

MISIL/BM-4-A/2017

March 15, 2017

**The General Manager**

Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

By Courier &amp; PUCAR

**MATERIAL INFORMATION - DECLARATION OF RIGHT SHARES**

Dear Sir,

In accordance with the requirements of the applicable provisions of the Securities Act, 2015 and the Rule Book of Pakistan Stock Exchange Limited, we are pleased to inform you that the Board of Directors of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** in its meeting held on March 15, 2017 at 10:00 am at 31-A Shadman 1, Lahore, have decided that the projects relating to procurement and installation of six (06) engines (gas fired electric generators) of 3.1 MW each and BMR of existing bar re-rolling mill as already approved in the preceding board meeting held on February 27, 2017 shall be financed by way of equity.

Consequently, the Board of Directors has decided to issue 100 Right Shares for every 100 shares held i.e. 100 % at par value of Rs. 10/- per share.

The share transfer books of the Company will be closed from April 06, 2017 to April 12, 2017 (both days inclusive) to determine the entitlement of Right Shares.

Transfers received at the Company's share registrar, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S Karachi at the close of the business on April 05, 2017 will be treated in time for the purpose of entitlement of Right Shares to the transferees.

We also enclose herewith the following information/documents:

- a) Financial plan including purpose, benefits and use of the funds from right issue along with risk factors associated with the issue. **(Annexure-A)**
- b) Financial Projections of five years duly approved by the Board of Directors. **(Annexure-B)**

**MUGHAL IRON & STEEL INDUSTRIES LIMITED**

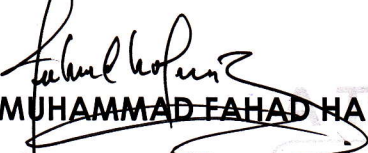
Registered office: 31-A, Shadman-1, Lahore. Office Phone: 042-35960841-3 Fax: 042-35960846  
Web: www.mughalsteel.com, E-mail: accounts@mughalsteel.com. NTN # 3533975-6, STR # 03-06-7326-012-82

- c) A certified true copy of the board resolutions. **(Annexure-C)**
- d) Draft copy of "Notice to Shareholders", prior to its being published in newspapers in compliance with rule 5.6.4(b) of the PSX Rule Book. **(Annexure-D)**

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

for **MUGHAL IRON & STEEL INDUSTRIES LIMITED**

  
**MUHAMMAD FAHAD HAFEEZ**  
(Company Secretary)



CC: **The Commissioner (Company Law Division)**  
Securities & Exchange Commission of Pakistan  
Islamabad.

**The Commissioner (Securities Market Division)**  
Securities & Exchange Commission of Pakistan  
Islamabad.

**Chief Executive Officer**  
Central Depository Company of Pakistan  
Karachi.

**"ANNEXURE – A"****FINANCIAL PLAN INCLUDING PURPOSE, BENEFITS AND USE OF THE FUNDS FROM RIGHT ISSUE ALONG WITH RISK FACTORS ASSOCIATED WITH THE ISSUE.****PURPOSE OF THE RIGHT ISSUE**

The purpose of the Right issue is to finance the following two projects:

- a) Procurement and installation of six (06) engines (gas fired electric generators) having gross generation capacity of 3.1 MW each along with ancillary equipments.
- b) Balancing, Modernization and Replacement (BMR) of existing bar re-rolling mill.

**BENEFITS OF THE RIGHT ISSUE TO THE COMPANY**

- Significant increase in electricity load to support the current and expected increase in production activities.
- Increase in production of high quality self-manufactured billet to support re-rolling activities.
- Bar re-rolling production capacity would be enhanced.
- Efficiency of the bar re-rolling process will improve resulting in reduced manufacturing costs and improved margins.
- The company would benefit from economies of scale.
- Equity base of the company will be strengthened.



4h.

### USE OF FUNDS

As per business strategy, the Company intends to raise Rs. 1,257.998 million from the Right issue. Financial plan for the utilization of funds is given below:

Particulars	Estimated Project Cost (PKR)	Proposed utilization of funds raised from Right Issue
Procurement and Installation of (06) Engines (gas fired electric generators) (3.1 MW each)	500.000 million	500.000 million
BMR of Bar re-rolling mill	1,250.000 million	757.998 million
<b>TOTAL</b>	<b>1,750.000 million</b>	<b>1,257.998 million</b>

\*The excess of project cost over funds raised from Right issue along with any escalation in project cost will be financed through company's internal sources.

