
PAYMENT AGREEMENT

By and Between

MUGHAL IRON & STEEL INDUSTRIES LIMITED

(As the Customer)

And

PAK-OMAN INVESTMENT COMPANY LIMITED

(As the Issue Agent)

Executed at Karachi on February 24th, 2021

MIC

MOHSIN TAYEBALY & CO.

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



S382880



MUHAMMAD DANISH STAMP VENDOR

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

S.No. DATE

ISSUED IN THE AMOUNT OF RS.

THROUGH WITH ADVANCEMENT OF RS.

PURPOSE

VALUE RS. (ATTACHED)

STAMP VENDOR'S SIGNATURE

This stamp paper is not valid for Divorce and free ...

17 DEC 2020

RUPEES ONE HUNDRED ONE...

PAYMENT AGREEMENT

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

AND

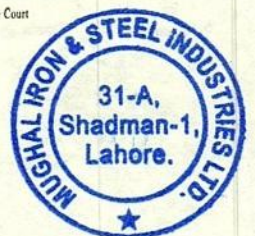
2. **PAK-OMAN INVESTMENT COMPANY LIMITED**, a development finance institution established under the laws of Pakistan and having its registered office at 1st Floor, Tower-A, Finance and Trade Center, Shahrah-e-Faisal, Karachi (hereinafter referred to as the "Issue Agent", which expression shall mean and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

WHEREAS:



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- a. The Issue Agent has acquired the Musharaka Assets (as more particularly described in Schedule 1 attached hereto);
- b. The Customer wishes to use the Relevant Assets and the Issue Agent (acting on behalf of the Participants) wishes to allow the Customer to have the exclusive use of the Relevant Assets at the commencement of each Rental Period in consideration of the Rental Payments, pursuant to the terms and conditions of this Agreement.
- c. This Agreement sets out the terms on which the Issue Agent allows the use of the Relevant Assets to the Customer.

IT IS AGREED as follows:

1. Interpretation

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). In addition:

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

"Articles" means the articles of association of the Customer;

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

"Collection Arrangement Agreement" means the collection arrangement agreement dated on or about the date hereof executed between the Customer and the Issue Agent;

"Commencement Date" means the date of execution of Notice of First Rental Payment;

"Contribution Date" means the date on which the complete disbursement of the Musharaka is effected;

"Debt Payment Account" means the account of the Customer to be opened and maintained with the Account Bank in terms of Clause 4.1.5 of this Agreement;

"Encumbrance" means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect;

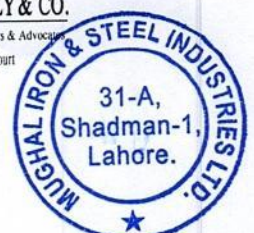
"Event of Default & Termination" means each of the events specified in Schedule 5;

"Existing Creditors" means the existing creditor(s) of the Customer holding charge(s) over the Hypothecated Assets as described in detail in the relevant Security Documents;

"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:



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- (a) moneys borrowed/financing availed or raised by the Customer 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;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised 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;

“**First Rental Period**” shall have the meaning ascribed thereto in Clause 3.1.1;

“**Hypothecated Assets**” has the meaning given to the term in the Letter of Hypothecation;

“**Issue Agent**” means Pak-Oman Investment Company Limited appointed pursuant to the Sukuk Issuance Agreement dated February 24th, 2021

“**KIBOR**” means 3 (three) month Karachi Interbank Offered Rate for the relevant period as published at 11:30 a.m. on Reuters page KIBR or as published by the Financial Markets Association of Pakistan in case the Reuters page is unavailable, subject to a floor of 3% and a cap of 28% per annum;

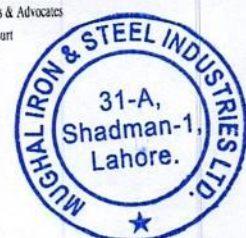
“**Letter of Hypothecation**” is defined in Clause 4.1.5(i) below;

“**Letter of Lien**” shall have the meaning given to it under Clause 4.1.5 (ii) below;

“**Major Maintenance**” means all structural repair, replacement of a part of the Relevant Assets and maintenance required by the Relevant Assets, and without which the Relevant Assets could not reasonably and properly be used by the Customer in the ordinary course of its business;



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"Margin" means 1.30% per annum;

"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 Customer, (ii) on the Customer'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;

"Memorandum" means the memorandum of association of the Customer;

"Musharaka Assets" mean the assets detailed in Schedule 1 attached hereto;

"Musharaka Agreement" means the Musharaka agreement executed between the Customer and the Issue Agent dated on or about the date hereof;

"Ordinary Maintenance and Repair" means all repair, replacement of any part of the Relevant Assets and maintenance (other than Major Maintenance) required to keep, repair, maintain and preserve the Relevant Assets in good order and operating condition, and in compliance with such maintenance and repair standards and procedures generally expected from a prudent person and in compliance with manufacturer's recommendation and all requirements of law applicable to the maintenance and condition of the Relevant Assets;

"Outstanding Base Amount" means for each Rental Period, the value of the Relevant Assets as on the first day of such Rental Period as notified by the Issue Agent to the Customer;

"Partial Loss" means any event, which results in the Relevant Assets being damaged or destroyed but which is not a Total Loss;

"Participants" means the participants represented by the Issue Agent in respect of the Musharaka, pursuant to the Sukuk Subscription and Issue Agency Agreement and any substituted or additional participants from time to time;

"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;

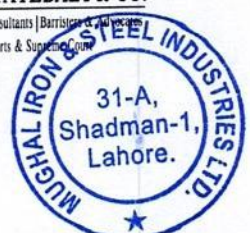
"Prudential Regulations" means (i) the Prudential Regulations of SBP for banking companies or other regulations as are notified from time to time by SBP; and (ii) the Prudential Regulations of the SECP for non-banking finance companies or other regulations as are notified from time to time by the SECP;

