

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 10th Annual General Meeting of the members of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** ("the Company") will be held on Thursday, October 31, 2019 at 11.00 a.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditor's Reports thereon for the year ended June 30, 2019.
2. To declare final cash dividend @ 12% i.e. Rs. 1.20/- per share of Rs. 10/- each for the year ended June 30, 2019, as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

A notice referred to in sub-section (2) of section 246 of the Companies Act, 2017 is hereby given to the members that, the Board of Directors upon recommendation of the Audit Committee has recommended the name of M/s Fazal Mahmood & Co., Chartered Accountants, the retiring auditors, for re-appointment as external auditors of the Company after obtaining their consent.

4. To elect nine (09) Directors of the Company for period of three years commencing from October 31, 2019. The Board of Directors in accordance with section 159 of the Companies Act, 2017, in its meeting held on September 20, 2019 has fixed the number of elected Directors be nine (09) out of which two (02) male and one (01) female independent Directors are proposed to be elected. The names of retiring Directors of the Company are as follows :

1. Mr. Mirza Javed Iqbal
2. Mr. Abdul Rehman Qureshi
3. Mr. Shoaib Ahmad Khan
4. Mr. Jamshed Iqbal
5. Mr. Khurram Javaid
6. Mr. Muhammad Mubeen Tariq Mughal
7. Mr. Fazeel Bin Tariq
8. Mr. Fahad Javaid
9. Mr. Muhammad Mateen Jamshed

SPECIAL BUSINESS

5. To ratify and approve transactions entered into by the Company with related parties in its ordinary course of business by passing the following special resolutions:

"RESOLVED that the transactions entered into by the Company in its ordinary course of business with related parties during the year ended June 30, 2019 as disclosed in relevant notes to the financial statements are hereby ratified and approved."

"FURTHER RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to execute / approve all the transactions to be carried out in its ordinary course of business with related parties during the ensuing year ending June 30, 2020 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

6. To sanction the holding of office of profit under the Company by Mr. Jamshed Iqbal and Mr. Muhammad Mubeen Tariq Mughal as Executive Directors of the Company.

Statement required under Section 134(3) of the Companies Act, 2017 in respect of Special Business to be transacted at the forthcoming Annual General Meeting is annexed.

(By Order of the Board)

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Muhammad Fahad Hafeez
Company Secretary

Lahore: October 07, 2019

NOTES:

1. Book closure

Share transfer books of the Company will remain closed from October 24, 2019 to October 31, 2019 (both days inclusive). Physical transfers / Central Depository System (CDS) Transaction IDs received in order by the Company's Share Registrar, M/s. THK Associates (Private) Limited, 1st floor, 40-C, Block-6, P.E.C.H.S. Karachi, up to the close of business on October 23, 2019, will be considered in time, for the entitlement of payment of final cash dividend and determination of entitlement of the members to attend and vote at the Meeting.

2. Participation in General Meeting

Members are requested to bring along with them their Computerized National Identity Card (CNIC)/Smart National Identity Card (SNIC)/Passport in original. Members, who have deposited their shares into CDS, must also bring with them their CDC Investor Account Number/Participant's ID Number and Sub-Account Number. In case of corporate entities, the board's resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.

A member of the Company entitled to attend and vote at this Meeting may appoint any other member of the Company as his/her proxy to attend, speak and vote instead of him/her at the Meeting. A member shall not be entitled to appoint more than one proxy. The instrument appointing a proxy must be properly filled-in/executed and in order to be valid, must be received at the Share Registrar office of the Company, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi not later than forty eight (48) hours before the time scheduled for the Meeting. The proxy shall produce his original CNIC/SNIC or original Passport at the time of the Meeting. An instrument of proxy applicable for the Meeting is being provided with the Notice being sent to Members. Further, copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: <http://www.mughalsteel.com>.

