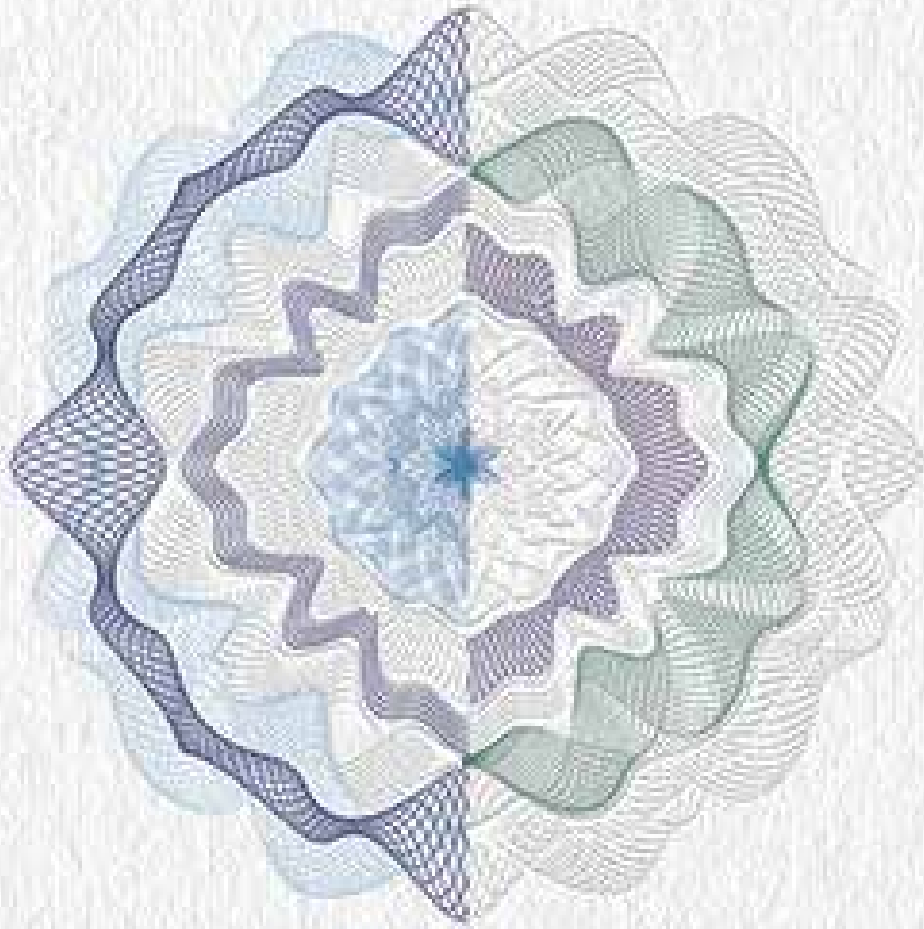


ANNUAL REPORT 2020



CREATING LASTING
IMPRESSIONS



Security Papers
LIMITED

TABLE OF CONTENTS

Organizational Overview and External Environment

1. Company Profile	01
2. Corporate Awards	02
3. History of Major Events	04
4. Vision Statement	06
5. Mission Statement	08
6. Core Values	10
7. Organogram	12
8. Company Information	13
9. Board of Directors	16
10. Directors' Profile	18
11. Executive Committee	28
12. Chairman's Review	31
13. Directors' Report (English)	34
14. Directors' Report (Urdu)	71
15. Corporate Awards and Certifications	72
16. Business Model	76
17. Value Chain Analysis	77
18. SWOT Analysis	78
19. Significant Factors Affecting External Environment and the Company's Response	79
20. Competitive Landscape and Market Positioning	80
21. Synopsis of Company's Policies	81

Governance

1. Corporate Governance	88
2. Review Report to the Members on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	96
3. Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	98
4. Report of the Audit Committee	101
5. Criteria to Evaluate Board's Own Performance	102
6. Code of Ethics and Business Practices	103

Sustainability and Corporate Social Responsibility

1. Corporate Sustainability Framework and Corporate Social Responsibility	104
2. Sustainable Development Goals	111

Strategy and Resource Allocation

1. Strategic Planning Process	114
2. Key Performance Indicators	115
3. Overall Strategic Objectives	116
4. Key Strategic Goals	117
5. Resource Allocation Plans	118

Risk and Opportunities

1. Company Wide Risk Management Program	119
2. Enterprise Risk Management Process at the Company	121
3. Risks and Mitigation Strategy	122

TABLE OF CONTENTS

Striving for Excellence in Corporate Reporting	124
Performance and Position	
1. Statement of Value Addition and Distribution	128
2. Horizontal and Vertical Analysis - Statement of Profit or loss	129
3. Horizontal and Vertical Analysis - Statement of Financial Position	130
4. Analysis of Financial Statements	132
5. Dupont Analysis	135
6. Graphical Presentation of Financial Statements & Share Performance	136
7. Analysis of the Financial and Non-Financial Performance	138
8. Quarterly Performance Analysis	139
9. Statement of Free Cash Flows	140
10. Statement of Cash Flows - Direct Method	141
11. Economic Value Added	142
12. Share Price Sensitivity Analysis	143
Financial Statements	
1. Independent Auditors Report to the Members on the Financial Statements	146
2. Statement of Financial Position	152
3. Statement of Profit or Loss	153
4. Statement of Other Comprehensive Income	154
5. Statement of Changes in Equity	155
6. Statement of Cash Flows	156
7. Notes to the Financial Statements	157
Stakeholder Relationship and Engagement	
1. Stakeholders Relationship and Engagement	206
2. Employee Engagement Activity	210
3. Pattern of Shareholding	212
4. Notice of the Annual General Meeting	216
5. Jama Punji	222
6. Proxy Form	223

THE COMPANY PROFILE

Security Papers Limited ("SPL" or "the Company") is a national strategic industrial organization engaged in the business of manufacturing security paper for Banknotes and Other Security Paper products such as Prize Bonds, Defense Savings Certificates, Non-Judicial Stamp Papers, Passport Papers, Cheque Book, Certificate for Educational Boards and Degree for Universities. Due to its strategic nature of operations, the Company has been classified as Category 1A (KPID) Key Point Installation by the Government of Pakistan.

SPL was incorporated in 1965 as a Private Limited Company and became a Public Limited Company in 1967 with the vision to be a recognized and accepted Security Paper Producing Organization providing the highest quality paper with numerous security features to its customers. The Company started its commercial production in 1969.

The new state-of-the-art Paper Machine (PM-2) started commercial production in 2003. The PM-2 is producing high-quality specialized Banknotes and Other Security Paper of international standard with custom made security features including 3-dimensional tonal variation watermarks and numerous other counterfeit deterrence capabilities.

The production process primarily involves local input of cotton comber and water as raw materials. The Pakistan Security Printing Corporation (Pvt.) Limited (PSPC) is the main customer of SPL. Over the years, the Company has grown substantially and is expanding its production capacities to cater to the ever-growing requirements for security paper products. SPL strives to remain an efficient and low-cost producer of security paper for its customers. To meet current and future technological challenges, SPL has been regularly investing in upgrading its manufacturing facilities to ensure continuous supply of high-quality Banknotes and other security papers to its customers.

Being self-reliant, the Company is also saving a substantial amount of foreign exchange, which would have been otherwise required for the import of such sensitive paper. SPL has been gradually enhancing the paper production capacity which has increased from 4,000 tons to 4,500 tons, extendable up to 5,000 tons per annum.

Geographical Presence

The geographical presence of the Company is in Karachi, Pakistan, while its customers are located in Karachi, Lahore, Gujranwala, Faisalabad, Islamabad, Peshawar and other major cities of the country.

CORPORATE AWARDS



5th Position in PSX Top 25 Companies

CORPORATE AWARDS



35th Corporate Excellence Award of MAP

HISTORY OF MAJOR EVENTS

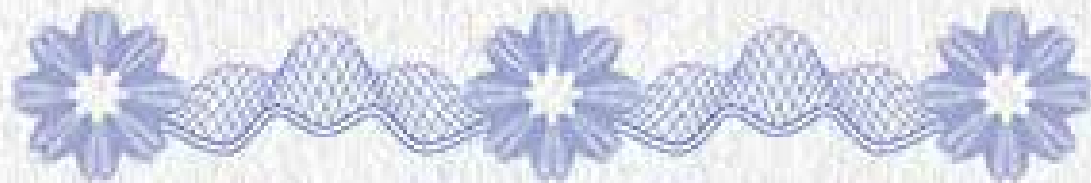


HISTORY OF MAJOR EVENTS



VISION

To be a nationally and internationally recognized and accepted Security Paper producing Organization, providing highest quality paper to our customers, both in Pakistan and abroad.



MISSION

We are the only national organization producing strategically important Security Paper products for the nation. We have developed a unique set of strengths and competencies. We wish to build on these assets and will strive continuously to achieve higher levels of excellence.

Our mission is to exceed the expectations of our customers in producing, with security and efficiency, highest quality paper products, employing international best practices and applying an integrated approach to product research and development, manufacturing technology, operations management, counterfeit deterrence, materials procurement, human resource management, financial management and information systems.

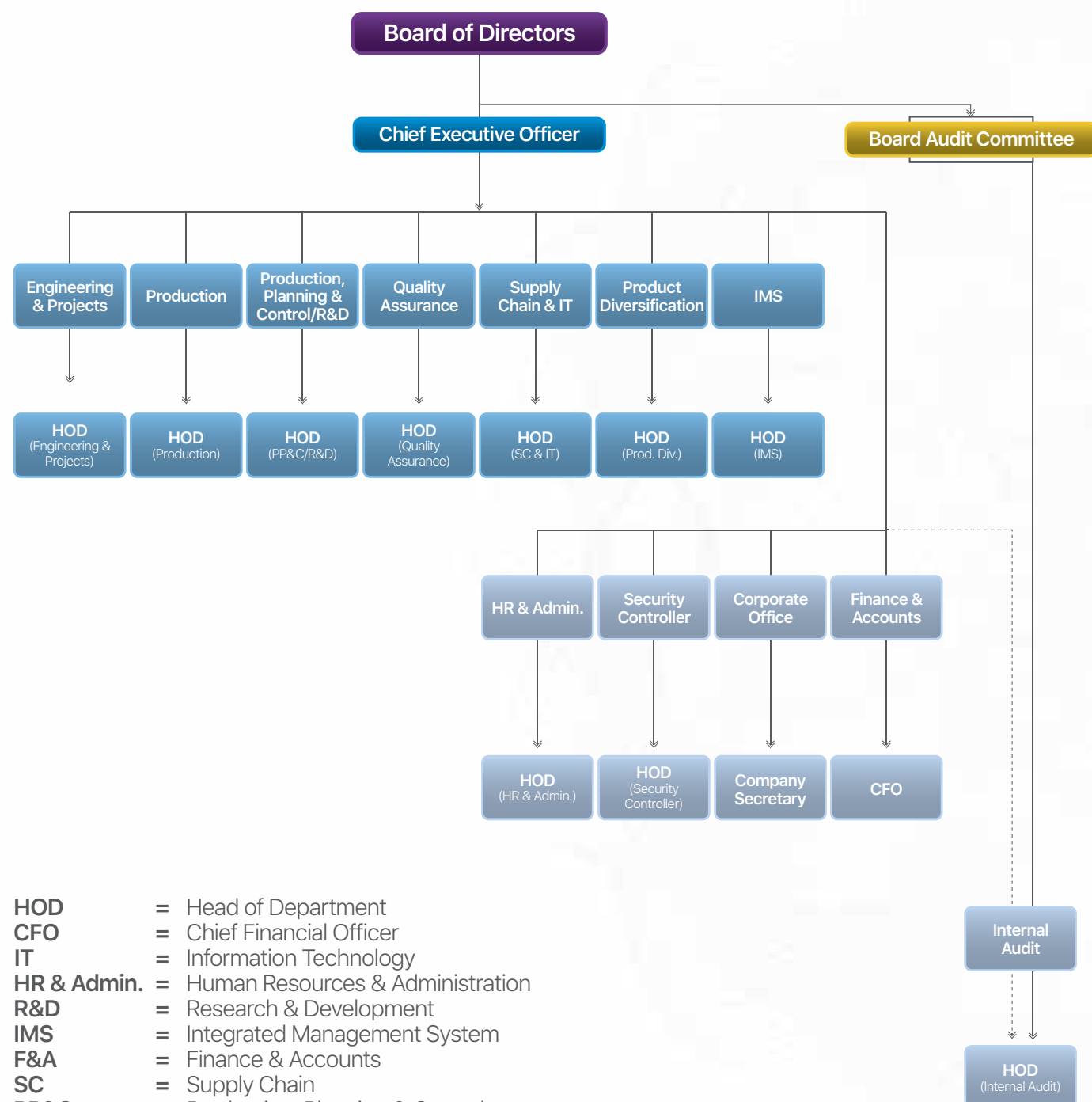


CORE VALUES

1. Striving for continuous improvement and innovation with commitment and responsibility;
2. Treating shareholders/stakeholders with respect, courtesy and competence;
3. Practicing highest personal and professional integrity;
4. Maintaining teamwork, trust and support, with open and candid communication;
5. Ensuring cost consciousness in all decisions and operations.



COMPANY WIDE ORGANIZATIONAL CHART



HOD = Head of Department
CFO = Chief Financial Officer
IT = Information Technology
HR & Admin. = Human Resources & Administration
R&D = Research & Development
IMS = Integrated Management System
F&A = Finance & Accounts
SC = Supply Chain
PP&C = Production, Planning & Control
Prod. Div. = Product Diversification

COMPANY INFORMATION

Board of Directors

Non-Executive Directors

Chairman

Mr. Muhammad Haroon Rasheed - Nominee – PSPC

Directors

Sheikh Mohammad Aijaz Akhtar		- Elected
Dr. Abolghassem Jamshidi – Iran		- Nominee – IDRO
Mr. Memet Ozyavuz – Turkey		- Nominee – SHAS
Mr. Jamal Nasim	Independent	- Elected – NIT
Mr. Muhammad Ayub	Independent	- Elected – PPCBL
Mr. Yousaf Naseem Khokhar	Independent	- Elected – SLIC
Mr. Rauf Ahmad		- Nominee – PSPC
Mr. Naveed Ehtesham		- Nominee – PSPC

Executive Director

Chief Executive Officer

Dr. Mohammad Ashraf Butt - Nominee – PSPC

PSPC	-	Pakistan Security Printing Corporation (Pvt.) Limited
NIT	-	National Investment Trust Limited
IDRO	-	Industrial Development and Renovation Organization of Iran
SHAS	-	Sumer Holding A.S. Genel Mudurlugu, Turkey (formerly SEKA)
SLIC	-	State Life Insurance Corporation of Pakistan
PPCBL	-	The Punjab Provincial Cooperative Bank Limited

Board Audit Committee (BAC)

Mr. Jamal Nasim	Independent	Non-Executive Director	Chairman
Mr. Yousaf Naseem Khokhar	Independent	Non-Executive Director	Member
Mr. Muhammad Ayub	Independent	Non-Executive Director	Member
Sheikh Mohammad Aijaz Akhtar		Non-Executive Director	Member
Dr. Abolghassem Jamshidi		Non-Executive Director	Member
Mr. Naveed Ehtesham		Non-Executive Director	Member
Mr. Aqeel Ahmed		In-charge (Internal Audit)	Secretary

Board Human Resource and Remuneration Committee (BHRC)

Mr. Jamal Nasim	Independent	Non-Executive Director	Chairman
Mr. Muhammad Haroon Rasheed		Non-Executive Director	Member
Dr. Mohammad Ashraf Butt		Executive Director	Member
Sheikh Mohammad Aijaz Akhtar		Non-Executive Director	Member
Mr. Rauf Ahmad		Non-Executive Director	Member
Mr. Shahbaz Ali		Dy. General Manager (HR&A)	Secretary

COMPANY INFORMATION

Board Investment & Risk Management Committee (BIRC)

Mr. Yousaf Naseem Khokhar	Independent	Non-Executive Director	Chairman
Dr. Mohammad Ashraf Butt		Executive Director	Member
Mr. Muhammad Ayub	Independent	Non-Executive Director	Member
Dr. Abolghassem Jamshidi		Non-Executive Director	Member
Mr. Naveed Ehtesham		Non-Executive Director	Member
Mr. Babar Aijaz		Chief Financial Officer	Secretary

Board Project/Strategic Committee (BPSC)

Dr. Mohammad Ashraf Butt		Executive Director	Chairman
Mr. Muhammad Haroon Rasheed		Non-Executive Director	Member
Mr. Yousaf Naseem Khokhar	Independent	Non-Executive Director	Member
Mr. Muhammad Ayub	Independent	Non-Executive Director	Member
Mr. Naveed Ehtesham		Non-Executive Director	Member
Mr. Rauf Ahmad		Non-Executive Director	Member
Mr. Faizul Islam		General Manager (SC & IT)	Secretary

Board Procurement Committee (BPC)

Mr. Jamal Nasim	Independent	Non-Executive Director	Chairman
Mr. Muhammad Haroon Rasheed		Non-Executive Director	Member
Dr. Mohammad Ashraf Butt		Executive Director	Member
Dr. Abolghassem Jamshidi		Non-Executive Director	Member
Mr. Rauf Ahmad		Non-Executive Director	Member
Mr. Faizul Islam		General Manager (SC & IT)	Secretary

Executive Committee

Chairman:

Dr. Mohammad Ashraf Butt	-	Chief Executive Officer
--------------------------	---	-------------------------

Members:

Mr. Rizwan Ul Haq Khan	-	Company Secretary
Mr. Babar Aijaz	-	Chief Financial Officer
Mr. Faiz-Ul-Islam	-	General Manager (Supply Chain & IT)
Syed Tanveer Bukhari	-	General Manager (Engineering & Projects)
Qazi Syed Imran Azam	-	General Manager (IMS)
Mr. Shahbaz Ali	-	D.G.M. (HR&A)
Mr. Saadat Ali	-	D.G.M. (Quality Assurance)
Mr. Muhammad Imran Awan	-	D.G.M. (Production, Planning & Control and R&D)
Mr. Arshad Amir	-	D.G.M. (Production)
Mr. Shoaib Siddiqui	-	D.G.M. (Product Diversification)
Lt. Col. (R) Kazim Ali	-	D.G.M. (Security Controller)
Mr. Faisal Saeed Khan	-	D.G.M. (Corporate Affairs)
Mr. Aqeel Ahmed	-	Sr. Manager (Head of Internal Audit)

Bankers

National Bank of Pakistan	Bank Alfalah Limited
MIB Bank Limited (formerly NIB Bank Ltd.)	Bank Al Habib Limited
Habib Metropolitan Bank Limited	Meezan Bank Limited

COMPANY INFORMATION

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

Registered Office

Jinnah Avenue, Malir Halt,
Karachi-75100.
Tel. No: (+9221) 99248285
Fax No: (+9221) 99248286
E-mail: comsec@security-papers.com
Website: <http://www.security-papers.com>

Factory

Jinnah Avenue, Malir Halt,
Karachi-75100
Tel. No: (+9221) 99248536-37
Fax No: (+9221) 99248616

Tax Consultants

A. F. Ferguson & Co.
Chartered Accountants

Share Registrar

FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal,
Karachi.
Tel. No: (+9221) 34380101-5
Fax No: (+9221) 34380106
info.shares@famco.com.pk

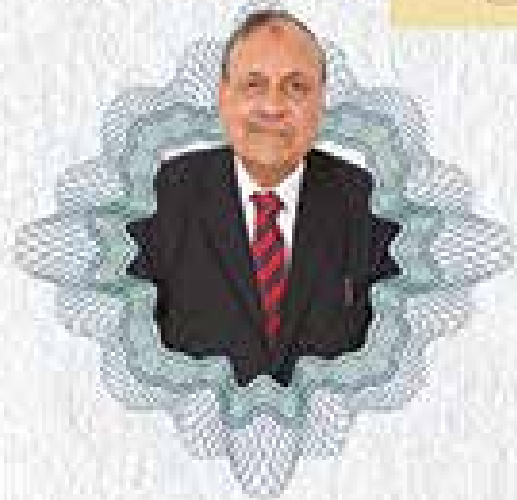
BOARD OF DIRECTORS



Mr. Muhammad Haroon Rasheed
CHAIRMAN



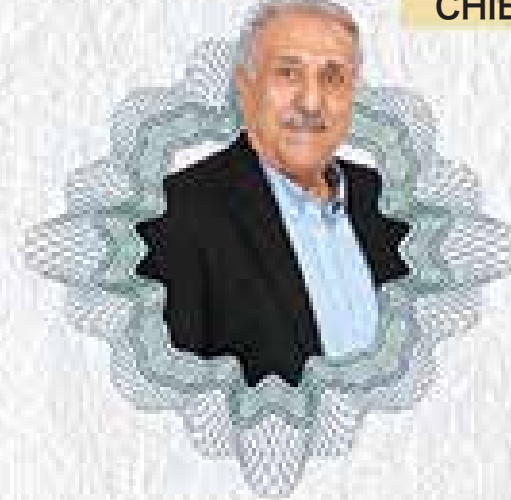
Dr. Mohammad Ashraf Butt
CHIEF EXECUTIVE OFFICER



Mr. Jamal Nasim
DIRECTOR



Mr. Muhammad Ayub
DIRECTOR



Dr. Abolghassem Jamshidi
DIRECTOR



Mr. Memet Ozyavuz
DIRECTOR



Mr. Yousaf Naseem Khokhar
DIRECTOR



Sheikh Mohammad Aijaz Akhtar
DIRECTOR



Mr. Rauf Ahmad
DIRECTOR



Mr. Naveed Ehtesham
DIRECTOR



MR. MUHAMMAD HAROON RASHEED

(Non-Executive Director)

Mr. Muhammad Haroon Rasheed was appointed as Member of the Board of Directors in July 2017.

He is a permanent employee of State Bank of Pakistan and has worked in various capacities in a senior role including Managing Director, SBP Banking Services Corporation, Executive Director, Financial Risk Management, Executive Director Human Resources, Chief Risk Office, Head of Treasury Operations, Finance etc.

He is a Non-Executive Director being a nominee of the Pakistan Security Printing Corporation. He is Chairman of the Board of Directors of Security Papers Limited and also Member of the (i) Board Human Resource and Remuneration Committee, (ii) Board Project/Strategic Committee and (iii) Board Procurement Committee.

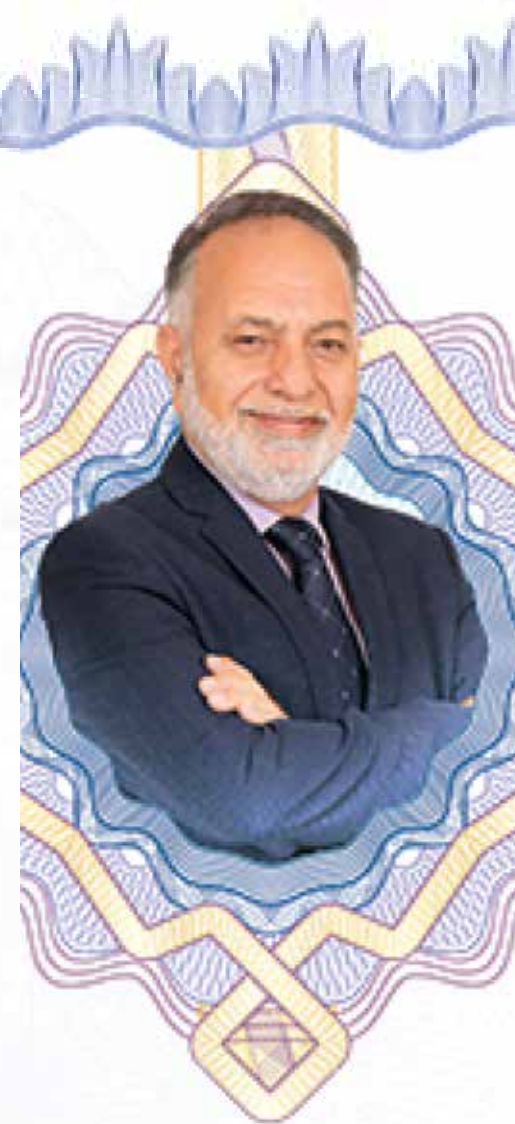
He is a fellow member of The Institute of Chartered Accountants of Pakistan, Certified Information Systems Auditor (CISA), Certified Frauds Examiner (CFE) and Six Sigma Black Belt.

Mr. Haroon Rasheed has vast professional experience in Senior Management positions in diversified fields such as General Management Finance & Accounting, Internal Auditing, IT Auditing, Risk Management, Quality Management, Six-Sigma and Health and Safety Environment Management.

Presently, he is serving as Managing Director, Pakistan Security Printing Corporation.

Other Directorship:

- SICPA Inks Pakistan (Pvt.) Limited (Chairman of the Board)
- National Institute of Banking & Finance



DR. MOHAMMAD ASHRAF BUTT

(Chief Executive Officer)

Dr. Mohammad Ashraf Butt was nominated by the Board of Directors of Pakistan Security Printing Corporation (Pvt.) Limited (PSPC) on the Board of Security Papers Limited (SPL) as Director on April 12, 2019. On May 01, 2019, he assumed office as the new Chief Executive Officer (CEO) of the Company.

He is Chairman of the (i) Board Project/Strategic Committee, (ii) and Member of the Board Human Resource & Remuneration Committee (iii) Board Investment and Risk Management Committee (iv) and Board Procurement Committee.

Dr. Mohammad Ashraf Butt holds a Ph.D Degree in Mechanical Engineering from the University of Manchester, Institute of Science and Technology, United Kingdom. He was awarded a Gold Medal by Mehran University of Engineering and Technology for securing the first position and also received the Quaid-e-Azam Merit Scholarship awarded by the Ministry of Education, Government of Pakistan for higher studies leading to M.Sc. and Ph.D.

He spent 26 years with the Heavy Mechanical Complex and Pakistan Machine Tool Factory. He served as Managing Director of Heavy Mechanical Complex, Taxila and Pakistan Machine Tool Factory, Karachi.

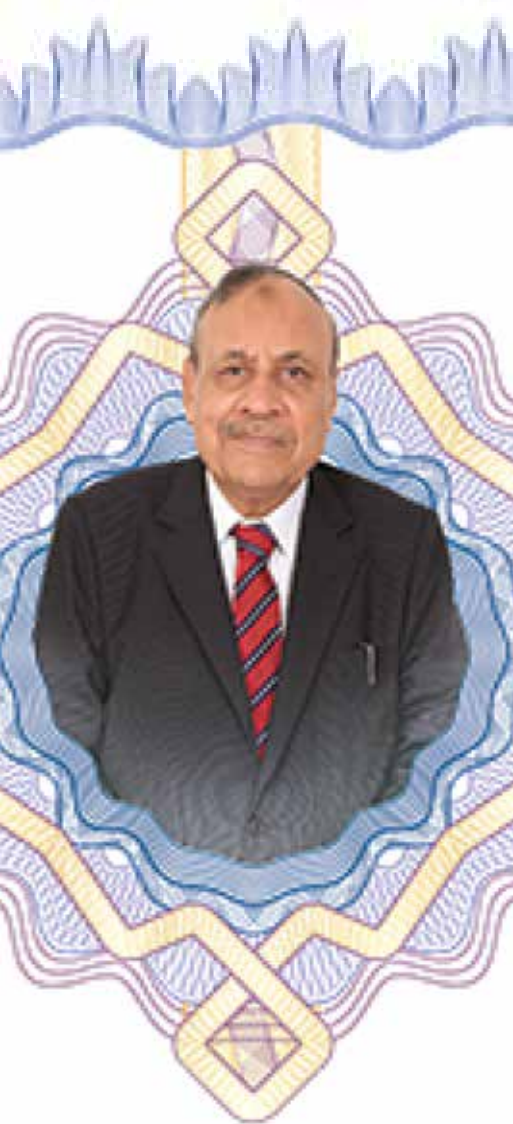
Dr. Butt has significant experience in the manufacturing and handling of complex mechanical systems, production planning & control, design and engineering, project management and integrated management system with large companies/corporations.

He has served as Director Operations since 2015 at SPL.

Dr. Butt was a member of various committees and boards of the following institutes and organizations:

1. Finance Committee in the University of Engineering and Technology (UET), Taxila
2. Research Monitoring Committee of Mechanical Engineering Department, UET, Taxila
3. Industry Advisory Board for the Department of Mechanical and Aerospace Engineering in Air University, Islamabad
4. Task Force on Machinery and Machine Tool, formed by Planning Commission of Pakistan
5. Working Group on Alternate Energy and Hydropower in Planning Commission of Pakistan

Dr. Butt has served as a Professor in Industrial and Mechanical Engineering at UET, Taxila, and Mirpur University Science and Technology.



MR. JAMAL NASIM

(Independent and Non-Executive Director)

Mr. Jamal Nasim is on the Board of Directors since 2010. He was elected to the Board of Directors in 2017.

He is a 'Certified Director'.

He is a Non-Executive Director being a nominee of the National Investment Trust Limited (NIT). He is Chairman of the (i) Board Audit Committee, (ii) Board Human Resource & Remuneration Committee and (iii) Board Procurement Committee.

After completing his Bachelor of Commerce, he did his MBA from The Asian Institute of Management, Manila, Philippines.

Mr. Nasim holds about 39 years' professional experience in Banking, Finance and Audit fields.

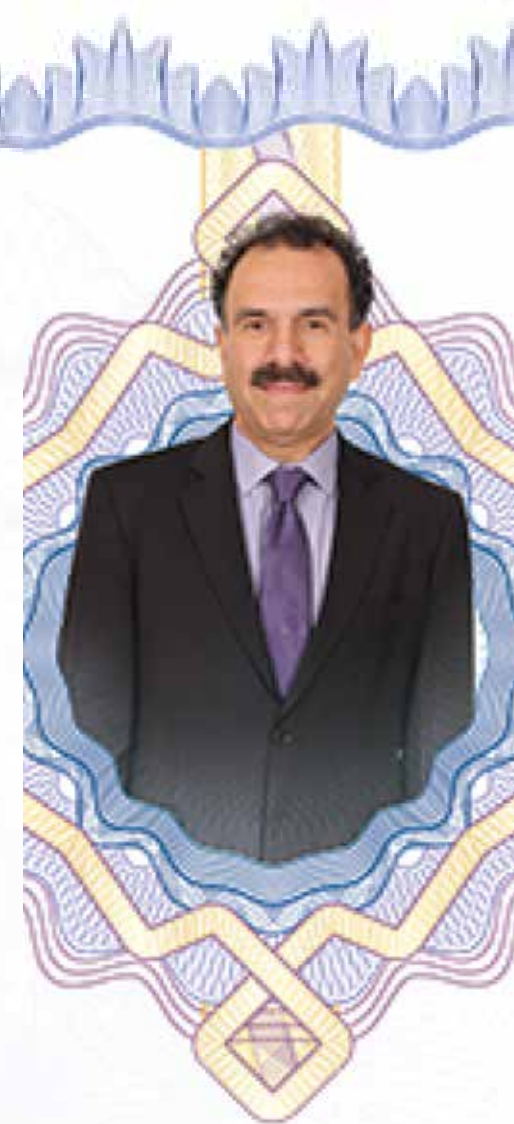
He had been an ardent debater with a passion for poetry. He has taken part in declamation contests and won numerous prizes, gold medal and certificate of honor. He is fond of socializing and reading.

Presently he is the Chairman/President of the Industrial Development Bank Limited (IDBL).

Other Directorship:

1. Ellcot Spinning Mills Limited
2. KSB Pumps Limited
3. First National Bank Modaraba
4. Pioneer Cement Limited
5. National Investment Trust Limited (Not listed)

He is also on the Board of Governors of Lahore University of Management Sciences (LUMS) and Lahore School of Economics (LSE).



MR. MUHAMMAD AYUB

(Independent and Non-Executive Director)

Mr. Muhammad Ayub is a nominee of M/s. Punjab Provincial Cooperative Bank Limited (PPCBL). He was elected to the Board of Directors in August 2014. He is also a Member of the Board Audit Committee, Board Investment and Risk Management Committee and Board Project/Strategic Committee.

He is 'Certified Director'.

Mr. Ayub has done his MBA from IBA, University of Punjab (Lahore), DCMA Postgraduate diploma in Cost & Management Accounting from Hailey College of Commerce - Lahore. He is a Fellowship Member of Institute of Bankers Pakistan (IBP) Karachi. He completed his LL.B from University of Balochistan. He has Certifications in Risk and Financial Management, Commercial Banking, SMEs and Project Appraisal and Management.

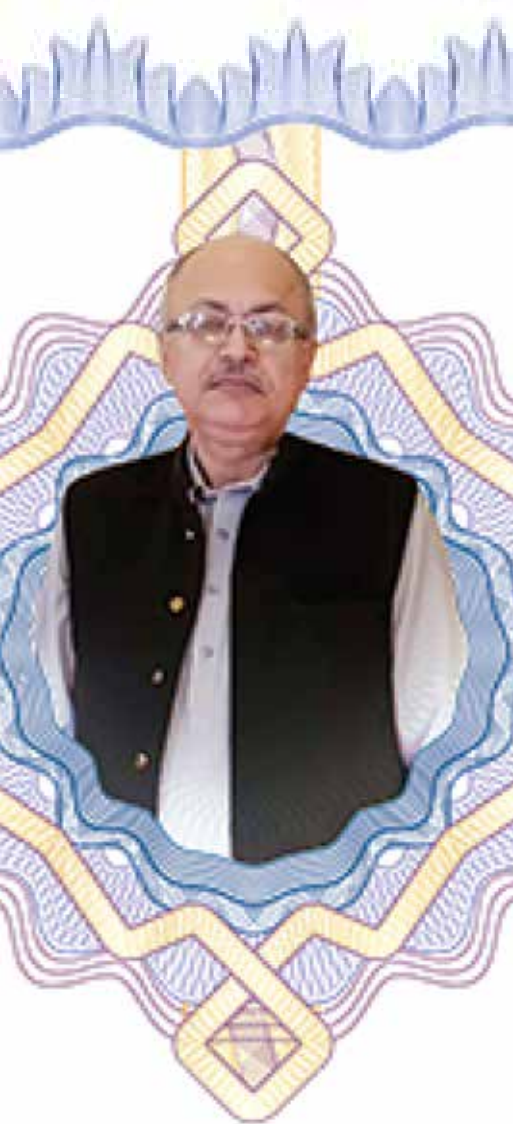
He has extensively attended local and international professional training courses, workshops, seminars and conferences.

Mr. Ayub has 33 years' hands on professional experience in Senior Management positions in the fields of Marketing, Micro, SME, Agricultural Credit, Recovery, Special Asset Management, Legal, Credit Administration and Commercial Banking, etc. including the following:

- Chief Operating Officer, AIMS Consultants, Lahore
- Vice President, SME Bank Limited, Karachi and Lahore
- Regional Manager, Small Business Finance Corporation, Multan and Lahore
- Provincial Chief, Youth Investment Promotion, Balochistan
- Served with Wah Nobel Chemicals Limited

He served as a President/Chief Executive Officer, M/s. Punjab Provincial Cooperative Bank Limited.

Mr. Ayub is currently engaged with AAIMS Consultants for strategic revamping and restructuring of institutions. He is also extending consultancy for Financial, HR and Project developments.



MR. YOUSAF NASEEM KHOKHAR

(Independent and Non-Executive Director)

Mr. Yousaf Naseem Khokhar was appointed as a member of the Board of Directors of Security Papers Limited in June 2020.

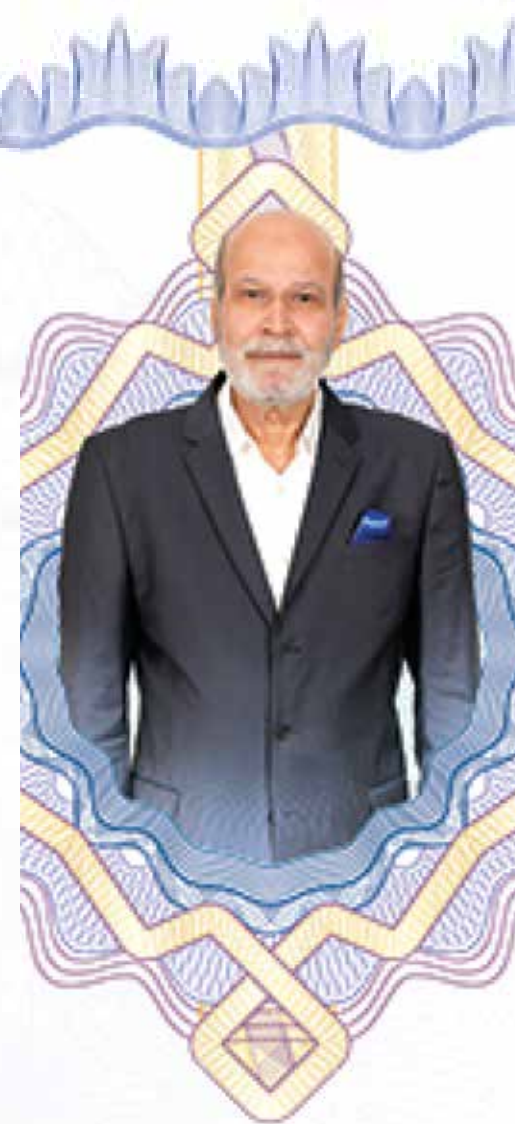
He is a Non-Executive Director being the nominee of State Life Insurance Corporation of Pakistan. He is Chairman of (i) Board Investment and Risk Management Committee and also a Member of (ii) Board Audit Committee and (iii) Board Project/Strategic Committee.

He is Master in Social Policy and Planning in Developing countries from London School of Economics & Political Science, UK. Master in Political Science from University of Punjab, Lahore and Bachelor of Science from Government College of Multan.

Mr. Khokhar has a vast professional experience in Senior Management positions with Provincial and Federal Government departments in diversified fields such as law enforcement, administration, finance, water & power, planning & development, energy & power, and Prime Minister & Chief Minister secretariats, etc. He has served with the following:

- Secretary, Ministry of Interior
- Chief Secretary, Government of Punjab
- Secretary, Ministry of Planning, Development and Reforms
- Additional Secretary (Incharge), Ministry of Planning, Development and Reforms
- Additional Secretary, Ministry of Finance
- MD (Admin) WAPDA, Ministry of Water and Power
- CEO (SEMEDA), Small & Medium Enterprises Development Authority
- Principal Staff Officer to the Prime Minister of Pakistan
- Director, Staff Finance & Administration Civil Services Academy, Lahore
- Additional Secretary, Chief Minister Secretariat, Government of Punjab

Presently, Mr. Yousaf Naseem Khokhar is serving as a Federal Commerce Secretary.



SHEIKH MOHAMMAD AIJAZ AKHTAR

(Non-Executive Director)

Sheikh Mohammad Aijaz Akhtar is on the Board of Directors since 2006. He was elected to the Board of Directors in 2008.

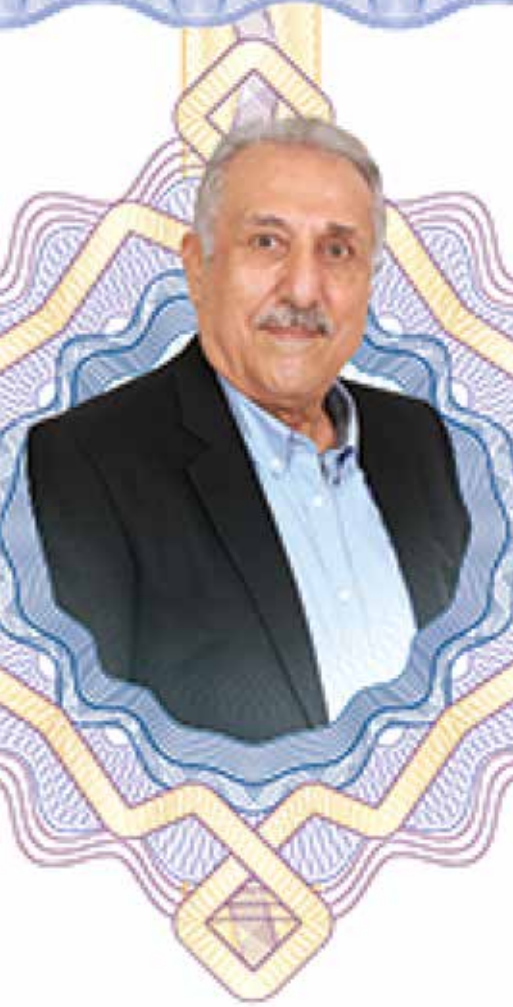
He is a 'Certified Director'.

Mr. Akhtar is a Member of the Board Audit Committee and Board Human Resource & Remuneration Committee.

He is a Graduate (B.Sc.).

Sheikh Aijaz has about 44 years of experience with:

- (i) Family Business
- (ii) Trade & Industry
- (iii) Steel Merchants
- (iv) Gulf Builders & Developers (Pvt.) Limited



DR. ABOLGHASSEM JAMSHIDI

(Non-Executive Director)

Dr. Abolghassem Jamshidi was appointed to the Board in 2014.

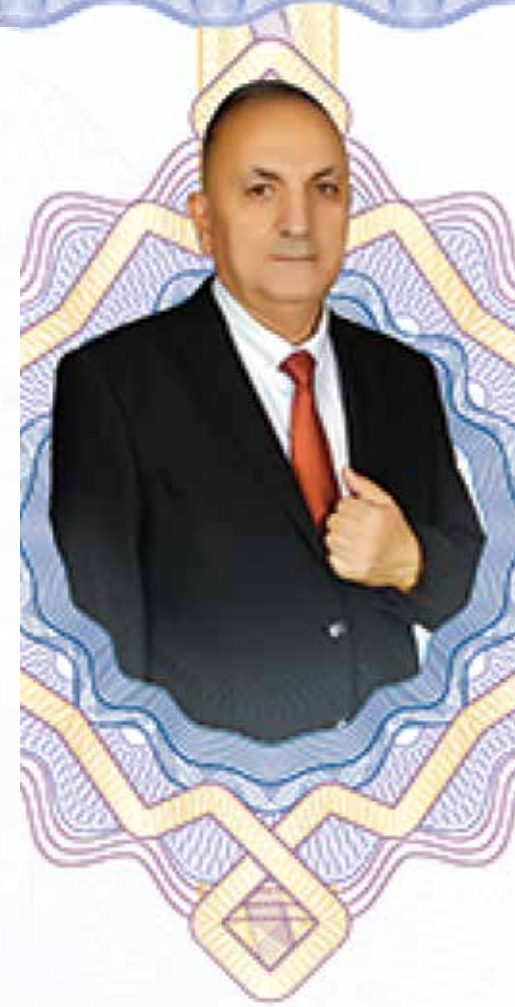
He is a Non-Executive Director nominated by M/s. Industrial Development Organization of Iran (IDRO). He is also a Member of the Board Audit Committee, Board Investment and Risk Management Committee, and Board Procurement Committee.

He is a Ph.D. in Economics (The Financial System and Monetary Policy) from Tilburg University, Netherlands and M.S. in Administrative Sciences, from Administrative Science Faculty, Tehran Iran.

Dr. Jamshidi has very rich professional experience on senior management positions in diversified fields such as trade, industries, commerce, administration, finance, education and banking, etc. including the following:

01. Advisor to the Minister of Industry.
02. Advisor to the Minister of Heavy Industry.
03. Advisor to the Minister of Roads & Transportation.
04. Chairman & Managing Director of the Iranian Industrial Development Investment Co.
05. Deputy of Mostazafan & Janbazan Foundation in the Execution of Independent Industrial Projects for Job Creation as well as Training Affairs.
06. Member of High Council as well as Plan, Project & Coordination Deputy of Nationalized Iranian Industries Organization.
07. Deputy Minister of Industry for Economic & International Affairs (and in Charge of UNIDO Coordination Office in Iran).
08. Chairman & Managing Director of Sepah Bank.
09. Economic & Commercial Affairs in deputy Ministry of Industry.
10. Chairman of Industrial Management Institute of Iran.
11. Substitute to the Chairman of the Organization for Industrial Development & Renovation.
12. Member of the High Council (As a Board Member) of the National Iranian Industries Organization.
13. Deputy Minister of Commerce for Internal Trade.
14. In Charge of the General Provincial Affairs Department of the Ministry of Commerce.
15. Expert of Trade Studies Center.
16. FAO Expert (Food & Agricultural Organization of U.N) & C.A.M.D. in Iran

Presently, he is serving as a Senior Advisor to the Pasargad Bank.



MR. MEMET OZYAVUZ

(Non-Executive Director)

Mr. Memet ÖZYAVUZ was appointed to the Board of Directors in April 2017 as a Non-Executive Director, being the nominee of Sümer Holding A.Ş. Genel Müdürlüğü, Turkey.

He is a Graduate from Gazi University, Faculty of Engineering (Industry) Turkey.

Mr. Memet has over 30-year experience in Government departments.

Presently, he is serving as a Director of Subsidiaries in M/s. Sümer Holding A.Ş., Genel Müdürlüğü, Turkey.



MR. RAUF AHMAD (Non-Executive Director)

Mr. Rauf Ahmad was appointed as a member of the Board of Directors in July 2016.

He is a Non-Executive Director nominated by Pakistan Security Printing Corporation (PSPC). He is also a Member of the Board Human Resource & Remuneration Committee, Board Project/Strategic Committee and Board Procurement Committee.

Mr. Rauf Ahmad did his Master in Political Science.

He has extensively attended local and international professional training courses, workshops, seminars and conferences.

Mr. Rauf had joined Civil Services in 2007. He has vast professional experience in senior management positions with various Federal Government departments in diversified fields such as administration, environment, establishment division, housing & works, information technology, ministry of interior and finance, etc.

Presently, he is serving as a Deputy Secretary in the Ministry of Finance, Islamabad.



MR. NAVEED EHTESHAM (Non-Executive Director)

Mr. Naveed Ehtesham was appointed as a member of the Board of Directors in August 2016.

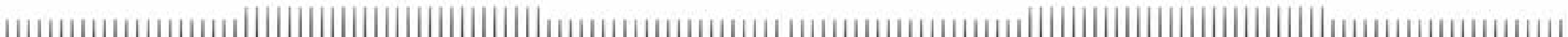
He is a Non-Executive Director nominated by Pakistan Security Printing Corporation (Pvt.) Limited. He is also a Member of the Board Audit Committee, Board Investment Committee, and Board Project/Strategic Committee.

He is a qualified Chartered Accountant from The Institute of Chartered Accountants of Pakistan in 1999.

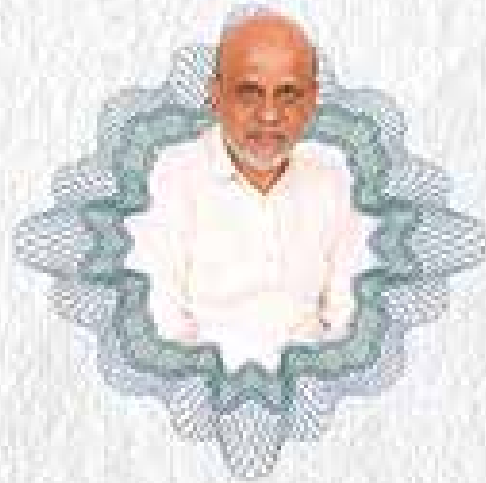
Mr. Naveed has 20 years of versatile experience in the field of Finance, Company Secretarial Practice, Internal Audit and Information Technology with the following organizations:

- Chief Financial Officer & Company Secretary, ZIL Limited
- Manager Internal Audit, Byco Pakistan Limited formerly Bosicor Pakistan Ltd.
- Manager Credit Control, Pakistan State Oil Company Limited
- Manager Tax /Tax Supervisor, A. F. Ferguson & Co., Chartered Accountants

Presently, he is serving as Director Finance and Company Secretary, Pakistan Security Printing Corporation (Pvt.) Limited. He is also serving as Director Finance, National Security Printing Company (Pvt.) Limited.



EXECUTIVE COMMITTEE



Mr. Faiz ul Islam
General Manager
(Supply Chain & IT)



Mr. Rizwan Ul Haq Khan
Company Secretary



Mr. Shahbaz Ali
D.G.M. (HR&A)



Mr. Babar Aijaz
Chief Financial Officer



Qazi Syed Azam
General Manager (IMS)



Syed Tanveer Bukhari
General Manager
(Engineering & Projects)



Mr. Arshad Amir
D.G.M.
(Production)



Lt. Col. (R) Kazim Ali
Security Controller



Mr. Faisal Saeed Khan
D.G.M.
(Corporate Affairs)



Mr. M Imran Awan
D.G.M.
(Production, Planning & Control and R&D)



Mr. Saadat Ali
D.G.M.
(Quality Assurance)



Mr. Shoaib Siddiqui
D.G.M.
(Product Diversification)



Mr. Aqeel Ahmed
Head of Internal Audit



CHAIRMAN'S REVIEW

Dear Shareholders,

I am privileged to present the Annual Report together with the audited Financial Statements for the Financial Year ended June 30, 2020, to the stakeholders of Security Papers Limited (SPL) and to share the Board's performance in guiding the Company towards the achievement of its strategic goals and objectives.

Business Performance

The Financial Year 2019-20 (FY20) was a very difficult year world over and in Pakistan due to the COVID-19 pandemic. Global and local business environment remained highly challenging, with the impact of COVID-19 spreading across the whole world within weeks. It is still too early to fully evaluate the economic, social and political impact of the pandemic that has already claimed hundreds of thousands of lives across the globe and paralyzed the world economy. COVID-19 is also catastrophic for Pakistan's already ailing economy. For the first time in 68 years, the country's economy witnessed an overall growth rate down to negative 0.38 percent in the Financial Year ended 30 June 2020. Although exports fell due to a fall in global demand, remittances in the FY20 grew by 6.4 percent and stood at USD 23.12 billion, which supported the current account balance of the Country. The current account deficit during FY20 has shrunk by 78 percent Year-on-Year to USD 2.96 billion which is 1.1% of GDP, compared to a deficit of USD 13.43 billion in FY19 which was 4.8% of GDP. The overall tax collection stood at Rs 3,989 billion in FY20 as against the revenue collection of Rs 3,826 billion in the corresponding period last year. These achievements of the Government in tough times must be commended.

The COVID-19 pandemic badly affected the entire corporate sector. During these challenging times, the Company managed to operate, often with very thin staff and successfully deployed business continuity and incident management plans to cope with this crisis.

Higher inflation and rupee depreciation continued to exert significant pressure on the overall economy in general and the manufacturing industry in particular. The Company's strategy remained to boost margins by improving the quality of products, achieving efficiencies and expanding the product base to achieve the economy of scales and optimize the production capacity. We will continue to seek every opportunity to improve operational efficiency during the year ahead while investing in the innovation that will keep our business one step ahead of the counterfeiters.

With the grace of Allah Almighty, despite these challenges, your Company managed to make record sales of Rs 4,901 million and attaining highest ever profit after tax of Rs 1,276 million, up by 65.28% as compared to Rs 772 million during the corresponding period. The earnings per share increased to Rs 21.54 as compared to Rs 13.03 during the corresponding period, which reiterates our ongoing commitment to creating shareholders' value.

The Company achieved a sales volume of 4,335 tons of Banknotes and other Security Paper products as compared to 3,726 tons last year. Banknote and Prize Bonds paper sales grew by 12.68 % during the year under review driven by higher demand from our major customer, Pakistan Security Printing Corporation. The sale of other Security Paper that includes Non-Judicial Stamp Paper, Pakistan National Defense Certificates, Parchment Paper, Educational degrees and Certificate paper grew by 90% compared to the corresponding period last year due to higher demand from our customers.

SPL is keen to acquire the latest technology and continues to invest in the resources by pursuing an ambitious program of plant upgrade to modernize its production facilities. Our first strategic priority is to invest in order to drive our future growth. We continue to undertake significant capital expenditure to tap the potential of the growing demand for security paper by expanding production facilities. The Company has initiated several projects including Wastewater Recycling Plant, Up-gradation of Beaters/Breakers Motors and Gas Generator to enhance water resource and power generation capability and to drive long-term sustainable growth.

CHAIRMAN'S REVIEW

Risk Management

The Board constantly reviews principal risks facing the Company and considers whether they reflect an acceptable level of risk. Where this is not the case, the Board also considers what is required to reduce the likelihood and potential impact of the risk. The Board either approves the level of risk being taken or requires management to reduce the risk exposure. For core areas of the business, the Board uses a number of methodologies to ensure that management operates within an accepted risk appetite. These include delegated authority levels and the approval of specific policies and procedures.