### RISK FACTORS ASSOCIATED WITH RIGHT ISSUE

Following are risks which are considered to be associated with right issue, however, they are not to be considered material due to the reasons mentioned against them.

#### 1. Investment risk

Right Issue is being made at par value of Rs.10/- each which is far less than the current share price in the market. Hence, there is no major investment risk associated with the right issue.

#### 2. Operational risk

There is no major operational risk associated with the power plant since the desired gas load capacity is already available. Further, demand for electricity is also sufficient.

#### 3. Market/Demand risk

There is no major market risk associated with BMR of bar re-rolling mill since there is already significant demand for the production of steel bars, which is expected to increase further in the upcoming years.




**"ANNEXURE – B"****FIVE YEARS FINANCIAL PROJECTIONS**

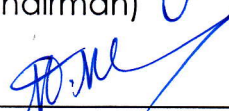
(Rupees in Millions)

	2017	2018	2019	2020	2021
Sales	17,368	19,021	24,941	26,521	28,141
Net Profit	948	1,094	1,462	1,621	1,720
Paid up share capital	2,516	2,516	2,516	2,516	2,516

**\*Note:** The above financial projections are based on the perception of the Directors regarding the performance of the business in the current business environment. The Company or its Directors do not accept any liability for any investment decisions by any person on the basis of the above financial projections, nor do, they undertake any obligation to update publicly or release any revisions to the above projections, to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

  
Mirza Javed Iqbal  
(Chairman)

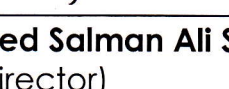
  
Khurram Javed  
(CEO/ Director)

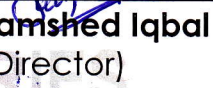
  
Muhammad Mubeen Tariq Mughal  
(Director)

  
Jamshed Iqbal  
(Director)

through telecon

through telecon.

  
Syed Salman Ali Shah  
(Director)

  
Fazeel Bin Tariq  
(Director)

  
Muhammad Mateen Jamshed  
(Director)

  
Fahad Javed  
(Director)

Through telecon  
Muhammad Waleed Bin Tariq Mughal  
(Director)



**"ANNEXURE - C"****RESOLUTIONS PASSED AT THE BOARD MEETING OF MUGHAL IRON & STEEL INDUSTRIES LIMITED HELD ON MARCH 15, 2017 AT 10:00 AM AT 31-A, SHADMAN I, LAHORE**

**"RESOLVED** that the projects relating to procurement and installation of six (06) engines (gas fired electric generators) having gross capacity of 3.1 MW each along with ancillary equipment and BMR of existing Bar re-rolling mill shall be financed by equity."

**"FURTHER RESOLVED** that in order to raise the above equity, the ordinary paid up share capital of Mughal Iron & Steel Industries Limited (the Company) be and is hereby increased from Rs. 1,257,998,250 to Rs. 2,515,996,500 by issue of further 125,799,825 ordinary shares to be offered as right shares at par value of Rs. 10/- per share in ratio of 100 right shares for every 100 existing ordinary shares of Rs. 10/- each (i.e @ 100%)."

**"FURTHER RESOLVED** that these right shares be and are hereby offered to the Company's existing ordinary shareholders as provided under section 86 of the Companies Ordinance, 1984 against payment of value of shares to the Company up to the date as per right allotment letters to be issued. These shares shall rank *pari passu* in all respects with the existing ordinary shares of the company."

**"FURTHER RESOLVED** that purpose of right Issue, benefits to the Company, use of funds, risks associated with the issue and projections of five years be and are hereby approved."

**"FURTHER RESOLVED** that approval be and is hereby granted to close the share transfer books of the Company for determination of entitlement of right shares from April 06, 2017 to April 12, 2017 (both days inclusive)."

**"FURTHER RESOLVED** that the Chief Executive and / or Company Secretary be and are hereby singly / jointly authorized to announce book closure dates along with publication of the same in newspaper in accordance with relevant regulatory requirements".

**"FURTHER RESOLVED** that the Company Secretary in consultation with the Chief Executive Officer be and hereby authorized to prepare right issue plan, make

**Certified & True Copy**


# MUGHAL IRON & STEEL INDUSTRIES LIMITED

Registered office: 31-A, Shadman-1, Lahore. Office Phone: 042-35960841-3 Fax: 042-35960846  
 Web: www.mughalsteel.com, E-mail: accounts@mughalsteel.com. NTN # 3533975-6, STR # 03-06-7326-012-82

any amendment thereon and to obtain approval of the same from Stock Exchange".

