
COLLECTION ARRANGEMENT AGREEMENT

By and Between

MUGHAL IRON & STEEL INDUSTRIES LIMITED

(As the Issuer)

And

PAK-OMAN INVESTMENT COMPANY LIMITED

(As the Issue Agent)

And

FAYSAL BANK LIMITED

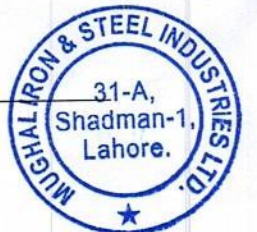
(As the Account Bank)

Executed at Karachi on February 24th, 2021

MIC

MOHSIN TAYEBALY & CO.

Corporate Legal Consultants | Barristers & Advocates
High Courts & Supreme Court



S384736



MUHAMMAD DANISH STAMP VENDOR

Licence # 28, Shop # 56, Old Market
Habib Bank Chowrangi, S.I.T.E., Karachi.
S.No. DATE
ISSUE ADDRESS
THROUGH ADDRESS
PURPOSE
VALUE RS
STAMP VENDOR'S SIGNATURE

17 DEC 2020

RUPEES ONE HUNDRED

40490

TAHA SIDDIQUI
ADVOCATE
15126/LC/Khi

This Stamp paper is not valid for Divorce and Free

COLLECTION ARRANGEMENT AGREEMENT

THIS COLLECTION ARRANGEMENT AGREEMENT is made at Karachi on February 24th, 2021 (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 "Issue 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 Faysal House, Street No.2, Shahrah-e-Faisal, Karachi (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).



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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 of PKR 3,000,000,000/- (Pak Rupees Three 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 February 24th, 2021 ("**Sukuk Issuance Agreement**"), the Issue 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 Debt Payment Account (as defined below) in favour of the Issue 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:

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

"**Debt Payment Account**" means the Issuer's account number 3386390000000337 established and maintained with the Lahore branch, of the Account Bank; and

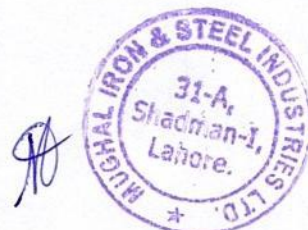
"**Events of Default**" or "**Event of Default**" means severally each of the events of default specified in the Sukuk Issuance Agreement.

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. DEBT PAYMENT ARRANGEMENT

- 2.1. The Issuer will continue to maintain the Debt Payment Account with the Account Bank, which will be held under exclusive lien in favour of the Issue Agent (for the benefit of the Certificate Holders).
- 2.2. It is agreed that for each Rental Period, the Issuer confirms and undertakes to deposit the requisite amount in the Debt Payment Account in the manner stipulated below, such that the required Rental Payment for a Rental Period is deposited in the Debt Payment Account, no later than 15 (fifteen) days before a Rental Payment Date:



- (i) transfer 1/3rd (one third) of the immediately next upcoming Rental Payment, at least 5 (five) days before the end of the first month (i.e. not later than the 25th of the respective month) in a Rental Period;
- (ii) transfer 1/3rd (one third) of the immediately next upcoming Rental Payment, at least 5 (five) days before the end of the second month (i.e. not later than the 25th of the respective month) in a Rental Period; and
- (iii) transfer 1/3rd (one third) of the immediately next upcoming Rental Payment, at least 15 (fifteen) days before the end of the third month (i.e. not later than the 15th of the respective month) in a Rental Period,

so that the amount available in the Debt Payment Account prior to the relevant Rental Payment Date is equal to the Rental Payment which is due and payable at the end of that Rental Period ("DPA Amount"). On the relevant Rental Date, the Issue Agent is authorized to utilize the DPA Amount collected in the Debt Payment Account for the purpose of making payment of the immediately succeeding Rental Payments due to the Certificate Holders.

