

# USED CAR MARKET IN INDIA REPORT

March 2022

# Foreword



The Indian used car market has evolved significantly in the last decade, largely owing to newer business models and adoption of new-age technologies across the value chain. India has seen the rise of numerous tech-enabled players in this space, dealing with the sales, servicing, and financing of used cars. In terms of motorization rate, India is competing well with developed countries signalling a large headroom for growth in the near future.

We are already witnessing increased investor attention towards this space, creating newer channels and methods to engage with the buyers and sellers – online auctions, park and sell, classifieds, etc.

In this report, we have discussed the trends in sales for new and used cars in India. We have analyzed the growth drivers, and the typical changes in consumer behavior and macroeconomic conditions that have facilitated this growth. We have covered the various business models existing in this space, and assessed how they have impacted the

stakeholder journeys, making them simpler and more transparent.

Further, we have projected the growth trajectories for the various sourcing and selling models in the used car market, up to FY26, showcasing the models which will see significant growth, as well as the emerging trends in the market. We have also portrayed the economic landscape across multiple business models, and how new-age UC tech players are faring in the space. We have further analyzed the key strategies to be followed by these UC tech players, in order to disrupt and improve the existing market.

The market is rapidly evolving, and some of the scenarios presented here may have slight variations. This report reflects our perspectives as of March 2022. Contact us for the latest updates.

We, at Praxis, look forward to continuing the discussion with our friends across sectors, and exchanging notes as the situation evolves.

**Madhur Singhal**

Managing Partner & CEO

**Aryaman Tandon**

Managing Partner & Co-Founder

# Executive summary

Section	Key takeaways
Indian PV landscape	<ul style="list-style-type: none"> <li>The Indian PV market was valued at US\$ 32B in FY21, and is projected to grow at a FY21-26 CAGR of 8%</li> <li>India has a low motorization rate at 30, thus indicating a large headroom for PV growth in the near future</li> </ul>
Indian UC landscape	<ul style="list-style-type: none"> <li>The Indian UC market was valued at US\$ 18B in FY21, and is projected to grow at a FY21-26 CAGR of 15%</li> <li>The UC/NC ratio for India is currently at 1.4 for FY21, and is projected to reach 2 by FY26</li> </ul>
UC growth drivers and channels	<ul style="list-style-type: none"> <li>Rising motorization rate, lowering vehicle replacement cycle, and increasing penetration of UC financing are the key growth drivers for the Indian UC market</li> <li>Regulatory changes such as BS – VI emission norms and scrappage policies are also aiding the growth in the demand for UCs</li> <li>The share of auctions is projected to grow to 40% by FY26, from 15% in FY21, while the share of non – OEM organized UC dealers (including UC tech players) is projected to grow to 30% by FY26, from 8% in FY21</li> <li>Share of UC tech players in C2B wholesale auctions is projected to grow from 5% in FY21 to 26% by FY26, while the share of UC tech players in B2C inventory retail is projected to grow from 2% in FY21 to 22% by FY26</li> </ul>
Consumer behavior	<ul style="list-style-type: none"> <li>UC tech players provide an enhanced price discovery mechanism to UC buyers and sellers and bring trust and transparency to the system</li> <li>UC tech players also provide a seamless experience and better financing options to UC dealers</li> </ul>
Business model and economics	<ul style="list-style-type: none"> <li>UC tech players break even in the C2B wholesale auctions model, while have slightly negative net margins in the B2C inventory retail model, due to higher reconditioning and customer acquisition costs</li> <li>The inventory model margins are likely to become positive at the net margin level in the near future, with increasing scale of UC tech players</li> </ul>
Investment trends	<ul style="list-style-type: none"> <li>The Indian UC tech sector has received significant funding of US\$1.3 B across 13 deals in CY21</li> </ul>
Future outlook	<ul style="list-style-type: none"> <li>The vehicle replacement cycle may reduce to less than 3 years in the near future</li> <li>State-level regulations are projected to have a large impact on UC dealership licenses</li> <li>UC sales are projected to move online, and visits to dealerships will further reduce</li> <li>New channels of buying UCs, such as NCD-trade-ins and UCD trade-ins, will emerge</li> <li>The C2B wholesale auctions space is likely to get consolidated with 3-4 players holding a large share of the pie</li> </ul>

# Glossary

	Term		Description
Industry related	<b>ASP</b>	Average selling price	Refers to the average price a good or service is sold for
	<b>B2B</b>	Business to business	A business model in which businesses trade with each other
	<b>B2C</b>	Business to customer	Refers to the process of selling products and services directly between a business and consumers who are the end-users of its products or services
	<b>C2B</b>	Customer to business	A business model where an end user or consumer makes a product or service that an organization / business uses
	<b>C2C</b>	Customer to customer	A business model that enables customers to trade with each other
	<b>NC</b>	New car	-
	<b>NCD</b>	New car dealership	-
	<b>OEM</b>	Original equipment manufacturer	Refers to a company whose goods are used as components in the products of another company
	<b>PE</b>	Private equity	Form of private financing, away from public markets, in which funds and investors directly invest in companies
	<b>PV</b>	Passenger vehicle	Passenger vehicles are motor vehicles with at least four wheels, used for the transport of passengers, and comprising no more than eight seats in addition to the driver's seat
	<b>SUV</b>	Sports utility vehicle	Car classification that combines elements of road-going passenger cars with features from off-road vehicles
	<b>UC</b>	Used car	-
	<b>UCD</b>	Used car dealership	-
Units	<b>VC</b>	Venture capital	Form of private equity where funding is provided in the early stages of start-up companies or small businesses
	<b>CAGR</b>	Compound annual growth rate	Refers to mean annual growth rate of an investment over a specified period
	<b>CY</b>	Calendar year	From 1 <sup>st</sup> January to 31 <sup>st</sup> December
	<b>FY</b>	Financial year	From 1 <sup>st</sup> April to 31 <sup>st</sup> March

# Highlights



**7.7M**

Used cars sold  
by FY26



**US\$ 11.5B**

FY26 GMV of UC  
tech wholesale  
auctions



**2M**

Cars transacted by  
UC tech players in  
auctions by FY26



**C2B wholesale  
auctions**

UC tech players  
breakeven at  
the net margins  
level



**US\$ 1.5B**

Equity funding  
received by  
Indian UC tech  
players  
in CY21



**43%**

Share of  
organized  
UC players by  
FY26



# INDIAN PASSENGER VEHICLE LANDSCAPE

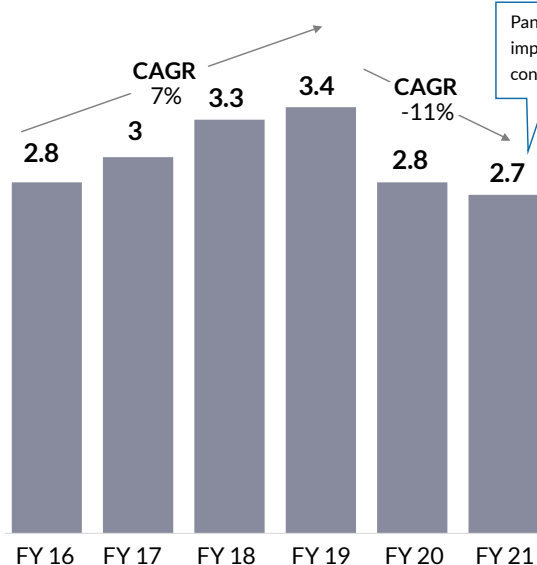


## Passenger Vehicle sales in India have shown strong growth pre – COVID at 8% p.a.

In terms of volume, PV sales have declined in the last 2 years, reaching 2.7M in FY21

PV sales by volume in India

# M, FY16-21P



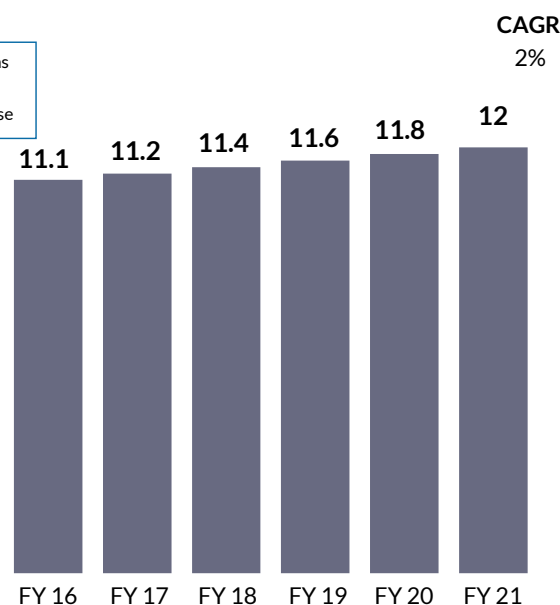
Pandemic and BS - VI norms implementation are major contributors to the decrease

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Average price of PV in India has increased consistently at 2% and was US\$ 12K in FY21

PV average selling price in India

US\$ K, FY16-21P

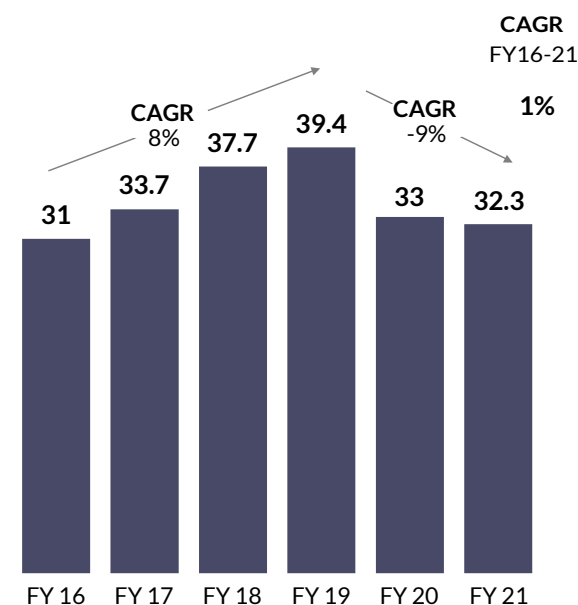


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India's PV market has grown at 1% CAGR and was valued at US\$ 32.3B in FY21

