



BUSINESS PLAN · INDIA

Flying and Pilot Training School

A delay and a sale are the same event, so price the outcome and own the overrun

AVIATION AND AEROSPACE SERVICES

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out a **DGCA-approved Flying Training Organisation** — commercial pilot licence training, private pilot licence, instrument and multi-engine endorsements, flight instructor ratings, ground school, and simulator services. By Year 3 it flies **8,748 hours on 12 aircraft with 17 instructors**, issues **26 CPLs**, and sells **₹26.00 crore** — with the CPL sold as **a fixed price for the licence rather than a rate per hour**.

This plan is the second in vertical 57 and **inherits the ten aviation anchor rules (a)-(j)** set out in §17 of the drone services plan.

Item	Detail	Year 3
What is sold	Fixed-price CPL programmes, PPL and initial training, instrument and multi-engine endorsements, flight instructor ratings, ground school and DGCA examination preparation, and simulator hire	₹26.00cr
Hours / fleet / instructors	26 CPL, 28 PPL, 52 endorsements, 26 FI ratings	8,748; 12; 17
PAT / net margin	Capital-heavy, fuel-heavy, and carrying the hour overrun itself	₹1.32cr / 5.1%
ROCE on ₹13.00cr	7 owned aircraft and 5 leased, simulator, hangar, spares and engine pool	19.5%
Median hours to CPL issue	Against a DGCA minimum of 200 and an industry median near 245	212
Median elapsed months, enrolment to licence	Industry median is nearer 28	17

☐ **THE STUDENT IS BUYING A LICENCE AND THE SCHOOL IS PAID BY THE HOUR.** The 200 hours a CPL requires are a **MINIMUM**, not a target — and a student whose training is fragmented needs more of them to reach the same standard. Fragmentation is caused by the school: an aircraft goes unserviceable, an instructor resigns, a slot is rescheduled, a monsoon arrives — **AND EVERY HOUR THAT FOLLOWS IS BILLED TO THE STUDENT AS ADDITIONAL TRAINING.**

Nobody decides to do this. There is no moment at which anybody says "let us fly him inefficiently". THE INSTITUTION SIMPLY HAS NO FINANCIAL REASON TO FIX ANY OF ITS OWN PROBLEMS, BECAUSE THE COST OF EACH ONE IS BORNE BY SOMEBODY ELSE AND ARRIVES AS INCOME. A DELAY AND A SALE ARE THE SAME EVENT.

2. Business Description, Vision & Legal Structure

A private limited company holding a DGCA Flying Training Organisation approval, operating single and multi-engine trainers with an approved maintenance organisation, a simulator and a residential ground school.

Element	Position
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Legal form	Private limited company; DGCA FTO approval under CAR Section 7; approved maintenance organisation; aerodrome operating arrangements; aircraft registration and airworthiness certificates; hull and third-party insurance
Where the money is made	CPL is 46% of revenue and the thinnest margin in the school; ground school, instructor ratings and simulator carry disproportionate profit
What is different	The CPL is priced as a licence, not as a rate — so every hour of overrun caused by us is ours
Vision	A school whose median student finishes in seventeen months because delay costs the school rather than the student

Why this shape	Reasoning
Fixed course price for the CPL	It is the only structure in which an unserviceable aircraft is a cost. Under per-hour billing the same nineteen days are an invoice, and no amount of policy changes that
Instructor retention programme	Instructor churn is the single largest cause of training fragmentation, which is the cause of the hour overrun this plan has just made its own problem
Spares and engine pool held rather than ordered	Despatch reliability is the whole of an FTO's operational economics under anchor rule (e), and it is bought with inventory
FI rating line run deliberately	It is revenue, and it is also where the next instructor cohort comes from — the two are not separable in this business

3. Promoter & Ownership

Item	Position
Promoter	Airline captain with 9,400 hours who instructed for three years early on; left teaching when he realised the school had no reason to want him to be efficient
Promoter equity	₹4.68cr of the ₹13.00cr project cost (36%), unsecured and not withdrawable during the loan term
Ownership	Promoter and family 68%; ESOP and key staff 18%; aviation investor 14%
Governance	Admissions are capped by the roster the fleet and the instructor establishment can actually schedule within twenty months, and the admissions system will not accept a deposit beyond that cap. The Chief Flying Instructor sets the cap and the accountable manager cannot raise it

That cap is the most commercially painful sentence in the plan. **Six qualified applicants holding ₹2.76 crore of course value were declined in Year 3 — not for want of capability, and not for want of demand, but because we could not schedule them inside twenty months. EVERY ONE OF THEM ENROLLED SOMEWHERE ELSE, AND SEVERAL OF THOSE SCHOOLS WILL TAKE TWENTY-EIGHT MONTHS AND CHARGE FOR THE DIFFERENCE.**

4. Market Analysis — India

Segment	What drives it	Position taken
CPL candidates	Airline fleet orders and a genuine long-run pilot shortage; a ₹40-60 lakh decision usually financed against a job three years away	26 completions at ₹46 lakh

PPL and initial training	Private owners, recreational flyers, and CPL aspirants testing aptitude before committing	28 students at ₹13 lakh
Endorsements and ratings	Instrument and multi-engine, required for airline employability and often taken elsewhere from where the CPL was done	52 candidates at ₹6 lakh
Flight instructor ratings	Fresh CPL holders building hours toward airline minimums; a large and reliable market	26 candidates at ₹10 lakh
Ground school and simulator	DGCA paper preparation, and simulator hire to other operators and to airlines' own cadets	130 candidates; 2,600 sim hours

