

NovaMerid Holdings Ltd.

Business Plan

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NovaMerid Holdings Ltd. proposes to establish a state-of-the-art, integrated steel manufacturing facility in the Sino Tan Industrial Park, Kwala, Tanzania.

This greenfield project, with a total investment of USD 60 million, aims to address the growing demand for steel products in Tanzania and the East African region, reduce import dependency, and contribute to the country's industrialization goals.



NovaMerid Holdings Ltd



Introduction

Company Overview

Company Name: NovaMerid Holdings Ltd.

Parent Company: Lixin Special Steel, China (Established in 1992)

Ownership: 100% Foreign Direct Investment



Location: Plot No.1, Block B,
Kwala Industrial Area,

Sino Tan Industrial Park, Tanzania

Land Size: 107,948 square meters
(under Land Transfer Agreement)

Key Highlights

Total Investment: USD 60 million (100% foreign capital)

Project Phases:

- Phase I (2025–2026): Import steel billets to produce rebars, steel pipes, welding rods, and wire products.
- Phase II (2027 onward): Local production of billets using imported and domestically sourced scrap metals.



- Annual Production Capacity: 300,000 tons of rebars
- Employment Generation: 600 local and 50 expatriate jobs

Export Target: 10% of output to East African Community (EAC) countries

Project Description

Overview of the Project

NovaMerid Holdings Ltd. is initiating a greenfield investment in Tanzania to establish a vertically integrated steel manufacturing plant.

The facility will be developed in two phases and located within the Sino Tan Industrial Park in Kwala, Coast Region. The project is designed to meet the increasing domestic demand for construction-grade steel products and to reduce the country's reliance on steel imports.

This strategic investment reflects NovaMerid's long-term vision to support Tanzania's industrial growth by leveraging global expertise, advanced manufacturing technologies, and environmentally sustainable practices.

Project Phases

NovaMerid Holdings Ltd.

Phase I: Import-Based

Manufacturing (2025–2026)

In this phase, the facility will manufacture finished steel products using imported billets sourced from global suppliers.

- Products to be manufactured include:
 - High strength rebars of various diameters
 - Wire rods and drawn wire
 - Welding electrodes
 - Galvanized and black steel pipes
 - Basic fasteners including nails and screws

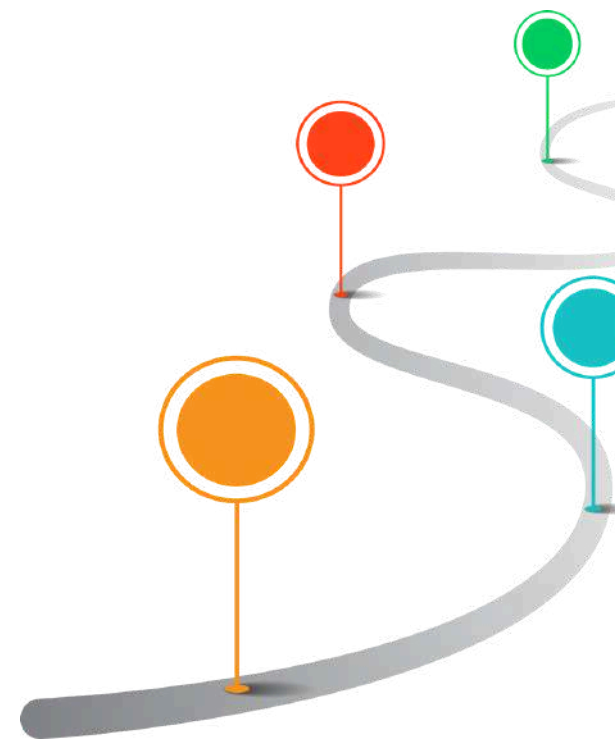
This phase aims to meet urgent domestic construction material demand and build market presence.

Phase II: Local Billet Production

(2027 Onward)

The plant will establish an in-house billet production unit using electric arc furnace (EAF) technology.

- Raw materials will include both imported and domestically procured scrap steel.
- This stage will reduce reliance on imported billets, lower production costs, and close the value chain.
- Scrap collection partnerships will be formed with local recyclers, municipal councils, and industrial generators.



Production Capacity and Technology

Annual Capacity: 300,000 metric tons of steel products by 2030.

Machinery & Technology Provider: Lixin Special Steel, a globally recognized manufacturer with 30+ years' experience.

