

CRITERIA & ASSESSMENT PROCESS CORPORATE EXCELLENCE AWARD

PREAMBLE

The Corporate Excellence Awards were instituted by MAP in 1982 with the sole aim to recognize and honor companies showing outstanding performance and demonstrating progress and enlightened management practices.

These Awards are divided into Industrial and Financial categories, and Not-For-Profit organizations.

The award in the Industrial category has been named as the Amir S. Chinoy Corporate Excellence Award, to recognize the contributions made by Mr. Amir S. Chinoy towards MAP, being the founding member and the first President of MAP.

The Industrial and Financial category companies which have qualified have been further sub-divided into following sectors/groups based on present classification adopted by Pakistan Stock Exchange:

INDUSTRIAL CATEGORY

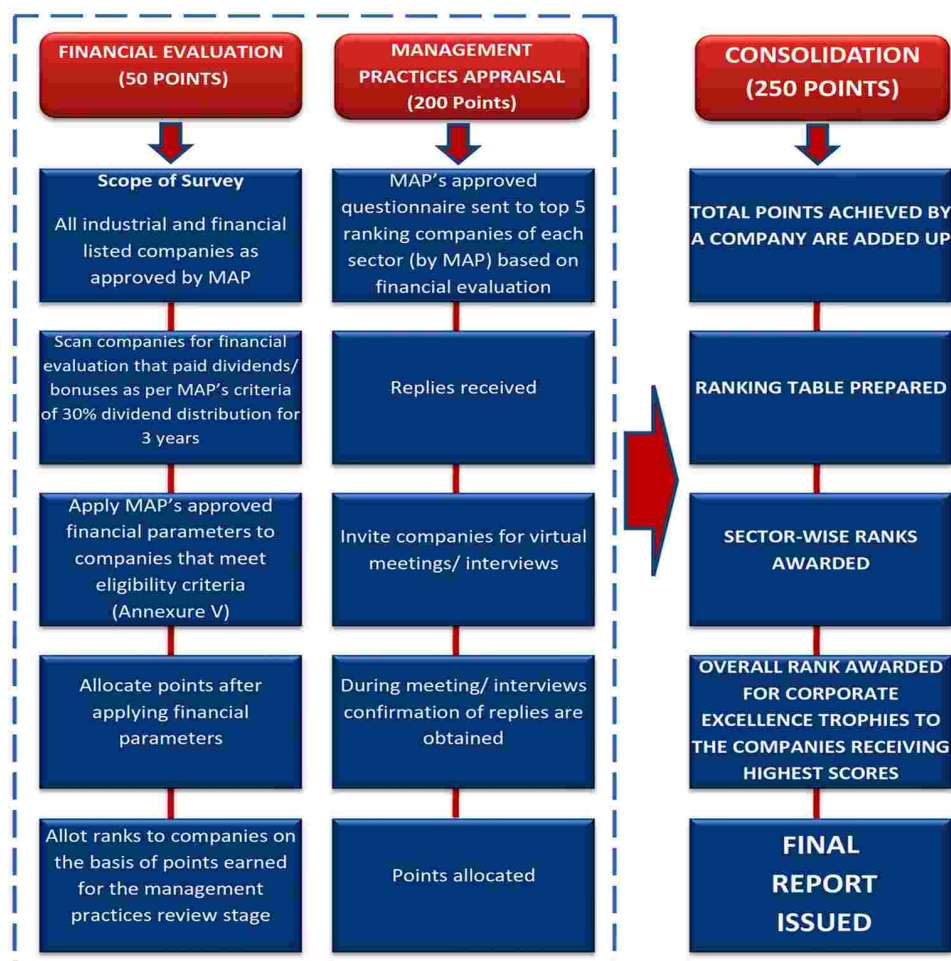
OIL & GAS EXPLORATION COMPANIES	ENGINEERING	CHEMICAL
PAPER AND BOARD	AUTOMOBILE ASSEMBLERS	AUTOMOBILE PARTS AND ACCESSORIES
CEMENT	FERTILIZER	FOOD & PERSONAL CARE PRODUCTS
PHARMACEUTICALS	TRANSPORT	SUGAR & ALLIED INDUSTRIES
POWER GENERATION & DISTRIBUTION	TEXTILE COMPOSITE	CABLE & ELECTRICAL GOODS
OIL & GAS MARKETING COMPANIES		