What causes a CPL to take 245 hours instead of 200

Cause	Whose fault	Who pays under per-hour billing
Aircraft unserviceable, spare on order	The school	The student
Instructor resigns mid-phase	The school	The student
Slot rescheduled, recency lost	The school	The student
Weather	Nobody	The student
Student learns slowly	The student	The student

Indian airline fleet orders imply a very large pilot requirement over the next decade and the demand for CPL training is real, durable and growing. IT IS ALSO A MARKET IN WHICH THE BUYER IS TWENTY-ONE, IS SPENDING BORROWED MONEY, HAS NEVER PURCHASED ANYTHING COMPARABLE, AND CANNOT ASSESS THE ONE VARIABLE THAT DECIDES WHAT HE WILL ACTUALLY PAY — which is how long the school will take.

5. Competition & Position

Competitor type	What they do well	Where the gap is
Established Indian FTOs	Real fleets, DGCA standing, examiner relationships, airline placement records	Per-hour billing throughout; median completion far beyond the 200-hour minimum and nobody publishes it
New and expanding FTOs	Modern aircraft, new aerodromes, aggressive pricing on the headline hourly rate	Thin instructor establishments and no spares depth, so despatch reliability collapses in the second year
Foreign schools	Fast completion, excellent weather utilisation, genuine cost competitiveness	Foreign licence conversion adds time and cost; forex exposure sits with the student under rule (h)
Airline cadet programmes	A job at the end, which is what the student is actually buying	Very few places; the rest of the market is what this plan serves
This school	Fixed course price, published median hours and months, instructor retention and spares depth	Positioned on total cost and elapsed time, in a market that shops on the hourly rate

The competitive difficulty is exact and worth stating plainly: our headline hourly rate is meaningless because we do not sell hours, and every competitor's brochure leads with one. A ₹46 lakh fixed price beside a ₹16,000 hourly rate is not a comparison a twenty-one-year-old can make — HE HAS TO MULTIPLY BY A NUMBER NOBODY WILL GIVE HIM, WHICH IS THE NUMBER OF HOURS HE WILL ACTUALLY FLY.

6. A Delay and a Sale Are the Same Event

This is the finding, and it concerns what happens when the unit of billing is time and the thing purchased is an outcome.

Item	Position
DGCA minimum for a CPL	200 hours
Industry median to issue	About 245
The difference	45 hours, billed
At about ₹16,500 an hour	₹7.4 lakh a student
Who caused most of it	The school

A commercial pilot licence requires two hundred hours. That is a minimum, not a target — and it assumes a reasonably continuous course, because a student who flies four times a week retains what he learned and a student who flies twice a month re-learns it. Fragmented training does not merely take longer in calendar terms; **IT TAKES MORE HOURS TO REACH THE SAME STANDARD.** The industry median to licence issue is around 245 hours, and at roughly ₹16,500 an hour the forty-five-hour gap is about ₹7.4 lakh on top of a course the student already borrowed to pay for.

And almost every cause of fragmentation belongs to the school. An aircraft goes unserviceable waiting on a part. An instructor resigns in the middle of a student's navigation phase. A slot is rescheduled and recency is lost, so three hours are spent recovering a standard already reached. **THE STUDENT PAYS FOR ALL OF IT, at the same rate as the training itself, and there is no line on any invoice anywhere that distinguishes instruction from recovery.**

Nobody decides to do this, which is exactly why it is stable. No school sets out to be unreliable and no instructor drags out a syllabus. The magneto is genuinely on back-order; the instructor genuinely got an airline offer; the monsoon is genuinely the monsoon. **WHAT IS MISSING IS ANY REASON TO PREVENT ANY OF IT — THE INSTITUTION BEARS NONE OF THE COST OF ITS OWN OPERATIONAL FAILURES, AND EACH ONE ARRIVES ON THE ACCOUNTS AS ADDITIONAL FLYING REVENUE. A DELAY AND A SALE ARE THE SAME EVENT.**

So the unit of sale is changed. **THE CPL IS SOLD AT A FIXED PRICE FOR THE LICENCE — ₹46 lakh, all hours, all endorsements, all re-tests within the syllabus — WHICH MAKES EVERY HOUR OF OVERRUN THE SCHOOL'S COST AND EVERY UNSERVICEABLE DAY A LOSS.** 26 of 26 CPL students in Year 3; median hours to issue 212 against an industry 245 and a minimum of 200; median elapsed time 17 months against an industry 28; 312 hours flown above the priced baseline and borne, at ₹0.51 crore. Despatch reliability went 71% to 93% because it is now our money. **GENERAL RULE: WHERE THE VENDOR IS PAID BY THE UNIT OF TIME AND THE CUSTOMER IS BUYING AN OUTCOME, EVERY OPERATIONAL FAILURE BECOMES REVENUE — SO PRICE THE OUTCOME AND OWN THE OVERRUN.**

7. The Instructor's Career Plan Is to Stop Being One

The second thread explains where most of the first thread's fragmentation comes from.

