

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of Dost Steels Limited ("the Company") will be held on Wednesday, 24th October 2018, at 9:30 a.m. at Mian A. Ghani Room of, Pakistan Society for Training and Development, Defence Housing Authority, Karachi-75500 to transact the following business:

Ordinary Business

1. To confirm the minutes of Extraordinary General Meeting held on 17 July 2018;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended 30 June 2018 together with the Directors' and Auditors' reports thereon;
3. To appoint the Auditors of the Company for the year ending 30 June 2019 and to fix their remuneration;

Special Business:

To consider and if deemed fit, pass the following "Special Resolutions" with or without modifications:

4. INCREASE IN AUTHORISED CAPITAL

"**RESOLVED THAT** subject to the approval of the Pakistan Stock Exchange Limited (PSX) and Securities and Exchange Commission of Pakistan, (SECP); Authorized Share Capital of the Company be increased from PKR 3,600,000,000 divided into 360,000,000 ordinary shares of PKR 10/- each to PKR 4,000,000,000 divided into 400,000,000 ordinary shares of PKR 10/- each and the words and figures in Clause V of Memorandum of Association and Article 5 of Articles of Association of the Company be amended accordingly as under:"

CLAUSE-V OF THE MEMORANDUM OF ASSOCIATION

The Authorized Share Capital of the Company is PKR 4,000,000,000/- (Four Billion Only) divided into 400,000,000 (Four Hundred Million) ordinary shares of PKR 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 PKR 4,000,000,000/- (Rupees Four Billion Only) divided into 400,000,000 (Four Hundred Million) ordinary shares of Rs 10/- (Rupees Ten Only) each. The Company shall have the powers to increase, reduce, consolidate, sub-divide or otherwise re-organize its share capital as permissible under law.

Head Office:

4th Floor Ibrahim Trade Centre,
1-Aibak Block, Barkat Market,
New Garden Town, Lahore -
54700, Pakistan.

Regional Office:

101 Chapal Plaza,
Hasrat Mohani Road,
Karachi - 74000

Mill Site:

52 km, Multan Road,
Phoolnagar - 55260,
Pakistan.

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

5. ISSUANCE OF SHARES AT DISCOUNT AND OTHERWISE THAN RIGHT

To consider and, if thought fit, to pass with or without modification(s), addition(s) or deletion(s), the following resolutions as special resolution(s), under Section 82 and Section 83 (1) (b) of the Companies Act, 2017 ("Act"):

"RESOLVED THAT, subject to compliance with the provisions of all applicable laws and requisite regulatory approvals, permissions and sanctions, including the approval of Securities and Exchange Commission of Pakistan under Section 82 and Section 83 (1)(b) of the Companies Act, 2017, approval of the shareholders of the Company be and is hereby accorded for issuance of 59,046,511 ordinary shares of PKR 10 each by way of otherwise than right at a price of PKR 6 per share, i.e. at discount of PKR 4 per share to Crescent Star Insurance Company Limited against its outstanding advance against issuance of shares of PKR 354,279,066."

"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 and the recipient of such shares shall enjoy similar rights and entitlements in respect of these shares as in respect of previously held shares, from the date of allotment."

"RESOLVED FURTHER THAT any one directors or the Chief Executive Officer or the Secretary of the Company (the "Authorised Persons") , be and are hereby authorized singly and /or jointly to enter into and execute such documents as may be required in relation to the further issue of shares otherwise than right shares."

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 the shareholders, SECP and / or any other regulatory body, 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)."

"RESOLVED FURTHER THAT the Authorized Persons, may singly and / or jointly, 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, engaging legal 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 at discount and all other matters incidental or ancillary thereto."

Head Office:

4th Floor Ibrahim Trade Centre,
1-Aibak Block, Barkat Market,
New Garden Town, Lahore -
54700, Pakistan.

Regional Office:

101 Chapal Plaza,
Hasrat Mohani Road,
Karachi - 74000

Mill Site:

52 km, Multan Road,
Phoolnagar - 55260,
Pakistan.

