

TECHNO ECONOMIC

FEASIBILITY REPORT

on

COMMERCIAL VEHICLE LOAN

For Bank Term Loan Facility

SUBMITTED BY

ABC

Proprietor: ABC DAS

Constitution: Proprietorship

PROJECT COST
₹46,00,000


LOAN REQUIRED
₹32,00,000

AVG. DSCR
2.68x

PREPARED BY

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EXECUTIVE SUMMARY

1. Introduction & Background

ABC, a proprietorship firm promoted by **ABC DAS**, is engaged in the business of goods transportation and freight carriage. The promoter is a **Graduate** with an extensive track record of **10 years** in the road transport and logistics industry. Over these years, the promoter has developed deep domain expertise in fleet management, route planning, client relationship management, and regulatory compliance. The firm has built a strong reputation for timely delivery, vehicle upkeep, and professional conduct in the highly competitive freight transportation market.

2. Purpose of the Project

The firm proposes to acquire **2 vehicles** at a total cost of **₹46,00,000** for deployment in goods transport operations. The fleet will generate a combined Year 1 revenue of **₹52,50,000**, growing at **21.5% p.a.**

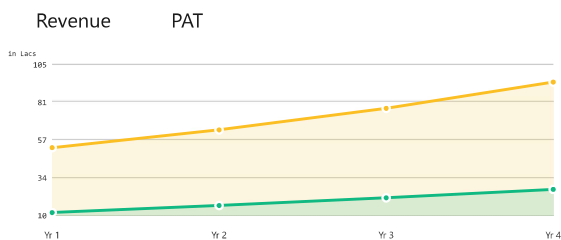
3. Financing

The promoter is contributing **₹14,00,000 (30.4%** of project cost) as equity/margin money. The balance of **₹32,00,000** is proposed as a **Term Loan from the Bank**, repayable over **48 months (4 years)** at **8.25% p.a.** The annual equated installment is **₹9,41,969**.

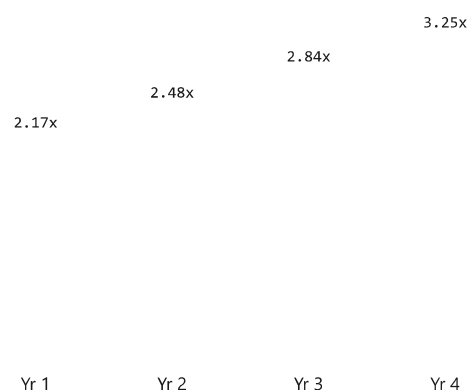
4. Financial Viability

Year 1 EBITDA: **₹23,28,750** | Year 1 PAT: **₹11,20,786** | Average DSCR: **2.68x** (well above 1.25x benchmark). Net Worth grows consistently. Balance Sheet is fully balanced with Assets = Liabilities verified across all 4 projection years. **The project is financially viable and recommended for Bank's consideration.**

REVENUE VS PAT TREND



DSCR BY YEAR ($\geq 1.25X$)



MEANS OF FINANCE

Particulars	Amount (₹)	%
Promoter's Contribution	₹14,00,000	30.4%
Term Loan from Bank	₹32,00,000	69.6%
Total Project Cost	₹46,00,000	100%

30%

70%

Promoter

Bank Loan



PROJECT DETAILS

About the Promoter

Name:	ABC DAS	Firm:	ABC
Constitution:	Proprietorship	Designation:	Proprietor
Education:	Graduate	Experience:	10 Yrs
Business:	Goods Transport		

Vehicle Details

Vehicle 1: TATA MOTORS TATA LPT 1616 20FT DCR BS VI PH2

Make:	TATA MOTORS	Model:	TATA LPT 1616 20FT DCR BS VI PH2
Type:	HCV	Use:	GOODS TRANSPORT
Cost:	₹22,00,000	Promoter Margin:	₹6,00,000
Daily Run:	250 Km	Rate/Km:	₹35
Mileage:	8 Km/L	Working Days:	300

Daily Income: $250\text{km} \times ₹35 = ₹8,750$

Annual (Yr1): $\times 300 \text{ days} = ₹26,25,000$

Fuel: $250/8 \times ₹95 \times 300\text{d} = ₹8,90,625/\text{yr}$

Vehicle 2: TATA MOTORS TATA LPT 1916 DCR 49 HSD BS-VI AC PH 2

Make:	TATA MOTORS	Model:	TATA LPT 1916 DCR 49 HSD BS-VI AC PH 2
Type:	HCV	Use:	GOODS TRANSPORT
Cost:	₹24,00,000	Promoter Margin:	₹8,00,000
Daily Run:	250 Km	Rate/Km:	₹35
Mileage:	8 Km/L	Working Days:	300

Daily Income: $250\text{km} \times ₹35 = ₹8,750$

Annual (Yr1): $\times 300 \text{ days} = ₹26,25,000$

Fuel: $250/8 \times ₹95 \times 300\text{d} = ₹8,90,625/\text{yr}$

Combined Year 1 Revenue

Total Annual Revenue (Yr1) = ₹52,50,000

Growth = 21.5% p.a.

Total Loan: ₹32,00,000 | Tenure: 48 months

Year 1 Expenses (Combined)

Head	₹/Year	% Rev
Diesel	₹17,81,250	33.9%
Driver	₹3,60,000	6.9%
Helper	₹2,64,000	5.0%
Maint.	₹1,00,000	1.9%
Insurance	₹1,52,000	2.9%
Tyres	₹80,000	1.5%
Permits	₹1,24,000	2.4%
Misc.	₹60,000	1.1%
Total	₹29,21,250	55.6%

EXPENSE BREAKDOWN

Diesel	₹17,81,250
Driver	₹3,60,000
Helper	₹2,64,000
Maint	₹1,00,000
Insur	₹1,52,000
Tyres	₹80,000
Permit	₹1,24,000
Misc	₹60,000

OPERATIONAL VIABILITY ANALYSIS — VEHICLE FINANCING

This section outlines the operational economics of the proposed vehicle financing for **ABC**. The projected financials demonstrate a robust business model with strong cash flow generation capabilities, ensuring comfortable debt servicing.

Business Viability: Revenue grows from **₹52,50,000** in Year 1 to **₹94,16,470** in Year 4. PAT margins improve from **21.3%** to **27.6%** over the projection period.

Loan Request Details

TOTAL VEHICLE COST
₹46,00,000

PROMOTER MARGIN
₹14,00,000

LOAN AMOUNT
₹32,00,000

MONTHLY EMI
₹78,497

INTEREST RATE
8.25% p.a.

