

PROJECT PROFILE

ON

CALL TAXIS

Month & Year
July 2010

**PREPARED BY
TANSTIA-FNF SERVICE CENTRE
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Supported by

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CALL TAXIS

INTRODUCTION

Call Taxis provide immediate access to public taxi services at reasonable fares without waiting for a longtime. These taxis are interconnected by wireless communication system so that caller will have an immediate access to a taxi from where he is contacting. For 'dropping' facilities and 'pick up' facilities Call Taxis are very convenient as they do not involve waiting time. Other than cities, in smaller towns also Call Taxi services can be provided with a wireless network keeping the taxis engaged all the time.

PRODUCT USES

This is a service industry in which there is no specification for standard of service. However, the taxis should be accessible to persons calling any time from any location.

MARKET POTENTIAL

Transport, Communication and Healthcare are claiming a major chunk of household expenditure in India, while the proportion spent on food, housing and other items is less. The combined spending on communication, transport and healthcare by Indian households over the 7 year period between 1996 and 2003 had grown by a compounded annual growth rate of 4.8 percent. In 1996, Transport & Communication was 15.54% of the household expenditure. This had increased to 19.26% in 2001.

Call Taxis concept survive on quality of service for transportation with a good network of communication. In several cities and towns Call Taxis can be introduced and there is a large potential for this.

TECHNICAL ASPECTS

INSTALLED CAPACITY

A small Call Taxi unit with 5 Maruthi Omni vehicles will be a viable proposal. These vehicles can go in small lines and carry luggage also.

VEHICLES & EQUIPMENTS

The following items of vehicles and equipments are required to start a Call Taxi centre.

(Rs. lakhs)

| | | |
|-------------------------------------|--|--------------|
| Maruthi Omni 5 Nos @ Rs. 2.64 | | 13.20 |
| Wireless System/Push to talk system | | 0.60 |
| Computer & Office equipments | | 0.70 |
| Total | | 14.50 |

LAND AND BUILDING

The unit can be preferably centrally located in a town or city where there is an immediate access to all the routes and corners of the town. An office area of 500 sq.ft is sufficient to accommodate office, Computer, Rest room for drivers, etc. This can be taken on rental basis. Rent Rs. 5000 per month Advance Rs. 50000.

UTILITIES

Power: The office requires electricity for light and computer. The wireless is operated with battery.

Water: Water is required for human consumption only.

Manpower

| Category | Nos. | Monthly Salary | Total monthly Salary |
|-----------------|-------------|-----------------------|-----------------------------|
| Manager | 1 | 10000 | 10000 |

| | | | |
|-----------------------------------|-----|------|---------|
| Assistant | 1 | 5000 | 5000 |
| Accountant | 1 | 6000 | 6000 |
| Attendants | 1 | 3000 | 3000 |
| Drivers salary | 5 | 5000 | 25000 |
| | | | 49000 |
| Add : Benefits | 20% | | 9800 |
| Total wages per month | | | 58800 |
| Total wages per annum [Rs. lakhs] | | | Rs.7.06 |

IMPLEMENTATION SCHEDULE

The project can be implemented within a month's period, If financing arrangements are made.

ASSUMPTIONS

- ∅ The unit would work for 365 days, 24 hours a day. The average running kilometer per car is estimated at 150 Kms. The average rate is Rs.10.00 per km.
- ∅ A Normal increase of 5% in income is provided every year.
- ∅ Petrol Cost is estimated at current rates based on average mileage of 12 km per litre of petrol. The petrol rate is assumed at Rs.52.00 per litre. 150 kms per day 300 days.
- ∅ Oil & Lubricants is works out to 10% of the petrol cost.
- ∅ Wages & salary is assumed at Rs.7.06 lakhs per annum. Bata is considered separately at Rs.1500.00 per month. (Rs.1500x5x12 months Rs. 90000) with annual increase of 5%.
- ∅ Maintenance and service charges is estimated at Rs. 1.00 lakh per annum. with annual increase of 5%.

- ∅ Replacement of tyres is estimated to Rs. 30000 per annum.
- ∅ Insurance premium works out to Rs.25000 per annum.
- ∅ Vehicle Tax works out to Rs.10000 per annum.
- ∅ Electricity charges works out to Rs.2000/- per month.
- ∅ Depreciation calculated @ 40% on Taxi and 15% on others on WDV method.
- ∅ Admn. Expenses is assumed at Rs. 0.48 lakh per annum Rs.4000 per month with annual increase of 5%.
- ∅ Selling expenses are assumed at the rates of Rs.60000 per annum
- ∅ Interest on TL is provided at 12% p.a. on reducing balance.
- ∅ Income tax is provided at 33.22% on net profit.