The Board receives regular feedback on the degree to which management is operating within acceptable risk tolerances through various operational and financial reports, including risk assessment, risk management, performance, internal audit and external audit reports. All members of the management team have individual ownership for one or more of the principal risks.

Board Performance

The Board sets the overall strategy and direction for the management to manage the Company. The Board oversees the conduct of the business and takes on the role of governance to make decisions about the direction of the Company, oversight of the business, strategic planning, decision-making, risk and control framework, regulatory compliance and financial planning to protect and enhance Company's long-term and strategic value. The Board has an evaluation process to assess its own performance as well as governance areas.


The Board also plays an important role in overseeing the management performance and focusing on major risk areas. The Board was fully involved in the budgeting and strategic planning processes and has set-up well defined Corporate Governance processes which are vital for enhancing corporate accountability. The Board is also committed to ensuring high standards of Corporate Governance and Ethical Values to preserve and maintain stakeholders' value. All Directors, including Independent Directors, fully participate and contribute to the decision-making process of the Board.

Dividend Announcement

To pass on the benefit of this achievement to the shareholders, the Board has recommended paying cash dividend of Rs 9.00 per share, i.e., 90%.

Appreciation of Team Efforts

On behalf of the Board, I would like to express gratitude to our stakeholders for their continued support and encouragement and acknowledge with thanks the contributions made by the employees of the Company. I also acknowledge the commitment and diligence of my fellow Directors during the year under review and thank our Chief Executive Officer and his team for their concerted efforts.


MUHAMMAD HAROON RASHEED
Chairman

Dated: July 24, 2020



DIRECTORS' REPORT





DIRECTORS' REPORT

Dear Shareholders,

The Directors of Security Papers Limited ('the Company' or 'SPL') is pleased to present the Annual Report together with the audited Financial Statements of the Company for the year ended June 30, 2020.

Operating Results

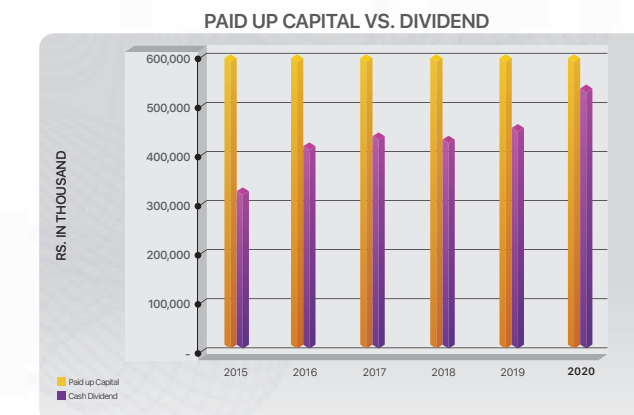
The operating results of the Company for the year ended June 30, 2020 are summarized as follows:

	2020 ---(Rupees in '000)---	2019
Sales	4,901,284	4,001,591
Gross Profit	1,896,309	1,585,236
Profit before taxation	1,801,612	1,159,282
Taxation		
Current - for the year	523,658	443,636
Current - for prior year	6,842	118
	530,500	443,754
Deferred	(5,137)	(56,506)
	525,363	387,248
Profit after taxation	<u>1,276,249</u>	<u>772,034</u>

Appropriations:

Dividend

The Board of Directors of the Company has recommended following appropriations for the FY 2019-20 for approval of members at the Annual General Meeting to be held on September 01, 2020:

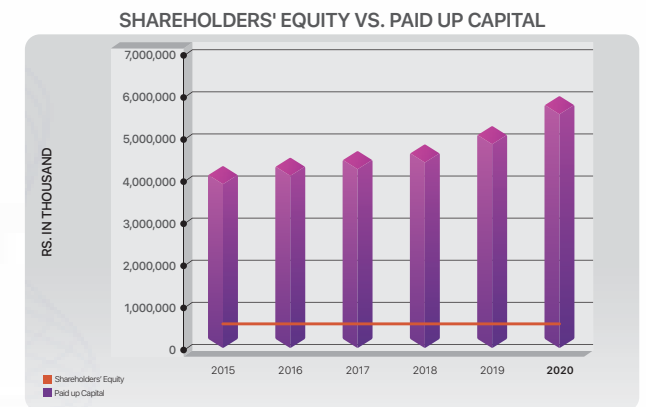


Cash dividend of Rs 9.00 per share, i.e., 90.0% (2018-19: a total cash dividend of Rs 8.25 per share, i.e., 82.5%).

Transfer to Revenue Reserve

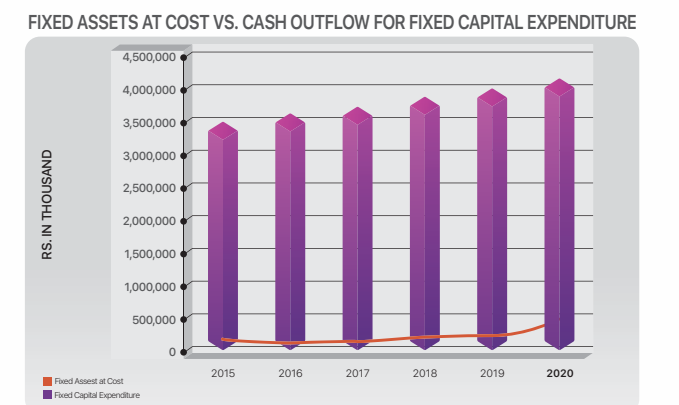
Rs 445.92 million (2018-19: Rs 280.00 million).

These appropriations would be reflected in the subsequent financial statements, in compliance with the revised Fourth Schedule to the Companies Act, 2017.



Business Review

In a challenging business environment fraught with potential adverse implications of COVID-19 pandemic on the economy, the year under review was yet another good year as the Company achieved highest ever sales revenue of Rs 4,901 million and posted highest ever profit after tax of Rs 1,276 million. During the year, the Company sold Banknote and Prize Bonds Paper of Rs 3,936 million to our major customer, Pakistan Security Printing Corporation which is about 12.68% higher than the corresponding period.



DIRECTORS' REPORT

The availability of cotton comber, a major constituent of Banknotes and other Security Paper products was a major challenge this year because of lower cotton production in the country and transportation issues due to the COVID-19 pandemic. Despite all odds, the Supply Chain Management team ensured the continuous availability of raw materials by working closely with all vendors.

The Company's return on capital employed in the year was 21.97% which demonstrates its ability to generate good returns on investments and shows how efficiently and effectively assets and resources were used to generate a return for shareholders. We are committed to strengthening our financial position through improving profit and managing cash prudently. We have significantly strengthened our balance sheet. The stronger balance sheet provides the Company with greater flexibility to allocate capital to deliver long term shareholders value.

SPL is committed to enhancing its product base and to be a leader in the manufacturing of Security Paper products through process excellence and innovation. This would give SPL an opportunity to deploy its capital into other profitable ventures, improving its net worth. The Company is looking to enter business segments that capitalize on its established security paper manufacturing strength and lead to advancement in technology. Implementation of this strategy has already started with SPL as part of Consortiums participating in various initiatives.

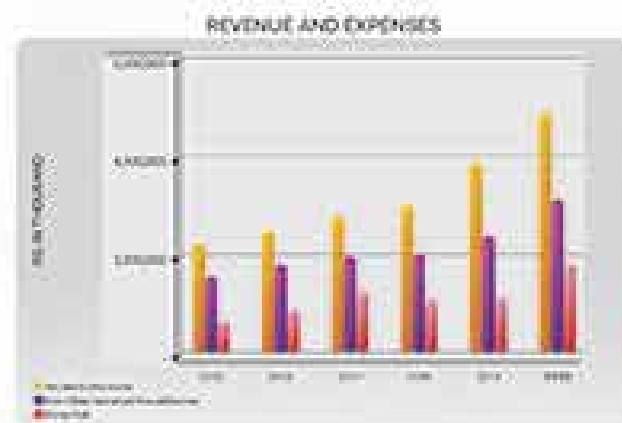
The Company has the strategic nature of operations as its products are of the highest national importance. Therefore, the security of the products, up-gradation of production facilities and enhancement of the potential of human capital is of prime importance. Our security systems comprising of CCTV, Fire Alarm, Access Control, Public Address, Road Blocker, Under Vehicle Surveillance and Emergency Door Alarm are upgraded with the latest technology available in the market to cater to the requirements of the Company.

The focus of the management remained on improving performance at the workplace and reach new skill levels through professional development. A system of continuous review of existing workflow, production processes, preventive and predictive maintenance was in place throughout the year under review to achieve efficiency and improvement in productivity. Determined efforts were made to reduce cost through spoil reduction and cost-effectiveness programs. The market segment of security paper products is expanding owing to higher demand for Banknotes and other Security Paper from the

customers. The Company is well poised to encounter future challenges through various measures including innovation, planning, cost-control, operational analysis, expanding product base and prudent financial management.

Operational Performance

We measure our performance using both financial key performance indicators and strategic indicators that provide a meaningful assessment of our performance against strategy. Operational performance was measured against prescribed indicators of effectiveness, efficiency, and environmental responsibility, such as cycle time, productivity, spoil reduction, and regulatory compliance.



The Company earned profit after tax of Rs 1,276 million for the year under review as compared to Rs 772 million during the previous year. Sales revenue increased by 22.48% to Rs 4,901 million as compared to Rs 4,002 million during the corresponding period, with solid performance across all Banknote denominations and other Security Paper products. The increase in sales revenue was attributable to higher sales volume, increase in selling prices and better product mix.

Gross profit was higher at Rs 1,896 million as compared to Rs 1,585 million in the previous year. The increase in gross profit during the current year as compared to the corresponding year was mainly attributable to higher sales value and operational efficiencies offset in part by the increased cost of production due to inflationary conditions.

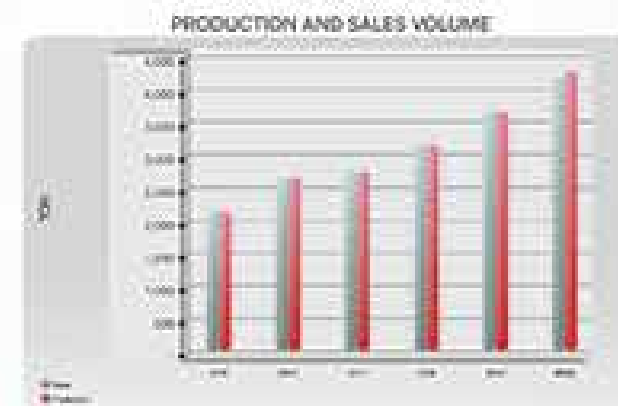
Other income increased by 105% to Rs 360 million as compared to Rs 176 million during the previous year mainly due to attractive yields on fixed income securities and improvement in stock market performance.

DIRECTORS' REPORT

The Company has made good progress in improving working capital management during the year with successful initiatives in inventory management and strong cash collections. We are focusing on better managing our cash through effective inventory planning and credit control.

Production

The Company had achieved the highest ever production of 4,377 tons of Banknotes and other Security Paper products as against 3,719 tons during the same period last year. The management placed great reliance on meeting customers' demand by optimizing production, operational efficiencies and re-enforced cost control measures. The production team resorted to additional procedures including the revival of "Short Former" to enhance productivity and efficiency and quality of the paper.



The cost of production was kept at an optimum level through the effective utilization of resources and by minimizing production losses. The cost prices of imported raw materials increased sharply due to rupee devaluation. Nevertheless, a combination of effective utilization of resources and reduction in production losses helped to achieve profitability for the business. No major operational problems occurred and technical matters were handled well by trained and experienced engineers and technicians. A system of preventive maintenance was in place and all production processes were effectively monitored, corrective actions were taken and preventive measures were planned and implemented.

Supply Chain

Supply Chain remained focused on exploring new sources of supplies for critical inputs at attractive prices. The arrangement of some of the major raw materials at a

competitive price was very challenging this year especially due to the COVID-19 Pandemic. However, with the hard work and determination of our Supply Chain team, we were able to manage the inputs effectively with the availability of sufficient stock. All customers' requirements for Banknotes and other Security Paper products were met with the support of production & allied departments, all the deliveries were timely met as per the requirements of our customers and all issues of our customers were timely addressed.

Following the outbreak of COVID-19, sources of imported raw materials were also badly affected. However, the availability of all imported materials was made possible through concerted efforts of our Supply Chain team. During the year under review, several new projects were also started. Supply Chain played its part in the timely completion of these projects by arranging competent vendors at most competitive prices and ensuring timely imports of the equipment & machinery related to these projects.

Sales

During the year under review, our core business of Banknote paper performed very well. All denominations of Banknote paper were sold as per customers' demand. The Company also generated good business from other Security Paper products. Cumulatively, the Company registered an increase in sales of Rs 900 million over the last year. The Company achieved a sales volume of 4,335 tons as against 3,726 tons during the corresponding period which included Banknote, Prize Bond, Passport, Non-Judicial, Boards and Degrees paper products.

Banknotes and Prize Bond paper sales grew by 12.68% during the year under review. The growth is mainly derived from an increase in sales volume as well as an increase in selling prices. Margins remained under pressure because of rising costs of imported raw materials, i.e., security thread and chemicals as a result of rupee devaluation. A combination of cost reduction and cost control measures were instrumental in managing profitability for the business.

Other Security Paper products mainly include Non-Judicial Paper, Passport Paper, Educational Degree and Certificate Paper. Sales of these products grew by 90% due to higher demand from our customers. Margins remained under pressure owing to the increase in the cost of raw materials and currency devaluation. However, cost-effectiveness programs and production efficiencies partly offset the impact of rising costs.

DIRECTORS' REPORT

Sustainable Development Goals

As part of our continued commitment, we have assessed our alignment against the Sustainable Development Goals (SDGs). We recognize the importance of integrating sustainability into daily businesses, the following illustrates our SDG alignment.



During the year, we focused on the areas of health and organized health awareness and workplace safety sessions for our employees (SDG-3). The Company provided scholarship assistance to its staff and workers for their children's education (SDG-4). Company's Day Care facility continues to enable female employment and facilitates their retention (SDG-5). We committed ourselves in maintaining momentum across the environmental goals and providing decent work and economic growth (SDG-8), and SPL intends to improve operational resilience, increased production capacity and energy efficiency (SDG-9). The Company achieved overall improvement in its energy consumptions and acting as a responsible producer and consumer (SDG-12).

Corporate Governance

We believe that establishing and maintaining the highest standards of corporate governance is vitally important to the long-term success and sustainability of the business. The Board recognizes that good governance is about more than just compliance with rules and regulations; it is about culture, behavior and how we do our business and the Board is therefore committed to ensuring that the Company's values and high standards are set from the top and embedded throughout the Company. We are committed to integrity having the best in class corporate governance and our Board is structured to provide shareholders and all our stakeholders with the right and truthful information. Integrity and accountability are at the heart of everything that we do and believe that this,



together with our robust governance framework, allows the Board to lead the Company in the right direction as we pursue our strategy while ensuring that good governance principles and practices are adhered to.

Corporate Briefing Session (CBS)

The Company held two CBS during the year under review on September 17, 2019, and February 25, 2020. The objective behind the Company's engagement through



these briefings was to give investors (both existing and potential) the right perspective of the Company's business affairs, which will help them make their investment decisions. Investors from all walks of life attended the event and showed great interest in the affairs of the Company. The Board is responsible to the shareholders for the management performance and long-term success of the Company. The Company holds CBS to maintain an open and transparent dialogue with them normally after the half-year results and the annual results. In addition, the Board continues to value the importance of building strong investor relations. The Company believes that the relationship with shareholders is crucial in helping us achieve our aims.

DIRECTORS' REPORT

Plant Upgrade

The Company is keen to acquire the latest technology and continues to invest in the resources by pursuing an ambitious program of plant upgrade to modernize its production facilities. Operational efficiencies in terms of enhancement in productivity, output and capacities have been the prime motto of engineering behind all its activities. During the year under review, the following projects were initiated which are in progress:

Waste Water Recycling Plant

The project of waste water recycling plant which will recycle process waste water for its re-use at the plant is about to commission. This will enhance SPL water resource capability and reduce its reliance on the procurement of water through water tankers. The project will lead to water conservation and improve compliance of environmental standards.

Up-gradation of Beaters/Breakers Motors Drive

The electrical drive system of six pulp making Breakers & Beaters have been successfully upgraded to the latest, energy efficient and reliable inverter drives and induction motors.

Gas Generator

SPL planned to enhance its own power generation capability by adding one Gas Generator of 1.4 MW capacity. Waste heat of the gas generator would also be utilized by producing steam through the waste heat recovery boiler. The installation activities are in progress and will be completed by the end of 2020.

Refiner with Accessories

In order to enhance pulp making capacity, new Refiner assemblies would be added along with the existing to maintain smooth supply of pulp to paper making plant without compromising the quality and safety parameters. The new Refining line will be commissioned in the next year.

Chiller & Cooling Towers

The installation of new Absorption Chiller with Cooling Towers is in progress which will ensure maintaining the

desired quality of air conditioning for finished paper products. The installation is in progress and will be commissioned by the end of 2020.

Development of Bores

In order to enhance raw water availability for Reverse Osmosis plant, a new bore of 1400 ft. depth is under development. After successful commissioning, it is expected to yield 100,000 GPD water.

Risk Management

The Board oversees the Company's Risk Management and is supported by the Board Investment & Risk Management Committee. The Enterprise Risk Management Committee is overseeing the management efforts for identifying, mitigating and managing risk. The Board had undertaken a robust risk assessment to identify risks in order of their potential impact on the business of the Company. Our formal risk identification process evaluates and manages significant risks in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Company's Risk Register identifies the risks, their potential impact and likelihood of occurrence, the key controls and management processes we have established to mitigate these risks.

Management is responsible for implementing and maintaining controls, which have been designed to manage rather than eliminate risk. These controls can only provide reasonable assurance against material misstatement or loss. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are regulations, business risk, technology obsolescence, return on investments, business cycle, increase in price and costs, limited resources, retention of talent, etc.

COVID-19 Considerations for Board

COVID-19 continues to spread as a global pandemic, it has unprecedented impacts including concerns over supply chain disruptions and numerous strategic and operational concerns impacting both the short and long-term plans. The Company had proactively managed relationships with key suppliers and customers. Our major concern was the availability of production inputs. The Company ensured that there were no supply chain disruptions during the lockdown period.

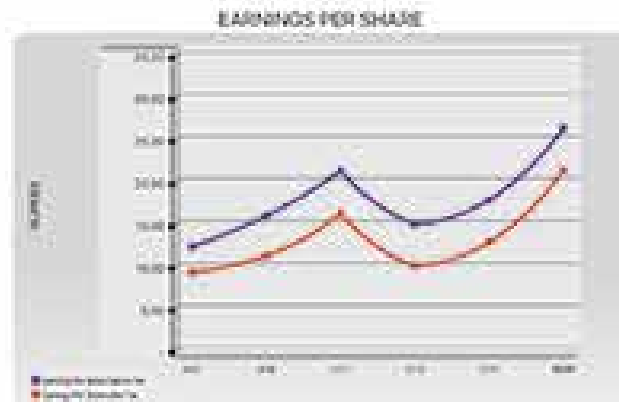
DIRECTORS' REPORT

Considering the advice regarding reduced travel and avoiding large groups of people, SPL decided to conduct Board and Committee meetings through video conference. As the safety of employees was a priority during the COVID-19 outbreak, SPL made necessary arrangements for the use of technology and related applications in order to enable them to work from home where possible to meet regulatory compliances.

Key Financial Indicators

Earnings Per Share

The Earnings Per Share (EPS) after taxation is Rs 21.54 (2019: Rs 13.03). Growth in Earnings Per Share demonstrates our ability to create value for our shareholders.



Market and Book Value Per Share

The book value per share stood at Rs 97.71 as against Rs 83.34 in the previous year. After-tax return on equity worked out to be 22.04% as compared to 15.63% in the corresponding period.



The average market price during the year remained at Rs 113.26 (2019: Rs 102.50) per share. The market price as of June 30, 2020, was Rs 141.95 (2019: Rs 92.79). During the period, the share price of SPL witnessed a high of Rs 151.49 per share and a low of Rs 77.25 per share. The KSE-100 Index witnessed a high of 43,219 pts and a low of 27,229 pts during the year. The share price of the Company has outperformed the overall stock market index.

Long-term debt equity and current ratios

The long-term debt-equity and the current ratios of the Company as at June 30, 2020, worked out to 0.00:1 and 3.72:1 (2019: 0.00:1 and 3.37:1) respectively. The current ratio improved mainly due to an increase in current assets.

Cash Flow Management

During the year under review, an amount of Rs 1,661 million was generated from the operating activities of the Company and Rs 260 million received on account of mark up on investments. The Company made an investment of Rs 4,336 million in Government Securities and Bank deposits. The Company incurred an amount of Rs 418 million on capital expenditure and paid an amount of Rs 427 million as dividends to the shareholders.

Principal Activity

The principal activity of the Company is the manufacturing of specialized paper for Banknote and Others Security documents.

Corporate Social Responsibility (CSR)

The corporate pandemic response will reinforce the growing CSR trend to focus not only on Company impacts to communities but also on the opportunities that companies have to solve broader problems. With the objective to address the COVID-19 Pandemic, the Board decided to support hospitals handling the COVID-19 crisis on an urgent basis through provision of Personal Protective Equipment (PPEs) and Medical Equipment and had principally approved an amount of Rs 3.5 million for this purpose. The Chairman of the Board along with CSR Committee members visited Dow University of Health Sciences (DUHS) Hospital, OJHA Campus to donate Disposable Gowns, Face Masks and cloud fumigation Machine to handle COVID-19 Pandemic. SPL also made various contributions during the year to positively impact

DIRECTORS' REPORT

the underprivileged people nationwide. More details of the Company's CSR activities are covered in the CSR corner on page 104 to 110.



The Integrated Management System

An integrated management system is a single system designed to manage multiple aspects of an organization's operations in line with multiple standards.

For sustainable business growth, the Company has established fully functional Internationally recognized Integrated Management System (IMS) comprising of the Occupational Health and Safety Management System (ISO 45001:2018), Environment Management System (ISO 14001:2015) and Quality Management System (ISO 9001:2015) Certifications.

The Integrated Management System (IMS) has been fully documented, maintained and enforced. The Company is committed to following the Organization Context for determining internal and external issues that are relevant to its purpose and its strategic direction and that affect its ability to achieve the intended result(s).



a. Occupational Health and Safety Management System

Migration to ISO 45001:2018 Management System

ISO 45001:2018 is the replacement to OHSAS 18001 and is the international ISO Standard for Occupational Health and Safety Management Systems (OHSMS).



As a result of great teamwork through collaborative and synergistic efforts, all the tasks/projects were executed with perfection. A rigorous internal audit before the external audit also ensured that processes and systems were truly in place before the external audit conducted by SGS Pakistan (Pvt.) Ltd.

Intended outcomes of ISO 45001:2018 Management System

The newly established management system has an increased emphasis on management commitment, participation and consultation of workers and risk control for reducing and eliminating unsafe and unhealthy work practices/conditions.

High-quality Personal Protective Equipments - PPEs have been provided to all departments through structured mapping at all relevant job levels to ensure their appropriate usage.

Workplace Safety Awareness is also an equally important part of enhancing the quality of our employee's safety and

DIRECTORS' REPORT



health. In this perspective, several initiatives were taken to inculcate workplace safety habits through Tool-Box Talks, Personal Protective Equipment (PPEs), Technical Trainings on Behavioral Safety and Job Hazard Analysis, Permit to Work, and 5S sessions, etc.

HSE & Sustainability trainings have also been earmarked into the training calendar for the year

2019-20. Over 1,300 training man-hours out of a total of 2,500 man-hours (approx. 52%) were allocated to HSE and sustainability-related training courses that were attended by over 500 employees.

b. The Environment Management System (ISO 14001: 2015)

Successful Surveillance Audit of Environment Management System (ISO 14001:2015)

Successful Surveillance Audit of ISO 14001:2015 Certification on Environment Management System conducted by SGS Pakistan (Pvt.) Ltd. in February 2020 reassures a safe environment for Plant operations, employees and community. Cleanliness and green environment are maintained in and around the factory area to control pollution.



Investment on infrastructure and optimize resource usage for environment protection

We have implemented environmental programs in a comprehensive, systematic, planned and documented manner. The organization is also concerned regarding the reduction of waste and efficient use of natural resources (electricity, water, gas, fuels, etc.), and keen to follow global best practices to protect the environment. During the year, business process re-engineering efforts resulted in a reduction of process losses and improvement in the quality of our products.

The Company has invested in developing its infrastructure in water resources for the reduction in liquid effluent due to efficient use of water resources. A state-of-the-art Wastewater Treatment Plant (WWTP) is under process that is capable of recycling up to one-third of all our effluent water further improving our sustainability.

c. Quality Management System (ISO 9001:2015)

In line with the documented Quality Management System (QMS) based on the International Quality Management System (ISO 9001:2015), we maintain the highest standards of quality in the production of Banknotes and other Security Paper products.

Maintaining ISO Certification is a proof of the sustainability of achievement accomplished for the quality services



DIRECTORS' REPORT

provided to our customers as well as adopting the best international practices and procedures with respect to the Quality Management Systems.

Regular customer feedback is obtained from all key customers and corrective and preventive actions are taken accordingly. Customers' complaints are taken as a serious obligation and processed through Standard Operating Procedures.

Continual Improvement Initiatives

Kaizen Incentive program was introduced to foster a positive and conducive cross-functional team building and the synergistic environment through encouraging employees at all levels to come up with unique, innovative, and out of box ideas. Management recognizes and rewards these efforts by linking such incremental improvement ideas with generous incentives.



A total of 18 KAIZEN projects were successfully implemented in the organization and the rest 20 in the pipeline is expected to be completed in the next financial year.

5S System a lean method for implementing order in the workplace has also been introduced. Five phases of 5S include Sorting, Setting, Shining, Standardizing, and Sustaining. Key benefits associated with the implementation of 5S include increased productivity, improved safety, reduction in waste, and workforce commitment.

A comprehensive checklist has been prepared and on-floor training sessions were also organized to create awareness of this tool amongst our workforce. We have been able to implement 2S (Setting) Phase throughout our factory premises in our workplace in the current financial year and now expect to implement 5S in true letter and spirit.



Preparation of Business Continuity Planning (BCP) Manual

Business Continuity Planning is the process of creating systems of prevention and recovery to deal with potential threats to a Company.



A well-crafted BCP Manual was developed by BCP Committee while applying the best practices in the industry and was approved by the Board. The Board appreciated Management efforts in compiling a comprehensive document enabling organization to have a system in place to ensure continuity of operations before during and after execution of disaster recovery plan.

BCP manual mainly contains objectives, scope, BCP activation authority, communicating policy decisions during a crisis, contact details of the concerned personnel, guidance for keeping the secrecy of the manual content, the applicability of the document, guidance for revision and distribution of the BCP manual, ownership of BCP manual and guidance for compliance measurement.



DIRECTORS' REPORT

COVID-19 Pandemic: Test case for our preparation of Business Continuity Plan

Outbreak of COVID-19 has affected the entire world. The corporate sector was, however, the worst affected. Due to lockdown, the movement of public transport and people were not allowed. This presented a great challenge for the management to continue operations of the Plant. The Business Continuity Plan prepared by the Company was implemented to manage Plant operations.



The Company had immediately taken following effective measures for prevention of the Corona Pandemic within the factory premises in compliance with the SOPs issued by Government of Sindh from time to time:

- Series of COVID-19 awareness sessions by our Medical Consultant for our employees and outsourced workforce with special focus on taking necessary preventive measures and maintaining a balanced diet and healthy lifestyle.



- Individual temperature monitoring of all employees through dedicated Medical/Security Staff (also equipped with COVID-19 Medical kits) and Thermal Guns daily before entering the factory premises and the commencement of duties for all shifts.

- Availability of Hand wash Sanitizers & PPEs and use of Disinfectant sprays throughout the factory premises including Canteen, Masjid, and SPL Residential Estate. A separate Cost Centre was created for allocating expenses during COVID-19 Pandemic.



- Installation of specially purposed Disinfectant Walkthrough Tunnel and Mist Pedestal Fans performing Disinfectant Sprays.



- Bare essential employees at critical roles were identified by the Human Resource department in concert with concerned departmental heads and duty rosters were prepared accordingly. Diabetic patients, employees with other serious illnesses and those over 50 years of age were given special consideration and were encouraged to work from home where possible and with reduced duty hours in case of essential services.

- Social distancing observed in Canteen and Masjid through flexible timings and increase in no. of shifts/group offering of prayers to comply with the Government's notifications.

DIRECTORS' REPORT

- Provision of immunity booster fruits and beverages for employees during meal times in Canteen.
- Efficient planning and prudent procurement management of essential production items by Supply Chain to ensure continuity in business operations.



- Distribution of packages containing essential healthcare items such as Dettol (500 ml bottle), Hand Sanitizers, Masks, Disposable Glasses and Plates, etc. to facilitate the families of those employees and outsourced workforce who were diagnosed as COVID-19 positive patients.
- Donation of essential PPEs such as disposable gowns, disposable face masks, N-95 masks and Cloud Fumigation Machine to DUHS, OJHA Campus by CSR Committee.



Product Diversification

SPL intends to diversify into other Security Paper related products. In this regard, it is in discussions with overseas companies for technology transfer arrangements, in addition to Joint Venture opportunities with domestic companies. We have also continued our efforts to accelerate the process of expanding business opportunities through the additional potential of existing products. Product diversification is also achieved by improving the quality of products to expand products related to current business. We have added some new products, i.e., Cheque Paper, Passport paper and Child Registration Certificate Paper to our product line to increase profitability and achieve high sales volume.

Employment of Special Persons

In order to provide employment opportunities to special persons and to provide them a chance to earn a respectable living as a useful member of society, the Company has the policy to employ such persons. SPL provides an enabling environment to assist them to manage disability and their work. We believe that these people have a lot to contribute to the appropriate skills to perform a given job.

Statement of Ethical Practices

Our commitment to ethical standards is articulated in the Code of Ethics and Business Practices of the Company. This is supported by underlying policies that are reviewed regularly and enforced robustly. All employees must avoid conflict of interest between their private financial activities and conduct of the Company's business. All business transactions on behalf of Security Papers Limited must be reflected accordingly in the accounts of the Company. Where necessary, non-compliance is dealt with through disciplinary procedures. Our whistleblowing policy and associated procedures are integral aspects of the compliance framework.

We have a controlled process for reviewing all transactions, every employee shall be responsible to see that there is no violation of laws within his/her area of responsibility which proper supervision could have prevented.

Internal Audit

The Internal Audit function performs risk assessment and recommends improvements in internal controls. The Internal Audit function is an independent appraisal activity

DIRECTORS' REPORT

within the Company engaged in continuous review of operations with an emphasis on accounting, financial, and operational implications. It acts as a managerial control and resident value-adding consultant to all departments. Internal audit procedures are guided by the principles of independence, objectivity and value addition. The outcomes of these procedures are operational efficiency, the safeguard of profitability and the Company's interests, as well as establishment and observance of internal controls. Internal Audit also provided a consulting role to the management to mitigate control and business continuity-related risks.

Owing to the COVID-19 Pandemic, Internal audit adopted an agile audit approach and many audit procedures were accordingly revised to mitigate the risks. Internal audit has also been an integral part of the implementation of Management Information Systems (MIS) in the Company, department wise MIS systems have been implemented and certain plans are under progress. This has resulted in an efficient paperless environment and systems based controls.

Information Technology (IT)

The Company believes that information technology is essential for business transformation to meet business challenges. The Company has aligned itself to the efficient use of information technology resources in achieving its operational and strategic objectives. We focused on IT governance by aligning IT strategy with business strategy for effective risk management, resource optimizations and benefit realization. IT Steering Committee provides strategic direction and cost-effective solutions to maximize return on investments in IT. During the year, the IT department implemented several new technological projects including a paperless environment to reduce paper waste and promote environment-friendly working conditions. In view of technological advancements, SPL continuously explores the prospects of implementing the latest IT technologies and infrastructure to enable efficient and timely decision making in the changing business environment. Information systems are developed to support the Company's long term objectives and are managed by a professionally staffed team.

Internal Financial Controls

The Board has a responsibility for the sound system of internal control which requires the Company to provide information in the corporate and financial reporting statement about the key elements of its system for internal control and risk management in conjunction with annual financial reporting. The Board reviews the effectiveness of

internal controls through the Board Audit Committee which receives reports from the management, internal audit, and the external auditors on the systems of internal control and risk management arrangements. The Company has a strong system of internal controls designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Company believes that the most effective way to combat irregularities and discrepancies is to build a strong framework of internal controls by reinforcing the five pillars of internal controls, i.e., control environment, risk assessment, corporate governance, information and communication, and monitoring. The internal control program is supported by the Chief Executive Officer who provides guidance and the resources to maintain a successful program. The internal control program is enforced through thoughtful, risk-based assessments. Internal audit plays an important role in evaluating the effectiveness of internal control systems.

Business Continuity Plan (BCP)

The process of business continuity planning in the Company is focused on creating a system of prevention and recovery from potential threats to the Company. The core objective of BCP in case of occurrence of any unforeseen event is the protection of human life, production facilities, prevention of business disruption and restoration of critical business functions. BCP provided detailed strategies on how business operations would be maintained for both short-term and long-term outages. BCP was aimed at helping everyone to identify and reduce risks where possible and also prepare for uncontrollable risks.

The main goal of the BCP was to improve responsiveness by the employees in difficult situations, ease confusion by providing written procedures and participation in drills and help ensure logical decisions were made during a crisis. BCP shows that everyone was a reliable team member who had taken into account his/her responsibilities to customers, employees and third parties. Business continuity was a proactive plan to avoid and mitigate risks associated with a disruption of operations. BCP also addresses disaster recovery which is a reactive plan for responding after an event. BCP maintenance methodology is designed to update and improve BCP against any changes in business processes/functions, facilities, systems and IT infrastructure. As part of the Business Continuity Plan, remote disaster recovery sites

DIRECTORS' REPORT

have been adequately set up for maintaining backup server and data in case our primary server encounters any issues.

Business Process Re-engineering

The Company continues to pursue business process reengineering with a view to upgrade workflows and the processes while focusing on improving the quality of products as well as costs. The Business process re-engineering teams have been formed to study the needs of the major customers and how those needs may be fulfilled. BPR involves the study of Cycle Time, Change Over Time, and evaluating the percentage of defective paper produced. BPR involves fundamental rethinking to achieve improvements in measures of performance such as cost, quality, and speed. Business process re-engineering efforts had resulted in revival of the "Short Former", an essential component of the Paper Machine-2, which resulted in enhancement of paper machine speed, productivity and improvement in the quality of paper.

Research & Development (R&D)

The Company's focus on R&D and product management has strengthened its products portfolio that would drive sustainable growth in the future. Ideas that derive from our R&D are applied across various Banknotes and other Security Paper products. To meet future challenges, we are constantly searching for areas of improvement. To achieve this end, we are continually engaged in the modernization of research and development activities. We recognize that research and development activities are the backbone for attaining sustainability in growth. Efforts are underway to reduce process and material losses by continuous improvement in testing and processing methodology to increase plant efficiency and maximize Customer satisfaction.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of the report.

Financial Statements

The auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, audited the financial statements of the Company and have issued an unqualified report to the members.

Related Party Transactions

All related party transactions are entered on arm's length basis in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2017. There are no materially significant related party transactions made by the Company with Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders.

All related party transactions during the Financial Year 2019-20 were placed before the Board Audit Committee and the Board for their review and approval. These transactions were reviewed by the Audit Committee and approved by the Board. All these transactions were in line with the transfer pricing methods and the policy for related parties transactions approved by the Board.

Corporate and Financial Reporting

The Directors confirm the compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance. The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity. The Company has maintained proper books of accounts. Appropriate accounting policies have been consistently applied in preparation of the financial statements. International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in preparation of the financial statements.

There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange. The system of internal control is sound in design and has been effectively implemented and monitored. There is no doubt about the Company's ability to continue as a going concern. A summary of key operating and financial data of the Company is annexed to this report.

Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

The "Statement of Compliance with the Code of Corporate Governance" (CCG) is annexed (page 98).

Pattern of Shareholding

A statement showing the pattern of shareholding as at June 30, 2020, required under Section 227 (2) (f) of the Companies Act, 2017 is annexed to this report.

DIRECTORS' REPORT

Auditors

The auditors, KPMG Taseer Hadi & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

As suggested by the Audit Committee, the Board recommended the appointment of KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Company for the year 2020-21.

Board and Committees Changes

The following changes had taken place since the previous year's Annual Report:

Mr. Yousaf Naseem Khokhar, Non-Executive Director joined the Board in place of Sardar Ahmad Nawaz Sukhera.

As a result of foregoing changes on the Board of Directors of the Company, necessary consequential changes were also made on various Board Committees.

The Board welcomed the new members and appreciated the valuable contribution of the outgoing members while they were on the Board of Directors and its various Committees.

Composition of the Board

The composition of the Board is in compliance with the requirements of Code of Corporate Governance Regulations, 2019 applicable on listed entities which is given below:

Total number of Directors

- | | | |
|-------------|---|---------------------------|
| (a) Male | - | 10 |
| (b) *Female | - | Exempted for current term |

Composition

- | | | |
|-------------------------------|---|---|
| (i) Independent Directors | - | 3 |
| (ii) Executive Directors | - | 1 |
| (iii) Non-Executive Directors | - | 6 |

Name of Directors

Mr. Muhammad Haroon Rasheed	- Chairman
Dr. Mohammad Ashraf Butt	- Director/CEO
Mr. Jamal Nasim	- Director - Independent
Mr. Muhammad Ayub	- Director - Independent
Mr. Yousaf Naseem Khokhar	- Director - Independent
Sheikh Mohammad Aijaz Akhtar	- Director
Dr. Abolghassem Jamshidi	- Director
Mr. Memet Ozyavuz	- Director
Mr. Rauf Ahmad	- Director
Mr. Naveed Ehtesham	- Director

The Board has made Sub-Committees that have significantly contributed to achieving desired objectives. These Committees include:

Board Audit Committee (BAC)

Mr. Jamal Nasim	- Chairman - Independent
Sheikh Mohammad Aijaz Akhtar	- Member
Dr. Abolghassem Jamshidi	- Member
Mr. Yousaf Naseem Khokhar	- Member
Mr. Muhammad Ayub	- Member
Mr. Naveed Ehtesham	- Member

Board Human Resource and Remuneration Committee (BHRC)

Mr. Jamal Nasim	- Chairman - Independent
Mr. Muhammad Haroon Rasheed	- Member
Dr. Mohammad Ashraf Butt	- Member
Sheikh Mohammad Aijaz Akhtar	- Member
Mr. Rauf Ahmad	- Member

Board Investment and Risk Management Committee (BIRC)

Mr. Yousaf Naseem Khokhar	- Chairman - Independent
Dr. Mohammad Ashraf Butt	- Member
Mr. Muhammad Ayub	- Member
Dr. Abolghassem Jamshidi	- Member
Mr. Naveed Ehtesham	- Member

* Subsequently, on July 13, 2020, a female director was nominated to the SPL Board by Sumer Holding A.S. Turkey.

DIRECTORS' REPORT

Board Project/Strategic Committee (BPSC)

Dr. Mohammad Ashraf Butt	- Chairman
Mr. Muhammad Haroon Rasheed	- Member
Mr. Yousaf Naseem Khokhar	- Member
Mr. Muhammad Ayub	- Member
Mr. Naveed Ehtesham	- Member
Mr. Rauf Ahmad	- Member

Board Procurement Committee (BPC)

Mr. Jamal Nasim	- Chairman - Independent
Mr. Muhammad Haroon Rasheed	- Member
Dr. Mohammad Ashraf Butt	- Member
Dr. Abolghassem Jamshidi	- Member
Mr. Rauf Ahmad	- Member

Directors Remuneration

All Directors of the Company are Non-Executive directors except the Chief Executive Officer. The remuneration of the Non-Executive Directors for attending Board and its Committees meetings is determined by the Company in the General Meeting. The remuneration of the Directors is determined on the basis of prevailing industry trends and business practices. The details of remuneration paid to the Chief Executive Officer and Directors are available in note 31 to the financial statements.

Chairman's Review

The Board of Directors endorses the contents of the Chairman's Review annexed (page 31).

Strategic Plan

The Company's strategic plan establishes its direction, sets priorities and ensures that employees and other stakeholders are working towards common goals and adjust the Company's direction in response to a changing environment. Strategic plan is used to communicate the Company's goals and the actions needed to achieve those goals. The strategic plan confirms that the targeted results can be achieved and establishes robust performance indicators which can be used to evaluate departments.

The business agenda is determined by the strategy which is revised and updated continuously, setting out targets for financial return and identifying and prioritizing improvement opportunities to deliver those targets. The Board on an annual basis approves a detailed financial plan

which also incorporates the business strategy. Progress against the plan is reviewed internally by the management on a periodical basis. Strategic management process coordinate and align resources and actions with strategy throughout the Company

Contribution to the National Exchequer

During the year under review, the Company contributed an amount of Rs 1,363 million to the national exchequer on account of direct and indirect taxes and levies as compared to Rs 1,152 million during the corresponding period. In addition, the Company had also made foreign exchange savings of US\$ 29 million (approx.) through import substitution during the year.

Energy Conservation

The Company is concerned about the prevention of the wasteful use of energy to ensure its continuing availability. During the year under review, the Company had taken a number of initiatives to conserve energy. Energy was conserved by transforming Compact Fluorescent Lights (CFL) into Light Emitting Diodes (LED). We have replaced 137KW CFL into 69KW of LED with 68KW of energy saving. The project drastically reduced the lighting load. We also replaced outdated oil-cooled regulator driven motors with the latest inverter drives which are energy efficient.

Top Companies Award

It is indeed a matter of great privilege for us that Pakistan Stock Exchange Limited (PSX) had announced the names of Top 25 Companies including Security Papers Limited for the year 2018. The Company has the distinction of receiving Top Companies Award of PSX for the years 2000 to 2007 and 2009 to 2016.

This honor is attributable to the vision of our Board of Directors, the trust of our stakeholders and the hard work of our employees. SPL secured the 5th Position on the basis of the highest score achieved.

The award is conferred by PSX on the basis of criteria which include Dividend Payout, Profitability, Free-Float of Shares, Turnover of Shares, Corporate Social Responsibility, Transparency, Investors Relation and compliance with Listing Regulations etc.

DIRECTORS' REPORT

Corporate Excellence Award

Security Paper Limited has won the MAP's 35th Corporate Excellence Award conferred by the Management Association of Pakistan (MAP), Karachi. The Corporate Excellence Awards are conferred by the MAP with an objective to recognize the listed companies which excel in corporate and management practices.

The Company holds 24th to 29th Awards (six times running) and 31st to 35th Awards of the MAP. This is the eleventh time the Company has been recognized in this category since the inception of this award in 1982.

The award manifests the Company's commitment to quality, maintenance of the highest professional standards and constantly strive to achieve excellence in all spheres of its activity. This award is considered the most prestigious achievement in the corporate sector. The quality of management practices of the companies in different areas like corporate governance, strategic planning, social responsibility, planning human resources, production management, research and development are appraised by the MAP.

Forward Looking Information

Whereas COVID-19 lockdowns have created lots of socio-economic problems, we expect demand for Banknotes and other Security Paper to continue to grow as long-term outlook for Security Paper products remains positive. The Company has always been proactive in the provision of Banknotes and other Security Paper products and has recently enhanced its pulp making capacity to ensure that it is poised to meet increased demand for Banknotes and other Security Paper going forward. The Company continues to focus on quality production. The Company prepares annual budgets and forecasts to manage business more effectively.

The Company remains strongly focused on innovations, creating a strong performance culture within the organization and capitalize opportunities in a challenging macroeconomic, environment to improve productivity and enhance shareholders' value. Our people remain crucial for the continued growth of the business. New technologies are continuously evolving in the security paper industry and the Company is committed to adopt any new technology that can positively affect the Company's performance.

Status of projects in progress and disclosed in the previous years

A number of new projects were initiated last year considering the strategic goals of the Company. During the year, the projects of Reverse Osmosis plant, replacement of electrical motors and drive in pulp mills have been successfully completed. Whereas, the projects of Waste Water Recycling Plant, new Gas Generator, Refiner with Accessories, Chiller & Cooling Towers will be commissioned during FY-20-21.

Company Performance against Last Year's Projections

The Company's performance remained broadly in line with the targets. The Company uses historical data for making projections/forecasts. The fluctuations in foreign exchange rates and raw material prices resulted in increase in costs, which were mostly passed on or controlled through efficiency improvement, whereas other operating costs remained within budget. With a strong performance exhibited during the year under review, supported by high-performing management and underpinned by a strong financial position, the Company is well positioned to keep adding value to its stakeholders' wealth.

The Board will continue to improve oversight and governance of all aspects of the business and examine forward looking strategy, including changes to the business environment and completion of the Company's projects that are currently underway. We are looking forward to contribute more to the sustainability of our environment.

Acknowledgement

On behalf of the Board, we wish to place on record appreciation for the valuable contribution made by the management, staff and workers in achieving the Company's objectives. We are also thankful to the Board of Directors, Shareholders, Customers and other Stakeholders for their continued support that will bring continued improvement and success to the Company.

On behalf of the Board of Directors.



