



BUSINESS PLAN · INDIA

Auto Spare-Parts Retail / Distribution

The right part, fast, at fair value - availability and trust

AUTOMOTIVE

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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

1. Executive Summary

This plan sets out an **Auto Spare-Parts Retail / Distribution** business in India — a trading & distribution operation supplying automotive spare parts (engine, electrical, body, consumables, filters, brakes, etc.) for cars, two-wheelers & commercial vehicles, via a retail counter & B2B supply to workshops, garages & fleets, dealing in OEM/OES & quality aftermarket brands. It earns thin-to-moderate trading margins on high inventory turnover & volume, monetising India's vast & growing vehicle parc & aftermarket demand — an inventory-, distribution- & working-capital-driven auto-trading business.

India's automotive aftermarket is large & growing with a huge, ageing vehicle parc needing continuous spares & consumables. A spare-parts business earns thin-to-moderate margins on high turnover, with the key levers being inventory depth & availability (fill rate), turnover/turns, supplier & brand tie-ups, B2B (workshop/garage/fleet) relationships & credit-cycle management. It is inventory- & working-capital-intensive (broad SKU range + B2B credit); success rests on availability, turns, relationships & WC discipline.

This is an MSME auto-trading business — funded partly by the promoter and partly through bank finance (term loan for setup + CC/OD for working capital — the dominant need, under Mudra/CGTMSE). This plan models a business requiring **₹60 lakh** (₹21 lakh promoter + ₹39 lakh bank finance), targeting **₹2.5 crore** revenue in Year 1 and **₹4.5 crore** by Year 3. (*Auto spare-parts; inventory-/WC-intensive, thin-margin/high-turnover, counter + B2B distribution.*)

2. Business Description, Vision & Legal Structure

Concept: An auto spare-parts retail & distribution business - broad, available inventory of OEM/OES & quality aftermarket parts - counter retail + B2B supply to workshops, garages & fleets.

Vision: To be the go-to, reliable spares supplier in its region.

Mission: Deliver the right part, fast, at fair value - with availability & trust.

Legal structure options

- **Proprietorship / Partnership** — common for a single counter.
- **LLP / Private Limited** — recommended for distribution, scale, credit & funding.

Regulatory anchor: a spare-parts business is a trading/distribution business — Shops & Establishments, GST, trade licence, supplier/brand distribution agreements, weights-and-measures (as applicable), & hazardous/e-waste for certain items (batteries, oils, chemicals). Inventory depth/availability (fill rate), turnover/turns, supplier & brand tie-ups, B2B relationships & credit-cycle & WC discipline determine success; inventory-/WC-intensive, thin-margin/high-turnover.

3. Promoter & Ownership

Led by a promoter with auto-parts trade, distribution or business experience & supplier/workshop relationships. The team includes counter/sales, B2B/field sales, stores/inventory, purchase & accounts (credit control). Availability, relationships, turns & WC/credit discipline are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's automotive aftermarket is large & growing, driven by a huge & ageing vehicle parc (cars, 2W, CV), rising vehicle age, out-of-warranty servicing & continuous spares/consumables demand. Retail counters & distributors

supply consumers, workshops, garages & fleets. The market rewards inventory availability, turns, supplier/brand tie-ups, B2B relationships & credit management; it is inventory-, WC- & competition-sensitive (organised & unorganised, online), met with availability, relationships, turns & service.

Demand drivers

- **Huge & ageing vehicle parc.**
- **Out-of-warranty servicing** demand.
- **Continuous spares/consumables** need.
- **Workshop/garage/fleet** B2B demand.
- **Organised aftermarket** growth.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Auto aftermarket in India	Very large
SAM	Region/segment & vehicle parc	Substantial
SOM (Yr 1-3)	Counter + B2B sales	Scaling

Target segments

- Workshops & garages (B2B core).
- Fleets & transporters.
- Retail counter customers.
- Sub-dealers & smaller shops.

5. Competition & Competitive Advantage

Landscape: other parts retailers/distributors, OEM dealer parts counters, online parts platforms & unorganised shops. The business competes on availability/fill-rate, price/value, relationships, turns & service (speed).

