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**MATRIC NUMBER**: 18/MHS01/295

**DEPARTMENT:** ANATOMY

**COURSE CODE**: AFE 202

**Prepare a business plan on a chosen agricultural enterprise following the guideline in the note.**

A FEASIBILITY REPORT / BUSINESS PLAN FOR THE PRODUCTION OF FRUIT JUICE AND ESTABLISHMENT OF 30 TONNES PER DAY.

The undersigned reader acknowledges that the information provided in this business plan is a confidential intellectual property; therefore the reader agrees not to disclose it to a third party without the express written permission of the promoters of the proposed business.

It is acknowledged by the reader that information furnished in this business plan is in all respect confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader, may cause serious harm or damage to the promoters of the proposed business.

Upon request, this document is to be immediately returned to the promoters of the proposed business

Signature:

Name:

Date:

**CONTENTS OF A FEASIBILITY REPORT**

* Executive Summary/ Brief Description of the Project
* Sponsorship, Management and Technical Assistance
* Market and Sales
* Technical Feasibility, Resources and Environment
* Government Support and Regulation
* Timelines of Projects
* Estimated Project Cost and Revenue
* Funding Mechanism
* Conclusion

**Executive Summary/ Project Description**

This business plan examines the feasibility of and indeed economic viability of the development of a 400hectares fruit plantation and the establishment of a fruit juice in Lagos by Rush-Bal Nig Ltd. The farm will produce about 1,200tonnes of fruits in a production cycle. The frui6t extraction plant will process about 3,200tonnes of fruits into edible fruit juice. There is high domestic demand for these products because of our huge population and production constraints leading to shortage of the commodity. Production is currently popular in the South Africa and North Africa as the lead producers.

**Sponsorship**

The project is sponsored by Biola Omodele, the CEO of Rush-Bal Nig Ltd. Biola Omodele is promoting the productivity of business owners in Lagos state through the business owner cooperation. The company has a Department of agriculture and experts with many years of experience in the project being proposed. Mo-Bal business ventures will be responsible for the management consultancy of the projects.

**Management**

The management will be made up of unanimous board of share holders in the company.The main aim of the board is to give rules and regulations that will ensure increase in profit and decrease in loss. The board will also ensure the rules and regulations are followed my the employees of the organization.

The General Manager (GM) ensures that the employees are on top of their game. She will also ensure the daily goal is met by the employees. She will report back to the board of shre holders everyday. She will also make sure risks are kept at minimal.

**Technical Assistance**

The company has working relationship with BON (Business Owners in Nigeria).

**Market and Sales**

Market orientation: continental: West and South Africa

Market Share: 10% niche market in West,South Africa

Users of product: edible for human consumption

**Competition analysis**

Ghana alone produced 45% of continental output between 2002 and 2016. Togo followed ith 45% continental output within the period. Nigeria.(**insert west and south african countries)** produced 9% and below in the period. The seven state mentioned above produced 98% of national output within the period. The only places where significant production took place in West Africa was in Accra in Ghana and (**insert place in togo)** Togo. Based on this above analysis, competition in terms of production in South West, Nigeria is non- existent Compare to the demand for produce. Based on this above analysis, competition in terms of production in South Africa is non- existent Compare to the demand for produce.

**Tariff and Import Restriction**

There is no import restriction because the fruits are grown in the variuos ountries.

**Market Potential**

There is strong demand for fruits and fruits derivatives in the South Africa.

The state of infrastructure though not perfect still supports production and trade within Africa.

**Profitability**

Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of seed, pests, diseases, price fluctuations and other risks.

However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit. Irrigation option will be factored in to ensure two cycle of production in a year.

**Technical Feasibility**

The projects (production of Fruit juice) are technically feasible. In terms of technology, which involve the crushing of fruit seed and the industrial processes are simple and a specialist in oil extraction with more than 20years experience is part of our team.The needed equipment for oil extraction are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the fruit production, we have specialists in mechanization, irrigation, farm management, crop production, weed science, market development, agric extension and accounting as part of our management team. We also have specialists in quality control as part of our management team. The state of infrastructure around the company and generally in Lagos is adequate and suitable for the location of the farm/firm for efficient production, processing and marketing. Raw materials will be produced and sourced locally.

