EVERY PAPER FULLY SECURE



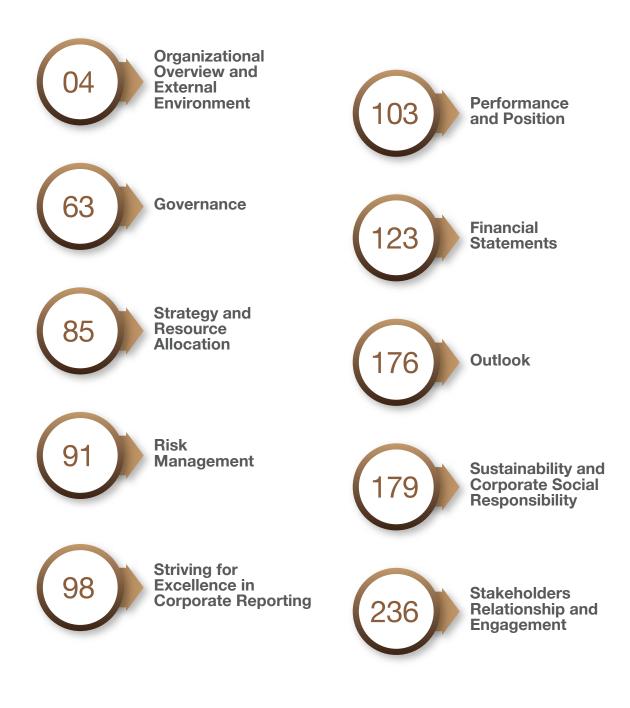




Security Tapers

ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified

CHAPTERS



ABOUT THE REPORT

The Security Papers Limited. (SPL) Annual Report 2021 (the Report) integrates the following sections:

- Organizational Overview and External Environment
- Chairman's Reviews
- Directors' Report
- Report of the Audit Committee
- Statement of Compliance with CCG
- Governance
- Sustainability Report and Corporate Social Responsibility
- Strategy and Resource Allocation
- Risk Management
- Striving for Excellence in Corporate Reporting
- Performance and Position
- Financial Statements
- · Stakeholder Relationship and Engagement

Our Annual Report for 2021 aims to present itself as a consolidated document to assist our readers in assessing our business by providing information about state of affairs, performance and the outlook of SPL. It fairly addresses the material matters pertaining to the long term sustainability of the Company and its integrated performance. This Report comprises of strategic and operational review by the Board of Directors which encompasses financial reviews and analyses, overview of governance, risk management and internal control frameworks.

Our value creating business model supported by the outputs, outcomes and impacts of various forms of capitals associated with business activities, and how we look forward towards business opportunities, has also been explained. The Board has endorsed and authorized the release of their report on August 27, 2021.

Scope and Boundary

Our Report covers the period from July 1, 2020 to June 30, 2021 and subsequent events up to the issuance of this report have also been explained in various sections of the Report. We aim to provide a balanced review of our performance, communicating relevant material information in a concise but comprehensive manner.

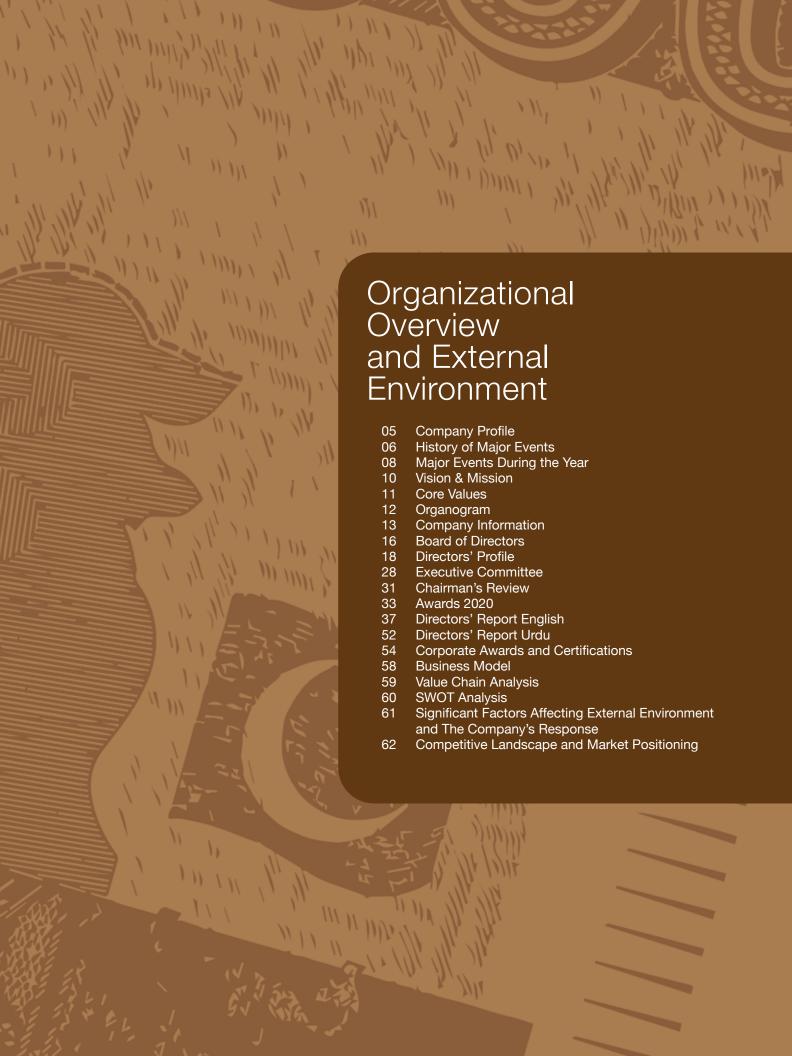
This Report has been prepared in compliance with the following frameworks:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Provision of and directives issued under the Companies Act, 2017.

Chairman's Review, Directors' Report, Audit Committee's Report, Report on Compliance of Code of Corporate Governance (CCG), Sustainability Report and other information contained in this Report have been structured in compliance with the requirements of Companies Act 2017, CCG, Listing Regulations of the Pakistan Stock Exchange (PSX) and other local and international good governance practices as promoted by ICAP / ICMAP, PSX, MAP etc. There have not been any significant changes to the scope, boundary and reporting basis since the last reporting date as of June 30, 2020. Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

External Assurance / Review

Description of the Report	External Reviews / Assurances
Review Report on the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019	KPMG Taseer Hadi & Co., Chartered Accountants
Independent Auditor's Report on the Audit of Financial Statements	KPMG Taseer Hadi & Co., Chartered Accountants
Independent External Review of Sustainability Report	Damsel Consulting (Pvt.) Ltd.



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 as a 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) was commissioned 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.

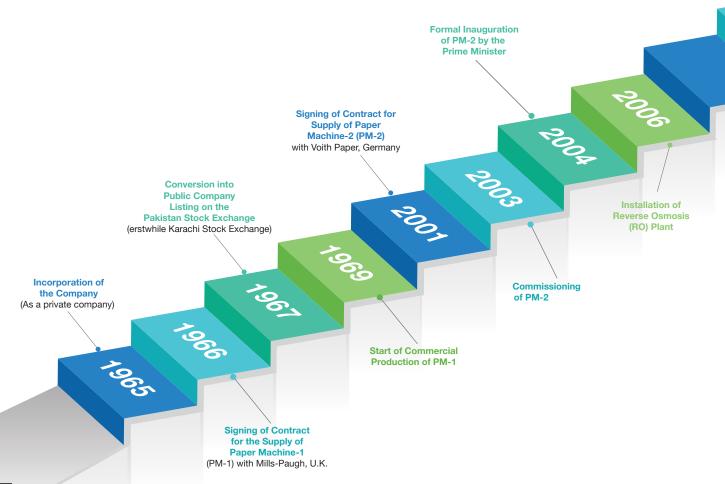
The production process primarily involves local input of cotton comber and water as raw materials. The Pakistan Security Printing Corporation (Pvt.) Limited (PSPC) is the main customer of SPL. Over the years, the Company has grown substantially and is expanding its production capacities to cater to the 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.

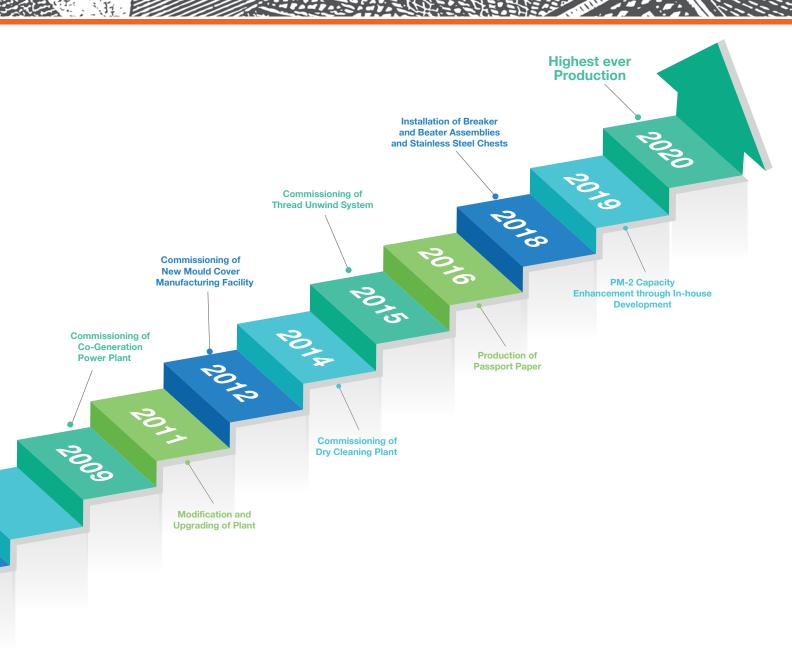
Being self-reliant, the Company is also saving a substantial amount of foreign exchange, which would have been otherwise required for the import of such sensitive paper. SPL has been gradually enhancing the paper production capacity which has increased from 2,500 tons to 4,500 tons, extendable up to 5,000 tons per annum.

Geographical Presence

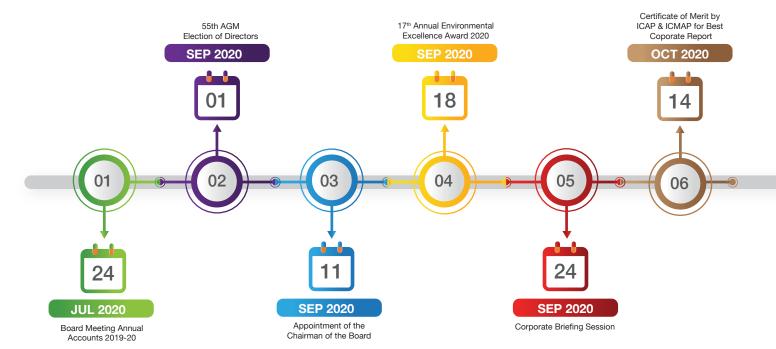
The geographical presence of the Company is in Karachi, Pakistan, while its customers are located in Karachi, Lahore, Gujranwala, Faisalabad, Islamabad, Peshawar and other major cities of the country.

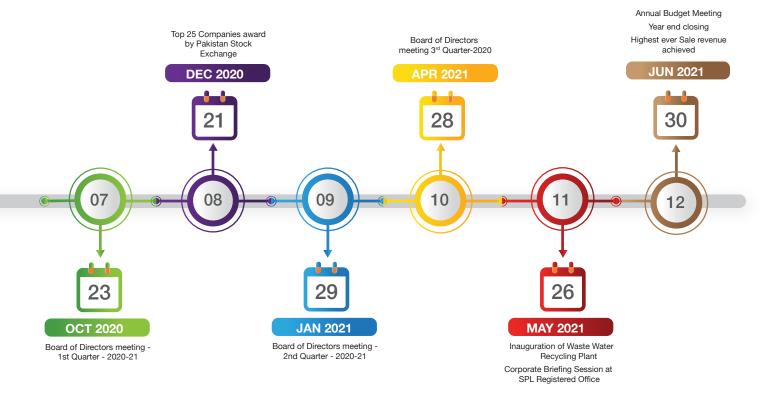
HISTORY OF MAJOR EVENTS





MAJOR EVENTS DURING THE YEAR





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.

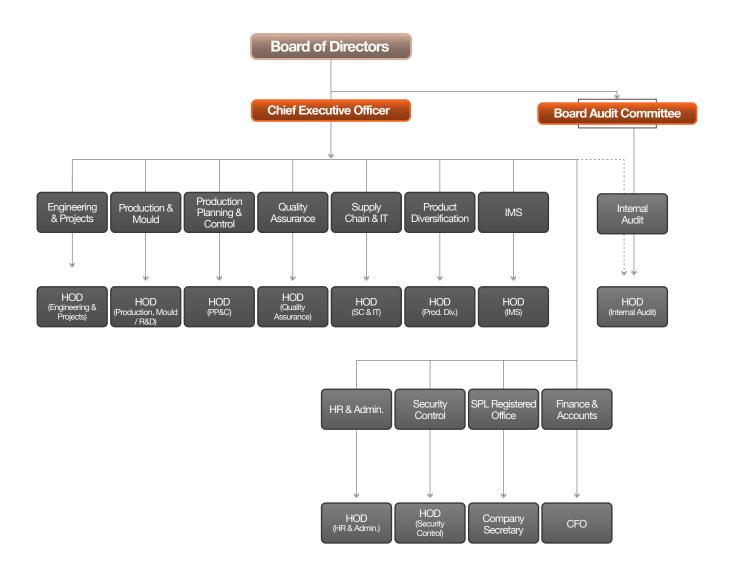
Our mission is to exceed the expectations of our customers in producing, with security and efficiency, highest quality paper products, employing international best practices and applying an integrated approach to product research and development, manufacturing technology, operations management, counterfeit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



COREVALUES

- Striving for continuous improvement and innovation with commitment and responsibility;
- 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. Mohammad Aftab Manzoor - Nominee - PSPC

Directors

Mr. Muhammad Sualeh Ahmad Faruqui Independent - Elected Mr. Jamal Nasim - Elected

Dr. Abolghassem Jamshidi – Iran - Nominee – IDRO
Ms. Figen Caliskan – Turkey - Nominee – SHAS
Mrs. Uzma Aijaz Independent - Elected

Hafiz Mohammad Yousaf - Nominee – PSPC

Mr. Shafqaat Ahmed - Nominee – PSPC
Mr. Munir Ahmed Independent - Elected

Executive Director

Chief Executive Officer

Dr. Mohammad Ashraf Butt - Nominee - PSPC

PSPC - Pakistan Security Printing Corporation (Pvt.) Limited
IDRO - Industrial Development and Renovation Organization of Iran

SHAS - Sumer Holding A.S. Genel Mudurlugu, Turkey (formerly SEKA)

Board Audit Committee

Mrs. Uzma Aijaz Independent Non-Executive Director Chairperson Mr. Jamal Nasim Non-Executive Director Member Member Dr. Abolghassem Jamshidi Non-Executive Director Hafiz Mohammad Yousaf Non-Executive Director Member Mr. Shafqaat Ahmed Non-Executive Director Member Mr. Ageel Ahmed Head of Internal Audit Secretary

Board Human Resources and Remuneration Committee

Mrs. Uzma Aijaz	Independent	Non-Executive Director	Chairperson
Mr. Mohammad Aftab Manzoor		Non-Executive Director	Member
Mr. Jamal Nasim		Non-Executive Director	Member
Mr. Munir Ahmed	Independent	Non-Executive Director	Member
Dr. Mohammad Ashraf Butt		Executive Director	Member
Mr. Shahbaz Ali		Dy. General Manager	Secretary

COMPANY INFORMATION

Board Investment & Risk Management Committee

Mr. Muhammad Sualeh Ahmad Faruqui	Independent	Non-Executive Director	Chairman
Ms. Figen Caliskan		Non-Executive Director	Member
Hafiz Mohammad Yousaf		Non-Executive Director	Member
Mr. Munir Ahmed	Independent	Non-Executive Director	Member
Mr. Babar Aijaz		Chief Financial Officer	Secretary

Board Strategic Committee

Dr. Mohammad Ashraf Butt		Executive Director	Chairman
Mr. Mohammad Aftab Manzoor		Non-Executive Director	Member
Mr. Muhammad Sualeh Ahmad Faruqui	Independent	Non-Executive Director	Member
Ms. Figen Caliskan		Non-Executive Director	Member
Hafiz Mohammad Yousaf		Non-Executive Director	Member
Mr. Shafqaat Ahmed		Non-Executive Director	Member
Mr. Faiz-Ul-Islam		Senior General Manager	Secretary

Board Procurement Committee

Mr. Jamal Nasim	Non-Executive Director	Chairman
Mr. Mohammad Aftab Manzoor	Non-Executive Director	Member
Dr. Abolghassem Jamshidi	Non-Executive Director	Member
Mr. Shafqaat Ahmed	Non-Executive Director	Member
Dr. Mohammad Ashraf Butt	Executive Director	Member
Mr. Faiz-UI-Islam	Senior General Manager	Secretary

Executive Committee

Chairman	

Dr. Mohammad Ashraf Butt -	Chief Executive Officer
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Members

MCHIBCIS		
Mr. Rizwan Ul Haq Khan	-	Company Secretary
Mr. Babar Aijaz	-	Chief Financial Officer
Mr. Faiz-UI-Islam	-	Senior General Manager (Supply Chain & IT)
Syed Tanveer Hussain 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, Mould & R&D)
Mr. Arshad Amir	-	D.G.M. (Production Planning & Control)
Mr. Shoaib Siddiqui	-	D.G.M (Product Diversification)

Lt. Col. (R) Kazim Ali - D.G.M. (Security Control)

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

Mr. Aqeel Ahmed - Sr. Manager / Head of Internal Audit

Bankers

National Bank of Pakistan

MIB Bank Limited (formerly NIB Bank Ltd.)

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

Tel. No: (+9221) 99248536-3 Fax No: (+9221) 99248616

Tax Consultants

A. F. Ferguson & Co. Chartered Accountants

Share Registrar

FAMCO Associates (Pvt.) Limited 8-F, Near 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. Mohammad Aftab Manzoor **CHAIRMAN**



Mr. Muhammad Sualeh Ahmad Faruqui **DIRECTOR**



Dr. Abolghassem Jamshidi DIRECTOR



Mr. Jamal Nasim **DIRECTOR**



Ms. Figen Caliskan **DIRECTOR**

BOARD OF DIRECTORS



Dr. Mohammad Ashraf Butt CHIEF EXECUTIVE OFFICER



Mrs. Uzma Aijaz **DIRECTOR**



Mr. Shafqaat Ahmed **DIRECTOR**



Hafiz Mohammad Yousaf **DIRECTOR**



Mr. Munir Ahmed **DIRECTOR**



MR. MOHAMMAD **AFTAB MANZOOR** (NON-EXECUTIVE DIRECTOR)

Mr. Mohammad Aftab Manzoor was appointed as Member of the Board of Directors in August 2021. He is a Non-Executive Director nominated by Pakistan Security Printing Corporation (Pvt.) Limited. He is also Chairman of the Board of Directors of Security Papers Limited and Member of the (i) Board Human Resource & Remuneration Committee, (ii) Board Strategic Committee and (iii) Board Procurement Committee.

He is a senior banker with 35 years of banking experience including 10 years as the CEO of two "Big Five" banks in Pakistan. Provided strategic leadership to transform these banks and was instrumental in strengthening and repositioning the franchise and building them into leading market players.

After completing MBA in 1977 from Quaid-e-Azam University, he has undergone extensive credit and management training at Citibank training centers abroad. He has also attended various seminars, workshops, and training sessions with renowned institutions such as World Bank, Harvard Business School & MIT Sloan Business School.

He has twice served as Chairman Pakistan Banks Association (PBA) working closely with State Bank of Pakistan on regulatory and other banking industry related issues.

With vast professional experience of working as Chief Executive Officer / President of the following banks:

- Soneri Bank Limited
- Allied Bank Limited
- MCB Bank Limited

Earlier, he has served on various Boards and is currently on the Board of:

- Askari Bank Limited
- Hellenic Sun (Pvt.) Limited



MR. MUHAMMAD SUALEH AHMAD FARUQUI

(INDEPENDENT AND NON-EXECUTIVE DIRECTOR)

Mr. Muhammad Sualeh Ahmad Faruqui was appointed as member of the Board of Directors of Security Papers Limited in July 2020 and subsequently he was elected to the Board of Directors in September 2020.

He is a Non-Executive Director and the Chairman of (i) Board Investment & Risk Management Committee and Member of (ii) Board Strategic Committee.

Mr. Muhammad Sualeh Ahmad Faruqui is an officer of Pakistan Administrative Services (PAS) who joined the Civil Service in 1990. Before joining as Secretary Commerce, he has remained posted as Secretary, Trade Development Authority of Pakistan and Chief Executive Officer, Sindh Infrastructure Development Company. Besides, he held various positions at Federal, Provincial and Divisional/District administration levels.

He earned his Master degree from London School of Economics, UK. He is a Britannia Chevening Scholar and also a lead International fellow in the field of sustainable development. Further to this, he has been particularly associated with economic, financial, and structural reforms initiatives at various levels. During the span of his service, he has widely travelled and represented Pakistan at various international forums.

Presently, Muhammad Sualeh Ahmad Faruqui is serving as Federal Commerce Secretary, Government of Pakistan.



MR. JAMAL NASIM (NON-EXECUTIVE DIRECTOR)

Mr. Jamal Nasim is on the Board of Directors since 2010. He was elected to the Board of Directors in September 2020.

He is a 'Certified Director'.

He is a Non-Executive Director and the Chairman of (i) Board Procurement Committee, Member of (ii) Board Audit Committee and (iii) Board Human Resource & Remuneration Committee.

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

Mr. Nasim holds about 40 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. Saritow Spinning Mills Limited
- 4. Pioneer Cement Limited
- 5. National Investment Trust Limited (Not listed)
- 6. He is also on the Board of Governors of Lahore University of Management Sciences (LUMS) and
- 7. Lahore School of Economics (LSE).



DR. ABOLGHASSEM JAMSHIDI (NON-EXECUTIVE DIRECTOR)

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

He is a Non-Executive Director being a nominee of Industrial Development Renovation Organization of Iran (IDRO). He is also a Member of the Board Audit 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 (& 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.



