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## LETTER OF LIEN AND RIGHT OF SET-OFF

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Issued By

**MUGHAL IRON & STEEL INDUSTRIES LIMITED**

(As the Issuer)

In favour of

**PAK-OMAN INVESTMENT COMPANY LIMITED**

(As the Issue Agent)

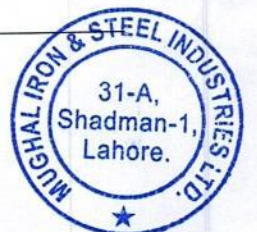
At Karachi on February 24th, 2021

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**MIC**

**MOHSIN TAYEBALY & CO.**

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





MUHAMMAD DANISH STAMP VENDOR

Licence # 28, Shop # 56, Site Market  
Habib Bank Chowrangi, S.I.T.E., Karachi.

S.No. .... DATE. ....

ISSUED WITH ADDRESS .....

THROUGH WITH ADDRESS .....

PURPOSE .....

VALUE RS .....

STAMP VENDOR'S SIGNATURE .....

17 DEC 2020

RUPEES ONE HUNDRED ON.

LETTER OF LIEN AND RIGHT OF SET OFF

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This LETTER OF LIEN AND RIGHT OF SET OFF has been issued at Karachi on February 24<sup>th</sup>, 2021 (hereinafter referred to as the "Letter of Lien");

Issued By

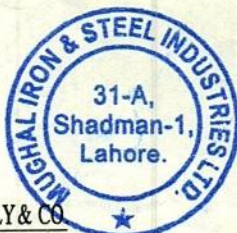
1. **MUGHAL IRON & STEEL INDUSTRIES LIMITED**, a company incorporated under the laws of Islamic Republic of Pakistan and having its registered office at 31-A, Shadman - I, Lahore (hereinafter referred to as the "Issuer", which expression shall mean and include, where the context so requires or admits,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

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 24<sup>th</sup>, 2021 ("Sukuk Issuance Agreement"), the Issue Agent has been appointed by the Certificate Holders to hold the security comprised herein for the benefit of the Certificate Holders.



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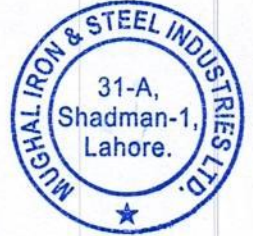
- c. As security for the Sukuk Issue, the Issuer has agreed to create a lien and charge ("Lien") in respect of all the amounts available from time to time (the "Lien Amounts"), in the Debt Payment Account which is more specifically described in Schedule 1 hereto (the "Account").

**NOW THEREFORE THE ISSUER HEREBY CONFIRMS, AGREES AND UNDERTAKES AS FOLLOWS:**

1. Capitalized terms used in this Letter of Lien, unless defined herein, shall have the same meanings as the meanings assigned to them in the Sukuk Issuance Agreement.
2. The Issuer confirms that it has opened and is maintaining the Account with the Account Bank.
3. It is clarified that the term Lien shall mean a lien in respect of the Lien Amounts in favour of the Issue Agent for the benefit of the Certificate Holders.
4. The Issuer hereby confirms having agreed that the Issue Agent (for the benefit of the Certificate Holders) shall have an exclusive Lien in respect of the Lien Amounts and the Account which will be held at all times as security for the due payment of the obligations of the Issuer to the Certificate Holders under the Sukuk Issue.
5. The Issue Agent will have a lien and right of set-off in respect of the Lien Amounts and the Issue Agent shall be entitled to take possession of and appropriate all amounts available as credit balance in the Account and amounts received in future for the credit of the Account, for the purposes of settling / securing the exposure of the Certificate Holders in respect of the Sukuk Issue pursuant to occurrence of an Event of Default under the Sukuk Issuance Agreement.
6. The Issuer undertakes to ensure that the minimum amount at all times in the Account will be required to be maintained pursuant to the Collection Arrangement Agreement. In the event that the amount under this Account falls below the amount required to be maintained pursuant to Collection Arrangement Agreement during the term of the Sukuk Issue, the Issuer shall forthwith being not later than 2 (two) Business Days from written notice by the Issue Agent, fund the shortfall.
7. The Issuer further declares that it is the exclusive owner of the Lien Amounts free from all encumbrances and liens of any nature whatsoever in favour of any party other than the Issue Agent (for the benefit of the Certificate Holders) and undertakes to keep the same free from any claims, encumbrances and liens of any nature whatsoever.
8. The Issuer further confirms that the security hereby created in the favour of the Issue Agent is and shall be a continuing security for all amounts from time to time due or becoming due from the Issuer to the Certificate Holders and shall be in addition to and without prejudice to any and all other securities that the Issue Agent already holds or which may hereafter be provided by the Issuer.
9. Until otherwise mutually agreed in writing by the Issuer and the Issue Agent, the maximum amount secured pursuant to this Letter of Lien is PKR 252,000,000/- (Pak Rupees Two Hundred Fifty Two Million), plus all costs, charges and expenses incurred in protecting, obtaining and maintaining the security created hereby or in protecting, enforcing or releasing the security hereby created plus all taxes, duties, fines or levies imposed or charged by any government or regulatory authorities in connection therewith.
10. The Issuer shall file the appropriate Form 10 with the Securities and Exchange Commission of Pakistan for registering the charge being created hereunder, and provide a certificate to this effect to the Issue Agent within 10 (ten) days from the date of execution of this Letter of Lien.



11. This Letter of Lien shall be governed by and construed in accordance with the laws of the Islamic Republic of Pakistan and 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 Letter of Lien.

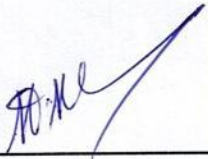


*Handwritten signature*




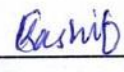
IN WITNESS WHEREOF the Issuer has executed this Letter of Lien through its respective attorneys/authorised representatives on the day, month and year first above written.

In presence of the following Witnesses:

  
For and on behalf of  
**MUGHAL IRON & STEEL INDUSTRIES LIMITED**

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

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

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




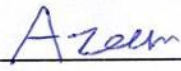
ACKNOWLEDGED AND CONFIRMED BY:

In presence of the following Witnesses:

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

Name: Hasan Bajar  
Designation: MD  
CNIC No.: 42101222901

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

2 Signature:   
Name: M Azeem Dada  
CNIC No.: 623014214717-5

SCHEDULE 1

DETAILS OF THE DEBT PAYMENT ACCOUNT

BRANCH	ACCOUNT NUMBER
Canal Road, Lahore	3386390000000337

*Handwritten initials*

