

# **BUSINESS PLAN**

**PRESENTED TO**

**CENTRAL BANK OF NIGERIA UNDER THE AGSMEIS**

**ON**

**TABLE EGG PRODUCTION**

**BY**

**DACHAK LEGACY FARMS**

**NO 9, AKARA CLOSE, PHASE 3, TRADEMORE MEGACITY ESTATE,  
LUGBE ABUJA**

**OCTOBER 2018**

TABLE OF CONTENT	PAGES
EXECUTIVE SUMMARY	3-4
<b>CHAPTER ONE : DESCRIPTION OF COMPANY &amp; LOAN NEEDS</b>	<b>5-11</b>
1.0 : OVERVIEW OF THE COMPANY & MILESTONE	
1.1 : MISSION & VISION OF THE COMPANY	
1.2 : BUSINESS OPPORTUNITIES IDENTIFIED & KEY SUCCESS FACTORS	
1.3 : BUSINESS OWNERSHIP & MANAGEMENT STRUCTURE	
1.4 : THE BORROWING CAUSE	
1.5 : BORROWING PURPOSE & LOAN UTILIZATION	
1.6 : LENDING RATIONALE	
1.7 : PROPOSED LOAN FACILITY STRUCTURE	
1.8 : CAMPARIE ANALYSIS	
<b>CHAPTER TWO : MARKETING PLAN</b>	<b>12-16</b>
2.1 : PRODUCT DESCRIPTION	
2.2 : INDUSTRY ANALYSIS	
2.3 : BUSINESS ANALYSIS	
2.4 : COMPETITION ANALYSIS (S.W.O.T.)	
2.5 : MARKETING STRATEGIES	
<b>CHAPTER THREE: PRODUCTION PLAN</b>	<b>17-19</b>
3.1 : EQUITY INVESTMENTS IN ASSETS	
3.2 : RAW MATERIALS & SUPPLIES	
3.3 : PRODUCTION STRATEGIES	
3.4 : RISKS AND MITIGANTS	
<b>CHAPTER FOUR : FINANCIAL PLAN</b>	<b>20 -26</b>
4.1 : FINANCING PLAN	
4.2 : PROJECTED PROFITABILITY ANALYSIS	
4.3 : PROJECTED CASH FLOW ANALYSIS	
4.4 : UNDERLYING ASSUMPTIONS OF FINANCIAL PROJECTIONS	
4.5 : REPAYMENT ANALYSIS	
4.6 : FACILITY IMPACT ASSESSMENT	
<b>CHAPTER FIVE : CONCLUSION &amp; RECOMMENDATIONS</b>	<b>27</b>
5.1 : CONCLUSION	
5.2 : RECOMMENDATIONS	

## **EXECUTIVE SUMMARY**

Dachak Legacy Farms (DLF) was registered to engage in farming & allied matters; supply, manufacturing, buying, selling, import, and export of all kinds of goods; and general contracts. DLF's activities cut across primary production, processing, marketing of agricultural commodities, including poultry and arable crops. We also specialises in snail farming under an intensive system of management. The farm started operations in 2016 but became registered on September 21, 2018 with Corporate Affairs Commission as a business name. The farm is located by the Sabbath Church, Gwagwa Village, Dei Dei. The objective is to provide consumers with healthy, quality table-size eggs, fresh/frozen chicken at lower costs to meet the high demand for protein needs among the F. C. T. residents.

The implementation of this poultry project began with the acquisition of two plots of land (N1.5million), one poultry pen (N1.6million), 1 borehole (N600,000), 1 fireman generating set to power the farm (N80,000) and other poultry equipment. The total owners' equity stands at about N6,905,000. The farm currently has 1,500 layers, producing about 22 crates of egg per day. However, the farm needs to increase its capacity due to growing demand for table eggs from customers in Abuja and its environment. Total capital requirement is ~~N~~9,552,744.

This business plan is therefore prepared to assess the viability of the proposed project vis-à-vis the N9,552,744 being sought. Presented below is summary of the outcome of the exercise which the details are contained in the main body of this project feasibility report.

Company:	<b>Dachak Legacy Farms (DLF)</b>
Address:	By the Sabbath Church, Gwagwa Village, Dei Dei.
Date of Registration:	September 21, 2018
Bankers:	Sterling Bank Plc
Ownership Structure:	100% Nigerian
Staffing Requirement:	3 Employees.
Nature of Business:	Poultry (Egg Production) & Snail Farming
Constructed Pen Capacity:	5,000 layers
Current Stock:	1,500 under the deep litters system
Proposed Capacity Increase:	3,000 layers under the battery cage system
Amount Requested:	<b>N9,552,744 for 5 Years</b>

### Proposed Project Cost

The total capital cost for the project is so far estimated at ₦16,457,744 out of which the promoter of the project has so far spent about ₦6,905,000. The balance of ₦9,552,744 is expected to be funded via the Agri-Business Small Medium Enterprises Investment Scheme (AGSMEIS) of the Central Bank of Nigeria.

### Proposed Financing Plan:

Above project is being financed by Equity funds of N6,905,000 (42%); and AGSMEIS funds of N9,552,744 (58%).

### Expected Financial Results:

The projected financial returns for the first five years of operation of the project (after six months moratorium on both principal and interest) have been estimated and observed to be quite profitable with average returns on working capital investment of 35%, 16%, 12%, 26%, and 23%; and debt service ratios of 1.27x, 1.08x, 1.04x, 1.18x, and 1.14x in year 1, 2, 3, 4 and 5, respectively. The expansion project has positive net cash flows through out the five-year tenor and is expected to breakeven with positive net profit from the first year of production.

## **CHAPTER ONE**

### **DESCRIPTION OF COMPANY & FINANCING NEEDS**

#### **1.0 Overview of the Company and Milestone**

Dachak Legacy Farms (DLF) is a privately owned indigenous agribusiness registered on September 21, 2018 as a business name. This business was established to engage in poultry production of table eggs, broiler, and snail production.

DLF also engages in:

- Catfish production
- Pig production
- Arable crop production
- Feed milling

DLF has its farm located on a plot of land Gwagwa axis of Dei Dei. The promoters of the farm own the land and has put in place, several infrastructures including the fencing, pens (total current stock of 1,500 laying birds), borehole, generator, etc. The farm is accessible by road all year round. The farm location is good because it is a serene environment and away from the central Business District but not very far away from the access road for easy evacuation of farm produce.

#### **1.1 Mission and Vision of the Farm:**

The mission of DLF is to contribute its quota to bridging the demand-supply gap that exist in the production and supply of poultry products (table eggs and meat), and snail production for domestic and industrial uses in F. C. T. and its environment. In the next 3 to 5 years, DLF will be a poultry and snail value-chain hub comprising of:

- A fully automated poultry farm holding at least 5,000 laying birds;
- A snail pen, housing over 3,000 snails.
- A livestock feed mills with combined capacity to mill at least 1 metric ton of high quality poultry feed per day for its own use.

