
MUSHARAKA AGREEMENT

By and Between

MUGHAL IRON & STEEL INDUSTRIES LIMITED

(As the Managing Co-Owner)

And

PAK-OMAN INVESTMENT COMPANY LIMITED

(As the Issue Agent)

Executed at Karachi on February 24th, 2021

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MOHSIN TAYEBALY & CO.

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



A handwritten signature in blue ink, consisting of stylized initials.





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
 PURCHASE VALUE RS. (ATTACHED)
 STAMP VENDOR'S SIGNATURE
 This Stamp paper is not valid for Divorce and Fee

17 DEC 2020

RUPEES ONE HUNDRED ONLY

Muhammad Yousof
Advocate

MUSHARAKA AGREEMENT

This **MUSHARAKA AGREEMENT** (hereinafter referred to as the "Agreement") is made at Karachi on February 24th, 2021;

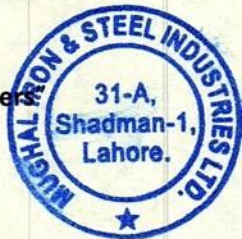
BY AND BETWEEN

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 "**Managing Co-Owner**"), 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);

(The Managing Co-Owner and the Issue Agent are hereinafter collectively referred to as "**Co-owner**" and each individually referred to as "**Co-owner**").



MOHSIN TAYEBALY & CO.
Corporate Legal Consultants | Barristers & Advocates
High Courts & Supreme Court

WHEREAS:

- a. The Issue Agent (on behalf of the Participants) has agreed to acquire undivided ownership to the extent of the Issue Agent's Musharaka Share (as defined below) in the Musharaka Assets (as defined below) from the Managing Co-Owner pursuant to this Agreement.
- b. The Issue Agent and Managing Co-Owner have agreed to enter into a Musharaka on the terms and conditions of this Agreement. The Musharaka will become effective on the Musharaka Commencement Date (as defined below).

NOW, THEREFORE IT IS HEREBY AGREED BETWEEN THE PARTIES as follows:

1. PURPOSE

1.1 Purpose

- 1.1.1 This Agreement sets out the terms and conditions upon and subject to which the Co-owners have agreed to enter into a Musharaka.

2. DEFINITIONS

2.1 Definitions

- 2.1.1 In this Agreement, unless the context otherwise requires the following words shall have the meanings assigned to them hereunder:

"Account Bank" shall have the same meaning as prescribed under the Collection Arrangement Agreement;

"Articles" means the articles of association of the Managing Co-Owner;

"Asset Purchase Agreement" means the asset purchase agreement to be executed between the Managing Co-Owner and the Issue Agent upon each Contribution Request, in form and substance attached hereto as Schedule 6;

"Asset Service Charge Amount" means the expenses related to the Issue Agent's Musharaka Share incurred by the Managing Co-Owner in providing the Services;

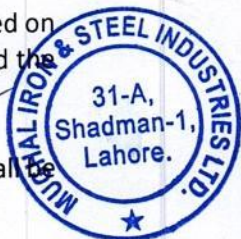
"Availability Period" means a period of 6 (six) months commencing from the Closing Date;

"Available Musharaka Contribution Amount" means the Total Musharaka Contribution Amount minus the aggregate amount of (i) Musharaka Contribution Payments already paid; and (ii) Musharaka Contribution Payments that have already been requested to be paid on a proposed Musharaka Contribution Date;

"Business Day" means a day on which banks are open for the transaction of general banking business in Pakistan;

"Collection Arrangement Agreement" means the collection arrangement agreement dated on or about the date hereof executed between the Managing Co-Owner, the Issue Agent and the Account Bank;

"Closing Date" means the date that all Conditions Precedent are satisfied, which date shall be no later than 45 (forty five) days from the date of execution of this Agreement;



“Conditions Precedent” means the conditions precedents set out in the Schedule 3 hereto;

“Current Assets” means the aggregate of all assets which would, in accordance with generally accepted accounting principles, be classified as current assets which can reasonably be expected to be converted into cash in the normal course of business within 1 (one) year of the date of the relevant balance sheet including, without limitation, cash, notes and accounts receivable, inventories (including spares and loose tools), prepaid expenses, guarantee deposits, accrued income and short-term advances;

“Current Liabilities” means the aggregate of all liabilities which would, in accordance with generally accepted accounting principles, be classified as current liabilities including, but not limited to, notes and accounts payable, short-term borrowings, current maturities of long-term debt, creditors’ charges, accruals, deposits, unclaimed and proposed dividends and current maturity of finance lease payments and other obligations due within 12 (twelve) months;

“Current Ratio” means Current Assets divided by Current Liabilities excluding current maturities;

“Debt Payment Account” means the account of the Managing Co-Owner to be opened and maintained with the Account Bank in terms of Clause 9 of this Agreement;

“Debt Service Coverage Ratio” means earnings before interest, taxes, depreciation and amortization during the financial year, divided by current maturity of long term debt and interest (profit or rent under Islamic facility) expense during the financial year;

“Existing Creditors” means the existing creditor(s) of the Managing Co-Owner holding charge(s) over the Hypothecated Assets as described in detail in the Security Document(s);

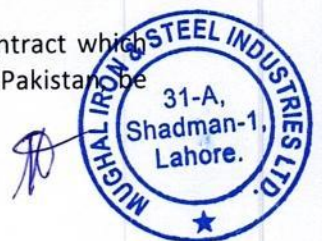
“Event of Default & Termination” means the events of default and termination as set out in Clause 8 hereunder;

“Expense Period” means a period starting from the Musharaka Commencement Date and ending 3 (three) months thereafter; and each subsequent period of 3 (three) months starting on the day following the last day of previous period until the Musharaka End Date or termination of the Musharaka;

“Financial Indebtedness” means any indebtedness (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent for or in respect of:

- (a) moneys borrowed or raised by the Managing Co-Owner including, without limitation, any loans or finances as defined in the Financial Institutions (Recovery of Finances) Ordinance, 2001;
- (b) any amount raised/financing availed by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds/sukuk, notes, debentures, debt stock, redeemable capital or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles in Pakistan, be treated as a finance or capital lease;

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- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised/financing availed under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing/financing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond/sukuk, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (i) any amount raised by the issue of redeemable shares;
- (j) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; and
- (k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above;

"Hypothecated Assets" has the meaning given to the term in the Letter of Hypothecation;

"Interest Coverage Ratio" means earnings before interest and taxes / interest expense;

"Issue Agent's Musharaka Share" means the share of the Issue Agent in the Musharaka Assets not exceeding its projected share as appearing in Schedule 2 hereto;

"Letter of Hypothecation" is defined in Clause 9.1.1(i) below;

"Letter of Lien" shall have the meaning given to it under Clause 9.1.1 (ii) below;

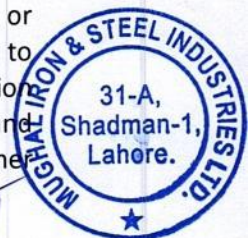
"Majority Participants" means a Participant or Participants whose contribution towards the Issue Agent's Musharaka Share aggregates more than 50% (fifty percent) of all contributions made by the Participants;

"Major Maintenance" means all structural repair, replacement of a part of the Musharaka Assets and maintenance required by the Musharaka Assets, ownership related expenses of the Musharaka Assets and without which the Musharaka Assets could not reasonably and properly be used by the Managing Co-owner in the ordinary course of its business;

"Managing Co-Owner's Musharaka Share" means the undivided share of the Managing Co-Owner in the Musharaka Assets;

"Memorandum" means the memorandum of association of the Managing Co-Owner;

"Material Adverse Effect" means the occurrence of any event or series of events which in the opinion of the Issue Agent, might have a material adverse effect (i) on the business, assets or financial condition of the Managing Co-Owner, (ii) on the Managing Co-Owner's ability to perform obligations under this Agreement or any other agreement entered into in connection herewith, or (iii) which may materially and adversely affect such Issue Agent's rights and remedies or its ability to continue with the arrangements under this Agreement or any other agreement entered into in connection herewith;



