

# **SPONSOR A FARMER**

2022



**LUCKY FOUR AGRIBUSINESS**  
**1/1/2022**  
**MAIZE FARMING PROJECT**

# INTRODUCTION

## Overview of the Company

**LUCKY FOUR AGRIBUSINESS**, is an agritech company that is established in the year 2020 in the state of Kano, Nigeria. Our main objective is to overcome a key underlying structural problem that keeps Nigerian smallholder farmer members poor-low economies of scale.

We believe that everyone deserves a secure future, and to secure this future, we must END insecurity.

We believe that to end insecurity, we must make smallholder farmer members more money.

**NOTE:** Investment period begins from 1<sup>st</sup> January and ends by 31<sup>st</sup> March.

## Overview of the investment Plans

The investment plans are based on the Islamic financing system.

The concept of profit and loss sharing is central to Islamic financing. At the same time, Islamic finance demands the avoidance of **riba** (Usury) and **gharar** (ambiguity or deception). Riba in the form of interest and such, and gharar in some forms of insurance and such are examples.

The investments made will be used only for the securing of agricultural input materials for the farmers. For more information on cost implication refer to [Appendix A](#).

For more information on the risks involved, refer to [Appendix B](#).

For an example of estimated net earning refer to [Appendix C](#)



## Training and Education

Members receive training from Lucky Four seasoned extension workers and agents. The training enables smallholder farmer members to (1) access the critical knowledge required to manage their Trust Groups efficiently and effectively, (2) develop a commercial mindset to farming, and (3) adopt critical agronomic best practices to improve their yields. Members are trained on best agronomic practices, management leadership, and financial literacy.





## Agricultural Input

Lucky Four provides members with high-quality inputs at the best available prices. We source inputs from market-leading manufacturers, assuring our members of quality in the inputs we provide. These quality inputs, alongside the training members receive on the appropriate application and use of inputs, ensure that our members attain higher levels of productivity.







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## Harvesting and Marketing Support

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Members are provided access to Lucky Four's harvesting & marketing support services that ensure optimal storage practices, access to markets, and ultimately increased profits.



## APPENDIX A

In this appendix, we will discuss the cost implications of growing 1 hectare maize farm. Note this cost estimate is made as at 1<sup>st</sup> January 2022 and is subject to change.

### Costs Implication

S/N	Description of Service	Unit Price (N)
1.	30 kg Hybrid Seed	11,000
2.	3 units of N.P.K Fertilizer	51,000
3.	4 units of Urea Fertilizer	60,000
4.	3L Herbicide (Paracote)	9,000
5.	1L Pre emergence	3,500
6.	1L Post emergence	4,000
7.	15 Empty Bags	4,500
8.	Transport of input materials to farm	10,000
9.	Storage of input materials	5,000
10.	Jaiz Takaful Insurance Premium	21,353
11.	Transport of yield to buyer	20,000
	<b>Total</b>	<b>199,353</b>

## APPENDIX B

In this appendix, we will discuss the risks involved in this business as well as the risk management practices Lucky Four uses to minimize the risk.

### Risks

S/N	Risk Sources	Level of Risk
1.	Output price variability	High
2.	Access to input	Medium
3.	Input price variability	High
4.	Theft	Low
5.	Pandemic/Epidemic	Low
6.	War	Low
7.	High cost of labor	Low
8.	Government Regulations	Low
9.	Hight Tax rate	Medium
10.	Changes in technology	Medium

### Risk Management Practices

S/N	Description of Practices	Priority
1.	Investment limits to only production capacity	High
2.	Investment duration based on seasonality	High
3.	Insurance scheme	Medium
4.	Marketing	High

## APPENDIX C

In this appendix, we will provide example of estimated net earnings of a **maize farm** sponsor per farming cycle (**expected earning**). A farming cycle will last 8 months (April - November).

### Worst case Return

This table plan will give an example of **1 hectare** sponsorship. It is assumed that the output price will fall drastically as compared to previous year. The sponsor will keep 60% of the net profit while LUCKY FOUR will keep 40% of the net profit.

Description	Unit
Investment amount	N199,353
Net output	1500kg
Cost per kg	N180
Revenue	1500kg*N180 = N270,000
Net profit	N270,000 - N199,353 = N70,647
<b>Sponsor Earnings per production cycle (22%)</b>	<b>N42388.2</b>

### Average case Return

This table plan will give an example of **1 hectare** sponsorship. It is assumed that the output price will remain the same as compared to previous year. The sponsor will keep 60% of the net profit while LUCKY FOUR will keep 40% of the net profit.

Description	Unit
Investment amount	N199,353
Net output	1500kg
Cost per kg	N200
Revenue	1500kg*N200 = N300,000
Net profit	N300,000 - N199,353 = N100,647
<b>Sponsor Earnings per production cycle (30%)</b>	<b>N60,388.2</b>

### Best case Return

This table plan will give an example of **1 hectare** sponsorship. It is assumed that the output price will follow the same trend as compared to previous two years. The sponsor will keep 60% of the net profit while LUCKY FOUR will keep 40% of the net profit.

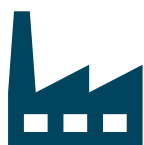
Description	Unit
Investment amount	N199,353
Net output	1500kg
Cost per kg	N220
Revenue	1500kg*N220 = N330,000
Net profit	N330,000 - N199,353 = N130,647
<b>Sponsor Earnings per production cycle (40%)</b>	<b>N78,388.2</b>



## CONTACT US



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وَأَحَلَّ اللَّهُ الْبَيْعَ  
وَحَرَّمَ الرِّبَا

(Baqara: 275)

“Allah hath permitted  
trade and forbidden  
usury”

