Ref No : DOL/CSD/1014/0002
Date : October 03, 2014

The Managing Director
Karachi Stock Exchange (G) Limited
Stock Exchange Building, Stock Exchange Road,
Karachi – 74000

Subject: **AMENDMENT IN MEMORANDUM OF ASSOCIAITON & ARTICLES OF ASSOCIATION OF DESCON OXYCHEM LIMITED**

Dear Sir,

This is to inform you that the Board of Directors (the "Board") of Descon Oxychem Limited (the "Company") in its meeting held on Wednesday, October 01, 2014 has considered and recommended to the shareholders of the Company, for the increase in the authorized share capital of the Company from Rs.1,100,000,000 (Rupees one billion one hundred million only) to Rs.2,200,000,000 (Rupees two billion two hundred million only) divided into 220,000,000 Shares of Rs.10 (Rupees ten only) by creation of 110,000,000 preference shares of Rs.10 (Rupees ten only) each. Furthermore, to put this decision into effect, the Board has also proposed amendment in the Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company, and insertion of a new Article in the Articles of Association by passing the following resolutions as special resolutions, with or without modification, addition or deletion.

"**RESOLVED** that the Authorized Share Capital of the Company be increased from Rs.1,100,000,000 to Rs.2,200,000,000 divided into 110,000,000 ordinary shares of Rs.10 each and 110,000,000 preference shares of Rs.10 each."

"**FURTHER RESOLVED** that existing Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company be and are hereby altered to be read as under:

Clause V of the Memorandum of Association:

(i) The Authorized Share Capital of the Company is Rs.2,200,000,000 (Rupees two billion two hundred million only) divided into 110,000,000 ordinary shares of Rs.10 each and 110,000,000 preference shares of Rs.10 each having the rights, privileges and conditions attaching thereto as provided in the Articles of the Company for the time being. The Company shall have the power to; (1) vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Ordinance and/or the Articles and/or applicable rules and regulations; (ii) to increase and/or reduce the capital and to divide shares in the capital into several classes; and (iii) to consolidate or subdivide the shares and to issue shares of higher or lower denominations.

Article 4 of the Articles of Association:

(ii) The Authorized Share Capital of the Company is Rs.2,200,000,000 (Rupees two billion two hundred million only) divided into 110,000,000 ordinary shares of Rs.10 each and 110,000,000 preference shares of Rs.10 each having the rights, privileges and conditions attaching thereto as provided in the Articles of the Company for the time being. The Company shall have the power to; (1) vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Ordinance and/or the Articles and/or the applicable rules and regulations; (ii) to increase and/or reduce the capital and to divide shares in the capital into several classes; and (iii) to consolidate or subdivide the shares and to issue shares of higher or lower denominations.

"**FURTHER RESOLVED** that the following new Article 5A be and is hereby inserted in the Articles of Association of the Company, immediately after the end of existing Article 5:

New Article 5A of the Articles of Association

DESCON

(iii) The Preference Shares of up to Rs. 1,100,000,000 (Rupees One Billion One Hundred Million Only), divided in up to 110,000,000 Preference Shares of Rs.10/- each, to be issued from time to time subject to approval of the members through special resolution and approval of Securities & Exchange Commission of Pakistan, shall have the following rights and privileges attached thereto (subject to any changes or amendments made by Securities and Exchange Commission of Pakistan and accepted by the Board of Directors of the Company):

a. The Preference Shares shall be Convertible Cumulative Redeemable Preference Shares;

b. The Preference Shares shall be cumulative and shall carry entitlement of a fixed annual cumulative dividend of 12 %, to be paid out of the normal profits of the Company in each financial year. Any dividend not paid in any financial year shall cumulate toward entitlement of dividend in future years;

c. The Preference Shares shall not carry any entitlement of ordinary dividend, rights shares or bonus shares, or have any right to participate in the profits of the Company, save as specified in Clause 5A(b) above;

d. The Preference Shareholders shall not be entitled to receive notice, attend General Meetings or vote at such meetings of the Company, except as otherwise provided in the Companies Ordinance, 1984 whereby holders of such shares would be entitled to vote separately as a class, i.e. with respect to voting entitlement of Preference Shareholders on matters/issue affecting substantive rights or liabilities of Preference Shareholders;

e. in the event of winding up of the Company or repayment of the Capital, the Preference Shares will carry a preferential right over Ordinary Shares;

f. the Preference Shares shall, subject to Section 85 of the Companies Ordinance, 1984, be redeemable at par value solely at the option of the Company, only through a sinking fund created out of the profits of the Company. Provided that, in case of partial redemption of outstanding Preference Shares, only whole shares shall be redeemed and such redemption shall be on pro rata basis for all Preference Shareholders;

g. the Preference Shares shall rank pari passu inter se each other; and

h. the Preference Shares shall be convertible into Ordinary Shares at the ratio of One (1) Preference Share to One (1) Ordinary Share at the option of either of the Company or Preference Shareholder, any time and from time to time after the expiry of 5 years from the date of allotment of the relevant Preference Shares. Provided that, in case of partial conversion of outstanding Preference Shares by the Company, only whole shares shall be converted and such conversion shall be on pro rata basis for all Preference Shareholders. Provided further a Preference Shareholder may, from time to time, opt for conversion of all or part of his Preference Shares but only whole shares shall be converted.

i. The Preference Shares shall be under the control of the Board of Directors who may allot, forfeit, surrender, rectify or otherwise dispose of the same to such persons, firms, corporation or corporations on such terms and conditions and at any such time as may be thought fit, subject to and in accordance with the provisions of the Companies Ordinance, 1984.

A comparison between the existing and proposed amendments in the Memorandum and Articles of Association of the Company is set out in the table attached herewith as Annexure-1.

You are requested to please accord your clearance from the proposed changes in the Memorandum and Articles of Association of the Company under Listing Regulation No. 26 of the Exchange.

An early response in this regard will be highly appreciated.

Yours Sincerely,

for **Descon Oxychem Limited**

Abdul Sohail
Company Secretary

c.c : Central Depository Company Limited.
Securities & Exchange Commission of Pakistan
Corplink (Pvt.) Limited.