

Project On
MIR DAIRY FARM

Prepared For
MOHAMMAD SHIBLI SHAHRIAR
Associate Professor and Head
Department of Innovation & Entrepreneurship

Prepared By
MIR ISHMAM HOSSAIN
ID: 151-45-109
Batch: 1ST
Department of Innovation & Entrepreneurship

Program: Bachelor of Innovation & Entrepreneurship
Faculty of Business and Entrepreneurship
Daffodil International University

Submission Date: 12/04/2019

Letter of Transmission

12.04.2019

Mohammad Shibli Shahriar

Associate Professor and Head

Department of Innovation & Entrepreneurship

Daffodil International University

Subject: Submission of Project Report.

Dear Sir:

With due respect, I beg to state that it is my outmost pleasure to submit my Project Report for the Project Work on “A Dairy Farm” to you. I have truly enjoyed the attachment in preparing this report and learned a lot of from this. There might be some errors through oversight in the Project Report. I would be grateful if you kindly consider if I have mistaken. I acknowledge with thanks and the whole hearted support and kind guidance received from you for this report.

So I hope that you would be kind enough to accept my Project Report and Oblige Thereby.

Thanking You

Sincerely

.....
Mir Ishmam Hossain
ID: 151-45-109
Department of Innovation & Entrepreneurship

CERTIFICATE OF APPROVAL

This is to certify that this project report title “MIR DAIRY FIRM” is done by Mir Ishmam Hossain, carried out the research under my supervision.

It is certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.



.....
Supervisor

Mohammad Shibli Shahriar

Associate Professor and Head

Department of Innovation & Entrepreneurship

Faculty of Business and Entrepreneurship

Daffodil International University

DISCLAIMER

I am Mir Ishmam Hossain, hereby declare that the presented Project Report titled 'MIR DAIRY FIRM' is prepared by me during preparing the business plan.

I also confirm that, the report prepared is only for my academic requirement not for any other purpose. It might not be used with the interest of opposite party of the organization.

.....
Mir Ishmam Hossain
ID: 151-45-109
Bachelor Program
Department of Innovation & Entrepreneurship
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgement

At first I am grateful to Almighty ALLAH for his blessing throughout the preparing of this Project Report.

Writing this Project report, I am indebted to Mr. Shibli Shahriar, Associate Professor and Head, Department of Entrepreneurship for his contributions, support and encouragement in making this Project Work successfully.

I will like to use this opportunity to express my sincere thanks to comfort me for my hard work, moral and support through this program.

My profound gratitude goes to my supervisor Shibli Shahriar sir who despite his crowded schedule, sacrificed time to read through the manuscript without which this project would not have seen the light of the day.

Lastly, my special thanks also goes to beloved Shibli Shahriar sir for his advice, encouragement and assistance. This project would not have been possible without the help of Shibli Shahriar sir.

Executive Summery

MIR DAIRY FARM produces and sells high-quality raw milk to traditional dairy processors and the traditional informal market to gain benefits for their single owner, Mir Ishmam Hossain. The company's goal is to enter the production market on January 1, 2020 at its farm, located in the city of Mymensingh, Bangladesh. In addition to milk, cow manure and young and old cows will be the main product of the farm.

The mission of the company is to produce high quality milk for its customers. Over the next 10 years, it will be the largest dairy company and market leader in terms of competitiveness.

The favorable geographical position of the dairy industry and the large discrepancy between the supply and demand of raw milk in the formal and informal market of the Bengali market have given MIR DAIRY FARM companies a great opportunity. The continued growth in demand has also shown a promising future for operations. In the real scenario, there is currently no competition in the milk market and the reference market is 30 km away from the company.

The farm will start operation with 25 cows and the number will be increased from year to year by keeping old cows and raising new cows. In the future they can grow up to 100 cows. The farm will be in their land and in their sheds. Food and other foods are sourced from external suppliers.

