

Gulshan Motors



Brief Bio of the Entrepreneur

• Name	: Md. Arman Hossain Age: 27 years Marital status: Married, Children: Nil
• Address	: Vill: Horipur, Post: Shatibari, Union Parishad: Shatibari, Upazila: Mithapukur, Dist: Rangpur
• Mother (Grameen Bank Borrower)	: Mst. Gulshan Ara Begum Loan No: 6658 Center : 28/mo Branch Name: Shatibari Member since: 20/09/1999 Existing loan-BDT 25,000 Outstanding balance-BDT 20,000.
• Educational Qualification	: B.S.S pass
• Experience	: Entrepreneur has 08 (eight) years experience in motor parts trading business through association with father. Business has started in 2013 with BDT 150,000. Now its value BDT 350,000.

BUSINESS BRIEFING

• Business Name	:	<i>Gulshan Motors</i>
• Location	:	Shatibari Bazar, Mithapukur, Rangpur.
• Total Investment	:	BDT 750,000/-
• Financing	:	<ul style="list-style-type: none">➤ Entrepreneur BDT- 350,000/-(Existing Business)➤ Investor BDT- 400,000/-(As Equity)
• Implementation	:	
<p>The business will scale up with different items of motor vehicle such as tire, tube, mobil & other parts etc. It targets to break even point within first year and pay back period is estimated to be four years.</p>		

Objectives

- Enhancement of entrepreneurial skills
- Employment opportunities for others
- Improving livelihood of the entrepreneur
- Become a prominent Nobin Udyokta

Additional Information:

- Salary will be used for his family expenses;
- He has to provide GB loan from his running business income;
- He has trade license & ownership in his own name;
- He has no other assets and liabilities;

INVESTMENT BREAKDOWN

Particulars	Existing Business (BDT)	Proposed (BDT)	Total (BDT)
Investment in Working Capital (tyre, tube, Mobil & other Parts)	300,000	400,000	700,000
Investment in Decoration	50,000	-	50,000
Total Capital	350,000	400,000	750,000

Means of Finance

Particulars	Amount (BDT)	%
Entrepreneur's Contribution	350,000	47%
Investor's Investment	400,000	53%
Total	750,000	100%

Existing Business

Particulars	EB (BDT)		
	Daily	Monthly	Yearly
Estimated Sales of Product	5,000	130,000	1,560,000
Total Sales (A)	5,000	130,000	1,560,000
Less: Variable Cost:			
Est. Cost of Product	4,250	110,500	1,326,000
Total Variable Cost (B)	4,250	110,500	1,326,000
Contribution Margin (CM) [C=(A-B)]	750	19,500	234,000
Less: Fixed Cost:			
Shop Rent (Self)	-	-	-
Salary (Self)		5,000	60,000
Electricity bill		600	7,200
Entertainment Expenses		600	7,200
Ownership Transfer Fee		-	-
Depreciation Expenses		417	5,000
Transportation Cost		600	7,200
Night Guard bill		100	1,200
Generator Bill		100	1,200
Others Expenses		600	7,200
(D) Total Fixed Cost		8,017	96,200
(C-D) Net Profit:		11,483	137,800

Key Assumptions:

- Sales and Servicing revenue growth will be 70% in 1st year of injecting additional investment and 10% thereafter.
- Gross profit margin is calculated @ 15% on an average.
- Depreciation is charged @ 10% on fixtures & fittings.
- Shop rent is not charged because it is his own property.

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 of Product	8,500	221,000	2,652,000	9,350	243,100	2,917,200	10,285	267,410	3,208,920	11,314	294,151	3,529,812
Total Sales (A)	8,500	221,000	2,652,000	9,350	243,100	2,917,200	10,285	267,410	3,208,920	11,314	294,151	3,529,812
Less: Variable Cost:												
Est. Cost of Product	7,225	187,850	2,254,200	7,948	206,635	2,479,620	8,742	227,299	2,727,582	9,616	250,028	3,000,340
Total Variable Cost (B)	7,225	187,850	2,254,200	7,948	206,635	2,479,620	8,742	227,299	2,727,582	9,616	250,028	3,000,340
Contribution Margin (CM) [C=(A-B)]	1,275	33,150	397,800	1,403	36,465	437,580	1,543	40,112	481,338	1,697	44,123	529,472
Less: Fixed Cost:												
Shop Rent (Self)		-	-		-	-		-	-		-	-
Salary (Self)		6,000	72,000		6,500	78,000		7,500	90,000		8,500	102,000
Electricity bill		650	7,800		700	8,400		750	9,000		800	9,600
Entertainment Expenses		700	8,400		800	9,600		900	10,800		1,000	12,000
Ownership Transfer Fee		-	-		1,667	20,000		2,333	28,000		2,667	32,000
Depreciation Expenses		417	5,000		417	5,000		417	5,000		417	5,000
Transportation Cost		600	7,200		800	9,600		1,000	12,000		1,200	14,400
Night Guard bill		100	1,200		100	1,200		100	1,200		100	1,200
Generator Bill		100	1,200		100	1,200		100	1,200		100	1,200
Others Expenses		700	8,400		800	9,600		900	10,800		1,000	12,000
(D) Total Fixed Cost	-	9,267	111,200	-	11,884	142,600	-	14,000	168,000	-	15,784	189,400
(C-D)Net Profit:		23,883	286,600		24,581	294,980		26,111	313,338		28,339	340,072
Cumulative Net Profit:		286,600			581,580			894,918			1,234,990	

Break even analysis

Particulars	Monthly	Yearly
Contribution Margin Ratio: (CM/Sales)	15%	15%
Break Even Point (BEP):	9,267	111,200
	15%	15%
Break Even Point (BDT)	61,780	741,333

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 Entrepreneur's	-	-	-	-
Investment Infusion by Investor's	400,000	-	-	-
Net Profit (ownership transfer fee added back)	286,600	314,980	341,338	372,072
Depreciation Expenses	5,000	5,000	5,000	5,000
Opening Balance of Cash Surplus	-	271,600	471,580	649,918
Total Cash Inflow	691,600	591,580	817,918	1,026,990
Cash Outflow				
Payment for Working Capital (tyre, Tube, Mobil & Motor Parts)	400,000	-	-	-
Payment of Grameen Bank Outstanding Loan	20,000	-	-	-
Investment Pay Back (including ownership transfer fee)	-	120,000	168,000	192,000
Total Cash Outflow	420,000	120,000	168,000	192,000
Total Cash Surplus	271,600	471,580	649,918	834,990

Outcomes

- The business will scale up with **BDT 750,000** and it is expected that by the end of four (04) years after payback of investor's money the entrepreneur's capital will be **BDT 1,585,000**.
- The business will serve the local and running people by selling quality and in demand motor products and strive to improve every year.

Risk Factors

- Theft
- Fire
- Local competition
- Political unrest

Risk Management

- Adequate precautions to be taken
- Arranging fire extinguisher (if possible), sand and water.
- Close market watch to compete

Pictures





Thank You

