



PAKISTAN STOCK EXCHANGE LIMITED

(Formerly: Karachi Stock Exchange Limited)

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

CRITERIA FOR SELECTION OF TOP 25 COMPANIES FOR THE YEAR 2014

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 has not been suspended on account of violation of Listing Regulations / any other applicable law during the year.

2) The Companies that Qualify above Prerequisites will be selected on the Basis of Highest Marks Obtained as per the following Criteria:

- a) **Capital Efficiency:**
 - (i) Shareholders Return (on the basis of before tax profit) **25%**
 - (ii) Change in Market Value Added (MVA) = **2.5%**
$$\frac{\text{MVA of the year} - \text{MVA of the preceding year}}{\text{abs (MVA of the preceding year)}} \times 100$$
- b) **Profitability:**

Total Distribution pertaining to free-float of shares. **12.5%**
(Out of current years profit only. In case dividend/ bonus is paid out of prior years earnings/ reserves, then the dividend/ bonus shall be adjusted proportionately)

Growth in Earnings before Tax Depreciation and Amortization (EBTDA) **12.5%**
- c) **Free-Float of Shares:** **7.5%**

Free-float of shares as a percentage of total shares outstanding
- d) **Turnover of Shares:** **2.5%**

Transactions that are executed on Karachi Automated Trading System (KATS)
- e) **Corporate Social Responsibilities:** **2.5%**

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)
- f) **Transparency & Investors Relation:**
 - Updated website is maintained by the company where information regarding the management/Board of Directors, Vision/Mission statement and latest financials are available **2.5%**
 - Announcement of half-yearly result within one month **5%**
 - Holding of Board Meeting for the consideration of accounts within one month of the close of financial year **5%**
 - Holding of AGM within 3 months of year-end **5%**
 - Early despatch of dividend/bonus shares within 10 days instead of the requirement of 30 days **5%**

Total **100%**