



Form "Form EFF-LMM-1"

Form of the Agreement¹

under Export Finance Facility for Locally Manufactured Machinery (EFF-LMM)

(To be stamped as an agreement in accordance with the law in force in each province)

[to be submitted by the bank]

(Place) _____

Date _____

The Chief Manager,
SBP BSC,
_____ (City)

Dear Sir,

In consideration of your agreeing to make available to us refinance under Section 17 (2) (d) read with section 22 of State Bank of Pakistan Act, 1956, not exceeding Rs. _____ (Rupees _____ only) under State Bank of Pakistan's Export Finance Facility for Locally Manufactured Machinery ("Facility"), for _____ years vide IH& SMEFD Letter No.-----dated ----- for which amount we i.e. _____ (concerned bank) have delivered to you a Demand Promissory Note made by us in your favour.

2. Now, we do hereby agree to the terms and conditions as set out herein under:-

- (a) We shall pay / repay the principal or mark up amount of refinance and any other charges / penalty thereon, to you in accordance with the agreed schedule of payment. In no case our liability to pay / repay you the principal amount of refinance, or mark up or any other charges or penalty thereon shall be dependent upon the recovery from the exporter nor shall our liability be affected by any default on the part of the exporter.
- (b) As security for the said refinance, on each occasion we intend to avail refinance against finance extended by us, we shall deliver to you, demand promissory notes duly endorsed in your favour, as are acceptable to you and drawn on and payable in Pakistan, arising out of bonafide finance provided by us to our exporters, an entity eligible for financing as per criteria spelt out in the Facility for export of locally manufactured plant & machinery.
- (c) We undertake that we shall not extend finance or deliver to you any demand promissory note in terms of this agreement unless we are satisfied that all parties liable there under are financially sound and credit worthy.
- (d) The maximum rate of mark up to be charged by us from the exporter shall not exceed ² % p.a. from the service charges/rate of refinance payable to State Bank of Pakistan (SBP) under above Facility.
- (e) Service charges shall be payable by us to you on quarterly basis on 31st March, 30th June, 30th September and 31st December each year or on maturity of the promissory notes, whichever is earlier. Where the above schedule date falls on a public /weekly holiday we shall make payment of the due amount of service charges on next working day after such due date. You are hereby authorised, at your discretion to reimburse SBP with the amount of service charges by charging the same to our current account with you in case we fail to make payment on the due date in full, as required under the Facility without seeking any debit authority from us. You shall also be entitled to charge fine on us, at a rate specified in the

¹ This Agreement may be submitted only once, in a financial year, against full amount of limit allocated by the SBP to the bank under this Facility. This may be submitted at the office of SBP-BSC where bank's Head Office / Principal Office is situated.

² As applicable on the date of execution of Agreement.

Facility from time to time, on our failure to make payment whether on account of inadequate balance in our account or otherwise.

