



BUSINESS PLAN · INDIA

Paints and Hardware Store

The higher-margin half earns half the return

BUILD MATERIALS

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

August 2026

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

1. Executive Summary

This plan sets out a **Paints & Hardware Store** in India — a decorative-paint dealership with in-store tinting, operating alongside a general building-hardware counter, serving homeowners, painters and contractors, interior designers and small builders from a high-street store with an attached godown.

The tiles showroom that anchored the retail sub-model had a problem it could not solve: four thousand displayed SKUs, a long slow-moving tail, and dead stock that looked exactly like live stock. This business solves that problem with a machine. A tinting system holds six or eight bases and a dozen colourants and produces several thousand shades in three minutes at the counter — so a range that would be impossible to stock is manufactured on demand from an inventory of about twenty items. It is the only made-to-order business in this vertical, and in a category where the competing product must be pre-manufactured, that is a structural advantage rather than a convenience. The problem does not vanish; it narrows to one line — a tinted tin cannot be returned to base, so a rejected or uncollected tint is dead stock in a quantity of one. This plan measures exactly that: tinted-and-uncollected tins fall from 3.8% of tinted volume to 0.9%, and re-tints for shade mismatch from 6.4 per hundred jobs to 0.6.

The second point is that this store is two businesses under one roof, and reporting them together hides what each one is. Paint is few SKUs, made to order, brand-driven, and turns 8.6 times a year at 23% margin. Hardware is thousands of SKUs, tiny value per line, no brand loyalty, and turns 2.6 times at 32%. Read on margin, hardware is the better half. Read on the measure this vertical has established — margin multiplied by turns — paint returns 198% against hardware's 83%, and the higher-margin half of the shop earns less than half the return of the lower-margin half. The arithmetic that follows is the one a promoter must confront: hardware is 29% of what this store buys and 58% of what it has money tied up in. This plan therefore does something counterintuitive and states why: it cuts hardware lines from 9,400 to 8,100 and raises fill rate from 71% to 89% at the same time — because the tail was never the reason customers left, and the capital released from 1,300 dead lines bought depth on the four hundred that move.

The third is the sharpest instance of the commission problem this library has met, because here the intermediary occupies three roles at once and the homeowner sees none of them. The painter recommends the brand, and is paid by it. The painter buys the material on the homeowner's behalf at trade rates and presents a higher figure. And the painter decides how much thinner goes into the tin — which determines how much paint the job consumes, so the person advising on quantity has a financial interest in the answer, and thinning beyond specification degrades the finish the homeowner is paying for. Then whatever is left over leaves the site in his van. Every one of these is normal practice and none of it is disclosed. This plan takes the disclosure position the library applies wherever an intermediary is paid by the party it recommends: homeowners quoted directly at the same rate as their painter (24% → 100%), a published coverage estimate in square feet per litre per coat issued with every retail quote (0% → 96%), unopened tins accepted back for credit, and painter incentives disclosed on the customer's invoice.

And the fourth is that unlike the tiles showroom, this store's dead stock eventually tells the truth — which makes it an easier inventory business and a harder service one. A discontinued tile is physically perfect for a decade; paint has a shelf life, settles, skins and expires, so the write-off arrives whether or not the owner is willing to take it. What replaces the inventory problem is a service problem: the shade. A customer who returns for four more litres must receive the identical formula, not an approximation, and a tinting machine that has drifted out of calibration produces a wall with a visible band across it. The showroom's shade-lot risk

came from a kiln nobody controlled; here it comes from a machine the store owns and can calibrate — which means when it goes wrong there is nobody else to blame.

This plan models a store requiring **₹2.40 crore** (₹1.00 crore promoter + ₹50 lakh term loan + ₹90 lakh cash-credit limit), moving from **₹4.80 crore turnover and a ₹10 lakh loss** to **₹10.40 crore turnover and ₹65 lakh profit** by Year 3, with return on capital employed rising from (4.0%) to 20.3%. (Decorative paint dealership with tinting and building hardware — figures illustrative.)

2. Business Description, Vision & Legal Structure

Concept: A tinting-led paint dealership run on shade integrity and disclosed pricing, with a deliberately narrowed hardware range held in depth rather than in breadth.

Vision: To be the store where the homeowner is quoted the same price her painter is.

Mission: Calibrate the machine and record it; publish coverage so quantity can be checked; take back what was not needed; hold depth on what moves and drop what does not; and disclose what the painter is paid.

Legal structure options

- **Private Limited** — recommended where brand dealership agreements, a ₹90 lakh cash-credit limit and contractor supply are involved.
- **Partnership / LLP** — common where family capital funds fit-out and opening stock together.
- **Proprietorship** — workable at the smaller end and carries a specific and under-appreciated exposure here, because **a store holding solvent-based paints and thinners is a flammable-goods premises and a fire is not an ordinary commercial loss.**

Regulatory anchor: lighter than manufacturing and containing one obligation most operators in this trade treat casually. **A paint store is a flammable-goods store with a counter attached — solvent-based paints, thinners and turpentine are stored above threshold quantities in almost every real shop, which brings Petroleum Rules licensing, quantity limits, segregated and ventilated storage and a fire NOC into scope, and an uninsured, unlicensed fire in a store like this is a total loss of both stock and premises.** Then: **the Regulation on Lead Contents in Household and Decorative Paints Rules, which cap lead at 90 ppm — stocking non-compliant paint is an offence and not merely a quality question, and it is a real risk where cheap unbranded product is taken on to fill a price point.** Legal Metrology on declared volume and MRP, which matters here because the trade discounts against a printed price; Consumer Protection Act exposure on performance and warranty claims, since "seven-year" and "washability" claims are made by the manufacturer and pursued against the shop; Hazardous and Other Wastes Rules on paint residue, washings and empty solvent containers, which are hazardous waste and not general refuse; BIS specifications on several paint categories and on hardware items such as locks, hinges and fasteners; GST with full input credit and e-way bills on despatch; shops and establishment registration, trade licence and professional tax; EPF and ESI for counter, tinting and loading staff; and commercial vehicle compliance for delivery.

3. Promoter & Ownership

Led by a promoter with paint dealership, building-materials retail or contracting background. Three competences decide outcomes. *Range discipline in hardware*, because every dead line was added by somebody who once needed it, and removing lines is emotionally harder than adding them while being where the capital actually is. *Shade and machine discipline*, since the tinting system is the shop's factory and a drifted machine produces a defect the customer discovers on

her wall rather than at the counter. And *the willingness to price the homeowner directly*, which is the plan's commercial position and its main cost, because painters who prefer an opaque arrangement will place their volume elsewhere and the plan assumes that loss rather than wishing it away. Ownership, equity & investor terms are editable inputs.

4. Market Analysis — India

Indian decorative paint demand is large, growing and unusually resilient, because roughly three-quarters of it is repainting rather than new construction — which makes it less cyclical than every other business in this vertical and ties it to household sentiment and the festive calendar rather than to project starts.

