



Dec 10, 2024

### *Shariah Opinion /Fatwa for Ailat AI Ltd regarding Shariah Screening Criteria for Stocks*

Following are the criteria for Shariah Screening:

#### **1- Core business of the company must be Halal**

- It is not permissible to acquire the shares of the companies providing financial services on interest like conventional banks, insurance companies, leasing companies or the companies involved in some other business not approved by the Shariah e.g. Companies making or selling liquor, pork, Haram meat, or involved in gambling, operating night clubs, disseminating pornographic content, prostitution etc.
- Further, Food producing companies will also not be considered under permissible activities. Because, there is possibility that food production is based on meat. Also, tobacco manufacturing is considered as non-recommended category.
- If a company's non-compliant income has not been specified. We will consider it non-compliant by criteria as long as we do not confirm that non-compliant income is below 5%.
- Companies similar to AAPL who's core business is Shariah Compliant, but has partial non-compliant income generating activities, should be given some extra attention for identifying their partial activities like music and its income. In such cases, one should estimate, based on reasonable assumption, the percentage of income that is derived from the non-compliant segment and shall be recommended for purification.

#### **2- Debt to Market Capitalization ratio should not exceed 30%.**

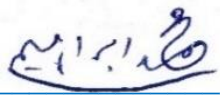
#### **3- The ratio of non-compliant investments to Market Capitalization should not exceed 30%.**

- Non-Shariah Compliant Investments include investments in conventional mutual funds, conventional money market instruments, Commercial Paper, interest bearing bank deposits, Bonds, derivatives etc.
- Restricted Cash are not considered under investment ratio as long as they are held in cash form or in current account.

**4- Non-compliant income to total revenue should be less than 5%. This amount is cleansed out as charity as a pro rata ratio of dividends issued by the company.**

Allah Knows Best

*For and on behalf of Alhamd Shariah Advisory Services Private Limited*



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