- (f) The maximum amount of refinance that you shall provide to us in the case of each exporter, financed by us would be an amount equal to the amount actually disbursed by us under the Facility.
- (g) The Demand Promissory Note (notice of dishonour of which Promissory Note is hereby waived in terms of Section 98 of Negotiable Instrument Act, 1881), furnished by us with this agreement and the demand promissory notes delivered to you in terms of clause (j) below shall, notwithstanding the existence of a credit balance at any time or any partial payments or fluctuations of accounts or withdrawal of any part of this security, be a continuing security for repayment of all sums due or found due under this agreement, along-with Service Charges due thereon to you, and all costs, charges or expenses, which you may be entitled under the law to recover from us.
- (h) We shall neither sanction nor permit any of our customers to use the finances for any purpose other than those prescribed under the Facility. Any finances provided by us under this Facility shall be subject to the terms of our Charter. Further, we shall obtain a declaration from our customer to the effect that he shall not utilize the finances or any part thereof except for the purpose spelt out in the Facility.
- (i) No financial assistance shall be given by us to any of our Directors or to any company, firm or group or association or project in which any of our Director is interested either directly or indirectly except in financial assistance against tangible security which will be provided with the approval of the majority of our Directors, excluding the Director concerned.
- (j) We shall endorse and deliver to you Demand Promissory Notes executed in our favour by our Customers under this financing arrangement with a certificate that (i) the same arises out of bonafide finances provided by us under the Facility (ii) all parties liable there under are financially sound, solvent and credit-worthy and that by virtue of such endorsement and delivery, we certify the genuineness of signatures as well as authority of all persons thereon (iii) the finances provided to parties liable on such promissory notes have not been classified as doubtful / loss.
- (k) Without prejudice to your rights against us as financier for the realization of any Demand Promissory Note delivered to you under clause (j) at maturity, we agree, if you so desire, to take at our expense, all steps as may be necessary to realize the money from our customers and forthwith pay the same to you. We agree that the fact of your not taking steps to endorse payment of such demand promissory note or any of them against the signatory or signatories thereon shall in no way release us from our liability there under and we agree that it shall not be necessary for you to give any notice of dishonour of such Promissory Note.
- (l) In addition to clauses (j) & (k), we shall hold upon trust securities / security documents presently held by us or which may be obtained by us from our customers to whom finance is made available under this Facility, as security for due repayment of finance with return / profit thereon. Further, on your demand we undertake to assign to you all such securities and secured documents, and agree that upon such assignment the provisions of clauses (j) and (k) shall, mutatis mutandis, apply.
- (m) In addition to the preceding clauses, we agree that as and when you demand, we shall create valid legal charge on any or all of our assets as may be demanded by you.
- (n) We expressly understand that you are entitled to cancel or recall or advance the date of repayment of this finance at any time and for any reasons without any prior notice to us and that you are not obliged to provide any finance to us any time and for any reason against this Facility and that by executing a promissory note in your favour of lodging demand promissory note under clause (j) or by providing finance to any customer on the faith of this agreement, we have acquired no right or claim to demand finance from you under this



Facility. We also expressly agree that you have the sole right to vary, amend, alter or add to the terms and conditions of the Facility without any reference to us and we agree to invariably comply with the same.

- (o) We agree that on default of repayment by us on any promissory note tendered under this agreement, you have our authority to debit without further reference to us, all of our accounts now held or held hereafter or adjust any moneys worth which may, howsoever, become due from you or come into your possession or control to the extent of the amount due from us under any such promissory note or in terms of the clauses referred herein before or otherwise under this agreement.
- (p) We agree that notwithstanding anything contained elsewhere in this agreement, the amount of this finance along-with Service Charge due thereon due to you will become due and payable, if we commit breach of any of the terms and conditions of this agreement.
- (q) No indulgence or delay in exercising any of your rights hereunder shall be deemed a waiver of any right and no waiver of any of your right hereunder shall be construed as a waiver of any other rights you may have.

Yours faithfully,

(Authorized Signature with name and designation)
for _____ (Bank)

(Authorized Signature with name and designation) for _____ (Bank)

Witnesses:

- 1. _____

- 2. _____



Form "EFF-LMM-2"

Demand Promissory Note*
(to be submitted by bank³)

Place: _____

Date: _____

Rs. _____

On demand we, ____ (name of the bank) ____ promise to pay to the State Bank of Pakistan, Banking Services Corporation, (City) the sum of Rs. _____ (Rupees _____ only) plus service charges @ ____% p.a. for the Refinance Facility provided to us under the Stat Bank of Pakistan's Export Finance Facility for Locally Manufactured Machinery (EFF-LMM).

(Authorized signature of the bank)

(Name & Seal)

Witnesses:

1. _____

2. _____

* To be stamped in accordance with the law in force in each Province.

³ This DP Note may be submitted only once, in a financial year, against full amount of limit allocated by the SBP to the bank under above Facility. This may submitted at the office of SBP-BSC where bank's Head Office / Principal Office is situated.