Dr. Mohammad Ashraf Butt
Chief Executive Officer



Jamal Nasim
Director

Karachi
Dated: July 24, 2020

ڈائریکٹرز رپورٹ

مزید شیئر ہولڈرز،

سیکیورٹی پیپر لمیٹڈ ("SPL") کے ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ مع آؤٹ شدہ گوشوارے پیش کرتے ہوئے نہایت خوشی محسوس کرتے ہیں۔

کاروباری نتائج

30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی کے کاروباری نتائج کا خلاصہ درج ذیل ہے۔

ہزار روپے		
2019	2020	
4,001,591	4,901,284	سلا
1,585,236	1,896,309	مجموعی منافع
1,159,282	1,801,612	نقل و حرکت منافع
		نکس ادائیگی
443,636	523,658	موجودہ سال کے لئے
118	6,842	موجودہ گزشتہ سال کے لئے
443,754	530,500	
(56,506)	(5,137)	مؤخر شدہ
387,248	525,363	
772,034	1,276,249	بعد از نکس منافع

تخصیصات

ذریعہ

کمپنی کے بورڈ آف ڈائریکٹرز نے یکم ستمبر 2020 کو منظور ہونے والے سالانہ اجلاس عام میں گھبران سے منظوری کے لئے مئی سال 2019-20 کے لئے درج ذیل

ذیل تخصیصات کی سفارش کی ہے

9 روپے فی شیئر یعنی 90% (2018-19: مجموعی نکس ذریعہ یعنی 8.25 روپے یعنی 82.5%)

باقی ڈائریکٹرز میں منتقلی

445.92 ملین روپے (2018-19: 280 ملین روپے)

یہ تخصیصات یکم ستمبر 2017 کے ترمیم شدہ چھٹے شیڈول کی تعمیل میں، آئندہ مالیاتی گوشواروں میں پیش کی جائیں گی۔

کاروباری جائزہ

معیشت پر COVID-19 عالمی وبا کے نکلنے والے کاروباری جائزہ سال میں، زبرد جانور سال، ایک اور اچھا سال تھا کیونکہ کئی نئے فروخت کی دہریں 4,901 ملین روپے کی شرح کی سب سے زیادہ آمدنی اور اب تک کاسب سے زیادہ قسٹ از گیس منافع 1,276 ملین روپے درج کرنا۔ سال کے دوران، کئی نئے ہمارے سب سے بڑے خریدار پاکستان سکیورٹی پر منگ کارپوریشن کو 3936 ملین روپے کے بینک نوٹ اور پرائز بانڈز بھی فروخت کیا جو گزشتہ سال اسی عرصے کے مقابلے میں تقریباً 12.68 فیصد اضافہ ہے۔

اس سال تک میں کپاس کی پیداوار کم ہونے اور COVID-19 عالمی وبا کی وجہ سے نقل و حمل کے مسائل کی وجہ سے اس سال بینک نوٹ اور دیگر سکیورٹی بھی مصنوعات کے ایک اہم جزو کا کٹن کیمبر کی دستیابی ایک بڑا چیلنج تھا۔ تمام تر مشکلات کے باوجود ہائی ٹیکنالوجی میں نئے تمام ڈیکلاریٹوں کے ساتھ مل کر کام کیا اور تمام مال کی مستقل دستیابی کو یقینی بنایا۔

سال میں لگائے گئے سرمائے پر کئی کامیابیوں کا منافع 21.97 فیصد تھا جس سے اس کی سرمایہ کاری پر اچھی آمدنی پیدا کرنے کی صلاحیت کا اظہار ہوتا ہے اور یہ دکھاتا ہے کہ شیئر ہولڈرز کے لئے منافع کی پیداوار کے لئے ۵۱ توں اور وسائل کو کتنے موثر اور مستعد طریقے سے استعمال کیا گیا۔ ہم منافع کو بہتر بنانے اور نقد رقم کے انشے مندانہ انتظام کے ذریعے اپنی مالی حیثیت کو مستحکم کرنے کے لئے پروگرام ہیں۔ ہم نے اپنی پینٹس شیٹ کو نمایاں طور پر مضبوط کیا ہے۔ مضبوط پینٹس شیٹ کئی کو طویل مدتی شیئر ہولڈرز کو مالیاتی قدرتی فراہمی کے لئے سرمایہ بخش کرنے میں زیادہ پلگ فراہم کرتی ہے۔

ایس پی ایل اپنے اعلیٰ انجمن اور جدت طرازی کے ذریعے اپنی پروڈکٹ میں بڑھانے اور سکیورٹی بھی مصنوعات کی تیاری میں لیڈر بننے کے لئے پروگرام ہے۔ اس سے ایس پی ایل کو اپنے سرمایہ کو دیگر منافع بخش منصوبوں میں لگانے کا موقع ملے گا، جس سے اس کی خاص مالیاتی قدر میں بہتری آئے گی۔ کئی ایسے کاروباری طبعیات میں داخل ہونے کی خواہاں ہے جو اس کی سکیورٹی بھی زیادہ کرنے کے مسئلہ استحکام سے استفادہ کرتے ہیں اور ٹیکنالوجی میں ترقی کا باعث بنتے ہیں۔ مختلف اقدامات میں شریک کسٹمر جبر کا حصہ بننے کے ذریعے ایس پی ایل کی طرف سے پہلے ہی اس حکمت عملی کا اطلاق شروع ہو چکا ہے۔

کئی کاروباری سرگرمیاں طویل المدتی اہمیت کی ہیں جیسا کہ اس کی مصنوعات سب سے زیادہ قومی اہمیت کی حامل ہیں۔ لہذا، مصنوعات کی حفاظت، پیداواری سہولیات کی اپ گریڈیشن اور انسانی سرمائے کی صلاحیت میں اضافہ بنیادی اہمیت کے حامل ہیں۔ سی سی ٹی وی، ڈائنامکس کنٹرول، پبلک ایڈریس، روڈ بائیک، انڈر ویٹیکل سر پینٹس اور ایئر پینٹس ڈور لائوم پر مشتمل ہمارے سکیورٹی سسٹم کو کئی کی ضروریات کو پورا کرنے کے لئے مارکیٹ میں دستیاب جدید ترین ٹیکنالوجی کے ساتھ اپ گریڈ کیا گیا ہے۔

انتظامیہ کی توجہ پیشہ ورانہ ترقی کے ذریعے کام کی جگہ پر کارکردگی کو بہتر بنانے اور مہارت کے نئے درجے تک پہنچنے پر مرکوز رہی۔ کارکردگی اور پیداواریت میں بہتری کے حصول کے لئے پورے زیر جانور سال کے دوران موجود کام کے بڑے پیداواری عمل، اختیاری اور پیشہ جی پر مبنی پینٹس کا مسلسل جائزہ لینے کا ایک حکم موجود تھا۔ اہتمام میں کی اور قیمت کو موثر بنانے والے پروگراموں کے ذریعے مارکیٹ کو کم کرنے کے لئے پروگرام کو پیش کی گئی۔ سکیورٹی بھی زبانتہا مارکیٹ میں حصہ صارفین کی طرف سے بینک نوٹ اور دیگر سکیورٹی بھی بڑی زیادہ مانگ کی وجہ سے بڑھ رہا ہے۔ کئی جدت طرازی، منصوبہ بندی لاکٹ پر قابو پانے، آپریشنل تجربے، پروڈکٹ میں بڑھانے اور انشے مندانہ مالیاتی انتظام سمیت مختلف اقدامات کے ذریعے مستقبل کے چیلنجوں کا مقابلہ کرنے کے لئے تیار ہے۔

آپریٹنگ کارکردگی

ہم کلیدی مالیاتی اشاروں اور مہارتوں کے اشاروں کا استعمال کرتے ہوئے اپنی کارکردگی کی پیمائش کرتے ہیں کہ وہ ہماری حکمت عملی کے مطابق کارکردگی کو یقینی بنانے اور فراہم کرتے ہیں۔ آپریٹنگ کارکردگی کی پیمائش معیارات یا مقررہ اشاروں کی اثر پذیری، کارکردگی اور ماحولیاتی ذمہ داری، مشا سائیکل، نام، پیداواریت، اہتمام میں کی، اور دیگر کیلچری کمپنیز کے مقابلے کی گئی۔

کئی نے زیر جانور سال میں 1,276 ملین روپے بعد از گیس منافع حاصل کیا جو اس کے مقابلے میں گزشتہ سال کے دوران 772 ملین روپے تھے۔ تمام ماہوں کے بینک نوٹس اور دیگر سکیورٹی بھی پروڈکٹس میں ٹوس کارکردگی کے ساتھ گزشتہ اسی مدت میں 4,002 ملین روپے کے مقابلے میں فروخت سے آمدنی 22.48 فیصد بڑھ کر 4,901 ملین روپے ہو گئی۔ فروخت سے آمدنی میں اضافہ فروخت کے حجم میں اضافے، قیمت فروخت میں اضافے اور مصنوعات کے بہتر مرکب کی بدولت ہوا۔

1,896 ملین روپے کے ساتھ مجموعی منافع گزشتہ سال میں 1,585 ملین روپے کے مقابلے میں زیادہ۔ گزشتہ سال کے مقابلے میں دو اس سال کے دوران مجموعی منافع میں اضافہ بنیادی طور پر فروخت کے زیادہ، حجم اور کاروباری کٹاوتوں کی بدولت ہوا جو فراہم کنندہ کے حالات کی وجہ سے پیداواری لاکٹ میں اضافے کی وجہ سے بڑی طور پر ڈال گیا۔

ہماری دیگر آمدنی گزشتہ سال کے دوران 176 ملین روپے کے مقابلے میں 105 فیصد اضافے کے ساتھ 360 ملین روپے تک بڑھ گئی جو بنیادی طور پر گھٹنے اہم سکیورٹی پر حاصل شدہ منافع کی آمدنی اور اسٹاک مارکیٹ کی کارکردگی میں بہتری تھی۔

کئی نے انویسٹری منجمنٹ میں کامیاب اقدامات اور مہم ویکس و مولوں کے ساتھ سال کے دوران، ایک کچھل منجمنٹ کو بہتر بنانے میں اچھی پیش رفت کی ہے۔ ہم موثر انویسٹری پلاننگ اور کریڈٹ کنٹرول کے ذریعے اپنے کیش کے بہتر نظم و نسق پر توجہ مرکوز کر رہے ہیں۔

پیداوار

کئی نے گزشتہ سال اسی عرصے کے دوران 3,719 ٹن کے مقابلے میں اب تک بینک نوٹ اور دیگر سکیورٹی بھی زبانتہا مارکیٹ کی 4,377 ٹن کی سب سے زیادہ پیداوار حاصل کی ہے۔ انتظامیہ نے پیداوار اور آپریشنل کارکردگی کو بہتر بنانے اور لاکٹ پر قابو پانے کے زیادہ موثر اقدامات کے ذریعے خریداروں کی طلب پوری کرنے پر زیادہ اہتمام کیا ہے۔ پیداواری حجم نے پیداواریت میں اضافے کے لئے اضافی طریقے ہائے کار شامل "شارٹ فارمر" کی بنیادی کامیابیاں ہے تاکہ پیداواری صلاحیت، کارکردگی اور لاکٹ کے معیار کو بڑھایا جاسکے۔

وسائل کے موثر استعمال اور پیداوار کے نقصانات کو کم سے کم کر کے پیداواری لاکٹ کو مناسب سطح پر رکھا گیا۔ روپے کی قدر میں کمی کی وجہ سے درآمد شدہ تمام مال کی قیمتوں میں تیزی سے اضافہ ہوا۔ اس کے باوجود، وسائل کے موثر استعمال اور پیداواری نقصانات میں کمی کے احراز سے کاروبار کو نفع بخش بنانے میں مدد ملی۔ کوئی بڑی آپریشنل دشواری پیش نہیں آئی اور تربیت یافتہ اور تجربہ کار انجینئروں اور ٹیکنیکی ماہرین کے ذریعے تکنیکی مسائل کو اچھی طرح سے سمجھایا گیا۔ اختیاری دیکھ بھال کا ایک حکم موجود ہے اور پیداوار کے تمام عملوں پر موثر نگرانی کی گئی، اصلاحی اقدامات اٹھانے کے اور اختیاری تدابیر کی منصوبہ بندی اور ان پر عمل درآمد کیا گیا۔

سپلائی چین

سپلائی چین کی توجہ اہم نام مال کی پرکشش قیمتوں پر سپلائی کے نئے ذرائع کی تلاش پر مرکوز رہی۔ مسابقتی قیمت پر اہم نام مال کا انتظام اس سال بہت مشکل تھا خاص طور پر COVID-19 عالمی وبا کی وجہ سے۔ تاہم، ہماری سپلائی چین ہمیں کئی سخت محنت اور عزم کے ساتھ ہم سب اسٹاک کی دستیابی کے ساتھ تمام مال کا موثر طریقے سے انتظام کر سکے۔ بینک نوٹس اور دیگر سکیورٹی بھی مصنوعات کے لئے تمام خریداروں کی ضروریات کو پورا کرنے اور اس سے منسلک شہوں کی مدد سے پورا کیا گیا، تمام تر سبیل ہمارے خریداروں کی ضروریات کے مطابق بروقت کی گئی اور ہمارے خریداروں کے تمام مسائل کو بروقت حل کیا گیا۔

COVID-19 عالمی وبا کے بعد، درآمد شدہ تمام مال کے ذرائع بھی بری طرح متاثر ہوئے تھے۔ تاہم، ہماری سپلائی چین ہمیں کئی حتمہ و کاوشوں کے ذریعے تمام درآمد شدہ تمام مال کی دستیابی کو یقینی بنایا گیا تھا۔ زیر جانور سال کے دوران، کئی نے منصوبہ بندی بھی شروع کیے گئے۔ سپلائی چین نے مسابقتی قیمتوں پر قابو لاکٹ اور تمام ماہوں کا بندوبست کر کے اور ان منصوبوں سے وابستہ آگات اور مشینری کی بروقت درآمد کو یقینی بنانے ہوئے ان منصوبوں کی بروقت تکمیل میں اپنا کردار ادا کیا۔

زیر جائزہ سال کے دوران ہمارے بینک نوٹ بیچنے کے بنیادی کاروبار نے بہت عمدہ کارکردگی کا مظاہرہ کیا۔ تمام بینکوں کے بینک نوٹ بیچنے والوں کی مانگ کے مطابق فروخت کیے گئے۔ کمپنی نے دیگر سیکورٹیز بھی مصنوعات سے بھی اچھا کاروبار کیا۔ مجموعی طور پر، کمپنی نے پچھلے سال کے مقابلے میں سبز میں 900 ملین روپے کا اضافہ درج کرایا۔ کمپنی نے گزشتہ سال اسی عرصے میں 3,726 ٹن کے مقابلے میں 4,335 ٹن کی فروخت کا حجم حاصل کیا جس میں بینک نوٹ، پرائز بانڈ، پاسپورٹ، نان جوڈیشیل، بورڈز اور ڈگریاں بھی شامل تھیں۔

زیر جائزہ سال کے دوران بینک نوٹس اور پرائز بانڈ بھی کی فروخت میں 12.68 فیصد اضافہ ہوا ہے۔ یہ ترقی بنیادی طور پر فروخت کے حجم میں اضافے کے ساتھ ساتھ قیمت فروخت میں اضافے سے حاصل کی گئی ہے۔ روپے کی قدر میں کمی کی وجہ سے درآمد شدہ تمام مال یعنی سیکورٹیز، قریب اور کیمیکلز کے بڑھتے ہوئے اخراجات کی وجہ سے منافع جات دباؤ کا شکار ہے۔ اگست میں کمی اور قیمت پر قابو پانے کے اقدامات کا ایک استخراج کاروبار کے منافع بخش انتظام میں مددگار ثابت ہوا۔

دیگر سیکورٹیز بھی مصنوعات میں بنیادی طور پر نان جوڈیشیل بھی، پرائز بانڈ بھی، پاسپورٹ بھی، مایکرو کیشل ڈگری اور ٹولٹیٹ بھی شامل ہیں۔ ہمارے صارفین کی زیادہ مانگ کی وجہ سے ان مصنوعات کی فروخت میں 90 فیصد کا اضافہ ہوا ہے۔ تمام مال کی قیمت میں اضافے اور کرنسی کی قدر میں کمی کی وجہ سے منافع جات دباؤ کا شکار رہے۔ تاہم، لاکھوں کی اثر پذیری والے پروگراموں اور پیداواری کارکردگی نے براہ راست لاکھوں کے اثرات کو جزوی طور پر ختم کر دیا۔

پائیدار ترقیاتی اہداف

ہمارے عزم مسلسل کے ایک حصے کے طور پر، ہم نے پائیدار ترقیاتی اہداف (ایس ڈی ای) سے اپنی ہم آہنگی کا تجربہ کیا ہے۔ ہم روزمرہ کے کاروبار میں پائیداری کو فروغ دینے کی اہمیت کو تسلیم کرتے ہیں، متعدد ذیلی ایس ڈی ای سے ہماری ہم آہنگی کی عکاسی کرتے ہیں۔

سال کے دوران، ہم نے صحت کے شعبوں پر توجہ مرکوز رکھی اور اپنے ملازمین کے لئے صحت سے متعلق شعور اور کام کی جگہ پر تھلا پر نشتر (SDG-3) کا اہتمام کیا۔ کمپنی نے اپنے عملے اور کارکنوں کو بچوں کی تعلیم کے لئے اسکالرشپ کی مدد فراہم کی (SDG-4)۔ کمپنی کی ڈی ای کے لیے غیر فیصلہ کنی خواتین کو ملازمت کے قابل بنانے اور ان کی وابستگی برقرار رکھنے میں سہولت کا سلسلہ برقرار رکھے ہوئے ہے (SDG-5)۔ ہم تمام ماحولیاتی اہداف کی رفتار کو برقرار رکھنے اور عمدہ کام اور معاشی سوز فراہم کرنے کا عزم رکھتے ہیں اور ایس ڈی ای پر عمل استقامت کو بہتر بنانے، پیداواری صلاحیت میں اضافے اور توانائی میں کثرت بہتر بنانے کا ارادہ رکھتے ہیں (SDG-9)۔ کمپنی نے اپنی انرجی میں مجموعی طور پر بہتری حاصل کی، اور ہم بطور ایک ذمہ دار پروڈیوسر اور صارف کام کرنے کے لئے مزید منصوبے رکھتے ہیں۔

کاروباری نظم و نسق (کارپوریٹ گورننس)

ہم سمجھتے ہیں کہ کاروباری طویل مدتی کامیابی اور استحکام کے لئے کارپوریٹ گورننس کے اخلاقی معیارات کا قیام اور انہیں برقرار رکھنا انتہائی ضروری ہے۔ ہمارا تنظیم کرتا ہے کہ اچھی گورننس قوانین و ضوابط کی صرف اصول وضوابط کی تعمیل سے نہیں بڑھ کے ہے، اس کا تعلق ٹرانسپیرنٹ، ملحد عمل اور ہمارے کاروبار کرنے کے طریقے سے، انہذا ہر ذی ذمہ داری بنانے کے لئے عزم ہے کہ کمپنی کی اقدام اور اخلاقی معیارات، اوپر سے ملے کیے جائیں اور انہیں پوری کمپنی میں رائج کر دیا جائے۔ ہم دیانت اور اخلاقی ترین اور سب سے زیادہ کارپوریٹ گورننس کے لئے عزم ہیں اور ہمارا ہر ڈیپارٹمنٹ ہولڈرز اور ہمارے تمام اسٹیک ہولڈرز کو سچ اور سچی معلومات فراہم کرنے کے لئے تشکیل دیا گیا ہے۔ دیانت اور انصاف ہر اس کام میں مرکزی حیثیت رکھتے ہیں جو ہم کرتے ہیں اور یقین رکھتے ہیں کہ یہ ہماری منہ بول گورننس کے فریم ورک کے ساتھ مل کر ہر ذمہ دار کمپنی کی سچ صحت میں رہنمائی کرنے کا موقع فراہم کرتا ہے جیسا کہ ہم اچھی گورننس کے اصولوں اور اطوار پر کاربند رہتے ہوئے اپنی حکمت عملی کی پیروی کرتے ہیں۔

کارپوریٹ بریکنگ سیشن (سی بی ایس)

کمپنی نے زیر جائزہ سال کے دوران 17 ستمبر 2019 اور 25 فروری 2020 کو سی بی ایس کا انعقاد کیا۔ ان بریکنگ کے ذریعے کمپنی سے سرمایہ کاروں سے رابطے کا جس پر دو مقصد سرمایہ کاروں (سوجرو اور ٹکنو ڈیو) کو کمپنی کے کاروباری امور کا صحیح نقطہ نظر پیش کرنا تھا، جس نے سرمایہ کاری کے فیصلے کرنے میں ان کی مدد کی۔ تمام شعبہ ہائے زندگی کے سرمایہ کاروں نے اس پروگرام میں شرکت کی اور کمپنی کے امور میں بڑی دلچسپی ظاہر کی۔ ہر ذمہ داری کی سمت اور انتظامی کارکردگی اور طویل مدتی کامیابی کے لئے شیئر ہولڈرز کو بنیاد ہے۔ کمپنی مونا ناصف سال کے نتائج اور سالانہ نتائج کے بعد ان کے ساتھ کھلی اور شفاف بات چیت برقرار رکھنے کے لئے کمپنی سی بی ایس کا انعقاد کرتی ہے۔ اس کے علاوہ ہر سرمایہ کاروں سے منظم تعلقات استوار کرنے کی اہمیت کی بھی قدر کرتا ہے۔ کمپنی یقین رکھتی ہے کہ شیئر ہولڈرز کے ساتھ تعلقات ہمارے مقاصد کے حصول میں ہماری معاونت کے لئے بہت اہم ہیں۔

پلائٹ اپ گریڈ

کمپنی جدید ٹیکنالوجی حاصل کرنے میں گہری دلچسپی رکھتی ہے اور اپنی پیداواری سہولیات کو جدید بنانے کے لئے پلائٹ اپ گریڈ کے ایک نئے عزم پروگرام کو آگے بڑھاتے ہوئے وسائل میں سرمایہ کاری جاری رکھے ہوئے ہے۔ پیداواری صلاحیت، پیداوار اور معیاریت میں اضافے کے سلسلے میں آپریشنل اہلیت اپنی تمام سرگرمیوں کے پیچھے انجینئرنگ کا بنیادی مقصد ہے۔ زیر جائزہ سال کے دوران، متعدد ذیلی منصوبے شروع کیے گئے جو آگے بڑھ رہے ہیں:

گندے پانی کی ری سائیکلنگ کا پلانٹ:

پلانٹ میں دوبارہ استعمال کے لئے گندے پانی کو ری سائیکل کرنے کے لئے، انڈیا ری سائیکلنگ پلانٹ کا پروجیکٹ جلد کام کا آغاز کرنے والا ہے۔ اس سے ایس ڈی ای میں آبی وسائل کی صلاحیت میں اضافہ ہوگا اور پانی کے پیچھے ہونے کے ذریعہ پانی کی خریداری پر اس کا انحصار کم ہوگا۔ اس منصوبے سے پانی کی بچت اور ماحولیاتی معیارات کی تعمیل میں بہتری آئے گی۔

بیٹری ڈراما ریسیکلنگ ڈراما کی اپ گریڈیشن

گودا بنانے والے ونڈے بریک اور بیٹری ڈراما ریسیکلنگ ڈراما سسٹم کا کامیابی کے ساتھ جدید ترین، توانائی کے اعتبار سے پاکیزہ اور قابل اعتماد اور ڈراما ریسیکلنگ ڈراما کی اپ گریڈیشن میں شامل ہے۔

گیس جنریٹر

ایس ڈی ای نے 1.4 میگا واٹ گھاس کے ایک گیس جنریٹر کو شمال کر کے اپنی بجلی پیدا کرنے کی صلاحیت میں اضافہ کرنے کا منصوبہ بنایا ہے۔ گیس جنریٹر سے ضائع شدہ حرارت کو بھی ایس ڈی ای میں دیکھنے والے کے ذریعے بچاؤ کیا جائے گا۔ تھیمب کی سرگرمیاں جاری ہیں جو 2020 کے آخر تک مکمل ہونا چاہئیں گی۔

لوازمات کے ساتھ ریٹائرمنٹ

گودا بنانے کی گھاس بڑھانے کے لئے موجودہ کے ساتھ ہی ریٹائرمنٹ سہولتیں بھی شامل کی جائیں گی، تاکہ معیار اور حفاظت کے معیار بنانوں پر سمجھوتہ کیے بغیر کاغذ بنانے والے پلانٹ کو گودا کی ہموار فراہمی برقرار رکھی جاسکے۔ نئی ریٹائرمنٹ ایجنٹس سال میں کام شروع کر دے گی۔

انٹیکریڈینٹ سسٹم

انٹیکریڈینٹ سسٹم ایک واحد نظام ہے جو تنظیم کے کاروبار کے متعدد پہلوؤں کو متعدد معیارات کے مطابق ترتیب دینے کے لیے ڈیزائن کیا گیا ہے۔ کاروبار میں پائیدار اضافے کے لیے، کمپنی نے آکسیجنل ہیلتھ اینڈ سیفٹی منجمنٹ سسٹم (ISO 45001:2018)، انوائزمنٹ منجمنٹ سسٹم (ISO 14001:2015) اور کوالٹی منجمنٹ سسٹم (ISO 9001:2015) سرٹیفیکیشن پر مشتمل مکمل خیال بین الاقوامی سطح پر تسلیم شدہ انٹیکریڈینٹ منجمنٹ سسٹم (آئی ایم ایس) قائم کیا ہے۔

انٹیکریڈینٹ منجمنٹ سسٹم (IMS) کو مکمل طور پر دستاویزی شکل میں برقرار رکھا اور نافذ کیا گیا ہے۔ کمپنی ایسے داخلی اور خارجی امور کا تعین کرنے کے لیے عملی سیاق و سباق پر عمل کرنے کے لیے یز لازم ہے جو اس کے متعدد اداروں کی ذمہ داری سے وابستہ ہیں اور جو اس کے مطلوبہ نتیجہ (نتیجہ) حاصل کرنے کی صلاحیت کو جانچ کرتی ہیں۔

a۔ آکسیجنل ہیلتھ اینڈ سیفٹی منجمنٹ سسٹم

ISO 45001:2018 منجمنٹ سسٹم کی طرف متعلق:

OHSAS 18001-ISO 45001:2018 کا متبادل ہے اور یہ آکسیجنل ہیلتھ اینڈ سیفٹی منجمنٹ سسٹم (OHSMS) کے لیے بین الاقوامی آئی ایس او معیار ہے۔

پانچ تعاون اور ہم آہنگی کی کوششوں کے ذریعہ موجودہ عمل و ردک کے نتیجے میں، تمام کاموں اور منصوبوں کو درگھی کے ساتھ سرانجام دیا گیا۔ ایکسٹرنل آڈٹ سے قبل سخت انٹرنل آڈٹ نے بھی اس بات کو یقینی بنایا گیا کہ ایس سی ایس پاکستان (پرائیویٹ) لمیٹڈ کے ذریعہ کئے گئے ایکسٹرنل آڈٹ سے قبل ہر ویسٹ اور سسٹنٹیفیکی معنوں میں موجود ہیں۔

ISO 45001:2018 منجمنٹ سسٹم سے مطلوب نتائج

نیا قائم شدہ منجمنٹ سسٹم میں کام کے غیر محفوظ اور غیر صحت مند طریقوں اور حالات کو کم اور ختم کرنے کے لیے انتظامی مزام، کارکنوں کی شمولیت اور مشاورت پر زیادہ زور دیا گیا ہے۔

اصلی معیار کے ذاتی حفاظتی آلات

ملازمت کی تمام صحیح طور پر ساختی نشہ سازی کے ذریعے تمام شعبوں کو اصلی معیار کا ذاتی حفاظتی سامان - PPEs فراہم کیا گیا ہے تاکہ ان کے مناسب استعمال کو یقینی بنایا جاسکے۔

کام کی جگہ پر حفاظت سے متعلق آگاہی کا بھی ہمارے ملازم کی حفاظت اور صحت کے معیار کو بڑھانے میں یکساں طور پر ایک اہم حصہ ہے۔ اس خاطر میں، ٹول بکس، ٹاکس، پرسنل پروٹیکشن آلات (PPEs)، عادات سے متعلق تھنڈ پر پینٹنگ اور کام کے دوران خطرے سے متعلق تجربے، کام کرنے کی اہلیت اور 5 ایس سیشنز وغیرہ کے ذریعہ کام کی جگہ کی حفاظت کی عادات پیدا کرنے کے لیے متعدد اقدامات اٹھائے گئے تھے۔

سال 2019-20 کے لیے HSE اور پائیداری کی تربیت کو بھی ترجیحی کیلنڈر میں شامل کیا گیا ہے۔ HSE اور پائیداری سے متعلق ترجیحی کورسوں میں 2500 مجموعی افرادی کمپنوں (تقریباً 52 فیصد) میں سے 1300 افرادی کمپنوں کی تربیت کیے گئے تھے جن میں 500 سے زائد ملازمین نے شرکت کی۔

b۔ انوائزمنٹ منجمنٹ سسٹم (ISO 14001:2015)

ماحولیاتی منجمنٹ سسٹم (ISO 14001:2015) کا کامیاب سرٹیفیکیشن آڈٹ

ایس سی ایس پاکستان (پرائیویٹ) لمیٹڈ کی طرف سے فروری 2020 میں انوائزمنٹ منجمنٹ سسٹم پر کیا گیا ISO 14001:2015 سرٹیفیکیشن کا کامیاب آڈٹ، پانچ آپریشنز، کارکنوں اور ایس سی ایس پاکستان کے لیے مقررہ اصول کو یقینی بناتا ہے۔ آڈٹ کی برقرار ہونے کے لیے ٹیکسٹری میں اداروں کے پاس مندرجہ ذیل برقرار رکھا جاتا ہے۔

انفراسٹرکچر اور ماحولیات کے تحفظ کے لیے وسائل کے بہترین استعمال پر سرمایہ کاری

ہم نے ماحولیاتی پروگراموں کو جامع، منظم، منصوبہ بندی سے اور دستاویزی انداز میں نافذ کیا ہے۔ اور قدرتی وسائل (پانی، بجلی، پانی، گیس، ایئر مین وغیرہ) کے ضیاع میں کمی اور موثر استعمال کے بارے میں بھی خیال رکھتا ہے، اور ماحولیات کی حفاظت کے لیے بہترین عالمی طریقوں پر عمل کرنے کا خواہش ہے۔ ایک سال کے دوران، کاروباری پروگرام کی ری ایلیمنٹنگ کی کوششوں کے نتیجے میں ہر ویسٹ کے نشانات میں کمی اور ہماری مصنوعات کے معیار میں بہتری واقع ہوئی۔

کمپنی نے آبی وسائل کے موثر استعمال کی وجہ سے آلودہ پانی میں کمی کے لیے اپنے آبی وسائل کے انفراسٹرکچر کی ترقی پر سرمایہ کاری کی ہے۔ جدید ترین ڈیسٹ انوائزمنٹ پلانٹ (ڈی ڈی ڈی پی ٹی) لارہ ٹیکسٹ ہے جو ہمارے تمام آلودہ پانی کا ایک تہائی حصے تک ری سائیکلنگ کرنے کی اہلیت رکھتا ہے جس سے ہمارے استحکام کو مزید بہتر بنا دیا جائے گا۔

c۔ کوالٹی منجمنٹ سسٹم (آئی ایس او 9001:2015)

بین الاقوامی کوالٹی منجمنٹ سسٹم (ISO 9001:2015) پر مبنی دستاویزی کوالٹی منجمنٹ سسٹم (QMS) پر پیش رفت۔ ہم بیک ٹرنس اور دیگر کیریوریٹی بھی مصنوعات کی تیاری میں کوالٹی کے اعلیٰ ترین معیارات کو برقرار رکھتے ہیں۔

آئی ایس او سرٹیفیکیشن کو برقرار رکھنا اپنے صارفین کو فراہم کی جانے والی معیاری خدمات کے ساتھ ساتھ کوالٹی منجمنٹ سسٹم کے سطح میں بہترین بین الاقوامی طریقوں اور طریقہ کار کو اپنانے میں حاصل کردہ پائیدار کامیابی کا ثبوت ہے۔

تمام اہم صارفین سے باقاعدگی سے کسٹمر فیڈ بیک حاصل کی جاتی ہے اور اس کے مطابق اصلاحی اور اصلاحی اقدامات کیے جاتے ہیں۔ صارفین کی شکایات کو توجیہ و مدداری کے طور پر لیا جاتا ہے اور اسٹیٹنگ آپریشنز کے ذریعے کارروائی کی جاتی ہے۔

مستقل بہتری کے اقدامات:

Kaizen Initiative، ہر کام کو ہر سطح پر ملازمین کی منفرد، اختراعی، اور غیر معمولی خیالات کے اعتراف کی حوصلہ افزائی کے ذریعے کمپنی کے مختلف شعبوں کے افراد پر مشتمل ٹیم کی تشکیل کے ذریعے ایک مثبت اور سازگار اور ہم آہنگی سے سب پر ماحول کو فروغ دینے کے لیے تعارف کرایا گیا تھا۔ انکوائریوں کو تسلیم کرتی ہے اور اس طرح کے انسانی اصلاحی آئیڈیاز کو فروغ دلاتے اقدامات سے جوڑ کر ان کوششوں پر انعامات سے نوازتی ہے۔

تنظیم میں Kaizen کے کل 18 منصوبوں کو کامیابی کے ساتھ نافذ کیا گیا اور پچھلے 20 ذریعہ ٹیکسٹل منصوبے آئندہ مالی سال میں مکمل ہونے کی امید ہے۔

5 ایس سسٹم - کام کی جگہ پر آڈٹ کے نفاذ کے لیے کم اخلاف اور زیادہ فائدے والا طریقہ بھی تعارف کرایا گیا ہے۔ 5 ایس کے پانچ مراحل میں چھاننا ترتیب دینا، چمکانا، معیارات کا تعین، اور برقرار رکھنا شامل ہیں۔ 5 ایس کے نفاذ سے وابستہ کلیدی قواعد میں زیادہ وسیع اور ایسٹیبلٹی، بہتر حفاظت، فضلہ میں کمی، اور افرادی قوت کی گمن شامل ہے۔

ہماری افرادی قوت میں اس ٹول کے بارے میں آگاہی پیدا کرنے کے لیے ایک جامع چیک لسٹ تیار کی گئی ہے اور ان ٹولز رنگ سیشنز کا بھی اجتماع کیا گیا ہے۔ ہم موجودہ مالی سال میں اپنے کارخانے میں اپنی ٹیکسٹری کے ہر سے اٹھانے میں 2S (سیٹنگ) نیز نافذ کرنے میں کامیاب رہے ہیں اور اب توقع کرتے ہیں کہ 5S کو اس کی حتمی درجہ کے مطابق نافذ کیا جائے گا۔

کاروباری تسلسل کے منصوبوں (بی سی پی) کے ضابطہ عمل (مینول) کی تیاری

کاروباری تسلسل کی منصوبہ بندی کسی کھیتی کو لاحق ناکام خطرات سے نمٹنے کے لیے اور اسد اور بھائی کے تمام تیار کرنے کا عمل ہے۔ بہترین طریقوں کو استعمال کرتے ہوئے بورڈ کے ذریعہ منظوری کے دوران بی سی پی کھیتی کی طرف سے اظہاری کے بہترین رائج طریقوں کا استعمال کرتے ہوئے مددگی سے تشکیل شدہ بی سی پی ضابطہ عمل تیار کیا گیا اور بورڈ کی طرف سے اس کی منظوری دی گئی۔ بورڈ نے ایک جامع دستاویز مرتب کرنے میں انتظامیہ کی کاوشوں کی بھی تعریف کی جو تنظیم کو اس قابل بناتی ہے کہ کسی حادثے سے بھائی کے منصوبے پر عمل درآمد سے پہلے اور اس کے دوران جاری کارروائیوں کو چھٹی دیا جاسکے۔

بی سی پی کے ضابطہ عمل میں بنیادی طور پر مقاصد، دائرہ کار، بی سی پی ایکٹیویشن انتہائی، بحران کے دوران پالیسی فیصلوں پر بات چیت کرنا، مصلحت اہکاروں سے رابطہ کی تفصیلات، ضابطہ عمل کے مواد کے رازداری کو برقرار رکھنے کے لئے رہنمائی، دستاویز کا اطلاق، بی سی پی ضابطہ عمل پر نظر ثانی اور ترمیم کے لیے رہنمائی، بی سی پی ضابطہ عمل کی تکلیف اور تعمیل کی پیمائش شامل ہے۔

کوڈ-19 عالمی وبا: ہمارے کاروباری تسلسل کے منصوبے کی تیاری کے لئے ٹیسٹ کیس

کوڈ-19 کے پھیلنے سے پہلے دنیا متاثر ہوئی ہے۔ تاہم کاروبار میں سیکورس سے زیادہ متاثر ہوں۔ لاک ڈاؤن کی وجہ سے، بیلگ ڈیپارٹمنٹ اور لوگوں کی نقل و حرکت کی اجازت نہیں تھی۔ جس نے چائنہ کی عملی سرگرمیوں کو جاری رکھنے کے لئے انتظامیہ کے لئے ایک بہت بڑا چیلنج پیش کیا۔ کھیتی کی طرف سے تیار کردہ کاروباری تسلسل کا منصوبہ چائنہ کی عملی سرگرمیوں کا انتظام کرنے کے لئے نافذ کیا گیا تھا۔

حکومت سندھ کے وکٹوفا تھا کاروباری کرورٹس اور بی سی پی کی تعمیل میں چیکری کی مدد میں کوڈ-19 عالمی وبا کی روک تھام کے لیے مندرجہ ذیل موثر اقدامات کیے گئے ہیں:

- ہمارے ملازمین اور آؤٹ سورسنگ ورکر افراد کی قوت کے لیے ہمارے میڈیکل کنسلٹنٹ کے ذریعہ کوڈ-19 آگاہی نشستوں کا سلسلہ جس میں خصوصی احتیاطی تدابیر اختیار کرنے اور متوازن غذا اور صحت مند طرز زندگی کو برقرار رکھنے پر خصوصی توجہ دی گئی ہے۔
- روزانہ چیکری کے اعلاطے میں داخل ہونے اور تمام عملوں کے لیے ڈیوٹی کے آغاز سے پہلے شخص میڈیکل اسکیج رٹنی اسٹاف (جو خود بھی کوڈ-19 میڈیکل کنسلٹنٹ سے لیس تھے) اور قرین کون کے ذریعے تمام ملازمین کے انفرادی درجہ حرارت کا جائزہ۔
- پینڈ وائس، سینچا، سرگڑ اور پی پی ای کی دستیابی اور کھینچیں، مسجد اور ایس پی ایل رہائشی اٹاک سمیت چیکری کے اعلاطے میں جرائم عمل اسپرے کا استعمال۔ کوڈ-19 عالمی وبا کے دوران اخراجات مختص کرنے کے لئے ایک علیحدہ اکاؤنٹ سٹرنٹ بنا دیا گیا تھا۔
- خصوصی مقدمہ کے لیے تیار کردہ جرائم پیشہ ڈاک ٹرو ڈسٹریکشن اور جرائم پیشہ اسپرے کرنے والے مسٹ پیڈل ٹیمز کی تعینات۔
- ٹھکر بیجمن ریورس کی جانب سے مصلحت ٹھکر ہائی سربراہوں کے ساتھ اہم کرداروں میں صرف انتہائی ضروری ملازمین کی تعداد ہی کی گئی تھی اور اسی کے مطابق ڈیوٹی رومز تیار کیے گئے تھے۔ ڈیپارٹمنٹ کے سربراہوں، دیگر عملی کارکنوں میں جتنا ملازمین اور 50 سال سے زیادہ عمر والوں کو خاص طور پر زیر نگرانہ لایا گیا تھا اور ان کی موصولہ فراہمی کی گئی تھی کہ جہاں بھی ممکن ہو کر سے اور ضروری خدمات کی صورت میں ڈیوٹی کے کم اوقات کے ساتھ کام کریں۔
- سرکاری نوٹیفیکیشن کی تعمیل میں کینیڈین اور مسجد میں چکرا اور اوقات اور ملازمین اپنے والوں کی مشقوں اگر وہیں کی تعداد میں اضافہ کے ذریعے سماجی دوری کا اہتمام کیا گیا۔
- کینیڈین میں کھانے کے اوقات کے دوران ملازمین کو قوت، مدافعت میں اضافہ کرنے والے پھلوں اور مشروبات کی فراہمی
- کاروباری سرگرمیوں میں تسلسل کو چھٹی بنانے کے لئے سپلائی چین کی طرف سے ضروری پیداوار اور ایشیا کی موثر منصوبہ بندی اور خریداری کا وائس مندرجہ انتظام۔
- ایسے ملازمین اور آؤٹ سورسنگ ورکر فورس کے اہل خانہ کی سہولت کے لیے، جن کی بطور کوڈ-19 پانڈیم میں چھٹی بنائی تھی، صحت کی دیکھ بھال کی ضروری ایشیا ٹھکانہ (500 فی لیٹر بوتل)، پیڈ سینچا، سرگڑ، ماسک، سپورٹس ٹیمز اور بیٹوں وغیرہ کے حامل بیچکری کی ترمیم۔
- سی ایس آر کھیتی کی طرف ڈی جی ایچ ایس، اوپنیا کیس کو لازمی PPEs مثلاً لازمی ڈیپازیشن گارن، ڈیپوزیشن ماسک، این 95 ماسک اور کھانا ڈیپوزیشن ماسک شامل ہے۔

پروڈکٹ میں تنوع

ایس پی ایل کاروبار ہے کہ تکیج رٹی بھر سے وابستہ دیگر مصنوعات میں تنوع پیدا کیا جائے، اس سلسلے میں، یہ کھیتی کھیتیوں کے ساتھ جو اہمیت ڈیپارٹمنٹ کے مواقع کے علاوہ، تکنیکی ٹرانسفر کے انتظامات کے لئے بھی بیرون ملک کھیتیوں سے بات چیت میں ہے۔ ہم نے موجودہ مصنوعات کی اضافی صلاحیت کے ذریعہ کاروباری مواقع کو بڑھانے کے عمل کو تیز کرنے کے لئے بھی اپنی کوششیں جاری رکھی ہیں۔ موجودہ کاروبار سے وابستہ مصنوعات کو بڑھانے کے لئے مصنوعات کے معیار کو بہتر بنا کر بھی مصنوعات میں تنوع لایا جاتا ہے۔ ہم نے منافع میں اضافے اور اعلیٰ فروخت کا حجم حاصل کرنے کے لیے کھیتی مصنوعات یعنی پیگ بیج، پاپیورٹ بیج اور چائلڈ ریجنریشن مرٹیکلیٹ بیج کو اپنی پروڈکٹ لائن میں شامل کیا ہے۔

خصوصی افرادی ملازمت

خصوصی افرادی کاروبار کو مزید کام مواقع فراہم کرنے اور معاشرے کے مفید رکن کی حیثیت سے قابل احترام زندگی گزارنے کا موقع فراہم کرنے کے لیے، کھیتی اپنے پاس ایسے افرادی ملازمت دینے کی پالیسی رکھتی ہے۔ ایس پی ایل انہیں اپنی معذوری سے مدد و ہمدردی کے لیے سازگار ماحول فراہم کرتا ہے۔ ہم یقین رکھتے ہیں یہ افرادی مناسب مہارتوں کے ساتھ اپنے فرائض منصبی پر اعلیٰ کارکردگی کا مظاہرہ کر کے ادارے میں اہم کردار ادا کر سکتے ہیں۔

اخلاقی طرز عمل کا بیان

اخلاقی معیارات کے ساتھ ہمارا پیمانہ مزم کھیتی کے اخلاقیات اور کاروباری طریقوں کے ضابطہ اخلاق میں واضح کیا گیا ہے۔ اس کی حمایت بنیادی پالیسیوں کے ذریعے کی جاتی ہے جن کا ہر کارکن سے جاننا ضروری ہے اور ان کا مضبوطی سے اطلاق کیا جاتا ہے۔ تمام ملازمین کو اپنی فنی مانی سرگرمیوں اور کھیتی کے کاروبار کو چلانے کے مابین ملازمت کے تصادم سے بچنا چاہیے۔ سیکورٹی بھی زائید کی جانب سے تمام کاروباری شیڈولنگ کو کھیتی کے کھاتوں میں اسی کے مطابق ظاہر کیا جانا چاہیے۔ جہاں ضروری ہو، مذہبی طریقہ کار کے ذریعے عدم تعمیل سے نمٹا جاتا ہے۔ Whistle Blowing (ممنوع سرگرمی کی اطلاع دینا) پالیسی اور اس سے وابستہ طریقہ کار کی پالیسی فریم ورک کے لازمی پہلو ہیں۔

ہمارے پاس تمام لین دین کا جائزہ لینے کے لئے ایک کنٹرول شدہ طریقہ کار موجود ہے، ہر ملازم ذمہ دار ہو گا کہ اس کی ذمہ داری کے علاوہ میں قوانین کی کوئی ایسی خلاف ورزی نہ ہو جسے مناسب نگرانی سے روکا جاسکتا تھا۔

انٹرنل آڈٹ

انٹرنل آڈٹ فنکشن خطرے کی تشخیص کرتا ہے اور انٹرنل کنٹرول میں بہتری کی سفارش کرتا ہے۔ انٹرنل آڈٹ فنکشن کھیتی کے اندر ایک آزاد شخص سرگرمی ہے جس میں اکاؤنٹنگ، مالی اور آپریشنل مضمرات پر زور دینے کے ساتھ آپریشنل مستقل جائزہ لینے میں مصروف ہے۔ یہ ایک انتظامی کنٹرول کی حیثیت سے کام کرتا ہے اور تمام عملوں میں ریڈینٹ ویویو ایک کنسلٹنٹ کے طور پر کام کرتا ہے۔ انٹرنل آڈٹ کے یہ طریقہ کار آزادی، مقصدیت اور قدر میں اضافے کے اصولوں سے رہنمائی حاصل کرتے ہیں۔ ان طریقہ کار کے نتائج آپریشنل کارکردگی، منافع کمانے کی اہل اور کھیتی کے منادات کے تحفظ کے ساتھ ساتھ انٹرنل کنٹرول کا قیام اور پاسداری ہیں۔ انٹرنل آڈٹ نے کنٹرول اور کاروباری تسلسل سے متعلق خطرات کو کم کرنے کے لئے انتظامیہ کو مشاوریات کا کردار بھی فراہم کیا۔

کوڈ-19 عالمی وبا کی وجہ سے، انٹرنل آڈٹ نے نیز آڈٹ اپروچ کو اپنایا اور ضرورت کو کم کرنے کے لیے آڈٹ کے بہت سے طریقوں پر نظر ثانی کی گئی۔ انٹرنل آڈٹ بھی کھیتی میں جنٹل انڈر میٹن سسٹم (MIS) کے نفاذ کا لازمی جزو رہا ہے، ڈیپارٹمنٹ کے لگاتار سے MIS سسٹم نافذ کر دیے گئے ہیں اور کچھ منصوبے زیر عمل ہیں۔ اس کا نتیجہ موثر بیج ایس ماحول اور سسٹم پر مبنی کنٹرول کی شکل میں سامنے آیا ہے۔

انفارمیشن ٹیکنالوجی (IT)

کئی بھین رکھتی ہے کہ کاروباری عملوں کا مقابلہ کرنے کے لیے کاروبار میں تبدیلی کے لیے انفارمیشن ٹیکنالوجی ضروری ہے۔ کئی نے اپنے آپریٹنگ اور سٹریٹجک مقاصد کے حصول میں انفارمیشن ٹیکنالوجی وسائل کے موثر استعمال کے لیے خود کو مطلوبہ شعبوں سے ہم آہنگ کیا ہے۔ ہم نے موثر رسک مینجمنٹ، وسائل کی اصلاح اور کام کے حصول کے لیے آئی ٹی حکمت عملی کو کاروباری حکمت عملی کے ساتھ ہم آہنگ کر کے آئی ٹی کو توسیع پر توجہ مرکوز کی ہے۔ آئی ٹی اسٹریٹجی کئی آئی ٹی میں سرمایہ کاری پر زیادہ سے زیادہ وسائل کے حصول کے لیے سٹریٹجک ہدایات اور باکائیت عمل فراہم کرتی ہے۔ سال کے دوران ٹھکانے والے کاغذی فنڈ کو کم کرنے اور کام کرنے کی ماحول دوست صورتحال کو فروغ دینے کے لیے بیج لیس ماحول سمیت متعدد نئے تکنیکی منصوبوں کو نافذ کیا۔ تکنیکی ترقی کے پیش نظر، ایس بی ایل پر نئے ہونے والے کاروباری ماحول میں موثر اور بروقت فیصلہ سازی کی اہل بننے کے لیے جدید ترین آئی ٹی ٹیکنالوجی اور انفراسٹرکچر کے نافذ کے امکانات کا مستقل طور پر تلاش کرتی رہتی ہے۔ کئی کے طویل مدتی مقاصد میں معاونت کے لیے انفارمیشن سسٹمز تیار کیے جاتے اور ان کا انتظام، انصرام پر پیشگی مقررہ مالی ٹیم کے ذریعہ کیا جاتا ہے۔

انٹرنل کنٹرول سسٹم

بورڈ نے قائم شدہ انٹرنل کنٹرول کے موثر ہونے کے حوالے سے، آڈٹ کئی کے ذریعے نظر ثانی کی۔ آڈٹ کئی نے انٹرنل کنٹرول کے نظام اور رسک مینجمنٹ کے انتظامات سے متعلق ریویوز، مینجمنٹ، انٹرنل آڈٹ، اور ایکٹوئل آڈٹس سے وصول کیں۔ بورڈ تصدیق کرتا ہے کہ انٹرنل کنٹرول کے نظام پر نظر ثانی کے بعد مبنی کڑوں کی نشاندہی کی گئی تھی، ان کے تدارک کے لیے ضروری اقدامات اٹھائے جانے چاہئے ہیں۔

انٹرنل کنٹرول سسٹم کو عمل میں لانے سے پہلے، بورڈ آڈٹ کئی (بی اے سی) کے منظور شدہ آڈٹ چارج کے مطابق حقیقی سرگرمیوں کا انٹرنل آڈٹ کیا گیا۔ اس دوران مبینہ معیارات اور تسلیم شدہ بہترین طریقہ کار (بیسٹ پریکٹس) کے مطابق اندرونی قبیل کو جاری رکھا جائے گا۔ مینجمنٹ کے لیے وضع کردہ پالیسیوں اور طریقہ کار کی قبیل ضروری ہے۔ بی اے سی، انٹرنل کنٹرول سسٹم، مالیاتی اور آپریٹنگ کنٹرول، اکاؤنٹنگ سسٹمز اور ریٹنگ کے ذمہ داری کی موزونیت اور موثر ہونے کو جانچنے کی ذمہ دار ہے۔

کاروباری سلسلہ کا منصوبہ (بی سی پی)

کئی میں کاروباری سلسلہ کی منصوبہ بندی کا عمل کئی کو ممکنہ خطرات سے پہلے اور بحالی کا حکم بنانے پر مرکوز ہے۔ بی سی پی کا بنیادی مقصد کوئی غیر متوقع واقعہ پیش آنے کی صورت میں انسانی جان اور بین الاقوامی سہولیات کا تحفظ، کاروبار میں غلطی کی روک تھام اور اہم کاروباری افعال کی بحالی ہے۔ بی سی پی نے تفصیلی حکمت عملی فراہم کی کہ کس طرح کاروبار کو مختصر مدت اور طویل مدتی بندش دونوں میں برقرار رکھا جائے گا۔ بی سی پی کا مقصد ہر ایک کو جہاں تک ممکن ہو خطرات کی شناخت اور انہیں کم کرنے میں مدد فراہم کرنا اور قابو سے باہر خطرات کے لئے بھی تیار کرنا تھا۔

بی سی پی کا بنیادی ہدف متعلقہ حالات میں حادثہ میں کی طرف سے رد عمل کو بہتر بنانا، تقریری طریقہ کار کی فراہمی اور مشقوں میں شرکت کے ذریعے، انہیں کو کم کرنا اور کسی بحران کے دوران منتقلی فیصلے کرنے کو یقینی بنانے میں مدد کرنا۔ بی سی پی دیکھا گیا ہے کہ جی ایس ایم ایس کے ذریعے بحران سے پہلے، ملازمین اور حوالہ پارٹنرز کے حوالے سے اپنی ذمہ داریوں کو مد نظر رکھا تھا۔ کاروباری سلسلہ کا منصوبہ آپریٹنگ میں رکاوٹ کے ساتھ منسلک خطرات سے بچنے اور انہیں کم کرنے کے لئے ایک جنگی فنڈل منصوبہ تھا۔ بی سی پی حادثہ سے بحالی کا بھی بندوبست کرتا ہے جو کسی واقعے کے بعد جواب دہی کے لئے رد عمل پر مبنی ایک منصوبہ ہے۔ بی سی پی کی بحالی کا طریقہ کار کاروباری طریقہ کار اور سرگرمیاں، سہولیات، نظام اور آئی ٹی انفراسٹرکچر میں کسی قسم کی تبدیلی کے خلاف بی سی پی کو اپ ڈیٹ اور بہتر کرنے کے لئے بنایا گیا ہے۔ ہوش میں سلسلہ کے منصوبے کے ایک حصے کے طور پر، اگر ہمارے پرائمری سرور میں کسی بھی قسم کے مسائل کا سامنا کرنا پڑتا ہے تو ایک اپ سرور اور ڈیٹا کو برقرار رکھنے کے لئے ریڈونڈ انفراسٹرکچر کی سائبر سیکورٹی کا مناسب انتظام کیا گیا ہے۔

کاروباری طریقہ کار کی تشکیل نو (Business Process Re-engineering)

کئی کام کے بہتر اور طریقوں کو اپ گریڈ کرنے کے نظریے کے ساتھ کاروبار میں طریقہ کار کی تشکیل نو کا سلسلہ جاری رکھے گی جبکہ مصنوعات کے معیار کو بہتر بنانے اور اخراجات پر بھی توجہ مرکوز کرے گی۔ کاروباری طریقہ کار کی تشکیل نو کے لیے ٹیمیں تشکیل دی گئیں ہیں تاکہ نئے صارفین کی ضروریات کا مطالعہ کیا جاسکے اور یہ کہ ان ضروریات کو کس طرح پورا کیا جاسکتا ہے۔ بی سی پی آرمی سائیکل، ہم کا مشاہدہ، وقت کے ساتھ بدلاؤ، اور دورانیہ ایڈجسٹ ڈالے کاغذ کی فیصلہ شرح کی جانچ کرنا شامل ہے۔ بی سی پی آرمی کارروائی کے اقدامات میں بہتری کے حصول کے لیے بنیادی نو ونگر کرنا شامل ہے۔ جیسے قیمت، معیار اور رفتار۔ کاروباری طریقہ کار کی تشکیل نو کی کوششوں کے نتیجے میں بیج مشین-2 کا ایک لازمی جزو "شارڈر" بحال ہوا، جس کے نتیجے میں بیج مشین کی رفتار میں اضافہ، پیداواری صلاحیت اور کاغذ کے معیار میں بہتری واقع ہوئی۔

ریسرچ اینڈ ڈیولپمنٹ (R&D)

کئی کی R&D اور پروڈکٹ مینجمنٹ نے اس کی مصنوعات کے پورے فیلڈ کو احکام بخشا ہے جو مستقبل میں پائیدار نمو کا محرک بنے گا۔ ہمارے R&D سے حاصل شدہ آئیڈیاز کا مختلف چیک نوٹس اور دیگر سیکرٹری بیج مصنوعات پر اطلاق کیا جاتا ہے۔ مستقبل کے چیلنجوں سے نمٹنے کے لیے ہم مسلسل بہتری کے پہلوؤں کی جستجو میں رہتے ہیں۔ اس مقصد کے لیے ہم ریسرچ اینڈ ڈیولپمنٹ کی سرگرمیوں کو جدید بنانے میں مسلسل مصروف رہتے ہیں۔ ہم تسلیم کرتے ہیں کہ ریسرچ اینڈ ڈیولپمنٹ کی سرگرمیاں پائیدار نمو حاصل کرنے کے لیے ربح کی بنیاد کی حیثیت رکھتی ہیں۔ چنانچہ کی کارروائی میں اضافے اور کسٹمر کا اتحاد بلند ترین درجے پر پہنچانے کے لیے ٹیکنالوجی اور پروڈکٹ کے طریقہ میں مسلسل بہتری کے ذریعے ہر ایس اور تمام مال کے نقصانات کم کرنے کے لیے کوششیں جاری ہیں۔

اہم تبدیلیاں اور معاہدے

کئی کے مالیاتی سال کے اختتام اور پورے کی تاریخ کے درمیان ایسی کوئی اہم تبدیلیاں اور معاہدے وقوع پزیر نہیں ہوئے جو کئی کی مالیاتی حیثیت پر اثر انداز ہو سکیں اور جو بیسٹ شیٹ سے متعلق ہوں۔

مالی گوشوارے

کئی کے آڈیٹرز، کے پی ایم بی ٹاٹو ہائی اینڈ کو پارٹنرز، کاؤنٹرس نے کئی کے مالی گوشواروں کا آڈٹ کیا اور ممبران کو ایک غیر متوقع شدہ اور پورے جاری کردی ہے۔

متعلقہ پارٹی سے لین دین

معمول کے کاروبار متعلقہ پارٹی سے لین دین کیلئے ایک دوسرے کو کسی ایسا ایس لائے بغیر کیا جاتا ہے۔ کئی کی طرف سے ڈائریکٹرز یا کلیدی انتظامی عملہ وغیرہ کی طرف سے متعلقہ پارٹی سے کوئی ایسا لین دین نہیں کیا گیا ہے کئی کے مطالعے سے متصادم ہو یا جو شیئر ہولڈرز کی حلقہ کی کاغذات پر ہے۔

مالی سال 2019-20 کے دوران متعلقہ پارٹی سے تمام لین دین جائز اور منظوری کے لیے بورڈ کی آڈٹ کئی اور بورڈ کے سامنے رکھے گئے تھے۔ آڈٹ کئی کی طرف سے ایسے برائے لین دین کا جائزہ دیا گیا اور بورڈ نے اسے منظور کر لیا۔ یہ تمام لین دین ٹرانسپیرینٹ اور بورڈ کی طرف سے متعلقہ فریقوں کے لین دین کے لیے پالیسی کے مطابق تھا۔

بورڈ کی تشکیل

بورڈ کی تشکیل کارپوریت گورننس ریگولیشنز 2019 کے ضابطوں سے ہم آہنگ ہے جو لنڈا اداروں پر نافذ ہے جو ذیل میں درج ہے:

ڈائریکٹرز کی کل تعداد	
(a) مرد	10
(b) خواتین	موجودہ مدت کے لئے دستیاب ہیں
تشکیل:	
(i) آزاد ڈائریکٹرز	3
(ii) ایگزیکٹو ڈائریکٹرز	1
(iii) نان ایگزیکٹو ڈائریکٹرز	6

