

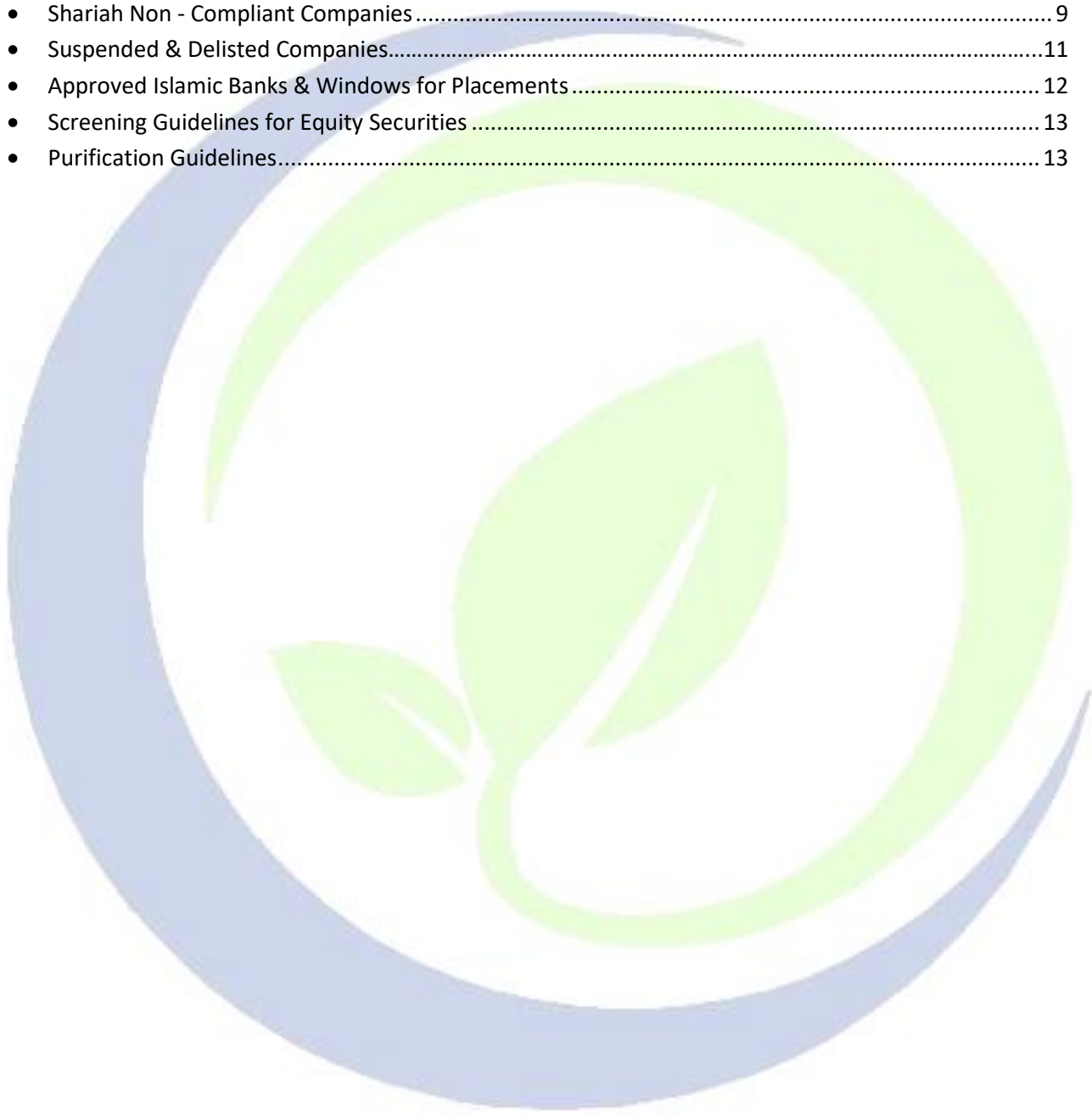
**March 2017**

# **Shariah Compliance Screening Report**



## INSIDE

- Key Highlights ..... 3
- Shariah Compliant Companies ..... 7
- Shariah Non - Compliant Companies ..... 9
- Suspended & Delisted Companies.....11
- Approved Islamic Banks & Windows for Placements ..... 12
- Screening Guidelines for Equity Securities ..... 13
- Purification Guidelines..... 13





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In the name of Allah  
the most Gracious and Merciful

