Product Features

Modernization of SMEs is a term finance facility introduced to encourage SMEs to modernize their factories for producing quality products and to meet their power shortage

**Product Features/Benefits:**

* Financing is available for SMEs borrowers, as defined Prudential Regulation of SBP for SMEs, through Bank Alfalah.
* Financing is available for local purchase / import of new machinery for BMR of existing SMEs units and setting up of new SMEs units and for purchase of new generators up to 500 KVA.
* Financing is available only against LCs in case of financing against imported plant and machinery.
* Financing is also available to the extent of the C&F value of the imported new plant and machinery and / or ex-factory / showroom price of the new locally manufactured machinery.

Product Type

Term loan facility

Target Market

* Small & Medium Enterprises
* Commercial Enterprises
* Corporate Enterprises
* Agri Customers / Business (Farming / Non-Farming)

Eligibility Criteria

* **For financing to any other legal Entity**, like Trust, Society, etc. specific approval will be required as mentioned in**Deviation Matrix**. This needs to be mentioned here that as per bank policy, all NGO’s, NPO’s and trust accounts should be open after approval from AML/ KYC Unit of Compliance Division.
* **Age Limit for Proprietor:** The age of the individual should be between 21 to 65 years, must be a CNIC Holder, Maximum age till maturity of loan will not be more than 65 years,
* **Business Tenor:** Borrower should be in the same line of business / industry for at least 3 years or expanding via vertical integration. Name of the business may be changed, or the documents are in personal name, but link should be maintained & Proof should be taken.
* **Personal Guarantees:** Borrower should Provide Personal Guarantee(s) of Proprietor, Associates, Partners, & Sponsor Directors of Private & Public Limited Companies. For Personal Guaranties of Non-Sponsoring Directors of Private / Public Limited Companies may be waived by the Competent Approving Authorities.
* **Overdue Status**: Borrower should not have any Current Overdue Liability from any bank in Pakistan. Deviation should be obtained by providing proper reasoning & explanation for the overdue.
* **For Agri customers,**the residence / business premises of the customer should be within a radius of 40km from the location of any BAFL’s lending branch**.**

**Self Employed Individuals:**

* Person doing business (verifiable) and not have enough income proof (Income Statement or Bank Statement) but is in the same business line at least from the last 3 years.
* the minimum age of the individual should be 21 years, must be a CNIC Holder, maximum age at maturity of the loan should be less than 65 years.
* Copies of Bills / Invoices / Work Orders / Bank Statement should be obtained to determine the Present & Future Business Cash flows.
* To ascertain income / repayment capacity of a customer, option of income estimation may also be added to the program features. Fees related to the Income Estimation shall be borne by the customer.
  + Income estimation should be conducted by External Income Estimation Agency (The agency should be on the BAFL’s approved Panel of Evaluators) to determine Current and Future Income and Cash Flows of the Business.
  + BM/RM/TL should remain involved in all above process and should own & endorse the above process of income estimation and the figures estimated from this process, both internal / external.

**Farming Customers (As per SBP list of eligible items): \***

* For NTBs, ownership proof of the land (At least 5 Acres). For the purpose of calculating income, projected cash flows, debt burden etc, 1:1 ratio of own land & leased in land may be considered.
* For ETBs with minimum 1-year relationship and not falling under high-risk category. The cash flows / income statement held at the time of latest approval shall suffice. RSM to attest the same and record his comments if economics have adversely changed.
* Bank Statement for at least for last 01 year
* Cultivation Evidence at least for the last 2 consecutive crops (Khasra Gardawari / Field Book Copy / Deh Farm VIII-A / Land Revenue Tax Receipt of Last Crop in case of Farm Loans (Any One of the above)) for both, Owned & Rental Land is required.
* Option of the Income Estimation from a PBA approved evaluator may be used.
* The total business experience should not be less than 3 years

**Non-Farming Customers (Dairy, Fishery, Poultry, Other Eligible Agri-business, Etc.) \***

* In case of NTBs, ownership proof of the Land/Project, if self-owned. If business is on the rented land, rent agreement at least covering loan tenure is mandatory.
* For ETBs, minimum 1-year relationship and not falling under high-risk category
* In case of ETBs cash flows / income statement held at the time of latest approval shall suffice. RSM to attest the same and record his comments if things have adversely changed
* Bank Statement at least for last 01 year.
* The total business experience should not be less than 3 years

**Note \***

* The collateral provided for the other facilities will remain intact till the maturity / early termination of the Alfalah BMR Facility.
* Partial release of security may be allowed upon specific approval from the relevant approving authorities.