ڈائریکٹرز کے نام	
جناب محمد باران رشید	چیئر مین
ڈاکٹر محمد اشرف بٹ	ڈائریکٹر ایف ایگزیکٹو
جناب جمال نسیم	ڈائریکٹر آزاد
جناب محمد اعجاز	ڈائریکٹر آزاد
جناب یوسف نسیم کھوکھر	ڈائریکٹر آزاد
جناب شیخ محمد اجازت	ڈائریکٹر
ڈاکٹر ابو الہام جمشیدی	ڈائریکٹر
جناب سہیل اوزیار	ڈائریکٹر
جناب رؤف احمد	ڈائریکٹر
جناب نوحہ اعجاز	ڈائریکٹر

کارپوریت اینڈ فنانشل رپورٹنگ

ڈائریکٹرز سیکرٹری اینڈ ایگزیکٹو کمیشن آف پاکستان اور کارپوریت گورننس کے کوڈ آف کارپوریت اینڈ فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔ کمپنی کے انتظامیہ کی طرف سے چارجڈ ہائی کوشاؤ سے اس کی امور کی صورت حال اس کے آڈیٹرز کے ساتھ ہائی کوشاؤ اور ایگزیکٹو کمیشن کے ساتھ ہائی کوشاؤ میں تبدیلیاں متعلقہ طور پر پیش کرتے ہیں۔ کمپنی نے اکاؤنٹس کے درست کھاتے برقرار رکھے ہیں۔ ہائی کوشاؤوں کی جاری کے لیے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئیں۔ بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر جیسا کہ پاکستان میں قابل اطلاق ہیں، ہائی کوشاؤوں کی جاری میں باقاعدگی سے عمل کیا گیا ہے۔

کارپوریت گورننس کے بہترین اصولوں سے کسی قسم کی پہلو جی نہیں کی گئی ہے، جیسا کہ پاکستان انٹرنیشنل ایگزیکٹو کی رول بک آف ریگولیشنز میں تفصیل سے بتایا گیا ہے۔ انٹرنیشنل کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسے موثر انداز میں نافذ کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔ کمپنی کے ایک ادارے کے طور پر کاروبار جاری رکھنے کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔ کمپنی کے اہم آپریٹنگ اور مالی اعداد و شمار کا ایک غلط حساب کارپوریت سے منسلک ہے۔

کوڈ آف کارپوریت گورننس کی تعمیل 2019

”کوڈ آف کارپوریت گورننس (CCG) کی تعمیل کا بیان“ منسلک (صفحہ 98)۔

شیئر ہولڈنگ کا پینل

کمپنی ایکٹ 2017 کے سیکشن 227(2)(1) کے تحت 30 جون 2020 کو شیئر ہولڈنگ کا پینل نامہ کرنے والا ایک بیان اس رپورٹ سے منسلک ہے۔

آڈیٹرز

آڈیٹرز KPMG ٹیکسٹائلز ہائی اینڈ کو چارجڈ اکاؤنٹس سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ ایلی ہونے کی بنیاد پر انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

آڈٹ کمیٹی کی تجویز کے مطابق ہر KPMG ٹیکسٹائلز ہائی اینڈ کو چارجڈ اکاؤنٹس کی تقرری کی منظوری کی ضرورت ہے۔

بورڈ اور کمیٹیوں میں تبدیلیاں

پچھلے سال کی سالانہ رپورٹ کے بعد سے اور نیا ذیل تبدیلیاں رونما ہوئیں:

جناب یوسف نسیم کھوکھر، نان ایگزیکٹو ڈائریکٹر کی جگہ پر سردار احمد نواز سکسٹر بورڈ میں شامل ہوئے۔

کمپنی کے بورڈ آف ڈائریکٹرز میں مذکورہ تبدیلیوں کے نتیجے میں متعدد بورڈ کمیٹیوں میں بھی ضروری تبدیلیاں کی گئیں۔

بورڈ نے نئے ممبران کا خیر مقدم کیا اور سکد ہوش ہونے والے ممبران کی قابل قدر خدمات کی تعریف کی جبکہ بورڈ آف ڈائریکٹرز اور اس کی مختلف کمیٹیوں کا حصہ تھے۔

© 2020 | سہ ماہی 2020 سے ایلی ڈی کے آر ایف ایک نیا ڈائریکٹر ہونے والے ہیں۔

بورڈ نے ذیلی کمیٹیاں تشکیل دی ہیں جنہوں نے مطلوبہ مقاصد کے حصول میں نمایاں حصہ لیا ہے۔ ان کمیٹیوں میں درج ذیل شامل ہیں:

بورڈ آؤٹ کمیٹی (بی اے سی)
جناب جمال نسیم - چیئرمین (آزاد)
شیخ محمد اظہار اختر - ممبر
ڈاکٹر ابرار اللہ سم جشییدی - ممبر
جناب یوسف نسیم کوکر - ممبر
جناب محمد اعجاز - ممبر
جناب نوبہ اشتیاق - ممبر

بورڈ ایچ ایچ آر ایڈوائزری کمیٹی (بی ایچ آر سی)
جناب جمال نسیم - چیئرمین (آزاد)
جناب محمد بارون رشید - ممبر
ڈاکٹر محمد اشرف بٹ - ممبر
شیخ محمد اظہار اختر - ممبر
جناب رؤف احمد - ممبر

بورڈ انویسٹمنٹ اینڈ رسک مینجمنٹ کمیٹی (بی آئی آر سی)
جناب یوسف نسیم کوکر - چیئرمین (آزاد)
ڈاکٹر محمد اشرف بٹ - ممبر
جناب محمد اعجاز - ممبر
ڈاکٹر ابرار اللہ سم جشییدی - ممبر
جناب نوبہ اشتیاق - ممبر

بورڈ پروجیکٹ اسٹریٹجی کمیٹی (بی پی ای سی سی)
ڈاکٹر محمد اشرف بٹ - چیئرمین
جناب محمد بارون رشید - ممبر
جناب یوسف نسیم کوکر - ممبر
جناب محمد اعجاز - ممبر
جناب نوبہ اشتیاق - ممبر
جناب رؤف احمد - ممبر

بورڈ پریوینٹو کنٹریول کمیٹی (بی پی سی)
جناب جمال نسیم - چیئرمین (آزاد)
جناب محمد بارون رشید - ممبر
ڈاکٹر محمد اشرف بٹ - ممبر
ڈاکٹر ابرار اللہ سم جشییدی - ممبر
جناب رؤف احمد - ممبر

ڈائریکٹرز کا مشاہرہ

چیف ایگزیکٹو آفیسر کے سوا کبھی کے تمام ڈائریکٹرز غیر ایگزیکٹو ہیں۔ بورڈ اور اس کی کمیٹیوں کے اہل اس میں شرکت کے لئے جان ایگزیکٹو ڈائریکٹرز کا مشاہرہ کبھی کی طرف سے اہل اس میں عام میں طے کیا جاتا ہے۔ ڈائریکٹرز کا مشاہرہ صنعت کے موجودہ رجحانات اور کاروباری طریقوں کی بنیاد پر طے کیا جاتا ہے۔ چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کو ادا کیے جانے والے مشاہرے کی تفصیلات مالی گوشواروں کے نوٹ 31 میں دستیاب ہیں۔

چیئرمین کا جائزہ

بورڈ آف ڈائریکٹرز چیئرمین کے عملکرد جائزے (صفحہ 31) کے متن کی توثیق کرتا ہے۔

اسٹریٹجک پلان

کبھی کا اسٹریٹجک پلان اپنی سمت قائم کرتا ہے، ترجیحات طے کرتا ہے اور اس بات کو یقینی بناتا ہے کہ لازمی طور پر ایجنڈا تک پہنچنے کے لئے ضروری اقدامات کے بارے میں آگاہ کرنے کے لئے کیا جاتا ہے۔ اسٹریٹجک پلان کا استعمال کبھی کے اہل اس میں ماحول کو حاصل کرنے کے لئے ضروری اقدامات کے بارے میں آگاہ کرنے کے لئے کیا جاتا ہے۔ اسٹریٹجک پلان اس بات کی تصدیق کرتا ہے کہ ہدف والے نتائج حاصل کیے جاسکتے ہیں اور کاروباری کے خصوصیات سے قائم کیے جاتے ہیں جن کا استعمال ذرا شناس کے تجربے کے لئے کیا جاسکتا ہے۔

کاروباری ایجنڈے کا تعین حکمت عملی کے ذریعہ کیا جاتا ہے جس میں مسلسل ترمیم اور تھری کی جاتی ہے، مالی نتائج جات کے لئے اہل اس میں ماحول کو حاصل کرنے کے لئے ضروری اقدامات کے بارے میں آگاہ کرنے کے لئے کیا جاتا ہے۔ اسٹریٹجک پلان اس بات کی تصدیق کرتا ہے کہ ہدف والے نتائج حاصل کیے جاسکتے ہیں اور کاروباری کے خصوصیات سے قائم کیے جاتے ہیں جن کا استعمال ذرا شناس کے تجربے کے لئے کیا جاسکتا ہے۔

قومی خزانے میں حصہ جمع کرانا

کبھی نے گزشتہ سال اسی مدت میں 1,152 ملین روپے کے مقابلے میں ذریعہ جائزہ سال کے دوران قومی خزانے میں براہ راست اور بالواسطہ ٹیکسوں اور محصولات کی مدد میں 1,363 ملین روپے کی رقم جمع کرائی۔ اس کے علاوہ، کبھی نے گزشتہ سال اسی مدت میں درآمدی تہذیب کے ذریعہ (ٹیکس بھگت) 29 ملین امریکی ڈالر کے ذریعہ خزانے کی بچت کی تھی۔

قوانین کی بچت

کبھی قوانین کی مستقل دستیابی کو یقینی بنانے کے لئے قوانین کے فضول استعمال کی روک تھام کے بارے میں کھرمند ہے۔ ذریعہ جائزہ سال کے دوران، کبھی نے قوانین کی بچت کے لئے متعدد اقدامات کیے تھے۔ گولڈن فلو ریٹ انشورنس (سی ایف ایل) کو لائٹ اینڈ ٹیکنالوجی ڈیویژن (اییل ڈی ڈی) میں تبدیل کر کے قوانین کی بچت کی گئی۔ ہم نے 68 کھرواٹ قوانین کی بچت کے ساتھ 137 کھرواٹ سی ایف ایل کو 69 کھرواٹ ایل ڈی ڈی میں تبدیل کر دیا ہے۔ اس منصوبے نے انٹرنل کے نوڈ میں تجزی سے کی کی۔ ہم نے آگس سے جنوری 2020 سے ہونے والے ریگولیشن سے چھٹے مالی سالوں کو بھی جدید ترین انورٹمنٹ ڈرائیونگ کے ساتھ بدل دیا جو قوانین کے لحاظ سے باکلیت ہیں۔

ٹاپ کینیڈا ایوارڈ

یہ بلاشبہ ہمارے لیے بڑے اعزاز کی بات ہے کہ پاکستان اسٹاک ایکچینج لیجنڈ (پی ایس ایس) نے سال 2018 کے لئے سیکورٹی ہیج ز لمیٹڈ سمیت ٹاپ 25 کینیڈوں کے ناموں کا اعلان کیا تھا۔ کینیڈا کو سال 2000 سے 2007 اور 2009 سے 2016 تک کے لیے پی ایس ایس کی ٹاپ کینیڈوں کا ایوارڈ وصول کرنے کا اعزاز حاصل ہے۔

یہ اعزاز ہمارے بورڈ آف ڈائریکٹرز کے ممبران، ہمارے اسٹیک ہولڈرز کے اعتماد اور ہمارے ملازمین کی محنت سے منسوب ہے۔ سب سے زیادہ اسکو حاصل کرنے کی بنیاد پر ایس پی ایل نے 5 ویں پوزیشن حاصل کی۔

پی ایس ایس کی طرف سے یہ اعزاز ان معیارات کی بنیاد پر دیا گیا ہے جس میں ڈی اینڈ ہے، آؤٹ، منافع کمانے کی اہلیت، شیئرز کی آزادی، فنڈنگ، شیئرز کا کاروبار، کاروباری سماجی ذمہ داری، شفافیت اور سرمایہ کاروں سے ریلیشن شپ اور اسٹیک ہولڈرز کی تعمیل وغیرہ شامل ہیں۔

کارپوریٹ گورننس ایوارڈ

سیکیورٹی ہیج ز لمیٹڈ نے ٹیبلٹ ایسوسی ایشن آف پاکستان (ایم اے پی) کی کراچی کا 35 واں کارپوریٹ گورننس ایوارڈ جیتا ہے۔ کارپوریٹ گورننس ایوارڈ ایم اے پی کی طرف سے ایس کینیڈوں کا اعزاز کرنے کے مقاصد کے ساتھ دیے جاتے ہیں جو کاروبار اور انکم جنس کے طریق کار میں اعلیٰ ترین کارکردگی کا مظاہرہ کرتی ہیں۔

کینیڈا ایم اے پی کی طرف سے 24 ویں سے 29 ویں ایوارڈ (چھ مرتبہ کا کاروبار) اور 31 ویں سے 35 ویں ایوارڈ کی حامل ہے۔ 1982 میں اس ایوارڈ کے آغاز سے اب تک یہ گیارہواں موقع ہے جب کینیڈا اس زمرے میں اعزاز کیا گیا ہے۔

ایوارڈ کینیڈا کے معیار اعلیٰ پیشہ ورانہ معیارات پر قرار رکھنے اور اپنی سرگرمی کے تمام شعبوں میں شفافیت حاصل کرنے کے لیے مستقل جدوجہد کے عزم کو ظاہر کرتا ہے۔ یہ ایوارڈ کارپوریٹ گورننس میں سب سے معتبر کامیابی سمجھا جاتا ہے۔ کارپوریٹ گورننس، اسٹریٹجک منصوبہ بندی، معاشرتی ذمہ داری، انسانی وسائل کی منصوبہ بندی، پروڈکشن ٹیکنالوجی، ایسوسی ایشنز اور ٹیبلٹ ایسوسی ایشنز جیسے مختلف شعبوں میں کینیڈوں کے انتظامی طریق کار کے معیار کا ایم اے پی کی طرف سے تجویز کیا جاتا ہے۔

مستقبل کا منظر نامہ

Covid-19 لاک ڈاؤن کی وجہ سے بہت سے سماجی اور معاشی مسائل پیدا ہو گئے ہیں، اسی وجہ پر ہمیں بینک ٹرنس اور دیگر سیکورٹی ہیج کی طلب میں بڑھوتری دیکھنے کی توقع ہے جو کہ سیکورٹی ہیج کی مصنوعات کے لیے طویل مدت تک ایک مثبت منظر نامہ پر قرار رکھنے کا باعث ہے۔ کینیڈا بینک ٹرنس اور سیکورٹی ہیج کی دیگر مصنوعات فراہم کرنے کے لیے ہمیشہ ہی پیش قدمی رہتی ہے اسی لیے حال ہی میں گواہانے کی گنجائش میں اضافہ کیا گیا ہے تاکہ بینک ٹرنس اور دیگر سیکورٹی ہیج کی بڑھتی ہوئی طلب میں توازن رکھتے ہوئے پورا کیا جاسکے۔ کینیڈا نے معیاری پروڈکشن پر اپنی توجہ مرکوز کر رکھی ہے۔ کینیڈا اپنا سالانہ بہت تیار کرتی ہے اور کاروبار کو اور اہمیتی کے ساتھ زیادہ موثر انداز میں چلاتی ہے۔

کینیڈا کی توجہ پی ایس ایوارڈ، آؤٹ کانسٹریٹ میں بہتر کارکردگی کا منظم حصول جانے اور قومی معیشت کے ترقی سے ہمراہ، ماحول میں موجود مواقع کو استعمال کرتے ہوئے پی ایس ایوارڈ میں بہتری کے ساتھ شیئرز ہولڈرز کی قدر میں اضافہ کرنے کے لیے منظم بنیادوں پر مرکوز ہے۔ کاروبار کی مسلسل ترقی کے لیے ہمارے انفرادی ایجنسی اہمیت کے حامل ہیں۔ پی ایس ایوارڈ سے سیکورٹی ہیج انٹرنیٹ میں مستقل بنیادوں پر استفادہ کیا جاتا ہے اور کینیڈا کی بھی پی ایس ایوارڈ کو اختیار کرنے کے لیے ہر عزم ہے جو کینیڈا کی کارکردگی پر مثبت اثرات مرتب کرے۔

موجودہ جاری اور گزشتہ سالوں میں اعلان کیے گئے منصوبوں کی صورت حال

کینیڈا کی حکمت عملی کے تحت ہمیں کیے گئے اہداف کے پیش نظر گزشتہ سال کئی نئے منصوبوں کا آغاز کیا گیا۔ اس سال کے دوران ریمیس ایسوسی ایشن پلانٹ بجلی کی موثری تہہ بندی اور گودے کی طوں کو چلانے کا عمل کامیابی سے مکمل کیا گیا۔ جبکہ دہائی سال 20-21 کے دوران ویسٹ واٹر ری سائیکلنگ پلانٹ، نئے گیس جنریشن ایکسیسرز کے ساتھ ریجنل ہیلڈ اور کوئلہ ہاؤسز نصب کیے جائیں گے۔

گزشتہ سال کے تخمینوں پر کینیڈا کی کارکردگی

کینیڈا کی کارکردگی نے شدہ اہداف کے مطابق اسیج بنانے پر رہی۔ کینیڈا نے تخمینوں اور چیلنجوں کے لیے تاریخی مواد کو استعمال کیا۔ ذمہ داری کی شرح اور تمام مال کی قیمتوں میں اتار چڑھاؤ کے نتیجے میں اثرات میں اضافہ ہوا جس پر کارکردگی میں بہتری کے ذریعے جوہر کیا گیا، جبکہ آپریٹنگ کے دیگر اثرات بہت جیت کے اندر رہے۔ منظم مالیاتی پوزیشن کے ساتھ اعلیٰ کارکردگی کی حامل منجنت کے ذریعے ہمارے سال کے دوران سرانجام دی گئی شاندار کارکردگی کا جائزہ لیا جا رہا ہے۔ کینیڈا اپنے اسٹیک ہولڈرز کے پیسے کی قدر میں اضافہ کرنے کے لیے بہتر مقام پر ہے۔

کینیڈا اپنے کاروبار کے تمام امور کی نگرانی اور گورننس کی بہتری کی طرف اقدامات جاری رکھے گی اور آگے بڑھنے کی حکمت عملی کا جائزہ لیتی رہے گی، جس میں کاروبار کے ماحول میں تبدیلیاں اور کینیڈا کے جاری منصوبوں کی تکمیل شامل ہے۔ ہم اپنے ماحول کے استحکام کے لیے مزید حصہ ڈالنے کی توقع رکھتے ہیں۔

اعتراف

بورڈ کی جانب سے ہم کینیڈا کے مقاصد کے حصول میں انتظامیہ، عملہ اور کارکنوں کی گرانقدر شراکت کے لیے خراج تحسین دیکر پورا پورا شکریہ ادا کرتے ہیں۔ ہم بورڈ آف ڈائریکٹرز، شیئرز ہولڈرز، صارفین اور دوسرے اسٹیک ہولڈرز کے ان کے مسلسل تعاون پر بھی شکر گزار ہیں جو کینیڈا میں مسلسل بہتری اور کامیابی لائے گا۔

بورڈ آف ڈائریکٹرز کی جانب سے


جمال ندیم
ڈائریکٹر


ڈاکٹر اکبر شرف بٹ
چیف ایگزیکٹو آفیسر

کراچی
تاریخ: 24 جولائی 2020

CORPORATE AWARDS AND CERTIFICATIONS



Top Companies Award

Security Papers Limited (SPL) was conferred the "Top 25 Companies Award of Pakistan Stock Exchange" for the year 2018. It secured the 5th position on the basis of the highest score achieved. The Company has the distinction of receiving this prestigious award for the years 2000 to 2007 and 2009 to 2016 and 2018.



Corporate Excellence Award - MAP

Security Papers Limited (SPL) received the 35th Corporate Excellence Award of the Management Association of Pakistan (MAP). The Company holds 24th to 29th Awards (six times in a row), as well as 31st to 34th (four times in a row). The Award recognizes the best managed companies in Pakistan that follow guidelines and principles of the latest management techniques.



Best Corporate Report Award

The Company's Annual Reports of 2003 and 2006 to 2012 won the Best Corporate Report Award. The comprehensive selection criteria required inclusion of detailed information in the Annual Report on the subjects of Corporate Objectives, Directors' Report, Disclosure, Shareholder Information, Report Presentation and Corporate Governance.



CORPORATE AWARDS AND CERTIFICATIONS



Best Sustainability Report Award 2010

The Sustainability Report 2010 of the Company won the "Certificate of Appreciation". The Award was introduced by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).



Fire and Safety Award

The Company also won the Fire and Safety Award 2011, 2012 and 2013 for three consecutive years. The Award was jointly organized by the Fire Protection Association of Pakistan (FPAP) and the National Forum for Environment & Health (NFEH).



Environment Excellence Award

The National Forum for Environment and Health conferred the 15th Annual Environment Excellence Award 2018 to Security Papers Limited. This was a unanimous decision of the distinguished Panel of Jury. The award was given in recognition of the Company's vision and its effective implementation of environment management system, policies and testimonials.

The Company also received the 11th Annual Environment Excellence Award 2014 and 16th Annual Environment Excellence Award in 2019 in recognition of its outstanding contribution to sustainable development and economic growth of the country.



CORPORATE AWARDS AND CERTIFICATIONS



Environment Reporting Award

The Company achieved another milestone by winning ACCA-WWF Environmental Reporting Award 2013. This demonstrated its commitment to environmental preservation and its effective management.

The Company also received a commendation for commitment to Environmental Reporting in 2010 from ACCA-WWF Pakistan.



ISO Certifications

CERTIFICATION OF INTEGRATED MANAGEMENT SYSTEM (IMS):

- Quality Management System:
 - ISO 9001:2015 (31 May 2018 until 02 April 2021)
- Environmental Management System:
 - ISO 14001:2015 (31 May 2018 until 25 April 2021)
- Occupational Health and Safety Management System:
 - ISO 45001:2018 (31 March 2020 until 15 February 2023)

Certification given by SGS United Kingdom Limited



Credit Rating

JCR-VIS Credit Rating Company Limited reaffirmed medium to long-term entity rating of Security Papers Limited (SPL) at 'AAA' (Triple A) and short-term rating at 'A-1+' (A one plus) for the year 2013-14. The outlook on the medium to long-term rating was 'Stable'.



CORPORATE AWARDS AND CERTIFICATIONS



Corporate Governance Rating

JCR-VIS Credit Rating Company Limited reaffirmed the Corporate Governance Rating of the Company at CGR-9, denoting 'high level of corporate governance' for the year 2013-14. The rating was measured on a scale ranging from CGR-1 (lowest) to CGR-10 (highest). Corporate Governance ratings are based on evaluation of key governance areas of the rated organization, which include Regulatory Compliance, Board Oversight, Management Profile, Self-regulation, Financial Transparency and Relationship with Stakeholders.



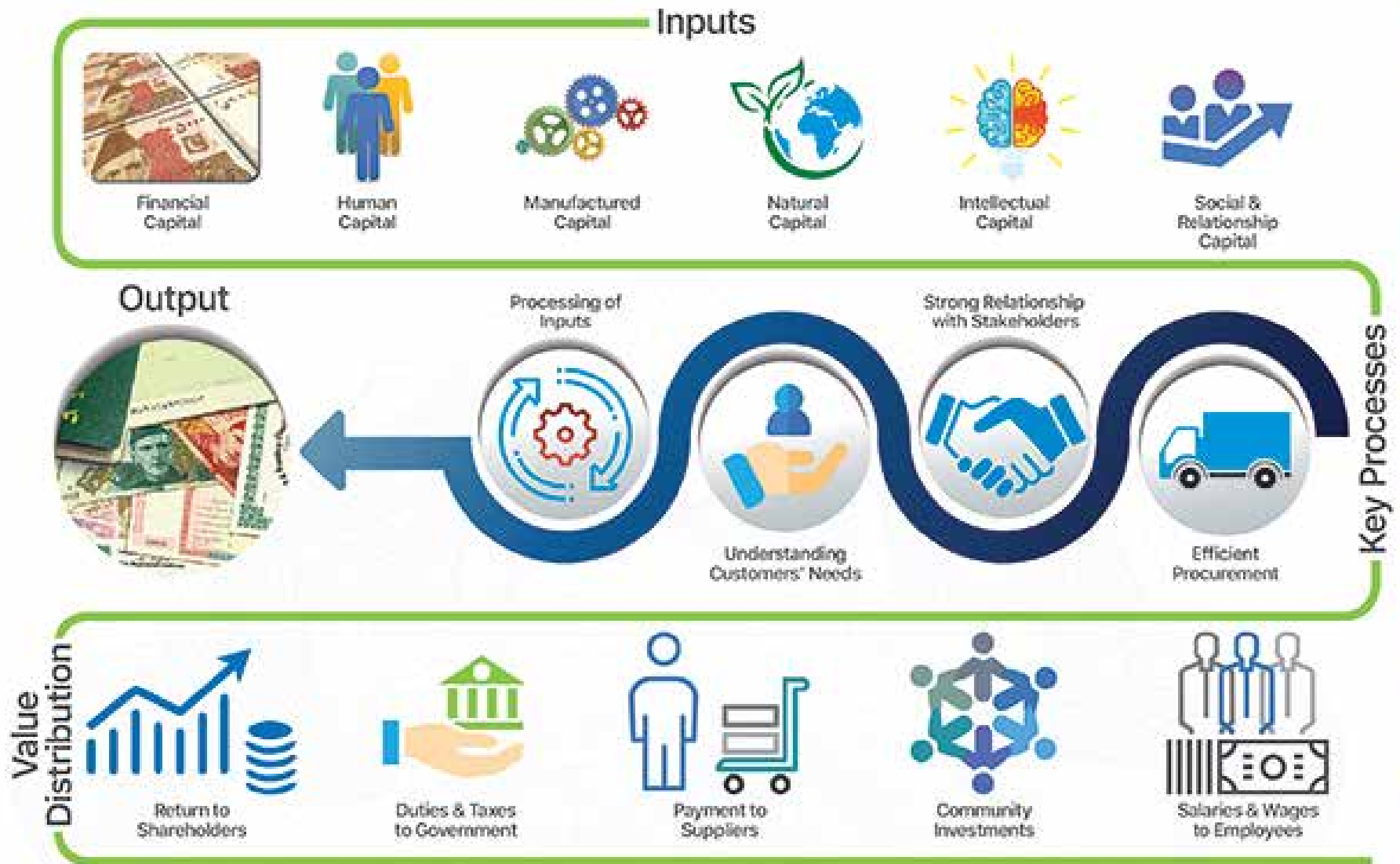
Commitment to Environmental Reporting

The Company received commendation for Commitment to Environmental Reporting in 2010 from ACCA-WWF* Pakistan.

* Association of Chartered Certified Accountants - World Wildlife Fund



OUR BUSINESS MODEL




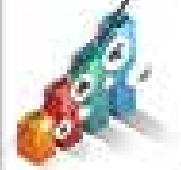


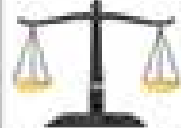

VALUE CHAIN ANALYSIS



SWOT ANALYSIS



SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT AND THE COMPANY'S RESPONSE

External Factors	Description	Company's Response
POLITICAL 	Political instability and regulatory changes associated with it may have adverse impact on the Company operations.	Changes in policies and regulations are continuously monitored by the Company for timely decision-making.
ECONOMIC 	Price hike in major raw material costs. Depreciation of local currency. Inflation.	The Company actively monitors the economic factors and takes the following steps to minimize their negative impact: <ul style="list-style-type: none"> • Effective inventory management by meticulously reviewing inventory-holding periods. • Efficient raw material procurement. • Cost reduction initiatives to control production and non-production related fixed costs.
SOCIAL 	Increasing CSR awareness. Provision of improved health and safety environment.	The Company actively takes part in social initiatives and work towards a safe workplace environment. The Company donates generously to various social and charitable causes including towards health, education, welfare, etc.
TECHNOLOGICAL 	Technical obsolescence of production facilities. Continuous development of Information Technology infrastructures and Management Information Systems (MIS) software.	The Company gives special emphasis on the adoption of the latest technology to enhance its operations. The Company has modern machinery at its production facility. In addition, the Company continuously invests in the robust hardware and software for system up-gradation and MIS.
LEGAL 	Various laws and regulations applicable on the Company, i.e. statutory, corporate, legal, secretarial, taxation, import, environmental, health and safety laws and regulations.	The Company adheres with all the regulations. We develop our policies according to laws. In addition to its professional team, the Company also hires the services of a legal advisor/tax consultant in order to ensure compliance with all legal/regulatory requirements.
ENVIRONMENTAL 	Laws and regulations regarding environmental stability and sustainable development. Requirements regarding treatment of waste water and regarding carbon emissions.	The Company adheres to all applicable laws and regulations and voluntarily takes initiatives to create long-term value for the community and environment. The Company complies with Quality, Health, Safety, and Environmental Standards. Further, tree plantation is being done in the factory premise to limit the emission of harmful gases in the atmosphere.

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

The Porter's five forces model has been used to analyze the industry structure and the market positioning of the Company.

Competitive Rivalry "LOW"

- Sole supplier of Banknote and other security papers in the Country
- Government policies restrict easy entry to the Security Papers segment



Threat from New Entrants "LOW"

- Status of specified industries by the Government
- High Capital Expenditure requirement which also requires prior Government's approval
- Company's major customer is the sole consumer of Banknote Paper Product



Threat from Substitutes Products "LOW"

- Continuous growth in Banknote circulation
- Prior Government's approval required for alternate products
- Clean note policies of the Central Bank
- Slow growth in digital payment methods in the Country



Bargaining Power of Buyers "HIGH"

- Concentrated buyers/small customer base



Bargaining Power of Suppliers "MEDIUM"

- Limited suppliers for some specialized inputs

SYNOPSIS OF COMPANY'S POLICIES

E-mail Etiquette Policy

The Company considers e-mail an important means of communication and recognizes the importance of proper email content and timely replies in conveying a professional image and delivering good customer service. Users should take the same care in drafting an e-mail as they would for any other communication. The purpose of the Corporate E-mail Etiquette Policy is to ensure the proper use of the Company's e-mail system and make users aware of what the Organization deems as acceptable and unacceptable use of its e-mail system.



Corporate Social Responsibility (CSR)

The objective of this Policy is to enable Security Papers Limited (SPL) to contribute meaningfully to the society, the environment, and national causes, by creating opportunities for employees to participate in socially responsible initiatives, allocating a budget approved by the Board, as well as establishing an implementation & monitoring mechanism for CSR initiatives. SPL undertakes its activities in a manner that exhibits its responsibility towards the environment & society, and complements its core business strategy and corporate values.

Policy for Record and Archive Management

The purpose of this Policy is to establish guidelines for departments to facilitate effective record management. This Policy advises SPL employees on the creation and use of Company records, and sets standards for classifying, managing and storing office records. A good recordkeeping program is fundamental to the Company's commitment to administrative transparency and accountability. It enables the Company to account for decisions and actions by providing essential evidence in the form of records and ensures the preservation of the collective memory of the Company. This Policy seeks to ensure that the Company's business is adequately documented and managed in accordance with the Best Corporate Practices.



SYNOPSIS OF COMPANY'S POLICIES

Rewards & Recognition Policy

The Rewards & Recognition Policy fosters a positive work environment through the introduction of a reward and recognition mechanism for inculcating desired performance, encouraging constructive behavior, advocating commitment and demonstrating desired values, while supporting the achievement of our business objectives. This Policy recognizes individual and team accomplishments, which the Rewards and Recognition Committee recommends and confers through of Employee of the Quarter, Innovative Idea and Service Recognition Awards.



Sexual Harassment Policy

Each employee has the right to be treated fairly and respectfully at the workplace and to create a safe working environment for the employees, which is free of harassment, abuse and intimidation with a view towards the fulfillment of their right to work with dignity. The Policy is in compliance with "The Protection against Harassment of Women in the Workplace Act, 2010". A Committee has been constituted by the Board's Human Resources & Remuneration Committee for inquiring into the complaints of affected employees under this Policy.



Succession Planning Policy

Security Papers Limited is fully committed to maintaining an inventory of highly-skilled and professionally competent business leaders. The Company has a well-structured Succession Planning Policy for achieving the desired results. Critical positions or positions with high turnover are reviewed frequently to ensure smooth succession planning and availability of the right resources. Throughout the year, the Executive Board and the Head of HR periodically meet with the Heads of Departments to review progress of developing identified successors in their areas of the responsibility.

SYNOPSIS OF COMPANY'S POLICIES

Training & Development Policy

The Company recognizes that the successful attainment of its Vision and Mission is directly related to the quality of its employees. The Company, therefore, has a strategic goal to promote and fully utilize the skills, knowledge, personal development and commitment of all employees. Training and Development is one of the most important vehicles for developing individual effectiveness consistent with the goals of the Company.

The Training & Development Policy is designed to support the Company in achieving its organizational plan by assisting employees to develop in their current job roles and prepare them for future job roles by providing them opportunities for continuing professional and personal development. This Policy clarifies the roles and responsibilities of all those involved in the training and development process and outlines a framework through which the Company is able to provide a comprehensive program ultimately leading to organizational development.



Whistleblowing Policy

This Policy intends to provide a mechanism where employees can, without fear of reprisal, report illegal and unethical activities for preemptive remedial measures in a confidential manner. The Whistleblowing Policy is applicable to all employees for the reporting of any illegal or unethical activities that may harm the interests of SPL and/or any stakeholder or external agency dealing with the Company. This Policy covers all illegal and unethical activities that include but are not limited to violation of any of the related laws or policies of SPL, cover-up of a violation of laws or policies, damage to health & safety, and any criminal offence.



Employee Welfare Fund (EWF) Policy

The objective behind establishing the Employee Welfare Fund is to address acute financial needs of our permanent employees through grants/loans from the Fund. The purpose of this Policy is to facilitate and formalize the grant of refundable loans and non-refundable financial assistance for our permanent Workers, Staff and Officers working up to Deputy Manager Level.



SYNOPSIS OF COMPANY'S POLICIES

Related Party Transactions Policy

The Board of Directors of Security Papers Limited (SPL), in pursuance of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, has adopted the Related Party Transactions Policy to regulate the transactions between SPL and its related parties. The Policy is applicable to all Related Party Transactions irrespective of their value and size. The Policy is intended to ensure that Related Party Transactions are conducted in a manner that will protect the Company from conflict of interest, which may arise between the Company and its Related Parties and to ensure proper review, approval, and disclosure of transactions between the Company and its Related Parties as required in compliance with regulatory requirements.



Communication and Disclosure Policy

The Communication and Disclosure Policy sets out the Company's policies and procedures in terms of its communication and disclosures, which are aimed at ensuring that the Company complies with the applicable laws and regulations. The goal of this Policy is to ensure that all shareholders and stakeholders have, simultaneously and without delay, sufficient, reliable, essential and consistent information about the Company and its operations as well as about matters affecting the value of the Company's financial strength. Information that may affect the value of the Company's financial reports are announced to Capital



Markets and other key stakeholders simultaneously without undue delay, while protecting the Company's commercially sensitive information.

Environmental Policy

Security Papers Limited is committed to ensuring a safe and healthy workplace for its employees and minimizes any potential negative impact on the environment, either because of its products or because of its operations. The management is responsible for the safe operation of its manufacturing facilities in a manner that employees, neighboring communities, Plant/Equip ment and the environment is not endangered.



SYNOPSIS OF COMPANY'S POLICIES

Occupational Health and Safety Policy

Security Papers Limited strongly believes in its 'Occupational Health & Safety' (OH&S) philosophy and is committed to establishing, implementing, maintaining and continually improving an OH&S Management System in accordance with the requirements of Occupational Health and Safety Management Series (OHSAS) 18001:2007 standards and to make SPL an accident-free organization.



Quality Policy

Security Papers Limited is committed to providing the highest quality products that conform to or exceed the requirements of its customers, with a view to achieve the maximum level of customer satisfaction. Successful implementation of the Quality Policy is the responsibility of all employees, staff and the management, under the guidance of the Board of Directors.



Information Technology (IT) Policy

The IT Policy of the Company applies to all officers, staff and workers, and all other authorized users. The objectives of the IT Policy are to ensure the following:

- Provide and maintain equipment in a suitable environment, and to ensure safe working practice.
- Achieving the best value from IT applications within the Organization.
- IT facilities are adequately secure.
- Users are aware of and fully comply with the relevant policies, procedures, guidelines and standards.
- Safe, proper and responsible disposal of IT equipments.
- That the Company plays an active and responsible part in its use of Information Technology.



SYNOPSIS OF COMPANY'S POLICIES

Internal Control System

The Board reviews the effectiveness of established internal controls through the Audit Committee, which receives reports from Management, Internal Audit, and the External Auditor on the systems of internal control and risk management arrangements. The Board confirms that the actions they consider necessary have been taken to remedy such weaknesses as it has determined to be significant from its review of the system of internal control.



The Internal Control System carries out the internal audit of various activities in accordance with the audit plan approved by the Board Audit Committee (BAC) prior to execution. Emphasis continues to be on internal compliance measured against set standards and best practices. Management is required to comply with defined policies and procedures. The BAC is responsible for ascertaining the adequacy and effectiveness of internal controls including financial and operational controls, accounting systems and reporting structure.

Remuneration Policy for Non-Executive Directors including Independent Directors and Executive Directors

This Policy sets out to provide remuneration guidelines for members of the Board. The policy is aimed at providing a market competitive remuneration to the members of the Board in furtherance of achieving the Company's objectives. The objectives of the remuneration policy for the Board Members are to attract and retain qualified and experienced Directors to drive the Company's strategy and attain its objectives and ensure the level of remuneration for Non-Executive Directors including Independent Directors and Executive Directors' is commensurate with the level of responsibilities and expertise to encourage value addition.

Insider Trading Policy

It is the Company's policy that neither the Directors, Chief Executive Officer, Executives, nor any employee of the Company, agent or advisor of the Company, persons identified as insiders, or Connected Persons, having material unpublished price sensitive information relating to the Company buy or sell securities of the Company or engage in any other action to take advantage of, or pass on to others, such information. This Policy also applies to material unpublished price sensitive information relating to any other company with publicly-traded securities, obtained in the course of employment by or association with the Company.



The Policy is applicable to all Directors, Chief Executive Officer, executives, and employees (both permanent and contractual) of the Company.

SYNOPSIS OF COMPANY'S POLICIES

Risk Management Policy

Security Papers Limited (SPL) is engaged in the manufacturing of specialized paper for banknote and non-banknote security documents. The business activities of the Company carry various internal and external risks. SPL's risks may come from any internal or external events which, if they incur, may affect the ability of the Company to efficiently and effectively operate. Internal risks are faced from within the Company and arise during the normal operations of the Company. External risks are those risks that are outside the control of the Company. External risks include risks related to market conditions and regulatory and/or legal obligations.



The objective of this Policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating, and resolving risks associated with the Company's business. The specific objectives of this Policy are as follows:

- To ensure that risk management is adopted throughout the Organization as a prudent management practice.
- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified and appropriately mitigated.
- To establish a framework for the Company's risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations wherever applicable, through the adoption of best practices.

CORPORATE GOVERNANCE

The Board is ultimately responsible to shareholders for the direction, management, performance and long-term success of the Company. It sets the Company's strategy and objectives and oversees and monitors internal controls (in conjunction with the Board Audit Committee), risk management, principal risks, governance and viability of the Company. During the year under review the Board ensured that the business of the Company is conducted in an efficient and effective manner to promote the success of the Company within an established framework of effective system of internal control, risk management process and compliance with regulatory requirements.

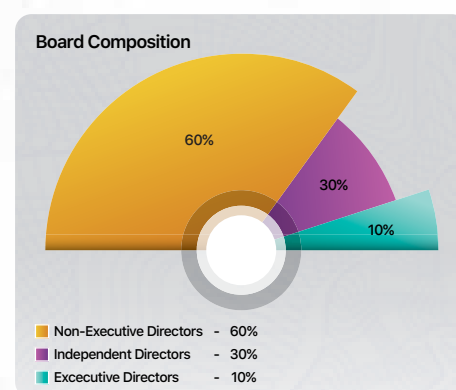
The report that follows provides an overview of the work undertaken by the Board and its Committees in fulfilling our governance responsibilities and describes how the principles of the Code have been applied during the year ended June 30, 2020.

Board Composition

The composition of SPL Board is regulated primarily by the Companies Act, 2017 and the Companies Listed (Code of Corporate Governance) Regulations, 2019 including sustainable practices in corporate governance, and applicable values & corporate practices. The Board of Directors comprise of highly qualified professionals from varied disciplines. Brief biographies and skills and experience of the Board members are contained on Page no 18 to 27.

The composition of the Board is as follow

(i) Non-Executive Directors	-	6	-	60%
(ii) Independent Directors	-	3	-	30%
(iii) Executive Directors	-	1	-	10%



Independent Director

The Board consists of ten Directors, one third members of the Board qualify the criteria of independence notified under the Companies Act 2017. The names of the independent Directors are as follows:

Mr. Jamal Nasim
Mr. Muhammad Ayub
Mr. Muhammad Suaheh Ahmad Faruqi

Female Director

The Board was exempt for the current term from the mandatory requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019 to have at least one female Director. However, on July 13, 2020, Sumer Holding A.S Turkey has nominated a female Director, Ms. Figen Caliskan on the SPL Board.

Chairman's Review on the Performance of the Board

The Company is subject to the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Code'). The Board and the Company has, throughout the period to June 30, 2020, complied with the requirements of the Code of Corporate Governance.

The Board encourages a culture of strong governance across the business, and continues to adopt the principles of governance and adheres to the requirements of the Code. The Board is collectively responsible to the Company's shareholders for good corporate governance and all Directors are responsible for complying with their legal and fiduciary obligations. Review by the Chairman on the overall performance of the Board and its effectiveness has been covered in detail on page 32 of the Annual Report.

CORPORATE GOVERNANCE

Matters Reserved for the Board

- All matters that have a material impact upon the Company are referred to the Board, including the following matters reserved specifically for the decision of the Board.
- Approval of Quarterly, Interim and Annual Accounts. Adoption of significant change in accounting policies. Approving Corporate Social Responsibility Policy.
- Capital Expenditure and disposal of fixed assets. Ensuring a sound system of Internal Control and Risk Management. Changes relating to the capital structure of the Company.
- Recommending to shareholders the approval of alterations to the Memorandum and Articles of Association of the Company.
- Approval of the Annual Budget of the Company. Approval of the maximum total value of the Company's borrowing facilities.
- The Board is advised of all material litigation proposed by or commenced against the Company. Approving terms of reference for Board Committees.
- Recommendation to shareholders to appoint or remove the Company's auditors including approval of their fees. Appointment or removal of the Company's legal advisors.

Board Evaluation Performance

The Board has an evaluation process to assess its own performance. Board evaluations are carried out annually to evaluate its performance. The last full Board performance review was made on June 12, 2020. The evaluation found that SPL's Board holds many strong attributes including highly relevant Board capability and governance processes. The said evaluation was carried out for the Financial Year 2019-20 as required under Clause No. 10 (v) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities and Exchange Commission of Pakistan. The evaluation criteria is briefly described as follows:

- The Board adheres to the laws, rules and regulations laid out in the Companies Act, 2017, Memorandum and Articles of Association of the Company, Companies Listed (Code of Corporate Governance) Regulations, 2019 of the Pakistan Stock Exchange Limited.
- The Board regularly reviews its performance against the Code of Ethics and Corporate Governance best practices.
- The Board has in place a Risk Management Committee for governance of risk and determining the risk appetite of the Company.
- The Board monitors the Company's performance against the planned objectives.
- The Board is effective in delegating to the CEO and the top management full responsibility for implementing policies.

Directors' Orientation Program

The Company makes appropriate arrangements to carry out an orientation for its Directors to acquaint them with the workings of the Company and provides a set of orientation material, including a visit to the factory, to gain an understanding of the workings of the Company.

Directors' Training

The Company encourages that its Directors have completed the Directors Training Program as per the requirements of the Companies Listed (Code of Corporate Governance) Regulations, 2019. By June 30, 2020, the Directors had acquired the prescribed certification under the Director Training Program offered by institutions that meet the criteria specified by

CORPORATE GOVERNANCE

the Commission and approved by it. One of the Directors has met the criteria of exemption as allowed under the Listed Companies (Code of Corporate Governance) Regulations, 2019. Four Directors have already attended the Directors' Training Program. Three Directors had completed half a DTP module, however, due to a recent Coronavirus outbreak in the country, the programme was postponed. Therefore, these Directors will complete their remaining DTP module after the Program Management resumes their operations.

Directors' Remuneration

The Directors' Remuneration Policy sets out to provide remuneration guidelines for members of the Board. The Policy is aimed at providing a market competitive remuneration to the members of the Board in furtherance of achieving the Company's objectives. The objectives of the Remuneration Policy for the Board members are as follows:

1. To attract and retain qualified and experienced Directors to drive the Company's strategy and attain its objectives.
2. To ensure the level of remuneration for Non-Executive Directors including Independent Directors is commensurate with the level of responsibilities and expertise to encourage value addition.

The remuneration of the Non-Executive Directors including Independent Directors shall be determined by the Company in the General Meeting as allowed by Section 170 of the Companies Act, 2017 and the provisions of the Articles of Association of the Company.

Security Clearance of Foreign Directors

The Company obtains security clearance from the Ministry of Interior (MoI) in case of its foreign directors and in the manner prescribed.

Exceeding Legal Requirements

SPL seeks to ensure that the laws and regulations are promptly adhered to. Apart from all mandatory obligations under laws and regulations, some examples where the Company exceeded legal requirements are as follows:

- As per the Pakistan Stock Exchange Limited, it is mandatory for all listed Companies to hold at least one Corporate Briefing Session during the Financial Year. SPL conducted two Corporate Briefing Sessions (CBS) during the year held on September 17, 2019 and February 25, 2020, as part of its Best Corporate Governance Practices.
- The Annual General Meeting of the Company was held within the period of two months as against the allowed time period of four months.
- Dividend warrants were dispatched within 10 days instead of the requirement of 30 days.

Diversity

The Board recognizes the importance of having an inclusive culture and the value that diversity brings to SPL. The Board aims to reflect this within the composition of the Board. The Board seeks to ensure that the composition of the Board includes individuals whose varied backgrounds, experience, knowledge and expertise bring a wide range of perspectives to the business.

Number of Companies Directorship

Listed Companies (Code of Corporate Governance) Regulations, 2019 requires that subject to the requirements of Section 155 of the Companies Act, 2017, it is mandatory that no person shall be elected or nominated or hold office as a director of a listed Company including as an alternate director of more than five listed companies, simultaneously. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.

CORPORATE GOVERNANCE

Related Parties Transactions Policy

Related parties comprise of associated Company, Directors of the Company, companies in which the Directors also hold Directorship, key management personnel and staff retirement benefit funds. The Board has approved a Related Party Policy to regulate the transactions between the Company and its related parties.

Board Meetings Held Outside Pakistan

There were no Board meetings held outside Pakistan during the year.

Conflict of Interest

The Board has established a process to review at every Board meeting and, if appropriate, authorize any conflict of interest. Every Director, who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board. Interested Director is not to participate or vote in proceedings of the Board.

Investors Grievances

The Company has established a mechanism for investors grievances handling. SPL has hired the services of a Share Registrar and also has a dedicated Shares Section within the Corporate Affairs Department within the Company to resolve the issues of the investors. Complaints are initially lodged with the Share Registrar of the Company who expeditiously takes necessary action under intimation to the Company. The Shares Registrar forwards the complaints to the Company if these fall outside their domain. The investors can also submit a complaint using the Complaint Form available at the Company's website in line with directives of SECP. The Company has an official e-mail address comsec@security-papers.com for general correspondence. However, any complaint submitted by investors on this address is also properly addressed. The grievances can also be notified through phone, fax or post to the Company. The phone number, fax number, e-mail address and correspondence address are mentioned on every correspondence with the investors and are also available on the website of the Company.

Policy for Record and Archive Management

The purpose of this Policy which is duly approved by the Board is to provide guidelines to employees for effective records management. The Policy seeks to ensure that the Company's business is adequately documented and managed in accordance with the best corporate practices.

IT Governance Policy

IT policies and procedures are in place to control quality assurance, information security, data and systems ownership and segregation of duties. The IT Steering Committee ensures effective evaluation, selection and funding of IT investments in line with business needs. IT is involved in relevant decision processes to provide timely support to business requirements. Management is focused on establishing a framework for the governance of IT by aligning IT Strategy with Business Strategy for effective risk management and resource optimization.

Whistleblowing

The Whistleblowing Policy prescribes a procedure whereby the whistleblower who has observed reportable unethical activities may report his/her concerns to the Ethics Committee. The Ethics Committee is responsible for looking into reported unethical or illegal activities and advise the Management to take corrective action where required. The Whistleblowing Policy provides that Ethics Committee takes necessary steps to communicate the Whistleblowing Policy to all employees of the Company, and ensures that whistleblower is protected from retaliation.

The Ethics Committee submits its reports to the Board Audit Committee (BAC) on June 30 and December 31 each year with the following:

- a) The list of protected disclosures reported;
- b) Outcome of the probe or enquiry conducted therein; and
- c) Comments on the protection of the whistleblower.

CORPORATE GOVERNANCE

Human Resource Policies

The Company's Human Resource Department's activities are focused towards building talent for future. The succession and career planning system is reviewed every year to maintain the capital of highly skilled and professionally competent business leaders. The Company has a well-structured Succession Planning System in place for achieving the desired results. The Employee Performance Evaluation System is geared to achieve these objectives through KRAs & KPIs. Performance objectives are set in line with the business objectives of the Organization, and are developed at the beginning of the year through our goal setting exercise.

Compliance with the Best Corporate Practices

SPL is fully compliant with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019. The Report issued by the auditors confirming the Listed Companies (Code of Corporate Governance) Regulations, 2019 is contained on page 96.

The Directors of the Company confirmed compliance with the below mentioned:

- Financial statements accurately represent the current standing of the Company, its operations, cash flows and changes in equity
- Books of accounts of the Company have been properly maintained
- Internal control has been implemented and monitored by the Internal Audit
- The Company has followed the International Financial Reporting Standards in preparation of financial statements
- There is no material departure from the best practices of Corporate Governance as per the regulations

Role and Responsibilities of the Chairman

The Chairman is responsible for the Board's leadership and effective performance of the Board and sets high standards of governance. Ensures that the Board as a whole is thoroughly and constructively involved in establishing and determining the strategy and policies of the Company and that the decisions taken by the Board are in the best interests of the Company and represents the consensus of the Board. Promotes the highest standards of integrity, probity and corporate governance and establishes good corporate governance policies and practices. Ensures that the Chief Executive Officer and management successfully execute the plans and policies decided by the Board.

Role and Responsibilities of the Chief Executive Officer

The Chief Executive Officer (CEO) is entrusted with the general management of the Company's business and affairs with authority to exercise all such powers and directions as are conferred upon the Board of Directors by Articles of Association of the Company. The CEO leads the management, builds an organizational culture and is a role model for the entire Company. He is responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board of Directors. He is also responsible for the management of the Company's daily operational activities, strategic planning, budgeting, financial reporting and risk management. He is responsible for the implementation of the plans and policies approved by the Board and its Committees in pursuit of the Company's goals and objectives with the support of the management.

Board Committees

The Board has established certain principal Board Committees to assist it in fulfilling its oversight responsibilities. The Board delegates some of its detailed work to the Board Committees. Each Committee meets regularly. The salient features of the Terms of Reference (ToR) of the Board Human Resource and Remuneration Committee and Board Audit Committee are as follows:

Board Human Resource and Remuneration Committee (HR&RC)

The purpose of the Board Human Resource and Remuneration Committee (HR&RC) is to assist the Board to fulfill its oversight responsibilities for:

- Recommending Human Resource Management policies to the Board

CORPORATE GOVERNANCE

- Evaluate executive officers performance and review the Company's management succession plan
- Employee reward and performance management

The HR&RC consists of five members comprising a majority of Non-Executive Directors. The Chairman of the Committee is an Independent Director. The Head of Human Resource & Administration (HR&A) Department acts as Secretary of the Committee.