"RESOLVED FURTHER THAT the Company be and is hereby authorized to take all such actions including but not limited to the filing the requisite applications (through the Authorized Persons or their appointed consultants) for seeking permission from the Securities and Exchange Commission of Pakistan and such other regulatory authorities as may be required for issuance of further capital without right offering and all matters relating 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."

6. CHANGE OF REGISTERED OFFICE

"RESOLVED THAT subject to the approval of the Pakistan Stock Exchange Limited (PSX), in Clause II of Memorandum of Association of the Company be amended accordingly as under:"

CLAUSE-II OF THE MEMORANDUM OF ASSOCIATION

The Registered Office of the Company will be situated in Province of Sindh to Province of Punjab.

"RESOLVED THAT the Registered Office of the company be shifted from 101, Chapal Plaza, Hasrat Mohani Road Karachi-74000 in the Province of Sindh to Room No. 401 4th Floor, Ibrahim Trade Centre, 1-Aibak Block Barkat Market New Garden Town, Lahore-54700 in the Province of Punjab subject to the approval of the Securities and Exchange Commission of Pakistan."

"RESOLVED FURTHER THAT any one of the Directors or the Chief Executive Officer or the Company Secretary be and are 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 accordingly as well as to payment of differential incorporation fee to SECP.

Other Business:

7. To transact any other business with the permission of the Chair.

Note: A statement of Special Business under Section 134(3) of the Companies Act, 2017 is attached

By order of the Board


Tariq Majeed
Company Secretary

Karachi:
03 October 2018

Head Office:
4th Floor Ibrahim Trade Centre,
1-Aibak Block, Barkat Market,
New Garden Town, Lahore -
54700, Pakistan.

Regional Office:
101 Chapal Plaza,
Hasrat Mohani Road,
Karachi - 74000

Mill Site:
52 km, Multan Road,
Phoolnagar - 55260,
Pakistan.



Notes:

- 1) The Members Register will remain closed from 17 October 2018 to 24 October 2018 (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 16 October 2018 will be treated in time for the purpose of Annual General Meeting.
- 2) Financial Statements for the year ended 30 June 2018 will be available on the website of the Company www.doststeels.com twenty one day before the date of meeting.

Further, as per approval obtained from members in Annual General Meeting of the Company held on 30 October 2017 to circulate Annual Audited Accounts through CD/DVD/USB in accordance with SRO/470(I) 2016 dated 31 May 2016 of Securities and Exchange Commission of Pakistan ("SECP") Annual Audited Accounts of the Company for the year ended 30 June 2018 are being dispatched to the Member through CD/DVD. The Members may request a hard copy of Annual Audited Accounts free of cost. Standard request form is available on the above website of the Company.

- 3) In pursuance of SECP notification S.R.O. 787 (I) 2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditors' Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through E-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company for which form may be downloaded from the Company's website: www.doststeels.com.
- 4) 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.
- 5) CDC Account Holders 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.
7. 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.
8. 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 15th Annual 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

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017 REGARDING SPECIAL BUSINESS

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company to be held on 24 October 2018.

AGENDA ITEM NO.4 - INCREASE IN AUTHORIZED SHARE CAPITAL

1. The Board of Directors of the Company has considered and approved the increase in Authorized Share Capital of the Company from PKR 3,600,000,000 to PKR 4,000,000,000 along with related alteration / amendments in respective clauses of Memorandum of Association and Articles of Association of the Company in their meeting held on 28 September 2018.

Purpose for increase in Authorized Share Capital

The purpose for this increase is to accommodate issuance of shares other than right at a discount of PKR 4 per share to an associated Company in lieu of the advance against issue of shares already received by the Company.

Existing and Proposed Authorized Share Capital

Existing authorised share capital PKR 3,600,000,000 divided into 360,000,000 having face value of PKR 10 each whereas amount with which authorised share capital is proposed to be increased PKR 4,000,000,000 divided into 400,000,000 shares of PKR 10 each.

Alteration / amendments in respective clauses of Memorandum of Association and Articles of Association of the Company.



