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DEPARTMENT: MEDICAL LABORATORY SCIENCE

COURSE TITLE: FOOD PRODUCTION AND HEALTH AWARENESS

COURSE CODE: AFE 202

ASSIGNMENT

Prepare a business plan on a chosen agricultural enterprise

 BUSINESS PLAN FOR ALESH FARMS LIMITED

TITLE: BUSINESS PLAN ON PALM KERNEL PLANTATION THROUGH RELEAF TECHNOLOGY ON A 350 HECTARES OF LAND AND ESTABLISHMENT OF 5TONNES OF PALM OIL AND 5TONNES OF COCONUT OIL EXTRACTION PLANT PER DAY AT ALESH FARMS, ENUGU.

PREPARED BY: AGC consultancy

FOR: ALESH FARMS LIMITED

NOTE: Ensure that the data in this document are kept confidentially. This document is to be immediately returned to the promoters of the proposed business upon request.

SIGNATURE:

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**Executive summary**

This business plan examines the viability of and indeed economic feasibility of the development of a 350 hectares palm kernel plantation and establishment of palm oil and coconut oil extraction plant in Enugu by “Alesh farms limited”. The farm will produce about

1100tonnes of palm kernel in a production cycle. The palm oil and coconut oil extraction plant will process about 4050tonnes of palm kernel into edible palm oil used in food and pharmaceutical industries, and for the production of methyl esters (transesterification) and hydro-deoxygenated bio-diesel. Coconut oil on the other hand is used in food, pharmaceutical, cosmetic and paint industries. There is high domestic demand for these products because of our large population and production limitations leading to shortage of supply of the commodity. Production is currently popular in south-south with Akwa-ibom and Delta as lead producers making the products very expensive in the south-east due to the cost of transportation. This proposed project will help reduce the domestic shortage in the south-east.

The suggested project will create economic opportunities, impact positively on the people and help to conserve the availability in the south-east. The total palm kernel will be produced, processed and marketed in Enugu state. This will provide market access bank and greatly contribute to food security. It will also generate satisfactory profit for sponsors and investors.

**SPONSORSHIP**

The product is sponsored by growsel which provides investors and farmers in meeting point to work towards a fruitful harvest, where the investor can get up to 15-30 percent of his investment as profit. The farmer on the other hand can now have quick access to funds for farming project and also get exposed to best global agricultural practices, as the company does not seem to be taking chances with quality and the implementation of standard farming practices. AGC consultancy will be responsible for the management consultancy for the project.

**MANAGEMENT**

Management will comprise of a democratically elected board of directors at the apex of the organization structure. This will be made up of shareholders from growsel who have stake in the survival, development and income generation of the business as well as distinguished agribusiness professionals of proven integrity and verse experience in the project area. The major aim of the board will be to give strategic directions and policies that will ensure long term success of the organization. The board will ensure that the organization comply ith all standard set by regulatory authorities.

The president or managing director shall be responsible for the coordination of the day to day management of the business. He will be accountable to the board of director; he will mobilize organization resources to achieve set goals. He will manage business risk and focus on profit generation.

**TECHNICAL ASSISTANCE**

RELEAF TECHNOLOGY, Enugu branch will be affiliated with Alesh farms to provide technical assistance to accelerate labor and increase the output. It is known for its efficiency and high success rate and it was nominated twice for the Agri-Tech award. However, it received an award in the year 2018. It will also be responsible for the off-take of products via a purchase and sale contract agreement. The palm oil and coconut oil will be sold through other distribution channels.t

**MARKET AND SALES**

MARKET ORIENTATION: Domestic; south west and south east, Nigeria.

MARKET SHARE: 4 percent niche market in south west, south east, Nigeria.

USERS OF PRODUCT: Edible oil for user consumption, paint, pharmaceutical and biofuel industry.

COMPETITION ANALYSIS: Akwa-Ibom alone produced 45 percent of national output between 2002 and 2019. Delta state followed with 31 percent of national output within the period. Abia, Rivers, Imo, Bayelsa and Cross River produced 8 percent and below in the period. Based on the above analysis, competition in terms of production in south west, Nigeria is non-existent compared to the demand for the produce.

MARKET POTENTIAL: There is strong demand for palm kernel and its derivatives in the south-eastern part of Nigeria. The condition of infrastructure though not perfect still support production and trade within Nigeria.

PROFITABILITY: Factors like temperature, air, sunlight, invasion of farm by cattles, pest and disease amongst other risk would affect the yield and profitability. However, technical, scientific and financial base solutions will be adopted to hedge against risk and safe guard profits.

**TECHNICAL FEASIBILITY**

The projects (production of palm kernel and palm oil and coconut oil extraction) are technically feasible. In terms of technology, which involve the extraction of oil, requires simple industrial processes and a specialist in oil extraction with more than 20years experience is part of the team. The important equipment for oil extraction are readily available and experts have hand on experience in the usage and maintenance of the equipment.

