

Proxima Oil Company



BRIEF BIO OF THE ENTREPRENEUR

Name	:	G M Humayun Kabir Hira
Age	:	33 years
Address	:	Purbo Barandi Para grave yard Upazila Sadar, District: Jessore
Mother <i>(Grameen Bank Borrower)</i>	:	Halima Begum Fatehpur, Centre # 4/Mo, Group 4 Loan no.: 3221, Member since 2010 Existing Loan –Nil
Education	:	BA
Experience	:	3 (Three) years experience in the business of trading lubricant and gear oil. Entrepreneur started his career as a service holder in Focus Mobil and worked for seven years. He started business with BDT 11,00,000 as capital and now it's value is about BDT 15,15,000.

BUSINESS Briefing

- Business Name : *Proxima Oil Company*
- Shop location: Purbo Barandi Para Bottola, Jessore Shador
- Total Investment: **BDT 2,015,000**

Financing:

- ❖ Self BDT 1,515,000 (from existing business)
- ❖ Required Investment BDT 500,000 (as equity)
- **Implementation:**

The business is planned to be scaled up by wholesaling and retailing lubricant and gear oil targeting break even point within the **first year** & pay back period is estimated to be **four years**.

Objectives



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

Additional Information:

- **Salary will be used for his family expenses;**
- **Two people will be employed in this business;**
- **He has trade license & ownership in his own name;**
- **Credit sales are realized in a timely manner;**
- **Maintains regular records of business transactions**
- **Business have seasonal effects (Irrigation of Paddy)**

Investment Breakdown



Particulars	Existing Business (BDT)	Proposed (BDT)	Total (BDT)
Investment in Goods-Lubricant	400,000	345,000	745,000
Investment in Goods-Gear Oil	45,000	-	45,000
Sundry Debtor- Outstanding	800,000		800,000
Investment in Indirect Material (Cartoon, Pack, Stiker)	247,000	120,000	367,000
Furniture, Fixtures & Decoration	18,500	-	18,500
Investment in Equipment	4,500	35,000	39,500
Total Capital	1,515,000	500,000	2,015,000

Means of Finance

Particulars		
Entrepreneur's Contribution		
Investor's Investment		

Existing Business

Particulars	Existing Business (BDT)		
	Daily	Monthly	Yearly
Estimated sales revenue	10,962	285,000	3,420,000
Total Sales (A)	10,962	285,000	3,420,000
Calculation of Variable Cost:			
Less: Variable Cost:			
Estimated cost of sale	9,208	239,400	2,872,800
Total Variable Cost (B)	9,208	239,400	2,872,800
Contribution Margin (CM) [C=(A-B)]	1,754	45,600	547,200
Less: Fixed Cost:			
Electricity bill		850	10,200
Salary- own		10,000	120,000
Salary- employee (2)		9,000	108,000
Entertainment		2,000	24,000
Others		1,000	12,000
Depreciation Expenses		383	4,600
Ownership Transfer Fees		-	-
(D) Total Fixed Cost	774	23,233	278,800
(C-D)Net Profit:		22,367	268,400

Key assumptions for forecasting



- Sales growth will be 20% in 1st year and 15% in every year after introducing additional investment.
- Gross Profit on products is estimated to be 16% on an average.
- Salary of entrepreneur will be increased every year within the range of 10% to 15%.
- 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	13,154	342,000	4,104,000	15,127	393,300	4,719,600	17,396	452,295	5,427,540	20,005	520,139	6,241,671
Total Sales (A)	13,154	342,000	4,104,000	15,127	393,300	4,719,600	17,396	452,295	5,427,540	20,005	520,139	6,241,671
Calculation of Variable Cost:												
<i>Less: Variable Cost:</i>												
Estimated cost of sale	11,049	287,280	3,447,360	12,707	330,372	3,964,464	14,613	379,928	4,559,134	16,804	436,917	5,243,004
Total Variable Cost (B)	11,049	287,280	3,447,360	12,707	330,372	3,964,464	14,613	379,928	4,559,134	16,804	436,917	5,243,004
Contribution Margin (CM) [C=(A-B)]	2,105	54,720	656,640	2,420	62,928	755,136	2,783	72,367	868,406	3,201	83,222	998,667
<i>Less: Fixed Cost:</i>												
Electricity bill		850	10,200		950	11,400		1,050	12,600		1,150	13,800
Salary- own		10,000	120,000		11,000	132,000		12,000	144,000		13,000	156,000
Salary- employee (2)		9,000	108,000		10,000	120,000		10,000	120,000		10,000	120,000
Entertainment		2,000	24,000		2,100	25,200		2,150	25,800		2,200	26,400
Others		1,000	12,000		1,000	12,000		1,000	12,000		1,000	12,000
Depreciation Expenses		967	11,600		967	11,600		967	11,600		967	11,600
Ownership Transfer Fees		-	-		2,500	30,000		2,500	30,000		3,333	40,000
(D) Total Fixed Cost		23,817	285,800		28,517	342,200		29,667	356,000		31,650	379,800
(C-D) Net Profit:		30,903	370,840		34,411	412,936		42,701	512,406		51,572	618,867
Cumulative Net Profit:			370,840			783,776			1,296,182			1,915,050

Break Even Point analysis



Particulars	Monthly	Yearly
Contribution Margin Ratio: (CM/Sales)	16%	16%
Break Even Point (BEP):	23,817	285,800
	16%	16%
Break Even Point (in Tk.)	148,854	1,786,250

Cash flow (Rec. & Pay.)

<i>Particulars</i>	<i>Existing Business(BDT)</i>	<i>Year 1 (BDT)</i>	<i>Year 2 (BDT)</i>	<i>Year 3 (BDT)</i>	<i>Year 4 (BDT)</i>
Cash Inflow					
New Investment Infusion by Investor's	-	500,000	-	-	-
Net Profit (ownership transfer fee added back)	268,400	370,840	442,936	542,406	658,867
Depreciation	4,600	11,600	11,600	11,600	11,600
Opening Balance of Cash Surplus	-	273,000	655,440	929,976	1,303,982
Total Cash Inflow	273,000	1,155,440	1,109,976	1,483,982	1,974,450
Cash Outflow					
Purchase of Product	-	345,000	-	-	-
Investment in Indirect Material (Cartoon, Pack, Stiker)	-	120,000	-	-	-
Investment in Equipment	-	35,000	-	-	-
Investment Pay Back (including ownership transfer fee)	-	-	180,000	180,000	240,000
Total Cash Outflow	-	500,000	180,000	180,000	240,000
Total Cash Surplus	273,000	655,440	929,976	1,303,982	1,734,450

Outcomes

- The business will start with BDT **20,15,000** and it is expected that by the end of four years after payback of investor's money the entrepreneur's capital will be BDT **34,30,000**.
- The business will serve the community by selling quality and in demand products and strive to improve every year.

Risk Factors



- Theft
- Local competition
- Fire
- 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