"Relevant Assets" means undivided share of the Issue Agent in the ownership of the Musharaka Assets;

"Rent" means (i) for each Rental Period (except for the First Rental Period), an amount equal to the aggregate of KIBOR prevailing on the relevant Rental Fixation Date plus Margin calculated for such Rental Period on the Outstanding Base Amount for actual number of days in the relevant Rental Period on a 365 (three sixty-five) days basis (ii) for the First Rental Period, the amount calculated in accordance with Clause 3.2.1;



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"Rental Fixation Date" means in respect of a Rental Period the last Business Day before the first day of such Rental Period (other than the First Rental Period);

"Rental Payment" means an amount to be paid to the Issue Agent by the Customer in accordance with Clause 3.2 for the usage of the Relevant Assets;

"Rental Payment Date" means each of the dates set out in Schedule 4 on which a Rental Payment shall be made by the Customer to the Issue Agent;

"Rental Period" means each period of 3 (three) months, except for the First Rental Period, commencing from (and including) the Rental Payment Date for the immediately preceding Rental Period and ending on (but excluding) the Rental Payment Date for such Rental Period;

"Security" means all the securities required by this Agreement to be created in favour of Issue Agent for the benefit of the Participants in terms of Clause 4.1.5 below;

"Security Documents" the security documents executed / to be executed in favour of the Issue Agent, pursuant to Clause 4.1.5 including any amendment replacements, additional documents or supplemental documents thereof;

"Shariah Advisor" means Al Hilal Shariah Advisors (Private) Limited;

"Supplementary Rent" for a Rental Period (except for the First Rental Period) means an amount equal to the costs of Takaful / insurance, Major Maintenance and Tax incurred by the Issue Agent, in each case during the preceding Rental Period, and for the last Rental Period, the amount shall be based on the forecast provided by the Issuer, 15 (Fifteen) days prior to the beginning of the last Rental Period;

"SBP" means the State Bank of Pakistan;

"SECP" means the Securities & Exchange Commission of Pakistan;

"Tax" means any tax, levy, impost, duty, registration fee or other charge or withholding of a similar nature (including any penalty payable in connection with any failure to pay or any delay in paying any of the same);

"Term" means the period commencing from the first Musharaka Contribution Date and ending on the date falling 5 (five) years after the first Musharaka Contribution Date;

"Total Loss" means any event, which results in the whole of the Relevant Assets being lost, damaged or destroyed beyond economic repair; and

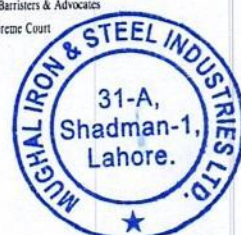
"Transaction Documents" means (i) this Agreement; (ii) the Sukuk Subscription and Issue Agency Agreement; (iii) the Musharaka Agreement; (iv) the Asset Purchase Agreement; (v) the Sukuk Issuance Agreement; (vi) the Purchase Undertaking; and (vii) the Security Documents (including any modifications and supplementals thereto).

1.2 Rules of Interpretation

- 1.2.1 Use of the singular shall include the plural and vice versa and any gender includes the other gender and any references to 'persons' includes natural persons, firms, partnerships, companies, corporations and other corporate entities and the pronoun "it" includes an individual.



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1.2.2 The clauses and headings are included for convenience only and shall not affect the interpretation of this Agreement.

1.2.3 The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement.

1.2.4 All periods of time shall be based on, and computed according to, the Gregorian calendar.

2. USE OF THE RELEVANT ASSETS

2.1 Use of the Relevant Assets

2.1.1 The Issue Agent hereby undertakes to allow the Customer the exclusive use of the Relevant Assets in consideration of Rental Payments from the Commencement Date upon the terms and conditions of this Agreement.

2.1.2 The Customer hereby undertakes to take on lease the Relevant Assets from the Issue Agent from the Commencement Date upon the terms and conditions of this Agreement.

2.1.3 The Customer's commencement of use of the Relevant Assets on the Commencement Date shall be deemed to constitute a confirmation that it has inspected the Relevant Assets and found the same to be suitable for the purposes contemplated by this Agreement.

3. TERM AND RENTAL PAYMENTS

3.1 Term

3.1.1 The First Rental Period shall commence from the Commencement Date and end on the day before the first Rental Payment Date (i.e. the Contribution Date). The Issue Agent will give notice as per Schedule 2-A, to the Customer advising it of the commencement of the Rental Payment for the First Rental Period on the first Business Day of the start of the First Rental Period which shall be accepted by the Customer. In case the Issue Agent acquires additional share in the Musharaka Assets during the First Rental Period and allows its use to the Customer, a revised Rental Payment Notice in the form set out in Schedule 2-B shall be executed between the parties.

3.1.2 Each subsequent Rental Period shall commence from the Rental Payment Date for the immediately preceding Rental Period and end on the day before next Rental Payment Date. The Issue Agent will give notice substantially in the form set out in Schedule 3, to the Customer advising it and seeking acknowledgment of renewing the arrangement for exclusive use of the Relevant Assets and fixing the Rental Payment for the subsequent Rental Period within 1 (one) Business Day of the start of the Rental Period. In case the Issue Agent acquires additional share in the Musharaka Assets or some assets are replaced in accordance with the Musharaka Agreement during any subsequent Rental Period and allows its use to the Customer, a revised Rental Payment Notice in the form set out in Schedule 2-B shall be executed between the parties.

