
COLLECTION ARRANGEMENT AGREEMENT

By and Between

MUGHAL IRON & STEEL INDUSTRIES LIMITED

(As the Issuer)

And

PAK OMAN INVESTMENT COMPANY LIMITED

(As the Investment Agent)

And

FAYSAL BANK LIMITED

(As the Account Bank)

Executed at Lahore on December 21, 2023



MTC

MOHSIN TAYEBALY & CO.
CORPORATE LEGAL CONSULTANTS | BARRISTERS & ADVOCATES



0019-24648151

E-STAMP

PB-LHR-202D6ADF4E92A2EA



Non-Judicial

Rs 500/-

Description : AGREEMENT OR MEMORANDUM OF AN AGREEMENT - 5(d)
 First Party : Mughal Iron and Steel Industries Limited [35202-9750871-7]
 Second Party : PAK OMAN INVESTMENT COMPANY LIMITED [42201-0612185-9]
 Agent : Waqas Ramzan [35104-0359445-9]
 Stamp Duty Paid by : Mughal Iron and Steel Industries Limited [35202-9750871-7]
 Issue Date : 19-Dec-2023, 04:32:43 PM
 Paid Through Challan : 20239FE530BB9147
 Amount in Words : Five Hundred Rupees Only

Please Write Below This Line

COLLECTION ARRANGEMENT AGREEMENT

THIS COLLECTION ARRANGEMENT AGREEMENT is made at Lahore on Dec. 21, 2023 (hereinafter referred to as the "Agreement");

BY AND BETWEEN

1. MUGHAL IRON & STEEL INDUSTRIES LIMITED, a company incorporated under the laws of Islamic Republic of Pakistan and having its registered office at 31-A, Shadman - I, Lahore (hereinafter referred to as the "Issuer", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and assigns);

AND

2. PAK OMAN INVESTMENT COMPANY LIMITED, a development finance institution established under the laws of Pakistan and having its registered office at 1st Floor, Tower-A, Finance and Trade Center, Shahrah-e-Faisal, Karachi (hereinafter referred to as the "Investment Agent", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and assigns);

AND

3. FAYSAL BANK LIMITED, a banking company incorporated under the laws of Pakistan and having its registered office at ST-2, Commercial Lane, Faysal House, Opposite Regent Plaza Hotel, Main Shahrah-E-Faisal, Karachi, Pakistan (hereinafter referred to as the "Account Bank", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and assigns).

WHEREAS:

a. The Issuer is proposing to raise finances in the form of redeemable capital by issuance of Shariah compliant Sukuk Certificates in the aggregate amount up to PKR 2,500,000,000/- (Pak Rupees)



Billion Five Hundred Million) inclusive of green shoe option of PKR 1,000,000,000/- (Pak Rupees One Billion) (the "Sukuk Certificates") to eligible institutional and other investors by way of private placement ("Certificate Holders") pursuant to the provisions of Section 66 of the Companies Act, 2017 ("Sukuk Issue").

- b. Pursuant to the Sukuk Issuance Agreement dated Dec 21, 2023 ("Sukuk Issuance Agreement"), the Investment Agent has been appointed by the Issuer to hold the security comprised herein for the benefit of the Certificate Holders.
- c. As and by way of security for the Sukuk Issue, the Issuer has agreed to *inter alia* create a right of lien and charge over the amounts available from time to time in the Finance Payment Account and Finance Service Reserve Amount Account (as defined below) in favour of the Investment Agent (for the benefit of the Certificate Holders).

NOW THIS AGREEMENT WITNESSETH and it is hereby agreed and declared as under

1. DEFINITIONS AND INTERPRETATION

1.1. Definitions

- 1.1.1. Wherever used in this Agreement, unless the context otherwise requires, the following terms have the following meanings:

"Buy Out Price" means the amount to be paid by the Issuer to the Certificate Holders as payment for the redemption by the Issuer of the Musharaka Agent's Investment as set out in the Sukuk Issuance Agreement;

"Buy Out Payment Date(s)" means the date(s) on which the Issuer shall redeem the Musharaka Agent's Investment from the Certificate Holders as set out in the Sukuk Issuance Agreement;

"Events of Default" or "Event of Default" means severally each of the events of default specified in the Sukuk Issuance Agreement;

"Finance Payment Account" means the Issuer's account number 338639000002707 established and maintained with the Account Bank;

"Finance Payment Arrangement" means the Finance Payment Arrangement as contemplated in terms of Clause 2 below;

"Finance Service Reserve Amount" means, an amount equal to 10% (ten percent) of the Sukuk Issue.

