

Commercial Contract

CORPORATE GUARANTEE



*Empowered lives.
Resilient nations.*



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

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January 2013

Corporate Guarantee

Pro-Gole (Right to do Business)

Legal Services, B&SDS

LEGAL SERVICES, SMEDA

The Legal Services (LS) department is a part of Business & Sector Development Services Division of the Small Medium Enterprises Development Authority and plays a key role in providing an overall facilitation and support to the small businesses. The LS believes that information dissemination among the small businesses on the existing legal & regulatory environment and business to business and business to client contracting is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate small businesses, the LS, under the Pro-GOLE (Right to do business) project, a joint SMEDA-UNDP initiative for supporting the small businesses, has developed user-friendly contract templates.

Pro-GOLE, (Right to do Business)

The UNDP has partnered with the Small and Medium Enterprises Development Authority to initiate and execute the Pillar 4 (Right to do business) component of the UNDP PRO-GOLE project which seeks to enhance the legal awareness and mobility of marginalized/ informal businesses. Under the project legal services outreach shall be extended to small businesses including home based enterprises, small shopkeepers, growers, women entrepreneurs, hawking vendors etc. In addition, small business shall be mobilized to access legal services.

The Need for Commercial Contracts Templates

In an increasingly complex and competitive industry, it is vital that suppliers and purchasers are fully protected against legal and commercial risks. To counter such risks, a viable solution; available as- of the shelf commercial contract templates- will provide the users with first class ready to use support. With obligations properly set out and liabilities accurately defined, the users will be in a far better position to look after their rights and interests and move forward from their marginalized positions to being active players of the economy. The Legal Service Providers can equally take benefit of these templates for their professional and business development.

Disclaimer

The information contained in this template is meant to facilitate the businesses in documenting transactions with reference to Banking. However, SMEDA, UNDP or any of their employees or representatives accept no responsibility and expressly disclaim any and all liabilities for any and all losses/shortfalls caused by or motivated by recommendations from the information contained within this document. Although SMEDA's ambition is to provide accurate and reliable information; yet, the document is not an alternative to expert legal advice and should ideally be used in conjunction with the same. Any person using this document and or benefiting from the information contained herein shall do so at his/her own risk and costs and be deemed to have accepted this disclaimer.

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Information contained in this document may be freely used provided that relevant acknowledgement is accurately quoted with each usage.

[Insert name of the Bank]

[Insert name of the Branch]

[Insert Address of the Branch]

CORPORATE GUARANTEE

Dear Sir,

In consideration of your having extended a financial accommodation to [insert name of the Creditor Company], a company existing under the laws of Pakistan, having its registered office at [insert complete address] (hereinafter referred to as the "Creditor Company"), whereunder Rs. _____/- (Rupees _____) (insert amount) are outstanding as of [insert date] (hereinafter referred to as the "Facility"), we [Insert name of the Guarantor Company], a company existing under the laws of Pakistan, having our registered office at [insert complete address] hereby unconditionally and irrevocably guarantee to you the payment forthwith, on your first written demand and without recourse to the Creditor Company or any third party, of the amount equivalent to the Facility.

Further, we hereby undertake, affirm and agree:

(1) That this Guarantee shall be for a maximum of sum of Rs. _____/- (Rupees _____) (insert amount);

(2) That this Guarantee shall be a continuing guarantee and shall not be considered as wholly or partially satisfied by the payment at any time or times hereafter of any sum or sums of money for the time being due by the Creditor Company to you, and shall be binding upon us till full payment has been made to you of all sums hereby guaranteed;

(3) That a certificate in writing signed by you certifying the amount due and payable at any time from the Creditor Company shall be conclusive evidence of the matter so certified and we shall be bound by the same without recourse to the Creditor Company or any third party;

(4) That this Guarantee shall not be discharged or prejudiced, with or without notice to us, by any amendments or modifications whatsoever in the Facility or any document governing the same (hereinafter referred to as the "Documents") or by your taking additional sureties or guarantees;

(5) That your neglect or forbearance in enforcing payment of any moneys, the payment whereof is intended to be hereby secured or the giving of time by you to the Creditor Company for the payment thereof shall not in any way release us of our liability under this Guarantee;

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(6) That this Guarantee shall be enforceable by you and your successors-in-interest and shall be binding on us and our successors-in-interest;

(7) That you may in your absolute discretion, without limiting in any way our obligations and liabilities under this Guarantee, resort to any other means for the recovery of any moneys due, or for the performance of any other obligation under the Documents and you may enforce this Guarantee notwithstanding that you have, or have not, resorted to any other means for the recovery of any moneys due, or for the performance of any other obligation under the Documents;

(8) That any notice by way of request, demand or otherwise hereunder may be given by you to us or may be left at our address or at any changed address, as may be communicated to you by us, or may be sent by registered post to us addressed as aforesaid, and if sent by registered post it shall be deemed to have been given at the time when it would be delivered in due course of registered post, and in proving such a notice, when given by registered post, it shall be sufficient to prove that the envelope containing the notice was posted and, a certificate signed by your authorized officer that envelope was so posted, shall be conclusive;

(9) That we agree to keep you indemnified against all actions, proceedings, liabilities, claims, losses, damages, costs and expenses in relation to or arising out of the Documents as extended and/or amended from time to time up to the amount of the Facility and hereby unconditionally and irrevocably agree to pay you on your first written demand without recourse to the Creditor Company or any third party all payments, costs, financial loss, if any, and expenses made, suffered or incurred by you in consequence of your extended the Facility;

(10) That we have taken all necessary corporate actions and authorizations to execute and deliver this Guarantee to you; we are empowered under the Memorandum and Articles of Association to execute and deliver this Guarantee and perform our obligations hereunder; this Guarantee has been executed by duly authorized persons on behalf of the Guarantor Company and is and shall continue to remain binding and enforceable against us; this Guarantee has been executed and delivered to you for valid commercial considerations between the Customer and us and no objection or defence shall be raised on the grounds of lack of consideration or any other ground.

(11) That we further agree to make you the payment under this Guarantee on your first written demand without any objection, dispute or question and we waive all our rights in this regard; and

(12) That this Guarantee shall be governed and construed in accordance with the laws of Pakistan and the Courts of [insert place] shall have the exclusive jurisdiction in this respect.

IN WITNESS WHEREOF, we have signed this Guarantee at Lahore on this [insert date] day of [insert month], 20__ (insert year).

GUARANTOR

Corporate Guarantee

Pro-Gole (Right to do Business)

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For and on behalf of
The Guarantor

Witnesses:

1. _____

Name: _____

Address: _____

2. _____

Name: _____

Address: _____