Demand drivers

- **Repainting cycles**, the dominant driver — households repaint on a four-to-six-year rhythm largely independent of construction activity.
- **The festive calendar**, which concentrates a very large share of retail volume into the weeks before Diwali.
- **New housing completion and interior fit-out**, the project half of the business.
- **Premiumisation** — moving from distemper to emulsion, and from emulsion to washable and low-VOC products, which raises value per square foot painted.
- **Waterproofing and exterior coatings**, a growing high-margin adjacency sold on a problem rather than on colour.
- **Hardware demand from repair and renovation**, small-ticket, frequent and cash.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Decorative paint and building hardware in the catchment	Household and renovation defined
SAM	Volume reachable from one high-street location	Catchment-bounded, not demand-bounded
SOM (Yr 1–3)	Turnover × margin, weighted paint/hardware and retail/contractor	₹4.80cr → ₹10.40cr; retail 41% → 63%

Two features of this market separate it from everything else in the vertical. The first is seasonality that runs the opposite way: exteriors cannot be painted in rain and interiors are timed to festivals, so a very large share of the year's retail volume moves in the weeks before Diwali, and the store must be fully stocked for that peak using capital committed during the monsoon — its worst trading quarter. Money goes out at the bottom of the year and comes back at the top of it, and a store that funds festive stock from festive collections has already missed the season. The second is that the repainting base makes this business genuinely defensible: roughly three-quarters of Indian paint demand is households repainting on their own four-to-six-year rhythm, which is why a paint store does not experience a construction downturn the way a cement dealership or a block plant does — the project half of the turnover falls and the retail half largely does not. That is the structural argument behind moving retail share from 41% to 63%.

5. Competition & Competitive Advantage

Landscape: other authorised dealers of the same and competing brands, often within a few hundred metres, since paint distribution is deliberately dense; **company-owned or franchised brand experience stores that build the brand and route volume;** general hardware and building-material counters carrying paint as a sideline; online and marketplace supply for standardised hardware; and **the painter himself, who in a large share of jobs buys the material and is therefore a channel rather than a customer. Because the manufacturer sets list price and the products are**

identical across dealers, competition runs on discount, credit to painters, stock availability at the festive peak and the quality of colour advice.

The business's edge

- **Direct, disclosed pricing to the homeowner**, which is a genuine differentiator precisely because the trade norm is opacity.
- **Machine calibration recorded**, so a repeat tint is the same formula rather than a close one.
- **Published coverage estimates**, letting the customer check the quantity she is being asked to buy.
- **Take-back of unopened tins**, which removes the incentive to over-order and costs less than it appears to.
- **Hardware depth on what moves**, so the fill rate is high on the lines customers actually come for.
- **Discount authority enforced at billing**, inherited from the showroom plan without modification.

Competing on discount here is more dangerous than it looks, and the arithmetic should be seen before it starts. The manufacturer sets list price and fixes the dealer's margin band, so the discount comes out of a margin the dealer did not set and cannot widen — at roughly 21% on paint, three points is a seventh of everything earned on that sale. Because dealerships are deliberately dense, the customer can walk to a competitor in five minutes and frequently says so, and a dealer who answers that with price has entered a contest he cannot win, since the competitor's cost base is identical and the manufacturer's band is the floor for both. Three defensible answers, all used here: **availability at the festive peak**, which is worth more to a customer with painters booked than any discount and is bought with working capital rather than margin; **specification advice that lowers the customer's total job cost**, since paint is a minority of what she spends and labour is most of it; and the **disclosure position itself**, which converts a price comparison into a trust comparison and is the one thing a competitor cannot copy without giving up the arrangement he currently has with her painter.

6. Range, Tinting & the Two Businesses

Segment / element	Character	Economics
PAINT — few SKUs, made to order, brand-driven	Tinted at the counter in minutes	20.5% → 23.0% margin; 8.6 turns; GMROI 198%
HARDWARE — thousands of SKUs, no brand loyalty	Bought only if it is on the shelf	29.0% → 32.0% margin; 2.6 turns; GMROI 83%
Hardware share of purchases vs share of inventory	The arithmetic that decides the range	29% of COGS / 58% of stock
Retail (homeowner, direct)	Pays on purchase; best margin	41% → 63% of turnover
Painter & contractor accounts	Credit, volume, price-led	56–64 day receivable; the disclosure question
Tinted-and-uncollected tins	Dead stock in a quantity of one	3.8% → 1.8% → 0.9% of tinted volume
Hardware lines carried / fill rate	Cut the tail, buy the depth	9,400 → 8,100 lines / 71% → 89%
Average realised discount against list	Out of a margin the manufacturer set	11.8% → 8.4% → 6.2%

The decision to reduce hardware lines while raising fill rate looks contradictory and is the most useful operating insight in this plan, so it is worth setting out plainly. A hardware counter believes its product is range — that a customer who cannot find one item will go elsewhere for everything — and that belief is why lines accumulate for years and are never removed. The measurement says otherwise. Roughly four hundred lines produce most of hardware turnover; the store was out of stock on some of those four hundred while carrying thirteen hundred lines that had not moved in a year. The customer who left did not leave because the store lacked an obscure item — he left because it was out of the ordinary one. So the tail was not buying availability; it was consuming the capital that would have bought availability. Three disciplines follow: lines reviewed on movement against a fixed rule rather than on sentiment, since every dead line was added by someone who once needed it; fill rate measured on the moving four hundred rather than across the catalogue, because 71% on the lines that matter is a business problem while a low fill rate on the tail is a business decision; and an honest limit acknowledged — the last five points of fill cost more inventory than the first seventy, so 89% is a chosen target rather than a way-station to 100%.

7. Go-to-Market — the Painter, the Homeowner and the Disclosure

Acquisition

- **High-street visibility and colour display**, which draws the homeowner who has decided to repaint but not what to buy.
- **Painter and contractor relationships**, the largest channel in the category and the one this plan treats differently from its competitors.
- **Architects, interior designers and site engineers** on premium and project work.
- **Colour consultation and site visits**, which convert an enquiry into a specified quantity.
- **Waterproofing and problem-led selling**, where the customer arrives with a complaint rather than a colour.

Retention

- **Shade repeatability**, because the customer who returns for four more litres is testing the machine.
- **Availability at the peak**, which is when loyalty is actually decided.
- **Take-back of unopened tins**, which turns a grievance into a reason to come back.
- **Honest quantity advice**, since a customer who was not over-sold will say so.

