

Business Administration



Business Plan of Hot Air Balloons

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Business Administration



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Big Balloons Pvt.
Ltd.
Hot Air Balloon Ride

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Executive Summary



- ❖ **Business idea.**
- ❖ **Business description.**
- ❖ **Locality advantage.**
- ❖ **Legal Forms &
Registration**



Business Idea



- The hot air balloon is the oldest successful human carrying flight technology.
- A hot-air balloon ride is beautiful and oftentimes considered romantic excursion.
- It is fun and very gentle.
- Best way to enjoy sunrise and sunset.



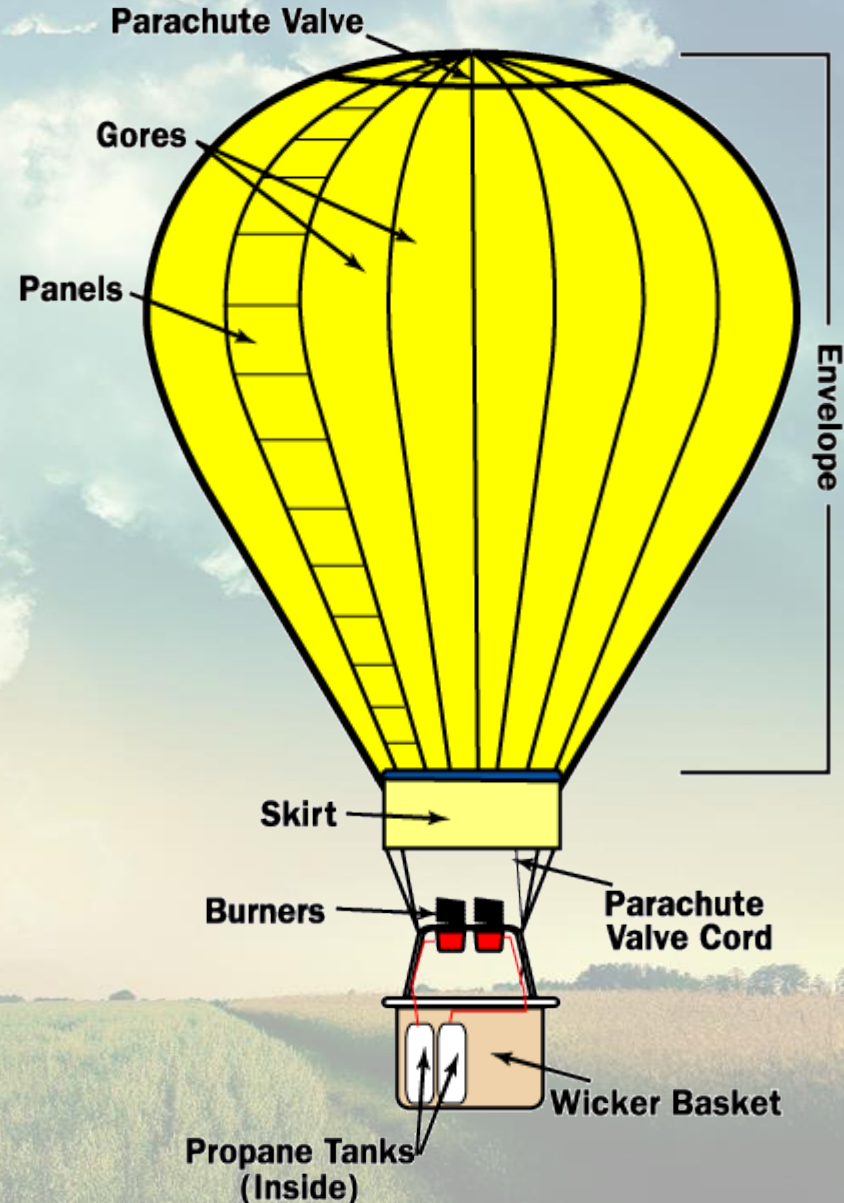
Hot air balloon

Envelope: Made of over 1000 Sq.m of rip-stop nylon.

- **Size:** 50ft wide, 70ft high & 57,000cu.ft .
- Coated with chemicals on surface to protect from external effects e.g. rain.

Basket: Connected to the envelop by steel wire ropes.

