

DSL/PSX/01/2022/

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road, Karachi

### MATERIAL INFORMATION

Dear Sir,

We would like to inform you that the Board of Directors of Dost Steels Limited ("the Company") in their meeting held at 2:00 p.m. on Tuesday, 18 January 2022 have resolved as under:

1. The Board has approved the Offer from Mr. Khawaja Shahzeb Akram being the potential investor (including his nominees) to invest up to 29% ordinary share capital of the Company by way of issue of upto =128,961,717= ordinary shares at a price of PKR =4.07= per share (discount of 59.03% to par value), other than rights offer mechanism under the provisions of section 83 and section 82 of the Companies Act 2017 (CA 2017) and subject to the approval of the shareholders of the Company and the Securities & Exchange Commission of Pakistan
2. The Board approved to increase the Authorized Share Capital of the Company of the Company from PKR 3,600 million to PKR 4,450 million under the provisions of CA 2017 and subject to the approval of the shareholders of the Company and the Securities & Exchange Commission of Pakistan.
3. The Board authorized the Chief Executive Officer of the Company to complete all necessary corporate, regulatory and legal formalities including execution of necessary documents, approval from the shareholders of the Company, lenders approvals and the Securities and Exchange Commission of Pakistan.

The Extraordinary General Meeting of the Company will be held on 16 February 2022 at 9:30 a.m., however due to the current situation caused by the COVID-19 pandemic, shareholders shall be entitled to attend the meeting through video link facility, Lahore. The share transfer books of the Company will be closed from 09 February 2022 to 16 February 2022 (both days inclusive). The notice of EOGM shall be circulated in due course.

Necessary information under the Companies (Further Issue of Shares) Regulations, 2020 is attached this letter.

Yours truly,  
For Dost Steels Limited

  
Company Secretary

Copy to:

1. The Executive Director, CSD, CLD, SECP, Islamabad
2. Head of Operations, CDC, Karachi
3. The Registrar, THK Associated (Pvt.) Limited

**Information under Regulation 5 of the Companies (Further Issue of Shares) Regulations, 2017**

**1. Approval of the Shareholders and the SECP**

The further issue of shares otherwise than rights is proposed by the Board of Directors of the Company subject to the approval of the shareholders of the Company and the SECP.

**2. Quantum of Issue:**

Issuance of =128,961,717= ordinary shares of PKR 10/= each to be issued at a discount of 59.30% of the Par Value of PKR 10/= each. This is equivalent to average 90 trading days volume weighted average price of the shares of the Company traded on PSX.

The pre & post share capital of the Company is proposed to be as under:

Particulars	PKR	No. of Shares
Issue share capital before the issue	3,157,338,600	315,733,860
Further issue of shares other than rights (29% of post issue capital)	1,289,617,170	128,961,717
<b>Post Issue Share Capital</b>	<b>4,446,955,770</b>	<b>444,695,577</b>

Percentage of the paid-up capital before the issue: 40.85%

Percentage of the paid-up capital after the issue: 29.00%

**3. Issue Price of the Shares and Justification**

The further issue of shares i.e. =128,961,717= ordinary shares of PKR 10/- each is proposed to be issued at an issue price of PKR =4.07= per share under the provisions of section 82 of the CA2017.

The Board of Directors of the Company in their meeting held on 27 February 2019, decided to make all efforts for potential investment, joint venture, strategic alliance / partnership to overcome the working capital crises in order to resume the operations of the Company. Pursuant to the efforts of the Board, a potential investor (including his nominees) has offered to invest in the Company at a discount.

The funds received through such shares issued to the Investor shall utilized to settle the defaulted bank liabilities and to provide for/arrange working capital to revive operations of the Company. This will result in revival of the Company. The shares are proposed to be issued at a price equivalent to ninety percent (90%) of volume weighted average daily closing price of the shares of the Company prior to this announcement of issue of shares at discount i.e. till 17 January 2022.

**4. Consideration**

The shares are proposed to be issued for cash.

**5. Name of the person and Profile to whom the proposed shares will be issued**

The shares are proposed to be issued at Mr. Khawaja Shahzeb Akram (including his nominees) upto 29% of the diluted share capital of the Company. Mr. Akram does not currently hold any shares in the Company. Mr. Akram is the Senior Vice President of Federation of Pakistan Chamber of Commerce and Industries (FPCCI).



Mr. Akram is also the CEO of Pharma Health Pakistan (Private) Limited. He is also the Chairman of Derresthetic UK Limited and director of Gallop Water Sciences (Private) Limited and S.J & U Enterprises. He is also the member of Pakistan Drug Testing and Research Center, PDTRC and EC member of SAARC Chamber of Commerce and Industry and SAARC Chamber Young Entrepreneur Forum. He has also been Chairman of Ferozepur Road Industrial Association and Pakistan Industrial and Traders Association Front.

## 6. Purpose of the Issue

The purpose of the issue is to settle the defaulted bank liabilities and to provide for/arrange working capital to revive operations of the Company. This will result in revival of the Company.

## 7. Justification of shares otherwise than rights

In the recent past scenario of the Company wherein the operations of the Company are halt due to lack of funding available to the Company and weaker market sentiments in respect of Company's shares, it is highly unlikely that shareholders of the Company may subscribe the share of the Company. In addition, the Sponsors/Directors shall be unable to subscribe their portion of rights shares. In such a scenario the issue of shares otherwise than rights is the best option available in the best interest of the Company for resuming the operations of the Company.

## 8. Benefits of the Issue

The funds received through such shares issued to the Investor shall utilized to settle the defaulted bank liabilities and to provide for/arrange working capital to revive operations of the Company. This will result in revival of the Company. In addition, the larger capital base will make the Company more financially secure as opposed to debt.

## 9. Breakup Value of the Shares of the Company

The Breakup value of the shares of the Company is as under:

As per audited financial statement for the year ended 30 June 2021:	PKR 1.19 per share
As per quarterly financial statements for the period ended 30 September 2021:	PKR 1.07 per share

## 10. Consent of the person to whom the shares is to be issued

Mr. Khawaja Shahzeb Akram has provided his consent for issuance of shares subject to the shareholders approval of the Company and the SECP

## 11. Ranking of the Shares

The proposed shares when issued will rank pari passu with the existing ordinary shares of the Company

## 12. Average Market price of the Shares of the Company

The average volume weighted market price of the shares of the Company during the last three months preceding the Board's decision is PKR =4.07/= per share, whereas the market price of the Company as on close of PSX trading was 17 January 2022 is PKR = 4.04/= per share.

13. Shares issued for consideration other than cash

Not applicable

For and on behalf of the Board

A handwritten signature in blue ink, consisting of several overlapping loops and strokes, positioned above a horizontal red line.

Signed  
Company Secretary

Dated: 18 January 2022