The business's edge

- **Inventory depth & availability (fill rate).**
- **Supplier/brand tie-ups & genuine/quality parts.**
- **B2B relationships & credit.**
- **Speed/service & turns.**
- **Price/value & range.**

6. Products & Revenue Model

Stream	Model	Basis
B2B supply (workshops/garages/fleets)	Trade margin (12-25%), volume	Core
Retail counter	Higher margin (20-35%)	Margin
Fast-moving consumables (filters/oils/brakes)	High-turnover margin	Turns

Genuine/OEM & premium brands	Margin/trust	Trust/volume
Sub-dealer distribution	Distribution margin	Volume/reach

B2B (workshops/garages/fleets) is the volume core at trade margins (12-25%); retail counter earns higher margins; fast-moving consumables drive turns. Inventory availability (fill rate), turnover/turns, margin mix, B2B relationships & credit-cycle discipline drive economics — the decisive spare-parts levers; availability vs. inventory-holding cost & turns are central.

7. Go-to-Market — Marketing & Sales

- **B2B/field sales** to workshops/garages/fleets.
- **Availability & speed** as the pitch.
- **Supplier/brand tie-ups** & genuine parts.
- **Credit terms & relationships.**
- **Retail counter & sub-dealers.**

Sales approach

Build B2B relationships (workshops/garages/fleets) with availability, speed, genuine parts & credit → grow volume & sub-dealers → serve retail counter at higher margin → optimise turns & margin mix → manage credit discipline. Availability, turns, relationships & WC discipline build volume & margin.

8. Operations Plan

- **Store & inventory:** counter + warehouse, broad SKU range, racking/bin-location, fast-moving depth; delivery for B2B.
- **Process:** purchase (suppliers/brands) → stock & bin → sell (counter/B2B) → deliver → replenish & manage credit.
- **Inventory & WC:** fill-rate vs. holding cost, turns, dead-stock management, B2B credit control.
- **Tech:** inventory/POS & billing, parts catalogue/lookup, B2B ordering, credit & analytics.
- **Compliance:** Shops & Establishments, GST, distribution agreements, hazardous/e-waste (batteries/oils).

Spare-parts workflow

Stage	Activity	Metric
Purchase	Suppliers/brands	Cost/terms
Stock	Bin/availability	Fill rate/turns
Sell	Counter/B2B	Volume/margin
Deliver	B2B despatch	Speed/service
Manage	Credit/replenish	Receivables/turns

9. Regulatory, Licences & Compliance (India)

- **Registration:** Shops & Establishments; trade licence; Udyam (MSME).
- **Tax & trade:** GST; PAN/TAN; supplier/brand distribution agreements.
- **Environment:** hazardous/e-waste handling for batteries, oils & chemicals (as applicable).

- **Consumer & quality:** genuine/quality parts; weights-and-measures (as applicable); consumer-protection.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / manager	1	1	2
Counter & B2B/field sales	4	7	11
Stores, inventory & delivery	3	5	8
Purchase & accounts (credit)	2	3	5
Admin & support	1	2	3
Total	11	18	29

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-2	Store/warehouse, supplier tie-ups, inventory, tech, launch
Ramp	Month 2-7	B2B relationships, fill rate, turns, credit
Traction	Month 7-12	Volume & turns; ₹2.5cr revenue
Expand	Year 2	SKUs, sub-dealers, brands, delivery
Scale	Year 3	₹4.5cr revenue; distribution & reach

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 spare-parts; thin-to-moderate margins, high turnover, inventory-WC-intensive.

12.1 Project cost & means of finance

Capital requirement	₹
Store/warehouse setup & racking	12,00,000
Opening inventory (broad SKU range)	32,00,000
Delivery, tech & equipment	6,00,000
Deposits, launch & pre-operative	4,00,000
Working-capital margin (receivables)	6,00,000
Total project cost	60,00,000
Promoter contribution	21,00,000
Bank finance (term + CC, Mudra/CGTMSE)	39,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
B2B supply (workshops/garages/fleets)	1,70,00,000	2,55,00,000	3,10,00,000
Retail counter	65,00,000	95,00,000	1,15,00,000
Sub-dealer & other	15,00,000	30,00,000	25,00,000
Total revenue	2,50,00,000	3,80,00,000	4,50,00,000
Cost of goods sold	2,05,00,000	3,10,00,000	3,66,00,000
Salaries & staff	18,00,000	27,00,000	36,00,000
Rent, utilities & delivery	12,00,000	15,00,000	18,00,000
Interest, marketing & overheads	9,00,000	13,00,000	16,00,000
Total expenses	2,44,00,000	3,65,00,000	4,36,00,000
Net profit (before tax)	6,00,000	15,00,000	14,00,000
Net margin	2.4%	3.9%	3.1%

12.3 Unit economics & break-even

- **Turns & margin mix:** thin B2B margins (12–25%) × high turnover + higher-margin retail & consumables; inventory turns against holding cost is the core lever.
- **Fill rate vs. WC:** availability (fill rate) drives sales & relationships but ties up inventory WC; the balance & dead-stock control are decisive; B2B credit adds receivable WC.
- **Break-even:** at a volume/turns threshold covering fixed costs + interest; reached within Year 1 given turnover; net margins thin (trading business).