MS. FIGEN CALISKAN (NON-EXECUTIVE DIRECTOR)

Ms. Figen Caliskan was appointed to the Board of Directors in July 2020, being nominee of Sümer Holding Inc. Co, General Directorate, Turkey. She is a Member of the Board Investment and Risk Management Committee and Board Strategic Committee. She is a Graduate from Erciyes University, Faculty of Economics and Administrative Sciences, Department of Business Administration, Turkey.

Ms. Caliskan has over 30 years of experience in government departments.

Presently she is serving as Director of Strategy Development Branch in M/s. Sümer Holding, JSC, Turkey.



MRS. UZMA AIJAZ (INDEPENDENT AND NON-EXECUTIVE DIRECTOR)

Mrs. Uzma Aijaz was elected to Board of Directors in September 2020.

Mrs. Uzma Aijaz is a business woman and has experience of family business. She has done her graduation in Commerce. She is a Non-Executive Director and Chairperson of the (i) Board Audit Committee and (ii) Board Human Resource & Remuneration Committee.

Other Directorship:
Gulf Builder and Developers (Private) Limited.



YOUSAF (NON-EXECUTIVE DIRECTOR)

Hafiz Mohammad Yousaf was appointed as Member of the Board of Directors in April 2021.

He is a Non-Executive Director being a nominee of the Pakistan Security Printing Corporation. He is a Member of the (i) Board Audit Committee, (ii) Board Investment & Risk Management Committee and (iii) Board Strategic Committee.

Hafiz Mohammad Yousaf is a highly qualified professional having diversified qualifications from the renowned Institutions of Pakistan, USA, and Canada. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP), Fellow Member of American Institute of Certified Public Accountants (AICPA) and Member of Canadian Institute of Chartered Professional Accountants (CICPA) besides being member of many other renowned international professional institutions.

Mr. Yousaf possesses over three decades of diversified post qualification experience as a Chartered Accountant, (including two decades at a Big 4 accounting firm as Partner/Country Leader Consulting). His core areas of specialization are corporate finance and restructuring, corporate compliance and regulations, governance and oversight, assurance, consulting and financial advisory services.

During his professional career as a chartered accountant he has handled, directed and managed a wide variety of complex professional assignments for private and public sectors national and international entities. In the recent years the key areas of his focus are the high-end policies formulation and implementation, strategic directions, oversight of regulations and business operations, governance initiatives and organizational reforms and business decisions making, etc. at some of the most important corporate sector entities of the country

Mr. Yousaf has the honor of serving the council of ICAP for eight years (2009-17) in various leadership positions including being its President for 2015-16 term and represented Pakistan on various prestigious international forums including International Federation of Accountants (IFAC), International Accounting Standard Board (IASB), Asian Oceana Standards Setters Group (AOSSG), CA Worldwide (CAW) and South Asian Federation of Accountants for many years on different meetings and conferences. He has also served on the Board of State Bank of Pakistan (SBP), and Securities and Exchange Commission of Pakistan (SECP) including chairing their Audit and Oversight Committees respectively besides being part of many other important committees of the Boards.

Currently he is the Board Member of (i) SAMBA Bank Limited, (ii) Kot Addu Power Company Limited and (iii) Pakistan Security Printing Corporation (Pvt.) Limited.



MR. MUNIR AHMED (INDEPENDENT AND NON-EXECUTIVE DIRECTOR)

Mr. Munir Ahmed was elected to the Board of Directors in September 2020.

He is a Non-Executive Director and a Member of the Board Human Resource & Remuneration Committee and Board Investment and Risk Management Committee.

Mr. Munir Ahmed holds about 33 years' professional experience with The Punjab Provincial Cooperative Bank Limited (PPCBL).

He has done his Masters in Science from Bahaud-Din-Zakaria University, Multan. He has undergone various trainings at renowned institutions in Pakistan.

He is highly motivated, devoted and committed to professional standards and ambitious to sustain a continuing program of self-development and education.



MR. SHAFQAAT AHMED (NON-EXECUTIVE DIRECTOR)

Mr. Shafqaat Ahmed was appointed as a member of the Board of Directors in August 2021. He is a Non-Executive Director nominated by Pakistan Security Printing Corporation (Pvt.) Limited. He is also a Member of the (i) Board Audit Committee (ii) Board Strategic Committee, and (iii) Board Procurement Committee.

Mr. Shafqaat did his Bachelor in Economics from F.C. College Lahore. He is fellow of the Institute of Bankers in Pakistan. He has Directors' Certification from LUMS, PICG and University of Lahore.

He is a senior banker with over 48 years banking experience including 25 years as the President, CEO of Al Baraka Bank (Pakistan) Limited. He also served as Country Head of Bank of Credit & Commerce International, Bahrain.

Other Directorships:

Dandot Cement Company Limited



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 Chief Executive Officer (CEO) of the Company.

He is Chairman of the (i) Board Strategic Committee, (ii) Member of the Board Human Resource & Remuneration Committee (iii) 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 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.

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
- 6. Syndicats University of Engineering and Technology

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

EXECUTIVE COMMITTEE



Mr. Faiz ul Islam SR. GENERAL MANAGER (Supply Chain & IT)



Mr. Rizwan UI Haq Khan COMPANY SECRETARY



Qazi Syed Imran Azam GENERAL MANAGER (IMS)



Syed Tanveer Hussain Bukhari **GENERAL MANAGER** (Engineering & Projects)



Mr. Muhammad Imran Awan **D.G.M.** (Production, Mould and R&D)



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



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



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



Mr. Babar Aijaz CHIEF FINANCIAL OFFICER



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



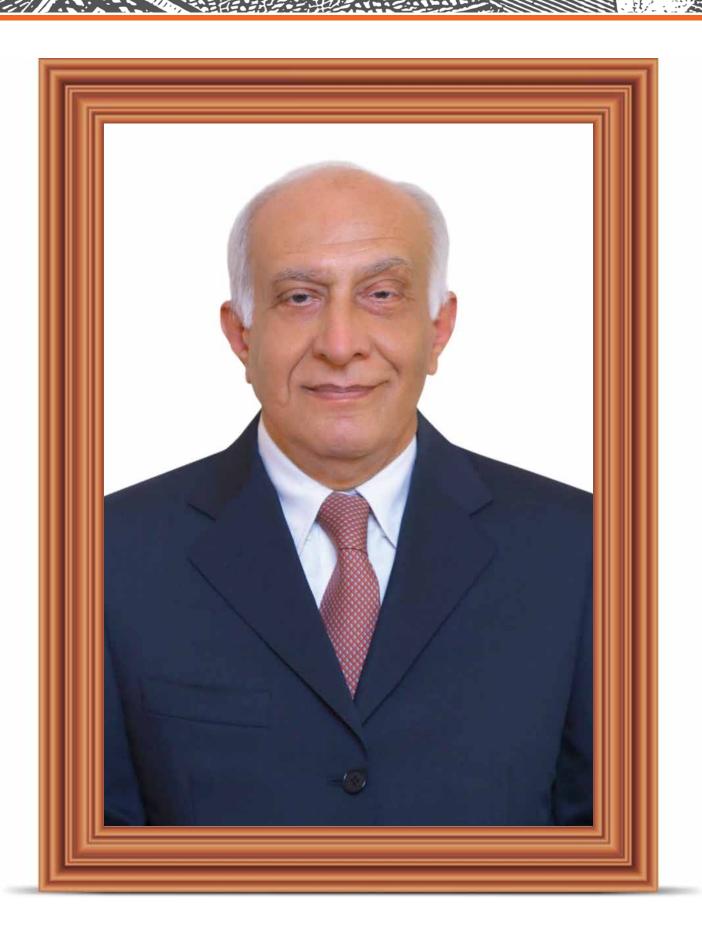
Mr. Arshad Amir **D.G.M.** (Production, Planning & Control)



Lt. Col. (R) Kazim Ali **SECURITY CONTROLLER**



Mr. Aqeel Ahmed **HEAD OF INTERNAL AUDIT**



CHAIRMAN'S REVIEW

Dear Shareholders,

It is a matter of great privilege for me to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2021 and share with you an update on the performance of Security Papers Limited ('SPL' or 'the Company').

Business Performance

I am pleased to report that the Company has had a positive year, delivering on a wide range of measures. The COVID-19 pandemic badly affected the entire corporate sector. Amid massive uncertainty, Pakistan witnessed a V-shaped economic recovery showing growth in agriculture, large scale manufacturing, construction and export sectors. The GDP provisionally grew at 3.94% during Financial year 2020-21 as against target of 2.1%. The current account balance was in surplus, fiscal deficit was manageable with primary balance in surplus. The policy rate remained unchanged at 7% which kept the business sentiment positive. Tax collection witnessed significant growth owing to revival of domestic economic activity and ongoing comprehensive tax policy and administrative reforms.

Strategically the Company remained on course in realizing our vision of providing highest quality Banknote and other Security Paper products to our customers. The Financial Year 2020-21 has been a difficult one for people in the Company, as we navigate our way through the pandemic. We have made good progress on optimizing performance, streamlining costs, and capitalizing on our significant growth opportunities. During these challenging times, the Board closely monitored the performance of the business with a focus to achieve continued improvements in productivity and efficiency while optimizing cost and processes to ensure sustained growth of the Company.

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

With grace of Allah Almighty, in spite of these challenges, your Company managed to make record sales of Rs 5,002 Million and attaining highest ever profit after tax of Rs 1,458 Million, up by 14.26% as compared to Rs 1,276 Million during the corresponding period. The earnings per share increased to Rs 24.61 as compared to Rs 21.54 during the corresponding period, which reiterates our ongoing commitment to creating shareholders' value.

Banknote paper sales grew by 11% during the year under review driven by higher demand from our major customer, Pakistan Security Printing Corporation. The sale of other Security Paper which includes Non-Judicial Stamp Paper, Passport Paper, Pakistan National Defense Certificates, Parchment Paper, Educational Degrees and Certificate etc. could not maintain growth momentum owing to decrease in sales volume of Passport paper resulting from worldwide travel restrictions.

The Company is keen to acquire latest technology and modernize its manufacturing facilities to ensure reliability and safety as well as enhanced integration with current technologies. The Company continues to invest in the resources by pursuing an ambitious program of plant upgrade to tap the potential of growing demand for security paper by expanding production facilities.

During the year under review, the Company has successfully completed several projects including the project of Waste Water Recycling Plant and a new Absorption Chiller with dual fired system. One Gas Generator of 1.4 MW electrical power output was also added and a new bore has been successfully drilled to increase the Reverse Osmosis treated water quantity for use at plant.

CHAIRMAN'S REVIEW

Risk Management

Risk management is the responsibility of the Board, supported by the risk management Committee which comprises members from among the management. The Committee is accountable for identifying, mitigating and managing risks. Our risk register identify the risks, their potential impact and likelihood of occurrence, the key controls and management processes we have established to mitigate these risks, and the investment and time scales agreed to reduce the risk to an acceptable level within the Board's risk appetite.

The Board receives regular updates on risk management and material changes to risk, while the Board Audit Committee also reviews the Company's risk report. Management is responsible for implementing and maintaining controls. The Board has undertaken a robust risk assessment to identify these risks.

Board Performance

We are conscious of the important role we play in meeting the Banknote and other Security Paper requirements of the country. 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 remained focused on ensuring that Environmental, Social and Governance (ESG) matters form an integral part of the growth strategies of our Company and our business decision making processes. The Board has an evaluation process to assess its own performance as well as governance areas. The Board is committed to ensure high standards of Corporate Governance and Ethical Values to preserve and maintain stakeholders' value.

Both the Company and the Board are committed to creating a culture of respect and inclusivity for every individual we employ. We will continue to promote a culture that values and thrives on diversity in all areas. As a Board we note the increasing importance of ESG issues and believe there is much we can do to create a lean, efficient, predictable and sustainable business, as well as ensuring sound succession planning and talent development.

Dividend Announcement

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

Appreciation of Team Efforts

The Board would like to thank all those who work for the Company for their hard work and dedication to SPL. We would also like to thank our stakeholders for their continued support and encouragement, as well as our suppliers as we have flexed our supply chain in response to the situation and also 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.

Lyces Warfur MOHAMMAD AFTAB MANZOOR

Chairman

SURPASSING THE BEST





DIRECTORS' REPORT



Dear Shareholders,

The Directors of Security Papers Limited ('the Company' or 'SPL') are pleased to present the Annual Report together with the audited Financial Statements of the Company for the year ended June 30, 2021.

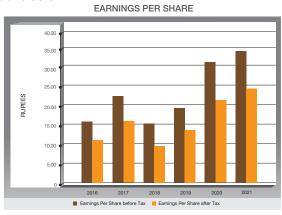
Operating Results

The operating results of the Company for the year ended June 30, 2021 are summarized as follows:

2021	2020
(Rupe	es in '000)
5.001.692	4,901,284
1,881,532	1,896,309
1,996,175	1,801,612
469,412	523,658
568	6,842
469,980	630,500
67,750	(5,137)
537,730	_525,363
1,458,445	1,276,249
5,893	4,926
1,464,338	1,281,175
	(Rupee 5,001,692 1,881,532 1,996,175 469,412 568 469,980 67,750 537,730 1,458,445 5,893

Earnings Per Share

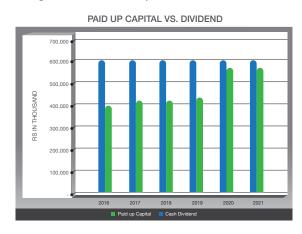
The earnings per share (EPS) after taxation is Rs 24.61 (2020: Rs 21.54). Growth in earnings per share demonstrates our ability to create value for our shareholders.



Appropriations:

Dividend

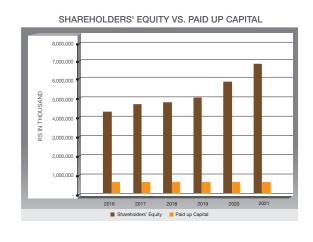
The Board of Directors of the Company has recommended the following appropriations for the FY 2020-21 for approval of members at the Annual General Meeting, to be held on September 30, 2021:



Cash dividend of Rs 9.00 per share, i.e. 90% (2019-20: cash dividend of Rs 9.00 per share, i.e. 90%.)

Transfer to Revenue Reserve of Rs 931.04 Million (2019-20: Rs 445.92 Million).

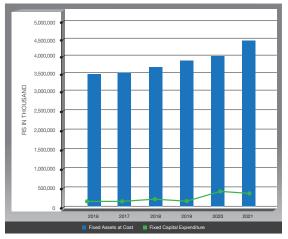
These appropriations would be reflected in the subsequent financial statements, in compliance with the revised Fourth Schedule to the Companies Act, 2017.



Business Review

The impact of COVID-19 on corporate sector has been observed without exception. However, the severity of its impact has varied across business types. The Company's sales of Passport paper to National Security Printing Company (Pvt.) Limited (NSPC), our second largest customer declined due to travel restrictions imposed by various countries and an overall economic uncertainty caused by COVID-19. However, the Company continues to assess the potential for disruption caused by the COVID-19 pandemic and has incorporated measures to maintain normal operations, to the extent possible, against the backdrop of an evolving situation. While the uncertainty posed by the pandemic persists into the next financial year, the Board believes that the Company's operations will continue to experience only limited disruption.

FIXED ASSETS AT COST VS.
CASH OUTFLOW FOR FIXED CAPITAL EXPENDITURE



Pakistan's economic growth is expected to rebound this year before gaining pace in 2022 as business activity gradually resumes after the COVID-19 pandemic. Assuming an accelerated COVID-19 vaccine rollout and implementation of economic stabilization measures, growth is expected to accelerate in 2022 with improved consumption and investor confidence. It is vital for Pakistan to continue to combat the pandemic by rapidly deploying vaccines and continuing with reforms to support economic recovery, including strengthening social protection and supporting the private sector.

The Company endeavors to keep pace with changing business environment to meet the demand of our customers, thus ensuring growth and sustainability. We

have continued to follow growth-oriented strategy which is based on capacity enhancement of existing production facilities and diversification into other security paper related products. This resulted in achieving the desired targets while maintaining our reputation for good governance and provision of steady returns to our shareholders.

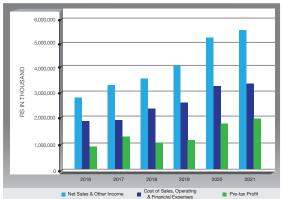
During the year under review, despite the pandemic, the production facilities of the Company were operated at optimal level to meet customer demand of high-quality Banknote and other Security Paper products. The Company also undertook significant capital expenditure to tap the potential of growth in demand for its products by expanding production facilities.

Our people have endured significant change and challenges to cope with the trials of COVID-19. Ensuring the health, wellbeing and fair treatment of our employees remains a top priority for the Company and we are committed to creating a culture of respect and inclusiveness for every individual we employ. Moreover, SPL will continue to promote a culture that values and thrives on diversity in all areas and strive to build a workforce representative of the communities that we operate in.

Operational Performance

In a challenging business environment, the Company earned profit after tax of Rs 1,458 Million for the year under review as compared to Rs 1,276 Million during the previous year. Sales revenue increased to Rs 5,002 Million as compared to Rs 4,901 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 of Banknote paper, increase in selling prices and better product mix.

REVENUE AND EXPENSES



By the grace of Allah, the Company was able to meet the demand for Banknotes and other Security Paper products from its two largest customers, Pakistan Security Printing Corporation (Pvt.) Limited and National Security Printing Company (Pvt.) Limited. A major challenge during the year was the rising prices of raw materials and eroding value of the Rupee. To manage this risk, a number of cost effective and profit improvement initiatives were taken to ensure effective controls on cost and maintain efficient operations.

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, including cycle time, productivity, spoil recycling, and regulatory compliance.

Gross profit was at Rs 1,882 Million as compared to Rs 1,896 Million in the previous year. Other income increased by 64% to Rs 590 Million as compared to Rs 360 Million during the previous year mainly due to attractive yields on fixed income securities and improvement in stock market performance.

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

The focus of the management remained on improving performance at work place and including 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 other cost effectiveness programs. The market segment of security paper products is expanding owing

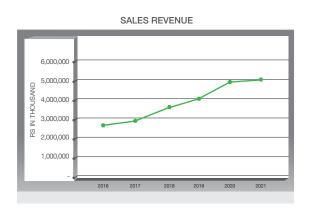
to higher demand for Banknote and other Security Paper products from the customers. The Company is well poised to encounter future challenges through adoption of various measures including innovation, planning, cost controlling, product base expansion and prudent financial management.

Production

The management of the Company remained committed to produce and deliver paper as per the customers' requirements. The production processes controlled by instituting additional protocols for immediate corrective and preventive actions have resulted in maximum production output. The cost of production was at an optimum level by utilizing resources effectively, controlling production wastages and maximizing output to achieve efficiency. No major operational problems occurred and technical matters were handled well by our team of experienced professionals. Additionally, system of preventive and predictive maintenance was in place and all production processes were effectively monitored and rectified throughout.

Sales

Sales revenue of the Company during the year under review has increased to Rs 5,002 Million, making an improvement of Rs 101 Million over the last year. During 2020-21, our core business of Banknote paper had 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 i.e. Non-Judicial Paper, Pakistan National Defense Certificates, Parchment Paper and



Degree paper for Board and Universities. The sale of the Passport paper remained suppressed due to reasons explained earlier.

The growth is mainly derived from increase in sales volume of Banknote paper. Margins remained under pressure due to fluctuation in cotton comber prices, a major constituent of Banknote paper. Similarly, the cost of imported raw materials, including security thread and chemicals, also increased due to higher price demanded by suppliers and substantial increase in cost of freight. The growth in sales is mainly attributed to higher sales volume of the Banknote paper as well as price adjustments.

Principal Activity

The principal activity of the Company is manufacturing and sale of specialized paper for Banknote and non-Banknote security documents.

Safety, Health and Environment







The Company has strategic nature of operations as its products are of highest national importance. Therefore, the security of production facilities and human capital is of prime concern. For sustainable business growth, Company has established fully functional Internationally recognized Integrated Management System comprising of Occupational Health and Safety (OH&S) Management System (ISO 45001:2018), Environment Management System (ISO14001:2015) and Quality Management System (ISO 9001:2015) Certifications.

High quality personal protective equipment has been provided to all departments through structured mapping at all relevant job levels to ensure their appropriate usage. A review of hazard identification and risk assessment is regularly carried out by the health and safety surveillance

committee. The Company carries out incident / accident analysis and follow up for corrective / preventive measures to reduce accidents. A series of Awareness sessions on OH&S, Environment Sustainability and COVID-19 Preventive measures were conducted to emphasize on the importance of these issues.

Training sessions on Firefighting, Managing Safely at workplace, Healthcare Policy Awareness, 5S, Chemical spill, Materiality Assessment & Stakeholder Engagement, were also conducted. Besides that, technical trainings on behavioral safety and job hazard analysis, permit to work, sessions etc. were conducted both by internal and external reputable trainers/facilitators. The concept of Toolbox talks was also implemented in true letter and spirit to reinforce workplace safety habits.

Successful recertification audit of Environment & Quality Management System, and 1st surveillance audit of Occupational Health and Safety Management System was conducted by SGS Pakistan (Pvt.) Ltd. in Feb. 2021. Cleanliness and green environment are maintained in and around factory areas to control pollution. In this context, a large number of trees were planted to comply with Sindh Environmental Protection Agency's requirements during FY 2020-21.

Board and Committees Changes

The election of Directors had taken place at the Annual General Meeting of the Company held on September 1, 2020 as per the requirements of the Companies Act, 2017.

Mr. Muhammad Sualeh Ahmad Faruqui, Mrs. Uzma Aijaz, Mr. Jamal Nasim and Mr. Munir Ahmed were elected to the Board of Directors and Mr. Muhammad Ayub completed his tenure as of September 1, 2020.

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

Hafiz Mohammad Yousaf, non-executive Director joined the Board as nominee of Pakistan Security Printing Corporation (Pvt.) Limited in place of Mr. Naveed Ehtesham.