The painter deserves the most careful treatment of any intermediary in this vertical, because he holds three positions simultaneously and the homeowner is aware of none of them. He recommends the brand and receives incentives from it and often from the dealer. He buys the material on her behalf at trade rates and presents her with a higher figure, keeping a margin she is paying and cannot see. And he decides the thinning ratio, which sets how much paint the job consumes — so the person advising her on quantity is the person who profits from the quantity, and thinning beyond specification quietly degrades the finish she is paying for. Whatever remains at the end leaves the site in his van. None of this is unusual and none of it is disclosed; it is simply how most of the volume in this category moves. The library's standing framework applies without modification: forgo the arrangement and price accordingly; accept it and disclose it in full including the differential; or accept it silently, which is the trade norm and means the professional is the dealer's agent while presenting as the customer's. This plan takes the second position with four mechanisms: homeowners quoted the same rate whether they come alone or with a painter (24% → 100%), so his mark-up is his own transaction with his client rather than something the store conceals for him; a published coverage estimate in square feet per litre per coat issued with every retail quote (0% → 96%), so quantity can be checked against a number rather than

accepted on authority; unopened tins accepted back for credit; and incentives disclosed on the customer's invoice. The cost is real — painters who prefer the arrangement private will take their volume to a dealer who keeps it that way — and the plan carries that loss rather than assuming a market that does not exist.

8. Operations Plan (tint, calibrate, stock, disclose, take back)

- **Tinting:** formulae recorded against the customer and the job, so a repeat is dispensed from the same formula rather than matched by eye — a repeat tint is the machine's exam and the customer sets it on her wall.
- **Calibration:** dispensers checked and recorded on a fixed schedule with colourant levels verified, because a drifted machine produces a band across a wall that is discovered weeks later and is nobody's fault but the store's.
- **Tint-on-confirmation:** tinted only against a confirmed order with a shade sample approved first, since a tinted tin cannot be returned to base and a rejected shade is a write-off of one.
- **Coverage estimation:** surface measured or taken from the customer, and quantity quoted from a published coverage figure with the number of coats stated — the estimate is given in writing so it can be checked.
- **Hardware range:** lines reviewed on movement against a fixed rule and removed without sentiment; depth held on the moving four hundred, with fill rate measured on those rather than across the catalogue.
- **Stock & shelf life:** paint aged by batch with the shelf-life window enforced, and stock rotated on FIFO because a settled or skinned tin is discovered by the customer, not by the shop.
- **Flammable storage:** solvent products and thinners stored in the licensed, segregated, ventilated area within permitted quantities — this is the one compliance item in this business that can destroy it in an afternoon.
- **Take-back:** unopened tins accepted back within a stated window and returned to saleable stock where the batch and seal permit.
- **Hazardous waste:** residue, washings and empty solvent containers routed to authorised handlers rather than to the municipal bin.
- **Festive planning:** peak stock ordered and funded in the monsoon quarter, because allocation at the depot rather than availability decides who is supplied in the fortnight everyone orders.
- **Credit:** painter and contractor limits enforced at billing, inheriting the vertical's discipline.

Control points

Area	Activity	Control point
The real return, split	GMROI — paint vs hardware (margin % × turns)	148% → 198% / 64% → 83%
Where the capital actually sits	Hardware share of COGS vs share of inventory	35% / 64% → 29% / 58%
Cut the tail, buy the depth	Hardware lines carried / fill rate on moving lines	9,400 → 8,100 / 71% → 89%
The narrowed dead-stock problem	Tinted-and-uncollected tins / re-tints per 100 jobs	3.8% → 0.9% / 6.4 → 0.6
Margin the manufacturer set	Realised discount against list / orders beyond authority	11.8% → 6.2% / 29% → 4%
The disclosure position	Homeowners quoted directly at the same rate / coverage estimate issued	24% → 100% / 0% → 96%
Removing the incentive to over-order	Unopened tins taken back for credit (per year)	0 → 38 → 112

Stock & commercial	Expired / beyond-shelf-life write-off · retail share · receivable days blended vs contractor	4.2% → 1.1% · 41% → 63% · 22/64 → 14/56
--------------------	--	--

Taking back unopened tins reads as a cost and is closer to a control, which is why it appears in this plan as a policy rather than as a gesture. The category's normal practice is that a customer buys what her painter says she needs, uses less, and keeps or loses the balance — and because nobody will take it back, the painter has no reason to be conservative and every reason not to be. A store that accepts unopened tins within a stated window changes that calculation at the point where it is made: the quantity conversation becomes reversible, so it stops being a negotiation the customer cannot win. The direct cost is modest — 112 tins in Year 3, most of them returned to saleable stock because the seal and batch permit it — and the indirect return is the reason for doing it. Three effects: the over-ordering it prevents was margin the store earned once and reputation it lost repeatedly; the returning customer is in the shop again holding a credit note, which is a better acquisition than any discount of the same value; and it makes the published coverage estimate credible, because a store willing to take back the surplus is visibly not gaining from the over-estimate — a coverage figure published by a party with an interest in a larger number is only worth what the take-back policy makes it worth.

9. Licensing, Product Standards & Compliance (India)

- **Petroleum Rules licensing, quantity limits, segregated ventilated storage and fire NOC for solvent-based paints and thinners** — a paint store is a flammable-goods premises with a counter attached, and an unlicensed uninsured fire is a total loss of stock and premises together.
- **The Regulation on Lead Contents in Household and Decorative Paints Rules, capping lead at 90 ppm** — stocking non-compliant paint is an offence rather than a quality lapse, and the exposure arises where cheap unbranded product is taken on to fill a price point.
- **Legal Metrology on declared volume and MRP**, which matters here because the whole trade discounts against a printed price.
- **Consumer Protection Act exposure on performance and warranty claims** — "seven-year" and washability claims are made by the manufacturer and pursued against the shop.
- **Hazardous and Other Wastes Rules on paint residue, washings and empty solvent containers**, which are hazardous waste routed to authorised handlers rather than general refuse.
- BIS specifications on several paint categories and on hardware items including locks, hinges and fasteners.
- GST with full input credit and e-way bills on despatch; shops & establishment registration, trade licence, professional tax.
- **EPF and ESI for counter, tinting and loading staff**; commercial vehicle compliance for delivery; public-premises fire safety.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / proprietor	1	1	2
Counter sales & colour consultants	5	7	10
Hardware counter & picking	4	6	8
Godown, loading & delivery	3	4	6

Tinting operators	2	3	4
Painter & contractor relations, site support	2	3	4
Billing & accounts	2	3	4
Inventory & range control	1	2	3
Total	20	29	41

Two points about this team. Range control reports independently of the hardware counter — the person who decides a line is dead cannot be the person who ordered it and still hopes to sell it, **which is the same structural principle this library has applied to cancellation authority, credit limits, stock ageing, concrete cube results and block cure enforcement: a control that reports to the party it constrains is not a control. And counter staff are compensated on gross margin earned rather than turnover written**, because the discount here comes out of a margin the manufacturer already fixed and a consultant paid on turnover has been given a direct reason to give it away.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-3	Store leased with segregated licensed solvent storage and fire NOC obtained BEFORE stock arrives, brand dealerships signed, tinting machines installed and base-calibrated, hardware range selected on movement data rather than on catalogue, discount authority and coverage-estimate formats live in billing before opening
Launch	Month 3-12	₹4.80cr turnover, ₹10L loss; retail 41%; discount 11.8%; hardware fill 71% on 9,400 lines; uncollected tints 3.8%; ROCE (4.0%)
Build	Year 2	Retail 52%; discount 8.4%; lines cut to 8,700 with fill 82%; direct homeowner quoting 71%; 38 tins taken back; ₹7.20cr turnover, ₹23L profit; ROCE 8.2%
Scale	Year 3	₹10.40cr turnover, ₹65L profit; ROCE 20.3%; retail 63%; discount 6.2%; 8,100 lines at 89% fill; uncollected tints 0.9%; direct quoting and disclosure 100%; paint GMROI 198% vs hardware 83%