LOAN TENURE
48 Months (4 Yrs)

ANNUAL INSTALLMENT
₹9,41,969

1. MONTHLY INCOME ANALYSIS

Particulars	Metrics	Amount (₹)
Number of working days per month	25 days	—
Total KMs per day (all vehicles)	500 km	—
Combined monthly income	2 vehicles	₹4,37,500
Total Monthly Income (A)	—	₹4,37,500

2. MONTHLY EXPENSE ANALYSIS

Particulars	Amount (₹)
i. FUEL COSTS	
Cost of Fuel (Diesel) per litre: ₹95	
Diesel Rate: ₹95/L Mileage per vehicle varies	
Total Fuel Cost per month (all vehicles combined)	₹1,48,438
ii. OPERATING & MAINTENANCE EXPENSES	
Tyre Expenses	₹6,667
Insurance Premium (Monthly allocation)	₹12,667

Particulars	Amount (₹)
Depreciation	₹57,500
Interest on Borrowings	₹19,814
Maintenance Expenses	₹8,333
Miscellaneous Expenses	₹5,000
Driver Salary	₹30,000
Permits & Taxes	₹10,333
Helper Salary	₹22,000
Total Monthly Expenses (B)	₹3,20,751

3. SURPLUS & DSCR CALCULATION

Particulars	Amount (₹)
Operating Surplus (Total Income A - Total Expenses B)	₹1,16,749
Less: Income Tax @ 20%	-₹23,350
Add: Interest on borrowings (non-operating)	₹19,814
Net Surplus	₹1,13,213
Add: Depreciation (Non-cash expense)	₹57,500
Net Cash Accruals Available for Debt Service (C)	₹1,70,713
Monthly Debt Service - Yr1 avg (Principal + Interest) (D)	₹78,497

DEBT SERVICE COVERAGE RATIO (DSCR) = C ÷ D

2.17x

✔ Excellent — Healthy debt coverage

PROJECTED PROFIT & LOSS SUMMARY

Amount in ₹ Lakh

Particulars	Year-1	Year-2	Year-3	Year-4
Revenue	52.50	63.79	77.50	94.16
Operating Expenses	29.21	36.52	45.64	57.06
EBITDA	23.29	27.27	31.86	37.11
Depreciation	6.90	5.87	4.99	4.24
EBIT	16.39	21.41	26.87	32.87
Interest	2.38	1.77	1.12	0.41
PBT	14.01	19.63	25.75	32.46
Tax @ 20%	2.80	3.93	5.15	6.49
PAT	11.21	15.71	20.60	25.97
Cash Profit	18.11	21.57	25.59	30.21

Observation: Revenue is projected to grow at a healthy CAGR of 21.5%. Net Profit margins improve year-on-year due to operational leverage and reduced interest costs.

PROJECTED CASH FLOW STATEMENT

Amount in ₹ Lakh

Particulars	Year-1	Year-2	Year-3	Year-4
Cash from Operations	20.49	23.35	26.71	30.62
Investing Activities	-46.00	0.00	0.00	0.00
Financing Activities	26.98	-21.42	-24.42	-28.17
Net Cash Flow	1.47	1.93	2.29	2.45
Closing Cash Balance	1.47	3.39	5.68	8.13

Observation: The business generates positive cash from operations from Year 1 itself. Investing activity in Year 1 reflects the capital expenditure for vehicle acquisition. Closing cash balance grows steadily from **1.47 Lakh** to **8.13 Lakh**.

PROJECTED BALANCE SHEET

Amount in ₹ Lakh

Particulars	Year-1	Year-2	Year-3	Year-4
LIABILITIES				
Capital	14.00	14.00	14.00	14.00
Reserves & Surplus	1.61	5.31	10.92	18.14
Term Loan O/S	24.96	17.31	9.01	0.00
ASSETS				
Net Fixed Assets	39.10	33.23	28.25	24.01
Cash & Bank	1.47	3.39	5.68	8.13

Observation: The balance sheet strengthens significantly over the tenure. Net worth increases from **15.61 Lakh** to **32.14 Lakh** due to retained earnings. The Term Loan is fully repaid by the end of Year 4.

REPAYMENT CAPACITY ANALYSIS

The Debt Service Coverage Ratio (DSCR) indicates the borrower's ability to service debt obligations. A DSCR > 1.5 is generally considered healthy. For partial years (loan ends mid-year), PAT & Depreciation are pro-rated to actual loan months for an accurate comparison.

Year	Loan Months	Cash Accruals (₹ Lakh)	Installment (₹ Lakh)	DSCR
Year-1	12	18.11	9.42	2.17x
Year-2	12	21.57	9.42	2.48x

Year	Loan Months	Cash Accruals (₹ Lakh)	Installment (₹ Lakh)	DSCR
Year-3	12	25.59	9.42	2.84x
Year-4	12	30.21	9.42	3.25x
Average DSCR		–	–	2.68x

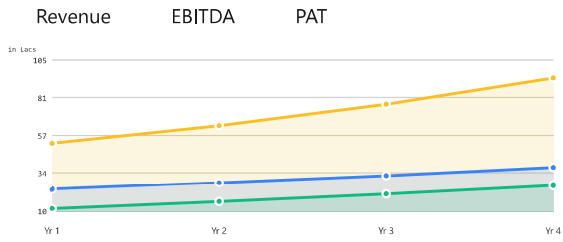
 **Analysis**

The average DSCR of **2.68x** is excellent, indicating that for every ₹1 of debt obligation, the business generates ₹2.68 in cash flow. The ratio improves consistently year-on-year, reducing credit risk for the bank.

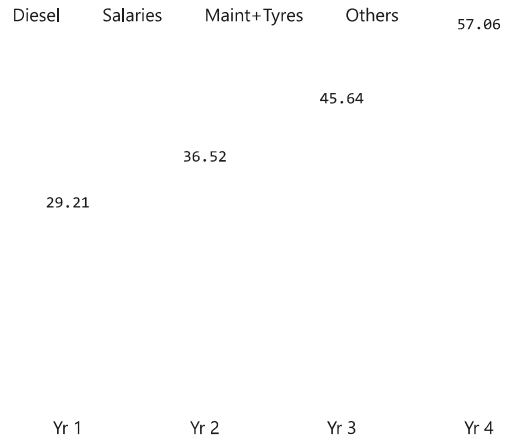
KEY FINANCIAL RATIOS

Ratio	Year-1	Year-2	Year-3	Year-4
DSCR	2.17	2.48	2.84	3.25
ISCR	6.89	12.07	24.01	80.61
Debt-Equity Ratio	1.60	0.90	0.36	0.00
TOL / TNW	1.60	0.90	0.36	0.00
ROCE (%)	40.4	58.4	79.2	102.3
Net Profit Margin (%)	21.3	24.6	26.6	27.6
EBITDA Margin (%)	44.4	42.8	41.1	39.4

REVENUE, EBITDA & PAT



COST COMPOSITION BY YEAR

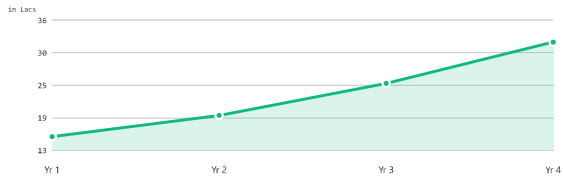


PROJECTED P&L

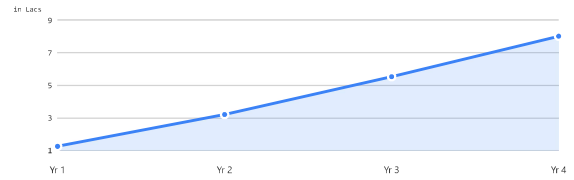
₹ in Lacs | Rev Growth: 21.5% | Exp Growth: 25% | Tax: 20%