There will be two full-time employees, two part-time workers and the owner who will carry out the daily activities of the farm.

The company will need BDT 7,000,000 in initial capital to start its operations. The main cost targets are 25 cows, stables, land and other equipment used in a dairy. The capital will come, for example, from three different sources: the owner's capital is BDT 2,500,000, the private investor's investment will be BDT 1,000,000, and the rest of BDT 3,500,000 will be taken up by the commercial bank.

Sales forecasts show that the farm will achieve sales of 4,099,708 BDT and a net profit of 319,000 BDT in the first year. Sales volume in the second and third years will increase with increasing cow numbers and milk production. The second and third annual income will be BDT 4,921,520 and 7,163,476 and the net profit for those years will be BDT 1,074,061 and BDT 1,887,329.

The budget forecasts show that the company's assets will be at the end of the first year: BDT 7,038,904, BDT 7,904,179 (2nd year) and BDT 10,957,838 (3rd year). Activities will increase due to the increasing size of the company, and all loans will be repaid starting from the fourth year.

The cash flow forecast showed that the farm can still pay its current debts. The river will always be positive.

The company is recovering by producing 73087 liters of milk or producing BDT 3,115,613 at the beginning of the first year.

TABLE OF CONTENTS

Letter of transmission.....	ii
Certificate of approval.....	iii
Disclaimer.....	iv
Acknowledgement.....	v
Executive summery.....	vi

CHAPTER 1.....1-2

INTRODUCTION

1.0Background.....	1
1.1Purpose.....	1
1.2Objective.....	1
1.3Limitation of this project.....	2

CHAPTER 2.....3-4

EMPERICAL FRAMEWORK

2.0 Introduction.....	3
2.1 General description of the company.....	3
2.2 Mission	3
2.3 Vision	3
2.4 Geographic Market.....	4
2.5 Business Style in the market.....	4
2.6 Basic skill.....	4

CHAPTER 3.....5-9

ANALYSIS

3.0 Strategic analysis.....	5
3.1 Industry analysis.....	5
3.2 Market analysis.	8
3.3 Analysis of competitors	9
CHAPTER 4.....	10-12
<u>OPERATION</u>	
4.0 Procedure to start the activity.....	10
4.1 Location of the company.....	10
4.2 Logistic plan.....	10
4.3 Milk supply.....	11
4.4 Fill the business	12
4.5 Control of critical risks.....	12
Chapter 5.....	13-15
<u>FINANCIAL REPORT</u>	
5.0 Financial plan	13
5.1 Goodwill and capitalization costs.....	13
5.2 Income statement	14
5.3 Cash flow.....	15
Chapter 6.....	16-17
<u>IMPLEMENTATION OF THE INVESTIGATION</u>	
6.0 Research Methods	16
6.1 Implementation	16
6.2 Conclusion.....	17

CHAPTER 1

Introduction

1.0 Background

Over the last 10 years, the dairy and dairy industries have changed positively throughout the country and throughout the village. Milk producers are doing well, and demand for milk has improved significantly due to economic development, which increases the purchasing power of the population. After reading newspaper articles and the found national nutrition plan, almost 80% of the milk is imported to Bangladesh for our national application. The economy is growing and people are consuming more milk than before.

In Bangladesh, dairy farmers usually use family members to work. I thought I would benefit some members of this extended family. To start a business and run a private school it is important to understand why it was suggested to complete an early education. After graduation, I will open my dairy in my city to meet all my expectations. To complete the title and start my future business, this project is written.

1.1 Purpose

The main purpose of this project is to create a business plan for my company DAIRY FARM in my hometown of Bangladesh. The dairy will probably be my future business. After researching and analyzing the market, a well-written business plan is developed. After following the instructions, I will open the farm based on this project. I will be the entrepreneur and manager of my milk business. After years of being on the right track, my day-to-day operations will likely remain in the hands of my business partners, but they will continue to be strategic planners in the dairy sector.

