

A Business plan for the development of  
a 10ft x10ft earth fish pond with a depth  
of about 4ft to 6ft at Rukpokwu fish  
farm, Port Harcourt, Rivers state,  
Nigeria by Okey's fish farm Ltd  
confidential agreement

# AFE 202

FOOD PRODUCTION AND  
HEALTH AWARENESS

**Okechukwu Nwudu**  
18/ENG04/055  
Electrical/Electronics

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## **EXECUTIVE SUMMARY**

Okey's fish farm Ltd catfish business will be established to meet the fish demand in the community. It will be located in Rumuodara, Port Harcourt, Obio/Akpor local government Area of Rivers State. We are in the Fish industry because we want to leverage on the vast opportunities available in the agriculture industry, to contribute our quota in growing the Nigerian economy and food production. The business would be managed by Okechukwu Nwudu, Kelvin Egbuwe, and Melvin Amadi. They are all experienced in the field of fish farming and have managed different businesses across the state. Okey's fish farm is well positioned to become one of the leading fish and seafood farming business in Nigeria, which is why we have been able to source for the best hands and machines to run the company with. We have put process and strategies in place that will help us employ best practices when it comes to fish farming processes as required by the regulating bodies in the country. At Okey's fish farm Ltd, our customer's best interest will always come first, and everything we do will be guided by our values and professional ethics. We will ensure that we hold ourselves accountable to the highest standards by meeting our client's needs precisely and completely. We will cultivate a working environment that provides a human, sustainable approach to earning a living, and living in our world, for our partners, employees and for our clients. The business will be a partnership with all partners required to contribute capital according to agreed percentage (40%, 35%, 25%) respectively. The cost benefit analysis of this plan shows that in the start-up year, with 1700 fingerlings in stock and projected sales of 1500 adult fish in one circle which is half a year, we would make N1,000,000. This implies that about N2,000,000 is realizable annually for two (2) production cycle with a return on investment (ROI) of 100% which indicates that this project is feasible, viable and very much profitable and as such worth investing in.

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## **1. INTRODUCTION**

The fish industry involves the cultivation and marketing of fish in a controlled environment for all or part of their life cycle. The catfish industry in Nigeria is one of the fastest growing segments of the fish market today. The growth potential for the catfish market is at its strongest level ever. The demand for catfish is increasing due to the ever-increasing health consciousness of consumer per capital. Consumption of fish in Nigeria has increased geometrically and these increases in demand are stressing the world's natural fisheries, which are generally considered to be at or near their maximum sustainable yield, thus increasing the demand for the catfish raised in aquaculture facilities – not to mention the increasing demand in our society for locally grown products.

### **1.1 Sponsorship**

The business is a partnership business which is owned by three individuals who will contribute funds according to the following percentages: Okechukwu Nwudu 40%, Kelvin Egbuwe 35%, Melvin Amadi 25%. The initial capital contribution is N2,500,000

### **1.2 Management and Technical Partners**

Management Team and supervisors (Including skill profile)

#### **OKECHUKWU NWUDU**

He is an undergraduate student of Electrical Engineering from Afe Babalola University. He underwent extensive training and courses on fish farming (Growing, production and sales). He has experience from working at Sapele Fish farm in Bayelsa. He has shares in SEN farms one of the largest farms around. He is also the co-owner of JS Waters, the largest bottle water company in the state. He would function as the firm's general manager

## KELVIN EGBUWE

He is a graduate of Accounting from University of Port Harcourt. He underwent extensive training and courses on fish farming (Growing, production and sales). He is an experienced entrepreneur who has co-ventured the start-up and financing of many businesses. He has also worked at Commercial Cat fish and Tilapia farm at KuchiKuchiKau, in Karu LGA, Nasarawa State, Nigeria. He is also an experienced business man and has helped established manager businesses. He's the owner of the largest Fish farm in the state, the SEN Farms. He is also the owner of Senm Computer School. He would function as the firms Operations Manager.

## MELVIN AMADI

He is a graduate of Accounting from Imo State University. He has undergone training at the Fish Culture Development Training Course, organized by the Egyptian International enter for Agriculture. He has also acquired training from her post training experience at same place. He would serve as the firms Administrative Head

## **2. 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 and that 51% of poultry farmers are now engaging or converting to fish farming. Nigeria is a major consumer of fish has been known for her large importation and total dependence on fishing in rivers, lakes and sea, yet the demand for fish is still high. On a daily bases, a large number of fish is being imported into the country in order to attempt to meet the unending demand yet the demand never seems to reduce. This is an indication that there is a need for increased fish farming in the South and Central regions of the country

## 2.1 Target Market

With the location of our business in Rivers State, Port Harcourt town to be specific, we hope to enjoy huge patronage of the large population here. The following are our target market:

- Student Community of Port Harcourt (FUPH)
- Port Harcourt Market for the locals
- Rumuomasi Market
- Rumuodara Market
- Rumuokoro Market

We are planning to meet a production capacity of 1500 cat fish per month. We would make an effort to contact cold room buyers within the States, and preservation through drying is also an option in the foreseeable future. We are also planning to reach out to industrial users that utilize the fish for fish meal production and other products.