The instructor pipeline	Position
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Who instructs at an Indian FTO	A fresh CPL holder
Why	To build hours toward airline minimums
What ends it	Reaching those hours
Industry median tenure	14 to 20 months
Effect of instructing well	Leaves sooner

The binding constraint on an Indian flying school is not aircraft. It is instructors — and an instructor is, almost without exception, a newly licensed commercial pilot accumulating the hours he needs to be employable by an airline. HE INSTRUCTS PRECISELY BECAUSE HE NEEDS THE HOURS, AND HE LEAVES THE MOMENT HE HAS THEM. THE SCHOOL'S CORE ASSET IS DEFINED BY ITS OWN DEPARTURE DATE, AND EVERY HOUR THE SCHOOL GIVES HIM BRINGS THAT DATE CLOSER.

This is a genuinely self-consuming resource and the industry's usual response makes it worse. Schools pay instructors poorly on the reasoning that they are here temporarily and are being given something valuable — which is true, and which shortens tenure further, and which guarantees that departures are unannounced. An instructor who expects to be resented for leaving does not give notice, and an instructor who leaves without notice strands four students mid-phase.

So the departure is cooperated with rather than resisted. Instructors are paid above market, receive retention payments at eighteen and twenty-four months, and are ACTIVELY HELPED INTO AIRLINE POSITIONS AT MONTH TWENTY-FOUR — the school writes the reference, times the release around student phases, and treats the placement as an outcome rather than a betrayal. Retention at twelve months is 74% against an industry figure nearer 48%, and the programme costs ₹4.24 lakh per instructor per year. AN EMPLOYER WHO ADMITS THE JOB IS A WAYPOINT CAN NEGOTIATE THE LENGTH OF THE WAIT; ONE WHO PRETENDS OTHERWISE GETS NO NOTICE AT ALL.

8. Operations Plan (roster, despatch, sequence, complete)

- **Roster.** Admissions capped at what the fleet and instructor establishment can schedule within twenty months; the cap is set by the Chief Flying Instructor and cannot be raised commercially.
- **Despatch.** Spares and an engine pool held rather than ordered; scheduled maintenance sequenced against the training calendar rather than against convenience; despatch reliability reported weekly.
- **Sequence.** Students flown in concentrated blocks rather than spread thin; a phase is completed before the next begins; recency protected because recovery hours are now our cost.
- **Continuity.** A student keeps one instructor through a phase; where an instructor leaves, the handover is a formal briefed transfer with the outgoing instructor present, not a reassignment.
- **Complete.** Hours to issue and elapsed months measured per student and published as medians, with the overrun above the priced baseline recorded as our own cost.

Step	What is recorded	Why
Admission	Roster capacity to twenty months	6 declined; ₹2.76cr of course value
Despatch	Aircraft availability against plan	71% → 93%; ₹594 a flight hour
Hours to issue	Per student, against the 200 minimum	Median 212; 312 hours borne

Elapsed months	Enrolment to licence issue	Median 17
Instructor tenure	Retention at 12 and 24 months	74%; ₹4.24L each a year

The operational hinge is a student fourteen months in with 168 hours and 32 to go. The aircraft he is rostered on goes unserviceable for nineteen days waiting on a magneto from abroad, and in the same fortnight his instructor resigns to join an airline. Under per-hour billing none of that costs the school anything at all: the student waits, restarts with somebody new, needs six recency hours to recover a standard he had already reached, and flies 38 hours instead of 32 — AND PAYS FOR ALL 38. Under a fixed course price the six recency hours are ours at ₹99,000, and the nineteen days are precisely why we carry ₹1.43 crore of spares and engine pool. THE SAME NINETEEN DAYS ARE AN INVOICE IN ONE MODEL AND A COST IN THE OTHER, AND NOTHING ELSE ABOUT THEM DIFFERS.

The same nineteen days, two pricing models	Per hour	Fixed course price
Aircraft unserviceable, magneto on back-order	19 days	19 days
Instructor resigns in the same fortnight	Yes	Yes
Recency hours needed to recover standard	6	6
Hours flown to finish instead of 32	38	38
Who pays for the 6 recovery hours	The student, ₹99,000	The school, ₹99,000
Reason to hold ₹1.43cr of spares	None	All of it

Five of the six rows are identical, because the aeroplane does not know how it was invoiced. Only the last two differ, and they are the two that decide whether anybody ever buys the spare in advance. THIS IS WHY THE PLAN DOES NOT ASK ANYBODY TO CARE MORE: A SCHOOL BILLING BY THE HOUR HAS NO MECHANISM BY WHICH CARING CONVERTS INTO A PURCHASE ORDER, AND ONE BILLING BY THE LICENCE CANNOT AVOID IT.