The major competitors in the South are SAMUELS and JOEYS with the fruit juice brand and Executive Chef brand. Samuels has an installed capacity of 150tonnes per day in Lagos and 100tonnes per day in Kaduna While JOF has a capacity of 120tonnes per day in Ondo, Rush-Bal will target a market niche and penetrate through cooperative societies to make our brand popular. From our analysis, integration of production and processing will give us a competitive advantage.

**Government Support and Regulation**

The project conform with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. It creates economic opportunities, market access, improved income for farmers and support food security objective of government. The project will benefit from government intervention fund in the agriculture sector. The project will also benefit from the favourable policy of zero duty for agricultural and equipment import. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

**Project Timeline**

The project will be completed within 1 year preferably between April 2017 to April, 2018 because fruit growing is mostly done in the wet season.

**7.0 Estimated Project Costs and Revenue**

**Fixed Cost**

* **Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** |  |
| Land Clearing | 1Hectare | 300,000 |  |
| Cross cutting | 1Hectare | 30,000 |  |
| Rome ploughing | 1Hectare | 100,000 |  |
| **Sub total** | 1Hectare | **430,000** |  |
| **Total** | 400 Hectare | **172,000,000** |  |

**(B) Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** |  |
| Tractor | 2 | YTO-900(90hp) | 25,000 | 9,000,000 |  |
| Disc harrow | 1 | IBJ- 4.0 | 4,000 | 1,440,000 |  |
| Sub soiler | 2 | IS-300G | 3,500 | 1,260,000 |  |
| Soy seeder | 2 | 2BFY-3C | 5,000 | 1,800,000 |  |
| Tripper | 1 | 7DX-8T | 10,000 | 3,600,000 |  |
| Combine Harvester | 1 | 5YZ-6 | 105,000 | 37,800,000 |  |
| Boom sprayer | 2 | 5W-10000L-19 | 7,500 | 2,700,000 |  |
| Front loader | 1 | MA10D | 7,000 | 2,520,000 |  |
| **Sub total** | 12 |  | **167,000** | **60,120,000** |  |

**(C) Vehicle**

**Type Model QTY ₦**

|  |  |  |  |
| --- | --- | --- | --- |
| **Pick up Truck** | **VOLKSWAGEN** | **2** | **60,000,000** |

* **Irrigation**

**Type QTY Model USD ₦**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hose Reel** | **1** | **150 – 550MT** | **30,000** | **10,800,000‬** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  | **₦** |  |
| Ploughing/Ha | 30,000 |  |
| Harrowing/Ha | 10,000 |  |
| Sub total | 40,000 |  |
| **For 400 Ha** | **16,000,000** |  |
| Mechanization and storage | 150,000 |  |
| **For 400Ha** | **60,000,000‬** |  |
| Input / Ha | 100,000 |  |
| **For 400Ha** | **40,000,000** |  |
| Area yield insurance | 15,500 |  |
| Produce aggregation | 6,500 |  |
| Geo Spatial Service | 5,000 |  |
| Sub total | 27,000 |  |
| **For 400Ha** | **10,800,000** |  |
| Interest per hectare | 25,000 |  |
| **For 400Ha** | **10,000,000** |  |
| Total cost per hectare | 250,000 |  |
| **Total cost for 400Ha** | **100,000,000** |  |
| Loan principal and interest (cost per Hectare) | 270,000 |  |
| **Total for 400Ha** | **108,000,000** |  |
| **Irrigation cost for 400Ha (excluding fixed cost)** | **24,018,120** |  |

**Amortization**

**₦**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** | **300,000** |
| **Land clearing amortization (400hectare)** | **120,000,000** |

**REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 3tonnes@ ₦145000 per tonne** |  |
|  | **₦** |
| **Revenue per hectare** | **500,000** |
| **For 400Ha** | **200,000,000** |
| **Net revenue for 400Ha(without amortization)** | **70,000,000** |
| **Net revenue with amortization(400ha clearing)** | **55,000,000** |
| **2nd Production Cycle** |  |
| **Net revenue** | **45,000,000** |
| **Net revenue with amortization(400ha land)** |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)** | **98,058,480** |

**Currency conversion rate:** **₦360.00 to 1USD**

**Funding Mechanism**

Rush-Bal will provide 500Ha of cleared farmland far from the company and lease it to members of the cooperative. Rush-Bal will also lease 7,000MT capacity silo as equity contribution.

Equity investor to provide equity for equipment and vehicles purchase

Where possible equity investor to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention , Bank of Busimess and Commercial banks.

**Conclusion**

The project is technically feasible and commercially viable. It is therefore recommended for funding.