

Investment Agreement:

Investment Agreement

This Agreement to be called the Investment Agreement is made this the day of, 200 ,

Between

the Bank/FI (precise name to be inserted here) established under the Order/Act, (P.O./Act No. of)/registered under the Companies Act, 1994 (Act No 18 of 1994) / the Companies Act, 1913 (VII of 1913), hereinafter referred to as the Bank/FI (which expression shall unless excluded by or contrary or repugnant to the context be deemed to include its successor or successors and assigns), having its Head Office at Dhaka/Rajshahi, on the One Part,

And

M/s..... Ltd., a private limited company, registered under the Companies Act, 1994 (Act No.....of 1994), hereinafter referred to as the Company (which expression shall unless excluded by or contrary or repugnant to the context be deemed to include its successor or successors and assigns), having its Head/registered office at Dhaka / , on the Other Part.

Whereas -

- A.** Pursuant to the Co-operation Agreement of, 200 , entered into between the Bangladesh Bank [hereinafter referred to as “Bangladesh Bank (EEF Unit)”] and the Bank/DFI/FI and pursuant to the EEF circulars issued from time to time for administration of the Equity and Entrepreneurship Fund (hereinafter referred to as “the EEF”), the Bank/DFI/FI has agreed to extend equity-support, on behalf of the Bangladesh Bank (EEF Unit), to the eligible private limited companies;
- B.** The Company has drawn up a plan to set up and subsequently operate a factory for the production ofatas described in **Annex-1** hereto (hereinafter referred to as "the Project");

- C. The implementation of the Project is expected to involve a total cost of Tk..... (including the net working capital) as estimated by the Company, the summarized particulars of which and means of financing thereof are shown in **Annex-1** hereto; and
- D. The Company has requested for the equity-support from the EEF and the Bank/DFI/FI agrees, on behalf of the Bangladesh Bank (EEF Unit), to contribute to the aforesaid financing of the Project by participating in the Company's share capital for a total nominal amount of Tk.....(being the par value ofshares of the Company) on the terms and conditions contained in this Investment Agreement, including the condition that participation of the Bangladesh Bank (EEF Unit) as the agent of the GOB in the paid-up share capital of the Company shall not at any time exceed 49% (forty nine percent) of the Company's total paid-up capital. However, if the company takes loan from any bank/financial institution then such percentage of equity-support shall not exceed 33.33% of the total cost of the project (including net working capital) of the company concerned.

Now, therefore, the parties hereto hereby agree as follows :-

1. The sponsors of the Company agree to sell to the Bangladesh Bank (EEF Unit) in the name of the Government of the People's Republic of Bangladesh hereinafter referred to as the "GOB") and the Bank/DFI/FI agrees, on behalf of the Bangladesh Bank (EEF Unit), to purchase from the Company its shares for the amount as aforesaid at "D" above.
2. Before disbursement of the equity-support from the EEF to the Company, the Company shall produce evidence to the Bank/FI to the effect that the sponsors' own equity in the Company has been fully invested in the project and matching physical progress of the project has been made to the satisfaction of the Bank/FI.
3. At the time of disbursement of the equity-support, the Company shall issue share certificates representing the EEF equity-support to the Company in the name of the GOB and hand them over to the Bank/DFI/FI for safe custody.
4. During the subsistence of the EEF equity-support to the Company, the Bank/DFI/FI shall nominate its representative, on behalf of the Bangladesh Bank (EEF Unit), on the Company's Board of Directors to attend the meetings thereof as well as the

meetings of the Company's shareholders, and a provision to that effect shall be made in the Company's Memorandum and Articles of Association, and two authenticated copies thereof shall be submitted by the Company to Bank/DFI/FI:

Provided that the representative of the Bank/DFI/FI shall not be required to hold any shares of the Company in his personal name :

Provided further that no quorum shall constitute at the meetings of the company's shareholders without the presence thereof of the representative of the Bank/DFI/FI notwithstanding any provision to the contrary appearing in the Articles of Association of the company. In case of meeting of the Board of Directors, the notice of the meeting along with its agenda should be issued at least 3(three) working days before ordinary board meeting and at least 1(one) working day before emergency board meeting to the representative of Bank/DFI/FI and also to the EEF Unit. On being duly received by the representative or by the EEF Unit, the notice will be considered to have been duly served and the concerned Board meeting could be held and concluded according to the agenda in absence of the representative of the Bank/DFI/FI.