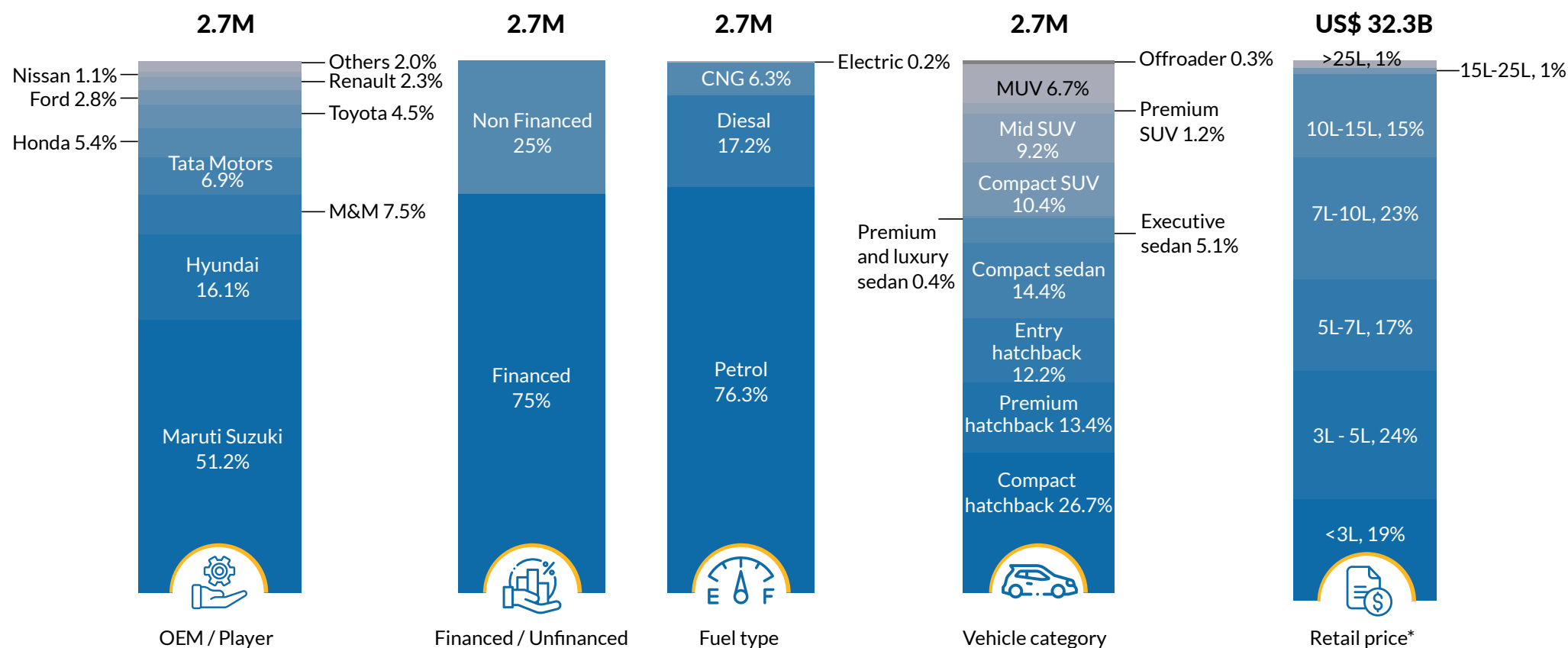
PV sales by value in India

US\$ B, FY16-21P



# Compact cars together make 67% of new car PV market by volume

Break up of PV sales and market share by volume and value  
# M, FY21



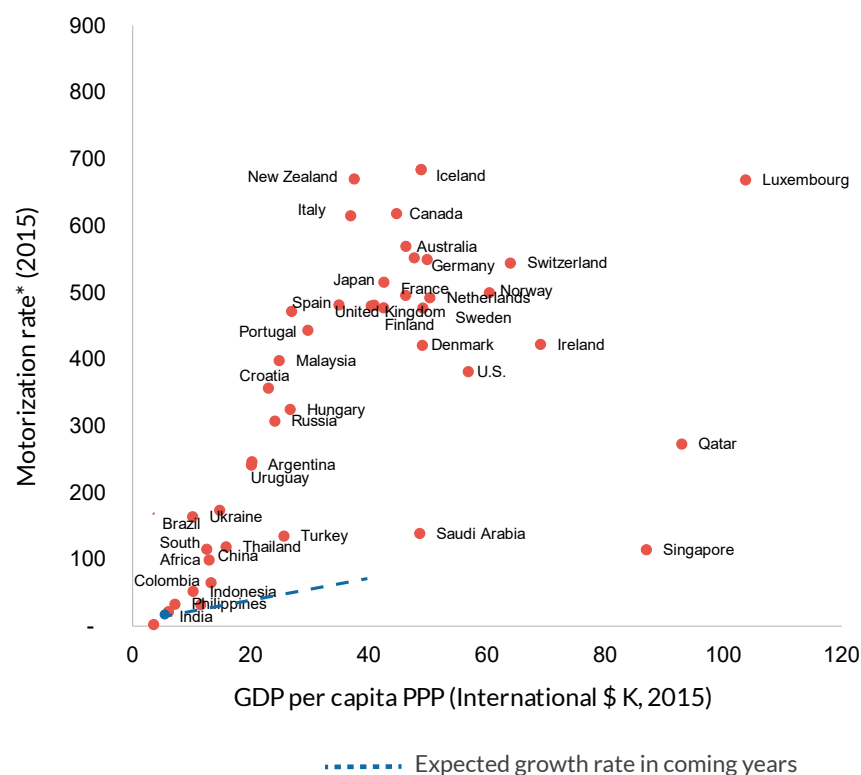


# India is still an underpenetrated PV market, thus pushing demand for used cars

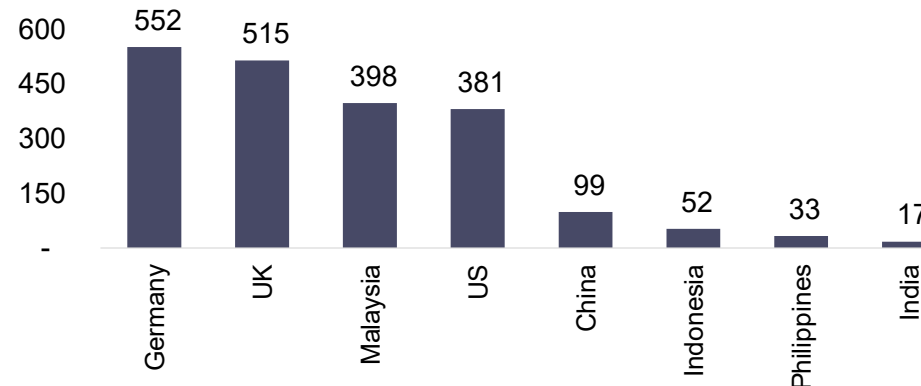
The motorization rate is 17 in India vs 400-600 for developed countries

India has a reasonably large and growing passenger vehicles market

Motorization rate vs. GDP per capita PPP



Motorization rate\* across countries



GDP PPP per capita (US\$ K, 2019)	56	49	30	65	17	12	9	7
Population (M, 2015)	82	65	30	321	1,371	258	102	1,310
# cars in use (M, 2015)	45	34	12	122	136	14	3	23
PV sales (M, 2019)	3.6	2.3	0.6	4.7	21.4	0.8	0.3	3.0
CAGR CY15-19	3.0%	3.2%	1.8%	-11.0%	0.3%	1.4%	-1.6%**	1.7%
UC/NC sales ratio	2.1	3.4	-	2.4	0.7	-	0.9	1.2

A photograph of a man with glasses and a white t-shirt driving a car. The image has a blue color tint and is overlaid with large, stylized geometric shapes: a yellow chevron pointing right on the left side, and a blue chevron pointing right on the right side. The text 'INDIAN USED CAR LANDSCAPE' is centered in a dark blue box with white text.

# INDIAN USED CAR LANDSCAPE

## Used car sales reached approximate 4M in volume and US\$ 18B in GMV in FY21

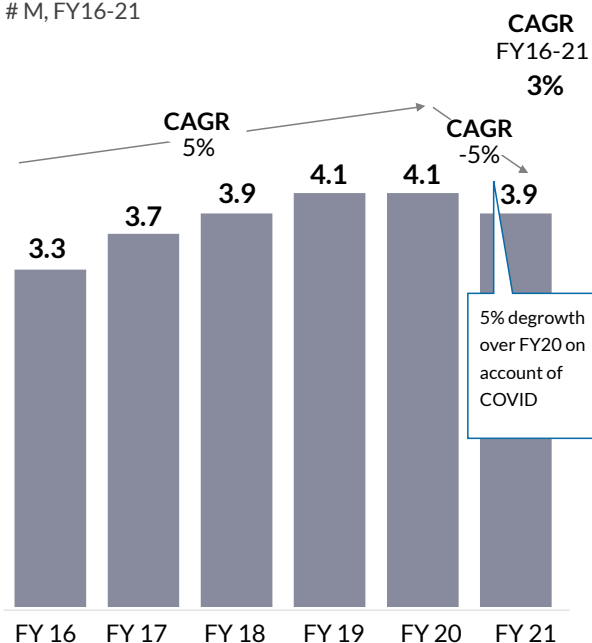
In volume terms, 3.9M used cars were sold in FY21, 5% decline over FY20

Average price of a pre-owned car in India was US\$ 4.6K in FY21 (INR 3.2L)

India's used car market has grown at a rate of 5% and is currently valued at US\$ 17.9B

UC car sales by volume in India

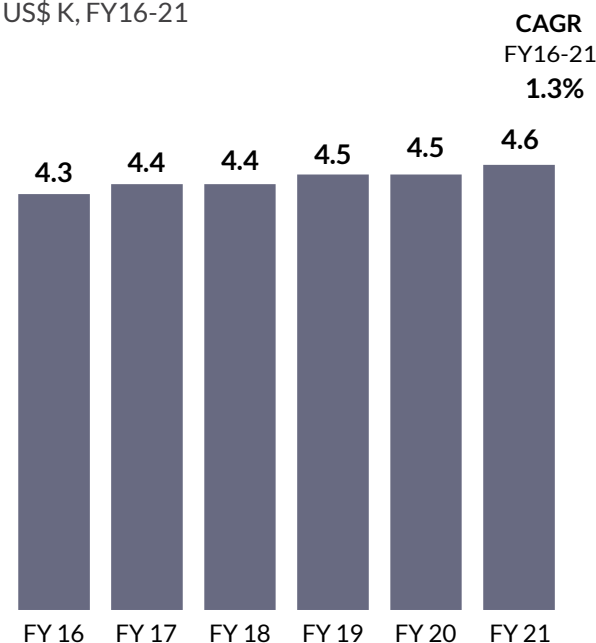
# M, FY16-21



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UC car average selling price in India

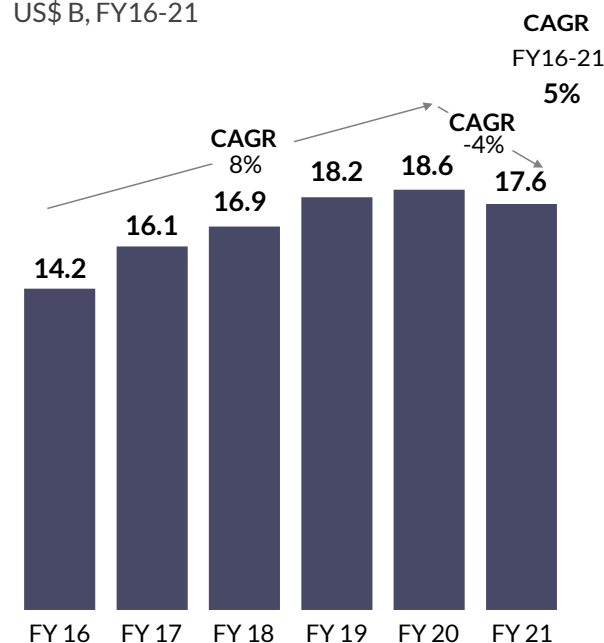
US\$ K, FY16-21



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UC car sales by value in India

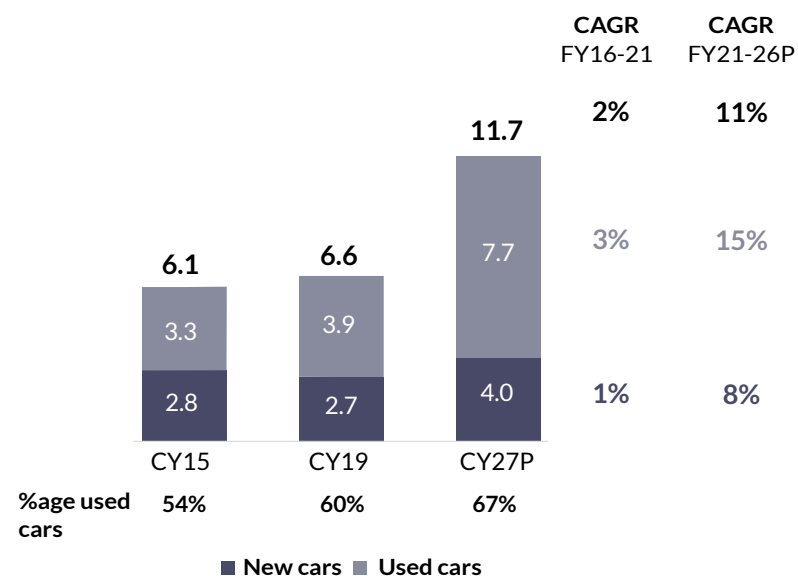
US\$ B, FY16-21



## Used car sales is expected to grow at 15% CAGR in volume & 20% in value till FY26

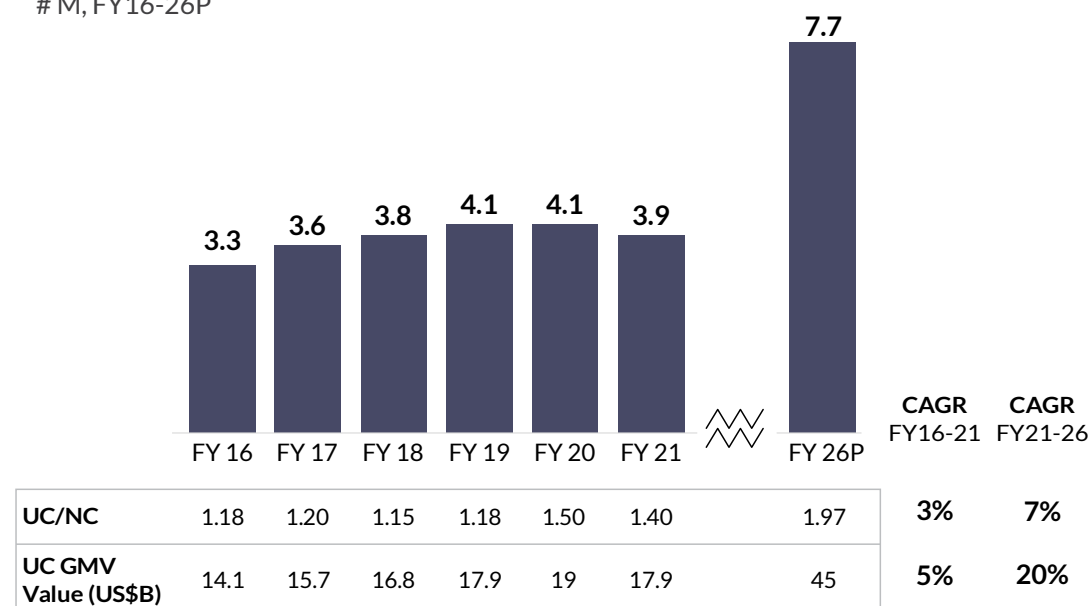
Used car sales in India is projected to grow at a CAGR of 15% between FY21 - 26