9. DGCA Approval, Airworthiness & Training Compliance (India)

Area	Requirement
FTO approval	DGCA Flying Training Organisation approval under CAR Section 7, covering the aerodrome, the fleet, the syllabus, the Chief Flying Instructor and the training standards. Anchor rule (b): the approval scope — not demand — sets the revenue ceiling
Licensing	CAR Section 7 Series requirements for CPL, PPL, instrument and multi-engine ratings and the flight instructor rating; 200 hours minimum for a CPL with a prescribed composition of dual, solo, cross-country, instrument and night
Airworthiness	Certificate of airworthiness and airworthiness review, approved maintenance organisation, mandatory modifications and airworthiness directives. Anchor rule (c): this is recurring, so it is opex — a fleet is never "made airworthy" once
Duty and rest	Flight duty and rest limitations apply to instructors, and under anchor rule (f) they are hard constraints that look like staffing choices — the 17-instructor establishment is derived from them, not chosen

Safety management	Safety Management System, occurrence and incident reporting, internal audit and quality; anchor rule (g) requires the reporting line to be non-punitive or it produces nothing
Insurance and aerodrome	Hull and third-party cover under rule (d); aerodrome operating agreements, ATC coordination, night and instrument approach availability
Students and finance	Medical certification, security clearance, student records; education loans and the disclosure obligations attaching to a ₹46 lakh financed purchase

What the regulation reaches	What it does not
The minimum hours for a licence	How many hours a school actually takes
Syllabus, standards and examiners	Elapsed time from enrolment to issue
Airworthiness of every aircraft	Whether enough of them are serviceable on any given day
Instructor qualification	Instructor continuity for a given student

The regulation here is thorough and it is aimed at competence rather than at commerce, which is correct. BUT IT MEANS THERE IS NO REGULATORY OBLIGATION ANYWHERE TO PUBLISH — OR EVEN TO MEASURE — MEDIAN HOURS TO ISSUE OR MEDIAN ELAPSED TIME, which are the two numbers that decide what a student actually pays and how long his borrowed money is idle. A school taking 280 hours and 34 months is fully compliant.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Note
Accountable manager and MD	1	1	Cannot raise the admissions cap
Maintenance engineers and technicians	15	22	Despatch reliability is engineering
Flight instructors	11	17	Derived under rule (f), not chosen: 8,748 hours ÷ 540 per instructor-year = 16.2
Finance, admin, hostel and campus support	11	15	Residential school
Ground school faculty and examiners	10	14	130 candidates
Admissions, student finance and records	8	11	₹46 lakh financed decisions
Dispatch, scheduling and despatch reliability	6	9	The commitment made flesh
Simulator instructors and technicians	4	6	2,600 sim hours
Safety, quality and compliance	4	5	Non-punitive reporting under rule (g)
Chief flying instructor and training standards	3	4	Sets and holds the roster cap
Total	73	104	8,748 hours; 12 aircraft; 26 CPLs

The 9 people in dispatch, scheduling and despatch reliability are the commitment made flesh. Their salaries are ₹0.27 crore — ₹3.00 lakh average CTC across 9 — with ₹0.25 crore of spares holding and engine-pool running cost. That is ₹594 per flight hour across 8,748 hours; the instructor retention programme is ₹4.24 lakh per instructor per year.

11. Implementation Timeline & Milestones

Phase	Months	Milestone
Approval and finance	0-14	DGCA FTO approval, aerodrome agreement, maintenance organisation, aircraft finance
Fleet and hangar	8-20	7 owned and 5 leased aircraft, hangar, apron, workshop and spares store
Spares and engine pool before the second cohort	12-22	₹1.43cr of inventory in place BEFORE fleet utilisation rises, because that is when reliability breaks
Ground school and simulator	14-24	Classrooms, hostel, FNPT II simulator and faculty
Instructor establishment	16-30	17 instructors recruited and retained before intake reaches capacity, not after
Full intake and FI line	26-36	26 CPL completions a year; FI rating cohort feeding the instructor roster

Milestone that must not slip	Why
Spares depth before utilisation rises	Under a fixed course price, an unserviceable aircraft is a direct loss. A school that discovers this after taking a full intake has bought the obligation without the inventory that makes it survivable
Instructor establishment before full intake	Admissions taken against instructors not yet hired is how a twenty-month promise becomes a twenty-eight-month course, and the whole plan turns on that number
The roster cap from the first cohort	A school that has once admitted beyond its roster has established that it will, and the cap becomes an aspiration within one season
Fixed pricing from the first student	Migrating existing per-hour students to a fixed price later means refunding the difference or defending it, and neither conversation improves anything

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions in Indian rupees, not forecasts or guarantees. Drivers are shown so every number can be changed.

12.1 Revenue build (₹ lakh)

Stream	Yr 1	Yr 2	Yr 3	Share	GM
CPL programme, fixed course price	690	943	1,196	46.0%	32.0%
PPL and initial flight training	210	287	364	14.0%	34.0%
Instrument, multi-engine and type preparation	180	246	312	12.0%	38.0%

Flight instructor rating and instructor development	150	205	260	10.0%	42.0%
Ground school, examinations and DGCA preparation	150	205	260	10.0%	56.0%
Simulator hire and third-party aircraft services	120	164	208	8.0%	48.0%
Total	1,500	2,050	2,600	100%	37.7%

The CPL line is 46% of revenue and 39% of gross profit, and it is the thinnest margin in the school — which is the correct shape once the overrun is ours. THE FLIGHT INSTRUCTOR RATING LINE IS WORTH NOTICING TWICE: it is ₹2.60 crore of revenue at 42%, AND IT IS WHERE NEXT YEAR'S INSTRUCTORS COME FROM. In this business the recruitment channel and a profit centre are the same line item.