Key Technologies:

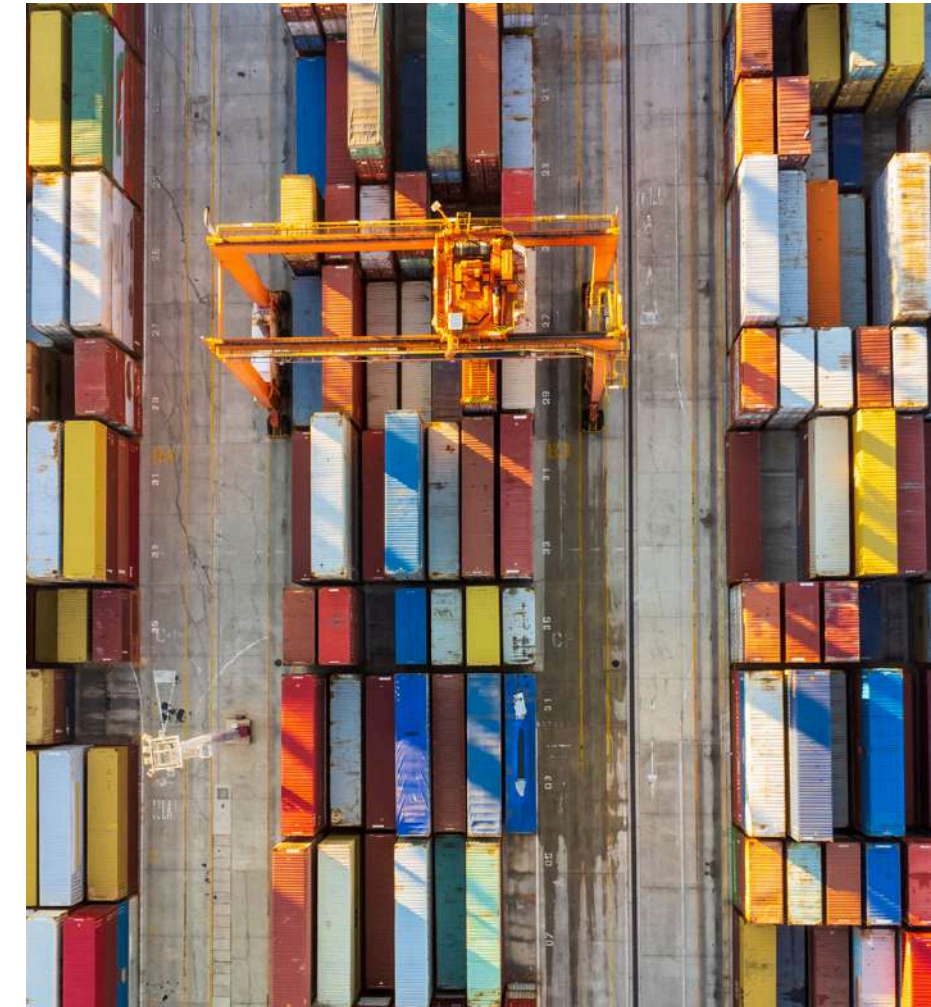
- Induction and electric arc furnaces (EAF)
- Continuous casting machines
- Automated rolling mills with precision controls
- Emission control systems (dust collection, water recycling)
- Modern laboratory and quality assurance units

NovaMerid will also implement Industry 4.0 practices, including:

- Digitized quality monitoring
- Real-time production tracking
- Predictive maintenance systems
- ERP for inventory, finance, and procurement



Supply Chain and Logistics



- Phase I Input: Steel billets imported via Dar es Salaam Port.
- Phase II Input: Scrap steel sourced locally (via partnerships) and internationally.
- Output Distribution:
 - 90% for Tanzanian domestic consumption
 - 10% targeted export to EAC and SADC countries via road and sea (Mombasa Port, Dar Port)

The project benefits from proximity to the Tazara railway, the Soga dry port, and Bagamoyo port development corridor, reducing logistics costs.



Infrastructure and Utilities

Power Requirements: 10,000 kVA (2025), scaling to 35,000 kVA by 2026 (secured agreement with TANESCO).

- Water Supply: Borehole system and industrial park pipeline connection.
- Road Access: Industrial-grade internal roads managed by Sino Tan Estate.
- Waste Management: Licensed industrial waste collector agreements and on-site waste treatment.

Investment

Total Investment: USD 60 million

Phase I (Plant + Equipment): USD 30 million

Phase II (Billet Plant + Scrap Processing): USD 30 million



Alignment with National Priorities

NovaMerid Holdings Ltd

This project directly contributes to:

- Tanzania's 3rd Five-Year Development Plan (FYDP III): Targets industrialization, job creation, and import substitution.
- National Industrial Policy: Encourages heavy industries and backward linkage development.
- Vision 2025: Strengthening manufacturing to raise GDP contribution from industry and reduce import bills.
- Reduces trade deficit through import substitution
- Enhances value addition within the domestic supply chain



Economic and Social Impact

- Import Substitution: Reduces over 200,000 tons of steel imports annually.
- Job Creation: 200 direct jobs and over 500 indirect jobs through logistics, maintenance, supply chains.
- Skill Transfer: In-house training center for welders, machine operators, and technical supervisors.
- Technology Transfer: Adoption of Chinese advanced steel manufacturing techniques.
- SME Growth: Local SMEs to be integrated into scrap supply, maintenance, and distribution services.

