



B U S I N E S S P L A N · I N D I A

Water-Purifier Sales and Service

An AMC priced as a parts schedule cannot pay for the finding that nothing needs replacing, so pay for the measured condition instead

WATER SUPPLY, TREATMENT AND SOLUTIONS

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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 **Water-Purifier Sales and Service** business across a metro and its satellite towns — retailing and installing domestic RO/UV systems, engineering commercial installations, and running a service book of **8,000 comprehensive AMC contracts and 42,000 service visits a year**. By Year 3 it sells **₹14.00 crore**, with the service annuity rather than the hardware carrying the business.

This plan is the fifth in vertical 56 and **inherits the ten anchor rules (a)-(j)** set by the packaged drinking-water plan.

Item	Detail	Year 3
What is sold	Domestic purifier sales and installation, comprehensive flat-fee AMC with all parts included, commercial and institutional systems, out-of-contract repair and rescue, spares to the trade, and a water-condition survey service	₹14.00cr
Units / contracts / visits	3,360 domestic systems, 180 commercial, 8,000 AMCs	42,000 visits
PAT / net margin	Hardware is thin; the AMC book is the business	₹0.49cr / 3.5%
ROCE on ₹3.60cr	Asset-light: fleet, spares, measurement kit, showroom, laboratory	25.3%
AMC visits closing with NO PART FITTED, technician paid the same	The outcome an ordinary AMC has no way to pay for	23%, or 6,900 visits
Machines found with the blend valve open or the membrane plumbed out	Arriving from other service providers	1,106 of 3,900

□ **AN AMC IS SOLD AS MAINTENANCE AND PRICED AS A PARTS SCHEDULE.** The technician's job card lists components; his time, his commission and his supervisor's view of a productive day are all attached to fitting them. **AND THERE IS NO LINE ON THAT CARD FOR "DIAGNOSED THE FAULT AND NOTHING NEEDED REPLACING" — WHICH IS THE ONE OUTCOME THE CONTRACT CANNOT PAY FOR, AND IN A SOUND MACHINE ON GOOD FEED WATER IT IS THE CORRECT OUTCOME OF MOST VISITS.**

It fails in both directions at once. Parts get changed that did not need changing, and the fault that brought the technician out does not get found — so the customer pays for a filter and calls again in six weeks.

2. Business Description, Vision & Legal Structure

A private limited company retailing and installing domestic and commercial water purification systems, and operating a salaried, non-commissioned service organisation across a defined territory.

Element	Position
Legal form	Private limited company; BIS and product certification for systems sold; trade licence and shops establishment registration; GST; e-waste and used-membrane disposal registration

Where the money is made	Hardware is a customer acquisition cost with a thin margin on top; the AMC book and out-of-contract service are the profit and the asset
What is different	Technicians are salaried with no parts commission, parts are replaced on measurement rather than calendar, and the AMC fee is flat with everything included
Vision	A service business a customer can leave and a competitor cannot copy without changing how it pays people

Why this shape	Reasoning
Flat comprehensive AMC, all parts included	It inverts the incentive completely: every part we fit unnecessarily is now our cost rather than our revenue, so the company wants the technician to be right rather than busy
Salaried technicians, no commission on parts	The most expensive single decision in this plan and the one competitors find hardest to copy, because it requires giving up the trade's normal way of paying for field labour
Measurement at every visit	Condition-based replacement is only possible if the condition is recorded, and a ₹100 measurement decides a ₹1,850 part
Rescue and out-of-contract work taken deliberately	It is where the evidence sits: machines arriving from elsewhere are the only view anybody has of what the rest of the trade actually does

3. Promoter & Ownership

Item	Position
Promoter	Eleven years in water treatment sales and service; spent four of them managing a commission-paid technician network and knows precisely what it optimises for
Promoter equity	₹1.30cr of the ₹3.60cr project cost (36%), unsecured and not withdrawable during the loan term
Ownership	Promoter family 76%; ESOP and key staff 16%; angel investor 8%
Governance	No element of technician pay is linked to parts fitted or to invoice value — not a bonus, not a spiff, not a supplier incentive. A "no part fitted" close is paid identically to a replacement, and the audit that verifies this runs monthly

That last clause exists because **supplier spiffs are how this rule dies quietly. A membrane vendor offering ₹150 a unit direct to technicians reinstates the entire commission structure without a single line changing in our payroll, and nobody in the company would necessarily know. THE CONTROL IS THEREFORE ON THE SUPPLIER CONTRACT AS WELL AS ON THE PAYSIP.**

4. Market Analysis — India

Segment	What drives it	Position taken
Domestic purifier households	Municipal supply quality, borewell hardness, a large and genuine anxiety about drinking water, and a replacement cycle of six to nine years	3,360 units at ₹12,500
Domestic AMC	Machines need real service; the installed base is enormous and the service market is fragmented and largely unbranded	8,000 contracts at ₹4,550