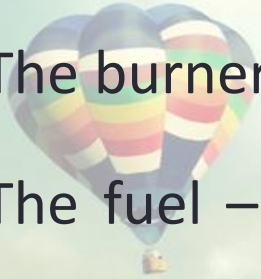
- Lightweight basket is made of wicker and metal ropes.



Hot air balloon



- The burner is positioned above the pilot's head.
- The fuel – propane or butane – is routed to the burners by flexible hoses.
- An average balloon can stay up for, as long as two hours and can travel at about 16 km per hour depending on the wind speed.



Business Description



- Located in the Tourist attraction spot at **Lonavala** in Maharashtra.
- We offer 2 rides each, after sunrise and before sunset.
- Initial rides will be available only on Saturdays, Sundays and other special occasions.
- Special trips for Anniversary, Love proposal, birthday celebration or others can be arranged upon request .



Locality Advantage



- **Lonavala** is located in Maharashtra which attracts highest tourists population in India every year.
- **Lonavala is located near two international airports Mumbai (97 km) and Pune (64 Km).**
- **Mumbai** is the financial, commercial and entertainment capital of India.
- Mumbai and Pune houses many Multi National Companies, whose employees who can afford Balloon rides, enjoy their weekends in hill stations of Lonavala.
- During Client Visits, MNC Companies can afford these rides to give an amazing experience of nature and a beautiful scenic ride for their Clients.
- Provides lot of area for take off and landing.

Big Balloons Pvt. Ltd.

Hot Air Balloon Ride



Founders of Big Balloons Pvt. Ltd

- Kannan Karunaharan
- Shishir Ravikrishna Uppangala
- Vishalbhai Kanadiya



Limited liability company in Lonavala, Maharashtra, India.

Total investment: 125200€ **60% self investment and 40% bank Loan.**

Legal form



Authorities to be notified and registration for flying activity,



Non Scheduled Operators Permit (NSOP) from **DGCA** (Director General of Civil Aviation) & **Ministry of Civil Aviation**.

Civil Aviation Authority:

Section 2- Air worthiness.

Series 'F' part XV issue II.