Provided also that the minutes of the meetings of the Board of Directors and the shareholders shall be submitted to the Bank/DFI/FI immediately after each of such meetings.

5.
 - a. The sponsors of the company may **buy-back** the shares (issued by the company in favour of the Government of the People's Republic of Bangladesh) from the Bangladesh Bank (EEF Unit) at the **face value** thereof during the **first three years** commencing from the date of the first disbursement of the equity-support.
 - b. The sponsors of the company **shall buy-back** such shares as referred to above during the period of **next five years** either at the **face value** or at the **break-up value** thereof, whichever is higher.

c. Bangladesh Bank (EEF Unit) may sell the remaining shares (not bought-back by the sponsors of the company **before the end of the first eight-year period** as mentioned above) either at the **face value** or at the **break-up** value thereof computed on the basis of the company's latest Balance Sheet certified by the recognized Chartered Accountants' firm or **at such price as may** otherwise be determined by the Bangladesh Bank (EEF Unit), **whichever is the highest**, to the Bank/DFI/FI (if it is so interested in buying such shares) and/or to whosoever is interested in buying such shares.

d. If such shares cannot be sold at the end of eight years, Bangladesh Bank (EEF Unit) will have the authority to convert those shares into debt of the sponsors. Bangladesh Bank will also fix up interest rate for such debt.

6. During the subsistence of the EEF equity-support to the Company, the sponsors/Directors thereof shall not sell or transfer otherwise their shareholdings in the Company without prior approval in writing of the Bangladesh Bank (EEF Unit).

7. The Company agrees that **it shall -**

- (1) meet any shortfall in the means of finance for covering the total cost of the project out of the sponsors' own resources;
- (2) maintain all books of accounts properly which may be inspected by the Bank/DFI/FI and/or the Bangladesh Bank (EEF Unit) as and when required;
- (3) submit quarterly progress report on the project regularly to the Bank/DFI/FI on the prescribed pro-forma;
- (4) submit to the Bank/DFI/FI the audited Balance Sheet, together with the profit and loss accounts, of the company for every financial year within four months from the date of close of the Company's financial year;
- (5) furnish to the Bank/DFI/FI such other information/data on the project as and when required by the Bank/DFI/FI and/or the Bangladesh Bank (EEF Unit);

(6) insure with the Sadharan Bima Corporation and/or any other Bangladeshi Insurance Company acceptable to the Bank/DFI/FI all fixed assets of the project, both existing and future, covering the following risks :-

- (a) fire (with re-instatement clause);
- (b) riot;
- (c) strike;
- (d) damage; and
- (e) cyclone; and

(7) adequately insure to the satisfaction of the Bank/DFI/FI all other assets necessary for the continued operation of the project (including raw materials, finished goods, work-in-process, etc.).

(8) The Company agrees that **it shall not** -

- (1) appoint any managing agent without obtaining prior approval in writing of the Bank/DFI/FI and the Bangladesh Bank (EEF Unit);
- (2) make any alteration in, or amendment to, the Company's Memorandum and Articles of Association without obtaining prior approval in writing of the Bank/DFI/FI and the Bangladesh Bank (EEF Unit);
- (3) provide any loan or advance by whatever name called to any of its Directors or shareholders or to a firm or company in which its Directors or shareholders have any interest.

(9) This Agreement shall be executed in triplicate (one each for the Bangladesh Bank (EEF Unit), Bank/DFI/FI and Company), each of which shall be deemed an original but all of which together shall constitute one and the same Agreement.

In witness whereof, the parties hereto acting through duly authorized representatives have caused this Agreement to be signed in their respective names as of the date first above written.

Company

By.....

Witnesses :

1.

2.

Bank/FI

By.....

Witnesses :

1.

2.

Annex-1 to the Investment Agreement

of _____, 200 , - M/s. _____ Ltd.

Project Description

- (a) The project consists of the establishment and subsequent operation by M/s. _____ Ltd. of manufacturing _____
- (b) The proposed annual capacity of the factory will be _____
- (c) It is expected that the factory will go into commercial production in _____
- (d) Other essential features of the project.

