
NOTICE OF EXTRA ORDINARY GENERAL MEETING



MUGHAL IRON & STEEL INDUSTRIES LIMITED
31-A SHADMAN 1, LAHORE

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** (the Company) will be held on April 19, 2021 at 11:45AM virtually through Zoom-video link to transact the following business:

Special Business

1. **To consider and, if deemed appropriate, pass with or without modification, the following resolutions as special resolutions for increasing the authorized share capital of the Company by amending the Memorandum and Articles of Association of the Company:**

“RESOLVED THAT the authorized capital of the Company be and is hereby increased from Rs. 3,000,000,000/- (Rupees Three Billion) divided into 300,000,000/- ordinary shares of Rs. 10/- each to Rs. 5,000,000,000/- (Rupees Five Billion) divided into 500,000,000/- ordinary shares of Rs. 10/- each.”

“FURTHER RESOLVED that the existing Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company be and are hereby amended accordingly to read as follows:

Clause V of the Memorandum of Association

The Capital of the Company is Rs. 5,000,000,000/- (Rs. Five Thousand Million Only) divided into 500,000,000/- ordinary shares of Rs. 10/- each with the power to Company to increase and reduce the aforesaid capital of the company in accordance with the provision of law.

Article 4 of the Articles of Association

The Authorized capital of the Company is Rs. 5,000,000,000/- (Rupees Five Thousand Million Only) divided into 500,000,000/- ordinary shares of Rs. 10/- (Rupees Ten Only) each. The Company shall have the powers to increase, reduce or alter the capital in accordance with law.”

“FURTHER RESOLVED that Mr. Khurram Javaid, Chief Executive / Director and Mr. Muhammad Mubeen Tariq Mughal, Director of the Company be and are hereby authorized singly to take all necessary steps, and execute and submit all relevant documents/forms/applications as may be expedient for the purpose of giving effect to the spirit and intent of the above resolutions.”

2. **To consider and, if thought appropriate, pass with or without modification, the following resolutions as special resolutions for authorizing the Company to enter into ‘Power Purchase Agreement’ with Mughal Energy Limited for supply of electricity to the Company:**

“RESOLVED THAT the Company be and is hereby authorized to enter in to Power Purchase Agreement with Mughal Energy Limited for supply of electricity to Mughal Iron & Steel Industries Limited.”

“FURTHER RESOLVED THAT Mr. Khurram Javaid, Chief Executive / Director and Mr. Muhammad Mubeen Tariq Mughal, Director of the Company be and is hereby authorized singly to finalize the terms and conditions of the Power Purchase Agreement and execute and sign the said agreement.”

“FURTHER RESOLVED that Mr. Khurram Javaid, Chief Executive and Mr. Muhammad Mubeen Tariq Mughal, Director of the Company be and are hereby authorized singly to take all necessary steps, and execute and submit all relevant documents / forms / applications as may be expedient for the purpose of giving effect to the spirit and intent of the above resolutions.”

3. **To consider and, if thought appropriate, pass with or without modification, the following resolutions as special resolutions for issuance of a cross corporate guarantee up to Rs. 6 billion on behalf of Mughal Energy Limited to the bank(s) in terms of the provisions of section 199 of the Companies Act, 2017, for availing financing facilities:**

“RESOLVED THAT pursuant to the provisions of Section 199 of the Companies Act, 2017 and subject to the terms and conditions mentioned in the statement under section 134(3) of the Companies Act, 2017 annexed to the notice of the EOGM, the Company be and is hereby authorized to issue cross corporate guarantee on behalf of the Mughal Energy Limited up to Rs. 6 billion to the bank(s) for availing financing facilities by Mughal Energy Limited.”

“FURTHER RESOLVED THAT Mr. Khurram Javaid, Chief Executive and Mr. Muhammad Mubeen Tariq Mughal, Director of the Company be and are hereby authorized singly to take all necessary steps and finalize, sign and execute all relevant documents as may be expedient for the purpose of giving effect to the spirit and intent of the above resolution.”

Statement required under Section 134(3) of the Companies Act, 2017 in respect of Special Businesses to be transacted at the forth coming Extraordinary General Meeting is annexed.