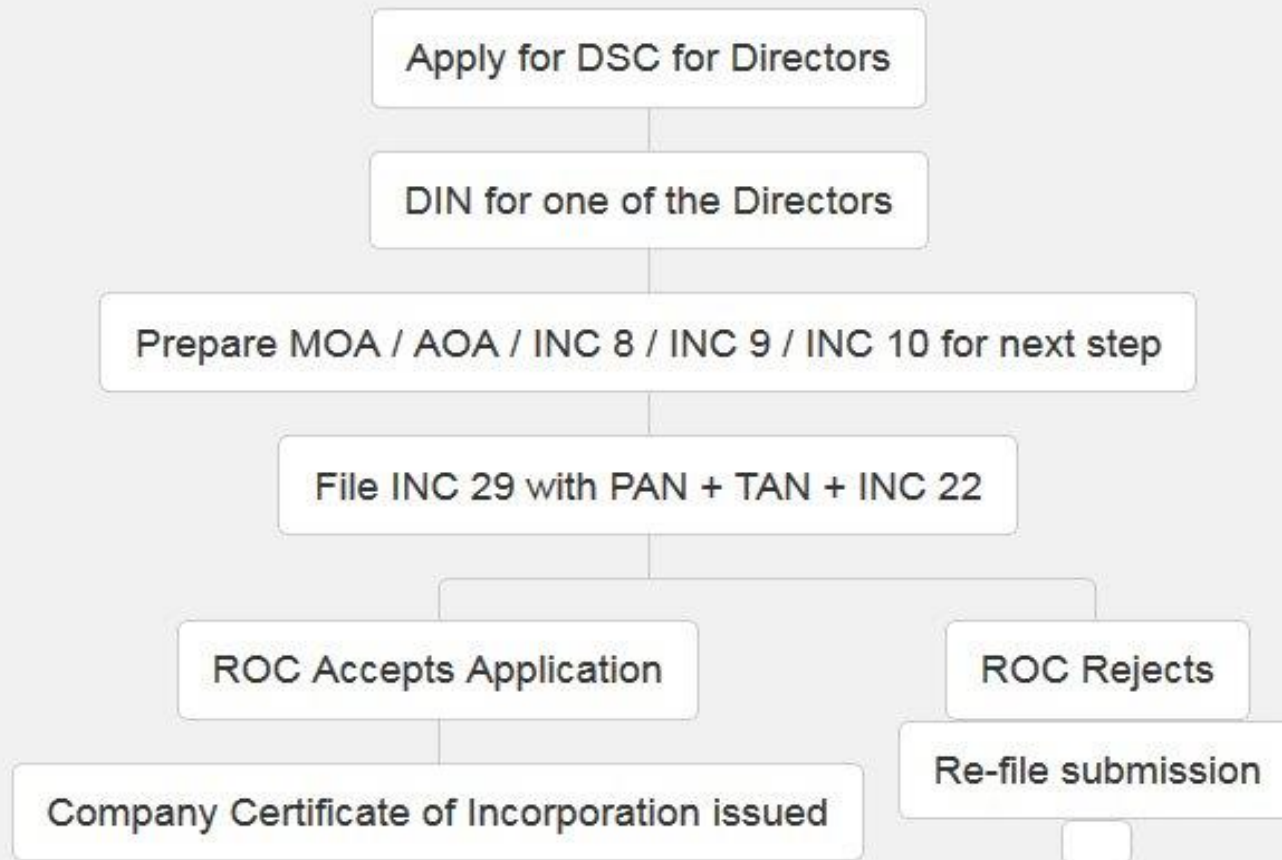
Clear the Appendix A and B

<http://dgca.nic.in/ftppub/D2F-F15.html>

Company registration



Private Limited Company registration procedure



Application forms for registration



Various application for registration of the company

- Form INC-1 : Application for the name of the company.
- Form INC-7 : Application for incorporation of a company.
- Form DIR-12 : Particulars about appointment of directors.

Following is the official online portal from Govt. of India, which would help us get all the above necessary applications

<http://www.mca.gov.in/MCA21/RegisterNewComp.html>



Market Analysis



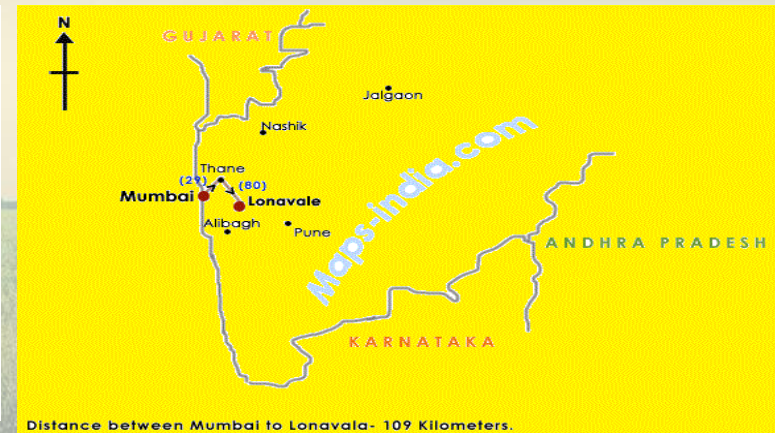
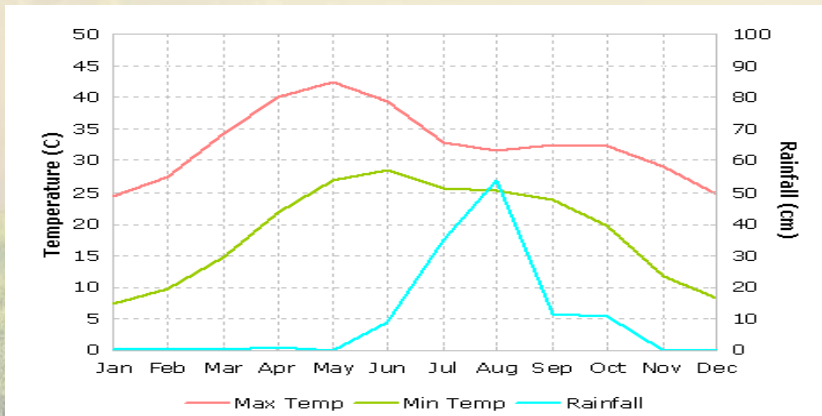
- ❖ Location
- ❖ Target Customers
- ❖ Competition
- ❖ Marketing strategy



Location



- Located at Lonavala in Maharashtra.
- **Area** : 38 km²
- **Population** : 55.652
- **Male** : 54%
- **Female** : 46%
- Average wind speed : 8-10 Km/hr.
- Wind speed for good flight : < 16 km/hr.



