



DETAILED PROJECT REPORT



VISION

KARNATAKA FOUNDATION



**2-Wheeler Renting
Business**



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1. OVERVIEW OF THE JLG MEMBERS

Name of the JLG:

Number of the members.

Name of Gram Panchayat/Taluk:

Name of the District:

Account details of JLG:

Details of JLG members with Hierarchy;

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

KYC:

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Two-wheeler renting business is a service where customers can rent a two-wheeler vehicle, such as a scooter or a motorcycle, for a short period. This service is becoming increasingly popular in many cities around the India as a convenient, cost-effective, and environmentally friendly way of transportation.

In this business, the owner of the two-wheeler rental service buys a fleet of two-wheelers and rents them out to customers on a daily, weekly, or monthly basis. Customers can use the two-wheelers for commuting to work or school, running errands, or exploring a new city.

2. OBJECTIVES OF SVSY

Under Yuva Niti 2022, the new Swami Vivekananda Yuva Shakti Yojana is proposed on the following grounds to achieve holistic development of 2.1 crore youth of the state and to bring about constructive social change by the youth in keeping with the India@2047 vision of the Hon'ble Prime Minister.

The current scenario of the state on various parameters is as follows:

- i. Political Representation:** Out of total 1,01,308 members in rural local bodies, 12,411 (12.25 per cent) youths and 360 youths (5.36 per cent) out of 6713 municipal councillors are political representatives.
- ii. Education:** Out of a total of 2.1 crore youth, 21.55 lakh (10.37 per cent) students are in high school, 11.75 lakh (5.65 per cent), 6.45 lakh (3.10 per cent) in general degree colleges, 1.51 lakh (2.72 per cent), 1.11 lakh in polytechnics. (0.53 per cent), 0.74 lakh (0.36 per cent) The total number of students studying in medical courses



is 43.12 lakh, which is per cent of the total youth. 21 percent will be. Remaining 157.88 lakh youth have below 10th standard education.

- iii. **Employment:** According to the National Skill Development Corporation report, out of the total 2.1 crore youth in the state, 82 lakh (41 per cent) youth are in the labour force. As the remaining 119 lakh youth (59 per cent) are not in the professional labour force, they need to be given skill training to make them self-reliant.
- iv. **Skill Development:** Out of the total 82 lakh youth in the workforce, 16 lakh youth (20 per cent) have received skill vocational training. The remaining 66 lakh (80 percent) youth need to be given skill development training. Out of this, only one lakh youth are being trained by the NLRM department every year. Therefore 65 lakh untrained rural youth need skill training. To achieve this every school needs to provide vocational education from class 6 onwards.
- v. **Internship:** According to the 6th Economic Census, there are a total of 28.80 lakh enterprises in the state, out of which 78,022 enterprises employ more than 8 people. About 30 lakh youths can be trained in skills by undertaking the internship program for a period of three months in local industries related to agriculture and agri-based/MSME/self-employment/service sector.
- vi. **Migration Control:** Rural people have migrated from various districts to urban areas for job opportunities, of which 40 lakh (20 percent) youth are in Bangalore city. Therefore, there is a need to provide more employment opportunities at the village level.



- vii. Consolidation of programs for rural employment:** In total there are 27,395 revenue villages in the state and it is proposed to form Swami Vivekananda Self Help Groups, one in each village, on the model of Women's Self-Help Groups to provide self-employment to the unorganized workers in these. There are about 15 to 20 youth in each group, and 5.50 lakh youth in 27,395 self-help groups have received Rs. 1.5 lakh to provide margin money estimated at Rs. 410 crores will be required.
- viii. Bank Linked Schemes:** Coordination and inclusion of Yuva Shakti schemes with schemes linked to 25 banks. There are 35000 shelves of projects under the Mudra loan scheme, and steps will be taken to select the financial activities of the self-help societies based on these models.
- ix. Training:** Skill development training will be imparted to the youth under the National Entrepreneurship Mission under the 18 programs being implemented by various departments under this scheme. Training for agriculture and other activities will be provided through the Rural Development Self Employment Training Institute (RUDSETI).
- x. Formation of State Level Committee:** It is proposed to constitute a committee under the chairmanship of the Minister of Youth Empowerment and Sports at the State level for implementation and monitoring of the programme. RDPR, Commerce and Industry, Labour, Skill Development and Bank representatives will be members of this committee.