12.2 What is committed, and what it is measured on

Commitment	Yr 1	Yr 3
CPL sold at a fixed price for the licence rather than a rate per hour	41%	100%, 26 of 26
Median hours to CPL issue (DGCA minimum 200; industry about 245)	231	212
Median elapsed months, enrolment to licence issue (industry about 28)	23	17
Hours flown above the priced 200-hour baseline and borne by us	nil	312 hours, ₹0.51cr
Aircraft despatch reliability against the training plan	71%	93%
Instructor retention at twelve months (industry about 48%)	52%	74%

Rows two and three are the two numbers no Indian flying school is required to measure, publish or even know — and they are the only two that decide what a student actually spends and how long his borrowed money sits idle. A SCHOOL TAKING 280 HOURS AND 34 MONTHS BREACHES NOTHING WHATEVER, AND ITS BROCHURE WILL SHOW A LOWER HOURLY RATE THAN OURS.

12.3 Profit & loss (₹ lakh)

Line	Yr 1	Yr 2	Yr 3
Revenue	1,500	2,050	2,600
Cost of goods (fuel, lease rentals, maintenance, instructor cost, aerodrome)	(935)	(1,278)	(1,620)
Gross profit	565	772	980
Instructor retention programme and assisted placement	(42)	(56)	(72)
Fixed-price programme administration and overrun absorption	(34)	(46)	(60)
Despatch reliability: spares holding and engine pool	(30)	(40)	(52)
Flight operations, dispatch and scheduling	(62)	(82)	(102)
Maintenance organisation and engineering	(56)	(74)	(92)
Ground school faculty and examinations	(44)	(58)	(72)
Admissions, marketing and student finance liaison	(38)	(50)	(62)

Administration, insurance and overhead	(46)	(60)	(74)
EBITDA	213	306	394
Depreciation and amortisation	(112)	(126)	(140)
Finance cost	(82)	(94)	(104)
Other income (hangarage, third-party maintenance, misc)	14	20	26
PBT	33	106	176
Tax (fully taxable business income, ~25%)	(8)	(27)	(44)
PAT	25	79	132
Net margin	1.7%	3.9%	5.1%
ROCE on ₹13.00cr	7.8%	13.8%	19.5%

12.4 Project cost & funding (₹ lakh)

Use of funds	₹L	%	Source of funds	₹L
Fleet: 7 owned trainers, single and multi-engine (5 further on lease)	481	37%	Promoter equity	468
Simulator: FNPT II	195	15%	Aircraft and term finance	520
Hangar, apron, workshop and spares store	182	14%	Working capital limit	182
Spares, engine pool and rotables	143	11%	Scheme and subsidy support	130
Ground school, classrooms, hostel and campus	130	10%	—	—
Avionics, safety equipment and fit-out	104	8%	—	—
Working capital margin and pre-operative	65	5%	—	—
Total	1,300	100%	Total	1,300

12.5 Sensitivities (₹ crore PAT, Year 3)

Scenario	What changes	PAT
Base case as planned	As above	₹1.32cr
Trade-standard practice instead	Bill per hour so the 312 overrun hours become revenue (+₹0.51cr), let the median drift to the industry's 245 hours and bill the extra 858 (+₹1.42cr), take the 6 declined admissions (+₹2.76cr revenue, +₹0.88cr), close the retention, fixed-price and despatch programmes (+₹1.84cr), run minimum spares and cheaper maintenance (+₹0.42cr) — but a 28-month median costs 20% of the PPL and endorsement lines (–₹1.35cr revenue): revenue ₹29.33cr at 49.0% gross margin	₹5.75cr
An accident or serious incident	DGCA action on the FTO approval with the fleet grounded pending investigation: ₹4.20cr. ANCHOR RULES (b) AND (d) TOGETHER — the licence is the asset and insurance is priced on our own record, so one event reprices everything	(₹1.83cr)
Airline hiring slows and CPL demand falls 30%	₹2.13cr including unabsorbed fleet and instructor establishment	(₹0.28cr)

An instructor cohort leaves together	₹1.46cr; the school cannot despatch what it cannot instruct, and under a fixed price the delay is entirely ours	₹0.23cr
Fuel and maintenance +20%	₹1.08cr; AVGAS and parts are import-linked under anchor rule (h)	₹0.51cr

The trade-standard row is ₹5.75 crore against ₹1.32 crore and the composition should be read slowly. ₹1.93 crore of it is simply BILLING FOR HOURS THE SCHOOL ITSELF CAUSED — the 312-hour overrun plus the drift from 212 hours to the industry's 245. NOT ONE RUPEE OF THAT REQUIRES ANYBODY TO DO ANYTHING WRONG. It requires only that nobody price the outcome, which is the market's current arrangement in its entirety.