1.2 Objective

To achieve this goal, all aspects of creating a business plan are discussed. The project provides answers to the following questions to develop a suitable dairy farm business plan that can serve as a guide to starting a business:

- a) What are the elements of the Dairy Business Plan?
- b) How do I write a business plan based on the farm?
- c) What are the products of a dairy?

- d) What is the reference market and its size?
- e) How do I start the business?
- f) How much capital is needed?
- g) Who invests to start the business?
- h) How do I use the daily operation?
- i) What are the company's financial projections?

1.3 Limitations of the project.

Like any other project, this project has many limitations. Several parts of a business plan, such as legal issues related to opening a business plan, marketing, sales promotion, pricing, supply chain management and management teams, will not be addressed in this project. The geographic market for the farm will only be for the Dhaka and Mymensingh region, although market size, trends and analysis will be fully analyzed. Supply and demand of milk and milk prices are considered regionally as the value of neighboring sectors of society. All costs, operations and resources are also defined in the national context.

CHAPTER 2

EMPERICAL FRAMEWORK: Business Plan for MIR DAIRY FARM & PRODUCTS

2.0 Introduction

The business plan of MIR DAIRY FARM describes the company, which is initially followed by a manager. Afterwards, an overview of the dairy market and a strategic analysis will be presented. The company's business is analyzed to clarify how daily operations are managed. The most important part of the financial plan will be demonstrative in all the above sections, and will finally analyze the critical risk and identify alternative measures to manage the risks.

2.1 General description of the company.

The proposal by MIR DAIRY FARM will go into production on 1 January 2020. The company was named as the name of the MIR BROTHERS group, which is located next to the farm. The name is registered to protect you from misuse of the name of my company MIR DAIRY FARM throughout the country. This is the exclusive property of the founder, Mir Ishmam Hossain. There, the dairy cow will grow to produce milk, which is the company's main product. Cows, steers and manure, which are economically inefficient, will be the byproduct of the farm. Fresh raw milk is the company's main product that it wants to sell to nearby dairy companies. Almost half of the initial capital will consist of own loans and private loans, the rest will be collected by the bank.

2.2 Mission

MIR DAIRY FARM will produce and supply fresh and quality milk for its customers, giving the owner an advantage. The company's goal is to help reduce and reduce the food shortages of the country's population, while at the same time taking into account the environment in its overall activities. It will also create jobs for the local unemployed.

2.3 Vision

The long-term vision of MIR DAIRY FARM products is to be the country's largest dairy producer, competing in a market-leading position to achieve full production profitability over the next six years. The company will diversify its business to produce various types of dairy products such as yoghurt and cheese in the future.

2.4 Geographic market

The target customer of MIR DAIRY FARM is located 30 km from the company headquarters. The PRAN MILK and MILKVITA processing plants, the largest producer of dairy products in the country and on the market, are located near the district where FARM OF MIR DAIRY is being built. Aarong, Akij and Grameen milk can also be found in adjacent areas. Another large market is the local market, which is supplied by local farmers to the city center, which is just 3 km from the farm.

2.5 Business style in the market.

The business market in Bangladesh is a free market for all types of businesses. The majority of the trading form is a small sole proprietorship, but the number of public limited companies and limited liability companies is increasing. The activity of the association is also present in the country, but not as extensive as the individual property. Some governments, even real estate companies, lose their business with others and some go to private agencies.

2.6 Basic Skills

The company's core competencies will produce milk at lower cost than other local producers. This will be implemented with the resources to achieve our best result. The farm will be dedicated to 100 cows in the next 5 years. This growth is being implemented by keeping and keeping young cows on the farm. Another ability of the company will be the quality of the milk in the feeding of cows, which will increase the quality and quantity of the milk. The well-planned logistics system and daily operations will give the company the advantage of being more productive and efficient.

Chapter 3

Analysis

3.0 Strategic analysis

This section describes key competencies, industry analysis and competitive analysis.

