

# Guidelines for Taqwa Offices and Branches in India

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## Table of Contents

1	Taqwa Sign Board	3
2	Concept of Islamic Banking	4
3	Board of Directors	6
4	Shari's Advisory Board	7
5	Products and Services	7
6	Internet/Online Banking	15
7	Shari'a Principles	15
8	Offices' Fee Structure	17
9	Links and Services	18

## 1. Taqwa Sign Board

The Model of Taqwa sign boards to be displayed for all the units in India are as under;

### Type - A



The type-B signed board will also be displayed as per the state language that may be bilingual.

### Type - B



### Logo

The type -C logo will be used for the company's documents.

### Type - C



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## 2. Concept of Islamic Banking

The concept of “Islamic Banking” is the purchase and the sale being a facilitator, we ‘Taqwa Finance Ltd’ (TFL), therefore, registered the company under KSC Act 1960 vide registration no. 41603/ 2015-16. This company is coming into existence after thirty years of vigorous efforts in banking experiences, in India. The registered name of the company is ‘Taqwa Credit Cooperative Society Limited’ herein after called ‘Taqwa’.

‘Taqwa’ is empowering in to financial services and commercial activities, announcing commencement of its registered Head Office and a Branch with effect from October 04/10/2015 in Bhatkal to represent the first Islamic Banking Model so as to spread its wings later to all over India with an Initial authorized capital 50 Crore. The value of each share is Rs. 1000 that will be increased to no limit subject to demand from public as per the statutory requirements.

The founders of Taqwa hold 100% of its paid-up equities while the IPOs (initial public offering) will be offered 40% of the authorized capital to Public, immediately to selected shareholders. The minimum requirements to subscribe shares are 2 shares (i.e. Rs.2,000/-) to become an ordinary shareholder of the Company (with no voting right) and the minimum 25 shares i.e. Rs 25,000/- to be eligible for voting right to vote in person and the maximum limited to 1,000 shares i.e. Rs. 10,00,000/- so as to distribute the investment benefits among people involved, across the communities.

The vision of Taqwa is to grow fast all over India to serve for all the communities irrespective of cast and creed, are invited to establish their ‘offices’ or ‘branches’ or franchisees (as applicable) to their home towns or cities or states to operate under the umbrella ‘Taqwa Finance Limited (TFL)’ who will provide with full guidance both; professional and legal in establishing the Islamic Banking Models, under which, the funds raised by a community will preliminary be invested or managed by same board of the community as per the terms and conditions of TFL. Therefore, all such desired communities for Islamic Banking and Finance system, are requested to approach TFL, Head Office in Bhatkal with the intention to complete the minimum requirements, which are as follow:

- 1.1 To establish the model of Taqwa Office, the minimum requirement of paid up capital Rs. 1 to 10 Crore to be raised from public.
- 1.2 To sign a Service Level Agreement (SLA) with TFL.
- 1.3 To form an “Advisory Board” that will consist of eleven individuals (as per Cooperative Society Act) of which one should be Chartered Accountant or equivalent to be authorized by the community in their General Meeting.
- 1.4 To arrange an office premises measuring at least 1000 sq.ft. with following;
  - i) Banking counters of four staff to serve customers.
  - ii) Computers or laptops four in numbers
  - iii) Installation of hardware as per the office requirements
  - iv) Furniture and Fixture.

- 1.5 A quality 'Sign Board' to represent the 'Islamic Banking' significance in the commercial market as per the specification of Taqwa.

On fulfilling the above requirements, TFL will facilitate with the following:

- 2.1 Integrate the 'Islamic Core Banking Software' to the systems of the office / branch/franchisee as applicable, for updating customers' records and inquiry with database to facilitate store and retrieval of information.
- 2.2 Supply all stationery as per the office requirements.
- 2.3 Other, as applicable.

1. **Our Vision:**

A Viable Islamic Financial Solution for the Benefit and Good of Society in India

2. **Our Mission:**

To build up a Strong Islamic Bank for delivering valuable Financial Products and Services to our Valued Customers.

3. **Our Values:**

Very transparent, Appealing to customers, Legitimate, Utility for mutual benefits, Excellence hospitality, Simple and sensible

4. **Goals & Objectives:**

To provide with "Riba Free" financing or offering reasonable return on deposits and high return on investments. To provide with high quality products to the customers and freeing them from vicious money-lenders, provide means for building assets of lasting value.

