



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT
MODARABA WING

No. SC/M/CIRCULAR/R.B./2012/177

Islamabad, April 25, 2012

Circular No. 13 of 2012

Subject: Approval of Short Form Ijarah (Lease) Agreement

One of the Modarabas had made a proposal to introduce a Short Form Ijarah (Lease) Agreement (SFIA), to be used in place of the model Ijarah (Lease) Agreement in the cases where more than one Ijarah transactions are involved with the same client.

2. Keeping in view the fact that SFIA will facilitate the Modaraba sector in minimizing the documentation, SFIA was submitted to the Religious Board in its 36th meeting, held on June 13, 2011 for approval.

3. In this context, I am pleased to inform you that the Religious Board in its 36th meeting, held on June 13, 2011 has approved SFIA. This will facilitate the Modaraba sector in minimizing the documentation. A copy of the approved format of SFIA is enclosed herewith.

4. Please note that SFIA shall only be applicable to subsequent transaction(s) where model Ijarah (Lease) Agreement (Master Agreement) approved by the Religious Board has already been signed by the Lessor and Lessee in the first transaction and the Ijarah business involves multiple Ijarah transactions with the same client. SFIA shall be governed by the Master Agreement.

(Jawed Hussain)

Registrar

Modaraba Companies and Modaraba

Distribution:

1. Chief Executives of all Modaraba Companies.
2. NBFI and Modaraba Association of Pakistan.
3. P.S. to Commissioner (SCD), SECP.
4. Director (IS & T), SECP.
5. Office Copy.

Encl: As Above

SHORT FORM IJARAH (LEASE) AGREEMENT

Contract No. _____

This Agreement shall be attached to and form an integral part of Ijarah (Lease) Agreement made at _____ on _____ between M/s. _____ and _____ Modaraba (hereinafter referred to as "Master Ijarah (Lease) Agreement").

IJARAH (LEASE) AGREEMENT OF NEW MOTOR VEHICLE(S) FOR AN AMOUNT OF RS. _____/-

THIS IJARAH (LEASE) AGREEMENT ("Agreement") is made at Karachi on this the _____ day of _____.

BETWEEN

1. M/s. _____, a company registered under the laws of Pakistan and having its registered offices at Office # _____ (hereinafter referred to as the "Lessee", which expression shall, where the context so admits, be deemed to mean and include the Lessee's successors-in-interest and permitted assigns); **of the One Part.**

AND

2. MODARABA (mention complete name of Modaraba), a modaraba floated under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance 1980 ("Ordinance") (hereinafter referred to as the "Lessor", which expression shall, where the context so admits, be deemed to mean and include the Modaraba's successors-in-interest and assigns) acting through _____ (mention the name of Modaraba company), a company incorporated under the Companies Act 1913 and registered as a Modaraba Company under the aforesaid Ordinance and having its registered office at _____, (hereinafter referred to as the "Company", which expression shall, where the context so admits, be deemed to mean and include its successors-in-interest and assigns), **of the Other Part;**

A. WHEREAS, the Company has floated the _____ Modaraba (LESSOR) as a multipurpose and perpetual Modaraba and is the sole and exclusive manager thereof;

B. AND WHEREAS, one of the approved businesses of the Modaraba is the business of Leasing;

C. **AND WHEREAS** the parties have already executed a Ijarah (lease) agreement dated _____ (herein after referred to as the Master Ijarah (Lease) Agreement) whereby the Modaraba has provided on lease, the motor vehicles as per schedule of the said agreement.

D. **AND WHEREAS**, the Lessee is desirous of taking on Lease from the Lessor further motor Vehicle(s) and accessories described in Part I of the Schedule hereto attached (hereinafter referred to as the "Vehicle(s)") and the Lessor has agreed to provide the Vehicle(s) to the Lessee on Lease;

E. **AND WHEREAS**, for the purpose aforesaid, by a purchase agency letter (hereinafter referred to as the "**Agency Letter**"), the Lessor has appointed the Lessee as its agent to order, purchase, inspect and receive delivery of the Vehicle(s).

