Site survey as a paid, signed stage after civil work; survey function reporting to project coordination, never to sales — a measurement taken by the person whose incentive is to close the order is the origin of most rework ; track survey-before-production (68% → 95%)
Site variation — walls not square, floors not level	Deviations recorded and signed at survey; scribing allowance designed in; the quoted price is a PRODUCT price while the delivered cost is a PROJECT cost, so the gap must be measured rather than absorbed
Board specification failure in wet zones	Invisible at purchase, decisive in year three — this industry's plating-thickness problem. Specify by zone; state board grade in the quotation; moisture-resistant grades where water actually reaches; hold specification when undercut on an unstated one
Warranty liability unprovisioned	Provision at 3.7–5.5% of revenue as a visible line; a ten-year warranty is a contractual liability, not a marketing claim , and must not be released to flatter early results
Installer scarcity capping growth	The real bottleneck — machines out-produce any installation team a growing business can assemble. Recruit and train ahead of factory expansion; own teams rather than subcontract; retention through progression and steady work
Cheap hardware destroying perceived quality	Hardware brand stated in the quotation; the customer judges the product by how the drawer runs, so this is the most expensive cost to cut
Project/builder receivables & retention	Cap project share (~19%) so retail advances continue funding the business; retention tracked separately; credit limits per builder
Advances spent as though they were profit	An advance is a liability until the kitchen is installed ; segregate and manage against committed order book
Balance withheld after installation	Collect the balance before installation — once the kitchen is in the home the leverage transfers completely and every minor snag becomes a reason to hold payment
Wood dust — health & fire	Extraction designed for actual load, not nominal; fire detection and suppression; wood dust is a recognised occupational hazard and a fire risk, not housekeeping

15. SWOT Analysis

Strengths Retail advances make much of the business self-funding; genuinely asset-backed with resaleable machinery; 53–55% gross margin; experience centre converts well in a touch-and-feel category; own installation teams control the customer experience; replacement cycle creating a new demand stream.	Weaknesses Sold as a product, delivered as a site installation — the gap is absorbed silently; installers cap growth and are scarce; rework and warranty are structural costs; customisation demand erodes the factory economics that justify the word "modular"; project work inverts the favourable cash position.
Opportunities Apartment handovers creating automatic demand; shift away from site carpentry as skilled carpenters decline; builder specification of modular as standard; replacement of ageing first-generation installations; dealer expansion into adjacent cities; accessories and hardware as margin-rich attachment.	Threats National brands and online platforms competing on headline rates; price comparison on "per running foot" against unstated specifications; imported systems at the premium end; board and hardware input inflation; a warranty-failure pattern damaging reputation in a referral-driven market.

16. Recommended AiSevak Tools for This Business

This modular kitchen and wardrobe business would use AiSevak's Interior vertical tools in operations:

- **Delivery discipline: survey-before-production register with client sign-off**, design-freeze and variation log, **fit-first-time tracking**, site-days per installation.
- **Quality & warranty: board-grade-delivered-vs-quoted audit**, hardware specification verification, **warranty claim analysis by cause and board type**, provision tracking.
- **Capacity**: installation-capacity vs. factory-utilisation dashboard, installations per team, installer training pipeline and attrition.
- **Commercial**: channel mix and margin analysis, project-share cap monitoring, quotation-against-written-specification templates.
- **Finance**: advance-received vs. order-book liability, balance-before-installation tracking, retention register (with Finance vertical).

17. Key Assumptions & Notes

- Modular kitchen & wardrobe business: in-house design/CAD, panel processing (CNC, edge banding, boring), hardware assembly and own installation teams; sold via experience centre, dealers, builder/project orders and designer referral, plus loose furniture and accessories.
- **△ THE PRODUCT-MANUFACTURING MODEL OF THE VERTICAL — AND ITS DEFINING TENSION IS THAT MODULAR FURNITURE IS SOLD AS A PRODUCT BUT DELIVERED AS A SITE INSTALLATION.** The customer is shown a catalogue, a price per running foot and a factory-finished sample (the language and economics of MANUFACTURING); what arrives must fit **walls that are not square, floors that are not level, ceilings at inconsistent heights and service points a plumber positioned by eye. THE QUOTED PRICE IS A PRODUCT PRICE; THE DELIVERED COST IS A PROJECT COST — and the gap is absorbed SILENTLY, order by order, until the year-end accounts show a margin nobody can explain.**
- **ONE OPERATIONAL RULE ADDRESSES MOST OF IT: FINAL MEASUREMENT MUST BE A PAID, SIGN-OFF-BEARING STAGE AND NOTHING GOES INTO PRODUCTION BEFORE IT.** The commonest failure is a measurement taken by a salesperson at the point of closing — before civil work is finished, before tiling changed the floor level, before the false ceiling dropped the height — then production begun under client pressure to "start making it"; **the cabinet does not fit and THE REWORK IS AT THE MANUFACTURER'S COST because the customer bought a PRODUCT and reasonably expects it to arrive as one. → survey staffed as a separate function reporting to PROJECT COORDINATION, NEVER TO SALES, because a measurement taken by the person whose incentive is to close the order is the origin of most of this industry's rework.** Headline KPI: **survey-before-production 68%→95%, with rework/warranty falling 5.5%→3.7% of revenue as a direct consequence — a 1.8-point swing worth ~₹35L at Y3, MORE THAN A QUARTER OF THE YEAR'S PROFIT, earned by a process rule that costs nothing to implement.**
- **AN HONEST NOTE ON THE WORD "MODULAR":** true modularity means **STANDARD carcass sizes made repeatably — that is where factory economics come from — but the Indian market expects CUSTOMISATION, and every custom dimension moves the factory a step from a production line toward a JOINERY WORKSHOP.** A business can serve either but must know which it is: **a "modular" manufacturer making every carcass to a different size has the COST STRUCTURE OF BESPOKE JOINERY AND THE PRICING OF A PRODUCT, which is not a viable combination.** This plan holds a standardised carcass with customised fronts and internals.