- xi. District Level Committee:** It is proposed to constitute a District Level Committee under the Chairmanship of the Chief Executive Officer of the Zilla Panchayat for the implementation and supervision of the program at the district level. The members of this committee are the officers of Rural Development and Panchayat Raj, Commerce and Industry, Labour, Skill Development Departments and District Lead Bank Managers.
- xii. Village level stewardship:** The village level stewardship of this program will be handled by Rural Development and Panchayat Raj Departments and Youth Empowerment and Sports Departments.

3. ABOUT VKF



VKF is a Think Tank of Community Change Champions who are from various walks of Social Spaces with diverse backgrounds and specialists from their domains.

VKF is a platform that enables as a think tank to evolve an aggregation of the social impact service providers and entrepreneurs for bringing about a transformational movement of social Change that is measurable on the lines of the Strategic Sustainable Development Goals (SSDG) of United Nation (UN).

VKF's is primarily focused on the development of Karnataka state in collaboration and co-creation initiatives.

VKF is a platform that enables as a think tank to evolve an aggregation of the social impact service providers and entrepreneurs for bringing about a transformational



movement of Social Change that is measurable on the lines of the Strategic Development Goal of UN.

VKF's strong focus is on enhancing the rural mass entrepreneurship development clubbed with rural livelihood options. In this direction, VKF team is working with the rural livelihood SHGs members and handholding them to elevate themselves to newer socio-economic status and uplifting the whole geography of the cluster by setting up of CFCs.

VKF's experience spans across conceptualizing, cluster mapping, conducting baseline surveys, awareness creation, trust building activities, capacity building, design thinking activities etc., to enhance capabilities of the artisans and livelihood SHGs in the clusters.

VKF also indulges in facilitating Common Facility Centres, Preparation of DPR, Govt. liaising, market linkage activities, brand awareness, branding initiatives, value addition of the products produced by clusters etc. In this, regards we have collaborated and working with MSME, ESTC, IDEMI, Tribes India, NRLM and WCD to support rural masses in terms upgrading their livelihood opportunities.



4. NAME OF PRODUCT AND TECHNOLOGY

TWO WHEELER RENTING BUSINESS

The two-wheeler renting business in Karnataka, India is a growing industry due to increasing demand for affordable and convenient transportation options. To start this business, one needs to obtain necessary licenses and permits, invest in a good fleet of two-wheelers, and offer competitive pricing and excellent customer service. It is important to choose a location that is easily accessible and visible to the target customers. Advertise the services through various channels, offer flexible rental plans, and ensure adequate insurance coverage for the two-wheelers and customers. The key to success is to offer reliable and high-quality services at competitive prices while maintaining excellent customer service.

5. DELIVERABLES AND MARKET OF THE PRODUCT

The deliverables of a two-wheeler rental business include providing customers with affordable and convenient transportation options, a well-maintained fleet of two-wheelers, flexible rental plans, and excellent customer service. The customers can rent a two-wheeler for a short period, ranging from a few hours to a few weeks, and use it for commuting, running errands, or exploring a new city.



The market for two-wheeler rental business is growing, especially in urban areas, due to several factors, such as the need for cost-effective and sustainable transportation options, the growth of the sharing economy, and the increasing popularity of two-wheelers as a mode of transportation. In India, where traffic congestion is a major problem, two-wheeler rental businesses are becoming increasingly popular, especially in cities like Bangalore, Hyderabad, and Chennai. The market is not just limited to local residents, but also includes tourists who want to explore a new city on a two-wheeler.

5.1 ECONOMIC COST BENEFIT ANALYSIS

Economic Cost-Benefit Analysis (CBA) can also be applied to assess the feasibility and profitability of a two-wheeler renting business in Karnataka. The benefits of this business include the growing demand for affordable transportation options, the state's favourable climate for year-round two-wheeler riding, and the potential for expansion into tourist destinations.

The initial investment for setting up a two-wheeler renting business in Karnataka may vary depending on the scale of the operation, the types of two-wheelers being rented, and the location of the business. Ongoing costs may include maintenance and repair expenses, fuel costs, and employee wages. The market demand for two-



wheeler rentals can fluctuate depending on market trends, seasonality, and competition in the industry.

According to a report by India Ratings and Research, the two-wheeler rental market in India is expected to grow at a CAGR of 8-10% by 2025, driven by the increasing popularity of bike sharing services and the need for affordable last-mile connectivity solutions. Karnataka is a key market for two-wheeler rentals, with major cities such as Bengaluru and Mysuru having a high demand for affordable transportation options.