12. Financial Plan (Illustrative)

*All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. **Range discipline, discount realisation and mix are the levers. Headline margin is not one, because the manufacturer sets the band and the hardware half's higher margin is the lower return.***

12.1 Project cost & means of finance

Capital requirement	₹
Opening inventory (paint bases & colourants + hardware range)	96,00,000
Store fit-out, racking, colour display & signage	52,00,000
Store & godown deposits	24,00,000
Launch & initial operating losses	22,00,000
Tinting machines (2), shakers & colour-matching equipment	18,00,000

Delivery vehicle & handling equipment	12,00,000
Launch marketing & painter engagement	8,00,000
Technology (billing, inventory, tinting integration)	5,00,000
Legal, licences & registrations (incl. solvent storage licence & fire NOC)	3,00,000
Total project cost	2,40,00,000
Promoter contribution	1,00,00,000
Cash-credit / working-capital limit	90,00,000
Term loan (fit-out, tinting equipment & vehicle)	50,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
TURNOVER (net of GST)	4,80,00,000	7,20,00,000	10,40,00,000
— PAINT (few SKUs, made to order, brand-driven)	2,98,00,000	4,68,00,000	7,07,00,000
— HARDWARE (thousands of SKUs, no brand loyalty)	1,82,00,000	2,52,00,000	3,33,00,000
Cost of goods (purchases from manufacturers & distributors)	3,66,00,000	5,41,00,000	7,71,00,000
Gross margin	1,14,00,000	1,79,00,000	2,69,00,000
Gross margin % — blended	23.8%	24.9%	25.9%
— on paint / on hardware	20.5% / 29.0%	21.8% / 30.5%	23.0% / 32.0%
Salaries (counter, tinting, hardware, delivery, accounts)	38,00,000	50,00,000	66,00,000
Store & godown rent, CAM, power	26,00,000	30,00,000	38,00,000
Finance cost (cash credit on stock & contractor receivables)	12,00,000	15,00,000	19,00,000
Depreciation (fit-out, tinting machines, racking, vehicle)	11,00,000	12,00,000	14,00,000
Dead stock, expired paint & rejected-tint write-down	9,00,000	10,00,000	12,00,000
Freight, delivery & site drops	8,00,000	12,00,000	17,00,000
Marketing, painter engagement & contractor programme	7,00,000	10,00,000	15,00,000
Admin, compliance & insurance	6,00,000	8,00,000	11,00,000
Bad debt & write-offs (contractor accounts)	5,00,000	6,00,000	8,00,000
Technology & subscriptions	2,00,000	3,00,000	4,00,000

Total expenses	1,24,00,000	1,56,00,000	2,04,00,000
Net profit / (loss) before tax	(10,00,000)	23,00,000	65,00,000
Net margin (on turnover)	(2.08%)	3.19%	6.25%
AVERAGE CAPITAL EMPLOYED	2,52,00,000	2,80,00,000	3,20,00,000
RETURN ON CAPITAL EMPLOYED	(4.0%)	8.2%	20.3%
GMROI — PAINT / HARDWARE (margin % × turns)	148% / 64%	174% / 73%	198% / 83%
GMROI — blended	95%	114%	133%
— the tiles showroom / the cement dealership, for comparison	136% / 129% — three businesses, 6% to 26% margin, 2.6 to 21.5 turns, all converging near 130%		
Stock turns — paint / hardware / blended	7.2 / 2.2 / 4.0	8.0 / 2.4 / 4.6	8.6 / 2.6 / 5.1
HARDWARE SHARE OF COGS / OF INVENTORY	35% / 64%	32% / 61%	29% / 58%
HARDWARE LINES CARRIED / FILL RATE ON MOVING LINES	9,400 / 71%	8,700 / 82%	8,100 / 89%
TINTED-AND-UNCOLLECTED TINS / re-tints per 100 jobs	3.8% / 6.4	1.8% / 2.1	0.9% / 0.6
REALISED DISCOUNT AGAINST LIST / orders beyond authority	11.8% / 29%	8.4% / 12%	6.2% / 4%
HOMEOWNERS QUOTED DIRECTLY AT THE SAME RATE / coverage estimate issued	24% / 0%	71% / 62%	100% / 96%
Unopened tins taken back for credit / painter incentives disclosed on invoice	0 / 0%	38 / 64%	112 / 100%
Expired / beyond-shelf-life write-off · retail share · receivable days blended vs contractor	4.2% · 41% · 22 / 64	2.3% · 52% · 18 / 60	1.1% · 63% · 14 / 56

12.3 Unit economics & break-even

- The split GMROI is the most useful number in this plan and it reverses the intuition the P&L creates. Hardware earns nine margin points more than paint and returns less than half as much on the money tied up in it — 83% against 198% — because it turns 2.6 times against 8.6. A store that manages by margin percentage will grow the half that is destroying its return.
- Hardware is 29% of what this store buys and 58% of what it has money tied up in. That single comparison is the case for cutting 1,300 lines, and it is invisible in any report that shows the two halves together.
- The blended GMROI lands at 133%, against the tiles showroom's 136% and the cement dealership's 129%. Three businesses in this vertical, with margins from 6% to 26% and turns from 2.6 to 21.5, converge on the same figure — which is now enough instances to treat as the vertical's governing arithmetic rather than a coincidence: **MARGIN × TURNS** is the number, and neither half of it means anything alone.
- Three points of discount on a 21% paint margin is a seventh of everything earned on that sale, and it is given away against a list price and a margin band the manufacturer fixed — **which is why realised discount is a control point rather than a commercial variable.**

- **Break-even: Year 2.** The Year-1 loss is modest at ₹10 lakh because this business is far less capital-heavy than the plants in this vertical — but the seasonality is severe, and a store that reaches the festive peak under-stocked has lost the year in six weeks.

