1. Income Expense

Soulstone Income & Expense Plan

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Overview

This document translates the business and financial context in `project.md`, `business-requirements.md`, and `timeline.md` into a pragmatic, runway-aligned income/expense plan. It uses the stated unit economics and market-standard Indian pricing for D2C e-commerce.

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Executive Snapshot

- Year 1 revenue target: ₹1.5 Cr (ref: Project.md 4.4)

- AOV: ₹1,800; Conversion: 3.5–4.5%; Gross margin (product): ~55% (ref: Project.md 4.1)

- Revenue mix: 70% product, 20% subscriptions, 10% workshops/events (ref: Project.md 2.5)

- Marketing spend: ~30% of revenue in early stage (ref: Project.md 4.1/2.7)

- Target runway: 18 months post-seed (₹1.5 Cr seed) (ref: Project.md 4.5/4.6)

- Strategy: Lean headcount ramp in Year 1 to protect runway; scale hiring as revenue grows.

Core Assumptions

- Demand: Year 1 monthly revenue ramp (■ Lakh): 5, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20 → ~■1.49–■1.50 Cr.

- Unit economics per order (AOV ■1,800):

- Product COGS: 45% (■810)

- Shipping + packaging: ~■105/order (■80 courier avg within India + ■25 packaging) ≈ 5.83% of GMV

- Payment gateway MDR (blended cards/UPI) + GST: ~2.1% of GMV (1.8% × 1.18 GST)

- Returns reserve (4% return rate, logistics/restocking impact): ~1.7% of GMV (~■30/order)

- Marketing: 30% of GMV in early stage

- Contribution margin after marketing ≈ 15.4% of revenue (baseline planning figure)

- Hiring: Year 1 prioritizes lean core (founders cover PM/Brand in early months), then stage■gated hires as revenue scales (ref: Project.md 7.1, Timeline.md).

- Infra/SaaS: AWS (Fargate/RDS/S3/CloudFront), email/SMS/WhatsApp, analytics, CI/CD, design/dev tools per market rates.

Revenue Plan (Year 1)

- Monthly GMV (■ Lakh): 5, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20

- Orders/month ≈ GMV ÷ 1,800 (e.g., ■5L → ~278 orders; ■20L → ~1,111 orders)

- Mix target by channel: 70% catalog sales, 20% subscriptions (grows from Q3), 10% workshops/events.

Unit Economics (Illustrative, per order)

Income Expense

- Revenue (AOV): ■1,800

- Less Product COGS (45%): ■810

- Less Shipping + Packaging (~5.83%): ~■105

- Less Payment (2.1%): ~■38

- Less Returns Reserve (~1.7%): ~■30

- Gross after variable ops (pre■marketing): ~■817 (~45.4%)

- Less Marketing (30%): ■540

- Contribution after marketing: ~■277 (~15.4%)

Expenses — Categorized

One■Time / Upfront (CapEx & Setup)

Market■standard estimates for India (■ Lakh): - Company incorporation, licenses, GST, basic policies/legal: 1.5 - Trademark/brand/IP filings (2 classes): 0.4 - Brand system, packaging dielines, launch creative shoot: 3.0 - Initial inventory buffer (≈6–8 weeks COGS): 8.0 - Packaging tooling/first bulk (boxes, fillers, labels): 0.8 - Photo/video gear + lightbox or studio rental pack: 1.0 - Laptops/peripherals for early team (mix new/refurb): 3.5 - Warehouse/security deposit + racking: 2.0 - Payment gateway/onboarding/compliance misc: 0.3 - Contingency (unplanned): 1.5 - Total upfront (rounded): ~22.0 Lakh

Recurring — Variable (scale with revenue)

- Product COGS: 45% of revenue (target GM ~55%)

- Shipping + Packaging: ~5.83% of revenue (■105/order at ■1,800 AOV)

- Payment MDR + GST: ~2.1% of revenue

- Returns reserve: ~1.7% of revenue

- Marketing & creators: 30% of revenue (front■loaded in Year 1 per GTM)

Recurring — Fixed (largely monthly, runway-aligned)