"Musharaka" means the Musharaka agreed to be established by the Co-owners whereby each Co-owner has undivided ownership of the Musharaka Assets, pursuant to this Agreement;

"Musharaka Assets" means the assets detailed in Schedule 1 hereto;

"Musharaka Commencement Date" means the date of execution of the first Asset Purchase Agreement;

"Musharaka Contribution Payment" means each amount paid or to be paid on the Musharaka Contribution Date, as applicable, by the Issue Agent (for and on behalf of Participants) towards the Total Musharaka Contribution Amount for the purposes of the Musharaka pursuant to this Agreement;

"Musharaka Contribution Date" means each date on which a Musharaka Contribution Payment is made pursuant to this Agreement;

"Musharaka Contribution Request" means a notice substantially in the form set out in Schedule 4 hereto;

"Musharaka End Date" means the date falling 5 (five) years from the Musharaka Commencement Date;

"Ownership Taxes and Expenses" means any taxes that are payable solely in connection with the ownership of the Musharaka Assets;

"Participants" means any banking company(ies) / fund(s) / financial institution(s) / body corporate(s) who are providing funds to the Issue Agent for the purchase of the Musharaka Assets pursuant to the terms and conditions of one or more Sukuk Subscription and Issue Agency Agreement(s);

"Potential Event of Default & Termination" means any event or circumstance which, with the passage of time or the giving of notice or both, is likely to become an Event of Default & Termination;

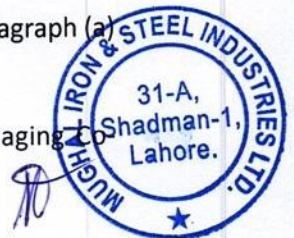
"Security" means all the securities required by this Agreement to be created in favour of the Issue Agent for the benefit of the Participants in terms of Clause 9.1 below;

"Security Documents" means the security documents executed / to be executed / furnished in favour of the Issue Agent, pursuant to Clause 9.1 including any replacements, additional documents or supplemental documents thereof;

"Security Interest" means:

- (i) a mortgage, pledge, lien, charge, assignment by way of security, hypothecation, secured interest, title retention arrangement, preferential right, trust arrangement or other arrangement (including, without limitation, any set-off) having the same or equivalent commercial effect as a grant of security; or
- (ii) an agreement to create or give any security or arrangement referred to in paragraph (a) of this definition;

"Security Measures" means the services undertaken to be provided by the Managing Director / Owner pursuant to Clause 5.3.2(d) below;



“Services” means the services undertaken to be provided by the Managing Co-Owner pursuant to Clause 5.3 below;

“Shariah Advisor” means Al Hilal Shariah Advisors (Private) Limited;

“Total Debt to Equity Ratio” means the sum of long term loans, short term borrowings (all interest bearing liabilities) and lease finance along with current maturity of long term debt / lease finance divided by equity of the Managing Co-Owner;

“Total Loss” means the total loss or destruction of, or damage to the whole of the Musharaka Assets or any event or occurrence that renders the whole of the Musharaka Assets permanently unfit for any economic use and (but only after taking into consideration the proceeds of any Takaful received by the Issue Agent) the repair or remedial work in respect thereof is wholly uneconomical;

“Total Musharaka Contribution Amount” means PKR 3,000,000,000/- (Pak Rupees Three Billion) to be contributed by the Issue Agent (upon receipt from the Participants) towards the Issue Agent’s Musharaka Share;

“Transaction Legal Counsel” means Mohsin Tayebaly & Co. | Corporate Legal Consultants | Barristers and Advocates; and

“Units” means the division and classification of the Co-Owners’ Musharaka Share into units, each unit representing 0.0002596% undivided share in the ownership of the Musharaka Assets equivalent to PKR 1,000,000/- (Pak Rupees One Million) each.

- 2.2.1 Clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement. In this Agreement, unless the context otherwise requires, references to Clauses and Schedules are to be construed as references to the clauses of, and schedules to, this Agreement and references to this Agreement include its Schedules; words importing the plural shall include the singular and vice versa and references to a person shall be construed as including references to an individual, firm, bank, corporation, unincorporated body of persons or any state or any agency thereof.

3. MUSHARAKA

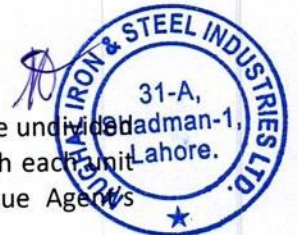
3.1 Musharaka

- 3.1.1 Subject to the terms and conditions of this Agreement, the Co-owners hereby agree to enter into a Musharaka which shall be a partnership in the beneficial ownership of the Musharaka Assets, resulting from the purchase of undivided share in the Musharaka Assets by the Issue Agent from the Managing Co-Owner.

- 3.1.2 Musharaka investment is PKR 3,851,928,178/- (Pak Rupees Three Billion Eight Hundred Fifty One Million Nine Hundred Twenty Eight Thousand One Hundred Seventy Eight) and the respective projected shares of the Co-owners shall be as follows:

- | | | |
|------|-------------------|-------------------------------------|
| (i) | Managing Co-Owner | PKR 851,928,178/- equal to 22.12%; |
| (ii) | Issue Agent | PKR 3,000,000,000/-equal to 77.88%. |

- 3.1.3 The Issue Agent’s share in the beneficial ownership of the Musharaka Assets will be undivided and shall for the purpose of more particular determination, constitute Units, with each unit constituting the equivalent of 0.0002596% of the Musharaka Assets. The Issue Agent’s



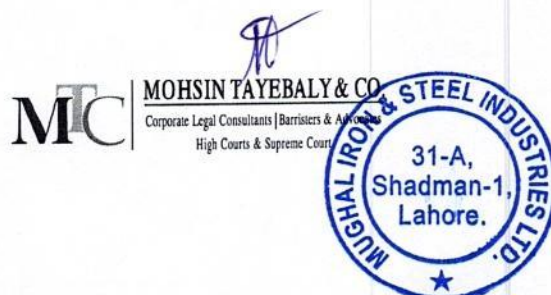
projected Musharaka Share and the Managing Co-Owner's projected Musharaka Share is set out in Schedule 2 hereto.

- 3.1.4 Upon receipt of each Musharaka Contribution Request from the Managing Co-Owner, the Co-owners will execute an Asset Purchase Agreement in the form annexed hereto as Schedule 6 under which the Managing Co-Owner will sell an undivided share in the Musharaka Assets to the Issue Agent. The Co-owners agree that Musharaka Contribution Payments will be paid on each Musharaka Contribution Date by the Issue Agent to the Managing Co-Owner for purchase of undivided share in the Musharaka Assets. The Musharaka Contribution Payments to the Managing Co-Owner during the Availability Period will not exceed the Total Musharaka Contribution Amount.
- 3.1.5 The Co-owners have agreed to participate in the Musharaka subject to the terms and conditions of this Agreement.
- 3.1.6 The purpose of the Musharaka will be to jointly own the Musharaka Assets, subject to the terms contained herein.
- 3.1.7 The management of the Musharaka will be carried out solely by the Managing Co-Owner in accordance with the terms of this Agreement.
- 3.1.8 The Musharaka will commence on the Musharaka Commencement Date and will end on the Musharaka End Date. The Musharaka will only be dissolved or terminated prior to the Musharaka End Date if all of the Musharaka Assets are vested in any single Co-owner.

