BUSINESS PLAN · INDIA

Used-Car Dealership / Marketplace

Certified, fairly-priced, warrantied pre-owned cars with transparency and trust

AUTOMOTIVE

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out a **Used-Car Dealership / Marketplace** in India — a pre-owned vehicle business buying, reconditioning, certifying & selling used cars (inventory-led dealership and/or asset-light marketplace/consignment), with financing, insurance, warranty & RC-transfer facilitation. It earns trading margins on reconditioned certified cars plus financing/insurance/warranty commissions & marketplace/consignment fees, monetising India's large & formalising used-car market & the trust premium of certification — a trust-, reconditioning- & working-capital-driven pre-owned-vehicle business.

India's used-car market is large (outselling new cars) & rapidly formalising, driven by affordability, rising car ownership aspiration, organised players (Spinny, Cars24, CarDekho, OLX) & the trust premium of certified, reconditioned, warrantied cars. A used-car business earns trading margins (buy-recondition-sell) plus high-margin financing/insurance/warranty attach & (asset-light) marketplace/consignment fees, with the key levers being sourcing & pricing, reconditioning quality & cost, certification/trust, inventory turns & financing attach. It is working-capital-intensive (inventory) in the dealership model, lighter in marketplace/consignment; success rests on trust/certification, turns, sourcing/pricing & ancillary attach.

This is an automotive-trading business — funded by promoter equity plus bank finance (term loan for setup + inventory funding/CC for working capital, under Mudra/CGTMSE; the dealership model is WC-heavy). This plan models a used-car business requiring **₹1.2 crore** (₹42 lakh promoter + ₹78 lakh bank/inventory finance), targeting **₹8 crore** revenue in Year 1 and **₹16 crore** by Year 3. *(Used-car dealership/marketplace; trust/certification-driven, reconditioning + financing attach, WC-intensive (inventory) or asset-light (marketplace).)*

2. Business Description, Vision & Legal Structure

Concept: A pre-owned car business - buy, recondition, certify & sell (inventory-led) and/or marketplace/consignment - with financing, insurance, warranty & RC-transfer; trust & certification-led.

Vision: To be the trusted used-car destination in its market.

Mission: Deliver certified, fairly-priced, warrantied pre-owned cars with transparency & trust.

Legal structure options

- **Private Limited / LLP** — recommended (for inventory finance, marketplace, scale & funding).
- **Proprietorship / Partnership** — possible for a small lot, limits finance/scale.

> **Regulatory anchor:** a used-car business is auto-trading + finance-facilitation — Shops & Establishments, GST (margin scheme for used vehicles), trade licence, RTO/RC-transfer & ownership norms, motor-insurance & finance (IRDAI/NBFC) tie-ups, consumer-protection/warranty & fair-trade (odometer/condition disclosure), & (marketplace) e-commerce/DPDP. Trust/certification, sourcing/pricing, reconditioning quality/cost, inventory turns & financing attach determine success; WC-intensive (inventory) or asset-light (marketplace/consignment).

3. Promoter & Ownership

Led by a promoter with used-car trade, auto-retail or business experience & sourcing/valuation skill. The team includes sourcing/valuation, reconditioning/inspection, sales, finance/insurance desk & RC-transfer/documentation. Trust/certification, sourcing/pricing, reconditioning & turns are the differentiators. Ownership & stakes are editable inputs.

4. Market Analysis — India

India's used-car market is large & growing (used-to-new ratio rising), rapidly formalising via organised, certified players offering trust, transparency, reconditioning, warranty & financing. Consumers increasingly prefer certified, warrantied used cars over informal deals. The market rewards trust/certification, sourcing/pricing, reconditioning quality, turns, financing attach & experience; it is trust-, WC- & competition-sensitive (organised platforms & local dealers), met with certification, turns, sourcing & ancillary attach.

Demand drivers

- **Affordability & aspiration.**
- **Rising used-to-new** ratio.
- **Formalisation & certification** trust.
- **Financing penetration.**
- **Organised platforms & transparency.**

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Used-car market in India	Very large (outsells new)
SAM	Region/segment demand	Substantial
SOM (Yr 1–3)	Units sold / listings	Scaling

Target segments

- First-time & budget car buyers.
- Upgraders & second-car families.
- Certified/warranty-seeking buyers.
- Sellers (buy/consignment) & financing.

5. Competition & Competitive Advantage

Landscape: organised platforms (Spinny/Cars24/CarDekho), OEM certified-used programmes, local used-car dealers & classifieds (OLX). The business competes on trust/certification, pricing, reconditioning quality, warranty, financing & experience.