3.1.3 Alternate Basis

(i) If at any time during the currency of this Agreement, the KIBOR:

(a) is discontinued;

(b) is not available or published at 11.30 a.m.;



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- (c) less than 8 (eight) banks provide their rates for fixation of KIBOR; or
- (d) ceases to be realistic benchmark for pricing a facility of this nature;

the Issue Agent shall serve a notice upon the Customer ("**Notice**") notifying it of the fact, that this Clause 3.1.3 is in operation and suggesting an alternate base rate.

- (ii) Upon receipt of any Notice by the Customer under paragraph (i) above, the Issue Agent and the Customer shall enter into negotiations for a period of not more than 30 (thirty) days with a view to agreeing on an alternate base rate. During such time, the rate of KIBOR prevailing during the previous Rental Period shall be applicable;
- (iii) If the Issue Agent and the Customer cannot agree on an alternate base rate within the time specified in paragraph (ii) above, the same shall be treated as an Event of Default & Termination; and
- (iv) In the event an agreement is reached between the parties, the Customer shall enter into a new agreement, as supplemental to or in substitution for this Agreement, if so required by the Issue Agent.

3.2 Rental Payment

3.2.1 The Rental Payment for the First Rental Period shall be calculated by using the following formula:

a x (b+c)

Where:

a = the aggregate of amounts calculated as follows:

- Outstanding Base Amount on each Musharaka Contribution Date under the Musharaka Agreement
- multiplied by*
- number of days from each such Musharaka Contribution Date up to but excluding the first Rental Payment Date
- divided by*
- 365

b = 3 (three) month KIBOR prevailing on the first Musharaka Contribution Date under the Musharaka Agreement.

c = Margin.

3.2.2 The Rental Payment for the subsequent Rental Periods shall consist of the following and shall be payable by the Customer on the Rental Payment Date at the end of such Rental Period upon receipt of a notice from the Issue Agent substantially in the form set out in Schedule 3.

- (i) Rent for such Rental Period; and



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(ii) Supplementary Rent for such Rental Period.

3.2.3 All Rental Payments under this Agreement shall be paid in full without any deductions or withholdings (whether in respect of set-off, counterclaim, duties, taxes, charges or otherwise). If any such deduction or withholding is required by applicable law to be made by the Customer, except in the case of deduction of income tax under the Income Tax Ordinance, 2001, the amount of the payment due from the Customer shall be increased to an amount which (after making such deduction or withholding) leaves an amount equal to the payment which would have been due if no such deduction or withholding had been required.

3.2.4 Notwithstanding anything contained herein all payments made by the Customer under this Agreement shall be made without set-off or counter claim.

3.2.5 Upon the commencement of each Rental Period (or within such time acceptable to the Issue Agent), the Issue Agent shall prepare and send a revised schedule of Rental Payments to the Customer by way of notice as per Schedule 4, which shall be final and binding on the Customer except for any manifest error.

4. OBLIGATION TO PAY

4.1 Obligation to Pay

4.1.1 The Customer shall pay the Rental Payments as per Clause 3.2 from the Commencement Date.

4.1.2 If the Rental Payments or any other amount due under this Agreement are not made to the Issue Agent in full on the respective due date(s), the Customer hereby irrevocably undertakes to pay to the Issue Agent, if the Issue Agent is of the opinion that the delay is without a valid reason (which the Issue Agent shall inform through a notice), as charity, an amount calculated at the rate of 15% (fifteen percent) per annum of such unpaid amounts, part thereof or any other amount due for each day of delay beyond the relevant due date by which such amount, any part thereof or any other amount due remains unpaid to be donated by the Issue Agent on behalf of the Customer for charitable purposes as approved by the Shariah Advisor.

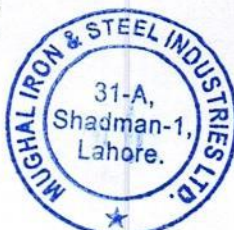
4.1.3 The Customer authorizes the Issue Agent to debit the amounts of the Rental Payments or any other amounts falling due under this Agreement which are not paid when due (including the charity amount, if any, payable under this Agreement), from any of its accounts with the Issue Agent (current or savings, etc.) whether in local or foreign currency. The Customer further authorizes the Issue Agent in such event to exchange foreign currency at the rate notified on the exchange date by the State Bank of Pakistan or if no such rate has been notified, the market rate available to the Issue Agent, in a manner that fulfils the payment of such amount, irrespective of whether such accounts existed at the time of the signing of this Agreement or were opened thereafter.

4.1.4 Subject to Clause 7.3 (*Total Loss*) or any partial loss which impairs the usage of the Musharaka Assets, the obligation of the Customer to pay Rental Payment and all other amounts under this Agreement is absolute and unconditional and will not be affected by any circumstance including, without limitation:

- (i) any set-off, counterclaim, recoupment, defence or other right which the Customer may have against the Issue Agent or any other person for any reason whatsoever;
- (ii) any condition, design, operation, compliance with specifications or fitness for use of the Relevant Assets or any part thereof, approved by the Customer;



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- (iii) subject to Clause 5.4 (*Maintenance of the Relevant Assets*), any damage to or destruction of the Relevant Assets or any part of the Relevant Assets which has been caused by the negligence or wilful misconduct of the Customer;
- (iv) any interruption or cessation in the use, operation or possession of the Relevant Assets or any part of the Relevant Assets for any reason which has been caused by the negligence or wilful misconduct of the Customer;
- (v) any defect in this Agreement or in its due execution by any party to this Agreement;
- (vi) any other circumstance, occurrence or event whatsoever, whether or not similar to any listed in paragraphs (i) to (v) above and including which has been caused by the negligence or wilful misconduct of the Customer;
- (vii) the occurrence or continuation of an Event of Default & Termination or any event which with the lapse of time or giving of notice may become an Event of Default & Termination.

