

Dip Metal Engineering Workshop



BRIEF BIO OF THE ENTREPRENEUR

Name	:	Sree Satish Chandra Barmon
Marital status	:	Married, Child/ren: 1 son
Age	:	21 years
Address	:	Vill: Mithapukur, Union+Post: 14 no. Durgapur, Upazila : Mithapukur, District: Rangpur
Father	:	Sree Gojen Chandra Barmon
Mother <i>(Grameen Bank Borrower)</i>	:	Mrs. Rani Bala Branch: Mithapukur, Centre # 21/MO, Loan no.: 3051/1, Member since 1990 Existing Loan –14,000 (loan used for her son’s business), Outstanding- 8,030. Other loan: Nil
Proposed salary and utilization	:	Salary Tk. 5,500, will be used to meet his own & family expenses.
GB loan payback	:	He has to provide GB loan installment from his business.
Education	:	Class Five
Experience	:	12 years work experience in a metal shop. He started his own business for six months. The start up capital was BDT 130,000 and now it’s value is about BDT 150,000 .
Source	:	Grameen Telecom Trust

Existing Business

Particulars	Existing Business (BDT)		
	Daily	Monthly	Yearly
Estimated sales revenue	1,615	42,000	504,000
Total Sales (A)	1,615	42,000	504,000
Calculation of Variable Cost:			
<i>Less: Variable Cost:</i>			
Estimated cost of Products (labor)	1,228	31,920	383,040
Total Variable Cost (B)	1,228	31,920	383,040
Contribution Margin (CM) [C=(A-B)]	388	10,080	120,960
<i>Less: Fixed Cost:</i>			
Electricity bill		1,000	12,000
Generator bill		150	1,800
Shop Rent-		1,500	18,000
Salary- own		5,000	60,000
Others		600	7,200
GB loan Interest		146	597
Depreciation Expenses		438	5,250
(D) Total Fixed Cost	294	8,834	104,847
(C-D)Net Profit:		1,247	16,113

Proposed Business Briefing

- Business Name : ***Dip Metal Engineering Workshop***
- Shop location: Mithapukur Bus stand, Rangpur
- Total Investment: **BDT 275,000**

Financing:

- ❖ Self **BDT 150,000** (from existing business)
 - ❖ Required Investment **BDT 125,000** (as equity)
- **Implementation:**

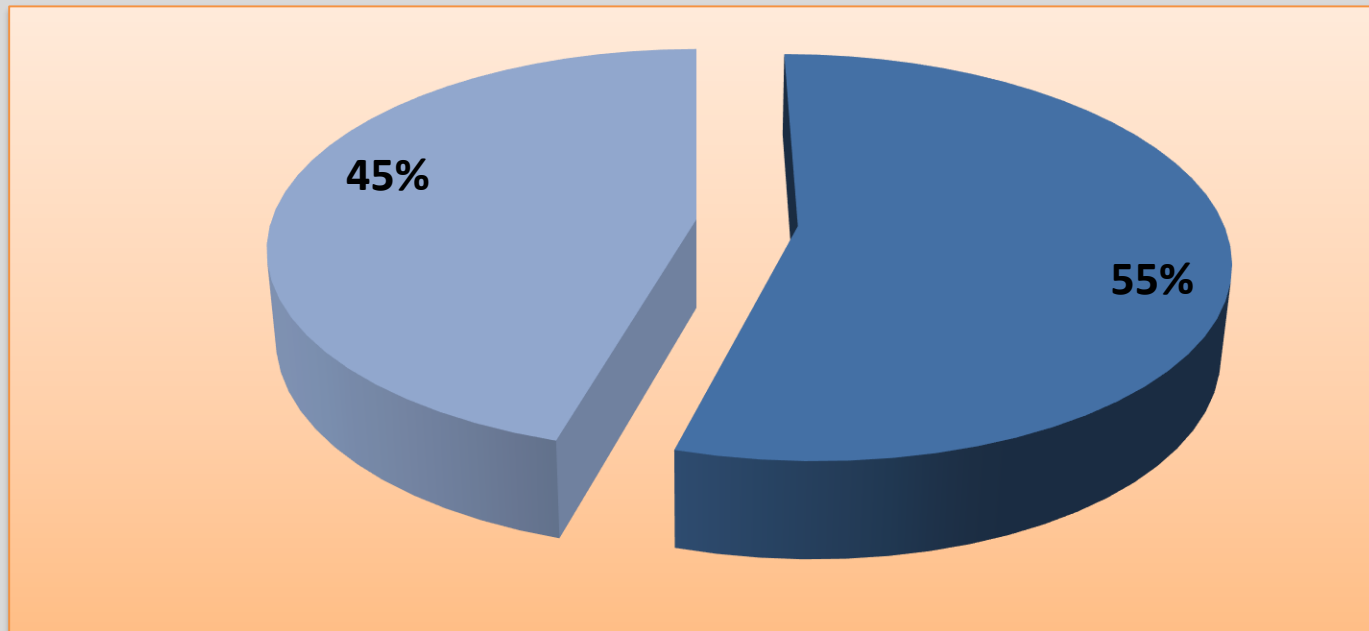
The business is planned to be scaled up by investment in ready made products such as steel furniture. The targeting break even point is within the **first year** & pay back period is estimated to be **three years**.

