

PSX/N-33

Dated: January 13, 2022

NOTICE FOR ALL LISTED COMPANIES

CRITERIA FOR SELECTION OF TOP 25 COMPANIES FOR THE YEAR 2021

All listed companies are hereby informed that the following Criteria shall be followed by the Exchange for selecting Top 25 Companies for the year 2021:

Prerequisites for Selection of Top Companies:

- Company should be listed for at least 1 full financial year (minimum listing history of at least 12 months).
- A minimum dividend distribution of 30% (including at least 15% cash dividend).
- The shares of the company should be traded at least 50% of the total trading days of the year.
- 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.

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

CRITERIA NO.	CRITERIA	MARKS (%)
1	Profitability Ratios:	
	i) Return on Equity (Before Tax)	4
	ii) Return on Assets (Before Tax)	2
	iii) Gross Margin	4
	iv) Operating Margin	4
	v) Net Profit Margin	4
2	Liquidity Ratio:	
	i) Current Ratio	5
3	Dividend Related Ratios:	
	i) Dividend Payout Ratio	5
	ii) Total Shareholder Return (TSR)	5
	iii) Sustainable Growth Rate	5
4	Solvency Ratios:	
	i) Debt to Asset Ratio	2
	ii) Debt to Equity Ratio	2

5	Free-Float of Shares Free-Float of shares as a percentage of total shares outstanding	15
6	Turnover of Shares Transactions that are executed on Karachi Automated Trading Systems (KATS)	3
7	Corporate Social Responsibilities Monetary Donation(s) as a percentage of after tax profit disclosed in the Annual Accounts (minimum 1% of after tax profit will qualify for full marks)	4
8	Reporting on Sustainability Development Goals (SDGs) While there are 17 SDGs, UNDP has highlighted the following 6 SDGs which listed companies are encouraged to report on in their Annual Accounts: i) SDG 5 – Gender Equality ii) SDG 6 – Clean Water and Sanitation iii) SDG 7 – Affordable and Clean Energy iv) SDG 8 – Decent Work and Economic Growth v) SDG 9 – Industry, Innovation and Infrastructure vi) SDG 12 – Responsible Consumption and Production A listed company must report against at least 4 SDGs mentioned above in their Annual Reports	10
9	Diversity and Inclusion reporting in Annual Report i) More than 1 Woman Director on the Board of Director ii) Reporting on women employed (permanent / non-contractual) at “C minus 1” level in percentage Note: i) C – 1 level refers to the HoDs reporting directly to the CEO. iii) Reporting on differently abled people employed by the company.	1 0.5 0.5

10	Corporate Governance & Investor Relations	
	i) Announcement of half-yearly result within one month, as opposed to the regulatory requirement of 60 days.	2
	ii) Holding of Board Meeting for the consideration of accounts within 60 days of the close of financial year	3.5
	iii) Holding of AGM within 90 days of year-end	2.5
	iv) Early credit of dividend and bonus shares within 10 days, as opposed to the requirement of 15 working days and 30 days respectively.	2
	v) Holding of more than 1 corporate briefing program during the year.	5
	vi) Auditor's Review Report on Statement of Compliance with the CCG contains no non-compliance	5
	vii) 100% of Directors have completed Director's Training Program	2
	viii) More than 1/3 rd or 2, whichever is higher, independent directors on the Board	2
	TOTAL	100

This Criteria for Selection of Top 25 Companies is also available on the website of the Exchange: www.psx.com.pk.

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