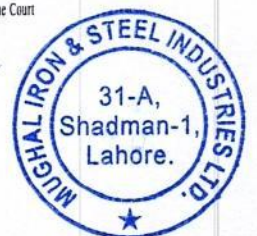
4.1.5 In order to secure the Customer's commitment to perform its obligations arising out of this Agreement or any other agreement entered into in connection herewith, the Customer shall:

- (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 4.1.5.

4.1.6 Notwithstanding any other remedies available to the Issue Agent under this Agreement, if an Event of Default & Termination has occurred, 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 Customer, requiring the Customer 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 to enforce the Security (at the request of the Majority Participants) and upon failure of the Issue Agent, each Participant may take such action for the benefit of all the Participants in order to recover the outstanding Rental Payment or any part thereof (in respect of which the default has occurred) including but not limited to Rental Payment or part thereof and the enforcement expenses and costs. The Customer shall also be liable to pay all of the actual costs, including legal expenses and any costs (other than opportunity cost of fund or interest payments) that



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may have been reasonably incurred by the Issue Agent towards recovering the Rental Payments or any part thereof.

5. TERMS OF THE USE

5.1 Condition of Relevant Assets

5.1.1 The Customer expressly acknowledges that the Relevant Assets are specifically required and approved by it.

5.1.2 In light of the approval by the Customer of the Relevant Assets, the Issue Agent expressly disclaims and makes no representation or warranty, either express or implied, caused by reason prior to signing this Agreement, as to:

- (i) the design or condition of the Relevant Assets or any part thereof;
- (ii) the durability, suitability or fitness for any particular purpose of the Relevant Assets or any part thereof;
- (iii) the conformity of the Relevant Assets or any part of the Relevant Assets to the provisions and specifications of any purchase order or orders relating to the Relevant Assets or any part thereof; or
- (iv) any other matter concerning, any item of the Relevant Assets or any part thereof,

and the Customer acknowledges this disclaimer.

5.1.3 The Customer waives any claim against the Issue Agent (and / or the Participants) caused by any item of the Relevant Assets or by the Customer's loss of use of the Relevant Assets for any reason whatsoever which has not been caused by the wilful misconduct or negligence of the Issue Agent (and / or the Participants).

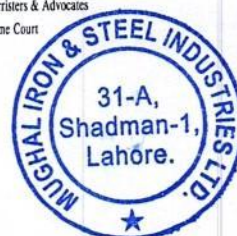
5.1.4 Without limiting the generality of sub-paragraph (i) above, the Issue Agent (and / or the Participants) shall not be liable or responsible for any defects, either patent or latent, in any item of the Relevant Assets, or for the direct or indirect damage to persons or Relevant Assets resulting from any such defects, or for the Customer's loss of use of any item of the Relevant Assets or for any interruption in the Customer's business caused by the Customer's inability to use any item of the Relevant Assets for any reason, except if it is caused as a result of wilful misconduct or gross negligence of the Issue Agent or where the Issue Agent has (and / or the Participants have) agreed that it should be so liable or responsible; and

5.1.5 The Customer is in compliance with the Prudential Regulations or alternatively it shall obtain necessary waivers from the SBP or SECP with regard to those Prudential Regulations that it is not in compliance with. In the event any penalty is levied as a result of the Customer's failure to comply with the Prudential Regulations, then the cost of such penalty shall be borne solely by the Customer except where such penalty has been imposed solely as a result of the Issue Agent's negligence or oversight.

5.1.6 If no Event of Default & Termination has occurred and is continuing, and so long as the Customer is entitled to possession of the Relevant Assets, the Issue Agent authorises the Customer, at the Customer's sole expense, to assert for the Issue Agent's account, all rights and powers of the Issue Agent under any manufacturer's, vendor's or dealer's warranty on any item of the Relevant Assets.



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5.2 Issue Agent's covenants

5.2.1 Subject to the Customer performing its obligations under this Agreement in a timely manner, the Issue Agent will not interfere with the quiet use, possession and enjoyment of the Relevant Assets by the Customer. The exercise by the Issue Agent of their rights under or in connection with this Agreement will not constitute such interference.

5.3 Right of ownership

5.3.1 The Relevant Assets shall remain the beneficial property of the Issue Agent at all times until the ownership of the Relevant Assets is transferred or ceases to exist.

5.3.2 The Customer shall not do anything (or, so far as it is able, permit anything to be done), which may affect or imperil the Issue Agent's right, title and interest in and to the Relevant Assets or any part of the Relevant Assets.

5.3.3 The Customer shall, to the satisfaction of the Issue Agent (acting reasonably), do all things necessary under the laws of Pakistan to protect the right of ownership of the Issue Agent in the Relevant Assets.

5.3.4 The Customer shall allow the Issue Agent the right, on the giving of reasonable notice, to view the Relevant Assets during office hours with a prior notice of 5 (five) Business Days.

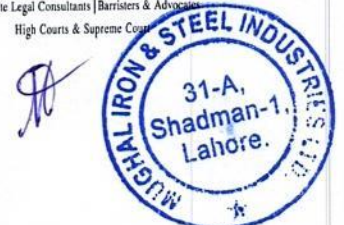
5.4 Maintenance of the Relevant Assets

5.4.1 The Customer shall be liable for the Ordinary Maintenance and Repair in respect of the Relevant Assets.

5.4.2 In performing the Ordinary Maintenance and Repair, the Customer shall at all times:

- (i) conduct regular and proper inspections of the Relevant Assets;
- (ii) keep the Relevant Assets in good and serviceable repair and condition (fair wear and tear excepted) and replace all missing, damaged or broken parts of the Relevant Assets such that the condition of the Relevant Assets would not be materially and adversely affected, and pay all repair and operation expenses, including, where applicable, the cost of replacement of any part of the Relevant Assets or otherwise, provided however that the Customer shall not have or be deemed to have any authority to pledge the Issue Agent's credit or create any encumbrance upon the Relevant Assets except for the charges created in favour of the Existing Creditors.
- (iii) ensure that the Relevant Assets are maintained by persons who are competent to maintain the same and that no person, who is prohibited by law or by manufacturer's warranties from so doing, shall carry out work involving the management or operation of, or attendance in proximity to, the Relevant Assets; and
- (iv) ensure that accurate, complete and current records are kept of all maintenance activities on the Relevant Assets and shall provide copies of those records to the Issue Agent upon reasonable request.