**Form "EFF-LMM-3"****Application / Undertaking for Pre-Shipment / Post-Shipment Financing Facility
under Export Finance Facility for Locally Manufactured Machinery (EFF-LMM)**

(to be stamped as an Agreement in accordance with the law in force in each province)

[to be submitted by the exporter]

Place _____

Date _____

The Manager,

_____ Bank Limited,

_____ Branch,

_____ (CITY)

Dear Sir,

I/We do hereby certify and confirm that a finance of Rs. _____
(Rupees _____ only) has been allowed / being allowed to me/us by you
under the Export Finance Facility for Locally Manufactured Machinery (EFF-LMM) ("Facility") of the
State Bank of Pakistan on service charges basis @ _____ % p.a.

2. I/We, further confirm and undertake that the aforesaid finance will be / has been obtained
by me/us for export of an eligible plant & machinery item described hereunder against valid letter of
credit/contract as per the provisions of the Facility under reference. Further I/We, confirm that
aforesaid finance or any part thereof shall not be utilized except for the purpose spelt out in the
Facility.

3. I/We, further confirm and undertake that the aforesaid amount of finance that has been
availed / will be availed by me/us shall be utilized exclusively to meet the cost of machinery being
exported against Letter of Credit/Contract, particulars of which are given below:-

Particulars of Letter of Credit / Contract:

No.	Date	Amount in Fcy	Exchange Rate Applicable on the Date of Finance	Amount in equivalent Pak Rupee	Eligible amount of Financing (PKR) [viz. up-to 80% of the value of Letter of Credit/contract (5x80%)]	Scheduled date(s) of shipment(s) of plant & machinery	Plant & machinery to be exported	Country of Export
1.	2.	3.	4.	5.	6.	7.	8.	9.

4. I/We, do certify that the finance is being obtained by Me/Us against bonafide transaction
and I/We submit following documents along-with this application for your consideration of
extension of finance facility to us from your bank under Export Finance Facility for Locally
Manufactured Machinery (EFF-LMM):

Pre-shipment	Post-shipment
a. Original Export Contract containing among other details of the schedule on which the export proceeds shall be realized;	a. All Documents prescribed for pre-shipment financing facility;
b. Export Letter of Credit (LC) along-with amendments, if any, made in the LC;	b. Original duplicate of Form(s) "E";



c. Advance Payment Voucher containing the full description of said payment along-with reporting schedule(s) and non utilization certificate from the concerned banks against down payment provided for in the LC/Contract;	c. Invoice(s);
d. DP Note duly executed in favor of your bank.	d. Bill(s) of Lading.

5. I/We, certify and confirm that I/We have not obtained any finance against the above-mentioned letter of credit(s)/ contract(s) from any other bank, except as under:-

Amount of LC(s)/Contract(s).	_____
Less: Advance Payment _____%	_____

Less: Amount of loan already taken against above LC/Contract (if any)	_____
Balance Amount	_____
Amount of loan now being obtained	_____

6. I/We, do, hereby further undertake to submit the following documents for negotiation / collection against the LC/ Contract under which pre-shipment / post-shipment finance has been allowed to Me/Us :-

	Pre-shipment	Post-shipment
1.	Bill(s) of Lading	Export Proceeds Realization Certificate within a period of 210 days from the date of shipment or such extended time as prescribed under foreign exchange regulations ⁴ .
2.	Invoice(s)	
3.	Original duplicate copy(ies) of Form 'E'	

7. I / We do hereby confirm and undertake that the documents in respect of the aforesaid LC/Contract will be realized by us through your bank's branch and proceeds thereof will be appropriated immediately on realization towards the aforesaid finance provided by you to us. We further confirm and undertake that if the finance is repaid by us earlier, we shall continue to be liable to submit to you the relative proof of export of plant & machinery for which the finance has been provided to us.

8. I / We confirm and agree that in the event of my/our failure to export the plant & machinery on or before 365 days and / or failure to submit the proof of export of requisite plant & machinery to you within 30 days of the expiry of pre-shipment period [viz. maximum up-to one year (365 days)], you have our irrevocable authority to charge us and debit our account with fine at the rate as prescribed by the State Bank from time to time on the amount of the finance availed of less the amount repaid as a result of part shipment(s), if any, from the date of the original finance.