5. **Goals and Strategies:**

Operating on commercial basis combined with social objectives and to grow substantially offering good returns to depositors and investors. It is a viable alternative to traditional banking.

6. **Business Strategies:**

'Taqwa' is highly secured in which the risk is negligible. Carefully selected finance, investments and diversified portfolio mixed to reduce risks, further. Strict criteria for evaluation of borrowers' creditworthiness to avoid debt trap.

7. **Strategic Priorities:**

To mobilize deposits, equities from domestic and foreign markets. To spread risk across the broad range of borrowers and to the various segments of the community with high standard of services to ensure customer satisfaction based on the "Customers Segmentations". To adequately compensate the employees, to ensure their career development are building up loyalty and pride of the company.

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## 8. Environmental Analysis:

Very high demand is there in India for Islamic Banking and Finances with limited competition. Taqwa will ensure adequate safeguards to shareholders, depositors and investors. Tax deductions allowed to borrowers similar to interest payments. Divided Income is not taxable in the hands of the shareholders. Basic infrastructure and the model of Islamic Banking are already in place in Bhatkal, Karnataka. Need time to ensure critical mass to ensure reasonably good returns. Awareness levels among peoples are still not satisfactory. Need to promote the concepts of Islamic Banking and benefits to a large audience requiring resources. Distinction between the Islamic Banking vs. the Interest-bearing Banking is not clear even among the masses.

## 9. Government:

Taqwa believes and will have key roles to play in assisting the Government reciprocally for Public Sectors' projects to execute the Government's wise development where applicable once established fully.

## 10. Profit Calculation Standard

It is a system to ascertain realized profits/loss based on the "Unit Value" that will calculate the profit on investments, scientifically under which the investors will be able to identify their profit level at any selected time.

## 11. Issues of Shares to:

1. Ordinary shareholder - minimum 2 to less than 25 shares (i.e. Rs. 2,000/- to 25,000/-)
2. Active Shareholders – 25 to 1,000 shares (i.e. Rs. 25,000/- to 10,00,000/-)
3. Nominal Share 1 Rs.1,000/-
4. Rs. 5 Lakh for 5 Years Directorship on a rotation basis
5. Rs. 10 Lakh for 10 Years Directorship on a rotation basis
6. Rs. 1 Crore for life time Directorship

*Note: - All the above subject to approval from the Board.*

## 3. Board of Directors

'Taqwa' has been registered under KCS Act of 1960 by selecting eleven promoters, for initial banking operations in Bhatkal (N.K). However, the "Board Directors" of Taqwa will be formed, democratically, once the targeted members of 250 from the local communities are completed.

#### 4. Shari'a Advisory Board

The Shari'a Committee will consists of a minimum seven and maximum eleven Scholars of India or abroad. The renowned Scholars from India are;

- |  |           |
|--|-----------|
| 1. Hazat Moulana Khalid Saifullah Rahmani                          | Hyderabad |
| 2. Hazat Moulana Mufti Atique Ahmed Darul-Uloom Nadwatul Ulma      | Lucknow   |
| 3. Hazat Moulana Anisurahman Nazim Imarat-e-Shari'a Pulwarishareif | Patna     |
| 4. Hazat Moulana Mufti Barakatullah                                | London    |
| 5. Hazat Moulana Farooque Qazi                                     | Bhatkal   |
| 6. Hazat Moulana Abdul Azeem Kazia                                 | Bhatkal   |

#### 5. Products and Services:

##### 1. Liability

1. Saving Account
2. Gold Saving Account
3. Elite Saving Account
4. Current Account

##### Fixed

5. Ghina Fixed Deposit Account
6. Wakala Deposit Account
7. Corporate Wakala Deposit Account

##### Sukuk/Islamic Bonds/Secured Debentures (100%)

8. Sukuk al Ijara
9. Sukuk Al Murabaha
10. Sukuk Al Mudaraba
11. Sukuk Al Musharaka

##### Share Capital

12. Ordinary Share-holders
13. Active Shareholders

##### 2. Assets

1. Auto Finance
2. Boat Finance
3. Noor Finance

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4. Commodity Finance
  5. Property Finance
  6. Lease Finance
  7. Hire Finance
  8. Gold (Metal)Finance
  9. Gold Mortgage Finance
  10. Tadawul (Shares Finance)
  11. Al Khair Finance
  12. Micro Finance
  13. Project Finance (Istisn'a)

