



No. TMTD/SMTC/INTRACITY1090  
GOVERNMENT OF SINDH  
SINDH MASS TRANSIT AUTHORITY  
TRANSPORT & MASS TRANSIT DEPARTMENT

Off. No.021-99211017  
Fax No.021-9911298

Karachi, Dated: 20 - October 2017

To,

The Chairman,  
Transparency International Pakistan,  
Karachi.

**Subject: Violation of Sindh Public Procurement Rules 2010, Director General, Transport and Mass Transit Department, Karachi's Invitation of Proposal, Notice of Inter-city People's Bus Scheme for Sindh**

This is with reference to your letter no. TL 17/0910/3A dated 9<sup>th</sup> October 2017 on the subject noted above wherein it was requested to re-invite the invitation of proposal under the prescribed procedures or issue a corrigendum for extended date since it is believed that the advertisements are in violation of the SSPRA Rules 2010 because no response time is mentioned in the advertisement for the submission of proposals.

2. In consideration of Traffic problem in Karachi and inadequacy of transportation system in Sindh, the Government of Sindh aims to roll out some scheme / incentive with Sindh Modaraba Limited (the **SML**) in order to facilitate commuters in different parts of province with the following salient features:

- (a) Sindh Modaraba Limited shall charge a mark-up rate of KIBOR + 3.50%, while the transporters shall bear the burden of flat 5.00% mark-up. The difference shall be borne by the GoS. The loan tenure shall be a maximum of five years.
- (b) The transporters shall pay 15% of the upfront cost of vehicle while another 15% shall be borne by the GoS as interest-free loan, repayable by the transporter within a year of the completion of the loan due to Sindh Modaraba Limited.
- (c) GoS shall bear the cost of insurance of the vehicle, which shall be insured through the Sindh Insurance Limited and shall be not more than 5.00% of the value of the vehicle. (the Summary for Chief Minister Sindh is attached as **Annexure A**)

3. It is to clarify that, as per the approved strategy under these schemes, the prospective operator will be facilitated on 'First Come First Served' basis from the date of uploading the Request of Proposal (the **RFP**) on the Sindh Modaraba Limited (the **SML**) website and the scheme shall remain valid till the time that the funds allocated for the purpose may be exhausted. Therefore, there will be no deadline for the submission of documents (the RFP is attached as **Annexure B**)

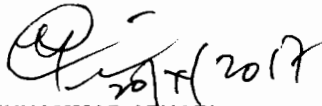
3. Accordingly, the Transport & Mass Transit Department (the **TMTD**) held meeting with Public Private Partnership Unit (the **PPP Unit**), Finance Department, GoS and Managing Director Sindh Public Procurement Regulatory (the **SSPRA**) and it was revealed during the discussion that the Intracity / Intercity People's Bus Projects neither covered under Public Private Partnership (the **PPP**) mode of procurement nor traditional mode of procurement. Whereby, it was informed that the afore-mentioned projects would require the Chief Minister, Sindh to grant the project procurement exemption under Section 21 (1) Power to Exempt of the SSPRA Act, 2009 (Amended 2017), to execute the project, which is reproduced hereunder:

040  
20/10/2017

*“Notwithstanding anything contained in the Act or any other law and rules and regulations made thereunder, for the time being in force, the Government shall have the power to grant exemption to procurement of an object or class of objects in the national interest from the operation of this Act or any other law or rules or regulations made thereunder regulating public procurement.”*

4. Moreover, the TMTD sought approval from the Honorable Chief Minister Sindh via Summary no. 177 dated August 1<sup>st</sup>, 2017 on the procurement exemption under Section 21 (1) Power to Exempt of the SSPRA Act, 2009 (the Summary is attached as **Annexure C**).

5. In this regard, the above-mentioned projects may not fall under the prescribed procedures defined for procurement under SSPRA Rules 2010.

  
(MUHAMMAD ATHAR)  
DIRECTOR GENERAL, SMTA

CC:

1. Chief Minister, Government of Sindh, Karachi
2. Chief Justice, Sindh High Court, Karachi
3. Director General, NAB, Karachi
4. Chief Secretary, Government of Sindh, Karachi
5. Secretary Transport & Mass Transit, TMTD, Government of Sindh, Karachi
6. Managing Director, SSPRA, Karachi



Off No.021-99211017  
Fax No.021-9911298



**GOVERNMENT OF SINDH  
TRANSPORT & MASS TRANSIT  
DEPARTMENT**

Summary No. 158 dt. 10.2.17.

**SUMMARY FOR CHIEF MINISTER SINDH**

**SUBJECT: SCHEME FOR INTRODUCTION OF NEW BUSES IN KARACHI THROUGH EXISTING TRANSPORTERS / BUS OPERATORS**

The traffic problem in Karachi is becoming serious by the day and the existing public transport facilities are unable to keep pace with the rising population. Transporters / bus operators are less inclined to bring new vehicles on the road due to a variety of reasons including higher upfront cost, lack of incentives and the transport sector itself working largely in an unorganized fashion. As a consequence thereof, the facilities are getting deteriorated and travel time of passengers is getting increased at the expense of their comfort; not to mention that even these vehicles are in short supply with respect to the actual need. While several mass transit schemes like BTR corridors and revival of the KCR are being planned, the existing fleet of buses operated by the transporters, shall continue to remain the backbone of the transport sector, not just because of the extensive network of routes operated by them but also because of the interconnection that they shall provide to the upcoming BRT corridors and KCR. It is thus the need of the hour that some sort of scheme / incentive is rolled out for these existing transporters so as to accord them an opportunity to upgrade their aging and decrepit fleet of vehicles. These thoughts / plans were discussed at a meeting chaired by the Honourable Chief Minister Sindh firstly on 19<sup>th</sup> October 2016 (in the meeting pertaining to the Motor Vehicle Inspection project) and secondly on 24<sup>th</sup> January 2017 wherein Mr. Shahnawaz Nadir, Chief Investment Specialist proposed and briefed about the Bus Leasing Scheme to the CM (minutes are attached as Annexure A).

2. In order to form a suitable scheme / incentive package, various potential stakeholders have been contacted and a series of meeting have been held with them. These stakeholders include the transporters under the aegis of the Karachi Transport Ittehad (the local urban transport industry's representative trade association), officials of GoS sponsored financial institutions, namely the Sindh Bank Limited, Sindh Leasing Company Limited, Sindh Modaraba Limited and the Sindh Insurance Limited. However, the Karachi Transport Ittehad expressed its confidence and requested support in terms of lowest possible down payment, no mark-up / low mark-up, insurance subsidy and availability of financing under the Islamic mode of financing.

**SMTCT/MT/NT/OT**  
Enquiry No. 219  
Date: 19/4/17

*[Handwritten signature]*

3. Keeping in view the overwhelming emphasis by the transporters on availability of Islamic mode of financing, the matter was discussed at length with the Sindh Modaraba Limited, which furnished its detailed proposal and draft agreement on 4<sup>th</sup> November 2016 (copy attached). The salient features of their proposal are as following:

- (a) Sindh Modaraba Limited shall charge a mark-up rate of KIBOR + 3.50%, while the transporters shall bear the burden of flat 5.00% mark-up. The difference shall be borne by the GoS. The loan tenure shall be a maximum of five years.
- (b) The transporters shall pay 15% of the upfront cost of vehicle while another 15% shall be borne by the GoS as interest-free loan, repayable by the transporter within a year of the completion of the loan due to Sindh Modaraba Limited.
- (c) GoS shall bear the cost of insurance of the vehicle, which shall be insured through the Sindh Insurance Limited and shall be not more than 5.00% of the value of the vehicle.
- (d) In case of any default of the loan, the GoS shall provide upto 30% credit coverage of the outstanding principal amount to Sindh Modaraba Limited.
- (e) GoS loan to transporter shall be repaid by the transporter at the end of 6<sup>th</sup> year through the Modarba. In case the loan is for shorter period, like 3 year, the GoS interest-free loan shall due in the 4<sup>th</sup> year, that is, one year after the loan tenure.
- (f) Only locally assembled vehicles shall be financed and the transporter shall ply them in Karachi and its peripheries.
- (g) The deposit of the aforesaid amount of Rs. 2,000 million (i.e. Two Thousand Million Rupees) shall be made by the GoS before the publication of the advertisement seeking interest from Transporter. Thereafter, if any amount remained un-utilized, the GoS will decide whether or not to retain it with Modarba.
- (h) All cost of advertisement in print media for this scheme shall be borne by GoS.