Investment Breakdown

Particulars	Existing Business (BDT)	Proposed (BDT)	Total (BDT)
Investment in Goods-Plain Sheet, Angle, Flat Bar	2,000	30,000	32,000
Ready Made Furniture-Steel Almira/Dressing Table	40,000	30,000	70,000
Ready Made Furniture-Rack/Self/Shocase	10,000	16,000	26,000
Ready Made Furniture-Drum/Trunk	13,000	24,000	37,000
Welding Machine	20,000	-	20,000
Tools	7,000	-	7,000
Drill Machine (Crown HD, China)	-	15,000	15,000
Spray Machine (Crown, China)	8,000	10,000	18,000
Advance for Shop	50,000	-	50,000
Total Capital	150,000	125,000	275,000

Source of Finance

- Entrepreneur's Contribution BDT 150,000
- Investor's Investment BDT 125,000



Key assumptions for forecasting

- Sales growth will be about 40% in 1st year and 15% in every year after introducing additional investment.
- Gross Profit on products is estimated to be 24% on an average.
- Depreciation has been charged on fixed assets at the rate of 15%.

Financial Projection

Particulars	Year 1 (BDT)			Year 2 (BDT)			Year 3 (BDT)		
	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly
Estimated sales revenue	2,262	58,800	705,600	2,601	67,620	811,440	2,991	77,763	933,156
Total Sales (A)	2,262	58,800	705,600	2,601	67,620	811,440	2,991	77,763	933,156
Calculation of Variable Cost:									
<i>Less: Variable Cost:</i>									
Estimated cost of Products (labor)	1,719	44,688	536,256	1,977	51,391	616,694	2,273	59,100	709,199
Total Variable Cost (B)	1,719	44,688	536,256	1,977	51,391	616,694	2,273	59,100	709,199
Contribution Margin (CM) [C=(A-B)]	543	14,112	169,344	624	16,229	194,746	718	18,663	223,957
<i>Less: Fixed Cost:</i>									
Electricity bill		1,500	18,000		2,000	24,000		2,500	30,000
Generator bill		150	1,800		150	1,800		150	1,800
Shop Rent-		1,500	18,000		1,500	18,000		1,500	18,000
Salary- own		5,500	66,000		5,500	66,000		5,500	66,000
Others		600	7,200		600	7,200		600	7,200
GB loan Interest		146	803		-	-		-	-
Depreciation Expenses		604	7,250		604	7,250		604	7,250
Ownership Transfer Fees		-	-		833	10,000		1,250	15,000
(D) Total Fixed Cost		10,000	119,053		11,188	134,250		12,104	145,250
(C-D) Net Profit:		4,112	50,291		5,041	60,496		6,559	78,707
Cumulative Net Profit:			50,291			110,787			189,494

Cash flow (Rec. & Pay.)

<i>Particulars</i>	<i>Year 1 (BDT)</i>	<i>Year 2 (BDT)</i>	<i>Year 3 (BDT)</i>
Cash Inflow			
Investment Infusion by Investor	125,000	-	-
Net Profit (Ownership Tr. Fee added back)	48,541	68,746	91,957
Depreciation	9,000	9,000	9,000
Opening Balance of Cash Surplus	-	49,511	67,257
Total Cash Inflow	182,541	127,257	168,214
Cash Outflow			
Purchase of Product	100,000	-	-
Investment in new Equipments	25,000	-	-
Payment of Grameen Bank Loan	8,030		
Investment Pay Back (Including Ownership Tr. Fee)	-	60,000	90,000
Total Cash Outflow	133,030	60,000	90,000
Total Cash Surplus	49,511	67,257	78,214

Break Even Point analysis

Particulars	Monthly	Yearly
Contribution Margin Ratio: (CM/Sales)	24%	24%
Break Even Point (BEP):	10,000	119,053
	24%	24%
Break Even Point (in Tk.)	41,667	496,054

SWOT Analysis

STRENGTH

- Employment-Self 1, family 0, Other 1
- Entrepreneur's Experience (12Y)
- Trade license & ownership in his own name
- Maintains regular business records

WEAKNESS

- New shop

OPPORTUNITIES

- Less competition
- Location in Thana headquarter
- Increasing customer trends for metal furniture
- The capital of Entrepreneur will be Tk. 3,39,000 after 3 years.

THREATS

- Fire ;
- Negative political trends.

Pictures







Thank You