

YORAN DEVELOPMENT COMPANY LIMITED.

YORAN DEVELOPMENT COMPANY LIMITED

PRE-FEASIBILITY STUDY REPORT ON:

INVESTMENT IN FREIGHT TRANSPORTATION BY ROAD

**Presented To:
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**YORAN DEVELOPMENT COMPANY LIMITED
Strategic Pre-feasibility Report**

YORAN DEVELOPMENT COMPANY LIMITED.

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*This profile is strictly for information only and projections in the pre –feasibility study report have been compiled by the consultant with close cooperation of the Promoters of the Business the **YORAN DEVELOPMENT COMPANY LIMITED** and Sector Experts for illustrative purposes and do not constitute actual forecasts.*

YORAN DEVELOPMENT COMPANY LIMITED

Plot No 26, Kisemvule, Coastal Region

YORAN DEVELOPMENT COMPANY LIMITED

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Executive Summary

Company & Project concept

YORAN DEVELOPMENT COMPANY LIMITED is a limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 6th October, 2020, and bears Certificate of Incorporation No.144083245. Company implements project which is under transportation sector

Yoran Development Company Ltd will be located at Pwani Region. Our company goals and objectives seek to ensure we generate an income that benefits both Nationals and non-Nationals so that we strengthen the economic status of the society. The company believes in customers, suppliers, and investors therefore it struggles to create good Rapport with both parties.

Company Goals and Objectives:

In Yoran Development Company Limited aims to;

- ❖ Engage in business of freight transport by road, import and export services
- ❖ Create a compelling value proposition for both suppliers and customers
- ❖ Manage Yoran Development Company Ltd by human resource policies and other managerial principles which motivates employees and feel safe and protected at Work.
- ❖ Carry on the business of transportation of goods, machines, equipments as well as cargo handling.
- ❖ Achieve level standards of profit sufficient to provide for reinvestment and suitable returns to shareholders and investors
- ❖ Adopt best commercial practice and ethical standards in dealing with clients, suppliers of goods and services and other contacts

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- ❖ Seek to comply with all statutory legislation and other external relevant authorities. Define and keep under review Company policy, allowing flexibility for local requirements.

Purpose of Business Plan

The primary purpose of this document is to be used as a Pre-feasibility study report for Yoran Development Company Ltd for investment in Transportation of Goods by road. Also, the Pre-feasibility study report shall be submitted to TIC for an award of Certificate of Incentives. The implementation of this project will comprise the following activities: -

- ❖ Procurements Motor vehicles and Equipments for this project.
- ❖ Equipping the project with all necessary modern furniture and facilities
- ❖ Hiring employees who will be driving the cars

The project promoter

The project will be managed and operated by Yoran Development Company Ltd. It is owned by Chinese entrepreneurs and a mother Company from China with the following share distribution.

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NAME OF SHAREHOLDERS	NATIONALITY	NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER	SHARE%
1. MR. XIAOLE SUN	CHINESE	34800	50%
2. MR. MENGFEI CAI	CHINESE	34800	50%

Company Legality,

The legal documents and certificates such as Memorandum and Article of Association, certificate of incorporation, Tax Identification Number, and value added Tax certificates Justify that Yoran Development Company Ltd is operating within the ambit of the law of the Land

Project Organization Structure

The management of Yoran Development company Ltd constituted by the following organization set up: -

- Board of Directors,
- General Manager who is responsible on the supervision on the entire operations of the Company,
- Fright Manager who will be directly responsible for all matters pertaining transportation and cargo handling.
- Company accountant
- Transportation unit

Investment Structure

This business project is estimated to cost 1,000,000\$. The money covers motor vehicles but also allocated fund include investment in, and Equipments, furniture and fittings, pre-expenses and working Capital. The equity contributed by the shareholders is 500,000\$ equivalent to 50. %. The remaining part of 50% of investment financing will be done through borrowing from banks. However, a financial policy of the Company state that the profits generated will be re-invested

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Statement of Purpose

This Profile is drawn for the purpose of seeking CERTIFICATE OF INCENTIVES from the TANZANIA INVESTMENT CENTRE and pre –feasibility study report for transportation of goods.

