

May 27, 2025

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

Dear Sir,

Subject: Board Decisions -Declaration of Right Shares and issue of Shares Otherwise than Right

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:

The Board of Directors of Dost Steels Limited (the "Company"), in its meeting held on May 26, 2025 at Office No.6-F, 4th Floor, Al-Hafeez Tower, M.M. Alam Road, Lahore, Pakistan, has decided to increase the paid-up share capital of the Company by issue of a further 860,695,577 (Eight hundred Sixty million Six hundred Ninety Five thousand Five hundred Seventy Seven) only) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each by way of Right (Right Issue) and Otherwise than Right (Shares Otherwise than Right).

Right Issue

Issue of a further 444,695,577 (Four Hundred Forty-Four million Six Hundred Ninety-Five thousand Five hundred Seventy-Seven) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members of the Company in proportion of approximately 100 Right Shares for every 100 ordinary shares held i.e. approximately 100%, at discount of PKR 1/- (Pak Rupees One) to par that is at a price of PKR 9/- (Pak Rupees Nine) per Right Share.

Shares Otherwise than Right

Issue 416,000,000 (Four hundred Sixteen million) shares Otherwise than Right, having face value of PKR 10/- (Pak Rupees Ten) to Mr. Muhabbat Khan and Mr. Zahir Khan and their nominees who have agreed to make an investment of PKR 2.08 billion in the Company and who have given personal guarantees to banks for repayment of bank loans, on which basis the Company has signed a restructuring agreement with Banks whereby PKR 2.08 billion will be paid by the Company in sixteen quarterly instalments to consortium Banks. The Company will issue ordinary shares Otherwise than Right, having face value of PKR 10/- (Pak Rupees Ten) to Mr. Muhabat Khan, Mr. Zahir Khan and nominees (Investors) at discount of PKR 5/- (Pak Rupees Five) to par that is at a price of PKR 5/- (Pak Rupees Five) per Share. The issue of shares Otherwise than Right is subject to approval of the shareholders of the Company and the Securities & Exchange Commission of Pakistan.

DOST STEEL LTD.

Office # 6-F, 4th Floor, Al-Hafeez Tower,
M.M. Alam Road, Gulberg III,
Lahore.
Ph: 042-35785342

Head Office: Room No. 401, 4th Floor, Al-Hafeez Tower, M.M. Alam Road, Gulberg III, Lahore. Phone: 042-35785342
Mill Site: 52 km, Mullan Road, Ferozpur, Punjab. Phone: 061-5240000

Extract of the Resolutions passed by the Board pertaining to Right Issue and Shares Otherwise than Right as to Quantum of Issue, Issue Size, Issue Price, Purpose of the Issue, Utilization of Proceeds of the Issue, Benefits of the Issue to the Company and the shareholders, Risk Factors, Justification for Issue at Premium and Minimum Subscription Amount, under Rule 3 and 5 of the Companies (Further Issue of Shares) Regulations, 2020 is attached.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,
For Dost Steels Limited



Company Secretary

Enclosed: As above

The Commissioner
Corporate Supervision Department
Securities and Exchange Commission of Pakistan
Islamabad

The Director
Surveillance Supervision Enforcement (SMD)
Securities and Exchange Commission of Pakistan
Islamabad

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Extract of the Resolutions passed by the Board of Directors of the Company in its meeting held on Monday, May 26, 2025 at the Office of the Company at Office No.6-F, 4th Floor, Al-Hafeez Tower, M.M. Alam Road, Lahore, Pakistan.

RESOLVED THAT the ordinary issued paid up share capital of the Company be increased by issue of a further 444,695,577 (Four hundred Forty-Four million Six hundred Ninety-Five thousand Five hundred Seventy Seven) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members of the Company in proportion of approximately 100 Right Shares for every 100 ordinary shares held i.e. 100%, at a discount of PKR 1/- (Pak Rupees One) to par that is at a price of PKR 9/- (Pak Rupees Nine) per Right Share. The Right Shares will be offered in proportion to number of shares held by each shareholder immediately prior to the close of the share transfer books of the Company, in accordance with the provisions of Section 83 of the Companies Act, 2017 and subject to applicable laws and regulatory compliances, against payment to the Company of the price for the shares subscribed, which shares shall rank *par passu* in all respects with the existing ordinary shares of the Company (the "**Rights Issue**").

