

November 15, 2022

Mr. Shahid Ali  
Company Secretary,  
Dost Steel Limited,  
401, 4<sup>th</sup> Floor, Ibrahim Trade Centre,  
1-Aibak Block, Barkat Market,  
New Garden Town,  
Lahore.

**SUBJECT: Response by Crescent Star Insurance Limited (CSIL) to Disclosure of Material Information by Dost Steels Mill Ltd dated 14.11.2022.**

Dear Sir,

This is with reference to material information dated 14-11-2022 disseminated by you on PSX, whereby Dost Steels Ltd (DSL) through misrepresentation and distortion of facts has represented Crescent Star Insurance Limited (CSIL) as an obstacle to the deal finalized with potential investor Mr. Shahzeb Akram and others. That the information disclosed through the subject matter was not only false and misleading but was made with malafide intentions to defame CSIL. **It is surprising to note that the material information does not disclose the agreement reached between Mr. Shahzeb Akram, CSIL and Dost Steels Limited sponsors on 27-08-2022.**

That through this Letter CSIL aims to present the correct correlation of facts are as stated below:

1. Dost Steels Limited (DSL) in the EOGM held on 10-02-2022 passed special resolution, whereby a potential investor Mr. Shahzeb Akram was to invest PKR 524 million in the DSL, against which DSL would issue shares otherwise than right for his investment.

**Head Office:** 2<sup>nd</sup> Floor, Nadir House, I.I Chundrigar Road, Karachi - 74000, Pakistan

**UAN :** +92-21-111-274-000 **PABX:** +92-21-32415471-3 **Fax :** +92-21-32415474 **E-mail :** info@cstarinsurance.com

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2. An agreement was signed on 27-08-2022 between DSL sponsors, new investors (including Shahzeb Akram, Mr. Mohabat Khan and others), CSIL and all concerned parties, whereby it was agreed that all litigations will be withdrawn except C.O No. 73500/2019 and C.O No. 20184/2022 both titled "*Crescent Star Insurance Ltd versus Dost Steels Ltd and others*" pending before the Company Bench of the Hon'ble Lahore High Court, and civil Courts Lahore pertaining to dispute of PKR 354 million against which CSIL claim is, that shares otherwise than right be issued to CSIL as agreed in the shareholder's agreement. **As per this agreement, CSIL shall not get involved with the affairs of steel mills DSL and will allow the investor (Mr. Shahzeb Akram, Mr. Mohabat Khan, and others) to have full control over the mills. CSIL stands committed to implementation of the agreement.** Copy of agreement attached.
3. Pursuant to the agreement dated 27-08-2022, CSIL wrote to SECP that CSIL has no objections to SECP giving permission to the company (DSL) for issuance of shares to Mr. Shahzeb Akram (investor) if simultaneously permission is given to issue shares otherwise than right against the investment of PKR 354 million DSL received in 2016. Copy of letter attached.
4. That through the disclosure of Material Information dated 14.11.2022 DSL has alleged that due to complaints filed by CSIL to the Securities and Exchange Commission of Pakistan the same refused to provide permission to DSL for fresh issuance of shares equivalent to 29% of the paid-up capital. However as stated in the abovementioned paragraph contrary to your statements CSIL vide Letter dated 29.09.2022 addressed to the Director Securities Market Division, SECP communicated that it has no objection if the said permission is granted subject to conditions contained in the letter. Hence DSL presenting the impression that failure of grant of approval is related to CSIL is based on misrepresentation and contrary to facts.