The business's edge

- **Trust, certification & warranty.**
- **Sourcing & pricing skill.**
- **Reconditioning quality & cost.**
- **Financing/insurance attach.**
- **Turns & transparency.**

6. Products & Revenue Model

Stream	Model	Basis
Certified used-car sales (inventory)	Trading margin (buy-recondition-sell)	Core (WC-heavy)
Marketplace / consignment	Fee / commission (asset-light)	Scale/low-WC
Financing & insurance	Commission	High-margin attach
Warranty & RC-transfer/documentation	Fee/margin	Trust/ancillary
Reconditioning & accessories	Value-add margin	Margin

> Inventory-led earns trading margins (buy-recondition-sell) but is WC-heavy; marketplace/consignment is asset-light (fee/commission) & scalable; financing/insurance/warranty attach is high-margin. Trust/certification, sourcing/pricing, reconditioning cost, inventory turns & financing attach drive economics — the decisive used-car levers; certification & turns are central.

7. Go-to-Market — Marketing & Sales

- **Digital & classifieds** (Google/OLX/social/own-site).
- **Certification, warranty & trust** messaging.
- **Financing & exchange** attach.
- **Sourcing (buy/consignment)** & test-drives.
- **Reviews, referrals & transparency.**

Sales approach

Source well (buy/consignment, valuation) → recondition & certify → list & market (digital, trust, warranty) → convert with test-drive, financing & transparency → attach finance/insurance/warranty → turn inventory fast & retain via trust/referral. Trust/certification, turns, sourcing/pricing & attach build margin.

8. Operations Plan

- **Yard/showroom & reconditioning:** display yard/showroom, inspection & reconditioning (workshop own/tie-up), certification, documentation.
- **Process:** source/value → inspect & recondition → certify & price → list/market → sell (finance/insurance/warranty) → RC-transfer & delivery.
- **Inventory & WC:** sourcing, reconditioning cost, inventory ageing/turns, pricing; marketplace/consignment reduces WC.
- **Tech:** inventory/CRM, pricing/valuation, listings/marketplace, financing & documentation.
- **Compliance:** GST (used-vehicle margin scheme), RTO/RC-transfer, IRDAI/NBFC, warranty & disclosure, e-commerce/DPDP (marketplace).

Used-car workflow

Stage	Activity	Metric
Source	Buy/consignment/value	Cost/pricing

Recondition	Inspect/certify	Cost/quality
List	Market/price	Leads/days-to-sell
Sell	+finance/insurance/warranty	Margin/attach
Transfer	RC/delivery	Turns/trust

9. Regulatory, Licences & Compliance (India)

- **Trade & tax:** Shops & Establishments; trade licence; GST (used-vehicle margin scheme); PAN/TAN; Udyam.
- **Vehicle & ownership:** RTO/RC-transfer & ownership norms; NOC; odometer/condition disclosure (fair-trade).
- **Finance & insurance:** motor-insurance (IRDAI) & finance (NBFC/bank) tie-ups; consumer-protection/warranty.
- **Marketplace (if applicable):** e-commerce/consumer-protection; DPDP (data).

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / manager	2	2	3
Sourcing, valuation & sales	6	10	16
Inspection, reconditioning & certification	4	7	11
Finance/insurance & RC-documentation	2	3	5
Admin, tech & support	2	3	5
Total	**16**	**25**	**40**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–3	Yard/showroom, reconditioning, certification, finance tie-ups, launch
Ramp	Month 3–8	Sourcing, sales, turns, financing attach, trust/reviews
Traction	Month 8–12	Turns & attach; ₹8cr revenue
Expand	Year 2	Volume, marketplace/consignment, financing, brand
Scale	Year 3	₹16cr revenue; multi-lot/asset-light scale

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. Used-car; trading margins + financing attach, trust/certification-driven, WC-intensive (inventory) or asset-light (marketplace).

12.1 Project cost & means of finance

Capital requirement	₹
Yard/showroom & reconditioning setup	25,00,000
Opening inventory (used cars)	70,00,000
Tech, certification & equipment	10,00,000
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 / inventory finance (term + CC)	78,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Certified used-car sales	7,40,00,000	11,00,00,000	14,00,00,000
Financing, insurance & warranty	45,00,000	85,00,000	1,40,00,000
Marketplace/consignment & accessories	15,00,000	40,00,000	60,00,000
Total revenue	**8,00,00,000**	**12,25,00,000**	**16,00,00,000**
Cost of cars (buy + recondition)	6,90,00,000	10,25,00,000	13,05,00,000
Salaries & staff	45,00,000	68,00,000	90,00,000
Yard rent, marketing & overheads	40,00,000	62,00,000	80,00,000
Interest (inventory) & other	15,00,000	22,00,000	28,00,000
Total expenses	**7,90,00,000**	**11,77,00,000**	**15,03,00,000**
Net profit (before tax)	**10,00,000**	**48,00,000**	**97,00,000**
Net margin	1.3%	3.9%	6.1%