Particulars	Yr 1	Yr 2	Yr 3	Yr 4
Revenue	52.50	63.79	77.50	94.16
(-) Diesel	17.81	22.27	27.83	34.79
(-) Driver	3.60	4.50	5.63	7.03
(-) Helper	2.64	3.30	4.13	5.16
(-) Maintenance	1.00	1.25	1.56	1.95
(-) Insurance	1.52	1.90	2.38	2.97
(-) Tyres	0.80	1.00	1.25	1.56
(-) Permits	1.24	1.55	1.94	2.42
(-) Misc.	0.60	0.75	0.94	1.17
Total OpEx	29.21	36.52	45.64	57.06
EBITDA	23.29	27.27	31.86	37.11
(-) Depreciation	6.90	5.87	4.99	4.24
EBIT	16.39	21.41	26.87	32.87
(-) Interest	2.38	1.77	1.12	0.41
PBT	14.01	19.63	25.75	32.46
(-) Tax @20%	2.80	3.93	5.15	6.49
PAT	11.21	15.71	20.60	25.97
Cash Profit	18.11	21.57	25.59	30.21

NET WORTH GROWTH



CASH & BANK BALANCE

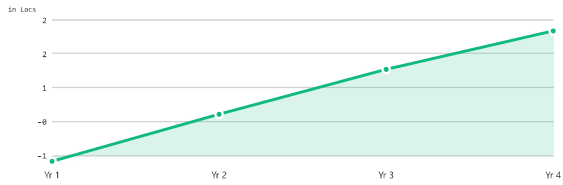


PROJECTED BALANCE SHEET

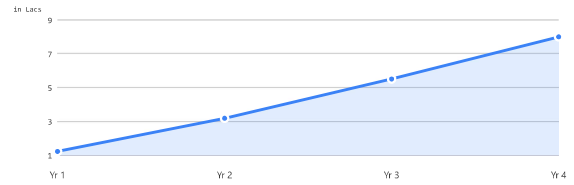
₹ in Lacs | Tenure: 48 Months (4 Yrs) | Drawings: ₹80,000/mo @ 25% growth

Particulars	Yr 1	Yr 2	Yr 3	Yr 4
LIABILITIES				
Capital (Promoter's Equity)	14.00	14.00	14.00	14.00
(+) Retained Earnings	1.61	5.31	10.92	18.14
Net Worth	15.61	19.31	24.92	32.14
Term Loan Outstanding	24.96	17.31	9.01	0.00
TOTAL LIABILITIES	40.57	36.63	33.93	32.14
ASSETS				
Gross Fixed Assets (Trucks)	46.00	46.00	46.00	46.00
(-) Accumulated Depreciation	6.90	12.77	17.75	21.99
Net Fixed Assets (WDV)	39.10	33.23	28.25	24.01
Cash & Bank Balance	1.47	3.39	5.68	8.13
TOTAL ASSETS	40.57	36.63	33.93	32.14
<input checked="" type="checkbox"/> Balance Check (Assets - Liabilities)	✓ Balanced	✓ Balanced	✓ Balanced	✓ Balanced

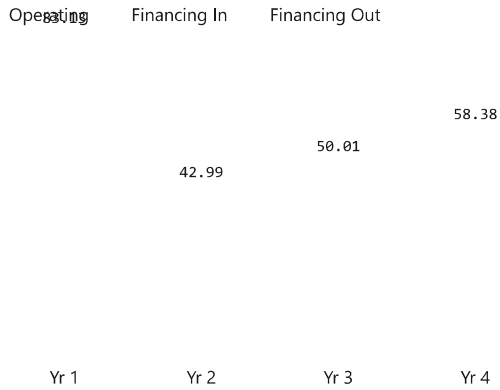
NET CASH FLOW TREND



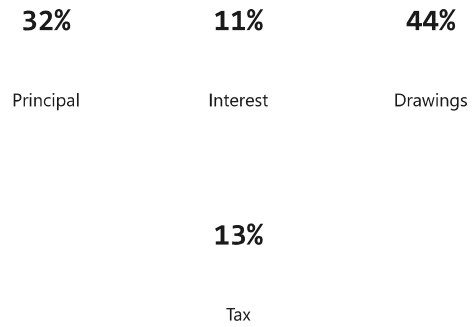
CUMULATIVE CASH BALANCE



CASH FLOW COMPONENTS BY YEAR



CASH UTILIZATION SPLIT (YEAR 1)



PROJECTED CASH FLOW STATEMENT

₹ in Lacs | Indirect Method

Particulars	Yr 1	Yr 2	Yr 3	Yr 4
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit After Tax (PAT)	11.21	15.71	20.60	25.97
(+) Depreciation	6.90	5.87	4.99	4.24
(+) Interest on Loan (moved to Financing)	2.38	1.77	1.12	0.41
Cash Generated from Operations (A)	20.49	23.35	26.71	30.62
B. CASH FLOW FROM INVESTING ACTIVITIES				
(-) Purchase of Vehicle(s)	-46.00	-	-	-
Net Cash from Investing (B)	-46.00	-	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES				
Promoter's Capital Introduced	14.00	-	-	-
Term Loan Received	32.00	-	-	-
(-) Interest Paid	-2.38	-1.77	-1.12	-0.41
(-) Loan Principal Repaid	-7.04	-7.65	-8.30	-9.01
(-) Proprietor's Drawings	-9.60	-12.00	-15.00	-18.75
Net Cash from Financing (C)	26.98	-21.42	-24.42	-28.17
NET CASH FLOW & BALANCES				
Net Increase/(Decrease) in Cash (A+B+C)	1.47	1.93	2.29	2.45

Particulars	Yr 1	Yr 2	Yr 3	Yr 4
Opening Cash & Bank Balance	0.00	1.47	3.39	5.68
Closing Cash & Bank Balance	1.47	3.39	5.68	8.13

CASH FLOW SUMMARY & ANALYSIS

TOTAL CASH FROM OPS
₹1,01,15,385

TOTAL LOAN REPAYMENT
₹37,67,876

TOTAL DRAWINGS
₹55,35,000

FINAL CASH BALANCE
₹8,12,509

✓ Key Observations

- Cash flow from operations remains strongly positive across all 4 years, consistently covering debt obligations and drawings
- Closing cash balance shows a steady upward trend from Year 1 to Year 4, reaching **₹8,12,509**
- Total cash generated from operations over 4 years: **₹1,01,15,385**
- Operating cash flows comfortably service all financing outflows (principal + interest + drawings) in every year
- Positive and growing cash balance demonstrates the project's liquidity strength and financial sustainability

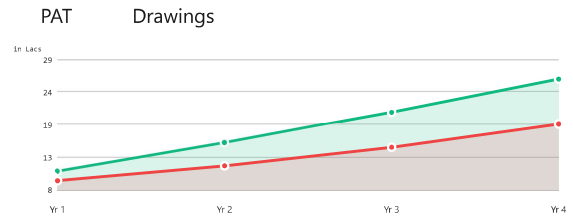
PROPRIETOR'S DRAWINGS

As a proprietorship, **ABC DAS** will draw **₹80,000/month** for personal & household expenses, growing at **25% p.a.** for inflation. Drawings are kept conservative to ensure adequate cash retention for loan repayment, vehicle maintenance, and working capital needs.