**"FURTHER RESOLVED** that the Chief Executive Officer and / or the Chief Financial Officer and / or the Company Secretary be and are hereby authorized singly to take all necessary steps for the finalization and issue of letter of rights and circular 86 under section 86(3) of the Companies Ordinance, 1984 in respect of the said right shares along with filling of related returns / necessary notices with the Companies Registration Officer, Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange Limited as the case may be".

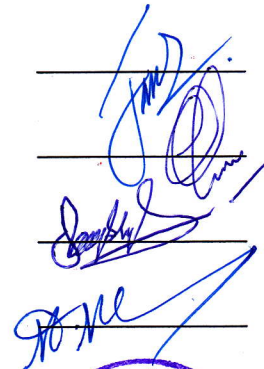
**"FURTHER RESOLVED** that the members are hereby allowed to renounce their right to subscribe any of the shares offered to them in favor of any other person."

**"FURTHER RESOLVED** that the decision to allow the members to renounce their right to subscribe any of the shares offered to them in favor of any other person shall be deemed to be a decision under sub-section (7) of section 86 of the Companies Ordinance, 1984, if the said person decides to subscribe to such shares."

**"FURTHER RESOLVED** that the Chief Executive, Chief Financial Officer and / or Company Secretary be and are hereby singly / jointly authorized to appoint the Bankers to collect the amount of subscription towards right shares and to open an account with the bankers so appointed."

**"FURTHER RESOLVED** that after finalization of bankers to right Issue, Mr. Mirza Javed Iqbal, Mr. Khurram Javed, Mr. Muhammad Mubeen Tariq Mughal and Mr. Jamshed Iqbal, directors of the Company are singly authorized to operate the right issue subscription account of the Company and for transfer of proceeds from right subscription account to the Company's account. Specimen signatures of the authorized signatories are as follows:

1. Mirza Javed Iqbal
2. Khurram Javed
3. Jamshed Iqbal
4. Muhammad Mubeen Tariq Mughal



**Certified & True Copy**




**MUGHAL IRON & STEEL INDUSTRIES LIMITED**

Registered office: 31-A, Shadman-1, Lahore. Office Phone: 042-35960841-3 Fax: 042-35960846  
Web: www.mughalsteel.com, E-mail: accounts@mughalsteel.com. NTN # 3533975-6, STR # 03-06-7326-012-82

**"FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to appoint consultants, if considered necessary."

**"FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to take all necessary actions as required by Central Depository Company of Pakistan Limited ("CDC") including but not limited to induction of the offers for right shares and the right shares in Central Depository System of the ("CDC") and in that connection to sign all requisite applications, undertakings and other documents on behalf of the Company."

**"FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to take all necessary actions as required under the law or otherwise seem necessary or ancillary to the right issue, including but not limited to allotment of shares and filling of return of allotment as required by SECP / Stock Exchange / CDC / or any other authority."

**"FURTHER RESOLVED** that the Chief Executive Officer, any of the Director and Company Secretary be and are hereby jointly authorized to sign the physical share certificates in respect of the Right Issue".

**"FURTHER RESOLVED** that fractional entitlements (if any) will be consolidated in the name of the Company Secretary (under trust) and sold on the stock exchange. The proceeds of such shares will be distributed to the members in accordance with their entitlements."

**"FURTHER RESOLVED** that Chief Executive be and hereby authorized to allot unsubscribe portion to all or any of the Directors of the Company in accordance with the provisions of the section 86(7) of the Companies Ordinance 1984."

**Certified & True Conv**



**MUGHAL IRON & STEEL INDUSTRIES LIMITED**

Registered office: 31-A, Shadman-1, Lahore. Office Phone: 042-35960841-3 Fax: 042-35960846  
Web: www.mughalsteel.com, E-mail: accounts@mughalsteel.com. NTN # 3533975-6, STR # 03-06-7326-012-82

**“ANNEXURE – D”****DRAFT COPY OF “NOTICE TO SHAREHOLDERS”, PRIOR TO BEEN PUBLISHED IN NEWSPAPERS IN COMPLIANCE WITH RULE 5.6.4(B) OF THE PSX RULE BOOK.**

The following notice will be published in daily English and Urdu newspapers on March 26, 2017 both in English and Urdu:

**ANNOUNCEMENT FOR 100% RIGHT SHARES**

Members are notified that the Board of Directors in their meeting held on March 15, 2017 has approved to issue 100% Right Shares (100 shares for every 100 existing shares) at par value of Rs.10/- per share.

