



B U S I N E S S P L A N · I N D I A

Two-Wheeler Dealership

Affordable mobility with great sales, service and ownership experience

AUTOMOTIVE

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 **Two-Wheeler Dealership** in India — an authorised OEM motorcycle/scooter dealership on the "3S" model (Sales, Service, Spares), plus finance & insurance facilitation, accessories & exchange, serving urban, semi-urban & rural markets (incl. growing electric two-wheelers). It earns thin new-vehicle margins plus higher-margin service, spares, finance/insurance commissions & accessories, monetising high volume & the recurring service annuity — a high-volume, thin-margin, service-annuity-rich automotive business with deep rural & mass-market reach.

India is the world's largest two-wheeler market, with deep penetration across urban, semi-urban & rural India, driven by affordability, mobility need, rising incomes, financing & a fast-growing electric two-wheeler (E2W) segment. Dealerships earn thin margins on new vehicles (OEM-controlled) but higher margins on **Service & Spares** (a large recurring annuity from the huge vehicle parc), finance/insurance commissions & accessories. It is working-capital-intensive (vehicle inventory via floor-plan) & OEM-dependent, but higher-volume & lower-ticket than cars; success rests on volume, service retention, ancillary attach & cost/WC discipline.

This is a capital-intensive automotive business — funded by promoter equity plus bank finance (term loan for showroom/workshop + inventory floor-plan + CC for working capital). This plan models a dealership requiring **₹1.2 crore** (₹42 lakh promoter + ₹78 lakh bank finance incl. floor-plan), targeting **₹15 crore** revenue in Year 1 and **₹26 crore** by Year 3. (*Two-wheeler dealership; high-volume/thin-margin, service-annuity-rich, rural/mass reach, E2W-growing.*)

2. Business Description, Vision & Legal Structure

Concept: An authorised OEM two-wheeler 3S dealership - sales, service & spares - plus finance, insurance, accessories & exchange - high-volume + service annuity.

Vision: To be a leading, trusted two-wheeler dealership in its catchment.

Mission: Deliver affordable mobility with great sales, service & ownership experience.

Legal structure options

- **Proprietorship / Partnership** — possible for a single small dealership.
- **Private Limited / LLP** — recommended for OEM norms, floor-plan finance & scale.

Regulatory anchor: a two-wheeler dealership is an OEM-authorised auto business — OEM dealership agreement (targets/standards/territory), Shops & Establishments, GST, trade licence, RTO/registration & dealer norms, motor-insurance & finance-agent (IRDAI/NBFC) tie-ups, fire/pollution (workshop) & hazardous/e-waste (oils/batteries; E2W batteries), & consumer-protection/warranty. Volume, service & spares annuity, finance/insurance attach, cost & WC discipline & OEM relationship determine success; thin new-vehicle margins but high-volume & service-annuity-rich.

3. Promoter & Ownership

Led by a promoter with the capital & (often) OEM relationship & local-market knowledge. The team includes sales, service/workshop (advisors & mechanics), spares, finance/insurance desk & a manager. Volume, service retention, ancillary attach & cost/WC discipline are the differentiators; rural reach & relationships matter. Ownership & stakes are editable inputs.

4. Market Analysis — India

India is the world's largest two-wheeler market, with deep & growing penetration across urban, semi-urban & rural India, driven by affordability, mobility need, rising incomes, financing & a rapidly growing electric two-wheeler segment (supported by FAME/state EV policies). Dealerships are the OEM's mass-market retail & service network. The market rewards volume, service & spares retention, finance/insurance attach, rural reach & experience; it is OEM-, volume- & WC-sensitive & cyclical, met with service annuity, ancillary attach & cost discipline.

Demand drivers

- **Affordability & mobility need.**
- **Rural & semi-urban** penetration.
- **Rising incomes & financing.**
- **Huge vehicle parc** (service/spares).
- **Electric two-wheeler (E2W)** growth.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Two-wheeler sales & service in India	Very large (largest globally)
SAM	Territory demand & parc	Substantial
SOM (Yr 1-3)	Units, service throughput	Scaling

Target segments

- Mass-market & rural buyers.
- Commuters & first-time buyers.
- Service & spares (large parc).
- E2W & finance customers.

5. Competition & Competitive Advantage

Landscape: other dealers of same & rival OEMs, local/independent mechanics (service), used two-wheelers & E2W players. The dealership competes on experience, service quality/retention, finance, rural reach & relationship — within OEM norms.