The estimated cost of the project and means of finance thereof are as follows :-

Cost of the Project	Taka in million		
	F/C	L/C	Total
Fixed cost			
Land			
Buildings			
Machinery/equipment			
Installation and other costs			
Pre-operating expenses			
Contingencies			
Net working capital (1st year)			
Interest during construction, if any.			
Total Capital outlay			

Means of finance	Taka in million		
	F/C	L/C	Total
Paid-up capital			
*Sponsors' contribution			
The Bangladesh Bank (EEF Unit)'s contribution			
Total equity			
Term loans, if any			
Bank/FI			
Deferred payment of interest due, if any			
Total loans			

Total loan and equity _____

*Name of sponsors	Equity contribution
1.	
2.	
3.	
4.	
5.	
6.	
7.	

Application form for EEF:

(Specimen copy to be typed on letter head/pad)

Date _____

The Manager

Bank/DFI/EEF

Subj: - Application for financial assistance.

Dear Sir,

We submit herewith an Application, together with a feasibility report on the project, for financial assistance for the project. A term-loan of Tk.and a working capital loan of Tk. have been sought from your Bank/DFI. Besides, an equity-support of Tk. has also been sought from the EEF.

2. A Cheque/Pay Order for an amount of Tk. (.....) only as PEF (Project examination fee), which is non-refundable, is enclosed herewith.

3. Besides, We undertake to deposit with you further amount of Tk..... representing another 15% of our equity part after the sanction of the financial assistance. It is understood that the equity-deposits with you will be released to us for utilization in the proposed project after investment of the balance equity by us from our side to your satisfaction.

Thanking you,

Sincerely yours,

Enclosed: As above.

Bank/DFI/EEF Unit

Application Form for Financial Assistance For a New Project

1. Proposed Project :

- (a) Name of the project :
- (b) Location of the project :

(Please mention plot No., Mouza No., area, etc. and state whether land is free from encumbrance)

2. Promoters :

- (a) Bio-data of the promoters (sponsors)/ Directors as in Form-1
- (b) Personal net worth statement as in Form-2
- (c) Declaration of particulars of sister/allied concern(s) as in Form-3
- (d) A specimen of the letter to be addressed to the applicant's Banker(s) as in Form-4

enclosing a copy thereof with this Application :

- (e) Project's viability tests as in Form-5

3. Corporate set-up/constitution :

- (a) Corporate set-up.(It has to be a private limited Company):
- (b) Date of incorporation of the company:
- (c) A copy of the Certificate of Incorporation (certified in the manner as stated against (d) below) of the company has to be enclosed with this Application.
- (d) A copy of the Memorandum and Articles of Association of the Company (certified by the Chairman /MD/Director of,or Secretary to, the company)has to be enclosed with this Application:
- (e) TIN of all Directors of the company and sister concern(s), if any, have to be furnished :

PARTICULARS OF PROJECT

4. A copy of the feasibility study (report) on the project showing interalia the following has to be submitted with this Application:-

A. Management :

- (i) Name of sponsor-Directors of the company, their background and experience.
- (ii) Comment on the management and financial capabilities and track record.
- (iii) Performance of other concerns, if any, where such Directors are involved.
- (iv) Details of foreign collaboration, if any.
- (v) Names of Directors who will be responsible for supervising the administrative and technical aspects, both at the implementation and production stages.

B. Market :

- (i) Proposed product-mix/service to be offered.
- (ii) Capacity to be developed.
- (iii) Existing demand along with future projection.
- (iv) Capacity already developed.
- (v) Actual capacity utilization.
- (vi) Demand-supply gap.
- (vii) Pricing of proposed product/service.
- (viii) If the product/service is import-substitute, duty structure of imported items.
- (ix) Distribution channel.

C. Technical :

- (i) Location-area of land and if development of land is required, the cost thereof.
- (ii) Communication facilities.

