

Route	10 km	Cap cost Rs 550 cr	550	Debt/equity	2.666667
phpdtrips	20000	Equity 250 cr and debt 300 cr		Equity 150 cr and debt 400 cr	
At minimum entry charge of Rs:		5 off peak			
typical day:		10 in peak			
Down direction 3 hrs of peak in a day of 20 hrs and rest of time 30% occupation assumed:		20,000 x 3 + 20,000 x 0.3 x 17=	162000 trips		
charged at Min charge of Rs 5 per trip earns annually			29.565 cr		
peak occupation direction for peak period min charge			10.95 cr		
raised by Rs 5, gives extra		Total	40.515 cr		
In the other direction too same load except peak may be at different time.					
total will be.....Rs			81.03 cr	B	

With single direction peak flow the above is the position.

If both directions peaks occur simultaneously:

peak period trips	240000 yields at peak charge	87.6 cr
non-peak trips	168000 yields at half-price	30.66
	total	118.26 cr

Add for floating population of 50000 trips a day at Rs 20 (Min entry charge)

add	36.5 cr	A
Max total	154.76 Cr	(A+C)
Min	117.53 Cr	(A+B)

For daily users, alternate model of selling 1000 km per month at Rs 500

to 1.5 lac families yields	Rs	90 cr	D
Floating population		36.5 cr	A
Total		126.5 cr	E

Expenses in operation: Rs . Crores/annum

1. Staff salaries 300 persons	2
2. Management fee to KR	5
3. Energy	15
4. Spare parts	2
Total	24 cr
Interest on Rs 300 cr @12%	36
Total exper	60

Scene 2

Earnings before interest/depreciation	24
/taxes Cr E- EE	48
Project cost/EBIDT	5.37
	72

Net operating surplus		66.5		E-F		54.5	
Depreciation Provision		5%		27.5		G	
Profit		39		H		27	
Year	2008	2009	2010	2011	2013	2014	
Cash surplus	66.5	66.5	66.5	66.5	66.5	66.5	54.5
Tax at 20% of Profit H	7.8	7.8	7.8	7.8	7.8	7.8	5.4
Equity holder takes as dividend	58.7	58.7	58.7	58.7	58.7	58.7	49.1

Entire equity amount recovered in 4 to 5 years. Debt managed at a cost of 12% per annum.

Dividend/Equity	23%	33%
	on equity of 250 cr.	on equity of 150 cr

The fare box collections alone are taken into account. Imagine the traffic realisation is not upto the mark, and consider drop in revenues by 20%

Income	101.2	
Expenditure	24	
Optg surplus	77.2	77.2
Interest	36	On 400 cr at 12% 48
Earnings before depreciation & taxes	41.2	29.2
Depreciation	27.5	27.5
Profit before taxes	13.7	1.7
Taxes on profit	2.74	0.34
Net Profit	10.96	1.36

Cash surplus	38.46		28.86
As % of equity	15% on equity of 250 cr	If equity is 150 cr	19%

So between 5 to 7 years one can manage to recover the equity amount.

Debt can be maintained by re-financing at 12% is the assumption here.

Since international finance is available at 6 to 7% this should be possible.

Revenue risk is real- ridership is proven only after we experiment the first route and local conditions play quite serious role. So additional comfort is required for the BOOT operator, to derive income from the real estate opportunity space created during the construction of Skybus.

Expected loss of revenues have to be partly compensated- by leasing out the 40% of 90000 sqm of space.

To earn say Rs 20 cr per annum, the lease rental per sqm for 40,000 sqm say, has to be about Rs 3000

So if a person takes 12 sq.m that is about 100 sq.ft, he has to pay monthly Rs 3000. in central business area.

It is not necessary that one gets always this revenue in the first year itself. But this comfort for the BOOT operator is required to raise finances.