2.1 Purpose of Investment

This document is prepared to serve the purpose as a feasibility study for Yoran Development Company Ltd for establishment of transportation of goods. The implementation of this project will comprise the following activities: -

- ❖ Procurements Motor vehicles and Equipments for this project.
- ❖ Equipping the project will all necessary modern furniture and facilities
- ❖ Hiring employees who will be driving the cars.

2.2. Investment financing plan

The company expect to invest 1,000,000 USD from shareholders' funds and Loan from the Banks. Profits generated from business operation will be re-invested. There shall be a loan from commercial banks as the investor has set aside 50% of USD 500,000 USD for the investment in phase one up to phase 3 and the rest 50% shall be financed by Project promoters' equity. Table below show the assumptions how the investment financing plan will look like.

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**TABLE 1
FINANCING**

Appendix I

<i>Financing</i>	\$
Long-term liabilities	
Long-term loan	500,000
Owner's equity	
Cash	375,000
Contributed asset value	125,000
Total	1,000,000

**TABLE 2
INVESTMENT COST PLAN**

Appendix II

<i>COST INVESTMENT STRUCTURE</i>	\$
Current assets	
Working capital	200,000
Opening inventory	150,000
Other	100,000
Property and equipment	
Equipment	30,000
Furniture and fixtures	50,000
Leasehold improvements	10,000
Motor Vehicles	400,000
Other	60,000
Total assets	1,000,000

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2.3 Summary of the Expected Results

At the end, the project is expected to achieve the following: -

- Increase the number of direct and indirect employment opportunities.
- Increase tax contributed to the government
- Generate foreign currency.

BUSINESS DESCRIPTION

YORAN DEVELOPMENT COMPANY LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 6th October, 2020, and bears Certificate of Incorporation No.144083245. Company implements project which is under transportation sector.

The Company will be responsible among other activities, operating and managing transportation of goods.

Legal Status

Legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, business license, Tax Identification Number, and value added Tax certificates Justify that Yoran Development Company limited is operating within the ambit of the law of Tanzania land.

Mission and Vision of the company

The company visions

“To be the leading company in transportation of goods, machines, equipments, and cargo handling in Tanzania”

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The company missions

“To penetrate the markets within transportation industry in Tanzania”

The company can achieve its mission and vision through

- ❖ Carry on the business of transportation of goods, machines, equipments as well as cargo handling.
- ❖ Establishing conducive Business environment for both local and international market
- ❖ Proper and reasonable remuneration of the personnel that will increase employees motivation and reduce employee turnover
- ❖ Continuing networking with our esteemed clients

Project Promoters

The project promoter,

The project will be managed and operated by YORAN DEVELOPMENT COMPANY LTD.

Operations

The project will be managed and operated by YORAN DEVELOPMENT COMPANY LTD. The Company will run its activities in a more professional way and it seeks to satisfy its customers by meeting customer expectations. Although the company will use an automated system, people will also be used to manage the operations.

Project Location

The project shall be located at Kisemvule-Mkuranga within Coastal Region. This is due to the accessibility of customers and warehouse. However, the offices are within Dar es Salaam.

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Postal Address

**YORAN DEVELOPMENT COMPANY LIMITED
P.O.BOX 34359
DAR ES SALAAM
TANZANIA**

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Core Activities of the company

YORAN DEVELOPMENT COMPANY LIMITED will be dealing with establishing and operating the following facilities;

TRANSPORTATION OF GOODS BY ROAD

This is a core activity that will be performed by YORAN DEVELOPMENT COMPANY LIMITED.

Technical requirements of the project

The project implementation shall require some of technical facilities some of the facilities are.

1. Tool box
2. Compressor
3. Pallets
4. Containers
5. Tank containers, special containers
6. Interchangeable containers and superstructures
7. Small and medium-sized containers
8. Accessories
9. Road vehicles for transporting containers and interchangeable containers
10. Dual-mode transport systems
11. Roll on/roll off service and ferry transport
12. System solutions for combined transport.