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5. That through the Disclosure of Material Information, DSL has at various points stated that all attempts were made by DSL to amicably settle disputes amongst CSIL and that CSIL was resistant to any settlement, however DSL again failed to disclose that an Agreement dated 27.08.2022 was executed between sponsors of DSL, CSIL and investors whereby both CSIL and DSL had agreed to settle their disputes as per the terms of the said Agreement. It should be explained to all parties concerned that why has DSL failed to execute the said agreement as per the terms contained in the same.
6. **DSL has recently disclosed that an application to LESCO for disconnection of its B-4 132 KV electricity connection has been made, however has failed to disclose that was the decision to apply for disconnection made through a duly convened Board of Directors meeting. We do not recall whereby the company (DSL) has held a meeting of the Board of Directors for this purpose, nor was PSX communicated of such meeting and its results? In case the same was done we believe that the same is not in the interest of the company, its shareholders and creditors. We demand that the management to immediately withdraw the application.**
7. **The company (DSL) must disclose under what agreement/arrangement and under what terms, the bridge loan of Rs.40 million was taken and whether approval was taken from the Board of directors/general body for taking loan from Mr. Shahzeb Akram (investor), as the resolution passed on 10-02-2022 by EOGM does not give mandate to the company of taking any such loan from Mr. Shahzeb Akram.**
8. In the AGM held on 27-10-2022 Mr. Abuzar Shad was elected as director of the company. The entire AGM was in fact conducted by Mr. Abuzar Shad. During question answers, Mr. Abuzar Shad had categorically announced that more than 5 billion will be invested in DSL for putting up a billet melting furnace as well as for working capital needs. He even advised shareholders not to sell their shares as the company will partially

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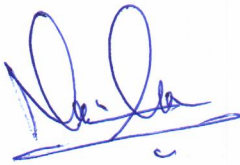
start operations in March 2023 and will be very profitable. The same can be reflected through record of the AGM .

9. It may also be noted that Mr. Abuzar Shaad and his family holds 54 million shares (17%) as on 01-09-2022 making him a beneficial owner. No return of beneficial ownership of Mr. Abuzar Shad has been filed by the company.

It seems that DSL sponsors and management has distorted and mis-represented facts and continue to make decisions which are detrimental to the interest of the company, its shareholders and its creditors. DSL sponsors/management need to explain why the agreement dated 27-08-2022 is not being implemented. We therefore request PSX and SECP to investigate into the affairs of DSL. Mr. Naim Anwar and CSIL further reserve the right to initiate any and all legal proceedings against DSL for maligning their names through Disclosure of Material Information dated 14.11.2022.

Thanking you,

For Crescent Star Insurance Limited



Naim Anwar  
Chief Executive Officer

- CC:1) SECP SMD Division Islamabad  
2) SECP- CRO Office Lahore  
3) General Manager, Pakistan Stock Exchange

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**RESOLUTION OF DISPUTE AMONG CRESCENT START INSURANCE LIMITED (CSIL), DOST STEELS LIMITED (DSL), DIN CORPORATION (PRIVATE) LIMITED (DIN) AND DYNASTY TRADING (PRIVATE) LIMITED**

All parties mentioned above agreed upon the following to resolve the dispute relating of PKR 354 million Advance Against Issue of Shares by CSIL to DSL as appearing in the books of DSL:

1. Out of the above amount of PKR 354 million an amount of PKR 57.768 million was assigned to DIN by CSIL. It has been agreed that this amount of 57.768 million shall be settled by the DSL or the Investor on behalf of DSL upon the completion of all conditions agreed herein and withdrawal of all the cases by all the parties at all forums and courts except for one case mentioned herein below.
2. The balance amount of PKR 296.232 million (354 million – DIN 57.768 million) will be decided among DSL and CSIL in due course through the court of law. Only this case pending in Lahore High Court, and same case in Civil Court, Lahore shall remain outstanding for final decision by courts.
3. All cases filed by DSL, CSIL, Naim Anwar, Jamal Iftakhar, Zahid Iftakhar, Din, Dynasty or any other connected parties pending at Securities and Exchange Commission of Pakistan (SECP) and Company Registration Office, Lahore (CRO) or Lahore High Court, Lahore or any other civil court / other courts shall be withdrawn immediately except for the case relating to issue of shares against the above mentioned 354 million as mentioned above.
4. All the parties agree not to file any new suit or complaint with respect to the above-mentioned matters or any other matters impacting DSL at any court of law or any other institution or forum.
5. CSIL and Mr. Naim Anwar shall withdraw all their complaints at SECP or CRO and will sign all the documents including CSIL board resolutions to enable DSL to go ahead with the transaction of further issue of shares without rights mechanism at discount currently at SECP pending for final approval by SECP due to complaints filed by CSIL.
6. In consideration as mentioned above, subject to completion of all the conditions mentioned above, CSIL, Sponsors of DSL, DIN, Dynasty shall not get involved with the affairs of the steels mills of DSL and will allow the Investors (Mr. Shahzeb Akram, Mr. Mohabat Khan, and others) to have full control over the mills.

