

DOST STEELS LIMITED

Corporate Briefing Session

For Financial year Ended on
30 June 2022



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Company Overview

Company Name -Dost Steels Limited

CEO – Jamal Iftakhar

**Head Office - 4th Floor, Ibrahim Trade Centre, 1-Aibak Block, Barkat Market,
New Garden Town, Lahore,54700, Pakistan**

Contact - +9242 35941375-77

Date of Incorporation – March 19, 2004

Lines of Business - Steel Rebars Manufacturing

Plant Address – 52 km, Multan Road, Phoolnagar, 55260, Pakistan

Vision

To become the leading quality steel products supplier for Pakistan.

Mission

To be an agent of change by providing innovative solutions. DSL will lead the market and raise the bar for quality standards prevailing in the country. It will offer re-bar which gives true and lasting value to our customers.

Values



Pakistan Steel Market

- As of today due to current economic situations the steel sector is under slump and there is no significant demand in the market. As a result, steel sector sees 40% decline. The weaker demand also put pressure on the pricing power of steel market.
- Major causes for this decline are devaluation of rupee (which has increased the price of scrap at least by 45%), recent floods and Political Instability in the country and also overall slowdown in construction activity nationwide.
- Beside this major portion of development funds are used to finance the massive budget deficit, by Government. As a result, all Government projects have come to standstill.
- The demand for reinforced bars is directly proportional to the demand for cement with a ratio of 1:5. As the cement industry is also under pressure, so there is also no ample back-end support for the steel sector.

Who we are

“Dost Steels has a competitive advantage in terms of quality and marketing strategy”

A vertical flowchart with three rectangular boxes connected by downward-pointing arrows. The top box is orange, the middle box is reddish-brown, and the bottom box is grey. The arrows are light orange and light grey respectively.

First Automatic Greenfield Project

Only single location over 350,000 tons
production capacity per year

DSL will be a trusted supplier of rebar aiming for
highest levels of certifications

More than just steel makers...

With a production capacity exceeding 300,000 metric tons of steel bars per annum, **d!** can cater the rising demand for large scale projects.



d! DOST
STEELS LTD.
RAISING THE BAR



Key Features of **d!**



Pakistan's 1st & largest fully automatic Steel Rebar Plant



Global Standard Compliant Rebar



Strength and Ductility



Superior Precision & Control



Up-to 25% Steel Savings



Seismic Resistant & Earthquake Friendly

www.doststeels.com

Head Office: 4th Floor Ibrahim Trade Centre,
1-Aibak Block, Barkat Market, New Garden Town, Lahore.

Phone: +92 (42) 111 DSL (375) 000

Stages of Manufacturing



Reheating Furnace

The reheating furnace integrated with our PLC system heats the billets up to 1100° Celsius for optimal rolling of billets into rebars.



Stands

The 18 horizontal and vertical rolling stands setup & based on straight line non-twisted technology roll the square billets into round bars by the end of the last stand, before quenching.



Pomini Quenching System (PQS)

PLC based PQS produces the required properties of a rebar largely without the need of alloying elements.



Cooling Bed

Rake type cooling bed with a saw tooth pattern consists of moving stationery aids which are lifted, traversed and lowered numerous times. This is followed by contraction, allowing the bars to cool at the same rate.



Cold Shearing

Quality shearing machine used for cutting the desired lengths with precision and a neat finish.



Bundling, Weighing and Binding

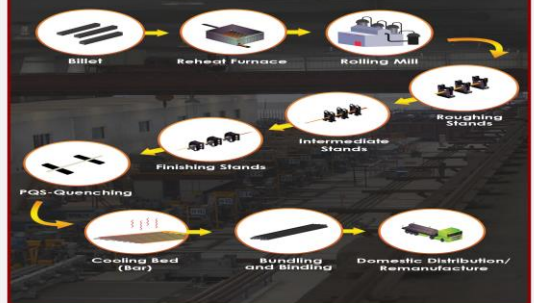
Automatic bundling and binding station wraps the bars into finished bundles, ready to be lifted by magnetic crane and onwards to dispatch.



Tagging

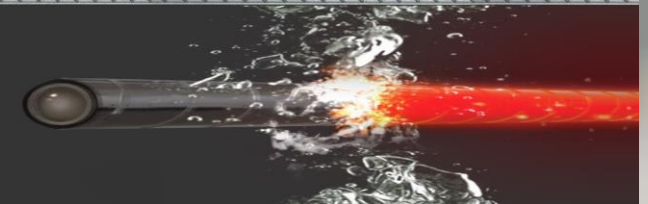
Unique feature of a bar code based tagging which is water, oil and dust proof ensuring high endurance & durability. Specially designed for record keeping, a first in Pakistan.

Quenching & Tempered Re-Bar Process



Pomini Quenching System

PLC based Pomini Quenching System dowses the bar with controlled water pressures over specified areas. This integral process ensures the best quality of the finished product as quenching causes the atomic structure within the steel bar to re-align for the best ratio of strength and elongation.



Dost Steels – Setting a milestone

- Dost Steels is proud of being Pakistan's first global standard compliant steel rebar manufacturing plant with an annual capacity of 350,000 Metric Tons.
- Dost Steels Ltd is the first fully automatic, green field steel rolling bar mill in Pakistan capable of making the finest international standard steel bar for all types of construction purposes. It utilizes state of the art technology from Primetals, Nidec, Forni E Combustione and Siemens, all of which are leaders in their respective fields.
- The finished product is also vastly more earthquake friendly and can sustain bigger loads during seismic activity.
- This Greenfield project has a competitive edge by means of an advanced four slit production technology by Primetals, pioneering in Pakistan with:
 - First automatic straight line bar mill.
 - DSL will be a trusted supplier of rebar.