PV sales in India  
# M, FY16-26P



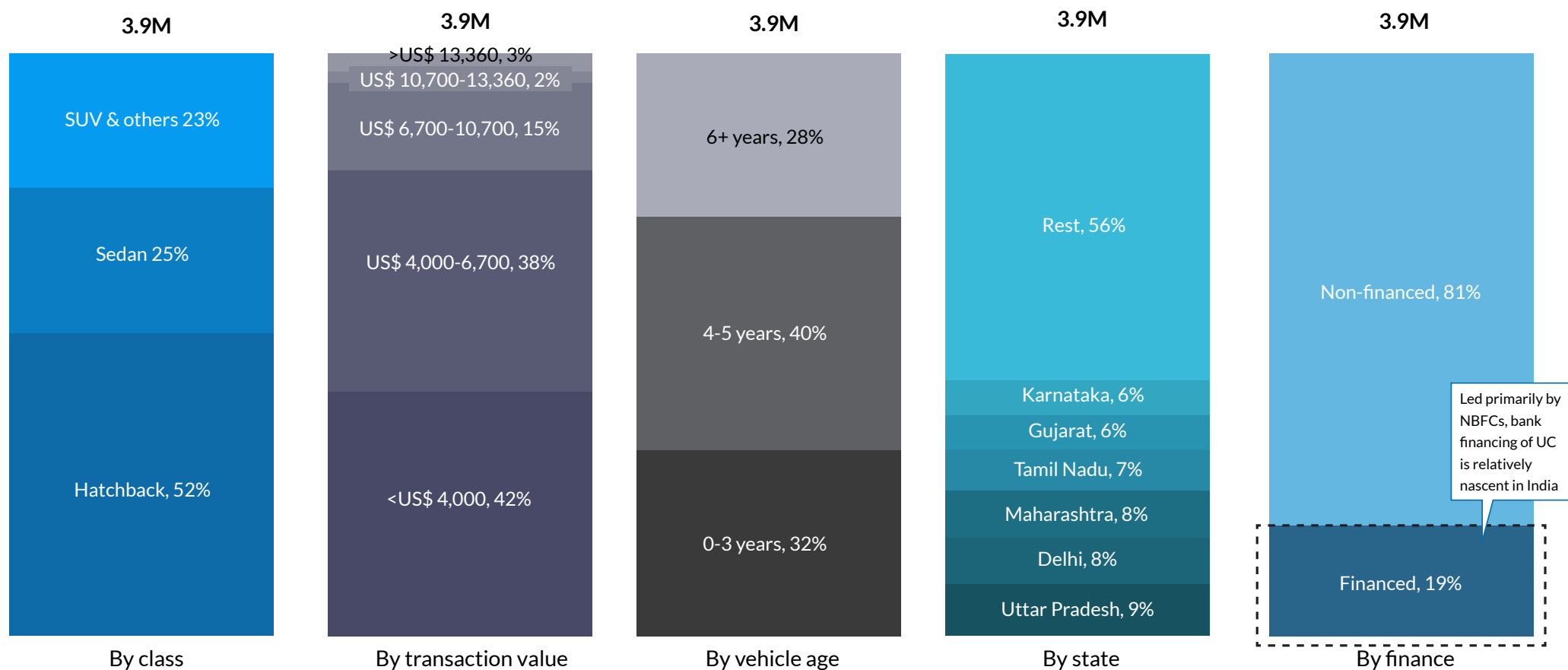
Indian used car volume is 3.9M (US\$ 17.9B) in FY21 UC / NC ratio is expected to move towards 2 by FY26

Used cars sold in India  
# M, FY16-26P



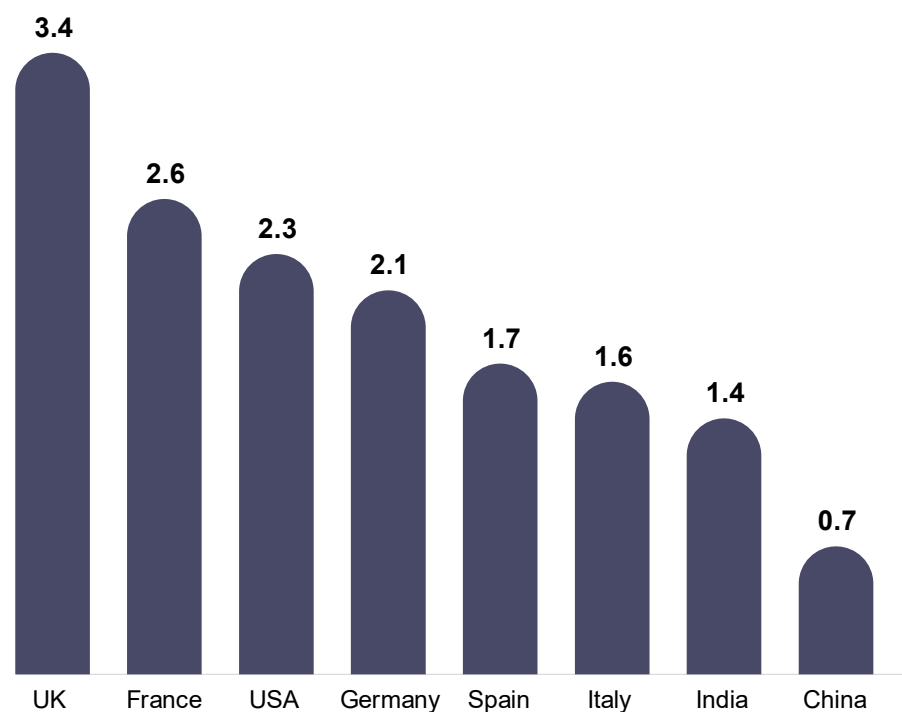
## UC finance penetration is low at 19%, led primarily by NBFCs

Break up of UC sales and market share by volume  
# M, FY21

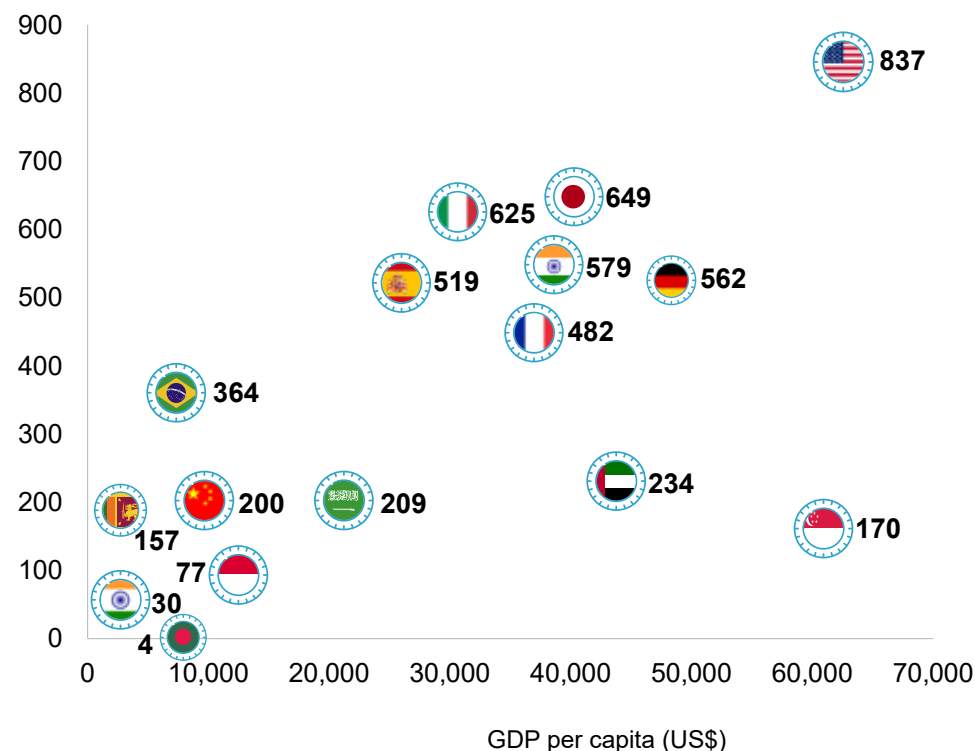


## Large headroom for growth compared to other large economies in UC space

Used car / new car ratio by country  
#, FY21







Motorization rate  
(cars per thousand individuals, CY19)





































# Strong behavioral and financial growth drivers make the UC market a promising segment

	Drivers of growth	Barriers to adoption
 <b>Behavioral</b>	<ul style="list-style-type: none"> <li>• New-age millennial consumers prefer experiences over ownership. Organic searches for 'used car' and other relevant keywords on digital platforms has grown by over 40% in the past year Jan'20 – Jan'21</li> <li>• Second-hand vehicles are no longer stereotyped with downsized social status</li> <li>• Entry level used cars are perceived to be safer than 2W – less prone to accidents and hence there is shift towards used car buy resulting in greater customer pul</li> <li>• Preference for personal mobility post COVID</li> </ul>	<ul style="list-style-type: none"> <li>• Current assortment is primarily of vehicles with age &gt; 5 years and &gt; 1 lakh km driven whereas buyers/customers want avg &lt; 40,000 kms driven vehicle – <b>Mismatch between supply and needs/requirements</b></li> <li>• <b>Trust and transparency is an issue</b> – customers expect the vehicle to be without any accidental history, unpaid challans but unorganized nature of market makes it difficult to have transparent deals</li> <li>• <b>Unorganized nature</b> (&gt;50%) leads to lack of accountability – Broker and dealer sales agent experience is below par</li> <li>• <b>Lack of standardization &amp; certification</b> in entire customer dealing makes it sub-standard customer experience and generates anxiety for seller &amp; buyer</li> </ul>
 <b>Economy driven</b>	<ul style="list-style-type: none"> <li>• <b>Car replacement average cycle reduces</b> from 6 years (FY11) to 4.5 years (FY20)</li> <li>• <b>Increased urbanization</b> has led to need for owning up vehicles for personal mobility. Also, families in urban part treat owning a car as a status symbol</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Very low penetration of leasing &amp; fleet</b> at 3% of new cars, hence underdeveloped wholesale supply (USA: 42%) – hence sourcing is an issue</li> <li>• <b>Sourcing on timely basis is an issue:</b> Fragmented institutional buying results in delays: Direct (C2B / C2C) - 20 to 25%; Direct listing in auction for better price discovery (10-20%); Dealer led exchanges (20 - 40%); Institution led (10 -15%)</li> </ul>
 <b>Financial</b>	<ul style="list-style-type: none"> <li>• Nuclear families with disposable incomes: "Aspirers" and "low middle class" aspirational value to own a vehicle leads to increased used car sales</li> <li>• <b>Luxury used car segment on rise:</b> Heavy depreciation in luxury car prices coupled with expensive maintenance schedules</li> <li>• <b>Farm income rise</b> continues to add meaningful tailwinds across the entire value chain</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Brokers are dominant and exert bargaining power;</b> value for money (vfm) not fully realized by customers</li> <li>• Financing % for used car is almost 300 to 500bps costlier than a new car</li> <li>• Financial costs incurred due to delay in Pre-certification + Facilitation of registration + getting HSMP number plates + RC issued + NOC issuance</li> </ul>
 <b>Regulatory</b>	<ul style="list-style-type: none"> <li>• <b>Revision of the GST</b> rate on used cars from 28% to 12 - 18% on used cars</li> <li>• <b>BS - VI increased price of cars</b> - price conscious segment opting for used car</li> <li>• <b>Scrappage Policy</b> will lead to spur in new demand</li> </ul>	<ul style="list-style-type: none"> <li>• Interstate transfer of vehicles of vehicles</li> <li>• <b>Need to strengthen Government portal VAHAN:</b> Need full disclosures of vehicle right from first buy to number of hands it has exchanged</li> <li>• <b>Lack of guidelines/rules</b> for scrappage policy &amp; refurbishment centers</li> </ul>