Environmental Management

- Use of closed-loop water systems to reduce water usage.
- Dust and gas filtration units to meet OSHA and all regulatory compliance.
- Green belt development around the factory to reduce noise and dust impact.



Market Analysis

Steel Market in Tanzania:

- **Market Size:** The long steel products market in Tanzania generated a revenue of USD 441.8 million in 2022 and is expected to reach USD 489.3 million by 2030, growing at a CAGR of 1.3% .
- **Demand Drivers:** Infrastructure projects, housing, construction boom, and governmental infrastructure initiatives .
- **Current Supply Gap:** Tanzania imports over 200,000 tons of rebars annually due to limited domestic production capacity.



Export Potential

10% of output targeted at EAC markets (e.g., Rwanda, Burundi, Uganda)

Financial Projections (2026–2030)

Assumptions

Production capacity: 300,000 tons/year (rebars)

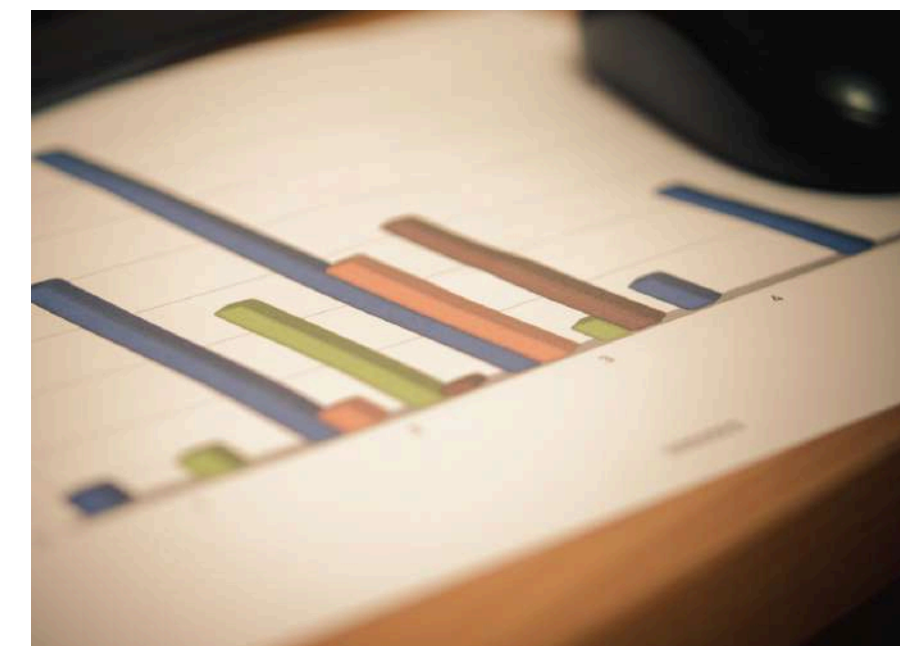
Year	Production (tons)	Revenue (USD)	OPEX (USD)	EBITDA (USD)	Capex (USD)	Net Profit (USD)
2026	100,000	80,000,000	60,000,000	20,000,000	30,000,000	12,000,000
2027	200,000	160,000,000	120,000,000	40,000,000	20,000,000	24,000,000
2028	250,000	200,000,000	150,000,000	50,000,000	5,000,000	30,000,000
2029	275,000	220,000,000	165,000,000	55,000,000	1,000,000	33,000,000
2030	300,000	240,000,000	180,000,000	60,000,000	500,000	36,000,000

Selling price: USD 800/ton

Phase I uses imported billets; Phase II includes local scrap

Exchange rate: 1 USD = 2,500 TZS

Figures are estimates. Depreciation, interest, and taxes are excluded for simplicity in EBITDA.



Risk Analysis

NovaMerid Holdings Ltd

Risk	Mitigation Strategy
High energy costs	Negotiated bulk power rates with TANESCO
Raw material price volatility	Long-term import contracts and scrap sourcing
Regulatory delays	Compliance team and legal advisory partnerships
Market competition	Competitive pricing and superior local logistics



Conclusion

NovaMerid Holdings Ltd. is poised to become a leading player in Tanzania's steel manufacturing sector through a phased investment approach that addresses both immediate and long-term market needs. The Phase I focus on steel products from imported billets ensures rapid market entry and revenue generation, while Phase II emphasizes sustainable growth through local billet production using scrap steel.

With its strategic location in the Kwala Industrial Area within the Sino Tan Industrial Park, NovaMerid is well-positioned to capitalize on growing demand in construction, infrastructure, and industrial sectors across East Africa.



The company's \$60 million investment will not only create significant employment opportunities but also contribute to Tanzania's industrialization agenda and export growth. With robust financial projections, strong management expertise, and alignment with national policies promoting local manufacturing, NovaMerid is prepared to deliver long-term value to stakeholders and foster industrial development in the region.