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

Particulars (₹)	Q1	Q2 monsoon	Q3 festive peak	Q4
Opening balance	34,00,000	26,00,000	16,00,000	22,00,000
Collections from customers	1,08,00,000	96,00,000	1,42,00,000	1,22,00,000
Payments to suppliers, salaries, rent, freight, interest & overheads	1,16,00,000	1,06,00,000	1,36,00,000	1,30,00,000
Closing balance	26,00,000	16,00,000	22,00,000	14,00,000

This business's cash pattern runs opposite to the rest of the vertical and the difference is worth stating, because it changes what the working-capital limit is actually for. A cement dealership or a block plant funds a receivable — money already earned and waiting. This store funds a season — money spent before it is earned, on stock bought during the monsoon trough for a festive peak eight weeks away. The limit is therefore drawn hardest at the point of lowest trading, which is exactly when a lender reviewing monthly turnover would be least inclined to extend it. Two further points deserve attention. **Ordering late is not a fallback:** every dealer in the catchment orders the same fast-moving bases from the same depot in the same fortnight, so allocation rather than availability decides who is supplied, and a dealer who has not built a position by then cannot buy one. And the retail half of this business is genuinely counter-cyclical relative to the rest of this vertical, because three-quarters of Indian paint demand is households repainting on their own four-to-six-year rhythm — so when a construction downturn removes the contractor volume, the homeowner volume largely stays, which is the strongest structural argument for moving retail share from 41% to 63%.

12.5 Key Performance Indicators to Monitor

- **The real return, split:** GMROI for paint and hardware separately and never blended in operating review; turns by category; share of COGS versus share of inventory; capital employed per crore of turnover.
- **Range:** lines carried and lines removed; fill rate on the moving four hundred; movement-rule exceptions; dead-line ageing.
- **Tinting:** uncollected tinted tins; re-tints per hundred jobs; calibration checks completed on schedule; formula-repeat accuracy.
- **Disclosure:** homeowners quoted directly at the same rate; coverage estimates issued; tins taken back; incentives disclosed on invoice.
- **Margin & commercial:** realised discount by consultant; orders beyond authority; retail versus contractor share; receivable days reported blended AND for contractors alone; expired and shelf-life write-off.

13. Funding Requirement & Bankability

Total ask: ₹50 lakh term loan plus a ₹90 lakh cash-credit limit against ₹1.00 crore promoter contribution. Four points. **First, the limit is seasonal in a way the annual figures conceal:** it funds a festive peak bought in the monsoon trough, so it is drawn hardest at the moment monthly turnover looks weakest, and a facility sized on average monthly sales will fail the business in the eight weeks that decide its year. **Second, the stock security is genuinely mixed and should be assessed in halves —** paint bases and colourants are fast-moving, standard and readily saleable, while a long hardware tail is slow, fragmented and worth materially less than book on

any realistic disposal. Third, ask for GMROI by category rather than blended margin. A store reporting a 26% gross margin may be earning 198% on its paint and 83% on its hardware, and only the split tells a lender where the money is actually parked. Fourth — and specific to this trade — verify the solvent storage licence and fire NOC before lending against the stock. This is a flammable-goods premises, the licence is routinely absent in practice, and an uninsured fire in an unlicensed store is a simultaneous loss of the security, the business and the borrower's capacity to repay.

13.1 Funding utilisation

Use of funds	₹	% of total
Opening inventory (paint bases & colourants + hardware range)	96,00,000	40.0%
Store fit-out, racking, colour display & signage	52,00,000	21.7%
Store & godown deposits	24,00,000	10.0%
Launch & initial operating losses	22,00,000	9.2%
Tinting machines (2), shakers & colour-matching equipment	18,00,000	7.5%
Delivery vehicle & handling equipment	12,00,000	5.0%
Launch marketing & painter engagement	8,00,000	3.3%
Technology (billing, inventory, tinting integration)	5,00,000	2.1%
Legal, licences & registrations (incl. solvent storage licence & fire NOC)	3,00,000	1.2%
Total	2,40,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
The tinting machine answers the showroom's SKU problem — and narrows it rather than removing it	THE TILES SHOWROOM COULD NOT SOLVE ITS RANGE PROBLEM: FOUR THOUSAND DISPLAYED SKUs, A LONG SLOW TAIL AND DEAD STOCK THAT LOOKED EXACTLY LIKE LIVE STOCK. THIS BUSINESS SOLVES IT WITH A MACHINE — SIX OR EIGHT BASES AND A DOZEN COLOURANTS PRODUCE SEVERAL THOUSAND SHADES IN THREE MINUTES AT THE COUNTER, SO A RANGE THAT COULD NOT BE STOCKED IS MANUFACTURED ON DEMAND FROM AN INVENTORY OF ABOUT TWENTY ITEMS. IT IS THE ONLY MADE-TO-ORDER BUSINESS IN THIS VERTICAL, AND IN A CATEGORY WHERE THE COMPETING PRODUCT MUST BE PRE-MANUFACTURED THAT IS STRUCTURAL RATHER THAN CONVENIENT. THE PROBLEM DOES NOT VANISH — IT NARROWS TO ONE LINE, BECAUSE A TINTED TIN CANNOT BE RETURNED TO BASE AND A REJECTED OR UNCOLLECTED TINT IS DEAD STOCK IN A QUANTITY OF ONE → tinted only against a confirmed order with the shade sample approved first (uncollected tints 3.8%→0.9%); formulae recorded against customer and job so a repeat is DISPENSED rather than matched by eye; and dispensers calibrated on a fixed recorded schedule, because A DRIFTED MACHINE PRODUCES A BAND ACROSS A WALL DISCOVERED WEEKS LATER — AND UNLIKE THE SHOWROOM'S SHADE-LOT RISK, WHICH CAME FROM A KILN NOBODY CONTROLLED, THIS ONE COMES FROM A MACHINE THE STORE OWNS, SO THERE IS NOBODY ELSE TO BLAME (re-tints 6.4→0.6 per 100 jobs)

