DOST STEELS LTD.

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**NOTICE TO SHAREHOLDERS OF DOST STEELS LIMITED
FOR PASSING OF AGENDA ITEMS THROUGH POLLS**

Notice is hereby given to the Shareholders of Dost Steels Limited ("the Company") for holding of shareholders meeting on Wednesday, 07 November 2018, at 10:00 a.m. at 101, Chapal Plaza Hasrat Mohani Road, Off I.I. Chundrigar Road, Karachi-74000, at the Registered Office of the Company.

It was concluded in Annual General Meeting (the "AGM") held on October 24, 2018 that Polls on following Agenda items be held within 14 days from the date of AGM in accordance with the provisions of the Companies Act, 2017. Accordingly instance notice is being issued to all the shareholders for passing of following resolutions through Polls in accordance with the provisions of the Companies (Postal Ballot) Regulations 2018.

Agenda Item. No. 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.

Agenda Item. No. 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."

"**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."

"**RESOLVED THAT** that the management of the Company has decided to defer the issue of shares other than right (at discount of Rupees 4 per share) for the time being and consequent increase in authorised capital may also be deferred. The board shall review requirement of increase in authorised capital and shall seek shareholders' approval, if any, in future to meet further issue of shares. The shareholders unanimously deferred the agenda item no. 4 regarding increase in Authorized Share Capital.

"**RESLOVED FURTHER THAT** that the management of the Company has decided to defer the agenda of issue of shares other than right (at discount of Rupees 4 per share) for the time being. The Board shall review the case once again and seek shareholders' approval, if any, in future. The shareholders unanimously deferred the agenda item no. 5 regarding issue of shares at discount and otherwise than right.

"**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.

Statement of material facts under Section 134(3) of the Companies Act, 2017 has been attached to the notice of meeting.

By order of the Board

Tariq Majeed
Company Secretary

Karachi:
31 October 2018

Notes:

1) 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.

2) Pursuant to the Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Sections 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid regulations.

3) The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

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 ATTENDING THE MEETING

i. Eligible shareholders may attend the meeting and vote in person.
ii. 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.
iii. 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 PROCEDURES FOR CASTING OF VOTE THROUGH BALLOT PAPERS:

i. On arrival at the meeting venue, all those entitled to vote will be required to register and collect a ballot paper. In order to facilitate these arrangements, please arrive at the meeting.
ii. Venue in good time. You will be given instructions on how to complete your ballot paper at the meeting.
iii. A member shall have votes equal to the number of shares held by him in his own name or through proxies.
iv. A member may either cast his vote in favour of resolution or against the resolution;

v. To facilitate entry to the meeting, shareholders are requested to bring with them a form of identification.

vi. Shareholders should note that the doors to the meeting will be open at 10.00 a.m.
vii. We ask all those present at the AGM to facilitate the orderly conduct of the meeting.

B) PROCEDURES FOR CASTING OF VOTE THROUGH POSTAL BALLOT

i. In accordance with Companies (Postal Ballot) Regulations, 2018, members can also cast their votes through postal ballot. In this regard, the Company will publish the requisite ballot paper in newspapers together with its placement on Company's website, if required, at least seven (7) days before the meeting;
ii. The members are required to send duly filled and signed ballot paper along with a copy of computerized national identity card (CNIC) directly addressing to Mr. Naim Anwar, Chairman Dost Steels Limited, 101, Chapal Plaza Hasrat Mohani Road, Off I.I. Chundrigar Road, Karachi-74000 or through at chairman@doststeels.com
iii. Ballot Paper should reach at registered office of the Company at least one day before the date of the meeting, i.e. November 06, 2018.

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 from 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 provide earlier) along with proxy from to the Company.

E-VOTING

i. You may vote electronically on the resolutions considered at the meeting without attending the meeting.
ii. We are enclosing herewith Form for casting of vote through E-voting and in case you wish to cast vote electronically; you are requested to send duly filled and signed the Form to us on or before November 03, 2018.
iii. Upon receipt of Form; you may be informed about detailed procedures with regard casting of vote through to E-voting.

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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.

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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, 78,728,681 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.

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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.

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.

APPOINTING OTHER PERSON AS PROXY

I/we_____________________________ S/o D/o W/o ________________________CNIC being a member of **Dost Steels Limited** and holder of ______________ (number of shares) Class Ordinary shares as per Registered Folio No. ____________ hereby appoint Mr./Mrs./Ms./ ______________________S/o D/o W/o ______________________CNIC ____________________ as my/our proxy to vote for me/us and on my/our behalf at the (Extraordinary General Meeting, as the case may be) of the Company to be held on 07 November 2018 and at any adjournment thereof.

Signed under my/our hands on this __________________day of November, 2018
(Affix Revenue Stamps of Rupees Five)

____
Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

______________________ ______________________
Signature of Witness 1 Signature of Witness 2

FOR CASTING OF E-VOTE

I/we___________________________ S/o D/o W/o _________________CNIC _____________being a member of Dost Steels Limited holder of ________________ Class Ordinary share(s) as per Registered Folio No. _________________ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer ____________________________ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured email address is _______________________, please send login details, password and electronic signature through email.

____
Signature of member
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

______________________ ______________________
Signature of Witness 1 Signature of Witness 2

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Annexure I
[Regulation 8]

Ballot paper for voting through post for poll to be held on 07 November 2018 at 10:00 a.m. at 101, Chapal Plaza Hasrat Mohani Road, Off I.I. Chundrigar Road, Karachi-74000, at the Registered Office of Dost Steels Limited Tel: 111-375-000 website www.doststeels.com & info@doststeels.com.

Designated email address of the Chairman at which the duly filled in ballot paper may be sent:

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number	
CNIC Number (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, Corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (√) mark in the appropriate box below (delete as appropriate);

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1	Agenda item No. 4			
2	Agenda item No. 5			

Signature of shareholder(s)
Place:
Date:

NOTES:

1. Dully filled postal ballot should be sent to Mr. Naim Anwar, Chairman, 101, Chapal Plaza Hasrat Mohani Road, Off I.I. Chundrigar Road, Karachi - 74000 or at his email address chairman@doststeels.com
2. Copy of CNIC should be enclosed with the postal ballot form.
3. Postal ballot forms should reach chairman of the meeting on or before 06 November 2018 by 1700 hours. Any postal ballot received after this date, will not be considered for voting.
4. **Signature on postal ballot should match with signature on CNIC**
   Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.