ANNUAL DRAWINGS

Yr 1	₹9,60,000
Yr 2	₹12,00,000
Yr 3	₹15,00,000
Yr 4	₹18,75,000

PAT VS DRAWINGS



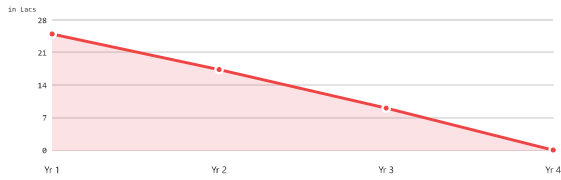
DRAWINGS SCHEDULE

Year	Monthly	Annual Drawing	PAT	Cash Profit	Loan Install.	Surplus	Draw % PAT
Year 1	₹80,000	₹9,60,000	₹11,20,786	₹18,10,786	₹9,41,969	-₹91,183	85.7%
Year 2	₹1,00,000	₹12,00,000	₹15,70,612	₹21,57,112	₹9,41,969	₹15,143	76.4%
Year 3	₹1,25,000	₹15,00,000	₹20,60,236	₹25,58,761	₹9,41,969	₹1,16,792	72.8%
Year 4	₹1,56,250	₹18,75,000	₹25,97,104	₹30,20,850	₹9,41,969	₹2,03,881	72.2%
TOTAL	—	₹55,35,000	₹73,48,738	₹95,47,509	₹37,67,876	₹2,44,633	—

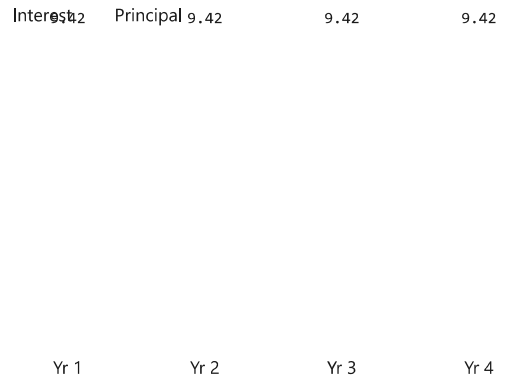
Key Observations

- Total drawings over 4 years: **₹55,35,000**
- Avg drawing as % of PAT: **76.8%** — well within acceptable limits
- Surplus cash positive in all years after drawings + loan repayment — no stress on debt service

LOAN O/S REDUCTION



INTEREST VS PRINCIPAL



LOAN REPAYMENT SCHEDULE (ANNUAL)

TOTAL INTEREST
₹5,67,876

ANNUAL INSTALL.
₹9,41,969

TOTAL REPAYMENT
₹37,67,876

Year	Opening	Interest	Principal	Installment	Closing
Yr 1	₹32,00,000	₹2,37,768	₹7,04,201	₹9,41,969	₹24,95,799
Yr 2	₹24,95,799	₹1,77,423	₹7,64,546	₹9,41,969	₹17,31,253
Yr 3	₹17,31,253	₹1,11,908	₹8,30,061	₹9,41,969	₹9,01,191
Yr 4	₹9,01,191	₹40,778	₹9,01,191	₹9,41,969	₹0
TOTAL	—	₹5,67,876	₹32,00,000	₹37,67,876	—

31 MONTHLY EMI SCHEDULE

Complete month-wise bifurcation of EMI into principal and interest components for the entire loan tenure of **4 years (48 months)**.

MONTHLY EMI
₹78,497

TOTAL INTEREST
₹5,67,876

TOTAL PRINCIPAL
₹32,00,000

TOTAL PAYMENT
₹37,67,876

Year 1

Interest: ₹2,37,768 Principal: ₹7,04,201 Total: ₹9,41,969

Month	Opening Balance	EMI	Interest	Principal	Closing Balance
1	₹32,00,000	₹78,497	₹22,000	₹56,497	₹31,43,503
2	₹31,43,503	₹78,497	₹21,612	₹56,886	₹30,86,617
3	₹30,86,617	₹78,497	₹21,220	₹57,277	₹30,29,340
4	₹30,29,340	₹78,497	₹20,827	₹57,671	₹29,71,669
5	₹29,71,669	₹78,497	₹20,430	₹58,067	₹29,13,602
6	₹29,13,602	₹78,497	₹20,031	₹58,466	₹28,55,136
7	₹28,55,136	₹78,497	₹19,629	₹58,868	₹27,96,267
8	₹27,96,267	₹78,497	₹19,224	₹59,273	₹27,36,994
9	₹27,36,994	₹78,497	₹18,817	₹59,681	₹26,77,313
10	₹26,77,313	₹78,497	₹18,407	₹60,091	₹26,17,223
11	₹26,17,223	₹78,497	₹17,993	₹60,504	₹25,56,719
12	₹25,56,719	₹78,497	₹17,577	₹60,920	₹24,95,799
Year 1 Total	—	₹9,41,969	₹2,37,768	₹7,04,201	—

Year 2

Interest: ₹1,77,423 Principal: ₹7,64,546 Total: ₹9,41,969

Month	Opening Balance	EMI	Interest	Principal	Closing Balance
13	₹24,95,799	₹78,497	₹17,159	₹61,339	₹24,34,460
14	₹24,34,460	₹78,497	₹16,737	₹61,761	₹23,72,699
15	₹23,72,699	₹78,497	₹16,312	₹62,185	₹23,10,514
16	₹23,10,514	₹78,497	₹15,885	₹62,613	₹22,47,902
17	₹22,47,902	₹78,497	₹15,454	₹63,043	₹21,84,858
18	₹21,84,858	₹78,497	₹15,021	₹63,477	₹21,21,382
19	₹21,21,382	₹78,497	₹14,585	₹63,913	₹20,57,469
20	₹20,57,469	₹78,497	₹14,145	₹64,352	₹19,93,117
21	₹19,93,117	₹78,497	₹13,703	₹64,795	₹19,28,322
22	₹19,28,322	₹78,497	₹13,257	₹65,240	₹18,63,082
23	₹18,63,082	₹78,497	₹12,809	₹65,689	₹17,97,393
24	₹17,97,393	₹78,497	₹12,357	₹66,140	₹17,31,253
Year 2 Total	—	₹9,41,969	₹1,77,423	₹7,64,546	—

Year 3

Interest: ₹1,11,908 Principal: ₹8,30,061 Total: ₹9,41,969

Month	Opening Balance	EMI	Interest	Principal	Closing Balance
25	₹17,31,253	₹78,497	₹11,902	₹66,595	₹16,64,658
26	₹16,64,658	₹78,497	₹11,445	₹67,053	₹15,97,605
27	₹15,97,605	₹78,497	₹10,984	₹67,514	₹15,30,091
28	₹15,30,091	₹78,497	₹10,519	₹67,978	₹14,62,113
29	₹14,62,113	₹78,497	₹10,052	₹68,445	₹13,93,667
30	₹13,93,667	₹78,497	₹9,581	₹68,916	₹13,24,751
31	₹13,24,751	₹78,497	₹9,108	₹69,390	₹12,55,362
32	₹12,55,362	₹78,497	₹8,631	₹69,867	₹11,85,495
33	₹11,85,495	₹78,497	₹8,150	₹70,347	₹11,15,148
34	₹11,15,148	₹78,497	₹7,667	₹70,831	₹10,44,317
35	₹10,44,317	₹78,497	₹7,180	₹71,318	₹9,72,999
36	₹9,72,999	₹78,497	₹6,689	₹71,808	₹9,01,191
Year 3 Total	—	₹9,41,969	₹1,11,908	₹8,30,061	—