Mr. Mohammad Aftab Manzoor, non-executive Director joined the Board as nominee of Pakistan Security Printing Corporation (Pvt.) Limited in place of Mr. Muhammad Haroon Rasheed.

Mr. Shafqaat Ahmed, non-executive Director joined the Board as nominee of Pakistan Security Printing Corporation (Pvt.) Limited in place of Mr. Rauf Ahmad.

Mr. Mohammad Aftab Manzoor, non-executive Director was appointed as Chairman of the Board of Directors in place of Mr. Muhammad Haroon Rasheed effective from August 27, 2021.

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.

Chairman's Review

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

Composition of the Board

The composition of the Board is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 applicable on listed entities which is given bellow:

Total Number of Directors

(a)	iviale	-	Ö
(b)	Female	-	2

Composition:

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

Name of Directors

Name of Directors	
Mr. Mohammad Aftab Manzoor	- Chairman
Dr. Mohammad Ashraf Butt	 Director/Chief Executive Officer
Mr. Muhammad Sualeh Ahmad Faruqu	ui - Director - Independent
Mrs. Uzma Aijaz	- Director - Independent
Mr. Munir Ahmed	- Director - Independent
Mr. Jamal Nasim	- Director
Dr. Abolghassem Jamshidi	- Director
Ms. Figen Caliskan	- Director
Hafiz Mohammad Yousaf	- Director
Mr. Shafqaat Ahmed	- Director

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 Annual General Meeting and based on prevailing industry trends and business practices. The details of remuneration paid to the Chief Executive Officer and Directors are available in note no 31 to the financial statements.

Pattern of Shareholding

A statement showing the pattern of shareholding as at June 30, 2021 required under section 227 (2) (f) of the Companies Act, 2017 is annexed to this report.

Business Continuity Plan

There are no significant doubts about the Company's ability to continue as a going concern.

Corporate Social Responsibility (CSR)

The Company is committed to manage the social, environmental and economic effects of its operations responsibly and in line with public expectations. SPL looks forward to supporting and investing in the communities in which it operates through a variety of CSR initiatives. During the year under review, the Company had focused its CSR initiatives on health and education, vocational training, women's empowerment, and environment. More details of the Company's CSR activities are covered in the CSR corner on page 233 to 235.

Changes in Nature of Business

No change has occurred during the financial year under review concerning the nature of the business

Default of Payments, Debt /Loan Taxes and Duties

In deference to the best business practices, the Company adheres to the schedule of re-payments of the amount due. Furthermore, no payment on account of taxes, duties and levies was overdue or outstanding at the end of the financial year under review.

Subsequent Events

There were no material changes or commitments affecting the financial position of the Company occurring between the end of the financial year of the Company and the date of this report except as discussed in this report.

Internal Financial Controls

Internal financial controls include policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including regulatory compliance and prevention and detection of frauds and errors. 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 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 enforced through thoughtful, risk-based assessments. Internal audit plays an important role in evaluating the effectiveness of these internal control systems.

Forward Looking Information

Going forward, the Company remains strongly focused on innovations and opportunities in a challenging macroeconomic, political and social environment to improve productivity and enhance shareholders value. In today's competitive landscape, the Company is continuously gearing up its business to meet the challenges that lie ahead.

The Company has delivered another very good overall performance this financial year and the directors remain confident that the Company is well positioned to capitalize on growth opportunities in the coming year and

is working to enhance its products range and production capacity through innovative plant upgradation and optimization that will be to the benefit of our shareholders, employees and customers.

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 unmodified report to the members.

Risk Management

The Board has overall responsibility for ensuring that an effective risk management process is in place. This encompasses identification and prioritization of strategic, financial, operational, legal and external risks and establishment of controls to mitigate these risks.

Board Investment and Risk Management Committee examines possible risks by considering both internal and external indicators and challenges to identifying the principal risks that could impact the business in the context of the environment in which we operate. The Board receives regular updates on risk management and material changes to risk, while the Audit Committee also reviews the Company's risk report.

The Board has reviewed principal risks faced by the Company and measurers to mitigate these risks and considered whether they reflect an acceptable level of risk. Where this is not the case, the Board has also discussed proposal for investment 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. The Board receives regular feedback on the degree to which management is operating within acceptable risk tolerances. This feedback includes regular operational and financial management reports, internal audit reports, external audit reporting and any reports to the whistle blowing hotline.

In order to mitigate risks associated with concentration of business in a single customer, the Company has been trying to diversify its business portfolio and explore new markets for its products. The Company intends to explore external opportunities by diversifying into other Security Paper related products such as manufacturing, printing, selling, exporting security paper or other solutions.

Financial Reporting Corporate and Framework

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and the listed Companies (Code of Corporate Governance) 2019. 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, 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 Code of Corporate Governance

The "Statement of Compliance with the Listed Companies (Code Corporate Governance) of Regulations, 2019" (CCG) is annexed (page 65).

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 Board Audit Committee, the Board recommended the appointment of KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Company for the year 2021-22.

Contribution to the National Exchequer

During the year under review the Company contributed an amount of Rs 1,327 Million to the national exchequer on account of direct and indirect taxes and levies as compared to Rs 1,363 Million during the corresponding period. In addition, the Company had also made foreign exchange savings of US\$ 31.75 Million (approx.) through import substitution during the year.

Acknowledgement

The Board would like to place on record appreciation for the valuable contribution made by its employees 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 improvement and success to the Company.

On behalf of the Board of Directors

Dr. Mohammad Ashraf Butt

Chief Executive Officer

Karachi Dated: August 27, 2021 **Jamal Nasim** Director

Jan New

بورڈ آ ڈٹ کمیٹی کی تجویز کے مطابق بورٹا KPM تا ثیر ہادی اینڈ کو، چارٹرڈ ا کا وَنُنٹس کی2021-2021 کے لیے آ ڈیٹرز کی حیثیت سے تقرری کی سفارش کرتا ہے۔

قومی خزانے میں حصہ جمع کرانا

تمپنی نے گزشتہ سال اسی مدت میں 1,363 ملین روپے کے مقابلے میں زیر جائزہ سال کے دوران تو می خزانے میں براہ راست اور بالواسط ٹیکسوں اور محصولات کی مد میں1,327 ملین رویے کی رقم جمع کرائی۔اس کےعلاوہ بمپنی نے گزشتہ سال اسی مدت میں درآ مدی متبادل کے ذریعیہ (لگ بھگ)31.75 ملین امریکی ڈالر کے زرممادلہ کی بحت بھی کی تھی۔

اعتراف

بورڈ کی جانب سے ہم کمپنی کے مقاصد کے حصول میں اس کے ملاز مین کی گرانقذرشراکت کے لیے خراج تحسین ریکارڈ پرلانا چاہتے ہیں۔ہم بورڈ آف ڈائر یکٹرز ،شیئر ہولڈرز ،صارفین اور دوسر بےاسٹیک ہولڈرز کےان کے مسلسل تعاون پر بھی شکر گز ار ہیں جو کمپنی میں مسلسل بہتری اور کامیا بی لائے گا۔

بورڈ آف ڈائر یکٹرز کی جانب سے

- J

Jan Nam

ڈاکٹر محمداشرف بٹ چيف ايگزيکڻوآ فيسر

تاررخ:27اگست2021

رسک مینجمنٹ کمیٹی اندرونی اور بیرونی دونوں اشاروں اور چیلنجوں پرغور کر کے ممکنه خطرات کا جائزہ لیتی ہے تا کہ ہم ان بنیا دی خطرات کی نشاندہی کرسکیں جواس ماحول کے تناظر میں کاروبارکومتا ثر کر سکتے ہیں جس میں ہم کا م کرتے ہیں۔ بورڈ رسک مینجمنٹ اور خطرے میں مادی تبدیلیوں کے بارے میں با قاعدہ اپ ڈیٹس حاصل کرتا ہے، جبکہ آڑٹ کے کمیٹی کمینی کی رسک رپورٹ کا بھی جائزہ لیتی ہے۔

بورڈ نے ان خطرات کو کم کرنے کے لیے کمپنی اور پیائش کرنے والوں کو در پیش بنیادی خطرات کا جائزہ لیا ہے اورغور کیا ہے کہ آیا وہ خطرے کی قابل قبول سطح کی عکاسی کرتے ہیں۔ جہاں اییا نہیں ہے، بورڈ نے خطرے کے امکانات اور ممکنا اثر ات کو کم کرنے کے لیے سرماییکاری کی تجویز پر بھی تبادلہ خیال کیا ہے۔ بورڈ یا تو خطرے کی سطح کی منظوری دیتا ہے یا نظامیہ سے خطرے کے امکانات کو کم کرنے کے انتظامات کا تقاضا کرتا ہے۔ بورڈ اس درجے کے بارے میں با قاعدہ آراء وصول کرتا ہے جس میں انتظامیہ قابل قبول خطرے کی برداشت کی قابل قبول حد کے اندر کام کررہی ہے۔ اس آراء میں با قاعدہ آپریشنل اور فنانشل مینجمنٹ رپورٹس، انٹرنل آڈٹ رپورٹس، انٹرنل آڈٹ درپورٹس، انٹرنل آڈٹ درپورٹس، انٹرنل آڈٹ درپورٹس، ایکسٹرنل آڈٹ درپورٹس، ایکسٹرنل آڈٹ درپورٹس کی اوروسل بلوئنگ کی رپورٹ شامل ہے۔

ایک واحد صارف پر کاروبار کے ارتکاز سے وابسۃ خطرات کو کم کرنے کے لیے ، کمپنی اپنے کاروباری پورٹ فولیو میں تنوع لانے اور اپنی مصنوعات کے لیے نئ منڈیاں تلاش کرنے کی کوشش کررہی ہے۔ کمپنی سیکورٹی پیپر سے متعلقہ دیگر مصنوعات مثلاً مینوفیکچرنگ، پرنڈنگ، سیلنگ، ایکسپورٹ سیورٹ پیپریا دیگر سلوشنز میں بیرونی مواقع تلاش کرنے کاارادہ رکھتی ہے۔

كاربوريث ايند فنانشل ربور ثنك فريم ورك

ڈائر کیٹرزسکیورٹیز اینڈ ایجینے کمیشن آف پاکستان اینڈ لیٹر کھوٹر آف کارپوریٹ گورننس) 2019 کی تعمیل کی تصدیق کرتے ہیں۔ کمپنی کے انتظامیہ کی طرف سے تیار کردہ مالی گوشوارے اس کی امور کی صورتحال ،اس کے آپریشنز کے نتائج ،نقتہ بہاؤ (کیش فلو) اورا یکو بٹی میں تبدیلیاں منصفانہ طور پر پیش کرتے ہیں۔ کمپنی نے اکا وَنٹس کے درست کھاتے برقر اررکھے ہیں۔ مالی گوشواروں کی تیاری کے لیے مناسب اکا وَنٹنگ پالیسیاں مستقل طور پر لا گوگ گئیں۔ ہین الاقوامی مالیاتی رپورئنگ کے معیارات پر،جبیبا کہ پاکستان میں قابل اطلاق ہیں ، مالی گوشواروں کی تیاری میں با قاعد گی ہے ممل کیا گیا ہے۔

کار پوریٹ گورننس کے بہترین اطوار سے کسی تنم کی پہلو تہی نہیں کی گئی ہے، جیسا کہ پاکستان اسٹاک ایکیچنج کی رول بک آف ریگولیشنز میں تفصیل سے بتایا گیا ہے۔ انٹرنل کنٹرول کے نظام کا ڈیز ائن مشخکم ہے اور اسے موثر انداز میں نافذ کیا گیا ہے اور اس کی نگر انی کی جاتی ہے۔ کمپنی کے ایک ادارے کے طور پر کاروبار جاری رکھنے کی صلاحیت کے بارے میں کوئی شکنہیں ہے۔ کمپنی کے اہم آپریٹنگ اور مالی اعدادو ثنار کا ایک خلاصہ اس رپورٹ سے منسلک ہے۔

كودْ آف كاربوريك گورننس كانتميل 2019

'' کوڈ آ ف کارپوریٹ گورننس (CCG) کی تنیل کا بیان''منسلک (صفحہ 65)۔

آڈیٹرز

آ ڈیٹرز،KPMG تا ثیر ہادی اینڈ کو، چارٹرڈ ا کا وَنکنٹس سالانہ اجلاس عام کے اختیام پرریٹائر ہوجا ئیں گے۔اہل ہونے کی بنیاد پرانہوں نے خودکو دوبارہ تقرری کے لیے پیش کیا ہے۔

شيئر ہولڈنگ کا پیٹرن

كىپنىزا كىڭ2017 كىسىشن202(1)(f)(2) كىتى30 جون 2021 كوشىئر بولڈنگ كاپىلىن ظاہر كرنے والاا كىك بيان اس رپورٹ سے منسلك ہے۔

كاروبارى شكسل كامنصوبه

بطورایک فعال ادارے کے کام جاری رکھنے کی کمپنی کی اہلیت کے بارے میں کوئی نمایاں شکوک و شبہات نہیں ہیں۔

کاروباری ساجی ذمه داری (CSR)

سمپنی اینے آپریشنز کے ساجی، ماحولیاتی اورمعاشی اثر ات کوذ مہداری کے ساتھ اورعوا می تو قعات کے مطابق نبھانے کے لیے پرعزم ہے۔ایس بی ایل ان کمیونٹیز میں معاونت اورسر مابیکاری کے لیے کوشاں ہے جہاں بیختلف می ایس آ راقد امات کے ذریعے کام کرتی ہے۔ زیرِنظر سال کے دوران بمپنی نے اپنے CSR اقد امات کو صحت اور تعلیم ، پیشه ورانه تربیت ،خواتین کو بااختیار بنانے اور ماحول پر مرکوز کیا تھا۔ کمپنی CSR سرگرمیوں کی مزید تفصیلات کاصفحہ 233 تا 235 پر CSR کارنر میں احاطہ کیا گیا ہے۔

كاروباركي نوعيت ميں تبديلي

زبر چائز ہسال کے دوران کاروبار کی متعلقہ نوعیت میں کوئی تبدیلی رونمانہیں ہوئی۔

ادائیکیوں،قرض/قرض کے ٹیکس اورڈ بوٹیز کی ناد ہندگی

بہترین کاروباری طریقوں کے حوالے ہے، کمپنی واجب الا دارقم کی واپسی کے شیڑول پڑمل کرتی ہے۔ مزید برآں ، زیرنظر مالی سال کے اختتام پڑ سیسز ، ڈیوٹیز اور ليويز كى مدمين كوئى ادائيگى زائدالميعاديا بقايانېين تقى _

بعد کے واقعات

سمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کوئی ایسی اہم تبدیلیاں یا معاہد نے ہیں ہوئے جو کمپنی کی مالی حیثیت براثر انداز ہوسکیں ، ماسوائے جن براس رپورٹ میں نتا دلہ خیال کیا گیا ہے۔

رسك مبنجمنيط

بورڈ کی مجموعی ذمہداری ہے کہ وہ اس بات کوفینی بنائے کہ ایک مؤثر رسک مینجمنٹ پروسیس موجود ہے۔اس میں اسٹر سیجگ ، فنانشل ،آپریشنل ،لیکل اور بیرونی خطرات کی شناخت اور ترجیحی خطرات کو کم کرنے کے لیے کنٹرول کا قیام شامل ہے۔

بورڈ کی تشکیل بورڈ کی تشکیل کارپوریٹ کوڈ آف گورننس ریگولیشنز 2019 کے نقاضوں سے ہم آ ہنگ ہے جولٹ اداروں پر نافذ ہے جوذیل میں درج ہے:

8

	2	(ب) خواتین
		شکیل:
	3	(¡) آزاد ڈائر کیٹرز
	1	(ii) ایگزیکشود از یکٹر
	6	(iii) ئان الگرنگشود ائر يكشرز
		ڈائز پکٹرز کے نام
نان ایگزیکٹیوڈ ائریکٹر	چيئر مين	جناب محرآ فمآب منظور
	ڈ ائر یکٹر/ چی ف ا گیزیکٹیو آفیسر	ڈاکٹر محمدا شرف بٹ
	ڈائر یکٹر۔آزاد	جناب مجمرصالح احمه فاروقي
	ڈائر یکٹر۔آزاد	محتر مه عظمی اعجاز
	ڈائر یکٹر۔آزاد	جناب منيراحمه
نان الگيزيکڻيو	ڈائر پکٹر	جناب جمال شيم
نان الكَيْزِ يَكِتْيُو	ڈائز میکٹر	ڈ اکٹر ابوالقاسم جیشی <i>د</i> ی
نان الگيزيکڻيو	ڈائر پکٹر	محتر مه کن کالسکن
نان الگيزيکڻيو	ڈائر بکٹر	حا فظ ممر يوسف
نان ایگزیکٹیو	ڈائر بکٹر	جناب شفقات احمد

ڈائر یکٹرز کامعاوضہ

ڈائر یکٹرز کی کل تعداد

(الف) مرد

چیف ایگزیکٹیوآفیسر کے سوانمپنی کے تمام ڈائریکٹرزنان ایگزیکٹیو ہیں۔ بورڈ اوراس کی کمیٹیز کے اجلاسوں میں شرکت کے لیے نان ایگزیکٹیوڈ ائریکٹرز کا معاوضہ مینی کی طرف سے سالا نہ اجلاسِ عام میں طے کیا جاتا ہے۔ ڈائریکٹرز کا معاوضہ صنعت کے موجودہ رجحانات اور کاروباری طریقوں کی بنیاد پر طے کیا جاتا ہے۔ چیف ایگزیکٹیوآفیسر اورڈ ائریکٹرز کوادا کیے جانے والے معاوضے کی تفصیلات مالی گوشواروں کے نوٹ 31 میں دستیاب ہیں۔

سے بچاؤ کے اقدامات کے بارے میں آگا ہی پیشن کا ایک سلسلہ منعقد کیا گیا۔

فائر فائٹنگ، کام کی جگہ کامحفوظ طریقے سے انتظام، ہیلتھ کیئر پالیسی سے آگاہی، 55، کیمیکل سپل،میٹریلیٹی اسسمنٹ اورسٹیک ہولڈرانلیجنٹ بھی کی گئی۔اس کے علاوہ ، رویے کی حفاظت اور کام کے دوران خطرات کے تجزیے ، کام کی اجازت ،سیشن وغیرہ سے متعلق تکنیکی تربیت ادارے سے منسلک اور معروف بیرونی ٹرینزز/سہولت کاروں نے کی۔کام کی جگہ برحفاظت کی عادتوں کو تقویت دینے کے لیےٹول بائس ٹائس کا تصور بھی حقیقی روح کے ساتھ نافذ کیا گیا۔ فروری 2021 میں ایس جی ایس یا کستان (پرائیویٹ) لمیٹڈ کی طرف سے کئے گئے ماحولیاتی انتظام کے نظام کا کامیاب ری سرٹیفکیشن آ ڈٹ پلانٹ آپریشنز ، ملاز مین اور کمیونٹی کے لیے محفوظ ماحول کی یقین دہانی کرا تا ہے۔آلودگی پر قابو پانے کے لیے فیکٹری کےعلاقوں میں اوراردگر دصفائی اورسبز ماحول برقرار ہے۔اس تناظر میں، مالی سال 21-2020 کے دوران سندھ ماحولیاتی تحفظ الیجنسی کے تقاضوں کی عمیل کے لیے بڑی تعداد میں درخت لگائے گئے ۔

بورڈ اور کمیٹیز میں تبدیلیاں

ڈائر کیٹرز کاانتخاب کمپنی ایکٹ 2017 کے تقاضوں کے مطابق کیم تمبر 2020 کوہونے والے کمپنی کے سالا نہ اجلاسِ عام میں ہوا تھا۔

جناب محرصالح احمد فاروقی محترمة عظلیا عجاز ، جناب جمال نسیم اور جناب منیراحمد بوردٌ آف ڈائر یکٹرز کے لیمنتخب ہوئے اور جناب محمد ایوب نے کیم تتمبر 2020 تک اینی مدت پوری کی۔

پچھلے سال کی سالا نہ رپورٹ کے بعد سے درج ذیل تبدیلیاں رونماہو ئیں:

- حافظ محمہ یوسف، نان ایگزیکٹروڈ ائریکٹرنے جناب نویداختشام کی جگہ پاکستان سیکورٹی پرنٹنگ کارپوریشن (پرائیویٹ) کمیٹڈ کے نامز دکر دہ بورڈ میں شمولیت اختیار کی۔

- جناب محمرآ فتاب منظور، نان ایگزیکٹیوڈ ائریکٹر نے محمد ہارون رشید کی جگہ پاکستان سیکورٹی پرنٹنگ کارپوریشن (پرائیویٹ) کمپیٹڈ کے نامز دکردہ بورڈ میں شمولیت اختیار کی۔

- جناب شفقات احمد، نان ایگزیکٹیوڈ ائریکٹرنے جناب رؤف احمد کی جگہ یا کتان سیکورٹی پریٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کے نامز دکر دہ بورڈ میں شمولیت اختیار کی۔

- جناب مجرآ فتاب منظور، نان الگزیکٹیوڈ ائر بکٹر کو 27 اگست 2021 سے جناب مجر ہارون رشید کی جگہ بورڈ آف ڈائر بکٹر کا چیئر مین مقرر کیا گیا۔

بورڈ نے نئے ممبران کوخوش آمدید کہااور سبکدوش ہونے والےممبران کی بورڈ آف ڈائر کیٹرزاوراس کی مختلف کمیٹیز میں فیتی خدمات کوسراہا۔

چيئر مين کا حائزه

بورڈ آف ڈائر کیٹرز چیئر مین کے منسلکہ جائزے (صفحہ 31) کے متن کی توثیق کرتا ہے۔

بيداوار

کمپنی کی انتظامیکسٹم زکی ضروریات کے مطابق کاغذتیار کرنے اور فراہم کرنے کے لیے پرعزم ہے۔ فوری اصلاحی اور انسدادی اقدامات کے لیے اضافی پروٹو کول قائم کر کے کنٹرول کیے جانے والے پیداواری عمل کے نتیج میں زیادہ سے زیادہ پیداوار حاصل ہوتی ہے۔ وسائل کومؤثر طریقے سے استعمال کرتے ہوئے ، پیداوار کے ضیاع کو کنٹرول کرنے اور کارکردگی کو حاصل کرنے کے لیے زیادہ سے زیادہ پیداوار حاصل کرنے کے ذریعے پیداواری لاگت بلندترین سطح پرتھی۔ کوئی بڑا آپریشنل مسکنہ بیں ہوااور تکنیکی معاملات کو ہماری تج بہار پیشہ ورافرادی ٹیم نے اچھی طرح سنجالا۔ مزید برآں ، روک تھام اور پیش گوئی کی دیکھ بھال کا نظام موجود تھا اور پیداوار کے تمام مل کی مؤثر طریقے سے نگرانی اوراصلاح کی گئتھی۔