3.1 Industry analysis

Bangladesh, with 14.23 million inhabitants, has a significant milk shortage to meet the demand of these countries. The population is growing fast and milk consumption is increasing due to the higher income and the full knowledge of the nutritional value of milk. The National Nutrition Plan states that the annual milk consumption per capita must be 90 kg and the country's total demand is 12.8 million tons. Just 2264 tons of annual production, almost five times less than demand, is not enough for the local market, which allocates 13 kg of milk per capita, which is unacceptable given the increased milk consumption in the region. Kg of milk per capita and year. Domestic milk production is well below demand, and the trend to increase annual production by 1.9% is not enough to offset local demand in the future. In the future, there will therefore be a clear gap between supply and demand in the Bangladesh market. The following figure shows the development of milk production in the country.

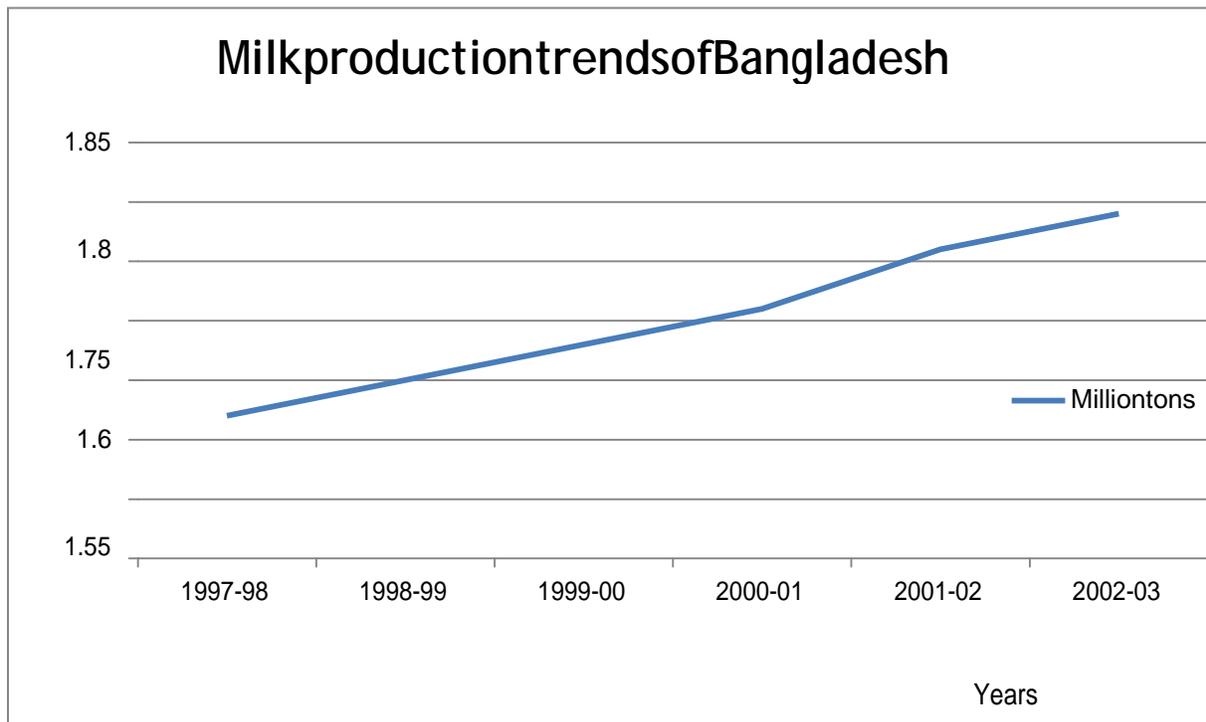


Figure 4: trend in milk production in Bangladesh

Although the country has a small production cost advantage compared to the international country, it cannot increase local production due to high feed costs, land scarcity and low milk costs to the producer. , Another reason is that the cows are indigenous breed, which provides only 200 kg of milk per year and poor feed quality for the cattle. The following figure shows a comparison of dairy production in Bangladesh and other countries:

RANK	COUNTRY	BDT/KG
1	Argentina	7.7
2	India	8.0
3	Bangladesh	11.0
4	Poland	11.0
5	New Zealand	12.0
6	Brazil	15.0
7	Netherland	15.50
8	Australia	16.0
9	Chili	18.0
10	Ireland	18.0

Figure 5: The average cost of milk in different countries.