**BOOK CLOSURE TO DETERMINE RIGHT ISSUE ENTITLEMENT**

The Share transfer books of the Company shall remain closed from April 06, 2017 to April 12, 2017 (both days inclusive) for the purpose of entitlements of Right Shares.

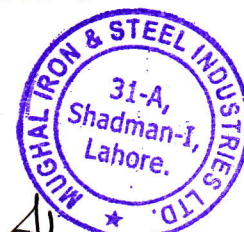
Transfers received at the Company's share registrar, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S Karachi at the close of the business on April 05, 2017 will be treated in time for the purpose of entitlement of Right Shares to the transferees.

Right letters will be issued to those shareholders whose name will appear in members' register of the company at the close of the business on Friday April 05, 2017.

Shareholders are requested in their own interest to notify any change in their addresses immediately to our share registrar **M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S, Karachi – 75400, Tel: # 021-111-000-322, 021-34168270**, for dispatch of Right Issue letters.

for **MUGHAL IRON & STEEL INDUSTRIES LIMITED**

Muhammad Fahad Hafeez  
(Company Secretary)



**DISCLOSURE FORM****IN TERMS OF SECTIONS 96 AND 131 OF THE SECURITIES ACT, 2015**

Name of Company:	Mughal Iron & Steel Industries Limited
Date of Report:	March 15, 2017
Contact information:	Muhammad Fahad Hafeez Company secretary 31-A Shadman 1, Lahore  Contact No. 042-35960841(133) Fax No. 042-35960846 Email: <a href="mailto:fahadhafeez@mughalsteel.com">fahadhafeez@mughalsteel.com</a>

Please mark the appropriate box below:

**Disclosure of inside information by listed company**

Public disclosure of inside information, which directly concerns the listed securities:

In accordance with the requirements of the applicable provisions of the Securities Act, 2015 and the Rule Book of Pakistan Stock Exchange Limited, we are pleased to inform you that the Board of Directors of **MUGHAL IRON & STEEL INDUSTRIES LIMITED** in its meeting held on March 15, 2017 at 10:00 am at 31-A Shadman 1, Lahore, have decided that the projects relating to procurement and installation of six (06) engines (gas fired electric generators) of 3.1 MW each and BMR of existing bar re-rolling mill as already approved in the preceding board meeting held on February 27, 2017 shall be financed by way of equity.

Consequently, the Board of Directors has decided to issue 100 Right Shares for every 100 shares held i.e. 100 % at par value of Rs. 10/- per share.

The share transfer books of the Company will be closed from April 06, 2017 to April 12, 2017 (both days inclusive) to determine the entitlement of Right Shares.

Transfers received at the Company's share registrar, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S Karachi at the close of the business on April 05, 2017 will be treated in time for the purpose of entitlement of Right Shares to the transferees.

4h

**MUGHAL IRON & STEEL INDUSTRIES LIMITED**

Registered office: 31-A, Shadman-1, Lahore. Office Phone: 042-35960841-3 Fax: 042-35960846  
Web: www.mughalsteel.com, E-mail: accounts@mughalsteel.com. NTN # 3533975-6, STR # 03-06-7326-012-82

We also enclose herewith the following information/documents:

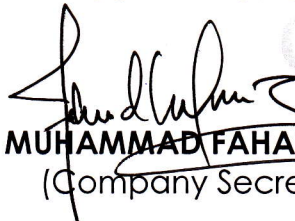
- a) Financial plan including purpose, benefits and use of the funds from right issue along with risk factors associated with the issue. **(Annexure-A)**
- b) Financial Projections of five years duly approved by the Board of Directors. **(Annexure-B)**
- c) A certified true copy of the board resolutions. **(Annexure-C)**
- d) Draft copy of "Notice to Shareholders", prior to its being published in newspapers in compliance with rule 5.6.4(b) of the PSX Rule Book. **(Annexure-D)**

**SIGNATURES**

In case of company pursuant to the requirements of the securities Exchange Ordinance 1969 (XVII), the Company has duly caused this form / statement to be signed / on its behalf by the undersigned hereunto duly authorized.

Yours Sincerely,

For **MUGHAL IRON & STEEL INDUSTRIES LIMITED**

  
**MUHAMMAD FAHAD HAFEEZ**  
(Company Secretary)



Dated: March 15, 2017