Two businesses under one roof, and the higher-margin half earns half the return	PAINT IS FEW SKUs, MADE TO ORDER AND BRAND-DRIVEN, TURNING 8.6 TIMES AT 23%; HARDWARE IS THOUSANDS OF SKUs WITH NO BRAND LOYALTY, TURNING 2.6 TIMES AT 32%. READ ON MARGIN, HARDWARE IS THE BETTER HALF. READ ON MARGIN × TURNS — THE MEASURE THIS VERTICAL HAS ESTABLISHED — PAINT RETURNS 198% AGAINST HARDWARE'S 83%, SO THE HIGHER-MARGIN HALF OF THE SHOP EARNS LESS THAN HALF THE RETURN OF THE LOWER-MARGIN HALF, AND A STORE THAT MANAGES BY MARGIN PERCENTAGE WILL GROW THE HALF THAT IS DESTROYING ITS RETURN. THE DECIDING ARITHMETIC: HARDWARE IS 29% OF WHAT THIS STORE BUYS AND 58% OF WHAT IT HAS MONEY TIED UP IN → GMROI computed and reviewed BY CATEGORY AND NEVER BLENDED in operating review; capital allocation decided on return rather than on margin; AND THE BLENDED FIGURE LANDS AT 133% AGAINST THE TILES SHOWROOM'S 136% AND THE CEMENT DEALERSHIP'S 129% — THREE BUSINESSES, 6% TO 26% MARGIN, 2.6 TO 21.5 TURNS, CONVERGING NEAR THE SAME NUMBER, WHICH IS NOW ENOUGH INSTANCES TO TREAT AS THE VERTICAL'S GOVERNING ARITHMETIC RATHER THAN A COINCIDENCE
Cutting range while raising availability	A HARDWARE COUNTER BELIEVES ITS PRODUCT IS RANGE — THAT A CUSTOMER WHO CANNOT FIND ONE ITEM WILL GO ELSEWHERE FOR EVERYTHING — WHICH IS WHY LINES ACCUMULATE FOR YEARS AND ARE NEVER REMOVED. THE MEASUREMENT SAYS OTHERWISE: ROUGHLY FOUR HUNDRED LINES PRODUCE MOST OF HARDWARE TURNOVER, AND THE STORE WAS OUT OF STOCK ON SOME OF THOSE FOUR HUNDRED WHILE CARRYING THIRTEEN HUNDRED THAT HAD NOT MOVED IN A YEAR. THE CUSTOMER WHO LEFT DID NOT LEAVE BECAUSE THE STORE LACKED AN OBSCURE ITEM — HE LEFT BECAUSE IT WAS OUT OF THE ORDINARY ONE. THE TAIL WAS NOT BUYING AVAILABILITY; IT WAS CONSUMING THE CAPITAL THAT WOULD HAVE BOUGHT AVAILABILITY → lines 9,400→8,100 with fill rate 71%→89% simultaneously; lines reviewed on movement against a FIXED RULE rather than on sentiment, SINCE EVERY DEAD LINE WAS ADDED BY SOMEONE WHO ONCE NEEDED IT; range control reporting independently of the hardware counter; fill measured on the moving four hundred; and an honest ceiling acknowledged — THE LAST FIVE POINTS OF FILL RATE COST MORE INVENTORY THAN THE FIRST SEVENTY, SO 89% IS A CHOSEN TARGET RATHER THAN A WAY-STATION TO 100%
The painter holds three positions and the homeowner sees none of them	HE RECOMMENDS THE BRAND AND IS PAID BY IT. HE BUYS THE MATERIAL ON HER BEHALF AT TRADE RATES AND PRESENTS A HIGHER FIGURE, KEEPING A MARGIN SHE IS PAYING AND CANNOT SEE. AND HE DECIDES THE THINNING RATIO, WHICH SETS HOW MUCH PAINT THE JOB CONSUMES — SO THE PERSON ADVISING HER ON QUANTITY IS THE PERSON WHO PROFITS FROM THE QUANTITY, AND THINNING BEYOND SPECIFICATION QUIETLY DEGRADES THE FINISH SHE IS PAYING FOR. WHATEVER REMAINS LEAVES THE SITE IN HIS VAN. NONE OF THIS IS UNUSUAL AND NONE OF IT IS DISCLOSED — IT IS SIMPLY HOW MOST OF THE VOLUME IN THIS CATEGORY MOVES, AND IT IS THE SHARPEST INSTANCE OF THE COMMISSION PROBLEM THIS LIBRARY HAS MET → the standing framework applied unmodified (FORGO / DISCLOSE IN FULL / ACCEPT SILENTLY, the last being the trade norm and meaning the professional is the dealer's agent while presenting as the customer's), taking the second position with four mechanisms: homeowners quoted the same rate with or without a painter (24%→100%); a PUBLISHED COVERAGE ESTIMATE in sq ft per litre per coat issued with every retail quote (0%→96%) SO QUANTITY CAN BE CHECKED AGAINST A NUMBER RATHER THAN ACCEPTED ON AUTHORITY; unopened tins taken back for credit; incentives disclosed on invoice (0%→100%). THE COST IS REAL — PAINTERS WHO PREFER THE ARRANGEMENT PRIVATE WILL TAKE THEIR VOLUME ELSEWHERE — AND THE PLAN CARRIES THAT LOSS RATHER THAN ASSUMING A MARKET THAT DOES NOT EXIST

The season is bought in the trough	EXTERIORS CANNOT BE PAINTED IN RAIN AND INTERIORS ARE TIMED TO FESTIVALS, SO A VERY LARGE SHARE OF THE YEAR'S RETAIL VOLUME MOVES IN THE WEEKS BEFORE DIWALI — AND THE STORE MUST BE FULLY STOCKED FOR THAT PEAK USING CAPITAL COMMITTED DURING THE MONSOON, ITS WORST TRADING QUARTER. MONEY GOES OUT AT THE BOTTOM OF THE YEAR AND COMES BACK AT THE TOP, SO A STORE THAT FUNDS ITS FESTIVE STOCK FROM FESTIVE COLLECTIONS HAS ALREADY MISSED THE SEASON. THIS RUNS OPPOSITE TO THE REST OF THE VERTICAL: A DEALERSHIP OR A PLANT FUNDS A RECEIVABLE — MONEY ALREADY EARNED AND WAITING — WHILE THIS STORE FUNDS A SEASON, MONEY SPENT BEFORE IT IS EARNED, SO THE LIMIT IS DRAWN HARDEST AT THE POINT OF LOWEST TRADING → peak stock ordered and funded in the monsoon quarter as policy; the facility sized on peak requirement rather than average monthly sales; and ordering late recognised as no fallback at all, since EVERY DEALER IN THE CATCHMENT ORDERS THE SAME FAST-MOVING BASES FROM THE SAME DEPOT IN THE SAME FORTNIGHT, SO ALLOCATION RATHER THAN AVAILABILITY DECIDES WHO IS SUPPLIED — AND A DEALER WHO HAS NOT BUILT A POSITION BY THEN CANNOT BUY ONE
Discounting a margin the manufacturer already fixed	THE MANUFACTURER SETS LIST PRICE AND THE DEALER'S MARGIN BAND, SO THE DISCOUNT COMES OUT OF A MARGIN THE DEALER DID NOT SET AND CANNOT WIDEN — AT ROUGHLY 21% ON PAINT, THREE POINTS OF DISCOUNT IS A SEVENTH OF EVERYTHING EARNED ON THAT SALE. BECAUSE DEALERSHIPS ARE DELIBERATELY DENSE, THE CUSTOMER CAN WALK TO A COMPETITOR IN FIVE MINUTES AND FREQUENTLY SAYS SO, SO THE DISCOUNT CONVERSATION HAPPENS ON ALMOST EVERY TRANSACTION — AND A DEALER WHO ANSWERS WITH PRICE HAS ENTERED A CONTEST HE CANNOT WIN, BECAUSE THE COMPETITOR'S COST BASE IS IDENTICAL AND THE MANUFACTURER'S BAND IS THE FLOOR FOR BOTH → the showroom plan's discipline inherited without modification: authority by role and value band with a HARD BLOCK AT BILLING, and counter staff paid on GROSS MARGIN EARNED rather than turnover written (realised discount 11.8%→6.2%; orders beyond authority 29%→4%); and three answers used instead of price — availability at the peak (bought with working capital, not margin), specification advice that lowers the customer's TOTAL job cost since paint is a minority of her spend and labour is most of it, and the disclosure position itself, WHICH A COMPETITOR CANNOT COPY WITHOUT GIVING UP THE ARRANGEMENT HE CURRENTLY HAS WITH HER PAINTER
A flammable-goods premises with a counter attached	SOLVENT-BASED PAINTS, THINNERS AND TURPENTINE ARE STORED ABOVE THRESHOLD QUANTITIES IN ALMOST EVERY REAL SHOP, BRINGING PETROLEUM RULES LICENSING, QUANTITY LIMITS, SEGREGATED VENTILATED STORAGE AND A FIRE NOC INTO SCOPE — AND AN UNINSURED, UNLICENSED FIRE IN A STORE LIKE THIS IS A TOTAL LOSS OF STOCK AND PREMISES TOGETHER. IT IS THE ONE COMPLIANCE ITEM IN THIS BUSINESS THAT CAN DESTROY IT IN AN AFTERNOON, AND IT IS ROUTINELY ABSENT IN PRACTICE → licence and fire NOC obtained BEFORE stock arrives rather than after opening; solvent products held in the licensed segregated area within permitted quantities; insurance written against the licensed position so a claim is not defeated by the licence. Also: THE LEAD RULES CAP DECORATIVE PAINT AT 90 ppm AND STOCKING NON-COMPLIANT PRODUCT IS AN OFFENCE RATHER THAN A QUALITY LAPSE — AN EXPOSURE THAT ARISES SPECIFICALLY WHERE CHEAP UNBRANDED PRODUCT IS TAKEN ON TO FILL A PRICE POINT; hazardous-waste routing for residue, washings and empty solvent containers; Legal Metrology on declared volume and MRP; CONSUMER PROTECTION EXPOSURE ON WARRANTY AND WASHABILITY CLAIMS MADE BY THE MANUFACTURER AND PURSUED AGAINST THE SHOP

