

Catching The Right Bus

India's first busopolis is more about real estate than transport



MOHALI BUSOPOLIS

- C&C Constructions will be paying the Punjab government a startlingly affordable price of **RS 57 CRORE** for a **90-YEAR** lease on **7.02 ACRES** of land
- Busopolis is derived from the concept of aerotropolis, which are **MEGA AIRPORTS**
- Nearly **100,000 SQ FT** of commercial space is on offer
- A **600,000-SQ FT** parking area at the busopolis will cater to Mohali's legion of **LARGE LUXURY** car owners
- A largest-in-India **70,000-SQ FT, 10-SCREEN** Cinepolis multiplex featuring shows **EVERY 20 MINUTES** will come up

It should be good news that the country is getting its first busopolis — a bus terminal along with a commercial centre and a hotel. But in reality, the deal to construct the busopolis is more about the development of commercial space than making bus travel more convenient. The location, Mohali, on the outskirts of Chandigarh, is among the unlikeliest for such a major junction. The small town, with a population of merely 600,000, has daily traffic of just 250 buses catering largely to neighbouring towns such as Chandigarh, Panchkula, Zirakpur and Kharar, and other buses that pass through the city. Other states' buses are also expected to stop at the busopolis. "We want to put the state on the world map, with global standards of transportation, which we have lacked for several years," says Master Mohan Lal, Punjab's transport minister. As of now, only buses of the government-owned fleet (Punjab Roadways, Pepsu Road Transport Corporation and PunBus) halt here. G.S. Johar, chairman of C&C Constructions, the company that has bagged the rather affordable deal, says he is not worried about the low bus traffic at the terminus. "When we conceived this project, the bus terminus was not our

major focus; it was our plan B," says Johar. Nearly 100,000 sq. ft of commercial space is on offer, with plans for cineplexes, malls, etc., lined up. C&C Constructions is also planning hotels at the same site.

The Mohali region is also known for its multitude of swanky cars. Moreover, keeping in mind the number of visitors to the complex, a 600,000-sq. ft multi-level parking space has been planned. "The parking area will cater to people who want to come to the commercial complex or hotel," says Johar. "I was advised to reduce the parking area but, over the years, I have realised that good parking facilities would induce audience numbers and help the business." The bus terminal is expected to be operational by June 2011, and its commercial spaces will come up by May 2012.

Thanks to the economic slowdown, the Gurgaon-based real estate developer will be paying the Punjab government a startlingly smart price of Rs 57 crore for a 90-year lease on 7.02 acres of land. Of this, Rs 20 crore has been paid upfront to the Punjab Industrial Development Board (PIDB), and the balance is due over the next two years. PIDB also gets an additional payment of Rs 2.85 crore every three years, plus an increment of 15 per cent every three years.

What makes the deal especially remarkable is that, in 2008, in a decision that did not go through, the same project was allotted to Mumbai-based Akriti City for a whopping upfront payment of Rs 201 crore, an additional Rs 10 crore annually, plus a 5 per cent increase for the subsequent 90 years. Sources in the PIDB say the company was not able to raise money because of the slowdown. Akriti executives were not available for comment.

PIDB sources say that the bid price was reduced to Rs 52 crore on the recommendation of consultant Feedback Ventures. In the earlier round of bidding, four other offers worth Rs 51 crore, Rs 12 crore, Rs 10 crore and Rs 7.5 crore were received, apart from the bid from Akriti that eventually fizzled out.

Over-optimistic?

The concept of busopolis is derived from aerotropolis — mega airports of the kind coming up at Durgapur, near Kolkata. A similar airport project is in the pipeline for Ludhiana as well. Johar says he wants to develop busopolises in Patiala and Bathinda, too.

However, the project's commercial viability is doubtful considering that existing malls are running under-capacity in the Chandigarh region. But Johar is upbeat: "The terminus gives us an assured audience for the commercial complex. This will make our campus different from many others." Johar expects to close deals for the commercial towers even before commencing construction. He claims the project will break even within a year of launch. To fund the massive construction, Johar plans to raise Rs 500 crore by selling Rs 100 crore as space in the busopolis' commercial complex, Rs 250 crore as debt and Rs 150 crore as equity.

Company executives say talks are at advanced stages with the Future Group and Bharti-Wal-Mart to bring in retail outlets via revenue sharing models. Also, says Johar, "Talks are on with two groups for a four-star hotel. This will again be on a revenue-sharing model. We will own it and the group will operate it." Company executives hinted at discussions with the Hilton and Golden Tulip groups and the closure of a deal soon. When asked for confirmation, the Bharti Retail spokesperson said: "As a policy, we do not comment on specific real estate properties." Future Group and Hilton's spokespeople were not available for comment.

Meanwhile, Johar is pushing for more prospective tenants. "We are talking with several local players as well," says a company executive.

The Future Is Here

Another revenue-sharing deal has been inked with Cinopolis for a 10-screen multiplex featuring shows every 20 minutes, sprawled over 70,000 sq. ft and promoted as the largest in the country. Cinopolis, headquartered in Mexico, is the world's fifth-largest movie theatre company, operating more than 2,100 screens in eight countries. Rental has been fixed at Rs 40 per sq. ft for the initial two years, after which the revenue-sharing model comes into play.

The government has its own reasons to support the busopolis. "The government has plans to start more buses from Mohali, including AC and luxury buses," says the transport minister. "It will be a landmark for the state. No one in the country has it (a busopolis)." The state government also wants the proposed Mohali-Chandigarh-Panchkula metro to reach the terminus.

Since the location of the busopolis is on a designated national highway, other state buses are also expected to stop here. Mohali's relaxed building by-laws — compared to Chandigarh, which still goes by Le Corbusier's clearly delineated master plan — also work in Johar's favour.

"Besides, you cannot isolate Mohali. Our focus is on the entire region, which includes all major nearby towns, which has a total population of more than three million," says Johar.

Impressive plans, but it remains to be seen if such a huge commercial complex finds enough consumers to sustain in the long term, especially since state transport corporation bus travellers are hardly the kind of people to splurge in malls, cineplexes and four-star hotels.
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