#### **1.2 Business Opportunities Identified**

- a) Abuja Satellite Township Structure: F. C. T. is designed in such a way that residential structures are strategically positioned in different part of the metropolis. Kubwa, Gwarinpa, Galadinma, Wuse and Garki which are some kilometres distance away from the farm location with the large population of Abuja residents living there. A lot of markets also exist in the area and this helps to absorb all the eggs and snails produced in the farm. DLF is only able to meet little proportion

of customers' demands, and this poses a great opportunity for DLF to contribute to meeting the protein needs of the Abuja residents as there are no poultry farms in the city centres.

- b) Backward integration to reduce production cost: Poultry products especially egg is one of the basic food items that is in high demand especially in the Northern part of Nigeria and the neighbouring countries. This high demand for egg has led to springing up of many poultry farms, but feed has remained the single input that accounts for more than 70% of the cost of egg production. The promoters of DLF have identified backward integration through the milling of own feed as one of the ways to reduce this high production, thereby selling at lower prices and then taken higher share of the poultry market. This is the farm's medium term investment plan.
- c) School feeding programme: Since the advent of this present government, there has increased demand to fulfil campaign promises, prominent among them is the school feeding programme. The promoters of DLF have identified the rising demand and scarcity of eggs as several food vendors are being engaged by the government to provide at least one egg per child in a day. DLF has been established to also take advantage of this programme.

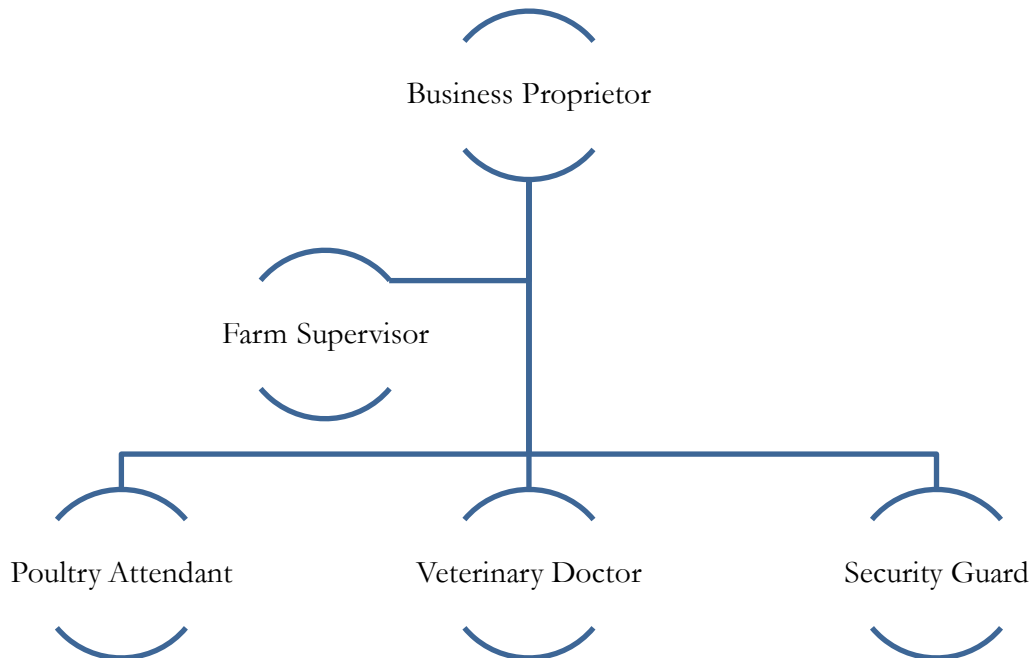
### **1.3 Business Ownership and Management Structure**

Ownership Structure: Dachak Legacy Farms (DLF) is wholly a Nigerian Sole Proprietorship, 100% owned by Mrs Jennifer Ukaobasi.

The management team is as follows:

- Business Promoter: DLF is being managed under the supervision of the Proprietor. She has been involved in agribusiness especially, poultry and snail farming since 2016. Mrs. Ukaobasi is responsible for sales and marketing of farm produce, as well as, account management for DLF. The Promoter is equally keenly interested in snail farming which she does on a commercial level in pens within her garden. She is a graduate of Banking & Finance with over 15 years of banking experience, before retiring into agribusiness ventures in order to contribute her quota to national food security.
- Farm Supervisor/Farm Attendant/Security: The Promoter is assisted by Mr Friday Nwosu, who manages the day-to-day operations of the farm with six years' experience stays in the farm to provide effective day to day supervision. He is supported by a poultry attendant Miss Rejoice Favour with three years' experience while Mr. Mustapha; serves as the security with over 5 years' experience.

- Veterinary Doctor: Dr. Bankole is a private part-time Veterinary Doctor to Dachak Legacy Farms. He is a poultry clinician that provides veterinary services for the farm with over 5 years practice and experience.
- Business Organogram



#### 1.4 The Borrowing Cause

Dachak Legacy Farms (DLF) is a privately owned indigenous agribusiness registered in September 2018 as a business name; DLF will be incorporated in the near future. This business was established to engage in poultry (including table eggs and broiler meat production) and snail value chain. The production system practiced by DLF for egg production is currently the deep litters where a section is demarcated for laying eggs.

Currently, the farm has one pen with total pen carrying capacity of 5,000 layers which are currently stocked with 1,500 layers under the deep litters system. The business also raises broiler for targeted sales in cycles of 1,500 birds; the last set recently sold and the next set current at the brooding stage to be ready for sales around December. The demands for eggs, poultry meat, and snail meat are on the increase in Nigeria; and relative to our population growth rate of 5.67%.

Therefore, the farm is expanding with additional 3,000 birds using battery cages, to optimize its capacity utilization as well as to meet increasing market demand for table eggs in the F. C. T. and environs; hence this loan request for the expansion of the poultry section.