12.6 Volumes and unit economics (Year 3)

Programme	Students	Price	Hours each	Revenue
CPL, fixed course price	26	₹46.00L	212	₹1,196L
PPL and initial training	28	₹13.00L	45	₹364L
Instrument and multi-engine endorsements	52	₹6.00L	22	₹312L
Flight instructor ratings	26	₹10.00L	32	₹260L
Ground school / simulator hours	130 / 2,600	₹2.00L / ₹8,000	—	₹468L
Total flight hours	—	—	8,748	₹2,600L

Derived figure	Working	Result
Flight hours by programme	$26 \times 212 + 28 \times 45 + 52 \times 22 + 26 \times 32$	8,748
Fleet utilisation	8,748 hours over 12 aircraft	729 hours each
Instructors	$8,748 \text{ hours} \div 540 \text{ per instructor-year under duty limits}$	16.2, staffed at 17
Overrun borne	$26 \text{ students} \times 12 \text{ hours above the priced 200 at ₹16,500}$	312 hours, ₹0.51cr
Despatch programme	₹0.52cr over 8,748 flight hours	₹594 per hour
Instructor retention programme	₹0.72cr over 17 instructors	₹4.24L each a year

The single most useful comparison in this plan is 212 against 245. Thirty-three hours at ₹16,500 is ₹5.45 lakh a student — roughly twelve per cent of the whole course — and it is not tuition, not aptitude and not syllabus. IT IS THE ACCUMULATED COST OF UNSERVICEABLE AIRCRAFT, DEPARTED INSTRUCTORS AND LOST REGENCY, AND IN THE ORDINARY ARRANGEMENT IT IS INVOICED TO A TWENTY-ONE-YEAR-OLD WITH A LOAN.

13. Funding Requirement & Bankability

Item	Position
Requirement	₹13.00cr: ₹4.68cr promoter equity, ₹5.20cr aircraft and term finance, ₹1.82cr working capital limit, ₹1.30cr scheme support

Security	Mortgage and hypothecation over aircraft, simulator, hangar and spares; receivables and student fee flows; personal guarantee of the promoter
Debt service	Year 3 EBITDA ₹3.94cr against interest ₹1.04cr and scheduled repayment; DSCR above 1.7x from Year 3
The fixed price shifts working capital as well as risk	Fees are collected against milestones rather than against hours flown, so a delayed student is a cash-flow event and not only a margin event. The limit is sized for a monsoon quarter in which flying stops and the establishment does not
Licence dependence	Anchor rule (b): the FTO approval is the asset, and its suspension is not a bad year but a stopped business — which is why the accident row is the largest in §12.5
What a lender should test	Not the intake — the median hours to issue and the instructor retention figure. Intake can be raised in a month; both of those take two years to move, and a school whose median is drifting upward is losing money on every fixed-price student it has already sold

Year	EBITDA	Interest	Repayment	DSCR
Year 1	₹2.13cr	₹0.82cr	Moratorium	—
Year 2	₹3.06cr	₹0.94cr	₹0.88cr	1.68x
Year 3	₹3.94cr	₹1.04cr	₹1.20cr	1.76x

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
A delay and a sale are the same event	A CPL requires 200 hours as a minimum, and fragmented training takes more hours to reach the same standard, not merely more months. The industry median to issue is about 245 — 45 hours, roughly ₹7.4 lakh, on top of a course already borrowed for. And almost every cause belongs to the school: an aircraft unserviceable on a back-ordered part, an instructor resigning mid-phase, a slot rescheduled so recency must be recovered. THE STUDENT PAYS FOR ALL OF IT AT THE SAME RATE AS THE INSTRUCTION, and no invoice anywhere distinguishes teaching from recovery. Nobody decides to do this, which is why it is stable — the institution bears NONE of the cost of its own operational failures and each one arrives as flying revenue	PRICE THE OUTCOME AND OWN THE OVERRUN. The CPL is sold at a fixed ₹46 lakh for the licence — all hours, all endorsements, all in-syllabus re-tests — WHICH MAKES EVERY UNSERVICEABLE DAY A LOSS AND EVERY OVERRUN HOUR OUR COST. 26 of 26 students; median 212 hours against an industry 245 and a minimum of 200; median 17 elapsed months against an industry 28; 312 hours borne at ₹0.51cr. Despatch reliability 71% → 93% because it is now our money, bought with ₹1.43cr of spares and engine pool at ₹594 a flight hour. And admissions are CAPPED at what the roster can schedule inside twenty months — 6 applicants and ₹2.76cr of course value declined. GENERAL RULE: WHERE THE VENDOR IS PAID BY THE UNIT OF TIME AND THE CUSTOMER IS BUYING AN OUTCOME, EVERY OPERATIONAL FAILURE BECOMES REVENUE — SO PRICE THE OUTCOME AND OWN THE OVERRUN

