Early Warning System

IFC-44775

YoKuku Mezz

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Quick Facts

Countries	Uganda
Specific Location	Buwazi, Semuto, Kampala
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2021-06-15
Borrower	HMH RAINBOW LIMITED
Sectors	Agriculture and Forestry
Investment Amount (USD)	$ 7.00 million
Project Cost (USD)	$ 10.90 million

Project Description

"HMH Rainbow (or the “company”) is a integrated poultry producer in Uganda, which produces chicken feed, rears chicken, and processes chicken into frozen or chilled products, sold under the YoKuku!, Enkoko and Kuku Feeds brands. In 2012, its first production facilities were established on approximately 300 m2 site in Semuto, 60 kilometers (km) away from Kampala, and consisted of a broiler farm, a feed mill, and an abattoir facility, hereafter referred to as “farm #1 complex”. Currently, the company has 3 broiler farms all situated in Semuto. Broiler farm #2 and #3 are located within a radius of 5 to 10 km from farm #1 complex. Each broiler farm consists of four broiler houses (or sheds) for the rearing of chicken. In total, the company has 12 broiler houses. Broiler farm #1 is an open shed design while broiler farms #2 and #3 are temperature controlled shed designs. The farm #1 complex also hosts the engineering workshop, the main administrative office, and accommodations for the expatriate staff. The company buys all day-old-chicks (DOCs) from third-party providers, raises them on average for 35 days with own produced feed until the birds mature, and are processed in its own abattoir. The products are stored in the company’s cold storage facility on site, transported via refrigerated trucks to retail stores or customers facilities. The poultry feed is made primarily from soy, maize, and other micro-nutrients by its own feed mill. Grain inputs are sourced from a variety of domestic suppliers. These include suppliers with whom HMH Rainbow has long standing supply agreements (tier I primary suppliers), regionally based traders whom they know (tier II primary suppliers) and lastly, when needed, those operating in the spot market (tier III primary suppliers). Tier 1 and 2 suppliers typically supply over 90% of the grain needs in any given year. See section on PS1 supply chain for details. IFC is considering a USD$7.0 million convertible C-loan to an ongoing $10.9M investment plan to grow the vertical integration of HMH Rainbow’ operations, with the objective to improve capacity utilization and increase margin contribution. This proposed investment consists of (i) the construction of 4 new broiler farms (or 16 broiler houses); (ii) upgrade the current abattoir, mainly with added cold storage capacities, packaging capacity, and effluent treatment plant; and (iii) upgrade the current feed mill with additional maize silo to enable additional storage of maize and increase external feed sale."

Investment Description

- International Finance Corporation (IFC)

HMH Rainbow is a joint venture between Alykhan Hudani (66.5% shareholding), a Ugandan businessman, and Rainbow Farms Investments Proprietary Limited (33.5% shareholding), a wholly owned subsidiary of RCL Foods Ltd., a listed South African food manufacturer

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	HMH Rainbow	Client	Agriculture and Forestry

Contact Information

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Bank Documents

- Environmental & Social Review Summary (ESRS)