## 1.5 Borrowing Purpose and Loan Utilization

- Facility Type and Amount: Dachak Legacy Farms (DLF) is requesting for a total of ***Nine Million, Five Hundred & Fifty-Two Thousand, Seven Hundred & Forty-Four Naira (N9,552,774) only***, out of which N1,800,000 for procurement of 30 units of (96 birds/unit) battery cages; N4,050,000 for the procurement of 3,000 Point-of-Lay (POLs) at N1,350 per bird; N2,610,000 for procurement of feeds at the average price of N2,900 per 25kg bag. The rest will be used for medication, vaccination, transportation, installation, insurance, salaries and contingencies.
- Breakdown of Facility Amount and Utilization: The major inputs in poultry egg production are cages, birds (POLs), feeds and medication. The Table below shows a break down on how the fund will be utilized:

### **BREAKDOWN OF FUNDS UTILIZATION**

Items	Unit Price (N)	Quantity	Total Required Loan (N)
<b>Point of Lay (POL)</b>	1,350	3,000	4,050,000
<b>- Transportation</b>	60		180,000
<b>Feed</b>	2,900	900 bags (for 60 days)	2,610,000
<b>Vaccination &amp; Medication</b>			200,000
<b>Battery Cages (Local)</b>	60,000	30	1,800,000
<b>- Transportation</b>	60	30	180,000
<b>- Installation</b>	3,500	30	105,000
<b>Salary</b>	60,000	2	120,000
<b>Sub-Total</b>			<b>9,245,000</b>
<b>NAIC Policy Cover (2.5%)</b>			74,750
<b>Contingencies (2.5%)</b>			232,994
<b>TOTAL</b>			<b>9,552,744</b>

## 1.6 Lending Rationale

Poultry farming remains one of the most profitable businesses in Nigeria. There are several reasons for the bank to lend for poultry production in general and most importantly, Dachak Legacy Farms. These include:

- Poultry egg has high demand and has remained the most widely accepted and consumed staple especially in northern Nigeria. The current per capita consumption is 65 eggs per year, while annual egg production in Nigeria which is about N220billion is undoubtedly below the market demand.
- FGN policy: The Federal Government of Nigeria (FGN) has banned the importation of poultry products. This has led to better prices and demand for poultry products in Nigeria.



- iii. High laying efficiency: The farm is in a serene environment with minimal noise which has made the farm favourable for laying birds. Thus, the birds laying efficiency is increased as birds could have up to 85% laying efficiency in cool weather condition which leads to high revenue and profitability.
- iv. High return on Investment: Due to high demand and prices of eggs and high laying efficiency, there is high return on investment for poultry egg production of at least 45%. One bird lays an average of 300 eggs over its laying life and at the average price of N30 will give a profit of N9,000. There is no doubt that poultry egg production has high return on investment.
- v. The facility will be accessed under CBN AGSMEIS. The objectives of the scheme include – to improve access to affordable and sustainable finance by Agribusinesses and other MSMEs which are vehicles for sustainable economic development; to create employment opportunities, as well as, to boost the managerial capacity of agribusiness and other MSMEs to grow enterprises into large corporate organizations in line with the FGs agenda to develop the real sector and promote inclusive growth. The proposal presented by DLF falls into the category of eligible enterprises under this scheme.
- vi. DLF has in the last one year built experienced and committed staff team who are working to ensure strict compliance with modern bio-security measures and improved poultry egg production techniques. The farm is wholly managed by the promoter as a full-time business. The full presence of the promoter ensures effective supervision and monitoring of activities in the farm thereby guaranteeing efficient management culture as well as strategies to reduce or eliminate pilferage and any other unwholesome practices by farm employees.
- vii. DLF has opted for POLs instead of DOCs to reduce the length of time it takes to start generating cash in-flows. They will be fed for only two (2) months from the loan proceeds till about 24 weeks when they will be laying at commercial level and be able to feed themselves. The risk of bird failure arising from non-strict implementation of vaccination program is mitigated by sourcing the POLs from a reliable farm like Olam Nigeria Limited, Nigeria. It guarantees the birds are disease-free and highly productive.
- viii. DLF has a clean credit history as the farm is currently not indebted to any Bank.
- ix. The equipment to be bought out of the facility will be registered with the National Collateral Registry (NCR).
- x. Agribusinesses are highly prioritized by the CBN under the AGSMEIS.
- xi. The farm has put in place effective bio-security measures to forestall any outbreak of diseases in the farm including the use of waste scrappers.
- xii. The farm has successfully operated for the last 2 years. Thus, the management team has acquired a bit of experience in poultry business.

## 1.7 Proposed Loan Facility Structure

To facilitate repayment of the loan facility as and when due, the following facility structure has been proposed:

- Facility Types and Amount: AGSMEIS equipment finance of N2,085,000 and Working capital of ~~N~~7,467,744 comprising mostly the cost of stocking POLs and feeding to commercial laying point (24 weeks).
- Facility Purpose: For the procurement of battery cages (30 units) and 3,000 birds (Point-Of-Lay), 900 bags of feeds, medication, and other contingent expenses.
- Tenor: 60 months
- Interest rate: 5% (inclusive of all charges – in line with AGSMEIS guideline)
- Moratorium: 6 months on both interest and principal.
- Repayment: Monthly repayment of Interest and principal using cash flow from the sales of eggs, poultry manure and spent layers. Any other operational cash flows acceptable to the Central Bank of Nigeria.
- Collateral: The asset to be financed will serve as part-security and will be registered on the National Collateral Registry (NCR).

## 1.9 CAMPARIE Analysis

APPRIASAL CRITERIA	DESCRIPTION OF APPRAISAL PARAMETERS
Character	The customer does not currently have borrowing relationship with any Bank. The promoter is a hard-working woman with no evidence of questionable character.
Ability	The promoter has put together a team of personnel with many years of experience in poultry farm management. The farm has the policy of operating on cash and carry basis.
Margin	The net profit on layer production is always higher than 5% being the loan Interest rate. So the business can repay both the interest and principal.
Purpose and Borrowing Cause	DLF is requesting for a total of <b><i>Nine Million, Five Hundred &amp; Fifty-Two Thousand, Seven Hundred &amp; Forty-Four Naira (N9,552,774) only</i></b> , out of which N1,800,000 for procurement of 30 units of (96 birds/unit) battery cages; N4,050,000 for the procurement of 3,000 Point-of-Lay (POLs) at N1,350 per bird; N2,610,000 for procurement of feeds at the average price of N2,900 per 25kg bag. The rest will be used for medication, vaccination, transportation, installation, insurance, salaries and contingencies. These will help to meet the increasing demands for eggs in the F. C. T. and environment.

<b>Amount</b>	About ₦9,552,744 is required under the AGSMEIS for a tenor of 60-months inclusive of 6 months moratorium. The prices of the inputs to be financed can be verified in the open market. The customer will provide proforma invoice of items to be purchased from the respective suppliers. Disbursements will be made using the disbursement schedule in line with the approved transaction dynamics.
<b>Repayment</b>	Repayment will be made monthly through sales proceeds from the farm. The inflows into the farm's account will be sufficient to repay the loan facility. No identifiable threat to repayment sources.
<b>Insurance and Collateral</b>	The farm is not currently insured but the new stock will be insured with the Nigerian Agricultural Insurance Corporation (NAIC). The new equipment to be financed will be registered on the National Collateral Registry (NCR).
<b>Equity Investment</b>	So far, the chief promoter of this farm has invested a total of over N6,905,000 in buildings (farm house and poultry pens), generator, borehole and stocks (feed and birds).