Commercial and institutional	Offices, schools, clinics and small industry; specification-led and repeat-buying	180 systems at ₹1.40L
Out-of-contract repair and rescue	Machines abandoned by a departed technician or a defunct dealer, which is a very large population	12,000 jobs at ₹1,400
Trade spares	Independent technicians who need genuine parts and cannot get them	₹1.26cr

Why a calendar cannot be a specification in India

Feed water	TDS	What a 12-month membrane rule does
Treated municipal supply	60–180 ppm	Discards a membrane with most of its life left
Mixed municipal and borewell	200–600 ppm	Roughly right, by accident
Hard borewell	700–1,400 ppm	Replaces it well after it failed
Coastal or saline belt	1,400–2,000 ppm	Replaces it years after it failed

Feed-water TDS across Indian households runs from about sixty parts per million to two thousand, a range of more than thirty to one. A CALENDAR APPLIED ACROSS THAT RANGE IS NOT A SPECIFICATION — IT IS THE AVERAGE OF TWO POPULATIONS THAT HAVE NOTHING IN COMMON, and it is wrong in opposite directions at each end while being defensible at neither.

5. Competition & Position

Competitor type	What they do well	Where the gap is
National purifier brands and their franchise networks	Product, brand trust, reach, financing, and genuinely large service organisations	Franchise technicians paid on parts and invoice value; calendar replacement schedules issued centrally
Independent local technicians	Cheap, fast, personally known, and often technically excellent	Income is parts and margin on parts; no measurement, no records, no continuity when they move on
Online and direct-to-consumer sellers	Price, choice and convenience on the hardware	Service is subcontracted to the same local technicians, so the sale is theirs and the problem is somebody else's
Bottled and can-water suppliers	No capital, no maintenance, no thinking required by the household	A different product; relevant as a substitute when a purifier's service experience is bad enough
This business	Salaried technicians, measurement at every visit, flat all-inclusive AMC, and a rescue book	Positioned on the service experience, which is where every competitor's incentive structure is weakest

The competitive difficulty is that this business's advantage is invisible at the point of sale and only becomes legible after about two service cycles. A customer choosing an AMC compares ₹4,550 all-inclusive against ₹2,400 plus parts, and the second looks cheaper until the parts arrive. WE ARE SELLING THE ABSENCE OF A BILL THE CUSTOMER HAS NOT YET RECEIVED, WHICH IS THE HARDEST THING IN RETAIL TO PUT ON A PRICE TAG.

6. The Contract Cannot Pay for the Finding That Nothing Needs Replacing

This is the finding, and it is about what a payment structure is able to buy.

What an AMC visit can produce	Paid?
Sediment filter replaced	Yes
Carbon filter replaced	Yes
Membrane replaced	Yes, and best of all
UV lamp replaced	Yes
Fault correctly diagnosed, nothing needed replacing	No line exists

An annual maintenance contract is sold as maintenance. What it specifies is a schedule of part replacements — sediment at three months, carbon at six, membrane at twelve to twenty-four, ultraviolet lamp at twelve. The technician's job card lists components. His visit duration, his commission, his supplier incentives and his supervisor's sense of a productive day are all attached to fitting them. AND THERE IS NO LINE ON THAT CARD FOR "DIAGNOSED THE FAULT AND NOTHING NEEDED REPLACING". THE ONE OUTCOME THIS CONTRACT STRUCTURALLY CANNOT PAY FOR IS THE CORRECT ONE.

And it fails in both directions from the same cause. Upward: parts are changed on a calendar in a country where feed-water TDS spans thirty to one, so a household on treated municipal supply discards a membrane with most of its life left, and pays for it. Downward, and worse: THE ACTUAL FAULT DOES NOT GET FOUND. A failed booster pump, a leaking float valve, a fouled housing, a mis-set blend valve — none of these is on the schedule, so a machine with any of them receives a new sediment filter and goes on misbehaving. The customer calls again in six weeks and is told, with complete sincerity, that his next filter is due early.

Nobody here is dishonest, which is what makes it durable. The technician is doing exactly what the job card describes; the dealer is delivering exactly what the AMC promised; the customer received exactly the parts he was sold. THE DEFECT IS NOT IN ANY PERSON'S CONDUCT — IT IS THAT A CONTRACT PRICED AS A BILL OF MATERIALS HAS NO INSTRUMENT FOR PURCHASING JUDGEMENT, AND JUDGEMENT IS THE ONLY THING THAT MAKES A SERVICE VISIT WORTH ANYTHING.

So the structure is rebuilt around the outcome instead of the toolbag. THE AMC IS A FLAT FEE WITH EVERY PART INCLUDED, WHICH MAKES EACH UNNECESSARY REPLACEMENT OUR COST RATHER THAN OUR REVENUE. TECHNICIANS ARE SALARIED WITH NO COMMISSION ON PARTS AND NO SUPPLIER SPIFFS, AND A "NO PART FITTED" CLOSE IS PAID IDENTICALLY TO A REPLACEMENT — 23% OF AMC VISITS, 6,900 OF THEM, NOW END THAT WAY. Membranes are replaced on measured rejection and permeate flow rather than on a date: 1,840 were left in service past their calendar date with an average of nine further months of life, and 620 WERE REPLACED EARLY because measurement showed they had already failed. First-visit resolution rose 61% → 88%. Forgone parts revenue is ₹0.70 crore a year. GENERAL RULE: A SERVICE CONTRACT PRICED AS A PARTS SCHEDULE CANNOT BUY THE OUTCOME WORTH MOST — A CORRECT DIAGNOSIS ENDING IN NOTHING FITTED — SO PAY FOR THE MEASURED CONDITION OF THE MACHINE, NOT FOR THE CONTENTS OF THE VAN.