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	6,00,000	5,60,000	5,50,000	5,60,000
Collections	52,00,000	60,00,000	68,00,000	74,00,000
Purchases, salaries & operating	52,40,000	60,10,000	67,90,000	73,40,000
Closing balance	5,60,000	5,50,000	5,60,000	6,20,000

Retail is immediate cash; B2B carries credit (receivables 15–45 days) & inventory is heavy WC. Inventory turns, fill-rate discipline, receivable/credit control, CC & the WC margin manage cash; dead stock, over-holding & B2B credit defaults are the key risks — met with turns, credit discipline & supplier terms.

12.5 Key Performance Indicators to Monitor

- **Sales:** revenue; B2B vs. retail mix; volume.
- **Inventory:** fill rate; turns; dead stock; SKU productivity.
- **Margin:** gross margin; margin mix; consumables share.

- **WC:** receivable days; inventory days; CC utilisation.

13. Funding Requirement & Bankability

Total ask: **₹39 lakh bank finance** against ₹21 lakh promoter contribution — modest term loan for setup + **CC/OD for working capital** (the dominant need — inventory + B2B receivables), under Mudra/CGTMSE. Bankability rests on turnover, inventory turns, supplier/brand tie-ups & B2B relationships; the aftermarket is a large, steady, defensive sector. Year-1 profit ~₹6 lakh & growing supports servicing; inventory & receivables are financeable (CC); turns & credit discipline are key.

13.1 Funding utilisation

Use of funds	₹	% of total
Opening inventory (broad SKU range)	32,00,000	53.3%
Store/warehouse setup & racking	12,00,000	20%
Delivery, tech & equipment	6,00,000	10%
Working-capital margin (receivables)	6,00,000	10%
Deposits, launch & pre-operative	4,00,000	6.7%
Total	60,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Dead stock / over-holding	Turns; fill-rate discipline; data-driven stocking; returns to suppliers
B2B credit defaults / receivables	Credit control; limits; relationships; CC; discipline
Thin margins / price competition	Turns; margin mix (retail/consumables); relationships; genuine parts
Online / organised competition	Availability, speed, relationships, service & trust
Counterfeit/quality & obsolescence	Genuine/brand tie-ups; SKU management; EV-shift tracking

15. SWOT Analysis

Strengths Large, defensive aftermarket; high turnover; B2B relationships; genuine-parts trust; steady demand.	Weaknesses Thin margins; inventory-/WC-heavy; dead-stock & receivable risk; competition (online/unorganised).
Opportunities Ageing parc; organised aftermarket; sub-dealer distribution; consumables; fleet/B2B; online.	Threats Online platforms & price pressure; counterfeits; credit defaults; EV-shift (fewer ICE parts long-term).

16. Recommended AiSevak Tools for This Business

This spare-parts business would use AiSevak's Automotive vertical tools in delivery:

- **Trading ops:** inventory/POS & catalogue-lookup, fill-rate/turns, B2B-ordering & credit-control tools.
- **Compliance:** Shops-& Establishments, GST, distribution-agreement and hazardous/e-waste (batteries/oils) tools (with Legal & Finance verticals).
- **Practice:** Business Plan, turns/margin-mix and Break-even tools to model the business.

17. Key Assumptions & Notes

- Auto spare-parts retail/distribution; B2B (workshops/garages/fleets) core + retail counter + sub-dealers; OEM/OES + quality aftermarket.
- Inventory availability (fill rate), turns, margin mix, B2B relationships & credit-cycle decisive; thin margins, high turnover.
- Term + CC/OD (Mudra/CGTMSE) — WC is the dominant need; Shops-& Establishments, GST, distribution agreements, hazardous/e-waste.
- Turns, fill rate, margin mix & WC/credit discipline drive economics; figures illustrative, exclude GST.

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