



THE KARACHI STOCK EXCHANGE LIMITED

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KSE/N-5705

Dated: November 15, 2012

NOTICE FOR ALL LISTED COMPANIES

Subject: **CRITERIA FOR SELECTION OF TOP 25 COMPANIES FOR THE YEAR 2012**

All the listed companies are hereby informed that the criteria for selection of Top Companies for the year 2011 shall remain unchanged and will be followed for selection of top companies for the year 2012. The criteria is reproduced hereunder for information:

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. **25%**
(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:**

Free-float of shares as a percentage of total shares outstanding **7.5%**

d) **Turnover of Shares:**

Transactions that are executed on Karachi Automated Trading System (KATS) **2.5%**

e) **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%**

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