7. The Fix for the Symptom Is the Removal of the Function

The second thread is what the customer is able to observe, and it is worse than not being able to observe anything.

What a household can actually check	Tells them?
Water comes out of the tap	Nothing
The tank fills at the usual speed	Worse than nothing — see below
It tastes normal	Nothing
The indicator lights are on	Nothing
Product TDS on its own	Uninterpretable without the feed

Every domestic RO carries a blend valve — the "mineral" or "taste adjuster" — which deliberately mixes a little untreated feed water back into the product to restore mineral content and palatability. It is a legitimate component with a legitimate purpose. IT IS ALSO A BYPASS WITH A KNOB ON IT. Open it fully, or plumb the membrane out altogether, and the machine still fills the tank, still lights up, and still tastes perfectly normal.

Now put that beside the one thing a household actually notices. A FOULED MEMBRANE MAKES THE TANK FILL SLOWLY. OPENING THE BLEND VALVE MAKES IT FILL QUICKLY AGAIN. So the customer's only proxy for a working purifier is not merely insensitive to the failure — IT IS ACTIVELY RESTORED BY THE INTERVENTION THAT REMOVES THE PURIFICATION. A household judging by fill time will experience the destruction of its purifier as a repair, thank the technician, and recommend him. 1,106 OF THE 3,900 MACHINES WE INSPECTED ON RESCUE AND OUT-OF-CONTRACT WORK — MORE THAN A QUARTER — WERE PRODUCING WATER THAT HAD NEVER PASSED THROUGH THE MEMBRANE.

And product TDS on its own does not catch it. A reading of 90 ppm is excellent on feed of 1,400 and completely meaningless on feed of 110 — on low-TDS supply a fully bypassed machine produces a number that looks entirely respectable. THE DIAGNOSTIC IS REJECTION, NOT PRODUCT TDS: feed and product measured together at every visit against the baseline recorded at installation, which a bypass collapses immediately. Blend valves are sealed at commissioning with the position recorded, rejection is logged on all 42,000 visits, and the measurement costs ₹100 a visit.

8. Operations Plan (specify, install, measure, decide)

- **Specify.** Feed-water TDS and hardness measured at the home before a system is quoted; the survey is a paid service and also the thing that makes the AMC costable.
- **Install.** Commissioning record captures feed TDS, product TDS, rejection percentage, permeate flow at reference pressure and blend-valve position; the valve is then sealed.
- **Measure.** Every visit, in-contract or not, logs the same five values against the commissioning baseline on a handheld app before any part is opened.
- **Decide.** Membranes and filters are replaced against measured thresholds, not dates; the technician cannot override a threshold without a supervisor's note in the record.
- **Pay.** Salary plus an incentive on first-visit resolution and diagnostic accuracy; **nothing whatever on parts fitted, and supplier contracts prohibit incentives paid direct to field staff.**

Step	What is recorded	Why it matters
Survey	Feed TDS, hardness, pressure, supply pattern	Makes a calendar unnecessary

Commissioning	Rejection baseline and sealed blend-valve position	The reference every later visit is read against
Every visit	Feed and product TDS, rejection, permeate flow, seal intact	₹100, and it decides a ₹1,850 part
Decision	Replace / defer, with the measured basis	1,840 deferred, 620 brought forward
Close	Part fitted or diagnosis only, paid identically	6,900 no-part closes

The operational hinge is a complaint call: "the tank takes three hours to fill." The membrane is fouled and permeate flow has dropped. Opening the blend valve two turns restores the fill time in about ninety seconds, costs nothing, and leaves the customer delighted. Replacing the membrane costs ₹1,850, takes forty minutes, and the customer's experience afterwards is EXACTLY THE SAME. THE FREE FIX AND THE REAL FIX PRODUCE AN IDENTICAL OBSERVABLE, AND ONLY ONE OF THEM LEAVES A PURIFIER IN THE HOUSE. Under a parts-commission structure the technician who does the right thing is also the one who spent forty minutes to earn less than he would have made fitting a sediment filter that was not due — which is why this plan pays for the diagnosis and seals the valve, rather than asking anybody to be better than their pay slip.

