



BUSINESS PLAN · INDIA

Auto-Component Manufacturing

Zero-defect, on-time, cost-efficient components at scale

MANUFACTURING

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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 an **Auto-Component Manufacturing** unit in India — a Tier-2/3 automotive-parts factory producing components (machined parts, pressings/sheet-metal, plastic/rubber parts, forgings or sub-assemblies) for OEMs & Tier-1 suppliers to strict automotive quality standards (IATF 16949, PPAP), on long-term supply contracts. It earns per-part manufacturing margins on assured OEM volumes & capacity utilisation, monetising precision, quality systems, cost efficiency & reliable delivery — a quality-, utilisation- & OEM-relationship-driven B2B manufacturing business.

India's auto-component sector is large, globally competitive & growing, driven by domestic auto demand, exports, localisation, Make-in-India, PLI-for-auto & the EV transition (new component demand). A Tier-2/3 unit supplies OEMs/Tier-1s under demanding quality (IATF 16949, PPAP, zero-defect) & cost-down expectations, on assured long-term volumes. Success rests on quality systems & certifications, capacity utilisation, precision, cost/material efficiency, on-time delivery & OEM/Tier-1 relationships. The trade-off is client concentration & cost-down pressure versus assured, sticky volumes.

This is a capital-intensive MSME manufacturing business — funded by promoter equity plus bank finance (term loan for machinery + CC/OD for working capital, under CGTMSE/SIDBI & PLI-for-auto where eligible). This plan models a unit requiring **₹2.5 crore** (₹85 lakh promoter + ₹1.65 crore bank finance), targeting **₹5 crore** revenue in Year 1 and **₹9 crore** by Year 3. *(Auto components; Tier-2/3 OEM-dependent, IATF/PPAP quality, utilisation- & relationship-driven.)*

2. Business Description, Vision & Legal Structure

Concept: A Tier-2/3 auto-component unit producing precision parts to OEM/Tier-1 specs & automotive quality standards - reliable, zero-defect, cost-efficient supply.

Vision: To be a preferred component supplier to OEMs & Tier-1s, including EV.

Mission: Deliver zero-defect, on-time, cost-efficient components at scale.

Legal structure options

- **Private Limited** — recommended (for OEM contracts, IATF, finance & scale).
- **LLP** — possible, but OEM supply & scale favour a company.

Regulatory anchor: an auto-component unit is a factory + automotive-quality supplier — Factories Act & factory licence, GST, pollution-board CTE/CTO, fire & labour/safety, & critically automotive quality systems (IATF 16949, PPAP, APQP, zero-defect), OEM/Tier-1 approvals & audits, plus PLI-for-auto eligibility. Quality/certification, capacity utilisation, precision, cost/material efficiency, on-time delivery & OEM relationships determine success; capital-intensive, client-concentrated, cost-down-pressured but assured volumes.

3. Promoter & Ownership

Led by a promoter with automotive/manufacturing/quality experience & OEM/Tier-1 relationships. The team includes production, quality (IATF/PPAP/metrology), tooling/maintenance, procurement & program/customer management. Quality systems, precision, cost efficiency & OEM relationships are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's auto-component industry is large, export-competitive & growing, driven by domestic vehicle demand, exports, localisation/import substitution, Make-in-India, PLI-for-auto & the EV transition (new components: motors, battery

parts, electronics housings). OEMs & Tier-1s outsource to Tier-2/3 suppliers under strict quality & cost-down terms on assured volumes. The market rewards quality/certification, capacity, precision, cost & delivery; it is client-concentrated, cost-down- & utilisation-sensitive & cyclical, met with quality, cost efficiency, EV-readiness & diversification.

Demand drivers

- Domestic auto demand & exports.
- Localisation & import substitution.
- Make-in-India & PLI-for-auto.
- EV transition (new components).
- OEM/Tier-1 outsourcing.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Auto-components in India	Very large
SAM	Component/region & capacity	Substantial
SOM (Yr 1-3)	OEM/Tier-1 volumes	Scaling

Target segments

- OEMs (2W/3W/4W/CV).
- Tier-1 suppliers.
- EV component demand.
- Aftermarket & exports.

5. Competition & Competitive Advantage

Landscape: other Tier-2/3 suppliers, in-house OEM/Tier-1 production & imports. The unit competes on quality/certification, precision, cost, capacity, delivery & relationships.

The unit's edge

- IATF/PPAP quality & zero-defect.
- Precision & process capability.
- Cost & material efficiency.
- On-time delivery & reliability.
- OEM/Tier-1 relationships & EV-readiness.

