

Shahara Medicine Corner

BRIEF BIO OF THE ENTREPRENEUR

Name	:	Saiful Islam
Age	:	32 years
Address	:	Vill: Horishor, Union: 5 # Balapara, Post: Kaunia, Upazila : Kaunia, District: Rangpur
Mother <i>(Grameen Bank Borrower)</i>	:	Mrs. Shahara Banu Balapara, Centre # 21/Mo, Loan no.: 2688, Member since 2004 Existing Loan –28,000 and Outstanding- 13,732
Education	:	BSC
Experience	:	10 years experience in the business of veterinary medicine. It was started by himself and the start up capital was BDT 7,000 and now it's value is about BDT 385,000.

BUSINESS Briefing

Business Name	<i>Shahara Medicine Corner</i>
Shop location	Thana Road, Kaunia, Rangpur
Total Investment:	<input type="checkbox"/> Self BDT 385,000 (from existing business) <input type="checkbox"/> Required Investment BDT 200,000 (as equity)
Implementation:	
<p>The business is planned to be scaled up by retailing veterinary medicine targeting break even point within the first year & pay back period is estimated to be four years.</p>	

Objectives

- Become a prominent Nobin Udyokta;
- Well establishing as an entrepreneur;
- Create employment opportunities especially for family members of Grameen Bank Borrowers ;
- Provide quality medicine to meet demand in the community;
- Contribute in improving socio-economic condition.

Additional Information:

- Salary will be used for his family expenses;
- He has trade license & ownership in his own name;
- Credit sales are realized in a timely manner;
- Maintains regular records of business transactions
- He has to provide GB loan from his running business income

Investment Breakdown

Particulars	Existing Business (BDT)	Proposed (BDT)	Total (BDT)
Investment in Goods	300,000	200,000	500,000
Furniture, Fixtures & Decoration	60,000	-	60,000
Advance Rent for Shop	25,000	-	25,000
Total Capital	385,000	200,000	585,000

Means of Finance

Particulars	Amount (Tk.)	%
Entrepreneur's Contribution	385,000	66%
Investor's Investment	200,000	34%
Total	585,000	100%

Existing Business

Particulars	Existing Business (BDT)		
	Daily	Monthly	Yearly
Estimated sales revenue	4,400	114,400	1,372,800
Total Sales (A)	4,400	114,400	1,372,800
Calculation of Variable Cost:			
<i>Less: Variable Cost:</i>			
Estimated cost of sale	3,740	97,240	1,166,880
Total Variable Cost (B)	3,740	97,240	1,166,880
Contribution Margin (CM) [C=(A-B)]	660	17,160	205,920
<i>Less: Fixed Cost:</i>			
Electricity bill		430	5,160
Salary- own		12,000	144,000
Generator Bill		100	1,200
Transport		400	4,800
Entertainment		400	4,800
Others		300	3,600
Depreciation Expenses		1,000	12,000
Ownership Transfer Fees		-	-
(D) Total Fixed Cost	488	14,630	175,560
(C-D)Net Profit:		2,530	30,360

Key assumptions for forecasting

- Sales growth will be 40% in 1st year and 10% in every year after introducing additional investment.
- Gross Profit on products is estimated to be 15% on an average.
- Depreciation has been charged on fixed assets at the rate of 20%.

Financial Projection

Particulars	Year 1 (BDT)			Year 2 (BDT)			Year 3 (BDT)			Year 4 (BDT)		
	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly
Estimated sales revenue	6,160	160,160	1,921,920	6,776	176,176	2,114,112	7,454	193,794	2,325,523	8,199	213,173	2,558,076
Total Sales (A)	6,160	160,160	1,921,920	6,776	176,176	2,114,112	7,454	193,794	2,325,523	8,199	213,173	2,558,076
Calculation of Variable Cost:												
Less: Variable Cost:												
Estimated cost of sale	5,236	136,136	1,633,632	5,760	149,750	1,796,995	6,336	164,725	1,976,695	6,969	181,197	2,174,364
Total Variable Cost (B)	5,236	136,136	1,633,632	5,760	149,750	1,796,995	6,336	164,725	1,976,695	6,969	181,197	2,174,364
Contribution Margin (CM) [924	24,024	288,288	1,016	26,426	317,117	1,118	29,069	348,828	1,230	31,976	383,711
Less: Fixed Cost:												
Electricity bill		430	5,160		530	6,360		530	6,360		580	6,960
Salary- own		12,000	144,000		13,000	156,000		13,000	156,000		14,000	168,000
Generator Bill		100	1,200		100	1,200		150	1,800		150	1,800
Transport		400	4,800		500	6,000		550	6,600		600	7,200
Entertainment		400	4,800		500	6,000		550	6,600		600	7,200
Others		300	3,600		300	3,600		300	3,600		300	3,600
Depreciation Expenses		1,000	12,000		1,000	12,000		1,000	12,000		1,000	12,000
Ownership Transfer Fees		-	-		833	10,000		833	10,000		1,667	20,000
(D) Total Fixed Cost		14,630	175,560		16,763	201,160		16,913	202,960		18,897	226,760
(C-D) Net Profit:		9,394	112,728		9,663	115,957		12,156	145,868		13,079	156,951
Cumulative Net Profit:			112,728			228,685			374,553			531,505

Break Even Point analysis

Particulars	Monthly	Yearly
Contribution Margin Ratio: (CM/Sales)	15%	15%
Break Even Point (BEP):	14,630	175,560
	15%	15%
Break Even Point (in Tk.)	97,533	1,170,400

Cash flow (Rec. & Pay.)

<i>Particulars</i>	<i>Year 1 (BDT)</i>	<i>Year 2 (BDT)</i>	<i>Year 3 (BDT)</i>	<i>Year 4 (BDT)</i>
Cash Inflow				
Investment Infusion by Investor	200,000	-	-	-
Net Profit (Ownership Tr. Fee added back)	112,728	125,957	155,868	176,951
Depreciation	12,000	12,000	12,000	12,000
Opening Balance of Cash Surplus	-	110,996	188,953	296,821
Total Cash Inflow	324,728	248,953	356,821	485,773
Cash Outflow				
Purchase of Product	200,000	-	-	-
Payment of Grameen Bank Loan	13,732			
Investment Pay Back (Including Ownership Tr. Fee)	-	60,000	60,000	120,000
Total Cash Outflow	213,732	60,000	60,000	120,000
Total Cash Surplus	110,996	188,953	296,821	365,773

Outcomes

- The business will start with BDT **585,000** and it is expected that by the end of four years after payback of investor's money the entrepreneur's capital will be BDT **916,000**.
- The business will serve the community by selling quality and in demand products and strive to improve every year.

Risk Factors

- Theft
- Local competition
- Political unrest

Risk Management

- Adequate precautions to be taken
- Close market watch to compete

Pictures







Thank You