#### Investments

14. Residential & Commercial Projects
15. Portfolio Management
14. Wakala Investments

#### Credit Cards

16. Islamic Credit Cards linked with metal
17. Instant Finance linked with existing banks

Taqwa has designed to offer the most competitive products and services similar to the traditional bank but on interest free terms for the benefit and success of our customers. Taqwa has classified its customers into segments based on various financial and non-financial attributes of such customers. The purpose for such segmentation of customers is to provide them with quality services while selling our products & services which are:

### 5.1. Personal Banking

#### Saving Account

The Regular Savings Account will be operated by individual via ATM/Electron Card, or the customer will transact business directly at any of Taqwa' s Offices. An average monthly balance of Rs 5000 from the second month onwards must be maintained in the account at all time or else a monthly charge will be levied as per our Tariff. A minimum available balance during any one calendar month shall be Rs. 5,000/- to earn profit. The main objective of the account is to inculcate habit of saving amongst the masses, and to mobilize these savings for investments. The Shari'a principle applied to the account is "Mudaraba".

#### Gold Saving Account

It is plan to save gold minimum of one gram and maximum up to the customers.

The customers under this account can buy/sell gold at market rate via Taqwa (the facilitator) and save gold in grams, on paying a commission. The main objective of the account is to encourage savings in gold rather than in currency whose value is depreciating always due to inflation. Once the substantial quantity of gold is saved, the customer can convert in to ornament in the open market.

### Elite Saving Account

The Elite Account services will be available to a very special clientele, consisting of high net worth individuals, business leaders, high level government officials and members of Royalty who hold such accounts with us. The mission of introducing this account is to bring together an exclusive range of banking and non-banking services to a distinguished group of customers through a highly personalized approach, with emphasis on speed, convenience confidentially and security.

### Term Deposit Account

The "Term Investment" will also be operated on Shari'a principle "Mudaraba" under which investor/depositors being investor (Rab Al-Maal) will invest funds with Taqwa who will be the manager of funds called (Mudarib) make investments as per the pre-agreed terms and conditions as defined under "Term Deposit Account Agreement" between the Investors and manager. The Term Deposits placed for a certain period when withdrawn without completion of a minimum period, will not be eligible for profits for that periods.

### Ghina Fixed Deposit Account

"Ghina Saving Account" is an investment which is payable on maturity and operated on Shari'a principle "Mudaraba" under which investors/depositors/customers being investors (Rab Al-Maal) will invest funds with Taqwa who will be the manager of funds called (Mudarib) make investments as per the pre-agreed terms and conditions as defined under this account agreement between them. This account will be opened by individual only. The Ghina Account holders will be eligible to enter a monthly raffle draw. The prize money of the raffle draw will be from the share holders' profit account or profit generated under the funds raised through this account, as applicable.

'Taqwa' will run a special promotion on the "Ghina" product having all the features clearly declared within the perspective of Shari'a. A minimum deposit amount is Rs. 20,000/- to be held with Taqwa for a period of one year by the customer to receive a "Welcome Draw Entry Coupon".

For every additional deposit/invested (minimum balance) maintained for the calendar month, the customer may be eligible for an additional entry coupon. A prize amount may be awarded to specific numbers of customers on each appointed calendar date of every month through the raffle draw, provided the customer maintains a minimum balance or its multiple in that month under Ghina Account.

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Draw entries will be entered automatically by the closing of business on every month. All the entries collected during the month will be entered into the Raffle draw. The winner will be randomly selected by 'MTG Draw Program'(Program used for Ghina raffle draw) in the presence of an authorized official(s). The main objective of introducing Ghina Account for customer is to provide with facility not only receiving the profit on deposits but also an opportunity to win the Grand Price also.

### Wakala Deposit Account

Wakala Investment is a contract whereby the principal investor/depositor (Muwakil) places funds with an agent i.e. Taqwa (Wakil) for investment in the qualifying Shari'a compliant financial transactions, in return, for commission or share of profit as agreed before hands.

