



DOST STEELS LIMITED
NOTICE EXTRAORDINARY GENERAL MEETING

Notice is hereby given to the members that the Extraordinary General Meeting of the Company will be held on Thursday, day of 10th February 2022 at 02:30 at Lahore to transact the following business. Due to the need of required social distancing to avoid the spread of COVID19 pandemic, shareholders are requested to attend the meeting through video through video link facility arranged by the Company as per the instructions given in the notes section: managed from the Company's registered office at 4th Floor, Ibrahim Trade Centre, 1-Aibak Block, Barkat Market, new Garden Town, Lahore, to transact the following business

Ordinary Business:

To confirm the minutes of the previous general meeting;

Special Businesses:

- 1. To consider and if deemed fit, pass the following "Special Resolutions" with or without modifications subject to the approval of the Securities and Exchange Commission of Pakistan:**

"RESOLVED THAT, subject to compliance with the provisions of all applicable laws and requisite regulatory approvals & permissions as the case may be, including the approval of the Securities and Exchange Commission of Pakistan (the "SECP") under Section 82 and 83 of the Companies Act, 2017, approval of the shareholders of Dost Steels Limited (the "Company") be and is hereby accorded to increase the paid-up share capital of the Company from Rs. 3,157,338,600 divided into 315,733,860 ordinary shares of PKR 10/- each to Rs. 4,446,955,770 divided into 444,695,577 ordinary shares of PKR 10/- each by the issuance of additional 128,961,717 Ordinary Shares of the face value of PKR 10/- each by way of otherwise than right shares to be issued at an issue price of PKR =4.07= per share (at a discount of 59.03% to par value) to Mr. Khawaja Shahzeb Akram being the potential investor (including his nominees).

RESOLVED FURTHER THAT the shares when issued shall from the date of their allotment, rank pari passu in all respects with the existing fully paid Ordinary Shares.

RESOLVED FURTHER THAT the Chief Executive Officer of the Company (the "Authorized Person") be and are hereby authorized to enter into and execute such documents as may be required in relation to the further issue of shares otherwise than right shares and 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 Chief Executive Officer is also authorized to delegate his powers to any person he may deem appropriate.

RESOLVED FURTHER THAT the Authorized Person, be and are hereby further authorized to take all steps necessary, ancillary and incidental for the issuance of the shares otherwise than right shares including but not limited to obtaining all requisite regulatory approvals, lenders approvals, engaging advisor(s) and consultants for the purposes of the above, filing of the requisite application(s), statutory forms and all other documents as may be required to be filed with SECP and any other authority, submitting all such documents as may be required, executing all such certificates, applications, notices, reports, letters and

any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the issue of further shares without right shares and all other matters incidental or ancillary thereto.



RESOLVED FURTHER THAT all acts, deeds, and actions taken by the Authorized Persons pursuant to the above resolutions for and on behalf of and in the name of the Company shall be binding acts, deeds and things done by the Company.”

“**RESOLVED FURTHER THAT** the aforesaid special resolution(s) shall be subject to any amendment, modification, addition or deletion including the adjustment to the pricing of the shares to be issued as may be suggested, directed and advised by SECP and / or any other competent authority, which suggestion, direction and advice shall be deemed to be part of these Special resolution(s) without the need of the shareholders to pass fresh Special Resolution(s).”

2. To consider and if deemed fit, pass the following "Special Resolutions" with or without modifications subject to the approval of the Securities and Exchange Commission of Pakistan:

"RESOLVED THAT the Authorized Share Capital of the Company be and is hereby increased from Rs. 3,600,000,000 divided into 360,000,000 ordinary shares of Rs. 10/- each to Rs. 4,450,000,000 divided into 445,000,000 ordinary shares of Rs. 10/- each and the words and figures in clause V of Memorandum of Association and clause 5 of Articles of Association of the Company be and are hereby amended accordingly as under subject to the approval of the Securities and Exchange Commission of Pakistan for issue of additional 128,961,717 Ordinary Shares of the face value of PKR 10/- each by way of otherwise than right shares to potential investor (including his nominees) under the provisions of Section 82 and 83 of the Companies Act, 2017:

CLAUSE-V OF THE MEMORANDUM OF ASSOCIATION

The Authorized Share Capital of the Company is Rs. 4,450,000,000/- divided into 450,000,000 ordinary shares of Rs. 10/- (Rupees Ten Only) each. The Company shall have the power to increase, reduce, consolidate or re-organize the said capital and to divide the shares in the capital into several classes in accordance with the provisions of the Companies Act, 2017.”

