

Shariah Compliance Screening Report

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In the Name of Allah, the Most Compassionate,
the Most Merciful





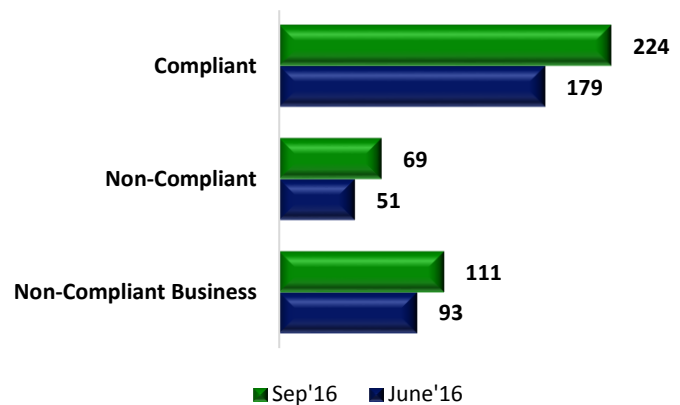
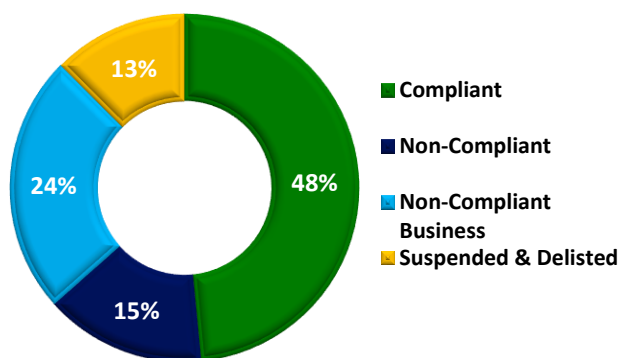
14 February, 2017

KEY HIGHLIGHTS

- We have conducted Shariah compliance screening of **462** selected companies listed on the Pakistan Stock Exchange as per their latest financial statements (September'16), 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 **462** companies under consideration vis-à-vis **324** companies screened in the preceding quarter,

Shariah Compliant Co's	Shariah Non-Compliant Co's	Suspended & Delisted Co's	Total Co's
224	180	58	462

Sep'16 Companies Break Up



Change of Status- September 2016

Compliant	Non-Compliant
Ecopack Limited (ECOP) Maqbool Textile Mills Limited (MQTM) Al Noor Sugar Mills Limited (ALNRS) Chashma Sugar Mills Limited (CHAS) Shahtaj Sugar Mills Limited (SHJS) Shahmurad Sugar Mills (SHSML)	Century Paper & Board Mills Limited (CPBM)
} Cyclical Compliance*	

Moreover, based on financials of September'16, companies that became Shariah Compliant are:

- Ecopack Limited (ECOP)** (Debt to Assets: 37.48%)
Company's long and short term loans shrunk by 12% & 11% respectively in its 1Q17 from PKR 245mn to 216mn & PKR344mn to 307mn gave enough support to change its status from shariah non-compliant to shariah compliant.
- Maqbool Textile Mills Limited (MQTM)** (Debt to Assets: 39.93%)
Decline of Long and short term borrowings by 11% & 23% in its 1Q17 by PKR 19mn and PKR 259mn, this major shrinkage led the status change of the company.
- Al Noor Sugar Mills Limited (ALNRS)** (Debt to Assets: 36.92%)
Short term borrowings have dropped off from PKR 2,980mn to PKR 691mn (76.81%) in its annual report'16 which gauged enough to change the shariah status of company.

*These companies change status is based on sugar season and business cycle.



4. **Chashma Sugar Mills Limited (CHAS)** *(Debt to Assets: 33.99%)*
Short term borrowings & loans from related parties showed a significant downward trend in its annual report '16 from PKR 1,760mn to PKR 1,037mn (41%) & PKR 352 mn to PKR 312 mn (11%) respectively, causing the accrued markup to go down from PKR 148 mn to PKR 109 mn (26%) in a topple down effect.