"Profit/ Loss Period" means the 3 (three) months period (i) between the Musharaka Commencement Date and due date for payment of the Buy Out Price/ first Provisional Profit Payment; and (ii) between due date for payment of an upcoming Buy Out Price/ Provisional Profit Payment and the respective due date for payment of the immediately subsequent Buy Out Price/ Provisional Profit Payment;

"Provisional Profit Payment" means the profit payment to be made by the Issuer to the Musharaka Agent for the Profit Period as set out in the Sukuk Issuance Agreement;

"Provisional Profit Payment Date" means the dates on which the Provisional Profit Payments shall be made to the Musharaka Agent as set out in the Sukuk Issuance Agreement;

"Redemption Amount(s)" means the amount payable by the Issuer to the Certificate Holders in respect of the face value of each Sukuk Certificate, representing the aggregate Buy Out Price payable on each Redemption Date(s) as set out in the Sukuk Issuance Agreement; and



"Redemption Date(s)" means each of the date(s) on which the Issuer shall pay the Redemption Amount(s) to the Certificate Holders as set out in the Sukuk Issuance Agreement.

1.2. Interpretation

1.2.1. Wherever used in this Agreement, unless otherwise defined herein or unless the context otherwise requires, the terms defined herein shall have the same meaning herein as ascribed thereto in the Sukuk Issuance Agreement.

2. FINANCE PAYMENT ARRANGEMENT

2.1. The Issuer shall establish and maintain the Finance Payment Account with the Account Bank, which will be held under exclusive lien in favour of the Investment Agent (for the benefit of the Certificate Holders).

2.3. (a) It is agreed that for each Profit / Loss Period (except for the last Profit / Loss Period), the Issuer confirms and undertakes to deposit the requisite due amount for that period in the Finance Payment Account in the manner stipulated below, such that the required amount in the Finance Payment Account for a Profit / Loss Period is deposited in the Finance Payment Account, no later than 20 (twenty) days before the Provisional Profit Payment Date:

- (i) transfer / deposit 1/3rd (one third) of the immediately next upcoming Provisional Profit Payment at least 20 (twenty) days before the end of the first month (i.e., not later than the 10th of the respective month) in a Profit / Loss Period;
- (ii) transfer / deposit 1/3rd (one third) of the immediately next upcoming Provisional Profit Payment at least 20 (twenty) days before the end of the second month (i.e., not later than the 10th of the respective month) in a Profit / Loss Period; and
- (iii) transfer / deposit 1/3rd (one third) of the immediately next upcoming Provisional Profit Payment, at least 20 (twenty) days before the end of the third month (i.e., not later than the 10th of the respective month) in a Profit / Loss Period,

so that the amount available in the Finance Payment Account prior to the relevant Provisional Profit Payment Date is equal to the Provisional Profit Payment which is due and payable at the end of that relevant Profit / Loss Period ("**Profit Payment Amount**").

(b) It is further agreed that for the last Profit / Loss Period, the Issuer confirms and undertakes to deposit the requisite due amount for that period in the Finance Payment Account in the manner stipulated below, such that the required amount in the Finance Payment Account for the last Profit / Loss Period is deposited in the Finance Payment Account, no later than 20 (twenty) days before the Provisional Profit Payment Date / Buy Out Payment Date / Redemption Date:

- (i) transfer / deposit 1/3rd (one third) of the Provisional Profit Payment plus/ Buy Out Price/ Redemption Amount less 1/3rd of the Finance Service Reserve Amount at least 20 (twenty) days before the end of the first month in the last Profit / Loss Period;
- (ii) transfer / deposit 1/3rd (one third) of the Provisional Profit Payment plus/ Buy Out Price/ Redemption Amount less 1/3rd of the Finance Service Reserve Amount at least 20 (twenty) days before the end of the second month in the last Profit / Loss Period; and
- (iii) transfer / deposit 1/3rd (one third) of the Provisional Profit Payment plus/ Buy Out Price/ Redemption Amount less 1/3rd of the Finance Service Reserve Amount at least 20 (twenty) days before the end of the third month in the last Profit / Loss Period,



so that the Finance Service Reserve Amount plus the amount available in the Finance Payment Account prior to the final Provisional Profit Payment Date / Buy Out Payment Date / Redemption Date is equal to the Provisional Profit Payment / Buy Out Price / Redemption Amount which is due and payable at the end of the last Profit / Loss Period ("**FPA Amount**").