By Order of the Board



Muhammad Fahad Hafeez
Company Secretary

Lahore: March 27, 2021

NOTES:

1. The share transfer books of the Company will remain closed from April 12, 2021 to April 19, 2021 (both days inclusive). Physical transfers / Central Depository System (CDS) Transaction IDs received in order by the Company's Share Registrar, M/s. THK Associates (Private) Limited, 32-C, Jami Commercial Street 2, D.H.A., Karachi, up to the close of business on April 09, 2021, will be considered in time for the determination of entitlement of the members to attend and vote at the meeting.
2. As per the current reports Covid-19 is once again surging in Pakistan and it is becoming difficult to manage large group of people, therefore, keeping in view the SECP Circular No.6 of 2021 dated March 03, 2021 and to adopt a cautious approach for all the respected participants, it has been decided that the Extra Ordinary General Meeting will be held through Zoom Video Link only. Accordingly, members are requested to get themselves registered by sending their particulars at the designated email address fahadhafeez@mughalsteel.com, giving particulars as per below table by the close of business hours (5:00 PM) on April 16, 2021.

Name of member	CNIC No./NTN No.	CDC Participant ID/Folio No.	Cell No	Registered email address

Members, who are registered, after the necessary verification, will be provided a Zoom video-link by the Company on the same email address that they email the Company with. The login facility will remain open from 11:45 AM till the end of the meeting. Members who wish to send in comments/suggestions on the agenda of the meeting can email the Company at fahadhafeez@mughalsteel.com. Only those members whose names appear in the register of members as on the close of the business on April 09, 2021 will be entitled to attend and vote at the meeting via Zoom Video-Link.

3. A member of the Company entitled to participate and vote at this meeting may appoint any other member of the Company as his/her proxy to participate, speak and vote on his/her behalf at the meeting. A member shall not be entitled to appoint more than one proxy. The instrument appointing a proxy must be properly filled-in/executed and in order to be valid, must be received at the Share Registrar office of the Company, M/s. THK Associates (Private) Limited, 32-C, Jami Commercial Street 2, D.H.A., Karachi, not later than forty-eight (48) hours before the time scheduled for the EOGM. Attested copy of Computerized National Identity Card (CNIC)/Smart National Identity Card (SNIC) of the member appointing the proxy shall be attached with the instrument. An instrument of proxy applicable for the meeting is being provided with the notice being sent to members. Further, copies of the instrument of proxy may also be obtained from the registered office of the Company during normal office hours or downloaded from the

Company's website: <http://www.mughalsteel.com>. A Company or a Corporation being a member of the Company may appoint a representative through a resolution of its board of directors for attending and voting at the meeting. Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are further advised to follow the guidelines as laid down by the Securities and Exchange Commission of Pakistan vide Circular No. 1 of 2000.

4. Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Members maintaining their shares in CDS should have their address updated with their relevant Participant/CDC account services.
5. For any query/problem/information, the investors may contact Mr. Usman Faiz at +92-42-35960841 and email address fahadhafeez@mughalsteel.com and/or THK Associates (Private) Limited at +92-21-35310191-6 and email address sfc@thk.com.pk.

STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF SPECIAL BUSINESSES TO BE TRANSACTED AT THE FORTHCOMING EXTRAORDINARY GENERAL MEETING IS APPENDED BELOW:

This statement sets out the material facts concerning the Special Businesses listed at agenda item 1 to 3, to be transacted at the forthcoming Extraordinary General Meeting of the Company to be held on April 19, 2021 vide zoom video link.

Agenda Item No. 1.

The reason for amendments in the Memorandum and Articles of Association of the Company is to increase the authorized share capital in order to cater future increases in the paid-up share capital of the Company.

Accordingly, the Board of Directors of the Company had recommended to increase the authorized share capital from Rs. 3,000,000,000/- divided into 300,000,000 ordinary shares of Rs. 10/- each to Rs. 5,000,000,000/- divided into 500,000,000/- ordinary shares of Rs. 10/- each. The proposed alterations to the Memorandum and Articles of Association are in line with the applicable provisions of the law and regulatory framework.