4. Additionally, it is proposed that in case, transporter has repaid all installments on time, maintained the vehicle in roadworthy condition and otherwise fulfilled all obligations, the GoS shall forgive its portion of the soft loan of 15%. Furthermore, being a new scheme, the choice of vehicle (mini-bus, coach or large bus) and route shall be that of the transporter.

5. In order to bring an effective scheme, the proposal is being made by TMTD with the assistance of Chief Investment Specialist - Public Private Partnership (PPP) unit and derived the amount of Rs 2,000 million (i.e. Two Thousand Million Rupees) shall be sufficient to bring approximately 637 vehicles on the road. This subsidy amount shall be kept with the Sindh



Modaraba to defray the GoS obligations in respect of the five year financing periods and savings, if any, shall revert to the GoS.

6. If deemed appropriate, the Honourable Chief Minister Sindh may kindly accord approval to this scheme and to sanction the amount of Rs 2,000 million (i.e. Two Thousand Million Rupees), out-side of budget, for this purpose and for signing the agreement with Sindh Modaraba and the Transport Department, subject to fulfillment of any codal formalities.

*[Signature]*

(TUAHA AHMED FARUQI)  
SECRETARY TRANSPORT & MASS TRANSIT DEPARTMENT

MINISTER TRANSPORT & MASS TRANSIT

*[Signature]*

Secretary Finance G.O.S. Summary / Notice  
File No.  
Dy. No. 2238 Inw: dt: 23/3 Out: dt:

No. PS/ACC/...  
Inward # 93  
Outward # 207317

8. ADDITIONAL CHIEF SECRETARY (Dev.) The deplorable condition of mini-buses etc warrants an impetus by the Government of Sindh. The above proposal seems to be plausible, however, all pros and cons should be considered before venturing in this arena.

9. SECRETARY FINANCE

Minister P & D  
Secretary Finance

*CPM's view addressed.*  
*Chairman, P&D Board, Sindh*  
*21/3/17*  
*[Signature]*  
*2015*

10. CHIEF SECRETARY

11. CHIEF MINISTER, SINDH

7881-9811705

7/1/17

Secy Tech. P&D Deptt.  
Copy No. 186  
Date: 23/2/17

No. PS/Chairman, P&DB/Suzi/Note  
Inward #  
Outward # 93 Dated 24/3/17

Page 1  
Dy. No. PS/MIN/P&D/310  
Dtd. in 2-312 out 24/3/17

*[Signature]*

**SUMMARY FOR CHIEF MINISTER SINDH**

**SUBJECT: SCHEME FOR INTRODUCTION OF NEW BUSES IN KARACHI THROUGH EXISTING TRANSPORTERS / BUS OPERATORS**

10. With reference to the above subject, a meeting was held under the Chairmanship of the Honourable Chief Minister Sindh on 29<sup>th</sup> March 2017 in which amongst other transport related agenda items, the structure of this scheme was also presented. The Honourable Chief Minister was kind to accept the structure but cautioned that disbursement of the entire Rs 2,000 million shouldn't be made in one tranche; rather it should be disbursed to the Sindh Modaraba Limited in two tranches of Rs 1,000 million each across two fiscal years. If the utilization is fast enough, the disbursement for the 2<sup>nd</sup> tranche shall be done early in the next financial year.

11. Approval is thus sought for the release of Rs 1,000 million to the Transport & Mass Transit Department for the present scheme. However, since no allocation exists in the current budget (FY 2016-17), the amount shall be released 'outside of budget' in the current financial, while Rs 1,000 million shall be allocated for the same in the upcoming budget for 2017-18.

12. Para-11 is submitted for approval by the Honourable Chief Minister Sindh.

*(Signature)*  
(SYED HASAN NAQVI)  
Secretary Finance

*5861*  
*10/4/17*

13. CHIEF SECRETARY SINDH:

*(Signature)*  
*10-4-17*

14. HONOURABLE CHIEF MINISTER SINDH:

Para 11 is approved

*(Signature)*  
*11/4/17*

*CS*

*(Signature)*  
*11/4/17*

*lag transport*

Secretary Finance G.O.S Summary / Note  

File No. FM/4/228 (1)	20/8/17
Dy No 228	Inw: dt: 27/3 Out: dt: 6/4/17

*Amr/17/10*

SECRETARY / SECTION  
 CHIEF SECRETARY SINDH  
 DATE: 12/04/17

*AG* Please arrange meeting with the chief Investment Specialist to formulate cause of action / any fund. (AD/PPD/NSD)  
*19/4*

*(Signature)*  
*11/4*

# REQUEST FOR PROPOSAL BANAZIR INTRACITY BUS PROJECT



SINDH MASS TRANSIT AUTHORITY

TRANSPORT & MASS TRANSIT DEPARTMENT  
GOVERNMENT OF SINDH

October 2017

REQUEST FOR PROPOSALS  
(RFP)

Instructions for the Preparation of Proposals

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## REQUEST FOR PROPOSALS

### **1.0 BACKGROUND AND INFORMATION**

1.1 The existing public transport system in Karachi has limited ability to cope with the increasing demand, particularly during peak hours due to the fact that it constitutes majority of share by low capacity (26 seats) minibuses. Moreover, buses/minibuses are highly over loaded. Under existing conditions introduction of new large buses is financially unattractive. Due to these reasons, many people who are able to use other modes consider the bus service to be of such a low standard that they do not recognize the bus as an option available to them. They are therefore forced to use their own private transport or some form of para-transit, thus leading to fuelling the growth in cars and motorcycles in Karachi. Under the circumstances, it is imperative that the people must be attracted, away from private transport and para transit on to bus. This requirement means improvement of public transport service standards throughout, together with provision for a quality service acceptable to those who have other options available.

With a population of 16.051 million in the current year, and as per the internationally accepted yardstick of bus to population ratio of 1:1500, present requirement of large buses is 10,600 as against the existing public transport fleet equivalent to 6,457 buses of various sizes, leaving an immediate shortfall of 4,143 buses.

The present government fully realized the dimension of the problem, has planned to provide comfortable efficient and affordable public transport service in private sector. Under its first phase, the scheme will be launched in Karachi and would be extended in other areas of the province at later stage.

In view of high travel demand on major corridors of the city, the Sindh Mass Transit Authority has already initiated actions for development of mass transit network comprising of two MRT and six BRT corridors besides Revival of Karachi Circular Railway. However, to supplement the mass transit network, the SMTA has also developed a comprehensive intracity bus service plan for Karachi, defining route network, bus fleet requirement bus standards and financing mechanism to ensure sustainability. The present Urban Bus Service therefore aimed at achieving the said objectives.