سيلز

زیر جائزہ سال کے دوران کمپنی کی سینز ریونیو بڑھ کر 5,002 ملین روپے ہو گئ ہے جس سے گزشتہ سال کے دوران 101 ملین روپے کی بہتری ہوئی ہے۔

2020-21 کے دوران ، زیر جائزہ سال کے دوران ہمارے بینک نوٹ پیپر نے بنیادی کاروبار نے بہت عمدہ کارکردگی کا مظاہرہ کیا۔ تمام مالیتوں کے بینک نوٹ پیپر نگا ہموں کی مانگ کے مطابق فروخت کیے گئے۔ کمپنی نے دیگر سیکورٹی پیپر پروڈ کٹس یعنی نان چون کا ہموں کی مانگ کے مطابق فروخت کیے گئے۔ کمپنی نے دیگر سیکورٹی پیپر پروڈ کٹس سے بھی اچھا کاروبار کیا۔ کمپنی نے دیگر سیکورٹی پیپر پروڈ کٹس یعنی نان جوڑ بیٹل پیپر، پاکستان نیشنل ڈیفنس سرٹیفکیٹس ، بورڈ اور یونیورسٹیوں کے لیے پار چمنٹ پیپر اورڈ گری پیپر سے بھی اچھا کاروبار کیا۔ پاسپورٹ پیپر کی فروخت پہلے بیان کی گئی وجو ہات کی وجہ سے دباؤ کا شکار ہیں۔

بینموبنیادی طور پر بینک نوٹ پیپر کی فروخت کے جم میں اضافے سے ہوئی ہے۔ کیاس کی قیمتوں میں اتار چڑھاؤ کی وجہ سے منافع جات دباؤ میں رہے، جو بینک نوٹ پیپر کاایک اہم جزو ہے۔ اسی طرح درآ مدشدہ خام مال کی قیمتیں ہثمول سیکورٹی تھریڈاور کیمیکلز بھی سپلائزز کی جانب سے زیادہ قیمت اور مال کے کرایے کی لاگت میں خاطر خواہ اضافے کی وجہ سے بڑھ گئیں۔ فروخت میں اضافہ بنیادی طور پر بینک نوٹ پیپر کی فروخت کے زیادہ جم کے ساتھ ساتھ قیمتوں میں ایڈجہ شمنٹ سے منسوب ہے۔

بنیادی سرگرمی

سمپنی کی بنیادی سرگرمی بینک نوٹ اور نان بینک نوٹ سیکیورٹی دستاویزات کے لیے مخصوص کاغذ کی تیاری اور فروخت ہے۔

حفاظت ، صحت اور ماحوليات

کمپنی کے آپریشنز اسٹریجگ نوعیت کے ہیں کیونکہ اس کی پروڈکٹس سب سے زیادہ قومی اہمیت کی حامل ہیں۔ الہذا، پیداواری سہولیات اور انسانی سرمائے کی حفاظت سب سے قابل توجہ ہے۔ پائیدار کاروباری ترقی کے لیے، کمپنی نے مکمل طور پر فعال بین الاقوامی سطح پر تسلیم شدہ انٹیگر یٹر مینجمنٹ سٹم قائم کیا ہے جس میں آکو پیشنل میں اور کوالئی مینجمنٹ سٹم (ISO14001:2015) اور کوالئی مینجمنٹ سٹم ہیلتھ اینڈسیفٹی (OH&S) میٹر فیلیشن شامل ہیں۔ (ISO 9001:2015) سڑیفیکیشن شامل ہیں۔

تمام متعلقہ ذمہ داریوں کی سطح پرمنظم نقشہ سازی کے ذریعے تمام ڈپارٹمنٹس کواعلی معیار کا ذاتی حفاظتی سامان فراہم کیا گیا ہے تا کہ ان کے مناسب استعال کویقنی بنایا جا سکے ۔خطرے کی شناخت اور خطرے کی تشخیص کا جائزہ صحت اور حفاظت کی ٹکران کمیٹی با قاعد گی ہے کرتی ہے۔ کمپنی واقعات/ حادثات کا تجزیہ اور فالواپ کرتی ہے اور حادثات کو کم کرنے کے لیے اصلاحی/حفاظتی اقدامات کی پیروی کرتی ہے۔ ان مسائل کی اہمیت پر زور دینے کے لیے کا OH&S ماحولیاتی یا ئیداری اور کوویڈ – 19 بنانا کمپنی کی اولین ترجیج ہے اور ہم ہر فرد کے لیے احترام اور شمولیت کا کلچر پیدا کرنے کے لیے برعزم ہیں۔مزید بیکہ ایس پی ایل ایک ایسے کلچر کوفروغ دینا جاری ر کھے گا جوتمام شعبوں میں تنوع کی قدر کرتا ہے اور چھلتا کچھولتا ہے اوران علاقوں کی افرادی قوت کے نمائندے بنانے کی کوشش کرتا ہے جہاں ہم کام کرتے ہیں۔

آ پریشنل کارکردگی

ا کیے مشکل کاروباری ماحول میں ، کمپنی نے زیر جائزہ سال کے لیے 1,458 ملین روپے بعداز ٹیکس منافع کمایا جبکہ پچھلے سال کے دوران یہ 1,276 ملین روپے تھا۔ تمام بینک نوٹ اور دیگرسیکورٹی پییر پروڈکٹس میں ٹھوں کارکردگی کے ساتھ فروخت سے آمدنی بڑھ کر 5,002 ملین روپے ہوگئی جو کہ اسی عرصے کے دوران 4,901 ملین رویے تھی سیلز ریو نیومیں اضافہ بینک نوٹ پیر کی زیادہ فروخت، قیمت ِفروخت میں اضافے اور بہتر پروڈ کٹ مکس کی وجہ ہے ہوا۔ اللّٰد کے فضل ہے، کمپنی اپنے دوبڑے گا کہوں ، پاکستان سیکیو رٹی پرنٹنگ کار پوریشن اورنیشنل سیکورٹی پرنٹنگ کار پوریشن کی طرف سے بینک نوٹ اور دیگر سیکورٹی پیپر پروڈکٹس کی مانگ کو بورا کرنے میں کامیاب رہی ،سال کے خام مال کی بڑھتی ہوئی قیشیں اورروپے کی قدر میں کمی اس دوران ایک بڑا چیلنج تھیں ۔اس خطرے پر قابو یانے کے لیے،لاگت برموثر کنٹرول کویقینی بنانے اورموثر آپریشنز کو برقر ارر کھنے کے لیے کئی لاگتی اورمنافع میں بہتری کے اقدامات کیے گئے۔

ہم مالیاتی کلیدی کارکردگی کے اشاروں اور اسٹر پیچگ اشاروں دونوں کا استعمال کرتے ہوئے اپنی کارکردگی کی پیائش کرتے ہیں جو حکمت عملی کے مقابل ہماری کارکردگی کا بامعنی جائزہ فراہم کرتے ہیں۔آپریشنل کارکردگی کی تا ثیر، کارکردگی ، اور ماحولیاتی ذ مہداری کےمقرر کردہ اشارے کے مقابل پہائش کی گئی ،بشمول سائکِل ٹائم، پیداواریت،ا تلاف میں کمی،اورریگولیٹری تعمیل۔

مجموی منافع پچھلے سال 1,896 ملین روپے کے مقابلے میں 1,882 ملین روپے تھا۔ دیگر آمدنی 64 فیصداضا نے سے 590 ملین روپے ہوگئ جبکہ گزشتہ سال 360 ملین رویے کے مقابلے میں اس کی بنیا دی وجہ فکسڈ انکم سیکیو رٹیز پر پرکشش پیداوار اور سٹاک مارکیٹ کی کارکر دگی میں بہتری تھی۔

کمپنی نے سال کے دوران ورکنگ کیپیٹل مینجنٹ کو بہتر بنانے میں اچھی پیش رفت کی ہے جسیا کہ انوینٹری مینجنٹ اور مشحکم کیش کلیکشن میں کا میاب اقدامات کیے جائیں۔ہم مؤثر انوینٹری پلاننگ اور کریڈٹ کنٹرول کے ذریعے اپنے کیش کے بہتر انتظام پر توجہ دے رہے ہیں۔ ملک میں کیاس کی کم پیداوار اور کوویڈ-19 وبائی امراض کی وجہ سے لا جسٹک مسائل کی وجہ سے اس سال کاٹن کومبر کی دستیابی ، جو بینک نوٹ اور دیگر سیکیو رٹی پہیریروڈ کٹ کا ایک اہم جز و ہے ، ایک بڑا چیلنج تھا۔تمام مشکلات کے باوجود سپلائی چین مینجمنٹ ٹیم نے خام مال کی مسلسل دستیا بی کویقینی بنانے کے لیے تمام وینڈرز کے ساتھ ل کرکام کیا۔

مینجمنٹ کی توجہ کام کی جگہ پر کار کر دگی کو بہتر بنانے اور پیثیہ ورانہ ترقی کے ذریعے نئی مہارت کی سطحوں پرشمولیت پرمرکوز رہی ۔موجودہ ورک فلو، پیداواری عمل ،انسدادی اور پیش گوئی برمبنی مینئیننس کامسلسل جائزہ لینے کا ایک نظام سال بھر لا گوتھا تا کہ کارکر دگی اور پیداوار میں بہتری حاصل کی جا سکے۔ا تلاف میں کمی اور دیگرموثر لا گتی پروگراموں کے ذریعے لاگت کو کم کرنے کے لیے بیسونی سے کوششیں کی گئیں۔صارفین کی جانب سے بینک نوٹ اور دیگر سیکورٹی پیپر پروڈ کٹس کی زیادہ مانگ کی وجہ سیکورٹی پیپر پروڈ کٹس کا مارکیٹ سیگمنٹ پھیل رہا ہے۔ کمپنی جدت ،منصوبہ بندی ، لاگت پر قابویا نے ، پروڈ کٹ بیس میں توسیع اور دانش مندانہ مالیاتی انتظام سمیت مختلف اقدامات کواپنانے کے ذریعے مستقبل کے چیلنجز کا سامنا کرنے کے لیے تیار ہے۔

تخصيصات

ڈ بویڈنڈ

کمپنی کے بورڈ آف ڈائر کیٹرز نے 30 ستمبر 2021 کومنعقد ہونے والے سالانہ اجلاس عام میں ممبران سے منظوری کے لیے مالی سال 21-2020 کے لیے درج ذیل تخصیصات کی سفارش کی ہے:

9.00 رويے في شيئر يعني %90 (20-2019: مجموع كيش ڏيوي پُڏنڏ، في شيئر 9.00 رويے يعني %90)

مالياتى ذخائر مين منتقلي

931.04 ملين روي (20-2019:201.94 ملين روي)

بیخصیصات کمپنیزا یک، 2017 کے ترمیم شدہ چوتھ شیڈیول کی تعمیل میں، آئندہ مالیاتی گوشواروں میں پیش کی جائیں گی۔

كاروباري جائزه

کار پوریٹ سیٹر پر کوویڈ – 19 کے اثرات بغیر کسی اسٹنا کے دیکھے گئے ہیں۔ تاہم ،اس کے اثرات کی شدت کاروباری اقسام میں مختلف ہوتی ہے۔ مختلف ممالک کی طرف سے عائد سفری پابندیوں اور کوویڈ – 19 کی وجہ سے ہونے والی مجموعی معاثی بے یقینی کی وجہ سے ہمارے دوسرے سب سے بڑے سٹم نیشنل سیکورٹی پریٹنگ کارپوریشن (این ایس پیسی) کو یا سپورٹ بییر کی فروخت میں کمی آئی۔

تاہم، کمپنی نے کوویڈ – 19 وبا کی وجہ سے پیدا ہونے والی رکاوٹ کے امکانات کا جائزہ لیتی رہتی ہے اوراس نے ایک ابھرتی ہوئی صورتحال کے پس منظر میں ممکنہ حد تک معمول کے حالات کو برقر ارر کھنے کے لیے اقد امات اختیار کیے ہیں۔ اگر چہ وبا کی وجہ سے پیدا ہونے والی غیریقینی صورتحال اگلے مالی سال تک برقر ارہے گی، بورڈ کا خیال ہے کہ پپنی کی سرگرمیاں صرف محدود رکاوٹ کا شکار رہیں گی۔

پاکتان کی معاثی نمو 2022 میں رفتار حاصل کرنے سے پہلے رواں سال دوبارہ بلٹ آنے کی توقع ہے کیونکہ کوویڈ 19 عالمی وبا کے بعد کاروباری سرگرمیاں آہتہ آہتہ ہتہ ہالہ ہوگی۔ کوویڈ 19 کی تیز رفتار ویکسینز کے آغاز اور معاشی استحکام کے اقد امات پر عملدر آمد کے ساتھ ، توقع ہے کہ 2022 میں بہتر کھیت اور سرمایہ کاروں کے اعتماد کے ساتھ نمو میں تیزی آئے گی۔ پاکستان کے لیے ضروری ہے کہ وہ ویکسینز کے تیزی سے اطلاق اور معاشی بحالی کی معاونت کے لیے اصلاحات بشمول سماجی تحفظ کو مضبوط بنانے اور نجی شعبے کی مدد کرنے کو جاری رکھتے ہوئے عالمی وباکا مقابلہ جاری رکھے۔

کمپنی اپنے گا ہکوں کی مانگ کو پورا کرنے کے لیے بدلتے ہوئے کاروباری ماحول کے ساتھ رفتار برقر ارر کھنے کی کوشش کرتی ہے،اس طرح ترقی اور پائیداری کو لیٹنی بناتی ہے۔ہم نے ترقی پربنی حکمت عملی کی پیروی جاری رکھی ہے جوموجودہ پیداواری سہولیات کی صلاحت بڑھانے اور سیکورٹی پیپر سے متعلقہ دیگر مصنوعات میں تنوع پربنی ہے۔اس کے نتیج میں مطلوبہ اہداف حاصل ہوئے جبکہ اچھی حکمرانی اور اپنے حصص یافت گان کو شخکم منافع کی فراہمی کے لیے ہماری سا کھ کو برقرار رکھتے ہوئے۔

ز برنظر سال کے دوران ، عالمی وبائے باوجود ، کمپنی کی پیداواری سہولیات سے اعلیٰ معیار کے بینک نوٹ اور دیگر سیکیورٹی پیپر پروڈ کٹس کی کسٹمرڈیمانڈ کو پورا کرنے کے لیے بہترین سطح پر کام لیا گیا۔ کمپنی نے پیداواری سہولیات کو بڑھا کراپنی مصنوعات کی مانگ میں اضافے کے ام کانات سے نمٹنے کے لیے اہم سرماری خرچ بھی کیا۔

ہمارے عملے نے کوویڈ – 19 کی آز ماکشوں سے نمٹنے کے لیےا ہم تبدیلیاں اور چیلنجز برداشت کیے ہیں۔اینے ملاز مین کی صحت، تندرستی اور منصفانہ سلوک کویقینی

ڈائر یکٹرزر پورٹ

عزیز شیئر ہولڈرز، سکیورٹی پیپرزلمیٹڈ('' کمپنی''یا'SPL') کے ڈائر یکٹرز 30 جون 2021 کوختم ہونے والے سال کے لیے کمپنی کی سالاندر پورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے نہایت خوشی محسوس کرتے ہیں۔

کاروباری نتائج 30 جون 2021 کوختم ہونے والے سال کے لیے کمپنی کے کاروباری نتائج کا خلاصہ درج ذیل ہے۔

2	ہزاررہ	
2020	2021	
4,901,284	5,001,692	سياز
1,896,309	1,881,532	سیاز مجموی منافع قبل از ٹیکس منافع
1,801,612	1,996,175	قبل از ٹیکس منافع
		^ش یکس ادائیگی
523,658	469,412	ٹیکس ادائیگی موجودہ۔سال کے لیے موجودہ۔گزشتہ سال کے لیے
6,842	568	موجودہ۔گزشتہ سال کے لیے
630,500	469,980	
(5,137)	67,750	مؤخرشده
525,363	537,730	
1,276,249	1,458,445	بعدازئیکس منافع دیگر جامع آمدنی مجموعی آمدن ی
4,926	5,893	دیگرجامع آمدنی
1,281,175	1,464,338	مجموعی آمدنی

فی شیئر آمدنی

بعداز ٹیکس فی شیئر آمدنی 24.61 روپے ہے(2020:54:2020روپے)۔ فی شیئر آمدنی میں اضافہ ٹیئر ہولڈرز کے لیے قدر پیداکرنے کی ہماری اہلیت کی عکاسی کرتا ہے۔



CORPORATE AWARDS HISTORY



Top Companies Award

Security Papers Limited (SPL) was conferred the "Top 25 Companies Award of Pakistan Stock Exchange" for the year 2019. It secured the 7th 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 to 2019.

Best Corporate Report Award



SPL secured 3rd position in the Best Corporate Report Award for the year 2020 by country's two leading professional accounting organizations the Institute of Cost and Management Accountants of Pakistan (ICMAP) and the Institute of Chartered Accountants of Pakistan (ICAP). The Company's Annual Reports of 2003 and 2006 to 2012 also 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.



Best Sustainability Report Award 2020



SPL was ranked 5th position in the Best Sustainability Report Award 2020 that was conferred by the joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).



CORPORATE AWARDS HISTORY



Corporate Governance Rating

JCR-VIS Credit Rating Company Limited reaffimed 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 has achieved another milestone by winning ACCA-WWF Environmental Reporting Award 2013. This demonstrates our commitment to environmental preservation and its effective management.

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

• Association of Chartered Certified Accountants - World Wildlife Fund.



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.

CORPORATE AWARDS HISTORY



ISO Certifications

CERTIFICATION OF INTEGRATED MANAGEMENT SYSTEM (IMS):

Quality Management System: - ISO 9001:2015 (03 April 2021 until 03 April 2024)

Environmental Management System: - ISO14001:2015 (26 April 2021 until 26 April 2024)

Occupational Health and Safety Management System: - ISO 45001:2018 (31 March 2020 until 15 February 2023)

Certification given by SGS United Kingdom Limited



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

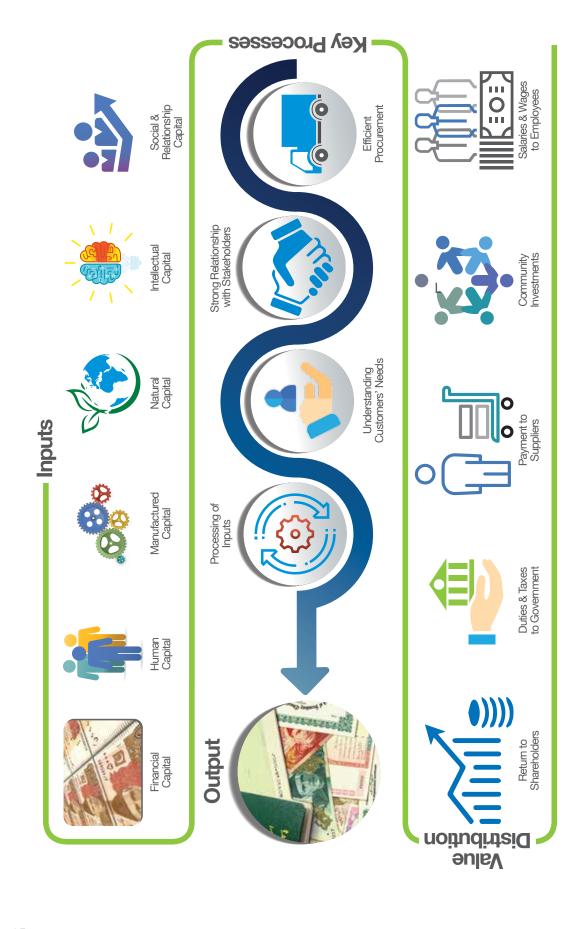


"The National Forum for Environment & Health-NFEH conferred the 17th Annual Environmental Excellence Award in 2020 to Security Papers Ltd. The award was given in recognition of the Company's vision and its effective implementation of Environment Management System and policies and after thorough assessment of its submitted documents and testimonials by the distinguished NFEH Panel of Jury.

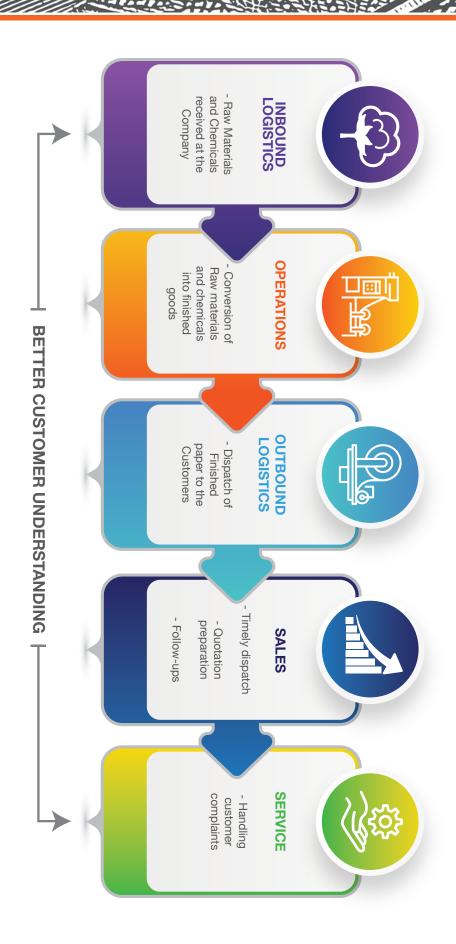
The Company also received 11th, 15th and 16th Annual Environmental Excellence Awards in 2014, 2018 and 2019 respectively."



