

In the Name of Allah the Most Gracious the Most Merciful

Shariah Ruling

Subject: Ijarah Financing

All praise is due to Allah, prayers and peace be upon the last Prophet Mohammad, and be upon his relatives and all his companions; now therefore,

The FGB Shariah Supervisory Board (Shariah Board) has reviewed the Ijarah Financing Product (Product) submitted by Aseel Finance Pvt JSC (Aseel) as follows:

DESCRIPTION

The Product is a structured financing product which involves leasing contract between Aseel as lessor and its customer as lessee under the principle of Ijarah.

Under Ijarah, Aseel needs to acquire a genuine asset from the customer or any third party through a sale and purchase agreement. Thereafter, Aseel will lease the asset to the customer within specified period at a certain rate of rental agreed between Aseel and the customer.

Upon maturity of the lease contract, Aseel will sell the asset to the customer at nominal value consented by both parties through a separate sale contract.

STRUCTURE

- The customer sends an application to Aseel requesting for Ijarah financing facility and provides its undertaking to lease a specified asset from Aseel which the customer requires financing.
- The asset may be an asset which is owned by the customer or any other supplier depending on the financial needs of the customer.
- Aseel will acquire the asset either from the customer or supplier on cash basis.
- Upon completion of the purchase transaction, the rights and/or title of the asset will be transferred to Aseel.
- Thereafter each party i.e. Aseel and the customer will provide their sale/purchase undertakings to each other and subsequently the customer will lease the asset from Aseel within a specific Ijarah period at pre-agreed rentals between both parties.
- Aseel may appoint the customer as the service agent to be responsible for the maintenance of the asset.
- At the end of the Ijarah contract, Aseel will sell the asset to the customer at nominal value consented by both parties through a separate sale contract.
- The rentals payable by the customer to Aseel consist of fixed rental, additional rental and variable rental which is usually referenced to a pre-agreed benchmark.
- The Product covers for real estate or land financing for both corporate and individual needs.

DOCUMENTS

1. Facility Letter
2. Lease Agreement
3. Purchase Undertaking
4. Sale Undertaking Purchase
5. Service Agency Agreement
6. Title Agency Agreement or Title Nominee Declaration
7. Sale and Purchase Agreement

APPROVAL


Upon revision and deliberation of the submitted proposal, the Shariah Board thereupon has decided that the Ijarah Financing Product is permissible.

*Allah knows the Best and prayers and peace be upon the last Prophet,
and be upon his relatives and all his companions.*



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FGB Shariah Supervisory Board