Under the Wakala Investments, the customers authorize Taqwa to do all acts as fully as the customers would do themselves for investments. Taqwa will be responsible to perform the investment functions dutifully (as if the investment is being performed by Muwakil), in good faith and will be liable to the customer if Taqwa (Wakil) is found to be negligent in the overall the investment processes.

The relationship between Taqwa and the customer will be governed by the "Master Wakala Agreement, for Investment". The Agreement format and contents (as approved by the Shari'a and Legal), will state the role and responsibility of the customer and Taqwa; will be bound by the terms & conditions in it.

Taqwa will clearly inform the customers that the profit is not guaranteed by them, and the indicated profit rate could be based on historical ground will be referred as "Expected Profit". Providing the customer(s) with any fixed profit rate, whether verbal or in writing will be strictly prohibited under Shari'a.

In case, the expected profit is not achievable at the start of the investment transaction, Taqwa will resort, back to the customer for an agreement to invest with new expected profit rate. In such cases, the initial investment contract will be cancelled, and a new contract will be agreed upon by the parties as per the terms & conditions described in the "Master Wakala Agreement".

### Wealth Management Account

The "Mutual Funds "MF" is designed to enable us to meet the needs of our customers with varying risk tolerance and reward objectives. A reputed portfolio manager will craft a portfolio, based on the specific objectives of Taqwa. This portfolio may combine a basket of securities including stocks, Sukuk i.e. Islamic Bonds and other Shari'a compliant instruments, the portfolio manager may take a more focused exposure in select securities at times, to maximize profit for the customers/investors. All products offering to such customers will be within the restricted purview or guidelines of Shari'a, Compliance and the laws of the land.

## 5.2. Business Banking

### Corporate Fixed Deposit

Similar to the individual term/fixed investment account, the companies who maintain relationship with Taqwa will also be able to operate on Shari'a principle "Mudaraba" under which investors/depositors being investors (Rab Al-Maal) will invest funds with Taqwa who will be the manager of funds called (Mudarib) make investments as per the pre-agreed terms and conditions as defined under this account agreement" between them. The Term Investment/Deposits placed for a certain period when withdrawn without completion of a minimum period, will not be eligible for profits for that period.

### Corporate Elite Account

The Elite Account services will be available to a very special clientele, consisting of high net worth corporate customers who hold such accounts with us. The mission of introducing this account is to bring together an exclusive range of banking and non-banking services to a distinguished business group of customers through a highly personalized approach, with emphasis on speed, convenience confidentially and security.

## 5.3. Personal Finance

### Gold Finance

This is a common form of secured finance to a borrower under "gold mortgage" is granted by giving away its right of seizure to the lender over a fixed period of time. Once the finance is fully repaid, the lender loses this right of seizure and the gold is delivered back to the borrower. The Shari'a rule applied to this product is "Murabaha" under which a customer purchases commodity from Commodity Brokers who facilitates sale of the commodity from the customer to a third party and the customer at the end of such transaction receive money from the ensuing sale.

### Al Khair Finance

"Al Khair Financing" is a product designed to help individuals to settle their liabilities outstanding with conventional and to create a new Islamic Banking relation with Taqwa. The main concept of introducing the product is to relieve those individuals who do not like to be involved in "Riba" (interest) bearing transactions under which one can settle the outstanding liabilities with conventional banks by paying in cash after arranging a new facility called in Arabic "Al Khair Finance" with us.

The Shari'a rule applied to this product is "Murabaha" under which a customer purchases commodity from Commodity Brokers who facilitates sale of the commodity from the customer to a third party and the customer at the end of such transaction settle the outstanding liabilities originated with conventional bank(s) from the ensuing sale.

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### Auto Finance

A prospective buyer of automobile/vehicle/car under Shari'a principle "Murabaha" can own vehicle/car of his/her choice after fulfilling certain mandatory terms & conditions with Taqwa. This finance is to provide with a financial assistance to entrepreneur who may need funds to purchase merchandise for trading. The Shari'a principle applied to this product is "Murabaha" under which Taqwa will purchase the requisite merchandises for trading and sell to the entrepreneur/borrower, at a slightly higher price, i.e. keeping marginal mark-up which will be the profit of the company.

### Commodity Finance

This finance is to provide with a financial assistance to entrepreneur who may need funds to purchase merchandise for trading. The Shari'a principle applied to this product is "Murabaha" under which Taqwa will purchase the requisite merchandises for trading and sell to the entrepreneur/borrower, at a slightly higher price, i.e. keeping marginal mark-up which will be the profit of the company.