The same complaint call, two ways	Blend valve opened	Membrane replaced
Time taken	90 seconds	40 minutes
Part cost	nil	₹1,850
Fill time afterwards	Restored	Restored
Taste afterwards	Normal	Normal
Customer satisfaction	High	High
Water actually purified	No	Yes
Technician earnings on commission	Higher, and the visit is over	Lower per hour

Six of the seven rows are identical or favour the wrong answer, and the only row that separates them is the one nobody in the household can see. That is why this plan does not rely on technicians being conscientious: A CONTROL THAT REQUIRES SOMEBODY TO CHOOSE THE SLOWER, COSTLIER, LOWER-PAID OPTION FORTY TIMES A WEEK IS NOT A CONTROL, IT IS A HOPE. The valve is sealed, rejection is logged, and the pay structure has no opinion about which way the visit goes.

9. Product, Trade & Disposal Compliance (India)

Area	Requirement
Product standards	IS 16240 for RO-based domestic water treatment systems and IS 14724 for ultraviolet systems; BIS certification where mandated, and honest declaration of what a system does and does not remove
Drinking-water reference	IS 10500 as the acceptability reference for treated water quality claims made to customers
Advertising and claims	Consumer Protection Act provisions on misleading advertisement and unfair trade practice — which reach the demonstration used to make a sale as well as the packaging

Service contracts	Consumer Protection Act on deficiency in service; AMC terms must state what is included, and a flat all-inclusive fee is far easier to defend than a schedule with exclusions
Disposal	E-Waste Management Rules for electronic assemblies and lamps; used membranes, spent carbon and UV lamps require managed disposal rather than the domestic bin
Trade and tax	Shops and establishment registration, trade licence, GST on goods and on service at differing treatment, warranty and return obligations
Labour	EPF, ESI, Minimum Wages; field staff on payroll rather than as commission agents, which is a deliberate cost of this model

What the law reaches	What it does not
Product standards for a system as sold	The configuration it is left in after a service visit
Misleading advertisement at the point of sale	A technician's verbal reassurance in a kitchen
Deficiency of service, if a customer knows to complain	A customer who is entirely satisfied because the tank fills quickly
E-waste and lamp disposal	Whether the part needed replacing at all

The regulatory position is unusual and worth stating plainly: the product standards for domestic RO are real and adequate, and they govern the machine AS SOLD. NOTHING GOVERNS THE STATE IT IS LEFT IN AFTER SERVICE. A certified system with its blend valve wound fully open is still, in every documentary sense, a certified system.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Note
Managing director	1	1	Signs off no parts-linked pay
Service technicians	22	35	Derived, not assumed: 42,000 visits ÷ 290 days ÷ 4.2 per technician-day = 34.5
Installation crew, domestic and commercial	14	22	3,360 + 180 systems
Sales, showroom and channel	12	18	—
Call centre, routing and scheduling	9	14	42,000 visits routed
Commercial systems engineering	8	12	180 systems
Warehouse, spares and logistics	7	11	—
Diagnosis support, measurement data and audit	5	9	Thresholds, overrides, seal audit
Finance, admin and HR	7	9	—
Laboratory	3	5	Survey and verification
Total	88	136	8,000 AMCs; 42,000 visits

The 9 people in diagnosis support, measurement data and audit are the commitment made flesh. Their salaries are **₹0.26 crore — ₹2.89 lakh average CTC across 9** — and **₹0.16 crore** covers meters, flow cells, calibration and the logging application. **That is ₹100 per service visit across 42,000 visits, and the whole commitment programme is ₹329 a visit.**

11. Implementation Timeline & Milestones

Phase	Months	Milestone
Registrations and finance	0-4	Company, BIS and product sourcing, trade and e-waste registrations, term loan
Pay structure and supplier terms	0-5	Salaried technician grades, resolution-based incentive, and supplier contracts prohibiting direct field incentives — BEFORE the first technician is hired
Showroom, warehouse and fleet	3-10	Experience centre, spares infrastructure, service fleet and tooling
Measurement and app	4-9	Handheld logging, thresholds and override control live before the AMC book scales
AMC book build	6-30	2,900 → 8,000 contracts; rescue work taken deliberately
Commercial and trade spares	12-28	180 systems a year; genuine parts supplied to independent technicians

Milestone that must not slip	Why
Pay structure before the first hire	A technician recruited on a commission expectation and moved to salary later will leave, and the ones who stay will be the ones who were not selling parts anyway
Supplier terms at the same time	A vendor spiff paid direct to field staff reinstates the whole structure invisibly; the prohibition has to be in the first supply agreement, not the third
Measurement app before the book scales	Thresholds without logging is a policy; with logging it is a control, and retrofitting records to 8,000 machines is not possible
Commissioning baselines from unit one	Rejection is read against the installation baseline — a machine with no baseline can never be assessed, only guessed at

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions in Indian rupees, not forecasts or guarantees. Drivers are shown so every number can be changed.