Target Customers



The main idea is to attract foreign tourists.

Details by year 2014:

Foreigners who visited India = 7,679,099 people.

Foreigners who visited Maharashtra = 4,156,343 people.

Around **20.1 %** of the foreign visitors coming to India are visiting Maharashtra which makes it an ideal location for our business.

Our estimation :

50 % may visit Lonavala out of this population 1% would be interested in Hot air balloon ride.

Estimated foreigners = $4,156,343 \times 50 \times 1 / (100 \times 100)$
= **20,782 people**

Target Customers



Details by year 2012:

Domestic tourism India = 850,856,640 people.

Domestic tourism Maharashtra = 55,333,467 people.

Around 6.5% people touring India are visiting Maharashtra every year.

Our estimation :

30 % may visit Lonavala out of this population 0.5% would be interested in Hot air balloon ride.

Estimated domestic visitors = $55,333,467 \times 30\% \times 0.1\%$
= 16,600 people

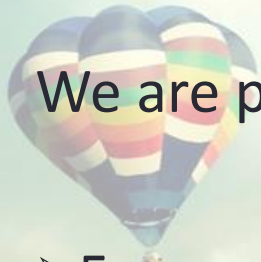
Target Customers



- In Lonavala there are 3 competitors .
- Since Big balloons is a new establishment,
- Out of estimated domestic and foreign customers 10% may turn up to big balloon.

- So estimated customers = $(20.782+16.600) \times 10\%$
= **3739 persons per year.**

Target Flights by Big Balloons



We are planning to start off with 2 balloons,

- 5 person capacity : for 1st year, 40 rides .
- 20 person capacity : for 1st year, 30 rides.

Depending on the demand, we will increase the numbers of flights in proceeding years.



Big Balloons



Balloons Model:

- **BB5:** Balloons for 5 people and a pilot.
- **BB20:** Balloon for 20 people and a pilot.



Competition

Blue Bulb:



Cost = 180 euros per person.



Blue Bulb

Sky Waltz:

Cost = approx. 170 euro.



Adventure Nation:

Cost= approx. 180 euro.

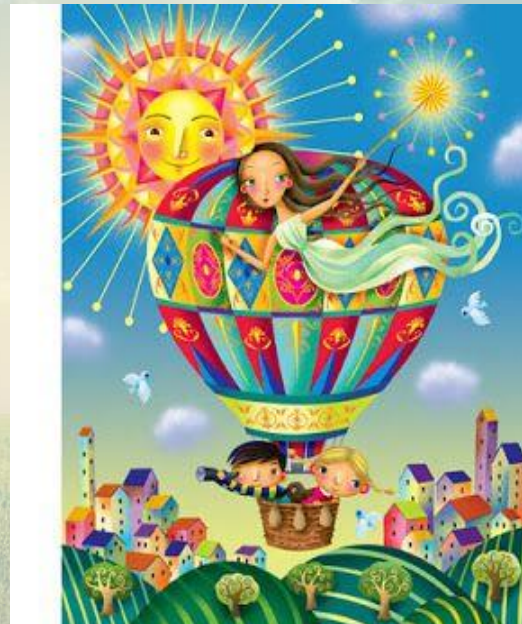
ADVENTURE NATION

Marketing Strategy

- ✓ Locations that our trip covers.
- ✓ Proving best travel experience.

Publicity & Advertising

- ✓ Posters
- ✓ Handouts
- ✓ Newspapers
- ✓ Flyers in tourist centers
- ✓ Internet Website



Terms & Conditions



Clearances taken before take off of the balloon.



- All flights will be as per the norms laid down by the DGCA and the manufacturer.
- All flights will be with prior approval of ATC/ Air Force.
- All local permissions (Police Commissioner, District Collector & sight clearance) will be taken by Big Balloons.
- All flights and limitations will be as per the flight manual of the balloon.
- Security at the location will be provided.
- The final decision to fly or not rests solely with the pilot.

Cost



Fuel cost:

- BB5 balloon 100lt propane per flight.
- BB20 balloon 200lt propane per flight.

Based on market estimation for 1st year there will be 40 flights of BB5 and 30 flights of BB20, fuel cost is calculated.

Cost

Human Resource

3 pilots for 2 balloons:

avg. 5 hrs. per week

4 crew members :

Office work and ground operations.