Comparative analysis	
Existing Clause V of the Memorandum of Association	Revised Clause V of the Memorandum of Association
The Capital of the Company is Rs. 3,000,000,000/- (Rs. Three Thousand Million only) divided into 300,000,000/- ordinary shares of Rs. 10/- each with the power to Company to increase and reduce the aforesaid capital of the Company in accordance with the provision of law.	The Capital of the Company is Rs. 5,000,000,000/- (Rs. Five Thousand Million Only) divided into 500,000,000/- ordinary shares of Rs. 10/- each with the power to Company to increase and reduce the aforesaid capital of the company in accordance with the provision of law.
Existing Article 4 of the Articles of Association	Revised Article 4 of the Articles of Association
The Authorized capital of the Company is Rs. 3,000,000,000/- (Rupees Three Thousand Million Only) divided into 300,000,000/- ordinary shares of Rs. 10/- (Rupees Ten Only) each. The Company shall have the powers to increase, reduce or alter the capital in accordance with law.	The Authorized capital of the Company is Rs. 5,000,000,000/- (Rupees Five Thousand Million Only) divided into 500,000,000/- ordinary shares of Rs. 10/- (Rupees Ten Only) each. The Company shall have the powers to increase, reduce or alter the capital in accordance with law.

The directors of the Company are interested directly or indirectly in the above business to the extent of their respective shareholdings.

Agenda Item No. 2.

Mughal Energy Limited (MEL) is a public unlisted company incorporated in Pakistan with objective of generating and selling electricity. MEL is an associated company due to common directorship and shareholding. The Company is in process of installing a 36.50 MW (Gross) hybrid power plant for which requisite land has already been procured by MEL and is situated

adjacent to the vicinity of Mughal Iron & Steel Industries Limited (MISIL). MISIL is one of the largest steel manufacturing concern in Pakistan having extensive power requirements for which it is currently dependent on National Grid. MISIL has an estimated power requirement of at least 100 MW at its peak load production capacity which is expected to increase further in near future. Accordingly, the Board of Directors has proposed to enter into Power Purchase Agreement with MEL for supply of electricity to MISIL. This will benefit MISIL in form of uninterrupted supply electricity at economical rates as compared to rate of electricity being supplied from National Grid. In addition, MISIL will be able to operate during peak hours and improve capacity utilization. Further, since the site of the project is located next to the existing manufacturing facility of MISIL therefore no wheeling arrangements will be needed.

The Directors of the Company are interested directly or indirectly in the above business to the extent of their common directorships and respective shareholdings detail of which is provided in material facts relating to Agenda Item No. 3. Accordingly, since MEL is a related party and majority of the Directors are also interested directly or indirectly, therefore, the Company is seeking approval of its members by passing proposed special resolutions to enable it to enter into Power Purchase Agreement with Mughal Energy Limited.

Agenda Item No.3.

On the request of Mughal Energy Limited (MEL), the Board of Directors of the Company has proposed to issue cross corporate guarantee up to Rs. 6 billion to the bank(s) subject to the approval of the members. Accordingly, the Company is seeking approval of its members by passing proposed special resolutions to enable it to issue a cross corporate guarantee on behalf of Mughal Energy Limited up to Rs. 6 billion to the bank(s) for availing financing facilities by Mughal Energy Limited.

The information required under SRO 1240(1)/2017 dated December 06, 2017 regarding agenda item No. 2 is as under:

Sr. No	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO THE COMPANIES (INVESTMENTS IN ASSOCIATED COMPANIES OR UNDERTAKINGS) REGULATIONS, 2017	RELEVANT INFORMATION
(a)	Disclosure for all types of investments	
	(A) Regarding associated company or associated undertaking: -	
	(i) Name of associated company or associated undertaking	Mughal Energy Limited
	(ii) Basis of relationship	By virtue of common shareholding and common directorship.
	(iii) Loss per share for the last three years (PKR)	Year 2020: Rs. 0.03 Year 2019: Rs. 0.05 Year 2018: Rs. 0.01