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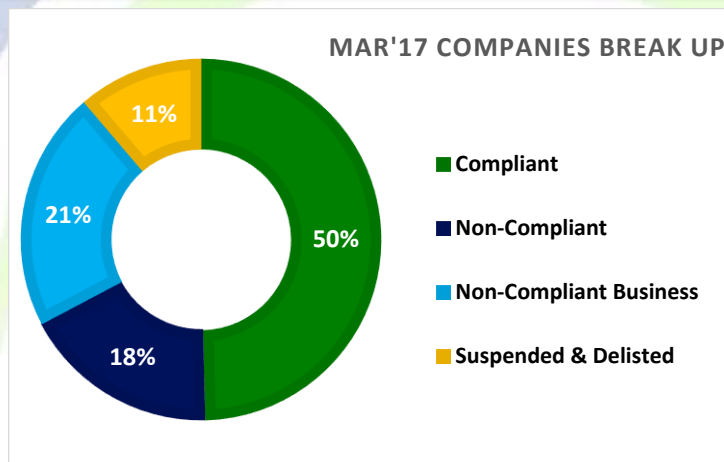


14 July, 2017

## KEY HIGHLIGHTS

- We have conducted Shariah compliance screening of **537** selected companies listed on the Pakistan Stock Exchange as per their latest financial statements (March'17), on the basis of the Shariah compliance screening mechanism approved by our Shariah Supervisory Council headed by Mufti Irshad Ahmad Aijaz.
- Following are the results for the **537** companies under consideration vis-à-vis **524** companies screened in the preceding quarter,

Shariah Compliant Co's	Shariah Non-Compliant Co's	Suspended & Delisted Co's	Total Co's
269	208	60	537



### Change of Status – March 2017

#### Compliant

Pakistan Refinery Limited (PRL)  
 Mitchells Fruit Farms Limited (MFFL)  
 Saif Power Limited (SPWL)  
 Ismail Industries Limited (ISIL)  
 Century Paper & Board Mills Limited (CEPB)  
 Dewan Sugar Mills Limited (DWSM)  
 Kohat textile Mills Limited (KOHTM)  
 Byco Petroleum Pakistan Limited (BYCO)  
 Pace (Pakistan) Limited (PACE)  
 Nimir Resins Limited (NRSL)  
 Nishat Power Limited (NPL)

#### Non-Compliant

Honda Atlas Cars (Pakistan) Limited (HCAR)  
 Jaurahabad Sugar Mills Limited (JSML)  
 Mirpurkhas Sugar Mills Limited (MIRKS)  
 Khairpur Sugar Mills Limited (KPUS)  
 Shams Textile Mills Limited (STML)  
 Aruj Industries Limited (ARUJ)  
 Al-Noor Sugar Mills Limited (ALNRS)  
 Shahtaj Sugar Mills Limited (SHJS)  
 Ecopack Limited (ECOP)



Based on financials of March'17, companies that became Shariah Compliant are:

**1) Pakistan Refinery Limited (PRL)**

Company reduced its short term borrowings by almost 58% from PKR 11,771 mn to 4,964mn on YoY basis, thus bringing it below the threshold requirement of the Shariah guidelines.

**2) Mitchells Fruit Farms Limited (MFFL)**

Company has paid off its long term loans of Rs 11mn hence decreasing its liabilities coming within the threshold of Shariah compliance.

**3) Saif Power Limited (SPWL)**

Interest bearing long term borrowings of the company have plunged down by approximately 21%, from PKR 5,613mn to 4,463mn. This sizeable change in borrowings changed the Shariah status.

**4) Ismail Industries Limited (ISIL)**

Company's short term borrowings and long term financing reduced by almost 40% and 23% respectively, from PKR 4,445 mn to 2,680mn and from PKR 5,732mn to PKR 4,219mn being the main reason to change the Shariah status of the company.

**5) Century Paper & Board Mills Limited (CEPB)**

The company's interest bearing long term financing has decreased significantly by 33.29%, from PKR 3,523mn to PKR 2,350mn falling into the criteria of Shariah compliance.

**6) Dewan Sugar Mills Limited (DWSM)**

Due to enormous increase of 26% in the total assets of the company (mainly inventory and loan advances), from PKR 5,965mn to PKR 7,527mn, the company's asset based increased thus falling into the criteria of Shariah Compliance.