()Most of the booking and scheduling will be through online.*

Booking Details



Flight Ticket:



Inclusive of Service Tax

Adult	165 euros per person.
Child 6 to 12 years	140 euros per child.

*** Booking should done at least 7 days in advance.**

- If a group of 10 or more book then the group is eligible for a discount wherein we would charge 150 euros per person.
- Each flights are for 1 hour duration.

Booking Details

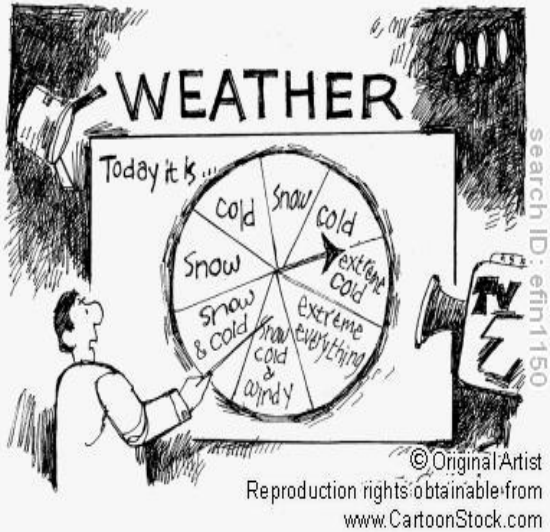
Cancellation:

- 5 days before flight date Full refund.
- 3 days before flight date 50 % of the ticket value.
- <3 days before the flight date No refund.

For special rides and offers on special occasions please contact us.

*****If trips are cancelled by us due to weather conditions the entire amount will be refunded.***

Risk Assessment



- Landing problems
- Unpredictable weather



Financial Plan



- Investment & Depreciation cost.
- Expenditures.
- Annual cost.
- Repayment.
- Revenue & cash flow.



Investment and depreciation cost

Office Setup

Asset	Asset Value	Depreciation Value in Years	Depreciation rate p.a in %	Depreciation cost p.a
Chaser Van	6800 €	5	20	1360€
Furniture(1 Table, 3 Chairs , 1 Sofa)	500 €	10	10	50€
Computers and other Electronics	700 €	4	25	175€
Total	8000€	-	-	1585€

Investment Cost for Equipment (all values in Euros)

Asset	Asset Value	Depreciation Value in Years	Depreciation rate p.a in %	Depreciation cost p.a
Balloon (E type)				
a) 5 person capacity	18150€	5	20	3630€
b) 20 person capacity	34600€	5	20	6920€
Basket				
a) 5 person capacity	9000€	5	20	1800€
b) 20 person capacity	18500€	5	20	3700€
Basket accessories	4000€	5	20	800€
Burner				
a) 5 person capacity	4500€	5	20	900€
b) 20 person capacity	9000€	5	20	1800€
Inflator Fans (2)	1900€	5	20	380€
Fuel cylinders(5/and 30 kg each)	9000€	5	20	1800€
Instruments				
Flight instruments , Gauge, Altimeter, vario , Radio, GPS	1500€	5	20	300€
Take off trap	475€	5	20	95€
Maintenance kit	90€	5	20	18€
Pilot bag	90€	5	20	18€
Refueling hose	175€	5	20	35€
Helium cylinder (5.2 l)	165€	5	20	33€
Total	111145€			22229€

Total Investment and Depreciation Cost			
Investment goods	Investment expenditures	Depreciation rate(%)	Depreciation costs p.a.
Investment cost for office setup	500€	10	50€
Vehicles	6800	20	1360€
Computers and other Electronics	700€	25	175€
Investment cost for equipment's	111145€	20	22229€
Unexpected cost	6000€	0	0€
Total	125145€		23814€
Self-investment(60%)	<u>75087€</u>	Self-investment per person	<u>25029€</u>
Bank Loan(40%)	<u>50058€</u>		

Annual cost (in euros)

Number		cost
1	Fuel : propane	1700€
2	Human resource	
	a) 4 crew members	10000€
	b) 3 pilots	30000€
3	Electricity	100€
4	Phone	70€
5	Printing	100€
6	Maintenance of balloons and equipment	390€
7	Site/Building	5000€
8	Insurance of the fly	10000€
9	Marketing cost	1000€
	Total annual cost	58360€