CLAUSE-5 OF THE ARTICLES OF ASSOCIATION

The Authorized Capital of the Company is Rs. 4,450,000,000/- divided into 450,000,000 ordinary shares of Rs 10/- (Rupees Ten Only) each with powers to increase, reduce, consolidate, sub- divide or otherwise re-organize the share capital of the Company.

RESOLVED FURTHER THAT any one of the Directors or the Chief Executive Officer or the Company Secretary be and is hereby authorized to complete all corporate and legal formalities in connection with the above resolution and to file the necessary forms, applications and documents with the Company Registration Office, Lahore accordingly.”

Other Business:

3. To consider and discuss matters raised by certain shareholders of the Company pursuant to their letter dated 27 December 2021 addressed to the Pakistan Stock Exchange Limited. The copy of the said letter along with the reply of the Company dated 18 January 2022 is circulated to the shareholders of the Company and also placed for inspection of the shareholders.



The Statement of Material Facts under Section 134(3) of the Companies Act, 2017, setting forth the details and material facts pertaining to the Special Businesses referred to the above is annexed to this notice of meeting, being sent to the shareholders.

By order of the Board

Company Secretary

Lahore:
20 January 2022

Notes:

1. The Members Register will remain closed from 03 February 2022 to 10 February 2022 (both days inclusive). Transfers received at THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, the Registrar and Shares Transfer Office of the Company, by the close of business on 02 February 2022 will be treated in time for the purpose of Extraordinary General Meeting.
2. A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. FOR ATTEENDING THE MEETING:

- i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport of the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. FOR APPOINTING PROXIES:

- i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

- iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.



- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
4. Members are requested to notify/submit the following information/documents, in case of book entry securities in CDS to their respective participant/investor account services and in case of physical shares to the Registrar of the Company by quoting their folio number and name of the Company at the above-mentioned address, if not earlier notified/submitted:
 - Members are requested to notify any change in their registered address immediately.
 - Valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity). Please note that CNIC Number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.
 - Dividend mandate information mentioning title of bank account, International Bank Account Number (IBAN) bank name, branch name, branch code, and address towards direct transfer/credit of cash dividend in your account. Please note that all future dividends shall only be paid through online bank transfer as required under Section 242 of the Companies Act, 2017.
5. Pursuant to the provisions of the Companies Act 2017 the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given herein above at least 10 days prior to the date of the meeting on the Standard Form available on the company's website
The Company will intimate respective members regarding venue of the video-link facility before the date of Meeting along with complete information necessary to enable them to access the facility.

I/we _____ of _____ being members of Dost Steels Limited holder _____ Ordinary Shares(s) as per Registered Folio No. CDC/Account No. _____ hereby opt for video conference facility at Karachi in respect of General Meeting of the Company.

9. For any query / problem/information Members may contact the Company at email www.info@doststeels.com and/or the Share Registrar of the Company at above mentioned address.
10. Copies of existing and new set of Memorandum and Articles of Association, Statement of material fact under the Companies Act 2017, annual and periodic financial statements of the Company, Financial projections of the Company, Interest of Directors and their relatives and other material information, copy of the letter dated 20 February 2022 received from certain shareholders of the Company to conduct consider certain matters of the Company as given in the said letter and related documents etc., may be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Extraordinary General Meeting.

Statement under Section 134 (3) of the Companies Act, 2017 concerning the Special Business:

This statement sets out the material facts pertaining to the Special Business to be transacted at the Extraordinary General Meeting of the Company to be held on 10th February 2022.



1. ISSUANCE OF SHARES OTHERWISE THAN RIGHT OFFERING

The Board of Directors of the Company (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.

Accordingly, the Board in their meeting held on 18 January 2022 decided to raise further issue of capital amounting to Rs. 4,446,955,770 divided into 444,695,577 ordinary shares of PKR 10/- each to the issuance of additional 128,961,717 Ordinary Shares of the face value of PKR 10/- each by way of otherwise than right shares to be issued at an issue price of PKR =4.07= per share under the provisions of section 82 and 83 of the Companies Act, 2017 (the "Act") subject to the approval of the shareholders and the Securities and Exchange Commission of Pakistan (SECP). The shares are proposed to be issued to Mr. Khawaja Shahzeb Akram (including his nominees).

Mr. Akram does not currently hold any shares in the Company. The new shares when issued shall from the date of their allotment, rank pari passu in all respects with the existing fully paid Ordinary Shares.

The Board has also recommended authorizing the Chief Executive Officer of the Company (the "Authorized Person") to enter into and execute such documents as may be required in relation to the further issue of shares otherwise than right shares and 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 SECP. The Chief Executive Officer is also authorized to delegate his powers to any person he may deem appropriate.