5.2 SOCIAL COST BENEFIT ANALYSIS

Social Cost-Benefit Analysis (SCBA) of the two-wheeler renting business in Karnataka can help evaluate the potential positive and negative social impacts of the business. Some potential social benefits of the two-wheeler renting business include providing affordable transportation options to people, creating employment opportunities for drivers and support staff, and improving access to mobility for people in both urban and rural areas. Additionally, the two-wheeler renting business can contribute to reducing traffic congestion and air pollution, which can have positive effects on public health and the environment.



ENVIRONMENTAL COST BENEFIT ANALYSIS

Environmental Cost-Benefit Analysis (ECBA) can help assess the potential environmental impacts of the two-wheeler renting business in Karnataka. The business can have both positive and negative environmental impacts. On the one hand, the promotion of two-wheeler rentals can reduce the use of personal vehicles, resulting in lower carbon emissions and less traffic congestion. This can have a positive impact on the environment by reducing air pollution and greenhouse gas emissions. Furthermore, the use of electric two-wheelers can further reduce carbon emissions and help promote sustainable transportation.

6. Market Strategies

1. Raw Material requirement and Cost of Raw Material

The raw material requirement for a two-wheeler renting business would primarily include the two-wheelers themselves, as well as any accessories or safety equipment that are provided to customers. Other costs could include fuel, maintenance and repair costs, and insurance.

2. Procurement of Raw Material

As a two-wheeler renting business, the primary raw material required would be the two-wheelers themselves. The business would need to procure a fleet of two-wheelers such as scooters, motorcycles, and bicycles to rent out to customers.



The procurement process could involve various steps such as researching the market to find reliable suppliers, negotiating prices and terms of the contract, arranging for transportation of the two-wheelers, and inspecting the quality and condition of the two-wheelers upon delivery.

6.1 Market Demand

Karnataka is a state that attracts a large number of domestic and international tourists every year, and many of them prefer renting bikes to explore the state's scenic destinations. Additionally, there is a significant demand for two-wheeler renting services among the urban population, particularly college students, young professionals, and commuters who need to navigate through traffic-congested cities.

6.2 Market Development


According to a report by Mordor Intelligence, the India Two-wheeler Rental Market is expected to exhibit a CAGR of over 7% during 2023-2028. The report also states that the India Two-wheeler Rental Market is segmented by two-wheeler type (motorcycle, scooter), rental duration type (short term, long term), and application (touring, commuting).



6.3 Market Promotion Expense

Market promotion expenses is a major item involving expenditure on advertisement through the electronic and print media, promotional efforts to boost export of the product and to promote their brand of products in different markets within Karnataka and outside. Sales promotion, sales expenses would work to Rs. 2.89 lakhs during the 5th year of the project when the project works at 90% of its capacity. It works out to around 5 % of the Sales realization.

6.4 Market promotion

- 
1. Social Media Marketing: Social media platforms such as Facebook, Instagram, and Twitter can be used to reach out to potential customers. Paid advertising on social media can also be considered to target specific audiences.
 2. Search Engine Optimization (SEO): Optimizing the website and content for search engines such as Google can help improve visibility and drive organic traffic to the website.
 3. Influencer Marketing: Collaborating with social media influencers who have a large following can help promote the business to a wider audience.
 4. Email Marketing: Sending regular newsletters and promotional emails to subscribers can help keep them engaged and increase the chances of repeat business.



5. Outdoor Advertising: Displaying advertisements on billboards, banners, and posters can help reach out to local customers.

7. Competitive advantage

The competitive advantage of a two-wheeler renting business in Karnataka could be its unique selling proposition (USP) which can differentiate it from competitors. This USP could be offering a wider variety of two-wheelers to choose from, having a faster and more efficient booking system, providing superior customer service, having flexible rental policies, and offering competitive pricing.

Another competitive advantage could be having a strong online presence through a user-friendly website and mobile application. This could help reach a wider customer base and make the renting process more convenient for customers.

Furthermore, offering additional services such as roadside assistance, helmet rentals, and insurance coverage could also be a competitive advantage for the two-wheeler renting business.



Project Assumptions:

This model DPR for Two Wheeler Renting Business Unit is basically on certain assumptions that may vary with capacity, location, raw materials availability etc. An entrepreneur can use this model DPR format and modify as per requirement and suitability. The assumptions made in preparation of this particular DPR are given in Table. Therefore, land and civil infrastructures are assumed as already available with the entrepreneur.