There are specialists in irrigation, crop production, farm management, mechanization, weed science, market development, Agric extension and accounting as part of the management team.

**GOVERNMENT SUPPORT AND REGULATION**

This project will contribute to the overall economic status of the nation by providing job opportunities, market access, improve income of farmer and support food security objective of government. However, this project will also benefit from government intervention fund in the agriculture sector.

**PROJECT TIMELINE**

The project will be completed in 5 years between July, 2020 and May, 2025 because palm kernel is a perennial crop that requires at least 3 years before harvest.

**ESTIMATED COST AND REVENUE**

FIXED COST

1. LAND CLEARING

|  |  |  |  |
| --- | --- | --- | --- |
| ACTIVITY | QUANTITY | NAIRA | KOBO |
| Land clearing  | 1 hectare | 180,000 | 00 |
| Cross cutting  | 1 hectare | 14,000 | 00 |
| Rome ploughing | 1 hectare | 42,000 | 00 |
| Sub total | 1 hectare | 236,000 | 00 |
| Total  | 350hectare | 82,600,000 | 00 |

1. EQUIPMENT

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| NAME | QUANTITY | MODEL | UNITED STATE DOLLAR(USD) | NAIRA | KOBO |
| Tractor | 1 | 595 NST DLX OIB (50HP) | 18,460 | 6,313,320 | 00 |
| Disc harrow | 1 | M5700 | 3,020 | 1,041,900 | 00 |
| Subsoiler | 1 | RY3S-2.1 | 2,950 | 1,017,750 | 00 |
| Tripper | 1 | GRXZAMT999 | 6,580 | 2,270,100 | 00 |
| Combine harvester | 1 | 4YZ-6 | 89,870 | 31,005,150 | 00 |
| Boom sprayer | 1 | 3W-100L-18 | 5,084 | 1,753,980 | 00 |
| Front loader | 1 | TZ10D | 4,675 | 1,612,875 | 00 |
| Total | 1 |  | 130,639 | 45,070,455 | 00 |

1. VEHICLE

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type  | Model  | Quantity  | Naira  | Kobo  |
| Pick up truck  | Hilux | 2 | 22,000,000 | 00 |

1. IRRIGATION

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| TYPE | QUANTITY | MODEL | USD | NAIRA | KOBO |
| Horse reel | 1 | 140-440MT | 21,430 | 7,393,350 | 00 |

1. 0PERATING COST

|  |  |  |
| --- | --- | --- |
| Working |  |  |
|  | Naira  | Kobo  |
| Ploughing/hectare | 11,500 | 00 |
| Harrowing/hectare | 7,500 | 00 |
| Sub total | 19, 000 | 00 |
| Total  | 6,650,000 | 00 |
| Mechanization and storage | 86,000 | 00 |
| Total  | 30,100,000 | 00 |
| Input/hectare | 106,655 | 00 |
| Total  | 37,329,250 | 00 |
| Area yield insurance  | 14000 | 00 |
| Produce aggregation | 6000 | 00 |
| Geo spatial service | 5000 | 00 |
| Sub total | 25,000 | 00 |
| Total  | 8,750,000 | 00 |
| Interest/hectare | 21,500 | 00 |
| Total  | 7,525,000 | 00 |
| Sub total cost/hectare | 258,155 | 00 |
| Total cost for 350 hectares | 90,354,250 | 00 |
| Loan, principal and interest (cost/hectare) | 250,980 | 00 |
| Total for 350hectare  | 87,843,000 | 00 |
| Irrigation cost for 350hectare (excluding fixed cost) | 20,000,000 | 00 |

1. AMORTIZATION

|  |  |
| --- | --- |
| Land clearing amortization per hectare | 16,500:00 |
| Land clearing amortization for 350 hectares | 5,600,000:00 |

1. REVENUE

|  |  |  |
| --- | --- | --- |
| Yield/hectare 2.5tonnes @ N145,000/tonne |  |  |
|  | Naira  | Kobo  |
| Revenue/hectare  | 450,000 | 00 |
| Total for 350hectare | 157,500,000 | 00 |
| Net revenue for 350hectare (without amortization) | 56,361,000 | 00 |
| Net revenue with amortization (350 hectares clearing) | 51,625,200 | 00 |
| Second production cycle |  |  |
| Net revenue | 50,000,215 | 00 |
| Net revenue with amortization | 45,000,000 | 00 |
| Annual net revenue (first and second cycle) | 146,625,415 | 00 |

Currency conversion rate: N345:00 to 1USD

**FUNDING MECHANISM**

ALESH FARMS will provide 350Ha of cleared land and means of transportation. Funds from GROWSEL investor will be channeled to equipment, payment of staff, and other miscellaneous.

**CONCLUSION**

These projects (palm kernel production and palm oil and coconut oil extraction) are technically achievable and profitable, and therefore recommended for funding.