Responsibilities

In addition to any other responsibilities which may be assigned from time to time by the Board, the HR&RC is responsible for the following matters:

- i. Provide guidance to the management in establishing the Company's compensation policies relevant to employees' remuneration, bonus and/or other benefits.
- ii. Oversee management compliance with laws and regulations with respect to compensation and human resource matters.
- iii. The HR&RC shall, in consultation with the CEO, periodically review the Company's management succession planning and any development plan for the potential successors.
- iv. Advise on hiring of senior management staff and senior management hierarchies.
- v. Review of significant Human Resource policies of the Company.

Board Audit Committee (BAC)

The Audit Committee reports to the Board, the Committee is authorized by the Board to investigate any activity within its Terms of Reference (ToR). The Audit Committee meets at least once every quarter of the financial year, to be held along with the meeting of Board of Directors. These meetings shall be held prior to the approval of interim results of the Company by its Board of Directors and before or after completion of external audit. A meeting of the Audit Committee shall also be held, if requested by the external auditors or the Head of Internal Audit.

- The Audit Committee comprises of six members. The Chairman of the Audit Committee is an Independent Director.
- The CFO, the Head of Internal Audit and a representative of the external auditors shall attend meeting of the Audit Committee, at which issues relating to Accounts and Audit are discussed.
- At least once a year, the Audit Committee shall meet the external auditors without the CFO and Head of Internal Audit being present.
- The Audit Committee shall meet the Head of Internal Audit and other members of the Internal Audit function without the CFO and the external auditors being present.

Responsibilities

The Board of Directors of the Company have determined the Terms of Reference (ToR) of the Audit Committee. The Audit Committee is responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

CORPORATE GOVERNANCE

Other Terms of Reference (ToR) of the Audit Committee are as follows:

- Determination of appropriate measures to safeguard the Company's assets.
- Review of preliminary announcements of results prior to publication.
- Review of quarterly, half yearly and annual financial statements.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight.
- Review of management letter issued by external auditors and management's response thereto.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Ascertaining that the Internal Control System including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Review of Company's statement on Internal Control system prior to endorsement by the Board of Directors.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.

Board of Directors' and Committee Meetings

The details of the number of the Board and its Committees' meetings are as follows:

Board of Directors (BoD)	6
Board Audit Committee (BAC)	7
Board Human Resource & Remuneration Committee (BHRRC)	6
Board Procurement Committee (BPC)	4
Board Investment and Risk Management Committee (BIRC)	3
Board Project/Strategic Committee (BPSC)	2

The attendance of Board and its Committee members is as follows:

Name of Directors	BoD	BAC	BHRRC	BPC	BIRC	BPSC
Mr. Muhammad Haroon Rasheed	6		6	4		2
Mr. Jamal Nasim	6	7	6	4		
Mr. Muhammad Ayub	6	7			3	2
Sardar Ahmed Nawaz Sukhera*	4	4			3	
Mr. Yousaf Naseem Khokhar**	1					
Sheikh Mohammad Aijaz Akhtar	6	7	5			
Dr. Abolghassem Jamshidi	4	5		0	1	
Mr. Memet Ozyavuz	0					
Mr. Rauf Ahmad	6		5	4		2
Mr. Naveed Ehtesham	6	7			3	2
Dr. Mohammad Ashraf Butt	6		6	4	3	2

- Resigned from the Board of Directors on May 04, 2020 as Nominee Director of State Life Insurance Corporation of Pakistan.*
- Nominated by State Life Insurance Corporation of Pakistan on the Board of SPL on June 12, 2020**
- The Directors who could not attend Board and Committee meetings and requested for leave were duly granted "leave of absence" from the meetings by the Board/Committees in accordance with the law

CORPORATE GOVERNANCE

Date of Authorization of Financial Statements

The date of authorization of financial statements is as follows:

First Quarter	October 25, 2019
Second Quarter	January 31, 2020
Third Quarter	April 24, 2020
Annual Accounts	July 24, 2020

COVID-19 Considerations for the Board

The outbreak of COVID-19 presented a great challenge for the management to continue operations of the plant. The following initiatives have been taken by the management to combat this challenge:

- Procurement of masks, liquid soaps, and disinfectants
- Efficient procurement of essential production items by Supply Chain to ensure continuity of business
- Bare essential employees at critical roles
- Work from home
- Factory timings for general shift were reduced
- Awareness sessions & screening of employees undertaken at time of entry
- COVID-19 awareness sessions
- Availability of medical consultant
- Individual temperature monitoring
- Monitoring of annual leave record
- Social distancing
- Availability of Hand wash, sanitizers and PPEs
- Installation of disinfectant walk-through tunnel
- Social preferential accommodation approval
- Distribution of packages containing healthcare items
- Provision of rich in vitamin C fruits
- Video tutorials
- Release of salary in advance
- Awareness through Newsletters of the Company



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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Security Papers Limited

Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies
(Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by
the Board of Directors of **Security Papers Limited** ("the Company") for the year
ended 30 June 2020 in accordance with the requirements of regulation 36 of the
Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors
of the Company. Our responsibility is to review whether the Statement of Compliance
reflects the status of the Company's compliance with the provisions of the
Regulations and report if it does not and to highlight any non-compliance with the
requirements of the Regulations. A review is limited primarily to inquiries of the
Company's personnel and review of various documents prepared by the Company to
comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an
understanding of the accounting and internal control systems sufficient to plan the
audit and develop an effective audit approach. We are not required to consider
whether the Board of Directors' statement on internal control covers all risks and
controls or to form an opinion on the effectiveness of such internal controls, the
Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon
recommendation of the Audit Committee, place before the Board of Directors for their
review and approval, its related party transactions. We are only required and have
ensured compliance of this requirement to the extent of the approval of the related
party transactions by the Board of Directors upon recommendation of the Audit
Committee.



Based on our review, nothing has come to our attention which causes us to believe
that the Statement of Compliance does not appropriately reflect the Company's
compliance, in all material respects, with the requirements contained in the
Regulations as applicable to the Company for the year ended 30 June 2020.

Karachi

Date: 30 July 2020


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: **SECURITY PAPERS LIMITED**
Year Ended: **JUNE 30, 2020**

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are ten as per the following:
 - a. Male: 10
 - b. *Female: Not applicable for current term

2. The composition of the Board is as follows:

Category	Names
i) Independent Directors	Mr. Jamal Nasim Mr. Muhammad Ayub Mr. Yousaf Naseem Khokhar
ii) Other Non-Executive Directors	Mr. Muhammad Haroon Rasheed Sheikh Mohammad Aijaz Akhtar Dr. Abolghassem Jamshidi Mr. Memet Ozyavuz Mr. Rauf Ahmad Mr. Naveed Ehtesham
iii) Executive Director	Dr. Mohammad Ashraf Butt

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete a record of particulars of the significant policies along with their dates of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Act and these Regulations.

* Subsequently, on 13 July 2020, a female director was nominated to the SPL Board by Sumer Holding AS Turkey.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

7. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of the Board.
8. The Board has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations.
9. One of the Directors has met the criteria of exemption as allowed under the Listed Companies (Code of Corporate Governance) Regulations, 2019. Four Directors have already attended the Directors' Training Program. Three directors had completed half a DTP module, however, due to a recent Coronavirus outbreak in the country, the program was postponed. Therefore, these Directors will complete their remaining DTP module after the Program Management resumes their operations. The remaining Directors would be attending the Directors' Training Program, if required, within the time limit as allowed under the Listed Companies (Code of Corporate Governance) Regulations, 2019.
10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before the approval of the Board.
12. The Board has formed the following Committees that are required under the Code. The Committees comprise of members as given below:
 - a) **Audit Committee:**
Mr. Jamal Nasim – Chairman (Independent)
Mr. Muhammad Ayub
Mr. Yousaf Naseem Khokhar
Sheikh Mohammad Aijaz Akhtar
Dr. Abolghassem Jamshidi
Mr. Naveed Ehtesham
 - b) **HR and Remuneration Committee:**
Mr. Jamal Nasim - Chairman (Independent)
Mr. Muhammad Haroon Rasheed
Sheikh Mohammad Aijaz Akhtar
Mr. Rauf Ahmad
Dr. Mohammad Ashraf Butt

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

c) **Board Investment and Risk Management Committee:**

Mr. Yousaf Naseem Khokhar - Chairman (Independent)
Mr. Muhammad Ayub
Dr. Abolghassem Jamshidi
Mr. Naveed Ehtesham
Dr. Mohammad Ashraf Butt

d) **Nomination Committee (No separate committee formed, as its issues are deliberated in Board meetings)**

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committee were as per following:

a) Audit Committee	07 Meetings were held during FY 2019-20
b) HR and Remuneration Committee	06 Meetings were held during FY 2019-20
c) Board Investment and Risk Management Committee	03 Meetings were held during FY 2019-20

15. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP) and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with and compliance requirement of regulation 7 would be complete upon reconstitution/next election of the Board to be held on September 01, 2020.



MUHAMMAD HAROON RASHEED
Chairman

Karachi
Dated: July 24, 2020

REPORT OF THE AUDIT COMMITTEE

The Board Audit Committee (BAC or the Committee) of the Company comprises of six Non-Executive Directors including three Independent Directors, Mr. Jamal Nasim who is an Independent Director is the Chairman of the Committee. More than one member of the BAC qualifies as financially literate. The Head of Internal Audit is the secretary of the Committee Senior Management Officers are invited to attend the Committee's meetings when the business of the Committee requires as such. The Committee separately meets the external auditors at least once in a year without the presence of the Management.

Meetings of the BAC are held at least once every quarter. Seven meetings of the Committee were held during the year 2019-2020. Based on reviews and discussions in these meetings, the Committee reported that the Company has issued a Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 which has also been reviewed and certified by the auditors of the Company.

The Committee reviewed and recommended the quarterly, half-yearly, annual financial statements and an annual budget of the Company for onward submission for approval of the Board of Directors. Further, the financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.

The BAC is responsible for exercising the full powers and authority of the Board in accounting, financial reporting and operational matters as per terms of reference.

The Annual Report of the Company is fair, balanced and understandable. The Committee has reviewed and approved all related party transactions. The Committee takes into account any feedback from the Board of Directors and incorporates for improvement.

During the year, the BAC reviewed the new emerging risks and challenges faced by the Company owing to the COVID-19 Pandemic and advised risk management and related mitigating actions for continuity of the operations to the Board.

INTERNAL AUDIT WORK

Risk-based Internal Audit Plan is approved by BAC annually. On the basis of this plan, audits are conducted and reports are submitted. The Committee on the basis of the said reports reviews the adequacy of controls and compliance shortcomings in areas audited and discusses corrective actions in the light of management responses. Regular follow-ups of these reports are also taken. This ensures the continual evaluation of controls and improved compliance. During the year, Post Audit model was replaced to the Pre-Audit model as per the directives of the BAC. Minutes of the Committee meetings are timely circulated to the Board of Directors.

For continuous improvement of internal controls, the Committee also discusses the internal controls and the management letter with the external auditors.

Predicting the unpredictable: This has been a very challenging year owing to COVID-19 Pandemic, Internal Audit adopted an agile audit approach and many audit procedures were accordingly adjusted to mitigate the risks. IA provided a consulting role to BAC and the management to mitigate control and business continuity-related risks. While business leaders work towards the dual imperative of crisis response and operational continuity, internal audits help them identify risks and opportunities to best fit their decisions.

EXTERNAL AUDIT

The external auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

The Audit Committee has reviewed and discussed with the external auditors and management, all the key audit matters and other issues identified during the external audit along with the methods used to address the same.

Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as External Auditors of the Company for the year ending June 30, 2021.

Date: July 23, 2020



Chairman Audit Committee

CRITERIA TO EVALUATE BOARD'S PERFORMANCE

Following areas of responsibility form the basis of criteria to evaluate the Board's performance:

- a. The Board adheres to the laws, rules and regulations, etc. as laid down under the Companies Act, 2017, the Memorandum and Articles of Association of the Company, and the Listing Regulations of Stock Exchange including the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- b. The Board regularly reviews its performance against the code of ethics and corporate governance best practices that promote an ethical culture in the Company and prevent conflict of interest as members of the Board, senior management, and other employees.
- c. The Board is effective in delegating to the CEO and top management full responsibility for implementing policies.
- d. The decisions on material transactions and significant matters are documented by a resolution passed at a meeting of the Board.
- e. Board meetings are conducted in a manner that ensures meaningful participation.
- f. The Board has in place a Risk Management Committee for the governance of risk and determining risk tolerance appetite of the Company.
- g. The Board monitors the Company's performance against the planned objectives and advises the management on strategic initiatives.
- h. The Board oversees succession planning and approves hiring, compensation, salary reviews, etc. of employees.
- i. Internal control system in the Company is structured, formal, risk-based, and working effectively and is regularly assessed through internal audit activities.
- j. Board members are provided with training and development opportunities to increase their effectiveness.
- k. Board members have an excellent attendance record for attending Annual General Meetings.
- l. There is a formal and effective mechanism for an annual evaluation of the Board's performance, members of the Board and its Committees.
- m. The Board understands and is committed to the Company's mission and vision.
- n. Board members act in good faith and the best interests of the Company and all the stakeholders of the Company.

CODE OF ETHICS AND BUSINESS PRACTICES

1. Maintaining integrity and scrupulous dealings
2. Reporting violations
3. Maintaining correct books and records of the Company
4. Strictly observing the laws of the country
5. Strictly avoiding questionable and improper payments or use of the Company's assets
6. Strictly avoiding conflicts of interest
7. Strictly avoiding political contributions
8. Expediting payment of amounts due to customers, agents or distributors
9. Strictly avoiding giving and receiving gifts
10. Treating means to be as important as ends

CORPORATE SUSTAINABILITY FRAMEWORK AND CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility

Security Papers Limited (SPL) aspires to make a positive impact in its surrounding communities and society as a whole through sustainable investment in different areas of social and community welfare through sustainable partnerships with organizations already working in those impact areas. SPL endorses a wide range of programs in the fields of health, education, vocational training and environmental protection.

Contribution of PPEs to DUHS – Ojha Campus



SPL is cognizant of the challenges being faced not only in its workplace but in society at large due to the COVID-19 pandemic. Dow University of Health Sciences (DUHS) is one of the frontline medical institutions in Karachi which caters to extensive COVID-19 testing free of charge. SPL supported the institution through the provision of a large number of PPEs (Personal Protective Equipment) and Hospital Fumigation Equipment to the Management of DUHS worth over Rs 3.5 million and remains committed to supporting them in FY 2020-21 in appreciation of their efforts and hard work for the society at large.



Collaboration with Hunar Foundation for Motorcycle Maintenance Workshop



As part of its sustainability efforts through CSR, SPL intends to foster job creation and give the marginalized youth of Pakistan an opportunity to develop their technical abilities for employment in local industries, to eventually empower them for community wellbeing. For this cause, SPL has joined hands with The Hunar Foundation (THF) and sponsored a Motorcycle Maintenance Workshop at their Badiyan, Lahore Campus. As a result of this sponsorship, SPL hopes to contribute to a positive future and a brighter tomorrow.

CORPORATE SUSTAINABILITY FRAMEWORK AND CORPORATE SOCIAL RESPONSIBILITY

Up-gradation of Computer Lab at Rana Liaquat Craftsmen Colony (RLCC)

With an aim towards female empowerment and female digital literacy, SPL updated the Computer Lab at Rana Liaquat Craftsmen Colony (RLCC) which will enable them to start offering Graphic and Web Designing Courses for up to 60 female students per annum. RLCC provides integrated welfare services to the residents of Shah Faisal Town with a special focus on women & children. In this regard, an Inauguration Ceremony was held on November 27, 2019 where the CEO of SPL extended his warmest wishes and gratitude to the entire team at RLCC for their unfailing dedication and contribution to female empowerment.



Infrastructure Upgrade at SOS Children Village, Malir, Karachi

SOS Children's Village Karachi is situated on a seven-acre site in Malir near SPL's offices and factory. SPL decided to contribute in the form of infrastructure building and operational resilience and donated horticulture machines and implements, upgraded their children's outdoor play area and renovated their 2,400 gallon overhead tank at the SOS premises. SPL has a history of association with SOS Children's Village and also upgraded their Basketball Court in the previous financial year and continues to look after its maintenance.



CORPORATE SUSTAINABILITY FRAMEWORK AND CORPORATE SOCIAL RESPONSIBILITY

Donation of Emergency Relief Tents to the Earthquake Survivors of Mirpur District

On 24th September, 2019, an earthquake struck Azad Kashmir with its epicentre close to the city of Mirpur in Azad Kashmir, destroying houses and infrastructure beyond repair in the District. As part of SPL's CSR philosophy for prompt response in calamity hit areas, the management supported Government relief efforts by donating emergency relief tents for the affectees on war footing basis.



Indus Hospital – Karachi

SPL has financially collaborated with The Indus Hospital and donated Rs 1 million for Indus Hospital's extension plans and reach out to poor and needy patients. It is a 300-bed tertiary care multidisciplinary hospital is spread over 20 acres of land and provides premium healthcare in an impressive, state-of-the-art facility completely free for everyone. We hope this support further enables The Indus Hospital in its provision of quality healthcare across Pakistan.



CORPORATE SUSTAINABILITY FRAMEWORK AND CORPORATE SOCIAL RESPONSIBILITY

Sindh Environmental Quality Standards (SEQS) & Sindh Environmental Protection Agency (SEPA)

SPL has adopted a balanced and responsible approach while carrying out its core business operations, that reduces carbon emissions and ensures social and environmental gains. We adhere to all the environmental standards required as part of ISO 14001:2015 certification as well as those required as part of Sindh Environmental Quality Standards (SEQS) regulated by the Sindh Environmental Protection Agency (SEPA). An Environmental Feedback Survey is also conducted annually to assess the environmental impact of operational activities of the Company on the local community.

The Company adopted a rigorous monitoring routine and is pursuing continuous tracking of all its stack, vehicular emissions and solid waste disposal, allowing it to preemptively address any maintenance or corrective measures. All solid wastes are classified into Hazardous and Non-Hazardous. A well-organized scrapyards has been established to stack waste materials in a systematic and controlled manner.

Employee Engagement:

- **Employee of the Quarter:** The Employee of the Quarter (EOQ) Award has also been initiated to appreciate employees making significant contributions in fostering the health and safety culture at the workplace. The goal is to show appreciation for an employee's achievement and motivate employees to continue their good performance and loyalty to the Company. Successful employee recognition helps the Organization to retain the key employees and keep employees satisfied along the way.
- **Innovative Idea Scheme – IIS:** The Company is constantly looking to evolve its business processes to bring out efficiency and strict compliance to customer requirements. Every individual has the creative talent and ability to make suggestions to improve the way his/her job is being done. Every individual is keen to make continuous improvements to the Organization. In this scenario, a suggestion scheme is being initiated. The IIA Scheme is an effective mechanism for creating an environment for our employees to contribute their ideas for better progress.

Employee Safety and Protection Measures

- o **PPEs:** Personal Protective Equipments (PPEs) have been provided to all departments through structured mapping at all relevant job levels to ensure their appropriate usage. Quality awareness signs, dangerous area identification signsboards and Safety Zones for assigning responsibility at potential high-risk areas have been placed. The process of incident reporting has been revamped and made comprehensive. The Company provides ambulance services and offers consultation and first aid facilities to the workers.
- o **Safety as part of KPIs:** Tracking Key Performance Indicators (KPIs) is a well-known crucial process for any business. The Company Wide Occupational Health & Safety, Environmental & Quality (OHSEQ) and Sustainability objectives have highlighted the importance of linking them with the KRIs and KPIs of all Officers at the time of the goal-setting activity. It is imperative to mention that in our existing Performance Appraisal Form, KPIs have been categorized into Operational, Development, and Personal Development Goals. The initiative has been taken to make Kaizen and 5s a part of Development and Personal Development Goals in KPIs/goals setting exercise.
- o **Toolbox Talks:** Workplace Safety Awareness is also an equally important part in enhancing the quality of our employee's safety and health. In this perspective, several initiatives were taken to inculcate workplace safety habits through Toolbox Talks, Personal Protective Equipment (PPEs), Technical Trainings on Behavioral Safety and Job Hazard Analysis, Permit to Work, and 5S sessions etc.

CORPORATE SUSTAINABILITY FRAMEWORK AND CORPORATE SOCIAL RESPONSIBILITY

- o **Clean Drinking Water for All:** SPL also provides its workforce with clean drinking water in all areas via R.O. Plant and bottled water. A new R.O. Plant containing Ultra-Filtration Modules and Reverse Osmosis Units, having a capacity of 150,000 gallons/day of treated water has been commissioned which will handle sub-soil bore water, and this water is regularly tested for its suitability.

Further to offer adequate and equitable sanitation and hygiene to employees, all the washing areas of our Production Plant are in the process of being renovated for the fiscal year 2020-21. We believe that such initiatives enhance the morale of our employees and contribute to overall productivity.

Industrial Relations

The Company has set procedures, rules and regulations which regulate employment guidance and allocate Gratuity, Provident Fund and Worker's Profit Participation Fund for all eligible employees. The Company also pays bonuses to employees on the basis of the Company's profitability and also awards extra performance bonuses to star performers. The Company also provides internship opportunities to the students. The Company is committed to providing equal opportunities to all existing and prospective employees without any discrimination on the basis of religion, gender, race, age, etc. The Company also organizes several rewards and recognition programs for the acknowledgment of work done by its employees including Employee of the Quarter and Rewards Schemes for Innovative Ideas.

For the professional and personal education domain, SPL facilitates internal and external trainings, awards merit scholarships to employees' children, offers education loans to aspiring employees, provides internship opportunities for young students from different universities across Pakistan and donates funds to institutes to add value to their cause of education.

Gender Equality

At Security Papers Limited (SPL), we aim to provide a workplace that generates equal opportunities for everyone, and in which people are treated with dignity and respect. In line with our commitment to enhance gender balance at all levels amongst our employees, SPL is working towards becoming a more gender-diversified Organization. In this regard, several initiatives have been taken with a special focus on increasing female representation. Females are involved in decision-making and play an active role through our Management Committees within the Organization.

We also believe in providing equal opportunities to all employees irrespective of gender. We follow a non-discriminatory hiring process which complies with all the legal requirements. All policies and practices are administered in a manner ensuring equal opportunities to the eligible candidates and all decisions are merit-based. To support this initiative, we introduced a non-discriminatory Compensation and Benefits Policy for our employees during the period under review, and corporate internship opportunities in various functional areas of the Organization were offered to eligible candidates irrespective of gender.

Proportion of Differently-abled Personnel in Entire Workforce

SPL promotes the induction of differently-abled persons. We have provided employment opportunities to several handicapped persons. Hiring differently-abled persons offers a number of important financial, public relation and productivity advantages for the business. Diversity in the workplace can help to create better solutions to business challenges. There is a better retention rate and low level of absenteeism among employees with disability.

CORPORATE SUSTAINABILITY FRAMEWORK AND CORPORATE SOCIAL RESPONSIBILITY

Policies which Promote Gender Equality, e.g., Sexual Harassment Policy, Maternity Leaves Policy

- **Sexual Harassment Policy**
The Policy provides a guideline for the behavior of all employees, and to ensure a work environment free of harassment and intimidation.
- **Maternity Leaves Policy**
The Company provides the benefit of maternity leaves to all female employees which can be availed before and subsequent to the delivery.

Other Policies Facilitating Employees and their Welfare:

Day Care

To facilitate the retention of the female workforce and provide them an enabling work environment, a Day Care Center run by especially trained employees is operating in a facility specifically built for this purpose, which provides a childcare facility to our employees.

Marriage Gift Policy

Cash will be awarded to the employee (Officer /Worker/Staff) as a token gift by the Organization on their own marriage of his/her daughter/son. The Employee (Officer/Worker/Staff) is only required to submit the Nikkahnama/Marriage Invitation Card of his/her own marriage or his/her daughter/son's marriage within one month of the marriage ceremony.

Funeral Policy

The Organization sympathizes with the families of deceased employees. Funeral Allowance is given upon the death of an employee, his/her dependents or parents in order to meet the funeral expenses. If an employee who expires during the course of his/her employment, the cost of transportation (Railway or Air charges and dead body box charges) that will be incurred to carry the dead body to his/her native place will be provided upon the submission of an actual receipt along with the death certificate. A similar benefit is also extended to the contractual workforce employed in our Factory.

SPL Merit Scholarship Policy

The purpose of the Merit Scholarship Policy is to provide financial support to the bright and highly talented children of all existing permanent employees pursuing academic, technical or professional education. However, it is not considered as an aid or grant to meet all of their tuition expenses. It is envisaged as a merit scholarship and is extended to those who meet the criteria enumerated in this Policy.

Employee Welfare Fund Policy

The Employee Welfare Fund is to address the acute financial needs of our permanent and outsourced employees through grants/loans from the Fund. All outsourced and permanent employees may opt for voluntary membership in the Employee Welfare Fund.

- o **Whistleblowing Policy**

The Whistleblowing Policy covers all illegal and unethical activities that include but are not limited to violations of any of the related laws or policies of SPL, cover-up of a violation of laws or policies, damage to health and safety and any criminal offence.

CORPORATE SUSTAINABILITY FRAMEWORK AND CORPORATE SOCIAL RESPONSIBILITY

The Whistleblower, who has observed reportable illegal and/or unethical activities, may report his/her concerns to the Ethics Committee in writing. The Whistleblower may raise legitimate concerns, without fear of reprisals, provided they are made on a factual basis and in good faith. The Whistleblower shall only adopt this route if he/she has sound reason to believe that his/her complaint would have been treated unfairly or there was a likelihood of cover up by his immediate supervisor or concerned HoD.

o **Conduct & Discipline Policy**

SPL would like to provide employees an open and fair environment to work in. It encourages feedback, comments or healthy criticism from employees concerning any aspect related to their jobs or work environment. In most situations the feedback or complaints will be communicated and dealt with in an informal manner. However, on more serious matters, or where such informal means are not effective in resolving the issue, the Company offers a formal Grievance Handling System for employees to seek redress of their grievance related to their employment.

This Policy ensures the well-being of the Company and its employees. The Company wishes to provide an environment of support, trust and teamwork to its employees.

o **False Declaration Policy**

This Policy allows the undertaking of progressive disciplinary action against employees who make false declarations. The Organization expects its employees to submit their full and correct particulars when applying for a position as well as during their period of association with the Company. False declaration or provision of information later determined to be incorrect or misleading renders the incumbents liable to disciplinary action.

SUSTAINABLE DEVELOPMENT GOAL 9 AND 12

Being responsible is at the core of our business

Security Papers Limited (SPL or the "Company") believes that it can achieve the greatest impact on sustainable development efforts by active collaboration. To guide its efforts to achieve sustainability, the Company has established two sustainability goals that are aligned with the SDGs. The SDGs are common goals that provide a clear direction for the global community. SPL will focus on and has set inspirational targets for two SDGs in particular, i.e., Responsible Consumption (SDG-12) and Industry, Innovation and Infrastructure (SDG-9).

As a Company, our goal is to contribute to society through a broad range of activities. The Company will undergo the transformation needed to achieve its sustainability goals by becoming more resilient and promoting collaborative innovation with its stakeholders. The report that follows provides an overview of the work undertaken by the Company in fulfilling its responsibilities towards alignment with the above mentioned 2 SDGs.

Industry, Innovation and Infrastructure - SDG-9

The Company had been continually pursuing an ambitious program of Plant Upgrade with a view to modernize its production facilities in phases. The objective was to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. We amplify the impact of our sustainability initiatives while supporting the highest standards of governance and ethics.

During the year, business process re-engineering efforts resulted in a reduction of process losses and improvement in quality of paper. We believe that a focus on sustainability ensures long-term success, it drives business growth and shows its responsibility towards the society. The Company has increased its spending on infrastructure in the following areas:

- Feedstock preparation and refinement
- Paper finishing
- Machine house capacity enhancement
- Water resources
- Heat recovery systems

Performance Indicators

SPL has aspirations for sustainability that describe its goals for making the world a better place and sets out how the Company will transform itself. SPL has also set the following Key Performance Indicators that are incorporated into the Company's Business Plan:

- Increased resilience in our Internal power generation capability
- Enhancement of our water recycling capability (GPD)
- Enhance Pulp Mill feedstock capacity
- Reduction in unscheduled downtime
- Increased productivity of our employees through automation and job enrichment
- Efficiencies in the consumption of utilities (electricity, gas, water) in our production processes
- Raw Materials Storage Space



SUSTAINABLE DEVELOPMENT GOAL 9 AND 12

Business Actions

The Company believes that waste minimization efforts often require investment, which is usually compensated by the savings. Using more efficient manufacturing processes and better materials generally reduce the production of waste. Installing automated continuous monitoring equipment can help to identify production problems at an early stage. New innovation and technological practices can reduce waste generation and improve the quality of the output. Minimizing or eliminating waste generation makes it easier to meet targets of environmental regulations and policies and standards, which leads to the eventual reduced environmental impact of waste.

SDG – 12: RESPONSIBLE CONSUMPTION

SPL has aspirations for sustainability that describe its goals for making the world a better place and sets out how the Company will transform itself. Towards the achievement of these targets, SPL has also set Key Performance Indicators that are incorporated into the Company's Business Plan. Sustainable Development Goal (SDG) - 12 "ensure sustainable consumption and production patterns".



Performance Indicator

Sustainable Consumption and Production invariably require improved production efficiencies for which the Company identified opportunities in Resource Utilization and Energy Conservation.

Spoilage Reduction

Our focus is to minimize waste generation through re-cycling of rejected paper and sound management of chemicals to achieve environmental benefits and greater efficiency in the production. Going forward, we also intend to substantially reduce waste generation through prevention, reduction and re-cycling of waste paper and water.

Reduction in a waste generation to achieve more output of product per unit of input of raw materials is a proactive approach towards environmental protection, and thus has a significant effect on improving the financial performance of the Company.

Water efficiency - Percentage of wastewater recycled to benefit the society and resulting in financial benefit/savings to the Company.

Energy Conservation

The organization has achieved overall improvement in its energy consumption. The Company has a self co-generation power plant and is aware of the country's need for energy



SUSTAINABLE DEVELOPMENT GOAL 9 AND 12

conservation. Avenues having energy-saving possibilities are identified and analyzed for energy conservation projects. Employees are encouraged to switch off lighting, computer systems, electronic equipment and air-conditioners when not in use. Heat insulation is provided and equipment is well maintained to conserve energy. The Company undertook initiatives to reduce the consumption of energy increasing requirements through upgrading the technology used in driving our upstream production processes such as:

- Direct Fired Absorption Chiller Fans
- Feedstock Preparation Motors
- Inverter based motor drives

Business Actions

Re-Use of Waste Material

The Company recycles waste material so that it is incorporated into new products and does not become a waste product. Security paper manufacturing requires bulk water consumption. SPL uses reject water from the Reverse Osmosis Plant for further recycling at newly installed RO Plant and recycled water is used in the manufacturing of security paper products.

Stock Management of Raw Materials

We have moved towards the increasing frequency of ordering relatively small quantities of chemicals rather than large quantities at one time. We use the FIFO stock management principle, where the oldest batch of a product is used first to avoid expiration dates and unnecessary waste. Furthermore, we ensure that hazardous chemicals and their associated waste is handled carefully in line with our ISO Certification guidelines which also account for SEPA (Sindh Environmental Protection Agency) directives.

STRATEGIC PLANNING PROCESS

In our Company, the process of strategic management integrates budgeting with strategic planning. While we are committed to meeting many challenges of implementing innovative technology, we remain resolute in producing quality Banknote Paper and other Security Paper products, controlling costs, being environmental stewards and working safely as we move towards our vision - that is, "to be a nationally and internationally recognized and accepted security paper producing organization, providing the highest quality paper to our customers". Our Company believes that strategy provides a clear understanding of purpose, objectives and standards of performance to employees at all levels and in all functional areas. The Company is fully focused on its strategic plan for capacity enhancement which is duly integrated in its budget and Business Plan in the form of projects for capacity enhancement.

Company's Strategic Management Process:

The Company's strategic management process consists of the following four major phases:

1) Environmental Scanning Strategy

The Company assesses its current situation by identifying the organization's strengths and weaknesses, as well as opportunities and threats (i.e. SWOT Analysis). As a result, the management team is able to understand the environment and map the strategic risk universe and decide on how to allocate the required resources.

2) Strategy Formulation

In the strategy formulation phase, we focus on developing long-range plans for the effective management of external opportunities and threats, in the light of corporate strengths and weaknesses. It includes defining the corporate mission, specifying achievable objectives, developing strategies to accomplish organizational goals and setting policy guidelines.

3) Strategy Implementation

In this phase, we establish short-term goals (usually one-year goals), devise policies, and allocate resources for their execution. It is also referred to as the action stage and is the most important phase of strategic planning. In the strategy implementation phase, the strategies and policies are put into action through the development of programs, budgets and procedures. Most of the times strategy implementation is carried out by middle management with the top management's review. Strategy implementation often involves day-to-day decisions in resource allocation.

To monitor the progress towards achieving its strategic goals & objectives, the Company's Executive Committee periodically reviews operational performance, budget control and ongoing projects. The Executive Committee is responsible for monitoring the quality of projects and providing advice, support, and guidance in achieving effectiveness and managing costs.

4) Strategy Evaluation and Control

Strategy evaluation involves three crucial activities: reviewing the internal and external factors affecting the implementation of the strategies, measuring performance, and taking corrective steps. Under the strategy evaluation and control phase, the Company's activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems.

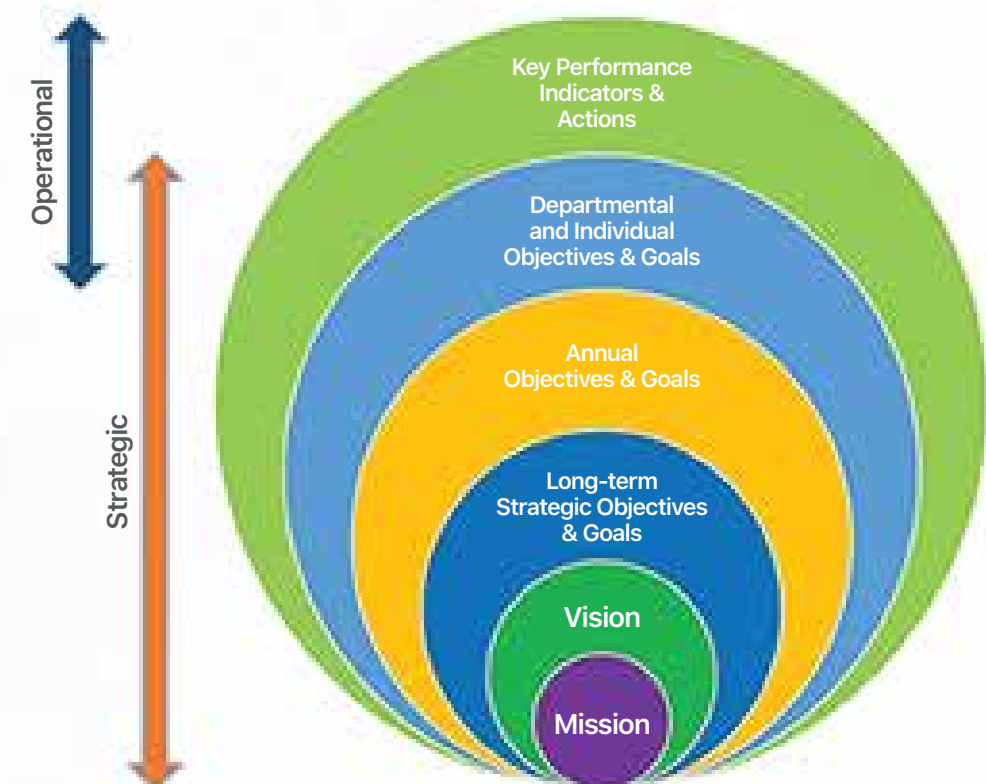
All the three steps in strategic planning occur in three hierarchical levels: the corporate, middle and operational levels. The strategy is translated into action by setting strategic objectives and operational objectives. The achievement of both strategic and operational objectives is regularly monitored and evaluated via Key Performance Indicators (KPIs).

KEY PERFORMANCE INDICATORS

Major KPIs used in our Company are as under:

OPERATIONAL KPIs	FINANCIAL KPIs
Order fulfilment time	Fair & Speedy Financial Reporting
Reduction in production losses	Increase Inventory Turnover
Waste recycling	Operational cash flow management
Control of cost of production	Higher Gross/Net Profit margin
	Higher Return on investment of surplus funds of the Company
	Corporate Tax Management
SALES KPIs	HR & ADMINISTRATION KPIs
Net sales rupee or percentage	Cost control
Sales tonnage achieved	Succession planning
	Employee satisfaction and retention
	Increasing CSR awareness
	Provision of clean environment along with safety for smooth operations

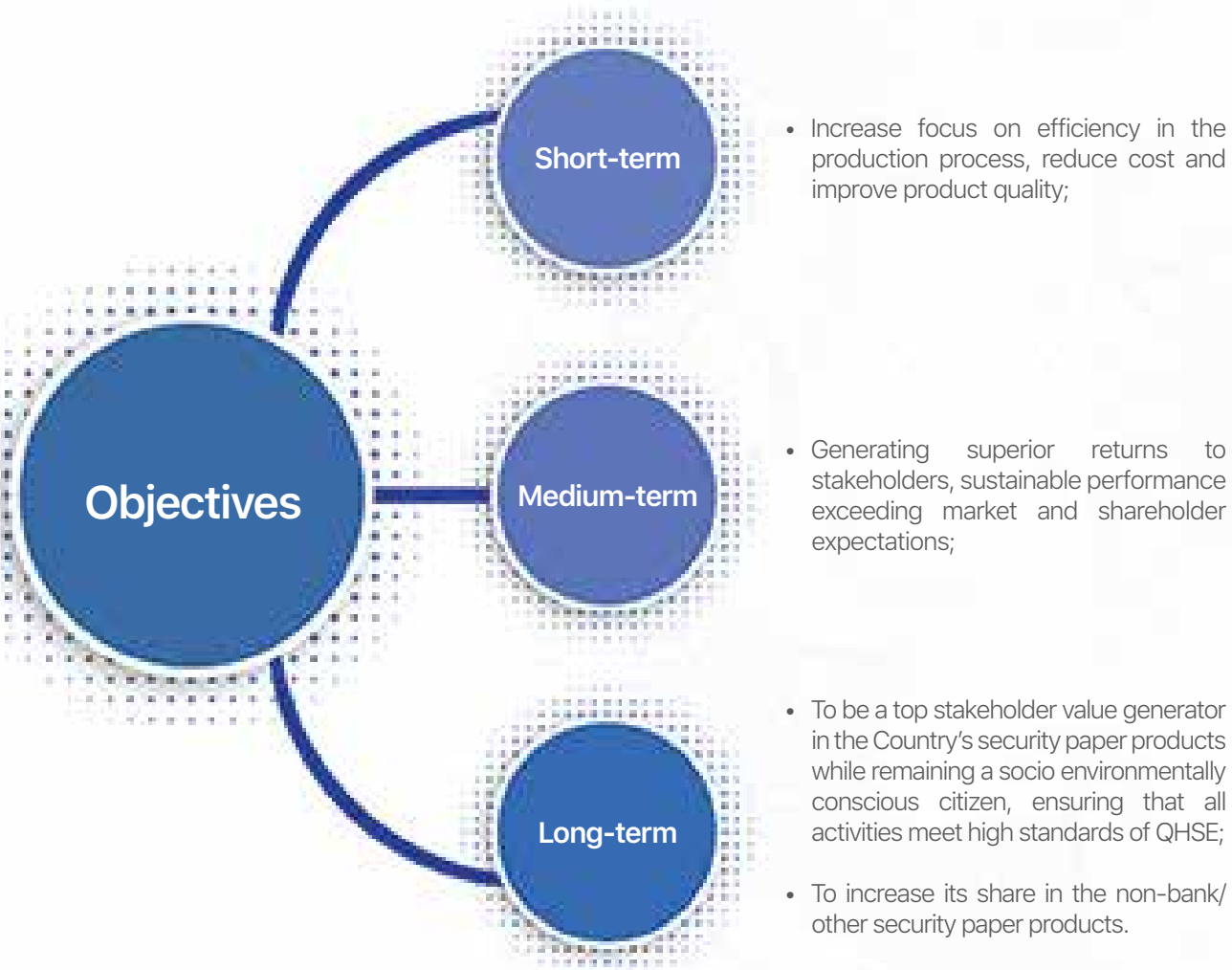
Strategic Planning Process



OVERALL STRATEGIC OBJECTIVES

The ultimate objective of the Company is to be a leader in the Country's security paper products sector, improving our operations continuously, enhancing profitability and creating value addition to the shareholders. We strive to supply the best quality security paper products, with zero defects whilst comprehensively meeting our customers' needs. We aim to provide safe working conditions, appropriately evaluating and training our workforce and rewarding our people for delivering results and working responsibly. We create value for our stakeholders by capitalizing upon the competitive advantages of our assets.

The Company is determined to follow its key strategic objectives which are assessed using various parameters laid down by the Company. These parameters are regularly monitored by the Company.



KEY STRATEGIC GOALS

Goals & Strategy in place	Key Indicators
Customers Satisfaction Dedicated to providing the highest level of satisfaction to our customers via high quality products	<ul style="list-style-type: none"> Quality control assurance and quality audits International certifications to meet quality standards Timely delivery Customer feedback
Employees Employees Empowerment	<ul style="list-style-type: none"> Encourage ideas from the bottom to the top level Succession planning Job rotation and career development Training and education programs for employees Employees' turnover ratio
Risk Management Enterprise Risk Management and Business Continuity Planning	<ul style="list-style-type: none"> Number of high risks areas identified Residual rating of risks Maximum probable loss of risks identified
Continuous Improvement KAIZEN 5S Methodology Preventive and Predictive Maintenance	<ul style="list-style-type: none"> Cost reduction Increase in profit Time savings Safety
Operational Efficiency Improved efficiency and reduction in raw material/energy consumption and costs by optimally utilizing all available resources	<ul style="list-style-type: none"> Order fulfilment time Reduction of production losses Waste recycling Control of cost of production/cost per unit of production Profit margins
Shareholders Safeguarding of shareholders' interests through a healthy and viable business	<ul style="list-style-type: none"> Earnings Per Share Market price Per Share Dividend Per Share
Corporate Social Responsibility Promoting social development of the communities and extending financial and in-kind support for the welfare and development across the country	<ul style="list-style-type: none"> Board approved CSR Policy Number of participants in community outreach initiatives, health, education, and welfare, etc. Initiatives that foster diversity and inclusion Total Company-wide cash and in-kind contributions

Significant Plans and Decisions

Security Papers Ltd. is continuously expanding its business. The Company is planning to study the enhancement of its production and storage capacity in order to cater to the rising demands of its customer.

Significant Change in Objectives and Strategies

There were no significant changes in objectives and strategies from prior years. The existing objectives and strategies have been re-arranged for the purposes of better reporting. Further, all of the above KPIs will continue to be relevant in the future.

RESOURCE ALLOCATION PLANS



Financial Capital

The Company has Rs 5,197 million as reserves as at June 30, 2020 depicting a positive and healthy financial status. The Company currently has a debt-free capital structure. However, the Company maintains a cordial relationship with some reputable banks and financial institutions of the country. The Company has access to adequate unutilized financing facilities for both long-term and short-term. The short-term financing facilities are obtained to finance working capital requirements on need basis.



Human Capital

The Company highly values its human capital and considers it an integral resource for the success of the Company. The Company has a proactive HR Department which gives key consideration to Human Resource Management. The Company focuses on employee empowerment and career development via various internal and external (technical and non-technical) trainings and development programs, healthy and safe workplace environment, talent management and talent retention, market commensurate compensation packages. Our Core Values, Code of Conduct and HR Policies provide an outline which serves as a guiding force for the whole organization.



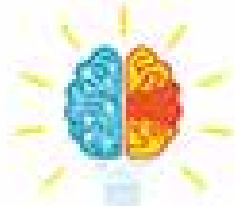
Manufactured Capital

As the sole producer of security paper products of the country, the production facilities are located in Karachi with the state-of-the-art production plant. The Company has Rs 1,719 million of fixed assets and total inventory of Rs 529 million as at June 30, 2020, constituting 25% and 8% respectively of total assets of the Company.



Natural Capital

The Company recognizes the importance of efficient use of limited natural resources including water and energy. The project of waste water recycling plant, which will recycle processed wastewater for its reuse at the plant, is in the commissioning phase. This will enhance the water resource capability of the Company by 200,000 Gallons Per Day (GPD). The Company prides itself on manufacturing products that are "Environmentally Friendly". The Company is certified for the latest standard of Environmental Management System (EMS) 14001:2015. Several measures have been taken to control pollution and to maintain a clean, green and healthy environment which includes prevention of process gas emission into the atmosphere and continuous efforts to improve greenery and maintain a clean environment in and around the factory through horticulture, better housekeeping, etc.



Intellectual Capital

The Company recognizes the importance of technology advancement and re-engineering of processes to achieve efficiencies in operations. The Company invests in the development of intellectual capital, market research, management information systems, and improvement in the governance structure within the Company. Customer satisfaction and quality of product is our primary objective.



Social & Relationship Capital

The Company invests in a series of initiatives that enhance interaction with our stakeholders. Examples of these initiatives includes the publication of the quarterly Newsletter, Corporate Briefing Sessions, etc. Moreover, every year the Annual General Meeting of the shareholders is held in accordance with the requirements of the Companies Act, 2017, which is attended by the Board, CEO, Corporate Secretary, CFO and the senior management of the Company. The interactive session with the shareholders allows the shareholders to ask questions on financial, economic, social and other issues and also give suggestions and recommendations. The CEO and Chairman of the Board of Directors respond to all questions. Further, the Company also contributes to the society/community through a broad range of CSR initiatives including towards health, education, and social sectors. A sizeable budget is allocated for such initiatives.

COMPANY-WIDE RISK MANAGEMENT PROGRAM

The Company follows an "Enterprise Risk Management Framework" within the Organization as it helps in integrating risk management practices across all the functions in the Company. Risk management not only plays a role in reducing losses but also leads to enhancement of value and resilience by recognizing and managing Company-wide risks associated with the Company's strategic and operational risks.

The key objective of the risk management system is to support business success and protect the Company as a going concern through an opportunity-focused but risk-aware decision-making framework. In addition, the risk management framework also enables us to improve effectiveness and efficiency in our operations and it promotes reliable financial reporting, and compliance with laws and regulations.

The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management framework remains in place. The Board in this task is supported by the Board Investment and Risk Management Committee (BIRC) to oversee and review the risk management function of the Company.

The Company has a Risk Management Policy, endorsed by the Board, which supports strategic and business objectives, and ensures the continuity of operations in all circumstances. Our Risk Management Policy outlines the objectives, processes, tools, types of risk, risk management process, and key responsibilities within our Company.

A corporate risk register is prepared by identifying key enterprise-level inherent risks from the Company's risk universe which are then assessed at both the inherent and residual level to determine the strength of existing controls and mitigation measures. The Company's Board of Directors is provided, at least once a year, with a separate inventory of the risks and uncertainties that the Board of Directors uses to define risk management measures. The Company presents the key risks identified in the context of the financial statements.

Risk Management Organization at the Company

Our risk management and internal control activities are organized through the three lines of defense model. The Board oversees the risk management process and compliance in line with the risk appetite of the Company and is supported by the following:

- **First Line of Defense | Risk Owners | Heads of Department/Management Team**

In accordance with the Risk Management Policy approved by the Board of Directors, risk preparedness and identification are continuous and systematic activities, and are the responsibility of the management team. The management is responsible for the identification, assessment, treatment and reporting of risks in its respective department. Each department maintains and updates the risk register which includes the major risks, risk owner, gross risk rating, existing control in place, residual risk and further actions required/future mitigation strategy. The Company's risk management approach emphasizes management accountability and oversight. Identified risks are analyzed, discussed, and responsibility is assigned to the Senior Management Team member most suited to manage the risk. Assigned risk owners are required to continually monitor risk, implement and maintain mitigating actions and evaluate and report on risks for which they bear responsibility. If the consequence of a risk exceeds the agreed risk tolerance, Management is required to assess if implementation of additional mitigation controls is necessary until the desired risk level is achieved. As part of the Enterprise Risk Management process, risks are reviewed and challenged by the Enterprise Risk Management Committee (ERMC) and BIRC.

Key Roles of Risk Owners include:

- Identify and evaluate risks;
- Design and operate internal controls and other mitigation measures;
- Application of delegated authorities, policies, procedures and codes of practice;
- Report risks through relevant reporting and escalation processes;

ENTERPRISE RISK MANAGEMENT PROCESS AT THE COMPANY

• Second Line of Defense | ERMC

Oversight functions support business and operational management and help ensure that the risk and control procedures are operating as intended. This function is performed by the ERMC which governs, operates and develops the Company's Risk Management System and is the owner of the centrally-managed risk on behalf of BIRC. The ERMC is comprised of Senior Management Representatives from the Corporate Office, Internal Audit, Production, and Finance department. It ensures that all relevant risks are adequately addressed with risk mitigation measures, and also discusses and evaluates the risk areas and the mitigation status on a periodic basis.

Key Functions of ERMC include to:

- Support the Board and BIRC in terms of risk governance and oversight;
- Review the risk assessments carried out by the departments;
- Reviews efficiency and effectiveness of mitigation and coverage of risk exposures;

• Third Line of Defense | Internal Audit

The Internal Audit department is responsible for monitoring the effectiveness of the Risk Management System. Working independently, the Internal Audit Department provides objective assurance to the Board and BIRC regarding the adequacy and effectiveness of the Company's Risk Management system on a periodic basis. In addition, the Internal Audit department includes an assessment of the effectiveness of risk management processes and compliance with the Board's Risk Management Policy as part of its regular auditing activities each year.

In the course of their statutory audit, external auditors review material internal controls to the extent of the scope laid out in their audit plans. Any material non-compliance and internal control weaknesses, together with their recommendations to address them, are reported to the Board Audit Committee (BAC). Our Management, with the assistance of Internal Audit, follows up on the auditors' recommendations as part of their role in reviewing our system of internal controls.

Oversight is Provided by External Auditors and Regulators

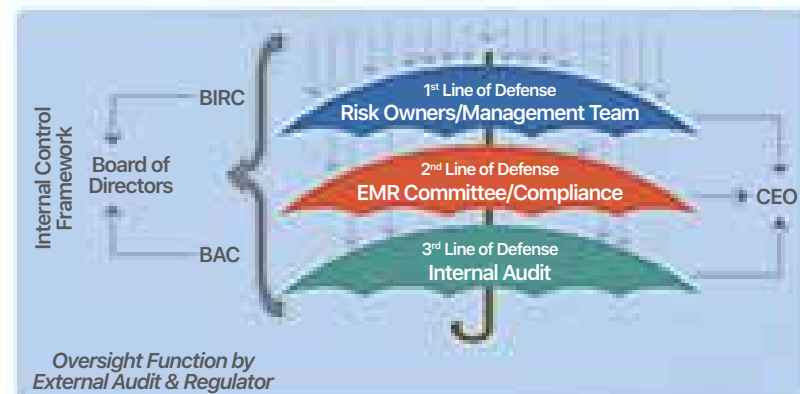
Role of BIRC: The BIRC oversees the establishment of an effective Risk Management System within the Company that ensures comprehensive and consistent management of all material risks. This function involves the following:

- Reviewing and recommending risk strategy and policies;
- Reviewing adequacy and effectiveness of the Company's risk framework;
- Monitoring the implementation of risk mitigation plans;

An analysis report summarizing the key risks and mitigating activities across different departments of the Company is presented to the Board on the recommendation of BIRC.

Board of Directors

The Board oversees the governance of risk and determines the Company's level of risk tolerance by establishing risk management policies and for this purpose the Board undertakes an overall review of business risks on an annual basis to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.



REPORT & MONITOR RISK

Once risks are identified, assessed, and a response is decided upon, the Company then monitors risk(s) to see what has changed and how it impacts the Organization. The results of risk assessment and evaluation are reported to the BIRC by the ERMC. A report on the risk inventory is submitted to the Board at least once a year.

IDENTIFY RISK

The Company's risk identification process is not only limited to external risk factors but also includes an internal perspective that considers the Company's culture, processes, projects, human resources and compliance aspects. Risk identification is the risk owners' responsibility.



CONTROL & MITIGATE RISK

The risk owners decide on a targeted risk level based on a cost-benefit analysis and define risk mitigation measures.

ASSESS & EVALUATE RISK

Risks are evaluated by looking at two dimensions: the potential impact and the likelihood that this impact materializes. The risk is evaluated using four categories: marginal, low, medium and high. These categories represent financial or equivalent non-financial measures.

