|  |
| --- |
| **Product Overview:**  Alfalah Salam is used as a mode of finance to cater to the working capital needs of agriculture sector and manufacturers / exporters of homogenous commodities that are of standardized and readily available in the market. It is a sale of special nature whereby the Seller undertakes to supply some specþfic commodity (ies) / asset(s) ("Goods") to Buyer at a future date in exchange for an advance price fully paid at spot. Hence, the price is paid in cash whereas delivery of the purchased Goods is deferred. |
|
| **Underlying Islamic Mode:**  Salam |
| **Type Of Product:**  Corporate/ Commercial/ SME |
| **Basis For Pricing/ Return:**  KIBOR+Spread |
| **Basic Concept:**  **Step 1: Order to Manufacture/ Produce by Bank**  Customer and Bank enters into Salam Agreement under which Bank orders the customer to produce/manufacture/supply a certain Asset (specified items) for Bank against advance payment.  **Step 2: Delivery of Asset by the Customer**  After producing/manufacturing the asset, the asset is delivered to the bank by the customer.  **Step 3: Sale of Asset in the market**  After taking delivery bank sells the asset into the market either directly or by appointing someone as his agent orb  making customer as an agent |
| **Salam Product Variants:**   * SalamExport * Salam-Local * Salam-lJSD/FE-2 * Islamic Export Refinance Facility(IERF)-Under Salam |
| **Application of Alfalah Salam Financing:**  Salam can be extended for the following commodities:  "Agricultural produce of all nature, manufactured produce such as Refined Sugar, Raw Sugar, Edible Oils, Milk, Milk Powder, Raw Cotton, Jute, Yarn, Raw Rubber, Plastic Resin, Finished Leather, Chemicals of Homogenous nature, Fertilizers, Processed Seeds, Poultry Feed, Glass Sheets, Flour, Steel Bars, M.S. Angels / Channels / Patti, M.S. Billets, M.S. Girders etc."  It is used as a mode of finance in Islamic Banks to cater to the working capital needs bf agriculture sector and manufacturers / exporters of homogenous commodities that are of standardized and readily available in the market |
| **Maximum financing limit:**   * + Small Enterprises (SE): 25Ml   + Medium Enterprise (ME): 200Mln * Commercial Customers: Exceed Rs.200Mln * Corporate Customers: Exceed Rs.300Mln |
| **Tenure (maximum)**  Financing to Personal Borrowers:   |  |  |  | | --- | --- | --- | | **S. No.** | **Facility Type** | **Maximum Tenor** | | 1 | Trade Finance | U to 180 days | | 2 | Working Capital Finance | Up to 1 year | |
| Other Salient Features:  For Salam Facility   * Subject Matter should be Homogenous products * Subject Matter should be Halal products * Subject Matter should be Commonly available products * Subject Matter should be a product that require spot delivery * Subject Matter should be described in salam agreement with complete details against quality specification and quantity. * Quantity of subject matter shall be expressed as per trade norms * Place and date of delivery shall be specified in the Trade Agreement. * Entire salam price shall be paid in advance * Subject matter cannot be affected for goods from a particular field, farm or manufacturing uni * In case of delay in delivery of goods, charity will be recovered as per predetermined percentage of charity, mentioned in salam agreement, to be parked in charity fund account. |