## 2.2 Estimated annual sales and market shares

Total annual production

Weeks Fish supplied to Market	2 cycles. As it takes 3 months to complete each cycle and our product supplied to the market	WK 27 WK 52
Amount of fish to be sold per year	1500 Pcs per cycle	3,000 Pcs
Unit price	NGN 700	NGN 700
<b>TOTAL ANNUAL SALES</b>	<b>NGN 1,050,000 per cycle (Three months)</b>	<b>NGN 2,100,000</b>
Inputs required during the year		
• Fingerlings	• 1700 Pcs	• 3400 Pcs

• Feeds	• 35 Bags	• 70 Bags
<b>Operations Cost:</b>		
Fingerlings @ NGN 40 each	NGN 68,000 per cycle	NGN 136,000
Feeds @ NGN 4000 per bag	NGN 140,000 per cycle	NGN 280,000
<b>TOTAL OUT/OPERATION COST</b>	<b>NGN 208,000 per cycle</b>	<b>NGN 416,000</b>
<b>Returns</b>	<b>NGN 842,000 Per cycle</b>	<b>NGN 1,684,000</b>

### 3. TECHNICAL FEASIBILITY, RESOURCES AND ENVIRONMENT

Most children that grow up with low protein intake end up malnourished and having a low intelligent quotient. Economically, the continuous importation of frozen fish to the country reduces our GDP, and thus reduces the national income. Also, the ever-increasing rate of unemployment in the country is truly becoming worrisome to the Government and well-meaning Nigerians. Like most entrepreneurs, the goal of the fish farm business is for profit, but the underlying benefits from putting more fish into the system cannot be overemphasized. Some of them include; increasing the sources of protein in the society at an affordable rate, reduction of unemployment rate and increase in national income.

#### 3.1 Competitor's 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.

#### **4. GOVERNMENT SUPPORT AND REGULATORY POLICIES**

The Company would be registered under the Companies and Allied Matters Act (CAMA 2004) and will comply with all the necessary rules and regulations that guide the operations of Companies in Nigeria as contained in the Act.

This project conforms 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. 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.

#### **5. PROJECT IMPLEMENTATION TIMELINES**

The project will be completed within 6months preferably between November, 2020 to April, 2021

## 6. FINANCIAL EVALUATION

### PRO FORMA INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3
Cash farm income			
1) Catfish sold	NGN 2,100,000	NGN 3,150,000	NGN 6,300,000
2) Cash farm expenses			
Variable Cash expenses			
Feed	NGN 280,000	NGN 420,000	NGN 840,000
Fingerlings	NGN 136,000	NGN204,000	NGN408,000
Fuel	NGN 300,000	NGN 450,000	NGN 900,000
Chemicals	NGN 70,000	NGN 105,000	NGN 210,000
Labour cost	NGN 46,000	NGN 69,000	NGN 138,000
Salary to partners:			
A	NGN 32,000	NGN 48,000	NGN 96,000
B	NGN 28,000	NGN 42,000	NGN 84,000
C	NGN 20,000	NGN 30,000	NGN 60,000
Harvesting and hauling cost	NGN 30,000	NGN 45,000	NGN 90,000
Other variable expenses	NGN 120,000	NGN 180,000	NGN 360,000
b. Other expenses			
Tax	NGN 224,400	NGN 336,600	NGN 673,200
Depreciation	NGN 170,200	NGN 255,300	NGN 510,600
Electricity	NGN120,000	NGN 180,000	NGN 360,000
TOTAL EXPENSES (2a+b)	NGN 1,576,600	NGN 2,364,900	NGN 4,729,800
<b>NET CASH INCOME</b>	<b>NGN 523,400</b>	<b>NGN 785,100</b>	<b>NGN 1,570,200</b>

#### 6.1 Project Cost and Revenue Estimates

The end product of fish farming is the adult fish for sale in the market. Unlike poultry farming or other farms where you can have other by products like the animal dung, fishes have no such by

products that can be sold for profit. Our sole revenue driver, would be the sale of the grown up or adult fish to the market. The revenue to be raised here from this sale is high if we are able to work hard and ensure our fishes are alive, healthy and well feed and reach the market desired size. When we buy a fingerling at the cost of N40, after the growth cycle of 6months, the fish would be sold in the market for about N600 – N700 which is a big revenue driver for us.

**FIXED AND VARIABLE COST** – Fixed cost for these early periods is as follows:

- Tax
- Depreciation

**VARIABLE COST** – Fixed cost for these early periods is as follows:

- Feeds
- Seed (Fingerlings)
- Fuel
- Electricity
- Chemicals
- Labour Cost (Sales Girl and Labourers)

## **7. FUNDING MECHANISMS**

This business would be funded by generating part of the start-up capital from personal savings and securing a secure loan at the rate of 9% through the Commercial Agricultural Credit Scheme (CACS) which was created by the Central Bank of Nigeria (CBN) and the Federal Ministry of Agriculture and Rural Development (FMARD) to support small-scale farmers and agribusinesses in Nigeria.

## **8. CONCLUSION**

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