Year 4

Interest: ₹40,778 Principal: ₹9,01,191 Total: ₹9,41,969

Month	Opening Balance	EMI	Interest	Principal	Closing Balance
37	₹9,01,191	₹78,497	₹6,196	₹72,302	₹8,28,889
38	₹8,28,889	₹78,497	₹5,699	₹72,799	₹7,56,091
39	₹7,56,091	₹78,497	₹5,198	₹73,299	₹6,82,791
40	₹6,82,791	₹78,497	₹4,694	₹73,803	₹6,08,988
41	₹6,08,988	₹78,497	₹4,187	₹74,311	₹5,34,678
42	₹5,34,678	₹78,497	₹3,676	₹74,822	₹4,59,856
43	₹4,59,856	₹78,497	₹3,162	₹75,336	₹3,84,520
44	₹3,84,520	₹78,497	₹2,644	₹75,854	₹3,08,666
45	₹3,08,666	₹78,497	₹2,122	₹76,375	₹2,32,291
46	₹2,32,291	₹78,497	₹1,597	₹76,900	₹1,55,391
47	₹1,55,391	₹78,497	₹1,068	₹77,429	₹77,961
48	₹77,961	₹78,497	₹536	₹77,961	₹0
Year 4 Total	—	₹9,41,969	₹40,778	₹9,01,191	—

YEAR-WISE INTEREST vs PRINCIPAL SPLIT

Year	Total EMI	Interest	Principal	Interest %	Principal %	Closing Balance
Year 1	₹9,41,969	₹2,37,768	₹7,04,201	25.2%	74.8%	₹24,95,799
Year 2	₹9,41,969	₹1,77,423	₹7,64,546	18.8%	81.2%	₹17,31,253
Year 3	₹9,41,969	₹1,11,908	₹8,30,061	11.9%	88.1%	₹9,01,191
Year 4	₹9,41,969	₹40,778	₹9,01,191	4.3%	95.7%	₹0
TOTAL	₹37,67,876	₹5,67,876	₹32,00,000	—	—	—

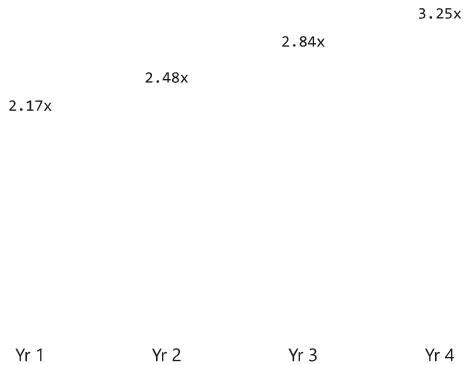
MIN DSCR
2.17x
Benchmark: $\geq 1.25x$

AVG DSCR
2.68x
Benchmark: $\geq 1.25x$

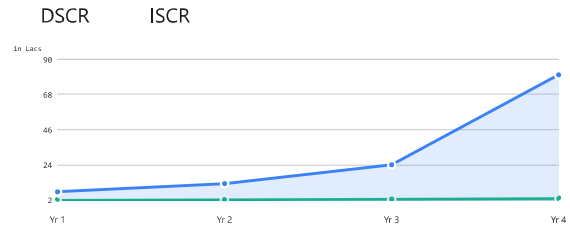
MAX DSCR
3.25x
Benchmark: Higher is better

AVG ISCR
30.90x
Benchmark: $\geq 1.50x$

DSCR BY YEAR (BENCHMARK: 1.25X)



DSCR VS ISCR TREND



DEBT SERVICE COVERAGE RATIO — YEAR-WISE ANALYSIS

DSCR = (PAT + Depreciation + Interest) ÷ (Principal Repayment + Interest) | Benchmark: $\geq 1.25x$

Particulars	Year 1	Year 2	Year 3	Year 4
A. PROFITABILITY				
Revenue (₹ Lakh)	52.50	63.79	77.50	94.16
EBITDA (₹ Lakh)	23.29	27.27	31.86	37.11
Depreciation (₹ Lakh)	6.90	5.87	4.99	4.24
Interest on Loan (₹ Lakh)	2.38	1.77	1.12	0.41
PBT (₹ Lakh)	14.01	19.63	25.75	32.46
Tax @ 20% (₹ Lakh)	2.80	3.93	5.15	6.49
PAT — Net Profit (₹ Lakh)	11.21	15.71	20.60	25.97
B. DSCR NUMERATOR — NET CASH ACCRUALS				
PAT (₹ Lakh)	11.21	15.71	20.60	25.97
(+) Depreciation (₹ Lakh)	6.90	5.87	4.99	4.24
(+) Interest on Loan (₹ Lakh)	2.38	1.77	1.12	0.41
Net Cash Accruals [NCA] (₹ Lakh)	20.49	23.35	26.71	30.62
C. DSCR DENOMINATOR — DEBT SERVICE				
Principal Repayment (₹ Lakh)	7.04	7.65	8.30	9.01
(+) Interest Paid (₹ Lakh)	2.38	1.77	1.12	0.41
Total Debt Service [TDS] (₹ Lakh)	9.42	9.42	9.42	9.42
D. COVERAGE RATIOS				
DSCR = NCA ÷ TDS	2.17x	2.48x	2.84x	3.25x
ISCR = (PBT+Int) ÷ Int	6.89x	12.07x	24.01x	80.61x
Status vs 1.25x Benchmark	✅ Pass	✅ Pass	✅ Pass	✅ Pass

DSCR METHODOLOGY & INTERPRETATION

Formula: $DSCR = NCA \div Debt\ Service$

NCA (Numerator) = PAT + Depreciation + Interest

Debt Service (Denominator) = Principal Repayment + Interest

Depreciation is added back as it is a non-cash charge. Interest is added back to neutralize the effect of financing.

Benchmark Interpretation

$\geq 1.50x$	Excellent — Strong debt coverage, low credit risk
1.25x – 1.49x	Good — RBI/bank benchmark minimum for term loans
1.00x – 1.24x	Adequate — Covers debt but limited cushion
$< 1.00x$	Deficient — Cannot service debt from cash flows

DSCR Assessment

The project demonstrates an average DSCR of **2.68x**, which is **excellent**. For every ₹1 of loan obligation, the business generates ₹**2.68** in net cash accruals. The strong DSCR across all years significantly de-risks the credit for the lending institution.