12.3 Unit economics & break-even

- **Trading margin & turns:** gross margin per car (sell − buy − reconditioning) is modest (~8–15%); inventory turns (days-to-sell) against inventory-holding interest is the core lever — fast turns are everything.
- **Financing attach:** high-margin financing/insurance/warranty commissions materially lift per-car profit; certification enables trust & attach.
- **Break-even:** at a volume/turns threshold covering fixed costs + inventory interest; marketplace/consignment (asset-light) lowers WC & break-even; net margins improve with attach & turns.

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

Particulars (₹ cr)	Q1	Q2	Q3	Q4
Opening balance	0.07	0.07	0.08	0.09

Collections	1.70	1.95	2.15	2.20
Cars, recondition, interest & operating	1.70	1.94	2.14	2.18
Closing balance	**0.07**	**0.08**	**0.09**	**0.11**

> Sales collect quickly (cash/finance-disbursal), but inventory ties up heavy WC with holding interest & ageing risk; marketplace/consignment eases WC. Inventory turns/days-to-sell, sourcing/pricing, financing attach, interest & the WC margin manage cash; slow-moving/aged stock & mispricing are the key risks — met with turns, valuation discipline & consignment.

12.5 Key Performance Indicators to Monitor

- **Sales:** units; gross margin/car; days-to-sell; conversion.
- **Attach:** financing/insurance/warranty attach & commission.
- **Inventory:** turns; ageing; reconditioning cost; mix (inventory vs. consignment).
- **WC:** inventory days; interest; CC utilisation.

13. Funding Requirement & Bankability

Total ask: **₹78 lakh bank/inventory finance** (term for setup + **inventory funding/CC** — the dominant need in the dealership model) against ₹42 lakh promoter contribution, under Mudra/CGTMSE. Bankability rests on turns, sourcing/pricing discipline, financing attach & trust/certification; inventory is financeable (collateral). Year-1 profit ~₹10 lakh scaling to ₹97 lakh as attach & turns build; an asset-light marketplace/consignment tilt lowers WC & risk; turns & valuation discipline are key.

13.1 Funding utilisation

Use of funds	₹	% of total
Opening inventory (used cars)	70,00,000	58.3%
Yard/showroom & reconditioning setup	25,00,000	20.8%
Tech, certification & equipment	10,00,000	8.3%
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
Slow-moving / aged inventory	Turns/days-to-sell discipline; pricing; consignment; data
Mispricing / sourcing errors	Valuation discipline & data; inspection; experienced sourcing
Trust / condition disputes	Certification, warranty, transparent disclosure; inspection
WC & inventory interest	Turns; inventory finance; consignment/asset-light mix; CC

Competition (platforms/dealers)	Trust, certification, pricing, financing & experience

15. SWOT Analysis

Strengths Large formalising market; trust/certification premium; financing attach; consignment (asset-light) option; turns-driven.	**Weaknesses** Thin trading margins; WC-/inventory-heavy (dealership); ageing & mispricing risk; trust-sensitive; competition.
Opportunities Rising used-to-new; certification/warranty; financing; marketplace/consignment; multi-lot; brand.	**Threats** Organised platforms & price pressure; inventory interest; condition disputes; economic cycles.

16. Recommended AiSevak Tools for This Business

This used-car business would use AiSevak's Automotive vertical tools in delivery:

- **Used-car ops:** inventory/CRM & pricing/valuation, days-to-sell/turns, listings/marketplace and financing/insurance-attach tools.
- **Compliance:** GST (used-vehicle margin scheme), RTO/RC-transfer & disclosure, IRDAI/NBFC and e-commerce/DPDP (marketplace) tools (with Legal & Finance verticals).
- **Practice:** Business Plan, turns/attach-economics and Break-even tools to model the business.

17. Key Assumptions & Notes

- Used-car dealership/marketplace; inventory-led (buy-recondition-sell, WC-heavy) and/or asset-light marketplace/consignment; financing/insurance/warranty attach.
- Trust/certification, sourcing/pricing, reconditioning cost, inventory turns (days-to-sell) & financing attach decisive; thin trading margins lifted by attach.
- Term + inventory finance/CC (Mudra/CGTMSE); GST margin scheme, RTO/RC-transfer & disclosure, IRDAI/NBFC, warranty, e-commerce/DPDP (marketplace).
- Turns, trust, sourcing & attach drive economics; figures illustrative, exclude GST.

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