

# RAFIKI FEEDS LIMITED

## INVESTMENT PROPOSAL FOR ANIMAL FEED PROJECT

PREPARED FOR: TANZANIA INVESTMENT CENTRE (TIC)  
INVESTMENT AMOUNT: USD 15,000,000

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February, 2025

## 1. Executive Summary

Rafiki Feeds Limited is a newly local incorporated limited liability company whole owned by Tanzanians. The company has been established to take over the activities formally carried out by Rafiki Feeds, the sole proprietor entity.

So far the company has two shareholders and director as shown below:

Name of shareholder	Number of share held	Percentage (%)
Mabula Omary Sweya	700	70
Johari Omari Shariff	300	30
<b>TOTAL</b>	<b>1,000</b>	<b>100</b>

The company has come up with a proposal of a broad investment in animal feed with a view of feeding local market as well as export. The company intends to heavily invest in technology aiming at improving productivity and efficiency. The initial direct employment of the company is nearly 100 employees with at least 5 expatriates.

This proposal seeks investment incentives from the Tanzania Investment Centre (TIC) for the establishment of an animal feed manufacturing plant in Tanzania. The project aims to enhance local feed production, reduce dependency on imports, and support the country's agricultural sector.

### Key Highlights:

Below are the key project highlights:

- Investment Value: USD 15,000,000
- Project Location: Plot Number 291 block 'C' Visegese Industrial area Kisarawe District Coast region in Tanzania.
- Annual Production Capacity: 43,200 Tons at 75% production capacity.
- Target Market: Livestock and poultry farmers, feed distributors, export market
- Expected Job Creation: initial employees 100 (95 local staff and 5 expatriates)
- Incentives Sought: Tax exemptions, land allocation, duty-free imports for machinery

## **2. Business Description**

The animal feed project involves setting up a state-of-the-art facility for manufacturing high-quality livestock and poultry feed. The project aligns with Tanzania's National Agriculture Policy and contributes to food security, job creation, and economic growth.

Animal feed production is a crucial industry that ensures livestock, poultry and fish receive necessary nutrients for growth, reproduction and productivity. In fact, establishment of this proposed project will act as a catalyst for more productivism of the industries producing raw materials for the factory mostly farmers and fishermen.

The ideas of the promoters have come at the right time when the country is pushing hard for more investments in the agricultural sector which is also referred to in Tanzania as the economic back bone employing approximately 65% of the total workforce.

**Objectives:**

Some main objectives of the proposed project include:

- Establish a reliable supply chain for raw materials such as maize, soybean, and fish meal.
- Utilize advanced technology to ensure high nutritional value and cost-effective production.
- Expand Tanzania's exports by producing internationally competitive feed products.
- Increase the availability of high-quality and nutritionally balanced feed for poultry, cattle, fish and other livestock.
- Improve livestock health and growth rates, leading to high yields in dairy, meat, and egg production.
- Boost Tanzania's livestock and poultry sector by providing cost-effective feed solution.
- Reduce dependence on imported animal feed and making livestock farming more profitable.

## **3. Market Analysis**

### **3.1 Industry Overview**

The global animal feed market is growing reflecting increasing demand for meat, eggs, and dairy products. The local market shows a

compounding animal growth rate (CAGR) of (5-8)% driven by population growth and urbanization.

More specifically, the Tanzania's livestock sector is a key economic driver, contributing 7.4% to GDP. However, over 60% of livestock farmers struggle with high feed costs and inconsistent quality. This project fills the gap by offering affordable, high-quality feed.

### 3.2 Target Market Segments

The company target market is wide and keeps on growing. Here are key market segment:

- **Smallholder Farmers:** Need cost-effective feed solutions.
- **Large-Scale Farms:** Require bulk and customized formulations.
- **Distributors & Retailers:** Will facilitate nationwide availability.
- **Argo-input dealers and retailers**
- **Government and NGO poultry projects**

### 3.3 Competitive Analysis and Advantage

Tanzania's animal feed industry comprises several key producers contributing to the agricultural sector. Key competitors include existing local feed mills such as Koudjis Tanzania, Falcon Animal Feeds, Hill Animal Feeds & Agrovat Supplies Co. Ltd and Silverlands Tanzania Ltd.