12.1 Revenue build (₹ lakh)

Stream	Yr 1	Yr 2	Yr 3	Share	GM
Domestic purifier sales and installation	248	336	420	30.0%	24.0%
Comprehensive AMC, flat fee, all parts included	192	274	364	26.0%	48.0%
Commercial and institutional systems	136	194	252	18.0%	30.0%
Out-of-contract repair and rescue	96	132	168	12.0%	52.0%

Spares and consumables to the trade	84	106	126	9.0%	22.0%
Water-condition survey and specification service	44	58	70	5.0%	56.0%
Total	800	1,100	1,400	100%	36.1%

Hardware is 30% of revenue and 20% of gross profit; service — AMC, out-of-contract work and survey — is 43% of revenue and 60% of gross profit. That is the commercial argument for the whole structure: **THE THING THIS PLAN PROTECTS IS ALSO THE THING THAT EARNS**, and a business that damages its service reputation to sell parts is trading its annuity for its inventory.

12.2 What is committed, and what it is measured on

Commitment	Yr 1	Yr 3
AMC visits closing with no part fitted, paid identically to a replacement	6%	23%, or 6,900 visits
Technician pay linked to parts fitted or invoice value / supplier spiffs to field staff	nil / nil	nil / nil
Membranes left in service past calendar date on measured performance / average life still remaining	410	1,840 / 9 months
Membranes replaced EARLY because measurement showed failure	180	620
Rejection measured and logged against commissioning baseline, every visit	29%	100%
First-visit resolution	61%	88%

Rows three and four have to be read together or the plan sounds like cost-cutting. Condition-based replacement is not "replace less" — it is "replace when the measurement says so", and in Year 3 that meant leaving 1,840 membranes in service **AND** pulling 620 out early in high-TDS households where the calendar would have left them running for months after they had stopped working.

12.3 Profit & loss (₹ lakh)

Line	Yr 1	Yr 2	Yr 3
Revenue	800	1,100	1,400
Cost of goods (systems, membranes, filters, lamps, field labour)	(514)	(705)	(895)
Gross profit	286	395	505
Salaried non-commissioned technician structure and resolution incentive	(34)	(46)	(62)
Measurement, logging and condition-based replacement control	(22)	(32)	(42)
Comprehensive AMC parts exposure and audit	(18)	(26)	(34)
Service operations, routing and call centre	(40)	(52)	(64)
Sales, showroom and channel	(44)	(58)	(72)
Warehousing, logistics and spares	(26)	(34)	(42)

Administration and overhead	(30)	(38)	(46)
EBITDA	72	109	143
Depreciation and amortisation	(40)	(46)	(52)
Finance cost	(30)	(34)	(38)
Other income (scrap, survey fees, misc)	6	9	12
PBT	8	38	65
Tax (fully taxable business income, ~25%)	(2)	(10)	(16)
PAT	6	28	49
Net margin	0.8%	2.5%	3.5%
ROCE on ₹3.60cr	8.9%	17.5%	25.3%

12.4 Project cost & funding (₹ lakh)

Use of funds	₹L	%	Source of funds	₹L
Service fleet, tools and portable test kits	90	25%	Promoter equity	130
Warehouse, spares infrastructure and workshop	79	22%	Term loan	144
Field measurement and logging: meters, flow cells, gauges, app	61	17%	Working capital limit	50
Showroom, experience centre and channel setup	54	15%	Scheme and subsidy support	36
Service management and CRM systems	40	11%	—	—
Water-testing laboratory	22	6%	—	—
Working capital margin and pre-operative	14	4%	—	—
Total	360	100%	Total	360

12.5 Sensitivities (₹ crore PAT, Year 3)

Scenario	What changes	PAT
Base case as planned	As above	₹0.49cr
Trade-standard practice instead	Commission technicians on parts and replace on calendar (+₹0.70cr), bill parts on top of a cheaper AMC (+₹0.36cr), let poor first-visit resolution generate 4,500 more chargeable repeat calls (+₹0.33cr), sell 18% more hardware on a fear demonstration (+₹0.18cr), fit generic spares (+₹0.13cr), stop funding early replacements (+₹0.12cr), skip managed disposal of used membranes, carbon and lamps (+₹0.09cr), run no laboratory (+₹0.08cr), close the pay, measurement and audit programmes (+₹1.38cr), lose the survey line that depends on them (–₹0.70cr revenue): revenue ₹14.69cr at 45.3% gross margin	₹2.64cr
AMC renewal falls 20%	₹0.77cr including the survey line and unabsorbed service capacity. The annuity IS the business, and this is the row that matters	(₹0.09cr)
Technician attrition	₹0.58cr of recruitment, retraining and lost productivity — the model depends on salaried non-commissioned staff in a trade where commission is the norm	₹0.05cr

Hardware price war from online and direct-brand sellers	Domestic margin 24% → 16% and volume down 10%: ₹0.44cr	₹0.16cr
Membrane and consumable cost +20%	₹0.31cr, and under a flat all-inclusive AMC we absorb all of it rather than passing it on — which is the deliberate cost of the promise	₹0.26cr

The trade-standard row is ₹2.64 crore against ₹0.49 crore, and it is worth noticing what dominates it. ₹0.70 crore is parts sold on a calendar and ₹0.33 crore is repeat visits caused by not diagnosing properly the first time — SO NEARLY HALF THE GAP IS EARNED BY DOING THE JOB BADLY, AND EARNED HONESTLY, BY PEOPLE FOLLOWING THEIR JOB CARDS EXACTLY.

