



AFE BABALOLA UNIVERSITY ADO-EKITI, EKITI STATE

AFE 202(FOOD SECURITY)

BUSINESS PLAN FOR “BABALOLA FISH FARMS NIGERIA”



PROJECT SUBMITTED BY: OLAWOYIN SADEEQ BABLOLA

MATRIC NUMBER: 18/ENG05/048

DEPARTMENT: MECHATRONICS ENGINEERING (200 LEVEL)

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EXECUTIVE SUMMARY

Babalola Fish farms is located in the Federal Republic of Nigeria. The farm is located in Egbeda local government Ibadan, Oyo State and we are housed in a facility which sits on tens of hectares of land. The main economic significance of the business is to contribute towards narrowing down the fish demand-supply gap deficit in Nigeria as well as the supply of proteins and micro nutrients for feeding the teeming population in Oyo State and Nigeria at large. At Babalola Fish Farms, we plan to cultivate and breed various types of catfish and other commercial fish species. We then advertise our special collection of fish. Our clients place their orders from various part of the country and we ship both our live fish and processed fish right to their door steps within a short time. We also aim at becoming the major suppliers of a wide variety of commercial fish to local retailers in the local market place.

PRODUCT AND SERVICES

Babalola Fish Farms is basically into the production of cat fish and other commercial fishes, the primary income flow for the farm will come from the sale of cat fish to customers throughout the country at a very affordable price to different households, individuals, restaurants, hotels & companies which are our target market

VISION AND MISSION

As mentioned earlier, convenience and variety are our strong points. Our aim is not just to provide variety but also to get your most desired products to our customers in the most convenient way. Our marketing model takes special consideration on pricing, variety and

convenience as key marketing success factors for Babalola Fish Farms. To run successfully as a business, we have acquired several assets to enable us conduct business successfully.

Though it is not completely ruled out, we envisage a possibility of expanding our frontiers to a global scale by the year 2025 as our business grows.

SPONSORSHIP

The project is solely financed by Engineer Olawoyin Sadeeq Babalola, a mechatronics Engineer and owner of SAIC(Sadeeq Artificial Intelligence Companies) which is the first functional artificial intelligence company in Africa. The Owner's younger brother is Bashir Olawoyin who is a first class graduated of Agric-Economics extension will be responsible for the management and consultancy of the projects.

MANAGEMENT

The management of a business plays a pivotal role in the growth and development of any business. This is why at Babalola Fish Farms, we will make television advertisements, Radio jingles and newspaper advertisement to place notice for people to apply for employment to fill all the available roles required in the effective running of the Farm. Applicants will be interviewed by a team headed by Mr. Bashir and only the best among them will be retained to resume their various posts.

For the management of the business, a board of directors which will be made up of shareholders, members of the cooperatives who have stake in the business and other agribusiness

professionals will be democratically elected. The main objective of this board will be to give strategic directions and important instructions that will ensure the sustainability of the business.

TECHNICAL ASSISTANCE

Due to the owner's younger brother's tie to IITA (International Institute of Tropical Agriculture, Ibadan) as he was the Director of works at IITA. The institute which is the frontier for any major agricultural activity in Oyo State where Babalola Fish Farms is situated has mandate in Large scale commercial fish farming and they will provide technical support in this regard.

The Artificial intelligent company owned by Engineer Sadeeq will also provide technical support in form of the advanced machinery which will be used on the farm.

The owner has working relationships with and linkages to industry players in the project area who will offtake products through a purchase and sale contract agreement. They include Maizube Farms, Jovana Farms, Obasanjo Farms, Folawiyo Farms and Ajanla Farms.

MARKET AND SALES

Fish Farming in Nigeria started gaining wide spread recognition in the year 2000 and has now become a business that all farmers are venturing into. Statistics has it that only 50% of the demand of fish has been met, why is that so? Statistics also has it that 51% of poultry farmers are now engaging or converting to fish farming

Market orientation: domestic; South West & North, Nigeria

Market Share: 5% niche market in South West, North Nigeria

Users of Products: Edible for human consumption, used for medicinal purposes, used for production of glue, used for production of fertilizer, used for producing animal feed.

COMPETITION ANALYSIS

Our main competitor in this fish farming business is the importers of frozen fish. From our analysis, the cost per kilogram of frozen fish, popularly called ice-fish is N750, to achieve this, weighing three units which give a kilogram of and a unit of that size of fish bought for N250. Currently, the catfish is sold to main distributors at N500 per kilogram, and it is retailed at N600 per kilogram, this makes it reasonably cheaper, survey data has shown that the catfish is preferred to the frozen ice-fish in taste and nutritional value. For other competitors in the cat fish market, we have a considerable advantage, being that fish farming is our passion and our farm is situated right within reach and the market premises which makes supervision easier and effective. We the business partners as the sole equity owners and also the ones to provide most of the factors for the production as land the location and climate of the area is very suitable for fish production. The business has relatively low overhead expenses with few staff presently to match current production capacity.