9. I/We, do hereby further undertake that I/We shall not claim refinance against any amount of advance payment received from the buyer and that in case any such advance payment is received

⁴ However, in cases where special extension in repatriation period is allowed by SBP's Exchange Policy Department (EPD), then the EPRC(s) will be submitted within 30 days of the realization period allowed by EPD. Non-submission of EPRCs will attract the fine at rate prescribed under the Facility



under the said firm export order/contract or letter of credit, if any, the same shall be surrendered to the bank towards repayment to SBP within three working days failing which I/We shall be liable to pay the fine for late repayment at the rate prescribed by SBP from time to time on the amount and the period involved.

10. I/We, hereby confirm and agree that in the event of My/Our failure to make payment on due date you have our Irrevocable Authority without reference to us, to recover from Me/Us and debit My/Our Account No. _____ maintained with you along-with fine or penalty applicable to me/us, if any as prescribed under the Facility. I/We, authorize the bank to reimburse itself with the fine amount even if we have made a representation to SBP against imposition of fine under the Facility.

11. I/We agree that notwithstanding anything contained elsewhere in this undertaking, the amount of this finance along-with Service Charge due thereon due to you will become due and payable immediately, if we commit breach of any of the terms and conditions hereof.

Yours faithfully,

Authorized Signature of the Borrower

Signature verified by the authorized
Officials of the bank

Witnesses:

1. _____

2. _____

**Form "EFF-LMM-4"****Refinance Application Form for Release of Refinance against Pre-Shipment / Post-Shipment Financing under Export Finance Facility for Locally Manufactured Machinery (EFF-LMM)**

(To be submitted by the Bank)

The Chief Manager,
SBP BSC,
_____ (City)

Dear Sir,

In terms of the agreement executed by us with you on (Date) we hereby apply to you for refinance to the extent of Rs. _____ (Rupees _____ only) against finances allowed / sanctioned by us to the following (name of the Exporter) under above Facility as per details given as under :-

1	Information about Exporter to whom Finance Provided:		
	i. Name and Address		
	ii. NTN Number		
	iii. Export Regn. No.		
2	Name and Address of the Foreign Buyers:		
3	Particulars of Contract / Letter of Credit (L.C.):		
	a) Contract / L.C. Number and Date		
	b) Total Value of Contract / L.C.	Equivalent to US\$	
		Exchange Rate Applicable on the Date of Finance.	
		Equivalent to PKR	
	c) Amount of Advance Payment received, if any,	Equivalent to US\$	
		Exchange Rate Applied & its Date	
		Equivalent to PKR	
	d) Description of Machinery:		
	i. to be exported		
	ii. already exported		
	iii. Name and Address of the Manufacturer of Plant & Machinery		
	e) Destination of Shipment		
f) Due Date(s) of Shipment(s) [in case of pre-shipment facility]			
4	Particulars of Finance Provided:		
	a) Date of Finance		
	b) Amount of Finance		
	c) Period of Finance		
	d) Rate of Mark-up		



	e) In case finance is provided on Post-shipment:	Date(s) of shipment(s)	
		E-Form No.(s):	
		Value of Shipment(s): Equivalent to US\$	
		Exchange Rate Applicable on the Date of Finance.	
		Equivalent to PKR	
	f) Due date(s) of repayments *		

2. We certify that to the best of our knowledge and belief the finance provided by us to the exporters as specified above have been used by the exporters to finance the export of eligible machinery from Pakistan under above Facility at the pre- shipment /post shipment stage.

3. We submit herewith / have already submitted a Demand Promissory Note for Rs. _____ (Rupees _____ only) signed by M/s. _____ (Name of exporter) referred to above and endorsed by us in your favour and request you to provide refinance of Rs. _____ (Rupees _____ only) and credit our Current Account with you.

4. We hereby certify that:-

- i) the terms & conditions as stipulated in the captioned Facility have been complied with;
- ii) all the requirements of the Facility have been fully met;
- iii) the eligibility of Locally Manufactured Plant & Machinery against which refinance is applied for has been properly determined by us in accordance with the prescribed criteria / conditions set out in the Facility;

5. We hereby also authorize SBP BSC to recover the full or remaining outstanding amount of refinance along-with mark up and fines, if any, from any moneys held in our account or on our behalf in case the amount(s) falling due is not repaid by us on the due date agreed to by us.