Clause-V of the Memorandum of Association

The Authorized Share Capital of the Company is PKR 4,000,000,000/- (Four Billion Only) divided into 400,000,000 (Four Hundred Million) ordinary shares of PKR 10/- (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 4,000,000,000/- (Rupees Four Billion Only) divided into 400,000,000 (Four Hundred Million) ordinary shares of Rs 10/- (Rupees Ten Only) each. The Company shall have the powers to increase, reduce, consolidate, sub-divide or otherwise re-organize its share capital as permissible under law.

2. The Board of Directors of the Company has recommended that the special resolution as set out in the notice of meeting may be passed at the Annual General Meeting.
3. The directors have no interest in increase in authorised share capital of the Company, whether directly or indirectly.

AGENDA ITEM NO.5 - ISSUANCE OF SHARES AT DISCOUNT OTHERWISE THAN RIGHT OFFERING

1. The Board of Directors of the Company in their meeting held on 28 September 2018 has decided to make further issue of share capital amounting to PKR 590,465,110 divided into 59,046,511 ordinary shares of PKR 10 each at a discount of PKR 4 per share (aggregate discount of PKR 236,186,044) to Crescent Star Insurance Company Limited ("the CSIL") against outstanding advance against issue of shares without right offering as proposed in special resolution subject to approval of the shareholders and permission from Securities and Exchange Commission of Pakistan in accordance with the provision of Section 82 and first proviso to Section 83 (1)(b) of the Companies Act, 2017 and subject to completion of all legal and corporate formalities and compliances.
2. The proposed shares shall be issued to Crescent Star Insurance Company Limited at a price of PKR 6 per share (at a discount of PKR 4 per share) against amount of subscription already received by the Company.
3. In this regard, the Company provides following further material information:



a) Justification for issue of shares otherwise than right shares

In 2016, the Company executed various agreements for restructuring of debts with its banking partners (including Summit Bank Limited and a banking syndicate led by Faysal Bank Limited. Accordingly, SECP authorized the Company for issue of right shares of 248,269,360 at PKR 4.50 (at discount of PKR 5.50 per share); however Summit Bank Limited, unlawfully appropriated Right Allotment Letters arising from pledged shares belonging to the CSIL. Hence, the very purpose of said issue to allocate equity to the abovementioned company as envisage prior to the right issue could not be achieved completely. Resultantly, 787,286,813 shares could not be issued to CSIL despite the fact that the Company had received advance against issue of shares in this regard. Accordingly, an aggregate amount of PKR 354,279,066 is still lying with the Company as advance against issue of shares and disclosed in note 17 to the audited financial statements of the Company for the year ended June 30, 2018.

Now, the Company intends to issue shares by way of other than right at a discount of PKR 4 per share to CSIL against amounts received earlier as Advance against issue of shares. In the result of this transaction, there will be discount of PKR 236,186,044 on issue of shares.

The price has been determined on the basis of average of weighted average price of last three months (June 20 2018 to September 19, 2018) as per daily quotation of PSX and breakup value of share as of June 30, 2018. As the amounts so received from CSIL cannot be refunded, therefore, it will be in the best interest of the Company as well as its shareholders to enhance the capital base and give comfort to its creditors and facilitate future business prospects without having and negative impact on the cash flows.

b) Name of the company to whom the proposed shares will be issued

NAME	DESIGNATION	NO. OF SHARES	PAK RUPEES
Crescent Star Insurance Company Ltd	Company	59,046,511	354,279,066

c) Price at which shares will be issued and its justification

The shares having face value of PKR 10 each shall be issued at PKR 6 per share, i.e. Discount of PKR 4 per share. The price has been determined on the basis of average price of breakup value of shares and weighted average market price for the last three months as per daily quotation of PSX. Weighted average share price for the last three months was PKR 7.95 per share whereas breakup value of shares as at June 30, 2018 was PKR 3.51 per share.

d) Latest Market price of shares

PKR 6.52 as of 28 September 2018 as per closing rate Pakistan Stock Exchange Limited.