Imported milk powder accounts for 75% of total milk production in Bangladesh. The government is trying to lower the volume of milk imported by introducing one of the highest import tax rates from 47% to 72%. The trend of imports has been declining since the mid-1990s. The following figure shows the trend to import milk to Bangladesh.

YEARS	TONNES
1990-1991	60
1991-1992	55
1992-1993	45
1993-1994	35
1994-1995	25
1995-1996	21
1996-1997	14
1997-1998	13
1998-1999	15
2000-2001	19
2001-2002	20
2002-2003	18.6
2003-2004	16.25
2004-2005	15

Figure 6: Year wise milk import

The daily calorie intake of milk in Bangladesh is only 24 kilocalories, compared to 104 in India and 265 in Pakistan. Milk consumption is very low and it is necessary to increase the amount of milk per inhabitant or to increase or improve local production. This is a good time for milk production in Bangladesh at this time and in the future.

3.2 Market analysis

In Bangladesh, there are two different milk market systems, one formally and the other informally. In the informal system, milk is collected directly from farmers through intermediaries for the consumer. In this system, the majority of milk is sold at around 90% in the market. This quantity is used for confectionery and domestic consumption. The formal sector consumes only 10% of total production and buys milk from farmers under a processing and sales contract in the form of packaged pasteurized milk. The economic development and the awareness of certain population groups offer processors the possibility of growth. The following graph shows the share of milk consumption of different groups in the market.