On the relevant Provisional Profit Payment Date / Buy Out Payment Date / Redemption Date, the Investment Agent is authorized to utilize the Finance Service Reserve Amount as well as the Profit Payment Amount / FPA Amount (as applicable) collected in the Finance Payment Account for the purpose of making payment of the due and payable Provisional Profit Payments / Redemption Amount / Buy Out Price due to the Certificate Holders.

- 2.4 In the event the amounts deposited by the Issuer in the Finance Payment Account during a Profit / Loss Period is less than the upcoming Profit Payment Amount / FPA Amount (as applicable) (the shortfall amount referred to as "**Payment Shortfall**") the Investment Agent shall inform the Issuer of the occurrence of such Payment Shortfall immediately (hereinafter referred to as the "**Payment Shortfall Notice**") and the Issuer shall be obligated to arrange the Payment Shortfall either through (i) its own sources and deposit an amount equal to the Payment Shortfall into the Finance Payment Account within 3 (three) Business Days from the receipt of the Payment Shortfall Notice; or (ii) from the Finance Service Reserve Amount.
- 2.5. It is agreed that the Investment Agent will have an exclusive lien over the Finance Payment Account (for the benefit of the Certificate Holders) and in case of an Event of Default, the Investment Agent will be entitled to appropriate all amounts available as credit balance in the Finance Payment Account for the benefit of the Certificate Holders towards the payment of the outstanding amounts payable in respect of the Sukuk Issuance Agreement.
- 2.6. The Parties confirm that the Investment Agent, through the Account Bank, shall have sole control over the Finance Payment Account and the Issuer shall not be permitted to make any withdrawals and or give any contrary instructions with respect to the amounts lying in the Finance Payment Account.
- 2.7. In the event, the Finance Payment Account does not have adequate funds for the Profit Payment Amount / FPA Amount, the Investment Agent shall immediately intimate the Issuer of the same on such date and the Issuer shall be under an obligation to fund the Finance Payment Account from its own sources on receiving such notice from the Investment Agent on an immediate basis. Failure by the Issuer to fund the Finance Payment Account on an immediate basis shall constitute an Event of Default.
- 2.8. Nothing contained herein will in any way prejudice or affect the absolute obligation of the Issuer to pay the Provisional Profit Payments / Redemption Amount / Buy Out Price to the Certificate Holders on the Provisional Profit Payment Date / Buy Out Payment Date / Redemption Date.
- 2.9. Notwithstanding anything contained herein, the Account Bank hereby confirms and acknowledges that once the Finance Payment Account has been adequately funded, any surplus amount shall be released to the operating account of the Issuer bearing account no. PK28FAYS0178007900227940, being maintained with Faysal Bank Limited Tech Society branch, of Faysal Bank Limited, and thereafter the Issuer shall utilize the surplus proceeds as it deems fit without the consent of the Investment Agent / Account Bank.

3. **FINANCE SERVICE RESERVE AMOUNT ARRANGEMENT**

- 3.1. The Issuer shall maintain the Finance Service Reserve Amount in the Finance Payment Account throughout the tenor of the Sukuk Issue or alternatively be held with any other bank/ financial institution as cash balance or through a Term Deposit Receipt ("**TDR**") in the Finance Service Reserve Amount Account, provided the same is held under an exclusive lien in favour of the Investment Agent.
- 3.2. The parties confirm that the Investment Agent shall have sole control over the Finance Service Reserve Amount Account (whether in cash or TDR form) and the Issuer shall not be permitted to



make any withdrawals and/ or give any instructions with respect to the Finance Service Reserve Amount Account without prior consent of the Investment Agent.

3.3. Failure of the Issuer to adhere to the terms of the Finance Service Reserve Amount Arrangement shall constitute an Event of Default.

3.4. In the case of an Event of Default, the Investment Agent shall be entitled to utilize the Finance Service Reserve Amount Account for the benefit of the Certificate Holders.

4. ISSUER'S UNDERTAKING IN RESPECT OF THE PROCEEDS AND LIEN IN FAVOUR OF THE INVESTMENT AGENT

4.1. The Issuer hereby undertakes that until the termination of the Sukuk Issue, the Issuer shall not without the prior written consent of the Investment Agent transfer or create any lien, charge or encumbrance whatsoever over any of its right, title or interest in and to the Profit Payment Amount / FPA Amount deposited in the Finance Payment Account from time to time, in favour of any person other than the Investment Agent and the Certificate Holders for the purpose of giving effect to this Agreement.