This Request for Proposals (RFP) is issued by the Sindh Mass Transit Authority (SMTA), on behalf of the Transport & Mass Transit Department (TMTD). It invites local and foreign parties to bid for Benazir Intracity Bus Service Project to provide bus services in Karachi. This RFP is being provided to clarify the process and evaluation criteria, and to give guidance to bidders in the development of proposals.

1.2 The objectives of the Scheme include:

- creating an environment in which the private sector can develop quality scheduled bus transport services throughout Karachi;
- continuing the provision of bus services in areas currently served, including sub-urban areas;
- encouraging the expansion of services; and
- gradually eliminating the financial support provided by the Government.

## **2.0 Definitions**

2.1 Terms herein are defined below, and in Clause \_\_\_ of the Agreement.

2.1.1 **Authority** – the Sindh Mass Transit Authority.

2.1.2 **Route Network** - the routes over which the Scheme is required to maintain a minimum level of service specified by the Authority.

2.1.3 **Services** - the minimum level of services to be operated on the Route Network.

2.1.4 **Sindh Modaraba**, floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 by Sindh Modaraba Management Ltd., a Modaraba Company, registered under Modaraba Ordinance, having its registered office at **1<sup>st</sup> Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi**, (hereinafter referred to as the "**Modaraba**" which expression shall where the context so permits mean and include its successors in interest and assigns).

## **3.0 KEY PRINCIPLES OF THE TRANSACTION**

3.0.1 The Modaraba shall provide the Profit Based Facility to the Qualified Customers, under any Shariah Compliant mode for financing:

- (a) in case of procurement of Complete Buses, upto seventy percent (70%) of the cost of the Complete Buses; or
- (b) in case of procurement of Chassis, upto eighty-five percent (85%) of the cost of the Chassis ("**Principal Amount**");

3.0.2 The tenure of Profit Based Facility shall be a maximum of five years (the "**Financing Tenure**"). The frequency of payment of Rental Payments and Unit Price Payment for the Profit Based Facility (i.e. monthly) shall be mutually agreed between the Modaraba and the Qualified Customer.

3.0.3 The title of the Vehicles financed shall remain exclusively in the name of Modaraba till the repayment of the Profit Based Facility and the Interest Free Loan (unless waived off by the GoS) or any other dues payable by the Qualified Customer to the Modaraba or to the Authority under the Financing Agreement and Operational Agreement

3.0.4 The Vehicles shall be comprehensively covered with tracker, preferably through Takaful arrangement, in the name of Modaraba through Sindh Insurance Limited. The cost of such Takaful shall be paid from the GoS. Furthermore, the Qualified Customer shall ensure that the driver and conductor of the Vehicles are insured against death and injury on account of any road accident during their duty hours (the cost of this takaful shall be included within this 5% contribution).

3.0.5 Qualified Customers shall have the right of early repayment of the entire or partial amount of the Profit Based Facility and/or the Interest Free Loan without any pre-payment charges for which the option shall be made available to the Qualified Customers.

3.0.6 The Qualified Customer shall be required to comply with all Applicable Laws.

3.0.7 All costs associated with the Complete Bus are the responsibility of the Qualified Customers, other than the Principal Amount and the Interest Free Loan.

\* Financial assistance from the Government of Sindh is available to the extent of PKR 2 Billion to Provide the financial support as elaborated as above para 3. The facilitation under the scheme shall continue to the Bus Operators on First Come First basis till such time the complete allocated funds are utilized.

### 3.2 *Basis for Selection of Operator*

3.2.1 The Operator will be selected through a two-stage process consisting of:

- Stage 1 – Technical qualification undertaken by SMTA; and
- Stage 2 – Financial evaluation undertaken by Sindh Modarba

3.2.2 The evaluation criteria for conforming proposals will be the financial aspect of the proposal besides operation and management capabilities.

### 3.3 *Benazir Intracity Bus Project Terms*

3.3.1 The duration of the term will be three (03) to five (05) years, renewable for up to another five (5) years if performance has been satisfactory, and subject to mutual agreement. The full network will be re-tendered after a maximum of ten (10) years.

### 3.4 *Regulatory Strategy*

3.4.1 The key points of the regulatory strategy are summarized as follows:

***Obligations of the Operator under the Scheme include to:***

- maintain specified minimum frequencies and capacities for one year on the Core Route Network which are based on TCD's route network;
- operate the Services with a high degree of reliability;
- operate high-quality locally assembled non air-conditioned buses, as specified in Schedule of the Agreement;
- make buses clearly identifiable by a distinctive livery;
- charge fares on the Core Services no higher than the authorized scale;
- provide service information and publicity; and
- report operating performance and data to the Authority.

***Freedoms of the Operator include to:***

- operate a size of bus appropriate to conditions on the route;
- Link points in the Core Network by different routes;
- Operate a higher level of service frequency, capacity and operating hours than required on the Core Services;
- operate new routes, or extend routes additional to the Core Services, subject only to notifying the Authority;
- charge fares not higher than the authorized scale;

***Rights of the Operator include to:***

- apply for, and be granted, periodic fare increases for the Core Services based on movements in a specified index of costs.

#### **4.0 RFP PROCESS AND TIMETABLE**

##### *4.1 Introduction*

4.1.1 The purpose of this RFP is to formally Bus Operators to submit proposals for operation of bus services in Karachi.

4.1.2 No bidder shall submit more than one proposal.

4.1.3 The entire tendering process, including bidders' proposals shall be in English.

##### *4.2 The RFP Package*

4.2.1 The services to be provided by the Operators, the procedures to be followed during the tendering process, and the terms and conditions of the draft Agreement are described in this RFP Package. The RFP Package consist of:

- (a) The RFP
- (b) Annex A to the RFP – Bidder's Commitment Letter
- (c) Annex B to the RFP – Bidder's Profile
- (d) Annex C to the RFP – Draft Agreement
- (e) Annex D to the RFP – Bus Specifications
- (f) Annex E to the RFP – Potential Routes to be offered

##### *4.3 The Technical Committee*

4.3.1 The process will be conducted solely under the direction and supervision of the *designated Technical Committee* established for this purpose. All contacts from bidders, including requests for information and clarification during the tendering process, shall only be through the Technical Committee, and only in written form (letter or facsimile). The address for contact with the Technical Committee is:

Office # 201, 2<sup>nd</sup> floor, The Plaza, Plot # G-7,

Block -9, KDA Scheme 5,  
Kehkashan,  
Clifton  
Karachi

#### 4.4 Clarification of RFP Documents and Information

4.4.1 Bidders may request clarification of the RFP documents, or other information provided by the Technical Committee, in accordance with the following procedure:

- (a) Bidders shall submit all requests for clarification only as written and signed questions submitted by courier, mail or facsimile to the address and fax number set out in Section 4.3.1;
- (b) The Technical Committee shall provide all bidders with written responses to any requests for clarification submitted in accordance with RFP Section 4.4.1(a). Responses will not identify which bidder submitted the request. Only written responses shall be valid, and responses shall form part of the RFP Package; and
- (c) The deadlines for submitting requests for clarification, and for Technical Committee's responses, are as specified in RFP Section 4.7.1.

4.4.2 Bidders shall not rely on any oral statements made by the Technical Committee, their advisors, employees, consultants or agents.

#### 4.5 Orientation Meetings

4.5.1 In order to effectively address the Bidder's clarification of any aspects of the RFP Package and the tendering process, it is expected that any such meeting will take place at date time and venue announced in advance.

4.5.2 In developing their proposals, bidders should rely only on these written notes and not on any oral statements made at the meetings.

#### 4.6 Inspection of the Depot Site

4.6.1 The SMTA will arrange for all bidders a guided inspection of the Depot premises (if available), which are to be offered to the Operator.