5. **Shahtaj Sugar Mills Limited (SHJS)** *(Debt to Assets: 18.71%)*
Reasons behind the shariah status change of the company are substantial decline in short term borrowings and long term finances by 78.3% from PKR 1,305mn to PKR 303mn and 50% from 50mn to 25mn respectively in its annual report 2016.

6. **Shahmurad Sugar Mills (SHSML)**
Drastic decline in Interest bearing debt in its annual report 2016 by 78% from PKR 1,477mn to PKR 332mn has pushed the company from non-compliant list to compliant list.

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

1. **Century Paper & Board Mills Limited (CPBM)** *(Debt to Assets: 42.10%)*
A sharp soar in long term financing by 43% from PKR 2,175mn to PKR 3,100mn which fueled its total interest bearing debt by 11% in its first quarter.
- The financial statements of Sui Southern Gas Company (SSGC) for September'16 is not available. Therefore, the status for the aforementioned company is assigned according to its last published financial statements.



Shariah Compliant Companies

Abbott Lab	Crescent Steel	Hascol Petroleum	Modaraba Al-Mali	Siemens Pakistan
Adam Sugar Mills	D.G. Khan Cement	Hi-Tech Lubricants	Mughal Iron and Steel	Sindh Abadgar's Sugar
Ados Pakistan	Dadex Eternit	Highnoon (Lab)	National Bank Modaraba	Singer Pakistan
Agriautos Industries	Data Agro	Hinopak Motor	National Foods	Sitara Chemical
Akzo Nobel Pak	Dawood Hercules	Hira Textile Mills Ltd.	National Refinery	Sitara Energy
Al Abbas Sugar Ltd	Dawood Lawrencepur	Honda Atlas Cars	Nestle Pakistan	Sitara Peroxide
Al Shaheer Corp	Descon Oxychem	Hub Power Company	Nimir Ind.Chemicals	Sui North Gas Pipelines
AL-Ghazi Tractor	Dewan Cement	Huffaz Seamless	Nishat Mills Ltd.	Synthetic Products Ent.
Al-Khair Gadoon	Dewan Farooque Spinning	Husein Sugar Mills	Oil & Gas Dev Co. Ltd.	Systems Limited.
AL-Noor Modaraba	Din Texile Mills Ltd	I.B.L.Modaraba	Orix Mudaraba	Tariq Glass Ind.
AL-Noor Sugar	Dolemn City REIT	IBL HealthCare	P.N.S.C.	Telecard Limited
Allawasaya textile	Dynea Pakistan	ICI Pakistan	P.T.C.L.	Thal Limited.
Allied Rental Modaraba	ECOPACK Ltd.	Idrees Textile	Packages Ltd.	Thatta Cement
Altern Energy	Elahi cotton	Imperial Sugar Ltd.	Pak Cement	The Searle Company
Amreli Steels Ltd.	Elite Cap.Modaraba	Imrooz Modaraba	Pak Datacom	Treet Corp
Archroma Pak	Ellcot Spinning	Indus Dyeing	Pak Elektron	Tri-Star 1st. Modaraba