FINANCIAL CATEGORY

MODARABAS	LEASING COMPANIES	LIFE INSURANCE
COMMERCIAL BANKS	INSURANCE	NON-LIFE INSURANCE

NOT-FOR PROFIT SECTOR

HEALTH	EDUCATION
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METHODOLOGY

PHASE - 1

SCREENING DIVIDEND PAYMENT

The primary qualifying criteria of first short-listing companies is payment of at least 30% aggregate dividend (Cash and / or Bonus Shares) over the last three years.

PHASE – 2

DETAILED FINANCIAL EVALUATION

INDUSTRIAL CATEGORY

Phase 2 consists of detailed financial evaluation of the companies short-listed on the basis of the primary criteria. This evaluation is done from their annual reports for the last three years by applying following ratios, each having equal points from an aggregate of 50 points.

1. Return on Capital Employed
2. Asset Turnover Ratio
3. Earnings Per Share
4. Acid Test /Quick Ratio
5. Ratio of Market Value to Book Value of Shares

FINANCIAL CATEGORY

The Financial Category companies' ratios have been established with the assistance of Pakistan Credit Rating Agency (PACRA) and Pakistan Insurance Corporation. These ratios and the points allotted for them are as follows:

S.No	Ratio	Commercial Banks	Insurance Companies	Financial Services, Modarba & Leasing Companies
1.	Return on Capital Employed	10	10	10
2.	Asset Turn Over Ratio	10	10	10
3.	Ratio of Net Impaired lending to Equity	10	-	10
4.	Ratio of Liquid Assets to (Deposits + Borrowings)	10	-	-
5.	Ratio of Total Finance to (Deposits + Borrowings)	10	-	-
6.	Premium Solvency Ratio	-	10	-
7.	Ratio of Net Investment Income to Premium Earned	-	10	-
8.	Combined Ratio	-	10	-
9.	Ratio of Liquid Assets to Total Funding	-	-	10
10.	Ratio of Total Debts to Equity	-	-	10
	Total	50	50	50

TIME WEIGHTAGE OF RATIOS

The financial evaluation covers the period of preceding three years in order to absorb the effects of fluctuations and also to recognize the impact of long term policies and strategic decisions. The following weightage is assigned to the results of financial evaluation.

Year	n	4
Year	n - 1	2
Year	n - 2	1

PHASE - 3

MANAGEMENT PRACTICES APPRAISAL

The next step in the assessment process is appraisal of management practices of the companies qualifying the financial assessment. Top five (5) companies in each PSX sector are required to complete the management appraisal questionnaire.

In order to facilitate marking the questions have been divided into following management areas:

Corporate Governance	160	Customer & Market Focus	90
Strategic Planning & Communication	220	Human Resource Focus	250
Leadership	60	Operations Management	80
Social Responsibility	70	Information/Risk Management	70
Total 1000 marks			

PHASE - 4

TOP MANAGEMENT PRACTICES & APPRAISAL MEETINGS

On receipt of the completed questionnaire, a three-member team from MAP and its outsourced partner M/S FAMCO Associates (Pvt) Ltd., holds detailed meetings with top management of each short-listed company. The purpose of these meetings is to obtain verification of the responses to the questionnaire. During these meetings, the team not only discusses their management practices but also reviews the evidence of claims made in the answers to questionnaire as well as policy documents. After the top management meetings, the questionnaires are marked.

PHASE - 5

FINAL TABULATION OF RESULTS

The marks obtained by the companies for Management Practices Appraisal on the basis of 1000 marks are recalculated on the basis of 200 points. The Final tabulation is thus done on the basis of 50 points for financial evaluation and 200 points for management practices appraisal, thus maintaining the 20:80 weightage for each aspect. The final result is presented to the Corporate Excellence Award sub-committee which forwards the same to the MAP Executive Committee for approval and announcement.

AWARDS

Under the Awards Scheme, there is one circulatory Trophy for the overall winner in each category namely, Industrial Category and Financial Category. In addition, there are awards and certificates for the top companies in the remaining sectors in both categories and certificates of excellence for not-for-profit organization.