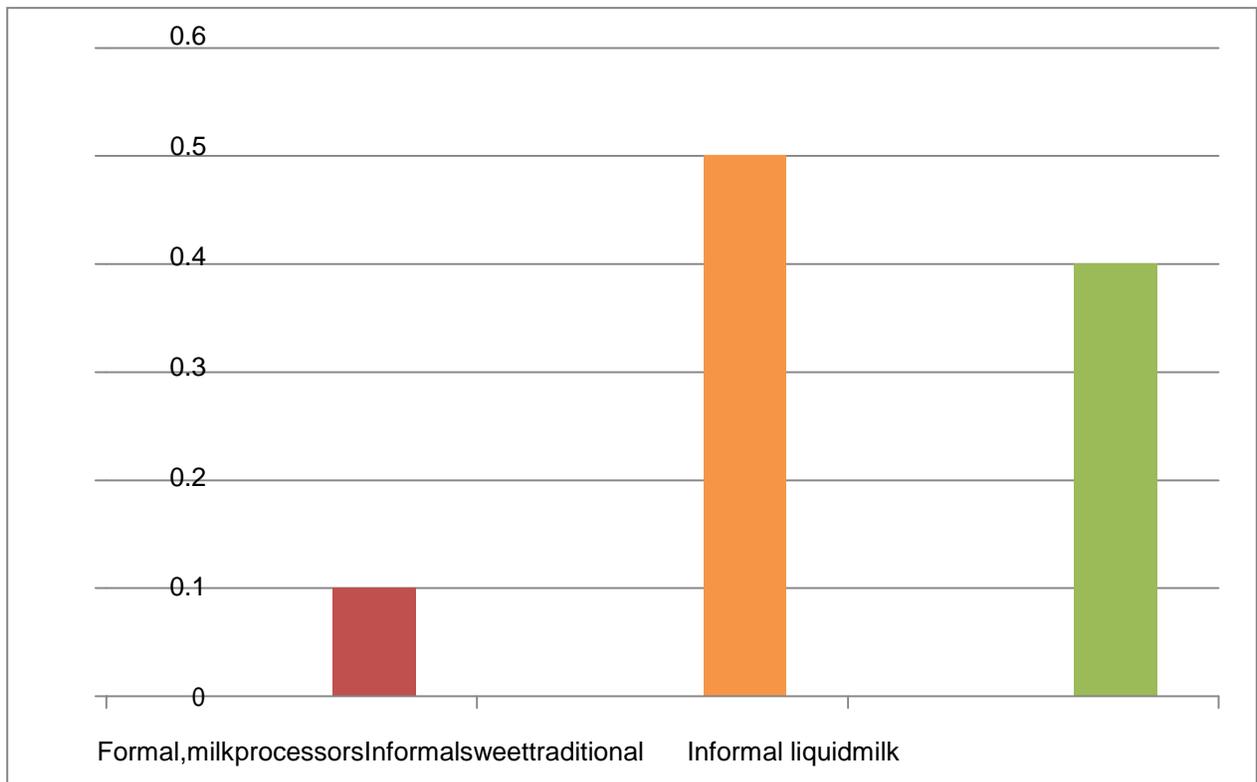


Figure 7: different groups of consumers and their exchange.

3.3 Analysis of competitors

In the dairy sector, the competitor is so weak that it can be ignored. The main customer of this company is the milk processing company and suffers 60,000 liters of milk every day. There is no problem for the competition. None of the milk processors can use the entire production capacity due to the lack of milk. If dairy production increases rapidly and competition is strong, the company will implement a strategic plan to address the new situation. In the case of local customers, the farm faces competition and, above all, price reductions. In this situation, the company will enter into a long-term contract to provide the customer with a continuous milk supply, as competitors are currently weak. They have a very small amount of milk and at some point they are not as long as the cow is dry.

Chapter 4

Operation

4.0 Procedure to start the activity

The action plan will be completed in full so that local authorities will receive approval to open the company. The company will register with a local professional association. Before the loan is promised, it is confirmed that the capital and external investments are available, the fund provider is contacted and must be ready in time to get things. Construction of the hangar begins one month before the farm opens. The cows will be housed in the company in early January 2020. The company will hire workers in advance and have a three-month feed stock.

4.1 Location of the company

The geographical location of MIR DAIRY FARM is located near the bank of the Bhramaputro River in the village of Shomvuganj in the district of Mymensingh. The river is a point for the transportation of resources from suppliers to farms and cheap agricultural products for customers. The foundations of a bridge over the river are laid, so that the transport system is strongly favored by the farm after a few years. The company's first target group is only 6 km away and the main dairy companies are 10 km from the farm. On the other hand, feed and work are collected in the adjacent area of the establishment. Taking into account all aspects of a dairy farm, the site is a suitable and economically efficient place for businesses and close to the residence of the owner. The mailing address of the farm is MIR DAIRY FARM, village Shamvuganj, post office Mymensingh Sadar, and district Mymensingh, Bangladesh.

4.2 Logistic plan

The farm's logistics activities range from the farm to the supplier and from the farm to the customer. At the beginning, the suppliers of the farm supply the cows and other building materials and tools. Muscles and food are provided. Milk, cow dung, cow and young cattle come from the farm for customers. The information is kept in both directions.

Since the farm is located in the village area and near the river, we buy a boat to transport material and milk. The milk is stored in a closed container and delivered to the customer's cooling center within two hours of milking. Grass and other food is harvested manually in the adjacent area and stored in a large warehouse.

4.3 Milk supply

The main milk producers in the country are landless farmers and small farmers. The main size of the farm is very small and should be compared to the international aspect. The following graphic shows the size of the batteries in different groups and sizes:

FARMS	NUMBER OF COWS
Landless Farm	2
Small Farm	2.9
Medium Farm	3.7
Large Farm	4.4
Average number of Cows	3.5

Figure 8: Producer groups and their farm size

This figure shows that farmers are not developing their production volume, although this is possible. I think it may be because of his ignorance or lack of knowledge.