Arshad energy	Emco Industries	Int Industries	Pak Int.Bulk Terminal	Trust Modaraba
Artistic Denim	Engro Corp	Int Knitwear	Pak Modaraba	Unicap Modaraba
Ashfaq Textile	Engro Fertilizers	International Steels	Pak Oilfields	Unilever Pak Foods Ltd.
Asim Textile	Engro Foods	Ittehad Chemicals	Pak Paper Products	United Brands Ltd
Atlas Battery	Equity Modaraba	J.K.Spining	Pak Suzuki	United Distributors
Atlas Honda Ltd.	Exide	Janana De Malucho	Pak Synthetics	Wah-Noble Chemicals
Attock Cement	Faran Sugar	Jauharabad Sugar Mills	Pakgen Power	Wyeth Pakistan
Attock Petroleum	Fatima Fertilizer	Javedan Corporation Ltd.	Pakistan Cables	ZIL Limited.
Attock Refinery	Fauji Cement	Johnson & Philips	Pakistan Petroleum Ltd.	
Avanceon Ltd.	Fauji Foods	Jubilee Spinning	Pakistan State Oil Co.	
Awwal Modaraba	Fazal Cloth Mills Ltd.	K-Electric Ltd.	Paramount Modaraba	
B.F.Modaraba	Fecto Cement	K.S.B.Pumps	Pioneer Cement	
B.R.R.Guardian Modaraba	Feroze 1888	KASB Modaraba	Power Cement Ltd.	
Baba Farid Sugar	Ferozsons (Lab)	Khyber Textile	Premier sugar Mills	
Babri Cotton Mills	First Inv. Mod	Kohat Cement	Prudential Modaraba	
Baluchistan Wheels	Flying Cement	Kohinoor Energy	Punjab Modaraba	
Bank Islami Pak	Gatron Ind.	Kohinoor Textile Mills	Quice Food Industries	
Bannu Woollen	General Tyre	Kot Addu Power Co.	Rafhan Maize Products	
Bata	Ghandhara Ind.	Lalpir Power	Redco Textile Limited.	
Bawany Air Products	Ghandhara Nissan	Land Mark Spinning	Rupali Polyester	
Berger Paints	Ghani Automobile	Leather Up Ltd.	Safe Mix Concrete Ltd.	
Bestway Cement	Ghani Gases Ltd.	Leiner Pak Gelat	Sana Industries Ltd.	
Bhanero Textile	Ghani Glass Limited.	Linde Pakistan	Sanofi-Aventis	
Biafo Industries Ltd.	Ghani Global Glass	Lotte Chemical	Sazgar Engineering	
Blessed Tex.	Ghani Value Glass	Lucky Cement	Service Industries	
Bolan Casting	Gharibwal Cement	MACPAC Films	Service Industries	
Burshane LPG	Glamour Textile	Maple Leaf Cement	Shabbir Tiles	
Buxly Paints	Glaxo Smith Kline	Maqbool Textile Mills	Shadman Cotton Mills	
Chashma Sugar	GOC (Pak) Ltd.	Mari Petroleum	Shahtaj Sugar Mills	
Chenab Limited.	Goodluck Ind.	Meezan Bank	Shakarganj Limited	
Cherat Cement	Habib Modaraba	Mehran Sugar	Shell Pakistan	
Cherat Packaging	Habib Sugar	Mian Textile Industries	Shezan International	
Cres. Stand.Mod	Habib-ADM Ltd.	Millat Tractors	Shield Corporation	
Crescent Fibres	Hala Enterprise	Mirpurkhas Sugar Mills	Shifa Int.Hospital	