**7) Kohat Textile Mills Limited (KOHTM)**

The decrease in company's long and short term borrowings from 187 mn to 80 mn (approx. 57%) and from 130mn to 101 mn (approx. 22%) respectively has gauged enough to change the Shariah status of the company.

**8) Byco Petroleum Pakistan Limited (BYCO)**

Byco Petroleum's interest bearing short term borrowings have declined in March '17 by 35.32%, falling down from PKR 3,909mn to PKR 2,528mn, changing the Shariah status of the company.

**9) Pace (Pakistan) Limited (PACE)**

Pace Pakistan's current portion of long term loans reduced by 2.39% from 2,990 mn to 2,919 mn changing the Shariah status to be compliant.

**10) Nimir Resins Limited (NRLS)**

Substantial decline in interest bearing short term borrowing by 69% from 687 mn to 215 mn changed the Shariah status of the company.

**11) Nishat Power Limited (NPL)**

Interest bearing long term borrowing reduced from 6,000 mn to 5,550 mn thus changing its Shariah status.



The following companies have become non-compliant due to breaching the threshold levels.

**1) Honda Atlas Cars (Pakistan) Limited (HCAR)**

Company's non-compliant short term investments has increased from PKR 9,453mn to PKR 20,943mn (approximately 221%), changing the Shariah status of the company to non-compliant.

**2) Jauharabad Sugar Mills (JSML)**

Jauharabad Sugar Mills has increased its interest bearing short term finance to PKR 2,329mn in its 2Q17. This increase in borrowings changed shariah status of company.

**3) Mirpurkhas Sugar Mills (MIRKS)**

Significant increase in interest bearing short term borrowings by 214% from PKR 1,753mn to PKR 3,765mn in its 2Q17 changed the Shariah status of the company.

**4) Khairpur Sugar Mills (KPUS)**

Company increased its short term finance from conventional banks by 322% from PKR 567mn to PKR 1,829mn in its 3Q17, which changed its Shariah status

**5) Shams Textile Mills Limited (STML)**

Increase in Interest bearing short term borrowing is the main reasons for the status change of the company, which increased by 105% from PKR 350mn to 718mn.

**6) Aruj Industries (ARUJ)**

Company's interest bearing short term borrowings has increased from PKR 230mn to PKR 319mn (Almost 39%), which proved to be the reason of changing the shariah status of the company

**7) Al-Noor Sugar Mills Limited (ALNRS)**

Company's interest bearing short term borrowings have escalated tremendously in March 17 from PKR 898mn to PKR 3,885mn by 432%, which turns out to invalidate the shariah status of the company.

**8) Shahtaj Sugar Mills Limited (SHJS)**

The company's long term financings as well as interest bearing short term borrowings has increased significantly from PKR 25mn to PKR 292mn (More than 1000%) and from PKR 798mn to PKR 2,143mn (Around 268%) respectively. This increase in liabilities of the company changed the Shariah status of the company.

**9) EcoPack Limited (ECOP)**

The interest bearing short term borrowings of the company has increased upto 35%, from PKR 300mn to PKR 405mn which changed the Shariah status of the company.

- The financial statements of Sui Southern Gas Company (SSGC) and K-electric (KEL) for March'17 are not available. Therefore, the status for the aforementioned company is assigned according to their last published financial statements.



