

# Sanaul Dairy Farm

## Practical Cattle Farming



# Brief Bio of the Entrepreneur

- Name : Md. Sanaul Islam (Sajib)
- Address : Fokirpara, Ramna, Chilmari, Rangpur
- Mother : Mrs. Rotna Begum, Ramna, Chilmari, Centre # 7/Mo
- *(Grameen Bank Borrower)* : Member since January 26, 1997  
Existing loan - BDT 70,000, Outstanding- BDT 55,000
- Educational Qualification : H.S.C Pass
- Experience : Entrepreneur has 1 (One) year experience in livestock farming business through association with a family business.

# BUSINESS BRIEFING

- Proposed Business : ***Sanaul Dairy Farm***
- Location : In his residence
- Investment Required : **BDT 465,000**
- Financing :  
Entrepreneur - *Nil*  
Investor BDT- **465,000**
- **Implementation**

The project will start with 2 cows targeting break even within the first year & pay back period is estimated to be five years.

# Objectives

- Enhancement of entrepreneurial skills;
- Employment opportunities for others;
- Improving livelihood of the entrepreneur;
- Furthering the cause of improving nutrition in the community;
- Scopes for use of animal waste to produce biogas and fertilizer, thus furthering the cause of a better environment.

# INVESTMENT BREAKDOWN

Particulars	Existing Business (BDT)	Proposed (BDT)	Total (BDT)
Purchase of Cows	-	260,000	260,000
Cow Shed	-	120,000	120,000
Fixtures and Fittings	-	25,000	25,000
Feeding Bowls	-	16,000	16,000
Water Motor	-	20,000	20,000
Land lease for Grass	-	15,000	15,000
Feed & Others-Working Capital	-	9,000	9,000
<b>Total Required Capital</b>	<b>-</b>	<b>465,000</b>	<b>465,000</b>

# Means of finance

Particulars	Amount (BDT)	%
Entrepreneur's Contribution	0	0%
Investor's Investment	465,000	100%
<b>Total</b>	<b>465,000</b>	<b>100%</b>

# Financial Projection

Particulars	Year 1 (BDT)			Year 2 (BDT)			Year 3 (BDT)			Year 4 (BDT)			Year 5 (BDT)		
	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly
<b>Revenue</b>															
Milk sales	710	21,600	259,200	710	21,600	259,200	1,065	32,400	388,800	1,420	43,200	518,400	1,775	54,000	648,000
Calf sales	-	-	-	68	2,083	25,000	71	2,167	26,000	438	13,333	160,000	658	20,000	240,000
Cow dung	-	83	1,000	-	167	2,000	-	250	3,000	-	292	3,500	-	333	4,000
<b>Total Revenue</b>	<b>713</b>	<b>21,683</b>	<b>260,200</b>	<b>784</b>	<b>23,850</b>	<b>286,200</b>	<b>1,145</b>	<b>34,817</b>	<b>417,800</b>	<b>1,868</b>	<b>56,825</b>	<b>681,900</b>	<b>2,444</b>	<b>74,333</b>	<b>892,000</b>
<b>Less: Estimated Variable Expenses</b>															
Feed	329	10,000	120,000	329	10,000	120,000	658	20,000	240,000	986	30,000	360,000	986	30,000	360,000
Vaccine & Others Medicine	27	833	10,000	41	1,250	15,000	60	1,833	22,000	99	3,025	36,300	109	3,328	39,930
<b>Total Variable Cost</b>	<b>356</b>	<b>10,833</b>	<b>130,000</b>	<b>370</b>	<b>11,250</b>	<b>135,000</b>	<b>718</b>	<b>21,833</b>	<b>262,000</b>	<b>1,086</b>	<b>33,025</b>	<b>396,300</b>	<b>1,096</b>	<b>33,328</b>	<b>399,930</b>
<b>Contribution Margin (CM):</b>	<b>357</b>	<b>10,850</b>	<b>130,200</b>	<b>414</b>	<b>12,600</b>	<b>151,200</b>	<b>427</b>	<b>12,983</b>	<b>155,800</b>	<b>782</b>	<b>23,800</b>	<b>285,600</b>	<b>1,348</b>	<b>41,006</b>	<b>492,070</b>
<b>Less: Fixed Cost</b>															
Electricity	-	400	4,800	-	400	4,800	-	440	5,280	-	484	5,808	-	532	6,389
Salary (Self)	-	2,500	30,000	-	2,500	30,000	-	2,500	30,000	-	2,500	30,000	-	2,500	30,000
Land Lease for grass	-	1,250	15,000	-	1,667	20,000	-	1,667	20,000	-	1,667	20,000	-	1,667	20,000
Ownership Transfer fees	-	667	8,000	-	1,000	12,000	-	1,000	12,000	-	1,000	12,000	-	2,383	28,600
Depreciation	-	2,017	24,200	-	2,017	24,200	-	2,017	24,200	-	2,017	24,200	-	2,017	24,200
<b>Total Fixed Cost</b>	<b>-</b>	<b>6,833</b>	<b>82,000</b>	<b>-</b>	<b>7,583</b>	<b>91,000</b>	<b>-</b>	<b>7,623</b>	<b>91,480</b>	<b>-</b>	<b>7,667</b>	<b>92,008</b>	<b>-</b>	<b>9,099</b>	<b>109,189</b>
<b>Net Profit</b>			<b>48,200</b>			<b>60,200</b>			<b>64,320</b>			<b>193,592</b>			<b>382,881</b>
<b>Cumulative Profit</b>			<b>48,200</b>			<b>108,400</b>			<b>172,720</b>			<b>366,312</b>			<b>749,193</b>