OUR BUSINESS MODEL



VALUE CHAIN ANALYSIS



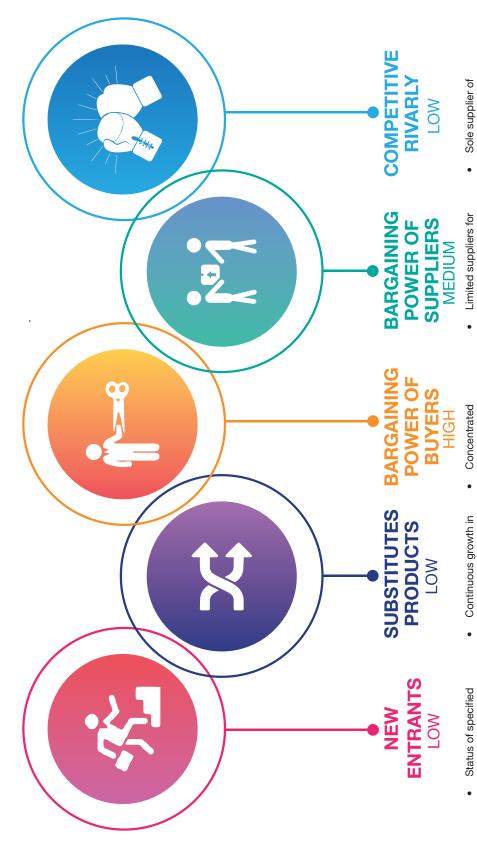
SWOT ANALYSIS



SIGNIFICANT FACTORS AFFECTING 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 Government and regulations are continuously monitored by the Company for timely decision making.
ECONOMIC	Price hike in major raw material and other input costs.	The Company actively monitors the economic factors and take steps to minimize its negative impact, include:
	Increased shipping cost due to COVID-19. Inflation.	 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.	The Company actively takes part in social initiatives and
	Provision of improved health and safety environment.	work towards 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 latest technology to improve 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 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 carbon emissions.	The Company adheres to all applicable laws and regulations and voluntarily takes initiatives to create long-term value for community and environment. The Company complies with Quality, Health, Safety, and Environmental standards. Further, tree plantation is being done in the factory premise for limiting the emission of harmful gases in the atmosphere.

COMPETITIVE LANDSCAPE AND MARKET POSITIONING



Banknote and other security papers in Sole supplier of the Country.

some specialized

customer base. Concentrated

buyers/small

Continuous growth in

Status of specified

industries by the

Government. High Capital Expenditure

Banknote circulation.

Prior Government's approval required for

Clean note policies of Slow growth in digital

alternate products. the Central Bank. payment methods in the Country.

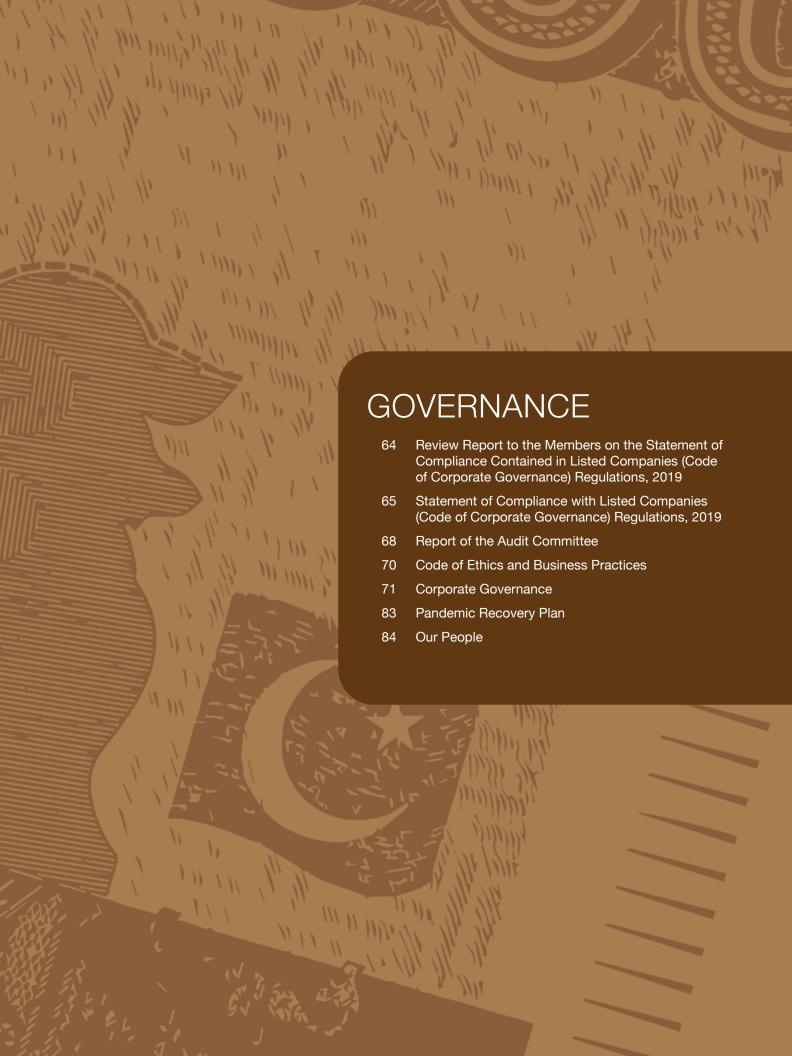
customer is the sole consumer of Banknote Paper Product.

Government's approval. requirement which also

requires prior

Company's major

Government policies restrict easy entry to the Security Papers segment.





KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2, Beaumont Road Karachi 75530 Pakistan +92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S 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 2021 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 2021.

Date: 1 September 2021

Karachi

KPMG Taseer Hadi & Co. Chartered Accountants

KPMG Taseer Hedi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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

Name of Company: SECURITY PAPERS LIMITED Year Ended: JUNE 30, 2021

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: 8 b. Female: 2

2. The composition of the Board is as follows:

Category	Names
I) Independent Directors	Mr. Muhammad Sualeh Ahmad Faruqui Mrs. Uzma Aijaz Mr. Munir Ahmed
li) Other Non-executive Directors	Mr. Mohammad Aftab Manzoor Mr. Jamal Nasim Dr. Abolghassem Jamshidi Ms. Figen Caliskan Hafiz Mohammad Yousaf Mr. Shafqaat Ahmed
lii) Executive Director	Dr. Mohammad Ashraf Butt

- 3. The Directors have confirmed that none of them is serving as a Director on more than seven 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 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.
- 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.

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

- 8. The Board has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations.
- 9. Directors have obtained the prescribed certification through director training program offered by institutions that meet the criteria and approved by the Commission. One of the Directors has met the exemption criteria set out in the Listed Companies (Code of Corporate Governance) Regulations, 2019. Five Directors have already completed the Directors' Training Program. The remaining Directors are expected to participate in the Directors' Training Program within the timeframe specified in 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 Chief Executive Officer and one Director 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:

Mrs. Uzma Aijaz-Chairperson Mr. Jamal Nasim-Member

Dr. Abolghassem Jamshidi-Member

Hafiz Mohammad Yousaf-Member

Mr. Shafqaat Ahmed-Member

b) HR and Remuneration Committee:

Mrs. Uzma Aijaz-Chairperson

Mr. Mohammad Aftab Manzoor-Member

Mr. Jamal Nasim-Member

Mr. Munir Ahmed-Member

Dr. Mohammad Ashraf Butt-Member

c) Board Investment and Risk Management Committee:

Mr. Muhammad Sualeh Ahmad Faruqui-Chairman

Ms. Figen Caliskan-Member

Hafiz Mohammad Yousaf-Member

Mr. Munir Ahmed -Member

- 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.

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

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

a) Board Audit Committee	06 Meetings were held during FY 2020-21
b) Board HR and Remuneration Committee	06 Meetings were held during FY 2020-21
c) Board Investment and Risk Management Committee	05 Meetings were held during FY 2020-21

- 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.
- 19. Explanations for not rounding up the fractional number under Regulation 6 (1) is as follows:
 - a) Regulation 6 (1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 stipulates that it is mandatory for each listed company to have at least two or one-third members of the Board, whichever is higher, as independent directors. In a Board comprising 10 members, one-third works out to 3.33. Since the fraction is below half (i.e. 0.5) the fraction contained in such one-third is not rounded up to one.

MOHAMMAD AFTAB MANZOOR Chairman

lfres harfur

Karachi

Dated: August 27, 2021

REPORT OF THE BOARD AUDIT COMMITTEE

Composition of the Audit Committee

The Board Audit Committee of the Company comprises of five non-executive directors. During the year Mrs. Uzma Aijaz was appointed as Chairperson in place of Mr. Jamal Nasim. She is an independent non-executive director. More than one member of the Board Audit Committee qualifies as financially literate. The Head of Internal Audit is the secretary of the Audit Committee. The recommendations of the Audit Committee are submitted to the Board for its information and approval. The Audit Committee meets the external auditors at least once in a year without the presence of the CFO and Head of Internal Audit.

Financial Statements

The Board Audit Committee has concluded its annual review of the operational and financial performance of the Company for the year ended June 30, 2021 and reports that:

- The financial statements of SPL for the year ended June 30, 2021 have been prepared on a going concern basis as per the requirements of Companies Act 2017, IFRS and other regulations.
- · Appropriate accounting policies have been consistently applied which have been disclosed in financial statements.
- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the auditors of the Company.
- 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 auditors have issued unmodified audit report in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.
- The Chief Executive Officer, one director and the Chief Financial Officer have endorsed the financial statements of the Company while the directors report is signed by CEO and one director. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- · All the related parties' transactions have been reviewed by the Committee prior to the approval by the Board.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017.
- All trading and holdings of the Company's shares by directors and executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board.

Internal Audit Function

- The Head of Internal Audit reports directly to the Chairperson of the Board Audit Committee.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
- The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholder's wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

REPORT OF THE BOARD AUDIT COMMITTEE

External Auditors

- The statutory auditors of the Company, KPMG Taseer Hadi & Co, Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2021
- The management Letter is required to be submitted within forty-five (45) days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Board Audit Committee meeting.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.
- Being eligible for re-appointment 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, 2022.

The Audit Committee

Dated: 24-08-2021

• The Audit Committee believes that it has carried out responsibilities to the full, in accordance with the Terms of Reference approved by the Board.

Mrs. Uzma Aijaz Chairperson Audit Committee

Uzma Bijaz

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 of gifts
- 10. Treating means to be as important as ends

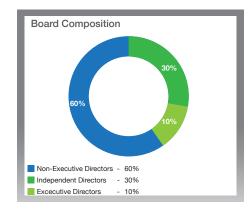
CORPORATE GOVERNANCE

Good governance is at the core of how SPL operates and is fundamental to sustainable success. Environmental, Social and Governance (ESG) considerations have long been an integral part of the Company's approach to business.

Composition of the Board of Directors

The Board of Directors is responsible for the governance of the Company. The main responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship.

The Company's Board of Directors is composed of highly qualified professionals representing a variety of fields. The Board of Directors, effectively represents and protects the interests of all stakeholders. The Board consists of ten Directors, six non-executive directors, one executive director, and three independent directors. None of the Board members currently serves on the board of directors of more than seven public listed companies.



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 Directors

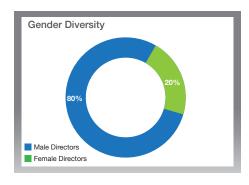
One third of the Board qualify the criteria of independence notified under the Companies Act, 2017. Additionally, as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 independent directors have provided the Chairman of the Board with their declaration of independence in accordance with the criteria set out in the Companies Act 2017, the names of the Independent Directors are as follows:

Mr. Muhammad Sualeh Ahmad Faruqui

Mr. Munir Ahmed Mrs. Uzma Aijaz

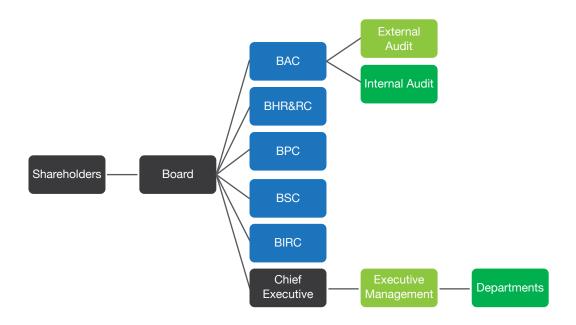
Female Directors

The Securities and Exchange Commission of Pakistan (SECP) has mandated that listed companies should have at least one female director. This is a significant step towards gender diversity on corporate boards in Pakistan. SPL's Board of Directors includes two female directors, exceeding the legal requirement of one female director. Ms. Figen Caliskan was appointed to the Board of Directors of SPL by Sumer Holding A.S. Turkey on July 13, 2020. While Mrs. Uzma Aijaz was elected on September 1, 2020 in the Annual General Meeting of the Company.



Board Committees

The Board has established following 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:



BAC : Board Audit Committee

BHR&RC: Board Human Resource & Remuneration Committee

BPC : Board Procurement Committee
BSC : Board Strategic Committee

BIRC : Board Investment & Risk Management Committee

The salient features of the Terms of Reference (TOR) of Board Human Resource and Remuneration Committee and Board Audit Committee are as follows:

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE (BHR&RC)

The purpose of Board Human Resource and Remuneration Committee is to assist the Board to fulfil its oversight responsibilities for:

- Recommending human resource management policies to the Board
- · Evaluate executive officer performance and review the Company's management succession plan
- Employee reward and performance management

The BHR&RC consists of five members comprising a majority of Non-executive Directors. The Chairperson of the Committee is an Independent Director. The Head of Human Resource & Administration 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 BHR&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 BHR&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. The BAC meets at least once every quarter of the financial year to be held along with 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 comprise of five members. The Chairperson of the Audit Committee is an Independent Director.
- The CFO, the Head of the 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 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.

Other terms of reference of the Audit Committee are as follows:

- a) Determination of appropriate measures to safeguard the Company's assets.
- b) Review of preliminary announcements of results prior to publication.
- c) Review of quarterly, half yearly and annual financial statements.
- d) 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.

- e) Review of management letter issued by external auditors and management's response thereto.
- f) 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.
- g) Ascertaining that the Internal Control System including financial and operational controls, accounting system and reporting structure are adequate and effective.
- h) Review of Company's statement on Internal Control system prior to endorsement by the Board of Directors.
- i) Determination of compliance with relevant statutory requirements.
- j) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.

BOARD OF DIRECTORS' AND COMMITTEES' MEETINGS

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

Board of Directors (BoD)	7
Board Audit Committee (BAC)	6
Board Human Resource & Remuneration Committee (BHRRC)	6
Board Procurement Committee (BPC)	3
Board Investment and Risk Management Committee (BIRC)	5
Board Strategic Committee (BSC)	3
Board Performance Evaluation Committee (BPEC) Special Committee	3

Board Committee meetings and Attendance

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

Name of Directors	BoD	BAC	BHRRC	ВРС	BIRC	BSC	BPEC
Mr. Mohammad Aftab Manzoor	-	-	-	-	-	-	-
Mr. Muhammad Sualeh Ahmad Faruqui	7	-	-	-	4	2	3
Mr. Jamal Nasim	7	6	6	3	-	1	3
Dr. Abolghassem Jamshidi	7	4	1	3	1	-	-
Ms. Figen Caliskan	7	-	-	-	4	2	-
Mrs. Uzma Aijaz	4	2	3	-	-	-	-
Hafiz Mohammad Yousaf	3	2	-	-	2	1	-
Mr. Munir Ahmed	6	-	5	-	4	-	-
Mr. Shafqaat Ahmed	-	-	-	-	-	-	-
Dr. Mohammad Ashraf Butt	7	2	6	3	5	3	-
Mr. Muhammad Ayub	1	-	-	-	1	1	-
Sheikh Mohammad Aijaz Akhtar	3	4	3	-	-	-	-
Mr. Naveed Ehtesham	4	4	1	-	3	2	-
Mr. Muhammad Haroon Rasheed	7	-	6	3	-	3	3
Mr. Rauf Ahmad	7	4	2	3	-	3	-

The election of directors of the Company was held on September 01, 2020 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. The following directors were successfully elected:

- Mr. Muhammad Sualeh Ahmad Faruqui
- Mr. Jamal Nasim
- Mr. Munir Ahmed
- Mrs. Uzma Aijaz

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 / Committee in accordance with the law.

Chairman's Review on the Performance of the Board u/s 192 of the Companies Act, 2017

The Chairman's review of the Board's performance and effectiveness in achieving the Company's objectives has been covered in detail on page 31 of the Annual Report.

Matters Reserved for Board

All matters that have a material impact upon the Company are referred to the Board including following matters reserved specifically for the decision of the Board.

- Approval of Quarterly, Interim and Annual Accounts. Adoption of significant change in accounting policies.
- 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
- CEO leads the development of the Company's short-term and long-term strategy.
- 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 Performance Evaluation

The Board engaged the services of Pakistan Institute of Corporate Governance (PICG) for carrying out its own performance evaluation. The PICG carried out the performance of the Board and its Committees by adopting best practices coupled with regulatory requirements.

PICG had sent Performance Evaluation Questionnaires directly to the members of the Board via e-mail for their response. The Board Evaluation Criteria considers general Board practices, input for improvement and suggestions for new skills and experience. Board Committees evaluation considers members balance of skills and experiences, adequacy of information received and committee effectiveness. PICG carried out performance evaluation of the Board and its Committees on a 5-point Likert scale. Based on responses received from the Directors, the overall performance of the Board as a whole and its Committees was 4.52 and 4.30 respectively.

Performance Evaluation by External Consultant

The Company hired the services of an external consultant namely, Pakistan Institute of Corporate Governance for the purpose of carrying out Board and its Committees performance evaluation for the financial year 2020-21.

Directors' Orientation Program

The Company holds a separate meeting for its Directors' orientation to acquaint them with the Company's operations and provides them with orientation materials, including a visit to the factory, in order for them to gain a better understanding of the operations of the Company.

Directors' Training Program

The Company strongly encourages its Directors to complete the Directors' Training Program as per the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. By June 30, 2021 Directors had acquired the prescribed certification through Directors' Training Program offered by institutions that meet the criteria specified by the Commission. One of the Directors has met the exemption criteria set out in the Listed Companies (Code of Corporate Governance) Regulations, 2019. Six Directors have already successfully completed the Directors' Training Program. The remaining Directors are expected to participate in the Directors' Training Program within the timeframe specified in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Directors' Remuneration

The Directors' Remuneration Policy provides guidelines for remuneration of Board members. The policy is intended to provide market competitive remuneration to members of the Board. The following are the objectives of the Board members' remuneration policy:

- 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 General Meeting as allowed by Section 170 of the Companies Act. 2017 and the provisions of the Articles of Association of the Company.

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 seven listed companies simultaneously. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

Security Clearance of Foreign Directors

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

Board meetings held outside Pakistan

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

Exceeding Legal Requirements

SPL complies with provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other applicable laws and regulations. Some examples where the Company exceeds legal requirements are as follows:

- As part of the Company's Corporate Social Responsibility, supporting and partnering with communities to improve lives
- Adoption of Sustainability Reporting on a voluntary basis
- Disclosure of various financial analysis in the Annual Report, such as ratios, reviews, risk matrices, and graphs.

External Oversight by an External Specialist

The Company is subject to a review of internal controls embedded in its Information Technology (IT) Systems by external specialist's i.e. the IT team of external auditors.

The controls relate integrated management including financial reporting, production, supply chain management and payroll processes.

The Scope of the above oversight includes review of Company's IT Governance and Entity Wide Controls, IT General & Application Controls, Business Continuity & Disaster Recovery, Physical and Environmental Security Assessment and IT Infrastructure Review.

Compliances with Best Corporate Practices

Report of the Audit Committee on adherence to the Code of Corporate Governance, Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 by the Chairman and Auditors Report thereon form part of this Report and are stated on page numbers 68, 65, & 64.

Diversity

SPL is committed to treating employees fairly and equally by embracing diversity in the form of age, gender, ethnic origin, physical and mental ability, and other characteristics that contribute to our employees' unique cultural blend.

Our Human Capital strategy prohibits workplace discrimination and ensures that individuals are given equal opportunities based on their merit. SPL also pays close attention to the unique needs of all employees in terms of healthcare and ancillary benefits in order to promote optimal performance.

Company Policies

Related Parties Policy

Under the Company's Related Party policy, all transactions with related parties that arise in the normal course of business are conducted on an unbiased, arm's length basis. All related party transactions are placed before the Audit Committee for review and recommendation to the Board of Directors for approval.

All related party transactions have been appropriately disclosed in Note on page No. 166 of the Financial Statements, including the name, basis of the relationship, percentage holding, nature, and amount.

Investors Grievance Policy

The investors can submit a complaint using the Complaint Form available at the Company website. Investor Grievance Policy has been developed in order to establish guidelines for effectively handling and resolving the grievances of investors and shareholders. The purpose of this Policy is to safeguard and protect the interests of all investors and

shareholders, as well as to ensure that their grievances are resolved as quickly and efficiently as possible. The Company has established an internal mechanism for providing investor services and handling grievances, as well as engaging the services of an independent Share Registrar. The Company has an official email address (comsec@security-papers.com) for general correspondence

Policy for Record and Archive Management

The purpose of this Policy is to establish guidelines for departments to follow in order to facilitate effective record management practices. It provides guidance to SPL employees on the creation and use of Company records, and it establishes standards for classifying, managing, and storing office records, among other objects. The Company's commitment to administrative transparency and accountability is premised on the effectiveness of its recordkeeping program. With this Policy, the Company hopes to ensure that the company's business operations are adequately documented and managed in accordance with Best Corporate Practices.

IT Governance Policy

IT policies and procedures are in place to regulate quality assurance, information security, data and system ownership, and responsibility segregation. The IT Steering Committee ensures that IT investments are evaluated, selected, and funded effectively in accordance with business needs. IT is involved in pertinent decision-making processes to ensure that business requirements are met on time. Management is focused on establishing a framework for IT governance by aligning IT strategy with business strategy in order to manage risk effectively and optimize resource utilization.