## **CHAPTER TWO**

### **MARKETING PLAN**

#### **2.1 Product Description and Uses**

Poultry farming is the process of raising domesticated birds such as chickens, ducks, turkeys, and geese for farming meat or eggs for food. Poultry are farmed in great numbers with chickens being the most numerous. DLF produces high quality eggs. Table eggs are produced by female poultry birds (hens)



that have attained the laying age of 16-20 weeks. Poultry eggs, especially chicken, are the most consumed animal egg in Nigeria. It is very nutritious, a complete meal of its own and mostly needed by children of growing age. Poultry eggs can be boiled, fried, or processed into powder before it can be eaten. It has formed a large part of staple diet in every Nigerian diet.



Egg size is dependent on breed, age, and weight of the hen. Larger chicken often lay larger eggs. Egg weight, shape and shell colour are external characteristics that influence egg grading, packaging, price, consumer preference. DLF aims at these external characteristics to maintain off-takers' loyalty.

#### **2.2 Industry Analysis**

The Nigerian poultry industry is estimated at ₦80 billion (\$600 million) and is comprised of approximately 165 million birds, which produced 650,000 metric tonnes (MT) of eggs and 290,000 MT of poultry meat in 2013. From a market size perspective, Nigeria's egg production is the largest in Africa (South Africa is the next largest at 540,000 metric tonnes of eggs) and it has the 2nd largest chicken population after South Africa's 200 million birds. Chicken importation (except for of day-old-chicks) was banned by Nigeria in 2003, which spurred growth in domestic poultry production. In overall assumptions, estimated poultry meat consumption in Nigeria is approximately 1.2 million MT. Smuggled chicken has exerted significant influence in the poultry market. When smuggled chicken costs about ₦500-₦700 (\$2.50-\$3.50) per kg, locally produced frozen chicken costs between ₦1,000-₦1,300 (\$5 - \$6.50) at retail locations, and approximately ₦650 (\$3.25) at the farm gate. The price differential

between imported and locally produced poultry is driven primarily by the high cost of maize and soybeans in Nigeria, and wide fluctuations in these commodity prices during the year.

In 2013 in particular, high prices of maize impacted margins of both poultry and animal feed companies; the first half of 2015 saw the sector squeezed by a combination of high soybean prices (₦150,000/MT in May versus ₦90,000/MT during the same period in 2014) and incidences of Avian Flu. Even with these challenges, analysts have projected a 20% annual growth in the poultry industry between 2010-2020 driven by Nigeria's large population and rapidly growing middle class. The Nigerian poultry sector is extremely fragmented with most of the chicken raised in 'backyards' or on poultry farms with less than 1,000 birds. However, there are large commercial players in the sector most of whom are in south-western Nigeria, near Lagos and its large market of 17.5 million people. Some notable commercial poultry companies in Nigeria are shown in the Table below:

COMPANY NAME	ESTABLISHED	BROILERS	TABLE EGGS	HATCHERY
<b>Animal Care</b>	1979		x	x
<b>Amo Byng Nig. Ltd</b>	2003	x	x	x
<b>Ajanla Farms (CHI)</b>	1987	x		x
<b>Obasanjo Farms</b>	1979	x	x	x
<b>Zartech Agric. Ltd</b>	1983	x		x
<b>Olam Nigeria Ltd</b>	1989	x		x
<b>Dayntee Farms Ltd</b>	2011	x	x	x

It is expected that poultry enterprises with greater capacity will emerge amidst growing interests in the industry and the support programmes of government and development agencies. The Nigerian poultry industry is expected to continue to be a major contributor to the country's economy, not only in terms of Gross Domestic Product but more strategically, in the areas of food safety, food security and job creation while also being of significance in the export industry. Within the current context of economic stimulations and diversification, the industry is anticipated to provide direct employment for over 300,000 people and indirect employment to some 1,000,000 people, it is the largest consumer of maize, it supports many peripheral businesses, and it is a strong platform for rural development as well as the government's zero hunger ambitions.

#### Egg Development and Laying Process

- A female chick is born with thousands of tiny ova, which are undeveloped yolks. Once she reaches maturity, an ovum will be released into a canal called the oviduct and begin its journey of development.

- At any given time, a productive hen will have eggs of several stages within her reproductive system. The eggs most recently discharged from the ovary are just tiny yolks, and the eggs farther down the oviduct are progressively larger and more developed.
- From the time, an ovum leaves the ovary, it takes approximately 25 hours for the egg to reach the vent for laying. During that time, the yolk will grow larger while being surrounded by albumen (egg white), wrapped in a membrane, and encased in a shell. Pigment is deposited on the shell as the last step of the egg production process.
- If sperm is present, the yolk will be fertilized before the albumen is deposited.
- As a chick embryo develops in a fertilized egg, the yolk provides nourishment and the albumen cushions the embryo.
- Although a hen has only one exterior opening (the cloaca or vent) for egg laying and elimination, eggs are not contaminated during the laying process. Two separate channels, the oviduct and the large intestine, open into the cloaca. As the egg nears the end of the oviduct, the intestinal opening is temporarily blocked off. The egg passes through the cloaca without contact with waste matter.
- The typical interval between eggs laid is about 26 hours, so a hen that lays an egg every day will lay a bit later each day.
- Hens don't usually lay eggs in the dark, so once a hen's laying cycle reaches dusk time, she will usually not lay till the following morning.
- Eggshell production drains calcium from the hen's body. The comb, wattles, legs, and ear lobes will fade as the calcium leaches out. Calcium must be replenished through either feed containing calcium, supplements such as oyster shell, or high amounts of calcium in the soil of birds with outdoor access.

### **2.3 Business Analysis**

Poultry farming (egg and broiler production) is one of the most lucrative agribusinesses in Nigeria. Poultry egg production is technical, capital intensive (due to construction of pens), requires adequate knowledge of bio-security management and close attention. This business ensures that the farm's liquidity position remains stable because as eggs are produced every day, all year round, customers off-take almost immediately thereby provide daily cash sales which enables the farm to meet its short term financial obligations. Apart from constant cash flow, poultry egg production is profitable.

Feed constitute the most important cost component in poultry egg production as it accounts for more than 70% of the total cost of production. Quality feed and feeding will largely determine egg production in a poultry farm. Based on good management practices, a poultry bird consumes a little above two bags (60kg) of feeds for a period of two years from day-old to cull-day. Within this two-year period, the bird can lay eggs for 19 months at average laying efficiency of 70% thereby producing an average of about

400 eggs or 13 crates of eggs. If a bag of feed sells at N3,000 and a crate of egg sells at N850 at farm-gate, it implies that the return on investment on feed is about 37%. This is considered to be high enough such that the other working capital cost components (bird, medication, labour, etc.) if taken into consideration could in the worst-case scenario could give average return on working capital of 20% in two years.