Geographical existence

- Dost Steels mid-Country location is geographically enabled to supply all types of customers on competitive advantages. The project is located at 52-KM Multan Road (Phoolnagar Bypass) District Kasur which is 40-KM away from Lahore, which itself is an epicenter of Punjab's industrial growth. It is spread across 40 acres of land and is powered by a dedicated 132KV in-house Grid Station.

Our Products

- The plant processes 130 mm² and 150 mm² steel billets in 6 m and 12 m sizes as raw material. The finished product is quenched steel deformed bars (rebar) ranging from 8mm to 40mm in finished bundles of 2-3 tons in 6 meters to 16 meters in length.
- DSL will manufacture the following worldwide standards by using patented thermex quenching and tempering techniques;

❑ASTM

❑ASTM *a615* : 2009 Grade 60, Grade 75, Grade 80

❑ASTM *a706* : 2010 Grade 60, Grade 80

❑BS4449

❑BS4449 : 1997 Grade 460A, 460B

❑BS4449 : 2005 Grade B500A, B500B, B500C

Industrial Competitive Edge

- Straight line bar mill comprising of 18 horizontal and vertical rolling stands
- Automated production line with magnetic crane logistics handling
- 60 tons per hour pusher type furnace
- Completely automated bundling and binding station
- Interconnection of all equipment and instrumentation to a PLC based SCADA control system
- Automatic rake cooling bed
- Incorporation of 3 slit parallel bar production process which maximizes the production efficiency and minimizes losses for smaller diameter rebars'
- DSL will also be able to offer 8 mm and 10 mm rebars under the BS4449 : 2005 Grade 500C category. This will result in savings of up to 25% over existing rebar usage patterns, which is primarily due to steel overuse to compensate for existing deficient quality levels.

Health & Safety Environment

- Dost Steels Ltd houses its own water treatment plant which recycles the entire water being used for all stages of manufacturing. This plays a big role in saving our environment and ensures waste particles such as iron oxide and oil sludge do not mix into our precious surroundings causing them harm.
- DSL also uses a Heat Recuperator for efficiency and recycling of all waste heat and exhaust flue gases to be recovered and reused in conjunction with fresh inputs. This greatly reduces the negative environmental impact due to the steel bar manufacturing process.

Socially Responsible and Healthy Working Environment

DSL will contribute towards society by coming up with projects which will help the community to embrace their deserved living standards.

Our Health, Safety and Environment (HSE) policy ensures that DSL remains one step ahead of meeting the needs of its customers and employees (detailed policy available)

Increase awareness of steel standards and their optimal use, especially for better earthquake protection

Brief Operational History

- Company has started its commercial production in February 2018 but unfortunately stopped its production unit in December 2018, due to lack of sufficient working capital funds. Thereafter management is in continuing effort for arrangement of suitable new investor to restart the commercial production.

Financial Results 30 June 2022

Financial performance of the Company for the year ended June 30th, 2022, along-with comparative figures was as under:

Description	30 June 2022 (PKR)	30 June 2021 (PKR)
Sale	Nil	7,053,960
Cost of Sales	(38,478,275)	(61,375,236)
Gross (Loss) / Profit	(38,478,275)	(54,321,276)
Administrative and Selling expenses	(41,819,561)	(61,763,625)
Finance costs	(90,241,578)	(59,898,943)
Other operating income	35,698,113	1,087,780
Loss before taxation	(134,841,301)	(174,896,064)
Taxation	Nil	(105,809)
Loss after taxation	(134,841,301)	(175,001,873)

Current situation

- After lot of efforts over many years and dialogues with different Investors, management has finally found a serious investor group for investment of PKR 524 million against issuance of 29% fresh share (Other than right). In this regard company has sought approval of shareholders in its EOGM held on 10 Feb, 2022.
- The Mechanism was subject to special approval from SECP. The company made an application to SECP on 15 April 2022 and completed all the formalities with respect to Approval. However, certain Observations were filed with SECP and our said application is presently pending disposal.
- The SECP has advised the company to resolve all the issues including pending litigations before considering for approval of company's application for 29% further issue of shares through other than rights mechanism to the new investor.
- The company and its sponsors together with prospective investors group have made efforts to reach a reasonable resolution of pending issues and litigation but have not yet been able to reach an amicable solution to date.

Disconnection of 132KV LESCO grid connection due to financial problems:

- As faced by the entire country, due to the current economic situation, the sponsors of the company also faced financial constraints and have already exhausted their means to finance the losses of the company and it is not practical to fund the monthly electricity bill of around PKR 4.3 million (Fixed Charges without Production Units).
- Therefore LESCO on our request, has disconnected our B4 132KV Electricity connection in the current month January 2023.

Future Hope

- The current depressed economic situation, in the backdrop of no foreign exchange being made available by the State Bank of Pakistan has made it very difficult for import based Pakistan Steel sector to come out of its impasse.
- The current management is making all out efforts to come out of this situation with the support of the new group of investor, enabling it to resume its commercial production, in near future.

THANK YOU