### Shariah Compliant Companies

Abbott laboratories	Climax Engineering	General Tyre & Rubber Co.
Ados Pakistan	Crescent Cotton	Gandhara Industries Ltd
Agriautos Industries	Crescent Fibres	Gandhara Nissan Ltd.
Akzo Nobel Pakistan	Crescent Standard Modaraba	Ghani Automobile
Al Shaheer Corporation Ltd	Crescent Steel & Allied Products	Ghani Gases Limtied
AL-Abbas Sugar Mills Ltd	D. S. Industries Ltd	Ghani Glass Ltd
AL-Ghazi Tractors	D.G. Khan Cement Co. Ltd.	Ghani Global Glass
AL-Khair Gadoon Ltd	D.M.Textile	Ghani Value Glass Limited
Allawasaya Textile Mills Ltd	Dadex Eternit Ltd	Gharibwal Cement
Allied Rental Modaraba	Dandot Cement	Glamour Textile
AL-Noor Modarab	Data Agro limited	Glaxo Smith Kline
Al-Qadir textile mills limited	Dawood Hercules	Glaxo Smith Kline CHC
Altern Energy Ltd	Dawood Lawrencepur Ltd.	GOC Pakistan Limited
Amreli Steels	Descon Oxychem Limited	Goodluck Industries
Archroma Pakistan	Dewan Cement	Habib Modaraba 1st
Arshad Energy Ltd	Dewan Farooque Spinning	Habib Sugar Mills Ltd
Artistic Denim Mills Ltd	Dewan Mushtaq Textile Mills Limited	Habib-ADM Ltd
Ashfaq Textile	Dewan Sugar Mills Ltd	Hafiz Limited
Atlas Battery	Diamond Industries	Hala Enterprise
Atlas Honda Ltd	Din Textile Mills Ltd	Hascol Petroleum Ltd
Attock Cement	Dolmen City Reit	Haydari Construction Co. Ltd
Attock Petroleum Limited	Dynea Pakistan	Highnoon Laboratories Ltd
Attock Refinery Limited	Elahi Cotton Mills Ltd	Hinopak Motor
Avanceon Limtied	Elite Capital Modaraba	HI-Tech Lubricants
Awwal Modaraba	EMCO Industries	Hub Power Company Limited
B.F.Modaraba	Engro Corporation	Huffaz Seamless Pipe Ind. Ltd.
B.R.R. Guardian Modaraba	Engro Fertilizer	Husein Sugar Mills
Baba Farid Sugar Mills Ltd	Engro Foods Ltd	I.B.L.Modaraba
Babri Cotton	Engro Polymer	IBL HealthCare
Balochistan Wheels	Equity Modaraba	Ibrahim Fibres
Bankislami Pakistan	Exide Pakistan Ltd	ICC Textile Limited
Bannu Woollen Mills Ltd	Faisal Spinning	ICI Pakistan
Bata Pakistan	Faran Sugar Mills	Idrees Textile
Berger Paints Pakistan Ltd	Fatima Fertilizer	Imperial Sugar Ltd.
Bestway Cement	Fauji Cement Company Limited	Imrooz Modaraba
Bhanero Textile	Fauji Fertilizer Company	Indus Dyeing & Mfg Co. Ltd
Biafo Industries	Fauji Foods Ltd	International Industries Ltd.
Bolan Casting	Fecto Cement Limited	International Knitwear Ltd
Burshane LPG	Feroze 1888	International Steel Ltd
Buxly Paints	Ferozsons Laboratories Ltd	Ismail Industries
Byco Petroleum	First Fidelity Leasing Modaraba	Ittefaq Steel
Century Paper & Board Mills Ltd	First Inv. Mod	Ittehad Chemicals Limited
Chakwal Spinning Mills Ltd	Flying Cement	J.A.Textile
Chashma Sugar	Frontier Ceramics	J.K.Spining Mills
Cherat Cement Company Limited	Gammon Pak	Janana De Malucho Textile
Cherat Packaging	Gatron Industries	Javedan Corporation