4. MUSHARAKA CONTRIBUTION

4.1 Musharaka Contribution

- 4.1.1 The Issue Agent shall contribute the Total Musharaka Contribution Amount subject to the terms of and upon reliance of the representations and warranties set forth in this Agreement and upon receipt of contributions from the Participants disburse the same to the Managing Co-Owner, provided that no Event of Default & Termination has occurred or is subsisting, upon submission of a Musharaka Contribution Request, submitted, from time to time, by the Managing Co-Owner, in accordance with the terms and conditions of the Agreement.
- 4.1.2 The Issue Agent will execute each Asset Purchase Agreement and make the related Musharaka Contribution Payment if a duly completed Musharaka Contribution Request is delivered to the Issue Agent not later than 10:00 a.m. on a day not less than 3 (three) Business Days prior to the requested Musharaka Contribution Date. Each Musharaka Contribution Request shall be irrevocable and shall not be regarded as having been duly completed unless:
- (i) the Musharaka Contribution Date is a Business Day within the Availability Period;
 - (ii) the amount of the Musharaka Contribution Payment is not more than the Total Musharaka Contribution Amount;
 - (iii) the currency of the Musharaka Contribution Payment is Pakistani Rupees;
 - (iv) all Conditions Precedents have been fulfilled prior to the issuance of the Musharaka Contribution Request to the Issue Agent's satisfaction; and
 - (v) only one Musharaka Contribution Payment is requested in each Musharaka Contribution Request.



4.1.3 Immediately upon receipt of the Musharaka Contribution Payment the Managing Co-Owner shall issue a receipt to the Issue Agent confirming receipt of such payment substantially in the form attached as Schedule 5 hereto.

5. MUSHARAKA ASSETS

5.1 Musharaka Assets

5.1.1 During the Musharaka, the legal ownership to the Musharaka Assets shall remain with the Managing Co-Owner (on behalf of itself and the Issue Agent) and the beneficial ownership in the Musharaka Assets shall vest in the Issue Agent up to the Issue Agent's Musharaka Share.

5.1.2 The Managing Co-Owner shall not, except with the prior written consent of the Issue Agent, allow the creation of or permit to subsist any encumbrance over the Musharaka Assets except for the charges already created in favour of the Existing Creditors.

5.2 Representation and Warranty in respect of the Musharaka Assets

5.2.1 The Managing Co-Owner represents and warrants to the Issue Agent that:

- (i) the Managing Co-Owner is the legal owner of the Musharaka Assets, free from any charge, mortgage, lien or any other encumbrance whatsoever, except for the charges already created in favour of the Existing Creditors;
- (ii) the Musharaka Assets are in good condition and satisfactory for the purposes of creating a Musharaka as contemplated by the parties; and
- (iii) the Musharaka Assets comply in all material respects with the description as represented by the Managing Co-Owner.

5.2.2 The Issue Agent will be entitled to claim actual losses and / or damages incurred by it from the Managing Co-Owner in case of misrepresentation or breach of any of the above representations and warranties contained in this Clause 5.

5.3 Services in respect of Musharaka Assets by the Managing Co-Owner

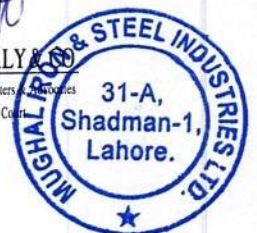
5.3.1 Managing Co-owner

- (a) The Managing Co-owner shall provide the Services during the Musharaka Period (as defined below).
- (b) The Managing Co-owner has no right or authority, express or implied, to impose any obligation or liability on the Issue Agent in connection with the provision of the Services, other than as expressly provided in this Agreement.

5.3.2 During the period commencing on the Musharaka Commencement Date and ending on the Musharaka End Date (the "**Musharaka Period**"), the Managing Co-owner undertakes that it shall provide the following services:

- (a) Major Maintenance:

The Managing Co-owner shall carry out all Major Maintenance in respect of the Musharaka Assets on behalf of the Musharaka and, in so doing, the Managing Co-owner shall:



- (i) ensure that accurate and current records are kept of all Major Maintenance;
- (ii) conduct regular and proper inspection of the Musharaka Assets and ensure that Major Maintenance is carried out with the proper quality of materials and workmanship; and
- (iii) ensure that Major Maintenance is carried out by competent persons and in accordance with all applicable regulations and law,

in each case, in accordance with good maintenance practice expected from a prudent person and in order to fully maintain the value of the Musharaka Assets, ordinary wear, tear and depreciation excepted.

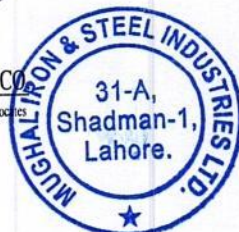
(b) **Ownership Taxes and Expenses:**

The Managing Co-owner shall pay on behalf of the Musharaka all relevant and applicable Ownership Taxes and agreed Expenses charged, levied or claimed in respect of the Musharaka Assets by any relevant and applicable taxing authority.

All relevant and applicable Ownership Taxes and agreed Expenses must be paid by the Managing Co-owner prior to becoming overdue. The Managing Co-owner shall, on reasonable request, provide to the Issue Agent receipts or certificates from the relevant and applicable taxing authority for the full amount of all Ownership Taxes and Expenses paid by it.

(c) **Insurance / Takaful:**

- (i) The Managing Co-Owner shall procure Takaful / insurance coverage for the period commencing from the Musharaka Commencement Date till the Musharaka End Date in respect of the Musharaka Assets from reputable companies offering protection under the Islamic concept of Takaful to the extent the insurable risk can be satisfactorily underwritten by Takaful companies operating in Pakistan in the reasonable opinion of the Issue Agent.
- (ii) The Managing Co-Owner, its agents and employees shall comply with all the terms and conditions of the said Takaful / insurance policy, including the immediate reporting of accidents or damage to the Issue Agent and the Takaful / insurance company and shall do all the things necessary or proper to protect or preserve the Musharaka Assets in accordance with the appropriate clause as mentioned in the Takaful / insurance policy. The Managing Co-Owner shall also provide all assistance to the Takaful / insurance company and the Issue Agent for a prompt settlement of any claim and shall take all such reasonable actions and steps as may be necessary in that regard.
- (iii) All proceeds of Takaful / insurance cover of the Musharaka Assets procured on behalf of the Issue Agent shall be deposited with the Issue Agent by the relevant Takaful / insurance company. It shall at all times be the responsibility of the Managing Co-Owner to ensure that any and all Takaful / insurance proceeds are deposited with the Issue Agent. In case any such Takaful / insurance proceeds are paid to the Managing Co-Owner, the Managing Co-Owner shall hold the same for the benefit of the Issue Agent and shall deposit such Takaful / insurance proceeds with the Issue Agent within 10 (ten) Business Days of receiving the same from the Takaful / insurance company.



- (iv) All proceeds of Takaful / insurance procured on behalf of the Issue Agent, other than Total Loss Proceeds, shall be applied towards the replacement (by procuring existing assets from the Managing Co-Owner through the Asset Purchase Agreement), restoration or repair of the Musharaka Assets if the same may be reasonably possible. All proceeds of Takaful / insurance procured on behalf of the Issue Agent with respect to Total Loss and loss of any of the Musharaka Asset where replacement, restoration or repair is not done shall be paid to the Issue Agent within 30 (thirty) days of occurrence of that event.
- (v) If any event covered by Takaful / insurance occurs, the Managing Co-Owner shall forthwith notify the Issue Agent regarding the same in writing and shall immediately take all steps as may be required for ensuring that the Takaful / insurance claim is properly lodged, and for said purpose, the Managing Co-Owner shall sign all such documents as may be required and allow full opportunity to the Takaful / insurance company and its nominee for carrying out inspection test, investigation and examination.
- (vi) The Managing Co-Owner will be, and shall at all times remain, fully responsible for any failure by it to strictly comply with the provisions contained above.
- (vii) In case of loss of the Musharaka Asset where replacement, restoration and repair is not done or receipt of Takaful / insurance claim against the loss of any of the Musharaka Asset, the Issue Agent's Musharaka Share will be adjusted as per the directions of the Shariah Advisor.

(d) Security Measures:

The Managing Co-Owner shall adopt or procure all reasonable security or other measures (including, without limitation, installation and operation of control, monitoring, surveillance, screening and inspection equipment and machinery) to maintain, protect and preserve the Musharaka Assets from the occurrence of any malicious damage, terrorism, sabotage or any like or similar act.

