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A FEASIBILITY REPORT/BUSINESS PLAN FOR THE DEVELOPMENT OF A THREE HUNDRED HECTARES COCONUT PLANTATION AND ESTABLISHMENT OF FIFTEEN TONNES PER DAY CAPACITY COCONUT OIL EXTRACTION PLANT AT SHAMON ROYAL LINK FARMS, EGBEDA, LAGOS STATE,NIGERIA BY DAMUSSE AGRIBUSINESS VENTURES AND CONSULTANCY.

**CONFIDENTIALITY AGREEMENT**

The undersigned reader acknowledges that the details provided in this business plan is a private, intellectual property therefore the reader consents to keeping this information private and undisclosed if permission is not taken from the promoters of the proposed business.

It is acknowledged by the reader that details furnished in this business plan is in all respect confidential in nature, other than details which is in the public domain through other means and that any disclosure of the business details by reader can cause irreplaceable damage to the promoters of the proposed business.

Upon request, this document is to be returned with immediate effect to the promoters of the proposed business

Signature:

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**Executive Summary of Proposed Business**

This business plan examines the feasibility and economic importance of the development of a 300 hectares coconut plantation and the establishment of a coconut oil extraction plant in Egbeda by Shamon Royal Link and Shamon Cooperative Society of Farmers. The farm would produce about 10,000 coconuts in a production cycle. The coconut oil extraction plant will process about 7,000 coconuts into edible and natural coconut oil and coconut cakes for livestock industry.

There is a relatively high demand for these products due to the fact that not any farmers invest in this part of farming. Production is currently ongoing in the South Western part of the country with Ondo State as the lead producer.

This project would create job opportunities, help conserve foreign exchange and also generate satisfactory returns for sponsors and investors.

**Sponsorship**

 The project is sponsored by Mr. and Mrs. Shamon, civil servants and the owners of the Shamon Royal Link Group of Companies. They are supporting the business of farmers in Egbeda through Shamon Cooperative Society of Farmers. They are also the owners of the Shamon Royal Link Farms that is being used for the project. Damusse Agribusiness Ventures and Consultancy will be responsible for the management consultancy of the projects.

**Management**

The management will consist of a democratically elected board of Directors at the apex of the organization structure. It will be made up of shareholders and members of the cooperative society who have stake in the survival, growth and profitability of the business as well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The board will ensure the smooth running of the project and the Managing Director will supervise the project generally. The MD will manage business risks and focus on wealth creation.

**Technical Assistance**

The total technical know-how would be handled by the IITA( International Institute of Tropical Agriculture, Ibadan). It has been confirmed that this institute is very versatile in technical gadget and they have been contacted and a fee has been agreed on.

The company will fund the processing factory and access finance for the coconut oil extraction from Jubilee bank at the rate of 7%.

**Market and Sales**

Market orientation: Domestic; South and East, Nigeria

Market Share: 5% niche market in South and East, Nigeria

Users of Product: edible oil for human, coconut cake for human and livestock consumption

**Market Potential**

There is strong demand for coconut and coconut derivatives in the Southern and Eastern part of Nigeria.

**Profitability**

Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil condition, pest, diseases and other risks i.e. invasion of mammals. However measures have been put in place to control these risks.

**Technical Feasibility**

The projects which are coconut production and coconut oil extraction are technically possible. In terms of technology which involves crushing of coconuts and extraction of oil, the machines to do so have already been made available and a machine operator at the IITA who specifies in the use of this machine has been hired. He has also has a team of technicians that work with him and he has agreed to involve them in the project.

As for the coconut production, we have specialists in mechanization, irrigation, farm management, crop production, weed science, market development, agricultural extension and accounting as part of our cooperative society. We also have specialists in quality control as part of our cooperative society also.

The major competitors in the South and East are DEIRDRE FARMS and YOWA FARMS respectively with the Deirdre fine oils and Yowa shine. Deirdre farms produce 80 tonnnes of coconut oil per day and Yowa farms produce 75 tonnes of coconut oil per day. Through this information, we have decided to upgrade oil production daily to 6 cycles at 15 tonnes per cycle resulting to 90 tonnes daily. We are implementing our project using best international practices, sustainable production and due consideration for the environment. Organic fertilizer will be substituted for chemical fertilizer within three years of farm operations.