### E-commodity Finance

E-Commodity Finance is an installment program designed to assist our customers to purchase the desired merchandise instantly while it will also enhance merchants' sales, if integrated to Taqwa in that region. The desired customers will have to maintain either a credit card or a visa debit card facility with Taqwa whereby they can be financed through credit card/debit card facilities, initially. This finance can be availed by customers (after fulfilling the terms and conditions) and be able to utilize e-Commodity Finance facility similar to the way as credit cards/debits cards are being used by the customers.

Shari'a principle applied to this product is 'Murabaha' under which it is required that any item purchased by the customers, will be branded and marketed in name of Taqwa who will pre-set arrangement or co-ordinate or co-brand with merchants so as to facilitate e-commodity finance facility for our customers.

Generally, the Credit Card holders use the Credit cards for purchasing of items whose values are to be settled down on their specific due dates within a month either 10% or 100%, after which dates, if the amount utilized was not settled fully (i.e.100%), such customers are usually charged around say 24% to 36% on regular purchase or cash withdrawal respectively. This cost is quite heavy for the credit card users. If such customers are unable to close their liabilities with bank for indefinite period of time, they under e-Commodity Finance, (availing similar to the credit card facility), will be able to set up plan for repayments even for a longer periods as desired by the customers and if agreed with Taqwa will be able to settle the purchased values at a very low cost. Thus, the former is expensive with a shorter the purchase plan while later is very cheap with a plan pre-defined longer for the purchase settlement.

### Property Finance

The property finance may be in operation on Shari'a principles; Murabaha, Ijara, or Istisna, as it depends on the nature of the contract signed by the parties involved. Shari'a principle which is the most commonly used for property financing is Murabaha, Ijara and "Istisna" which means purchase by order. Under Istisna facility Taqwa will provide with finance to customers who wish to acquire asset being constructed at the defer payment for a specific period to pay by installments. Taqwa being owner of the asset, signs a construction contract between the customer and its contractor/supplier. Subsequently, Taqwa sells back the ownership of the said asset, to the customer at a selling price which comprises the cost of the Asset to the company plus a margin of profit.

### Lease Finance

This contract operates on Shari'a principle "Ijarah". A lessee under this contract may obtain finance from Taqwa for the purchase of assets which are depreciable in nature like vehicles, computers, machinery and equipment etc.

### Hire Finance

This Finance is also operated on Shari'a principle "Ijarah". In this contract Taqwa will provide to a prospective customer with a facility to purchase on installment basis, an asset of variable nature (whose market value keeps fluctuating), such as land, houses, shops, and factories etc. The customer will be able to take possession of the asset on rent, as soon as the contract is signed and the asset is possessed. The amount of rent and that of installment to be paid by the customer will be fixed by Taqwa after evaluating the customer's circumstances as well as market trends. The customer will, however be required to pay full value of the asset within a certain stipulated period, fixed by negotiations between the customer and Taqwa.

### Share Finance

This finance refers to shares financing as approved only under Shari'a may be launched under the product brand name "Tadawul" in which Taqwa customers will be able to buy shares from stock market in the region for trading. The requisite shares as per the demand of our customers, Taqwa will buy and sell those shares to them at an agreed mark-up after the delivery of which, the customer will be able to trade those shares in the stock market directly.

### Home Finance

Home Financing is the product operated based on the Shari'a principles either "Ijara" or "Forward Ijara". Ijara will be followed in the case of Purchase Financing i.e. where the subject property is already in existence whereas the "Forward Ijara" will be applied where the subject property requires construction.

Taqwa under this finance becomes a lessor and leases assets such as; houses, lands, ships, properties etc. for the period of time as agreed between the customer (lessee) and Taqwa (Lessor) with the promise of the customer to purchase the asset at the end of the lease period at an agreed price.

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### Education Finance

Under a brand name “NOOR” an educational finance is available for our deserving customers’ children or to the parents of school/college/university going students or higher studies purposes. Under this finance the customer need not to pay any down payment to the educational institution when requesting for ‘NOOR’. Any down payment if required will be paid by Taqwa, directly.