The instructor's career plan is to stop being one	The binding constraint is instructors, and an instructor is a fresh CPL holder accumulating hours toward airline minimums — he instructs BECAUSE he needs the hours and leaves the moment he has them. Industry median tenure is 14 to 20 months. THE SCHOOL'S CORE ASSET IS DEFINED BY ITS OWN DEPARTURE DATE, AND EVERY HOUR THE SCHOOL GIVES HIM BRINGS IT CLOSER. The usual response makes it worse: schools pay instructors poorly because they are temporary, which shortens tenure and guarantees departures are unannounced — and an unannounced departure strands four students mid-phase	COOPERATE WITH THE DEPARTURE RATHER THAN RESISTING IT. Pay above market, retention payments at 18 and 24 months, and ACTIVE HELP INTO AIRLINE POSITIONS AT MONTH 24 — the school writes the reference, times the release around student phases, and treats placement as an outcome rather than a betrayal. Retention at 12 months 74% against an industry 48%, at ₹4.24 lakh per instructor a year. The FI rating line is run deliberately as both a ₹2.60cr profit centre and the recruitment channel. AN EMPLOYER WHO ADMITS THE JOB IS A WAYPOINT CAN NEGOTIATE THE LENGTH OF THE WAIT; ONE WHO PRETENDS OTHERWISE GETS NO NOTICE AT ALL
Accident or serious incident	The largest row in the plan: DGCA action on the FTO approval with the fleet grounded pending investigation — ₹4.20cr and a ₹1.83cr loss. Under rule (b) the approval is the asset and under rule (d) insurance is priced on our own record	Safety Management System with non-punitive occurrence reporting under rule (g); training standards held by the CFI independent of commercial pressure; the admissions cap prevents the overloaded roster that produces rushed instruction; hull and third-party cover reviewed annually against actual exposure
Airline hiring cycle	CPL demand is derived from airline recruitment, which is cyclical and not forecastable; a 30% fall is ₹2.13cr with fleet and instructors unabsorbed	PPL, endorsements, FI ratings, ground school and simulator hire are 54% of revenue and only partly correlated; simulator sold to other operators and airline cadet programmes; lease rather than own five aircraft so capacity can be shed
Instructor exodus	A cohort leaving together is ₹1.46cr, and under a fixed price the resulting delay is entirely ours rather than the student's	Staggered retention payments so departures do not synchronise; the FI rating line supplies replacements from inside the school; formal briefed handovers so a departure costs continuity rather than a phase; instructor establishment held one above the derived requirement
Fuel and maintenance cost	AVGAS, parts and rotables are import-linked; +20% is ₹1.08cr and rule (h) treats it as a cost event rather than a market one	Fuel purchased on term where the aerodrome permits; engine pool reduces AOG premium purchasing; lease terms include maintenance reserves on the leased five; the fixed course price is repriced annually for new intakes rather than mid-course
Student finance and admissions	A ₹46 lakh financed decision by a twenty-one-year-old against a job market that clears years later; loan availability moves the market more than fees do	Transparent total cost rather than an hourly rate, which is easier to finance and to underwrite; published medians so the lender can assess elapsed time; staged milestone fees rather than large upfront collection

15. SWOT Analysis

Strengths	Weaknesses
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A fixed price nobody else offers; published medians on the two numbers that matter; 93% despatch reliability bought with real inventory; 74% instructor retention against an industry 48%; an FI line that is both profit and recruitment; a roster cap that protects the promise	5.1% net margin on ₹13.00cr; the commitment costs ₹3.07cr against ₹1.32cr of PAT; our headline hourly rate is meaningless in a market that shops on it; admissions capped below demand; a single DGCA action stops the business
Opportunities	Threats
Lenders financing ₹46 lakh decisions increasingly want elapsed-time evidence; airline cadet tie-ups favour schools with predictable completion; simulator hire scales without aircraft; the instructor pipeline is a genuine moat once retention holds	An accident; the airline hiring cycle; competitors quoting lower hourly rates on longer courses; forex on fuel and parts; and the plain fact that the student cannot compare a fixed price with a rate until after he has committed

The honest summary is that this school competes on a total cost the buyer cannot compute in advance, against schools quoting a unit price he can. The published medians are the only bridge, and they are self-reported until an accreditation body or a lender starts requiring them. THE PLAN THEREFORE RESTS ON THE STUDENT'S FINANCIER BECOMING THE PARTY WHO ASKS — WHICH IS ALREADY BEGINNING, BECAUSE A TWENTY-EIGHT-MONTH COURSE IS TWENTY-EIGHT MONTHS OF INTEREST ON A LOAN THAT IS NOT YET EARNING.

Where the ₹3.07 crore of commitments goes	₹cr	Per CPL student
Gross profit forgone on 6 declined admissions	0.72	₹2.77L, off the P&L
Instructor retention programme and assisted placement	0.72	₹2.77L
Fixed-price administration and overrun absorption	0.60	₹2.31L
Despatch reliability: spares holding and engine pool	0.52	₹2.00L
312 overrun hours borne above the priced baseline	0.51	₹1.96L, off the P&L
Total	3.07	₹11.81L per CPL student

₹11.81 lakh against a ₹46 lakh course is twenty-six per cent, which looks impossible until it is compared with the thing it replaces. The industry's own median takes 45 hours more than the minimum — ₹7.4 lakh — and adds eleven months of interest on a loan that is not yet earning. THE MONEY DOES NOT DISAPPEAR IN EITHER MODEL. IT IS EITHER SPENT BY THE SCHOOL ON SPARES, INSTRUCTORS AND RESTRAINT, OR COLLECTED FROM THE STUDENT AS EXTRA FLYING — AND ONLY ONE OF THOSE TWO ARRANGEMENTS PRODUCES A PILOT SOONER.

16. Recommended AiSevak Tools for This Business

- **Business plan and project report generator** — for aircraft finance and a working capital limit sized to a monsoon quarter.
- **Compliance calendar** — FTO approval renewal, airworthiness reviews and directives, instructor currency and medicals, SMS audits, insurance — remembering rule (a), that these expire independently.
- **Cost and pricing calculator** — cost per flight hour by type, the fixed course price against a modelled hours distribution, and the true cost of an unserviceable day.
- **GST and invoicing helper** — milestone fee billing on fixed-price programmes, simulator hire, and third-party maintenance services.

