BUSINESS PLAN · INDIA

Reverse-Logistics & Returns Management

E-com returns processing, refurbishment & recommerce value recovery

LOGISTICS

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1. Executive Summary

This plan sets out a **Reverse-Logistics & Returns-Management Business** in India — a specialist that handles the return flow for e-commerce brands, marketplaces and retailers: return pickups, inspection & grading, refurbishment/repackaging, restocking, disposition (resale/liquidation/recycling), and recommerce of returned/open-box goods. It reduces returns losses and recovers value from an otherwise costly reverse flow, earning per-return processing fees plus a share of recovered value.

E-commerce generates massive return volumes (RTO and customer returns), and handling them poorly is a major cost and value leak. Brands increasingly outsource returns to specialists who process fast, grade accurately, refurbish and recover value. Reverse logistics is an under-served, high-value niche with recurring, volume-scaling revenue.

The promoter — a reverse-logistics/operations professional — seeks total funding of **₹12.0 lakh** (₹5.0 lakh promoter + ₹7.0 lakh term loan for facility, refurb setup and opex), targeting **₹34 lakh** revenue in Year 1 and **₹90 lakh** by Year 3.

2. Business Description, Vision & Legal Structure

Concept: A returns-management partner that turns a costly reverse flow into fast processing and recovered value — inspect, grade, refurbish, restock and recommerce returns efficiently.

Vision: To be a trusted reverse-logistics & value-recovery partner for e-commerce in the region.

Mission: Process every return fast and accurately, refurbish where viable, and recover maximum value — cutting brands' returns losses.

Legal structure options

- **Private Limited / LLP** — recommended for contracts, recommerce and scale.

> **Model note:** reverse logistics combines processing (per-return fees) with value recovery (refurb + recommerce, often a revenue/value share). Fast, accurate grading and disposition, refurbishment capability, and recommerce channels are core. Facility, refurb tools and inventory of recovered goods need capital/working capital.

3. Promoter & Ownership

Led by a promoter with reverse-logistics, e-com operations or refurbishment experience. Delivery uses a processing facility, inspection/refurb staff, and recommerce/liquidation channels. Year-one ownership rests with the promoter; ownership and profit-sharing are editable inputs.

4. Market Analysis — India

E-commerce return rates are high (especially apparel, RTO), and the reverse flow is costly and under-managed. Brands and marketplaces seek specialists to process returns fast, reduce losses, and recover value through refurbishment and recommerce. Sustainability and value-recovery trends further boost demand — a growing, under-served niche.

Demand drivers

- **High e-com return volumes** (RTO & customer returns).

- **Returns cost & value leakage.**
- **Value recovery** (refurb, recommerce).
- **Sustainability & circular-economy** trends.
- **Outsourcing** of complex reverse flows.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	E-com returns processing & recovery in India	Very large
SAM	Reachable brands/marketplaces in region	Large
SOM (Yr 1–3)	Returns processed per year	Growing volume

Target segments

- E-commerce brands & marketplaces.
- D2C brands with returns.
- Electronics/appliances (refurb).
- Apparel & lifestyle (high returns).

5. Competition & Competitive Advantage

Landscape: in-house returns handling, 3PLs adding returns, and a few specialists. The firm competes on processing speed, grading accuracy, refurbishment capability, recovery value, and recommerce channels.

The firm's edge

- **Fast, accurate processing & grading.**
- **Refurbishment capability.**
- **Value recovery & recommerce channels.**
- **Disposition optimisation** (resale/liquidation/recycle).
- **Data & insights** on returns reasons.

6. Services & Pricing

Service	Income model	Basis
Return pickup & processing	Per return	Volume
Inspection & grading	Per return	Volume
Refurbishment/repackaging	Per unit	Volume
Restocking & disposition	Per unit	Volume
Recommerce (open-box/refurb sale)	Value share / resale margin	Recovery
Returns analytics & reduction	Service / SaaS	Value

> Per-return processing fees plus a share of recovered value (refurb + recommerce) drive revenue; analytics and reduction services add value. Recovery rate and speed drive economics.

7. Go-to-Market — Marketing & Sales

- **Brand & marketplace BD** for returns outsourcing.
- **3PL/fulfilment tie-ups** for returns handling.
- **Value-recovery proof** (recovery %, loss reduction).
- **Recommerce channels** (open-box marketplaces).
- **Sustainability positioning.**

Sales approach

Pilot returns processing → prove speed & recovery → secure volume contracts & value-share. Land-and-expand; recovery and analytics deepen relationships.

8. Operations Plan

- **Facility:** a processing centre with inspection, refurb and storage areas.
- **Process:** return intake → inspection & grading → disposition decision (restock/refurb/liquidate/recycle) → refurbishment → restock/recommerce → reporting.
- **Technology:** a returns-management system, grading workflows, and recommerce/inventory integrations.
- **Quality:** accurate grading, refurb standards, and fast turnaround.
- **Capacity:** facility + staff + refurb scale with volume; recovery rate drives value.