5.4.3 The Customer shall notify the Issue Agent promptly of the need to carry out any Major Maintenance to the Relevant Assets, as and when required. Subject to the Issue Agent receiving notice from the Customer, the Issue Agent shall be responsible for all Major Maintenance of the



Relevant Assets which may be carried out through an agent appointed for this purpose by the Issue Agent.

5.5 Insurance / Takaful

- 5.5.1 The Issue Agent shall take out ownership related risks Takaful / insurance policy ("Policy") for the Relevant Assets during the Term.
- 5.5.2 The Customer may not commit or allow others to commit any action and shall refrain from committing and (to the extent it is able) prevent others from committing any action that contravenes the terms and conditions of the said Policy.
- 5.5.3 Upon the occurrence of any event giving a right to make a claim under the Policy, the Customer shall forthwith notify the Issue Agent of such occurrence. The Customer may not without the prior written approval of the Issue Agent make any final settlement of any claim under the Policy.

5.6 Alterations to the Relevant Assets

- 5.6.1 The Customer is permitted to make any additions, improvements, substitutions or alterations, to the Relevant Assets and to the extent such alteration, modification, substitution or addition does not cause the Customer to be in breach of any covenant of this Agreement.
- 5.6.2 Any additions, improvements, substitutions or alterations made to Relevant Assets shall be deemed to form part of the Relevant Assets.

5.7 Disposal

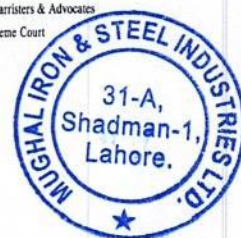
- 5.7.1 The Customer shall not sell, assign, pledge, mortgage, charge, encumber or part with possession of or otherwise deal with the Relevant Assets whether for repairs or otherwise except with the prior written consent of the Issue Agent except for the charges created in favour of the Existing Creditors.

5.8 Representations and Warranties

- 5.8.1 The Customer makes the representations and warranties to the Issue Agent and the Participants as set out in Schedule 6 on the date of this Agreement. The representations and warranties set out in Schedule 6 are deemed to be made by the Customer by reference to the facts and circumstances then existing on each Rental Fixation Date.

5.9 Information undertakings

- 5.9.1 The undertakings in this Clause 5.9 remain in force from the date of this Agreement for so long as any amount is outstanding under this Agreement.
- 5.9.2 The Customer shall deliver to the Issue Agent, for the Participants, adequate number of copies of the un-audited quarterly and half-yearly accounts and balance sheet of the Customer at the closing of each preceding quarter or semi-annual financial period within 60 (sixty) days after the close of such period and to deliver to the Issue Agent, for the Participants, adequate number of copies of the annual audited accounts within 120 (one hundred twenty) days of the close of the relevant preceding financial year. These financial statements shall reflect the true and fair view of the financial position of the Customer and shall be drawn in conformity with generally accepted accounting principles consistently applied.



5.9.3 The Customer shall supply to the Issue Agent:

- (i) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against the Customer, and which might, if adversely determined, have a Material Adverse Effect; and
- (ii) promptly, such further information in the possession or control of the Customer regarding the Security as the Issue Agent may reasonably request.

5.9.4 The Customer shall notify the Issue Agent of any Event of Default & Termination (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

5.10 Right to do business

5.10.1 The Customer shall maintain its existence and right to carry on business and take all steps necessary to maintain and renew its lease agreements, other contracts, rights, powers, privileges, concessions, licenses and franchises which are necessary or materially useful for the conduct of its business.

6. FAILURE OF CUSTOMER TO FULFILL OBLIGATIONS

6.1 Failure of Customer to fulfill obligations

6.1.1 If an Event of Default & Termination (as defined in Schedule 5) has occurred and / or is continuing, the Issue Agent shall (without prejudice to other rights and remedies) be entitled to terminate this Agreement and to obtain possession of the Relevant Assets and to seek any remedy available to it under this Agreement or the applicable law.

7. PARTIAL AND TOTAL LOSS OF THE ASSETS

7.1 Notification

7.1.1 If the Relevant Assets or any part of the Relevant Assets is lost, damaged or destroyed, the Customer shall promptly (and in any event within 10 (ten) Business Days) give notice to the Issue Agent of such partial or Total Loss. The Issue Agent will refer such cases to Shariah Advisor for its appropriate treatment and if required, a revised notice of Rental Payment shall be issued by the Issue Agent to the Customer.

7.2 Partial Loss

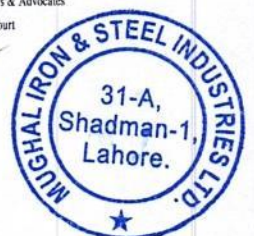
7.2.1 If the Partial Loss is caused by the Customer, the Customer shall repair the damage to the Relevant Assets and continue to pay Rental Payments in accordance with Clause 3.2 (*Rental Payment*) and in that case the Issue Agent may share with the Customer the insurance/Takaful payment amount. If the Partial Loss or loss of any Musharaka Asset is caused by no wilful act, misuse or negligence of the Customer, the Issue Agent will be responsible for the cost of such repair of the Relevant Assets although the Customer shall repair or procure repair of the Relevant Assets.