5.3.3 Standard of Care

The Managing Co-Owner shall provide the Services:

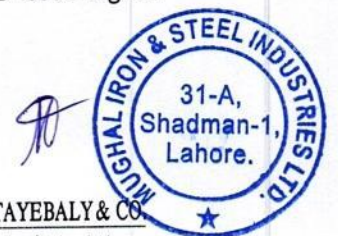
- (a) in accordance with all relevant and applicable laws and regulations;
- (b) with the degree of skill and care that it would exercise in respect of its own assets; and
- (c) in a manner that is not repugnant to the Shariah.

5.3.4 Expenses

The Managing Co-Owner shall have the right to claim reimbursement of the agreed Asset Service Charge Amount incurred in an Expense Period.

5.3.5 No reimbursement of the Asset Service Charge Amount shall be made to the Managing Co-Owner unless it evidences its reimbursement entitlement by delivering to the Issue Agent receipts, invoices or other proper evidence of payment.

6. DISSOLUTION ON MUSHARAKA END DATE



6.1 Dissolution on Musharaka End Date

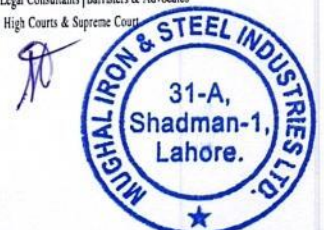
6.1.1 On the day following the Musharaka End Date, the Musharaka shall be wound up in the manner agreed between the Co-Owners during the 30 (thirty) day period after the Musharaka End Date. The obligations of the Managing Co-Owner towards the Issue Agent shall stand discharged.

7. THE MANAGING CO-OWNER'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

7.1 The Managing Co-Owner's Representations, Warranties and Undertakings

7.1.1 The Managing Co-Owner makes the representations and warranties to the Issue Agent as set out in this Clause 7 on the date of this Agreement. The representations and warranties set out in this Clause 7 are deemed to be made by the Managing Co-Owner by reference to the facts and circumstances existing on the date of this Agreement and are deemed to be made on the Musharaka Commencement Date and on each date that a Musharaka Contribution Request (in form and substance acceptable to the Issue Agent) is received by the Issue Agent:

- (i) it is a company incorporated and existing under the laws of Pakistan and is not in liquidation (nor is it threatened with liquidation);
- (ii) it has the full legal capacity and power to:
 - (a) own its own properties and assets and carry on its business as it is now being conducted; and
 - (b) enter into, exercise its rights and perform its obligations under this Agreement;
- (iii) all conditions and things required by applicable law to be fulfilled or done in order to enable it lawfully to enter into, and exercise its rights and perform its obligations under, this Agreement and the Security Documents have been fulfilled or done;
- (iv) this Agreement constitutes its valid and legally binding obligations, enforceable against it in accordance with its terms;
- (v) it is in compliance with all applicable laws;
- (vi) that no Event of Default & Termination or Potential Event of Default & Termination has occurred as of the date of this Agreement;
- (vii) its Balance Sheet and Profit and Loss Account as at June 30, 2020 have been prepared in accordance with the applicable law and generally accepted accounting principles consistently applied and give a true and fair view of its financial condition as of that date and that there has been no change since that date having a Material Adverse Effect on it;
- (viii) to the knowledge of the Managing Co-Owner, neither the execution of, nor exercise of its rights or performance of its obligations under, this Agreement does or will:
 - (a) contravene any applicable law or any order, judgment or direction of any court of tribunal to which the Managing Co-Owner or any of its properties and businesses are subject;
 - (b) contravene any contract, undertaking or instrument binding on the Managing Co-Owner or any of its properties;



- (c) contravene any provision of the Managing Co-Owner's Memorandum or Articles;
 - (d) require the Managing Co-Owner to make any payment or delivery in respect of any Financial Indebtedness before the scheduled date of that payment or delivery; or
 - (e) cause any limitation on the power of the Managing Co-Owner to incur Financial Indebtedness to be exceeded.
- (ix) to the knowledge of the Managing Co-Owner, it has disclosed to the Issue Agent / Participants in writing all existing liabilities and commitments and all other matters which could have a Material Adverse Effect on it;
 - (x) all information furnished by the Managing Co-Owner to the Issue Agent is accurate and that it has not omitted or concealed any material facts which would render such information incorrect, misleading or inaccurate;
 - (xi) to the knowledge of the Managing Co-Owner, no extraordinary circumstances and no change of law has occurred which would make it impossible for it to carry on the Musharaka and / or its business or fulfill its obligations under this Agreement;
 - (xii) it has taken all steps necessary and to the extent applicable to ensure that the Participants are in compliance with the provisions of the Prudential Regulations and / or all other applicable laws and regulations, as applicable to the Participants, or has obtained the necessary waivers for the same in connection with the Musharaka;
 - (xiii) all governmental, official, creditors' and corporate approvals, registrations and authorizations (to the extent required) have been obtained by the Managing Co-Owner for undertaking the Musharaka and providing the Security;
 - (xiv) it has legal, valid and subsisting title to the Security and that as at the date hereof there are no charges, encumbrances or lien existing over the same other than those in favour of the Existing Creditors;
 - (xv) no litigation, arbitration or administrative proceedings to which the Managing Co-Owner is a party, are taking place, pending or, to the knowledge of the Managing Co-Owner, threatened against the Managing Co-Owner or any of its properties / assets which, if adversely determined, could have, either separately or in aggregate, a Material Adverse Effect on it; and
 - (xvi) its assets and properties are adequately insured against all risks.

7.1.2 The Managing Co-Owner undertakes and covenants that it shall:

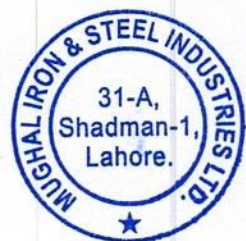
- (i) use the Total Musharaka Contribution Amount towards and for carrying on the Musharaka as specified in this Agreement and for no other purpose;
- (ii) deliver to the Issue Agent, for the Participants, adequate number of copies of:
 - (a) the audited annual accounts and balance sheet of the Managing Co-Owner at the closing of each preceding financial year within 120 (one hundred twenty) days after the close of such year; and



- (b) half-yearly accounts and quarterly accounts within 60 (sixty) days of the close of the relevant half-year or quarter;

These financial statements shall reflect the true and fair view of the financial position of the Managing Co-Owner and shall be drawn in conformity with generally accepted accounting principles consistently applied;

- (iii) provide the Issue Agent with copies of all documents, reports, notices, circulars and particulars which the Managing Co-Owner provides to its shareholders, at the same time as they are provided to its shareholders, with sufficient copies to enable the Issue Agent to provide a copy to each Participant;
- (iv) provide the Issue Agent, on request, and in any event within 5 (five) Business Days of request, with any information relating to its financial condition as the Issue Agent may reasonably request;
- (v) keep proper records and books of account;
- (vi) in the case of an Event of Default & Termination, permit the Issue Agent or its employees, agents or representatives to examine and take copies of those records and books of account and all other documents relating to its activities;
- (vii) pay or keep paid up all taxes, dues, rents, rates and charges validly due and payable under law to any governmental or municipal authority or other competent authority;
- (viii) ordinary wear and tear excepted, maintain the buildings, sites, works, constructions, plants, equipments, facilities and other assets of the Managing Co-Owner in a good state of repair and in good working order and condition and take all precautions against such risks including fire, arson, riots, earthquakes, and acts of terrorism;
- (ix) shall ensure compliance with the terms and conditions contained in the Collection Arrangement Agreement;
- (x) maintain perfection of the Security;
- (xi) give the Issue Agent prompt notice of any litigation, arbitration or administrative proceedings to which it is a party;
- (xii) execute all documents and do all acts and things as are stated in this Agreement or as the Issue Agent may reasonably require in terms of this Agreement;
- (xiii) enter into supplementary agreement with the Issue Agent (which shall be deemed to be part of this Agreement) if at any time pursuant to the Government / SBP / Shariah Advisor directives any term or condition of this Agreement required is to be altered or some new conditions are required to be incorporated, provided that entering into such supplementary agreement does not have or potentially have a Material Adverse Effect on it, however the changes suggested by the Shariah Advisor have to be implemented regardless of any Material Adverse Effect;
- (xiv) make prompt payment of all amounts due to the Issue Agent;
- (xv) maintain the following financial ratios throughout the tenor of the Musharaka:
- a. Total Debt to Equity Ratio of not more than 70:30;



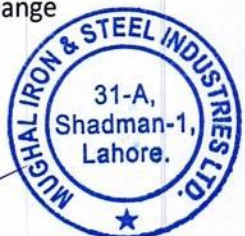
- b. Current ratio of at least 1:1;
- c. Interest Coverage Ratio of 1.25x; and
- d. Debt Service Coverage Ratio of 1.1x

The above threshold may vary depending on the applicability/interpretation of international financial reporting standards 9 (IFRS 9). In case of any change thereof in respect of the financial ratios contained in Clause 7.1.2(xv) due to the applicability / interpretation the Participants and the Managing Co-Owner may mutually agree on the acceptability of the same.