4.4 Fill the business

The owner of the farm, MIS ISHMAM HOSSAIN, is primarily responsible for the planning, control and management of the activity and daily tasks. For the daily work of the company two permanent employees are employed. Two other part-time workers are hired for cleaning and other small tasks in the barn. In the future, the farm will grow and employ the workers needed to run it smoothly.

4.5 Control of critical risks.

MIR DAIRY FARM could face four types of risks, namely: financial risk, infrastructure risk, reputational risk and market risk. To cope with the financial risk, the company will confirm the application for fundraiser a long time ago. To avoid liquidity shortage, the liquidity is sufficient for 3 months. The main risk in the infrastructure is the storm and the strong wind. The hangars are being built to withstand the storm.

The machines and all other things used in the operation are checked from time to time to ensure normal operation without interruption. Workers will be treated fairly and relationships with suppliers and customers will stay warm and well, which will save the company's reputational risks. The company will review the market situation and take the necessary steps in the market to avoid market risks, for example with a view to lowering competitive prices.

Chapter 5

5.0 Financial plan

The financial plan sets the starting capital, the break-even point, the profits and losses, the financial balance and the cash flows of the company for the next 3 years.

5.1 Goodwill and capitalization costs

MIR DAIRY FARM will need an initial capital of 7000000 BDT. The main cost objects are 25 cows; each of these prices corresponds to BDT 115 000, the deduction of 0.4 hectares of land. Object costs for various costs such as cows, stables, land and others have been calculated and based on the current market value. The fund will come from three different sources. The owner, the external investors and the commercial bank are the source of the capital. Below is the diagram of the sources and their percentage contributions:

SOURCES OF FUNDING	AMOUNT	TOTALS
Owners' Equity	35%	2,450,000
External Investor	15%	1,050,000
Additional Loans	-----	-----
Commercial Loans	50%	3,500,000
Total Source Of Funding	100%	7,000,000

Figure 11: Sources of Capital

5.2 Income statement

The profit and loss statement shows a sales forecast over 3 years. The product prices and the cost of various object costs were calculated assuming an inflation rate of 5%. The main product is milk. It is assumed that 25 cows give milk 250 days per year, 15 liters per cow per day, and that the selling price per liter of milk is 60 BDT, then $15 \text{ garbage} * 250 \text{ days} * 25 \text{ cows} * \text{BDT } 60 = \text{BDT } 5,625,000 \text{ USD}$ for the first year. In the second year the production volume is considered as the first year and in the third year it rises by 40% as 40% of the first year's cows will go into production. The product B, 15 male steers from the first to the second year, is sold at a price of 30,000 BDT per cow and in the third year to 20. Product C is the total amount of manure produced each year. , And the price was calculated in 100,000 BDT.

	YEAR 1	YEAR 2	YEAR 3
TOTAL SALES	5,625,000	6,175,000	6,325,000
TOTAL COST	2,985,000	2,985,000	2,985,000
NET INCOME	2,640,000	3,190,000	3,340,000
INCREMENT PERCENTAGE	0%	64%	45%

5.2 Income statement

The balance shows the assets and liabilities of the company at the end of the year. Depreciation and capital gains were taken into account to obtain the appropriate amount of the asset. All loans are paid at the beginning of the fourth year. The summer of the agrarian household seems to be similar to that of several years:

	ASSETS	LIABILITIES
YEAR 1	7,000,000	7,000,000
YEAR 2	8,640,000	8,640,000
YEAR 3	10,830,000	10,830,000

Figure 13: Summary of Balance sheet

5.3 Cash flow / financial report

The cash flow statement shows the company's three-year cash flows and shows the cash flow to and from the business during the year. A positive cash flow means that the company runs out of money to cover its ongoing costs.