Bank Loan Repayment			
Balance Debt	Interest rate(%)	Interest cost paid	Loan Repaying
50,058 €	15	7,509 €	7,509 €
42,549 €	15	6,382 €	7,509 €
35,040 €	15	5,256 €	7,509 €
27,531 €	15	4,130 €	7,509 €
20,022 €	15	3,004 €	7,509 €
12,513 €	15	1,877 €	7,509 €
5,004 €	15	751 €	5,004 €
	Total interest paid	28909€	
		Total Repaying	50058€

Expenditures

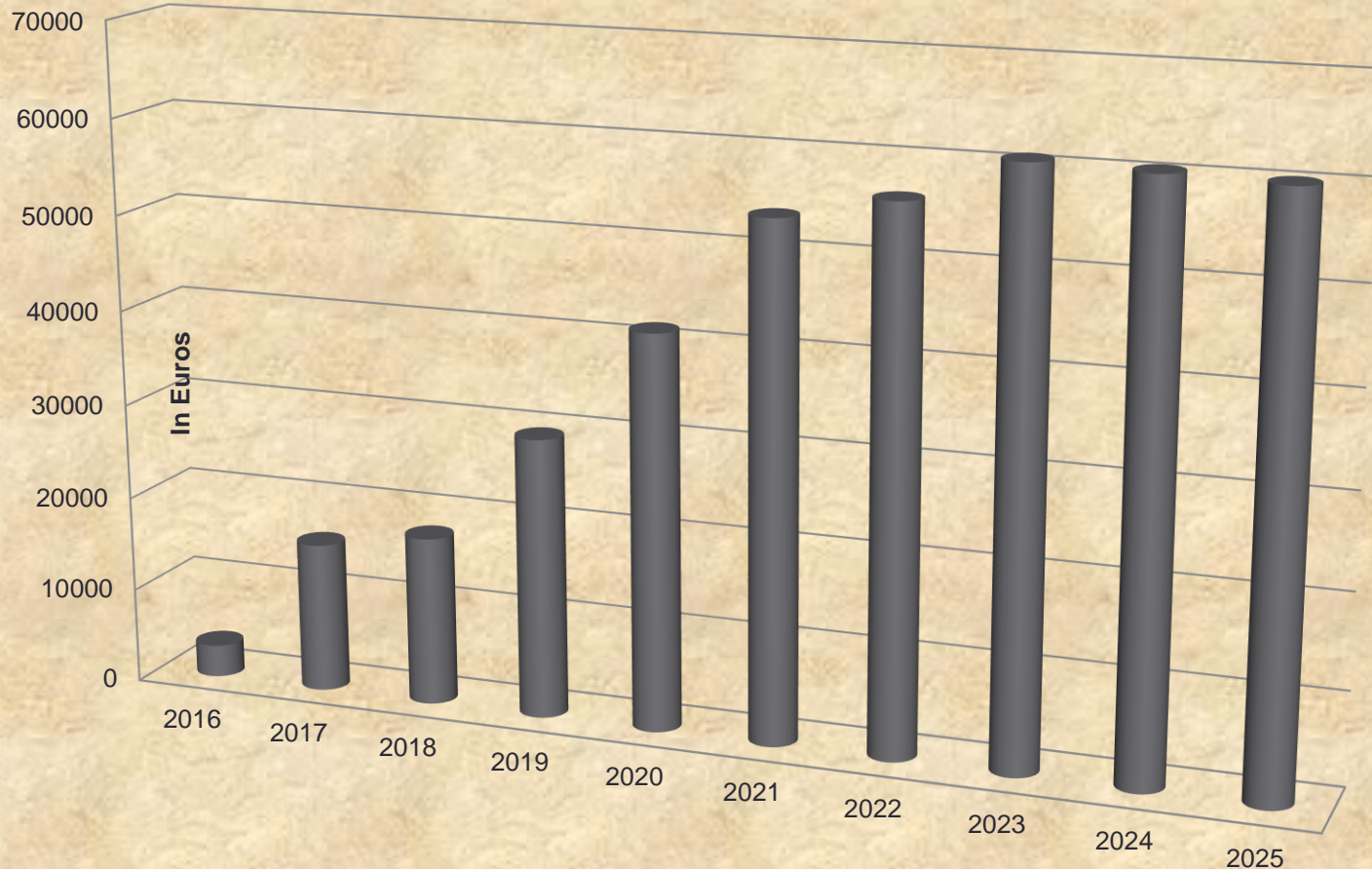
Self cost												
	Years		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Depreciation		in										
	Chaser Van	€	1360	1360	1360	1360	1360	0	0	1360	1360	1360
	Furniture(1 Table, 3 Chairs , 1 Sofa)	€	50	50	50	50	50	50	50	50	50	50
	Computers and other Electronics	€	175	175	175	175	0	0	175	175	175	175
	Investment Cost for Equipment	€	22229	22229	22229	22229	22229	22229	22229	22229	22229	22229
O&M												
Administrative	Electricity	€	100	100	100	100	100	100	100	100	100	100
	Phone	€	70	70	70	70	70	70	70	70	70	70
	Printing	€	100	100	100	100	100	100	100	100	100	100
	Fuel : propane	€	1700	2200	2350	2700	3340	3835	3835	3835	3835	3835
	Salary of staff members	€	40000	40000	42000	45000	47000	49000	50000	51000	52000	53000
	maintenance of balloons and equipments	€	390	390	390	390	390	390	390	390	390	390
	site/building	€	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
	Insurance of the fly	€	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
	Marketing cost	€	1000	1500	2000	2000	2000	2000	2000	2000	2000	2000
	Unexpected Cost	€	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000
	Interest cost paid	€	7509	6382	5256	4130	3004	1877	751	0	0	0
	Total cost	€	95683	95556	97080	99304	100643	100651	100700	102309	103309	104309