### Shariah Compliant Companies

Johnson & Phillips (Pakistan) Ltd	Pak Elektron	Shadab textile
Jubilee Spinning	Pak International Bulk Terminal	Shadman Cotton Mills Ltd
KASB Modaraba	Pak Modaraba	Shaffi chemical industries limited
K-Electric Ltd.	Pak National Shipping Corp	Shahtaj textile mills
Khalid Siraj Textile Mills Ltd	Pak Paper Prod	Shahzad textile mills limited
Khyber Textile	Pak Suzuki Motor Co Ltd	Shakarganj Limited
Kohat Cement Company Limited	Pakgen Power Limited	Shell Pakistan
Kohat Textile	Pakistan Cables	Shezan International
Kohinoor Energy	Pakistan Engineering Co. Ltd.	Shield Corporation
Kohinoor power company limited	Pakistan Gum and Chemical ltd.	Shifa International Hospital
Kohinoor Textile	Pakistan international container terminal limited	Siemens Pakistan
Kot Addu Power Co. limited	Pakistan Oilfields Limited	Sindh Abadgar's Sugar Mills Ltd
KSB Pumps	Pakistan Petroleum Ltd	Singer Pakistan
Lalpir Power	Pakistan Refinery Limited	Sitara Chemical Industries Ltd
Land Mark Spinning	Pakistan services Ltd	Sitara Energy Ltd
Leather Up Limited	Pakistan State Oil	Sitara Peroxide Limited
Leiner Pak Gelat	Pakistan Synthetics Ltd	Sui Northern Gas Pipelines Ltd
Linde Pakistan	Paramount Modaraba	Sunrays textile mills Ltd
Loads Limited	Pioneer Cement	Suraj Cotton Mills
Lotte Chemical Pakistan Ltd	Power Cement Limited	Synthetic Products Ltd
Lucky Cement	Premier Sugar Mills Ltd	Systems Limited
MACPAC Films	Prudential Modaraba 1st	Tariq Glass Industries Ltd
Maple Leaf Cement Factory	Punjab Modaraba 1st	Tata Textile Mills
Mari Petroleum Limited	Punjab oil mills limited	Telecard Limited
Meezan Bank	Quice Food Industries Ltd	Thal Limited
Merit Packaging Limited	Rafhan Maize Products Ltd	Thatta Cement Co. Ltd.
Millat Tractors Limited	Ravi Textile mills Ltd.	The Searle Company
Mitchells Fruit	Redco Textile Ltd	Towellers limited
Modaraba Al-Mali	Reliance cotton spinning mills	Treet Corporation
Mughal Iron & Steel Industries	Roshan Packages	Tri-Pack Films
National Bank Modaraba 1st	Ruby textile	Tri-Star Modaraba 1st
National Foods	Rupali Polyester	Trust Modaraba
National Refinery Limited	S.S. oil mills limited	Unicap Modaraba
National silk and rayon mills Ltd	Safe Mix Concrete Limited	Unilever Foods
Nestle Pakistan	Saif Power Ltd.	United Brands
Nimir International Chemical	Sakrand Sugar	United Distributors
Nimir Resins Limited	Salman noman enterprises	Wah-Noble Chemicals Ltd
Nishat Mills Ltd	Sana Industries Limited	Wyeth Pak Ltd
Nishat Power	Sanofi-Aventis	ZIL Limited
Oil & Gas Development Company	Sardar chemical industries limited	
Orix Modaraba	Sargodha spinning mills Ltd	
P.T.C.L.	Sazgar Engineering	
Pace Pakistan Limited	Service Fabrics Limited	
Packages Limited	Service Industries Ltd	
Pak Cement	Service Industries Textiles Limited	
Pak Datacom	Shabbir Tiles & Ceramics Ltd	





### Shariah Non - Compliant Companies

786 Investments Ltd	Cyan Limited	Ideal Spinning
Adam Sugar Mills Ltd	Dar-es-Salaam Textile Mills Ltd	IGI Insurance
Adamjee Insurance	Dawood Equities	IGI Investment Bank
Agritech Limited	Dewan Khalid Textile mills limited	IGI Life Insurance
Ahmed Hassan Textile Mills Ltd	Dewan Motors	Indus Motor Company
Aisha Steel Mills	Dewan Salman Fibre Ltd	Inv. Mutual Fund
AKD Capital	Dewan Textile Mills Ltd	Invest & Finance Securities
Al Zamin Leas. Corp	Dominion Stock Fund	Invest Bank
AL-Abid Silk Mills Ltd	Dost Steels Limited	Investec Securities
Allied Bank Ltd	East West Insurance	Island Textile
Al-Mal Sec. & Services	East West Life Assurance Co.	Ist.Dawood Bank
AL-Noor Sugar	EcoPack Ltd	J.D.W.Sugar Mills
American Life Insurance Co Ltd.	EFU General Insurance Ltd.	J.O.V.& CO.
Amtex Limited	EFU Life Assurance	Jahangir Siddiqui & Co. Ltd
Ansari Sugar Mills Ltd	Ellcot Spinning Mills Ltd	Japan Power Generation Ltd
Apna Microfinance Bank Ltd	English Leasing	Jauharabad Sugar
Apollo Textile Mills Ltd	Engro Powergen	JS Bank Ltd
Arif Habib Corp	Escorts Investment Bank Ltd	JS Global Capital
Arif Habib Limited	Fauji Fert Bin Qasim	JS Investments
Arpak International	Faysal Bank Limited	Jubile Life Insurance
Aruj Industries	Faysal Money Mk	Jubilee Gen Insurance
Asia Insurance	Fazal Cloth Mills Ltd	Karam Ceramics Ltd
Askari Bank Limited	First Capital Equities Ltd	KASB Cash Fund
Askari General Insurance	First Capital Securities Corp. Ltd	Khairpur Sugar
Askari Sover Fund	First Credit & Investment Bank Ltd	Khyber Tobacco
Atlas Insurance Ltd	First National Equities Ltd	Kohinoor Mills
Azgard Nine Limited	Gadoon Textile Mills Ltd	Kohinoor Spinning Mills Ltd
Balochistan Glass Ltd	Ghazi Fabrics	Mahmood Textile Mills Ltd
Balochistan Particle Board Ltd	Gillette Pak	Maqbool Textile
Bank Al-Falah	Golden Arrow Selected Stocks Fund	Masood Textile
Bank AL-Habib	Grays Leasing	MCB Bank Limited
Bank of Khyber	Gul Ahmed Textile Mills Ltd	MCB-Arif Habib Savings & Inv
Bank of Punjab	Gulistan Textile	Media Times Ltd
Beema Pakistan	Habib Bank Limited	Mehran sugar
Bilal fibres limited	Habib Insurance Co. Ltd	Mian Textile
BIPL Securities	Habib Metropolitan Bank	Mirpurkhas Sugar
Blessed Textile	Haji mohammad ismail mills	Mohammad Farooq textile mills Ltd
Business Insurance	Hallmark Insurance	Morafco industries
Capital Assets Leasing Corp	Haseeb Waqas Sugar Mills Ltd	Mubarak textile
Century Insurance	HBL Energy Fund	Murree Brewery Company
Chenab Limited	HBL Growth Fund	N.P. Spinning mills
Clover Pakistan	HBL Money Mar Fund	Nadeem textile
Colgate Palmolive	Hira Textile	Nagina Cotton
Crescent Jute	Honda Atlas Cars	National Asset Management Co Ltd.
Crescent star Insurance	Hum Network	National Bank of Pakistan
Crescent Textile Mills	Hussain Industries	Nazir Cotton Mills