- (xvi) conduct and manage its business and affairs with diligence and efficiency in accordance with sound financial and business practices and with the assistance of qualified personnel;
- (xvii) maintain its existence and right to carry on business and take all steps necessary to maintain and renew its lease / hire agreements, other contracts, rights, powers, privileges, concessions, licenses and franchises which are necessary or materially useful for the conduct of its business and maintain its books of accounts and other records adequately to reflect truly and fairly its financial position and the results of its respective operations in conformity with generally accepted accounting principles consistently applied;
- (xviii) immediately inform the Issue Agent if, to the knowledge of the Managing Co-Owner, there is any event having a Material Adverse Effect on it and to take all steps to rectify such Material Adverse Effect;
- (xix) ensure compliance of all applicable laws and regulatory requirements;
- (xx) maintain adequate Takaful / insurance in respect of its assets and properties as represented to the Issue Agent; and
- (xxi) as soon as possible, inform the Issue Agent of the occurrence of any Event of Default & Termination or of any Potential Event of Default & Termination.

7.1.3 The Managing Co-Owner undertakes and covenants that it shall not except with the prior written consent of the Issue Agent:

- (i) create or permit to be created any charge, or other encumbrance over the Security except for the existing charges in favour of the Existing Creditors;
- (ii) sell, transfer, lease out or otherwise dispose of all or a substantial part of its undertaking or assets, or undertake or permit any merger, consolidation, dismantling or re-organisation;
- (iii) change its Memorandum or Articles in any manner, or change its fiscal year or change the nature of its business;
- (iv) take any action which may have a Material Adverse Effect;
- (v) allow any change in more than 50% (fifty percent) of its shareholding;
- (vi) declare any dividend if such declaration leads to a breach of Clause 7.1.2(xv) of this Agreement or the Prudential Regulations for Corporate and Commercial Banking;



- (vii) sell its assets other than in the ordinary course of business and subject to compliance with the terms and conditions of the Security Documents; or
- (viii) sell the Security.

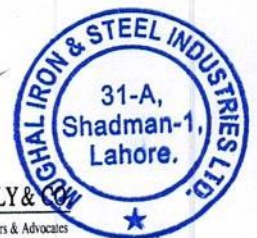
7.1.4 The Managing Co-Owner's representations, warranties, covenants and undertakings contained under this Clause 7.1 shall remain in force from the date of this Agreement for so long as this Agreement is in force.

8. EVENT OF DEFAULT & TERMINATION

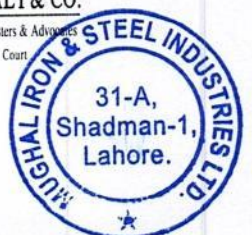
8.1 Event of Default & Termination

8.1.1 Each of the following events constitutes an Event of Default & Termination:

- (i) default of the Managing Co-Owner in paying on the due date for payment, or within any period stipulated herein or within any period stipulated in the demand of the Issue Agent, of any sum payable under this Agreement;
- (ii) default (other than payment default detailed in (i) above) by the Managing Co-Owner in performance of any of its commitments, obligations and / or covenants under this Agreement which would have a Material Adverse Effect on it (or any other agreement or arrangement with the Issue Agent entered into pursuant to or by reference to this Agreement) in the opinion of the Majority Participants and such default is not rectified (where it is capable of being rectified) within 15 (Fifteen) days of a notice received from the Issue Agent;
- (iii) any statement, representation or warranty and undertakings made or repeated by the Managing Co-Owner in or pursuant to this Agreement or the Security Documents is or proves to have been incorrect or misleading in any material respect, or any statement, representation or warranty and undertakings made or repeated by the Managing Co-Owner in any notice, certificate or statement referred to or delivered under this Agreement or the Security Documents is or proves to have been incorrect or misleading in any material respect, or any such statement, representation or warranty is incorrect in any material respect at any time;
- (iv) liquidation, bankruptcy, cessation of business activities or cessation of the payment of debts of the Managing Co-Owner, or any other legal or factual situation, including judicial or amicable settlement of debts, which may affect the ability of the Managing Co-Owner to pay its dues to the Issue Agent in accordance with this Agreement;
- (v) attachment or assignment or transfer of delivery to or takeover of any properties or assets of the Managing Co-Owner by any receiver, encumbrancer, assignee, or any other person or body whether appointed by the Managing Co-Owner or a court or the government under any law or regulation;
- (vi) making of any order or passing of a resolution for the winding up of the Managing Co-Owner;
- (vii) any transformation of the existing form, nature or corporate objects of the Managing Co-Owner;



- (viii) any existing license or any regulatory approvals in favour of the Managing Co-Owner to carry on its business is revoked, terminated or suspended for any reason whatsoever and such state continues without relief by a court of law, for a period of 7 (seven) days;
- (ix) the Managing Co-Owner consolidates, merges, amalgamates or undertakes or permits any merger, amalgamation, consolidation, dismantling or re-organisation of the Managing Co-Owner;
- (x) one or more judgments, decrees or orders for the payment of money rendered against the Managing Co-Owner which is likely to have a Material Adverse Effect on it in the opinion of the Majority Participants and such judgments, decrees or order shall continue unsatisfied and in effect for a period of 14 (fourteen) consecutive days without being vacated, discharged, satisfied or stayed;
- (xi) default by the Managing Co-Owner in performance of any of its material financial commitments, obligations and / or covenants under any other agreement or arrangement with any bank or financial institution, which default continues for a period of 30 (thirty) days after notice of default by the Issue Agent;
- (xii) judicial and enforcement proceedings taken against the Managing Co-Owner which may, singly or cumulatively, result in a Material Adverse Effect in the opinion of the Issue Agent;
- (xiii) governmental measure or decision, whether general moratorium or individual decision or any other event whatsoever which has a Material Adverse Effect in the opinion of the Issue Agent;
- (xiv) the taking of any step by the Managing Co-Owner for the purpose of entering into a compromise or arrangement with any of its members, or creditors, generally or any class of them;
- (xv) the Security created by the Managing Co-Owner in favour of the Issue Agent deteriorates in quality or becomes inadequate in the sole judgement of the Issue Agent;
- (xvi) any Security Documents executed or furnished by the Managing Co-Owner for any reason whatsoever ceases to be in full force and effect or is declared to be void or is repudiated or the validity or enforceability of any such Security Documents is legally contested;
- (xvii) the occurrence of any event whatsoever which is likely to have a Material Adverse Effect in the opinion of the Issue Agent;
- (xviii) any legal or factual situation, including judicial or amicable settlement of debts, which may affect the ability of the Managing Co-Owner to perform its obligations under this Agreement in any material respect;
- (xix) if the Managing Co-Owner claims that all or any provision of this Agreement:
 - (a) do not have effect or cease to have effect in accordance with its terms; or
 - (b) are or become void, voidable, illegal or unenforceable;
- (xx) a final order of any court or authority against the Managing Co-Owner or any material part of its property is passed or may have a Material Adverse Effect;



- (a) to restrain any dealing with property; or
- (b) to enforce any judgment or order for the payment of monies or the recovery of property;

8.2 Consequence of an Event of Default & Termination

8.2.1 The Issue Agent shall be entitled to terminate this Agreement if the Closing Date does not occur by the stipulated date or by any extended date agreed in writing by the Issue Agent. Upon such termination, the Issue Agent's undertaking to purchase the Issue Agent's Musharaka Share and to disburse any Musharaka Contribution Payment shall terminate and cease and the Available Musharaka Contribution Amount shall become zero.