NOW, THEREFORE, in consideration of the mutual covenants herein contained the Parties hereto agree as follows:

1. INTERPRETATION

The capitalized terms (unless specifically defined herein) shall bear the same meanings as have been ascribed to them in the Master Ijarah (Lease) Agreement.

2. LEASE

The Lessor hereby agrees to Lease and the Lessee hereby agrees to take on Lease, the Vehicle(s) for the Lease Period, mutatis mutandis, on the same terms and conditions as are contained in the Master Ijarah (Lease) Agreement.

3. LEASE RENTAL(S)

The Lessee shall pay to the Lessor the lease rentals specified in Part II of the Schedule hereto attached.

5. LEASE PERIOD

The Period of this Lease shall be as specified in Part III of the Schedule hereto attached.

6. SECURITY

The Lessee shall furnish to the Lessor with such security in such amounts as is specified in Part IV of the Schedule hereto attached. The security so furnished shall be governed, mutatis mutandis, by the provisions of Master Ijarah (Lease) Agreement.

7. TERMINATION CHARGES

The termination charges payable by the Lessee in case of termination of this Agreement by the lessor in terms of Clause _____ of the Master Ijarah (Lease) Agreement or on the

invalid termination or abandonment of this Agreement by the Lessee, are set out in Part V of the Schedule hereto attached.

8. CHANGE IN OWNERSHIP OF MAJORITIY OWNERSHIP/SHAREHOLDING OF THE LESSEE

No change shall be made in the majority ownership/shareholding and/or senior management of the Lessee without the prior consent in writing of the Lessor. The Lessee shall immediately inform the Lessor upon becoming aware of any divestiture of ownership/shareholding by the majority shareholders and shall ensure that the written consent of the Lessor is obtained by the majority shareholders of the Lessee prior to any divestiture of their ownership/shareholding.

9. GENERAL

This agreement may be amended or any term or condition waived only in writing executed by persons duly authorized, provided that no term or condition which has the effect of materiality altering the agreement or which is otherwise repugnant to *Shariah* shall be added, deleted or waived.

All other terms and conditions of the Master Ijarah (Lease) Agreement shall be the integral part of this agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date and year first above written.

<p>Signed and delivered for and on behalf of _____ MODARABA</p> <p>Mr. _____ of _____ _____, The Managers of MODARABA</p> <p>Witnesses:</p> <p>1. Name: _____</p> <p>N.I.C # _____</p> <p>Address: _____</p>	<p>Signed and delivered for and on behalf of ABCD.....Ltd.</p> <p>Mr. _____ of _____ _____</p> <p>Witnesses:</p> <p>1. Name: _____</p> <p>N.I.C # _____</p> <p>Address: _____</p>
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Signature: _____

2. Name: _____

N.I.C # _____

Address: _____

Signature: _____

Signature: _____

2. Name: _____

N.I.C # _____

Address: _____

Signature: _____

SCHEDULE

PART I

This Schedule shall be attached to and forms an integral part of the Agreement between the Lessor and Lessee dated _____.

VEHICLE NO.	
Registration No	
Vehicle Make	
Model	
Engine No	
Chassis No	
Color	

PART II

_____ Rental(s) of Rs. _____/- per quarter/month payable in arrear.

IRR Base Rate + _____.

The base rate is defined as six-months KIBOR prevailing 5 days before the start of the quarterly period of the lease for which the rental is being computed.

The KIBOR rates used for reference will be taken from Reuters page "KIBR" as published at 11:30 am PST by the Financial Market Association. For the purpose of this facility the daily average of the "6 month Ask" rate will be used. In the event that this rate is not published on Reuters on the rate fixing date, the same would be replaced with a relevant rate of similar nature or an alternate basis would be agreed upon for determining the Base Rate.

In case the 6-month KIBOR ceases to be a representative benchmark rate for the same 6 month maturity as deemed appropriate by the Lessor.

Rental amount *Rental amount will be fixed 5 days before the start of each quarterly - period of

the lease according to the "IRR" as described.

Commencement date of Lease Rentals: _____

PART III

Term _____ years

Starting:- _____

Term")

Expiring:- _____

("the

PART IV

Security deposit amount:- Rs. _____

PART V

Termination Schedule

Period	Amount