#### 4.7 Timetable

4.7.1 The preferred timetable for the tendering process is as follows:

- |                               |                                                   |
|-------------------------------|---------------------------------------------------|
| (a) Issue RFP documents       | 9 <sup>th</sup> Oct, 2017                         |
| (b) Hold Orientation meeting  | 16 <sup>th</sup> Oct, 2017                        |
| (c) Submission of proposals – | w.e.f. 18 <sup>th</sup> Oct, 2017 onwards         |
| (d) Evaluation of proposals – | To be processed on 'First Come First Serve' basis |

- (e) Notifying the qualified Bidders to Sindh Modarba - on 'First Come First Serve' basis. [w.e.f. 25<sup>th</sup> Oct 2017]
- (f) Bidders' financial evaluation by Sindh Modarba – w.e.f. 26<sup>th</sup> Oct 2017
- (g) Signing of Operational Agreement with SMTA and Financing Agreement with Sindh Modarba – w.e.f. 12<sup>th</sup> Nov 2017
- (h) Commence operations - no more than **Four months** from signing of Agreement.

4.7.2 The Authority may, in its sole discretion, amend the estimated timetable set out above, and advise bidders accordingly.

## **5.0 PROPOSAL FORMAT AND CONTENT**

### *5.1 Content of the Proposal*

5.1.1 Each proposal shall consist of the Bidder's Commitment Letter (Annex A to this RFP), together with the following:

**One Technical Section** containing the following information:

- (a) (i) Confirmation of conformance with all mandatory tender requirements, including the Bus Services requirements, and a description of the corporate structure of the bidding entity and its relation with companies and individuals associated with the proposal;
- (ii) Evidence relating to financial capability to provide the services, including:
  - audited financial statements for the most recent three years for the bidding entity and/or consortium members and/or parent company(ies) as appropriate
  - details of any encumbrances, contingent liabilities, and/or outstanding claims that may materially affect the financial position of the bidding entity
  - proposed means for funding initial capital investment required, i.e. 15% equity to be injected by the Operator; and
  - funding potential net operating expenses up to Rs. 350,000 / bus during the first year (including any parent company guarantees as appropriate);
- (iii) Schedule of proposed vehicles for initial service, including:
  - type (manufacturer/model)
  - seating and standing capacity; and
  - Cost of each unit supported with Manufacturers' Invoice for complete bus or chaises, as the case may be.

The information in Item (iii) is required to determine, inter alia, conformance with Schedule of the Agreement.

Emphasis should be given to past experience in urban bus operations and other road passenger transport operations, including experience in:

- operating customer-responsive public transport services
- scheduling and rostering methods
- vehicle repairs and maintenance

- (ii) Business Plan for the first year of operation, including:
  - organizational structure and number of staff by category
  - staff recruitment and training plans
  - estimated fleet size and bus kilometers to be operated
  - forecast of ridership traveled
  - budget for first year expenditures and revenues (P&L, Balance Sheet)
  - description of depots and other facilities
  - proposed quality procedures
  - proposed approach to market research, service planning and development; and
  
- (iii) Initial service proposals, including:
  - map of preferred route/s (on google image)
  - frequencies, capacities and hours of operation by route

## **6.0 OBLIGATIONS AND STATUS OF PROPOSALS**

### *6.1 Proposals as Binding Offers*

#### 6.1.1 Bidders' proposals:

- (a) are binding offers, which the SMTA may, in its sole discretion, accept at any time prior to the expiration of the Proposal Validity Period, as specified in Section 6.4.1; and
- (b) shall continue to be binding offers pursuant to the RFP, notwithstanding any contract negotiation, which may proceed between the SMTA and any bidder.

### *6.2 Cost of Proposals*

6.2.1 The bidder shall bear all costs and expenses with respect to the preparation and submission of its proposal and its participation in the tendering process.

6.2.2 The SMTA shall not be responsible for, or liable to, pay any tendering costs of any bidder, regardless of the conduct or outcome of the tendering process.

### *6.3 Confidentiality*

6.3.1 After the public opening of the Technical Sections of the bidders' proposals, the SMTA shall not disclose information relating to:

- (a) the examination, clarification and evaluation of bids, or
- (b) recommendations concerning awards

to bidders or other persons not concerned with the tendering process until the successful bidder is notified of the award.



6.3.2 Bidders acknowledge that the tendering process is a public process and, while the SMTA will endeavor to keep the bidders' proposals confidential, the SMTA shall not be liable in any way should information relating to the contents of the bidders' proposals become public.

#### 6.4 *Period of Validity of the Proposal*

6.4.1 Proposals shall remain valid for a period of three (3) months commencing at the Submission Deadline as established by RFP Section 4.7.1, or as amended pursuant to RFP Section 6.4.2 (the "Proposal Validity Period").

6.4.2 The SMTA may solicit bidders' consent to an extension of the Proposal Validity Period. The SMTA's request and the bidders' responses thereto shall be made in writing. A bidder may refuse the SMTA's request to extend the Proposal Validity Period, in which case the proposal would become invalid at the end of the three (3) month period. A bidder granting the request will not be required, nor permitted, to modify its proposal.

#### 6.5 *Modification of Proposals*

6.5.1 Bidders may not modify proposals after submission.

#### 6.6 *Withdrawal of Proposals*

6.6.1 A bidder may withdraw its proposal after submission provided that a Notice of Withdrawal is received by the SMTA prior to the Submission Deadline.

6.6.2 A bidder's withdrawal notice shall be:

- (a) in writing;
- (b) delivered by hand or courier;
- (c) addressed to the Sindh Mass Transit Authority at the address in RFP Section 4.3.1; and
- (d) contained in a sealed envelope labeled "WITHDRAWAL NOTICE."

A bidder shall not send a withdrawal notice electronically or by facsimile.

## **7.0 SUBMISSION, RECEIPT AND SIGNING OF PROPOSALS**

### *7.1 Original, Copies and Signing of the Proposal*

7.1.1 The bidder shall prepare and submit an original and three (03) copies of its proposal. In the event of any discrepancy between the copies and the original, the original shall govern.

7.1.2 The person or persons duly authorized to bind the bidder to the proposal and Agreement shall sign the proposal by signing the original and copies of the Bidder's Commitment Letter.

### *7.2 Sealing and Labeling of Technical and Financial Sections*

7.2.1 Each bidder shall:

- (a) seal the original of the technical section of its proposal in an envelope labeled, "Technical Section - Original" (the "Technical Section Envelope");
- (b) seal the original of the financial section of its proposal in an envelope labeled, "Financial Section - Original" (the "Financial Section Envelope"); and
- (c) place the sealed Technical Section Envelope and the sealed Financial Section Envelope in a third envelope or package (the "Outer Envelope") labeled, "Original Proposal Documents."

7.2.2 Each bidder shall:

- (a) seal each copy of the technical section of its proposal in a separate envelope or package labeled, "Technical Section – Copy;"
- (b) seal each copy of the financial section of its proposal in a separate envelope labeled, "Financial Section – Copy;"
- (c) with respect to each copy of the proposal, place one sealed envelope or package containing one of the copies of the technical section and one sealed envelope containing one of the copies of the financial section in an outer envelope or package labeled, "Copy Number\_\_\_\_ - Proposal Documents."

7.2.3 All envelopes or packages referred to in RFP Sections 7.2.1 and 7.2.2 shall:

- (a) be addressed to the SMTA at the address specified in RFP Section 7.3.1;
- (b) include the title and reference number of the tender.