The LPO to the school will detail all the costs to be built in the total financing amount of the application. Taqwa will accept such application along with the LPO and add up the cost base on the Shari’a principle “Murabaha”. The customer will sign the “NOOR” sale contract with Taqwa prior to sign off the LPO or Taqwa’s purchase confirmation, by the School/University/Institution.

### Travel Finance

Travel Financing will be processed in accordance with Shari’a rule “Murabaha” under the approval conditions of the prevailing “Goods Murabaha” scheme. This scheme is introduced to finance travel packages for our customers in alliance with reputed Airlines and or Tour Operators, subject to additional guidelines specific to Travel Packages are released by Taqwa.

### Business Finance

The “Business Finance” scheme will be available to a running and well established active business entities requiring finance for the growth or expansion or diversification of their business based on Shari’a principle as appropriate to the respective business activities. They may require funds for meeting their normal commitments for a short term. Seekers of such finance” may approach Taqwa and disclose the requirement as appropriate. Taqwa would assess the business commitment or project on consignment or transaction basis and finance accordingly. The term of ascertaining profit on such short term finance will be based on Gross Profit Ratio to be shared mutually by Taqwa and the customer, in relation to the business activity of the customer’s company. The maximum term for providing this finance will be up to one year.

### Call Finance

The “Islamic Call Finance, is a scheme of financing to a business transaction that may originate in local market at spot by opportunity. The eligible customers for this finance are those who are with HIGH NET Worth, the corporate clients having already arranged the specific credit limits with Taqwa Finance while, others are subject to the credit approval. This is an effective tool for quick profit yielding. It is a shot term financing only under which an approved customer approaches to Taqwa and advises about the prospective trade transcription. On indication to go ahead the customer and Taqwa conclude informal negotiation of the transaction to be processed between parties involved (i.e. the buyer, seller and agent). Taqwa being a financier, would request the customer to complete the company’s prescribed forms namely; Purchase Commitment Form and Sale Commitment Form which would be duly signed/stamped by the respective parties involved. On completion

of the official formalities as described in those forms and other necessary requirements, the Customer and Taqwa would negotiate a percentage for profit distribution, in the ensuing trade deal/transaction base on either Mudaraba or Musharaka or Murabaha.

To ease our customers' financial burden, we have many more financing schemes (Shari'a-Compliant) that will undeniably will provide them to fulfill their financial commitments, if any, in relation to their business and to fulfill personal needs.

## 6. Internet/Online Banking

As the Internet banking is a product of e-commerce, Taqwa has already developed a facility of online banking in their 'Islamicbanksoft' (i.e. core banking software) under which customers will be able to access their accounts soon after registration at our website. The online/Internet banking offers the services like balance enquiry, balance transfer to and from Taqwa, opening account, profit evaluation on deposits, share, investments, etc.

## 7. Shari'a Principles

All contracts of operations and transactions will carry out in accordance with Islamic Shari'a principles which are as follows:

### 1. Murabaha

"Selling of goods on cash or credit keeping a "mark up" on its total cost under which a financier will buy goods in question and then put on-sale the goods to a required customer, at an agreed mark-up price, as per pre-fixed terms and conditions". Once the price is fixed on any goods/ product cannot be changed irrespective of the time as agreed between two parties, beforehand.

### 2. Ijara

It is "a contract for the use of rental assets for specific period of future time at a fixed rent". The asset in question must be in possession of the leasee.

### 3. Musharaka

It is "a form of business set-up where two or more parties invest venture capital or project finance jointly in such a way that the profit/loss thus realized is shared between them, proportionately".

### 4. Istisna'a

It is "a contract where by a party undertakes to produce specific goods that is possible to be made according to certain specifications as agreed beforehand at a determined price and for a fixed date of delivery".

### 5. Mudaraba

"This technique involves two parties for a joint business transaction in which first party provides finance called investor at the disposal of second party called working partner who possesses skills to use the funds".

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## 6. Qard-Hasan

“Qard-Hasan is a loan (interest free) given to someone who is in financial need”. The repayment of such loan is not compulsory on the part of borrower (i.e. optional). However, if the borrower is financially sound later, morally is entitled to make repayment of the debt.

## 7. Dain

“Dain” is defined as a loan (interest free)”. It is obligatory on the part of the borrower to repay the amount borrowed, as agreed mutually by both the parties. It is a commitment made by the borrower to repay the amount borrowed as well as commitment to honour the promise, in time.