8.2.2 Upon the occurrence of an Event of Default & Termination, in case the Event of Default & Termination is capable of rectification (other than an Event of Default & Termination in relation to the obligation to pay any amount payable in accordance with the terms of this Agreement), the Issue Agent shall issue a notice in writing to the Managing Co-Owner, requiring the Managing Co-Owner to rectify the Event of Default & Termination within 15 (fifteen) Business Days of the notice. In case the Event of Default & Termination remains un-rectified within the stipulated period, the Issue Agent shall be entitled (without prejudice to other rights and remedies), on issuing a written notice to the Managing Co-Owner, to terminate this Agreement and exercise any rights available under the law.

9. SECURITY

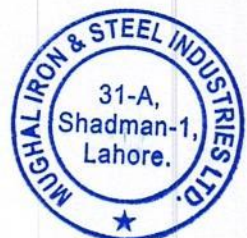
9.1 Security

9.1.1 In order to secure the Issue Agent's and Participant's rights under this Agreement, the Managing Co-Owner shall:

- (i) create a charge by way of hypothecation over the Hypothecated Assets in favour of the Issue Agent (for the benefit of the Participants) in the amount of PKR 4,000,000,000/- (Pak Rupees Four Billion) (inclusive of a margin of 25% (twenty five per cent) in terms of a letter of hypothecation in form and substance acceptable to the Issue Agent ("**Letter of Hypothecation**"), which charge shall initially constitute a ranking charge, ranking subordinate and subservient to the charges created in favour of the Existing Creditors and shall be upgraded to a first pari passu charge, ranking pari passu with the charges created in favour of the Existing Creditors within 120 (One Hundred Twenty) days of the date of first Musharaka Contribution Date;
- (ii) create a lien and right of set-off over the Debt Payment Account maintained with the Account Bank, in favour of the Issue Agent in terms of the Collection Arrangement Agreement, in form and substance acceptable to the Issue Agent (for the benefit of the Participants) ("**Letter of Lien**"); and
- (iii) execute / procure the execution of such other documents and deeds from time to time as may be mutually agreed between the parties for the purpose of more fully perfecting the Security created in favour of the Issue Agent in terms of this Clause 9.1.

10. NOTICES AND COMMUNICATION

10.1 Notices and Communication



- 10.1.1 Each notice and other communication to be given by one party to the other under this Agreement shall be in writing and, unless otherwise agreed by the parties, shall be made by letter.
- 10.1.2 Any notice or other communication to be given by one party to another under this Agreement (unless one party has by 15 (fifteen) days' notice to the other party specified another address) shall be given to that other party at the respective addresses given in the following paragraph of this Clause 10.
- 10.1.3 The addresses of the parties are:

The Issue Agent

Address: First Floor, Tower A, FTC, Main Shahrae Faisal, Karachi

Attn: Mohammad Azeem Dada

Tel: +92-21-35630971-5

The Managing Co-Owner

Address: 31-A, Shadman-I, Lahore

Attn: Muhammad Fahad Hafeez

Tel: +92-42-35960843

- 10.1.4 Any such notice to the Managing Co-Owner shall take effect, if delivered in person, at the time of delivery and if sent by registered post, on the day of delivery if delivered before 3:00 PM on a Business Day, otherwise on the next Business Day. Any such notice to the Issue Agent and Managing Co-Owner shall be effective only upon actual receipt.

11. MISCELLANEOUS

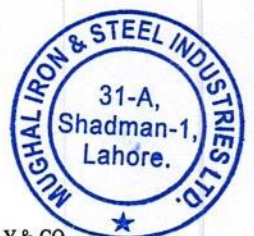
11.1 Miscellaneous

- 11.1.1 The Managing Co-Owner shall bear and pay the stamp duty payable on this Agreement.
- 11.1.2 The Managing Co-Owner shall furnish or cause to be furnished to the Issue Agent sufficient evidence of the authority of persons who will sign and execute the Agreement or who will, on behalf of the Managing Co-Owner, take any other action and execute any other documents required or permitted to be taken or executed by the Managing Co-Owner under the Agreement and the authenticated specimen signature of each such person.

12. GOVERNING LAW

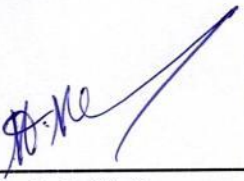
12.1 Governing Law

- 12.1.1 This Agreement shall be governed by the laws of Pakistan and the competent courts at Lahore shall have non-exclusive jurisdiction in respect of any dispute arising hereunder.




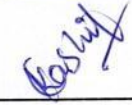
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the date and year first aforementioned.

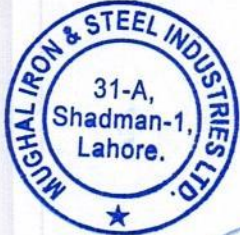
In presence of the following Witnesses



For and on behalf of
MUGHAL IRON & STEEL INDUSTRIES LIMITED
(as the Managing Co-owner)

Name: Muhammad Mubeen Tariq Mughal 2
Designation: Director
CNIC No.: 35201-0221455-5

1 Signature: 
Name: Muhammad Faisal Mughal
CNIC No.: 35202-8284943-9
2 Signature: 
Name: Kashif Nadeem
CNIC No.: 14203-4078075-7

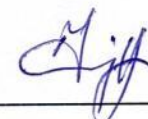



In presence of the following Witnesses



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

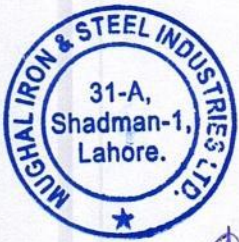
Name: Hasan Bazar Ali
Designation: H.O. CAD
CNIC No.: 42201-0612185-9

1 Signature: 
Name: TARIQ HASAN
CNIC No.: 42201-0612185-9
2 Signature: 
Name: M. Azeem Omer
CNIC No.: 42301-4204767-5

SCHEDULE 1

DESCRIPTION OF THE MUSHARAKA ASSETS

Sr. No.	Asset Description	Asset Value (PKR)
1.	Bar Mill 3 (96000 MT)	287,420,400/-
2.	Dedicated Bar Mill	555,010,000/-
3.	Grider Mill	3,009,497,778/-
Total Assets		3,851,928,178/-



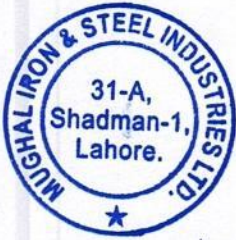
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SCHEDULE 2

SHARE OF EACH CO-OWNER IN THE MUSHARAKA

Value of Musharaka Assets:	PKR 3,851,928,178/-
Total Number of Units of Musharaka Assets	3851.9281 Units
Issue Agent's Total Musharaka Share:	PKR 3,000,000,000/-
Issue Agent's % share:	77.88%
Issue Agent's Total Musharaka share in Units	3,000
Managing Co-owner's Musharaka Share:	PKR 851,928,178/-
Managing Co-owner's % share in the Musharaka Assets:	22.12%
Managing Co-owner's Total Musharaka share in Units	851.9281
Value of each Musharaka Unit	PKR 1,000,000/-