7.2.4 If any of the outer envelopes or packages is not sealed and marked as required by RFP Section 7.2, the SMTA will assume no responsibility for the proposal's misplacement or premature opening. If any of the outer envelopes or packages discloses the bidder's identity, the SMTA will not guarantee the anonymity of the proposal, but this disclosure will not constitute grounds for proposal rejection.

### 7.3 *Submission of Proposals*

7.3.1 Proposals must be received by the SMTA at the following address:

Office # 201, 2<sup>nd</sup> floor, The Plaza, Plot # G-7,  
Block -9, KDA Scheme 5,  
Kehkashan,  
Clifton  
Karachi

7.3.2 The bidders shall deliver all proposals by hand or courier to the contact person stated in RFP Section 7.3.1, or his representative. Bidders shall not submit proposals by facsimile or electronic means. Each bidder shall be solely responsible for the timely delivery of its proposal to the address set out in RFP Section 7.3.1, irrespective of any local difficulties.

## **8.0 OPENING AND EVALUATION OF PROPOSALS**

### 8.1 *Receipt of Proposals*

8.1.1 All bids correctly delivered to the SMTA will be acknowledged in writing to the bidder at the address given by the bidder.

### 8.3 *Conformance Check of Technical Proposals*

8.3.1 The Technical Committee will check the technical section of each proposal to determine, at its sole discretion, whether it qualifies for further consideration, with regard to whether:

- all documentation and information required by the RFP documents have been provided; and
- the proposal is in full compliance with terms and conditions of the RFP documents (RFP Sections 5.1.1(a)(b), and 7.2) (the "Qualified Bidders").

8.3.2 The SMTA will notify each bidder as to whether or not it has qualified for further consideration.

### 8.4 *Evaluation of Proposals*

8.4.1 The technical section of each proposal will first be evaluated based on information received for Items (b.i, ii, iii) found in Section 5.1.1 in the RFP, on the following basis:

- Items (b.i, ii, iii) - all bids will be scored against information received; each of Items (b.i, b.ii, b.iii) will be scored within the maximum points as set out in the Proposal Evaluation Criteria table in RFP Section 8.4.3; note that a combined score of less than five (5) points in Section (b.i) will disqualify the bidder from further consideration; and

8.4.2 The financial section of each proposal will be forwarded to the Sindh Modarba for evaluation and completion of required formalities for processing financing and other pre-requisites.

### Proposal Evaluation Criteria

No.	Criteria	Maximum Score	Proposal Score
	<b>Technical</b>		
(b.i)	Qualifications/Experience of Firm and Key Personnel /1 - corporate experience - key personnel to be involved in operation  Subtotal:	5 5 10	
(b.ii)	Business Plan for First Year of Operation - appropriateness and innovation - quality and professionalism  Subtotal:	3 3 6	
(b.iii)	Initial Service Proposals - appropriateness and innovation - quality and professionalism  Subtotal:	2 2 4	
	<b>TOTAL</b>	<b>20</b>	

\*Minimum qualifying marks: 14

#### 8.6 *Clarification of Proposals*

8.6.1 The Technical Committee may, in its sole discretion, seek clarification, during the tendering process, of any matter in the bidders' proposals in anyway it sees fit, including seeking references and/or interviews. In the process of clarification, no change in the substance of the technical section or in the bid in the financial section shall be sought, offered or permitted.

8.6.2 In seeking clarification pursuant to the RFP, the Technical Committee shall seek all clarifications in writing. The bidders' responses shall also be in writing.

#### 8.7 *Contact with the Technical Committee*

8.7.1 Other than as set out in Sections 4.4 and 4.5 of the RFP document, no bidder shall contact the Technical Committee, its members, employees, consultants or agents on any matter relating to the bidder's proposal from the time of opening the proposals to the time the Route/Scheme is awarded.

8.7.2 Any effort by a bidder to influence the Technical Committee, its members, employees, consultants or agents at any stage during the process in such a way as it may affect their independent judgment or decision-making, may, in the discretion of the Technical Committee, result in rejection of the bidder's proposal.

#### 8.8 *Right to Accept or Reject*

8.8.1 The SMTA may, in its sole discretion:

- (a) accept any proposal;
- (b) reject any proposal;
- (c) annul the tendering process and reject all proposals;

- (d) annul the tendering process and commence a new process; or
- (e) waive irregularities, minor informalities, or minor non-conformities which do not constitute material deviations in the submitted proposals at any time prior to the award of the Route/Scheme without incurring any liability to the affected bidder or bidders or any obligation to inform the affected bidder or bidders of the grounds for the SMTA's actions.

## **9.0 FINAL AWARD OF ROUTE/SCHEME**

### *9.1 Qualified Bidder*

9.1.1 After the identification of the qualified bidder by the Technical Committee, the qualified bidder and the SMTA shall meet on a date to be fixed by the SMTA to finalize the terms and conditions of the Agreement.

9.1.2 Bidders shall not base their proposals on the premise that they may be able to materially change the Agreement.

9.1.3 When the terms and conditions of the Agreement are finalized pursuant to RFP Section 9.1.1, the SMTA will send the Agreement, incorporating all issues agreed to between the Parties, to the qualified bidder. The qualified bidder shall initial the Agreement and return it to the SMTA. The initialed documents will constitute a binding offer by the Qualified bidder.

### *9.2 Award of Route/Scheme*

9.2.1 Pursuant to the RFP and prior to the expiration of the Proposal Validity Period, the SMTA will complete all submissions and receive all approvals necessary from the relevant Authority including the classification of Routes by the RTA in favor of the preferred bidders and other competent government bodies related to this Scheme. After receiving the approvals, the SMTA will notify the preferred bidder in writing that its proposal, or, where applicable, its proposal as amended pursuant to the RFP, has been accepted by the SMTA (the "Notification of Award").

### *9.3 Signing of the Agreement*

9.3.1 At the same time that the SMTA sends the preferred bidder the Notification of Award, the SMTA will send to the Sindh Modarba:

- (a) the "Notification of Award"; and
- (b) the bidders' financial proposal.
- (C) The bidders declared financially qualified by the Sindh Modarba shall enter in to operational and financing agreements with SMTA and Sindh Modarba respectively.

### *9.4 Failure to Sign the Agreement*

9.4.1 If the preferred bidder fails to comply with the RFP provisions for the signing of the Agreement, this failure shall constitute a breach of contract, cause for annulment of the award, the forfeiture of any deposit or funds placed as security, and other such remedies as the SMTA may take under the

Agreement and applicable law. The SMTA may, in its discretion, award the Route/Scheme to another bidder.

## **ANNEX A: Bidder's Commitment Letter**

### **BIDDER'S COMMITMENT LETTER**

Managing Director  
Sindh Mass Transit Authority  
Transport & Mass Transit Department,  
Government of Sindh.

**Re: An Agreement to Operate Bus Services in Karachi**

With respect to the RFP for the provision of scheduled bus services in Karachi, please be advised as follows:

- (i) we have examined the RFP Package and confirm that we have received all pages of the RFP Package;
- (ii) we have received and examined all Addenda to the RFP Package as follows:

***(Note to bidder: List Addenda and dates here)***

- (iii) by the submission of our proposal, we submit a binding offer to carry out all services and obligations described in the RFP Package in accordance with the terms and conditions of the RFP Package set out in the financial section of our proposal and in the RFP Package;
- (iv) by the submission of our proposal, we submit a binding offer to provide the staff identified in our proposal or, with SMTA's prior written consent, equivalent or superior staff, to carry out the services set out in the RFP Package; and
- (v) we agree to hold our proposal open for acceptance until the expiration of the Proposal Validity Period set out in the RFP Package.