4.2. Till such time that any amount is outstanding under the Sukuk Issue, the Investment Agent will have an exclusive lien in respect of all amounts in the Finance Payment Account from time to time.

5. FILES, RECORDS AND STATEMENTS

5.1. The Issuer shall maintain accurate and complete records of the aggregate Profit Payment Amount / FPA Amount deposited in the Finance Payment Account from time to time. The Investment Agent may conduct, or cause to be conducted, periodic physical inspections of all financial records, accounts and computer systems pertaining to the Profit Payment Amount / FPA Amount, enabling the Investment Agent to verify the accuracy of the Issuer's record keeping.

6. REPRESENTATIONS BY THE ISSUER

6.1. The Issuer hereby represents and warrants that as of the date of this Agreement:

- (i) the maintenance of the Profit Payment Amount / FPA Amount in the manner provided in this Agreement does not violate the terms of any contractual or statutory relationship of the Issuer;
- (ii) the Profit Payment Amount / FPA Amount is and shall be free and clear of any and all liens, charges and encumbrances of any nature other than the Security; and
- (iii) all actions required under applicable laws have been taken by the Issuer so as to ensure that the rights of the Certificate Holders in and to the Profit Payment Amount / FPA Amount shall be to the exclusion of all other persons (including the creditors of the Issuer).

6.2. The Issuer hereby represents and warrants that this Agreement and all other instruments to be delivered hereunder have been or, when delivered, will be duly authorized, executed and delivered by the Issuer and constitutes / shall constitute the legal, valid and binding obligations of the Issuer enforceable against it in accordance with their terms.

7. AFFIRMATIVE COVENANTS

7.1. The Issuer covenants and agrees that it shall:



(i) comply in material respects at all times with all laws, regulations and orders applicable to or in any way affecting the Profit Payment Amount / FPA Amount or the transactions contemplated hereby; and

(ii) without prejudice to any representation contained in Clause 5 hereof, if the Issuer should receive a notice or become aware of a lien on the amounts deposited in the Finance Payment Account the Issuer shall immediately inform the Investment Agent.

7.2. The Issuer covenants and agrees that it shall not take any action (whether directly or indirectly including through any affiliate, associated undertaking or trustee) or cause any person to take any action which would in any way impair the rights of the Certificate Holders over the Finance Payment Account or create any lien thereon.

8. TERMINATION

8.1. This Agreement shall terminate when the Issuer has discharged all its obligations under the Sukuk Issuance Agreement.

9. AMENDMENT OR WAIVER

9.1. No provision of this Agreement may be amended or waived except with the prior written consent of each of the parties hereto. The Issuer shall furnish a copy of any proposed amendment to or waiver of this Agreement to the Investment Agent / Account Bank prior to the execution thereof. No failure or delay on the part of any party hereto in exercising any right, power or privilege hereunder or under any other document delivered in connection herewith and no course of dealing among the Issuer, the Certificate Holders and the Investment Agent / Account Bank, shall operate as a waiver of any such right, power, or privilege. Any single or partial exercise of any right, power or privilege hereunder or under any other document delivered in connection herewith shall not preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or there under. The rights, powers, and remedies herein or in any other document delivered in connection herewith are cumulative and not exclusive of any rights, powers or remedies that would otherwise be available to any party hereto.

10. NOTICES

10.1. All notices, demands, requests or other communications under this Agreement shall be sent to the address and numbers for notices provided in the Sukuk Issuance Agreement.

11. GOVERNING LAW AND JURISDICTION

11.1. This Agreement and all related documents or agreements shall be governed by the laws of the Islamic Republic of Pakistan.

11.2. Any court of competent jurisdiction, including a Banking Tribunal/Court, in Lahore shall have non-exclusive jurisdiction to entertain all suits/cases and other matters arising out of or under this Agreement.

12. INVESTMENT AGENT / ACCOUNT BANK / PROFIT PAYMENT AMOUNT / FPA AMOUNT / FINANCE SERVICE RESERVE AMOUNT

12.1. It is acknowledged and agreed that the Investment Agent / Account Bank shall, subject to the protections afforded to it under this Agreement and the Sukuk Issuance Agreement, hold the Profit Payment Amount / FPA Amount Finance Service Reserve Amount for the benefit of the Certificate Holders in accordance with the terms of the Sukuk Issuance Agreement.