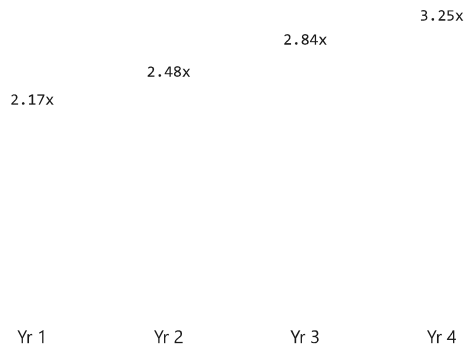
AVG DSCR
2.68x
Benchmark: $\geq 1.25x$

AVG ACR
1.88x
Benchmark: $\geq 1.5x$

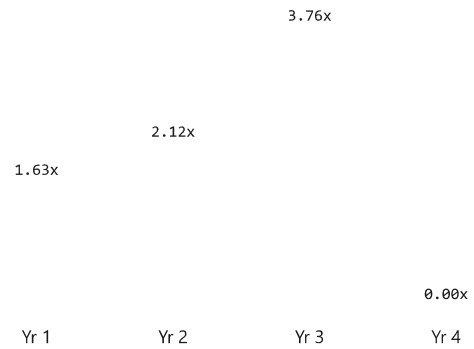
YR1 ROCE
40.4%
Benchmark: $> 15\%$

YR1 NET MARGIN
21.3%
Benchmark: $> 5\%$

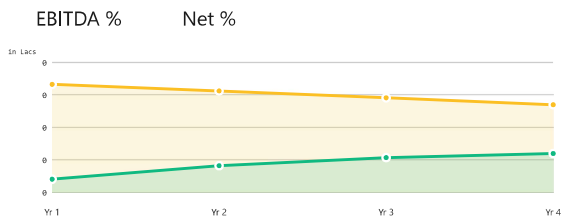
DSCR BY YEAR



ASSET COVERAGE RATIO (ACR) BY YEAR



MARGIN TRENDS (%)



KEY FINANCIAL RATIOS

Ratio	Yr 1	Yr 2	Yr 3	Yr 4	Avg
DSCR ($\geq 1.25x$)	2.17x	2.48x	2.84x	3.25x	2.68x
ISCR ($\geq 1.50x$)	6.89x	12.07x	24.01x	80.61x	30.90x
ACR ($\geq 1.5x$)	1.63x	2.12x	3.76x	0.00x	1.88x
TOL/TNW ($\leq 4.00x$)	1.60x	0.90x	0.36x	0.00x	0.71x
Debt-Equity ($\leq 3.00x$)	1.60x	0.90x	0.36x	0.00x	0.71x
ROCE % ($> 15\%$)	40.4%	58.4%	79.2%	102.3%	70.1%
Net Margin % ($> 5\%$)	21.3%	24.6%	26.6%	27.6%	25.0%
EBITDA Margin % ($> 15\%$)	44.4%	42.8%	41.1%	39.4%	41.9%
ROE % ($> 12\%$)	71.8%	81.3%	82.7%	80.8%	79.2%

Definitions

DSCR = (PAT+Dep+Interest)/(Principal+Interest)

ISCR = (PBT+Interest)/Interest

TOL/TNW = Outside Liabilities/Tangible Net Worth

Debt-Equity = Loan O/S / Net Worth

ACR = (Net Fixed Assets + Cash Surplus) / Loan Outstanding — benchmark $\geq 1.5x$; indicates asset backing for loan recovery

ROCE = EBIT/Capital Employed $\times 100$

ROE = PAT/Net Worth $\times 100$

PROJECT IRR

41.7%

Benchmark: >Cost of Capital (8.25%)

NPV @ 8.25%

₹48,79,512

Benchmark: > 0 (Positive)

PROFITABILITY INDEX

2.06x

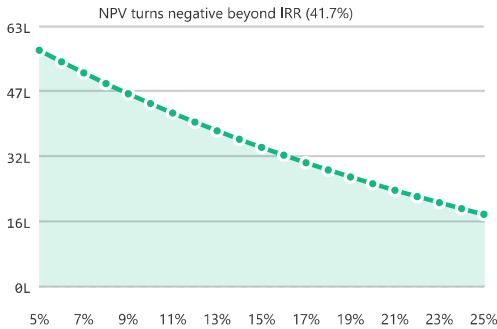
Benchmark: > 1.00x

SIMPLE PAYBACK

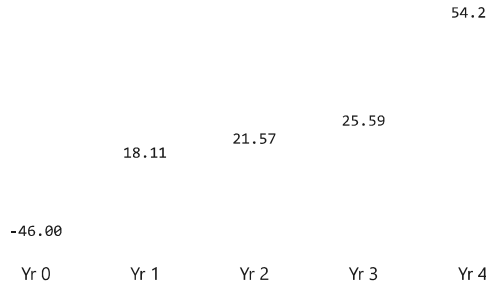
2.2 Yrs

Benchmark: < 3 Yrs

NPV SENSITIVITY — DISCOUNT RATE



PROJECT CASH FLOWS (₹ LAKH)



INTERNAL RATE OF RETURN (IRR) & NPV ANALYSIS

Project Cash Flows

Year	PAT (₹)	Depreciation (₹)	Salvage (₹)	Free Cash Flow (₹)	Cumulative (₹)
Year 0 (Investment)	—	—	—	-₹46,00,000	-₹46,00,000
Year 1	₹11,20,786	₹6,90,000	—	₹18,10,786	-₹27,89,214
Year 2	₹15,70,612	₹5,86,500	—	₹21,57,112	-₹6,32,103
Year 3	₹20,60,236	₹4,98,525	—	₹25,58,761	₹19,26,659
Year 4	₹25,97,104	₹4,23,746	₹24,01,229	₹54,22,079	₹73,48,738
Total Net Cash Flows				₹73,48,738	—

Decision Metrics

Metric	Value	Benchmark	Interpretation
Internal Rate of Return (IRR)	41.66%	> 8.25% (WACC)	✓ ACCEPT — IRR exceeds cost of capital
NPV @ 8.25% (WACC)	₹48,79,512	> ₹0	✓ Positive NPV — Wealth creation
NPV @ 10%	₹44,54,694	> ₹0	Positive
NPV @ 12%	₹40,03,514	> ₹0	Positive
NPV @ 15%	₹33,88,201	> ₹0	Positive
Profitability Index (PI) @ 8.25%	2.06x	> 1.00x	✓ Every ₹1 invested generates ₹2.06
Simple Payback Period	2.2 Yrs	< 4 Yrs	✓ Recovered before loan tenure ends
Discounted Payback Period	2.5 Yrs	< 4 Yrs	✓ PV of cash flows recovers investment
Terminal / Salvage Value (WDV)	₹24,01,229	—	Residual asset value at end of Year 4

NPV Sensitivity Analysis

Discount Rate	5%	7%	9%	11%	13%	15%	17%	19%
NPV (₹ Lakh)	57.52	52.02	46.94	42.25	37.91	33.88	30.15	26.1
Decision	✓ Accept	✓ Accept	✓ Accept	✓ Accept	✓ Accept	✓ Accept	✓ Accept	✓ Accept

Methodology & Definitions

IRR (Internal Rate of Return) — The discount rate at which NPV of all cash flows equals zero. Computed using Newton-Raphson iterative method. Decision Rule: Accept if IRR > Cost of Capital (WACC).

NPV (Net Present Value) — Sum of present values of all future cash flows minus initial investment. $NPV = \sum [CF_t / (1+r)^t]$.

Decision Rule: Accept if NPV > 0.