The dealership's edge

- **OEM brand & authorised network.**
- **Service & spares annuity/retention.**
- **Finance/insurance attach.**
- **Rural reach & relationships.**
- **Volume & cost discipline.**

6. Products & Revenue Model

Stream	Model	Basis
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New two-wheeler sales	Thin margin (3-6%) + incentives	Volume
Service & labour	High margin (annuity)	Profit driver
Spares & accessories	Good margin	Profit driver
Finance & insurance	Commission	High-margin attach
Exchange / used	Trading margin	Volume/margin

New vehicles are thin-margin (3-6%, OEM-controlled) & a high-volume game; profit comes from the higher-margin **Service & Spares annuity** (recurring from the huge two-wheeler parc), finance/insurance commissions & accessories. Volume, service retention, ancillary attach & WC/floor-plan discipline drive economics — the decisive two-wheeler-dealership levers.

7. Go-to-Market — Marketing & Sales

- **OEM & local marketing** (offers, melas, rural).
- **Finance & exchange** attach (most sales financed).
- **Service retention & CRM** (annuity).
- **Rural outreach & sub-dealers.**
- **Referrals & E2W** push.

Sales approach

Drive footfall & leads (OEM/local/rural melas, digital) → convert with experience, finance & exchange → attach finance/insurance/accessories → retain for service & spares (the annuity via CRM) → expand rural reach & E2W. High volume + service annuity + ancillary attach, with cost/WC discipline, build profit.

8. Operations Plan

- **Facility:** showroom, workshop (service bays), spares store, F&I & exchange desks; per OEM standards; sub-dealers/rural outlets optional.
- **Process:** lead → sale (finance/insurance/exchange) → delivery & registration → service & spares (CRM/retention) → renewals.
- **Inventory & WC:** vehicle inventory via floor-plan, spares; turns & interest management.
- **Tech:** DMS, CRM, service & inventory, F&I systems.
- **Compliance:** OEM standards, RTO/registration, workshop pollution/e-waste (oils/E2W batteries), IRDAI/NBFC (F&I), warranty.

Dealership workflow

Stage	Activity	Metric
Lead	Marketing/melas	Leads/conversion
Sell	+finance/exchange	Units/attach
Deliver	Registration	Delivery
Service	Workshop/spares	Retention/annuity

Retain	CRM/renewals	Repeat/referral
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9. Regulatory, Licences & Compliance (India)

- **OEM & auto:** OEM dealership agreement; RTO/registration & dealer norms.
- **F&I:** motor-insurance (IRDAI) & finance-agent/DSA (NBFC/bank) tie-ups.
- **Premises & environment:** Shops & Establishments; trade licence; fire; workshop pollution & hazardous/e-waste (oils, E2W batteries).
- **Business & tax:** proprietorship/LLP/Pvt Ltd; GST; PAN/TAN; Udyam; labour/ESI/PF; warranty.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / manager	2	3	4
Sales & F&I	8	12	18
Service advisors & mechanics	10	16	24
Spares & support	4	6	9
Admin, accounts & CRM	3	4	6
Total	27	41	61

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-3	OEM agreement, showroom/workshop, floor-plan, DMS, hiring, launch
Ramp	Month 3-8	Volume, service ramp, finance/exchange attach, rural
Traction	Month 8-12	Service annuity & ancillary; ₹15cr revenue
Optimise	Year 2	Service retention, E2W, rural, cost/WC
Scale	Year 3	₹26cr revenue; sub-dealers/second outlet

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. Two-wheeler dealership; high volume, thin new-vehicle margins, service/ancillary-annuity-rich, WC-intensive.

12.1 Project cost & means of finance

Capital requirement	₹
Showroom & workshop (fit-out/equipment)	45,00,000

Vehicle inventory (via floor-plan)	45,00,000
Spares inventory & DMS/tech	15,00,000
Deposits, launch & pre-operative	8,00,000
Working-capital margin	7,00,000
Total project cost	1,20,00,000
Promoter contribution	42,00,000
Bank finance (term + floor-plan + CC)	78,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
New-vehicle sales	12,50,00,000	17,50,00,000	20,50,00,000
Service, spares & accessories	1,80,00,000	3,20,00,000	4,20,00,000
F&I commission & exchange	70,00,000	1,05,00,000	1,30,00,000
Total revenue	15,00,00,000	21,75,00,000	26,00,00,000
Cost of vehicles & spares sold	13,10,00,000	18,80,00,000	22,30,00,000
Salaries & staff	80,00,000	1,15,00,000	1,50,00,000
Rent, utilities & overheads	55,00,000	72,00,000	88,00,000
Floor-plan/interest & marketing	42,00,000	58,00,000	70,00,000
Total expenses	14,87,00,000	21,25,00,000	25,38,00,000
Net profit (before tax)	13,00,000	50,00,000	62,00,000
Net margin	0.9%	2.3%	2.4%

12.3 Unit economics & break-even

- **Thin new-vehicle, rich service:** new two-wheelers ~3-6% margin (volume game); Service & Spares (30-40%+) & F&I commissions carry the profit — the service annuity from the huge parc is decisive.
- **Volume & WC:** higher-volume/lower-ticket than cars; vehicle inventory via floor-plan (interest) — turns & interest discipline are critical on thin margins.
- **Break-even:** at a volume + service throughput covering fixed costs + floor-plan interest; net margins thin (turnover business), absolute profit scales with service annuity.