Shelf life, credit & the defensible base	UNLIKE THE TILES SHOWROOM, THIS STORE'S DEAD STOCK EVENTUALLY TELLS THE TRUTH — PAINT HAS A SHELF LIFE, SETTLES, SKINS AND EXPIRES, SO THE WRITE-OFF ARRIVES WHETHER OR NOT THE OWNER IS WILLING TO TAKE IT, WHICH MAKES THIS AN EASIER INVENTORY BUSINESS AND A HARDER SERVICE ONE → batch ageing with the shelf-life window enforced and FIFO rotation, since A SETTLED OR SKINNED TIN IS DISCOVERED BY THE CUSTOMER, NOT BY THE SHOP (expired write-off 4.2%→1.1%). Contractor credit limits enforced at billing with receivables reported blended AND for contractors alone (22/64 → 14/56 days), SINCE THE BLENDED FIGURE FALLS LARGELY BECAUSE RETAIL SHARE ROSE — THE VERTICAL'S STANDING RULE THAT A BLENDED AVERAGE MOVING BECAUSE THE MIX MOVED MUST BE REPORTED WITH ITS UNDERLYING FIGURE. And the structural strength stated plainly: ROUGHLY THREE-QUARTERS OF INDIAN PAINT DEMAND IS HOUSEHOLDS REPAINTING ON THEIR OWN FOUR-TO-SIX-YEAR RHYTHM, SO WHEN A CONSTRUCTION DOWNTURN REMOVES THE CONTRACTOR VOLUME THE HOMEOWNER VOLUME LARGELY STAYS — WHICH IS THE STRONGEST ARGUMENT FOR MOVING RETAIL SHARE FROM 41% TO 63%
--	---

15. SWOT Analysis

Strengths The only made-to-order business in this vertical — thousands of shades from an inventory of twenty items; GMROI computed by category so capital follows return rather than margin; direct disclosed pricing to the homeowner, which a competitor cannot copy without surrendering his arrangement with her painter; published coverage estimates backed by take-back; hardware depth on what moves; a repainting base that is genuinely counter-cyclical against the rest of the vertical.	Weaknesses A hardware half that is 29% of purchases and 58% of tied-up capital; margin band fixed by the manufacturer with the discount conversation on every sale; a season funded in the trough, so the limit is drawn when trading looks weakest; flammable-goods exposure in a retail premises; dependence on depot allocation at the peak; a tinting machine whose drift is the store's own fault.
Opportunities Premiumisation from distemper to emulsion to washable and low-VOC, raising value per square foot painted; waterproofing and exterior coatings sold on a problem rather than a colour; colour consultation and site visits converting enquiries into specified quantities; contractor programmes on transparent terms; hardware depth freeing capital from a dead tail; designer and architect specification on premium work.	Threats Dense competing dealerships within walking distance competing on discount; brand-owned experience stores routing volume; painters shifting volume to dealers who keep the arrangement private; online supply of standardised hardware; cheap non-compliant unbranded paint at the low price point; a fire in a store holding solvents.

16. Recommended AiSevak Tools for This Business

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

- **The real return, split: GMROI by category (paint vs hardware) with blending disabled in operating review, turns by category, share-of-COGS versus share-of-inventory comparison, capital-employed reporting.**
- **Range control: movement-rule line review with automatic dead-line flagging, fill-rate measurement on the moving core rather than the catalogue, line-addition approval, dead-stock ageing.**
- **Tinting: formula register by customer and job for exact repeats, calibration schedule with recorded checks, tint-on-confirmed-order gate, uncollected-tint and re-tint logs.**

- **Disclosure:** coverage-estimate calculator issued in writing with every retail quote, direct-quote-to-homeowner tracking, take-back register with credit notes, painter incentive register with invoice disclosure.
- **Margin, season & compliance:** discount authority with billing block and margin-based incentives, festive-peak stock planner funded from the monsoon quarter, shelf-life batch ageing, solvent licence and fire NOC tracker with renewal dates, hazardous-waste handover records.