6. Products & Revenue Model

Stream	Model	Basis
Component supply (OEM/Tier-1)	Per-part, long-term contract	Core assured volume
Sub-assemblies	Value-added per-unit	Margin

Tooling / development	One-time / amortised	Stickiness
Aftermarket	Higher-margin per-unit	Diversification
Exports	Volume / export margin	Growth

Revenue is per-part on assured OEM/Tier-1 volumes (long-term contracts), with annual cost-down; margins depend on utilisation, cost/material efficiency & process capability. Sub-assemblies, aftermarket & exports lift margin & diversify. Quality/certification, utilisation, cost efficiency & delivery drive economics — the decisive auto-component levers; assured volume vs. cost-down pressure defines the model.

7. Go-to-Market — Marketing & Sales

- **OEM/Tier-1 approvals & audits** (IATF/PPAP) as entry.
- **Cost, quality & delivery** track record.
- **Program/customer management.**
- **EV-readiness & new-component** positioning.
- **Aftermarket & export** diversification.

Sales approach

Win OEM/Tier-1 approval (IATF, PPAP, samples) → deliver zero-defect, on-time, cost-competitive → secure long-term contracts (assured volume) → deepen with sub-assemblies & EV components → diversify via aftermarket/exports to reduce concentration. Quality, cost, utilisation & relationships build sticky revenue.

8. Operations Plan

- **Plant & machines:** CNC/machining, pressing/moulding or forging lines, quality lab/metrology, tooling; automotive-grade processes.
- **Process:** APQP/PPAP → tooling → procurement → production → in-process & final QC (metrology) → packing/JIT dispatch → OEM audits.
- **Quality systems:** IATF 16949, PPAP, SPC, zero-defect, traceability, metrology, OEM/Tier-1 audits.
- **Efficiency:** capacity utilisation, OEE, cycle time, material yield/scrap, cost-down, maintenance.
- **Tech:** ERP/MES, production planning, quality & traceability systems.

Auto-component workflow

Stage	Activity	Metric
Develop	APQP/PPAP/tooling	Approval
Produce	Machine/press	Utilisation/OEE
QC	Metrology/SPC	PPM/zero-defect
Deliver	JIT dispatch	On-time
Improve	Cost-down/kaizen	Cost/scrap

9. Regulatory, Licences & Compliance (India)

- **Factory & safety:** Factories Act & factory licence; fire NOC; labour/ESI/PF; electrical & machine safety.
- **Quality:** IATF 16949, PPAP/APQP, OEM/Tier-1 approvals & audits; ISO 14001 (as required).
- **Environment:** pollution-board CTE/CTO; effluent/scrap; hazardous material (plating/painting, if any).
- **Business & schemes:** Pvt Ltd; GST; PAN/TAN; Udyam; PLI-for-auto (if eligible).

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter & plant head	2	3	4
Production / operators (shifts)	22	34	50
Quality, metrology & IATF	5	8	12
Tooling, maintenance & procurement	5	8	12
Program/customer mgmt & admin	3	5	7
Total	37	58	85

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–6	Plant, machines, IATF, tooling, OEM approval/PPAP
Ramp	Month 6–12	Utilisation, zero-defect, on-time, contracts; ₹5cr revenue
Deepen	Year 2	Sub-assemblies, EV components, more programs
Diversify	Year 2–3	Aftermarket, exports, cost-down
Scale	Year 3	₹9cr revenue; higher utilisation & capacity

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. They are not projections of guaranteed results. Auto components; utilisation/quality-driven, assured volume vs. cost-down, capital-intensive.

12.1 Project cost & means of finance

Capital requirement	₹
Plant & machinery (CNC/press/etc.)	1,45,00,000
Tooling, metrology & quality lab	35,00,000
Factory setup & utilities	30,00,000
Working capital (material, WIP, receivables)	30,00,000

IATF/certifications, licences & pre-operative	10,00,000
Total project cost	2,50,00,000
Promoter contribution	85,00,000
Bank finance (term + CC; CGTMSE/SIDBI/PLI)	1,65,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
OEM/Tier-1 component supply	4,30,00,000	6,20,00,000	7,50,00,000
Sub-assemblies & tooling	50,00,000	80,00,000	1,00,00,000
Aftermarket & exports	20,00,000	50,00,000	50,00,000
Total revenue	5,00,00,000	7,50,00,000	9,00,00,000
Raw material & bought-outs	3,05,00,000	4,50,00,000	5,35,00,000
Power & direct labour	70,00,000	98,00,000	1,15,00,000
Overheads, quality & maintenance	45,00,000	60,00,000	72,00,000
Admin & selling	25,00,000	35,00,000	42,00,000
Interest & depreciation	42,00,000	46,00,000	48,00,000
Total expenses	4,87,00,000	6,89,00,000	8,12,00,000
Net profit (before tax)	13,00,000	61,00,000	88,00,000
Net margin	2.6%	8.1%	9.8%