12.6 Volumes and unit economics (Year 3)

Physical driver	Volume	Realisation	Revenue
Domestic systems sold and installed	3,360	₹12,500	₹420L
Comprehensive AMC contracts	8,000	₹4,550	₹364L
Commercial and institutional systems	180	₹1.40L	₹252L
Out-of-contract jobs	12,000	₹1,400	₹168L
Trade spares and survey	—	—	₹196L
Total service visits	42,000	—	₹1,400L

Derived figure	Working	Result
Visits from the AMC book	8,000 contracts × 3.75 visits (3 scheduled, 0.75 breakdown)	30,000
Total visits	30,000 in-contract + 12,000 out-of-contract	42,000
Measurement cost per visit	₹0.42cr over 42,000 visits	₹100
Whole commitment per visit	₹1.38cr over 42,000 visits	₹329
Parts forgone	1,840 membranes at ₹1,850 (₹0.34cr) + 6,900 no-part closes at ₹520 (₹0.36cr)	₹0.70cr
Technicians	42,000 ÷ 290 days ÷ 4.2 per technician-day	34.5, staffed at 35

The single most useful number in this plan is ₹100 against ₹1,850. A measurement costing one hundred rupees decides whether an eighteen-hundred-and-fifty-rupee part is fitted — a ratio of eighteen to one — AND THE ENTIRE TRADE MAKES THAT DECISION WITH A CALENDAR INSTEAD, because the calendar is free and the measurement was never anybody's revenue.

13. Funding Requirement & Bankability

Item	Position
Requirement	₹3.60cr: ₹1.30cr promoter equity, ₹1.44cr term loan, ₹0.50cr working capital limit, ₹0.36cr scheme support
Security	Fleet, warehouse fit-out, measurement kit, showroom and laboratory; hypothecation of inventory and receivables; personal guarantee of the promoter
Debt service	Year 3 EBITDA ₹1.43cr against interest ₹0.38cr and scheduled repayment; DSCR above 1.7x from Year 3
The AMC book is the collateral that matters	8,000 renewing contracts at ₹4,550 with a high retention rate is an annuity worth more than every fixed asset in the project cost combined, and it is the asset a lender should actually be lending against
The deliberate exposure	A flat all-inclusive AMC means input-cost inflation lands on us, not the customer; a 20% consumable rise is ₹0.31cr and is absorbed
What a lender should test	Not the sales run rate — the AMC renewal percentage and the proportion of visits closing with no part fitted. The first says the annuity is real; the second says the pay structure is real, and if it drifts back toward zero the business has quietly become an ordinary dealership

Year	EBITDA	Interest	Repayment	DSCR
Year 1	₹0.72cr	₹0.30cr	Moratorium	—
Year 2	₹1.09cr	₹0.34cr	₹0.32cr	1.65x
Year 3	₹1.43cr	₹0.38cr	₹0.44cr	1.74x

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
A contract priced as a parts schedule cannot pay for the finding that nothing needs replacing	An AMC is sold as maintenance and specifies a replacement calendar. The technician's job card lists components, and his time, commission, supplier incentives and supervisor's view of a productive day all attach to fitting them. THERE IS NO LINE FOR "DIAGNOSED THE FAULT AND NOTHING NEEDED REPLACING" — THE ONE OUTCOME THE STRUCTURE CANNOT BUY IS THE CORRECT ONE. It fails both ways: parts changed on a calendar in a country where feed TDS spans thirty to one, and the actual fault never found , because a failed pump, leaking float valve or mis-set blend valve is not on the schedule. Nobody is dishonest — the technician follows the card, the dealer delivers the AMC, the customer gets the parts he bought	Rebuild around the outcome. FLAT ALL-INCLUSIVE AMC so every unnecessary part is our cost, not our revenue. SALARIED TECHNICIANS WITH NO PARTS COMMISSION AND NO SUPPLIER SPIFFS — prohibited in the supply agreement as well as the payslip, because a vendor paying ₹150 a membrane direct to field staff reinstates the whole structure invisibly. A "NO PART FITTED" CLOSE PAID IDENTICALLY: 23%, or 6,900 visits. Membranes replaced on measured rejection and permeate flow: 1,840 LEFT IN SERVICE with 9 months average life remaining and 620 PULLED EARLY where measurement showed failure. First-visit resolution 61% → 88%. Forgone parts revenue ₹0.70cr. GENERAL RULE: PAY FOR THE MEASURED CONDITION OF THE MACHINE, NOT FOR THE CONTENTS OF THE VAN