## 8. Bia-Salam:

This is “a sale of goods of defined specifications whose delivery will be made at a future date for a cash price in advance”. The seller of the goods has to abide by the contract and deliver the goods of determined specification on a definite due date. In case of loss, the seller is responsible for 100% liability.

## 9. Speculating/Gambling:

Contracts to ensure for a profit are as a form of gambling while dealing in futures contracts for speculative profit are speculating. Both the activities have been prohibited in Islam.

## 10. Prohibited Commodities:

Shari’a laws prohibit using or dealing in certain commodities such as alcohol, pork products or containing these products in any other forms. In addition to these, the Shari’a laws consider the following;

1. Legitimacy in trade activities.
2. Lawful sources.
3. Moderate in expenditure (highly appreciated).
4. Narrowing the gap between rich and poor through institution of Zakah (poor due).
5. Proper governance of financial activities, i.e. debt documenting and witnessing.
6. Fulfillment of all contracts and prohibition against betraying any contracts.
7. Prohibition against bribery to earn unfair advantage.
8. Elimination of Riba (interest).
9. Monopoly (not to increase price for the necessity items).
10. Exploitation.
11. Prohibited sale (e.g. force sale)

12. Prohibition against deriving income through cheating, dishonesty or fraud, etc.
13. Prohibition of short selling.
14. Gharar (elimination of uncertainty or ambiguity in contract, prohibited trade etc.)

## 8. TFL Fee Structure

### 1. Function

'TFL' will collect fee from office/branch/franchisee on their liability balances on a monthly average balances. This fee is mandatory to all the offices that will be paid by them at the end of each calendar month. In addition to this fee, it is necessary to pay the cost of entry into a specific type of business operations, as applicable while signing the 'Service level Agreement' (SLA) with TFL H.O. Bhatkal (N.K) Karnataka, India.

### 2. Types of Fee

The details of office/branch/franchisee licensing agreement will vary based on the business operations. Other benefits such as training, location scouting, and equipment can be calculated separately or assessed as additional costs that will cover the expense of processing fee depending on the types of agreements.

The processing fee is usually a one-time, upfront payment that helps get the new office started. The franchisor will also collect a regular royalty payments at 2 to 3% per annum on the total liabilities as a flat fee yet another income will be collected based on the types of investments or projects respectively.

An advertising fee may also be assessed to help pay to nation-wide or region-wide advertisements by the franchisor that benefit to all offices/branches/franchisees. These ongoing fees are part of the cost of running cost that will be between the parties involved.

### 3. Significance

The franchise fee is a type of quality control for the franchisor in delivering the products and services to customers whose legal right will be fully protected and controlled by TFL indirectly as per the legal requirements.

### 4. Software Installation Cost and Maintenance Fee

Taqwa will collect these costs from all venders, respectively. The following will be the price structure of Islamic-Banksoft for the installation of Islamic Core Banking Software for the initial 10 branches of Taqwa are as under:

Description	One time cost (Rs.)
Head Office Module	No extra cost to Head Office
Per Office or Branch or Franchisee onetime license fee	1,00,000
Maintenance charges per office per month	5,000
Cloud Back-up	5,000

**Notes: -**

1. *All taxes are extra as applicable at the time of raising the invoice.*
2. *Implementation charges extra at actual for each location*
3. *Training for Saas (Cloud) model will be provided at the central office of Taqwa.*
4. *Necessary hardware and system software will be procured by the end user.*
5. *Required hardware/software specifications will be provided by Processware System, Bangalore.*

## 9. Links & Services

### Other Services

Besides all the above financing portfolios, we offer the following services to our customers;

1. Safe Deposit Lockers
2. Demand Drafts/Swift Messages
3. Payment dues to Credit Cards
4. Post Dated Cheques Maintenance
5. Standing Instructions

### Welfare Services

Taqwa works with several welfare organizations to assist the underprivileged. You too can make a difference to the plight of millions of needy recipients in the region around us. You may join us in our efforts by setting up standing instructions in your account with any Bank to regularly donate to welfare of your choice accounts with us. Remember! Charity Increases Your Wealth” and “Riba Decreases Your Wealth”.

### Government & Public Sector

Taqwa believes that it has a key role to play in assisting the Government & Public Sector to execute the Government’s wise development strategies where applicable.