3. Procedure to contest the election to the office of Director

Any member who seeks to contest the election to the office of Director shall, whether he/she is a retiring Director or otherwise, file with the Company at its Registered Office not later than fourteen days before the date of the Meeting, the following details/documents:

- i. Notice of intention to offer himself/herself for election as a Director in terms of section 159(3) of the Companies Act, 2017;
- ii. Consent to act as a Director on duly signed and completed Form-28 under Section 167(1) of the Companies Act, 2017;
- iii. Detailed profile along with his/her office address for placement on Company's website;
- iv. Attested copy of valid CNIC/SNIC/Passport and National Tax Number (NTN);
- v. His/her Folio Number/CDC Investors Account Number/

CDC Participant ID Number/Sub-Account Number. A person must have qualifying shares worth of Rs. 1,000/- of the Company at the time of filing of his / her consent to act as Director. The aforesaid qualification shall not be applicable to persons mentioned in proviso to Section 153(i) of the Act;

- vi. Detail of other directorship and offices held;
- vii. Signed declaration to the effect that he/she is aware of duties and powers of Directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and other relevant laws and regulations; and
- viii. Signed declaration to the effect that he/she is compliant with requirements and eligibility/qualification criteria as set out in the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2017 and other relevant laws and regulations for appointment as Director / Independent Director of a listed company.

4. Postal Ballot/E-Voting:

Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Act, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

5. Payment of dividend through electronic mode

Under the provisions of Section 242 the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders **ONLY** through electronic mode directly into bank account designated by the entitled shareholders. Keeping in view the same, members are requested to promptly provide/update their International Bank Account Number ("IBAN") details on the "Electronic Credit Mandate Form" available on the Company's website: www.mughalsteel.com.

In case of shares held in physical form, members shall send duly signed Form as mentioned above along with a copy of CNIC/SNIC/Passport to the Company at its Registered Office address. In case shares are held in CDS then "Electronic Credit Mandate Form" must be submitted directly with relevant Participant/CDC account services.

Please note that in case of failure to provide valid IBAN details by the members, the Company will be entitled to withhold payment of dividend in accordance with the relevant provisions of the Companies Act, 2017 and related regulations.

6. General notes

a) Change in address

Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Members maintaining their shares in CDS should have their address updated with their relevant Participant/CDC account services.

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b) CNIC/SNIC/NTN number

CNIC/SNIC or NTN (in case of corporate entities) number of members are mandatorily required for dividend distribution. As per Regulation No. 6 of the Companies (Distribution of Dividend) Regulations, 2017 and Section 243(3) of the Companies Act, 2017, the Company will be constrained to withhold payment of dividend to members, in case of non-availability of identification number of the members (CNIC/SNIC or NTN).

Members are therefore requested to submit a copy of their CNIC/SNIC or NTN (in case of corporate entities) to the Share Registrar, if not already provided. The members while sending CNIC/SNIC or NTN must quote their respective Folio number and name of the Company.

c) Revised Treatment of withholding tax

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2019, effective July 1, 2019, withholding of tax on dividend based on 'Active' and 'Non-Active' status of members shall be @ 15% and 30% respectively where 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk/>) and 'Non-Active' means a person whose name is not being appeared on the Active Taxpayers List.

All the members whose names are not entered into the Active Taxpayer List, despite the fact that they are filers, are advised to make sure that their names are entered into the list before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @30% instead @15%. **Members seeking exemption from deduction of income tax or those members who are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.**

Furthermore, according to clarification provided by the FBR; in case shares are jointly held either in physical form or in CDS, each joint-holder is to be treated separately as Active or Non-Active. In terms of the said clarification, tax of each joint-holder will deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holder(s) is pre-defined as per the records of the Company's Share Registrar and thus tax rates are applied in line with respective proportions.

Therefore, in order to avoid deduction of tax at a higher rate, those members who are holding shares either in physical form or CDS jointly; are requested to notify (in writing) any change in their shareholding proportions to Company's Share Registrar (in case of physical shareholding) or their Participants/CDC Investor Account Services so that their revised shareholding proportions are considered by the Company in all prospective dividend payouts of the Company, if any.

7. Electronic transmission of financial statements.

Section 55 and section 223 of the Companies Act, 2017 provide that audited financial statements and notices of the general meetings may be sent to the members either by post or electronically (through e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of general meetings through e-mail in future. In this respect members are hereby requested to convey their consent for the same on a standard request form which is available on the Company's website i.e. www.mughalsteel.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the members to timely update the Share Registrar of any changes in their registered e-mail addresses.