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TRANSPORT INDUSTRY

5. TRANSPORTATION SECTOR IN TANZANIA

The Tanzanian transport sector comprises surface transport (including roads, railways), inland waterways (lakes and rivers), air transport, and sea transport. Tanzania's transport sector contributed 8.1% to the country's real GDP in 2018 with USD 3.8 billion, compared to USD 2.8 billion in 2014, representing an increase of 33%. Main growth drivers include the increase in the number of passengers carried and freight handled through road transport. According to Tanzania's 2025 Development Vision, investments in infrastructure, particularly in the development of the road network, are the Government's top priority. The World Bank (WB) and the African Development Bank (AfDB) support Tanzania in achieving its infrastructure development goals by providing grants and credits for projects.

Road transport is the most widely used form of transport in Tanzania, carrying over 90% of the passengers and 75% of the freight traffic in the country. The road network in Tanzania currently comprises 86,472 kilometers of roads, of which 12,786 kilometers are trunk roads, 21,105 kilometers are regional roads and the remaining 52,581 kilometers are district, urban and feeder roads. Tanzania's Ministry of Works, Transport, and Communication through the Tanzania National Roads Agency (TANROADS) is managing the national road network of about 33,891 kilometers, comprising 12,786 kilometers of trunk and 21,105 kilometers of regional roads. The remaining network of about 53,460 kilometers of urban, district and feeder roads are under the responsibility of the President's Office Regional Administration and Local Government (PO-RALG).

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5:2 IMPORTANCE OF TRANSPORTATION SECTOR IN TANZANIA

The Tanzania transport sector plays a crucial role in the growth of the Tanzanian economy; it facilitates domestic and international trade, contributes to national integration, and provides access to jobs, health, education and other essential facilities. The transport system's effectiveness, appropriateness and adequacy contribute a great deal to the successful implementation of socioeconomic activities, the lowering of domestic production costs through timely delivery, and the enhancement of the economies of scale in the production process and creating economic opportunities. The economic opportunities include: ease of market access, strengthening of competition, promotion of trade and export, tourism and foreign investment contribution to government revenue and generation of a large number of employment opportunities. In the past five years, the transport sector in Tanzania has helped to integrate market-strengthening competition, increase access to farming techniques, promote trade, tourism, and foreign investment, and has contributed to the government revenue. The Tanzania transport sector's growth and performance have continued to improve due to both government efforts and private sector investment in road rehabilitation, expansion of telecommunications services, modernization of port services, and improvement in marine, railway and air transport services. This growth, however, should have been ahead of the overall economic performance (with a GDP growth of 6.9% in 2005 and an expected 7.9% by 2008), in order to avoid a situation where it could obstruct other sectors which demand transport services. The Tanzania Transport Sub-Sectors The current transport system consists of roads, railways, air, water and pipeline modes. In this report on infrastructure development in Tanzania, the last two are not included.

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5.4 PROJECT JUSTIFICATION

The proposed project is under management of Yoran development Company limited. It is in line with Tanzania Government efforts in attempt to revamp the Transportation sector. This has also been noted of recent drive of attracting investors in Tanzania in order to maximize Tanzania annual earnings from investment and also compete effectively with regional competitors. This also has been complemented by following measures

- i. The government is making a critical review of all existing laws and regulations, taxation and policies with ultimate aim of improving and creating conducive environment for private sector Investment, tourism sector is inclusive.

5:5 SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

The proposed project will result into the following social and economic impacts in Tanzania:

- The society around the premises will benefit from infrastructures made
- Improve transportation of goods in Tanzania
- Increased competitiveness among transportation industry in Tanzania
- The project expectedly to provide employment for more than 156 people
- The Government and other agencies will benefit from various taxes, fees and commissions that will be paid to the Treasury etc. by this Company.

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OPPORTUNITY DRIVERS

6.1 Uniqueness location of the project

Yoran Development Company Limited Ltd.'s project will be one of the transportation of goods, located in Coastal region Tanzania.

6.2 Government Policy

The government policy of Tanzania through its President aims to increase the investors in transportation industries. Yoran Development Company Limited has seen this opportunity so it supports the Government slogan of “**Hapa kazi tu**” by making sure it creates employment for local citizens.

6.3 Government Incentives package

In 1997 Tanzania Government enacted Investment law that offers and guaranteed reasonable incentives to both local and foreign investors.