TARIFF AND IMPORT RESTRICTION

Forex restriction on food importation and zero duty on imported agricultural equipment will favour the project under consideration.

MARKET POTENTIAL

The demand for fish and fish products in the whole of Nigeria is very high. This makes the business suitable to run in the country. Also, the global fish market was valued at 300 million dollars in 2017, and it is expected to reach 550 million dollars by the year 2025. This is at an advantage for the business as there are plans to make it international later.

PROFITABILITY

Catfish Farming in Nigeria startup costs:

500 fingerlings: N10,000

Wooden (VAT) tank construction and labour: N150,000

4-months' worth of feeding: N150,000

Total startup capital for 500 fishes: N310, 000

From the above readings, it is obvious that the business is lucrative and very profitable.

TECHNICAL FEASIBILITY

The projects (rearing and packaging) of fish and fish products are technically feasible. In terms of technology, which involve the digging of ponds, and extraction of oil from fish, smoking and packaging of fish, the industrial processes are simple and a specialist in fish smoking and packaging with lots of experience is part of our team. The needed equipment for fish smoking and packaging are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

We are implementing our project using best international practices, sustainable production and due consideration for the environment.

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 favorable policy of zero duty for agricultural and equipment import. Restriction of forex for all food products will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

TIMELINE OF PROJECTS

The project will be completed within 11 months between January and November for benefits of low humidity that aids land clearing and pond digging during that period.

ESTIMATED PROJECT COSTS AND REVENUE

Fixed Cost

(A) Land Clearing

Activity	QTY	₦	K
Mark out pond	1Hectare	3,000,000	00
Excavation of pond	1Hectare	4,500,000	00
Dyke Construction	1Hectare	5,000,000	00
Sub total	1Hectare	12,500,000	00
Total	7 Hectare	87,500,000	00

(B) Equipment

Name	QTY	MODEL	USD	₦	K
Excavator	1	IBJ- 3.0	3,000	1,500,000	00
Plumbing Machines	7	4X Pump	2,000	7,000,000	00
Mikano Standby Generator	1	5000KVA perkins	5,000	2,500,000	00
Aerator	7	9m diameter	2,000	7,000,000	00
Veniceton fish tank	3		100	1,500,000	00
Sprayer Aerator	1	Dumile 2HP	300	1,500,000	00
Commercial Fillet Cutter	1		1000	5,000,000	00
Automatic Scale Remover	2	9XM-257	300	6,000,000	00
Sub total			13,700	31,000,000	00

(C) Vehicle

Type	Model	QTY	₱	K
Pick- up Truck	HILUX	2	30,000,000	: 00
Cooling Van	Mitsubishi	1	14,000,000	: 00
Sub Total		3	44,000,000	: 00

Operating Cost

Working Capital		
	₱	K
Excavation	100,000	00
Digging	300,000	00
Dyke Construction	600,000	00
For 7 Hectares	8,000,000	00
Mechanization and storage	1,000,000	00
For 7Hectares	7,000,000	00
Fish Feeding	200,000	00
Pond Management	700,000	00
Sub total	15,900,000	00

AMORTIZATION

Land clearing amortization (per hectare)	50,000	:	00
Land clearing amortization (7hectares)	3,500,000	:	00
Subtotal	3,500.000	:	:00

REVENUE

Yield per hectare @ ₦22,000,000 (for all ponds per hectare)			
	₦	K	
Revenue per hectare	22,000,000	:	00
For 7Ha	154,000,000	:	00
Net revenue for 400Ha(without amortization)	88 ,000,000	:	00
Net revenue with amortization(400ha clearing)	72,000,000	:	00
2nd Production Cycle			
Net revenue	92,000,000	:	00
Net revenue with amortization(400ha land)			
Annual Net Revenue (1st + 2nd Cycle)	164,000,000	:	00

Currency conversion rate: ₦500.00 to 1USD

FUNDING MECHANISM

The 10 hectares of land will be bought using money from the owner Engineer Olawoyin Sadeeq Babalola. The machinery and salaries of workers until the end of first production cycle will be provided by Investors and loans obtained from the Bank of Agriculture at 12% interest rate per annum.

CONCLUSION

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