Whistleblowing Policy

This Policy is intended to establish a mechanism through which employees can anonymously report illegal and unethical activities for pre-emptive remedial measures. The Whistleblowing Policy applies to all employees and encourages them to report any illegal or unethical activity that could endanger the interests of SPL or any stakeholder or external agency dealing with the Company. This Policy applies to all illegal and unethical activities, including but not limited to violations of SPL's related laws or policies, concealment of a violation of laws or policies, harm to health and safety, and any criminal offence.

Human Resource Policies

Human resource activities at the Company are geared toward developing future talent. Every year, the succession and career planning systems are evaluated to ensure the capital of highly skilled and professionally competent business leaders is maintained. The Company has a well-structured succession planning system in place to ensure that the desired outcomes are achieved. The employee performance evaluation system is geared to achieve these objectives through (KRAs & KPIs). Performance objectives are aligned with the Organization's business objectives and are developed each year during our goal setting exercise.

Rewards & Recognition Policy

The Rewards and Recognition Policy fosters a positive work environment by establishing a mechanism for instilling desired performance, encouraging constructive behaviour, advocating commitment, and demonstrating desired values, all while assisting in the achievement of our business objectives. This policy recognizes individual and team accomplishments through the Employee of the Quarter, Innovative Idea, and Service Recognition Awards, which are recommended and conferred by the Rewards and Recognition Committee.

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 committed to developing a system of highly skilled and professionally competent business leaders. The Company has a well-structured Succession Planning Policy that enables it to accomplish its objectives. Critical positions or those with a high turnover rate are reviewed on a regular basis to ensure effective succession planning and the availability of the appropriate resources. Throughout the year, the Head of Human Resources met with the Heads of Departments to assess progress toward developing identified successors in their respective areas of responsibility.

Employee Welfare Fund (EWF) Policy

The Employee Welfare Fund was established to address the acute financial needs of our permanent employees through grants/loans from the Fund. The purpose of this Policy is to facilitate and formalize the provision of refundable loans and non-refundable financial assistance to our permanent employees, staff, and officers up to the level of Deputy Manager.

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 not to participate or vote in proceedings of the Board.

Corporate Social Responsibility

The objective of this policy is to enable Security Papers Limited (SPL) to contribute meaningfully to the society, environment, and national causes by creating opportunities for employees to participate in socially responsible initiatives, allocating a budget approved by the Board, 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.

Environmental Policy

Security Papers Limited is committed to ensure 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/equipment and the environment is not endangered.

Communication and Disclosure Policy

The Communication and Disclosure Policy sets out the Company's policies and procedures in terms of its communication and disclosure, 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 the capital markets and other key stakeholders simultaneously without undue delay, while protecting the Company's commercially sensitive information.

Beneficial Ownership

The Company complies with the requirements of the Companies Act, 2017 with regard to the disclosure of beneficial ownership. The details of Associated Companies, Undertakings and Related Parties is annexed (page 166).

Compliance with the Best Corporate Practices

- The financial statements prepared by the Company's management fairly present the Company's state of affairs, results of operations, cash flows, and changes in equity;
- The Company's books of account have been maintained properly; and
- There are no material doubts about the Company's ability to continue as a going concern.
- Appropriate accounting policies have been applied consistently in the preparation of the financial statements, and accounting estimates have been made using reasonable and prudent judgement.
- The financial statements have been prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan, and any deviations have been adequately disclosed.
- The internal control system is well-designed and has been implemented and monitored effectively.
- There has been no material deviation from the corporate governance best practises outlined in the Listing Regulations.

Offices of the Chairman and Chief Executive Officer

Security Papers Limited strongly believes that the separation of the Chairman and Chief Executive Officer is a critical component of ensuring the independence of the board of directors and the avoidance of conflicts of interest. Furthermore, Security Papers Limited goes above and beyond the legally mandated requirement by having these positions held by separate individuals with clear separation of roles and responsibilities.

Role and Responsibilities of 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 Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for making important corporate decisions, managing the overall operations and resources of the Company. He acts as a main point of the communication between the Board and the stakeholders. CEO leads the development of the Company's short-term and long-term strategy. Additionally, he is responsible for establishing and maintaining an efficient internal control system, financial reporting, planning, strategy budgeting and risk management.

Date of authorization of Financial statements

The date of authorization of financial statements is as follows:

First Quarter October 23, 2020 Second Quarter January 29, 2021 Third Quarter April 28, 2021 Annual Accounts August 27, 2021

Presence of the Chairman of the Audit Committee at AGM

The Chairman of the Board Audit Committee had ensured his presence at the Annual General Meeting of the Company held on September 1, 2020.

Occupational Health and Safety Management System (ISO 45001:2018)

The Occupational Health and Safety Management System (OHSMS) increased emphasis on management commitment, participation and consultation of workers and risk control for reducing and eliminating unsafe and unhealthy work practices/conditions.

HSE & Sustainability trainings have also been earmarked into the training calendar for FY 2020-21. A series of Awareness sessions on OH&S, Environment and Sustainability such as COVID-19 Preventive measures, Firefighting, Managing Safely at workplace, Healthcare Policy Awareness, 5S, Chemical spill, Materiality Assessment & Stakeholder Engagement, were also conducted. Besides that, technical trainings on behavioral safety and job hazard analysis, permit to work, sessions etc. were also conducted both by internal and external reputable trainers/facilitators. Over 975 training man-hours out of a total of 1,902 man-hours (approx. 51%) were allocated to OHSE and sustainability related training courses that were attended by over 550 employees.

The Environment Management System (ISO 14001: 2015)

We have implemented environmental programs in a comprehensive, systematic, planned and documented manner. The organization is also concerned regarding 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 control of process losses and improvement in quality of our products.

The Company has invested on developing its infrastructure in water resources for reduction in liquid effluent due to efficient use of water resources. A state-of-the-art Waste Water Treatment Plant is now in operation that is capable of recycling up to one third of all our effluent water thereby improving sustainability of the Company.

Quality Management System (ISO 9001:2015)

Maintaining ISO certification is a proof of the sustainability of achievement accomplished for the quality services provided to our customers as well as adopting of best international practices and procedures with respect to the Quality Management Systems.

Customers' Feedback is obtained from all key customers on bi-annual basis and corrective and preventive actions are taken accordingly. Customers complaints are processed through Standard Operating Procedures-SOPs.

CONTINUAL IMPROVEMENT INITIATIVES

KAIZEN Projects Implementation

Kaizen culture was promoted throughout the organization to foster a positive and conducive work environment and to drive results from synergistic team building process that ensures equal representation from officers as well as staff and workers at all levels.

Associated benefits with the implementation of KAIZEN culture include less waste, more satisfied employees, improved employee commitment, and retention ultimately leading towards improved competitiveness and enhanced customer satisfaction.

A total of 25 KAIZEN projects have been successfully implemented in the organization and the ones in the pipeline are expected to be completed in the current financial year.

Performance of each individual against the accomplishment of KAIZEN Projects has been linked with Annual Performance Appraisal System during the FY 2020-21.

5S System Implementation Program

Implementation of all five phases of 5S include Sorting, Setting, Shining, Standardizing, and Sustaining in the workplace in true letter and spirit was done throughout the factory premises. Key benefits include increased productivity, improved safety, reduction in waste, and workforce commitment. For effective 5S implementation, the whole factory was divided into 19 blocks. An independent Implementation Audit Committee conducted a comprehensive 5S Audit of each of the 19 blocks and assigned score while also identifying areas for improvement. For the very first time in the history of SPL, the 5S performance of each individual Officer was linked with the Annual Performance Appraisal System.

Innovative Ideas Scheme

The successful exploitation of new ideas is crucial to a business being able to improve its processes, It brings new and improved products and services to market, increase its efficiency and most importantly, improve its profitability. This Scheme is an effective mechanism for creating an environment for our employees to contribute their ideas for better progress and recognizing and rewarding those employees whose ideas got selected and implemented.

Employee of the Quarter

The Employee of the Quarter 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.

Business Continuity Plan (BCP)

A well-crafted BCP Manual was developed by Business Continuity Planning Committee while applying the best industry practices.

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. 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 Business Continuity Plan, remote disaster recovery sites have been adequately set up for maintaining backup server and data in case our primary server encounters any issues.



Record & Archiving Management System was also reinforced and critical documents pertaining to each department were identified by the respective departmental head. In the next phase, a fully automated Enterprise Content Management System would be deployed that would not only be capable of generating on-line reports for viewing the progress of the scanning and archiving of records at regular intervals but would also ensure ease of retrieval and data sharing with enhanced security features.

PANDEMIC RECOVERY PLAN

Policy Statement

Safety of employees and their families is the top most priority of the Company. This was ensured by implementing relevant SOPs issued by the Government from time to time. The Company ensured provison of safe and secure workplace by making available necessary Personal Protection Equipments, Hand Sanitizers and all the essential inputs needed to safeguard the health of all of its workforce and other stakeholders to continue smooth operations.

Preventive Measures

A few of the effective measures undertaken by the Company for prevention of COVID-19 Pandemic within its premises in compliance with the SOPs issued by Government of Sindh from time

to time are summarized below:

• Temperature screening was conducted on daily basis at the commencement of shift at the time of entrance of each employee.

- Necessary measures were taken for procurement of masks, liquid soap, hand sanitizers and disinfectants spray availability and its distribution.
- Covid-19 Preventive measures and Risk Assessment had been incorporated in routine Tool Box Talks before commencement of work activities in every shift.
- Frequency of Good Manufacturing Practices (GMP) Rounds were increased to monitor the situation on ground at regular intervals by IMS team.
- A series of COVID-19 awareness sessions were held by our Medical Consultant with focus on taking necessary preventive measures and maintaining balanced diet and adopting healthy lifestyle for our workforce
- Employees diagnosed with COVID-19 were asked to isolate themselves, undertake test and took appropriate medical treatment along with paid leaves.
- Management reinforced the practice of maintaining social distancing and preventing gatherings and discouraged physical interaction like handshakes etc.
- Virtual meetings were conducted at office to ensure minimum physical interaction among employees.
- All office rooms, meeting rooms, corridors, surfaces and factory areas were regularly disinfected.
- Disinfectant tunnels were installed at the entrance gate of the Company for entry and exit.



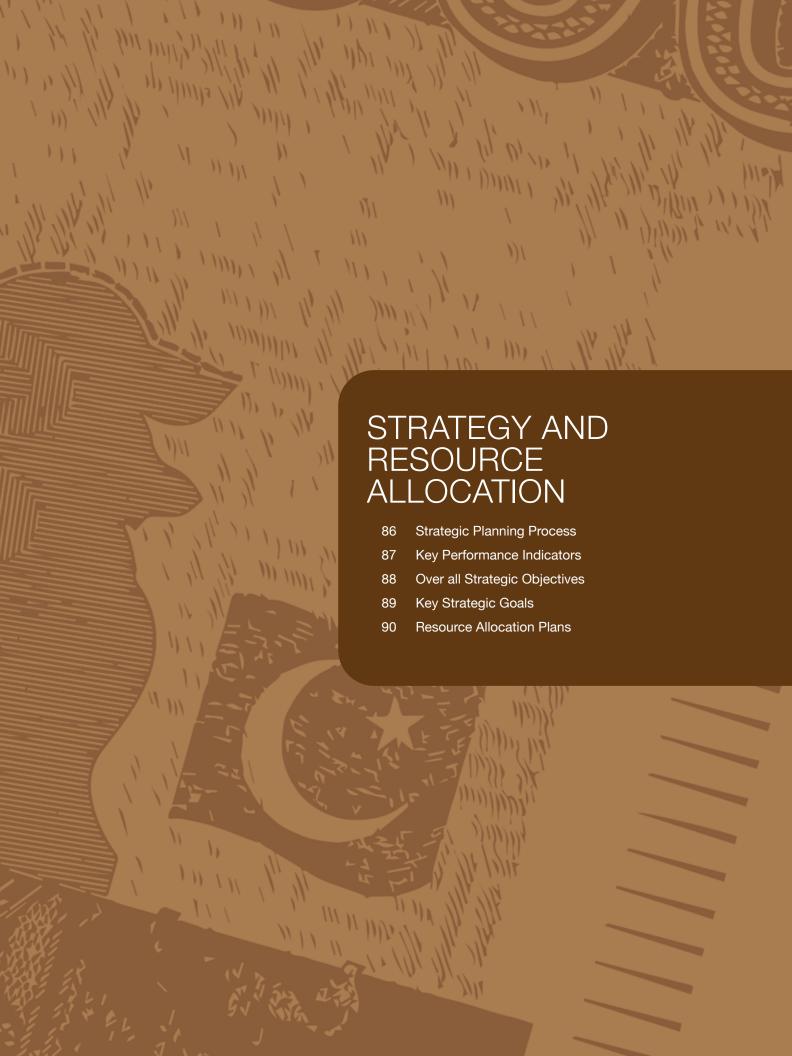




OUR PEOPLE

Security Papers Limited recognizes that its most valuable asset is its people and is committed to providing career opportunities and work environments that enable employees to reach their full potential.

- SPL is committed to protecting human rights through its "Code of Conduct," equal opportunity for prospective employees, and all other fair labour practices
- SPL has ensured that its activities do not violate human rights directly or indirectly (e.g. forced labor, child labor)
- Where business requirements permit, SPL shall provide employment opportunities for differently-abled individuals
- The Company makes every reasonable effort to maintain safe and healthy working conditions



STRATEGIC PLANNING PROCESS

The Company undertakes strategic planning to establish its direction, set priorities and ensure that employees and other stakeholders are working towards common goals and adjust the Company's direction in response to a changing environment. The process of strategic management integrates budgeting with strategic planning.

Company's strategic management process:

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

1) Environmental Scanning

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 decides on how to allocate the required resources.

2) Strategy Formulation

In the strategy formulation phase, we establish the goals and objectives of the organization and identify best courses of action among all available alternative strategies to achieve them. In this phase, we ensure that our business strategies and goals are aligned with our Vision, Mission and Core Values.

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 strategy implementation phase, the strategies and polices are put into action through the development of programs, budgets and procedures. The Company's budgeting process identifies cost of action plans and is supported by data flow planning process. All relevant costs of an action plan associated with an objective are included in the budgeting process. All costs anticipated for an action plan are incorporated into the budget development process. The strategy implementation is carried out by middle and lower-level managers with top management's review. This phase also involves day-to-day decisions in resource allocation.

To monitor progress towards achieving its strategic goals & objectives, 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 provide advice, support, and guidance in achieving effectiveness and managing costs.

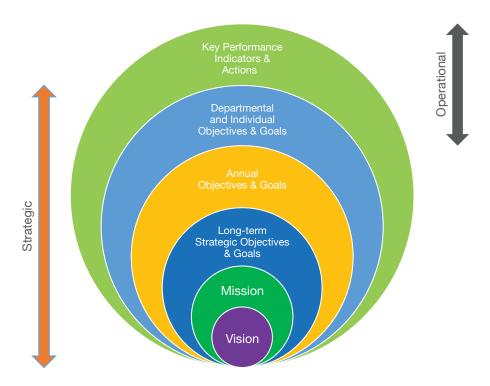
4) Strategy Evaluation and Control

Strategy evaluation involves three crucial activities:

- Setting benchmarks of performance i.e., Net Profits, Return on Investments, Earnings Per Share, Cost of Production, Employee Turnover etc.
- ii) Monitoring of actual performance, 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.
- iii) Reviewing the internal and external factors affecting the implementation of the strategies, measuring performance, and taking corrective steps.

All above steps in strategic planning occur in three hierarchical levels; the corporate, middle and operational levels. The strategy is translated into actin by setting strategic objectives and operational objectives. The achievement of both strategic and operational adjectives are regularly monitored and evaluated via key performance indicators (KPIs)

Strategic Planning Process



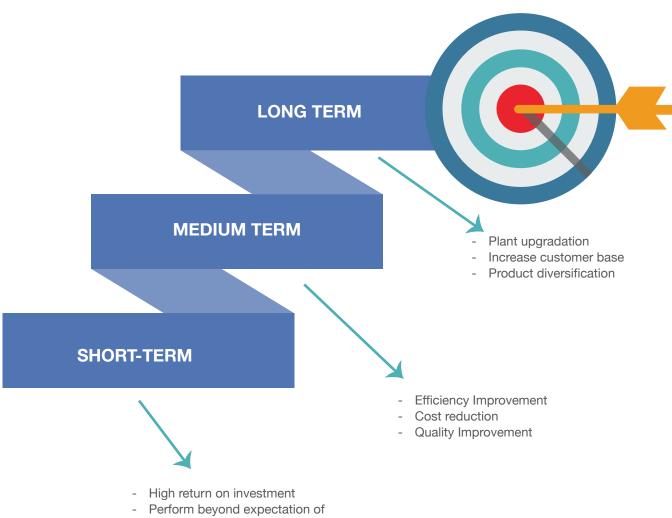
KEY PERFORMANCE INDICATORS

OPERATIONAL KPIs	FINANCIAL KPIs
Order fulfilment time Reduction in production losses Waste recycling Control of cost of production	Fair & Speedy Financial Reporting Increase Inventory Turnover Operational cash flow management Higher Gross / Net profit margin Higher Return on investment of surplus funds of Company Corporate Tax Management
SALES KPIs	HR & ADMINISTRATION KPIs
Net sales value Sales volume	Cost control Succession planning Employee satisfaction and retention CSR awareness Clean environment and safety for smooth operations

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.



- Perform beyond expectation or shareholder
- Customer satisfaction

KEY STRATEGIC GOALS

Goals & Strategy in place	Key Indicators
Customer satisfaction Dedicated to provide highest level of satisfaction to our customers via high quality products.	 Quality assurance and quality audits. International certifications to meet quality standards. Timely delivery Customer feedback
Employees Employees Empowerment	 Encourage ideas from bottom to top level. Succession planning. Job rotation and career development. Training and education programs for employees. Employee's turnover ratio.
Risk Management Enterprise Risk Management and Business Continuity Planning	 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	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.	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' interest through a healthy and viable business	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.	 Board's 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 the rising demand of its customer. The work related to expansion of raw material storage has started and is expected to be completed during FY 2021-2022.

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 future.

RESOURCE ALLOCATION PLANS



Financial Capital

The Company has Rs 6,128 million as reserves as at June 30, 2021 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 1,868 million of fixed assets and total inventory of Rs 554 million as at June 30, 2021, constituting 23% and 7% 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 recyle processed wastewater for its reuse at the plant, has been commissioned. This has enhanced the water resource capability of the Company by 150,000 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.



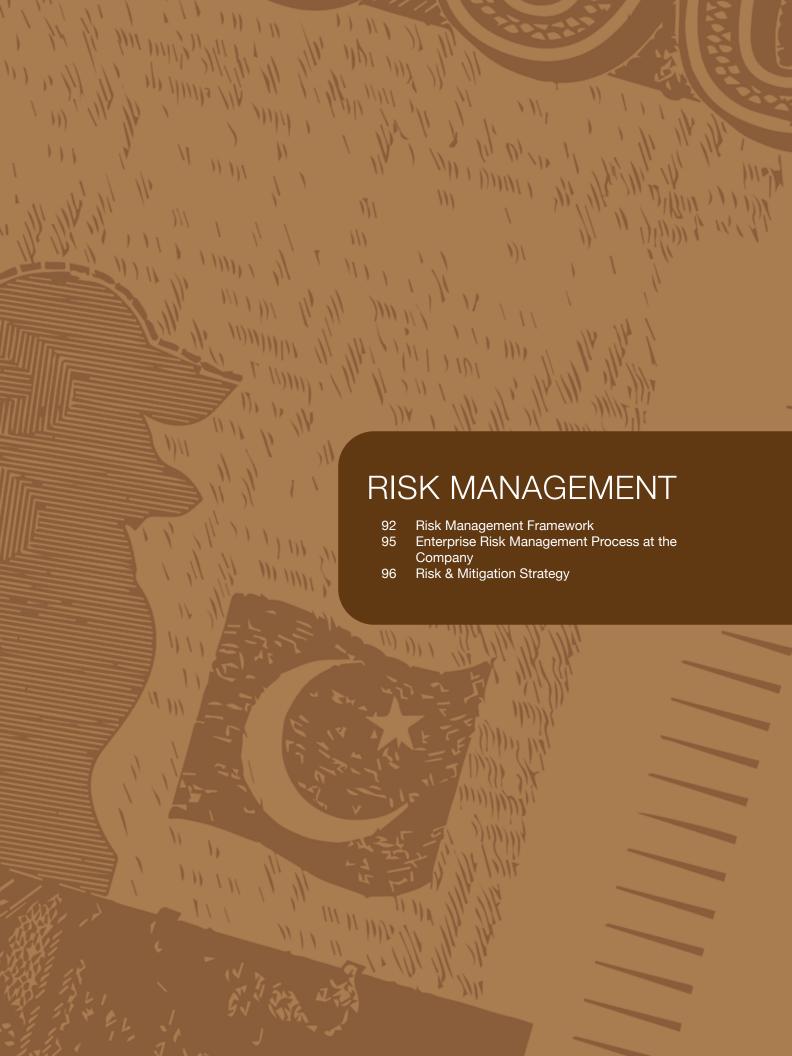
Intellectual Capital

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.



RISK MANAGEMENT FRAMEWORK

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. The 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 Company's strategic and operational performance.

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, approved 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, 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 is ultimately responsible for risk management and compliance in line with the risk appetite of the Company and is supported by:

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 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;

· Second line of defense |ERMC

Oversight functions support business and operations 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 Corporate secretary, 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 periodic basis.

Key functions of ERMC

- To support the Board and BIRC in terms of risk governance and oversight;
- To review the risk assessments carried out by the departments;
- To review 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 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 recommendation to address them, are reported to the Board Audit Committee (BAC). Our Management, with the assistance of IA, 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

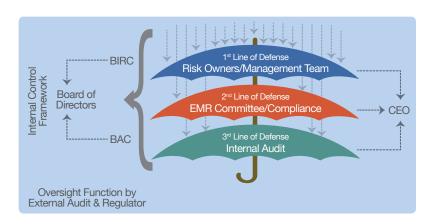
Role of BIRC: The BIRC has an overall responsibility for establishing an effective risk management system that ensures comprehensive and consistent management of all material risks. This function involves the following:

- 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 key risks and mitigating activities across different departments of the Company is presented to the Board on recommendation of BIRC.