(Signed by person or persons authorized to bind the bidder in accordance with RFP Section 7.1.2)



## **ANNEX B: Draft Financing Agreements for Intra-City Bus Services in Karachi**

# مشارکہ متناقصہ

## **DIMINISHING MUSHARAKAH**

**THIS DIMINISHING MUSHARAKAH AGREEMENT No. DMM/\_\_\_\_\_**

(the "Agreement") is made at Karachi on \_\_\_\_\_ day of \_\_\_\_\_ by and

**BETWEEN**

**SINDH Modaraba**, floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (the Modaraba Ordinance) by SINDH Modaraba Management (Pvt) Ltd., a Modaraba Company, registered under Modaraba Ordinance, having its registered office at **1<sup>st</sup> Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road Karachi**, acting through

\_\_\_\_\_(hereinafter referred to as "the Modaraba" which expression shall where the context so permits mean and include its successors in interest and assigns) of the **ONE PART**

**AND**

\_\_\_\_\_ a company incorporated and existing under the corporate laws of Pakistan having its Registered Office at \_\_\_\_\_, Pakistan acting through \_\_\_\_\_ holder of CNIC No. \_\_\_\_\_ designated as \_\_\_\_\_ duly authorized vide Article \_\_\_\_\_ of the Articles of Association of the Company / Resolution dated \_\_\_\_\_ of the Company (hereinafter referred to as the "Customer" which expression shall where the context so permits mean and include his successors in interest and permitted assigns) of the **OTHER PART**

IT IS AGREED BY THE PARTIES as follows:

**1. PURPOSE AND DEFINITIONS**

**1.01** On the request of the Customer, Modaraba has agreed to enter in to a Musharakah arrangement to purchase "Musharakah Asset(s)", fully described in the Schedule below, which the Customer will buy from Modaraba on Diminishing Musharakah basis.

**1.02** The parties are desirous of reducing in to writing the terms and conditions that will govern their relationship during the term of this Joint Ownership Agreement.

**1.03** The terms defined in the Musharakah Agreement shall have the same meanings in this Agreement.

In addition to the above, the terms defined below shall have the meanings assigned to them hereunder:

**"Buy Out Payment Date(s)"** Means the date(s) on which the Customer shall buy the Musharakah Units from time to time from the Modaraba as set out in Appendix A" hereto;

**"Buy Out Price"** Means the amount to be paid by the Customer to the Modaraba to purchase the Musharakah Units of Modaraba's share.

**"Musharakah Units"** Means the division and classification of the Modaraba's Musharakah Share into units of the value and in the number appearing in Appendix 'B' hereto;

**“Outstanding Buyout Price”** Means the aggregate Buyout Price minus the total amounts of Buy Out Price already paid by the Customer as appearing in Appendix ‘C’ hereto. In the event of termination under Clause 7, the “Schedule of Outstanding Buy Out Price (Applicable upon Termination)” only, shall apply;

**“Term”** Means the period of validity of the Agreement commencing from the Effective Date up to the payment date of the last Buy Out Price or the Monthly/Quarterly/Half Yearly Payment Date which ever is late;

2. The Customer represents that:

1. He has satisfied himself as to the quality, specifications and market value of the Musharakah Asset(s) and has recommended to the Modaraba that its should participate in buying the Musharakah Asset(s) at the said price.
2. He would be prepared to participate to the extent of 30% or 15% in purchasing the Musharakah Asset(s) and will make available to Modaraba in this regard at the time of signing of this Agreement.

3. Based on the representations of the Customer, the Modaraba has agreed to purchase the Musharakah Asset(s).

4. After the acquisition of the Musharakah Asset(s), the Customer shall purchase the share of Modaraba in the Musharakah Asset(s) in the shape of Musharakah Units from Modaraba in terms of the following:

1. The Customer shall purchase the Musharakah Units from Modaraba and make payment therefore in terms of Appendix ‘C’.
2. The Customer may at any time, during the Term of this Agreement, purchase the Modaraba’s entire remaining Musharakah Units at their applicable Buyout Prices subject to the provisions of this Agreement.
3. The Customer shall serve upon the Modaraba a prior written notice of at least fifteen (15) days of his intention to purchase all or any of the remaining Musharakah Units.
4. In case the Customer acquires all the remaining Musharakah Units by payment of the aggregate amount of applicable Buy Out Prices, this Agreement shall stand terminated subject to the fulfilment of all the obligations of the Customer and the payment by the Customer of all outstanding, due and payable by the Customer to the Modaraba.
5. In case of a default committed by the Customer in fulfilling any of his/ her obligations under this Agreement or any other agreements entered into between Parties, the Modaraba may terminate this Agreement by serving a Notice on the Customer. In such an eventuality, the Customer undertakes to purchase all the outstanding Musharakah Units in terms of the following:

1. Upon a notice of termination being issued by the Modaraba under Clause 5 above, the Customer hereby agrees and undertakes to purchase the remaining Musharakah Units from the Modaraba immediately.
  2. The remaining Musharakah Units shall be purchased by the Customer at the Outstanding Buyout Prices (Applicable only Upon Termination) as provided in Appendix 'C'
  3. In case of failure by the Customer to purchase the Musharaka Units, the Musharaka Asset(s) shall be sold by the Modaraba and the sale proceeds of the Vehicle shall be utilized to adjust any amount payable by the Customer to the Modaraba. The remaining amount after adjustment will be returned to the customer.
6. As security for all obligations of the Customer and payment of the rentals in terms of this Agreement, the Customer shall, at the time of execution of this Agreement, create/ execute/ provide/ensure the following to Modaraba:
- (a) execute a Demand Promissory note in favour of the Modaraba for the amount of the Modaraba's Musharakah Investment and Monthly/Quarterly/Half Yearly Payments receivable during the term of the Musharakah; (the "**Demand Promissory Note**");
  - (b) execute such further deeds and documents as may from time to time be required by the Modaraba for the purpose of more fully securing and or perfecting the Security created or to be created in favor of the Modaraba; and
  - (c) Create such other securities and execute such further documents to secure the Customer's obligations under the Principal Documents as the Modaraba may require the Customer to furnish from time to time. (The above are hereinafter collectively referred to as the "**Security**"). (The Demand Promissory Note and other documents mentioned in clause 6 (a) to 6 (c) hereinabove are hereinafter collectively referred to as the "**Security Documents**").
7. Till such time that the Customer purchases all the Musharakah Units of the Modaraba, the parties shall share the rent in respect of the Musharakah Asset(s) in proportion to their respective interests in the Joint Ownership.
8. Pending the purchase of all the Musharakah Units of Modaraba by the Customer, the Monthly/Quarterly/Half Yearly rent of the Musharakah Asset(s) will be jointly determined by the parties from time to time and the Customer shall pay the share of Modaraba to it every month/quarter/half year.
9. The Musharakah Agreement and Monthly/Quarterly/Half Yearly Payment Agreement shall form an integral part of this Agreement.
10. In the event that the Customer fails to purchase the remaining Musharakah Units at the Outstanding Buy Out Prices (Applicable only upon Termination), within a period of fifteen (15) days from the date of the notice being issued under Clause 5, the Modaraba may, at its discretion, proceed to enforce the security interest in the Musharakah Asset(s) and Current Assets of the company under the provisions of the Financial Institutions (Recovery of Finances) Ordinance, 2001 or any statutory modification thereof for recovery of the amounts due to the Modaraba under this Agreement and the Monthly/Quarterly/Half Yearly Payment Agreement, including the remaining Musharakah Units and accrued and unpaid Monthly/Quarterly/Half Yearly Payment, if applicable, plus any costs, Taxes and other dues payable and applicable to the Musharakah Asset(s).