This Agreement signed in Regional Office, FPCCI, Lahore on this **27 August 2022** by all the parties mentioned herein below.

**DOST STEELS LIMITED**

**CRESCENT START INSURANCE LIMITED DIN CORPORATION (PRIVATE) LIMITED**

  
**Mr. Jamal Iftakhar, CEO**  
NIC # 42301-0932772-3

  
**Mr. Naim Anwar, CEO**  
NIC #42301-0950728-5

  
**Mr. Farhad Shaikh Mohammad, CEO**  
NIC # 42201-5826927-7

  
**Witness: Mr. Zahid Iftakhar**  
NIC # 42301-0932771-9

  
**Witness: Mr. Suhail Elahi**  
NIC # 42201-7108362-5

  
**Witness: Haji Ghulam Ali (Ex-President FPCCI)**  
NIC # 17301-1675961-1

  
**Mr. Shahzeb Akram (Investor)**  
NIC # 35200-1509201-1

  
**Witness: Bilal Jamal Iftakhar**  
NIC # 42301-5879566-3



Your Security - Our Policy

29<sup>th</sup> September, 2022

# Crescent Star Insurance Limited

Estd. 1957

Director,  
Securities Market Division - SMD,  
Securities & Exchange Commission of Pakistan  
NIC Building,  
Islamabad

**RE: APPLICATION MADE BY DOST STEELS LTD FOR GRANT OF PERMISSION FOR  
ISSUANCE OF SHARES OTHER THAN RIGHT TO INVESTOR SHAHZEB AKRAM**

Dear Sir,

With reference to earlier announcement made by M/s Dost Steels Limited (DSL) whereby the Extra-Ordinary General Meeting of DSL held on 10<sup>th</sup> February 2022 approved issuance of shares other than right at Rs.4.07 per share to new investor Mr. Shahzeb Akram (or his nominee).

We understand that an application in this regard has been filed by DSL seeking approval from the Securities and Exchange Commission of Pakistan (SECP) and the same is currently pending. Crescent Star Insurance Limited ("CSIL") through various previous communiqué has objected the way affairs of DSL are being conducted and we have also objected the issuance of the shares other than right to Mr. Shahzeb Akram (or his nominee).

Going forward with the view of restoring and restructuring DSL and for the benefit of minority shareholders, CSIL, without prejudice to matters pending in courts, proposes that the application made to SECP by DSL for issuance of shares otherwise than right be amended, to also include on the same terms the advance of Rs.354.279 paid earlier to DSL against issuance of shares.

We will have no objection if the permission granted by SECP includes issuance of shares otherwise than right as proposed under:

1. 128,961,717 shares at Rs.4.07 per share against Rs.524,874,188 proposed investment to investor Mr. Shahzeb Akram may be issued immediately upon grant of permission.
2. 87,046,453 shares at Rs.4.07 per share against Rs.354,279,066 may be issued at a later date as decided by the Court.

Thanking you for your cooperation.  
For Crescent Star Insurance Limited

Naim Anwar  
Managing Director & CEO

Cc: Joint Registrar, CRO,  
Company Registration Office, Lahore

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