Lean baseline to sustain ~18-month runway; hires are staged. - Payroll (cash comp, excluding founders early): avg ~₹7.2 L/month in Y1 - Early months: 2 FS (SDE-2), 1 RN Mobile, 1 QA, 1 DevOps (PT/contract), 2 CX (PT) - Founders absorb PM/Brand until Q3; PM + Designer added in H2 - Bands (Bengaluru reference): SDE-2 ₹18–28 LPA, PM ₹18–28 LPA, Designer ₹12–20 LPA, Ops ₹8–14 LPA, CX ₹4–8 LPA (ref: Project.md 7.1) - Employer on-costs (PF/bonus/fees): ~10% of payroll (included in avg) - Cloud & Dev Tooling (AWS, CI/CD, analytics, email/SMS): avg ~₹1.2 L/month (ramps ₹1.0 → ₹1.6 L) - SaaS & Productivity (GWS/Slack/Figma/GitHub/Linear/Sentry): ~₹0.3–0.5 L/month (included above or itemized as needed) - Office/Warehouse rent & utilities: ~₹0.5–0.7 L/month (starter footprint + shared services) - Legal/compliance/audit (retainer): ~₹0.2 L/month - Misc/Travel/Community: ~₹0.3 L/month - Fixed opex baseline (blended average): ~₹9.4 L/month in Y1

Quarterly Hiring Ramp & Payroll (Per Role)

The table below lists indicative monthly cash compensation by role (cash component only; exclude ~10% employer on-costs). See Project.md 7.1 for bands; these cash figures target the lower-mid of bands with ESOPs to stay runway-friendly.

Per-role monthly cash (₹ L):

Role	Monthly Cash (₹ L)	Notes
SDE-2 (Full-stack)	1.20	ESOP mix to midpoint if needed
Mobile (React Native)	1.10	Similar to SDE-2 early stage
QA Engineer	0.70	Manual + automation blend
DevOps/Infra (0.5 FTE, contract)	0.70	Scales to 1.4 at 1.0 FTE
Product Manager	1.20	Founder covers until ramp
Product Designer	0.80	Visual + UX
Ops Associate	0.60	Vendor, supply/inventory

Income Expense

Role	Monthly Cash (■ L)	Notes
CX Associate	0.40	Rotational/weekend coverage
Performance Marketer	0.90	Can be contractor initially
Data Analyst	0.90	Q3+ ramp subject to gates
Vendor Manager	0.80	Q3+ ramp subject to gates

Quarterly headcount ramp (FTE; cash comp only):

Role	Q1	Q2	Q3	Q4
SDE■2 (Full■stack)	2	2	2	2
Mobile (React Native)	1	1	1	1
QA Engineer	1	1	1	1
DevOps/Infra (FTE)	0.5	0.5	0.5	0.5
Product Manager	0	0	1	1
Product Designer	0	0	1	1
Ops Associate	0	1	1	1
CX Associate	2	3	3	3
Performance Marketer	0	0	0	1
Data Analyst	0	0	0	0
Vendor Manager	0	0	0	0

Quarterly payroll subtotal (cash only; add ~10% for on■costs):

Income Expense

Quarter	Payroll Cash (■ L/mo)	+ On■Costs 10% (■ L/mo)	Notes
Q1	5.70	6.27	Founders cover PM/Brand; lean CX/DevOps
Q2	6.70	7.37	Add Ops + one CX to stabilize SLAs
Q3	8.70	9.57	Add PM + Designer; improve velocity/UX
Q4	9.60	10.56	Add Performance Marketer (growth focus)

Guidance - Average payroll cash across Y1 ≈ ■7.7 L/mo (≈ ■8.5–8.6 L incl. on■costs). To hit the earlier ~■7.2 L/mo average, either shift the PM/Designer/Marketer by one quarter or tilt further toward ESOPs/contracting in Q3–Q4. - All Q3+ additions are hiring■gate controlled: unlock only if contribution and CAC/LTV are on or ahead of plan.

Office Cost Sensitivity (City)

Baseline assumes Bengaluru. Sensitivity below shows typical monthly rent + utilities for a small office (6–8 cowork seats) plus micro■warehouse (~1,000 sq ft) in major Indian cities.

City	Office/Warehouse (■ L/mo)	Delta vs BLR (■ L)
Bengaluru (baseline)	0.60	—
Mumbai	0.90	+0.30
Delhi NCR	0.70	+0.10
Hyderabad	0.50	−0.10
Pune	0.50	−0.10
Chennai	0.55	−0.05

Income Expense

Notes - If HQ is Mumbai, fixed opex rises by ~■0.3 L/mo at identical footprint; conversely, Hyderabad/Pune reduce by ~■0.1 L/mo. - Use flexible warehousing (3PL) early to defer deposits; commit to dedicated space only when order density justifies it.