Materiality Approach

Management believes materiality is a key component of effective communication with stakeholders. The management has adopted a materiality approach which is based on a combination of stakeholder engagement, understanding of environmental limits and strategic alignment. It has made the process, assumptions and evidence. The base for identifying material issues for more transparent, credible and amenable disclosures to have more transparency on risk and opportunities.

Determination of materiality levels, other than those provided under the regulations, is judgmental and varies between organizations. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. Materiality levels are reviewed periodically and are appropriately updated.

RISKS AND MITIGATION STRATEGY

Not being conclusive, management considers that the following are the major risks which may affect the operations of the Company and mitigating strategies for these risks.

Risk Type	Description	Source	Assessment	Mitigation Strategies
Production Risk	The Company is the sole supplier of high-quality Banknote paper in the the country. A large portion of its manufacturing capacity is utilized for a single product. The sales volume and capacity utilization, therefore, become largely dependent on the demand for currency notes in the Country. This also results in a high dependence on a single customer.	External	Likelihood: Low Impact: High	The Company is constantly looking for new markets to expand into. Our unique strategic advantage is a deep, far reaching understanding of the manufacture of high-quality substrate for security documents with unique and foolproof security features and we are leveraging that expertise to offer a wide variety of value-added products to various sectors and organizations. For this, the Product Diversification Department has been established which is exploring new possibilities.
Commercial & Operational Risks	We are dependent on various inputs that are inherently not influenced by the Company. These include comber, denim, security thread, energy and water. We are also importing a large quantity of chemicals and equipment. Therefore, cost competitiveness of our product is dependent upon pricing and consistent supply of material and equipment from a large number of local and foreign suppliers.	External	Likelihood: Medium Impact: Medium	<ul style="list-style-type: none"> We have a comprehensive supply chain management system that ensures supply of local raw materials. By constantly looking to expand our supply base, we are in a position to regulate our inventory and costs effectively. We enter into contracts that largely guard the Company against stock out situations. This assures timely supply of the needed goods. We have recently undergone a restructuring of our power infrastructure that will provide a more consistent energy supply for uninterrupted operations. We operate a Reverse Osmosis Plant (RO) that caters to a large fraction of our water needs. We are in the process of establishing waste water recycling plant to augment water supply in a cost-effective, sustainable and environmentally friendly manner.
Financial Risks	We are exposed to pricing fluctuations for our raw materials, based on local macroeconomic conditions, foreign currency fluctuations and market forces.	External	Likelihood: Medium Impact: Medium	<ul style="list-style-type: none"> We enter into contracts with suppliers - both local and foreign - in order to guard against abrupt fluctuations in pricing and currency. We maintain adequate stock levels and we are further enhancing our storage capacity to cater pricing risk.

Market Share Information

The Company is the sole supplier of high-quality Banknote paper and other security papers in the Country.

Liquidity Strategy / Management

The Company always strives to maintain a strong liquidity position to ensure availability of sufficient working capital besides identification and mitigation of cash flow risks. The Company actively monitors daily cash position and revenue receipts from sales are managed through optimized control of customer credit. The Company's operations are majorly financed through cash generated from operations rather than long-term / short-term financing. Regular forecasting of cash flows and aging analysis are also carried out to maintain an optimum working capital cycle. The Company is not materially exposed to any liquidity risk. The Company manages liquidity risk through efficient cash flow management and by maintaining sufficient balances with banks and short-term financing facilities. The Company maintains a good business relationship with some reputable banks and financial institutions of the Country and all the financing facilities are readily available.

Adequacy in Capital Structure

During Financial Year 2019-20, the equity of the Company has increased to Rs. 5,790 Million – reflecting a growth of 17% from Financial Year 2018-19. Equity mainly comprises of share capital and reserves. Management believes that currently there is no inadequacy in capital structure.

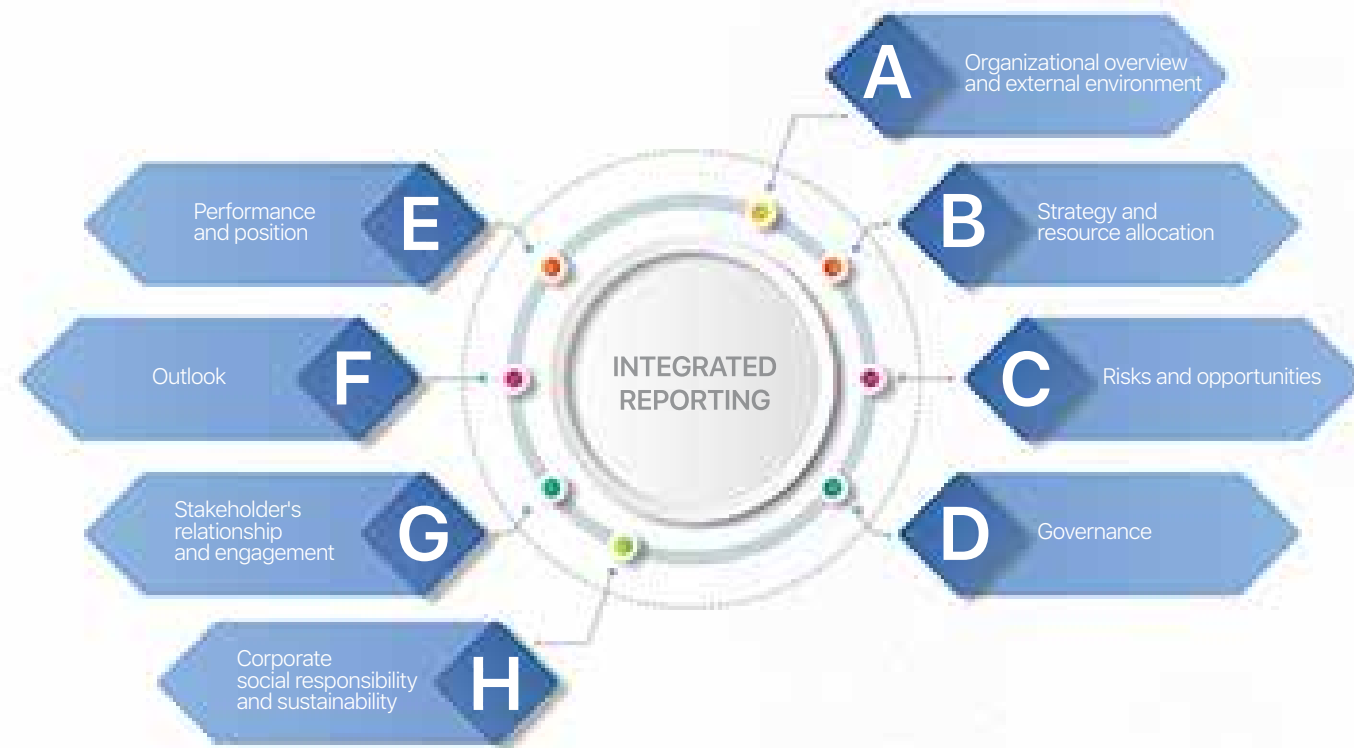
STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

Unreserved Compliance of International Financial Reporting Standards (IFRS)

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS)/IFRS issued by the International Accounting Standards Board (IASB) and as adopted by SECP vital to fair preparation and presentation of financial information.

Compliance with IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders. Financial statements for the year have been prepared in accordance with the accounting and reporting standards issued by IASB as are applicable in Pakistan. IFRS adoption status is explained in detail in note 3 of the annexed financial statements.

Adoption and Statement of Adherence with the International Integrated Reporting Framework



The Company strives to enhance stakeholders' awareness through excellence in corporate governance and ensuring transparency of the information presented to its stakeholders.

Over the years, we have been able to adapt to a changing corporate environment. An integrated report benefits anyone who's interested in the Company's ability to create value. This includes, but is not limited to, providers of financial capital, employees, customers, suppliers, local communities and regulators who may have an interest in the Company's integrated report.

The Company is committed towards adoption of International Integrated Reporting (IR) Framework to give an overview of how the Company's strategy, governance, performance and prospects, in the context of its external environment, leads to the creation of value over the short, medium and long term.

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

The Company has considered the following content elements of the IR Framework in this report:

- A. Organizational overview and external environment
- B. Strategy and resource allocation
- C. Risks and opportunities
- D. Governance
- E. Performance and position
- F. Outlook
- G. Stakeholder's relationship and engagement
- H. Corporate Social Responsibility and Sustainability

Adoption of Islamic Financial Accounting Standards (IFAS)

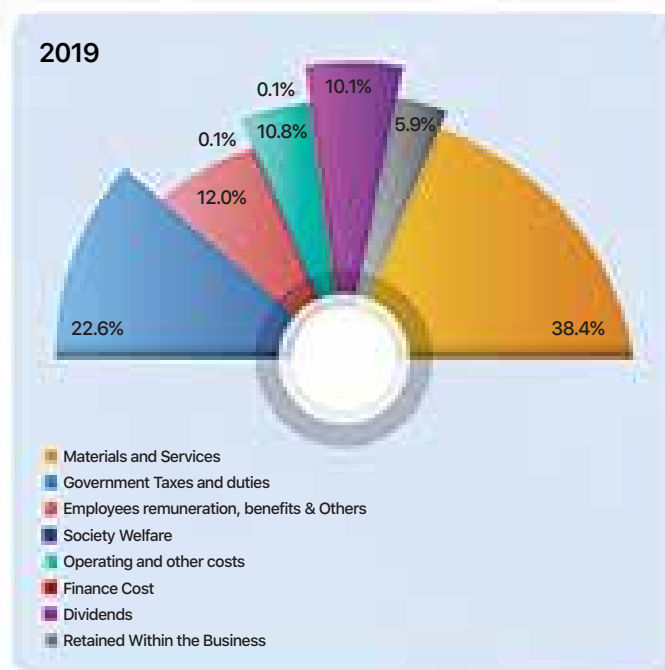
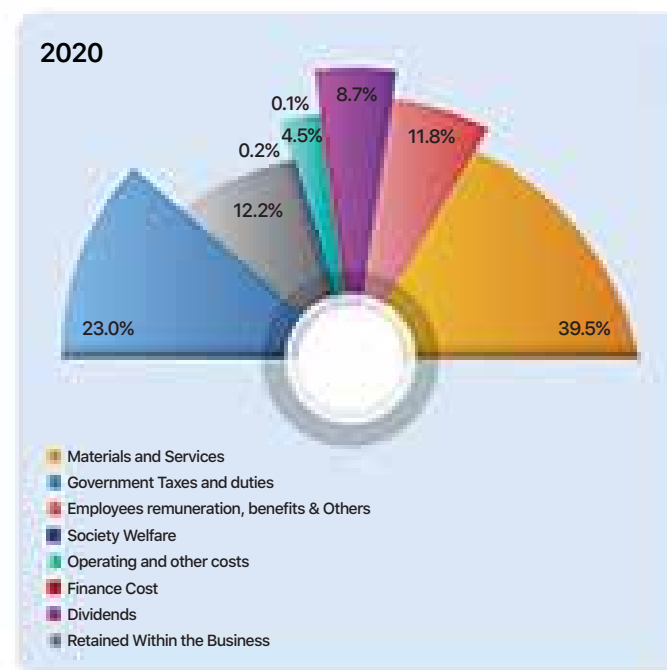
The Company has fully complied with Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

PERFORMANCE & POSITION



STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2020 --- (Rupees in '000) ---	%	2019 --- (Rupees in '000) ---	%
VALUE ADDITION				
Net Sales including Taxes	5,735,384	94.1%	4,682,474	96.4%
Other Operating Income	360,071	5.9%	175,649	3.6%
	6,095,455	100%	4,858,123	100%
VALUE DISTRIBUTION				
Materials and Services	2,406,005	39.5%	1,867,773	38.4%
Government Taxes and duties	1,401,033	23.0%	1,099,569	22.6%
Employees remuneration, benefits & Others	721,742	11.8%	583,413	12.0%
Society Welfare	10,861	0.2%	4,856	0.1%
Operating and other costs	275,243	4.5%	524,293	10.8%
Finance Cost	4,322	0.1%	3,093	0.1%
Dividends	533,304	8.7%	488,861	10.1%
Retained Within the Business	742,945	12.2%	286,266	5.9%
	6,095,455	100%	4,858,123	100%



HORIZONTAL ANALYSIS PROFIT OR LOSS STATEMENT

	2020	2019	2018	2017	2016	2015
Sales - net	22.48%	15.42%	21.99%	10.01%	20.67%	(4.25%)
Cost of sales	24.36%	11.16%	23.95%	2.74%	16.50%	(6.98%)
Gross profit	19.62%	22.58%	18.82%	24.16%	29.73%	2.26%
Administration and general expenses	24.60%	(1.77%)	23.44%	9.53%	5.79%	3.40%
Other operating income	104.99%	31.93%	(74.43%)	73.22%	6.56%	32.08%
Other operating charges	(57.64%)	23.04%	182.26%	43.06%	26.07%	1.63%
Operating profit	55.37%	30.49%	(31.91%)	41.48%	26.65%	11.77%
Finance costs	39.73%	(28.32%)	4.50%	(63.28%)	(57.99%)	(37.02%)
Profit before taxation	55.41%	30.78%	(32.03%)	42.77%	29.88%	15.17%
Taxation - net	35.67%	22.50%	(13.74%)	29.70%	43.14%	(0.72%)
Profit after taxation	65.31%	35.36%	(39.17%)	48.63%	24.70%	22.84%

VERTICAL ANALYSIS PROFIT OR LOSS STATEMENT

	2020	2019	2018	2017	2016	2015
Sales - net	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	61.31%	60.38%	62.70%	61.70%	66.07%	68.44%
Gross profit	38.69%	39.62%	37.30%	38.30%	33.93%	31.56%
Administration and general expenses	6.09%	5.98%	7.03%	6.95%	6.98%	7.96%
Other operating income	7.35%	4.39%	3.84%	18.32%	11.64%	13.18%
Other operating charges	3.10%	8.97%	8.42%	3.64%	2.80%	2.68%
Operating profit	36.85%	29.05%	25.69%	46.03%	35.79%	34.10%
Finance costs	0.09%	0.08%	0.12%	0.15%	0.44%	1.25%
Profit before taxation	36.76%	28.97%	25.57%	45.89%	35.35%	32.85%
Taxation - net	10.72%	9.68%	9.12%	12.89%	10.94%	9.22%
Profit after taxation	26.04%	19.29%	16.45%	32.99%	24.42%	23.63%

HORIZONTAL ANALYSIS STATEMENT OF FINANCIAL POSITION

	2020	2019	2018	2017	2016	2015
ASSETS						
Non-current assets						
Property, plant and equipment	13.51%	(4.68%)	(0.12%)	(6.96%)	(7.44%)	(4.26%)
Right of use assets	100.00%	-	-	-	-	-
Intangible Assets	1166.04%	20.09%	100%	-	-	-
Long Term Investments	9.14%	197.71%	(48.66%)	0.64%	(47.01%)	0.69%
Lease deposits	4.45%	7.97%	18.99%	(13.78%)	13.76%	16.79%
Current assets						
Stores, spares and loose tools	8.06%	5.33%	24.99%	28.33%	(0.76%)	(5.93%)
Stock-in-trade	45.45%	(7.00%)	(28.69%)	12.64%	33.02%	8.75%
Trade debts - considered good	(60.06%)	44.19%	(0.83%)	103.25%	23.00%	(11.12%)
Advances, deposits, prepayments and other receivables	(47.40%)	71.84%	(34.07%)	63.90%	(47.23%)	241.79%
Accrued mark-up	36.20%	(0.27%)	(5.05%)	(36.91%)	2.98%	(2.88%)
Investments	28.34%	(28.07%)	20.36%	13.90%	92.77%	39.98%
Cash and bank balances	233.77%	(49.49%)	1255.33%	(79.69%)	28.65%	37.65%
Total assets	14.78%	3.26%	3.75%	7.71%	2.37%	5.09%
LIABILITIES						
Current liabilities						
Trade and other payables	24.08%	(7.69%)	14.12%	23.68%	(4.22%)	11.02%
Accrued mark-up on short term finance - secured	209.48%	866.67%	(85.37%)	(74.77%)	(77.95%)	(60.01%)
Short Term Running Finance	(100%)	61.17%	100%	-	-	-
Current portion of Long term liabilities	(0.35%)	4.52%	0.58%	(84.91%)	(64.16%)	(24.72%)
Taxation - net	4.94%	(18.14%)	(13.09%)	12.90%	9.38%	30.46%
Non-current liabilities						
Liabilities against asset subject to finance lease	4.71%	13.95%	38.07%	(14.88%)	31.02%	0.49%
Long Term Finance	-	-	-	(100.0%)	(97.06%)	(74.57%)
Deferred taxation - net	(4.09%)	(31.03%)	(15.82%)	(21.33%)	(5.36%)	(6.75%)
Total liabilities	4.18%	(3.42%)	10.02%	5.44%	(9.51%)	(8.18%)
NET ASSETS	17.24%	4.94%	2.28%	8.26%	5.70%	9.54%
Issued, subscribed and paid-up capital	-	-	-	-	-	20.00%
General reserve	7.11%	7.20%	14.44%	6.11%	3.54%	4.09%
Unappropriated profit	140.21%	(7.24%)	(44.93%)	26.30%	24.89%	37.01%
SHAREHOLDER'S EQUITY	17.24%	4.94%	2.28%	8.26%	5.70%	9.54%
Total liabilities & Shareholder Equity	14.78%	3.26%	3.75%	7.71%	2.37%	5.09%

VERTICAL ANALYSIS STATEMENT OF FINANCIAL POSITION

	2020	2019	2018	2017	2016	2015
ASSETS						
Non-current assets						
Property, plant and equipment	24.62%	24.90%	26.97%	28.01%	32.43%	35.87%
Right of use assets	0.37%	-	-	-	-	-
Intangible Assets	0.29%	0.03%	0.02%	-	-	-
Lease deposits	0.06%	0.07%	0.07%	0.06%	0.07%	0.07%
Long Term Investments	18.61%	19.57%	6.79%	13.72%	14.68%	28.37%
Current assets						
Stores, spares and loose tools	2.82%	3.00%	2.94%	2.44%	2.05%	2.11%
Stock-in-trade	7.58%	5.98%	6.64%	9.66%	9.24%	7.11%
Trade debts - considered good	5.17%	14.85%	10.63%	11.13%	5.90%	4.91%
Advances, deposits, prepayments and other receivables	0.65%	1.42%	0.86%	1.35%	0.88%	1.72%
Accrued mark-up	0.88%	0.74%	0.77%	0.84%	1.43%	1.42%
Loans, receivables & Investments	29.15%	26.08%	37.43%	32.27%	30.52%	16.20%
Cash and bank balances	9.79%	3.37%	6.88%	0.53%	2.79%	2.22%
Total assets	100%	100%	100%	100%	100%	100%
LIABILITIES						
Current liabilities						
Current portion of long term liabilities	0.10%	0.12%	0.12%	0.12%	0.85%	2.42%
Trade and other payables	9.59%	8.87%	9.93%	9.02%	7.86%	8.40%
Unpaid & Unclaimed dividend	3.72%	4.24%	3.55%	3.14%	2.62%	2.05%
Accrued mark-up on short term finance - secured	0.01%	-	-	-	0.01%	0.03%
Short Term Running Finance	-	1.45%	0.93%	-	-	-
Taxation - net	1.63%	1.79%	2.25%	2.69%	2.57%	2.40%
Non-current liabilities						
Liabilities against asset subject to finance lease	0.28%	0.31%	0.28%	0.21%	0.27%	0.21%
Long Term Liabilities	0.04%	0.01%	-	-	0.02%	0.80%
Deferred taxation - net	1.73%	2.06%	3.09%	3.81%	5.22%	5.64%
Total liabilities	17.10%	18.84%	20.14%	18.99%	19.40%	21.95%
NET ASSETS	82.90%	81.16%	79.86%	81.01%	80.60%	78.05%
Issued, subscribed and paid-up capital	8.48%	9.74%	10.06%	10.43%	11.24%	11.50%
General & Capital reserves	60.39%	64.72%	62.34%	56.52%	57.37%	56.72%
Unappropriated profit	14.02%	6.70%	7.46%	14.05%	11.98%	9.82%
SHAREHOLDER'S EQUITY	82.90%	81.16%	79.86%	81.01%	80.60%	78.05%
Total liabilities & Shareholder Equity	100%	100%	100%	100%	100%	100%

ANALYSIS OF FINANCIAL STATEMENTS

PARTICULARS	(Rupees in '000)*					
	2020	2019	2018	2017	2016	2015
Financial Position						
Fixed Assets - Net	1,719,417	1,514,757	1,589,119	1,591,021	1,710,120	1,847,615
Right to Use Assets	25,882	-	-	-	-	-
Intangible Assets	20,206	1,596	1,329	-	-	-
Investments	1,299,667	1,190,841	399,999	779,176	774,229	1,461,099
Lease Deposits	4,458	4,268	3,953	15,997	15,514	15,048
	3,069,630	2,711,462	1,994,400	2,386,194	2,499,863	3,323,762
Current Assets	3,914,344	3,372,972	3,898,039	3,293,013	2,772,750	1,826,999
Current Liabilities	1,051,510	1,001,985	988,323	850,482	732,894	788,072
Working Capital	2,862,834	2,370,987	2,909,716	2,442,531	2,039,856	1,038,927
	5,932,464	5,082,449	4,904,116	4,828,725	4,539,719	4,362,689
Less : Long Term Liabilities	22,317	18,735	16,441	11,908	15,202	51,927
Less: Deferred Liabilities	120,481	125,618	182,124	216,360	275,028	290,593
Net Assets	5,789,666	4,938,096	4,705,551	4,600,457	4,249,489	4,020,169
Paid-up-Capital	592,559	592,559	592,559	592,559	592,559	592,559
Reserves	5,197,107	4,345,537	4,112,992	4,007,898	3,656,930	3,427,610
Shareholders' Equity	5,789,666	4,938,096	4,705,551	4,600,457	4,249,489	4,020,169
Profit or Loss						
Sales - Net of taxes	4,901,284	4,001,591	3,466,918	2,842,085	2,583,566	2,140,952
Gross Profit	1,896,309	1,585,236	1,293,223	1,088,406	876,620	675,717
Profit after Admin Expenses	1,597,987	1,345,815	1,049,482	890,947	696,334	505,300
Other Income	360,071	175,649	133,140	520,700	300,600	282,092
Finance & Other Cost	156,446	362,182	296,154	107,521	83,516	84,091
Profit before Tax	1,801,612	1,159,282	886,468	1,304,126	913,418	703,301
Taxation	525,363	387,248	316,109	366,473	282,547	197,388
Profit after Tax	1,276,249	772,034	570,359	937,653	630,871	505,913
Investors Information						
Dividend **						
Cash	533,304	488,861	474,047	474,047	444,419	355,535
Cash - %	90.0%	82.5%	80%	80%	75.00%	60.00%
Profit retained in Business	742,946	283,173	96,312	463,606	186,452	150,378
Retention - %	58.21%	36.68%	16.89%	49.44%	29.55%	29.72%
Profitability Ratios						
Gross Profit to Sales %	38.69%	39.62%	37.30%	38.30%	33.93%	31.56%
EBITDA	2,002,341	1,377,678	1,099,240	1,514,035	1,137,121	933,968
EBITDA Margin to Sales %	40.85%	34.43%	31.71%	53.27%	44.01%	43.62%
Profit before Tax to Sales %	36.76%	28.97%	25.57%	45.89%	35.35%	32.85%
Profit after Tax to Sales %	26.04%	19.29%	16.45%	32.99%	24.42%	23.63%
Operating Leverage Ratio %	71.39%	50.80%	(66.81%)	148.38%	43.97%	(80.89%)
Return on Equity - before tax %	31.12%	23.48%	18.84%	28.35%	21.49%	17.49%
Return on Equity - after tax %	22.04%	15.63%	12.12%	20.38%	14.85%	12.58%
Return on Capital Employed %	21.96%	15.58%	12.08%	20.33%	14.79%	12.42%

*All figures are in thousand rupees, unless stated otherwise

ANALYSIS OF FINANCIAL STATEMENTS

PARTICULARS	(Rupees in '000)*					
	2020	2019	2018	2017	2016	2015
Activity / Turnover Ratios						
Return on Assets - before tax %	25.80%	19.05%	15.04%	22.96%	17.32%	13.65%
Return on Assets - after tax %	18.27%	12.69%	9.68%	16.51%	11.97%	9.82%
Fixed Assets Turnover - (In Times)	2.78:1	2.64:1	2.18:1	1.79:1	1.51:1	1.16:1
Total Assets Turnover - (In Times)	1.42:1	1.52:1	1.70:1	2.00:1	2.04:1	2.41:1
Stock Turnover - (In Times)	6.73	6.40	4.63	3.39	4.15	4.36
Stock Turnover - No. of Days	54	57	79	108	88	84
Debtor turnover Ratio - No. of Days	41	60	57	52	36	40
Creditor turnover Ratio - No. of Days	27	22	35	31	35	50
Operating Cycle - No. of Days	68	95	101	129	89	74
Liquidity Ratios						
Current Ratio	3.72:1	3.37:1	3.94:1	3.87:1	3.78:1	2.32:1
Quick Ratio	2.53:1	2.83:1	3.37:1	3.08:1	2.99:1	1.77:1
Cash to Current Liabilities	0.65:1	0.20:1	0.41:1	0.12:1	0.20:1	0.15:1
Cash flow from operations to Sales	0.34:1	0.16:1	0.29:1	0.10:1	0.15:1	0.20:1
Capital Structure Ratios						
Long Term Debt to Equity	0.00:1	0.00:1	0.00:1	0.00:1	0.00:1	0.01:1
Long Term Debt to Asset	0.00:1	0.00:1	0.00:1	0.00:1	0.00:1	0.01:1
Debt Equity Ratio	0.00:1	0.00:1	0.00:1	0.00:1	0.00:1	0.01:1
Interest cover ratio	595:1	777:1	444:1	1,092:1	585:1	475:1
Weighted Average Cost of Debt	12.81%	8.19%	10.74%	5.61%	7.10%	9.97%
Investment / Market Ratios						
Number of shares in issue	59,256	59,256	59,256	59,256	59,256	59,256
Cash Dividend per share (Rs.)	9.00	8.25	8.00	8.00	7.50	6.00
Earnings per share - before tax (Rs.)	30.40	19.56	14.96	22.01	15.41	11.87
Earnings per share - after tax (Rs.)	21.54	13.03	9.63	15.82	10.65	8.54
Break-up value per share (Rs) :						
- Without Surplus on Revaluation on Fixed Assets }	97.71	83.34	79.41	77.64	71.71	67.84
- With Surplus on Revaluation on Fixed Assets }						
Price Earning Ratio - Year end Price (Rs.)	6.59	7.12	12.57	9.22	9.92	10.37
Earning Yield - Year end Price %	15.17%	14.04%	7.95%	10.84%	10.08%	9.64%
Dividend Payout %	42%	63%	83%	50.56%	70.45%	70.28%
Dividend Yield - Year end Price %	6.34%	8.89%	6.61%	5.48%	7.10%	6.78%
Dividend Cover - Times	2.39	1.58	1.20	1.98	1.42	1.42
SHARE PERFORMANCE						
Share Price - Highest (Rs.)	151.49	127.00	170.00	176.75	106.50	90.00
Share Price - Lowest (Rs.)	77.25	78.00	115.49	87.10	74.50	61.00
Share Price - Average (Rs.)	113.26	102.50	142.75	131.93	90.50	75.50
Share Price - At year end (Rs.)	141.95	92.79	121.02	145.95	105.59	88.56
Market Capitalization - Year end Price	8,411,369	5,498,351	7,171,144	8,648,393	6,256,826	5,247,699
Turnover of shares - No.	2,538,200	2,620,600	3,672,400	10,667,500	2,042,000	4,594,500

*All figures are in thousand rupees, unless stated otherwise

ANALYSIS OF FINANCIAL STATEMENTS

(Rupees in '000)*

PARTICULARS	2020	2019	2018	2017	2016	2015
PRODUCTION (Ton)						
Actual Production						
Banknote Paper	3,399	3,214	2,692	2,334	2,184	1,760
Non-Banknote Paper	978	505	581	488	473	450
Total	4,377	3,719	3,273	2,822	2,657	2,210
SALES (Ton)						
Banknote Paper	3,373	3,215	2,712	2,385	2,176	1,750
Non-Banknote Paper	962	511	591	473	482	486
Total	4,335	3,726	3,303	2,858	2,658	2,236
SUMMARY OF CASH FLOWS						
Cash Flows from operating activities	1,660,735	641,961	1,014,309	272,273	394,212	436,027
Net Cash from investing activities	(656,975)	(380,817)	(317,087)	134,396	87,497	(78,719)
Net Cash used in financing activities	(524,734)	(461,881)	(396,502)	(449,104)	(448,887)	(325,978)
Cash and cash equivalents at beginning of the year	204,913	405,650	104,930	147,365	114,543	83,213
Cash and cash equivalents at end of the year	683,939	204,913	405,650	104,930	147,365	114,543

COMMENTS ON RATIO ANALYSIS

Profitability Ratios

Higher production and sales during the year resulted in overall higher profitability during the year as compared to last years. EBITDA margin to sales is significantly improved by 6.42%; the EBITDA in rupees is increased from Rs 1,378 million to Rs 2,002 million due to higher sales volume and operational efficiencies. Return on Equity and Return on Capital employed ratios have also improved compared to last years.

Activity / Turnover Ratios

During the year Company has shown very healthy stock turn over ratio of 6.73 (times) with cover of 54 days. Debtors turnover ratio has also considerably improved from 60 days in 2019 to 41 days in 2020. Creditors turnover ratio has slightly increased to 27 days in 2020 from 22 days reported in 2019. Return on Assets is showing healthy trend during the year.

Liquidity Ratios

Current ratio has increased to 3.72:1 in 2020 from 3.37 reported in 2019, reflecting strong liquidity position of the Company. Quick ratio has slightly decreased to 2.53:1 in 2020 (2019: 2.83:1) due to maintaining higher inventory levels amid COVID-19. The Company has generated highest ever cash from operations of Rs 1,661 million in 2020 (2019: Rs 642 million) which reflects higher efficiencies of operations.

Capital Structure Ratios

Debt Equity, long term debt to equity and long term debt to assets ratio is maintained at 0.00:1 as the leverage position was kept to its minimum. Owing to minimal leverage and strong profitability, the Company reported a healthy Interest cover ratio of 595:1 in 2020.

Investment / Market Ratios

Earning per share has been showing a rising trend due to increase in net income over the periods. In 2020, EPS (after-tax) stood at Rs 21.54 as against Rs 13.03 in 2019. Average market share price stood at Rs 113.26 in 2020 as compared to Rs 102.50 in 2019. Earning yield also shown improvement during the year and stood at 15.17%. Dividend yield has decreased by 2.55% due to higher share price during the year.

*All figures are in thousand rupees, unless stated otherwise

** Proposed cash dividend of Rs 533.304 million (i.e. Rs 9.00 per share) is reflected in the above data as referred to in note 40 of the financial statements.

DUPONT ANALYSIS

Three Step Dupont Model:

	2020	2019	2018	2017	2016	2015
Net Profit Margin	26.04%	19.29%	16.45%	32.99%	24.42%	23.63%
Asset Turnover	70.20%	65.8%	58.8%	50.0%	49.0%	41.6%
Equity Multiplier	1.21	1.23	1.25	1.23	1.24	1.28
Return on Equity	22.04%	15.63%	12.12%	20.38%	14.85%	12.58%

Five-Step Dupont Model:

	2020	2019	2018	2017	2016	2015
Earning Before Interest & Tax Margin	36.85%	29.05%	25.69%	46.03%	35.79%	34.10%
Asset Turnover	70.20%	65.8%	58.8%	50.0%	49.0%	41.6%
Interest Burden	99.76%	99.73%	99.52%	99.68%	98.78%	96.33%
Tax Efficiency	70.84%	66.60%	64.34%	71.90%	69.07%	71.93%
Equity Multiplier	1.21	1.23	1.25	1.23	1.24	1.28
Return on Equity	22.04%	15.63%	12.12%	20.38%	14.85%	12.58%

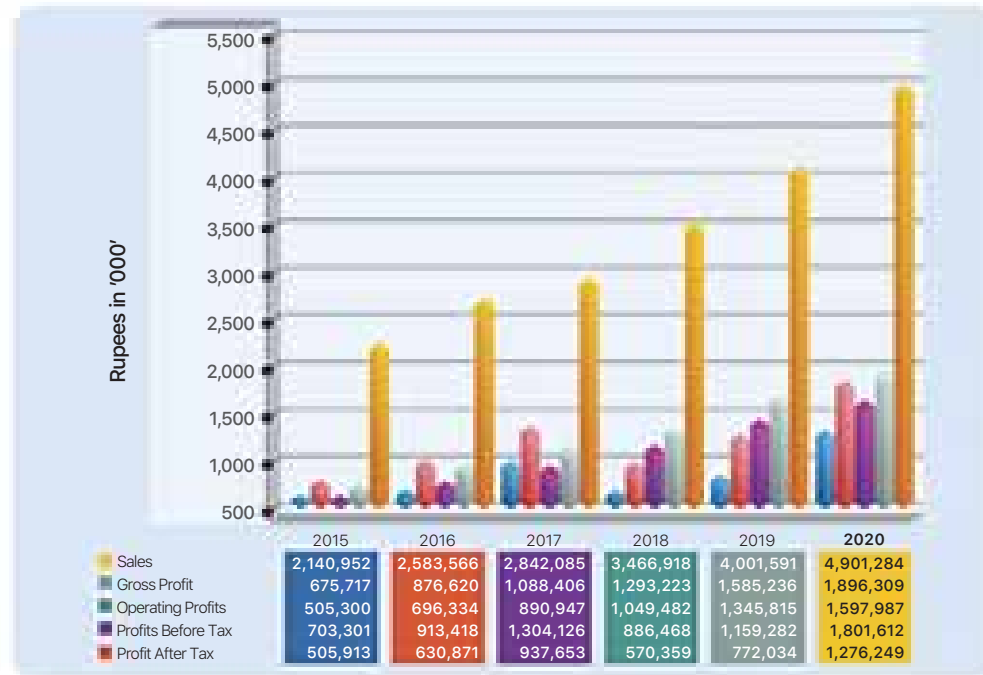


Comments on DuPont Analysis

- Net Profit Margin increased to 26.04% in 2020 as compared to 19.29% reported in 2019, mainly due to higher sales revenue and operational efficiencies.
- Improvement in Asset turnover ratio is attributable to higher sales volume which led to better utilization of fixed assets.
- Financial leverage position remained at minimum as assets were mainly financed by the equity.
- EBIT margin has increased by 8% in 2020 mainly due to higher sales revenue and operational efficiencies.
- Interest burden ratio remained healthy and stood at 99.76% in 2020 as compared to 99.73% in 2019, reflecting minimal leverage position of the Company.
- Tax efficiency ratio reflects that the Company was able to retain 70.84% of its profits after paying taxes, thus leading to higher ROE.
- Equity multiplier has also been maintained at lower levels over the periods which reflects Company's minimal use of leverage to finance its assets.

GRAPHICAL PRESENTATION OF FINANCIAL STATEMENTS & SHARE PERFORMANCE

Profit or Loss Statement

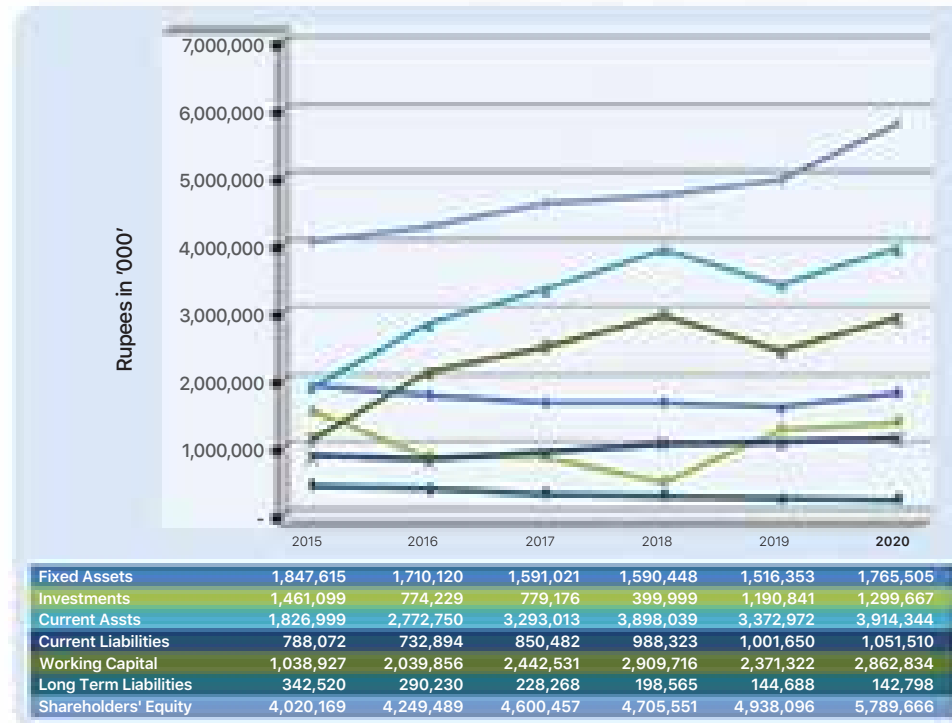


GRAPHICAL PRESENTATION OF FINANCIAL STATEMENTS & SHARE PERFORMANCE

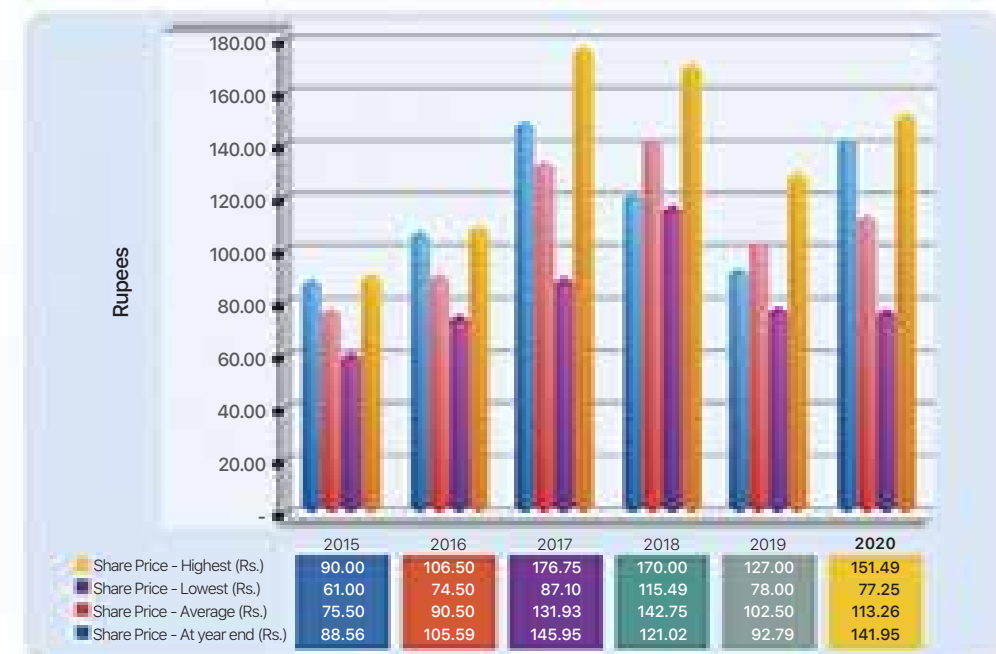
Statements of Cash Flows



Statement of Financial Position



Share Performance



ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE

Financial metrics include revenue, costs, profitability, gearing, liquidity, return on assets etc. Key performance indicators are used to measure progress in essential areas of Company's performance.

Financial Statement metrics include current ratio, inventory turnover, debt to equity ratio and earnings per share.

During the year under review, the Company earned profit after tax of Rs. 1,276 Million (Budgeted: Rs. 953 Million) and achieved highest ever sales revenue of Rs. 4,901 Million (Budgeted: Rs. 4,604 million). Capital intensive Water Recycling Project, capable to recycle 200,000 gallons water per day & installation of 3rd Gas Engine for Co-Generation Plant for power generation of 1.4 MW are under execution phase. Installation and commissioning of both projects were delayed owing to COVID-19 Pandemic. Projects are expected to be completed during financial year 2020-21.

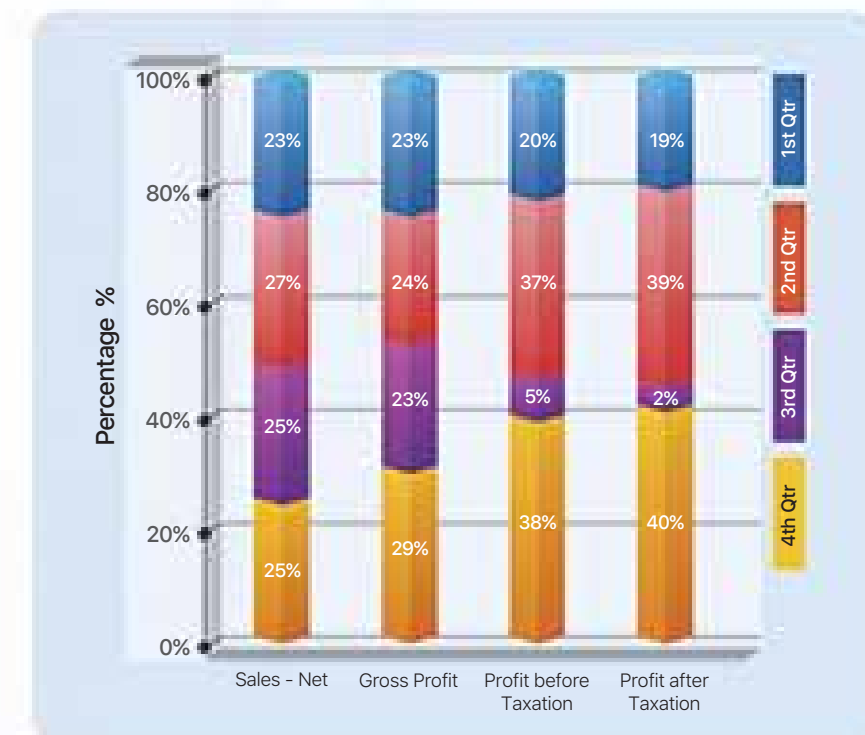
Non financial key performance indicators are other measures used to assess the activities that the Company sees as important to the achievement of its strategic objectives. Non financial metrics are quantitative measures that relates to employees, customers relationship, quality etc.

During the year Human Resources (HR) department was focused on building talent for future through the Performance Measurement System. Key Performance Indicators played an important role in the measurement of progress of the Organization towards attainment of its goals.

Quality Control department receives Customers' feedback and highlights the areas of improvements. The Company measures customer satisfaction/ complaint systematically by giving timely feed back to its customers.

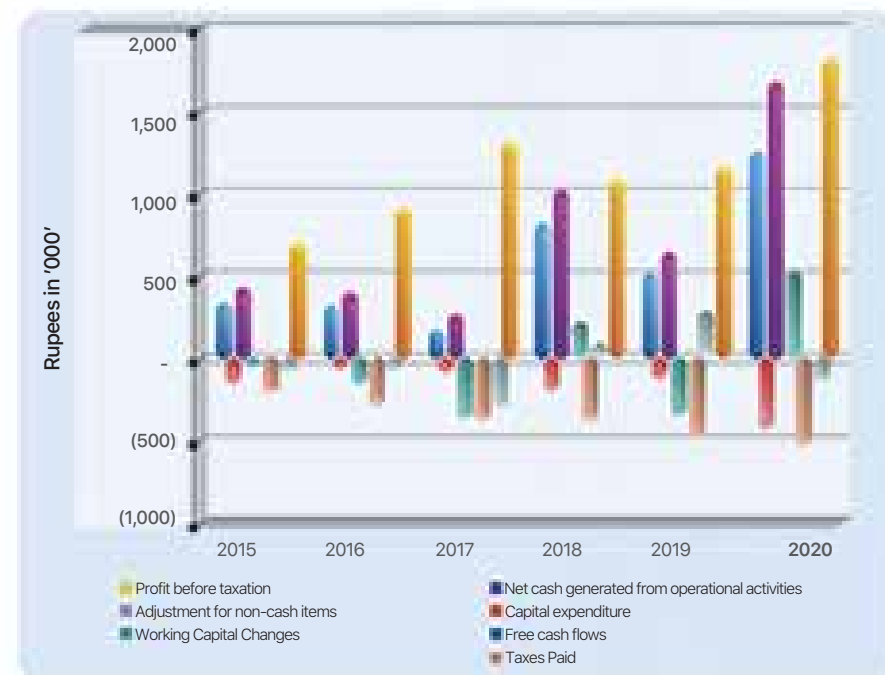
QUARTERLY PERFORMANCE ANALYSIS

	Jun-20	Mar-20	Dec-19	Sep-19	Total
----- (Rupees in '000) -----					
Sales - Net	1,207,969	1,203,571	1,303,862	1,185,882	4,901,284
Cost of Goods Sold	(651,165)	(765,094)	(839,854)	(748,862)	(3,004,975)
GROSS PROFIT	556,804	438,477	464,008	437,020	1,896,309
Administrative Expenses	(72,500)	(75,580)	(81,815)	(68,427)	(298,322)
Other Charges	67,021	(140,666)	4,941	(83,420)	(152,124)
Other Income	132,638	(122,251)	279,462	70,222	360,071
OPERATING PROFIT	683,963	99,980	666,596	355,395	1,805,934
Finance Cost	(575)	(1,448)	(1,210)	(1,089)	(4,322)
Profit before Taxation	683,388	98,532	665,386	354,306	1,801,612
Taxation	(174,018)	(72,463)	(167,561)	(111,321)	(525,363)
Profit after Taxation	509,370	26,069	497,825	242,985	1,276,249



STATEMENT OF FREE CASH FLOWS

	2020	2019	2018	2017	2016	2015
----- (Rupees in '000) -----						
Profit before taxation	1,801,612	1,159,282	1,079,885	1,304,126	913,418	703,301
Adjustment for non-cash items	(146,582)	296,483	76,874	(300,248)	(80,798)	(53,587)
Taxes Paid	(525,129)	(467,841)	(371,565)	(381,554)	(286,164)	(203,125)
Working Capital Changes	530,834	(345,963)	229,115	(350,051)	(152,244)	(10,562)
Net cash generated from operational activities	1,660,735	641,961	1,014,309	272,273	394,212	436,027
Capital expenditure	(418,119)	(127,126)	(194,495)	(83,049)	(66,159)	(118,333)
Free cash flows	1,242,616	514,835	819,814	189,224	328,053	317,694



STATEMENT OF CASH FLOWS - DIRECT METHOD

	2020	2019
----- (Rupees in '000) -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from Customers	6,287,982	4,385,404
Cash paid to suppliers and employees	(4,097,849)	(3,274,202)
Cash generated from operations	2,190,133	1,111,202
Net income tax paid	(525,129)	(467,841)
Finance costs paid	(4,079)	(1,085)
Lease deposits paid	(190)	(315)
Net Cash generated from operating activities	1,660,735	641,961
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(418,119)	(127,126)
Purchase of intangible assets	(20,249)	(655)
Proceeds from sale of operating fixed assets	3,485	2,538
Investment made during the year	(4,336,492)	(4,776,605)
Investment matured during the year	3,817,819	4,364,255
Dividend received on mutual fund	36,109	-
Mark-up received	260,472	156,776
Net cash used in investing activities	(656,975)	(380,817)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term running finance	(88,030)	33,280
Payments against lease obligations	(9,377)	(10,397)
Dividend paid	(427,327)	(484,764)
Net cash used in financing activities	(524,734)	(461,881)
Net increase / (decrease) in cash and cash equivalents	479,026	(200,737)
Cash and cash equivalents at beginning of the year	204,913	405,650
Cash and cash equivalents at end of the year	683,939	204,913

ECONOMIC VALUE ADDED

VALUE ADDITION

Net Operating Profit after Tax
Cost of Capital

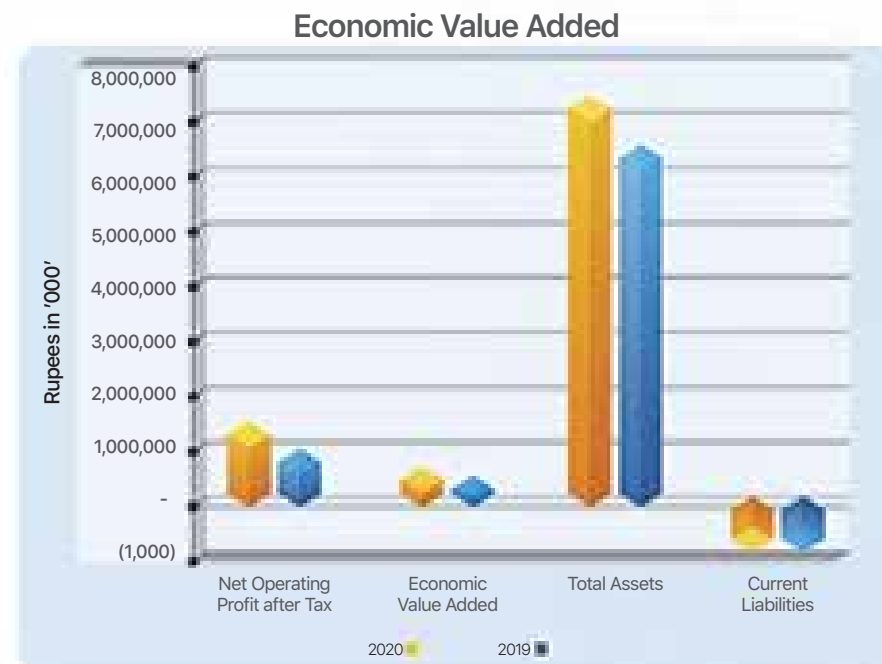
Economic Value Added

Total Assets
Current Liabilities
Invested Capital
Weighted Average Cost of Capital

Cost of Capital

2020 2019
---(Rupees in '000)---

1,280,571	775,127
(956,107)	(734,632)
324,464	40,495
6,983,974	6,084,434
(1,071,128)	(1,120,507)
5,912,846	4,963,927
16.17%	14.80%
956,107	734,632



SHARE PRICE SENSITIVITY ANALYSIS

Following are some major factors which may influence performance of the Company and its share price.

Energy Prices

The Company has its own cogeneration power plant. Increase in energy rates and continuous appreciation of fuel prices affects the financial performance of the Company.

Exchange Rate Fluctuation

The Company is directly exposed to exchange rate fluctuations since the major raw materials such as security threads, invisible fibers and chemicals are imported by the Company.