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Market Analysis (Strengths, Weaknesses, Opportunity and Threats)

The company has used one of the marketing tools used to make business analysis in terms of how it can prosper.

Table below present the analysis of the company’s Strengths, Weaknesses, Opportunities and Threats SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> ▪ It has an outstanding financing ▪ Strong management and well-paid personnel ▪ Strong customer services ▪ Has a will to diversiation ▪ Access to reliable high technology 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Not yet emphasize on the marketing
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Heavy needs of transportation in this region supported with the presence of Dar Es Salaam Port ▪ Good government suitable facilitative policy 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Unawareness of the new entrants in the Industry in the same location ▪ Impacts of third wave of covid 19

The company has prepared for the action plans by doing the following:

1. In future if needs arise the Company may seek more funds from bank to finishing phase of this project.
2. The company will employ expatriates for marketing of its products/services and develop marketing plan.

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1. Marketing Information

1.1. Marketing Strategy

1.1.1. Overview

Yoran Development Company limited Mission, vision, objectives are strategic measures that ensures the business reach where it wants to be and determine its way.

The success of Yoran Development Limited will be achieved by providing high quality and friendly service and employing an aggressive marketing plan to build customer traffic.

The management slogan to create and maintain a positive, reputable image for the customers has brought a lot of success to the Company. This image will be consistently portrayed throughout all marketing channels and sales promotions. The following exemplifies some of the tactics we will use to drive more sales.

1.1.2. Customer Database

Yoran Development Company limited will aggressively seek to build a database of Customers. Customers will have an opportunity to be included in the database so that we create a strong Customer Relationship and increase sales by creating customer royalty. Customers` database will focus on things such as birthday or anniversary cards; email notification of upcoming specials; coupons; etc. The database will be gathered and maintained on special software. Yoran Development Company limited will gather names in a variety of manners including staff requests; business card drop for free lunch; menu insert promotion; etc

1.1.3. Advertising

Yoran Development Company limited will utilize both traditional and non-traditional methods of advertising. Management's viewpoint on advertising is state in your own words, the philosophy. Yoran Development Company limited will adopt towards the use of traditional advertising such as radio, newspaper, billboards or television.

In addition, will use Advertising Agencies on website. Yoran Development Company limited to create more customers.

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1.1.4. Costing and Pricing

The costing and pricing are done by the management of Yoran Development Company limited the costing takes into consideration various aspects depending on the cost which has already been incurred, inflation factor and Operating costs. The project promoters of the company are in business for long time i.e., they are business-oriented personnel.

However, considers the opportunity to invest in. Yoran Development Company limited Tanzania as God`s grace, therefore, it intends to make sure the price for its services is reasonable.

1.1.5. Target Customers

Yoran Development Company limited is targeting to all customers from all regions in Tanzania especially building constructors and exporters.

8.2 Marketing Plan

The company has both short term and long-term marketing plan:

The short-term marketing plan includes:

- Participating in business show case exhibitions
- Building sustainable long-term relationship with customers

Long Term Plans includes:

- Take over the transportation Industry in Tanzania
- Investing Market Research and Development

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2. Management & Administration

2.1. Management

The management team of Yoran Development Company Limited planned to be constituted by the following management team: -

2.1.1. Board of Directors

Yoran Development Company limited will be managed by the board of Directors which is responsible body for strategic decision making of the project.

Directors of the Company are the ones who having shares in, The Company which shall manage thi. Yoran Development Company limited s project.

2.1.2. General manager

General Manager will be responsible for daily operation of the company. The manager sees the daily turnover to assess the progress of the company.

2.1.3. freight Manager

Freight Manager will be employed who expected to have an extensive background in freight and cargo handling. As the freight Manager will be directly responsible for all freight training of employees.

2.1.4. Accountant/cash

An accountant will be employed and is expected to have good experience in accounting system as well as he will be responsible in managing cash of but also keeping books of accounts properly. Yoran Development Company limited.