Yours faithfully,

(Authorized Signature with
name and designation)

(Authorized Signature with
name and designation)

* Please attach separate repayment schedule, in case repayment will be made in quarterly / half yearly installments.



Form "EFF-LMM-5"
[For International Tender Only]

**Undertaking / Application for Financing Facility for Local Supplies against International Tender
under Export Finance Facility for Locally Manufactured Machinery (EFF-LMM)**

(To be stamped as an agreement in accordance with the law in force in each province)

[to be submitted by the borrower]

The Manager,

_____ (Bank)

_____ (Branch)

Dear Sir,

We do hereby certify and confirm that a finance of Rs. _____ (Rupees
_____ only) has been allowed / sanctioned to us by you under
Export Finance Facility for Locally Manufactured Machinery (EFF-LMM) of the State Bank of Pakistan
on service charges basis @ _____ % p.a.

2. We further confirm and undertake that the aforesaid finance of Rs. _____ (Rupees
_____ only) is being obtained by us against the following Contract(s) and the
same shall be utilized by us exclusively to finance supplies covered by the said Contract:-

Sr.No.	Contract _No.	Amount (US \$)	Scheduled Date of supply	Goods to be supplied

3. We do hereby further undertake to submit to you the following documents under the above
Contract against which you have provided to us the above finance under the aforesaid Facility :-

- Commercial invoice showing the quantity and the value of goods supplied.
- Inspection Report / Note by authorized representative of executing agency.
- A certificate of the bank concerned to the effect that the lending agency has disbursed
/ will disburse the value of supplies referred to above in foreign currency alongwith the
bank's proceeds realization certificate.

4. We hereby confirm and agree that in the event of our failure to supply the goods on or
before the due date and / or to submit the above documents and evidence of delivery / shipment(s)
[viz. delivery challans, goods receipt notes, truck receipts etc] , to you within 30 days of the expiry
date of finance, you have our irrevocable authority to charge us and debit our account with fine at
the rate as prescribed by the State Bank from time to time on the amount of the finance availed of
less the amount repaid as a result of part supplies, if any, from the date of the original finance. We



certify and confirm that we have not obtained against the above Contract any finance from any other financial institution as defined in the Facility.

5. We do hereby further confirm and undertake that the documents in respect of the aforesaid Contract will be realized by us through your bank's branch and proceeds thereof will be appropriated immediately on realization towards the aforesaid finance provided by you to us. We further confirm and undertake that if the finance is repaid by us earlier, we shall continue to be liable to submit to you the relative proof of supply of the goods for which the finance has been provided to us.

Yours faithfully,

Authorized Signature of the Borrower

Signature verified by the authorized
Officials of the bank's branch

Witnesses:

1. _____

2. _____



Form "EFF-LMM-6"
[For International Tender Only]

Application for obtaining Refinance under Export Finance Facility for Locally Manufactured Machinery (EFF-LMM) by the Bank from State Bank Of Pakistan for Local Supplies of Locally Manufactured Machinery Against International Tenders.

(To be stamped as an agreement in accordance with the law in force in each province)
[to be submitted by the bank]

Place : _____
Date : _____

The Chief Manager,
SBP BSC (Bank),
_____ (city)

Dear Sir,

We _____ (Name of the financial institution) hereby certify that we have provided finance of Rs. _____ (Rupees _____ only) to M/s. _____ under the State Bank of Pakistan's Export Finance Facility for Locally Manufactured Machinery ("Facility") for local supplies of locally manufactured machinery against international tenders on the date of the under-taking on submission of the following documents as prescribed under the Facility :-

- i. A certificate from the executing agency awarding the contract, confirming that in the particular case it was obligatory to float an international tender, alongwith a press clipping, in original, from the news papers establishing floatation of international tender.
- ii. A copy of each of the relative contract between the executing agency making purchases and the supplier as well as the relative loan agreement between the international financing agency.
- iii. The supplier's schedule of deliveries indicating the dates of deliveries and the quantity and value of goods to be delivered against the contract along-with the programme of manufacture / production with quantities and cost.
- iv. Schedule of financial requirements of the supplier with reference to the relative contract, indicating the amount required at various intervals in line with the schedule of deliveries, so as to ensure that it is liquidated as soon as payment for the supplies is made by the executing agency.
- v. The amount already obtained by the supplier by way of advance from the executing agency / or on account of payments against deliveries, if any, already made duly certified by the executing agency.