**POLITICALLY EXPOSED PERSONS (PEPs) AND HIGH-RISK PROFESSIONS**

* All cases related to PEP & High-Risk Professions may only be approved by CRO.
* Politically Exposed Persons means “individuals who are entrusted with prominent public functions, either domestically, or by a foreign country, or in an international organization”. Examples of PEPs include but not limited to:
  + Existing or former Heads of State or of government (term government includes, Local, Provincial, Federal government)
  + Senior Staff of foreign consulates, Embassies, foreign/ UN missions, etc.
  + Senior, renowned politicians & Workers of Political Parties
  + Senior government officials, (especially those who may have the authority to influence)
  + Senior Judicial officials
  + Senior military officials, (especially those who may have the authority to influence)
  + Senior executives of state-owned corporations/departments/autonomous bodies
* Following professions are categorized as high risk
  + Lawyers
  + Persons associated with electronic and print media
  + Law Enforcement Agencies

Documentation Required

|  |  |
| --- | --- |
| **Agri Customers** | **Individuals** |
| * SBP’s Prescribed   Loan Application Form; * One recent passport   size photograph; * Copy of CNIC   (Original Seen by the bank’s official); * Bank Statement for   the Latest 12 months with account maintenance letter; * Financial Statements   for the last 1 year signed as per latest PRs or Incomer Estimation from PBA   Approved Evaluator; * **Cultivation Proof**: Khasra Gardawari /   Field Book Copy / Deh Farm VIII-A / Land Revenue Tax Receipt of Last Crop in   case of Farm Loans (Any One of the above); * Any proof that could   establish 3 years’ experience in the same business line e.g. Utility Bills / Bank Letter / Bank   Statement / Rent Agreement etc.; * For non-individual legal businesses,   entity related documents as prescribed below shall also be required. | * SBP’s Prescribed   Loan Application Form; * One recent passport   size photograph; * Copy of CNIC   (Original Seen by the bank’s official); * Bank Statement for   the Latest 12 months with account maintenance letter; * Financial Statements   for the last 1 year signed as per Latest PRs or Incomer Estimation from PBA   Approved Evaluator; * Any proof which   could establish 3 years’ experience in the same business line e.g. Utility Bills / Bank Letter / Bank   Statement / Rent Agreement etc. |
| **Sole Proprietorship:** | **Partnership:** |
| * Prescribed Loan   Application Form * One recent passport   size photograph; * Copy of CNIC of the   proprietor (Original Seen by the bank’s official) * Copy of NTN   Certificate * Latest Income Tax   Return \*\* * A letter from the   banker confirming that he is the sole proprietor of the firm; * Latest 12 months’   Bank Statement; * Financial Statements   for the last 1 year signed and Stamped as per latest PRs or Income Estimation   Report from PBA approved Evaluator. * Any proof which could establish 3 years’ experience in the same business line e.g. Utility Bills / Bank Letter / Bank   Statement / Rent Agreement etc.   **\*\***These documents will be obtained, where available, in line with Credit Operations   Manual (where applicable) | * Prescribed Loan   Application Form  Any proof which   could establish 3 years’ experience in the same business line e.g. Utility Bills / Bank Letter / Bank   Statement / Rent Agreement etc.   + Copy of CNIC of all   partners (checked to the original by the Bank’s official);   + Attested copy of   “Partnership Deed”;   + Attested copy of   Registration Certificate with the Registrar of Firms, if any;   + Bank Statement for   the Latest 12 months with account maintenance letter;   + Copy of NTN   Certificate   + Latest Income Tax   Return   + Financial Statements   for the last 1 year signed & Stamped as per latest PRs |
| **For Limited Company:** | **For Clubs/Societies/Associations/Trusts:** |
| * Certified copies of:Bank Statement for the Latest 12 months with account maintenance letter;   + Memorandum & Articles of Association;   + Certificate of Incorporation;   + Certificate of Commencement of Business;   + Attested photocopies of CNIC of all directors;   + Latest list of Directors on Form 29 and ‘A’ issued by the Registrar of Joint Stock Company /(SECP); * Latest List of   Directors on Form “A” and Form 29 issued by the Registrar of Joint Stock   Companies/SECP; * Copy of list of   directors duly attested by the company secretary with CNIC numbers and   specimen signature of each director * Financial Statements   for the last three years signed and stamped as per latest PRs | * Attested copies of Certificate of Registration (except for Trusts which is not required); * Attested copies of by-laws / Rules & regulations; * Certified copy of ‘Instrument of Trust/trust Deed’ (in case of Trust) * Copies of CNICs of the members of the Governing Body / Executive Committee/Trustees * (checked to the original by the Bank’s official) * Bank Statement for the Latest 12 months with account maintenance letter; * Copy of NTN Certificate * Financial Statements for the last three years signed and stamped as per latest PRs * These customers can only be accommodated after having specific approval from applicable Approving Authority Level, as mentioned above. |

Registration Process

Customer may visit his nearest Bank Alfalah branch on contact on helpline number 111-225-111

FAQs

**What are the mark-up rates?**The loan shall be offered on commercial rate and after approval of refinance from State Bank of Pakistan subsidized mark-up rate of 6% shall be applicable.

**What is the loan tenure?**Loan tenure shall be up to 10 years with 6-months grace period.

**What is the frequency of installment payment?**Principal shall be payable in equal Quarterly / Bi-Annual installments whereas Mark-up shall be payable in equal Quarterly installments.