Disposition flow

Grade	Disposition	Recovery
A (resellable)	Restock	High
B (minor)	Refurb/open-box	Medium-High
C (damaged)	Liquidate/parts	Medium
D (scrap)	Recycle	Low
Analytics	Reduce returns	Value

9. Regulatory, Licences & Compliance (India)

- **Business registration:** Pvt Ltd/LLP; PAN/TAN; GST; Shops & Establishments; trade licence; e-waste/recycling authorisations where relevant.
- **Recommerce compliance:** resale/labelling norms; warranty/refurb disclosures.
- **Contracts & insurance:** brand SLAs, liability, and goods insurance.
- **Data protection** aligned to the DPDP Act; secure handling of brand/order data.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / Ops Head	1	1	1
Inspection, grading & refurb staff	4	9	13
Recommerce / Tech & Analytics	1	2	3
Sales / Admin	1	2	2
Total	**7**	**14**	**19**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–2	Facility, refurb setup, RMS, recommerce channels, first brands
Launch	Month 2–5	First returns processed; speed & recovery proven
Traction	Month 5–12	Volume & value-share contracts; break-even nears
Scale	Year 2	More brands; refurb & recommerce scale
Growth	Year 3	High volume; recurring returns book

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.

12.1 Project cost & means of finance

Capital requirement	₹
Facility setup & refurb equipment	4,50,000
Computers, RMS & IT	2,20,000
Deposits (lease) & pre-operative	2,20,000
Recommerce setup & branding	1,10,000
Initial refurb/recovery inventory	70,000
Working-capital buffer	1,30,000
Total project cost	**12,00,000**
Promoter contribution	5,00,000
Term loan	7,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Processing & grading fees	16,00,000	30,00,000	40,00,000
Refurb & recommerce (value recovery)	14,00,000	28,00,000	40,00,000
Analytics & value-added	4,00,000	8,00,000	10,00,000
Total revenue	**34,00,000**	**66,00,000**	**90,00,000**
Facility rent & utilities	4,80,000	6,00,000	7,20,000
Salaries & wages	13,20,000	25,00,000	34,00,000
Refurb materials & recommerce cost	6,00,000	12,00,000	17,00,000
RMS, IT, marketing & admin	3,60,000	5,20,000	6,60,000
Interest on term loan	77,000	56,000	30,000
Total expenses	**28,37,000**	**48,76,000**	**65,10,000**
Net profit (before tax)	**5,63,000**	**17,24,000**	**24,90,000**
Net margin	16.6%	26.1%	27.7%

12.3 Unit economics & break-even

- **Per return:** processing fee + value-recovery share above handling/refurb cost; recovery rate drives margin.
- **Refurb & recommerce** lift value per return; analytics reduce brands' returns.
- **Break-even:** a threshold returns volume with good recovery — reached around month 9–12.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	1,30,000	85,000	95,000	1,60,000
Collections	6,00,000	8,00,000	9,50,000	10,50,000
Operating outflows	6,05,000	7,50,000	8,55,000	9,50,000
Loan EMI	40,000	40,000	30,000	30,000
Closing balance	**85,000**	**95,000**	**1,60,000**	**2,30,000**

> Processing fees plus recovered-value sales build cash as volume and recovery improve; the buffer covers refurb inventory and the ramp.

12.5 Key Performance Indicators to Monitor

- **Volume:** returns processed; brands; contracts.
- **Recovery:** recovery rate; refurb yield; recommerce sell-through.
- **Speed:** processing TAT; grading accuracy.
- **Economics:** value per return; margin per brand.

13. Funding Requirement & Bankability

Total ask: **₹7.0 lakh term loan** against ₹5.0 lakh promoter contribution — eligible under MSME term loan / CGTMSE. Year-1 net profit ~₹5.63 lakh against annual debt service of ~₹2.0 lakh gives a **DSCR above 2.3**, strengthening with volume and recovery. Equipment/facility assets provide security.

13.1 Funding utilisation

Use of funds	₹	% of total
Facility, refurb equipment & IT	6,70,000	56%
Lease deposits & setup	2,20,000	18%
Recommerce, branding & initial inventory	1,80,000	15%
Working-capital buffer	1,30,000	11%
Total	**12,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
Low recovery / grading error	Accurate grading; refurb standards; recommerce channels
Recommerce inventory risk	Fast sell-through; liquidation channels; pricing
Volume/utilisation	Brand BD; contracts; multi-brand mix
Compliance (e-waste/refurb)	Authorisations; disclosures; standards
Working-capital (inventory)	Value-share models; buffer; sell-through discipline

15. SWOT Analysis

Strengths Under-served niche; recurring volume + value recovery; sustainability angle; data insights.	**Weaknesses** Facility/inventory capital; recovery-rate dependence; recommerce risk.
Opportunities High e-com returns; refurb & recommerce; circular economy; analytics.	**Threats** In-house handling; 3PL entry; margin pressure.

16. Recommended AiSevak Tools for This Business

This business would use AiSevak's Logistics vertical tools in delivery:

- **Returns ops:** returns-management, grading/disposition, refurb and recommerce tools.
- **Finance:** Unit-Economics, Working-Capital and recovery-modelling tools.
- **Practice:** Business Plan and Break-even tools to model the reverse-logistics business.

17. Key Assumptions & Notes

- Processing fees + value-recovery (refurb + recommerce) share; recovery rate is the key driver.
- Recommerce inventory needs working capital; sell-through discipline matters.
- Term-loan interest ~11% p.a., 5-year tenure; MSME/equipment-backed lending applies.
- Grading accuracy, refurb standards and compliance are foundational; figures exclude GST where applicable.

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