- (iii) Availability of utilities.
- (iv) Civil works - Type of building and specifications of construction, covered area, estimated cost.
- (v) Plant and machinery (list of machinery to be enclosed)
 - Imported machinery
 - a) C&F cost
 - b) Other costs
 - c) Country of origin
 - Local machinery.
 - Erection and installation.
 - Technology transfer, if any
- (vi) Raw materials
 - Imported
 - a) C&F cost
 - b) Duty and taxes
 - c) Other costs
 - Local raw and packing materials.
- (vii) Manpower

Category	No.	Salary and allowances per month
Managerial and technical		
Administrative and sales		
Labour:		
Skilled		
Semi-skilled		
Unskilled		

- (viii) Furniture and fixture
- (ix) Office equipment

- (x) Transportation
- (xi) Safety provision
- (xii) Waste disposal
- (xiii) Implementation schedule

D. Financial aspects :

- Assumption for financial analysis
- Cost of the project and means of finance
- Estimate of working capital
- Sales estimate
- Projected income statement
- Cost of service/goods sold
- Gen., administrative and selling expenses
- Break-even analysis
- Pay-back period
- Cash-flow statement
- Projected balance sheet
- Debt-service coverage ratio
- Internal rate of return
- Ratio analysis
- Sensitivity analysis

E. Economic aspects :

- No. of jobs created
- Cost per job created

- Contribution to GDP
- Earning in foreign exchange or foreign exchange savings.

F. Other relevant information :

We do hereby solemnly declare and affirm that the statement and information furnished in this Application and the Forms and the feasibility report enclosed herewith are correct and true, and nothing has been concealed therefrom, and if at any time it transpires that we have suppressed any fact and/or supplied wrong information, we shall be held liable therefor. We agree to furnish you any further information as may be required by the Bank/DFI.

Name and Designation Signature

1.

2.

3.

Date :

FORM-1

Form-1(a)

Name of the company : _____

BIO-DATA OF THE SPONSORS/DIRECTORS

(Please use separate sheet(s) for each Sponsor/Director)

PHOTO

1. Name :
2. Father's/Husband's name :
3. Nationality :
4. Age/Date of birth :
5. Address :
 - (a) Present :
 - (b) Permanent

(Citizenship Certificate from the Union Council Chairman/Ward Commissioner has to be enclosed)
6. Home District :
7. Educational qualifications :
8. Technical or any other qualifications(Please specify)

Form-1(b)

9. Industrial/Business/other experience in details
(Name and nature of business/industry, its location/address,
main products and detailed experience, i.e. nature of job,
duration with dates, etc. are to be specifically mentioned) :
10. Are you associated with any projects financed
by Bank/DFI? If so, please state the name of the
company and extent of your shareholding :
11. Any other information :

DECLARATION

I do hereby declare that-

- i) I am a bonafide national of Bangladesh;
- ii) I am not a minor;
- iii) neither I am nor my spouse is serving with any Government/Semi-Government/Autonomous Body; and
- iv) the particulars furnished above are true and correct.

Signature of the Sponsor/Director

Date :

FORM-2

PERSONAL NET WORTH STATEMENT

NAME _____ S/D/O _____

W/O _____

ADDRESS _____ AGE _____

_____ PROFESSION _____

POSITION _____

MARITAL STATUS _____

CHILDREN :

MALE _____ FEMALE _____

For the purpose of obtaining financial assistance from time to time in any form whatsoever from the Bank/DFI/EEF, the undersigned submits the following as being a true and accurate statement of his/her financial condition on the date mentioned herein and also agree that if any change occurs, the undersigned will immediately notify the same to the Bank/DFI/EEF :-

NETWORTH STATEMENT AS ON _____

LIABILITIES

ASSETS

CASH

Loan from Banks/Financial Institutions a) In hand Tk. _____

(Schedule-A)

Secured Tk. _____ b) With other Banks Tk. _____

Unsecured Tk. _____

INVESTMENT

Other Creditors Tk. _____

Government securities Tk. _____

Unpaid taxes Tk. _____

Shares, Debenture, Bonds, etc.