On the other hand there are imported animal feeds by prominent companies like Wembley International Ltd, a leading importer of animal feed in the country with 33% of the market share, Ingabo Plant Health Ltd, another significant importer of animal feed with 16% of the market share and last but not the least is Ric Agrovat Co. Ltd., holding 11% share of import market of animal feed supplements in Tanzania.

All these companies are instrumental in ensuring the availability of quality animal feed products across Tanzania, thereby supporting the country's livestock industry. Despite these competitions, our competitive advantage includes:

- **Locally sourced raw materials reduce production costs.**
- **High-tech manufacturing ensures consistent quality.**
- **Strategic location minimizes distribution expenses.**
- **High quality formulation tailored to livestock needs**

- **Cost effective production through bulk raw material procurement**
- **Technology driven production for consistency and efficiency**
- **Innovative formulations for improved poultry productivity**
- **Strong distribution and marketing networks**

### **3.4 Business Model & Operations**

#### **Production process**

- **Raw material sourcing – maize, soybean meal, wheat bran, fish meal and additives**
- **Grinding and mixing – precision formulation for balanced nutrition**
- **Pelleting and Packaging – custom sizes for different livestock**
- **Distribution and sales – direct sales and wholesale supply**

#### **Products**

- **Broiler starter feed (High protein for growth)**
- **Broiler finisher feed (Energy rich for weight gain)**
- **Layer starter feed (for young layers, balanced nutrition)**
- **Layer grower feed (for pullets before laying stage)**
- **Layer mash / pellets (boost s egg production and shell quality)**

## 4. Financial Analysis

### 4.1 Investment Breakdown

Category	Estimated Costs in USD
Land, building & other developments	4,335,938
Plant, Machinery and Equipment	190,000
Automatic Feeding System	30,000
Transformer	18,500
Steam Broiler 2 Tone @ 20,000	40,000
Cement 10,000 bags @ USD 6.1	61,000
Iron Sheets 2,000 Pcs @ USD8.3	16,600
Fabricated Warehouse	200,000
Silos 2 @ USD 30,000	60,000
10 Tons Fuse Tracks 10 @ USD 70,000	700,000
30 Tons Scania Tructs 5 @ USD 95,000	475,000
Toyota HardTop 3 @ USD 35,000	105,000
Refrigerators, tools, computers & its accessories	250,293
Furniture & fittings	230,469
Fuel and oil	253,320
Feasibility Study Preparation	11,914
Legal Documentation/Licence	33,828
Directors Renumeration	85,938
Salary and Wages (First Month)	3,266,602
Electricity and Water	2,224,609
Casual labour	481,090
Management Costs	1,567,850
Other expenses	362,051
<b>TOTAL</b>	<b>15,000,000</b>

### 4.2 Revenue Projections

#### Revenue & profitability projections

Year	Revenues	Operating Costs	Net profit	Profit Margins (%)
Yr 1	43,200,000,000	(46,684,318,506)	(3,484,318,506)	-3%
Yr 2	51,840,000,000	(49,305,012,095)	1,774,491,534	15%
Yr 3	62,208,000,000	(49,210,770,576)	9,098,060,597	22%
Yr 4	74,649,600,000	(50,935,547,825)	16,599,836,523	31%
Yr 5	89,579,520,000	(50,328,852,173)	27,475,467,479	38%

### 4.3 Ratio Analysis

When evaluating an animal feed production investment, financial ratios help assess profitability, efficiency, liquidity and overall financial health. Below are key financial ratios to consider for this proposed investment:

#### i) Profitability ratios

- **Gross Profit Margin** =  $(\text{Revenue} - \text{Cost of Goods Sold}) / \text{Revenue} \times 100$  Indicates profitability after direct production costs.
- **Net Profit Margin** =  $\text{Net Profit} / \text{Revenue} \times 100$  Shows overall profitability after all expenses.
- **Return on Investment (ROI)** =  $\text{Net Profit} / \text{Total Investment} \times 100$  Measures how much return you get on your investment.
- **Return on Assets (ROA)** =  $\text{Net Profit} / \text{Total Assets} \times 100$  Indicates how efficiently assets generate profit.
- **Return on Equity (ROE)** =  $\text{Net Profit} / \text{Shareholder's Equity} \times 100$  Measures profitability relative to owner's equity.

#### ii) Liquidity ratios

- **Current Ratio** =  $\text{Current Assets} / \text{Current Liabilities}$  Indicates the ability to pay short-term debts.
- **Quick Ratio** =  $(\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$  Measures short-term liquidity without relying on inventory sales.

#### iii) Efficiency ratios

- **Inventory Turnover** =  $\text{Cost of Goods Sold} / \text{Average Inventory}$  Shows how fast inventory is sold and replaced.
- **Accounts Receivable Turnover** =  $\text{Net Credit Sales} / \text{Average Accounts Receivable}$ . Measures efficiency in collecting debts from customers.

#### iv) Leverage (debt) ratios

- **Debt-to-Equity Ratio** =  $\text{Total Debt} / \text{Shareholder's Equity}$ . Shows how much of the business is financed by debt versus owner's funds.
- **Debt-to-Assets Ratio** =  $\text{Total Debt} / \text{Total Assets}$ . Indicates the proportion of assets financed by debt.
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## 5.0 Risk assessment & mitigation strategies

Regarding the proposed investment, the following are key risks worth consideration:

<b>Risk factor</b>	<b>impact</b>	<b>Mitigation strategy</b>
Raw material price fluctuation	High	Long-term supplier contracts, diversification of sources and hedging strategies
Regulatory & compliance issues	medium	Strict adherence to quality standards and government regulations
Market competition	high	Differentiation through quality, pricing strategies and branding
Supply Chain Disruption	Medium	Establish backup suppliers and maintain buffer stocks
Disease outbreak in Livestock	Medium	Market diversification and insurance coverage

### 5. Investment Incentives Sought

To enhance project feasibility, we seek TIC's support in the following areas:

#### 1. Tax Exemptions:

- Corporate tax holiday for the first 5 years.
- VAT exemption on machinery and raw material imports.

#### 2. Duty-Free Importation:

- Exemption from import duties on specialized animal feed processing equipment.

#### 3. Land Allocation:

- 20 hectares in an industrial zone with favorable lease terms.

#### 4. Financing Support:

- Access to government-backed low-interest loans.

## **6. Conclusion & Recommendations**

**The proposed USD 15 million animal feed project will significantly boost Tanzania's agricultural economy by ensuring an affordable and sustainable feed supply. With TIC's investment incentives, this project will accelerate production, create jobs, and contribute to Tanzania's GDP growth.**

**The proposed animal feed production investment presents a strategic opportunity to contribute to Tanzania's agricultural and livestock sector. Given the rising demand of the high quality and affordable animal feed, the project aligns well with the government's vision for food security and livestock productivity.**

**The project aims at enhancing livestock productivity, ensure food security, and contribute to the country's economic growth by providing high-quality, affordable and sustainable animal feed.**

**In addition, the proposed project investment in a modern animal feed production facility aligns with Tanzania's economic development priorities by prompting livestock productivity, job creation, environmental sustainability and economic diversification.**

**Investors are committed to collaborating with TIC and other stakeholders to realize this vision thereby supporting Tanzania's journey towards agricultural modernization and food security.**

**It is therefore recommended t the TIC management t grant the requested investment incentives to facilitate project implementation.**