	(iv) Breakup value per share based on the latest audited financial statements	Rs. 11.15																										
	(v) Financial position, including main items of statement of financial position and profit & loss account on the basis of its latest financial statements: and	<p>Audited Financial Statements for the year ended June 30, 2020 showed: Main items of balance sheet:</p> <table border="1" data-bbox="800 583 1393 961"> <thead> <tr> <th></th> <th>(Rs. in million)</th> </tr> </thead> <tbody> <tr> <td>Non- current assets</td> <td>467.915</td> </tr> <tr> <td>Current assets</td> <td>35.603</td> </tr> <tr> <td>Total assets</td> <td>503.518</td> </tr> <tr> <td>Total equity</td> <td>503.406</td> </tr> <tr> <td>Non- current Liabilities</td> <td>-</td> </tr> <tr> <td>Current Liabilities</td> <td>0.112</td> </tr> <tr> <td>Total equity & liabilities</td> <td>503.518</td> </tr> </tbody> </table> <p>Main items of profit or loss account:</p> <table border="1" data-bbox="800 999 1393 1247"> <thead> <tr> <th></th> <th>(Rs. in million)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>-</td> </tr> <tr> <td>Loss from operations</td> <td>1.422</td> </tr> <tr> <td>Loss before taxation</td> <td>1.422</td> </tr> <tr> <td>Loss for the year</td> <td>1.422</td> </tr> </tbody> </table>		(Rs. in million)	Non- current assets	467.915	Current assets	35.603	Total assets	503.518	Total equity	503.406	Non- current Liabilities	-	Current Liabilities	0.112	Total equity & liabilities	503.518		(Rs. in million)	Sales	-	Loss from operations	1.422	Loss before taxation	1.422	Loss for the year	1.422
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	<p>(vi) In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:</p> <p>a. description of the project and its history since conceptualization;</p> <p>b. starting date and expected date of completion of work;</p> <p>c. time by which such project shall become commercially operational;</p> <p>d. expected time by which the project shall start paying return on investment; and</p> <p>e. funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.</p>	<p>It is a 36.50 MW hybrid power plant project. Land for the project has already been procured by Mughal Energy Limited. Further, contract for purchase of power plant has also been concluded. Financial close is in process.</p> <p>Project Start Date: Project is already underway, since land has been procured and letter of credit for the imported component is pending establishment.</p> <p>Project Completion date: Within 18 to 24 months of Financial close.</p> <p>Same as above completion date.</p> <p>From date of investment in terms of commission on the amount of guarantee.</p> <p>Not applicable.</p>
	(B) General disclosures: -	
	(I) maximum amount of investment to be made:	Cross corporate guarantee up to PKR 6 billion.