- **BOARD SPECIFICATION IS THIS INDUSTRY'S EQUIVALENT OF PLATING THICKNESS IN FASHION JEWELLERY — INVISIBLE AT PURCHASE, DECISIVE IN YEAR THREE.** Kitchens have wet zones (under sink, beside hob, along washed skirting) where **particle board swells, delaminates and fails while moisture-resistant ply/HDHMR does not**; both look identical when new, so **the cheaper specification wins the order and fails after the warranty conversation has been forgotten**. → specify BY ZONE, state board grade in the quotation, and hold specification when undercut on an unstated one. **A business that does this cannot always win on price but is the only one that can offer a ten-year warranty WITHOUT DREADING IT — and in this trade a warranty is a PROVISIONED LIABILITY, not a marketing line** (hence rework/warranty carried as a VISIBLE 3.7-5.5% line rather than buried in overheads, and not to be released to flatter early results).
- **"PER RUNNING FOOT" IS NOT A COMPARABLE PRICE** — it can mean particle board with basic hinges or moisture-resistant board with soft-close hardware, and **the same headline figure can describe products differing by HALF in cost and a DECADE in life**; a manufacturer competing on the headline rate is **competing to be cheaper on a specification the customer has not been shown**, a race ending in a loss or a substitution → quote against a WRITTEN specification (board grade, edge banding, hardware brand, warranty). **HARDWARE IS 25-35% OF PRODUCT COST AND IS THE ENTIRE TACTILE EXPERIENCE — a customer does not evaluate a wardrobe by its carcass but by how the drawer runs and whether the door closes softly, so cheap hardware is the FASTEST AVAILABLE WAY TO DESTROY A PREMIUM POSITIONING** and also the easiest cost to cut invisibly at quotation stage.
- **THE BOTTLENECK IS INSTALLERS, NOT THE FACTORY — the constraint that surprises most entrants.** Panel capacity is easy to buy and **a CNC and edge bander will out-produce any installation team a growing business can assemble**, while **skilled installers are scarce, mobile and take months to train to a standard where they will not damage a customer's home**. Factory runs 58-82% while installation runs 88-94% — deliberate, not a modelling artefact: **a business that expands factory capacity ahead of installation capacity has bought the ability to make furniture faster than it can deliver it**, converting into stored panels, delayed customers and cash tied in work that cannot be invoiced. Growth is a RECRUITMENT AND TRAINING problem.
- **CASH IS MATERIALLY BETTER THAN ELSEWHERE IN THIS VERTICAL FOR ONE STRUCTURAL REASON: RETAIL MODULAR COLLECTS ADVANCES** (50-70% before production, balance at installation), making the retail book substantially self-funding — a genuine advantage over the design studio (bills in arrears against stages) and turnkey contracting (funds sites, waits for retention). **But it is CHANNEL-SPECIFIC and easy to lose: builder/project orders INVERT it entirely** (milestones, retention, slow settlement), so **every rupee of project revenue consumes working capital that retail revenue supplies** → cap project share (~19%), **do NOT treat the advance as profit — it is a LIABILITY until the kitchen is installed, and a business that spends advances on overheads is financing today with tomorrow's obligations, and collect the balance BEFORE installation, because once the kitchen is in the customer's home the leverage transfers completely and every minor snag becomes a reason to hold payment.**
- Lender framing: **genuinely asset-backed (standard, resaleable CNC/edge-banding machinery) — a more conventionally securable file than the design or contracting plans in this vertical**; WC is modest relative to turnover **only because retail advances fund the cycle, so if project/builder work grows beyond the modelled share the WC requirement rises sharply and the facility must be resized; the operating risk is DELIVERY QUALITY not demand — the market is growing and orders are obtainable, so survey-before-production and rework % are more informative covenant metrics than any revenue projection; and warranty is an UNFUNDED liability unless provisioned.** Also: **wood dust extraction is an occupational-health requirement and FIRE-RISK control, not housekeeping**; BIS board grades (BWR/BWP) matter legally since **describing a lower grade as a higher one is MISDESCRIPTION**; E1/E0 formaldehyde grading is increasingly specified. ₹3.6cr, ~640→1,380 installations, rev 8.3→19.25cr, Y1 — ₹38L → Y3 ₹1.27cr. **Y1 loss reflects an under-loaded factory, an installer team being trained, and the rework rate of a business still learning its own survey discipline.**

Figures illustrative, exclude GST.

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