**Government Support and Regulations**

This project agrees with the economic diversification goal of the government. It supports foreign exchange and less importation. It creates job opportunities for the youths and also creates market access. It improves income for farmers and helps government achieve their food security goals. The project will benefit from government intervention fund in the agriculture sector. The project will benefit from government intervention fund in the agriculture sector.

**Project Timeline**

This project would last for the period of five months between the months of December and April because December to February is the dry season in Lagos.

**Estimated Project Cost and Revenue**

**Fixed Cost**

* **Land clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land clearing | 1 Hectare | 170,000 | 00 |
| Cross cutting | 1 Hectare | 15,000 | 00 |
| Ploughing | 1 Hectare | 40,000 | 00 |
| **Sub Total** | 1 Hectare | **225,000** | **00** |
| **Total** | 300 Hectares | **6,750,000** | **00** |

* **Equipment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **QTY** | **MODEL** | **USD** | **₦** | **K** |
| Tractor | 1 | QTO-453 | 23,611 | 8,500,000 | 00 |
| Disc harrow | 1 | HGF-9.0 | 3,472 | 1,250,000 | 00 |
| Sub soiler | 1 | IT-400F | 3,333 | 1,200,000 | 00 |
| Coconut De-husker | 1 | 3GBN-5H | 2,222 | 800,000 | 00 |
| Coconut De-Sheller | 1 | 4FG-9J | 2,083 | 750,000 | 00 |
| Drier | 1 | 5R-2000-15 | 5,555 | 2,000,000 | 00 |
| Oven | 1 | GR13F | 4,166 | 1,500,000 | 00 |
| Oil Extractor | 1 | JK98-8U | 4,722 | 1,700,000 | 00 |
| Sub-total |  |  | 49,164 | 17,700,000 | 00 |

* **Vehicle**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Type** | **Model** | **QTY** | **₦** | **K** |
| Pick-up Truck | TACOMA | 3 | 50,000,000 | 00 |

* **Irrigation**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Type** | **QTY** | **Model** | **USD** | **₦** | **K** |
| **Hose Reel** | **1** | **FRG76-K7** | **25,625** | **9,225,000** | **00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  | **₦** | **K** |
| Ploughing/ha | 20,000 | 00 |
| Harrowing/ha | 15,000 | **00** |
| Sub total | 35,000 | 00 |
| **For 300 Ha** | **10,500,000** | **00** |
| Mechanization and storage | 100,000 | 00 |
| **For 300 Ha** | **30,000,000** | **00** |
| Input/ha | 85,000 | 00 |
| **For 300 Ha** | **25,500,000** | **00** |
| Area yield insurance | 12,000 | 00 |
| Produce aggregation | 5,000 | 00 |
| Geo Spatial Service | 5,500 | 00 |
| **For 300 Ha** | **6,750,000** | **00** |
| Interest per hectare | 22,000 | 50 |
| **For 300 Ha** | **6,600,150** | **00** |
| Total cost per hectare | 264,500 | 50 |
| **Total cost for 300 Ha** | **79,350,150** | **00** |
| Loan principal and interest(Cost per hectare) | 195,450 | 25 |
| **Total for 400 Ha** | **58,635,075** | **00** |
| **Irrigation cost for 300Ha(excluding fixed cost)** | **18,025,150** | **00** |

**Amortization**

|  |  |  |
| --- | --- | --- |
|  | ₦ | K |
| Land clearing amortization (per hectare) | 25,000 | 00 |
| **Land clearing amortization (300 hectare)** | **7,500,000** | **00** |

**Revenue**

|  |  |  |
| --- | --- | --- |
| Yield per hectare 3tonnes@ ₦160000 per tonne |  |  |
|  | ₦ | K |
| Revenue per hectare | 480,000 | 00 |
| For 400Ha | 192,000,000 | 00 |
| Net revenue for 400Ha(without amortization) | 87,050,000 | 00 |
| Net revenue with amortization(400ha clearing) | 79,550,000 | 00 |
| 2nd Production Cycle |  |  |
| Net revenue | 64,425,050 | 00 |
| Net revenue with amortization(400ha land) |  |  |
| Annual Net Revenue ( 1st + 2nd Cycle) | 143,975,050 | 00 |

Currency conversion rate: ₦360.00

**Funding Mechanism**

Shamon Royal Link Group of Companies will provide 300 hectares of farmland at Shamon Royal Link Farms. The company will also lease 5,000MT capacity silo as equity contribution.

Equity investor would provide equity for equipment and vehicles purchase.

**Conclusion**

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

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