

Velociti – Financial Planning & Break-Even Analysis

- **Number of ports (Year 1):** 5
- **Rides per port/day:** 150 → 750 rides/day total
- **Average ride duration:** 1 hour
- **Ride split:** 70% cycles (₹25/hour), 30% scooters (₹45/hour)
- **Memberships:** 500 users at ₹800/year
- **Corporate packages:** ₹3,00,000/year
- **Advertisement revenue:** ₹50,000/year
- **Government subsidy:** ₹2,00,000/year
- **Costs included:** Vehicle purchase, port setup, staff salaries, electricity, repairs, app/server costs

Scaling for Years 2 & 3:

Parameter	Year 2	Year 3
Ports	10	20
Rides per port/day	150	150
Total rides/day	1,500	3,000
Memberships	1,000	2,000
Corporate packages	₹6,00,000	₹12,00,000
Advertisement revenue	₹1,00,000	₹2,00,000
Government subsidy	₹4,00,000	₹6,00,000
Operating cost per port/year	₹4,40,000	₹4,40,000

2. Costs

(a) Initial Setup (One-Time – Year 1)

Item	Cost (₹)
Port setup ($5 \times ₹3,00,000$)	15,00,000
Cycles ($100 \times ₹5,000$)	5,00,000
Scooters ($50 \times ₹35,000$)	17,50,000
App + backend	7,00,000
Total Setup	44,50,000

(b) Operating Costs (Yearly)

Item	Cost (₹)
Staff salaries	15,00,000
Electricity (charging + ports)	2,00,000
Maintenance/repairs	3,00,000
Server/app upkeep	1,00,000
Marketing & misc.	1,00,000
Total Operating Costs	22,00,000

Note: Operating costs scale with number of ports from Year 2 onwards; setup costs are not repeated.

3. Revenue Calculation

- **Rides per year:** $150 \text{ rides} \times \text{ports} \times 365 \text{ days}$
- **Revenue per ride:** ₹25 for cycles, ₹45 for scooters
- **Other income:** memberships, corporate packages, advertisements, government subsidy

Revenue (Year 1)

Source	Amount (₹)
Cycle rides	47,90,625
Scooter rides	36,95,625
Memberships	4,00,000
Corporate packages	3,00,000
Advertisements	50,000
Govt subsidy	2,00,000
Total Revenue	1,01,36,250

Revenue (Year 2 & 3) scaled with ports and memberships as outlined above.

4. Profit / Loss

Year	Total Revenue (₹)	Total Costs (₹)	Profit (₹)
1	1,01,36,250	66,50,000	34,86,250
2	1,87,77,500	71,37,500	1,16,40,000
3	3,69,63,000	1,42,75,000	2,26,88,000

5. Break-Even Analysis

- Weighted average revenue per ride: $(70\% \times 25) + (30\% \times 45) = ₹31$
- Break-even rides: Total Costs $\div ₹31$

Year	Break-even rides	Actual rides/year	Comment
1	2,14,500	2,73,750	Achieved within ~9 months
2	1,41,935	5,47,500	Easily achieved
3	2,83,870	10,95,000	Easily achieved

6. Key Insights

- Setup investment: ₹44.5 lakh (Year 1)
- Year 1 becomes profitable (~₹34.8 lakh), break-even achieved in ~9 months
- Profit grows sharply with scale: Year 2 → ₹1.16 Cr, Year 3 → ₹2.27 Cr
- Memberships, corporate packages, and advertisements provide steady recurring income
- Risks like maintenance and theft can be managed with GPS, electronic locks, and guards
- Operating efficiency and careful port selection are critical for maximizing profit

Financial Glossary

Term	Definition	Estimated Value (Year 1)
Capital Expenditure (CapEx)	One-time setup investment to launch the business (ports, vehicles, app, licenses).	₹44,50,000
Operating Expenditure (OpEx)	Yearly running costs (staff, electricity, maintenance, app upkeep, marketing).	₹22,00,000/year

Term	Definition	Estimated Value (Year 1)
Revenue	Total money earned from rides, memberships, corporate packages, ads, and subsidies.	₹1,01,36,250
Profit (Net Income)	Money left after subtracting costs from revenue.	₹34,86,250
Break-Even Point (BEP)	When revenue covers all costs, i.e., no profit/loss. After this point, profit starts.	~2,14,500 rides/year (achieved in 9 months)
Cash Flow	Actual money movement in/out each month. Must stay positive to pay salaries and bills.	Positive (profit ensures extra liquidity)
Return on Investment (ROI)	Profit percentage compared to initial investment. $ROI = (\text{Profit} \div \text{CapEx}) \times 100\%$.	$(34.86 \div 44.5) \times 100 \approx 78\% \text{ in Year 1}$
Contingency Fund (Reserve Fund)	Safety money kept aside in case revenue falls short or unexpected expenses occur.	Recommended: ~10–15% of costs = ₹7–10 lakh
Fixed Costs	Expenses that don't change with ride count (staff, servers, rent, insurance).	~₹18,00,000/year
Variable Costs	Expenses that rise with usage (charging, maintenance, cleaning).	₹5/ride → ~₹13,68,750/year
Scalability	Ability to grow business (adding ports/vehicles) without costs increasing at the same rate.	High – profits grow sharply with more ports

✓ **Summary:** *Velociti* is financially viable even at 150 rides/day per port and scales strongly with additional ports, memberships, and corporate partnerships.