

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

SHARIAH PRONOUNCEMENT

Finja Lending Services Limited is offering a Shariah Compliant product for seeking investment through P2P Wakalah Investment mode to use the invested amount under Wakalah into a Shariah Compliant model of Financing of Murhaba.

Overall in this whole product three Shariah Compliant transactions are involved:

1. Wakala Bil Istismaar (Investment Agency Agreement): for taking investment from clients under agency agreement and will charge a fee as a percentage of the investment amount, to act as Agent to invest into Shariah Compliant Mode of Financing, Murabha.
2. Murabaha Financing: The amount taken under Wakalah, will be used to give Shariah Compliant Financing to the Finja's Customers.
3. Guarantee: Finja Lending Services as a separate and independent to the Wakalah Agreement, gives a Guarantee on behalf of his customers to pay their receivables up to the Capital of investors, in case of their Customers' default.

All these transactions are separate and not integrated with the other, and as per guidelines given by AAOIFI Shariah Standards of the relevant transactions.

The detail Process flow of all these transactions has been mentioned here below



Finja Lending Services Ltd. Wakalah P2P transaction:

Finja Lending Services Limited is a P2P financing platform based on Wakalah Al Istismar (Investment Agency) Agreement that connects financial assets with investors. The platform uses a proprietary credit algorithm that incorporates artificial intelligence and machine learning to determine the creditworthiness of potential clients to finance. The platform provides an easy-to-use web-based interface that allows investors to browse available financial portfolio listings, select the financing portfolio they wish to invest in, and monitor their investments and returns. The platform also offers an "auto-invest" feature that allows investors to hand over the portfolio decision to Finja Invest, saving time and promoting frequent investments. Finja Invest also provides investors with complete transparency and decision-making power throughout the investment process and ensures the safety of the investment by funding the back-to-back financing platform. The Finja Lending Services Limited's P2P Financing Shariah Compliant Model is Based on the Wakalah Al Istismar (Investment Agency) Agreement. The details are as follows:

- The investor will be Muawakkil (principal) to give his capital of investment to Finja Lending Services Limited as Wakalah basis to a portfolio managed by Finja Lending Services Limited on the investor's behalf. Finja Lending Services Limited will be the Wakil (agent) to invest the amount as per the Wakala (agency) agreement.
- All the investment will be utilized by Finja Lending Services Limited as the investor's agent into a portfolio of investments of Murabaha.
- Finja Lending Services Limited will charge an agency fee based on investment capital while Finja Lending Services Limited offers to the investor an anticipated targeted return
- Investors and Finja have the option to keep investing in Wakalah with the agreed terms and conditions and add in their capital and the ratio of investment will be changed accordingly.
- Under Murabaha transactions security or collateral is not taken usually from their clients (indebted customers)
- Finja Lending Services Limited in its personal, independent and separate capacity guarantees for their clients to pay the investor(s) in case of any default by the client(s) to repay the amount of Murabaha receivable, up to the capital of investment. It would be considered as an independent guarantee for the clients to compensate their invested Capital.
- In case of Early Redemption , Finja Lending Services Limited would redeem the investment in exchange for a processing fee which will be 2.5% on that day's Net Asset Value (NAV) and be intimidated to the customer upfront. Net Asset Value is calculated as a book value of the day of redemption, that would include capital investment plus accrued profit paid or unpaid to Finja Lending Services Limited to that day of Redemption.
- In case the profit of the business portfolio exceeds the targeted or anticipated return return, it would be given away by the investors as incentive to Finja Lending Services Limited



Process Flow of Shariah Compliant Murabaha Financing:

Background:

Finja Lending Services Ltd. is a Fintech company that is in the business of providing technology-based solutions for funds transfer between two or more parties. The retailers usually purchase FMCG and other goods from the distributors on a cash basis. Finja is providing a digital platform to route payments between the retailers and the distributors at the time of receiving of each consignment by the retailers. When the distributor van reaches the retailer, the retailer gets the bill over his FINJA wallet. The retailer either uses his credit balance in Finja wallet to make payment of the bill or avail financing facility from Finja to pay the bill.

Proposed Structure:

In order to provide this financing facility to retailers, the following Murabaha based solution is being proposed. As a core mechanism the whole process shall be run digitally either via mobile application.

Step 1: Establishment of Relation between FINJA and Retailers

1. Retailer profiles will be created in the system in order to track financing status.
2. Credit Assessment algorithm approves / rejects the profile along with assignment of credit limit to the retailer.

Step 2: Sale of Underlying Merchandise by Dealer to Retailer through FINJA

1. There are two teams working for the distributor
 - i. (order taking team, who takes the order from the retailers and feed the order details in the system against which a standard invoice is generated
 - ii. Distribution team, who delivers the orders against the standard invoice within 1 to 2 days
2. Retailer goes into retailer application and agrees to abide by the rules of transaction and take possession of goods on behalf of Finja from Distributor through signing terms and conditions in mobile app.
3. Retailer chooses tenure, invoice amount and invoice number to proceed with transaction in his retailer application with the option to pay through FINJA by choosing financing option.
4. When the retailer selects the tenure and proceeds with the transaction, In-App notification / prompt will be sent to the Retailer asking him to confirm that he has taken possession of goods from the distributor and requesting Finja to sell the goods to him through this offer to purchase. And simultaneously, acceptance from Finja (mentioning the goods and its price) sent back to the retailer app.

5. Upon pressing the confirmation button in the prompt message, the sale will be completed and risk and ownership of the goods will transfer to the retailer.
6. On Run time, at confirmation of possession of goods, Finja will make payment to the Distributor via its account maintained with Finja.
7. SMS message will be sent to the Retailer stating that his Retailer's request to take goods on credit has been processed and his due date. At receiving this SMS, he can proceed with taking out goods to use as per his requirements. 8. The retailer will pay the sale price (cost plus agreed profit) at the time of recovery to FINJA as per agreed terms.



Shariah Certification

It is certified that the Finja Lending Services the above mentioned transactions or products are Shariah compliant, and its mechanism, based on Wakalah Al Istismaar (Investment Agency Agreement), and using the Capital of Investment into Murabaha making it a Shariah compliant investment transaction, The investor must read and understand all features, including risks and rewards, for himself before entering into the transaction.

It is also hereby certified that the Process flow of Murabaha transaction mentioned above , is Shariah Compliant, and it could be used as Shariah Compliant Financing. To execute and implement it properly, we need to certify again for its complete compliance to this process flow

Our view is based on the Shariah structure, however, we need to further review and audit on time to time. This certificate is valid for the initial three months, investors or customers should check on our updated certificate from time to time.

May Allah grant us tawfeeq to accomplish Halal investment and bless us with barakah in our business and investments. Aaameen




And Allah SWT knows the best

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