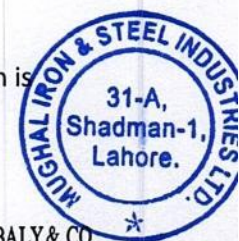


SCHEDULE 3

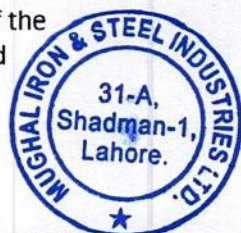
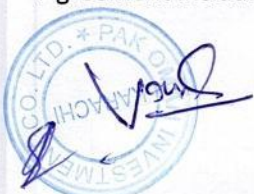
CONDITIONS PRECEDENT

The obligations of the Issue Agent to the Managing Co-Owner under this Agreement are subject to the following conditions precedent:

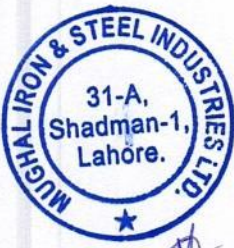
- (a) the Managing Co-Owner has the necessary power to enter into this Agreement and the Security Documents, and that the execution and delivery of this Agreement and the Security Documents by the Managing Co-Owner and entering into a Musharaka pursuant to this Agreement against the Security is duly authorised by a board resolution of the Managing Co-Owner passed in a meeting of the board of directors, a certified true copy of which has been provided to the Issue Agent;
- (b) nothing herein contained conflicts with any of the provisions of the Memorandum and Articles of the Managing Co-Owner;
- (c) the signatories of this Agreement on behalf of the Managing Co-Owner are duly empowered to sign this Agreement and to enter into the covenants and undertakings herein contained or which arise as a consequence of the entering into this Agreement by the Managing Co-Owner;
- (d) the Managing Co-Owner has taken all steps and executed all documents required under or pursuant to this Agreement or any other agreement between the parties or any documents creating, evidencing and perfecting the Security in favour of the Issue Agent;
- (e) the Managing Co-Owner has a clear eCIB Report (Electronic Credit Information Bureau report of the SBP), evidenced by a current eCIB Report from SBP;
- (f) the Managing Co-Owner has obtained comprehensive Takaful / insurance policies, on behalf of the Musharaka, covering all the risks up to the extent of the charge amount in respect of the Security (to the extent applicable) for the full value thereof from a Takaful / insurance company acceptable to the Issue Agent and the Managing Co-Owner shall provide to the Issue Agent all the Takaful / insurance policies together with the receipt in respect of the payment of the premium made by the Managing Co-Owner in respect of such Takaful / insurance policies. The Managing Co-Owner shall be obligated to provide a written justification if it intends to continue its conventional insurance policies in form and substance acceptable to the Issue Agent. If the Managing Co-Owner considers that the insurable risk in respect of the Musharaka Assets cannot be satisfactorily underwritten by Takaful companies operating in Pakistan, the Managing Co-Owner shall procure a written waiver from the Shariah Advisor regarding the same upon receipt of which the insurable risk shall be comprehensively insured against all usual insurable risks. Furthermore, if at any time during the term of the Musharaka the insurable risk in respect of the Security can be underwritten by a Takaful company the Managing Co-Owner shall be obligated to obtain the same to the satisfaction of the Issue Agent and the Shariah Advisor;
- (g) there exists no Security Interest over the Security except for the charges created in favour of the Existing Creditors;
- (h) that the Managing Co-Owner has procured, created and perfected the Security in favour of the Issue Agent in terms of the Security Documents to the satisfaction of the Issue Agent and the charge registration certificates and Form 10's have been issued by the companies registration office of the SECP in respect of the Security Documents (to the extent applicable) and copies of the same have been provided to the Issue Agent;
- (i) the Managing Co-Owner is in compliance with the provisions of the Prudential Regulations of the SBP and that entering into this Agreement or the transaction contemplated herein will not result in a breach of the same;
- (j) the Managing Co-Owner has opened and is maintaining the Debt Payment Account;
- (k) there is no Material Adverse Effect on the Managing Co-Owner and / or no material litigation is threatened or pending against the Managing Co-Owner in the opinion of the Issue Agent;



- (l) the Managing Co-Owner has provided a certified true copy of a resolution of the board of directors of the Managing Co-Owner, duly authorised by a signatory of the Managing Co-Owner, authorising designated officer(s) or representative(s) to sign all documents in relation to this Agreement and the Security Documents and any documents and certificates to be delivered by the Managing Co-Owner pursuant thereto and authorising such person or persons to execute and deliver, on behalf of the Managing Co-Owner any other documents or requests;
- (m) all consents, approvals, registrations and authorizations both government and corporate required for the purpose of entering into the Musharaka have been obtained;
- (n) the Managing Co-Owner has fulfilled all Know Your Customer (KYC) requirements as required by the SBP;
- (o) the Managing Co-Owner has provided the Issue Agent with a latest valuation report of the Hypothecated Assets;
- (p) the Managing Co-Owner has provided necessary evidence in relation to the Musharaka Contribution Payment clearly stating the purpose of such Musharaka Contribution Payment accompanied by the Musharaka Contribution Request;
- (q) the Issue Agent has received sufficient certified true copies of the following from the Managing Co-Owner:
- i. SECP certified Memorandum and Articles;
 - ii. SECP certified Certificate of Incorporation;
 - iii. SECP certified Commencement of Business;
 - iv. SECP certified Form 29;
 - v. Company Secretary certified CNIC copies of all Directors;
 - vi. SECP certified Form A;
 - vii. Company Secretary certified list of authorized signatories along with their specimen signatures;
 - viii. Company Secretary certified list of Directors along with their specimen signatures;
 - ix. Borrower Basic Fact Sheet;
 - x. Undertaking for Appropriate Utilization of Funds;
 - xi. Finance Application Form;
 - xii. Accepted Shariah Structure;
 - xiii. Shariah pronouncement;
- (r) a legal opinion has been issued by the Transaction Legal Counsel confirming *inter alia* the validity, enforceability and binding effect of the obligations of the Managing Co-Owner under this Agreement and the Security Documents;
- (s) a satisfactory Shariah opinion has been issued by the Shariah Advisor;
- (t) that the Managing Co-Owner has paid all costs, charges, fees and expenses due in terms of the Agreement including but not limited to legal fee, Issue Agency fee and arrangement fee; and



- (u) all charges incurred in the preparation and finalization of this Agreement and the Security Documents as well as all out of pocket expenses incurred to date have been paid in full by the Managing Co-Owner.



SCHEDULE 4

FORM OF MUSHARAKA CONTRIBUTION REQUEST

Dated: [•]

To: Pak-Oman Investment Company Limited
(As the Issue Agent)

Musharaka Agreement dated [•] between Pak-Oman Investment Company Limited (as the Issue Agent on behalf of the Participants) and Mughal Iron & Steel Industries Limited (as the Managing Co-Owner)

Dear Sirs:

Capitalized terms used herein shall have the meanings as ascribed to them in the Musharaka Agreement.

With reference to the Musharaka Agreement, we hereby issue this Musharaka Contribution Request and request you to execute the Asset Purchase Agreement for the sale of [•]% of undivided share in the Musharaka Assets and to make a Musharaka Contribution Payment on the following terms:

Proposed Musharaka Contribution Date: [•] (or, if that is not a Business Day, the next Business Day)

Musharaka Contribution Payment: PKR [•]/-

We confirm that on the date of this Musharaka Contribution Request, all Representations and Warranties contained in the Musharaka Agreement are correct and no Event of Default & Termination has occurred and / or is continuing.

The proceeds of this Musharaka Contribution Payment should be credited to our account number [•] maintained with [•].

This Musharaka Contribution Request is irrevocable and is governed by the laws of the Islamic Republic of Pakistan.