Today, in Nigeria, there are many well-established, reputable and reliable farms and companies such as Summit Agro, Premium Farms Limited, Hybrid Feeds Ltd, CHI, Amo Bygn, Zartech, ECWA, Animal Care, Olam Nigeria, Obasanjo Farms, Dayntee Farms, etc. producing high quality inputs (birds, feeds, vaccines, concentrates, etc.) for poultry egg production. This has made poultry farming in Nigeria a highly lucrative and profitable business.

The critical success factors of this poultry farm include the following:

- ✓ Quality Point of Lay and feeds from reliable sources
- ✓ Robust and strict bio-security measures as follows:
  - Foot dip of disinfectants & germicides at the entrance of the poultry pen;
  - Using of feeders and drinkers that minimizes the contact of litter with the feed and water respectively;
  - continuous cleaning of poultry pens and surroundings using disinfectants;
  - Close observation of birds' behaviours to identify and cull sick birds
- ✓ Experienced, qualified, and dedicated management team (including the veterinary doctor) who are either resident in the farm or readily available to attend to the needs of the birds.
- ✓ Close Monitoring, supervision and control of business activities by the business Promoter.

## **2.4 Competition Analysis (S.W.O.T Analysis)**

- Strengths
  - Strong investment in fixed assets
  - High bio-security measures (use of waste scrappers, strict spraying and control of human and animal movement in the farm)
  - Trained and experienced farm hands
  - Ability to produce high quality eggs
- Weaknesses
  - New brand name, low brand awareness
  - Inadequate investment in Research and Development

- Inadequate funds to stock-up all poultry pens
- Opportunities
  - Rising demands and expanding markets for egg and poultry feeds
  - Backward integration and cost-savings through own feed milling
  - Value chain support services to other poultry farmers
- Threats
  - Rising prices of feed and feed ingredients (maize, soybean cake, etc.)
  - Lower cost of products of already established competitors
  - Larger scale poultry farms are being established across the country

## **2.5 MARKETING STRATEGIES**

### **2.5.1 Product Strategies**

The farm will produce and sell poultry eggs and chicken meat that are of best quality in the market in F. C. T. and environs.

### **2.5.2 Pricing Strategies**

As a relatively new entrant into the market, DLF will apply price penetration strategy by offering high quality products at prices lower than the average market price. Currently, the average market price of a crate of eggs is about N900, but DLF will offer prices not more than N850. Given the product's high quality, this strategy will help increase the demand for the farm's product, build customers' loyalty, and enhance the farm's market share. The farm sells on cash-and-carry basis, there is no credit sales given that price discount has already been given to all customers.

### **2.5.3 Promotion Strategies**

DLF' target markets are egg wholesalers and retailers; poultry farms in FCT and environs. An optimal combination of advertising, publicity, public relations, and sales promotion tools are employed in pursuing the farms sales objective and market share.

### **2.5.4 Place Strategies**

DLF primary target markets are egg wholesalers and poultry farms in FCT and environs. Effective marketing has been facilitated with the identification of major wholesalers in these areas through market surveys and close monitoring of the distribution flow. The farm has many names and locations of good wholesale off-takers for poultry eggs in major markets in FCT and its environment.



## CHAPTER THREE

### PRODUCTION PLAN

#### **3.1 Project Cost**

The total capital cost for the project is so far estimated at ₦16,457,744 out of which the promoters of the farm have invested about ₦6,905,000 on both fixed and floating assets of the farm. The balance of ₦9,552,744 is expected to be funded via AGSMEIS loan from the Central Bank of Nigeria. The Table below indicates the breakdown of the key items of the present project investment:

S/N	Farm Assets	Location/Description	Present Value ₦
1.	Farmland (Fenced)	By Sabbath Church, Gwagwa Village, Dei Dei, Bwari LGA, F. C. T.	1,500,000
2.	Pen	5,000 Capacity Layers' pen	1,600,000
3.	Generator	Fireman 2.8KVA	80,000
4.	Borehole & Accessories	1 Industrial Borehole, tanks	600,000
5.	Other equipment	Drinkers, Feeding trough, etc	200,000
	<b>SUB-TOTAL</b>		<b>3,980,000</b>
6.	Birds (layers)	1,500 @ N1,400 per unit	2,100,000
7.	Snails	550 @ N1,500 per unit	825,000
	<b>TOTAL ASSETS</b>		<b>6,905,000</b>

#### Land & Pen:

The farm project is situated on two plots of land in Gwagwa Village, Dei Dei, Bwari LGA of the FCT. The promoters of the farm own the land and have put in place several infrastructures including a 5,000-stocking capacity poultry pen (total current stock of 1,500 laying birds); 550 *Archachatina marginata* specie of snails in breeding boxes and cages; borehole; generator, etc. The farm is accessible by road all year round. The farm location is good because it is a serene environment and away from residential areas but not very far away from the access road for easy evacuation of farm produce.

#### Plant & Machinery:

The farm uses deep litters system. The only equipment at the farm at the moment is the generator for powering the bore hole and the farm.

#### Equity Investments in Assets

Total equity investment in assets at the time of this report is about N6,905,000 – land, pens and stocks; inclusive of the present poultry stock on the farm worth N2.93million.

### 3.2 Raw Materials and Supplies

The farm sources its inputs from well established, reputable and reliable poultry giants in Nigeria. However, the Point of Lay (POL) to be stocked will be sourced from Animal Care Konsults Services in Ogere-Remo, Ogun State, while feed concentrates are sourced from Hybrid Feeds and Olam Nigeria. Specifically, the farm sources its inputs from Afrivet Services Konsolt Limited, Kubwa, Abuja.

### 3.3 Production strategies

Dachak Legacy Farms adopts the best feeding times for higher laying efficiency and maximum egg output. Feeding is done early in the morning for one hour after which the birds are allowed without disturbance to lay eggs. Egg collection is done late in the morning and the second round of feeding is done early in the evening at sunset. The birds are allowed for sufficient night sleep of at least 8-9 hours per day.

### 3.4 Risks and Mitigants

The Table below shows the key risk issues in poultry farming:

S/ N	Risk	Definition of Risk	Mitigants
1	Management Risk	Management of the farm may not have requisite experience to manage the project	Though the farm is relatively new in poultry egg production, the management team has been in poultry business for two years and are highly experienced and qualified in managing poultry farm for laying birds.
2	Diversion Risk	The risk that the fund could be used for another purpose other than the procurement of battery cages, POLs, feeds and medication and that sales proceeds could also be diverted.	Payments for raw materials (battery cages, POLs, feeds and medication, etc.) shall be made directly to the suppliers. Also, all sales proceeds shall be domiciled in Sterling Bank, from where it will be repatriated to CBN.
3	Production Risk (Poor quality inputs and/or Diseases outbreak)	Poor Quality Feed/Drugs: Diseases Outbreak: The risk of major disease outbreak in the farm leading to substantial losses and making the farm unprofitable and unable to repay	Company has employed the services of very experienced Veterinary Doctors in poultry management. A standard vaccination programme will be followed. Project will be monitored by the Bank on quarterly basis. There will also be periodic inspection of the project by CBN, NAIC and Sterling Bank because they are stakeholders in the business. The birds will be insured by NAIC.
4	Market/Demand Risk	Risk that market demands for poultry products may fall thereby affecting sales thereby affect the revenue projection	Experience has shown that 30% of the total egg requirement of the nation is yet to be supplied locally. There is adequate demand for egg throughout the year. No ethnic and religious

			restriction exists for eggs and chicken leading to its high demand nationwide. Many bakery and confectionaries are springing up in the FCT leading increasing demand for eggs. Customers in the poultry business often express their inability to meet market demand.
5	Regulatory Risk	Risk of environmental protection agencies of government (e.g. AEPB) in closing the project due to environmental pollution and hazards	Project is sited in area that does not pose any dangers of environmental pollution/contamination to the neighborhood or surroundings.
6	Political Risk	The risk of government may implement policies that negatively impact the activities of domestic poultry business in Nigeria.	FGN emphasis on the support for the agric. sector in the face of dwindling oil revenue and the huge drain of foreign exchange of imported poultry products, there is every reason that the government will continue to implement policies to encourage domestic poultry production.
7	Price Risk	Risk of wide fluctuations in the prices of inputs and outputs that could adversely affect the projected costs and revenues.	Available data shows that prices of poultry inputs and products do not fluctuate widely. Besides, our projected cost and revenue figures have been sensitized and worst-case scenarios have been adopted.

## **CHAPTER FOUR**

### **FINANCIAL PLAN**

#### **4.1 Financing Plan**

The project cost is to be financed as follows:

	<b>Existing</b>	<b>Additional</b>	<b>Total</b>	
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>%</b>
Promoters' Equity	6,905	-	6,905	42
<b>CBN (AGSMEIS)</b>	<b>0</b>	<b>9,552</b>	<b>9,552</b>	<b>58</b>
<b>TOTAL</b>	<b>6,905</b>	<b>9,552</b>	<b>16,457</b>	<b>100</b>

The total cost of the farm project is estimated at N16,457,744 out of which the promoters of the farm have so far injected a total of about N6,905,000 (in fixed and floating assets) which constitute about 42% of the project cost. Part of the term loan (for battery cages) and working capital (birds, feeds, medication, etc) which cost about N9,552,744 and constitute about 58% of project cost is to be funded through a loan from the CBN AGSMEIS loan. The loan amount being requested by the business is below the level of equity investment by the business promoter and this is a strong demonstration of the farm's commitment to ensure the success of the project and its successful expansion.

#### **4.2 Projected Profitability Analysis**

Sensitized cash flow is based on a conservative scenario of crates of eggs in the first-year laying period. Based on the foregoing operational assumptions that the farm will invest in 3,000 layers in the first year, operate for 10 months (44 weeks) in the first year and 52 week per cycle subsequently, maintain maximum of 5% mortality and average laying efficiency of 65% and sell at conservative farm gate price of N850 per crate of egg, we expect the sales proceed of ~~₦~~25,712,363, ~~₦~~38,194,495, ~~₦~~36,790,346, ~~₦~~41,603,529 and ~~₦~~40,427,621 from the farm in the first, second, third, fourth and fifth cycle, respectively, will be adequate to service the proposed loan facility.

#### **CONSOLIDATED 5-YEAR PROJECTED PROFIT & LOSS STATEMENT FOR 3,000 LAYERS**

<b>DESCRIPTION</b>	<b>REVENUE (N)</b>	<b>REVENUE (N)</b>	<b>REVENUE (N)</b>	<b>REVENUE (N)</b>	<b>REVENUE (N)</b>
<b>Sales Revenue</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Table eggs	24,514,425	30,626,358	34,544,765	33,596,943	37,895,413
Spent layers	-	5,640,863	-	5,612,693	-
Poultry Manure	372,938	677,275	675,581	673,892	672,208
Snails	825,000	1,250,000	1,570,000	1,720,000	1,860,000
<b>TOTAL SALES</b>	<b>25,712,363</b>	<b>38,194,495</b>	<b>36,790,346</b>	<b>41,603,529</b>	<b>40,427,621</b>
<b>Cost of Goods Sold</b>					
<b>Cost of Inputs</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>

Birds (DOCs)	4,050,000	6,166,125	6,150,710	6,135,333	6,119,995
Cost of Feeds	13,311,000	24,173,494	24,113,060	24,052,777	23,992,645
Medication/Vaccination	80,004	53,336	182,709	121,806	181,797
<b>TOTAL COST OF GOODS SOLD (A)</b>	<b><u>17,441,004</u></b>	<b><u>30,392,955</u></b>	<b><u>30,446,479</u></b>	<b><u>30,309,916</u></b>	<b><u>30,294,437</u></b>
<b>Cost of Poultry Farm Operations</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>
Management Cost	612,000	730,000.00	730,000	730,000	730,000
Electricity/Diesel	87,516	156,585	156,585	208,780	208,780
Water	122,400	219,000	219,000	292,000	292,000
<b>TOTAL OPERATIONAL COST (B)</b>	<b><u>821,916</u></b>	<b><u>1,105,585</u></b>	<b><u>1,105,585</u></b>	<b><u>1,230,780</u></b>	<b><u>1,230,780</u></b>
<b>COGS+OPERATIONAL COST (C)</b>	<b><u>18,262,920</u></b>	<b><u>31,498,540</u></b>	<b><u>31,552,064</u></b>	<b><u>31,540,696</u></b>	<b><u>31,525,217</u></b>
<b>GROSS PROFIT</b>	<b><u>7,449,443</u></b>	<b><u>6,695,955</u></b>	<b><u>5,238,282</u></b>	<b><u>10,062,832</u></b>	<b><u>8,902,404</u></b>
<b>Cost of Overhead, Admin &amp; General Expenses</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>	<b>COST/YEAR</b>
Admin expenses (2% of C)	91,315	157,493	157,760	157,703	157,626
Repairs & Maintenance (3% of C)	91,315	157,493	157,760	157,703	157,626
Depreciation (5% of C)	182,629	314,985	315,521	315,407	315,252
Insurance (2.5% of A)	436,025	759,824	761,162	757,748	757,361
<b>TOTAL OVERHEAD COST (D)</b>	<b><u>801,284</u></b>	<b><u>1,389,795</u></b>	<b><u>1,392,203</u></b>	<b><u>1,388,562</u></b>	<b><u>1,387,865</u></b>
<b>TOTAL PRODUCTION COST (C+D)</b>	<b><u>19,064,204</u></b>	<b><u>32,888,334</u></b>	<b><u>32,944,267</u></b>	<b><u>32,929,258</u></b>	<b><u>32,913,082</u></b>
<b>PROFIT BEFORE TAX (PBT)</b>	<b><u>6,648,159</u></b>	<b><u>5,306,161</u></b>	<b><u>3,846,079</u></b>	<b><u>8,674,270</u></b>	<b><u>7,514,539</u></b>
Cost of Tax 7% PBT	521,461	468,717	366,680	704,398	623,168
Principal loan repayment on Equipment	741,515	2,040,782	2,145,192	2,254,944	2,370,311
Interest on Loan (5% per annum)	475,984	394,215	289,805	180,053	64,685
<b>PROFIT AFTER TAX (PAT)</b>	<b><u>4,909,200</u></b>	<b><u>2,402,447</u></b>	<b><u>1,044,403</u></b>	<b><u>5,534,876</u></b>	<b><u>4,456,374</u></b>
<b>Return on Working capital Investment (ROWI)</b>	0.35	0.16	0.12	0.26	0.23