	<p>(II) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment:</p> <p>(III) Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:</p> <p style="padding-left: 40px;">(I) justification for investment through borrowings;</p> <p style="padding-left: 40px;">(II) detail of collateral guarantees provided and assets pledged for obtaining such funds; and</p> <p style="padding-left: 40px;">(III) Cost benefits analysis;</p> <p>(IV) salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;</p> <p>(V) direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the</p>	<p>To meet the security requirements of the bank(s) and assisting Mughal Energy Limited to obtain financing from bank(s) for financing the 36.50 MW project.</p> <p>Since this is a corporate guarantee, there is no cost to the Company, however, the Company will recover all allied charges in connection with the issuance of Corporate Guarantee from Mughal Energy Limited.</p> <p>Further, the electricity to be generated is to be supplied to the Mughal Iron & Steel Industries Limited, which will benefit the Company in terms of un-interrupted supply of electricity at economical rates as compared to the National Grid. In addition, it will also enable the Company to operate during peak hour timings resulting in improved capacity utilization.</p> <p>Not Applicable</p> <p>Nil</p> <p>Following directors of Mughal Iron & Steel Industries Limited directly hold below mentioned shares in Mughal Energy Limited:</p>
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	<p>associated company or associated undertaking or the transaction under consideration;</p>	<table border="0"> <thead> <tr> <th data-bbox="813 212 1133 239">Name of Director</th> <th data-bbox="1141 212 1382 239">Number of shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="813 247 1062 275">1. Khurram Javaid</td> <td data-bbox="1256 247 1382 275">7,538,033</td> </tr> <tr> <td data-bbox="813 283 1094 310">2. Mirza Javaid Iqbal</td> <td data-bbox="1295 283 1382 310">10,000</td> </tr> <tr> <td data-bbox="813 319 1049 346">3. Jamshed Iqbal</td> <td data-bbox="1256 319 1382 346">5,048,033</td> </tr> <tr> <td data-bbox="813 354 1198 382">4. Muhammad Mubeen Tariq</td> <td data-bbox="1295 354 1382 382">16,700</td> </tr> <tr> <td data-bbox="813 390 1068 417">5. Fazeel Bin Tariq</td> <td data-bbox="1256 390 1382 417">7,531,334</td> </tr> </tbody> </table> <p data-bbox="800 449 1395 579">Following directors of Mughal Iron & Steel Industries Limited indirectly hold below mentioned shares in Mughal Energy Limited through their relatives:</p> <table border="0"> <thead> <tr> <th data-bbox="800 615 1024 642">Name of Director</th> <th data-bbox="1076 615 1182 642">Relation</th> <th data-bbox="1271 615 1382 678">Number of shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="813 684 1062 711">1. Khurram Javaid</td> <td data-bbox="1076 684 1187 711">(Father)</td> <td data-bbox="1304 684 1382 711">10,000</td> </tr> <tr> <td data-bbox="813 720 1013 747">2. Javaid Iqbal</td> <td data-bbox="1076 720 1154 747">(Son)</td> <td data-bbox="1250 720 1382 747">15,036,033</td> </tr> <tr> <td data-bbox="813 756 1029 783">3. Fahad Javaid</td> <td data-bbox="1076 756 1187 783">(Father)</td> <td data-bbox="1304 756 1382 783">10,000</td> </tr> </tbody> </table> <p data-bbox="800 821 1395 951">Following major shareholders of Mughal Iron & Steel Industries Limited directly or indirectly hold below mentioned shares in Mughal Energy Limited through their relatives:</p> <table border="0"> <thead> <tr> <th data-bbox="800 987 1045 1050">Name of sponsors/ major shareholder</th> <th data-bbox="1149 987 1382 1014">Number of Shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="813 1056 1062 1083">1. Khurram Javaid</td> <td data-bbox="1256 1056 1382 1083">7,548,033</td> </tr> <tr> <td data-bbox="813 1092 1029 1119">2. Fahad Javaid</td> <td data-bbox="1256 1092 1382 1119">7,508,000</td> </tr> <tr> <td data-bbox="813 1127 1122 1155">3. M. Mateen Jamshed</td> <td data-bbox="1243 1127 1382 1155">15,048,033</td> </tr> <tr> <td data-bbox="813 1163 1127 1190">4. Muhammad Sayyam</td> <td data-bbox="1243 1163 1382 1190">15,048,033</td> </tr> </tbody> </table> <p data-bbox="800 1255 834 1283">Nil</p> <p data-bbox="800 1623 1395 1814">The total electricity to be generated by Mughal Energy Limited will be sold to the Mughal Iron & Steel Industries Limited. Proposed issuance of corporate guarantee is to meet the security requirements of the bank(s).</p>	Name of Director	Number of shares	1. Khurram Javaid	7,538,033	2. Mirza Javaid Iqbal	10,000	3. Jamshed Iqbal	5,048,033	4. Muhammad Mubeen Tariq	16,700	5. Fazeel Bin Tariq	7,531,334	Name of Director	Relation	Number of shares	1. Khurram Javaid	(Father)	10,000	2. Javaid Iqbal	(Son)	15,036,033	3. Fahad Javaid	(Father)	10,000	Name of sponsors/ major shareholder	Number of Shares	1. Khurram Javaid	7,548,033	2. Fahad Javaid	7,508,000	3. M. Mateen Jamshed	15,048,033	4. Muhammad Sayyam	15,048,033
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(VI)	<p>incase any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for and impairment or write offs; and</p>																																			
(VII)	<p>any other important details necessary for the members to understand the transaction.</p>																																			

(b)	In case of investment in the form of guarantee, following disclosures in addition to those provide under clause (a) of sub-regulation (1) of regulation 3 shall be made: -	
	(I) category –wise amount of investment;	Cross corporate guarantee up to PKR 6 billion.
	(II) average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah complaint products; and rate of return for unfunded facilities, as the case may be, for the relevant period:	Commission on guarantee @ 0.25% per quarter.
	(III) rate of interest, marks up, profit, fees or commission etc. to be charged by investing company;	Commission @ 0.25% per quarter of the Guarantee amount.
	(IV) particulars of collateral or security to be obtained in relation to the proposed investment;	Nil
	(V) if the investment carries conversion feature; and	Not applicable.
	(VI) repayment schedule and terms and conditions of loans or advance to be given to the associated company or associated undertaking.	<ul style="list-style-type: none"> - Cross corporate guarantee for a maximum period of 5 years; - Commission on quarterly basis @ 0.25% per quarter.

The Directors of the Company have carried out due diligence for the proposed investment in Mughal Energy Limited. The following documents shall be available to members for inspection at the meeting to be held on April 19, 2021:

1. Recommendations of due diligence report of investing company.
2. Latest Audited financial statements of Mughal Energy Limited.