### Shariah Non - Compliant Companies

Netsol Technologies	Shams textile mills limited
Next Capital	Siddiqsons Tin Plate Ltd
NIB Bank Limited	Silk Bank Limited
Nishat Chunian Limited	Silver Star Insurance
Nishat Chunian Power	Soneri Bank Limited
Noon Sugar	Southern Electric Power Company
Olympia Spinning & Weaving	Stand.Chartered Leasing
Orix Leasing Pakistan Ltd	Standard Chartered Bank Ltd
Otsuka Pak	Standard Insurance
Pak Gulf Leasing	Sui Southern Gas Company Ltd.
Pak. Ind. & Comm.Leasing	Summit Bank Limited
Pakistan General Insurance Co.Ltd.	Taha spinning mills limited
Pakistan International Airline	Tandlianwala Sugar
Pakistan Reinsurance Co. Ltd	TPL Direct Insurance Ltd
Pakistan Tobacco Co.	TPL Properties
Pervez Ahmed Securities Ltd	TPL Trakker Ltd
Philip Morris Pakistan	TRG Pakistan Ltd
PICIC Insurance Ltd.	Trust Investment Bank Ltd
PICIC Investment Fund	United Bank Limited
Premier Insurance	United Insurance
Premium Textile	Universal Insurance
Prosperity Weaving	WorldCall Telecom Limited
Prudential Discount & Guarantee House	Yousuf Weaving Mills
Prudential Investment Bank	Zephyr Textile
Prudential Stocks Fund	
Quetta textile mills Ltd	
Reliance Insurance	
Reliance Weaving Mills	
Safa Textile	
Saif Textile Mills Ltd	
Sajjad Textile Mills Ltd	
Salafi textile mills limited	
Sally textile mills Ltd	
Samba Bank	
Samin Textile	
Sanghar Sugar Mills Ltd	
Sapphire fibres	
Sapphire Textile	
Saritow Spinning Mills Ltd	
Saudi Pak Leasing	
Security Leasing Corporation Ltd	
Security Papers Ltd	
Service Fabrics Limited	
SFL limited	
Shahmurad Sugar	
Shahtaj Sugar Mills	