**11.** The Customer covenants to and undertakes with the Modaraba that so long as it remains obliged under the Agreement:

**(1)** It shall inform the Modaraba of any Event of Default or any event, which with the giving of notice or lapse of time or both would constitute an Event of Default forthwith upon becoming aware thereof:

**(2)** The Customer shall do all such things and execute all such documents which in the judgment of the Modaraba may be necessary to; (i) enable the Modaraba to assign or otherwise transfer the liability of the Customer in respect of the Modaraba's Musharakah Investment and Monthly/Quarterly/Half Yearly Payments to any creditor of the Modaraba or to any third party as the Modaraba may deem fit at its entire discretion; (ii) create and perfect the Security; (iii) maintain the Security in full force and effect at all times including the priority thereof; (iv) maintain, insure and pay all Taxes assessed in respect of the assets constituting the Security.

**(3)** It will satisfactorily insure all its insurable assets with reputable companies offering protection under the Islamic Concept of Takaful. Until the Islamic Insurance Concept of Takaful is not available, the Musharakah Asset(s) shall be comprehensively insured (with a reputable insurance company to the satisfaction of the Modaraba) against all insurable risks, which may include fire, arson, collision, vandalism, riots and acts of terrorism, and to assign all policies of insurance in favour of the Modaraba to the extent of the amount from time to time due under this Agreement, and to cause the notice of the interest of the Modaraba to be noted on the policies of insurance, and to punctually pay the premium due for such insurances and to contemporaneously therewith deliver the premium receipts to the Modaraba. At this stage, Modaraba shall reimburse to the Customer its share in the insurance cost. Should the Customer fail to insure or keep insured the Assets constituting the Security and/ or to deliver such policies and premium receipts to the Modaraba, then it shall be lawful for the Modaraba but not obligatory to pay such premia and to keep the said Asset(s) so insured and all cost charges and expenses incurred by it for the purpose shall be charged to the Customer on pro rata basis and shall be paid by the Customer to the Modaraba within five (5) days of a demand being made by the Modaraba. The Customer expressly agrees that the Modaraba shall be entitled to adjust, settle or compromise any dispute with the insurance company(is) and the insurance arising under or in connection with the policies of insurance and such adjustments/compromises or settlements shall be binding on the Customer and the Modaraba shall be entitled to appropriate and adjust the amount, if any, received under the aforesaid policy or policies toward part or full satisfaction of the Customer's indebtedness arising out of the above arrangements and the Customer shall not raise any question or objection that larger sums might or should have been received under the aforesaid policy nor the Customer shall dispute its liability(is) for the balance remaining due after such payment / adjustment;

**(4)** Except as required in the normal operation of its business, the Customer shall not, without the prior written consent of the Modaraba, sell or otherwise dispose of all or a sizeable part of its other assets or undertake or permit any merger, consolidation, dismantling or re-organization which would materially affect the Customer's ability to perform its obligations under this Agreement;

**(5)** It shall forthwith inform the Modaraba of:

- a) Any event or factor, any litigation or proceedings pending or threatened against the Customer which could materially and adversely affect or be likely to materially and adversely affect: (i) the financial condition of the Customer, (ii) business or operations of the Customer; and (iii) the Customer's ability to meet its obligations when due under this Agreement, (iv) expiry or cancellation of a material patent, copyright or license, (v) cancellation or termination of a material trade agreement;

- b) Where the Customer is a Company, any change in the directors or management of the Customer;
12. The Courts at Pakistan shall have the exclusive jurisdiction to adjudicate upon any dispute or claim arising out or in connection with this Agreement.
13. The above represents the entire understanding of the parties on the subject and can be modified/ amended only through a written instrument signed by authorized representatives of both the parties.
14. 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.

**SCHEDULE 'A'**

Description of the Musharakah Asset(s)

Sr. No.	Description	Quantity	Amount
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
	<b>TOTAL:</b>		

For and on behalf of

For and on behalf of  
**SINDH MODARABA**

**AUTHORIZED SIGNATURES**

**AUTHORIZED SIGNATURES**

**WITNESSES:**

1. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC # \_\_\_\_\_

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC # \_\_\_\_\_

**WITNESSES:**

1. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC # \_\_\_\_\_

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC # \_\_\_\_\_



APPENDIX 'A'

Buy Out Payment Dates

\* As per schedule attached

For and on behalf of

For and on behalf of  
**SINDH MODARABA**

APPENDIX 'B'

Musharakah Units of Modaraba

Number of Musharakah Units:

Value of each Musharakah Unit:

For and on behalf of

For and on behalf of  
**SINDH MODARABA**

APPENDIX 'C'

**Schedule of Buyout Prices**

Buy Out Payment Date

Buy Out Price

**Schedule of Outstanding Buyout Prices (Applicable only upon Termination)**

For and on behalf of

For and on behalf of  
**SINDH MODARABA**

**MONTHLY PAYMENT AGREEMENT NO. DMM/\_\_\_\_\_**

**THIS MONTHLY PAYMENT AGREEMENT** is made at Karachi this \_\_\_\_\_ day of \_\_\_\_\_ (the "Monthly Payment Agreement") and is made

BY AND BETWEEN

**SINDH Modaraba**, floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (the Modaraba Ordinance) by SINDH Modaraba Management (Pvt) Ltd., a Modaraba Company, registered under Modaraba Ordinance, having its registered office at 1<sup>st</sup> Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi, acting through \_\_\_\_\_ (hereinafter referred to as "the Modaraba" which expression shall where the context so permits mean and include its successors in interest and assigns) of the **ONE PART**

AND

\_\_\_\_\_, a company incorporated and existing under the corporate laws of Pakistan having its Registered Office at \_\_\_\_\_ acting through \_\_\_\_\_ holder of CNIC No. \_\_\_\_\_ designated as \_\_\_\_\_ of the Company duly authorized vide Article \_\_\_\_\_ of the Articles of Association of the Company / Resolution dated \_\_\_\_\_ of the Company (Hereinafter referred to as "**the Customer**") which expression shall where the context so permits mean and include its/his/her successors in interest and permitted assigns) of the **OTHER PART** (Individually referred to as a "Party" and collectively as the "Parties")

The bold terms used herein shall have the meanings assigned to them in the Musharakah Agreement dated \_\_\_\_\_ between the Parties (the "Agreement") unless defined herein.

**WHEREAS**, the Customer wishes to avail finance based on the Islamic modes of financing and has entered into the Musharakah agreement whereby the Modaraba and the Customer have agreed *inter alia* to participate on the basis of Musharakah in the acquisition of the Musharakah Asset(s) in the name of the Modaraba for purposes of business use by the Customer against payment of consideration in terms of this Monthly/Quarterly/Half Yearly Payment Agreement.

**AND WHEREAS**, the Musharakah Asset(s) is to be purchased and acquired in the name of the Modaraba and the Customer has agreed to be bound by the terms of this Monthly Payment Agreement in respect of matters related to the Musharakah Asset(s).

**AND WHEREAS**, the Parties have agreed that the Customer shall use the Musharakah Asset(s) and to the extent of the Modaraba's Musharakah Share, the Customer shall pay a Monthly Payment to the Modaraba upon the terms and conditions set out hereunder.

**NOW, THEREFORE**, in consideration of the mutual covenants contained in the Musharakah agreement and below herein, the Parties hereby agree as follows:

1. **MUSHARAKAH ASSET(S)**

- 1.1 Notwithstanding that the Musharakah Asset(s) is/shall be in the name of the Modaraba, the Parties agree that in consideration of the Modaraba's Musharakah Share, the Customer's

right in respect of the Musharakah Asset(s) shall be qualified as laid down in this Monthly Payment Agreement and the Musharakah Agreement.