7.2.2 The Issue Agent agrees to enter into good faith negotiations with the Customer to deal with the circumstances resulting from such Partial Loss as per the decision of the Shariah Advisor sought at that time.

7.3 Total Loss



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7.3.1 If a Total Loss occurs:

- (i) this Agreement will terminate; and
- (ii) the Issue Agent will be entitled to the Takaful / insurance proceeds (proportionate to its share in Musharaka Assets) payable as a result of the Total Loss.

7.3.2 If the Total Loss was caused by any wilful act, misuse or negligence of the Customer, the Customer shall indemnify the Issue Agent and the Participants in respect of any loss or liability suffered by the Issue Agent / Participants and not compensated for by any applicable insurance / Takaful proceeds.

8. INDEMNIFICATION

8.1 General Indemnity

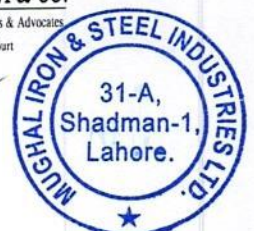
8.1.1 The Customer shall on demand by the Issue Agent indemnify the Issue Agent and / or the Participants to the full extent permitted by law, and hold them harmless, against any and all claims, demands, losses, penalties, actions, suits, damages and liabilities of whatsoever nature (any of the foregoing being referred to as the "Claim") if caused by the misuse or gross negligence of the Customer:

- (i) relating to or arising out of the Relevant Assets, including any Claim in respect of the acceptance, non-acceptance, rejection, lease, sublease, financing, possession, use, presence, manufacture, design, control, construction, installation, operation, transportation, accident, Takaful, condition, storage maintenance, servicing, improvement, modification, alteration or disposition of the Relevant Assets or any part thereof or any infringement or alleged infringement of any intellectual property by the use or possession of the Relevant Assets, or
- (ii) in respect of any Tax (other than ownership taxes and Taxes imposed due to the wilful misconduct of the Issue Agent), however imposed, upon or with respect to:
 - (a) the Relevant Assets or any part of the Relevant Assets;
 - (b) this Agreement; or
 - (c) the acceptance, non-acceptance, rejection, lease, financing, possession, use, presence, manufacture, design, control, construction, installation, operation, transportation, accident, Takaful / insurance, condition, storage maintenance, servicing improvement, modification, alteration, disposition of, to or in respect of the Relevant Assets or any part of the Relevant Assets; or
 - (d) the payment of any sum under this Agreement, other than any Taxes imposed on or calculated by reference to the net income paid to the Issue Agent or any Participant or their overall net income; or
- (iii) in respect of any claims or actions in connection with the protection and defence of the Issue Agent's title and interest in and to the Relevant Assets.

8.1.2 The Customer shall protect and defend at all times the Relevant Assets and interest therein, including keeping the Relevant Assets free and clear from any encumbrance other than the charges created in favour of the Existing Creditors.



Handwritten signature



- 8.1.3 Each party to this Agreement shall promptly give the other party to this Agreement notice upon receiving knowledge of any matter, which could give rise to a Claim.
- 8.1.4 After becoming aware of any matter which may give rise to a Claim, the Issue Agent shall, subject to being indemnified to its reasonable satisfaction by the Customer against all costs and liabilities incurred in doing so, promptly take or procure such action to be taken as the Customer may reasonably request to deal with the Claim.
- 8.1.5 The Issue Agent shall provide to the Customer and its legal advisers at the cost of the Customer such information and documentation relating to any Claim as the Customer may reasonably require.

9. ASSIGNMENT

9.1 Assignment

- 9.1.1 The Issue Agent shall be entitled to assign or transfer all or any of its rights, benefits and obligations under this Agreement to another institution and shall give notice of such assignment or transfer within 30 (thirty) days thereof provided that the Customer does not, as a result of such assignment, incur any additional cost or liability. The Customer is not entitled to assign or transfer all or any of its rights, benefits and obligations under this Agreement to a third party without the prior written consent of the Issue Agent and subject to such conditions as the Issue Agent may impose.

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

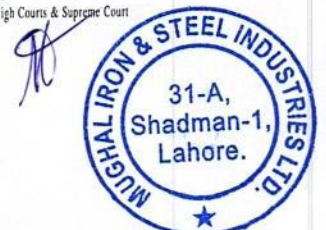
Attn: Mohammad Azeem Dada

Tel: +92-21-35630971-5

The Customer

Address: 31-A, Shadman-I, Lahore

Attn: Muhammad Fahad Hafeez



Tel: +92-42-35960843

10.1.4 Any such notice to the Customer shall take effect, if delivered in person, at the time of delivery and if sent by registered post, 2 (two) Business Days after despatch. Any such notice to the Issue Agent and the Customer shall be effective only upon actual receipt.

11. AMENDMENTS

11.1 Amendments

11.1.1 No amendment, modification or termination of any provision of this Agreement shall be effective unless the same shall be in writing and signed or executed by all the parties. No waiver of, or consent to any departure by the Customer from, any provisions of this Agreement shall be effective unless the same shall be in writing and signed or executed by the Issue Agent and any such waiver or consent shall be effective only in that specific instance and for the specific purpose for which it was given. No notice to or demand on the Customer in any case shall entitle the Customer to any other or further notice or demand in similar or other circumstances unless otherwise required herein.

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.

13. COUNTERPARTS

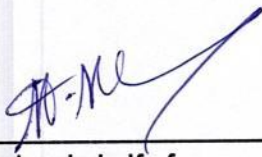
13.1 Counterparts

13.1.1 This Agreement has been executed in 2 (two) counterparts, and each one of them has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.