The fix for the symptom is the removal of the function	Every domestic RO has a blend valve that mixes untreated feed back into the product — a legitimate component that is also a bypass with a knob on it. A FOULED MEMBRANE MAKES THE TANK FILL SLOWLY; OPENING THE VALVE MAKES IT FILL QUICKLY AGAIN — so the household's only proxy is not merely blind to the failure, IT IS ACTIVELY RESTORED BY THE INTERVENTION THAT REMOVES THE PURIFICATION, and the customer experiences the destruction of his purifier as a repair. 1,106 of 3,900 machines inspected on rescue work were producing water that had never passed through the membrane	Blend valves sealed at commissioning with the position recorded. REJECTION IS THE DIAGNOSTIC, NOT PRODUCT TDS — 90 ppm is excellent on feed of 1,400 and meaningless on feed of 110, so on low-TDS supply a fully bypassed machine reads respectably. Feed and product measured together against the commissioning baseline on all 42,000 visits at ₹100 each; a bypass collapses rejection instantly. And the pay structure is the real control: under commission the technician who fits the ₹1,850 membrane spends forty minutes to earn less than fitting a filter that was not due
AMC renewal	The annuity is the business. A 20% fall is ₹0.77cr including the survey line and unabsorbed service capacity, and a ₹0.09cr loss	First-visit resolution at 88% is the retention mechanism; the customer receives the measured record of his own machine each visit; flat pricing removes the surprise bill that ends most AMC relationships; commercial contracts renew far better than domestic
Technician attrition	₹0.58cr; the model needs salaried non-commissioned technicians in a trade where commission is normal, so the recruitment pool is narrower and the people who want commission self-select out	Pay structure fixed before the first hire rather than migrated later; resolution and diagnostic-accuracy incentive so skill is still rewarded; ESOP for senior field staff; career path into diagnosis support and commercial engineering
Hardware competition	Online and direct-brand pricing takes domestic margin 24% → 16% with volume down 10%: ₹0.44cr	Hardware treated as acquisition rather than profit; the survey makes the sale specification-led rather than price-led; service attach rate is the real objective of every hardware sale
Consumable cost inflation	+20% is ₹0.31cr and a flat all-inclusive AMC means we absorb every rupee of it	The deliberate cost of the promise; annual repricing at renewal rather than mid-term surcharges; volume contracts on membranes; condition-based replacement reduces the quantity consumed, which is the natural hedge
Claims and reputation	A misleading demonstration or an overstated removal claim is an unfair trade practice exposure, and this trade sells hard on fear	Claims limited to what IS 16240 and the system's actual specification support; no electrolysis or scare demonstrations at any point in the sales process; the survey substitutes measured feed data for theatre

15. SWOT Analysis

Strengths	Weaknesses
A pay structure competitors cannot copy without abandoning how the trade pays field labour; flat all-inclusive AMC that inverts the parts incentive; measurement at every visit at ₹100; sealed blend valves and rejection baselines; a rescue book that supplies the evidence; 8,000 renewing contracts as a genuine annuity	3.5% net margin; the commitment costs ₹2.08cr against ₹0.49cr of PAT; the advantage is invisible at the point of sale and legible only after two service cycles; consumable inflation lands entirely on us; a narrower recruitment pool for technicians

Opportunities	Threats
A vast installed base served by technicians who move on; rescue and out-of-contract work is large and underserved; commercial and institutional customers will pay for records; genuine spares supply to independent technicians builds channel goodwill and intelligence	Hardware price deflation; AMC price comparison against a headline that excludes parts; supplier spiffs reinstating commission invisibly; and the plain fact that a customer whose purifier has been quietly bypassed is a completely satisfied customer

The uncomfortable summary is that this business's two best features are both unobservable to the person paying for them. A household cannot tell a diagnosed machine from an undiagnosed one, or a working membrane from a bypassed one, and will be equally happy with either until something goes badly wrong or nothing ever does. THE ONLY DURABLE ANSWER IS TO HAND THE CUSTOMER HIS OWN MEASURED RECORD EVERY VISIT, WHICH MAKES THE INVISIBLE AT LEAST WRITTEN DOWN.

What the ₹2.08 crore of commitments buys	₹cr	Per service visit
Salaried non-commissioned technicians and resolution incentive	0.62	₹148
Parts revenue forgone by measuring instead of scheduling	0.70	₹167, off the P&L entirely
Measurement, logging and threshold control	0.42	₹100
Comprehensive AMC parts exposure and audit	0.34	₹81
Total	2.08	₹495

₹495 a visit against an AMC fee of ₹4,550 covering 3.75 visits — ₹1,213 of fee per visit — is roughly forty per cent of the revenue a visit generates. That is an enormous number for what is, in the end, an honesty programme, and it is the reason nobody in this trade runs one. IT IS ALSO WHY THE ONLY VERSION THAT SURVIVES IS THE ONE WHERE THE SAVING IS REAL: condition-based replacement genuinely consumes fewer membranes, and 88% first-visit resolution genuinely removes a second van journey. AN HONESTY PROGRAMME THAT COSTS PURE MONEY GETS CUT IN THE FIRST BAD QUARTER.