Table: Detailed Project Assumptions		
Parameter	Value	
Assumed Booking per Day	6-10	
Utilization of capacity:	Year 1	65%
	Year 2	70%
	Year 3	75%
	Year 4	80%
	Year 5 ONWARDS	90%
Working days per year:	300 days	
Working hours per day:	15 hours	
Average price of Vehicle Purchased	Rs. 3- 4.5 lakh	
Average Booking Price per vehicle	Rs. 450-500 per vehicle	



Machineries



Honda Dio White (2013)
Running Km : 38000
West of Chord Road, Bengaluru, Karnataka

7.1 Market Linkage

- **Tourism agencies:** They may require two-wheelers to rent out to their clients for local sightseeing or adventure activities.
- **Hotels and resorts:** Hotels and resorts often offer two-wheeler renting services to their guests. By partnering with them, you can tap into a ready market of tourists and travelers.
- **Individuals:** Individuals who require a two-wheeler for personal use, such as commuting to work or running errands, can be a potential market for your business.
- **Travel agencies:** Travel agencies often require two-wheelers to rent out to their clients for transportation during their travels.



- **Transportation hubs:** Transportation hubs such as airports, bus stations, and railway stations can be a valuable market linkage for your two-wheeler renting business.

8. ROLE OF EACH OF THE JLG MEMBERS

How JLG will participate:

	Designation	No: of staff	Salary per month in Rs.
1	Project Manager	1	
2	Procurement Officer	2	
3	Production, logistics & Sales	2	

9. SOFT INTERVENTION

The following are the soft interventions to be arranged:

- Awareness on financial inclusion will help in getting the assistance from Government and other sources
- Export promotional orientation for the JLG members.
- Awareness/ training programme on product quality, handling practices.
- Capacity Building activity
- Trust Building activities
- Programmes on technical skill enhancement to unit owners.
- Programmes on Business and entrepreneurship skill enhancement to unit owners



- Mass entrepreneurship development program in the JLG eco system.

10. BREAK UP COST AND MARGIN OF THE PROJECT AND THE IMPLEMENTATION SCHEDULE

The proposed cost of the project is as follows:

Sl. No.	Details	Cost in Rs.	Percentage
1	Bank Loan	4,50,000	90%
2	JLG contribution	50,000	10%
3	Total	5,00,000	100%

Sl. No.	Details	Cost in Rs
1.	Vehicle cost	300,000
2.	Electricity Charges	30,000
3.	Working capital	70,000
4.	Rental Deposit	1,00,000
	Total	500,000



The proposed project implementation schedule is as follows:

Sl. No.	Project Component	Schedule
1	Shed for the project on rental basis	Identified
2	Electricity and Water facility Installation	Present
3	Arrival of Machinery	Within 1 months of Order
4	Erection of Machinery	Within 5 days of arrival
5	Commissioning	Within 2-4 days of erection
6	Commercial Usage	Within 2 months from approval

11. LAND/SHED STATUS:

The JLG has already identified the shed required for the project within the project area.

12. SWOT ANALYSIS OF THE PROJECT

I. Strengths

- Flexibility in terms of renting time periods
- Affordable transportation option



- Convenience for customers in terms of pick-up and drop-off locations
- Easy accessibility for customers
- Opportunity for expansion in different geographic locations
- Potential for partnership with hotels and resorts for tourist customers
- Low maintenance costs compared to other transportation options

II. Weaknesses

- Dependence on the condition and availability of two-wheelers
- Risk of accidents and liability issues
- Potential for misuse and damage by customers
- Competition from other transportation options
- Limited capacity for larger groups or families

III. Opportunities

- Growing demand for affordable transportation options
- Increasing tourism in the region
- Expansion to other cities and tourist destinations
- Partnership with local businesses for promotional and marketing purposes
- Diversification of services, such as offering guided tours or renting safety gear

IV. Threats

- Economic downturns affecting customer demand
- Changing government regulations and policies



- Competitors offering lower prices or better services
- Increasing fuel prices affecting operating costs
- Negative publicity or reviews from dissatisfied customers

13. YOUTH EMPOWERMENT IMPACT OF THE PROJECT ON ECOSYSTEM

We have surplus youths in the state, graduate, undergraduate etc. supporting them to create self-employment will motivate to become entrepreneurs, they will live independent life. Entrepreneurship will greatly impact the lifestyle of the youths, if businesses work along with their involvement of all the members towards creating awareness and promoting positive impacts on others.