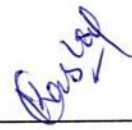


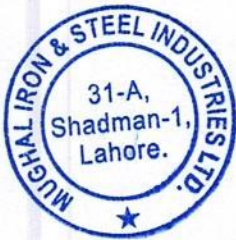
IN WITNESS WHEREOF the parties to this Agreement have caused this Agreement to be duly executed on the date and year first aforementioned.

In presence of the following Witnesses:



For and on behalf of
MUGHAL IRON & STEEL INDUSTRIES LIMITED
Name: Muhammad Mubeen Tariq Mughal
Designation: Director
CNIC No.: 35201-022455-5



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



In presence of the following Witnesses:

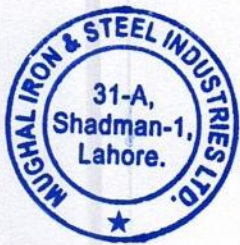


For and on behalf of
PAK-OMAN INVESTMENT COMPANY LIMITED
Name: Hasan Azeem
Designation: CEO
CNIC No.: 42301-15872907-7

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

SCHEDULE 1
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.	Girder Mill	3,009,497,778/-
Total Assets		3,851,928,178/-



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SCHEDULE 2-A

NOTICE OF FIRST RENTAL PAYMENT

To: Mughal Iron & Steel Industries Limited
From: Pak-Oman Investment Company Limited
(as the Issue Agent)

Date: [•]

Dear Sirs:

Payment Agreement dated [•], 2021 between Pak-Oman Investment Company Limited (as the "Issue Agent") and Mughal Iron & Steel Industries Limited (the "Customer") (the "Agreement").

In terms of the Payment Agreement we hereby lease the Relevant Assets to you and give notice for the commencement and the payment of the Rental for the First Rental Period in respect of the arrangement for exclusive use of the Relevant Assets as described below:

[•]% undivided share in the ownership of Musharaka Assets.

The Commencement Date shall be *[insert the date from which the First Rental Period shall commence]*.

We confirm that the First Rental Payment due on *[to be inserted]* will be *[to be inserted]* calculated as follows:

Rental Payment for the First Rental Period.	[] []
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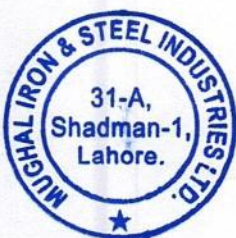
The Rental Payment should be credited to the accounts of the Participants on or before [10 a.m.] on [•] (Rental Payment Date) in readily available funds which upon receipt of funds shall be confirmed by the respective Participants.

The failure to pay the Rental Payment on the Rental Payment Date shall be an Event of Default & Termination.

.....
For and on behalf of
Pak-Oman Investment Company Limited (As the Issue Agent)
[•]
Authorized Signature(s)

We hereby confirm having accepted the arrangement regarding exclusive use of the above assets for the above mentioned rental amount

.....
By:
MUGHAL IRON & STEEL INDUSTRIES LIMITED
Authorized Signature(s)



SCHEDULE 2-B

REVISED NOTICE OF FIRST/SUBSEQUENT RENTAL PAYMENT

To: MUGHAL IRON & STEEL INDUSTRIES LIMITED

From: PAK-OMAN INVESTMENT COMPANY LIMITED
(as the Issue Agent)

Date: [•]

Dear Sirs,

Payment Agreement dated [•], 2021 between Pak-Oman Investment Company Limited (as the "Issue Agent") and Mughal Iron & Steel Industries Limited (the "Customer") (the "Agreement").

In terms of the Payment Agreement we hereby lease the Relevant Assets to you and give revised notice for the payment of the Rental for the First/Subsequent Rental Period in respect of arrangement for exclusive use of the Relevant Assets as described below:

[•]% undivided share in the ownership of Musharaka Assets.

We confirm that the First / Subsequent Rental Payment due on [to be inserted] will be [to be inserted] calculated as follows:

Rental Payment for the First/ Subsequent Rental Period.	[] []
--	---------

The Rental Payment should be credited to accounts of the Participants on or before [10 a.m.] on [•] (Rental Payment Date) in readily available funds which upon receipt of funds shall be confirmed by the respective Participants.

The failure to pay the Rental Payment on the Rental Payment Date shall be an Event of Default & Termination.

.....
For and on behalf of
Pak-Oman Investment Company Limited (As the Issue Agent)

[•]
Authorized Signature(s)

We hereby confirm having accepted the arrangement regarding exclusive use of the above assets for the above mentioned rental amount

.....
By: MUGHAL IRON & STEEL INDUSTRIES LIMITED
Authorized Signature(s)



SCHEDULE 3

NOTICE OF SUBSEQUENT RENTAL PAYMENTS

To: MUGHAL IRON & STEEL INDUSTRIES LIMITED

From: Pak-Oman Investment Company Limited
(as the Issue Agent)

Date: [•]

Dear Sirs:

Payment Agreement dated [•], 2021 between Pak-Oman Investment Company Limited (as the "Issue Agent") and Mughal Iron & Steel Industries Limited (the "Customer") (the "Agreement").

We refer to the Agreement and hereby give notice for the commencement of [•] Rental Period in respect arrangement for exclusive use of the Relevant Assets as described below:

[•]% undivided share in the ownership of Musharaka Assets. We confirm that the [•] Rental Payment due on [to be inserted] will be [•] [to be inserted] calculated as follows:

Rent	[] []
Supplementary Rent	[] []
Total	[] []

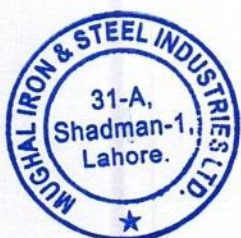
Rental Payment should be credited to the accounts of the Participants on or before [10 a.m.] on [•] (Rental Payment Date) in readily available funds which upon receipt of funds shall be confirmed by the respective Participants.