17. Key Assumptions & Notes

- Paints & hardware store: decorative-paint dealership with in-store tinting operating alongside a general building-hardware counter, serving homeowners, painters and contractors, designers and small builders from a high-street store with an attached godown. **Fifth plan in the build-materials vertical; second RETAIL/SHOWROOM plan, inheriting tiles-sanitaryware-showroom's conventions in full.**
- **△ CONVENTIONS ADDED HERE:** (a) **THE TINTING MACHINE ANSWERS THE SHOWROOM'S SKU-TAIL PROBLEM — THE ONLY MADE-TO-ORDER BUSINESS IN THIS VERTICAL, PRODUCING THOUSANDS OF SHADES FROM AN INVENTORY OF ABOUT TWENTY ITEMS — BUT NARROWS THE DEAD-STOCK PROBLEM RATHER THAN REMOVING IT, SINCE A TINTED TIN CANNOT GO BACK TO BASE AND AN UNCOLLECTED TINT IS DEAD STOCK IN A QUANTITY OF ONE.** (b) **TWO BUSINESSES UNDER ONE ROOF MUST BE REPORTED SEPARATELY: THE HIGHER-MARGIN HALF (HARDWARE, 32%) EARNS LESS THAN HALF THE RETURN OF THE LOWER-MARGIN HALF (PAINT, 23%) BECAUSE OF TURNS — 83% GMROI AGAINST 198% — AND HARDWARE IS 29% OF PURCHASES AND 58% OF TIED-UP CAPITAL.** (c) **CUT THE TAIL AND BUY THE DEPTH: LINES 9,400→8,100 WITH FILL RATE 71%→89% SIMULTANEOUSLY, BECAUSE THE TAIL WAS CONSUMING THE CAPITAL THAT WOULD HAVE BOUGHT AVAILABILITY — AND THE LAST FIVE POINTS OF FILL COST MORE THAN THE FIRST SEVENTY.** (d) **THE PAINTER HOLDS THREE POSITIONS AT ONCE — RECOMMENDER, BUYER-ON-BEHALF, AND DECIDER OF THE THINNING RATIO THAT SETS CONSUMPTION — WHICH IS THE SHARPEST COMMISSION CASE IN THE LIBRARY.** (e) **THE SEASON IS BOUGHT IN THE TROUGH: MONEY OUT IN THE MONSOON, BACK AT DIWALI, SO THE LIMIT IS DRAWN HARDEST WHEN TRADING LOOKS WEAKEST — THE OPPOSITE PATTERN TO EVERY OTHER BUSINESS IN THIS VERTICAL.** (f) **UNLIKE A TILE, PAINT'S DEAD STOCK EVENTUALLY TELLS THE TRUTH — AN EASIER INVENTORY BUSINESS AND A HARDER SERVICE ONE, WITH THE SHADE RISK COMING FROM A MACHINE THE STORE OWNS RATHER THAN A KILN NOBODY CONTROLS.**
- **□ THE VERTICAL'S GOVERNING ARITHMETIC, NOW ON THREE INSTANCES AND NO LONGER A COINCIDENCE: CEMENT DEALERSHIP 6.0% MARGIN × 21.5 TURNS = 129% GMROI; TILES SHOWROOM 26.2% × 5.2 = 136%; THIS STORE 25.9% × 5.1 = 133%. MARGINS FROM 6% TO 26% AND TURNS FROM 2.6 TO 21.5, ALL CONVERGING NEAR 130% — MARGIN × TURNS IS THE NUMBER AND NEITHER HALF MEANS ANYTHING ALONE. TRADING AND RETAIL PLANS IN THIS VERTICAL REPORT GMROI; MANUFACTURING PLANS (rmc-plant, bricks-blocks-mfg) USE CAPACITY UTILISATION × CONTRIBUTION PER UNIT WITH BREAK-EVEN UTILISATION STATED.**
- **Economics & cash — THIS STORE FUNDS A SEASON WHERE THE REST OF THE VERTICAL FUNDS A RECEIVABLE, AND ROUGHLY THREE-QUARTERS OF INDIAN PAINT DEMAND IS HOUSEHOLDS REPAINTING ON THEIR OWN CYCLE, SO A CONSTRUCTION DOWNTURN REMOVES THE CONTRACTOR VOLUME AND LARGELY LEAVES THE HOMEOWNER VOLUME — THE STRONGEST ARGUMENT FOR MOVING RETAIL FROM 41% TO 63% (Y1 —₹10L → Y3 ₹65L; net margin —2.08%→6.25%; blended gross margin 23.8%→25.9% with paint 20.5%→23.0% and hardware 29.0%→32.0%; ROCE (4.0%)→8.2%→20.3%; paint turns 7.2→8.6 against hardware 2.2→2.6; break-even Year 2; THREE POINTS OF DISCOUNT ON A 21% PAINT MARGIN IS A SEVENTH OF EVERYTHING EARNED ON THAT SALE, GIVEN AWAY AGAINST A LIST PRICE AND A BAND THE MANUFACTURER FIXED).** Regulatory: **PETROLEUM RULES LICENSING, QUANTITY LIMITS, SEGREGATED VENTILATED STORAGE AND FIRE NOC — A**

PAINT STORE IS A FLAMMABLE-GOODS PREMISES WITH A COUNTER ATTACHED, THE ONE COMPLIANCE ITEM THAT CAN DESTROY THE BUSINESS IN AN AFTERNOON AND ROUTINELY ABSENT IN PRACTICE; THE LEAD RULES CAPPING DECORATIVE PAINT AT 90 ppm, WHERE STOCKING NON-COMPLIANT PRODUCT IS AN OFFENCE RATHER THAN A QUALITY LAPSE; Legal Metrology on declared volume and MRP; **CONSUMER PROTECTION EXPOSURE ON WARRANTY AND WASHABILITY CLAIMS MADE BY THE MANUFACTURER AND PURSUED AGAINST THE SHOP;** hazardous-waste routing for residue, washings and empty solvent containers; BIS specifications on paint categories and on locks, hinges and fasteners; GST and e-way bills; EPF/ESI. Lender note: **THE LIMIT IS SEASONAL IN A WAY THE ANNUAL FIGURES CONCEAL — IT FUNDS A FESTIVE PEAK BOUGHT IN THE MONSOON TROUGH, SO A FACILITY SIZED ON AVERAGE MONTHLY SALES WILL FAIL THE BUSINESS IN THE EIGHT WEEKS THAT DECIDE ITS YEAR; STOCK SECURITY IS MIXED AND MUST BE ASSESSED IN HALVES — BASES AND COLOURANTS ARE FAST, STANDARD AND SALEABLE, WHILE A LONG HARDWARE TAIL IS SLOW, FRAGMENTED AND WORTH MATERIALLY LESS THAN BOOK ON ANY REALISTIC DISPOSAL; ASK FOR GMROI BY CATEGORY RATHER THAN BLENDED MARGIN, SINCE A STORE REPORTING 26% MAY BE EARNING 198% ON PAINT AND 83% ON HARDWARE AND ONLY THE SPLIT SHOWS WHERE THE MONEY IS PARKED;** and **VERIFY THE SOLVENT STORAGE LICENCE AND FIRE NOC BEFORE LENDING AGAINST THE STOCK, BECAUSE AN UNINSURED FIRE IN AN UNLICENSED STORE IS A SIMULTANEOUS LOSS OF THE SECURITY, THE BUSINESS AND THE BORROWER'S CAPACITY TO REPAY.** ₹2.40cr, turnover 4.80→10.40cr, 20→41 staff, retail 41%→63%, ROCE (4.0%)→20.3%. Figures illustrative, exclude GST.

► **Use these tools now — free on AiSevak**

Every tool referenced in this plan is available on aisevak.in. Open the [Build Materials toolkit](https://aisevak.in/buildmaterials) to browse and use them all at <https://aisevak.in/buildmaterials> — or go straight to any specific tool at <https://aisevak.in/service/<tool-name>>. No signup needed to explore; each tool guides you step by step.

Prepared by AiSevak.in — a product of ABL Digital Technologies. AI-powered business services for India. This is AI-assisted guidance; figures are illustrative and not a guarantee of results. Verify all numbers, licences and regulatory requirements with a qualified professional before relying on this plan for binding decisions. © 2026 ABL Digital Technologies Private Limited.