<b>Return on Fixed Assets Investment (ROFAI)</b>	8.97	2.60	1.79	3.85	3.17
<b>Debt Service Ratio (DSR)</b>	1.27	1.08	1.04	1.18	1.14

The project's expansion is expected to start making profit from the first year of production. The revenue and profit projections are also attractive and attainable. The farm's profitability trend is favorably on the increase with a regular positive liquidity flow projection. The debt service ratio is expected to be above 1.00 from the first year. This is a measure of the project's ability to generate enough cash flow to meet its current obligations of the principal, interest, and sinking fund components of the loan by the end of each year. The farm's projected profitability from the five years of its operations can be seen in the appendix.

#### 4.4 Projected Cash Flow Analysis

A five-year projected cash flow for the farm's expansion programme is indicated in the table below. Cash flow statement measures ability of the business to generate adequate cash inflows to meet its expected cash outflows. Review of the projected cash-flow shows satisfactory ability of the poultry farming business to generate adequate cash flow to meet all its funding requirements, including debt servicing obligations (interest and principal loan repayments) on the proposed borrowing as evidenced by positive net cash flow position at end of each year.

Yearly net cash flow after loan repayments at end of each year shows net positive cash-flow balances, after all financial obligations have been satisfactorily met. The five-year cash flow projections for the project have been estimated as follows:

#### **CONSOLIDATED 5-YEAR PROJECTED CASH-FLOW ANALYSIS FOR 3,000 LAYERS**

DESCRIPTION	YEAR 1 (N)	YEAR 2 (N)	YEAR 3 (N)	YEAR 4 (N)	YEAR 5 (N)
IN-FLOWS					
<b>SALES</b>	25,712,363	38,194,495	36,790,346	41,603,529	40,427,621
<b>LESS TRADE DEBTORS</b>	0	0	0	0	0
<b>NET CASH SALES</b>	25,712,363	38,194,495	36,790,346	41,603,529	40,427,621
<b>BANK LOAN</b>	9,552,744	0	0	0	0
<b>Plus DEPRECIATION</b>	182,629	314,985	315,521	315,407	315,252
<b>TOTAL CASH INFLOW</b>	<b>35,447,736</b>	<b>38,509,480</b>	<b>37,105,867</b>	<b>41,918,936</b>	<b>40,742,873</b>
OUT-FLOWS					
<b>DIRECT PURCHASE</b>	17,441,004	30,392,955	30,446,479	30,309,916	30,294,437
<b>LESS TRADE CREDITORS</b>	0	0	0	0	0
<b>NET CASH PURCHASES</b>	17,441,004	30,392,955	30,446,479	30,309,916	30,294,437

<b>OTHER EXPENSES</b>					
<b>STAFF SALARIES</b>	612,000	730,000	730,000	730,000	730,000
<b>ADMIN &amp; GEN. EXPENSES</b>	91,315	157,493	157,760	157,703	157,626
<b>TAXATION PAYABLE</b>	521,461	468,717	366,680	704,398	623,168
<b>LOAN INTEREST PAYMENT</b>	475,984	394,215	289,805	180,053	64,685
<b>LOAN PRINCIPAL REPAYMENT</b>	741,515	2,040,782	2,145,192	2,254,944	2,370,311
<b>TOTAL CASH OUTFLOW</b>	<b>19,883,278</b>	<b>34,184,161</b>	<b>34,135,916</b>	<b>34,337,015</b>	<b>34,240,228</b>
<b>NET CASH FLOW</b>	<b>15,564,458</b>	<b>4,325,319</b>	<b>2,969,951</b>	<b>7,581,921</b>	<b>6,502,645</b>
Cash Reconciliation					
<b>BALANCE B/F</b>	1,850,000	17,414,458	21,739,777	24,709,728	32,291,649
<b>Add: Net Cash Flow</b>	15,564,458	4,325,319	2,969,951	7,581,921	6,502,645
<b>BALANCE C/F</b>	<b>17,414,458</b>	<b>21,739,777</b>	<b>24,709,728</b>	<b>32,291,649</b>	<b>38,794,295</b>

The figures in the above table show that the expansion project has capacity to generate adequate cash flow to service its short and long-term debt obligations. There is positive net cash flow at the end of each year.

#### 4.5 Underlying Assumptions of Financial Projections

- Mortality rate is 5% maximum from POL to Spent Layer.
- Average laying efficiency of 65% was assumed.
- Sales of egg is at N850 per crate and expected to increase at 10% per annum
- Sales of spent layers is at N1,300 per bird
- The existing birds to be recycled at the end of their cycle (sold as spent layers and replaced as POL in the second cycle)
- POL starts laying at commercial level at 8 weeks after purchase (24 weeks)
- A bird consumes about 60kg of feeds from day old till it is culled at 24 months. The bird (DOC) is assumed to consume 15% of the total 60kg of feeds in the first 6 months for growth, maturity, and pre-laying, and consume additional 25% of feeds in the next 6 months of the first year. The remaining 60% in the whole of the second year of the operating cycle. In this case, customer stocks Point of Lay (POL) at 16 weeks. Therefore, they consume about 52kg from POL to when they are culled as spent layers; 18.2kg in the first year and 33.8kg in the second. On the average, we assume that a bird consumes 0.125kg of feed.
- Birds receive 60% medication in 1st year and 40% in the 2nd year.
- It is assumed that 25% of the feed are ejected as litter, thus one ton of feed gives 250kg of litter and the price of litter is N1,300 per bag of 100kg

- j) Salaries and wages indicated are competitive as obtainable in the private sector for the industry but are assumed to be stable over the loan period.
- k) Repayment is set at 60 months while the first 6 months will serve as moratorium to allow the birds to grow and increase in egg laying.
- l) We assume an increase of 10% of stocking capacity per annum.
- m) Loan tenor is five years inclusive of 6 months moratorium period on both interest and principal.
- n) Interest Rate is 5% (inclusive of all charges)
- o) Tax is assumed to be 7% of PBIT
- p) Repairs and maintenance = 0.5% of total production cost
- q) Depreciation = 1% of total production cost
- r) Insurance is 2.5% of the cost of procuring the POLs.
- s) We assumed 306 working days in the first year and 365 days from year 2 to 5.