2. Essential particulars of the contract etc. referred to above are given below:-

- (i) Name of executing agency : _____
- (ii) Name of Supplier : _____
- (iii) Name of the international financing agency _____
- (iv) Particulars as per Press Clipping:
 - a) Name and date of Newspaper: _____
 - b) Contract No. _____
 - c) Particulars and Quantity of goods: _____
- (v) Particulars as per Contract between the executing agency and the Supplier:
 - a) Name and date of news paper : _____
 - b) Date of execution _____
 - c) Amount of contract _____
 - d) Particulars & quantity of goods to be supplied _____
- (vi) Particulars as per loan agreement between the international financing agency and the executing agency:
 - a) Date of execution _____
 - b) Date till which valid _____
 - c) Amount (in foreign currency) _____
 - d) Particulars & quantity of goods covered _____

3. We submit herewith the above mentioned documents duly attested by us along-with the requisite documents under the Facility. The aforesaid documents have been duly scrutinized by us and we certify that the same are in order and in accordance with the provisions of the Facility and that on the basis of the same, M/s. _____, the supplier(s), are entitled to the finance that we have extended to them as stated in paragraph 1 above. We further certify that we have satisfied ourselves that the aforesaid finance is not in excess of that justified by the supplier's schedule of deliveries, his schedule of financial requirements, the terms of the contract between the executing agency and the supplier and the terms of the loan agreement between the international financing agency and the executing agency.

4. We request you to grant us a refinance of Rs. _____ immediately on the basis of the documents mentioned above and on the faith of our certificate contained in paragraph 3



above. We undertake that in case all or any of the said documents – including the certificates referred to here-before – are found to be invalid, deficient, or defective in any way or untruthful in any way by you at any stage, we shall rectify the same within ten days of your pointing out the same to us, by debiting our account(s) now held or held hereafter with you, without any notice to us, the outstanding amount of the refinance and the amount of fine at a rate as prescribed by State Bank of Pakistan from time to time. Similarly if you find at any stage that the refinance allowed to us is in excess of that justified by the relevant documents, you will be at liberty to recover from us, by debit to our account(s) now held or held hereafter with you without any notice to us, the amount of excess refinance together with the fine thereon at the prescribed rate. Your decision in this behalf will be final and binding on us and we shall not question the same on any ground whatsoever. Further, in each of the contingencies you shall have the right to set off the said amount of refinance or excess amount, as the case may be, from any moneys belonging to us but received by you or under your custody or control.

Yours faithfully,

(Authorized Signature with name and designation)
for ____ (Bank) ____

(Authorized Signature with name and designation) for ____ (Bank) ____

Witnesses:

1. _____

2. _____

Encls: (As above)



Form "EFF-LMM-7"

Demand Promissory Note*

(to be submitted by the exporter / borrower)

Place: _____

Date _____

Rs. _____

On demand we _____ (name of the exporter) _____ promise to pay to the _____ (name of the bank) _____ the sum of Rs. _____ (Rupees _____ only) plus service charges @ _____% p.a. for the finance provided to us under the State Bank of Pakistan's Export Finance Facility for Locally Manufactured Machinery (EFF-LMM)

(Authorized signature of the borrower)

(Name & Seal)

Witnesses:

1. _____

2. _____

Note :- Demand Promissory Note requires to be endorsed by the bank concerned in favour of its head office / principal office through which refinance is being claimed and further endorsed by them in favour of the Office of SBP BSC concerned.

* To be stamped in accordance with the law in force in each Province.