- **Promoting Sustainable Transportation:** By promoting the use of two-wheelers as a mode of transportation, the business can support sustainable transportation options that can reduce carbon emissions and traffic congestion.
- **Encouraging Local Tourism:** Two Wheeler Renting Business can support local tourism by providing rental services to tourists, allowing them to explore the local area in an eco-friendly way.
- **Supporting Local Communities:** The business can support local communities by providing employment opportunities and contributing to the local economy through the procurement of goods and services from local suppliers.



- **Facilitating Mobility:** Two Wheeler Renting Business can facilitate mobility for people who may not have access to their own transportation, such as students, commuters, and low-income individuals.
- **Reducing Environmental Impact:** The use of two-wheelers as a mode of transportation can significantly reduce the environmental impact of transportation, including carbon emissions, noise pollution, and traffic congestion. By promoting this mode of transportation, Two Wheeler Renting Business can contribute to a healthier environment.

14. THE END SERVICE





15. FINANCIALS

Projected Balance Sheets					
Particulars	I	II	III	IV	V
	Rs.	Rs.	Rs.	Rs.	Rs.
1. Capital Account					
Opening Balance	-	2,23,897	5,30,749	8,80,961	11,36,250
Add: Capital Invested	50,000	-	-	-	-
Add: Net Profit	1,73,897	3,06,852	3,50,212	2,55,289	3,00,503
	2,23,897	5,30,749	8,80,961	11,36,250	14,36,753
2. Loans:					
Bank loan	3,86,158	2,45,924	87,121	-	-
3. Sundry Creditors	1,07,650	1,14,540	1,22,769	1,40,696	1,47,440
4. Other Current Liabilities	62,133	67,949	74,533	81,786	90,051
Total	7,79,837	9,59,161	11,65,384	13,58,732	16,74,244
Application of Funds					
Fixed Assets : (refer depreciation stmt)	3,40,000	2,89,000	2,45,650	2,08,803	1,77,482
Closing Stock	1,25,251	2,06,451	2,35,124	3,75,120	3,95,212
Cash and bank balances	2,14,586	3,63,710	5,84,610	6,74,810	10,01,550
Rental Deposit	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Total	7,79,837	9,59,161	11,65,384	13,58,732	16,74,244



Projected Profit and Loss Accounts					
Years	I	II	III	IV	V
Particulars	Rs	Rs.	Rs.	Rs.	Rs.
Income:					
Sales					
Total Revenue (A)	39,60,000	43,56,000	47,91,600	52,70,760	57,97,836
Cost of Sales:					
Opening Stock	-	1,25,251	2,06,451	2,35,124	3,75,120
Add: Purchases (Fuel)	21,53,000	22,90,800	24,55,380	28,13,918	29,48,810
Less: Closing Stock	(1,25,251)	(2,06,451)	(2,35,124)	(3,75,120)	(3,95,212)
Cost of Services (B)	20,27,749	22,09,600	24,26,707	26,73,922	29,28,718
Gross Profit (A-B)	19,32,251	21,46,400	23,64,893	25,96,838	28,69,118
Indirect Expenses:					
Salaries and Wages	7,92,000	8,71,200	9,58,320	10,54,152	11,59,567
Rent	1,56,000	1,63,800	1,71,990	1,80,590	1,89,619
Printing and stationery	2,751	2,889	3,033	3,185	3,344
Insurance	42,000	46,200	50,820	55,902	61,492
Electricity Charges	14,400	15,840	17,424	19,166	21,083
Service Charges	75,000	82,500	94,875	1,09,106	1,30,928
Repair and mentainence	1,50,000	1,65,000	1,81,500	1,99,650	2,19,615
Consultancy charges	10,500	11,550	12,705	13,976	15,373
Interest on Loan	26,843	40,416	21,847	3,204	-
Depreciation	60,000	51,000	43,350	36,848	31,320
Total Expenses (B)	13,29,494	14,50,395	15,55,864	16,75,778	18,32,341
Net Profit	6,02,757	6,96,005	8,09,029	9,21,060	10,36,777
Less: Drawings	3,50,000	2,50,000	3,00,000	5,50,000	6,00,000
Taxable Profit	2,52,757	4,46,005	5,09,029	3,71,060	4,36,777
Less: Income tax	78,860	1,39,154	1,58,817	1,15,771	1,36,274
Profit after tax	1,73,897	3,06,852	3,50,212	2,55,289	3,00,503