Yours faithfully

For and on behalf of
MUGHAL IRON & STEEL INDUSTRIES LIMITED



SCHEDULE 5

FORM OF MUSHARAKA CONTRIBUTION PAYMENT RECEIPT

Date: [•]

To: Pak-Oman Investment Company Limited
(As the Issue Agent)

Musharaka Agreement dated [•], 2021 between Pak-Oman Investment Company Limited (as Issue Agent on behalf of the Participants) and Mughal Iron & Steel Industries Limited (as the Managing Co-Owner)

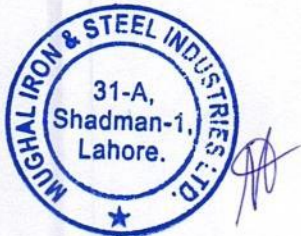
Dear Sir:

Capitalized terms used herein shall have the meanings ascribed to them in the Musharaka Agreement.

We as Managing Co-Owner under the Musharaka Agreement hereby confirm that we have received a sum of PKR [•]/- (Pak Rupees [•]) from the Participants, as price against the purchase of their share in the Musharaka investment. We further confirm that this amount will be utilized in accordance with the terms of the Musharaka Agreement.

Yours faithfully

For and on behalf of
MUGHAL IRON & STEEL INDUSTRIES LIMITED



SCHEDULE 6

FORM OF ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (hereinafter referred to as the "Agreement") is made at [•] on [•], 2021;

BY AND BETWEEN

3. **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 "Seller", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and assigns);

AND

4. **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).

(The Seller and the Issue Agent are hereinafter collectively referred to as the "Parties" and individually as the "Party").

WHEREAS:

- a. The Seller and the Issue Agent have entered into a Musharaka Agreement dated [•], 2021 (the "Musharaka Agreement").
- b. The Seller has 100% ownership in the Musharaka Assets and wishes to sell 77.88% undivided share in the ownership of the Musharaka Assets in terms of this Agreement as detailed under Annexure A (the "Relevant Assets") to the Issue Agent and the Issue Agent has agreed to purchase the same subject to and on the terms and conditions set out in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the provisions set forth below, and subject to the terms and conditions set forth herein, the Parties agree as follows:

1. DEFINITIONS

1.1 Definitions

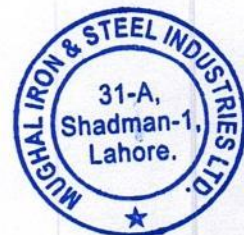
- 1.1.1 Unless the context otherwise does not so admit, terms defined in the Musharaka Agreement have the same meaning when used in this Agreement (including its Recitals).

2. SALE AND PURCHASE

2.1 Sale and Purchase



Handwritten signature.



2.1.1 The Seller hereby sells the Relevant Assets to the Issue Agent pursuant to the terms and conditions of this Agreement and the Issue Agent purchases the Relevant Assets against the Purchase Price (as defined in Clause 3.1.1 below).

2.1.2 The beneficial ownership of the Relevant Assets shall vest in the Issue Agent on the date of this Agreement. During the Musharaka, legal title to the Issue Agent's Musharaka Share will be held by the Seller on behalf of the Issue Agent.

3. CONSIDERATION

3.1 Consideration

3.1.1 The total price ("Purchase Price") to be paid by the Issue Agent in consideration of the sale of the Relevant Assets shall be PKR 3,000,000,000/- (Pak Rupees Three Billion) which shall be paid into the Seller's account no. 3386787000000336 maintained with Faysal Bank Limited on the proposed Musharaka Contribution Date as advised in the Musharaka Contribution Request dated [•].

4. WARRANTIES

4.1 The Seller warrants that:

4.1.1 The Seller has all necessary authority and power to enter into this Agreement and to carry out the transaction contemplated hereby. The execution, delivery and performance by the Seller of this Agreement and the consummation by the Seller of the transaction contemplated hereby has been duly authorized by all necessary corporate action of the Seller (where applicable), and no other action on the part of the Seller is required in connection therewith.

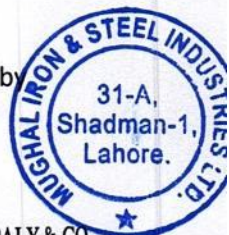
4.1.2 This Agreement constitutes the valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms and conditions. The execution, delivery and performance by the Seller of this Agreement do not, and the performance by the Seller of the transaction contemplated hereby, will not:

- (i) violate any laws of Pakistan or require Seller to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made;
- (ii) result in a violation or any breach of, constitute a default (or an event which with notice or lapse of time or both would become a default) under, result in the acceleration of any indebtedness under or performance required by, result in any right of termination of, increase any amounts payable under, decrease any amounts receivable under, change any other rights pursuant to, or conflict with, any material contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Seller is a party or by which it or its assets is bound; or
- (iii) result in the creation or imposition of any lien, charge, encumbrance or restriction upon the Relevant Assets or any part thereof other than the Security.

4.1.3 The Seller is authorized to sell the Musharaka Assets free from any charge, mortgage, lien or any other encumbrance whatsoever except for the Security Interest in favour of the Existing Creditors.

4.1.4 The Seller is authorized to sell and transfer the Relevant Assets to the Issue Agent according to the principles of Shariah and on the terms and conditions set out in this Agreement and on signing this Agreement, the Seller transfers good and valid interest in the Relevant Assets to the Issue Agent. The Issue Agent shall be entitled to take possession of the Relevant Assets. Notwithstanding the foregoing, the Issue Agent hereby authorizes the Seller to retain possession on behalf of the Issue Agent.

4.1.5 The Relevant Assets are in good condition and satisfactory for the purposes contemplated by the Seller and the Issue Agent.



4.1.6 There is no legal, administrative, arbitration or other proceeding, or any governmental investigation, current or pending or, to the knowledge of Seller, threatened against or otherwise affecting the Seller, or the Relevant Assets or any part thereof, and the Seller is not aware of any fact that might reasonably be expected to form the basis for any such proceeding or investigation relating in any way to the Seller.

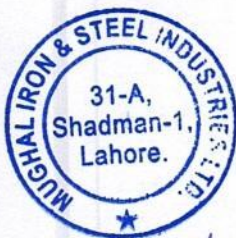
4.1.7 It will, subject to the rights of any charges over the property and assets of the Seller, upon an Event of Default & Termination, at its own cost and expense, execute and do (or procure to be executed and done by any other necessary party) all such deeds, documents, acts and things (including but not limited to transfer of possession, delivery and transfer of title documents in the name of the Issue Agent in accordance with the applicable law) as the Issue Agent may from time to time require in order to vest the Relevant Assets in the Issue Agent or its assignee or as otherwise may be necessary to give full effect to this Agreement.

4.1.8 The Issue Agent will be entitled to claim actual losses and/or damages incurred by it from the Seller in case of misrepresentation or breach of any of the abovementioned representations and warranties.

5. GOVERNING LAW

5.1 Governing Law

5.1.1 This Agreement shall be governed by the laws of Pakistan and the competent courts at Lahore shall have non-exclusive jurisdiction in respect of any dispute arising hereunder.

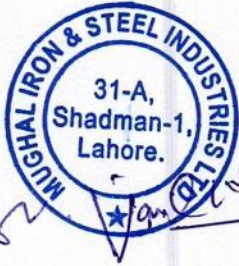


IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed on the date and year first aforementioned.

[Handwritten Signature]

For and on behalf of
MUGHAL IRON & STEEL INDUSTRIES LIMITED

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



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

Name: Husain Qureshi
Designation: CEO
CNIC No.: 4261-1582280-7

In presence of the following Witnesses:

- 1 Signature: *[Handwritten Signature]*
Name: Muhammad Farad Hafeez
CNIC No.: 35202-8284943-9
- 2 Signature: *[Handwritten Signature]*
Name: Kashif Nadeem
CNIC No.: 14203-4078075-7

In presence of the following Witnesses:

- 1 Signature: _____
Name: _____
CNIC No.: _____
- 2 Signature: _____
Name: _____
CNIC No.: _____

ANNEXURE A

Sr. No.	Asset Description	Asset Value (PKR)
1.	Bar Mill 3 (96000 MT)	287,420,400/-
2.	Dedicated Bar Mill	555,010,000/-
3.	Grider Mill	3,009,497,778/-
Total Assets		3,851,928,178/-

[Handwritten signature]