Plant Operations

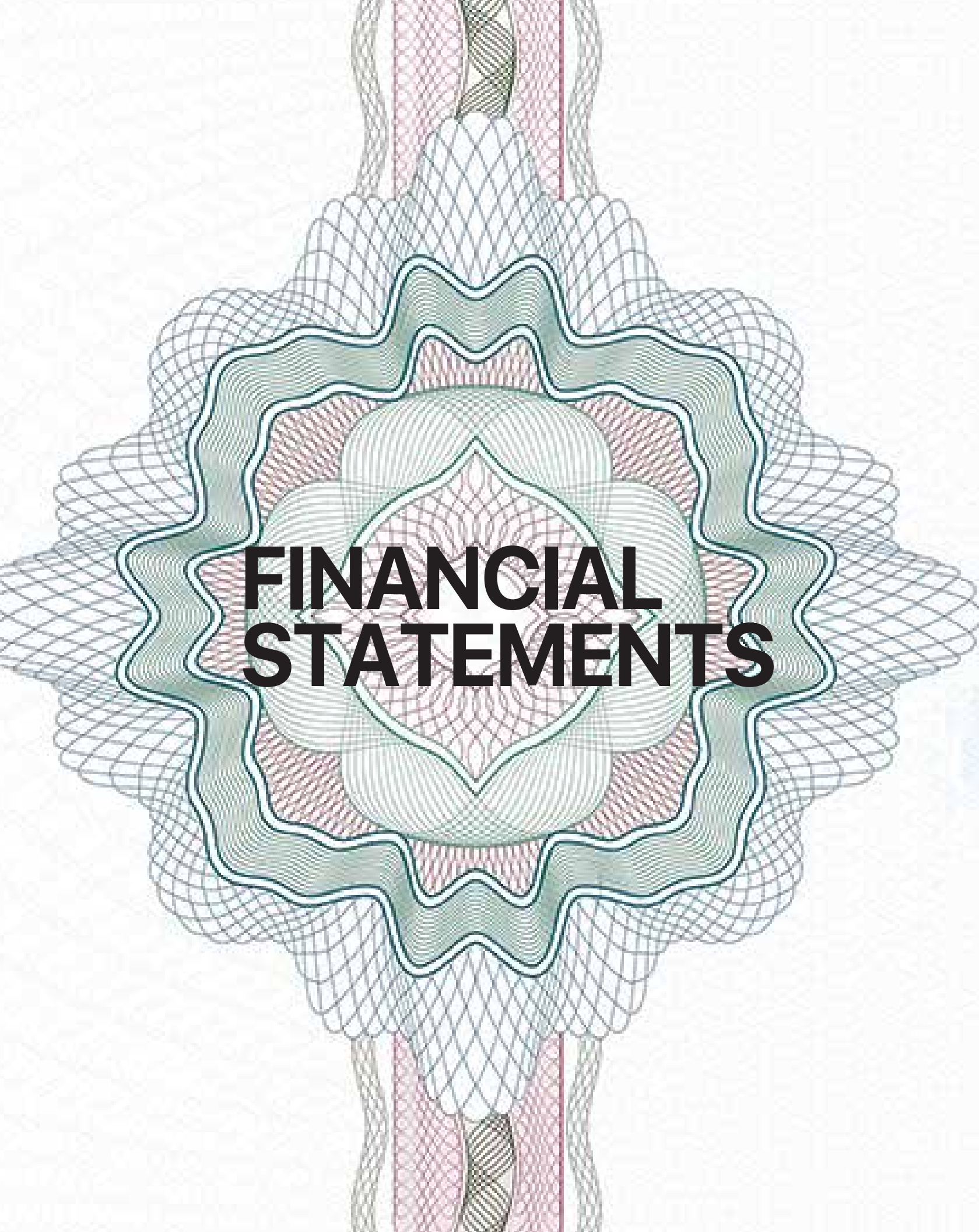
The Company has state-of-the-art production facility. Any major break down in production facility may cause reduction in production and sales hence adversely affect the share price.

Raw Material Prices

The Company's performance is directly influenced by sensitivity in raw material prices. There are various raw materials which are locally procured or imported by the Company. Major raw material, such as cotton comber, is directly influenced by international cotton prices and local crop and hence affects the financial performance of the Company.



Source: Pakistan Stock Exchange (PSX)



FINANCIAL STATEMENTS





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INDEPENDENT AUDITORS' REPORT

To the members of Security Papers Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Security Papers Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
Revenue Recognition: Sales of goods to a related party	
<p>Refer to note 22 to the financial statements and the accounting policy in note 4.21 to the financial statements.</p> <p>The Company generated net revenue of Rs. 4,901 million (2019: Rs. 4,002 million), which constitutes Rs. 3,936 million i.e. 80% (2019: Rs. 3,494 million i.e. 87%) of total sales to Pakistan Security Printing Corporation (Private) Limited (PSPC) which is also a significant shareholder with 40.03% in equity based on cost plus pricing arrangement. Under this arrangement provisional pricing agrees at the beginning of the financial year which is subject of final adjustment at year end if any.</p> <p>We identified revenue recognition: sales of goods to a related party as key audit matter because of significant sale is made to PSPC under a cost-plus pricing arrangement and its recognition in appropriate period which could potentially impact the operating results of the Company.</p>	<p>Our audit procedures in respect of recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period based on prevailing agreed price under cost plus pricing arrangement; assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting and reporting standards as applicable in Pakistan; Reviewing approved agreements with PSPC to understand the nature and terms and conditions of revenue transactions; Testing revenue transactions recorded before and subsequent to the reporting period on a sample basis to assess whether the revenue transactions are recorded in appropriate period based on agreed prices and underlying documents.



KPMG Taseer Hadi & Co.

Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> Obtaining confirmation from PSPC for transactions and balances; and Assessing the adequacy of the disclosures in respect of the accounting and disclosures in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2020 but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



KPMG Taseer Hadi & Co.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



KPMG Taseer Hadi & Co.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



KPMG Taseer Hadi & Co.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

Date: 30 July 2020

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants


STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 ---(Rupees in '000)---	2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,719,417	1,514,757
Right-of-use assets	5.1	25,882	-
Intangible assets	6	20,206	1,596
Long-term investments	7	1,299,667	1,190,841
Lease deposits		4,458	4,268
		3,069,630	2,711,462
Current assets			
Stores, spare parts and loose tools	8	197,237	182,517
Stock-in-trade	9	529,111	363,770
Trade debts - considered good	10	360,899	903,510
Loans, advances, deposits, prepayments and other receivables	11	45,552	86,598
Interest accrued	12	61,453	45,120
Investments	13	2,036,153	1,586,544
Cash and bank balances	14	683,939	204,913
		3,914,344	3,372,972
		6,983,974	6,084,434
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised share capital 70,000,000 (2019: 70,000,000) ordinary shares of Rs. 10 each		700,000	700,000
Issued, subscribed and paid-up capital 59,255,985 ordinary shares of Rs.10 each	15	592,559	592,559
Revenue reserves			
General reserves		4,217,879	3,937,879
Unappropriated profits		979,228	407,658
		5,197,107	4,345,537
Total shareholders' equity		5,789,666	4,938,096
Non-current liabilities			
Lease Liabilities	16	19,618	18,735
Staff retirement benefits	17	2,699	335
Deferred taxation - net	18	120,481	125,618
		142,798	144,688
Current liabilities			
Trade and other payables	19	669,940	539,917
Accrued mark-up		359	116
Short-term running finance	20	-	88,030
Unclaimed dividend		1,523	1,832
Unpaid dividend		258,552	255,965
Current portion of lease liabilities	16	7,071	7,096
Taxation - net		114,065	108,694
		1,051,510	1,001,650
Total liabilities		1,194,308	1,146,338
Contingencies and commitments	21		
TOTAL EQUITY AND LIABILITIES		6,983,974	6,084,434

The annexed notes 1 to 41 form an integral part of these financial statements.


Dr. Mohammad Ashraf Butt
Chief Executive Officer


Babar Aijaz
Chief Financial Officer


Jamal Nasim
Director


Dr. Mohammad Ashraf Butt
Chief Executive Officer


Babar Aijaz
Chief Financial Officer


Jamal Nasim
Director

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 ---(Rupees in '000)---	2019
Sales - net	22	4,901,284	4,001,591
Cost of sales	23	(3,004,975)	(2,416,355)
Gross profit		1,896,309	1,585,236
Administrative expenses	24	(298,322)	(239,421)
Other income	25	360,071	175,649
Other charges	26	(152,124)	(359,089)
Finance costs	27	(4,322)	(3,093)
Profit before taxation		1,801,612	1,159,282
Taxation - net	28	(525,363)	(387,248)
Profit after taxation		1,276,249	772,034
		---	---
Earnings per share - basic and diluted	29	21.54	13.03

The annexed notes 1 to 41 form an integral part of these financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	2020 ---(Rupees in '000)---	2019
Profit after taxation	1,276,249	772,034
Other comprehensive income		
Item that will not be reclassified to profit or loss		
Remeasurement gain / (loss) on defined benefit plan (note 30.1.3)	4,926	(6,185)
Total comprehensive income for the year	1,281,175	765,849

The annexed notes 1 to 41 form an integral part of these financial statements.


STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Issued, subscribed and paid-up share capital	Revenue reserves			Total equity
		General reserves	Unappropriated profit	Total Reserves	
----- (Rupees in '000) -----					
Balance as at 30 June 2018	592,559	3,673,519	439,473	4,112,992	4,705,551
Total comprehensive income for the year ended 30 June 2019					
Profit for the year	-	-	772,034	772,034	772,034
Other comprehensive income	-	-	(6,185)	(6,185)	(6,185)
	-	-	765,849	765,849	765,849
Transactions with owners:					
Final cash dividend @ Rs. 8.00 per ordinary share for the year ended 30 June 2018	-	-	(474,048)	(474,048)	(474,048)
Interim cash dividend @ Rs. 1.00 per ordinary share for the year ended 30 June 2019	-	-	(59,256)	(59,256)	(59,256)
Transfer to general reserves	-	264,360	(264,360)	-	-
Balance as at 30 June 2019	592,559	3,937,879	407,658	4,345,537	4,938,096
Total comprehensive income for the year ended 30 June 2020					
Profit for the year	-	-	1,276,249	1,276,249	1,276,249
Other comprehensive income	-	-	4,926	4,926	4,926
	-	-	1,281,175	1,281,175	1,281,175
Transactions with owners:					
Final cash dividend @ Rs. 7.25 per ordinary share for the year ended 30 June 2019	-	-	(429,605)	(429,605)	(429,605)
Transfer to general reserves	-	280,000	(280,000)	-	-
Balance as at 30 June 2020	592,559	4,217,879	979,228	5,197,107	5,789,666

The annexed notes 1 to 41 form an integral part of these financial statements.


Dr. Mohammad Ashraf Butt
Chief Executive Officer


Babar Aijaz
Chief Financial Officer


Jamal Nasim
Director


Dr. Mohammad Ashraf Butt
Chief Executive Officer


Babar Aijaz
Chief Financial Officer


Jamal Nasim
Director


STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 ---(Rupees in '000)---	2019
Cash flows from operating activities			
Cash generated from operations	34	2,190,133	1,111,202
Lease deposits paid		(190)	(315)
Taxes paid		(525,129)	(467,841)
Finance costs paid		(4,079)	(1,085)
Net cash generated from operating activities		1,660,735	641,961
Cash flows from investing activities			
Capital expenditure		(418,119)	(127,126)
Purchase of intangible assets		(20,249)	(655)
Proceeds from sale of operating fixed assets		3,485	2,538
Redemption of sukuk term finance certificates		-	2,816
Investment made during the year		(4,336,492)	(4,776,605)
Investment matured during the year		3,817,819	4,361,439
Dividend received on mutual fund		36,109	-
Mark-up received		260,472	156,776
Net cash used in investing activities		(656,975)	(380,817)
Cash flows from financing activities			
Short term running finance		(88,030)	33,280
Payments of lease liabilities		(9,377)	(10,397)
Dividend paid		(427,327)	(484,764)
Net cash used in financing activities		(524,734)	(461,881)
Net increase / (decrease) in cash and cash equivalents		479,026	(200,737)
Cash and cash equivalents at beginning of the year		204,913	405,650
Cash and cash equivalents at end of the year	35	683,939	204,913

The annexed notes 1 to 41 form an integral part of these financial statements.


Dr. Mohammad Ashraf Butt
Chief Executive Officer


Babar Aijaz
Chief Financial Officer


Jamal Nasim
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. STATUS AND NATURE OF BUSINESS

Security Papers Limited (the "Company") is incorporated and domiciled in Pakistan as a public Company Limited by shares. The address of its registered office and factory is Jinnah Avenue, Malir Halt, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange Limited.

The principal activity of the Company is manufacturing and sale of specialised paper for banknote and non-bank note security documents.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

- A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.
- During the year installed production capacity has been increased from 4,000 tons to 4,500 tons and accordingly production has been increased to 4,337 tons. The Company's net sales stood at Rs. 4,901 million (2019: Rs. 4,002 million), 80 percent of which was generated from sales to PSPC and remaining to non-related parties. Non related parties sales have increased by 90 percent during the year. The Company having outstanding purchase orders from PSPC amounting to Rs. 3,924.8 million for providing specialised banknotes and prize bonds paper against which supplies will be made in forthcoming financial year.
- Directors' report contains details about the Company's performance.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousands of rupees, unless otherwise stated.

3.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value and the Company's liability under defined benefit plan (gratuity) which is measured based on present value of defined benefit obligation.

3.4 Use of Estimates and Judgments

In preparing these financial statements, management has made judgment, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgments made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

- Property, plant and equipment (refer note 4.2)
- Impairment (refer note 4.4 and 4.8)
- Classification of investments (refer note 4.5)
- Stores, spares and loose tools and stock-in-trade (refer note 4.13 and 4.14)
- Provisions (refer note 4.16)
- Employees' retirement benefits (refer note 4.17)
- Taxation (refer note 4.22)

3.5 New or Amendments / Interpretations to Existing Standards, Interpretations

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2019 other than those disclosed in note 4.1, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3.5.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

4.1 Changes in significant accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 January 2019 and the key changes to the Company's accounting policies resulting from adoption of IFRS 16 are summarized below:

IFRS 16 'Leases'

IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the entity, as a lessee has recognized right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach the Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. The right-of-use assets are presented as separate line item in the statement of financial position.

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 at 1 July 2019 did not have an effect on the financial statements of the Company except the reclassification of leased assets as Right-of-use assets (refer note 5.1).

4.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any), except for capital work-in-progress, leasehold and freehold land which are stated at cost less accumulated impairment losses (if any).

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The value assigned to the leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to statement of profit or loss and premium paid at the time of renewal, if any, is amortised over the remaining lease period. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the recoverable amount.

Depreciation on all items is charged using the straight line method in accordance with the rates specified in note 5.1 to these financial statements and after taking into account residual values, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Repairs and maintenance are charged to statement of profit or loss in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Gains or losses on disposal of property, plant and equipment, if any are taken to statement profit or loss in the period in which they arise.

Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred and advances made during installation and construction period are carried under this head. These are transferred to relevant asset category as and when the assets are available for its intended use.

4.3 Intangible assets

Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment losses, if any however, Intangible assets having indefinite life are stated at cost less impairment losses, if any.

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month in which the asset is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell.

4.4 Impairment of non-financial assets

The carrying amounts of the Company's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value of use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

4.5 Financial assets

Initial Measurement

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

Debt Investments at FVOCI These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investment at FVOCI These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement of profit or loss.

Financial assets measured at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

4.6 Investments

- Investments in Pakistan Investment Bond (PIBs) and treasury bills are classified at amortized cost and are initially measured at fair value. Transaction costs directly attributable to the acquisition are included in the carrying amount. Subsequently these investments are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, losses and impairment are recognized in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- Investment in Units of Mutual Funds are classified at fair value through profit or loss and is initially measured at fair value and subsequently is measured at fair value determined using the net assets value of the funds at each reporting date. Net gains and losses are recognized in the statement of profit or loss.

4.7 Trade Debts, loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.8 Impairment of financial assets

The Company recognises loss allowances for ECLs in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.9 De-recognition

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.10 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.11 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

4.12 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

4.13 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and net realisable value less impairment loss, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

Provision for obsolete and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

4.14 Stock-in-trade

Raw materials are valued at the lower of weighted average cost and net realisable value less impairment loss, if any, except for items in transit which are stated at cost incurred to date. Cost comprises of all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to present location and condition.

Work-in-process and finished goods are valued at lower of cost (calculated on weighted average basis) and net realisable value. Cost in relation to work-in-process and finished goods, represents direct cost of materials, direct wages and an appropriate portion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the costs necessary to be incurred to make the sale.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances, call deposits and investments with maturities of less than three months or less, from acquisition date that are subject to insignificant risk of changes in fair value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management which are included as a component of cash and cash equivalents for the purpose of cash flow statement.

4.16 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the outflow can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4.17 Employees' retirement benefits

Defined benefit plan

The Company operates an approved funded gratuity scheme for all permanent employees. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognized immediately in statement of comprehensive income with no subsequent transfer to statement of profit or loss. The latest actuarial valuation was conducted at the reporting date by a qualified professional firm of actuaries.

Defined contribution plan

The Company operates an approved contributory Provident Fund for all eligible employees. Contributions are made equally by the Company and employees at the rate of 6.45% of gross salary; and Employee retirement benefits are payable to eligible employees on completion of the prescribed qualifying period of service under these funds.

4.18 Employees' compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

4.19 Leases

4.19.1 Policy applicable before 1 July 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in statement of profit or loss, unless they are directly attributable to qualifying assets.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in profit or loss over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in statement of profit or loss.

4.19.2 Policy applicable after 1 July 2019

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

4.20 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognized on the Company's statement of financial position and payments made under Ijarah financing are recognized in the statement of profit or loss on a straight line basis over the term of the Ijarah.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4.21 Revenue recognition

- Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of sale of specialised paper for bank note and non-bank note security documents. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Revenue is measured at fair value of the consideration received or receivable, excluding amount of sales tax. No discounts are provided for any product. The Company assesses its revenue arrangements against specific criteria that must be met before revenue is recognised:
- Return on bank deposits is recognised using the effective interest method.
- Dividend income is recognised in the statement of profit or loss on the date on which the Company's right to receive the dividend is established.

4.22 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income, in which case it is recognised in equity or in statement of comprehensive income respectively.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the provisions of the Income Tax Ordinance, 2001. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

4.23 Foreign currency transactions and translations

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into rupees at the foreign exchange rates approximating those prevailing at the reporting date. Exchange differences, if any, are charged in statement of profit or loss.

4.24 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

4.25 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.26 Dividend and appropriations

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognised in the period in which they are approved.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
---(Rupees in '000)---			
Operating fixed assets	5.1	1,420,120	1,510,353
Capital work-in-progress	5.2	299,297	4,404
		<u>1,719,417</u>	<u>1,514,757</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

5.1 The following is a statement of Company's operating fixed assets.

	2020												Right of use assets (note 4.1)	
	Land		Building on		Plant and machinery	Spare parts and stand-by equipment	Laboratory equipment	Furniture and fittings	Electric, water and gas installation	Office and security equipment	Computers and computer accessories	Motor vehicles owned		Total
	Lease-hold	Free-hold	Lease-hold	Free-hold										
(Rupees in '000)														
At 1 July 2019														
Cost	417	293	1,015	185,572	3,159,852	78,418	40,604	15,634	288,951	51,590	18,034	5,191	3,845,571	-
Accumulated depreciation	-	-	(1,012)	(42,367)	(2,038,148)	(72,485)	(32,089)	(6,166)	(106,431)	(40,224)	(15,103)	(4,900)	(2,358,925)	-
Opening net book value	417	293	3	143,205	1,121,704	5,933	8,515	9,468	182,520	11,366	2,931	291	1,486,646	-
During the year														
Additions	-	-	-	-	42,136	16,163	7,858	549	19,457	3,636	3,592	2,946	96,337	10,192
Transfers from CWIP	-	-	-	3,163	20,346	-	-	-	1,437	275	-	-	25,221	1,710
Transferred to right of use asset	-	-	-	3,163	62,482	16,163	7,858	549	20,894	3,911	3,592	2,946	121,558	11,902
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	23,707
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	23,707
Cost	-	-	-	-	-	-	-	-	-	-	-	289	289	9,285
Depreciation	-	-	-	-	-	-	-	-	-	-	-	(248)	(248)	(7,240)
Depreciation charge for the year	-	-	-	(7,245)	(151,630)	(4,247)	(2,273)	(888)	(16,855)	(2,971)	(1,510)	(424)	(188,043)	(7,682)
Closing net book value	417	293	3	139,123	1,032,556	17,849	14,100	9,129	186,559	12,306	5,013	2,772	1,420,120	25,882
At 30 June 2020														
Cost	417	293	1,015	188,735	3,222,334	94,581	48,462	16,183	309,845	55,501	21,626	7,848	3,966,840	26,324
Accumulated depreciation	-	-	(1,012)	(49,612)	(2,189,778)	(76,732)	(34,362)	(7,054)	(123,286)	(43,195)	(16,613)	(5,076)	(2,546,720)	(442)
Closing net book value	417	293	3	139,123	1,032,556	17,849	14,100	9,129	186,559	12,306	5,013	2,772	1,420,120	25,882
Depreciation rate % per annum	-	-	2.5%	33.33%	6%	50%	25%	50%	6%	50%	15%	25%	20%	20%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2019													Total	
	Land		Building on		Plant and machinery	Spare parts and stand-by equipment	Laboratory equipment	Furniture and fittings	Electric, water and gas installation	Office and security equipment	Computers and computer accessories	Motor vehicles			
	Lease-hold	Free-hold	Lease-hold	Free-hold											
(Rupees in '000)															
At 1 July 2018															
Cost	417	293	1,015	174,829	3,072,289	74,024	39,547	15,107	264,538	43,440	16,441	5,127	35,651	3,742,718	
Accumulated depreciation	-	-	(1,012)	(31,991)	(1,867,233)	(70,480)	(29,912)	(5,302)	(88,085)	(37,950)	(13,924)	(4,773)	(18,819)	(2,169,481)	
Opening net book value	417	293	3	142,838	1,205,056	3,544	9,635	9,805	176,453	5,490	2,517	354	16,832	1,573,237	
During the year															
Additions	-	-	-	-	66,981	4,394	1,057	527	15,092	8,150	1,593	164	2,074	100,032	
Transfers from CWIP	-	-	-	10,743	20,582	-	-	-	9,321	-	-	-	12,741	53,387	
Disposals:	-	-	-	10,743	87,563	4,394	1,057	527	24,413	8,150	1,593	164	14,815	153,419	
Cost	-	-	-	-	-	-	-	-	-	-	-	100	6,632	6,732	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	(96)	(5,248)	(5,344)	
Depreciation charge for the year	-	-	-	(10,376)	(170,915)	(2,005)	(2,177)	(864)	(18,346)	(2,274)	(1,179)	(223)	(6,556)	(214,915)	
Closing net book value	417	293	3	143,205	1,121,704	5,933	8,515	9,468	182,520	11,366	2,931	291	23,707	1,510,353	
At 30 June 2019															
Cost	417	293	1,015	185,572	3,159,852	78,418	40,604	15,634	288,951	51,590	18,034	5,191	43,834	3,889,405	
Accumulated depreciation	-	-	(1,012)	(42,367)	(2,038,148)	(72,485)	(32,089)	(6,166)	(106,431)	(40,224)	(15,103)	(4,900)	(20,127)	(2,379,052)	
Closing net book value	417	293	3	143,205	1,121,704	5,933	8,515	9,468	182,520	11,366	2,931	291	23,707	1,510,353	
Depreciation rate % per annum	-	-	2.5%	33.3%	6%-50%	25%	8%-50%	6%	6%-50%	15%	25%	20%	20%	20%	

5.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2020	2019
---(Rupees in '000)---			
Cost of sales	23	184,948	205,836
Administrative expenses	24	10,777	9,079
		<u>195,725</u>	<u>214,915</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

5.1.2 Operating fixed assets include assets costing Rs. 515.018 million (2019: Rs. 336.36 million), which are fully depreciated.

5.1.3 Free hold land of the Company and building thereon, is situated at Jinnah Avenue, Malir Halt Karachi. This comprises of two parcels of land having area of 20 acres and 60 square yards. The Company also holds lease-hold land having area of 1,193 square yards and building thereon, situated at Plot No: 25-B, Central Avenue, Phase II, DHA Karachi.

5.1.4 Details of property, plant and equipment and right-of-use assets disposed of during the year is as follows:

Note	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain / (Loss)	Mode of disposal	Particular of buyers
	----- (Rupees in '000) -----						
Vehicle							
Honda Civic	2,438	891	1,547	1,940	393	Company's policy	Mr. Ali Hussain (employee)
Others 5.1.4.1	7,137	6,597	540	1,542	1,002	Various	Various
2020	9,575	7,488	2,087	3,482	1,395		
2019	6,731	5,344	1,388	2,538	1,150		

5.1.4.1 This include assets having net book value of less than Rs. 500,000. These Disposals were made in accordance with the Company's policy.

5.2 Capital work-in-progress

	2020	2019
	---(Rupees in '000)---	
Building	32,387	216
Plant and machinery	242,942	445
Electrical installation	12,475	2,075
Water Installation	2,249	-
Security equipments	9,244	-
Vehicle	-	1,668
	299,297	4,404

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

The movement in capital work-in-progress is as follows:

	2020	2019
	---(Rupees in '000)---	
Balance as at beginning of the year	4,404	15,882
Additions made during the year:		
- Plant and machinery	293,397	21,028
- Building	2,997	11,490
- Water installation	2,250	215
- Electrical installation	13,638	2,583
- Security equipment	9,518	-
- Vehicle	42	9,150
	321,842	44,466
Transfer to operating fixed assets:		
- Plant and machinery	(20,346)	(20,582)
- Building	(3,163)	(10,743)
- Water installation	(1,437)	(8,412)
- Electrical installation	-	(909)
- Vehicle	-	(12,741)
- Security equipment	(275)	-
	(25,221)	(53,387)
Transfer to right of use assets:		
- Vehicle	(1,710)	-
Expensed out	(18)	(2,557)
Balance at end of the year	299,297	4,404

6. INTANGIBLE ASSETS

Net book value as at 1 July	1,596	1,329
Additions	20,249	655
Amortization	(1,639)	(388)
Net book value as at 30 June	20,206	1,596
Gross carrying value as at 30 June		
Cost	22,289	2,040
Accumulated amortization	(2,083)	(444)
Net book value	20,206	1,596
Amortization rate (% per annum)	10% - 50%	33% - 50%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

7. LONG-TERM INVESTMENTS	Note	2020 ---(Rupees in '000)---	2019
Amortised cost Pakistan Investment Bonds (PIBs)	7.1	<u>1,299,667</u> <u>1,299,667</u>	<u>1,190,841</u> <u>1,190,841</u>
7.1 These represents investments in Pakistan Investment Bonds (PIBs) carrying floating and fixed profit at the rate ranging from 7.98% to 14.64% (2019: 11.05% - 13.69%) with maturities in July 2021, September 2024, May 2028, June 2028 and August 2028 (2019: July 2021, May 2028, June 2028 and August 2028). The profit payments are made semi annually.			
8. STORES, SPARE PARTS AND LOOSE TOOLS	Note	2020 ---(Rupees in '000)---	2019
Stores		<u>23,510</u>	20,182
Spares - in hand		<u>175,144</u>	170,733
- in transit		<u>7,613</u>	769
Loose tools		<u>1,292</u>	1,155
		<u>207,559</u>	192,839
Provision for slow moving stores, spare parts and loose tools	8.1	<u>(10,322)</u>	<u>(10,322)</u>
		<u>197,237</u>	<u>182,517</u>
8.1 Provision for slow moving stores, spare parts and loose tools			
Opening balance		<u>10,322</u>	13,511
Reversal made during the year		-	(6)
Written-off during the year		-	(3,183)
		<u>10,322</u>	<u>10,322</u>
9. STOCK-IN-TRADE			
Raw materials - in hand		<u>366,307</u>	274,466
- in transit		<u>18,693</u>	27,962
		<u>385,000</u>	302,428
Provision for slow moving raw materials	9.1	<u>(5,024)</u>	(694)
Work-in-process		<u>111,510</u>	52,945
Finished goods		<u>40,889</u>	10,503
Provision for slow moving finished goods	9.2	<u>(3,264)</u>	<u>(1,412)</u>
		<u>37,625</u>	9,091
		<u>529,111</u>	<u>363,770</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

9.1 Provision for slow moving raw materials	Note	2020 ---(Rupees in '000)---	2019
Opening balance		<u>694</u>	914
Provision made during the year		<u>5,860</u>	-
Reversal made during the year		-	(112)
Written-off during the year		<u>(1,530)</u>	<u>(108)</u>
		<u>4,330</u>	<u>(220)</u>
		<u>5,024</u>	<u>694</u>
9.2 Provision for slow moving finished goods			
Opening balance		<u>1,412</u>	1,412
Provision made during the year		<u>1,852</u>	-
		<u>3,264</u>	<u>1,412</u>
10. TRADE DEBTS - considered good			
Unsecured - considered good			
Due from Pakistan Security Printing Corporation (Private) Limited - related party	10.1 & 10.2	<u>275,488</u>	725,602
Due from others		<u>85,411</u>	177,908
		<u>360,899</u>	<u>903,510</u>
10.1 The maximum amount due from the related party, Pakistan Security Printing Corporation (Private) Limited, at the end of any month during the year was Rs. 724.421 million (2019: Rs. 1071.01 million).			
10.2 The aging of trade debts due from related party as at 30 June 2020 is as follows:			
		2020 ---(Rupees in '000)---	2019
Neither past due nor impaired		<u>220,025</u>	281,730
Past due but not impaired			
31-60 Days		<u>19,648</u>	443,872
More than 60 days		<u>35,815</u>	-
		<u>275,488</u>	<u>725,602</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

11. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2020 ---(Rupees in '000)---	2019
Advance to suppliers - unsecured, considered good		19,318	11,943
Short-term prepayments		734	972
Short-term deposits	11.1	1,293	486
LCs margin	11.1	8,145	59,656
Utilities deposits		12,526	12,177
Loan to employees - considered good		1,136	-
Workers' profit participation fund	11.2	1,712	441
Others		688	923
		<u>45,552</u>	<u>86,598</u>

11.1 This represents interest free deposits held with service providers and against letter of credits issued by a commercial bank.

11.2 Workers' profit participation fund

Note	2020 ---(Rupees in '000)---	2019
Balance as at 1 July	441	934
Allocation for the year	(96,729)	(62,600)
Paid during the year	98,000	62,107
	<u>1,712</u>	<u>441</u>

12. INTEREST ACCRUED

Pakistan Investment Bonds (PIBs)	40,259	33,424
Security deposits	-	2,625
Treasury bills	17,452	-
Deposit and saving accounts	2	8
Term deposit receipts	3,740	9,063
	<u>61,453</u>	<u>45,120</u>

13. INVESTMENTS

Amortised cost	Note	2020	2019
Treasury bills	13.1	760,471	-
Term deposit receipts	13.2	150,000	512,000

Fair value through profit or loss - FVTPL

Units of mutual funds	13.3	1,125,682	1,074,544
		<u>2,036,153</u>	<u>1,586,544</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13.1 This represents investment in treasury bills of three months and twelve months carrying profit ranging from 7.2% to 13.32%.

13.2 This represents investment in term deposit receipts of twelve month carrying profit at the rate of 10.10% (2019: 13.35%).

13.3 Investments in units of mutual funds are as follows:

2020 ---(Units)---	2019	Name of Investee Company	Note	2020 ---(Rupees in '000)---	2019
44,054,830	44,054,830	NAFA Islamic Stock Fund		416,904	401,238
5,191,107	4,965,112	Meezan Islamic Fund		242,354	237,978
19,574,881	18,754,879	NAFA Islamic Asset Allocation Fund		277,673	257,711
8,250,665	7,840,227	Meezan Balance Fund		113,146	105,522
4,760,320	4,656,169	NIT Islamic Equity Fund		35,226	34,456
1,095,110	1,035,436	Meezan Strategic Allocation Plan-I		40,379	37,639
				<u>1,125,682</u>	<u>1,074,544</u>

14. CASH AND BANK BALANCES

Cash in hand		137	375
With banks:			
- Current accounts		1,271	31,723
- Deposit accounts	14.1	366,836	62
- Saving accounts	14.2	315,695	2,753
- Letter of placement		-	170,000
		<u>683,802</u>	<u>204,538</u>
		<u>683,939</u>	<u>204,913</u>

14.1 This includes balance of Rs. 366.744 million including markup of Rs. 3.691 million maintained with a commercial bank for unpaid and unclaimed dividend. The net interest amount would be spent on CSR activities according to section 242 of Companies Act 2017.

14.2 Saving accounts carry profit rates ranging from 3.25% to 13.75% per annum (2019: 6.26% to 12.75% per annum).

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020 ---(Number of shares)---	2019	2020 ---(Rupees in '000)---	2019
1,250,000	1,250,000	12,500	12,500
58,005,985	58,005,985	580,059	580,059
<u>59,255,985</u>	<u>59,255,985</u>	<u>592,559</u>	<u>592,559</u>

Ordinary shares fully paid in cash

Ordinary shares issued as fully paid bonus shares

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

15.1 The following shares are held by the related parties of the Company:

Name of related party	2020		2019	
	Shares held	Percentage	Shares held	Percentage
Pakistan Security Printing Corporation (Private) Limited	23,721,739	40.03%	23,721,739	40.03%
Summer Holding A.S. (Turkey)	5,925,564	10.00%	5,925,564	10.00%
Industrial Development & Renovation Organisation of Iran, Tehran (Iran)	5,925,564	10.00%	5,925,564	10.00%

16. LEASE LIABILITIES

	2020			2019		
	Minimum lease payments	Finance charge	Present value of minimum lease payments	Minimum lease payments	Finance charge	Present value of minimum lease payments
	----- (Rupees in '000) -----					
Not later than one year	9,219	2,148	7,071	9,019	1,923	7096
Later than one year and not later than five years	22,360	2,742	19,618	21,458	2,723	18735
	<u>31,579</u>	<u>4,890</u>	<u>26,689</u>	<u>30,477</u>	<u>4,646</u>	<u>25,831</u>

The above represents finance leases entered into with financial institutions for lease of motor vehicles. The liability under the agreement is payable by April 2024 in monthly installments and is subject to annual finance charge rates ranging from 9.19% to 9.59% (2019: 7.57% to 14.49%). The arrangement is secured by 10% security deposit and vehicles are registered and comprehensively insured in the name of Bank AL Habib. As at 30 June 2020, the Company has auto lease finance facility from Bank Al-Habib Limited amounting to Rs. 30 million (2019: Rs. 30 million) out of which Rs.10 million (2019: Rs. 10 million) were earmarked from running finance limit.

17. STAFF RETIREMENT BENEFITS

This represents retirement benefits to Chief Executive Officer and Company Secretary of the Company under employment terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18. DEFERRED TAXATION - Net

Note	2020	2019
	---(Rupees in '000)---	
Deferred tax liabilities on taxable temporary differences:		
Accelerated tax depreciation	216,148	229,182
Deferred tax asset on deductible temporary differences:		
Provision for slow moving inventory, unfunded terminal benefits and fire tax	(16,918)	(14,439)
Amortisation of Pakistan Investment Bond (PIBs)	6,857	1,255
Loss on remeasurement of FVTPL investment	(85,372)	(89,294)
Leased liability net of leased assets	(234)	(1,086)
	<u>(95,667)</u>	<u>(103,564)</u>
	<u>120,481</u>	<u>125,618</u>

19. TRADE AND OTHER PAYABLES

Creditors		53,613	21,611
Payable against purchase of operating fixed assets		71,525	84,060
Salaries, wages and benefits payable	19.1	102,839	74,703
Accrued employees' compensated absences	19.2	70,992	65,956
Retention money Payable		3,175	-
Withholding tax payable		103,913	59,976
Sales tax payable		46,467	22,397
Provision for fire tax	19.3	37,023	37,023
Workers' welfare fund	19.4	49,857	43,246
Utilities		33,857	31,129
Payable to a related party	19.5	19,467	17,652
Deposits	19.6	9,988	9,063
Payable to contractors		24,494	15,420
Payable to gratuity fund	30.1.2	26,072	23,804
Payable to provident fund		-	1,852
Advances from customers		487	17,367
Others	19.7	16,171	14,658
		<u>669,940</u>	<u>539,917</u>

19.1 Includes herein bonus payables amounting to Rs. 93.581 million (2019: Rs.61.703 million).

19.2 Accrued employees' compensated absences

	2020	2019
	---(Rupees in '000)---	
Balance at beginning of the year	65,956	64,329
Charge for the year - Net	5,036	1,627
Balance at end of the year	<u>70,992</u>	<u>65,956</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

19.3 Provision for fire tax

The Karachi Metropolitan Corporation (KMC) vide notification no.FB/DCFO/ENH-F.T-81/2001 dated 23 May 2001 changed the basis of charging Fire Tax and specified that this tax should be charged on the basis of water consumed. Previously, the fire tax was being levied on the basis of net annual rental value of the property as part of the property tax. The Company has filed a constitutional petition before the Honourable High Court of Sindh, Karachi challenging the above notification which is still pending. As a matter of abundant caution and without prejudice to the Company's contention in appeal, the management has made provision in respect of the above tax covering the period from 2003 to 2011.

19.4 Workers' welfare fund

	2020	2019
	---(Rupees in '000)---	
Balance as at 1 July	43,246	35,895
Provision for the year	36,686	30,075
Prior year (reversal) / charge	(448)	6
Payments during the year	(29,627)	(22,730)
	<u>49,857</u>	<u>43,246</u>

19.5 This amount belongs to Pakistan Security Printing Corporation (Pvt) Limited.

19.6 These represent interest free security deposits received from various contractors / suppliers. The amount received have been utilised for purpose of the business in accordance with the written agreements with them. An amount of Rs. 0.062 million has been kept in a separate bank account.

19.7 Includes herein, markup payable amounting to Rs. 3.691 million attributable to corporate social responsibility (CSR) refer note 14.1.

20. SHORT TERM FINANCE AND OTHER FACILITIES

20.1 Running finance

The Company has running finance facility from Bank Al Habib Limited (BAHL) amounting to Rs. 70 million (2019: Rs. 90 million). The arrangement from BAHL is secured by lien over T-Bills and PIBs of Rs. 400 million. The outstanding balance amounted to Rs. Nil (2019: Rs. 88.03 million) against this facility is subject to mark-up at the rate 3 months average KIBOR to be determined on first working day of each calendar quarter. The facility remained unutilised as at 30 June 2020.

The Company has running finance facility from National Bank of Pakistan (NBP) amounting to Rs. 100 million (2019: Rs. 100 million). The arrangement from NBP is secured by first pari passu hypothecation charge over stores, spares, loose tools, stock-in-trade and book debts of the Company with 35% margin amounting to Rs. 154 million and are available till 31 December 2020. The outstanding balance against this facility will be subject to mark-up at the rate prevailing on the last working day of each preceding month for the end of each calendar quarter Karachi Inter Bank Offered Rate (KIBOR - one month) plus 1.25 basis points (2019: one month's Karachi Inter Bank Offered Rate (KIBOR) plus 1.25 basis points). The facility remained unutilised as at 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

20.2 Running Musharka

The Company has arrangement of running musharka facility of Rs. 200 million from Meezan Bank Limited (2019: Rs. 200 million). The arrangement is secured by first pari passu hypothecation charge created over stocks and receivables of the Company with 25% margin amounting to Rs. 266.67 million in favour of the bank till 30 September 2020. Musharka profit would be determined on the basis of audited / interim accounts. Provisional profit would be paid quarterly using KIBOR of first working day / first disbursement date and average musharka facility availed to calculate the target profit plus profit above ceiling amount, if any, would be shared with the ratio 0.001% for Meezan Bank Limited and 99.999% for Security Papers Limited on the basis of annual accounts. The facility remained unutilised as at 30 June 2020.

21. CONTINGENCIES AND COMMITMENTS

	Note	2020	2019
		---(Rupees in '000)---	
21.1 Contingencies			
Claims against the Company not acknowledged as debt	21.1.1	1,120	1,120
Sales Tax on Services	21.1.2	4,163	4,163

21.1.1 This represents claims filed by certain ex-employees against the Company.

21.1.2 Assistant Commissioner (AC), Sindh Revenue Board had passed an order No: 450/2014 dated 05 August 2014 for payment of Sales Tax on Services for the years ended 30 June 2011, 2012 and 2013 on technical services received from M/s Sptec GmbH. AC had categorized the services under tariff heading 9823.0000 (Franchise Services). The Company had filed an appeal with Commissioner (Appeals) Sindh Revenue Board who had passed an order No: 60/2015 dated 24 February 2015 and upheld the order of the Assistant Commissioner. The Company had filed an appeal with Appellate Tribunal of Sindh Revenue Board which also upheld the order of AC. The Company has filed Sindh Sales Tax Reference Application before the Honorable High Court of Sindh against the order of Appellate Tribunal of SRB which is still pending. The management of the Company based on the advice of legal advisor is confident that the outcome of the case would be in its favour.

21.1.1 Tax contingencies are disclosed in note 28 to the financial statements.

21.2 Commitments

		2020	2019
		---(Rupees in '000)---	
Ijarah financing	21.2.1	1,131	1,714
Commitments against letters of credit	21.2.2	145,174	12,259
Capital expenditure contracted for but not incurred		<u>44,404</u>	<u>92,566</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

21.2.1 The Company has car ijarah facility from the Meezan Bank Limited amounting to Rs. 50 million (2019: Rs. 50 million) out of which Rs. 1.131 million (2019: Rs. 1.7 million) were utilised. The ownership of the cars are with Meezan bank Limited during the tenor of the facility of each vehicle. As per requirement of IFAS-2 Ijarah financing has been treated as an operating lease.

	2020	2019
	---(Rupees in '000)---	
The total of future Ijarah payments under arrangement are as follows:		
Not later than one year	905	686
Later than one year and not later than five years	226	1,028
	<u>1,131</u>	<u>1,714</u>

21.2.2 Import letter of credit (sight / usance)

The Company has facilities from the National Bank of Pakistan relating to import letters of credit (sight / usance) amounting to Rs. 100 million (2019: Rs. 100 million). The arrangement from National Bank of Pakistan is secured by lien on documents of title of goods drawn under letter of credit. The Company has utilised Rs. 57.576 million as at 30 June 2020.

The Company has facilities from the Bank Al Habib Limited (BAHL) relating to import letters of credit (sight / usance) amounting to Rs. 100 million (2019: Rs. 100 million). The arrangement from BAHL is secured by lien over T-Bills and PIBs of Rs. 400 million, import documents consigned in favour of BAHL and counter guarantees. The Company has utilised Rs. 68.494 million as at 30 June 2020.

The Musharka facility from Meezan Bank Limited would also be used for import letter of credit (sight / usance) amounting to Rs. 200 million. This arrangement is secured by lien over import documents. The Company has utilised Rs. 12.847 million as at 30 June 2020.

21.2.3 Letter of Guarantee Facility

As at 30 June 2020, the Company has facilities from National Bank of Pakistan and Bank AL Habib Limited relating to letters of guarantee as follows:

	2020		2019	
	National Bank of Pakistan	Bank AL Habib Limited	National Bank of Pakistan	Bank AL Habib Limited
	----- (Rupees in '000) -----			
Total facility available	<u>100,000</u>	<u>20,000</u>	<u>100,000</u>	<u>20,000</u>
Utilised facility	<u>36,534</u>	<u>15,566</u>	<u>36,534</u>	<u>15,566</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

22. SALES - NET

	Note	2020	2019
		---(Rupees in '000)---	
Banknote paper		4,447,061	4,040,833
Non-banknote paper:			
- Commercial paper		35,250	24,518
- Others		1,253,073	617,123
		<u>1,288,323</u>	<u>641,641</u>
		5,735,384	4,682,474
Sales tax		(834,100)	(680,883)
	22.1	<u>4,901,284</u>	<u>4,001,591</u>

22.1 Sales of Rs. 4,605 million include sales tax of Rs. 669 million is made to Pakistan Security Printing Corporation (Private) Limited (PSPC), a related party. (2019: Rs. 4,088 million include sales tax of Rs. 594 million).

23. COST OF SALES

	Note	2020	2019
		---(Rupees in '000)---	
Opening stock of raw materials		302,428	304,282
Add: Purchases - net		1,709,639	1,188,436
		<u>2,012,067</u>	<u>1,492,718</u>
Closing stock of raw materials	9	(385,000)	(302,428)
Raw materials consumed		1,627,067	1,190,290
Salaries, wages and benefits	23.1	392,221	335,417
Utilities		475,209	333,276
Depreciation	5.1.1	184,948	205,836
Manufacturing services		187,470	156,172
Stores, spares and loose tools consumed		102,176	72,337
Defence security guards		39,583	35,845
Repairs and maintenance		49,139	40,443
Insurance		5,146	4,464
Rent, rates and taxes		1,093	981
Provision / (reversal) for slow moving raw materials	9.1	5,860	(112)
Reversal of provision for slow moving stores, spare parts and loose tools		-	(6)
Provision for slow moving finished goods	9.2	1,852	-
Other expenses		22,162	15,649
		<u>3,093,926</u>	<u>2,390,592</u>
Opening stock of work-in-process		52,945	75,960
Less: Closing stock of work-in-process	9	(111,510)	(52,945)
Cost of goods manufactured		3,035,361	2,413,607
Opening stock of finished goods		10,503	13,251
Closing stock of finished goods	9	(40,889)	(10,503)
		<u>3,004,975</u>	<u>2,416,355</u>

23.1 Salaries, wages and benefits include Rs. 37.064 million (2019: Rs. 31.751 million) in respect of employee retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

24. ADMINISTRATIVE EXPENSES	Note	2020 ---(Rupees in '000)---	2019
Salaries, wages and benefits	24.1	232,792	185,395
Repairs and maintenance		10,641	8,459
Depreciation	5.1.1	10,777	9,079
Legal and professional		5,613	5,208
Travelling expenses	24.2	10,959	8,723
Printing and stationery		4,178	3,119
Advertisement		2,813	3,614
Packing and forwarding		3,201	2,054
Training		2,279	2,147
Communication		2,455	2,776
Entertainment		1,754	1,287
Rent, rates and taxes		1,225	1,328
Software expenses		-	475
Amortisation of intangible assets	6	1,639	388
Others		7,996	5,369
		<u>298,322</u>	<u>239,421</u>

24.1 Salaries, wages and benefits include Rs. 19.627 million (2019: Rs. 16.451 million) in respect of employee retirement benefits.

24.2 Includes those of directors amounting Rs. 7.09 million (2019: Rs. 7.98 million).

25. OTHER INCOME	2020 ---(Rupees in '000)---	2019
Income from financial assets		
Amortisation of discount on Pakistan Investment Bond	19,317	4,326
Gain on redemption of Pakistan Investment Bond realised	-	239
Gain on remeasurement of mutual fund	20,445	-
Dividend income on mutual fund	36,109	-
Reversal of impairment on term finance certificates	-	704
Mark-up on:		
- Pakistan Investment Bonds	148,264	86,474
- Bank deposits and savings accounts	34,989	30,741
- Treasury bills	79,250	8,496
- Term deposit receipts	14,219	18,056
- Saving accounts	-	15,423
- Security deposits	-	375
- Term finance certificate - BRR	-	108
- Loan to employees	83	13
	<u>352,676</u>	<u>164,955</u>
Income from non-financial assets		
Gain on sale of property, plant and equipment	1,399	1,150
Sale of waste materials	4,487	4,237
Others	1,509	5,307
	<u>7,395</u>	<u>10,694</u>
	<u>360,071</u>	<u>175,649</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

26. OTHER CHARGES	Note	2020 ---(Rupees in '000)---	2019
Workers' profit participation fund	11.2	96,729	62,600
Workers' welfare fund	19.4	36,238	30,081
Donation	26.1	10,861	4,856
Exchange loss		4,938	14,393
Unrealised loss on remeasurement of mutual funds		-	245,697
Auditors' remuneration	26.2	1,670	1,462
Others		1,688	-
		<u>152,124</u>	<u>359,089</u>

26.1 During the year, the Company has made following donations exceeding Rs. 0.5 million.

Name of Donee	2020 ---(Rupees in '000)---	2019
Sindh Graduates Association	-	2,500
Indus Hospital	1,000	-
Dow University Hospital	2,776	-
APWA College Education Program	698	-
Hunar foundation	3,308	-
HANDS	-	1,000

None of the directors or their spouses had any interest in any of the donee.

26.2 Auditors' remuneration	2020	2019
Audit fee	924	770
Review of half yearly financial statements	193	152
Special certification, Code of Corporate Governance and other services	264	273
Out of pocket expenses	289	267
	<u>1,670</u>	<u>1,462</u>

27. FINANCE COSTS	2020	2019
Interest / mark-up on:		
- finance leases	2,959	1,772
- short-term finance	406	236
Bank charges	957	1,085
	<u>4,322</u>	<u>3,093</u>

28. TAXATION - Net	2020	2019
Current		
- for the year	523,658	443,636
- prior year	6,842	118
	<u>530,500</u>	<u>443,754</u>
Deferred	(5,137)	(56,506)
	<u>525,363</u>	<u>387,248</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

28.1 Reconciliation between tax expense and accounting profit

	2020	2019
	---(Rupees in '000)---	
Accounting profit before taxation	<u>1,801,612</u>	<u>1,159,282</u>
Tax on accounting profit at 29% (2019: 29%)	<u>522,467</u>	<u>336,192</u>
Tax at reduced rate	(7,062)	33,457
Tax effect of permanent differences	1,068	(8,659)
Super tax	-	29,035
Tax effect of prior year	6,842	118
Remeasurement gain / (loss) on employee benefits	1,429	(1,794)
Others	619	(1,101)
	<u>525,363</u>	<u>387,248</u>
Average rate of tax	<u>29%</u>	<u>33%</u>

28.2 The Company had previously exercised option of being assessed under the Final Tax Regime (FTR) in respect of goods manufactured by it, which was valid for tax years 2005 to 2007. However, due to the amendments made by the Finance Act 2005 and insertion of clause (41A) of Part IV of the second schedule to the Ordinance, the facility of assessment under FTR available for tax years 2006 and 2007 was withdrawn. The Company filed a constitutional petition with the High Court challenging the withdrawal of the facility upto and including tax year 2007. The High Court admitted the petition for hearing. Based on tax advice, the Company has filed returns of income for tax years 2006 and 2007 under FTR. The liability for the aforesaid tax years has however been recorded under the Normal Tax Regime. Further, the tax return for the tax years 2006 and 2007 are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities at any time during a period of five years from the date of filing. According to legal advice, since the period of five years has lapsed, tax years 2006 and 2007 are time barred for selection of audit. The management of the Company based on this advice is confident that no adverse outcome will arise from this matter.

28.3 The income tax assessments of the Company have been finalised up to and including tax year 2019. Tax returns of subsequent tax years are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 (the "Ordinance") unless selected for an audit by the taxation authorities. The Commissioner Inland Revenue may at any time during a period of five years from the end of Financial year in which the officer issued or treated as issued the original assessment order amend the amend assessment.

(a) The Income Tax authorities had raised a demand of Rs. 43.99 million against the Company under Section 12(9A) of the repealed Income Tax Ordinance, 1979 in respect of assessment year 2000-01. The Company had filed appeal against this demand before Income Tax Appellate Tribunal (ITAT). The Company had also filed reference before the Alternate Dispute Resolution Committee (ADRC). Based on the recommendation of the ADRC, the Revenue Division, Federal Board of Revenue (formerly Central Board of Revenue) had issued an order as a result of which the above 'demand was reduced to approximately Rs. 10.221 million.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

During the year ended 30 June 2006, the ITAT through its order dated 15 September 2005 decided the matter in favour of the Company by deleting the above demand of Rs 43.991 million. The Income Tax department has filed an appeal against this order before the Sindh High Court, which is currently pending. The Management is confident that the eventual outcome of the matter will be decided in favour of the Company and accordingly no provision has been made in these financial statements in respect of this demand.

(b) The return of income for tax year 2011 has been selected for tax audit through parametric computer ballot by the Federal Board of Revenue on 25 February 2013 under section 214C of the Income Tax Ordinance' 2001. The Assistant Commissioner Inland Revenue passed order no: 06/161 dated January 29, 2014 under section 122(1)(5) of the ordinance raising a demand of Rs. 4.74 million. The Company filed an appeal against the order before the Commissioner (Appeals) which was decided on 15 December 2014 as under:

- The CIR (A) directed the Tax officer to examine and verify from the record that the provision for the compensated absences has subsequently been paid and then delete the allowance.
- The CIR (A) has maintained the action of tax officer in computing the Workers' Welfare Fund Liability at the rate of 2% on accounting profit being higher than the declared income.
- The CIR (A) has directed the Tax officer to dispose off the rectification application of the Company relating to the allowability of credit for taxes paid at Rs. 37.059 million and allowed in the amended order as against the claim of Rs. 37.331 million.

The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above appellate order of CIR(A) on which an appellate order bearing order no. 342/KB of 2015 dated 27 November 2018 was passed by Appellate Tribunal Revenue (ATIR) in which ATIR has directed the learned ACIR to work out the Workers Welfare Fund liability of the Company in the light of an order bearing civil appeal No.1049 to 1055/2011 and another order dated 10 November 2016 passed by the Hon'ble Supreme Court of Pakistan involving similar issue of Workers Welfare Fund. A request for appeal effect to the appellate order was filed and the appeal effect is still pending.