### Suspended & Delisted Companies

(Colony) Sarhad Textile Mills Limited	S.G.Power
Abson Industries	Saleem Denim Industries Limited
Adil Textile	Saleem Sugar Mills Limited
Al-Azhar Textile Mills Limited	Schon Textiles Limited
Ali asghar textile	Taj Textile Mills Limited
Al-Qaim Textile Mills Limited	Thal Textile Mills
Annoor Textile Mills Limited	Transmission Engineering Industries
Ayaz Textile	Zahur Cotton Mills Limited
Bela Automotives Limited	
Dadabhoy Cement	
Dadabhoy Construction Technology Limited	
Data Textile	
Extraction	
Fateh Industries	
Fateh Sports	
Fateh Textile Mills Limited	
Fatima Enterprises Limited	
First Constellation Modaraba	
First Dawood Mutual Fund	
Ganertech Pakistan Limited	
Globe Textile	
Gulshan Spinning	
Hajra Textile Mills Limited	
Hamid Textile Mills Limited	
Hashimi Can Company Limited	
Husein Industries Limited	
Ishtiaq Textile Mills Limited	
Javed Omar Vohra & Company Limited	
Kaiser Art	
Karim Cotton	
<i>KASB Corporation Limited*</i>	
Khurshid Spinning Mills Limited	
Mandviwala Maeusar Plastic	
Mehr Dastgir Textile Mills Limited	
Metro Steel	
Mohib Exports Limited	
Moonlite (PAK)	
Morafco Industries Limited	
Mukhtar Textile Mills Ltd.	
National Fibers Limited	
Nirala MSR Food	
<i>Olympia Textile Mills Limited*</i>	
Pak Leather Crafts Limited	
<i>Pak Oman Advantage Fund*</i>	
Pakistan Mobile Communications	
Paramount Spinning Mills Ltd.	
Punjab Cotton Mills Limited	
Regal Ceramics Limited	
<i>Resham Textile Industries Limited*</i>	
S. G. Fibre Limited	



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## APPROVED ISLAMIC BANKS AND WINDOWS FOR PLACEMENTS

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### Islamic Banks

- **Al Baraka Bank Pakistan Limited**
- **Bank Islami Pakistan Limited**
- **Dubai Islamic Bank Pakistan Limited**
- **MCB Islamic Bank Limited**
- **Meezan Bank Limited**

### Islamic Banking Windows

- **Allied Bank Limited** Islamic Banking
- **Askari Bank Limited** Islamic Banking
- **Bank AL Habib Limited** Islamic Banking
- **Bank Alfalah Limited** Islamic Banking
- **The Bank of Khyber** Islamic Banking
- **The Bank of Punjab** Taqwa Islamic Banking
- **Faysal Bank Limited** Barkat Islamic Banking
- **Habib Bank Limited** Islamic Banking
- **Habib Metropolitan Bank Limited** Sirat Islamic Banking
- **National Bank of Pakistan** Aitmaad Islamic Banking
- **Silk Bank Limited** Eman Islamic Banking
- **Sindh Bank Limited** Sa'adat Islamic Banking
- **Soneri Bank Limited** Mustaqeem Islamic Banking
- **Standard Chartered Bank (Pakistan) Limited** Saadiq Islamic Banking
- **Summit Bank Limited** Islamic Banking
- **United Bank Limited** Ameen Islamic Banking

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## SCREENING GUIDELINES FOR EQUITY SECURITIES

1. The following is the screening criteria for investments in equity scrip in the local market.

### A. Business of the investee company

The business of the investee company should be Halal. Accordingly, investment in shares of conventional banks, insurance companies, leasing companies, companies dealing in alcohol and any other non-compliant activities is not permissible.

### B. Interest bearing debt to total assets

The total interest based debt of the investee company should not exceed 40% of the total assets. The debt here includes all interest-based debt & interest based financing.

### C. Investment in non-Shariah compliant activities and income from non-Shariah compliant investments

The following two conditions must be observed for share screening purposes:

- A- Investment in Shariah non-compliant activities should not exceed 33% of the total assets.
- B- Income from Shariah non-compliant investment should not exceed 5% of the gross revenue. (Gross revenue means gross sales plus other income). Subsequently, giving the proportionate portion of noncompliant income to charity is required to purify earnings from investee companies.

### D. Illiquid Assets to Total Assets

The total illiquid assets as a percentage of the total assets should at least be 20% where illiquid assets are defined as those assets which can be traded at price different from their par value.

### E. Net liquid assets versus share price

The net liquid assets [**Net Liquid Assets = Total Assets – Illiquid Assets – Total Liabilities**] per share should be less than the market price of the share.

## PURIFICATION GUIDELINES

A charity rate should be computed to purify earnings from investment in shares i.e. non-compliant income (after tax) divided by net income (after tax) and it should be applied to the entire dividend received from the investee company and the calculated amount shall be paid in charity.



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<b>Mufti Syed Zahid Siraj</b>	Member Shariah Council
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