- **Labour and payroll toolkit** — instructor rosters against duty and rest limits under rule (f), retention payment schedules, EPF and ESI.
- **Loan and subsidy application helper** — aircraft finance, state aviation-training incentives, and a student-finance pack a lender can underwrite on elapsed time.
- **Contract and terms drafting helper** — the fixed-price training agreement with its syllabus scope and re-test inclusions, instructor retention and placement terms, and lease agreements for the five leased aircraft.

Every tool above is **free to use on AiSevak and needs no signup to explore**. The toolkit link at the end of this plan opens the whole aviation set.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, intake, hours, medians, retention and prices are editable inputs; outcomes depend on the airline hiring cycle, fuel and parts costs, DGCA standing and instructor supply. Figures are in Indian rupees. **This plan is the second in vertical 57 and inherits the ten aviation anchor rules (a)-(j) set out in §17 of the drone services plan — in particular (b) the licence is the asset, (c) airworthiness and currency are recurring opex, (d) insurance is priced on the operator's own record, (e) utilisation is the whole economics, and (f) duty and rest limits are hard constraints from which headcount is derived.**
- **The central finding is that a delay and a sale are the same event.** The 200 hours a CPL requires are a minimum, and **fragmented training takes more hours to reach the same standard** — the industry median is about 245, which is 45 hours and roughly ₹7.4 lakh on top of a course the student borrowed to pay for.
- **Almost every cause of that fragmentation belongs to the school** — an unserviceable aircraft, an instructor resigning mid-phase, a rescheduled slot and lost recency — **and the student pays for all of it at the same rate as the instruction, with no invoice anywhere distinguishing teaching from recovery.**
- **Nobody decides to do this, which is why it is stable.** The part is genuinely on back-order and the instructor genuinely got an offer. **What is missing is any reason to prevent it: the institution bears none of the cost of its own operational failures, and each one arrives on the accounts as additional flying revenue. GENERAL RULE: WHERE THE VENDOR IS PAID BY THE UNIT OF TIME AND THE CUSTOMER IS BUYING AN OUTCOME, EVERY OPERATIONAL FAILURE BECOMES REVENUE — SO PRICE THE OUTCOME AND OWN THE OVERRUN.**
- **The second thread explains where the fragmentation comes from: the instructor's career plan is to stop being one.** An instructor is a fresh CPL holder building hours toward airline minimums, **so the school's core asset is defined by its own departure date and every hour the school gives him brings it closer.** Remedy: pay above market, retention payments at 18 and 24 months, and **active help into an airline at month 24** — 74% retention at twelve months against an industry 48%, at ₹4.24 lakh an instructor. **An employer who admits the job is a waypoint can negotiate the length of the wait; one who pretends otherwise gets no notice at all.**
- **Volumes and unit economics.** 26 CPL at ₹46 lakh and 212 hours, 28 PPL at ₹13 lakh, 52 endorsements at ₹6 lakh, 26 FI ratings at ₹10 lakh, 130 ground-school candidates and 2,600 simulator hours; 8,748 flight hours across 12 aircraft at 729 hours each. Instructors are derived under rule (f), not chosen: $8,748 \div 540$ per instructor-year = 16.2. Despatch costs ₹594 a flight hour and retention ₹4.24 lakh an instructor. **212 against 245 is the comparison that matters: 33 hours at ₹16,500 is ₹5.45 lakh a student, about twelve per cent of the course, and it is not tuition or aptitude but the accumulated cost of unserviceable aircraft, departed instructors and lost recency.**
- **The trade-standard comparison contains an uncomfortable component.** ₹5.75 crore against ₹1.32 crore, of which **₹1.93 crore is simply billing for hours the school itself caused** — the 312-hour overrun plus drift from 212 to 245. **Not one rupee of that requires anybody to do anything wrong; it requires only that nobody price the**

outcome, which is the market's present arrangement in its entirety.

- **Compliance and professional advice.** DGCA Flying Training Organisation approval under CAR Section 7 covering aerodrome, fleet, syllabus, Chief Flying Instructor and training standards, **with rule (b) meaning the approval scope and not demand sets the revenue ceiling**; CPL, PPL, instrument, multi-engine and flight instructor rating requirements, including the 200-hour CPL minimum and its prescribed composition; certificates of airworthiness, airworthiness reviews, approved maintenance organisation and mandatory modifications under rule (c); flight duty and rest limitations for instructors under rule (f); Safety Management System with non-punitive occurrence reporting under rule (g); hull and third-party insurance under rule (d); aerodrome operating agreements and ATC coordination; medical certification, security clearance and student records; EPF, ESI, Minimum Wages and GST. **Note the structural gap: there is no obligation anywhere to measure or publish median hours to issue or median elapsed time, which are the two numbers deciding what a student actually pays — a school taking 280 hours and 34 months is fully compliant and will advertise a lower hourly rate.** Professional advice should be taken on the fixed-price training agreement and its scope, student finance disclosure, lease terms and maintenance reserves, and insurance scope against FTO-specific exposure.

► **Use these tools now — free on AiSevak**

Every tool referenced in this plan is available on aisevak.in. Open the [Aviation and Aerospace Services toolkit](#) to browse and use them all at <https://aisevak.in/verticals/aviation> — or go straight to any specific tool at <https://aisevak.in/service/<tool-name>>. No signup needed to explore; each tool guides you step by step.

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