2.1.5. Management Agreements

Management Agreements will be done by all management teams and decisions will consider the opinions from all parts. However, the agreement may be terminated by looking available grounds for company`s sake

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2.1.6. Confidentiality Agreements

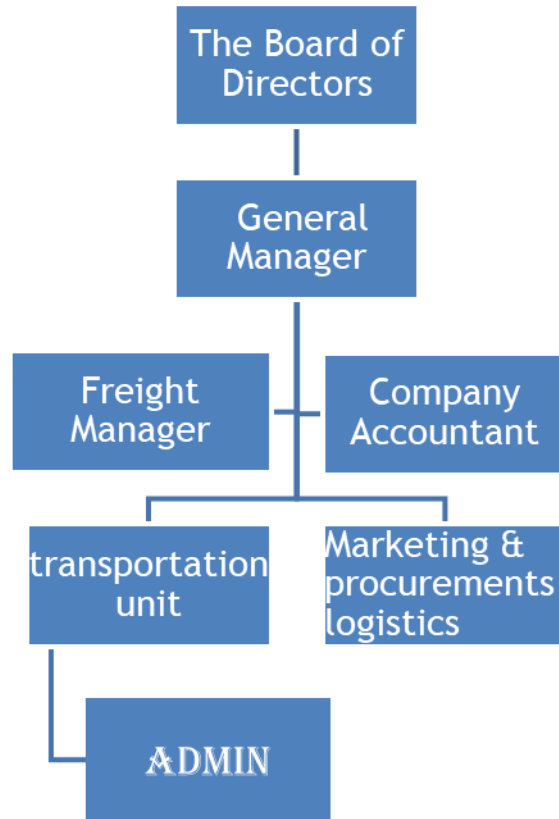
Yoran Development Company limited will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our services, operating systems, policies and procedures. Having a confidentiality agreement in place is essential to protect the company's trade secrets, and show our employees that we take our business seriously.

9.1.7 Organization Structure

The management of is Yoran Development Company limited planning to have the following organization structure.

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3 Conclusion

- Yoran Development Company limited will be one of the best transportation entities in Tanzania.
- The company aims at expanding its operation to make the service available to its clients
- Revenue will be contributed to the Government through various taxes.
- The project will offer continuous direct and indirect employments.
- The company looks technically feasible and financially viable. It is therefore recommended that the project be supported.

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Appendix III

**YORAN DEVELOPMENT CO. LIMITED PROJECTED INCOME &
EXPENDITURE STATEMENT (US\$)**

	1	2	3	4	5	6	7	8
Revenue	13,734,000.00	15,107,400.00	16,618,140.00	18,279,954.00	21,079,494.00	22,187,443.40	24,306,187.74	26,636,806.51
Operating Expenses:	8,927,100.00	9,819,810.00	10,817,910.00	11,819,701.00	13,701,671.10	14,771,838.21	15,149,022.03	17,963,924.23
Profit before Depreciation & Interest	4,806,900.00	5,287,590.00	5,816,349.00	6,397,983.00	7,377,822.90	77,415,605.19	8,157,165.71	9,672,882.28
Interest	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00	600,000.00
Depreciation	556,975.00	556,975.00	556,975.00	556,975.00	556,975.00	556,975.00	556,975.00	556,975.00
Net Profit	3,649,925.00	4,130,615.00	4,659,374.00	5,241,089.00	5,880,872.90	6,545,855.19	7,387,415.71	8,210,313.28
Tax (30%)	1,949,775.00	2,391,845.00	3,978,122.00	5,723,026.70	7,642,421.87	9,753,756.56	12,076,224.71	14,630,939.68
Profit After Tax	5,549,475.00	8,914,305.00	12,615,618.00	16,687,062.30	21,165,651.03	26,092,098.63	31,511,191.00	37,472,192.60
Accumulated Profit	5,549,475.00	7,941,320.00	21,919,442.00	37,642,468.70	55,284,890.57	75,038,647.13	94,114,871.84	118,745,811.52

