

p.o.box 75778
Dar es Salaam
tanzania

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arusha
tanzania



Lodhia Steel Industries Ltd.
A Lodhia Group Enterprise

Dar-es-Salaam: +255 22 2113258/59
Arusha: +255 27 2540520/04
email: info@lodhiagroup.com
www.lodhiagroup.com

31 Jan 2022
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TANZANIA INVESTMENT CENTRE
DAR ES SALAAM

PROGRESS REPORT

LODHIA STEEL INDUSTRIES LIMITED – TIC CERTIFICATE 042859
OVERALL REPORT – DAR & ARUSHA

1. Planned activities for the period

Successfully completed commissioning of second tube mill in Dar plant. Part of the compound wall has been constructed. Below constructions are started but completion will be during the first 6 months of 2022:

- Scrap sorting and bundling plant
- A bigger oxygen and nitrogen Gases producing plant to supply gases to AOD plant
- Fumes Extraction system
- Central store for upkeep of consumables and spare
- Workshop for repairing and maintaining own trucks and equipments
- New weighbridge to accommodate the volume of sales and incoming scrap
- Staff canteens
- Staff accommodation
- Compound wall around the factory

2. Achievements made on the project implementation to date:

Commissioning of the second tube mill was completed and production started in the month of October 2021. Compound wall construction has started.

3. Company's information:

a. Shareholders:

Arun Vithaldas Lodhia	Tanzanian	63.63%
Divya Arun Lodhia	British	27.27%
Mihir Anand	British	9.10%

b. Company information

Email address : ceo@lodhiagroup.com

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- Mobile number : 0717 626262
Landline Phone no : 027 2548504
Physical address : Plot 26, Themu Industrial Area, Njiro, Arusha
- c. Contact Person : Manoj S G
Position : CEO
Email / Phone : ceo@lodhiagroup.com / 0717 626262
- d. Certificate of Incorporation No : 45383
e. TIN No : 101 762 424
f. Project Objective : Manufacturing and Supply high quality affordable steel in the Tanzanian Market and export to neighboring countries
g. Capacity / year : 210,000 tons (Rolling and Tube Mill)
h. Direct Employment
- i. Foreign Men : 65
 - ii. Foreign Women : NIL
 - iii. Local Men : 1,225
 - iv. Local Women : 74
 - v. Indirect employment : 2,300 +
 - vi. Type / areas : Scrap accumulation, storing, loading, shipping and offloading, fabrication, construction, vehicle bodybuilding, etc

4. Total project financial expenditure to date:

	(Amount in Million TSh) Local
Land & Buildings	22,375,887,262
Computer & Accessories	118,233,299
Furniture and Fixtures	569,195,372
Vehicles	10,188,109,767
Office Equipments	899,310,557
Plant and Machinery	36,526,449,599
Capital WIP	4,918,305,174
Grand Total	75,596,091,030

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5. Project financing

The project is financed by the company and CRDB Bank by way of term loans in Shillings and US Dollars towards purchase of prefabricated buildings and machinery. Current suppliers have agreed to supply raw-materials on credit.

DETAILS

Loans

Term Loans	\$ 9.96 Million (CURRENT BALANCE)
Contribution by Co	33 Billion

6. Problems and solutions

Scrap availability has been a problem. Have approached the ministries for granting permission to import mild steel scrap by removing ban on importation of mild steel scrap and also to ban export of cast iron. This is very important to compete with neighboring countries as the importation of mild steel scrap is allowed there.

7. Future plans

Planning to increase the capacities of Rolling Mill, and billet plant in 2022 by adding one more Induction Furnace and few cranes. Another plan is to commission a roofing sheets (galvalume and color coated sheets together) manufacturing plant in Kisemvule with yearly capacity of 125,000 M tons.

8. Recommendations and any other comments

Ease importation of MS Scrap process as the quality of locally available scrap is not heavy and good for TMT bars production as the yield from it is very low between 70 – 83%. Also impose anti-dumping duty on importation of steel products that are manufactured in Tanzania.

Quality of power available for production is poor and the spikes in the power supplies damage expensive panels, electrical and mechanical equipment. Some of them are highly expensive and not available off the shelf. This causes in stoppage of production and the unit suffers due to this. National Power supplier, TANESCO need to improve infrastructure and supply quality power and

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without any interruption to make sure the industry produces its products cheaper. In our case the molten metal solidifies and have to spend huge expense to remove them from the crucible and re-melt again as they have to be removed and cut into small pieces before we can process them. Also optimum usage of resources aren't possible due to recurring uninformed and informed power cuts.

Impose high anti-dumping duty on the goods that are manufactured in Tanzania. The capacity of steel manufacturing plants is high in comparison with demand and there is no need to import them into Tanzania. Government to take initiative to identify the products manufactured in Tanzania and work towards protecting them.

Introduce fillips for making investments in Tanzania by local companies so that the job creation will automatically happen, development of the surrounding areas will automatically happen. After Lodhia set up its manufacturing set up in Kisemvule, the surrounding area went for a complete transformation in a very positive way.

9. ETC

Not Applicable

For LODHIA STEEL INDUSTRIES LIMITED


Manoj S G

CEO