.....
For and on behalf of
Pak-Oman Investment Company Limited (As the Issue Agent)
[•]
Authorized Signature(s)

.....
We hereby confirm having accepted the arrangement regarding exclusive use of the above assets for the above mentioned rental amount

.....
By: **MUGHAL IRON & STEEL INDUSTRIES LIMITED**
Authorized Signature(s)

encls: Schedule of Rental Payments



SCHEDULE 4

SCHEDULE OF RENTAL PAYMENTS

Period	Rental Payment Dates *	Rental Payment (PKR)
1	March 2021	64,500,000
2	June 2021	64,500,000
3	September 2021	64,500,000
4	December 2021	64,500,000
5	March 2022	64,500,000
6	June 2022	60,468,750
7	September 2022	56,437,500
8	December 2022	52,406,250
9	March 2023	48,375,000
10	June 2023	44,343,750
11	September 2023	40,312,500
12	December 2023	36,281,250
13	March 2024	32,250,000
14	June 2024	28,218,750
15	September 2024	24,187,500
16	December 2024	20,156,250
17	March 2025	16,125,000
18	June 2025	12,093,750
19	September 2025	8,062,500
20	December 2025	4,031,250

* The above Rental Payments are calculated on assumed base rate of 7.30% and a margin of 1.30%. The Rental Payment Date and Rental Payment Amount are subject to change with respect to the first Musharaka Contribution Date and the 3 (three) month KIBOR prevailing on the first Musharaka Contribution Date with a floor of 3% and a cap of 28%.

Plus Supplementary Rent in respect of previous Rental Period but excluding the first Rental Period.

(As and when the 3 (three) month KIBOR and / or Outstanding Base Amount varies, the Rental Payments stated above shall be revised and notified by the Issue Agent to the Customer along with the Notice of Rental Payments. The dates stated above shall be revised depending upon the actual first Musharaka Contribution Date and such revision shall be notified by the Issue Agent.)



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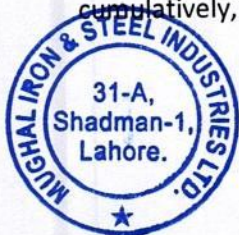


SCHEDULE 5

EVENTS OF DEFAULT & TERMINATION

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

- (i) default of the Customer 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 or the Transaction Documents;
- (ii) default by the Customer (other than payment default detailed in (i) above) in performance of any of its commitments, obligations and / or covenants under the Transaction Documents 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 the Transaction Documents) 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) attachment or assignment or transfer of delivery to or takeover of any properties or assets of the Customer by any receiver, encumbrancer, assignee, or any other person or body whether appointed by the Customer or a court or the government under any law or regulation;
- (iv) making of any order or passing of a resolution for the winding up of the Customer;
- (v) one or more judgments, decrees or orders for the payment of money rendered against the Customer 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;
- (vi) any existing license or any regulatory approvals in favour of the Customer 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;
- (vii) default by the Customer 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;
- (viii) any statement, representation or warranty and undertakings made or repeated by the Customer 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 Customer 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;
- (ix) liquidation, bankruptcy, cessation of business activities or cessation of the payment of debts of the Customer, or any other legal or factual situation, including judicial or amicable settlement of debts, which may affect the ability of the Customer to pay its dues to the Issue Agent in accordance with this Agreement;
- (x) the Customer is merged or amalgamated with another company or corporation or is reconstituted and in the reasonable opinion of the Issue Agent any such action has a Material Adverse Effect on the Customer;
- (xi) any transformation / change in the form, nature or corporate objects of the Customer which may have a Material Adverse Effect on the Customer;
- (xii) judicial and enforcement proceedings taken against the Customer which may, singly or cumulatively, result in a Material Adverse Effect in the opinion of the Issue Agent;



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High Courts & Supreme Court

- (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) taking of any step by the Customer for the purpose of entering into a compromise or arrangement with any of its members, or creditors, generally or any class of them;
- (xv) a final order of any court or authority against the Customer 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.
- (xvi) the Security created and / or furnished by the Customer in favour of the Issue Agent deteriorates in quality or becomes inadequate in the sole judgement of the Issue Agent;
- (xvii) any Security Documents executed or furnished by the Customer 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;
- (xviii) the occurrence of any event whatsoever which may have a Material Adverse Effect in the opinion of the Issue Agent; and
- (xix) if all or any material provisions 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.

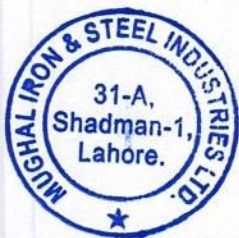


SCHEDULE 6

REPRESENTATIONS AND WARRANTIES OF THE CUSTOMER

The Customer makes the following representations and warranties to 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) to own its own properties and assets and carry on its business as it is now being conducted; and
 - (b) to 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 Customer, 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 Customer or any of its properties and businesses are subject;
 - (b) contravene any contract, undertaking or instrument binding on the Customer or any of its properties;
 - (c) contravene any provision of the the Customer's Memorandum or Articles;
 - (d) require the Customer 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 Customer to incur Financial Indebtedness to be exceeded.
- (ix) to the knowledge of the Customer, 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 Customer 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 Customer, 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;
- (xiii) all governmental, official, creditors' and corporate approvals, registrations and authorizations (to the extent required) have been obtained by the Customer for undertaking the Musharaka and providing the Security;
- (xiv) it has legal, valid and subsisting title to the Hypothecated Assets and that as at the date hereof there are no charges, mortgages encumbrances or liens existing over the Hypothecated Assets except for the charges created in favour of the Existing Creditors;
- (xv) no litigation, arbitration or administrative proceedings to which the Customer is a party, are taking place, pending or, to the knowledge of the Customer, threatened against the Customer 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.