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

Particulars (₹ cr)	Q1	Q2	Q3	Q4
Opening balance	0.07	0.08	0.09	0.11
Collections	3.30	3.65	3.95	4.20
Vehicle/spares cost, floor-plan & operating	3.29	3.64	3.93	4.17
Closing balance	0.08	0.09	0.11	0.14

Retail collections are largely immediate (cash/finance-disbursal); vehicle inventory ties up floor-plan WC with interest; service is quick & high-margin. Inventory turns, floor-plan interest, service annuity, F&I attach & the WC margin manage cash; slow stock & interest on thin margins are the key risks.

12.5 Key Performance Indicators to Monitor

- **Sales:** units; conversion; OEM target; finance penetration.
- **Service:** throughput; service retention; labour & spares margin.
- **Ancillary:** F&I attach; insurance; accessories; exchange.
- **WC:** vehicle inventory turns/days; floor-plan interest; spares turns.

13. Funding Requirement & Bankability

Total ask: **₹78 lakh bank finance** (term for showroom/workshop + **floor-plan/inventory financing** + CC) against ₹42 lakh promoter contribution. Bankability rests on OEM tie-up, volume, service & ancillary margins & inventory turns; floor-plan financing (inventory-secured) is standard. Strong topline & service annuity support servicing though net margins are thin; OEM brand, mass-market volume & service annuity de-risk lending; turns & interest discipline are key.

13.1 Funding utilisation

Use of funds	₹	% of total
Showroom & workshop (fit-out/equipment)	45,00,000	37.5%
Vehicle inventory (via floor-plan)	45,00,000	37.5%
Spares inventory & DMS/tech	15,00,000	12.5%
Deposits, launch & pre-operative	8,00,000	6.7%
Working-capital margin	7,00,000	5.8%
Total	1,20,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Thin new-vehicle margins	Service/spares annuity, F&I & accessories; volume & OEM incentives; cost discipline
Inventory & floor-plan interest	Turns; demand planning; interest management; model mix
OEM dependence & targets	Service annuity; strong OEM relationship; rural reach
Auto-cycle / demand & rural monsoon	Service (counter-cyclical), finance, cost discipline; segments
E2W transition	E2W readiness; service-skill & battery handling; OEM E2W

15. SWOT Analysis

Strengths Largest 2W market; high volume; service & spares annuity; F&I; rural reach; huge parc.	Weaknesses Thin new-vehicle margins; WC-/floor-plan-heavy; OEM-dependent; cyclical & monsoon-sensitive.
Opportunities Service annuity & retention; E2W growth; rural & finance; accessories; additional outlets.	Threats Auto-cycle & rural demand; OEM pressure; floor-plan interest; E2W-disruption of ICE service.

16. Recommended AiSevak Tools for This Business

This two-wheeler dealership would use AiSevak's Automotive vertical tools in delivery:

- **Dealership ops:** DMS/CRM, service-retention & workshop, F&I/insurance-attach and inventory-turns tools.
- **Compliance:** OEM-agreement, RTO/registration, IRDAI/NBFC (F&I), workshop-pollution/e-waste (oils/E2W batteries) and GST tools (with Legal & Finance verticals).
- **Practice:** Business Plan, service-annuity/floor-plan-economics and Break-even tools to model the dealership.

17. Key Assumptions & Notes

- Authorised OEM two-wheeler 3S dealership; new-vehicle sales (thin 3–6% margin) + Service & Spares annuity (high margin) + F&I + exchange; E2W growing.
- Profit from service/spares annuity, F&I & accessories — not new vehicles; high volume, service retention, attach & WC/floor-plan discipline decisive.
- Term + floor-plan/inventory financing + CC; OEM agreement, RTO, IRDAI/NBFC (F&I), workshop pollution/e-waste (oils/E2W batteries), GST, warranty.
- Volume, service annuity, ancillary attach, turns & cost discipline drive economics; figures illustrative, exclude GST.

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