FURTHER RESOLVED THAT the following are the quantum, size, price and purpose of the Rights Issue, along with the utilization of proceeds, benefits of the same to the Company and its shareholders, the risk factors associated with the Rights Issue, and the justification for the issue of shares at a premium in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020:

a) **Quantum of the Right Issue** (i.e. as a percentage of existing paid-up capital)

The quantum of the Right Issue is approximately 100% of the existing paid-up capital of the Company i.e. approximately 100 right shares for every 100 ordinary shares held by the shareholders of the Company immediately prior to the close of the share transfer books of the Company.

b) **Right Issue Size**

The Company shall issue 444,695,577 (Four hundred Forty Four million Six hundred Ninety-Five thousand Five hundred Seventy Seven) ordinary shares, at discount of PKR 1/- (Pak Rupees One) to par that is at a price of PKR 9/- (Pak Rupees Nine) per Right Share, aggregating to PKR 4,446,955,770/- (Pak Rupees Four billion Four hundred Forty Six million Nine hundred Fifty Five thousand Seven hundred Seventy only).

c) **Issue Price Per Share**

PKR 9/- (Pak Rupees Nine) per share (i.e. at discount of PKR 1/- (Pak Rupees One))

d) **Purpose of the Right Issue**

The purpose of the Rights Issue is to raise funds for the installation of a melting furnace to produce billets and to meet the Company's working capital requirements.

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e) Utilization of Proceeds of the Right Issue

The proceeds from the Rights Issue will be utilized for the installation and commissioning of a melting furnace to produce billets. Additionally, the funds will be used to meet the working capital requirements of the Company.

f) Benefits to the Company and Shareholders

By setting up the melting furnace, DSL will be producing billets which is essential raw material for producing the end product. This will significantly reduce raw material costs, leading to improved profit margins. This project will boost operational efficiency, provide enhanced supply chain control, and support the business's long-term sustainability. These improvements are anticipated to result in increased profitability and shareholder value, thereby strengthening the Company's financial position and competitive standing in the market.

g) Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being carried out at a price which is near the current market price and hence there is no major risk associated with the Right Issue. The substantial shareholders and Directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue shall be fully underwritten as per requirements under applicable regulations. Normal risks associated with the business will remain.

h) Justification for issue of shares at Premium or at Discount to Face value

The shares are being issued at discount of PKR 1/- (Pak Rupees One) to par that is at a price of PKR 9/- (Pak Rupees Nine) per Right Share keeping in view the current market price..

i) Minimum Subscription Amount

Not Applicable

j) Provision of ASBA

Not Opted for

FURTHER RESOLVED THAT the letter of offer, as prescribed under Section 83(2) of the Companies Act, 2017 shall be issued / signed jointly by any two (2) directors of the Company in compliance with the applicable laws.

FURTHER RESOLVED THAT that, any two (2) Directors of the Company, be and are hereby authorized to sign the circular accompanying the letter of offer, once finalized in accordance with the procedure stipulated under the Regulations.

FURTHER RESOLVED THAT all fractional entitlements, if any, will be consolidated and disposed of by the company and the proceeds from such disposition shall be paid to such of the entitled shareholders as may have accepted such offer;

FURTHER RESOLVED THAT any unsubscribed shares may be offered and allotted to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017,

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including the sponsors / substantial shareholders, directors or associated undertakings, company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED THAT the any Director and or the Company Secretary and / or the Chief Financial Officer, be and are hereby singly authorized to prepare finalize the draft offer document / letter and share it with the Securities and Exchange Commission of Pakistan ("SECP") and Pakistan Stock Exchange Limited ("PSX"), and revise the same based on the observations and changes of the SECP and PSX as may be deemed fit by them, in the manner prescribed under the Companies (Further Issue of Shares) Regulations, 2020, along with preparing and submitting other necessary documents in this respect. While the draft offer letter shall be placed on the PSX, public comments on the same shall not be required to be solicited.

FURTHER RESOLVED THAT the any Director, and/or the Chief Financial Officer, and/or the Company Secretary, be and each of them is hereby authorized, such that any one of them may do all or any of the following for and on behalf and in the name of the Company:

- (i) Appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Rights Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third-party expenses and / or any other expenses relating to the Rights Issue;
- (ii) To prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Rights Issue and ancillary matters thereto, as required by the SECP, PSX, Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority/body;
- (iii) to decide and announce the closure of the share transfer books of the Company, including the dates thereof, to determine entitlements of the shareholders of the Company with respect to the Right Issue;
- (iv) To open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of rights shares;
- (iv) To credit right shares once allotted by the Board and file returns / documents as required by SECP/ PSX/ CDC along with the auditors' certificates; and
- (vi) To take all other necessary steps, and do all other acts, deeds and things, to prepare the offer letter, circular accompanying the offer letter as required under Section 83 (3) of the Companies Act, 2017, schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

FURTHER RESOLVED the ordinary paid up capital of the Company be further increased by issue of 416,000,000 (Four hundred Sixteen million) shares Otherwise than Right, having face value of PKR 10/- (Pak Rupees Ten) to Mr. Muhabbat Khan and Mr. Zahir Khan and their nominees who have agreed to make an investment of PKR 2.08 billion in the Company and who have given personal