- 2.3 It is agreed that the Issue Agent will have an exclusive lien over the Debt Payment Account (for the benefit of the Certificate Holders) and in case of an Event of Default, the Issue Agent will be entitled to appropriate all amounts available as credit balance in the Debt Payment Account for the benefit of the Certificate Holders towards the repayment of the outstanding amounts payable in respect of the Sukuk Issuance Agreement.
- 2.4 The Parties confirm that the Issue Agent, through the Account Bank, shall have sole control over the Debt 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 Debt Payment Account.
- 2.5 In the event, the Debt Payment Account does not have adequate funds for the DPA Amount, the Issue Agent shall immediately intimate the Issuer of the same on such date and the Issuer shall be under an obligation to fund the Debt Payment Account from its own sources on receiving such notice from the Issue Agent on an immediate basis. Failure by the Issuer to fund the Debt Payment Account on an immediate basis shall constitute an Event of Default.
- 2.6 Nothing contained herein will in any way prejudice or affect the absolute obligation of the Issuer to pay the Rental Repayments to the Certificate Holders on the Rental Payment Date(s).

3. ISSUER'S UNDERTAKING IN RESPECT OF THE PROCEEDS AND LIEN IN FAVOUR OF THE ISSUE AGENT

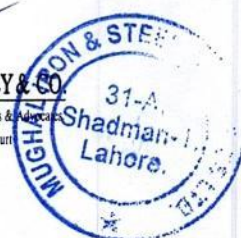
- 3.1. The Issuer hereby undertakes that until the termination of the Sukuk Issue, the Issuer shall not without the prior written consent of the Issue Agent transfer or create any lien, charge or encumbrance whatsoever over any of its right, title or interest in and to the DPA Amounts deposited in the Debt Payment Account from time to time, in favour of any person other than the Issue Agent and the Certificate Holders for the purpose of giving effect to this Agreement.
- 3.2. Till such time that any amount is outstanding under the Sukuk Issue, the Issue Agent will have an exclusive lien in respect of all amounts in the Debt Payment Account from time to time.

4. FILES, RECORDS AND STATEMENTS

- 4.1. The Issuer shall maintain accurate and complete records of the aggregate DPA Amount deposited in the Debt Payment Account from time to time. The Issue Agent may conduct, or cause to be conducted, periodic physical inspections of all financial records, accounts and



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computer systems pertaining to the DPA Amount, enabling the Issue Agent to verify the accuracy of the Issuer's record keeping.

5. REPRESENTATIONS BY THE ISSUER

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

- (i) the maintenance of the DPA Amount in the manner provided in this Agreement does not violate the terms of any contractual or statutory relationship of the Issuer;
- (ii) the DPA 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 DPA Amount shall be to the exclusion of all other persons (including the creditors of the Issuer).

5.2. 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.

6. AFFIRMATIVE COVENANTS

6.1. 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 DPA Amount or the transactions contemplated hereby; and
- (ii) without prejudice to any representation contained in Clause 6 hereof, if the Issuer should receive a notice or become aware of a lien on the amounts deposited in the Debt Payment Account the Issuer shall immediately inform the Issue Agent.

6.2. 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 Debt Payment Account or create any lien thereon.

7. TERMINATION

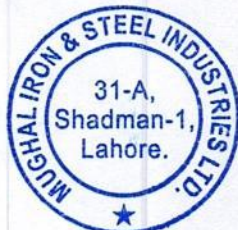
7.1. This Agreement shall terminate when the Issuer has discharged all its obligations under the Sukuk Issuance Agreement.

8. AMENDMENT OR WAIVER

8.1. 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 Issue 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 Issue 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



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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.

9. NOTICES

9.1. 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.

10. GOVERNING LAW AND JURISDICTION

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

10.2. 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.

11. ISSUE AGENT / ACCOUNT BANK AND THE DPA AMOUNT

11.1. It is acknowledged and agreed that the Issue Agent / Account Bank shall, subject to the protections afforded to it under this Agreement and the Sukuk Issuance Agreement, hold the DPA Amount for the benefit of the Certificate Holders in accordance with the terms of the Sukuk Issuance Agreement.

11.2. The Issue Agent shall perform the following functions and duties in terms of this Agreement:

- (i) monitor that the DPA Amount is routed through the Debt 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 DPA 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.