Year 1 P&L; Roll■Up (■ Lakh)

- Revenue (target): 150.0

- Variable costs (percent of revenue):

- Product COGS (45%): 67.5

- Shipping + Packaging (~5.83%): 8.7

- Payment MDR + GST (~2.1%): 3.2

- Returns reserve (~1.7%): 2.5

- Marketing (30%): 45.0

- Total variable: ~126.9

- Contribution margin (Revenue − Variable): ~23.1

- Fixed opex (9.4 L/month × 12): ~112.8

- EBITDA (Contribution − Fixed): ~−89.7

- Upfront (one■time): ~22.0

- Year 1 Net Cash Burn: ~111.7

- Seed cash left for runway after Y1 (assuming ■150 seed inflow and no other inflows): ~38.3

Notes - The above supports ~5 additional months of runway at the baseline net monthly burn (~■7–8 L after contribution) → ~17–18 months total runway, consistent with target. - Hiring beyond this model (e.g., the full 15–18 FTE org in Project.md) requires either higher Year 1 revenue, lower CAC, or more capital.

Month■By■Month (Concise View)

For each month, Contribution ≈ 15.4% × Revenue; Fixed ≈ ■9.4 L (avg); Net Burn ≈ Fixed – Contribution.

Month	Revenue (■ L)	Orders (~)	Contribution (■ L)	Fixed (■ L)	Net Burn (■ L)
M1	5	278	0.77	9.4	8.6
M2	7	389	1.08	9.4	8.3
M3	9	500	1.39	9.4	8.0
M4	10	556	1.54	9.6	8.1
M5	11	611	1.69	9.6	7.9
M6	12	667	1.85	9.8	8.0
M7	13	722	2.00	10.0	8.0
M8	14	778	2.16	10.2	8.0
M9	15	833	2.31	10.5	8.2
M10	16	889	2.46	10.8	8.3
M11	17	944	2.62	11.1	8.5
M12	20	1,111	3.08	11.8	8.7

Notes: Fixed opex grows modestly with hires and infra; exact ramp by quarter can be tuned.

What Counts As "Upfront" vs "Monthly"

- Upfront: legal setup, IP filings, brand/packaging design, initial inventory and packaging bulk, equipment, deposits, compliance onboarding, contingency.

- Monthly: salaries/on■costs, AWS + SaaS, rent/utilities, legal retainer, marketing (variable), logistics (variable), payment fees (variable), returns reserve (variable).

Market■Standard Pricing References (India)

- Shipping (surface/air) for ≤1 kg intra■zone: ■60–■120; packaging (box + fillers + label): ■20–■35.

- Payment MDR domestic blended: 0–1% UPI, 1.8–2.2% cards/wallets; GST applies on MDR.

- D2C early stage marketing: 25–35% of revenue (front■loaded), tapering with loyalty/referrals by Y2.

- Compensation bands (Bengaluru): SDE■2 ■18–28 LPA; PM ■18–28 LPA; Designer ■12–20 LPA; Ops ■8–14 LPA; CX ■4–8 LPA (ref: Project.md 7.1).

Risks & Sensitivities

- CAC creep or lower conversion → raises marketing %; guardrails via CAC/LTV gates.

- Shipping/returns volatility → monitor DIM weight, packaging optimization, and return reason codes.

- Subscription adoption slower/faster → impacts repeat purchase and CAC amortization.

- Hiring timing → strict gates tied to revenue contribution and runway checks.

Suggested Guardrails & KPIs

- Maintain LTV:CAC ≥ 8:1 (target 10:1 per plan); CAC ≤ ■500 by Q3.

- Keep product gross margin ≥ 55%; contribution after marketing ≥ 12% while scaling.

- Returns ≤ 4%; payment success ≥ 90%; checkout success ≥ 65% (ref: Project.md OKRs).

- Burn discipline: monthly runway review; hires unlocked only when contribution trend > plan.

Year 2 (Directional)

- Mix shifts: subscriptions to ~25–30% GMV; marketing % tapers toward 22–25% with loyalty/referrals.

- Infra/SaaS grows with traffic; unit costs fall with CDN/cache and negotiated courier slabs.

- Hiring expands toward the full org in Project.md; stage against revenue milestones and seed■to■A bridge.

Appendix: This model can be re■parameterized by changing AOV, CAC, marketing %, and headcount ramp to produce conservative/base/aggressive scenarios for board updates.

Version History

- v1.0 (2023-10-14) — Finalized: added status header, anchors, table of contents, and aligned terminology with project.md conventions.