Low impact      High impact

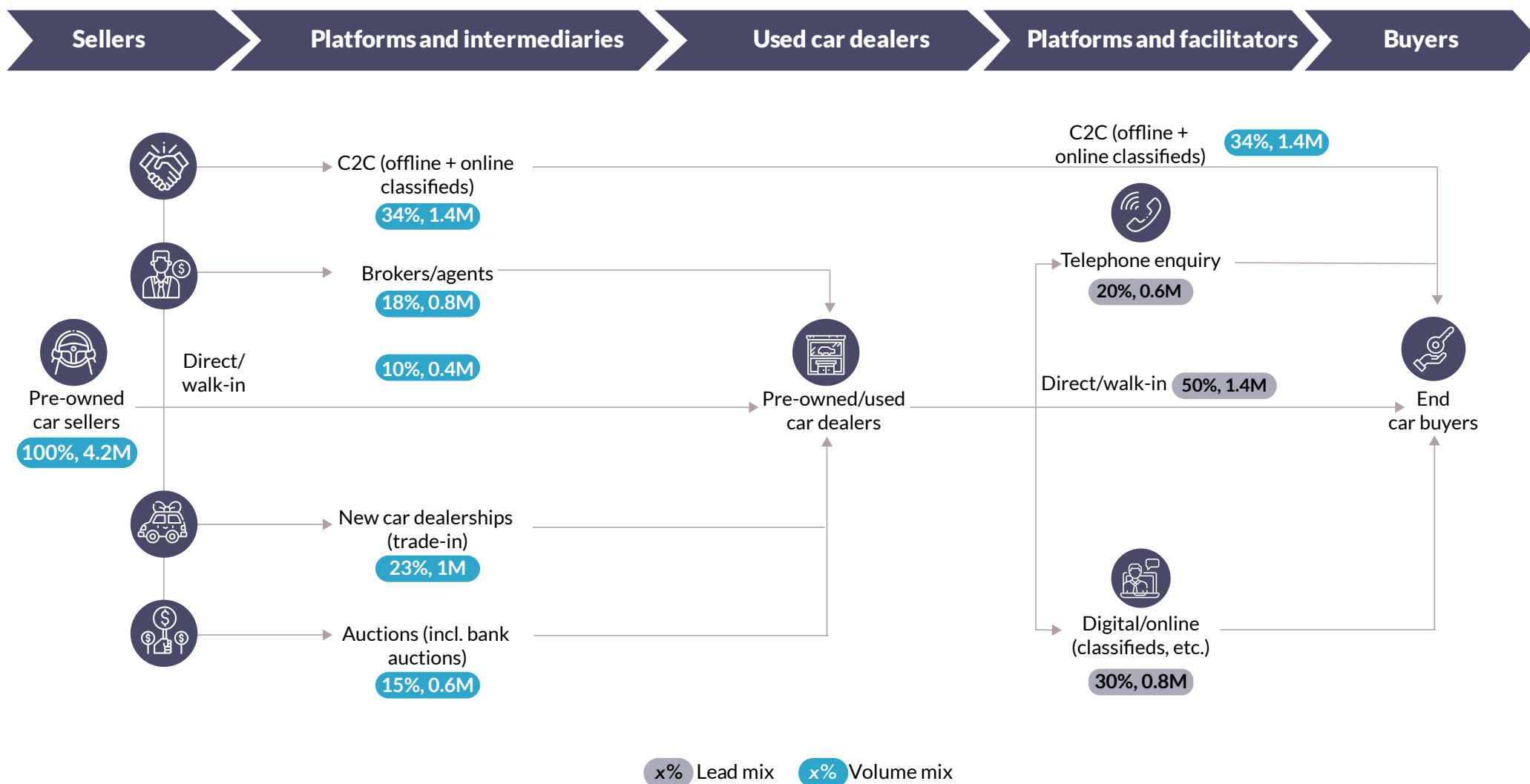
Low impact      High impact

# Regulatory changes are aiding the growth of the Indian UC market

		Impact on customer segment/attractiveness				
Tailwinds/Headwinds	Description	UC sell	UC buy	NC sell	Aftermarket	Overall
Tailwinds	<b>Atmanirbhar Bharat</b>	• Demonetization, Production Linked Incentive Scheme; Offset norms (Local MSME promotion)				
	<b>Scrappage Policy</b>	• Owning and operating a diesel car is prohibited beyond 10 years in Delhi-15+yrs aging vehicles to be scrapped; 5% rebate on new exchange ; green tax levied on old cars				
	<b>BS - VI norms</b>	• Enforcement of BS-VI emission norms from April 2020 has pushed prices of new cars and bikes upwards				
	<b>GST Rationalization</b>	• GST rationalization from 24% to 12 - 18% continues to add meaningful tailwinds across the entire value chain				
Headwinds	<b>Unorganized nature</b>	• Due to major proportion of unorganized play, subscription model (maintenance, insurance, finance, RMO, carwash, switch options) not available easily to customers				
	<b>Lack of regulations for institutional buying /selling</b>	• NBFC/Banks selling repossessed cars + leasing companies + hyperlocal used car brokers – need rules / guidelines /SoPs				
	<b>Underdeveloped auction market and certification/standardization of used car</b>	• There is headroom for better governance in form of regulations/guidelines/rules for organized play at scale for e-auction				
<b>Overall</b>						

Low impact      High impact

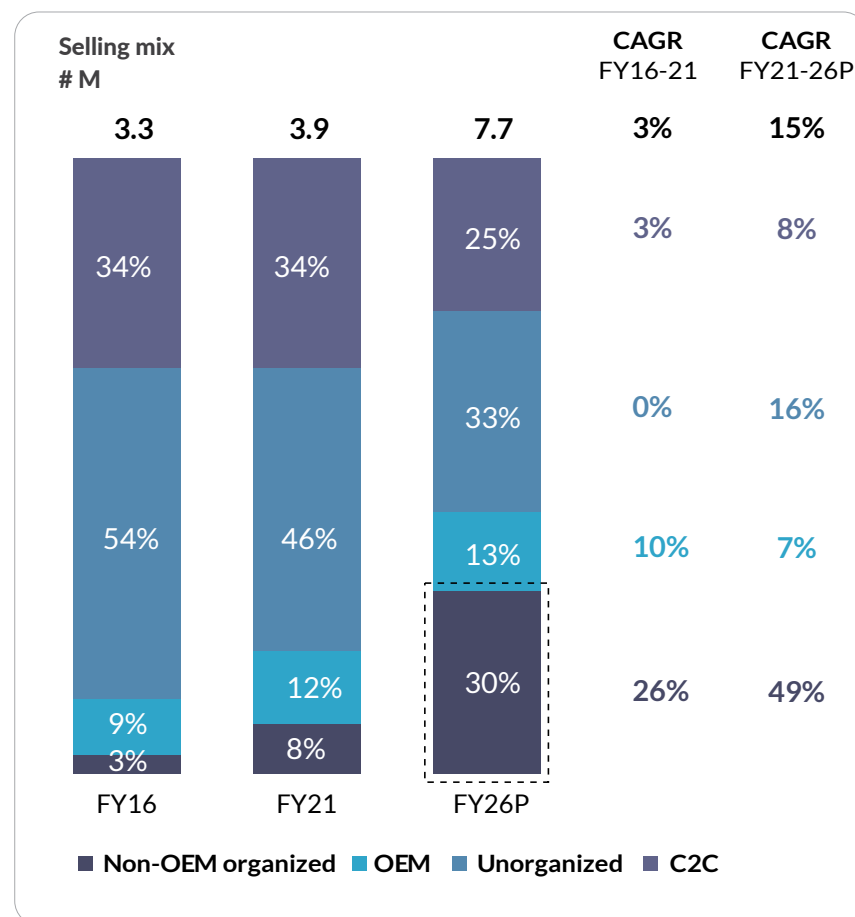
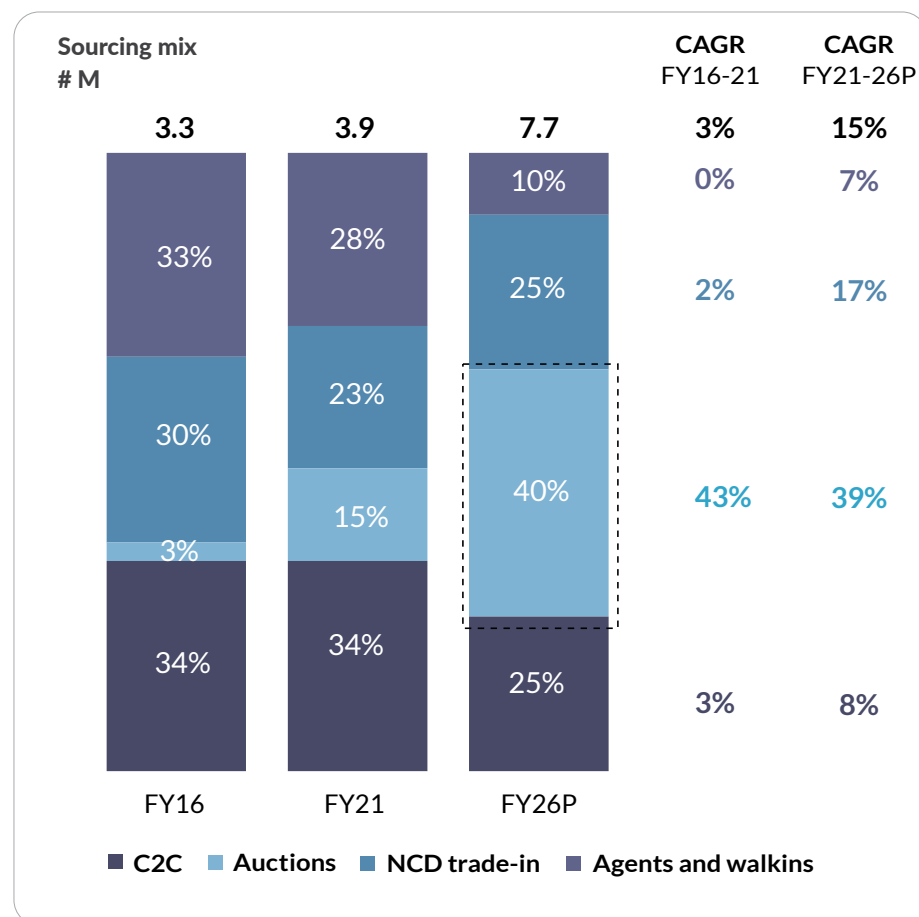
# Used car stock flow: Dealers play a significant role in used car transactions in India



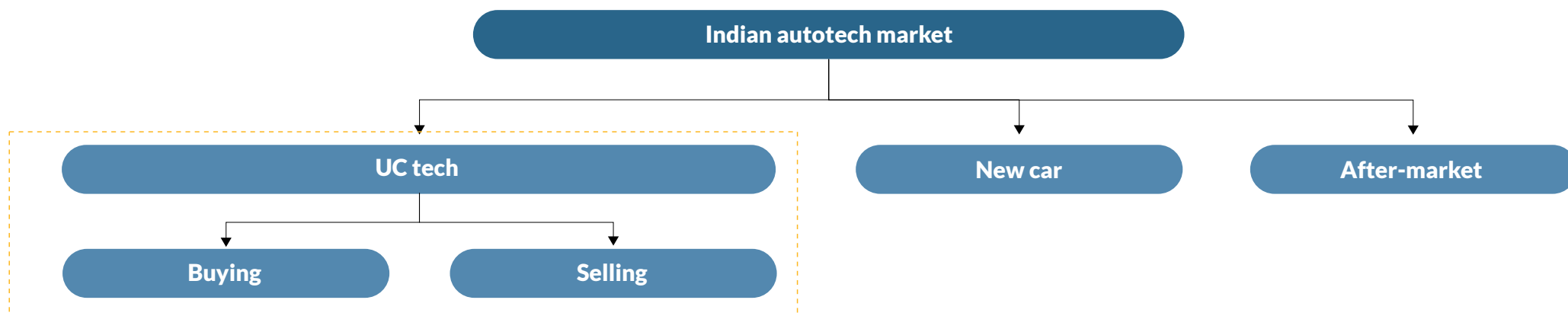
## Share of organized dealers in UC sales is currently approximate 20% and growing fast

	Unorganized / independent dealers	Semi-organized dealers	Organized dealers	
			Non-OEM (Original equipment manufacturer) backed	OEM-backed
Description	<ul style="list-style-type: none"> <li>Street-level individual brokers or “commission agents” with no physical place of business</li> <li>Primarily deal in uncertified vehicles without warranty</li> </ul>	<ul style="list-style-type: none"> <li>Dealers operating out of a physical place such as a garage or a mechanic shop</li> <li>Typically start-off as unorganized dealers and establish presence over years of operating</li> </ul>	<ul style="list-style-type: none"> <li>Mid-large scale entities that operate out of showrooms and deal in certified vehicles; offer warranty, inspection checks, subscription plans, etc</li> <li>High buyer confidence but not backed by OEMs directly</li> </ul>	<ul style="list-style-type: none"> <li>Mid-large scale entities that operate out of showrooms and deal in certified vehicles; offer warranty, inspection checks, subscription plans, etc.</li> <li>High buyer confidence and backed by OEMs directly years of operating</li> </ul>
Volume share %	15-20% ↓	25-30% ↑	5-10% ↑	10-15% ↑
# cars transacted	0.8M	1M	0.3M	0.5M
Dealer count	15-17K ↓	9-11K ↔	3-4K ↑	
# cars sold per month per dealer	3-5	8-10	20	
Vehicle sourcing/ procurement mix				
Lead generation source mix				

## Share of auctions to grow to 40% by FY26 & share of non-OEM organized dealers to grow to 30% by FY26



# UC tech market predominantly consists of two key segments: Buying and selling



B2B / C2B	<ul style="list-style-type: none"><li>• C2B auctions</li><li>• NCD trade-in desks</li><li>• Institutional auctions (banks, NBFCs, fleet operators)</li><li>• UC - Inventory financing</li></ul>	<ul style="list-style-type: none"><li>• Classifieds /marketing</li><li>• Park &amp; sell</li></ul>	<ul style="list-style-type: none"><li>• Classifieds, marketing &amp; advertisements</li></ul>
B2C / C2C	<ul style="list-style-type: none"><li>• C2B/C classifieds</li></ul>	<ul style="list-style-type: none"><li>• Inventory model sales</li><li>• UC – Financing</li><li>• UC – Insurance, warranty</li></ul>	<ul style="list-style-type: none"><li>• NC – Financing</li><li>• NC – Insurance</li></ul>
			<ul style="list-style-type: none"><li>• Spares e-commerce</li><li>• Service aggregation (parts + labour)</li></ul>



# UC tech players are expected to transact 2M cars by FY26

## Wholesale



	Used car volume (M)					Used car value (US\$ B)				
	FY16	FY21	FY26P	CAGR (FY16-21)	CAGR (FY21-26P)	FY16	FY21	FY26P	CAGR (FY16-21)	CAGR (FY21-26P)
<b>Total UCs</b>	3.3	3.9	7.7	3%	15%	14.2	17.9	44.7	5%	20%
UC C2B wholesale auctions	0.1	0.6	3.1	42%	39%	0.4	2.7	17.9	45%	46%
C2B wholesale auctions through UC tech	0.01	0.2	2.0	81%	59%	0.04	0.9	11.6	84%	67%
Share of UC tech in C2B wholesale auctions (%)	<b>10%</b>	<b>33%</b>	<b>65%</b>	-	-	<b>10%</b>	<b>33%</b>	<b>65%</b>	-	-
Share of UC tech C2B wholesale auctions in overall UC (%)	<b>0.3%</b>	<b>5%</b>	<b>26%</b>	-	-	<b>0.3%</b>	<b>5%</b>	<b>26%</b>	-	-