Shariah Non - Compliant Companies

Adamjee Insurance	East West Life Assurance Co.	Jubilee General Insurance Co.	Saif Power
Agritech Limited	EFU General Insurance Ltd.	Jubilee Life Insurance	Samba Bank
Aisha Steel	EFU Life Assurance Ltd.	Karam Ceramics	Sanghar sugar
AKD Capital Ltd.	English Leasing	KASB Cash Fund	Sapphire Textile Mills
Al Zamin Leas. Corp	Engro Polymer & Chemicals	Khyber Tobacco Co.Ltd.	Saudi Pak Leasing
Al-Mal Sec. & Services	Engro Powergen	Kohat Textile	Security Leasing Corp.Ltd.
Allied Bank Ltd.	ESCORTS Bank	Kohinoor Mills Limited	Shahmurad Sugar
American Life Insurance Co.	Fauji Fert Bin Qasim	Kohinoor Spinning Mills	Siddiqson Tin Plate Ltd.
Ansari Sugar mills	Fauji Fertilizer Company	Loads Limited	Silk Bank
Apna Microfinance	Faysal Bank	Masood Textile	Silver Star Insurance Co Ltd.
Apollo Textile	Faysal Money Mk	MCB Bank	Soneri Bank Ltd.
Arif Habib Corp	First Cap.Equit	MCB-ARIF Habib	Southern Electric Power Co.
Arif Habib Ltd.	First Capital Sec	Media Times Ltd.	Standard.Chartered Leasing
Arpak International Inv.	First Credit and Inv Bank	Merit Packaging	Standard Chartered Bank
Asia Insurance Company	First Dawood Bank	Mithchells Fruit	Standard Insurance
Askari Bank	First Dawood Mutual Fund	Murree Brewery Co.	Sui Southern Gas Company
Askari General Insurance	First fid. leasing	National Asset Mgt Co Ltd.	Summit Bank
Askari Sover Fund	First National Equities Ltd.	National Bank Ltd.	Tandlianwala Suger Mills
Atlas Insurance	Gadoon Textile	NetSol Technologies Ltd.	Thal Industries Limited.
Azgard Nine	Gammon Pak	Next Capital	TPL Direct Insurance
B.P Board	Ghazi Fabrics	NIB Bank Limited.	TPL Trakker Ltd.
Bank Al-Falah	Gillete Pakistan Ltd.	Nimir Resins Limited	TRG Pak Ltd.
Bank Al-Habib	Golden Arrow	Nishat Chunian Limited.	Tri-Pack Films
Bank of Khyber	Grays leasing Ltd.	Nishat Chunian Power	Trust Investment Bank Ltd.
Bank of Punjab	Gul Ahmed Textile	Nishat Power	United Bank
Beema Pakistan	Habib Bank	Noon Sugar	United Insurance Co.Ltd.
BIPL Securities	Habib Insurance Co Ltd.	Olympia Spinning	Universal Insurance Co.Ltd.
Business Insurance	Habib Metropolitan	Orix Leasing Pakistan	World Call Telecom Ltd.
Byco Petroleum	HallMark Insurance Co.	Otsuka Pakistan	Yousaf Weaving Mills Ltd.
Capital Assets Leasing Corp.	Haseeb Waqas Sugar	Pace (Pak) Ltd.	Zephyr Textile Mills
Century Insurance	HBL Money Mar Fund	Pak Int.Airlines	
Century Paper & Board Mills.	Hum Network Ltd.	Pak Refinery	
Clover Pakistan	hussain industries	Pak-Gulf Leasing Company	
Colgate Palmolive	Ibrahim Fibres	Pak. Ind. & Comm.Leasing	
Colony textile Mills Ltd.	IGI Insurance	Pakistan General Insurance Co.	
Cres.Star Ins.	IGI Investment Bank	Pakistan Reinsurance Co.Ltd.	
Crescent Jute	IGI Life Insurance	Pakistan Tobacco Company	
Crescent Textile Mills Ltd.	Indus Motor Company	Pervez Ahmed Securities Ltd.	
Cyan Limited.	Invest and Finance Sec Ltd.	Philip Morris Pak Ltd.	
D.M.Textile	Invest Bank	PICIC Energy Fund	
Dandot Cement Co Ltd.	Investec Mutual Fund	PICIC Growth Fund	
Dawood Capital Management	Investec Securities	PICIC Insurance Ltd.	
Dawood Equities Ltd.	Ismail Industries.	PICIC Investment Fund	
Dewan Farooque Motors	J. O. V. & Co.	Premier Insurance	
Dewan Salman Fibre Ltd.	J.A.Textile	Premium Textile Mills ltd	
Dewan Sugar	J.D.W.Sugar	Prudential Discount	
Dewan Textile	Japan Power Generation	Prudential Investment Bank	
Dominion Stock Fund	JS Bank	Prudential Stocks Fund	
Dost Steels Ltd.	JS Global Cap.	Reliance Insurance Co.Ltd.	
East West Ins.	JS Investments	Reliance Weaving Mills Ltd.	



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 Limited
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	

**Delisted Companies in 2016.*



APPROVED ISLAMIC BANKS AND WINDOWS FOR PLACEMENTS

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

* *Al Baraka Bank Pakistan Limited has recently acquired Burj Bank Limited.*



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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