(c) The Company has e-filed its return of income for the tax year 2018 on the web-portal of FBR on 31 December 2018. The return of income filed is deemed an assessment order under section 120 of the Income Tax Ordinance, 2001 (the Ordinance). Notice dated 31 January 2019, was received under section 177(1) of the Ordinance. The said notice has been replied through letter dated 15 February 2019, to Commissioner Inland Revenue, Zone – IV, Large Taxpayers Unit. However, no further correspondence has been received from the department in this regard.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

29. EARNINGS PER SHARE - Basic and Diluted	2020	2019
	---(Rupees in '000)---	
Profit after taxation	<u>1,276,249</u>	<u>772,034</u>
	---(Number of shares)---	
Weighted average number of ordinary shares	<u>59,255,985</u>	<u>59,255,985</u>
	---(Rupees)---	
Earnings per share - basic and diluted	<u>21.54</u>	<u>13.03</u>

29.1 There were no convertible dilutive potential ordinary shares in issue as at year end.

30. EMPLOYEES' RETIREMENT BENEFITS

30.1 Gratuity

The Company operates an approved gratuity fund for its eligible employees. Actuarial valuation is carried out on an annual basis and the latest valuation was carried out at 30 June 2020. The projected unit credit method, using the following significant assumptions has been used for the actuarial valuations.

30.1.1 Actuarial assumptions	2020	2019
	---(Percentage)---	
a) Discount rate	9.5%	13.0%
b) Salary Increase Rate	9.5%	11.0%
c) Interest Credit Rate	9.5%	13.0%
d) Expected return on plan assets	9.5%	13.0%

30.1.2 Amounts recognised in statement of financial position are as follows:	2020	2019
	---(Rupees in '000)---	
Present value of defined benefit obligations	30.1.4 <u>350,738</u>	328,939
Fair value of plan assets	30.1.5 <u>(324,666)</u>	<u>(305,135)</u>
Liability as at 30 June	<u>26,072</u>	<u>23,804</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

30.1.3 Movement in net liability recognised:	2020	2019
	---(Rupees in '000)---	
Opening net liability	23,804	14,991
Expense recognized during the year	31,212	25,156
Other comprehensive income	(4,926)	6,185
Contributions and benefits paid on behalf of the fund	(24,018)	(22,528)
Closing net liability	<u>26,072</u>	<u>23,804</u>
30.1.4 Movement in present value of defined benefit obligations		
Opening present value of obligation	328,939	373,871
Current service cost	12,212	13,156
Interest cost	19,000	12,000
Benefits paid	(41,521)	(37,215)
Remeasurement gain on obligation	(9,121)	(62,484)
Income distributed among the members	41,229	29,611
Closing present value of obligation	<u>350,738</u>	<u>328,939</u>
30.1.5 Movement in the fair value of plan assets		
Opening fair value of plan assets	305,135	358,879
Expected return on plan assets	41,229	29,611
Remeasurement loss on plan assets	(4,196)	(68,668)
Benefits paid	(41,521)	(37,215)
Contribution by the Company	24,019	22,528
Closing fair value of plan assets	<u>324,666</u>	<u>305,135</u>
30.1.6 Expense recognised in the statement of profit or loss		
Current service cost	12,212	13,156
Net Interest cost	(22,229)	(17,611)
Income distributed among members	41,229	29,611
Cost for the year	<u>31,212</u>	<u>25,156</u>
30.1.7 Return on plan assets is as follows:		
Expected return on plan assets	<u>41,229</u>	<u>29,611</u>
30.1.8 Plan assets comprised of following	---(Percentage)---	
Regular Income Certificates (RICs)	35%	40%
Special Saving Certificates (SSCs)	13%	38%
Pakistan Investment Bonds (PIBs)	18%	19%
Bank account and short-term deposits	34%	3%
	<u>100%</u>	<u>100%</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

30.1.9 Deficit on the plan assets

	2020	2019	2018	2017	2016
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(350,738)	(328,939)	(373,871)	(342,334)	(336,986)
Fair value of plan assets	324,666	305,135	358,879	328,736	331,812
Deficit	(26,072)	(23,804)	(14,992)	(13,598)	(5,174)

30.1.10 5 years data on experience adjustments

(Gain) / loss on obligation	(9,121)	(62,484)	16,685	3,920	10,690
(Loss) / gain on plan assets	(4,196)	(68,668)	(25,468)	(9,753)	(17,400)

30.1.11 The investment income of the fund is distributed among the members of the fund. Accordingly, expected return on plan assets has not been taken in the gratuity cost for the year ended 30 June 2020.

30.1.12 Sensitivity Analysis on significant actuarial assumptions

The below sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	2020	2019
	---(Rupees in '000)---	
Present value of obligations		
Increase in discount rate by 1%	326,186	303,639
Decrease in discount rate by 1%	378,518	358,037
Increase in salary by 1%	381,745	361,017
Decrease in salary by 1%	322,678	300,656
---Number of years---		
Weighted average duration of the defined benefit obligations	7.51	8.35

30.2 Defined contribution plan

	2020	2019
	---(Rupees in '000)---	
Size of the trust	490,271	462,545
Cost of investment made	304,103	288,206
Percentage of the investment made	63.89%	64.91%
Fair value of investment made	313,242	300,240

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

30.2.1 Breakup of investment

	2020		2019	
	Un-audited		Audited	
	Investment Rs in '000	Percentage of Investment as size of the fund	Investment Rs in '000	Percentage of Investment as size of the fund
Special Saving Certificates	12,000	3.95%	114,000	39.55%
Pakistan Investment Bond	194,611	64.00%	76,715	26.62%
Regular Income Certificates	97,000	31.90%	97,000	33.66%
Mutual Fund	492	0.16%	492	0.17%
	<u>304,103</u>		<u>288,207</u>	

30.2.2 Based on the un-audited financial information of the provident and gratuity funds (the "Funds") as at 30 June 2020, investments in collective investment schemes and listed equity securities out of the Funds have been made in accordance with the provisions of section 218 of the Companies Act and the conditions specified thereunder.

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of the remuneration including certain benefits to the Chief Executive, Directors and Executives of the Company are as follows:

	2020			2019		
	Chief Executive	Non-Executive Directors	Executives	Chief Executive	Non-Executive Directors	Executives
	----- (Rupees in '000) -----					
Directors' fee	-	20,800	-	-	27,200	-
Managerial remuneration, utilities, Housing perquisites, etc. (including bonus)	35,900	-	76,525	18,456	-	84,818
Retirement benefits	1,980	-	6,403	-	-	6,041
Medical	140	-	3,814	-	-	3,831
Total	<u>38,020</u>	<u>20,800</u>	<u>86,742</u>	<u>18,456</u>	<u>27,200</u>	<u>94,690</u>
Number of persons	<u>1</u>	<u>7</u>	<u>21</u>	<u>2</u>	<u>7</u>	<u>21</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

- 31.1** The Company bears the travelling expenses of Chief executive, directors and executives relating to travel for official purposes including expenses incurred in respect of attending board meetings.
- 31.2** The Chief Executive and certain Executives are provided with Company's owned and maintained car. They are also provided life and health insurance coverage.
- 31.3** The Chief Executive and Directors as above represent key management personnel of the Company, i.e. the personnel having authority and responsibility for planning, directing and controlling the activities of the Company.

32. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated company, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. Transactions with related parties other than those disclosed elsewhere are as follows :

Name	Note	Nature of relationship	Basis of relationship	Nature of transaction	2020	2019
					---Rupees in '000---	
Pakistan Security Printing Corporation (Pvt) Limited	32.1	Associated undertaking	Common directorship	Sales	3,936,017	3,494,125
				Purchases	5,686	-
				Shared expenses charged by associate	39,395	35,835
				Shared expenses charged to associate	71	-
				Dividend Paid	171,983	213,496
Summer Holdings		Other	Director on board of Company	Dividend Paid	42,960	53,330
Employees Retirement Funds	32.3	Retirement benefit fund	Employees benefit fund	Contribution made	47,255	42,676
Key management personnel	32.3 & 32.4	Related parties	Executives	Remuneration and benefits	145,562	140,346

- 32.1** All sales transactions with Pakistan Security Printing Corporation (Private) Limited are carried out by the Company using the "Cost Plus Mark-up Method". Other expenses are in the nature of reimbursement.
- 32.2** All transactions are based on commercial terms and at market prices which are approved by the Board of Directors.
- 32.3** Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

- 32.4** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company (refer note 31).

	Note	2020	2019
---(Tons)---			
33. PRODUCTION CAPACITY			
Total Installed Capacity - on three shift basis	33.1	4,500	4,000
Available installed capacity - based on available three shift working days	33.2	4,483	3,981
Actual production		4,377	3,719

- 33.1** Installed production capacity has been increased during the year due to capitalisation of plant and machinery.
- 33.2** The short capacity utilisation during the year was due to scheduled plant shut down of 7 days (2019: 7 days) for maintenance purposes.

34. CASH GENERATED FROM OPERATIONS AND FINANCING ACTIVITIES

	Note	2020	2019
---(Rupees in '000)---			
34.1 Cash generated from operations			
Profit before taxation		1,801,612	1,159,282
Adjustments for:			
Depreciation	5.1	195,725	214,915
Finance costs	27	4,322	3,093
Gain on redemption of PIB's		-	(239)
Provision against staff retirement benefits		2,364	-
Provision / (reversal of provision) for slow moving stock - stock in trade	23	7,712	(118)
Unrealised (gain) / loss on remeasurement of investments	25	(20,445)	245,697
Amortization of Intangible assets	24	1,639	388
Mark-up on security deposits		-	(375)
Reversal of impairment on term finance certificates		-	(704)
Gain on disposal of operating fixed assets		(1,399)	(1,150)
Dividend income on mutual fund		(36,109)	-
Amortization of discount on Pakistan investment Bond		(19,317)	(4,326)
Mark-up on bank deposits and saving accounts		(34,989)	(46,164)
Mark-up on investments		(241,816)	(113,134)
Changes in:			
- Stores, spare parts and loose tools		(14,719)	(9,456)
- Stock-in-trade		(173,053)	27,396
- Trade debts		542,611	(276,900)
- Loans, advances, deposits, prepayments and other receivables		41,046	(36,204)
- Trade and other payables		134,949	(50,799)
		<u>2,190,133</u>	<u>1,111,202</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

34.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease Liabilities	Short-term Running Finance Including Accrued Markup	Dividend Payable	Total
----- (Rupees in '000) -----				
Opening balance as at 1 July 2019	25,831	88,146	257,797	371,774
Dividend declared	-	-	429,605	429,605
Lease obligation entered during the year	10,235	-	-	10,235
Interest accrued on lease obligation	2,959	-	-	2,959
Mark-up on running finance	-	1,363	-	1,363
	13,194	1,363	429,605	444,162
Payments against lease obligations	(9,377)	-	-	(9,377)
Interest payment	(2,959)	(1,120)	-	(4,079)
Repayment of short term borrowings	-	(88,030)	-	(88,030)
Dividend paid	-	-	(427,327)	(427,327)
	(12,336)	(89,150)	(427,327)	(528,813)
Closing balance as at 30 June 2020	26,689	359	260,075	287,123

35. CASH AND CASH EQUIVALENTS

	2020	2019
	---(Rupees in '000)---	
Letter of Placement having maturity of less than 3 months	-	170,000
Cash and bank balances	683,939	34,913
	683,939	204,913

36. FINANCIAL INSTRUMENTS

The Company finances its operations through short term borrowing, long term financing and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2020 which are summarized below:

36.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted / discharge on obligation / commitment that it has entered into with the Company.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

The bulk of the sales of the Company are made to PSPC and the amount due from PSPC at the reporting date constituted 6% (2019: 18%) of the total financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	2020	2019
---(Rupees in '000)---			
Investments	7 & 13	3,335,820	2,777,385
Trade debts	10	360,899	903,510
Loans, deposits, and other receivables		14,507	13,586
Interest accrued	12	61,453	45,120
Cash & Cash Equivalents	14	683,939	204,913
		4,456,618	3,944,514

Quality of financial assets

Investments comprise of Term Finance Certificates, Term Deposit Receipts and Units of Mutual Funds. The analysis below summarises the credit quality of the Company's investments. Besides these investments, the Company also has investments in Pakistan Investment Bonds and Treasury Bills as disclosed in note 7 and 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 ---(Credit Ratings)---	2019
Meezan Islamic Income Fund	AM1	AM1
NIT Islamic Equity Fund	AM2++	AM2++
NAFA Islamic Stock Fund	AM1	AM1
Meezan Strategic Allocation Fund - I	AM1	AM1
NAFA Islamic Asset Allocation Fund	AM1	AM1
Meezan Balance Fund	AM1	AM1

All the counterparties are of domestic origin. Aging of the trade debts is as under:

	2020		2019	
	Gross	Impairment	Gross	Impairment
----- (Rupees in '000) -----				
Neither past due nor impaired	305,405	-	425,369	-
Past due but not impaired				
- 31 - 60	19,648	-	478,039	-
- 61 - 90	35,815	-	-	-
- 90 and above	31	-	102	-
	<u>360,899</u>	<u>-</u>	<u>903,510</u>	<u>-</u>

Based on the past experience the management believes that no impairment allowance is necessary in respect of unprovided past due amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

36.1.1 The credit quality of Company's bank balances and letter of placement can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	Short-term rating	2020	2019
			---(Rupees in '000)---	
National Bank of Pakistan Limited	PACRA	A1+	1,281	25,137
MIB Bank Limited (Formerly NIB Bank Limited)	PACRA	A1	476	512,147
Pak - Brunei Investment Company	JCR - VIS	A1+	-	170,000
Bank Al Habib Limited	PACRA	A1+	828,292	(87,967)
Meezan Bank Limited	JCR - VIS	A1+	2,642	6,864
Khushali Microfinance Bank Limited	JCR - VIS	A1	580	1,647
Habib Metropolitan Bank Limited	PACRA	A1+	387	548
Bank Al Falah Limited	PACRA	A1+	144	132
			<u>833,802</u>	<u>628,508</u>

36.1.1 The Company has provided security deposits as per the contractual terms with counter parties as security and does not expect material loss against those deposits retention money.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

36.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has facilities of running finance amounting to Rs. 370 million to meet any deficit, if required to meet the short term liquidity commitment.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2020					
	Carrying amount	On demand contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
----- (Rupees in '000) -----						
Financial Liabilities						
Lease liabilities	26,689	(31,579)	(3,536)	(3,535)	(19,618)	-
Trade and other payables	432,193	(432,193)	(325,439)	(106,755)	-	-
Staff retirement benefits	2,699	(2,699)	-	-	-	(2,699)
Interest accrued	359	(359)	(359)	-	-	-
Unpaid dividend	1,523	(1,523)	(1,523)	-	-	-
Unclaimed dividend	258,552	(258,552)	(258,552)	-	-	-
	<u>722,015</u>	<u>(726,905)</u>	<u>(589,409)</u>	<u>(110,290)</u>	<u>(19,618)</u>	<u>(2,699)</u>

	2019					
	Carrying amount	On demand contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
----- (Rupees in '000) -----						
Financial Liabilities						
Liabilities against assets subject to leases	25,831	(30,477)	(3,548)	(3,548)	(18,735)	-
Trade and other payables	359,908	(359,908)	(251,922)	(107,986)	-	-
Staff retirement benefits	335	(335)	-	-	-	(335)
Interest accrued	116	(116)	(116)	-	-	-
Short term borrowings	88,030	(88,030)	(88,030)	-	-	-
Unpaid dividend	1,832	(1,832)	(1,832)	-	-	-
Unclaimed dividend	255,965	(255,965)	(255,965)	-	-	-
	<u>732,017</u>	<u>(736,663)</u>	<u>(601,413)</u>	<u>(111,534)</u>	<u>(18,735)</u>	<u>(335)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

36.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk, and other price risk.

36.3.1 Currency risk

The Company was mainly exposed to currency risk on import of raw materials and fixed assets being denominated in US dollars and Euros.

The Company's exposure to foreign currency risk is as follows:

	2020			Total
	USD	GBP	Euro	
	----- (Rupees in '000) -----			
Payable against purchase of operating fixed assets	-	-	40,033	40,033
Trade and other payables	-	-	977	977
Gross balance sheet exposure	-	-	41,010	41,010
Outstanding letters of credit	25,296	-	119,878	145,174
Net exposure	25,296	-	160,888	186,184

	2019			Total
	USD	GBP	Euro	
	----- (Rupees in '000) -----			
Payable against purchase of operating fixed assets	-	-	39,455	39,455
Technical fee payable	-	-	2,589	2,589
Gross balance sheet exposure	-	-	42,044	42,044
Outstanding letters of credit	1,224	1,283	13,066	15,573
Net exposure	1,224	1,283	55,110	57,617

	Reporting date rate	
	2020	2019
The following significant exchange rates have been applied:		
USD to PKR	168.75	164.50
Euro to PKR	189.73	186.99
GBP to PKR	207.68	208.45

Sensitivity analysis

At reporting date, if the PKR had strengthened / weakened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been higher / lower by the amount shown below, mainly as a result of foreign exchange gain / (loss) on translation of trade & other payables and liability against purchase of fixed assets.

	2020	2019
	---(Rupees in '000)---	
Effect on profit		
Increase	2,912	2,943
Decrease	(2,912)	(2,943)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Pakistan Investment Bonds, Term Deposit Receipts, short term running finance and assets subject to finance lease at variable rates. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	Note	2020	2019
		Carrying amount	
		---(Rupees in '000)---	
Financial assets			
Fixed rate instruments			
Pakistan Investment Bonds (PIBs)	7	499,667	390,841
Term deposit receipts	13	150,000	512,000
Treasury Bills	13	760,471	-
Variable rate instruments			
Pakistan Investment Bonds (PIBs)	7	800,000	800,000
Financial liabilities			
Variable rate instruments			
Liabilities against assets subject to leases	16	26,689	25,831

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect on profit and loss	
	100 bps increase	100 bps decrease
	---(Rupees in '000)---	
As at 30 June 2020		
Cash flow sensitivity - Variable rate instruments	267	(267)
As at 30 June 2019		
Cash flow sensitivity - Variable rate instruments	258	(258)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

36.3.3 Other price risk

Other price risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in units of mutual fund.

A 10% increase / decrease in Net Asset value (NAV) at year end would have increased / decreased surplus on re-measurement of investments as follows:

	2020 ---(Rupees in '000)---	2019 ---
Units of mutual funds	<u>112,568</u>	<u>107,454</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on other comprehensive income, equity and assets of the Company.

36.3.4 Capital risk management

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustainable development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

				30 June 2020			
		Carrying Amount		Fair Value			
Fair value through profit or loss	Amortised cost	other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							

On-balance sheet
financial instruments

Financial assets
measured at fair value

Investments								
- Units of mutual fund	1,125,682	-	-	1,125,682	1,125,682	-	-	1,125,682

Financial assets not
measured at fair value

Investments								
- Pakistan Investment Bonds	-	1,299,667	-	1,299,667	-	1,353,554	-	1,353,554
- Term deposit receipts	-	150,000	-	150,000	-	150,000	-	150,000
- Treasury bills	-	760,471	-	760,471	-	760,471	-	760,471
Loans, deposits and other receivables	-	14,507	-	14,507	-	-	-	-
Interest accrued	-	61,453	-	61,453	-	-	-	-
Trade debts	-	360,899	-	360,899	-	-	-	-
Cash and cash equivalents	-	683,939	-	683,939	-	-	-	-
	-	3,330,936	-	3,330,936	-	2,264,025	-	2,264,025

Financial liabilities not
measured at fair value

Liabilities against assets subject to finance lease	-	-	26,689	26,689	-	-	-	-
Trade and other payables	-	-	432,193	432,193	-	-	-	-
Staff retirement benefits	-	-	2,699	2,699	-	-	-	-
Mark-up accrued	-	-	359	359	-	-	-	-
Unpaid dividend	-	-	1,523	1,523	-	-	-	-
Unclaimed dividend	-	-	258,552	258,552	-	-	-	-
	-	-	722,015	722,015	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2019							
	Carrying Amount			Fair Value				
	Fair value through profit or loss	Amortised cost	other financial liabilities	Total	Level 1	Level 2	Level 3 Total	
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Units of mutual fund	1,074,544	-	-	1,074,544	1,074,544	-	-	1,074,544
Financial assets not measured at fair value								
Investments								
- Pakistan Investment Bonds	-	1,190,841	-	1,190,841	-	1,162,698	-	1,162,698
- Term deposits receipts	-	512,000	-	512,000	-	512,000	-	512,000
Loans, deposits and other receivables								
-	-	13,586	-	13,586	-	-	-	-
Markup accrued	-	45,120	-	45,120	-	-	-	-
Trade debts	-	903,510	-	903,510	-	-	-	-
Bank balances	-	204,913	-	204,913	-	-	-	-
	-	2,869,970	-	2,869,970	-	1,674,698	-	1,674,698
Financial liabilities not measured at fair value								
Liabilities against assets subject to finance lease								
-	-	25,831	-	25,831	-	-	-	-
Trade and other payables	-	359,908	-	359,908	-	-	-	-
Staff retirement benefits	-	335	-	335	-	-	-	-
Mark-up accrued	-	116	-	116	-	-	-	-
Short term borrowings	-	88,030	-	88,030	-	-	-	-
Unpaid dividend	-	1,832	-	1,832	-	-	-	-
Unclaimed dividend	-	255,965	-	255,965	-	-	-	-
	-	732,017	-	732,017	-	-	-	-

The Company has not disclosed the fair values for some financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

38. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

- 38.1** Revenue from bank note paper represents 77.55% (2019: 86.31%) of the total revenue of the Company.
- 38.2** All the sales of the Company are made to customers located in Pakistan.
- 38.3** All non-current assets of the Company at 30 June 2020 are located in Pakistan.
- 38.4** One customer (PSPC) of the Company accounts for 80.31% (2019: 87.32%) of total revenue of the Company for the year.

39. NUMBER OF EMPLOYEES

The number of employees including contractual employees of the Company are as follows:

	2020	2019
	---(Numbers)---	
At year end	351	372
Average employees during the year	363	378
Factory employees	232	246

40. DIVIDEND AND APPROPRIATIONS

The Board of Directors in their meeting held on 24th July 2020 have proposed a final cash dividend of Rs. 9.00 per share amounting to Rs. 533.304 million (2019: Rs. 7.25 per share amounting to Rs. 429.605 million) for approval of the members at the Annual General Meeting to be held on 1st September, 2020 and approved the transfer of Rs. 445.92 million from unappropriated profits to general reserves (2019: Rs. 280 million). These financial statements do not include the effect of the proposed cash dividend and transfer of unappropriated profits to general reserves which will be accounted for in the financial statements of the Company for the year ending 30 June 2021.


41. GENERAL

41.1 Comparatives

Comparatives have been re-presented, wherever necessary.

41.2 Date of authorisation

These financial statements were authorised for issue on 24th July, 2020 by the Board of Directors of the Company.



Dr. Mohammad Ashraf Butt
Chief Executive Officer



Babar Aijaz
Chief Financial Officer



Jamal Nasim
Director

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

Corporate Briefing Session (CBS)

The Board values the importance of building a strong relationship with shareholders and investors. During the year under review, our corporate briefing sessions were focused on improving investors' understanding of the Company's strategy, operations, and performance.

Corporate briefings are interactive sessions between the Management of the Company and the investors' community which gives the Management an opportunity to inform them about the Company's operational and financial performance, the competitive business environment in which the Company operates, investment decisions, challenges, and business outlook.

As per the requirement of the Pakistan Stock Exchange, it is mandatory for all listed companies to hold at least one Corporate Briefing Session (CBS) for shareholders and analysts during a financial year.



As a good corporate governance practice the Security Papers Limited had two CBS during the year under review held on, September 17, 2019, and February 25, 2020, at the PSX Auditorium.

The objective behind the Company's investor engagement through these briefings was to give investors (both existing and potential) the right perspective of the Company's business affairs, which helped them to make their investment decisions.

Dr. Mohammad Ashraf Butt, Chief Executive Officer, briefed the participants regarding Strategic/Operational Development, Financial Performance, Future Outlook/Challenges of the Company.

The Chairman of the Board, Mr. Muhammad Haroon Rasheed was also present on the occasion, who addressed investors various questions on the achievement of the strategic goals, risks, and significant challenges of the Company.



STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

Investors from all walks of life attended both the corporate briefings of SPL and showed their great interest in the affairs of the Company. The sessions were interactive and in Question and Answer session some thought-provoking questions were put forward which were very well addressed by the Management to the satisfaction of the audience.

Participation of Minority Shareholders

To ensure participation of shareholders, to engage them to attend and vote in AGM following steps are being taken by the company;

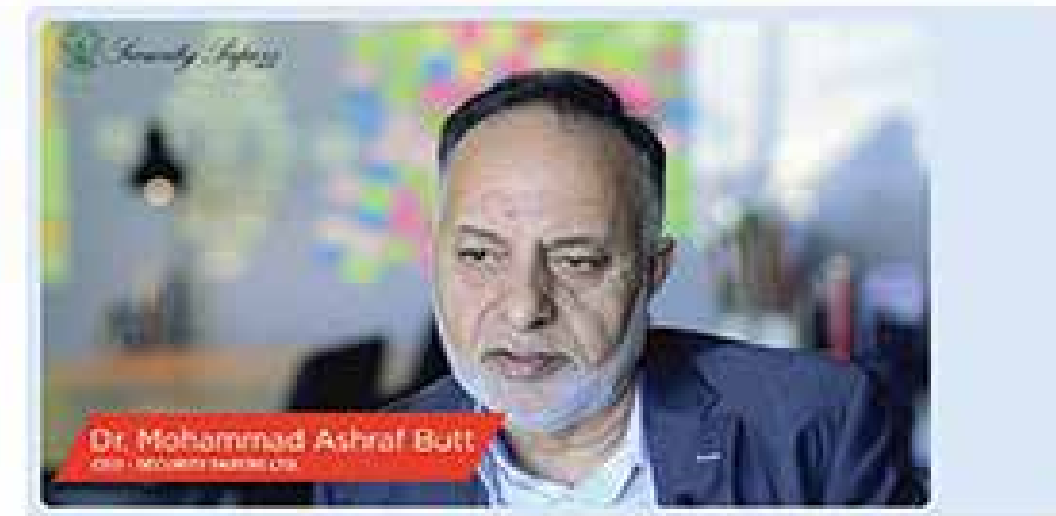
- Holding of Annual General Meeting (AGM) in the center of the City
- Providing Notice 21 days before AGM to Shareholders through:
 - Compact Disk
 - Newspapers in Urdu and English
 - Stock Exchange Website
 - Company's Website
- Participation through video-link for the shareholders not finding it feasible to attend the meeting physically (subject to applicable laws and regulations)
- Provide proxy to attend and vote on behalf of shareholders, in case shareholders are unable to participate.

Investors' Relation Section on Website

SPL website provides a comprehensive collection of information and data relating to investors, including various announcements, quarterly, half-yearly, annual reports, and investors' relations. The Company's current information for investors is available on its website under the section "Investors Information" on the Company's website <http://www.security-papers.com> to enable access to the Company's stakeholders. This page is updated frequently to provide all investors and stakeholders open, accurate and up-to-date information. Complying with the laws and regulations, all details are made available on the SPL website.

CEO's Video Message on Website

CEO's message has been uploaded on the Company's website at www.security-papers.com. The purpose of this video is to connect on a deeper level with our stakeholders to provide meaning and direction to the Company's performance. The video message also elaborates on the Company's vision and its growth prospects. We hope that this effort will go a long way in promoting better alignment between our management and shareholders.



STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

SPL continues to develop website content on the environment, social, and governance to satisfy the increasing demand for openness and transparency of its performance in these areas and long-term risk and opportunity.

Company has developed the 'Investor Relations' section on its website with the following tabs:

- Notice
- Online Complaint Form

Company has also developed the 'Investor Information' section on its website with the following tabs:

- Symbol of the Company
- Financials
- Financial Highlights
- Earnings Per Share
- Share Registrar
- Free Float of Shares
- Investors' Grievances
- SECP Investor Complain

1. Annual General Meeting

At the Company's Annual General Meeting (AGM) the Chairman presents a review of the key business developments during the year. This year's AGM will be held at 11:00 a.m. on Tuesday, September 01, 2020, at 11:00 a.m. The notice of AGM accompanies this annual report. Shareholders can ask questions on the matters put to the meeting, including the annual report and the running of the Company. All Directors are invited to attend each AGM and all Committee Chairmen will be present to take questions at the AGM.

The Company sends the notice of AGM and related papers to shareholders at least 21 working days before the meeting. The notice of AGM is available to view on the Company's website: <http://www.security-papers.com>.

Issues raised by Shareholders in last AGM

Shareholders enquired about the future prospects of the business. The Chairman assured the members that given the performance in difficult business conditions the Company will deliver par excellence in days to come. The management of the Company was much focused on improvement in the profitability and growth of the business. To this end, a number of projects had been undertaken to achieve efficiency and improve the quality of Banknotes and other Security Paper products. Shareholders were informed that the Company is pursuing an ambitious program of plant upgrade to modernize its production facilities in phases.

One of the shareholders enquired about the production capacity of the Plant. The Chief Executive Officer informed the shareholders that the Company is operating at its maximum capacity while the demand for our products is steadily growing. During the year under review, the management instituted additional procedures including the revival of "Short Former" to enhance productivity, efficiency and quality of the paper. To maintain growth, we are in the process of overcoming our capacity constraints through a series of programs for de-bottlenecking and efficiency improvement.

The shareholders expressed their gratitude over an excellent return on their investment in the form of a cash dividend. The shareholders also appreciated the excellent performance of the Company.

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

2. Shareholders Engagement Policy

The Company regularly engages with shareholders through various disclosures during the year. The purpose is to provide shareholders and other parties with equal and simultaneous information about matters that may influence the share price of the Company. The Company communicates with all of its investors through meetings such as the general meetings of the shareholders, annual and interim reports, regular disclosures of information, and analyst & investor briefings. Furthermore, the Company makes available Annual and Quarterly Reports, etc. as required by Companies Act, 2017, and other applicable laws on the Company's website for the information of its members and also transmitted electronically to the SECP and PSX.

Electronic Communications

The Company encourages shareholders to provide e-mail addresses to enable them to receive shareholder materials electronically. Communicating electronically is faster and more cost-effective. However, the Company understands that this does not suit everyone, so the Company also provides hard copy of annual reports to shareholders who wish to receive the same.

Market Disclosures

Through timely announcements and disclosures, the Company fully informed to Pakistan Stock Exchange Limited thus providing investors and stakeholders equal and timely access to material information.

Insider Information Registers

In compliance with the regulatory requirements, the Company ensures that it maintains Insider Information Register, which is updated on a regular basis.

Investor Relations Contact

Rizwan Ul Haq Khan
Company Secretary
Telephone: (+9221) 99248539
Fax: (+9221) 99248286
E-mail: comsec@security-papers.com

Web Reference

The Company maintains a functional website. Annual, Half-yearly and Quarterly reports are regularly posted at the Company's website <http://www.security-papers.com>.

Stock Exchange Listing

Security Papers Limited is listed on Pakistan Stock Exchange Limited. The symbol code for dealing in shares of the Company is SEPL.

Security Papers Limited Share Prices 2019-20			
Period	Price in Rupees		
	High	Low	Average
1st Quarter – September 30, 2019	98.00	77.25	87.62
2nd Quarter – December 31, 2019	123.00	80.00	101.50
3rd Quarter – March 31, 2020	151.49	105.95	128.72
4th Quarter – June 30, 2020	145.89	121.01	133.45

EMPLOYEE ENGAGEMENT ACTIVITY

PSX TOP 25 COMPANIES AWARD CELEBRATION DINNER

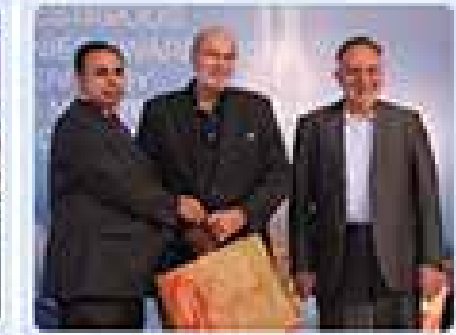
SPL has been participating for the last twenty years in PSX Top 25 Companies Awards. It is the first time that the Company has achieved 5th position for the year 2018. To celebrate this, SPL organized a Dinner on January 30, 2020, at its Residential Estate to appreciate the outstanding performance of all the employees for their significant contribution to the success of the Company.



This colorful event was attended by our Board of Directors, ex CEOs, especially the immediate family of Syed Nasim Ahmed (Late), Senior Management, and all the employees along with their families. Guests from Senior Management of PSPC & SICPA Inks were also invited with their families. The event was started with Tilawat-e-Quran followed by the welcome address by our CEO Dr. Mohammad Ashraf Butt where he thanked all the employees and participants for coming together in celebration of SPL's achievements, and a renewed pledge to making our work environment safe and accident-free. He also mentioned the efforts of the former Chairman and CEO Syed Nasim Ahmed (Late) for his valuable contributions in modernizing and enhancing the Plant Capacity during his tenure. Our Chairman, Mr. Muhammad Haroon Rasheed in his speech also thanked all the attendees and efforts of the management for SPL's performance and profitability. He also specifically lauded the efforts of Syed Nasim Ahmed (Late) towards enhancing SPL's manufacturing capacity and organizational capabilities.

EMPLOYEE ENGAGEMENT ACTIVITY

For the entertainment of the families (children in particular) various fun-filled activities, i.e., magic show and games were also arranged. Complimentary gifts were distributed to the honorable guests. The program ended on an upbeat note with a beautiful Milli Naghma (Patriotic Song), after which dinner was served.



PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

No. of Shareholders	No. of Shareholdings		Total Shares
	From	To	
570	1	100	14,754
370	101	500	117,551
239	501	1,000	192,468
433	1,001	5,000	1,103,134
110	5,001	10,000	817,114
1	205,001	210,000	207,847
2	235,001	240,000	479,138
1	270,001	275,000	274,000
1	395,001	400,000	399,367
1	445,001	450,000	445,677
1	540,001	545,000	541,900
58	10,001	15,000	716,195
23	15,001	20,000	414,852
9	20,001	25,000	202,819
7	25,001	30,000	192,116
6	30,001	35,000	197,483
5	35,001	40,000	189,411
8	40,001	45,000	344,937
3	45,001	50,000	139,485
2	50,001	55,000	108,269
1	55,001	60,000	58,809
2	65,001	70,000	136,713
2	70,001	75,000	143,060
1	95,001	100,000	100,000
2	150,001	155,000	306,000
1	160,001	165,000	164,220
2	765,001	770,000	1,536,603
1	925,001	930,000	928,689
1	1,345,001	1,350,000	1,346,415
1	2,585,001	2,590,000	2,587,428
1	4,250,001	4,255,000	4,254,280
1	5,020,001	5,025,000	5,022,384
2	5,925,001	5,930,000	11,851,128
1	23,720,001	23,725,000	23,721,739
1,869			59,255,985

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

Categories of Shareholders	Number	Shares Held	Percentage
i. Associated Companies, Undertakings and Related Parties	3	35,572,867	60.03
SUMER HOLDING A.S.	1	5,925,564	10.00
INDUSTRIAL DEVELOPMENT & RENOVATION ORGANIZATION OF IRAN	1	5,925,564	10.00
PAKISTAN SECURITY PRINTING CORPORATION (PVT.) LIMITED	1	23,721,739	40.03
ii. Mutual Funds	3	2,624,828	4.43
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	30,900	0.05
B.R.R. GUARDIAN MODARABA	1	6,500	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,587,428	4.37
iii. Directors and their Spouse(s) and Minor Children	4	35,190	0.06
SHEIKH MOHAMMAD AIJAZ AKHTAR	2	12,790	0.02
MR. MUHAMMAD HAROON RASHEED MALIK	1	12,500	0.02
MR. MUHAMMAD AYUB	1	9,900	0.02
iv. Executives	-	-	-
v. Public Sector Companies and Corporations	5	6,539,664	11.04
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2	5,022,607	8.48
PAKISTAN REINSURANCE COMPANY LIMITED	1	928,689	1.57
FEDERAL BOARD OF REVENUE	1	46,468	0.08
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	541,900	0.91
vi. Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	10	5,640,186	9.52
HABIB BANK LIMITED	2	130	0.00
UNITED BANK LIMITED	1	318	0.00
MERCANTILE COOPERATIVE FINANCE	1	35,231	0.06
EFU GENERAL INSURANCE LIMITED	1	749	0.00
INNOVATIVE INVESTMENT BANK LIMITED	1	1,428	0.00
THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED	1	4,254,280	7.18
NATIONAL BANK OF PAKISTAN	2	1,347,897	2.27
MUSLIM COMMERCIAL BANK LIMITED	1	153	0.00
General Public	1803	6,052,607	10.21
a. Local	1803	6,052,607	10.21
b. Foreign	-	-	-

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

Categories of Shareholders	Number	Shares Held	Percentage
Others	41	2,790,643	4.71
AZEEM SERVICES (PVT.) LTD.	1	1	0.00
N. H. SECURITIES (PVT.) LIMITED	1	26	0.00
NON-CDC UN-PAID 5% TAX SHAREHOLDERS	1	8,477	0.01
CDC PLAINTIF (PAID & UN-PAID) 5% TAX SHAREHOLDERS	1	2,232	0.00
UHF CONSULTING (PRIVATE) LIMITED	1	200	0.00
EFG HERMES OMAN LLC	1	767,900	1.30
FORTUNE SECURITIES LIMITED	1	13,500	0.02
PRUDENTIAL SECURITIES LIMITED	1	53	0.00
Y.S. SECURITIES & SERVICES (PVT.) LTD.	1	102	0.00
MILLWALA SONS (PRIVATE) LIMITED	1	64	0.00
SIZA (PRIVATE) LIMITED	1	10,000	0.02
MOHAMAD AMIN BROS (PVT.) LIMITED	1	5,000	0.01
TRUSTEES AL-BADER WELFARE TRUST	1	58,809	0.10
DAWOOD FOUNDATION	1	239,597	0.40
TECHNOLOGY LINKS (PVT.) LIMITED	1	6,683	0.01
DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	1	399,367	0.67
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	239,541	0.40
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	8,404	0.01
GLOBE MANagements (PRIVATE) LIMITED	1	7,000	0.01
AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	1	1,000	0.00
FIKREE DEVELOPMENTS CORPORATION (PRIVATE) LIMITED	1	5,578	0.01
S.H. BUKHARI SECURITIES (PVT.) LIMITED	1	921	0.00
CRESCENT COTTON MILLS LTD.	1	522	0.00
TRUSTEES D.G. KHAN CEMENT CO. LTD. EMP. P.F	1	164,220	0.28
H M INVESTMENTS (PVT.) LIMITED	1	393	0.00
NH SECURITIES (PVT.) LIMITED	1	3,704	0.01
SHAMALIK BROTHERS (PVT.) LTD.	1	1,000	0.00
UHF CONSULTING (PRIVATE) LIMITED	1	100	0.00
MAPLE LEAF CAPITAL LIMITED	1	1	0.00
ZILLION CAPITAL SECURITIES (PVT.) LTD.	1	1,000	0.00
MULTILINE SECURITIES (PVT.) LIMITED	1	14,210	0.02
CLIKTRADE LIMITED	1	1	0.00
MUHAMMAD BASHIR KASMANI (PRIVATE) LIMITED	1	90	0.00
NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND	1	768,703	1.30
PEARL CAPITAL MANAGEMENT (PRIVATE) LIMITED	1	9	0.00
FIKREES (PRIVATE) LIMITED	1	1,037	0.00
AYUB CHAUDHRY INVESTMENTS (PVT.) LTD.	1	3,998	0.01
CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	1	20,000	0.03
CDC-TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	1	35,000	0.06
MRA SECURITIES LIMITED - MF	1	200	0.00
TRUST SECURITIES & BROKERAGE LIMITED - MF	1	2,000	0.00
Total	1,869	59,255,985	100.00

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

Categories of Shareholders	Number	Shares Held	Percentage
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company	6	44,849,754	75.69
PAKISTAN SECURITY PRINTING CORPORATION (PVT.) LIMITED	1	23,721,739	40.03
SUMER HOLDING A.S.	1	5,925,564	10.00
INDUSTRIAL DEVELOPMENT & RENOVATION ORGANIZATION OF IRAN	1	5,925,564	10.00
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2	5,022,607	8.48
THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED	1	4,254,280	7.18

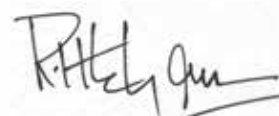
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fifty-fifth Annual General Meeting of Security Papers Limited will be held on Tuesday, September 01, 2020, at 11:00 a.m. electronically through video-link arrangement at its Registered Office, Jinnah Avenue, Malir Halt, Karachi to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020, together with the Directors' and Auditors' Reports thereon.
- To approve the payment of cash dividend at the rate of Rs 9.00 per share, i.e., 90% for the year ended June 30, 2020, as recommended by the Board of Directors.
- To appoint Auditors for the year 2020-21 and to fix their remuneration.
- To elect four Directors as fixed by the Board pursuant to the provision of Section 159(1) of the Companies Act, 2017 for a term of three years in place of the following retiring Directors who are eligible for re-election:
 1. Sheikh Mohammad Aijaz Akhtar
 2. Mr. Jamal Nasim
 3. Mr. Muhammad Ayub
 4. Mr. Muhammad Sualeh Ahmad Faruqui

By Order of the Board



(Rizwan Ul Haq Khan)
Company Secretary

Karachi,
July 24, 2020

NOTES:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from August 21, 2020, to September 01, 2020 (both days inclusive). Transfers received in order at the office of Share Registrar, M/s. FAMCO Associates (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi by the close of business on August 20, 2020, will be considered in time to determine the above mentioned entitlement and to attend and vote at the Meeting.

2 For Candidates participating in the Election of Directors

Any person who seeks to contest the election of directors shall, whether he/she is a retiring Director or otherwise, file with the Company at its Registered Office not later than fourteen (14) days before the date of the meeting his/her intention to offer himself/herself for election of directors in terms of Section 159(3) of the Companies Act, 2017, together with:

NOTICE OF ANNUAL GENERAL MEETING

- Consent to Act as Director on Form-28 (available online on the website of the SECP), as prescribed under the Companies (General Provisions and Forms) Regulations, 2018;
- A detailed profile along with office address for placement on the Company's website seven (7) days prior to the date of election of directors in term of S.R.O.1196(1)/2019 of 3rd October 2019;
- Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in Section 153 and 166 of the Companies Act, 2017 to act as Director or an Independent Director of a listed company;
- Attested (where possible) copy of valid CNIC and NTN; and
- A declaration by Independent Director(s) under Clause 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 shall be submitted.

Potential candidates may contact Mr. Rizwan Ul Haq Khan, Company Secretary, at comsec@security-papers.com for any queries or assistance on the above.

The final list of contesting directors will be circulated not later than seven days before the date of said meeting, in terms of Section 159(4) of the Companies Act, 2017. Further, the website of the Company will also be updated with the required information.

For any query/problem/information, the investors may contact the Company Secretary at e-mail address: comsec@security-papers.com.

3. Participation in the Annual General Meeting electronically and appointing proxies

- Members whose names are appearing in the register of members as of August 20, 2020 are entitled to attend and vote at the meeting.
- The shareholders who wish to attend the Annual General Meeting are requested to get themselves registered by sending their particulars at the designated e-mail address (info.shares@famco.com.pk and comsec@security-papers.com), giving particulars as per below table by the close of business hours (5:00 p.m.) on August 20, 2020.

Name of Shareholder	CNIC No./NTN No.	CDC Participant ID/Folio No.	Cell No.	E-mail Address

NOTICE OF ANNUAL GENERAL MEETING

- (iii) The webinar link would be provided to the registered shareholders/proxies who have provided all the requested information. The shareholders are also encouraged to send their comments/suggestion related to the agenda items of the AGM on the above-mentioned e-mail address by the close of business hours (5:00 p.m.) on August 20, 2020.
- (iv) A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on their behalf. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in their own right. For appointing proxies, the scanned copy of the proxy form appearing below duly executed and witnessed, along with the relevant supporting documents and the e-mail address of the proxy must be sent to the Company Secretary at comsec@security-papers.com at least 48 hours before the time of the Meeting.
- (v) The proxy form should be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (vi) Where possible, attested copies of the CNIC or the identification pages of the passport of the beneficial owners and the proxy should be enclosed with the e-mailed Proxy Form.
- (vii) In case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature should be submitted along with the e-mailed (soft copy) of the Proxy Form to the Company.
- (viii) Shareholders holding shares in physical form are requested to notify the change of their addresses, if any, and provide a copy of their CNIC to Share Registrar, M/s. FAMCO Associates (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. Those shareholding are in electronic form with CDC must notify change of address to their participants or CDC Investor Accounts Services with whom the account is maintained.
- (ix) A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf. The instrument appointing a proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.
- (x) CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

4. CNIC / NTN Number on Dividend Warrant (Mandatory)

- (i) As already been notified from time to time, SECP has directed vide its Notification S.R.O. 831(1)/2012 dated July 5, 2012, that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).
- (ii) In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of non-availability copy of valid CNIC (for individuals) and National Tax Number (for a corporate entity).
- (iii) Accordingly, shareholders who have not yet submitted a copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or Share Registrar, M/s. FAMCO Associates (Pvt.) Limited.

NOTICE OF ANNUAL GENERAL MEETING

5. Deduction of Income Tax from Dividend under Section 150 the Income Tax Ordinance, 2001 (Mandatory)

- (i) Pursuant to the provisions of the Finance Act, 2019 effective July 1, 2019, the rates of deduction of Withholding Income Tax from dividend payments under the Income Tax Ordinance have been revised as follows:
 - (ii) Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL ---- 15%.
 - (iii) Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL ---- 30%.
- (iv) To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers' List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.
- (v) **Persons not appearing in the Active Taxpayers' List:** The rate of tax required to be deducted/collected, as the case may be, is increased by 100% (as specified in the First Schedule to the Income Tax Ordinance, 2001 (updated as per Finance Act, 2019).
- (vi) Withholding Tax will be determined separately on 'person names appearing on ATL/person names not appearing on ATL' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts.
- (vii) In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (viii) As per FBR Circulars C. No. 1 (29) WHT/2006 dated 30 June 2010 and C. No. 1 (43) DG (WHT)/2008- Vol. II -66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of part - IV of Second Schedule is available. The shareholders who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.
- (ix) For any query/problem/information, the investors may contact the Company Secretary at phone: 021-99248285 and e-mail address comsec@security-papers.com and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and e-mail address: info.shares@famco.com.pk

NOTICE OF ANNUAL GENERAL MEETING

- (x) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

6. Payment of Cash Dividend Electronically (Mandatory)

- (i) In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay a cash dividend to its shareholder only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants.
- (ii) Therefore, shareholders are requested to provide the details of their bank mandate information specifying: (a) title of account (b) account number (c) IBAN (d) bank name and (e) branch name, code and address to the Company or Share Registrar. Those shareholders who hold shares with participants/Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participant/CDC.
- (iii) Please note that as per Section 243(3) of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if the necessary information is not provided by shareholders.
- (iv) For the convenience of shareholders, e-Dividend Mandate Form is available on the Company's website: <http://www.security-papers.com>.

7. Unpaid Dividend Account

In accordance with the provisions of Section 244 of the Companies Act, 2017.

- (i) Where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under Section 242, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank. The deposits in the unpaid dividend account shall only be used for payment to a claimant as given in sub-section 4.

Explanation - Dividend for the purpose of this section means the dividend payable in cash.

- (ii) The company shall, within a period of ninety days of making any deposit of the amount under sub-section (1) to the unpaid dividend account, prepare a statement containing the names, the last known addresses, number of shares held, the amount of unpaid dividend to be paid to each shareholder and such other particulars as may be specified and place it on the website of the company required under any law, rules, regulations or directions to maintain a website and also on any other website as may be specified.

NOTICE OF ANNUAL GENERAL MEETING

- (iii) Any change in the information to be maintained on the website under sub-section (2) shall be effected by the company in such manner and within such time as may be specified.
- (iv) Any person claiming to be entitled to any money transferred under sub-section (1) to the unpaid dividend account of the company may apply to the company for payment of the money claimed.
- (v) The company shall make payment to the bonafide claimant within a period of thirty days from the date of submission of a claim with the company. No claimant shall be entitled to any amount except his unclaimed dividend amount.
- (vi) The amount of profit generated from the account maintained by the company under this section shall be used by the company for its corporate social responsibility initiatives and specified purposes.

8. Placement of Financial Accounts on Website

- (i) Pursuant to the notification of the SECP S.R.O.1196(1)/2019 of 3rd October 2019, the financial statements of the Company have been placed on the Company's website at www.security-papers.com.

9. Consent for Video Link Facility

- (i) Further to SECP S.R.O. No. 1027/(I)2014 dated 13th November 2014 Clause 1(b) "The Company may provide video link facility to its members for attending the general meeting at places other than the town in which the general meeting is taking place after considering the geographical dispersal of its members.
- (ii) Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video link at least 10 days prior to the date of the meeting, the Company shall arrange video link facility in that city subject to availability of such facility in that city.
- (iii) The Company will intimate members regarding the venue of the video link facility at least 5 days before the date of the general meeting along with complete information necessary to enable them to access such a facility.

I/We, _____ of _____, being a member of the Security Papers Limited, holder of _____ Ordinary Share(s) as per Register CDC/Folio No. _____ hereby opt for video link facility at _____.

10. Change of Address (If any)








- (i) Members are requested to notify any change in their addresses immediately.
- (ii) Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Company/Share Registrar.



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FORM OF PROXY

پروکسی فارم

I/We _____ of _____
being member(s) of SECURITY PAPERS LIMITED and holder of _____ Ordinary
Shares as per Share Register Folio/CDC Account No. _____ hereby appoint _____ Folio/C-
DC Account No. _____ of _____ CNIC No. or Passport No. _____ or failing whom
_____ Folio/CDC Account No. _____ of _____ CNIC No. or Passport
No. _____ who is also a member of the Company as my/our proxy to attend and vote for me/us and on
my/our behalf at the 55th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, September 01, 2020, at
11:00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2020

Witnesses: 1. Signature _____
Name: _____
Address: _____
CNIC or Passport No.: _____

2. Signature _____
Name: _____
Address: _____
CNIC or Passport No.: _____

Signature _____
(Signature should agree with the specimen
signature registered with the Company)
CNIC or Passport No.: _____



میں/ہم از بحیثیت سکیورٹی پیپرز لمیٹڈ کے ممبر اور حامل عدد عام حصص برطابق شیئرز رجسٹر فولیو/.....
سی ڈی سی اکاؤنٹ نمبر بذریعہ ہذا اجنب / محترمہ فولیو/سی ڈی سی اکاؤنٹ نمبر حامل
سی این آئی سی نمبر یا پاسپورٹ نمبر یا بصورت دیگر فولیو/سی ڈی سی اکاؤنٹ نمبر حامل
سی این آئی سی نمبر یا پاسپورٹ نمبر جو کمپنی کے / کی ممبر بھی ہیں، کو کمپنی کے منگل 01 ستمبر 2020 کو صبح گیارہ بجے یا کسی ملتوی شدہ تاریخ کو
منعقد ہونے والے 55 ویں سالانہ اجلاس میں اپنی جانب سے شرکت اور رائے دہی کے لیے اپنا پروکسی مقرر کرتا ہوں / کرتے ہیں۔

دستخط بتاریخ 2020

گواہ 1 :
1- دستخط
نام
پتہ
سی این آئی سی یا پاسپورٹ نمبر
2- دستخط
گواہ 2 :
نام
پتہ
سی این آئی سی یا پاسپورٹ نمبر

IMPORTANT

1. This form of proxy, duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours before the Meeting.
2. This form should be signed by the member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A member entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a member.

For CDC Account Holders/Corporate Entities

In addition to the above, the following requirements have to be met:

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC or Passport Numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce his/her original CNIC or original Passport at the time of the Meeting.
- (iv) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier), along with proxy form to the Company.

دستخط
(دستخط کمپنی کے پاس رجسٹرڈ دستخط کے نمونے کے مطابق ہوں)
سی این آئی سی / پاسپورٹ نمبر

اہم:

- 1- پروکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں جمع کر دیا جائے۔
- 2- فارم پر ممبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کرے گا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔
- 3- اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کے لیے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پروکسی مقرر کر سکتی ہے۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریشن ادارے

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا:

- (i) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام، پتے اور سی این آئی سی یا پاسپورٹ نمبر فارم میں درج ہوں۔
- (ii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔
- (iii) پروکسی اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (iv) کارپوریشن ادارے کی صورت میں ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزدہ فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔



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