## Retail



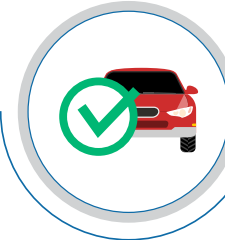


UC B2C non-OEM organized inventory retail	0.08	0.3	2.3	30%	49%	0.4	1.4	13.4	32%	56%
B2C inventory retail through UC tech	-	0.08	1.7	-	85%	-	0.4	9.8	-	94%
Share of UC tech in B2C non-OEM organized inventory retail (%)	-	<b>25%</b>	<b>73%</b>	-	-	-	<b>25%</b>	<b>73%</b>	-	-
Share of UC tech B2C inventory retail in overall UC (%)	-	<b>2%</b>	<b>22%</b>	-	-	-	<b>2%</b>	<b>22%</b>	-	-

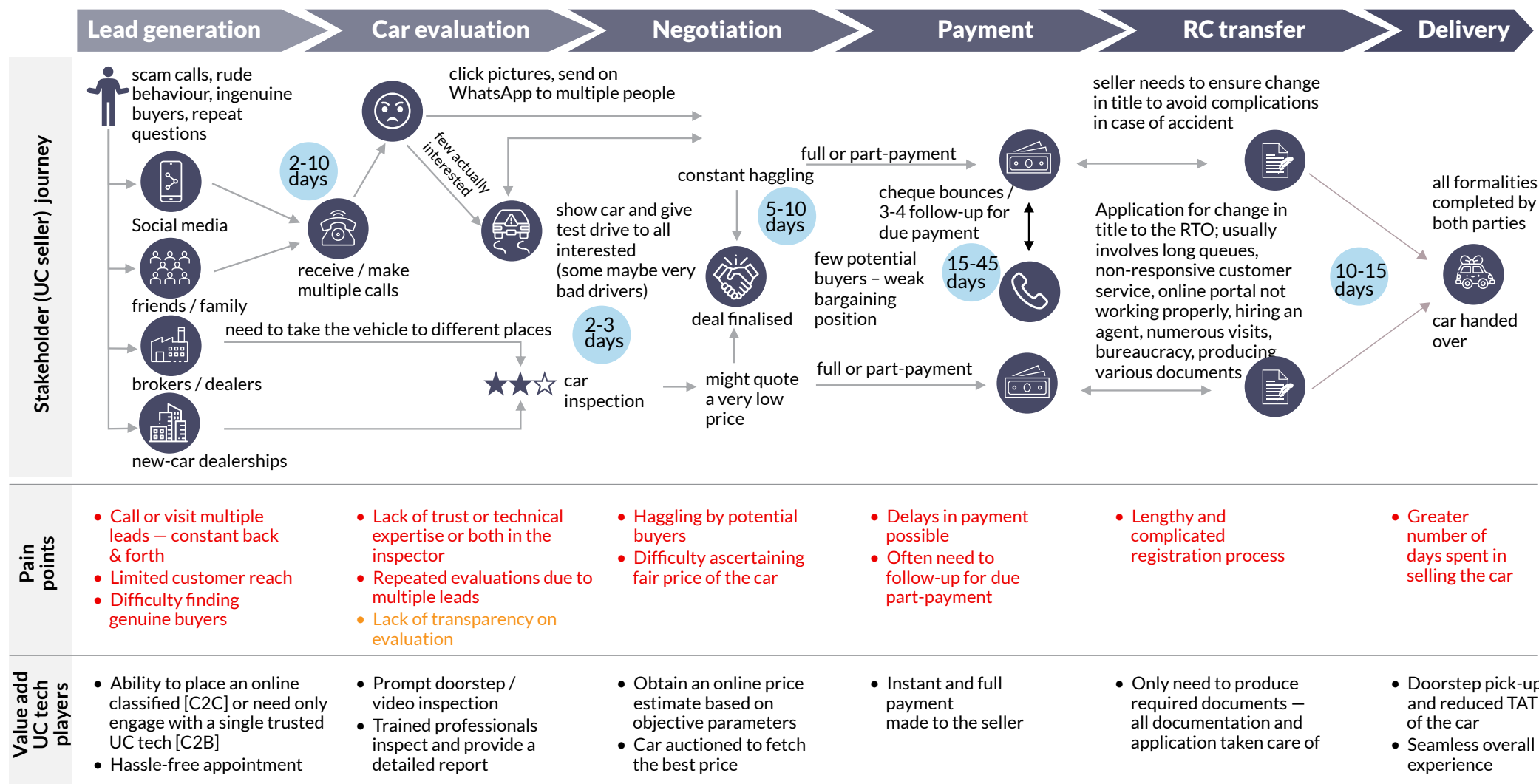


# BEHAVIOUR: CUSTOMER, SELLER AND DEALER

# UC tech players simplify the process of buying and selling a used car

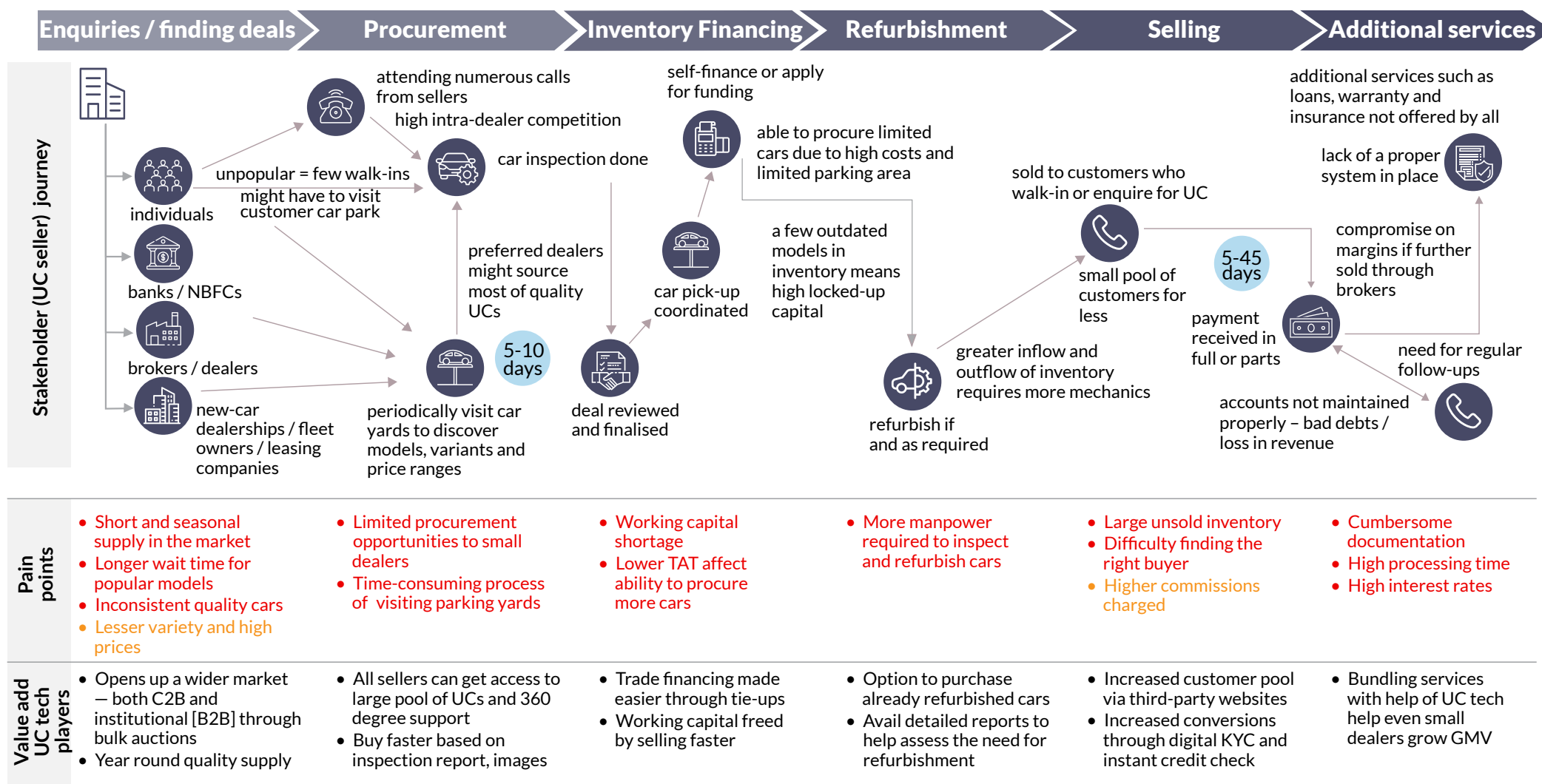
 UC Seller	 UC Dealer	 UC Buyer
Pain points in offline		
<ul style="list-style-type: none"> <li>• Call or visit multiple leads — <b>constant back &amp; forth</b></li> <li>• Difficulty finding genuine buyers</li> <li>• <b>Lack of trust</b> or technical expertise or both in the inspector</li> <li>• Difficulty <b>ascertaining fair price</b> of the car</li> <li>• Often need to follow-up for due part-payment</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Short and seasonal supply</b> in the market</li> <li>• Longer wait time for popular models</li> <li>• Limited procurement opportunities to small dealers</li> <li>• <b>Working capital shortage</b></li> <li>• More manpower required to inspect and refurbish cars</li> <li>• <b>Cumbersome documentation</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Time-intensive process</b> to talk to multiple sellers</li> <li>• Unaware how to go about buying a UC</li> <li>• <b>Lack of complete information</b></li> <li>• Issues of trust and transparency — being overcharged</li> <li>• Lengthy and complicated registration process</li> <li>• No grievance redressal once deal is done</li> </ul>
Value add UC tech players		
<ul style="list-style-type: none"> <li>• Ability to place an online classified [C2C] or need only engage with a single trusted UC tech [C2B]</li> <li>• <b>Trained professionals</b> inspect and provide a detailed report</li> <li>• Obtain an <b>online price estimate</b> based on objective parameters</li> <li>• Instant and full payment made to the seller</li> </ul>	<ul style="list-style-type: none"> <li>• Opens up a <b>wider market</b> — both C2B and institutional [B2B] through bulk auctions</li> <li>• Year round <b>quality supply</b></li> <li>• All sellers can get access to large pool of UCs and <b>360 degree support</b></li> <li>• Working capital freed by selling faster</li> <li>• Option to purchase already refurbished cars</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Wide assortment of options</b> at one place [C2C and B2C]</li> <li>• Collated articles and blogs on best practices</li> <li>• <b>Accurate and complete</b> information</li> <li>• Quality and certified vehicles, inspected by professionals</li> <li>• Convenience delivered of handling all paperwork</li> </ul>

# Seller journey: UC tech players provide sellers with an enhanced price discovery mechanism and bring trust and transparency to the overall process



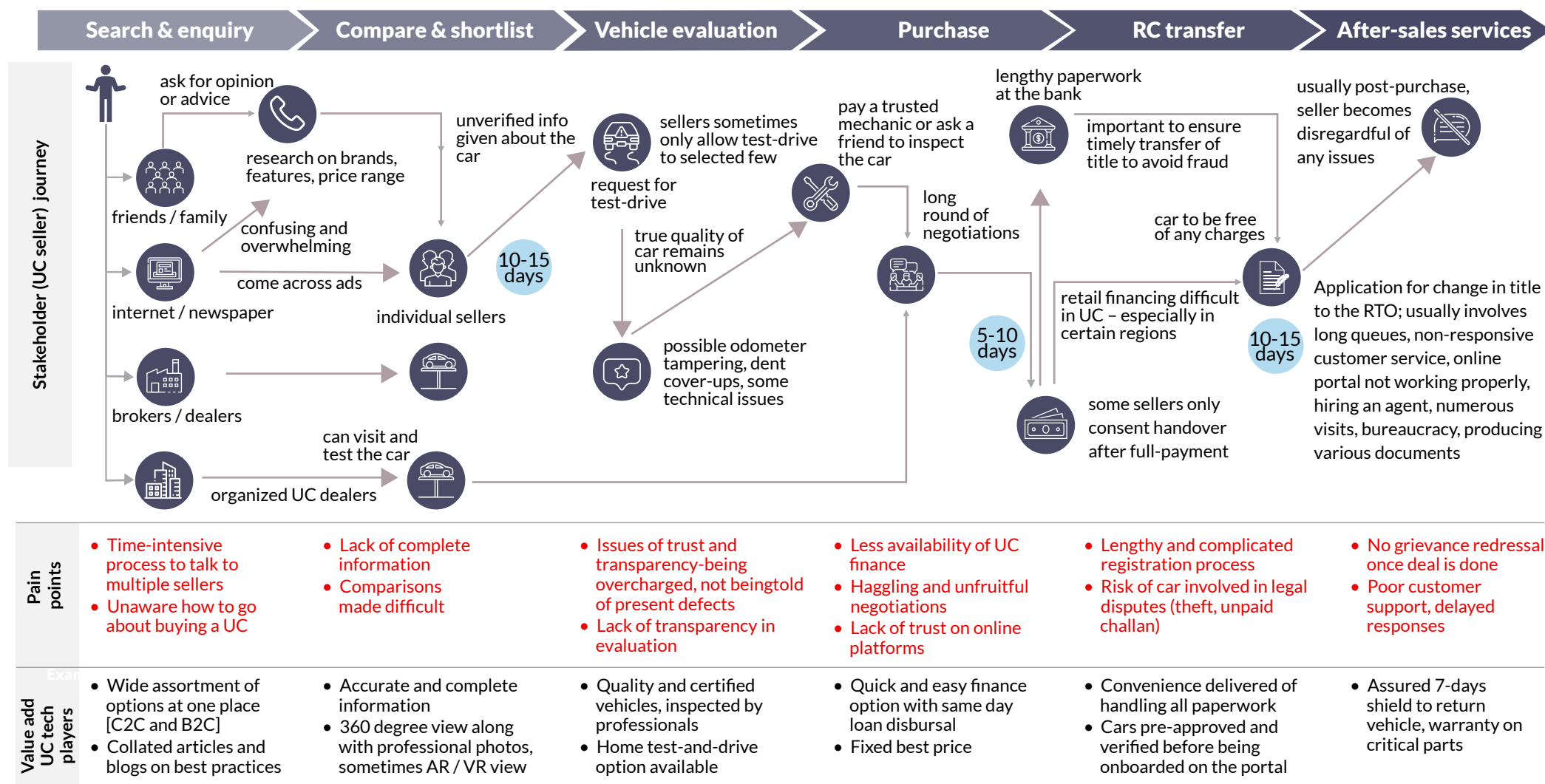
XYZ: Pain points for offline players    XYZ: Pain points for online players

# Dealer journey: UC tech players help dealers source quality used cars and financing of inventory



XYZ: Pain points for offline players    XYZ: Pain points for online players

# Buyer journey: UC tech players bring trust and transparency to the buying process while making it a seamless experience



XYZ: Pain points for offline players    XYZ: Pain points for online players



The background is a blue-tinted photograph of a car assembly line. Overlaid on this are several geometric shapes: a large yellow arrow pointing right on the left side, a large blue arrow pointing right on the right side, and a grey arrow pointing up and to the right in the center. The text 'BUSINESS MODEL AND ECONOMICS' is centered in a dark blue box.