# Break Even Analysis

Particulars	Monthly	Yearly
<b>Contribution Margin Ratio: (CM/Rev)</b>	50%	50%
<b>Break Even Point (BEP):</b>		
Fixed Cost	<u>6,833</u>	<u>82,000</u>
C/M Ratio	50%	50%
<b>Break Even Point Sales (in BDT)</b>	<b>13,656</b>	<b>163,874</b>



# Cash Flow

<i>Particulars</i>	<i>Year 1 (BDT)</i>	<i>Year 2 (BDT)</i>	<i>Year 3 (BDT)</i>	<i>Year 4 (BDT)</i>	<i>Year 5 (BDT)</i>
<b>Cash Inflow</b>					
New Investment	465,000	-	-	-	-
Net Profit	56,200	72,200	76,320	205,592	411,481
Depreciation	24,200	24,200	24,200	24,200	24,200
Opening Balance of Cash Surplus	-	32,400	56,800	85,320	195,112
<b>Total Cash Inflow</b>	<b>545,400</b>	<b>128,800</b>	<b>157,320</b>	<b>315,112</b>	<b>630,793</b>
<b>Cash Outflow</b>					
Purchase of Cows	260,000	-	-	-	-
Cow Shed	120,000	-	-	-	-
Fixtures and Fittings	25,000	-	-	-	-
Feeding Bowls	16,000	-	-	-	-
Water Motor	20,000	-	-	-	-
Land lease for Grass	15,000	-	-	-	-
Feed & Others-Working Capital	9,000	-	-	-	-
Investment Pay Back	48,000	72,000	72,000	120,000	228,000
<b>Total Cash Outflow</b>	<b>513,000</b>	<b>72,000</b>	<b>72,000</b>	<b>120,000</b>	<b>228,000</b>
<b>Total Cash Surplus</b>	<b>32,400</b>	<b>56,800</b>	<b>85,320</b>	<b>195,112</b>	<b>402,793</b>

# Owners' Equity statement

Particulars	1st Year	2nd Year	3rd Year	4th Year	5th Year
	Amount in BDT	Amount in BDT	Amount in BDT	Amount in BDT	Amount in BDT
Entrepreneur's share	-	48,200	108,400	172,720	366,312
Investor's share	450,000	410,000	350,000	290,000	190,000
<b>Total Investment</b>	<b>450,000</b>	<b>458,200</b>	<b>458,400</b>	<b>462,720</b>	<b>556,312</b>
Add: Net Profit	48,200	60,200	64,320	193,592	382,881
<b>Ending Owners' Equity before payback to Investor</b>	<b>498,200</b>	<b>518,400</b>	<b>522,720</b>	<b>656,312</b>	<b>939,193</b>
Less: Payback to Investor	40,000	60,000	60,000	100,000	190,000
<b>Ending Owners' Equity</b>	<b><u>458,200</u></b>	<b><u>458,400</u></b>	<b><u>462,720</u></b>	<b><u>556,312</u></b>	<b><u>749,193</u></b>
<b>Increase in Entrepreneurs' share</b>					<b><u>749,193</u></b>

# Outcomes

- The business will start with 2 cows and it is expected that by the end of five years the number of cows will be 5 and its value will be about **BDT 749,193.**
- Milk production is estimated to be 13 to 15 lit./day/cow and will increase gradually with the increase in the number cows.
- Other than sales of milk revenue will be generated from selling calves, cow dung etc.

# Bio Gas Plant

- To be installed at the 7<sup>th</sup> year when stock reaches 10
- 200 kilos of dung/day
- 7 feet plant
- Cost of Plant BDT 120,000.00
- Cost of Generator BDT 40,000.00
- Power Generation 2,000 Watts (3 to 4 hours/day)

# Risk Factors

- Epidemics
- Theft
- Unavailability of food.

# Risk Management

- Adequate precaution to be taken
- Proper security measures will be taken
- Adequate food needs to be stored in case of shortage

# Thank You