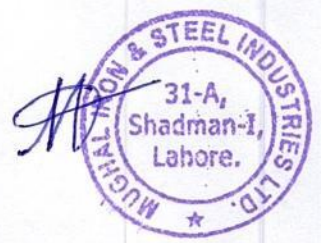
12. APPOINTMENT AND ACCEPTANCE

12.1. The Certificate Holders have appointed the Issue Agent / Account Bank to act in the terms provided in Clause 11 above and have authorized the Issue 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.

12.2. The Issue Agent / Account Bank, subject to the terms of this Agreement, has accepted its appointment for the purpose of rendering the services contemplated hereby.

12.3. It is being clarified and understood that the Issue Agent / Account Bank is not acting as the fiduciary of the Certificate Holders, and the Issuer hereby acknowledges and agrees that the Issue Agent / Account Bank is not in any manner whatsoever, a fiduciary of the Issuer.

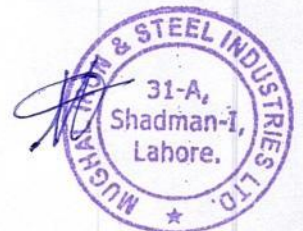
12.4. The Issuer shall not be entitled to enquire about existence or the extent of any instructions received by the Issue Agent / Account Bank from the Certificate Holders. All actions taken by the



Issue Agent / Account Bank pursuant to this Agreement shall be deemed by the Issuer to be authorized by the Certificate Holders.

13. INDEMNITY TO THE ISSUE AGENT / ACCOUNT BANK / CERTIFICATE HOLDERS

- 13.1. The Issuer shall on demand indemnify the Issue Agent / Account Bank / Certificate Holders and keep the Issue Agent / Account Bank / Certificate Holders safe, secured and harmless against any and all losses, damages, penalties, judgments, suits, costs, expenses (including without limitation legal fees) or liabilities (including without limitation taxes other than taxes on the Issue Agent's income) and stamp duties imposed on, sustained or incurred by the Issue 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 Issue 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 Issue Agent / Account Bank / Certificate Holders.
- 13.2. The Issuer shall keep the Account Bank, its management and officials indemnified, protected and harmless against any claim, action, risk, and/or loss, damages, whether directly or indirectly if taken by the Certificate Holder(s) in connection with the issuance/holding of the Sukuk Certificates except the obligations and provisions as set forth in this Agreement.



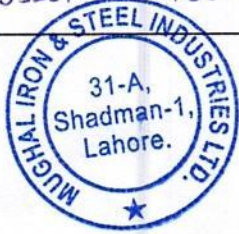
IN WITNESS WHEREOF, the parties have executed and delivered this Agreement through their respective attorneys/authorised representatives on the day, month and year first above written.

In presence of the following Witnesses:

1 Signature: Jahad Hafeez
Name: Muhammad Fahad Hafeez
CNIC No.: 35202-8284943-9

M. Mughal
For and on behalf of
MUGHAL IRON & STEEL INDUSTRIES LIMITED

Name: Muhammad Mubeen Tariq Mughal
Designation: Director
CNIC No.: 35201-0221455-5



2 Signature: Kashif
Name: Kashif Nadeem
CNIC No.: 14203-4078075-7

In presence of the following Witnesses:

1 Signature: Tariff
Name: TARIQ HASAN
CNIC No.: 42201-0612185-9

H. Hasan
For and on behalf of
PAK-OMAN INVESTMENT COMPANY LIMITED
(As the Issue Agent)

Name: Hasan Bayan
Designation: Head of COO
CNIC No.: 42201-1287290-2

2 Signature: Azeem
Name: M Azeem Dada
CNIC No.: 62301-2204767-5



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

Name: Omer Farooq
Designation: Head Transaction Banking
CNIC No.: 35201-1612527-1

In presence of the following Witnesses:

- 1 Signature: *Naim*
Name: NASIR AUSSAIN
CNIC No.: 42201-0545126-9
- 2 Signature: *Ayeshah*
Name: Ayeshah Khain
CNIC No.: 42201-4456497-2

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