Debtors Tk. _____

Real estate (encumbered)

(Schedule-B) Tk. _____

Real estate (unencumbered)

(Schedule-C) Tk. _____

Other liabilities
(Details attached) Tk. _____

Cash surrender value for
Life Policy Tk. _____

Others (Details attached) Tk. _____

TOTAL **TK.** _____

TOTAL **TK.** _____

NETWORTH (Total Assets - Total liabilities) Tk. _____

Form-2(c)

Name of the Company _____

SCHEDULE-A

LIABILITIES TO BANKS/FINANCIAL INSTITUTIONS:

Name & address of the Bank/Financial Institution	Date of availing Of the loan	Limit with validity	Present outstanding	Secured or unsecured with nature of security

SCHEDULE-B

REAL ESTATES (ENCUMBERED)

Location and tenure of ownership	Area of land	Description and Schedule of the Property and type of building	Mortgage and mortgage amount	Market price		
				Land	Building	Total

SCHEDULE-C

REAL ESTATES (UNENCUMBERED)

Location and tenure of ownership	Area of land	Description and Schedule of the property and type of building	Market price		
			Land	Building	Total

DECLARATION

- (a) I do hereby declare that I have/do not have liabilities to any of the above named Banks/DFIs in my name or in the name of any company/concern in which I hold interest;
- (b) I do hereby declare that the above named assets are owned by me; and
- (c) I do hereby declare that my Income Tax (Payer's) Identification Number (TIN) is/are _____ and Income Tax liabilities is/are clear up to the assessment year _____(photo copies of tax payment documents is/are enclosed).

The undersigned certifies that the information furnished herein is true and correct.

Date :

Signature of the Sponsor/Director

FORM-3

Form-3(a)

Name of the Company _____

Bank/DFI/EEF

Subj : **Declaration of particulars of sister/allied concern(s)**

Dear Sir,

I do hereby declare that the particulars of my sister/allied concern(s) is/are as follows:-

- (1) Name of business concern(s) :
- (2) Name of the proprietor/partners/ Directors :
- (3) Business address :
- (4) Father's/Husband's name of the
proprietor/partners/Directors :
- (5) Residential address of the
proprietor/partners/Directors :
- (6) Name of the Banker :

Form-3(b)

(7) Position of loans/liabilities :

Nature of loan	Amount	Present outstanding	Security

I confirm that I have no other sister/allied concern and liabilities beyond those as declared herein.

Date _____

Signature of the Sponsor/Director

Note: Please use additional sheets/papers, if necessary.

FORM-4

Form-4

SPECIMEN LETTER TO BE USED FOR AUTHORIZATION OF THE BANKER

(To divulge confidential information)

Date :

Manager,

_____ Branch

_____ Bank

Dear Sir,

Account No. _____

I/We have applied to the Bank/DFI/EEF for financial assistance

2. In this connection, I/We hereby authorize you to furnish to them any information they may request from you regarding the conduct of the account(s) and loans/facilities that have been extended to me/us by your Bank/DFI.

Signature of Account Holder

Name of Account Holder

Signature

Copy to the Bank/DFI/EEF.

FORM-5

Form-5(a)

Project's viability tests

In appraising a project -

(1) the highest importance shall be accorded to the appraisal of the sponsors/entrepreneurs, which shall include inter alia

- a. their educational qualifications in the relevant discipline;
- b. their knowledge in the technology/process involved;
- c. their skill in marketing of the products/services in question;
- d. their proven track record in implementing and operating any project;
- e. their track record in financial conduct;
- f. their track record of relationship with any Bank/DFI;

(2) the project shall be technically sound and technologically appropriate for Bangladesh and environment friendly;

(3) the project shall be financially feasible and offer an Internal Rate of Return (IRR) of not less than 15% (fifteen percent);

(4) the project shall generally generate a minimum of 15% (fifteen percent) per annum after tax return on its paid-up capital from the 3rd year of operation;

Form-5(b)

- (5) where the project is also financed by loan (s), its projected debt service coverage ratio shall not be less than 1.50 times and its current ratio not below 1.5 : 1, and its fixed assets coverage ratio (during the currency of such loan(s)) shall be at least 1.50 times;
- (6) in the case of the project at (6) above, the sponsors' stakes therein i.e. their equity-contribution thereto may vary corresponding to -
- (a) the degree of risk inherent in the project; and
 - (b) the known debt-equity ratios for the successful units in the same sector; and
- (7) Any other relevant aspects of the project such as SOWT (strengths, weaknesses, opportunities and threats) analysis, sensitivity analysis, etc.

Contact Address:

Equity & Entrepreneurship Fund Unit
1st Floor, 2nd Annex Building
Bangladesh Bank,
Head Office,
Dhaka-1000.

Phone :
Direct : 7163650
PABX : 7126280-95, 7126101-20
Extension : 2074, 2075, 2082