PI (Profitability Index) — Ratio of present value of future cash flows to initial investment. $PI = 1 + (NPV / Investment)$. Decision Rule: Accept if PI > 1.

Simple Payback — Time to recover initial investment from undiscounted cash flows.

Discounted Payback — Time to recover initial investment from discounted cash flows at WACC.

Free Cash Flow — PAT + Depreciation (+ Salvage in terminal year). Represents cash available to all capital providers.

Salvage Value — Written Down Value (WDV) of the asset at end of projection period, computed using 15% WDV depreciation.

Investment Decision Summary

The project yields an **IRR of 41.7%**, which is significantly higher than the cost of borrowing at 8.25%. At the WACC of 8.25%, the project generates a **NPV of ₹48,79,512**, indicating positive wealth creation. The **Profitability Index of 2.06x** confirms that every rupee invested generates ₹2.06 in present value terms. The initial investment of ₹46,00,000 is recovered in **2.2 years** (simple) and **2.5 years** (discounted), both within the loan tenure of 4 years. All capital budgeting criteria unanimously recommend ACCEPTANCE of this project.

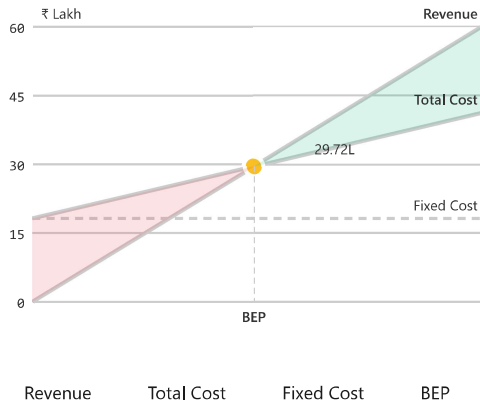
BEP REVENUE (YR 1)
₹29,71,980
 Benchmark: Below Actual Revenue

BEP UTILISATION
56.6%
 Benchmark: < 75%

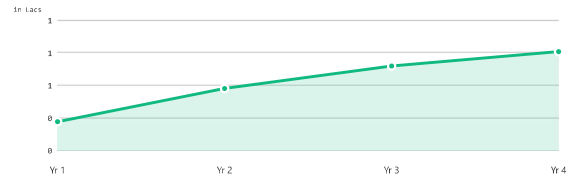
MARGIN OF SAFETY
43.4%
 Benchmark: > 25%

BEP DAYS (YR 1)
170 days
 Benchmark: < 225 days

BREAK-EVEN CHART — YEAR 1



MARGIN OF SAFETY (%)



Higher Margin of Safety = Lower Business Risk

🌿 BREAK-EVEN ANALYSIS

Year 1 — Cost Classification

FIXED COSTS (Do not vary with output)

Driver Salary	₹3,60,000
Helper Salary	₹2,64,000
Insurance	₹1,52,000
Permits & Taxes	₹1,24,000
Depreciation	₹6,90,000
Interest on Loan	₹2,37,768
Total Fixed Costs	₹18,27,768

VARIABLE COSTS (Vary with km / activity)

Diesel	₹17,81,250
Maintenance	₹1,00,000
Tyres	₹80,000
Miscellaneous	₹60,000
Total Variable Costs	₹20,21,250
Variable Cost Ratio	38.5%
Contribution Margin Ratio	61.5%
Variable Cost per KM	₹26.95
Contribution per KM	₹43.05

Break-Even Summary — Year-wise

Particulars	Yr 1	Yr 2	Yr 3	Yr 4
Revenue (Actual)	₹52,50,000	₹63,78,750	₹77,50,181	₹94,16,470
Fixed Costs	₹18,27,768	₹18,88,923	₹20,16,683	₹22,22,337
Variable Costs	₹20,21,250	₹25,26,563	₹31,58,203	₹39,47,754
Contribution Margin	₹32,28,750	₹38,52,188	₹45,91,978	₹54,68,716
CM Ratio (%)	61.5%	60.4%	59.2%	58.1%
BEP Revenue	₹29,71,980	₹31,27,825	₹34,03,687	₹38,26,596
BEP in KMs	42,457 km	44,683 km	48,624 km	54,666 km
BEP in Days	170 days	179 days	195 days	219 days
BEP Utilisation (%)	56.6%	49.0%	43.9%	40.6%

Particulars	Yr 1	Yr 2	Yr 3	Yr 4
Cash BEP (excl. Dep)	₹18,50,029	₹21,56,653	₹25,62,294	₹30,96,956
Margin of Safety (%)	43.4%	51.0%	56.1%	59.4%

Definitions & Interpretation

Break-Even Point (BEP) — The level of revenue at which Total Revenue = Total Costs (FC + VC). No profit, no loss. BEP Revenue = Fixed Costs ÷ Contribution Margin Ratio.

Contribution Margin — Revenue minus Variable Costs. Represents the amount available to cover Fixed Costs and generate profit. CM per KM = Freight Rate/KM – Variable Cost/KM.

Margin of Safety (MOS) — The cushion between actual revenue and BEP revenue. $MOS = (Actual\ Revenue - BEP\ Revenue) \div Actual\ Revenue \times 100$. Higher MOS = lower risk of losses from demand fluctuations.

Cash Break-Even — BEP excluding depreciation (non-cash charge). Indicates the revenue needed to cover actual cash outflows. Always lower than accounting BEP.

BEP Utilisation — BEP Revenue as % of Actual Revenue. Indicates capacity utilisation needed just to break even. Lower = better.

Break-Even Interpretation

In Year 1, the project breaks even at a revenue of **₹29,71,980** (29.72 Lakh), equivalent to **42,457 km** or approximately **170 working days**. Against actual projected revenue of ₹52,50,000, the **Margin of Safety is 43.4%**, meaning the business can absorb a 43% drop in revenue before incurring losses. The vehicle needs to operate at only **57% capacity** utilisation to cover all costs. The Cash Break-Even (excluding depreciation) is even lower at ₹18,50,029, indicating strong cash viability. The high Margin of Safety significantly de-risks the project for the lender.

WORST CASE DSCR

1.91xBenchmark: $\geq 1.25x$

BASE CASE DSCR

2.68xBenchmark: $\geq 1.25x$

BEST CASE DSCR

3.52xBenchmark: $\geq 1.25x$

SENSITIVITY ANALYSIS

Scenario Analysis — Best / Base / Worst

Metric	△ Worst Case	Base Case	√ Best Case
Worst: Rate -15%, Diesel +15%, KM -15%, Days -20 Best: Rate +15%, Diesel -10%, KM +10%, Days +15			
Year 1 PAT	₹5,84,136	₹11,20,786	₹16,99,673
Average DSCR	1.91x	2.68x	3.52x
Project IRR	26.3%	41.7%	57.3%
NPV @ WACC	₹25,33,325	₹48,79,512	₹74,20,718

Freight Rate/KM (Base: 35 ₹)