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Appendix IV

YORAN DEVELOPMENT CO. LIMITED LIMITED PROJECTED CASH FLOW US\$

	0	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	0	48,069,000	52,875,900	58,163,490	63,979,839	70,377,822	77,415,605	85,157,165	93,672,882
Loan	1,750,000	-	-	-	-	-	-	-	-
Total Sources	1,000,000	48,069,000	52,875,900	58,163,490	63,979,839	70,377,822	77,415,605	85,157,165	93,672,882
Applications:									
Capital expenditure	100,000	-	-	-	-	-	-	-	-
working Capital & Others	100,000	-	-	-	-	-	-	-	-
Cash	0	37,119,225	40,484,055	44,185,368	48,256,813	52,735,401	57,661,849	63,080,941	69,311,943
Tax	-	10,949,775	12,391,845	13,978,122	15,723,026	17,642,421	19,753,756	22,076,224	24,630,939
Sub total	1,000,000	48,069,000	52,875,900	58,163,490	63,979,839	70,377,822	77,415,605	85,157,165	93,942,882
Total applications	1,000,000	48,069,000	52,875,900	58,163,490	63,979,839	70,377,822	77,415,605	85,157,165	93,942,882
Accumulated cash		37,119,225	77,603,280	121,788,648	170,045,461	222,780,862	280,442,711	343,523,652	412,835,595
Necessary working capital	100,000	91,815,000	91,815,000	91,815,000	91,815,000	91,815,000	91,815,000	91,815,000	91,815,000

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Appendix V

YORAN DEVELOPMENT CO. LIMITED PROJECTED BALANCE SHEET US \$

	0	1	2	3	4	5	6	7	8
Fixed Assets	-								
Opening balance	-	5818500	5261525	4704550	4147575	3590600	3033625	2476650	1919675
Additions	-								
Total Long-term Assets	-	5818500	5261525	4704550	4147575	3590600	3033625	2476650	1919675
Less depreciation	-	556970	556970	556970	556970	556970	556970	556970	556970
Closing balance	-	5261520	4704550	4147570	3590600	3033620	2476650	1919670	1362700
Working capital	1,000,000.00	9181500	9181500	9181500	9181500	9181500	9181500	9181500	9181500
Accumulated cash	-	3711925	7760320	12178868	17004541	22278082	28044271	34352362	41283555
Total assets	1,000,000.00	3711925	7760320	12178868	17004541	22278082	28044271	34352362	41283555
Financed by									
Loan		15000000	13125000	112500000	9375000	7500000	5625000	3750000	1875000
Net profit	-	2554947	3794130	5191942	6764248.7	8528480.57	10503867.1	12711471.8	15174511.5
Total equity	-	17554945	16919130	16441942	16139248.7	16028490.6	16128847.1	16461471.8	17049511.5

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Appendix VI

YORAN DEVELOPMENT CO. LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Repayments US\$				
Year	Principle	Loan Interest (4%)	Total Amount Paid	Loan Balance
0				150,000,000
1	18,750,000	6,000,000	24,750,000	131,250,000
2	18,750,000	6,000,000	24,750,000	112,500,000
3	18,750,000	6,000,000	24,750,000	93,750,000
4	18,750,000	6,000,000	24,750,000	75,000,000
5	18,750,000	6,000,000	24,750,000	56,250,000
6	18,750,000	6,000,000	24,750,000	37,500,000
7	18,750,000	6,000,000	24,750,000	18,750,000
8	18,750,000	6,000,000	24,750,000	0
TOTAL	2,870,000	48,000,000	198,000,000	

Appendix VII

YORAN DEVELOPMENT COMPANY LIMITED

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YORAN DEVELOPMENT CO. LIMITED PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulative Cash Flow
1	25,549,475.00	5,569,750.00	31,119,225.00	31,119,225.00
2	28,914,305.00	5,569,750.00	34,484,055.00	65,603,280.00
3	32,615,618.00	5,569,750.00	38,185,368.00	103,788,648.00
4	36,687,062.30	5,569,750.00	42,256,812.30	146,045,460.30
5	41,165,651.03	5,569,750.00	46,735,401.03	192,780,861.33
6	46,092,098.63	5,569,750.00	51,661,848.63	244,442,709.96
7	51,511,191.00	5,569,750.00	57,080,941.00	301,523,650.96
8	57,472,192.60	5,569,750.00	63,041,942.60	364,565,593.56
Initial Investment = USD 1,000.000				
From above table, payback period is calculated at year .5				