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CASH FLOW STATEMENT

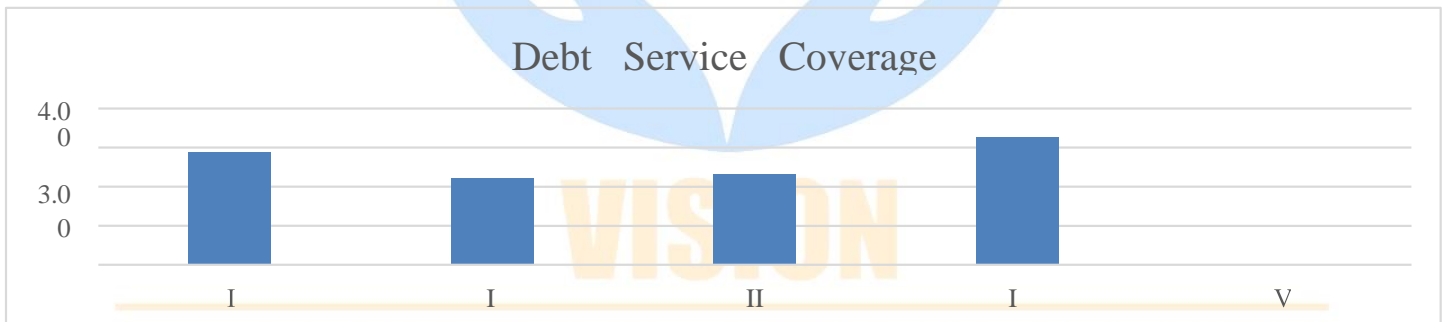
Projected Cash Flow Statements					
Years	I	II	III	IV	V
Particulars	Rs.	Rs.	Rs.	Rs.	Rs.
I. Cash Flow from Operating Activities:					
Net profits after tax as per P& L account	1,73,897	3,06,852	3,50,212	2,55,289	3,00,503
Add/(Less):					
Depreciation	60,000	51,000	43,350	36,848	31,320
Changes in Creditors and other current liabilities	1,69,783	12,706	14,813	25,180	15,009
Interest on Loans paid	26,843	40,416	21,847	3,204	-
Changes in Inventories	(1,25,251)	(81,200)	(28,673)	(1,39,996)	(20,092)
Changes in Sundry Debtors (net off advance)	-	-	-	-	-
Changes in Rental advance	(1,00,000)	-	-	-	-
Net Cash Flows from Operating Activities	2,05,271	3,29,774	4,01,549	1,80,525	3,26,740
II. Cash Flow from Investing Activities:					
Purchase of Fixed Assets- (ref depreciation stmt)					
Net Cash Flows from Investing Activities	(4,00,000)	-	-	-	-
Cash Flow from Financing Activities:					
Term Loan received from the Bank	4,50,000	-	-	-	-
Term Loan Repayment	(63,842)	(1,40,234)	(1,58,803)	(87,121)	-
Capital Investment	50,000	-	-	-	-
Interest paid on Loans	(26,843)	(40,416)	(21,847)	(3,204)	-
Net Cash Flows from Financing Activities	4,09,315	(1,80,650)	(1,80,650)	(90,325)	-
Cash and Bank Balances at the Beginning of the year	-	2,14,586	3,63,710	5,84,610	6,74,810
Cash and Bank Balance at the end of the year	2,14,586	3,63,710	5,84,610	6,74,810	10,01,550



DSCR STATEMENT

PROJECTED TERM LOAN DSCR STATEMENT

Estimated Debt Service Coverage Ratio					
Particulars	I	II	III	IV	V
Profit after Tax	1,73,897	3,06,852	3,50,212	2,55,289	3,00,503
Add: Interest Expenses	26,843	40,416	21,847	3,204	-
Add: Depreciation (non cash expense)	60,000	51,000	43,350	36,848	31,320
After Tax Operating Profit- (A)	2,60,740	3,98,268	4,15,409	2,95,341	3,31,823
Loan repayment with interest- (B)	90,685	1,80,650	1,80,650	90,325	-
DSCR (A/B)	2.88	2.20	2.30	3.27	Not Applicable
Average DSCR	2.66				