1.2 The Customer shall have the exclusive right to use the Musharakah Asset(s) for business purposes only against the Monthly Payments.

1.3 The Customer hereby represents and covenants as follows:

a) That the Customer shall permit the Modaraba and/or the Modaraba's representatives and agents to inspect the Musharakah Asset(s) on the Modaraba giving to the Customer twenty four (24) hours prior notice in writing.

b) That the Customer shall pay all taxes; charges, demands and levies that are imposed in respect of the Musharakah Asset(s) whenever, including without limitation for any period prior to the Effective Date, and by whomsoever levied, provided however that, Asset(s) tax and Insurance charges, shall be jointly paid by the Modaraba, and the Customer in proportion to their share in the Musharakah Asset(s).

## **2. OBLIGATION TO PAY MONTHLY PAYMENTS**

2.1 The Customer shall pay to the Modaraba the Monthly Payment in respect of the use of the Musharakah Asset(s) to the extent represented by the Modaraba's Share in the Musharakah.

2.2 The Customer shall pay to the Modaraba the Monthly Payment on the Monthly Payment Date(s) as appearing in the schedule of Monthly Payment appearing in Appendix "A" hereto.

2.3 The Customer's obligation to make the Monthly/ Payments shall continue during the Term of this Agreement.

2.4 The Customer's obligation to make the Monthly Payments to the Modaraba in accordance with Clause 2.2 above is absolute and shall continue and subsist notwithstanding the inability of the Customer to use the Musharakah Asset(s) for business purposes.

## **3. VARIATION OF MONTHLY PAYMENTS**

3.1 The amounts of the Monthly Payments shall be in accordance with Appendix 'B'.

3.2 The amounts of the Monthly Payments appearing in Appendix "B" hereto are on a declining balance corresponding to the purchase of the Musharakah Units by the Customer.

3.3 Where the Customer opts to prepay by acquiring some of the Musharakah Units, the Monthly Payments shall be revised to reflect the reduced share of the Modaraba in the Musharakah.

3.4 Upon acquisition of the Musharakah Units by the Customer, the Modaraba shall provide to the Customer a revised Schedule of Monthly Payments to be attached hereto as the amended Appendix "A".

## **4. PAYMENT AND ACCOUNTS**

4.1 All payments to be made by the Customer under this Monthly/Quarterly/Half Yearly Payment Agreement shall be made in full, without any set off or counter claim whatsoever,

and free and clear of any deductions or withholdings, on the due dates to the Modaraba. When any payment would otherwise be due on a day which is not a Business Day, the next following Business Day shall be substituted for such day.

- 4.2 Without prejudice to any other rights of the Modaraba, in the event of a default in the payment of any amounts due under this Monthly Payment Agreement, the Customer hereby undertakes to pay to Charity Fund, if so demanded by the Modaraba, an amount on such outstanding amounts remaining unpaid, at the rate of \_\_\_\_ % per annum for each day that such default continues. Such additional amount shall be utilized by the Modaraba on behalf of Customer for **charitable and religious purposes**. The Customer hereby consents to such utilization of the said amount by the Modaraba, at its absolute discretion.

5. **EVENTS OF DEFAULT**

- 5.1 A default in payment of any Monthly Payment in terms of this Agreement and the occurrence of an Event of Default under the Agreement, shall constitute a default under this Monthly Payment Agreement as well and the Modaraba shall thereupon become entitled to exercise all rights and remedies as provided in the Agreement upon occurrence of an Event of Default.

6. **SECURITY**

- 6.1.1 As security for the performance of the Customer's obligations in accordance with the terms of this Agreement, the customer may create a Charge on its Current/Fixed Assets with the concerned Authorities in respect of the Musharakah Asset(s) and execute the Demand Promissory note set out in Appendix "C" hereto.

7. **REPAIR & MAINTENANCE**

a) The Customer agrees at its own cost and expense, to be responsible for the performance of all Ordinary Maintenance and Repairs required by the Musharakah Asset(s). The term "Ordinary Maintenance and Repair" shall mean all repairs, replacement and maintenance required to keep repair, maintain and preserve the Musharakah Asset(s) in good operating condition, and in compliance with such standards of maintenance as is generally required for such Musharakah Asset(s).

**b) The Modaraba shall be responsible for the performance of Major Repair. The term "Major Repair" shall mean all major repairs arising due to accidents and damages occurring without the negligence of the Customer, excluding repair and maintenance covered under Ordinary Maintenance and Repair in 7 (a) herein above. The Major Repairs shall be covered by insurance arrangements made by the Modaraba.**

8. **SETOFF**

- 8.1 The Customer authorizes the Modaraba to apply any credit balance to which the Customer is then entitled in any account of the Customer with the Modaraba at its head office or any of its branches in or towards satisfaction of any sum then due and payable from the Customer to the Modaraba under this Monthly/Quarterly/Half Yearly Payment Agreement.

9. **NOTICES AND OTHER MATTERS**

- 9.1 Every notice or other communication under this Monthly/Quarterly/Half Yearly Payment Agreement shall be in writing delivered personally, or by courier or addressed to the relevant Party at its address stated above or to any telex or telefax number which is published as belonging to it (or

such other address or telefax or telex number as is notified by one Party to the other under this Monthly/Quarterly/Half Yearly Payment Agreement). Every notice or other communication shall, subject as otherwise provided in this Monthly/Quarterly/Half Yearly Payment Agreement be deemed to have been received in the case of a letter when delivered personally or three (03) days after it has been delivered to a courier company for delivery to the addressee and in the case of a telex at the time of dispatch with confirmed answer back of the addressee appearing at the beginning and end of the transmission or in the case of telefax when the recipient confirms by telex receipt of the transmission (provided that it shall be deemed to have been received at the opening of business on the next such Business Day).

9.2 No failure or delay on the part of the Modaraba to exercise any power, right or remedy under this Monthly/Quarterly/Half Yearly Payment Agreement shall operate as a waiver thereof nor shall any single or partial exercise by the Modaraba of any power right or remedy preclude any other or further exercise thereof or the exercise of any other power right or remedy. The remedies provided in this Monthly/Quarterly/Half Yearly Payment Agreement are cumulative and are not exclusive of any remedies provided by law.

10. **JURISDICTION**

10.1 This Monthly Agreement is governed by and shall be construed in accordance with Pakistani law. All competent courts at Pakistan shall have the exclusive jurisdiction to hear and determine any action, claim or proceedings arising out of or in connection with this Monthly Payment Agreement. The amounts payable by the Customer to the Modaraba under this Monthly Payment Agreement may be recovered through the Banking Courts, under the Financial Institutions (Recovery of Finances) Ordinance, 2001 or any replacement or statutory modification thereof.

IN WITNESS WHEREOF the parties to this Monthly Payment Agreement have caused this Monthly Payment Agreement to be duly executed on the place, date and year first aforementioned.

For and on behalf of

For and on behalf of  
**SINDH MODARABA**

**AUTHORIZED SIGNATURES**

**AUTHORIZED SIGNATURES**

**WITNESSES:**

**WITNESSES:**

1. Signature: \_\_\_\_\_

1. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC # \_\_\_\_\_

CNIC # \_\_\_\_\_

**APPENDIX 'A'**

**Schedule of Monthly Payments**

Monthly Payment Amounts  
AND Monthly Payment Date(s)

As Per Schedule Attached

For and on behalf of

For and on behalf of  
**SINDH Modaraba**