



## PAKISTAN STOCK EXCHANGE LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi-74000,  
Phones: 111-001-122

PSX/N-1494

Dated: November 21, 2019

### NOTICE FOR ALL LISTED COMPANIES

Subject: **CRITERIA FOR SELECTION OF TOP 25 COMPANIES FOR THE YEAR 2019**

All listed companies are hereby informed that the following Criteria shall be followed by the Exchange for selecting Top 25 Companies for the year 2019:

1) **Prerequisites for Selection of Top Companies:**

- a) A minimum distribution of 30% (including at least 15% cash dividend) for the year;
- b) The shares of the company are traded 50% of the total trading days during the year;
- c) The company should not be in the Defaulters' Segment of the Exchange or trading in its shares should not have been suspended on account of violation of Listing of Companies & Securities Regulations of the Exchange during the year.

2) **The Companies that qualify in the above prerequisites will be selected on the basis of highest marks obtained as per the following Criteria:**

<b>a) Capital Efficiency:</b>	
(i) Shareholders Return on Equity (on the basis of before tax profit)	15%
(ii) Ratio of Capital Expenditure to Total Assets	3%
(iii) Change in Market Value Added (MVA of a year is the difference between Market Value minus Book Value for that year.)	2.5%
<b>b) Dividend Distribution (including Bonus)</b>	
(i) Total Distribution out of Current Year's Profit only. (In case dividend/bonus is paid out of prior year's earnings/reserves, then the dividend/bonus shall be adjusted proportionately)	10%
(ii) Payout Ratio (DPS / EPS)	10%
<b>c) (i) Growth in Operating Revenue</b>	6%
<b>(ii) Change in EBITDA Margin (Operating margin) in absolute terms</b>	6%
<b>d) Free-Float of Shares</b>	10%
Free-Float of shares as a percentage of total shares outstanding	

<b>e) Turnover of Shares</b> Transactions that are executed on Karachi Automated Trading System (KATS)	2.5%
<b>f) Corporate Governance &amp; Investors Relation</b>	
(i) Updated website is maintained by the company where information regarding the Management/Board of Directors, Vision/Mission statement and latest financials are available	3.5%
(ii) Announcement of Half-yearly result within one month	2.5%
(iii) Holding of Board Meeting for the consideration of accounts within one month of the close of financial year	5%
(iv) Holding of AGM within three months of year-end	2.5%
(v) Early despatch of final dividend / bonus shares within 10 days instead of the requirement of 15 working days	5%
(vi) Holding of at least one corporate briefing program during the year	2.5%
(vii) Compliance with the provisions of Code of Corporate Governance (in case of any noncompliance, no marks shall be awarded)	4%
(viii) At least 50% of directors have completed Director's Training Program from institutes approved by SECP.	2.5%
(ix) More than 1 independent director in the Board of Directors	2.5%
(x) Chairman of Audit Committee who is an independent and a non-executive director	2.5%
(xi) Corporate Social Responsibilities: Monetary donation(s) as percentage of after tax profit disclosed in the annual accounts (minimum 1% of after tax profit will qualify for full marks)	2.5%
<b>TOTAL</b>	<b>100%</b>

This Criteria for Selection of Top 25 Companies is also available on the website of the Exchange: [www.psx.com.pk](http://www.psx.com.pk).

*Asmaa Saleem Malik*

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Deputy General Manager – Listing Department

**Copy to:**

Website – PSX