# **BUSINESS MODEL AND ECONOMICS**

## UC tech players break even in the C2B wholesale auction model

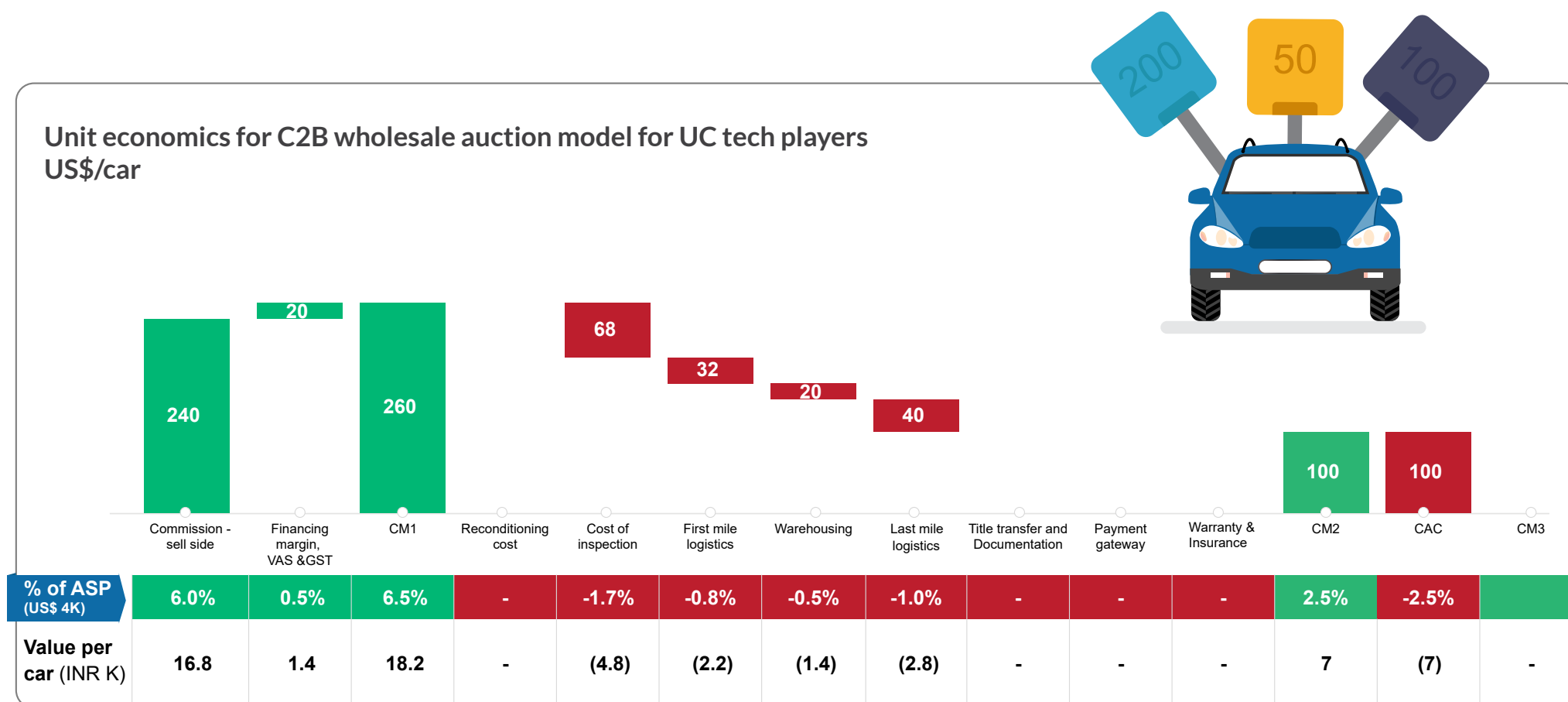
Illustrative industry economics	C2B wholesale auction		B2C inventory retail		
	UC tech	Offline organized OEM	UC tech	Offline organized/OEM	Unorganized
Average selling price (US\$ K)	4.0	2.3	6.0	5.0	3.5
Sell side commission (% of ASP)	6.0	4.7	10.0	14.0	15.0
Financing margin and VAS (% of ASP)	0.5	0.5	1.3	0.3	-
<b>CM1 (% of ASP)</b>	<b>6.5</b>	<b>5.2</b>	<b>11.3</b>	<b>14.3</b>	<b>15.0</b>
Less: Reconditioning cost (% of ASP)	-	-	3.5	5.5	6.5
Less: Cost of inspection (% of ASP)	1.7	2.4	1.3	1.7	1.5
Less: First mile logistics (% of ASP)	0.8	0.2	0.2	0.2	-
Less: Warehousing (% of ASP)	0.5	0.4	2.6	1.0	1.8
Less: Last mile logistics (% of ASP)	1.0	-	0.3	-	-
Less: Title transfer & Documentation (% of ASP)	-	-	1.0	1.0	2.0
Less: Payment gateway (% of ASP)	-	-	0.2	-	-
Less: Warranty & Insurance (% of ASP)	-	-	1.0	-	-
<b>CM2 (% of ASP)</b>	<b>2.5</b>	<b>2.2</b>	<b>1.2</b>	<b>4.9</b>	<b>4.2</b>
Less: CAC (% of ASP)	2.5	0.2	3.0	0.2	0.2
<b>CM3 (% of ASP)</b>	<b>-</b>	<b>2.0</b>	<b>(1.8)</b>	<b>4.7</b>	<b>4.0</b>

**Disclaimer:** These are representative economics of the sector and do not represent any player.

**Notes:** All figures denoted as % of ASP (average selling price), figures mentioned above are illustrative unit economics for the industry, individual players' economics may vary

**Source:** Praxis analysis

## C2B wholesale auction model (UC tech): UC tech players break even in this model

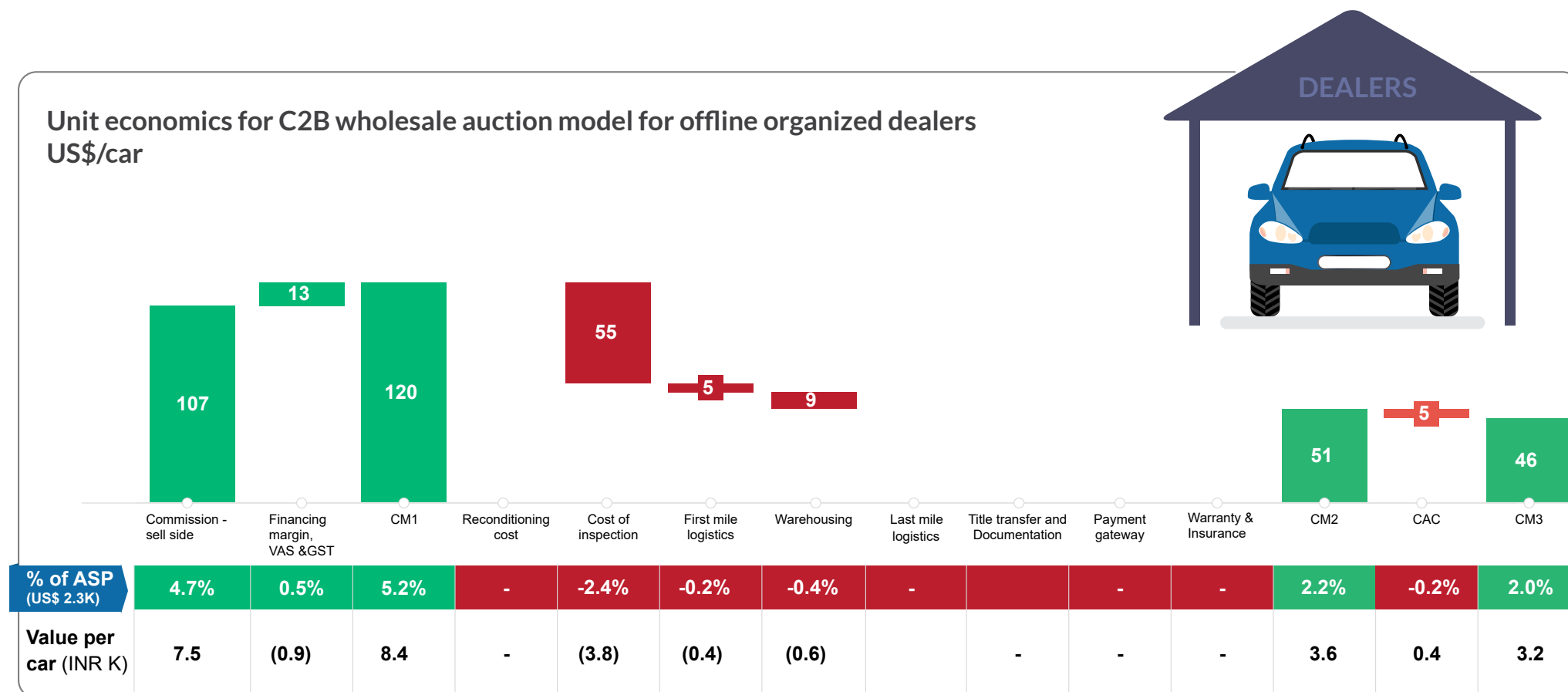


**Disclaimer:** These are representative economics of the sector and do not represent any player.

**Note:** US\$ 1 = INR 70

**Sources:** Interviews with sales heads, operations managers and area managers of multiple UCs, representatives of banks / NBFCs, Praxis analysis

## C2B wholesale auction model (offline dealers): Offline organized dealers get marginally positive net margins in this model

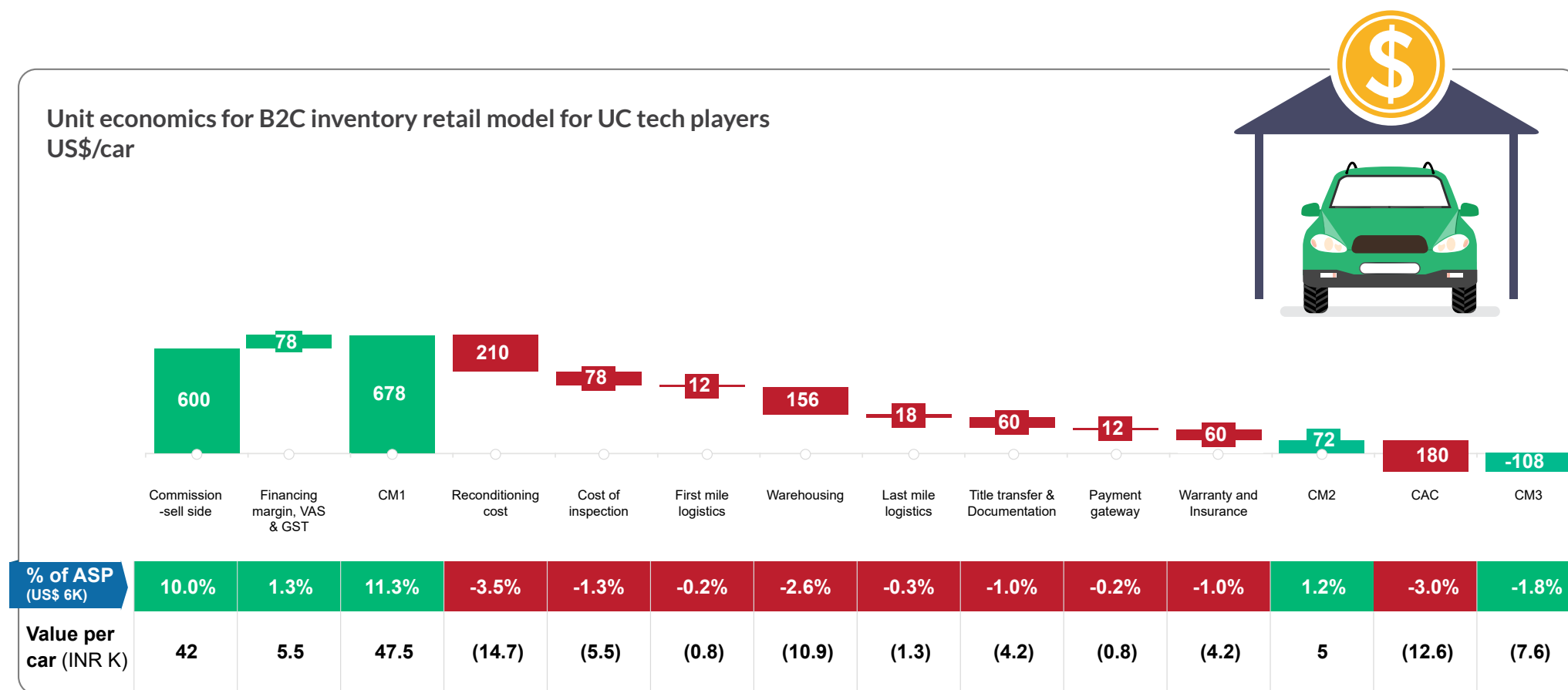


Disclaimer: These are representative economics of the sector and do not represent any player.