Board of Directors

The Board oversees the governance of risk and for 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 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.



ENTERPRISE RISK MANAGEMENT PROCESS AT THE COMPANY

RISK IDENTIFICATION

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



RISK
ASSESSMENT AND
EVALUATION

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

RISK CONTROL / MITIGATION / TREATMENT

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

RISK
REPORTING
AND MONITORING

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.

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. The base for identifying material issues for more transparent, credible and amenable disclosures is evidence and reliable assumptions.

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.

RISK 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 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, 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	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 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 Reverse Osmosis plants (RO) that caters to a large part of our water needs. We have also established waste water recycling plant which has augmented water supply in a cost effective, sustainable and environmental 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	We enter into contracts with suppliers - both local and foreign - in order to guard against abrupt fluctuations in pricing and exchange rate variation. We maintain adequate stock levels and are further enhancing our storage capacity to mitigate abrupt price increase 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 2020-21, the equity of the Company has increased to Rs. 6,721 Million – reflecting a growth of 16% from Financial Year 2019-20. Equity mainly comprises of share capital and reserves. Management believes that currently there is no inadequacy in capital structure.



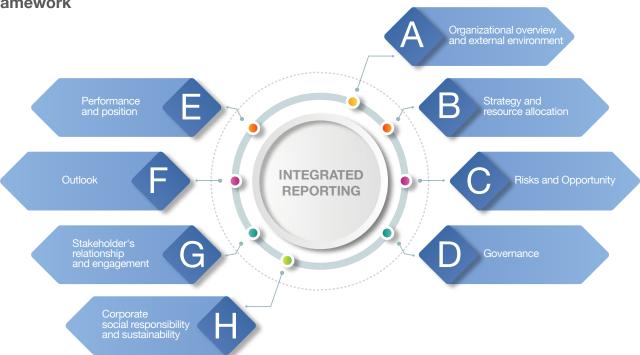
STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

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 Mitigation
- 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.

Shariah Advisor Report

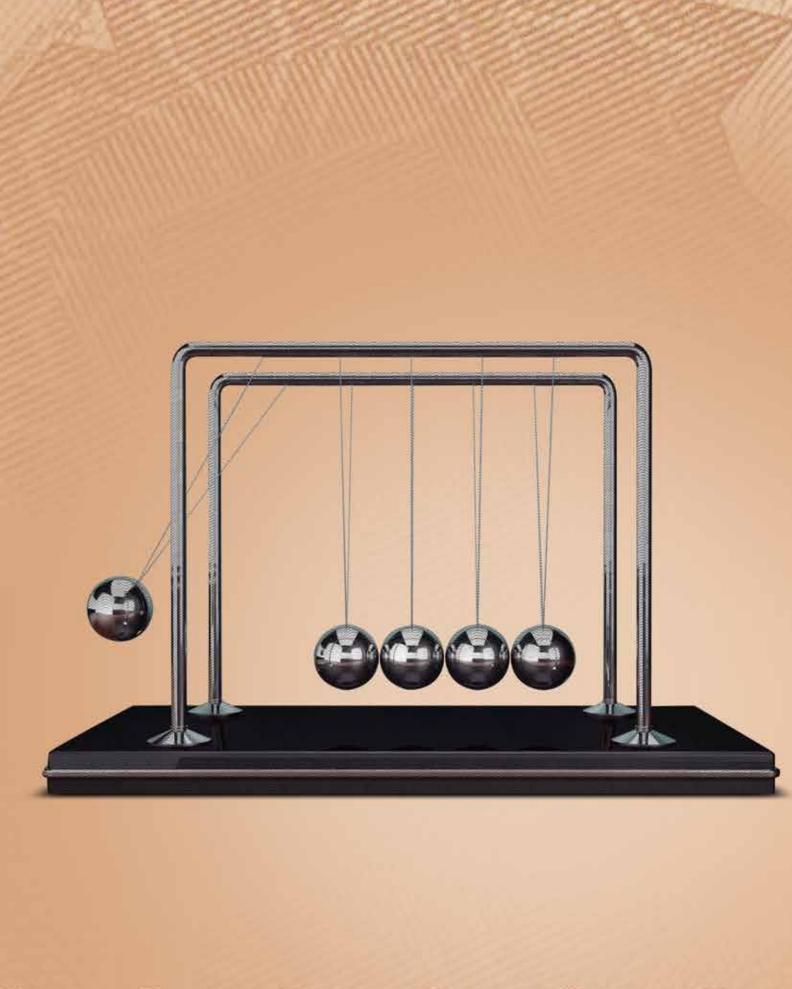
The Company is not requied to have a Shariah Advisory Board hence there is no Sharia Advisory report during the FY 2020-21.

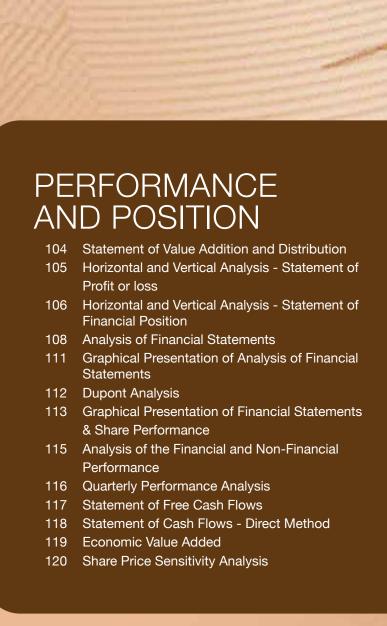
Disclosure Beyond BCR Criteria

The Company has also mapped its report with additional disclosures which are beyond the criteria of BCR by ICAP and ICMAP to ensure further transparency, consistency, comparability and presentation of information for its stakeholders the details are as follows:

- GRI-Standards: Core options
- United Nations SDGs



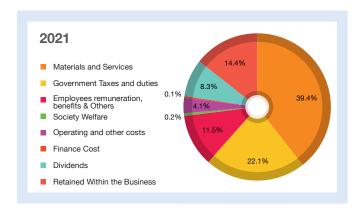


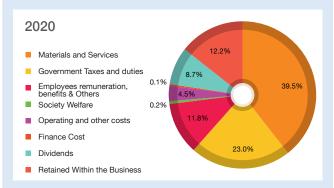


STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2021 (Rupees in '000)	%	2020 (Rupees in '000)	%
VALUE ADDITION				
Net Sales including Taxes	5,852,547	90.8%	5,735,384	94.1%
Other Operating Income	590,051	9.2%	360,071	5.9%
	6,442,598	100%	6,095,455	100%
VALUE DISTRIBUTION				
Materials and Services providers	2,539,312	39.4%	2,406,005	39.5%
Government Taxes and duties	1,426,694	22.0%	1,401,033	23.0%
Employees remuneration, benefits & Others	739,362	11.5%	721,742	11.8%
Society Welfare	11,765	0.2%	10,861	0.2%
Operating and other costs	263,434	4.1%	275,243	4.5%
Finance Cost	3,586	0.1%	4,322	0.1%
Dividends *	533,304	8.3%	533,304	8.7%
Retained Within the Business	925,141	14.4%	742,945	12.2%
	6,442,598	100%	6,095,455	100%

^{*} Subsequent to the year end, Board of Directors proposed cash dividend of Rs. 533.304 million (i.e. Rs. 9.00 per share) for approval of the members in Annual General Meeting as referred to in note 39 of the financial statements.





PROFIT OR LOSS STATEMENT

Horizontal Analysis

	2021	2020	2019	2018	2017	2016	
Sales - net	2.05%	22.48%	15.42%	21.99%	10.01%	20.67%	
Cost of sales	3.83%	24.36%	11.16%	23.95%	2.74%	16.50%	
Gross profit	(0.78%)	19.62%	22.58%	18.82%	24.16%	29.73%	
Administrative expenses	5.79%	24.60%	(1.77%)	23.44%	9.53%	5.79%	
Other income	63.87%	104.99%	31.93%	(74.43%)	73.22%	6.56%	
Other charges	2.70%	(57.64%)	23.04%	182.26%	43.06%	26.07%	
Finance costs	(17.03%)	39.73%	(28.32%)	4.50%	(63.28%)	(57.99%)	
Profit before taxation	10.80%	55.41%	30.78%	(32.03%)	42.77%	29.88%	
Taxation - net	2.35%	35.67%	22.50%	(13.74%)	29.70%	43.14%	
Profit after taxation	14.28%	65.31%	35.36%	(39.17%)	48.63%	24.70%	

Vertical Analysis

	2021	2020	2019	2018	2017	2016
Sales - net	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	62.38%	61.31%	60.38%	62.70%	61.70%	66.07%
Gross profit	37.62%	38.69%	39.62%	37.30%	38.30%	33.93%
Administrative expenses	6.31%	6.09%	5.98%	7.03%	6.95%	6.98%
Other income	11.80%	7.35%	4.39%	3.84%	18.32%	11.64%
Other charges	3.12%	3.10%	8.97%	8.42%	3.64%	2.80%
Finance costs	0.07%	0.09%	0.08%	0.12%	0.15%	0.44%
Profit before taxation	39.91%	36.76%	28.97%	25.57%	45.89%	35.35%
Taxation - net	10.75%	10.72%	9.68%	9.12%	12.89%	10.94%
Profit after taxation	29.16%	26.04%	19.29%	16.45%	32.99%	24.42%

STATEMENT OF FINANCIAL POSITION

Horizontal Analysis

-	2021	2020	2019	2018	2017	2016
ASSETS						
Non-current assets						
Property, plant and equipment	8.66%	13.51%	(4.68%)	(0.12%)	(6.96%)	(7.44%)
Right of use assets Intangible Assets	(16.44%) (10.26%)	100.00% 1,166.04%	20.09%	100.00%	-	-
Long Term Investments	(31.33%)	9.14%	197.71%	(48.66%)	0.64%	(47.01%)
Long-term deposits	7.00%	4.45%	7.97%	18.99%	(13.78%)	13.76%
Current assets						
Stores, spares and loose tools	1.91%	8.06%	5.33%	24.99%	28.33%	(0.76%)
Stock-in-trade	4.69%	45.45%	(7.00%)	(28.69%)	12.64%	33.02%
Trade debts - considered good Advances, deposits, prepayments and	125.06%	(60.06%)	44.19%	(0.83%)	103.25%	23.00%
other receivables	75.15%	(47.40%)	71.84%	(34.07%)	63.90%	(47.23%)
Accrued mark-up	(5.37%)	36.20%	(0.27%)	(5.05%)	(36.91%)	2.98%
Investments	46.10%	28.34%	(28.07%)	20.36%	13.90%	92.77%
Cash and bank balances	(4.65%)	233.77%	(49.49%)	1,255.33%	(79.69%)	28.65%
Total assets	16.51%	14.78%	3.26%	3.75%	7.71%	2.31%
LIABILITIES						
Current liabilities						
Trade and other payables	9.39%	19.25%	(7.69%)	14.12%	23.68%	(4.22%)
Accrued mark-up	(91.92%)	209.48%	866.67%	(85.37%)	(74.77%)	(77.95%)
Short Term Running Finance	4.400/	(100.00%)	61.17%	100.00%	(0.4.04.07)	(04.100/)
Current portion of lease liabilities Unclaimed dividend	4.12%	(0.35%)	4.52%	0.58%	(84.91%)	(64.16%)
Unpaid dividend	158.11% 37.56%	(16.87%) 1.01%	(79.17%) 27.69%	15.88% 17.33%	(90.58%) 29.11%	30.74% 31.00%
Taxation - net	(1.28%)	4.94%	(18.14%)	(13.09%)	12.90%	9.38%
Taxation - Het	(1.20 /0)	7.5770	(10.1470)	(10.0370)	12.3070	3.0070
Non-current liabilities						
Lease Liabilities	(1.50%)	4.71%	13.95%	38.07%	(14.88%)	31.02%
Long term loan		-	-	-	(100.00%)	(97.06%)
Staff retirement benefits	(12.44%)	8,488.36%	- (0.4.000())	- (45.000()	-	- (5.000()
Deferred taxation - net	56.23%	(4.09%)	(31.03%)	(15.82%)	(21.33%)	(5.36%)
Total liabilities	18.62%	4.18%	(3.42%)	10.02%	5.44%	(9.51%)
NET ASSETS	16.08%	17.24%_	4.94%	2.28%	8.26%	5.70%
Issued, subscribed and paid-up capital	_	_	_	_	_	_
General reserve	10.57%	7.11%	7.20%	14.44%	6.11%	3.54%
Unappropriated profit	49.54%	140.21%	(7.24%)	(44.93%)	26.30%	24.89%
SHAREHOLDER'S EQUITY	16.08%	17.24%	4.94%	2.28%	8.26%	5.70%
Tablifications of Obs. 1 11 5 2	40.540/	44700/	0.0007	0.750/	7 740/	0.070/
Total liabilities & Shareholder Equity	16.51%	14.78%	3.26%	3.75%	7.71%	2.37%

STATEMENT OF FINANCIAL POSITION

Vertical Analysis

-	2021	2020	2019	2018	2017	2016
ASSETS						
Non-current assets						
Property, plant and equipment Right of use assets	22.96% 0.27%	24.62% 0.37%	24.90%	26.97%	28.01%	32.43%
Intangible Assets	0.22%	0.29%	0.03%	0.02%	_	_
Long-term deposits	0.06%	0.06%	0.07%	0.07%	0.06%	0.07%
Long Term Investments	10.97%	18.61%	19.57%	6.79%	13.72%	14.68%
Current assets						
Stores, spares and loose tools	2.47%	2.82%	3.00%	2.94%	2.44%	2.05%
Stock-in-trade	6.81%	7.58%	5.98%	6.64%	9.66%	9.24%
Trade debts - considered good Advances, deposits, prepayments and	9.98%	5.17%	14.85%	10.63%	11.13%	5.90%
other receivables	0.98%	0.65%	1.42%	0.86%	1.35%	0.88%
Interest accrued	0.71%	0.88%	0.74%	0.77%	0.84%	1.43%
Loans, receivables & Investments	36.56%	29.15%	26.08%	37.43%	32.27%	30.52%
Cash and bank balances	8.01%	9.79%	3.37%	6.88%	0.53%	2.79%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES						
Current liabilities						
Trade and other payables	8.66%	9.22%	8.87%	9.93%	9.02%	7.86%
Accrued mark-up	-	0.01%	-	-	-	0.01%
Short Term Running Finance	-	-	1.45%	0.93%	-	-
Current maturity of long term loan	-	-	-	-	0.02%	0.76%
Current portion of lease liabilities	0.09%	0.10%	0.12%	0.12%	0.10%	0.09%
Unclaimed dividend	0.05% 4.37%	0.02%	0.03%	0.15%	0.14%	2.62%
Unpaid dividend Taxation - net	1.38%	3.70% 1.63%	4.21% 1.79%	3.40% 2.25%	3.00% 2.69%	2.57%
Taxation - net	1.30 /0	1.0370	1.7970	2.23/0	2.0970	2.57 /0
Non-current liabilities						
Lease Liabilities	0.24%	0.28%	0.31%	0.28%	0.21%	0.27%
Long Term Liabilities	0.31%	0.41%	0.01%	-	-	0.02%
Deferred taxation - net	2.31%	1.73%	2.06%	3.09%	3.81%	5.22%
Total liabilities	17.41%	17.10%	18.84%	20.14%	18.99%	19.40%
NET ASSETS	82.59%	82.90%	81.16%	79.86%	81.01%	80.60%
Issued, subscribed and paid-up capital	7.28%	8.48%	9.74%	10.06%	10.43%	11.24%
General reserves	57.31%	60.39%	64.72%	62.34%	56.52%	57.37%
Unappropriated profit	18.00%	14.02%	6.70%	7.46%	14.05%	11.98%
SHAREHOLDER'S EQUITY	82.59%	82.90%	81.16%	79.86%	81.01%	80.60%
Total liabilities & Shareholder Equity	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

ANALYSIS OF FINANCIAL STATEMENT

(Rupees in '000)*

	2021	2020	2019	2018	2017	2016
Financial Position						
Fixed Assets - Net	1,868,242	1,719,417	1,514,757	1,589,119	1,591,021	1,710,120
Right to Use Assets	21,628	25,882	-	-	-	-
Intangible Assets	18,133	20,206	1,596	1,329	-	-
Investments	892,543	1,299,667	1,190,841	399,999	779,176	774,229
Lease Deposits	4,770	4,458	4,268	3,953	15,997	15,514
	2,805,316	3,069,630	2,711,462	1,994,400	2,386,194	2,499,863
Current Assets	5,332,033	3,914,344	3,372,972	3,898,039	3,293,013	2,772,750
Current Liabilities	1,183,904	1,025,438	1,001,985	988,323	850,482	732,894
Working Capital	4,148,129	2,888,906	2,370,987	2,909,716	2,442,531	2,039,856
Total Assets	6,953,445	5,958,536	5,082,449	4,904,116	4,828,725	4,539,719
Less: Long Term Liabilities	44,515	48,389	18,735	16,441	11,908	15,202
Less: Deferred Liabilities	188,230	120,481	125,618	182,124	216,360	275,028
Net Assets	6,720,700	5,789,666	4,938,096	4,705,551	4,600,457	4,249,489
Not Added		= 0,700,000	1,000,000		= 1,000,107	= 1,2 10, 100
Paid-up-Capital	592,559	592,559	592,559	592,559	592,559	592,559
Reserves	6,128,141	5,197,107	4,345,537	4,112,992	4,007,898	3,656,930
Shareholders' Equity	6,720,700	5,789,666	4,938,096	4,705,551	4,600,457	4,249,489
Profit or Loss						
Sales - Net	5,001,692	4,901,284	4,001,591	3,466,918	2,842,085	2,583,566
Cost of Sales	3,120,160	3,004,975	2,416,355	2,173,695	1,769,555	1,706,946
Gross Profit	1,881,532	1,896,309	1,585,236	1,293,223	1,072,530	876,620
Administrative Expenses	315,588	298,322	239,421	243,741	197,458	180,286
Operating Profit	1,565,944	1,597,987	1,345,815	1,049,482	875,072	696,334
Other Income	590,051	360,071	175,649	133,140	520,700	300,600
Other Charges	156,234	152,124	359,089	291,839	111,952	72,272
Finance Cost	3,586	4,322	3,093	4,315	4,129	11,244
Profit before Tax Taxation	1,996,175 537,730	1,801,612 525,363	1,159,282 387,248	886,468 316,109	1,279,691 366,473	913,418 282,547
Profit after Tax	1,458,445	1,276,249	772,034	570,359	913,218	630,871
FIGHT diter lax	1,430,443	1,270,249	772,034	370,339	913,216	030,671
Investors Information						
Dividend **						
Cash - Value	533,304	533,304	488,861	474,047	474,047	444,419
Cash - %	90%	90%	82.5%	80%	80%	75%
Profit retained in Business - Value	925,141	742,945	283,173	96,312	439,171	186,452
Retention - %	63.43%	58.21%	36.68%	16.89%	48.09%	29.55%
Profitability Ratios						
Gross Profit to Sales %	37.62%	38.69%	39.62%	37.30%	37.74%	33.93%
EBITDA (Rs '000)	2,201,176	2,002,341	1,377,678	1,099,240	1,489,600	1,137,121
EBITDA Margin to Sales %	44.01%	40.85%	34.43%	31.71%	52.41%	44.01%
Profit before Tax to Sales %	39.91%	36.76%	28.97%	25.57%	45.03%	35.35%
Profit after Tax to Sales %	29.16%	26.04%	19.29%	16.45%	32.13%	24.42%
Operating Leverage Ratio %	193.04%	71.53%	50.80%	(66.81%)	148.38%	43.97%
Return on Equity - before tax %	29.70%	31.12%	23.48%	18.84%	27.82%	21.49%
Return on Equity - after tax %	21.70%	22.04%	15.63%	12.12%	19.85%	14.85%
Return on Capital Employed %	21.56%	21.86%	15.58%	12.08%	19.80%	14.79%

^{*} All Figures are in thousand Rupees, unless stated otherwise.

ANALYSIS OF FINANCIAL STATEMENT

(Rupees in '000)*

	2021	2020	2019	2018	2017	2016
Turnover Ratios Return on Assets - before tax % Return on Assets - after tax % Fixed Assets Turnover Ratio Total Assets Turnover % Stock Turnover - (In Times) Stock Turnover - No. of Days Debtor turnover Ratio - No. of Days Creditor turnover Ratio - No. of Days Operating Cycle	24.53% 17.92% 2.62:1 1.63:1 5.76 64 37 26 75	25.80% 18.27% 2.78:1 1.42:1 6.73 54 41 27 68	19.05% 12.69% 2.64:1 1.52:1 6.40 57 60 22 95	15.04% 9.68% 2.18:1 1.70:1 4.63 79 57 35 101	22.53% 16.08% 1.79:1 2.00:1 3.42 107 52 31 128	17.32% 11.97% 1.51:1 2.04:1 4.15 88 36 35
Liquidity Ratios Current Ratio Quick Ratio Cash to Current Liabilities Cash flow from operations to Sales	4.50:1	3.82:1	3.37:1	3.94:1	3.87:1	3.78:1
	3.40:1	2.59:1	2.83:1	3.37:1	3.08:1	2.99:1
	0.55:1	0.67:1	0.20:1	0.41:1	0.12:1	0.20:1
	0.14:1	0.34:1	0.16:1	0.29:1	0.10:1	0.15:1
Capital Structure Ratios Long Term Debt to Equity Long Term Debt to Asset Debt Equity Ratio Interest cover ratio Weighted Average Cost of Debt	0.01:1	0.01:1	0.00:1	0.00:1	0.00:1	0.00:1
	0.01:1	0.01:1	0.00:1	0.00:1	0.00:1	0.00:1
	0.01:1	0.01:1	0.00:1	0.00:1	0.00:1	0.00:1
	828:1	595:1	777:1	444:1	1,074:1	585:1
	10.0%	12.8%	8.19%	10.74%	5.61%	7.10%
Market Ratios No. of Shares in issue - No. Cash Dividend per share (Rs) Earning per share - before tax (Rs) Earning per share - after tax (Rs) Break-up value per share (Rs):	59,256	59,256	59,256	59,256	59,256	59,256
	9.00	9.00	8.25	8.00	8.00	7.50
	33.69	30.40	19.56	14.96	21.60	15.41
	24.61	21.54	13.03	9.63	15.41	10.65
 Without Surplus on Revaluation on Fixed Assets With Surplus on Revaluation on Fixed Assets 	113.42	97.71	83.34	79.41	77.64	71.71
Price Earning Ratio - Year end Price (Rs) Earning Yield - Year end Price % Dividend Payout % Dividend Yield - Year end Price % Dividend Cover - Times	5.87	6.59	7.12	12.57	9.47	9.92
	17.02%	15.17%	14.04%	7.95%	10.56%	10.08%
	37%	42%	63%	83%	51.91%	70.45%
	6.23%	6.34%	8.89%	6.61%	5.48%	7.10%
	2.73	2.39	1.58	1.20	1.93	1.42
SHARE PERFORMANCE Share Price - Highest (Rs) Share Price - Lowest (Rs) Share Price - Average (Rs) Share Price - At year end (Rs) Market Capitalization - Year end	248.50	151.49	127.00	170.00	176.75	106.50
	122.00	77.25	78.00	115.49	87.10	74.50
	185.25	113.26	102.50	142.75	131.93	90.50
	144.57	141.95	92.79	121.02	145.95	105.59
Price - (Rs 1000)	8,566,620	8,411,369	5,498,351	7,171,144	8,648,393	6,256,826
Turnover of shares	8,064,300	2,538,200	2,620,600	3,672,400	10,667,500	2,042,000

^{*} All Figures are in thousand Rupees, unless stated otherwise.