#### 4.6. Repayment Analysis

Repayment of the facility will be from proceeds from sale of eggs, manure and spent layers from the farm and other operational cash-flows of the farm acceptable to CBN. The loan will be repaid primarily from the sales of eggs during the 80 weeks laying period. Monthly equal repayment of N202,916.39 will be from the 7th month after the 6 months moratorium. During the moratorium period, only the average monthly interest of N40,135 will be paid, while both interest and principal repayment commences from the 7th month.

#### REPAYMENT SCHEDULE FOR N9,552,744 AT 5% PRICING FOR 5 YEARS

Mths	EMI	Principal	Interest	Outstanding	Annual Principal Repayment	Annual Interest Payment
0				9,552,744		
1	0.00	39,803.10	39,803.10	9,592,547.10		
2	0.00	39,968.95	39,968.95	9,632,516.05		
3	0.00	40,135.48	40,135.48	9,672,651.53		
4	0.00	40,302.71	40,302.71	9,712,954.24		
5	0.00	40,470.64	40,470.64	9,753,424.89		
6	0.00	40,639.27	40,639.27	9,794,064.16		
7	202,916.39	162,107.78	40,808.60	9,631,956.37		
8	202,916.39	162,783.23	40,133.15	9,469,173.14		
9	202,916.39	163,461.50	39,454.89	9,305,711.64		
10	202,916.39	164,142.59	38,773.80	9,141,569.06		
11	202,916.39	164,826.51	38,089.87	8,976,742.54		
12	202,916.39	165,513.29	37,403.09	8,811,229.25	741,514.75	475,983.56



13	202,916.39	166,202.93	36,713.46	8,645,026.32		
14	202,916.39	166,895.44	36,020.94	8,478,130.88		
15	202,916.39	167,590.84	35,325.55	8,310,540.04		
16	202,916.39	168,289.13	34,627.25	8,142,250.90		
17	202,916.39	168,990.34	33,926.05	7,973,260.56		
18	202,916.39	169,694.47	33,221.92	7,803,566.10		
19	202,916.39	170,401.53	32,514.86	7,633,164.57		
20	202,916.39	171,111.53	31,804.85	7,462,053.04		
21	202,916.39	171,824.50	31,091.89	7,290,228.54		
22	202,916.39	172,540.43	30,375.95	7,117,688.11		
23	202,916.39	173,259.35	29,657.03	6,944,428.76		
24	202,916.39	173,981.27	28,935.12	6,770,447.49	2,040,781.76	394,214.86
25	202,916.39	174,706.19	28,210.20	6,595,741.30		
26	202,916.39	175,434.13	27,482.26	6,420,307.17		
27	202,916.39	176,165.11	26,751.28	6,244,142.07		
28	202,916.39	176,899.13	26,017.26	6,067,242.94		
29	202,916.39	177,636.21	25,280.18	5,889,606.74		
30	202,916.39	178,376.36	24,540.03	5,711,230.38		
31	202,916.39	179,119.59	23,796.79	5,532,110.79		
32	202,916.39	179,865.92	23,050.46	5,352,244.86		
33	202,916.39	180,615.36	22,301.02	5,171,629.50		
34	202,916.39	181,367.93	21,548.46	4,990,261.57		
35	202,916.39	182,123.63	20,792.76	4,808,137.94		
36	202,916.39	182,882.48	20,033.91	4,625,255.47	2,145,192.03	289,804.59
37	202,916.39	183,644.49	19,271.90	4,441,610.98		
38	202,916.39	184,409.67	18,506.71	4,257,201.31		
39	202,916.39	185,178.05	17,738.34	4,072,023.26		
40	202,916.39	185,949.62	16,966.76	3,886,073.64		
41	202,916.39	186,724.41	16,191.97	3,699,349.23		
42	202,916.39	187,502.43	15,413.96	3,511,846.80		
43	202,916.39	188,283.69	14,632.69	3,323,563.11		
44	202,916.39	189,068.21	13,848.18	3,134,494.90		
45	202,916.39	189,855.99	13,060.40	2,944,638.91		
46	202,916.39	190,647.06	12,269.33	2,753,991.85		
47	202,916.39	191,441.42	11,474.97	2,562,550.43		
48	202,916.39	192,239.09	10,677.29	2,370,311.34	2,254,944.12	180,052.50
49	202,916.39	193,040.09	9,876.30	2,177,271.26		
50	202,916.39	193,844.42	9,071.96	1,983,426.83		
51	202,916.39	194,652.11	8,264.28	1,788,774.73		

52	202,916.39	195,463.16	7,453.23	1,593,311.57		
53	202,916.39	196,277.59	6,638.80	1,397,033.98		
54	202,916.39	197,095.41	5,820.97	1,199,938.57		
55	202,916.39	197,916.64	4,999.74	1,002,021.93		
56	202,916.39	198,741.29	4,175.09	803,280.64		
57	202,916.39	199,569.38	3,347.00	603,711.26		
58	202,916.39	200,400.92	2,515.46	403,310.33		
59	202,916.39	201,235.93	1,680.46	202,074.41		
60	202,916.39	202,074.41	841.98	0.00	2,370,311.34	64,685.28
					<b>9,552,744</b>	<b>1,404,741</b>

#### 4. 7 Facility Impact Assessment

- ✚ Bank: Facility if granted will generate income for the bank from fees and interest charges and enhance the bank's relationship with the farm, and positions the bank towards getting more of the farm's businesses as well as the businesses of its suppliers and off-takers.
- ✚ Dachak Legacy Farm: The facility will add positively to customer's business as it will enable the farm's operations in terms of expansion, increased productivity, and growth of the organization and create employment for the masses especially in the immediate locality of the farm.
- ✚ Environment: The facility will impact positively on poultry production and food security; boost the economy of the host State and Nigeria in general.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Conclusion**

The milestone of Dachak Legacy Farms has been assessed and observed that it could embark on this expansion programme by addition of 3,000 laying birds to increase its egg production capacity. The farm's desire to approach Central Bank of Nigeria for the term loan and working capital financing under the Agri-Business Small, Medium Enterprises Investment Scheme (AGSMEIS) has also been assessed and observed to be viable, with a buoyant cash-flow that will enable the farm to liquidate the loan facility if availed by the CBN.

#### **5.2 Recommendations**

Based on the profitability, projected cash-flows, as well as credit rationale, the term loan and working capital requirements of ***Nine Million, Five Hundred & Fifty-Two Thousand, Seven-Hundred & Forty-Four Naira (₦9,552,744) only*** are hereby recommended for funding by Central Bank of Nigeria under the AGSMEIS; at **5% interest rate** for **5 years** after 6 months moratorium on both interest and principal.