Note: US\$ 1 = INR 70

Sources: Interviews with sales heads, operations managers and area managers of multiple UCDs, representatives of banks / NBFCs, Praxis analysis

## B2C inventory retail model (UC tech): UC tech players have a strong gross margin of approximate 11% in this model

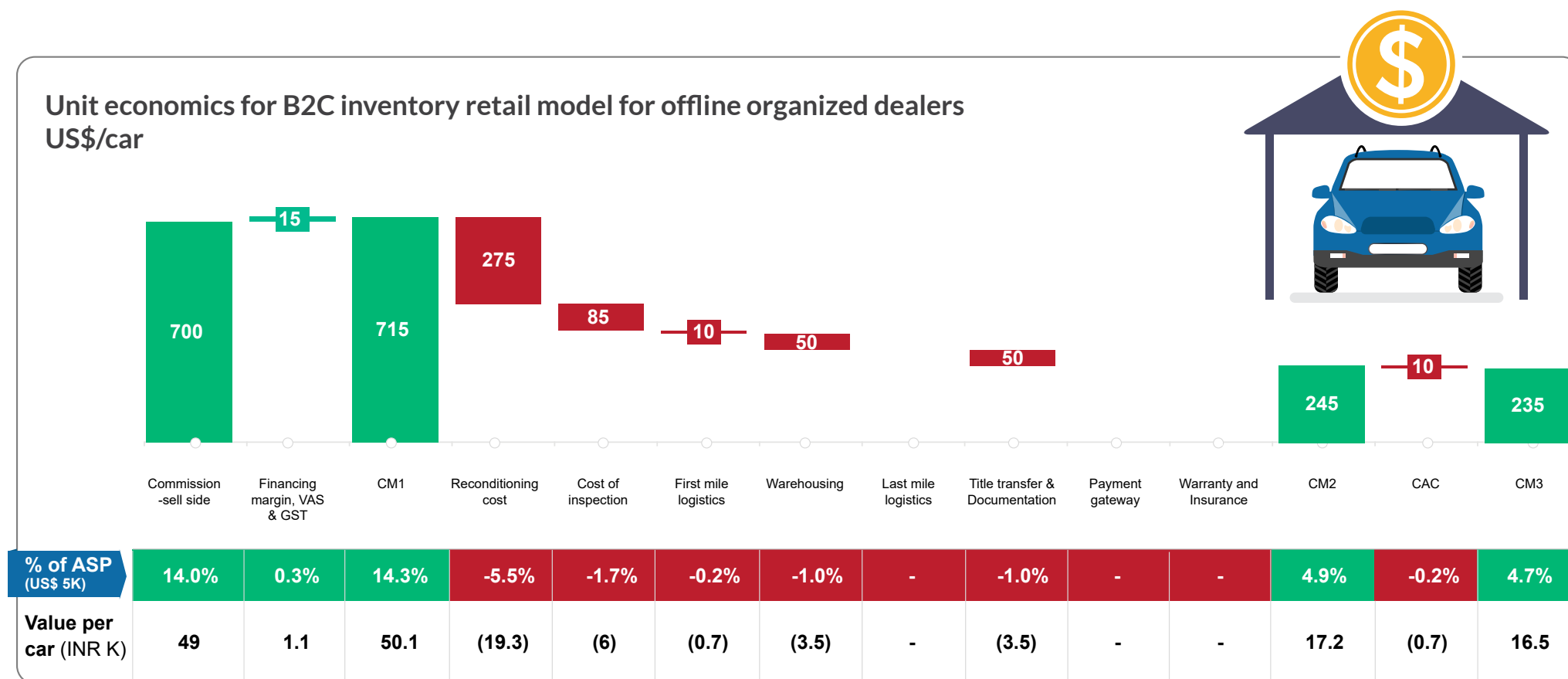


**Disclaimer:** These are representative economics of the sector and do not represent any player.

**Note:** US\$ 1 = INR 70

**Sources:** Interviews with sales heads, operations managers and area managers of multiple UCDs, representatives of banks / NBFCs, Praxis analysis

## B2C inventory retail model (offline organized): Offline organized dealers have a net margin of approximate 5% in this model



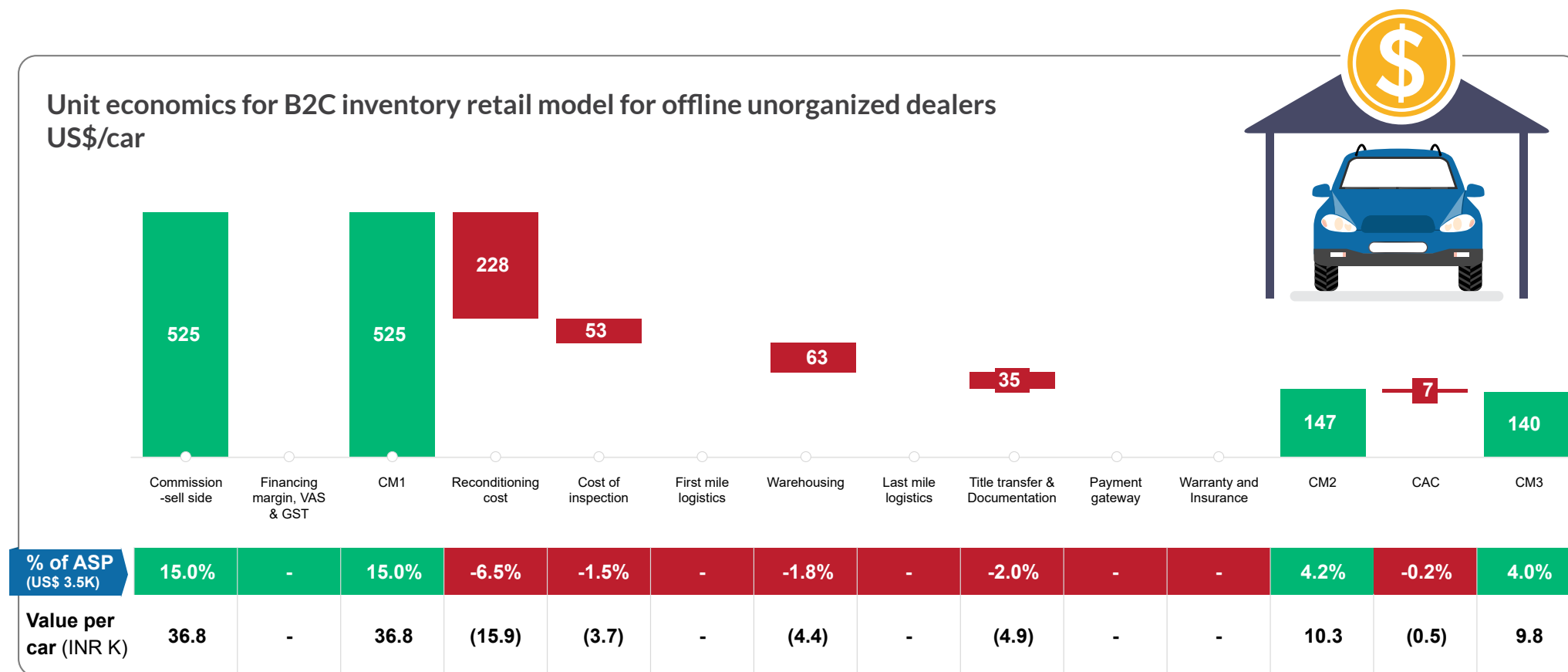
Disclaimer: These are representative economics of the sector and do not represent any player.

Note: US\$ 1 = INR 70

Sources: Interviews with sales heads, operations managers and area managers of multiple UCDs, representatives of banks / NBFCs, Praxis analysis



## B2C inventory retail model (offline unorganized) : Offline unorganized players have a net margin of approximate 4% in this model



Disclaimer: These are representative economics of the sector and do not represent any player.

Note: US\$ 1 = INR 70

Sources: Interviews with sales heads, operations managers and area managers of multiple UCDs, representatives of banks / NBFCs, Praxis analysis

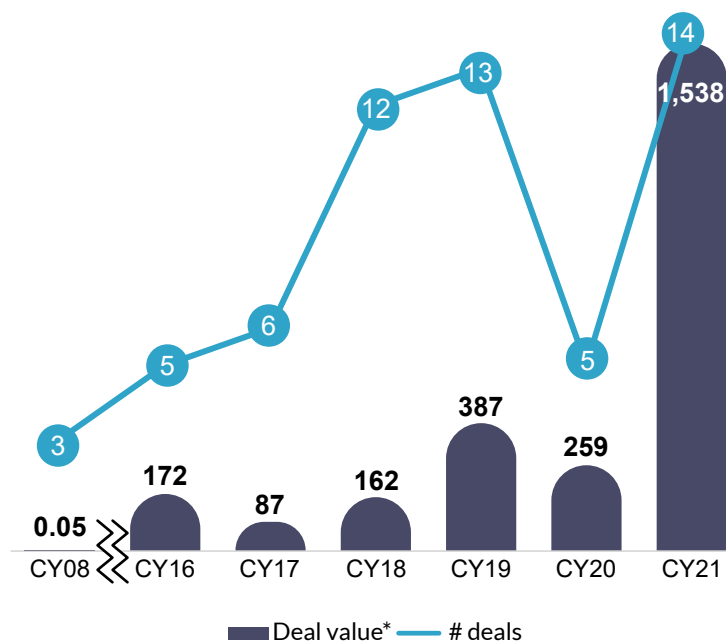
The background of the slide features a blurred image of a parking lot filled with cars. In the foreground, a red SUV is parked on the left, and a tall stack of silver coins is on the right. A large blue arrow points from the left towards the right, passing behind the text. A yellow arrow points from the left towards the text.

# INVESTMENT TRENDS

# Indian used car sector has received significant equity funding from investors

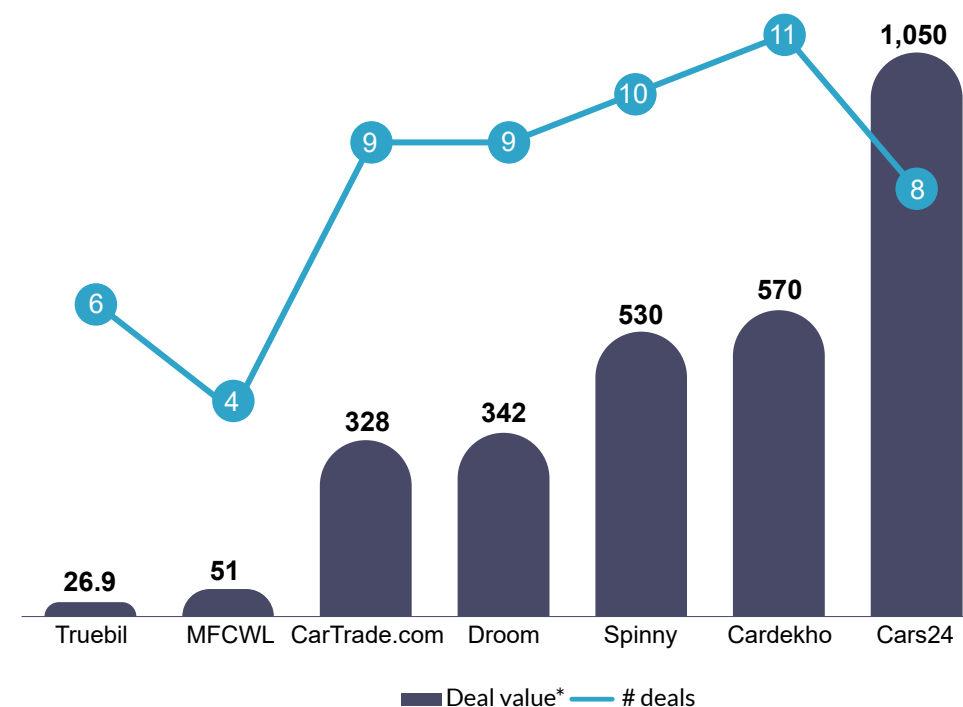
PE/VC funds investments in used cars space have seen a significant increase in CY21

PE/VC funding in Indian used cars sector  
US\$ M, #, CY08-21



Cars24, CarDekho and Spinny have raised the highest funding of all investments in the used cars space






PE/VC funding in Indian used cars sector  
US\$ M, #, CY08-21



Notes: PE: Private equity; VC: Venture capital; The funding data is as on 31st March 2022, # deals - only equity deals (disclosed and undisclosed) are considered, \* only disclosed deals are considered,

Sources: Tracxn, Praxis analysis

## The used car sector is booming and drawing investors' attraction

Player	Founding year	Player description	Company stage	Total equity funding (US\$ M)	Key Investors	Latest deal value (US\$ M)	Latest deal date	Key investors
	2015	App-based C2B marketplace for second-hand cars	Series G	1,050	DST Global, Sequoia Capital, Tencent, Softbank Vision Fund	300 (equity) + 100 (debt)	Dec 2021	Alpha wave global
						342 (equity) + 110 (debt)	Sept 2021	Tencent, DST Global, SoftBank Vision Fund and others
	2008	App-based listing platform for used & new cars	Series E	570	Sequoia Capital, Times Internet, Hillhouse Capital Group, LeapFrog	200 (equity) + 50 (debt)	Oct 2021	LeapFrog, Mirae Asset, Franklin Templeton Investments and others
	2015	Online outright buyer of used cars	Series E	530	Blume Ventures, Tiger Global Management, Accel, General Catalyst Partners	283 (equity)	Nov 2021	Tiger Global Management, ADFD, Avenir Growth Capital and others
						275 (equity)	Feb 2021	Stride Ventures
	2014	App-based C2B marketplace for second-hand cars	Series G	342	57 Stars, SeventTrain Ventures, Joe Hiaro, Digital Garage, Toyota Tsusho	200 (equity)	Jul 2021	57 Stars, SeventTrain Ventures
	2009	App-based listing platform for pre-owned cars	Public (funding included till Series H)	328	Temasek, Canaan Partners, Warburg Pincus, March Capital	31 (equity)	April 2021	IIFL Finance Got listed in August 2021



The background of the slide is a close-up photograph of a car's front end, specifically the headlight and grille area. The image is heavily stylized with a blue color cast and overlaid with large, semi-transparent geometric shapes. On the left, there is a large yellow chevron pointing right. On the right, there is a large blue chevron pointing right. The text 'FUTURE OUTLOOK' is centered in a dark blue rectangular box.