Members who desire to receive a copy of any annual financial statements and notice of general meeting in hard form, may demand a copy, which shall be provided free of cost within seven days.

8. Video-link facility

Members can also avail video link facility. In this regard, the members residing in a city and collectively holding at least 10% of the total paid up capital may demand the Company to provide the facility of video-link for participating in the Meeting. The demand for video-link facility shall be received by the Company at its Registered Office address at least seven days prior to the date of the Meeting on the below mentioned form.

"I/We, _____ resident of _____, being a member of Mughal Iron & Steel Industries Limited, holder of _____ ordinary share(s) as per Registered Folio /CDC Account No. _____ hereby opt for video-link facility at _____."

Signature of member

9. Unclaimed shares / dividend

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it became due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Companies Act, 2017 and related regulations. Accordingly, members are requested to promptly deposit their dividend warrants after re-validation, if already available with them. In case dividend warrants or share certificates have not been received, please contact us at our registered office address.

10. Placement of financial statements

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2019 along with Directors' and Auditor's Reports thereon on its website: www.mughalsteel.com or scan QR Code.

11. Contact us

For any query/problem/information, the investors may contact the Company Secretary at +92-42-35960841 and email address fahadhafeez@mughalsteel.com and/or THK Associates (Private) Limited at +92-021-111-000-322 and email address sfc@thk.com.pk.

STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF SPECIAL BUSINESSES TO BE TRANSACTED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS APPENDED BELOW:

This statement sets out the material facts concerning the Businesses listed at agenda items 4 to 6, to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 31, 2019.

Agenda Item No. 4.

Statement as required u/s 166(3) of the Companies Act, 2017

Any person who is eligible under section 153 and meets the criteria under section 166 of the Companies Act, 2017, may submit nomination to be elected as Independent Director. However, it is noteworthy to mention here that Independent Directors shall be elected in the same manner as other directors are elected in terms of section 159 of the Companies Act, 2017. Final list of contesting directors will be published in Newspapers not later than seven days before the date of the said meeting in terms of section 159(4). Further, website of the company will also be updated with the required information for each Director.

No Directors have direct or indirect interest in the above said business except they may consent for election of directors accordingly.

Agenda Item No. 5.

During the year, there were transactions entered into by the Company in its ordinary course of business with related parties. Since majority of Company's Directors were directly or indirectly interested in these transactions due to their common directorship and/or holding of shares in the related parties, the quorum of Directors could not be formed for approval of these transactions. In view of the above, these transactions, as detailed below, are being placed before the members for their approval.

Name of related party	Detail of transactions	Rs. in Millions
Mughal Steel Metallurgies Corporation Limited	Billet casting	7.235
	Rental income	2.400
	Rent paid	2.550
Al-Bashir (Private) Limited	Rent paid	1.512
Indus Engineering (AoP)	Rent paid	1.200
Major shareholders, Directors and their relatives	Transfer from Equity contribution from Directors & their relatives to short-term loans from Directors & their relatives and regard it as repayable at discretion of the lenders..	758.205
	Repayment of short-term loan from Directors and their relatives.	228.024
	Remuneration paid to Directors	51.780

It is expected that the Company would be conducting related party transactions in the ordinary course of business in the upcoming financial year as well. The majority of Directors are expected to be interested in these transactions due to their relationships, common directorship and shareholding in these related parties. Therefore, such transactions with related parties would require to be approved by the members. In view of the above and in order to comply with the provisions of clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017, the members may authorize the Chief Executive Officer to execute / approve transactions to be carried out in ordinary course of business with related parties during the ensuing year ending June 30, 2020.

The Directors are interested to the extent of their relationships, common directorships and their respective shareholding in the related parties.

Agenda Item No. 6.

The approval of members is being sought by passing an ordinary resolution for holding of office of profit by Mr. Jamshed Iqbal and Mr. Muhammad Mubeen Tariq Mughal as Executive Directors of the Company for a term of three years commencing from the date of their election as Directors. Both of them have been serving the Company as Executive Directors and during their tenure, they have worked with full passion and interest for the growth of the Company.

Except for Mr. Jamshed Iqbal and Mr. Muhammad Mubeen Tariq Mughal, none of the Directors of the Company are interested in these proposed appointments.