Revenue and Cash Flow

Revenue											
	Years	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of Flights											
BB5	No.	40	50	60	70	80	90	90	90	90	90
BB20	No.	30	40	40	50	60	70	70	70	70	70
Total income	€	132000	173250	181500	222750	264000	305250	305250	305250	305250	305250
Cash Flow											
	Years	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total income	€	132000	173250	181500	222750	264000	305250	305250	305250	305250	305250
Total cost	€	95683	95556	97080	99304	100643	100651	100700	102309	103309	104309
Profit before taxes	€	36317	77694	84420	123446	163357	204599	204550	202941	201941	200941
Taxes(30%)	€	10895.1	23308.2	25326	37033.8	49007.1	61379.7	61365	60882.3	60582.3	60282.3
Profit after taxes	€	25421.9	54385.8	59094	86412.2	114349.9	143219.3	143185	142058.7	141358.7	140658.7
Bank loan repaying	€	7509	7509	7509	7509	7509	7509	5004	0	0	0
Net profit	€	17912.9	46876.8	51585	78903.2	106840.9	135710.3	138181	142058.7	141358.7	140658.7
Dividend	€	5970.967	15625.6	17195	26301.07	35613.63	45236.77	46060.33	47352.9	47119.57	46886.23

Net profit in next 10 years

Net profit



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
■ Net profit	3386.1	15799.2	17817	29524.8	41498.1	53870.7	56361	60882.3	60582.3	60282.3

Sponsorship

- Strike deals with International flights for promoting our rides, in turn we can stick their logos in balloons.
- Establish connections with MNC Companies for offering balloon rides to their clients and other high officials, where both of us can benefit.
- Offer free rides to sponsors and their family.
- Allowing to advertise sponsors brand logo in balloons.



We offer the following advertising/banner options:

Hot air balloon

- Envelope
- Basket

We can put:

- 3 banners on the envelope of 20x50 ft. each
- 2-4 banners on the basket of 4x10 ft each



Advantage of advertising



- Balloons draw immediate attention.
- People always take pictures & show it to others.
- High brand awareness, as it stays on people's mind long after the event has passed.
- Hot Air Balloons becomes the main attraction of the event, even if there are other cultural programs.
- Hot Air ballooning always attracts media, which in return provide free publicity.
- Rate of return through Balloon advertising is much higher than the normal TV/Newspaper advertising.

Conclusion

- Hot air balloons are very popular with tourists and its growing in demand with the increasing arrival of tourists every year.
- We will focus mainly to establish contracts with companies for hot air ballooning trips for their clients and employees.
- After getting sponsorship, we will also work on airport pick up and drop, also help in getting accommodations and other necessary support for tourists.
- Giving a platform for ballooning or photographic competitions will attract peoples attention, which intern is a good way for publicity and we will get many sponsors.