e) Break-up value per Share

PERIOD ENDED	BASIS OF VALUE	BREAK-UP VALUE PER SHARES
		PKR
30-06-2018	Audited Accounts	3.51
30-06-2017	Audited Accounts	3.83
30-06-2016	Audited Accounts	2.57

f) Consideration for issue of Shares

The consideration for the proposed issuance of shares will be conversion of advance against issue of shares already received as stated above.

g) Purpose, Utilization and Benefits

- Purpose:** To improve capital base of the Company and breakup value of the Company.
- Utilization:** The issuance of the shares shall be against the amounts already received from CSIL as advance against issuance of shares.
- Benefits:** This will enhance the capital base of the Company and shall provide leverage to the Company and increase borrowing capacity of the company to improve its liquidity and business and returns for the Company and value for its shareholders.

h) Existing Shareholding of the person to whom Shares are proposed to be issued:

NAME	Existing Shareholding	% of Paid Up Capital
	No. of Shares	
Crescent Star Insurance Company Limited	7,020	0.00

i) Total shareholding of the person after the proposed issuance of Shares:

NAME	Post Issue Shareholding	% of Paid Up Capital
	No. of Shares	
Crescent Star Insurance Company Limited	59,053,531	15.76

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

The CSIL has consented, in writing, to the issuance of proposed shares at a discount of PKR 4 per share, if approved by the shareholders and the Securities and Exchange Commission of Pakistan.



k) Ranking of Shares:

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

l) Approval:

The proposed issuance of shares shall be subject to approval of the Securities and Exchange Commission of Pakistan.

4. The Board of Directors of the Company has recommended that the special resolutions as set out in the notice of meeting may be passed at the Annual General Meeting.
5. The directors have no interest in the issue of shares, whether directly or indirectly.

AGENDA ITEM NO.6 - CHANGE OF REGISTERED OFFICE

1. The Board of Directors of the Company has decided to shift the registered office from Karachi to Lahore as the Company's plant and principal place of business are located in Lahore; therefore, it will be more convenient, economic and efficient to carry on the business from Lahore by shifting of registered office in the province of Punjab. Moreover, sponsoring shareholders have already relocated to Lahore to give more time to the business and achieve the Company's targets.

i) Information on the existing registered office and new proposed registered office

Existing Registered Office of the company is situated at 101, Chapal Plaza, Hasrat Mohani Road Karachi-74000 in the Province of Sindh whereas proposed office shall be located at its principal place of business, i.e. Room No. 401 4th Floor, Ibrahim Trade Centre, 1-Aibak Block Barkat Market New Garden Town, Lahore-54700 in the Province of Punjab

ii) Reasons and effects of change in registered office

The Company's plant and principal place of business are located in Lahore; therefore, it will be more convenient, economic and efficient to carry on the business from Lahore by shifting of registered office in the province of Punjab.

iii) Geographical dispersion of the members of the company

NAME OF GENERAL MEETING	REPRESENTING KARACH	REPRESENTING LAHORE	AGGREGATE LHR & KHI
EOGM 17-07-2018	14	3	17
14 th AGM 30-06-2017	17	5	22
13 th AGM 30-06-2016	26	-	26
12 th AGM 30-06-2015	43	-	43



iv) A brief cost-benefit analysis

The Company's management including Chief Executive, Executive Directors and key management team are based in Lahore to run business more efficiently and effectively and it is more logical to shift registered office to Lahore to manage company's operation in an efficient manner.

v) Information on inquiry, inspection or investigation, which has been initiated against the company or prosecution pending against the company, if any.

No inquiry, inspection or investigation is pending against the Company.

2. The Board of Directors of the Company has recommended that the special resolution as set out in the notice of meeting may be passed at the Annual General Meeting.
3. The Directors have no interest in shifting of registered office, whether directly or indirectly.

INSPECTION OF DOCUMENTS

Copies of Memorandum and Articles of Association, Statement under section 134(3) of the Companies Act 2017, financial statements of the Company 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 Annual General Meeting.