12.2 The Investment Agent / Account Bank shall perform the following functions and duties in terms of this Agreement:

- (i) monitor that the Profit Payment Amount / FPA Amount / Finance Service Reserve Amount is routed through the Finance Payment Account;
- (ii) immediately and by no later than 2 (two) Business Days, inform the Certificate Holders of the occurrence of a shortfall of the Profit Payment Amount / FPA Amount / Finance Service Reserve Amount; and
- (iii) act in accordance with the instructions received from the Certificate Holders from time to time, in accordance with the provisions of this Agreement.

13. APPOINTMENT AND ACCEPTANCE

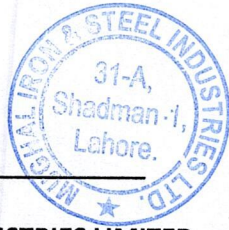
- 13.1. The Certificate Holders have appointed the Investment Agent / Account Bank to act in the terms provided in Clause 11 above and have authorized the Investment Agent / Account Bank to exercise such rights, powers, and discretions as are expressly delegated to it in terms of this Agreement together with all such rights, powers, and discretions as are incidental thereto.
- 13.2. The Investment Agent / Account Bank, subject to the terms of this Agreement, has accepted its appointment for the purpose of rendering the services contemplated hereby.
- 13.3. It is being clarified and understood that the Investment Agent / Account Bank is not acting as the fiduciary of the Certificate Holders, and the Issuer hereby acknowledges and agrees that the Investment Agent / Account Bank is not in any manner whatsoever, a fiduciary of the Issuer.
- 13.4. The Issuer shall not be entitled to enquire about existence, or the extent of any instructions received by the Investment Agent / Account Bank from the Certificate Holders. All actions taken by the Investment Agent / Account Bank pursuant to this Agreement shall be deemed by the Issuer to be authorized by the Certificate Holders.

14. INDEMNITY TO THE INVESTMENT AGENT / ACCOUNT BANKS / CERTIFICATE HOLDERS

- 14.1. The Issuer shall on demand indemnify the Investment Agent / Account Banks / Certificate Holders and keep the Investment Agent / Account Bank / Certificate Holders safe, secured and harmless against any and all actual losses, damages, penalties, judgments, suits, costs, expenses (including without limitation legal fees) or liabilities (including without limitation taxes other than taxes on the Investment Agent's income) and stamp duties imposed on, sustained or incurred by the Investment Agent / Account Bank / Certificate Holders under or in connection with this Agreement, or its duties, responsibilities and obligations hereunder (including without limitation in enforcing or preserving or attempting to enforce or preserve the rights of the Investment Agent / Account Bank / Certificate Holders under this Agreement) except to the extent that they are sustained or incurred as a result of the negligence, bad faith or wilful misconduct of the Investment Agent / Account Bank / Certificate Holders.

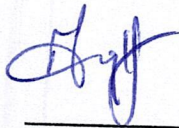


IN WITNESS WHEREOF, the parties have executed and delivered this Agreement through their respective attorneys/authorised representatives on the day, month and year first above written.



For and on behalf of
MUGHAL IRON & STEEL INDUSTRIES LIMITED

Name: Khuram Jawaid
Designation: CEO & Director
CNIC No.: 35202-9750871-7



For and on behalf of
PAK OMAN INVESTMENT COMPANY LIMITED
(As the Investment Agent)


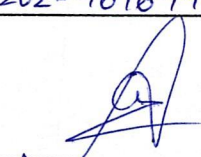
Name: TARIQ HASAN / ZALMAIR KHAN
Designation: VP-IBD / SEVP-CBD
CNIC No.: 42201-0612105-9 / 13101-3276277-4


MURTAZA ARIF DAR
Regional Manager - Retail
FAYSAL BANK LIMITED
New Branch Lahore


For and on behalf of
FAYSAL BANK LIMITED
(As the Account Bank)

Name: _____
Designation: _____
CNIC No.: _____


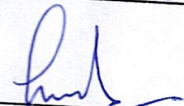
In presence of the following Witnesses:

1 Signature: 
Name: Usman Ali
CNIC No.: 35202-4676441-1
2 Signature: 
Name: Abdul Qadoos
CNIC No.: 36103-5154835-1

In presence of the following Witnesses:

1 Signature: _____
Name: _____
CNIC No.: _____
2 Signature: 
Name: HASSAN IQBAL
CNIC No.: 42101-3860547-7

In presence of the following Witnesses:

1 Signature: 
Name: Jamil Shafi
CNIC No.: 35202-6837705-9
2 Signature: 
Name: Hassan Abdullahi Shafi
CNIC No.: 35202-9010225-9