Chapter 6

IMPLEMENTATION OF THE INVESTIGATION

6.0 Research Methods

The primary and secondary data were used in the survey of this project. Key data was collected through a telephone survey of potential customers, suppliers and competitors. Respondents were informed about the use of the survey data and were given permission to publish our identity. To collect the results of this investigation, there were two competitors, ISRATUL AMIN NITUL and SHUVO DEV. SHOWRUP BARMAN and two clients, MAKSUDUR RAHMAN ROBIN and MUSHFIQUR RAHMAN, were interviewed. Some semi-structured questionnaires were created separately for each group. All interviews have many years of experience in their respective industries. ISRATUL AMIN NITUL has been active in the dairy sector for 10 years and has 5 dairy cows in their farm. SHUVO DEV has been active in the dairy sector for 15 years and has 8 dairy cows in its farm. He inherited his business from his father and also had a visionary plan to grow in this business. The supplier of SHOWRUP BARMAN is the main supplier of milk production plants in the region. He has 10 years' experience in this field. MAKSUDUR RAHMAN ROBIN has its own candy store and buys 200 kg of fresh milk every day. He has extensive experience in the relationship between supply and demand and how they fluctuate at different seasons. MUSHFIQUR RAHMAN is the purchasing manager of Pran Milk Company. The company is the country's third-largest dairy company. MUSHFIQUR RAHMAN has been working in the Valuka region for 5 years to buy fresh milk for the company. The secondary method of data collection was desktop and Internet research. This means that newspaper articles, books and the Internet have been used to gather the necessary data and information about the sector market. In order to put together the theory needed to build the business plan, several reliable resources such as books, magazines, and the Internet were used. Most books were the main sources of theoretical information, with the exception of some websites.

6.1 Implementation

Initially, this project plan was clearly written, mentioning the contents of this dairy company and the research method. This project plan will be presented at the first defense presentation of my last degree in April 2019.

After the beginning of this collection and writing theory, the books were taken from a school library. Some of these former students were read to get the idea. Talks were also held with older

students who completed their project. After reading the sources, the project is written almost every day. When it became clear that this business plan was sufficient, the competition presented the second business plan of the University of Jammu in India in Kashmir, which was placed in second place. There the complete theoretical part was presented. In the competition program, the supervisor gave important instructions for changing the theory and the empirical part. The output was made on the basis of the working theory of the empirical part after the start of the second seminar. The interview took place on July 20, 2018. The result of the financial planning was based on the results of the interview. The rough version of the empirical part was shown to the supervisor, and the author read the entire project over and over again to make the final version. According to the project program, the third business plan competition will be presented in June 2019. Following this program, the project will be modified and improved according to the supervisor's instructions and presented for the next evaluation.

6.2 Conclusion

This project will be launched to examine the situation on the dairy market and the balance between supply and demand and the potential for dairy production in Bangladesh. We also had to calculate the start-up costs for a dairy as well as income and profitability. The ultimate goal was to create a business plan for a dairy in the hometown and in the author's village.

This project and the research carried out under this project have shown that there is a significant discrepancy between supply and demand for fresh milk in the Bangladeshi market. Milk processors cannot use all capacities due to the lack of availability of fresh milk.

About 80% of demand is covered by imported milk. The consumption rate is rising rapidly. This imbalance between supply and demand is a blessing for new dairy farmers. On the other hand, the government is trying to control imported milk through high import tariffs, which also offers opportunities for dairy farmers.

The company's position is favorable for dairy products, as labor and feed are cheaper in this region and the milk price is even higher than in other parts of the country. The growth potential shows a promising future for the farm. The owner's knowledge of milk production is a positive aspect of the management.

These financial forecasts for the dairy products look good and profitable for a new dairy company in Bangladesh. Taking into account all aspects of starting a dairy, the overall outcome of the project shows that starting a business will be smart and economically sustainable. Based on this plan, the DAIRY FARM MIR will be established in January 2020.