Change	New Value	Yr1 PAT (₹)	PAT Δ%	Avg DSCR	DSCR Δ%	IRR %	NPV @ WACC
-20 %	28 ₹	₹7,00,786	-37.5%	2.07x	-22.8%	29.6%	₹30,18,641
-10 %	31.5 ₹	₹9,10,786	-18.7%	2.38x	-11.4%	35.7%	₹39,49,076
BASE	35 ₹	₹11,20,786	—	2.68x	—	41.7%	₹48,79,512
+10 %	38.5 ₹	₹13,30,786	+18.7%	2.99x	+11.4%	47.5%	₹58,09,947
+20 %	42 ₹	₹15,40,786	+37.5%	3.30x	+22.8%	53.2%	₹67,40,383

Diesel Rate (Base: 95 ₹)

Change	New Value	Yr1 PAT (₹)	PAT Δ%	Avg DSCR	DSCR Δ%	IRR %	NPV @ WACC
-20 %	76 ₹	₹11,20,786	+0.0%	2.68x	+0.0%	41.7%	₹48,79,512
-10 %	85.5 ₹	₹11,20,786	+0.0%	2.68x	+0.0%	41.7%	₹48,79,512
BASE	95 ₹	₹11,20,786	—	2.68x	—	41.7%	₹48,79,512
+10 %	104.5 ₹	₹11,20,786	+0.0%	2.68x	+0.0%	41.7%	₹48,79,512
+20 %	114 ₹	₹11,20,786	+0.0%	2.68x	+0.0%	41.7%	₹48,79,512

KM per Day (Base: 250 km)

Change	New Value	Yr1 PAT (₹)	PAT Δ%	Avg DSCR	DSCR Δ%	IRR %	NPV @ WACC
-20 %	200 km	₹8,43,286	-24.8%	2.29x	-14.7%	33.9%	₹36,80,510
-10 %	225 km	₹9,82,036	-12.4%	2.49x	-7.3%	37.8%	₹42,80,011
BASE	250 km	₹11,20,786	—	2.68x	—	41.7%	₹48,79,512
+10 %	275 km	₹12,59,536	+12.4%	2.88x	+7.3%	45.4%	₹54,79,013

Change	New Value	Yr1 PAT (₹)	PAT Δ%	Avg DSCR	DSCR Δ%	IRR %	NPV @ WACC
+20 %	300 km	₹13,98,286	+24.8%	3.08x	+14.7%	49.2%	₹60,78,514

Interest Rate (Base: 8.3 %)

Change	New Value	Yr1 PAT (₹)	PAT Δ%	Avg DSCR	DSCR Δ%	IRR %	NPV @ WACC
-2	6.3 %	₹11,20,786	+0.0%	2.68x	+0.0%	41.7%	₹48,79,512
-1	7.3 %	₹11,20,786	+0.0%	2.68x	+0.0%	41.7%	₹48,79,512
BASE	8.3 %	₹11,20,786	—	2.68x	—	41.7%	₹48,79,512
+1	9.3 %	₹11,20,786	+0.0%	2.68x	+0.0%	41.7%	₹48,79,512
+2	10.3 %	₹11,20,786	+0.0%	2.68x	+0.0%	41.7%	₹48,79,512

Working Days/Yr (Base: 300 days)

Change	New Value	Yr1 PAT (₹)	PAT Δ%	Avg DSCR	DSCR Δ%	IRR %	NPV @ WACC
-15	285 days	₹10,51,411	-6.2%	2.59x	-3.7%	39.7%	₹45,79,761
-8	292 days	₹10,83,786	-3.3%	2.63x	-2.0%	40.6%	₹47,19,645
BASE	300 days	₹11,20,786	—	2.68x	—	41.7%	₹48,79,512
+8	308 days	₹11,57,786	+3.3%	2.74x	+2.0%	42.7%	₹50,39,379
+15	315 days	₹11,90,161	+6.2%	2.78x	+3.7%	43.6%	₹51,79,262

Mileage (KMPL) (Base: 8 km/L)

Change	New Value	Yr1 PAT (₹)	PAT Δ%	Avg DSCR	DSCR Δ%	IRR %	NPV @ WACC
-20 %	6.4 km/L	₹9,42,661	-15.9%	2.41x	-10.2%	36.4%	₹40,52,176
-10 %	7.2 km/L	₹10,41,619	-7.1%	2.56x	-4.5%	39.3%	₹45,11,807
BASE	8 km/L	₹11,20,786	—	2.68x	—	41.7%	₹48,79,512
+10 %	8.8 km/L	₹11,85,559	+5.8%	2.78x	+3.7%	43.5%	₹51,80,361
+20 %	9.6 km/L	₹12,39,536	+10.6%	2.87x	+6.8%	45.1%	₹54,31,069

Sensitivity Ranking — Impact on Year 1 PAT

Which parameter has the highest impact when changed by ±10%/±1 unit?

1. Freight Rate/KM	-19% / +19%
2. KM per Day	-12% / +12%
3. Mileage (KMPL)	-7% / +6%
4. Working Days/Yr	-3% / +3%
5. Diesel Rate	0% / +0%

Methodology & Interpretation

Sensitivity Analysis — Examines how changes in individual input variables affect key financial outcomes (PAT, DSCR, IRR, NPV).

Each parameter is varied independently while others remain at base values.

Scenario Analysis — Combines multiple adverse/favourable changes simultaneously. Worst Case: Freight –15%, Diesel +15%, KM –15%, Working Days –20. Best Case: Freight +15%, Diesel –10%, KM +10%, Days +15.

Tornado Chart — Ranks parameters by their impact on PAT. Wider bars indicate higher sensitivity. Parameters at the top require closest monitoring and risk mitigation.

Decision Rule — Even in the worst-case scenario, if DSCR remains above 1.00x and IRR exceeds the cost of borrowing, the project demonstrates adequate downside protection for the lender.

Risk Assessment Summary


Even under the **Worst Case scenario**, the project yields an average DSCR of **1.91x** (above the 1.25x benchmark) and an IRR of **26.3%**. Under the **Best Case**, DSCR reaches 3.52x with IRR of 57.3%. The project demonstrates resilience across scenarios, providing comfort to the lender regarding debt serviceability.


COMPETITIVE EDGE & MARKET ANALYSIS


Industry Overview


India's road freight accounts for ~70% of total freight. Growth driven by Bharatmala, Sagarmala, e-commerce, Make in India, and Tier-2/3 consumption. The HCV/LCV segment continues to benefit from national freight corridors.


Strengths



Experienced Promoter
10 yrs domain expertise


TATA MOTORS Brand
Wide service network, top resale


Client Network
Established freight relationships


Low Overhead
Proprietorship = lean ops


Unit Economics
₹35/km avg


Growth Ready
21.5% annual growth

SWOT

STRENGTHS

- Domain expertise
- TATA MOTORS reliability
- Client base
- Low overhead
- Strong DSCR

WEAKNESSES

- Fleet management
- Scalability limits
- Driver dependency
- Seasonal demand

OPPORTUNITIES

- E-commerce logistics
- Infra development
- Fleet expansion
- Corporate contracts
- Organized freight

THREATS

- Diesel volatility
- Regulations
- Aggregator competition
- Economic cycles
- Rate changes

Risk Mitigation

Fuel: Rate revisions + fuel surcharge clauses. **Breakdown:** TATA MOTORS service network + AMC + insurance. **Credit:** Advance payment terms. **Regulatory:** BS-VI compliant, permits maintained.