

February 24, 2021

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

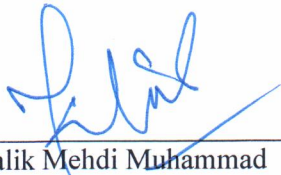
Subject: **Material Information**

Dear Sir,

In accordance with Section 96 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, we hereby convey the following information:

Please find attached letter dated February 23, 2021 addressed to Chairman Securities Exchange of Commission of Pakistan.

Thanking you,
For Crescent Star Insurance Limited



Malik Mehdi Muhammad
Chief Financial Officer/Company Secretary

February 23, 2021

The Chairman
Securities & Exchange Commission of Pakistan
NIC, Building,
Islamabad

Subject: **Dost Steels Limited (DSL)**

1. Crescent Star Insurance Limited ("CSIL") invested in Dost Steels Limited ("DSL") in accordance with the terms of the Shareholders Agreement, agreed between CSIL, DSL and Sponsors of DSL. In accordance with the terms of the Shareholders Agreement, CSIL should have received 93.5 million shares at Rs. 4.50/. However, due to the gross violation of restructuring agreement agreed between DSL, its Sponsors and Summit Bank Limited ("SBL"), whereby, SBL sold the right entitlement without any lawful authority during 2016 right issue, resulting into shortage of shares. Accordingly, CSIL were only allocated 15 million shares at Rs. 4.50/- and DSL has yet to issue 78.5 million shares for the remaining invested amount of CSIL.
2. After a lapse of almost 5 years, CSIL is still awaiting issuance of the shares. This particularly establishes the ill intent of the sponsors of DSL. DSL Sponsors along with the company secretary have been involved in fabricating minutes of the meeting for both Annual General Meeting and the Board of Directors meeting, a fact which has been raised by CSIL earlier before Pakistan Stock Exchange and SECP, however, as of yet no action has been taken against the management of DSL.
3. DSL Sponsors have intentionally made an illegal entry in the books of DSL, whereby, DSL has assigned CSIL advance for shares of Rs. 248 million to an entity named M/s Dynasty Trading (Private) Limited. CSIL never entered into an agreement with this entity, and nor ever served an assignment notice to DSL in this regard. CSIL has written to the auditors of DSL on this matter, seeking clarification, however, till this date, despite number of letters, DSL auditors have failed to provide a clarification to CSIL. We feel this entry is particularly done with the intention to prevent CSIL from taking any legal action against DSL and its management, as under Companies Act, 2017, a minority action can be bought in by creditors of 10 percent of the paid-up capital.
4. On other hand, for CSIL investment in DSL has been subject to inquiry by SECP on multiple occasions whereas no action has been taken against DSL explaining that how they can legally carry an amount received from the shareholder in books without issuing shares and providing interest against it.

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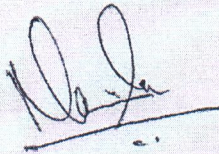
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5. Due to the above, not only the stakeholders of CSIL (listed company) have been denied their rights and forced to suffer, the minority shareholders of DSL (75%) are also suffering for years, in addition to CSIL and the syndicate of banks involving a total stake of above 2 billion jointly between Banks and CSIL. The Mill is not in operation only due to bad management and lack of working capital, which cannot be raised due to default and bad management of DSL even though the value of the assets has been assessed by independent valuator to be in the region of PKR 5 billion.
6. The Board and management of CSIL strongly believes that it had played a very active leading role in taking our DSL from a crisis situation in 2016 and saving the stakeholders, can still save the Company and the stakeholders (75%) plus creditors, by playing a role in the Company before a total collapse, if CSIL is allowed to exercise its right under contractual obligations as provided in Companies Act section 164, and effectively control the Board by 60% and through efforts start the production and look into various options available to provide the much needed working capital.
7. SECP as a regulator is requested to intervene and direct DSL:
 - i. Issue shares to CSIL against the Rs.354 million advance for issuance of shares, DSL has received from CSIL.
 - ii. Provide interest for the period that shares were not issued.
 - iii. Implement the shareholders agreement between DSL and CSIL whereby it is agreed that CSIL will have 60% representation on DSL board.
 - iv. Declare the elections held in 2020 as illegal which is in contravention of the shareholders agreement between CSIL and DSL.

CSIL assures that it has workable proposals for the operations of the company which will save DSL, a collapsing company to the benefit of 75% minority shareholders, financial institution, and CSIL stakeholders.

Thanking you,
For Crescent Star Insurance Limited



Naim Anwar
Managing Director & CEO

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