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guarantees to banks for repayment of bank loans on which basis the Company has signed a restructuring agreement with Banks whereby PKR 2.08 billion will be paid by the Company in sixteen in quarterly instalments to consortium Banks. The Company will issue ordinary shares Otherwise than Right, having face value of PKR 10/- (Pak Rupees Ten) to Mr. Muhabat Khan, Mr. Zahir Khan and nominees (Investors) at discount of PKR 5/- (Pak Rupees Five) to par that is at a price of PKR 5/- (Pak Rupees Five) per Share which shares shall rank *par passu* in all respects with the existing ordinary shares of the Company. The issue of shares Otherwise than Right is subject to approval of the shareholders of the Company and the Securities & Exchange Commission of Pakistan.

FURTHER RESOLVED THAT the following are the quantum, size, price and purpose of the Otherwise than Right Issue, along with the utilization of proceeds, benefits of the same to the Company and its shareholders, the risk factors associated, and the justification for the issue of shares at a discount in accordance with Regulation 5(1)(ii) of the Companies (Further Issue of Shares) Regulations, 2020:

a) Approval of Shareholders

The further issue of shares Otherwise than Right proposed by the Board of Directors of the Company is subject to approval of the Shareholders of the Company and SECP.

b) Quantum of Issue Shares Other than Right Issue

Issue of 416,000,000 (Four hundred Sixteen million) ordinary shares Otherwise than Right, having face value of PKR 10/- (Pak Rupees Ten) are proposed to be issued at discount of PKR 5/- (Pak Rupees Five) to par that is at a price of PKR 5/- (Pak Rupees Five) per Share.

The paid up capital before and after issuance of shares Otherwise than Right to be as under

Paid-up Capital No of Shares	Proposed Issue No of Shares	Percentage before issue	Percentage after issue
444,695,577	416,000,000	15%	56.08%

c) Issue Price Per Share and Justification

Issue Price PKR 5/- (Pak Rupees Five) per share (i.e. at discount of PKR 5/- (Pak Rupees Five) to par is justified considering that Mr. Muhabbat Khan and Mr. Zahir Khan and their nominees will be investing a sizeable amount in the company and giving their personal guarantees for repayment of bank loans which is not in operations since for a long time. The injection of PKR 2.08 billion for repayment of bank loans will pave way for start of operations of the company.

d) Consideration

The consideration for the proposed issue of 416,000,000 (Four Hundred Sixteen million) shares Otherwise than Right is the investment of PKR 2.08 billion in the Company by Mr. Muhabbat Khan and Mr. Zahir Khan and their nominees and personal guarantees given by them for repayment of bank loans on which basis the Company has signed a restructuring agreement with Banks whereby PKR 2.08 billion will be paid by the Company in sixteen in quarterly instalments to consortium Banks.

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e) **Name of Persons and their Profile**

The shares Otherwise than Right are proposed to be issued as under:

Mr. Muhabbat Khan and Zahir Khan and their nominees to be issued 416,00,000 shares Otherwise than Right

Mr. Muhabbat Khan is a prominent figure in the business world known for his strategic acumen and leadership. He is a distinguished businessman and serves as a director at ZKB which is involved in various sectors including mineral resources, high-rise plaza development across Pakistan, information technology, MS pipe manufacturing, and steel production listed on Pakistan's stock exchanges. He is also a Chief Executive of Alman Seyyam Sugar Mills Limited and shareholder in Trans Asia Refinery, further demonstrating his diversified business interests and strategic vision.

ZAHIR KHAN

Mr. Zahir Khan is the Chairman of ZKB Group of Companies, a well-known construction group/brand working across the country and developing infrastructural projects in collaboration with multinational companies of Turkey, China and central Asian region. The remarkable projects are Lahore-Karachi Motorway, CEPEC, Rapid Bus System and Transit Stations such as Lahore Metro, Rawalpindi-Islamabad Metro, Orange Train, Green Line-Karachi, Winder Dam, Mangi Dam, Bosal Dam, Baso Dam and Swat Motorway-II etc..

f) **Purpose of Issue**

Investment of PKR 2.08 billion in the Company by Mr. Muhabbat Khan and Mr. Zahir Khan and their nominees on which basis the Company has signed a restructuring agreement with Banks whereby PKR 2.08 billion will be paid by the Company in sixteen in quarterly instalments to consortium Banks.

g) **Justification for issuance of shares Otherwise than Right**

Muhabbat Khan and Zahir Khan and their nominees have agreed to make an investment of PKR 2.08 billion in the Company and have given their personal guarantees to banks for repayment of bank loans on which basis the Company has signed a restructuring agreement with Banks whereby PKR 2.08 billion will be paid by the Company in sixteen in quarterly instalments to consortium Banks. The Company will issue ordinary shares Otherwise than Right, having face value of PKR 10/- (Pak Rupees Ten) to Mohabat Khan, Zahir Khan and his nominees (Investors) at discount of PKR 5/- (Pak Rupees Five) to par that is at a price of PKR 5/- (Pak Rupees Five) per Share which shares shall rank *par passu* in all respects with the existing ordinary shares of the Company.