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Breakeven Analysis

Total Investment including margin money Rs. 50000/-

Particulars	I	II	III	IV	V
Profit after tax	1,73,897	3,06,852	3,50,212	2,55,289	3,00,503
Add : Depreciation	60,000	51,000	43,350	36,848	31,320
Free Cash flow	2,33,897	3,57,852	3,93,562	2,92,137	3,31,823
Cumulative Cash flow	2,33,897	5,91,749	9,85,311	12,77,447	16,09,270
Breakeven period	1.23 Years				

REPAYMENT

DETAIL REPAYMENT SCHEDULE

Loan:	450000
Interest Rate	12.50%
Tenure	3 Years
Moratorium	6 months

Year	I	II	III	IV	V
Principal	63842	140234	158803	87121	0
Interest	26843	40416	21847	3204	0
Balance	386158	245924	87121	0	0

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DEPRECIATION

Depreciation Statement (Projected)						
1	Two wheeler					
	Particulars	I	II	III	IV	V
	Opening WDV	-	2,76,250	2,34,813	1,99,591	1,69,652
	Add:	3,25,000	-	-	-	-
	Less:	-	-	-	-	-
	Closing	3,25,000	2,76,250	2,34,813	1,99,591	1,69,652
	Depreciation-15%	48,750	41,438	35,222	29,939	25,448
	Closing WDV	2,76,250	2,34,813	1,99,591	1,69,652	1,44,204
2	Office equipments					
	Particulars	I	II	III	IV	V
	Opening WDV	-	63,750	54,188	46,059	39,150
	Add:	75,000	-	-	-	-
	Less:	-	-	-	-	-
	Closing	75,000	63,750	54,188	46,059	39,150
	Depreciation-15%	11,250	9,563	8,128	6,909	5,873
	Closing WDV	63,750	54,188	46,059	39,150	33,278
	Total					
	Opening WDV	-	3,40,000	2,89,000	2,45,650	2,08,803
	Add (net)	4,00,000	-	-	-	-
	Depreciation	60,000	51,000	43,350	36,848	31,320
	Closing WDV	3,40,000	2,89,000	2,45,650	2,08,803	1,77,482

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Net Present Value (Net Present Value)

Year	0	1	2	3	4	5
Free Cash flows	(5,00,000)	2,33,897	3,57,852	3,93,562	2,92,137	3,31,823
Discount rate	1.0000	0.8696	0.7561	0.6575	0.5718	0.4972
PV of CF	(5,00,000)	2,03,389	2,70,587	2,58,773	1,67,030	1,64,975

NPV **5,64,754**

* Discount rate assumed as 15%

2. IRR **34.00%**

The IRR has been arrived on the basis of trial and error method.

3. Net Asset Value

Particulars	I	II	III	IV	V
Total Assets	7,79,837	9,59,161	11,65,384	13,58,732	16,74,244
Total Liabilities (excluding equity)	5,55,941	4,28,413	2,84,423	2,22,482	2,37,492
Net Asset Value	2,23,897	5,30,749	8,80,961	11,36,250	14,36,753

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4. Working Capital/ Net Current Assets

Particulars	I	II	III	IV	V
Total Current Assets excluding cash and bank	2,25,251	3,06,451	3,35,124	4,75,120	4,95,212
Total Liabilities (excluding equity)	1,69,783	1,82,489	1,97,302	2,22,482	2,37,492
Net working capital requirements/Net Current Assets	55,468	1,23,962	1,37,822	2,52,638	2,57,720





16. CONCLUSION

In this project value addition obtained by Two Wheeler Renting Unit is quite significant. Two Wheeler Renting Unit is bound to have an excellent market potential in the coming years.

Average daily turnover considered as Rs.11000 for 30 days in a month for the first year and same has been increased at 10 % for the subsequent years.

Sales Realization from third year onwards when the plant capacity attains 75% is Rs. 47 lakh. Gross Profit during the 5th year of operation is Rs. 28 lakh and Net Profit is Rs. 10 lakh. Net Profit on Sales is 17 %. Internal Rate of Return for the Project is 34 %.

The Project breaks even at 1.23 years. Debt Service Coverage Ratio during the first five years averages to 2.66.

All the above indicators support the viability of the Project.



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Disclaimer:

The views expressed in this model project are advisory in nature. VKF assume no financial liability for anyone using this project report for any purpose. The actual costs and returns will have to be taken on a case by case basis considering the specific requirements of projects.