12.3 Unit economics & break-even

- **Capacity utilisation & OEE:** the master levers — assured OEM volumes at high utilisation spread heavy fixed machinery/interest/depreciation, transforming margins.
- **Cost-down & material efficiency:** OEMs demand annual price reduction; material yield, scrap (PPM), productivity & kaizen must beat it to protect margins; sub-assemblies/aftermarket lift the blend.
- **Break-even:** at a utilisation threshold covering fixed costs; assured contracts help reach it — utilisation, quality (PPM) & cost efficiency decisive.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	8,00,000	7,20,000	7,10,000	7,40,000
Collections	95,00,000	1,15,00,000	1,32,00,000	1,48,00,000
Material, labour, overheads & interest	95,80,000	1,15,10,000	1,31,70,000	1,47,20,000
Closing balance	7,20,000	7,10,000	7,40,000	8,20,000

OEMs carry credit (receivables 45-90 days) & material WC is heavy; assured schedules aid predictability but cost-down & payment terms squeeze cash. Utilisation, material/scrap control, receivable & CC discipline, plus buffer, manage cash; ramp-up utilisation, cost-down pressure & client concentration are the key risks — met with efficiency, contracts & diversification.

12.5 Key Performance Indicators to Monitor

- **Utilisation:** capacity utilisation %; OEE; cycle time.
- **Quality:** PPM/reject; PPAP/audit status; zero-defect.
- **Cost:** material yield/scrap; cost-down achieved; contribution.
- **Clients/WC:** OEM concentration; on-time; receivable days.

13. Funding Requirement & Bankability

Total ask: **₹1.65 crore bank finance** against ₹85 lakh promoter contribution — term loan for machinery + CC for working capital, under CGTMSE/SIDBI & PLI-for-auto (capex support). Bankability rests on OEM/Tier-1 contracts (assured order book), IATF quality, utilisation & cost efficiency; the unit is asset-backed (machinery collateral). Year-1 profit ~₹13 lakh scaling to ₹88 lakh supports servicing; long-term OEM contracts strongly de-risk lending.

13.1 Funding utilisation

Use of funds	₹	% of total
Plant & machinery (CNC/press/etc.)	1,45,00,000	58%
Tooling, metrology & quality lab	35,00,000	14%
Factory setup & utilities	30,00,000	12%
Working capital (material, WIP, receivables)	30,00,000	12%
IATF/certifications, licences & pre-operative	10,00,000	4%
Total	2,50,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Client concentration (OEM/Tier-1)	Diversify OEMs/segments; aftermarket/exports; multiple programs
Cost-down pressure	Material yield, scrap, productivity & kaizen; sub-assemblies/value-add
Utilisation / auto-cycle downturn	Assured contracts; flexible capacity; segment diversification; EV shift
Quality / PPM failures	IATF, PPAP, SPC, metrology, zero-defect culture; audits
Receivables & WC	Credit terms; CC; material discipline; buffer

15. SWOT Analysis

Strengths Assured OEM volumes; sticky long-term contracts; asset-backed; quality systems; EV-growth optionality.	Weaknesses Capital-intensive; client-concentrated; cost-down-pressured; utilisation-/cycle-dependent; WC-heavy.
Opportunities EV components; localisation/PLI; exports & aftermarket; sub-assemblies; capacity.	Threats Auto-cycle downturns; cost-down & OEM power; material inflation; EV-disruption of legacy parts.

16. Recommended AiSevak Tools for This Business

This auto-component unit would use AiSevak's Manufacturing vertical tools in delivery:

- **Plant ops:** ERP/MES/production-planning, utilisation/OEE, quality/SPC/PPM and cost-down/material tools.
- **Compliance:** factory-licence, IATF-16949/PPAP, pollution/CTE-CTO and PLI-for-auto tools (with Legal & Finance verticals).
- **Practice:** Business Plan, utilisation/cost-down-economics and Break-even tools to model the unit.

17. Key Assumptions & Notes

- Tier-2/3 auto components; per-part on assured OEM/Tier-1 volumes (long-term contracts) with annual cost-down; sub-assemblies/aftermarket/exports lift margin.
- Capacity utilisation, quality (IATF/PPAP, PPM) & cost/material efficiency decisive; EV transition brings new-component opportunity & legacy risk.
- Capital-intensive, client-concentrated, WC-heavy; term + CC (CGTMSE/SIDBI; PLI-for-auto); Factories Act, IATF, pollution, labour.
- Utilisation, quality, cost & client diversification drive economics; figures illustrative, exclude GST.

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