The injection of PKR 2.08 billion for repayment of bank loans will pave way for start of operations of the company.

h) **Benefits of the issue to the company, its members and Capital Markets**

The injection of PKR 2.08 billion for repayment of bank loans will have a positive impact on the

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company and will pave way for start of operations of the company.

The Company is presently non-operational for a long time. The investment of PKR 2.08 billion by Mr. Muhabbat Khan and Mr. Zahir Khan and their nominees and giving their personal guarantees to banks for repayment of bank loans on which basis the Company has signed a restructuring agreement with Banks whereby PKR 2.08 billion will be paid by the Company in sixteen in quarterly instalments to consortium Banks. The restructuring of loans by Banks will have a positive impact and will pave way for start of operations.

i) Breakup value per share as per audited accounts June 30, 2024

The breakup value per share of the Company as per audited/reviewed accounts
June 30, 2024 is PKR 0.70 per share (Audited)
December 31, 2024 is PKR 0.47 per share (Review)

j) Consent of the persons to whom shares are to be issued

The persons to whom shares Otherwise than Right are proposed to be issued have provided their consent

k) Ranking of share

The shares Otherwise than Right proposed to be issued shall rank *pari passu* in all respects with the existing ordinary shares of the Company.

l) Average Market price and current market price

Average market price during last three months PKR 7.11 per share
Current Market Price PKR 8.70

m) Valuation

N/A.

FURTHER RESOLVED THAT that the Chief Executive and/or any Director and/or the Company Secretary, be and are hereby authorized to sign and finalize the application with all relevant documents for the purpose of issuance of shares Otherwise than Right as prescribed under Section 83 of the Companies Act, 2017 and Companies (Further Issue of Shares) Regulations, 2020 and share it with the Securities and Exchange Commission of Pakistan ("**SECP**") and Pakistan Stock Exchange Limited ("**PSX**"), and revise the same based on the observations and changes of the SECP and PSX as may be deemed fit by them, in the manner prescribed under the Companies (Further Issue of Shares) Regulations, 2020, along with preparing and submitting other necessary documents in this respect.

"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)."

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FURTHER RESOLVED THAT that the authorized capital of the Company be further increased from PKR 4,450,000,000/- (Pak Rupees Four billion Four hundred Fifty million) divided into 445,000,000 (Four hundred Forty Five million) ordinary shares of PKR 10/- each to PKR 13,060,000,000/- (Pak Rupees Thirteen billion Sixty million) divided into 1,306,000,000 (One billion Three hundred Six thousand) ordinary shares of PKR 10/- each and the words and figures in Clause V of the Memorandum of Association and clause 5 of Articles of Association of the Company be and are hereby amended accordingly.

CLAUSE-V OF THE MEMORANDUM OF ASSOCIATION The Authorized Share Capital of the Company is PKR 13,060,000,000/- (Pak Rupees Thirteen billion Sixty million) divided into 1,306,000,000 (One billion Three hundred Six thousand) divided into 1,306,000,000 (One billion Three hundred Six thousand) ordinary shares of PKR 10/- (Pak 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 PKR 13,060,000,000/- (Pak Rupees Thirteen billion Sixty million) divided into 1,306,000,000 (One billion Three hundred Six thousand) divided into 1,306,000,000 (One billion Three hundred Six thousand) ordinary shares of PKR 10/- (Pak Rupees Ten Only) each with powers to increase, reduce, consolidate, sub- divide or otherwise reorganize the share capital of the Company.

FURTHER RESOLVED THAT the Chief Executive and/or any one Director and/or the Company Secretary of the Company be and hereby authorized singly complete all the necessary corporate and legal formalities in respect of all above."

FURTHER RESOLVED THAT Faysal Bank Limited leading the consortium of Banks be and is hereby authorized to directly debit and recover all such payments deposited in Account No.K64FAYS0001101490014611 maintained by Company at Faysal Bank Main Branch, Karachi for onwards settlement to Consortium Banks as per settlement agreement signed between the Company and consortium banks.

FURTHER RESOLVED THAT an Extra Ordinary meeting of the Company to be held on June30, 2024 for the purpose of approval of shareholders for increase in authorized capital, issuance of Right shares and issuance of shares Otherwise than Right.. The detailed notice of meeting will be circulated in due course.

Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of Dost Steels Limited held on Monday May 26, 2025

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