The issue of further shares held by the Sponsors and Directors shall not increase as consequence of allotment against further issue of shares otherwise than rights.

Justification for the Issue of Shares Otherwise than Right Shares

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.

Pursuant to the efforts of the Board to revive the Company, Mr. Khawaja Shazeb Akram, being 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 and will result in profitability. 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.



Benefits of the Issue

The funds received through such shares issued to the Investor shall be 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.

Consideration

The shares are proposed to be issued for cash.

Name of the person and Profile to whom the proposed shares will be Issued

The shares are proposed to be issued to Mr. Khawaja Shahzeb Akram (including his nominees) up to 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 a 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. Mr. Akram has provided his consent for issuance of shares subject to the approval of shareholders of the Company and the SECP.

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

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 on 17 January 2022 is PKR = 4.04/= per share.

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	15,733,860
Further issue of shares other than rights (29% of post issue capital)	1,289,617,170	8,961,717
Post Issue Share Capital	4,446,955,770	4,695,577

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

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

2. INCREASE IN AUTHORIZED SHARE CAPITAL

The Board of Directors of the Company considered and approved the Increase in Authorized Share Capital of the Company from Rs.3,600,000,000 to Rs. 4,450,000,000 along with related alteration/amendments in the clauses of Memorandum of Association and Articles of Association of the Company in their meeting held on 18 February 2022 pursuant to their approval for issuance of additional 128,961,717 Ordinary Shares of the face value of PKR 10/- each by way of otherwise than right shares to be issued at an issue price of PKR =4.07= per share (at a discount of 59.03% to par value) to Mr. Khawaja Shahzeb Akram being the potential investor (including his nominees) under the provisions of section 82 and 83 of the Companies Act, 2017 and subject to the approval of Securities and Exchange Commission of Pakistan (SECP).

The increase in authorized share capital of the Company shall only be done once approval from the SECP has been obtained by the Company and thereafter any further issue of shares shall be made by the Company. In respect of the same the Board has recommended following modifications in the Authorized Share Capital of the Company

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CLAUSE-5 OF THE ARTICLES OF ASSOCIATION

The Authorized Capital of the Company is Rs. 4,450,000,000/- divided into 450,000,000 ordinary shares of Rs 10/- (Rupees Ten Only) each with powers to increase, reduce, consolidate, sub- divide or otherwise re-organize the share capital of the Company.

OTHER BUSINESS

Certain shareholders of the Company, through Crescent Star Insurance Limited (CSIL) claiming having more than 10% of the shareholding of the Company and have requested the Company to call for an EOGM under the provisions of Section 133 of the Act to discuss certain matters as mentioned in their letter dated 27 December 2021 sent through CSIL (copy of this letter is attached with the notice of this EOGM and can also be inspected).



On an inquiry, the Company was informed by certain shareholders (whose names are mentioned in the letter) denying to be a part of such requisition including certain resolutions/business. Accordingly, the Company on 18 January 2022 sent a letter to CSIL, to please provide certain corporate information under the provisions of the CA2017 for consideration of matter before the Board of Directors of the Company (copy of this letter is attached with the notice of this EOGM and can also be inspected). Till the issuance of this notice of EOGM, no response has been received from CSIL.

However, the Board in order to oblige and facilitate such shareholders (whose names have been mentioned in the above-mentioned letter of 27 December 2021) considered appropriate to review and discuss the matters as mentioned in their letter dated 27 December 2021 in the upcoming EOGM dated 10th February 2022.

INTEREST OF DIRECTORS AND THEIR RELATIVES

The effect of the proposed resolutions on the interests of Directors/CEO of the Company does not differ from the effect on the like interest of other members except as stated herein and that the directors of the Company and associated undertakings and the directors/Chief Executive performing full time executive functions are also interested to the extent of remunerations, benefits and allowances as per respective policies of the Company, therefore, they may be regarded as interested to that extent in the proposed resolutions concerning the Company. The shareholding of the Directors and their relatives are available for inspection from the date of the publication of the notice till the conclusion of the same.

INSPECTION OF DOCUMENTS

Copies of existing and new set of Memorandum and Articles of Association, Statement of material fact under the Companies Act 2017, annual and periodic financial statements of the Company, Financial projections of the Company, Interest of Directors and their relatives and other material information, copy of the letter dated 27 December 2021 received from CSIL (on behalf of certain shareholders) to conduct consider certain matters of the Company as given in the said letter along with the letter reply to CSIL and other related documents etc., may be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Extraordinary General Meeting.