# FUTURE OUTLOOK

# Customer behavior trends led by lower ownership cycles and greater convenience would drive UC tech penetration

Implications in future for the Indian UC tech market – Strong growth potential

## Regulations

- **BS – VI** norms and scrappage policy will induce higher UC demand
- **State level** regulations to shape the UC market; **dealership licenses** likely to be governed by states

## Players (dealers)

- UC tech players to gain market share
- Number of visits to dealerships will decline
- **Unorganized dealers' share to become insignificant** as market share decrease – leads to consolidation
- **Technology disruption in C2C segment**
- **Vehicle sales will start moving online**

## Selling channels

- **New mode of UC buying: NCD and UCD** trade – ins
- end-to-end online C2C to emerge as new channels



## Sourcing demand

- **Wholesale auctions** will be a large component of the buying side - may consolidate with 3 to 4 key players capturing the market
- **Personal mobility** through UC will be preferred post COVID

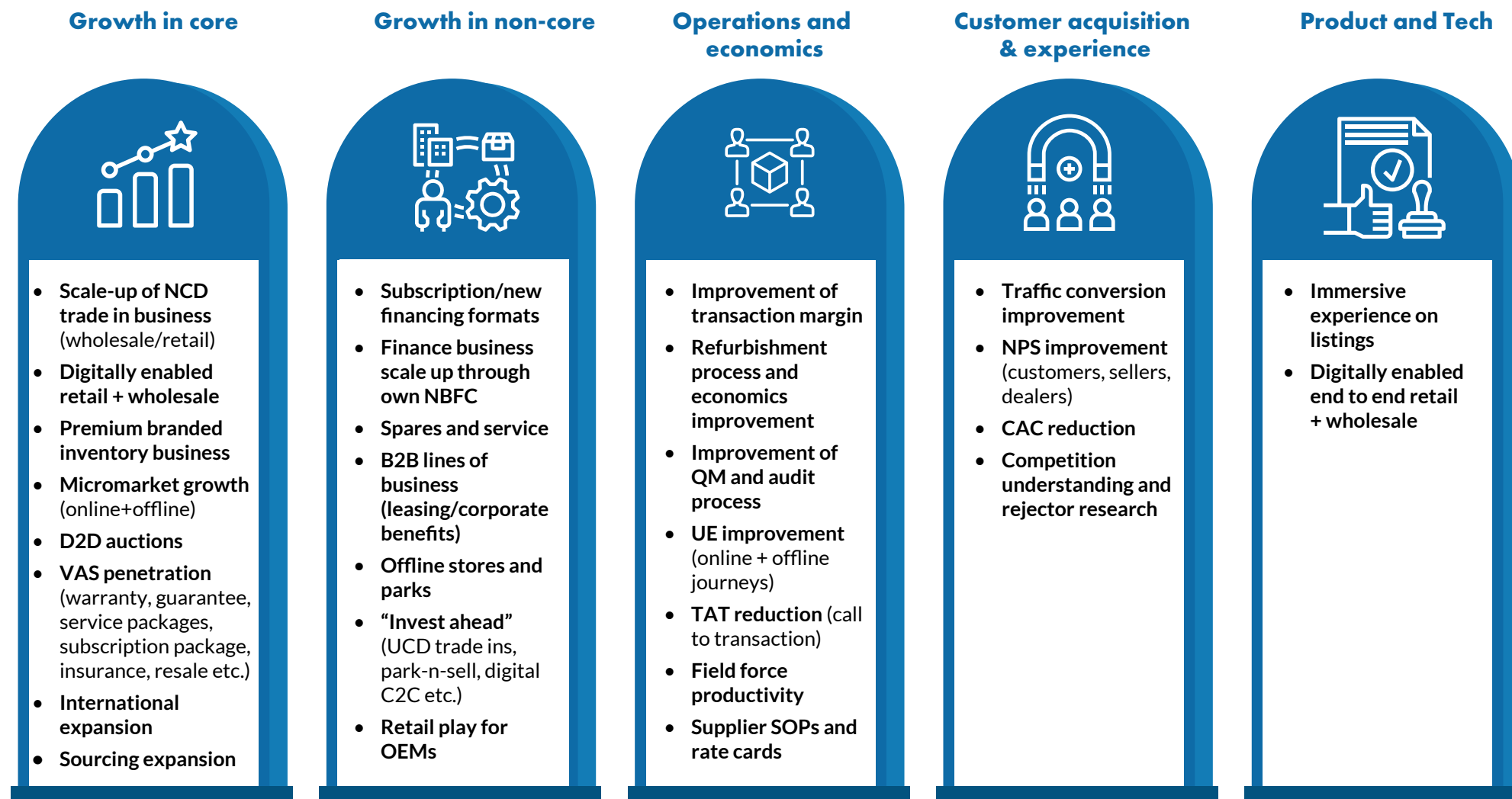
## Customer behaviour

- **Ownership cycles will further decrease** (avg. 6 years to <3 years)
- **Pre -decision research time:** Avg. visit to 3 dealers before vehicle purchase will get reduce to avg.1.5

## Inventory

- **High inventory planning:** Customers want to come to dealerships, take test drive and drive away with vehicle, hence **right brand , right variant and right color in inventory is essential**
- OEMs will gain share via pre-certified car warranties
- **Finance penetration will increase** as LTV and margins offered increase – this can lead to better economics for inventory business

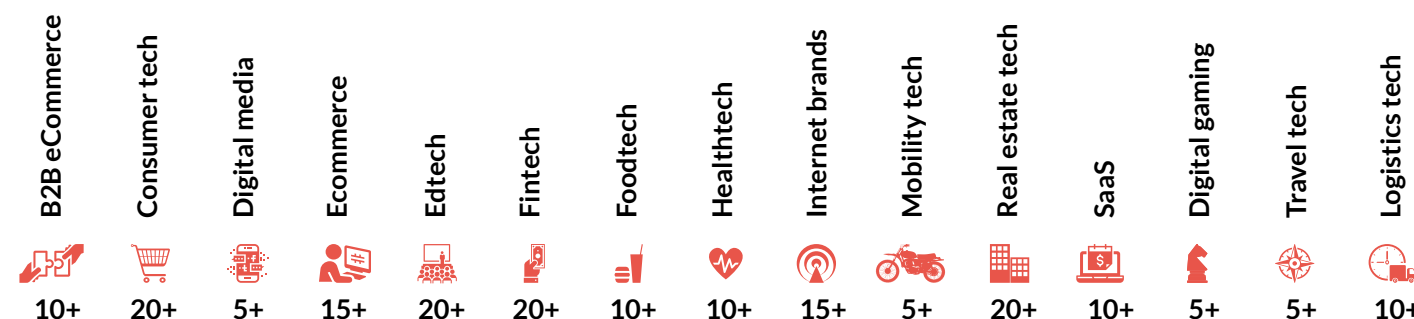
# What UC tech players need to do to invest and build capabilities





# We are the leaders in the Technology and Internet spectrum in India and have worked on 200+ projects

## Verticals

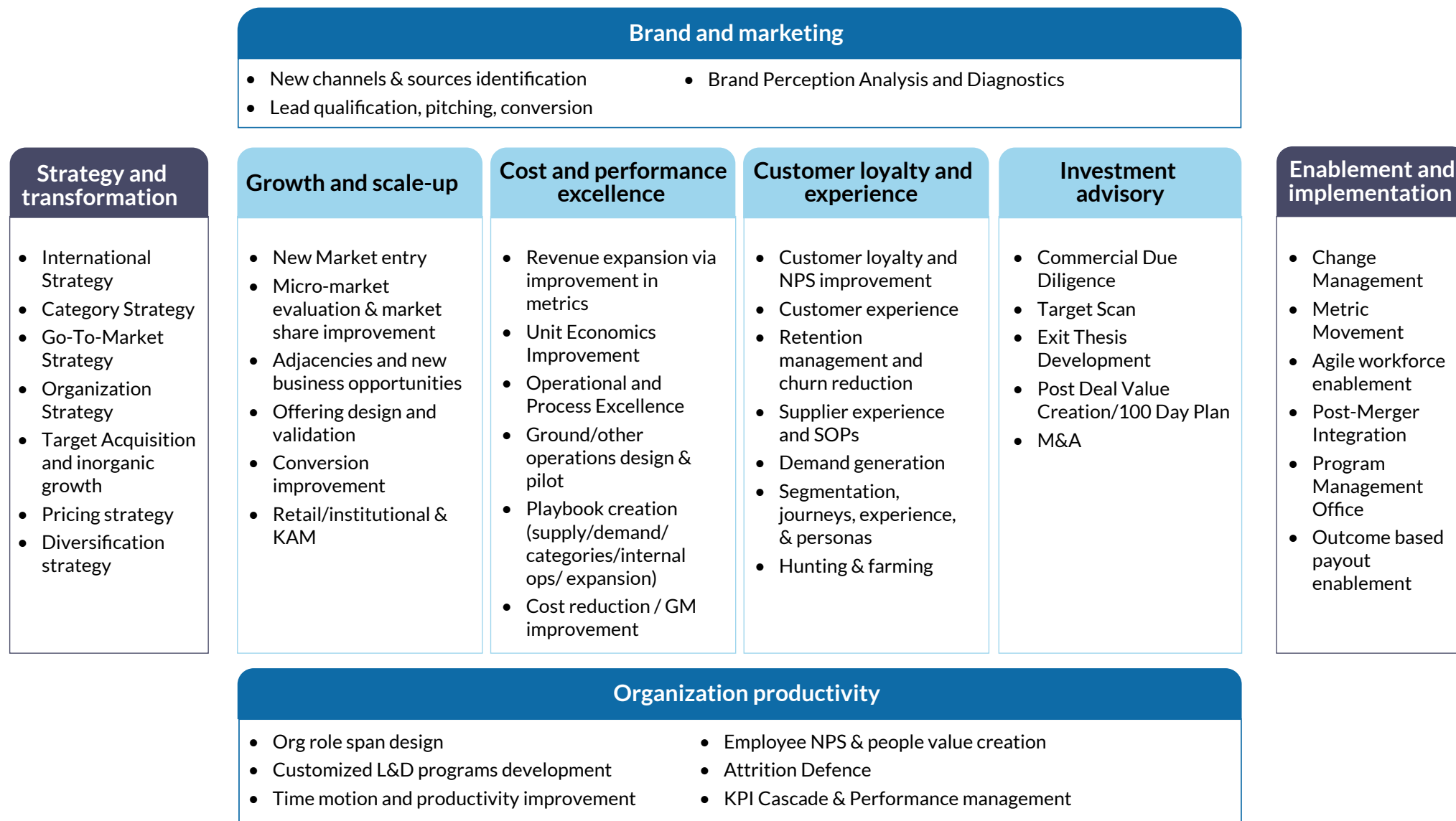


Total 200+ engagements

- Growth and scale-up strategies
- Go-to-Market strategy
- Offering design & validations
- Operational excellence strategies
- NPS and customer experience improvement
- Strategy and transformation
- Brand and marketing
- Investment advisory
- Unit economics improvement
- International strategy

## Capabilities

# What we do for technology firms



We understand the autotech and automotive sector landscape; we bring the extensive network of our leadership team to the table



**Madhur Singhal**  
Managing Partner  
& CEO



**Aryaman Tandon**  
Managing Partner &  
Co-Founder



**Mohit Mittal**  
Partner  
Technology & Internet



**Suman Jagdev**  
Partner  
Automotive, Industrials



**Kaushal Patel**  
Manager  
Technology & Internet, Automotive



**Ishan Mahabal**  
Manager  
Technology & Internet

## How we help our clients



# Connect with us

We will be happy to share perspectives



**Madhur Singhal**  
Managing Partner & CEO  
Praxis Global Alliance

**Aryaman Tandon**  
Managing Partner & Co-Founder  
Praxis Global Alliance

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