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| **Product Overview:**  Alfalah Murabahah is a Sale contract wherein the Bank, upon the request of the customer, purchases an asset or commodity from the Supplier/Vendor and then sells it to the Customer on an immediate or deferred payment basis. It refers to a type of sale where the seller discloses the cost of commodity and the amount of profit being charged, |
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| **Underlying Islamic Mode:**  Murabahah |
| **Type Of Product:**  Corporate/Commercial/ SME |
| **Basis For Pricing! Return:**  The payment of the Murabahah price may be paid:   * At Spot at the time of sale * In Installments * In lump Sum (bullet) after a certain time period.   As Murabahah requires disclosure of cost & profit to customer, Bank is obliged to disclose to customer Incurred cost of goods and profit charged thereon.  Murabahah Price= Cost + Profit (KIBOR + Spread). |
| **Uses of Murabahah:**  **Working Capital:**  Facilitates Working capital needs such as Purchase of raw material, goods & merchandise for manufacturing concerns.  **Trade Finance:**  Facilitates Import Finance and Export Financing (Pre-shipment). |
| **Unique Selling Points:**   * Flexible Repayment * Competitive pricing * Fixed reducing balance basis * Variable Tenures |
| **Minimum & Maximum Financing Limit:**   * Small Enterprises (SE): 25 Mi * Medium Enterprise (ME): 200Mln * Commercial Customers: Exceed Rs.200Mln * Corporate Customers: Exceed Rs.300Mln |
| **Tenure**   |  |  |  | | --- | --- | --- | | **S. No** | **Facility Type** | **Maximum Tenor** | | 1 | Trade Finance | Up to 180 days | | 2 | Working Capital Finance | Up to 1 year | | 3 | Letter of Credit for Import of Machinery | Up to 18 Months | |
| Other Salient Features:  The following are the rules governing a Murabahah transaction:   * Asset/Commodity being utilized in Murabahah sale must exist at the time of the Murabahah. * Asset/Commodity being utilized should be in the ownership, either actual or constructive, of the seller at the time of sale. * Asset/Commodity being utilized must be in physical or constructive possession of the seller at the time of Sale * Asset/Commodity be ng utilized should be a property having value. * Asset/Commodity be ng utilized should not be a thing used for an un-Islamic (Haram) purpose. * Asset/Commodity be ng utilized must be specifically known and identifiable to the buyer. * Murabahah sale must be instant and absolute. * Delivery of the sold commodity to the buyer must be certain. * Certainty of price is a necessary condition for the validity of the sale. * No, Price in a Murabahah sale, once fixed, cannot be changed. * Bank can charge a penalty for the overdue of payment period. However, this penalty amount cannot be credited into the Bank’s income. Rather, it is credited to a Charity Account from where the amount is used for charitable purposes. |