99545 - Buying shares in the Kayan company

the question

Is it permissible to buy shares in the Kayan company?.

Detailed answer

Praise be to Allah.

The Kayan company is active in petrochemical manufacturing which is a permissible kind of activity. Its capital is 15 billion riyals and it does not have any debts at the moment, but it has signed an agreement with a group of banks to obtain financing for 4.8 billion riyals to cover the cost of project building. According to what is mentioned in their prospectus, some of this financing is in the form of loans with interest from riba-based banks, although the larger part of it will be through Islamic investment.

This website adopts the opinion that it is haraam to buy shares in companies that deal with haraam, whether borrowing or lending, even if their activities are permissible in general. See the answer to question no. 45929.

Among those who have ruled that it is haraam to buy shares in the company mentioned is Dr. Muhammad al-'Usaymi (may Allaah preserve him) who said:

and blessings and peace be upon the Messenger of Allaah.

The activities of this company are in petrochemical manufacturing, which is a permissible activity and is essential to the Saudi economy. I have read the prospectus and it is clear to me that the company does not at the present time have any haraam loans or investments, rather it states that the money it has in the bank is 15 billion riyals in Islamic investments that gives a return of 4.5%. I am well known for having reservations about the way many commercial banks offer Islamic products through "Islamic service counters" in the form of investments that are not based on

proper shar'i guidelines, rather they are superficial in many of their operations, especially when the money involved is huge amounts that the available investment products cannot fully absorb. Still, I appreciate such blessed efforts and believe that they are a step in the right direction. But the prospectus has declared the company's intention to take both interest-based and Islamic loans from commercial banks. Although the prospectus expresses thanks that Islamic banks and local, regional and international banks, in addition to some governmental and semi-governmental bodies, are expected to contribute to the financing of this project, focusing on increasing the share of the Islamic banks in financing, the news mentioned on the website confirms that the company is taking this direction in borrowing and that the financing will not be purely Islamic.

Because this prospectus, as far as I am concerned, is a proposal from the company to potential investors, and as it contains what has been mentioned above, I think that it is not right for a Muslim to be a part of this contract or to accept it or appoint someone to act as his agent in such dealings.

Based on that, it is not permissible to invest in this company.

I would like to take this opportunity to call on the people in charge of this company and others to avoid haraam loans and haraam investments. Islamic alternatives – praise be to Allaah – are available and are sufficient. I would also like to remind them to fear Allaah with regard to that which has been entrusted to them and about which He will ask them on the Day of Resurrection. And Allaah knows best. May Allaah send blessings and peace upon our Prophet Muhammad and all his family and companions. End quote from the shaykh's website:

http://www.halal2.com/ftawaDetail.asp?id=13561

And Allaah knows best.