LIST OF VEHICLE SUPPLIERS

MARUTHI OMNI, M/s. A B T, Guindy, Chennai-600 032.

OTHER EQUIPMENTS SUPPLIERS

1. M/s. V LINK SYSTEMS, Apollo Dubai Plaza, S3, II Floor, No. 100, Mahalingapuram Main Road, Nungambakkam, Chennai – 600 034.
2. Tata TeleServices Ltd, Thiru vika Road, Chennai - 600014
3. Reliance Communications, Chennai

FINANCIAL ASPECTS

1. COST OF PROJECT

| | [Rs.lakhs] |
|------------------------------|--------------|
| Building (Advance) | 0.50 |
| Taxis 5 Nos. | 13.20 |
| Wireless system | 0.60 |
| Computer & Office equipments | 0.70 |
| Pre-Operative expenses | 0.50 |
| Working Expenses | 0.25 |
| | <u>15.75</u> |

2. MEANS OF FINANCE

| | |
|-----------|--------------|
| Capital | 4.88 |
| Term Loan | 10.88 |
| | <u>15.75</u> |

3. COST OF OPERATION & PROFITABILITY STATEMENTS

| Years | 1 | 2 | 3 |
|---|-------|-------|-------|
| Annual Income | | | |
| Income from 5 vehicles daily 150 kms @ Rs.11.50 per km | 31.48 | 33.05 | 34.70 |
| Expenditures | | | |
| Petrol | 11.86 | 12.45 | 13.07 |
| Oil & Lubricants | 1.19 | 1.25 | 1.31 |
| Wages & Salary (including drivers salary) | 7.06 | 7.41 | 7.78 |
| Drivers Bata - 5 Nos. | 0.90 | 0.95 | 1.00 |
| Maintenance & Service charges | 1.00 | 1.05 | 1.10 |
| Replacement of Tyres | 0.30 | 0.32 | 0.34 |
| Insurance | 0.25 | 0.26 | 0.27 |
| Taxes | 0.10 | 0.11 | 0.12 |
| Electricity charges | 0.24 | 0.25 | 0.26 |
| Depreciation | 5.63 | 3.46 | 2.15 |
| Admin, & General expenses | 0.48 | 0.50 | 0.53 |
| Sales promotion expenses | 0.60 | 0.63 | 0.66 |

| | | | |
|-------------------------|-------------|-------------|-------------|
| Interest on Term Loan | 1.31 | 1.14 | 0.82 |
| Total expenses | 30.92 | 29.78 | 29.41 |
| Profit Before Tax | 0.56 | 3.27 | 5.29 |
| Provision for tax | 0.00 | 1.09 | 1.76 |
| Profit After Tax | 0.56 | 2.18 | 3.53 |
| Add: Depreciation | 5.63 | 3.46 | 2.15 |
| Cash Accruals | 6.19 | 5.64 | 5.68 |

4. PROFITABILITY RATIOS BASED ON THIRD YEAR OPERATION

| | | |
|---|----------------------|-----|
| <u>Profit after Tax</u> Income | <u>3.53</u> 34.70 | 10% |
| <u>Profit before Interest and Tax</u> Total Investment | <u>6.11</u> 15.75 | 39% |
| <u>Profit after Tax</u> Promoters Capital | <u>3.53</u> 4.88 | 72% |

5. BREAK EVEN LEVEL

Fixed Cost (FC):

| | |
|-------------------------------|--------------|
| | [Rs.lakhs] |
| Wages & Salary | 7.78 |
| Maintenance & Service charges | 1.10 |
| Insurance | 0.27 |
| Taxes | 0.12 |
| Electricity charges | 0.26 |
| AMC charges | 0.00 |
| Depreciation | 2.15 |
| Admin. & General expenses | 0.53 |
| Interest on TL | 0.82 |
| | <u>13.03</u> |

Profit Before Tax (P) 5.29

$$\text{BEL} = \frac{\text{FC} \times 100}{\text{P}} = \frac{13.03}{5.29} \times 100.00$$

FC +P

13.03+ 5.29

71% of installed capacity