16. Recommended AiSevak Tools for This Business

- **Business plan and project report generator** — for the term loan and working capital file.
- **Compliance calendar** — BIS and product certification, e-waste returns, GST, shops and establishment, EPF and ESI.
- **Cost and pricing calculator** — AMC fee build-up by feed-water band, cost per service visit, and the whole-life consumable cost of a machine on measured versus calendar replacement.
- **GST and invoicing helper** — goods versus service treatment, AMC billing, warranty and return handling.
- **Labour and payroll toolkit** — salaried field staff, resolution-based incentive design, EPF and ESI for a distributed service force.
- **Loan and subsidy application helper** — lending assessed against a renewing service book rather than a sales run rate.
- **Contract and terms drafting helper** — the flat all-inclusive AMC, the supplier agreement clause prohibiting direct field incentives, and commercial service-level terms.

Every tool above is **free to use on AiSevak and needs no signup to explore**. The toolkit link at the end of this plan opens the whole water set.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, unit volumes, AMC fees, renewal and resolution rates are editable inputs; outcomes depend on competition, retention, attrition and consumable costs. Figures are in Indian rupees. **This plan is the fifth in vertical 56 and inherits its ten anchor rules (a)-(j).**
- **The central finding is that an AMC is sold as maintenance and priced as a parts schedule.** The technician's job card lists components and his pay attaches to fitting them, **and there is no line for "diagnosed the fault and nothing needed replacing" — the one outcome the contract structurally cannot buy, and in a sound machine the correct outcome of most visits.**
- **It fails in both directions from one cause.** Parts are changed on a calendar where feed-water TDS spans sixty to two thousand parts per million — **a calendar across that range is the average of two populations that have nothing in common** — and the real fault is never found, because a failed pump or a mis-set valve is not on the schedule. **Nobody is dishonest: the technician follows the card, the dealer delivers the AMC, the customer receives the parts he was sold. The defect is that a contract priced as a bill of materials has no instrument for purchasing judgement.**
- **The remedy is structural, not exhortative.** Flat all-inclusive AMC so unnecessary parts become our cost; salaried technicians with no parts commission **and a supplier-contract prohibition on spiffs paid direct to field staff, because that is how the rule dies quietly**; a no-part close paid identically, now 23% of AMC visits. **GENERAL RULE: A SERVICE CONTRACT PRICED AS A PARTS SCHEDULE CANNOT BUY THE OUTCOME WORTH MOST — A CORRECT DIAGNOSIS ENDING IN NOTHING FITTED — SO PAY FOR THE MEASURED CONDITION OF THE MACHINE, NOT FOR THE CONTENTS OF THE VAN.**
- **Condition-based replacement runs both ways:** 1,840 membranes left in service past their calendar date with nine months of average life remaining, **and 620 replaced early** in high-TDS households where a calendar would have left a failed membrane running for months.
- **The second thread is that the fix for the symptom is the removal of the function.** The blend valve is a legitimate component and also a bypass with a knob on it. **A fouled membrane makes the tank fill slowly; opening the valve makes it fill quickly again — so the household's only proxy is not blind to the failure but actively restored by the intervention that removes the purification, and the customer experiences the destruction of his purifier as a repair.** 1,106 of 3,900 machines inspected on rescue work had never been passing water through the membrane. **Rejection is the diagnostic, not product TDS: 90 ppm is excellent on feed of 1,400 and meaningless on feed of 110.**
- **Volumes and unit economics.** 3,360 domestic systems at ₹12,500; 8,000 AMCs at ₹4,550; 180 commercial systems at ₹1.40L; 12,000 out-of-contract jobs at ₹1,400; 42,000 visits (8,000 × 3.75 in-contract, plus 12,000). Measurement is ₹100 a visit and the whole commitment ₹329; forgone parts ₹0.70cr. Technicians are derived, not assumed: 42,000 ÷ 290 days ÷ 4.2 per technician-day = 34.5, staffed at 35. **A ₹100 measurement decides an ₹1,850 part — eighteen to one — and the trade makes that decision with a calendar, because the calendar is free and the measurement was never anybody's revenue.**
- **Compliance and professional advice.** IS 16240 for RO-based domestic systems and IS 14724 for ultraviolet systems, with BIS certification where mandated; IS 10500 as the reference for water-quality claims; **Consumer Protection Act provisions on misleading advertisement and unfair trade practice, which reach the demonstration used to make a sale, and on deficiency in service**; E-Waste Management Rules covering electronic assemblies and lamps,

with managed disposal of used membranes, spent carbon and UV lamps; shops and establishment registration, trade licence and GST at differing treatment for goods and services; EPF, ESI and Minimum Wages for salaried field staff. **Note the gap: product standards govern the machine AS SOLD and nothing governs the state it is left in after a service visit — a certified system with its blend valve wound fully open is still, documentarily, a certified system.** Professional advice should be taken on AMC terms and inclusions, advertising and demonstration claims, e-waste obligations, and supplier agreements prohibiting direct field incentives.

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

Every tool referenced in this plan is available on aisevak.in. Open the [Water Supply, Treatment and Solutions toolkit](#) to browse and use them all at <https://aisevak.in/verticals/water> — 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.

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