ANALYSIS OF FINANCIAL STATEMENT

(Rupees in '000)*

	2021	2020	2019	2018	2017	2016
PRODUCTION (Ton)						
Banknote Paper	3,527	3,399	3,214	2,692	2,334	2,184
Non-Banknote Paper	611	978	505	581	488	473
Total	4,138	4,377	3,719	3,273	2,822	2,657
SALES (Ton)						
Banknote Paper	3,534	3,373	3,215	2,712	2,385	2,176
Non-Banknote Paper	629	962	511	591	473	482
Total	4,163	4,335	3,726	3,303	2,858	2,658
PER CAPITA REVENUE (Rs. in MN)	14.93	13.50	10.59	9.05	7.27	6.40
SUMMARY OF CASH FLOWS						
Cash Flows from Operating activities	693,057	1,660,735	641,961	1,014,309	272,273	394,212
Net Cash from investing activities	(283,288)	(656,975)	(380,817)	(317,087)	134,396	87,497
Net cash used in financing activities	(441,605)	(524,734)	(461,881)	(396,502)	(449,104)	(448,887)
Cash and cash equivalents at beginning						
of the year	683,939	204,913	405,650	104,930	147,365	114,543
Cash and cash equivalents at end of	,		ŕ	·	·	•
the year	652,103	683,939	204,913	405,650	104,930	147,365

^{*} All Figures are in thousand Rupees, unless stated otherwise.

COMMENTS ON RATIO ANALYSIS



Higher sales revenue and other income during the year resulted in overall higher profitability during the year as compared to last year. EBITDA margin to is significantly sales improved by 3.16%; the EBITDA in rupees is increased from Rs 2,002 million to Rs 2,201 million due to higher sales revenue and other income and efficiencies. operational Other income increased due to attractive yields on fixed income securities as well as higher unrealized income on mutual funds due to better performance of stock market.

During the vear under review Debtors turnover ratio has improved from 41 days in 2020 to 37 days in 2021. stock turn over ratio was 5.76 (times) with cover of 64 days. Creditors turnover ratio has slightly improved to 26 days in 2021 from 27 days reported in 2020. Return on Assets and Assets turn over ratio were slightly changed during the year.





Current ratio and Quick ratio have increased to 4.50:1 and 3.40:1 in 2021 from 2.59:1 and respectively reported in 2020, reflecting liquidity position of the Company. Cash to Current liabilities ratio is 0.55:1 which reflects strong financial position of the Company.

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 828:1 in 2021 as against 595:1 in 2020.

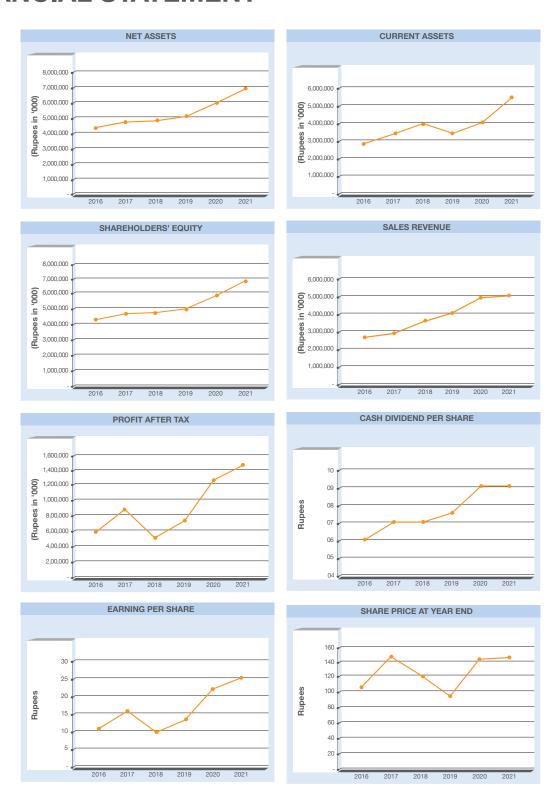




Earning per share has been showing a rising trend due to increase in net income over the periods. In 2021, EPS (after-tax) stood at Rs 24.61 as against Rs 21.54 in 2020. Average market share price stood at Rs 185.25 in 2021 as compared Rs 113.26 in 2020. Earning yield also shown improvement during the year and stood at 17.02%. Earning yield has increased by 1.85% even though share price increased during the year.

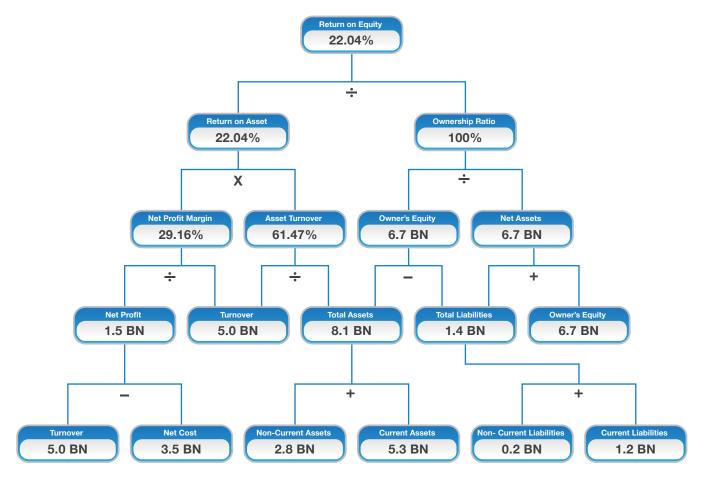
^{**} Subsequent to the year end, Board of Directors proposed cash dividend of Rs. 533.304 million (i.e. Rs. 9.00 per share) for approval of the members in Annual General Meeting as referred to in note 39 of the financial statements.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENT



DUPONT ANALYSIS

Rupees in Billion (BN)



Comments on DuPont Analysis

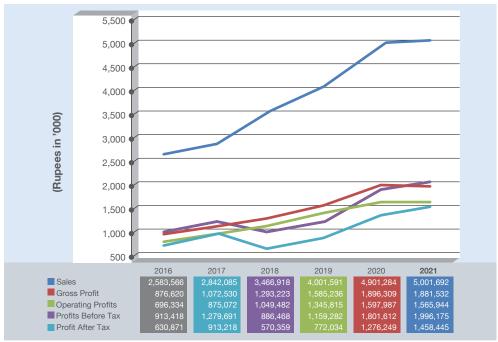
- Profit After Tax increased to 29.16% in 2021 as compared to 26.04% repoorted in 2020, mainly due to higher sales revenue and other income.
- Reduction in Asset turnover ratio is attributable to increase in capitalisation of various projects during the year.
- Financial leverage position remained kept at minimum as assets are mainly financed by the equity.
- EBIT margin has increased by 3% in 2021 mainly due to higher sales revenue and other income.
- Interest burden ratio remained healthy and stood 99.82% in 2021 as compared to 99.76% in 2020, reflecting minimal leverage position of the Company.
- Tax efficiency ratio reflects that the Company was able to retain 73.06% 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 PERFOMANCE

STATEMENT OF FINANCIAL POSITION

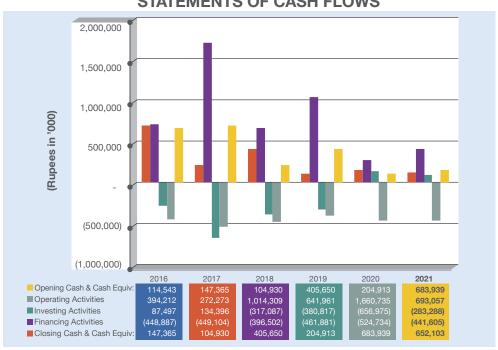


PROFIT OR LOSS STATEMENT

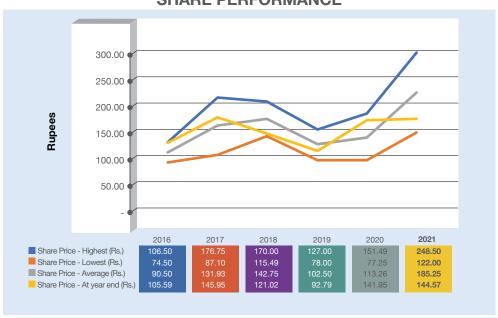


GRAPHICAL PRESENTATION OF FINANCIAL STATEMENTS & SHARE PRICE

STATEMENTS OF CASH FLOWS



SHARE PERFORMANCE



Analysis of the Financial and Non-Financial Performance

Financial metrics include revneue, 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 turn over, debt to equity ratio and earnings per share.

During the year under review, the Company earned profit after tax of Rs 1,498 Million (Budgeted: Rs 1,039 million). Capital intensive Waste Water Recycling Plant capable to recycle 150,000 gallons water per day and third Gas Engine for Co-Generation power Plant of 1.4 MW have been commissioned succesfully.

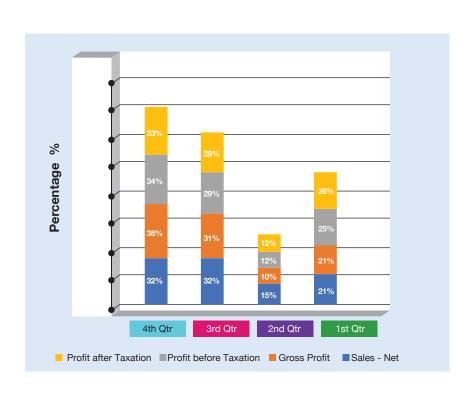
Non-Financial Key Performance Indicators are other measures used to assess the activities that the Company sees as important to the acheivement of its strategic objectives. Non-financial metrics are quantitative measures that relates to employees, customers relationship, quality, cycle time etc.,

During the year the Human Resources (HR) department was focused on building talent for future through a 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 Customer's feed back and highlights the areas of improvement. The Company measures customer statisfaction/complaint systematically by giving timely feed back to its customers.

QUARTERLY PERFORMANCE ANALYSIS

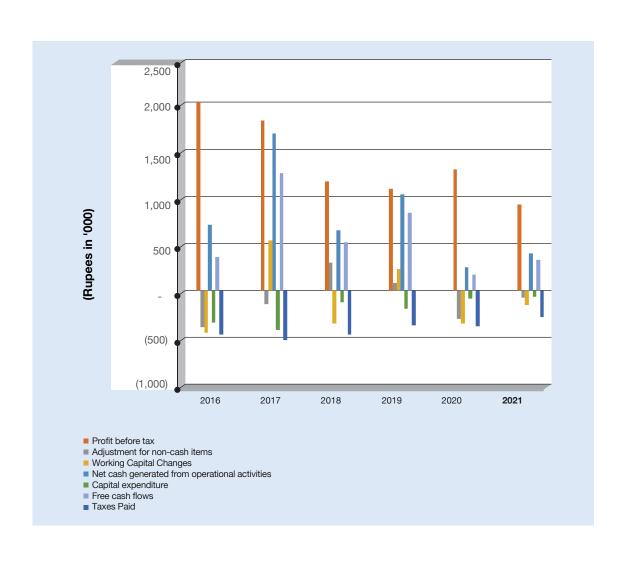
_	Jun-21	Mar-21	Dec-20	Sep-20	Total	
	(Rupees in '000)					
Sales - Net	1,621,778	1,606,400	738,277	1,035,237	5,001,692	
Cost of Sales	(905,053)	(1,028,209)	(545,231)	(641,667)	(3,120,160)	
GROSS PROFIT	716,725	578,191	193,046	393,570	1,881,532	
Administrative Expense	(87,817)	(74,416)	(76,028)	(77,327)	(315,588)	
Other Income	111,723	116,330	138,268	223,730	590,051	
Other Charges	(60,505)	(40,298)	(16,788)	(38,643)	(156,234)	
OPERATING PROFIT	680,126	579,807	238,498	501,330	1,999,761	
Finance Cost	237	(872)	(1,928)	(1,023)	(3,586)	
Profit before Taxation	680,363	578,935	236,570	500,307	1,996,175	
Taxation	(192,689)	(163,925)	(57,969)	(123,147)	(537,730)	
PROFIT AFTER TAXATION	487,674	415,010	178,601	377,160	1,458,445	



STATMENT OF FREE CASH FLOWS

Profit before tax
Adjustment for non-cash items
Taxes Paid
Working Capital Changes
Net cash generated from
operational activities
Capital expenditure
Free cash flows

	2021	2020	2019	2018	2017	2016	
(Rupees in '000)							
	1,996,175	1,801,612	1,159,282	1,079,885	1,279,691	913,418	
	(384,407)	(146,582)	296,483	76,874	(300,248)	(80,798)	
	(471,438)	(525,129)	(467,841)	(371,565)	(381,554)	(286,164)	
	(447,273)	530,834	(345,963)	229,115	(350,051)	(152,244)	
	693,057	1,660,735	641,961	1,014,309	247,838	394,212	
	(337,197)	(418,119)	(127,126)	(194,495)	(83,049)	(66,159)	
	355,860	1,242,616	514,835	819,814	164,789	328,053	



STATEMENT OF CASH FLOWS - DIRECT METHOD

2020 2021 ---- (Rupees in '000) ----

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from Customers	5,412,272	6,287,982
Cash paid to suppliers and employees	(4,243,549)	(4,097,849)
Cash generated from operations	1,168,723	2,190,133
Net income tax paid	(471,438)	(525,129)
Finance costs paid	(3,916)	(4,079)
Lease deposits paid	(312)	(190)
Net Cash generated from operating activities	693,057	1,660,735
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(337,197)	(418,119)
Purchase of intangible assets	(510)	(20,249)
Proceeds from sale of operating fixed assets	2,316	3,485
Gain on Redemption of mutual fund	5,590	_
Investment made during the year	(2,455,072)	(4,336,492)
Investment matured during the year	2,269,781	3,817,819
Dividend received on mutual fund	7,799	36,109
Mark-up received	224,005	260,472
Net cash used in investing activities	(283,288)	(656,975)
CARL ELONG EDOM EINANGING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term running finance	-	(88,030)
Payments against lease obligations	(7,815)	(9,377)
Dividend paid	(433,790)	(427,327)
Net cash used in financing activities	(441,605)	(524,734)
Net (decrease)/increase in cash and cash equivalents	(31,836)	479,026
Cash and cash equivalents at beginning of the year	683,939	204,913
Cash and cash equivalents at end of the year	652,103	683,939
and the state of t		

ECONOMIC VALUE ADDED

2021 2020 ---- (Rupees in '000) ----

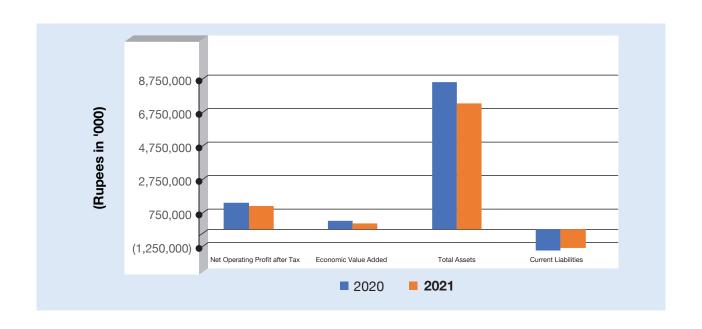
Net Operating Profit after Tax Cost of Capital

Economic Value Added

Total Assets Current Liabilities Invested Capital WACC **Cost of Capital**

1,462,031 (995,038)466,993 8,137,349 (1,183,904)6,953,445 14.31% 995,038

1,280,571 (963,495)317,076 6,983,974 (1,025,438)5,958,536 16.17% 963,495



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 and increasing dependence on imported energy may affects the financial performance of the Company.

Exchange Rate Fluctuation

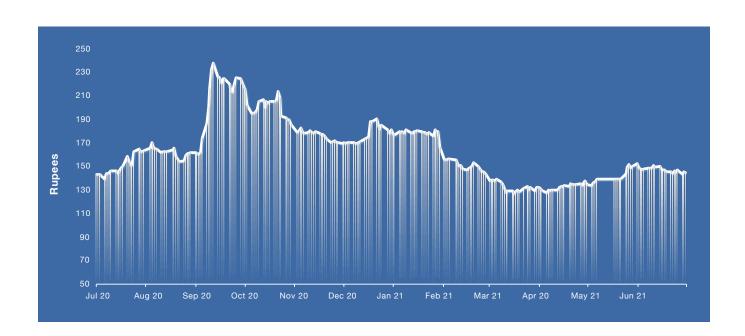
The Company is directly exposed to exchange rate fluctuations since the major raw materials such as security threads, invisible fibers and chemicals are imported by the Company.

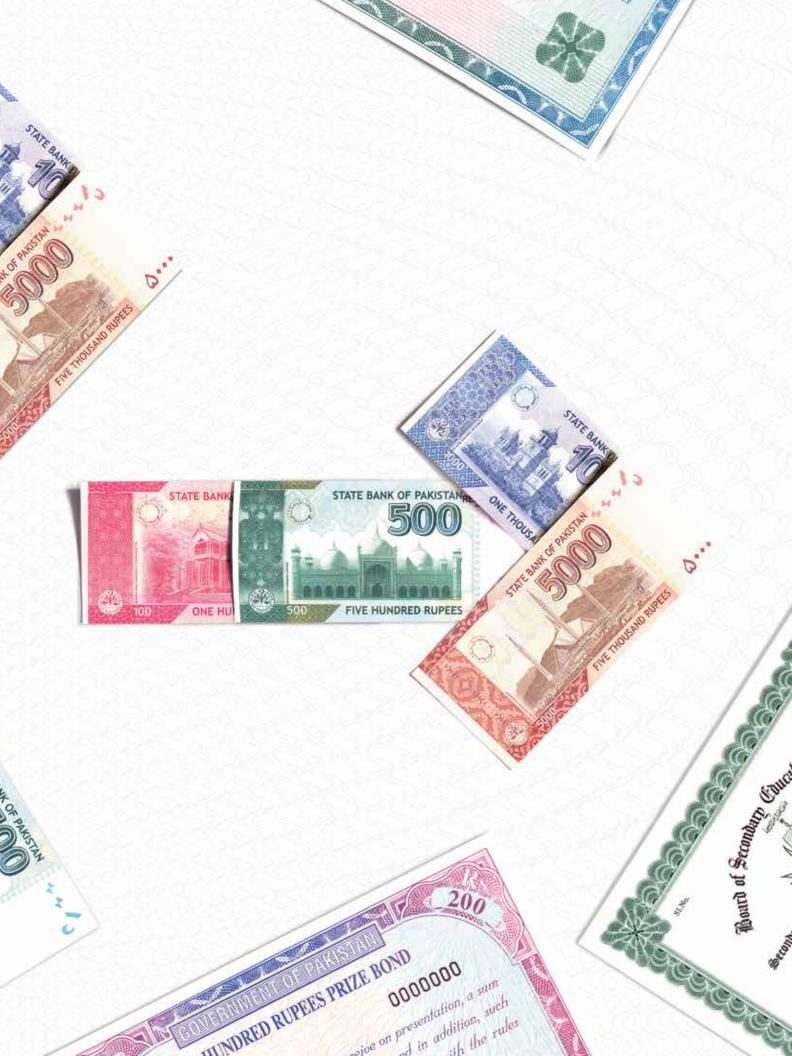
Plant Operations

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.









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- 135 Notes to the Financial Statements



KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2, Beaumont Road Karachi 75530 Pakistan +92 (21) 35685847, Fax +92 (21) 35685095

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 2021, 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 (XIX of 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 2021 and of the profit, 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

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



in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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	
Refer note 22 to the financial statements and the accounting policy in note 4.20 to the financial statements.	Our audit procedures in respect of recognition of revenue, amongst others, included the following:
The Company generated net revenue of Rs. 5,002 million (2020: Rs. 4,901 million). Out of total sales, Rs. 4,249 million which constitutes 84.96% (2020: Rs. 3,936 million i.e. 80.31%) of total sales made to Pakistan Security Printing Corporation (Private) Limited (PSPC) which is also a significant shareholder with 40.03% in equity. Under this arrangement provisional pricing agreed at the beginning of the financial year which is subject of final adjustment based on cost plus pricing arrangement at year end if any.	 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 accounting and reporting standards as applicable in Pakistan;
We identified revenue recognition as key audit matter because of significant sale is made to a related party PSPC under a cost-plus pricing arrangement and its recognition in appropriate period which could potentially impact the operating results of the Company.	 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.



Key audit matter	How the matter was addressed in our audit
	Obtaining confirmation from PSPC for transactions and balances; and
	 Assessing the adequacy of the 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 2021 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.



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.



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);
- b) 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 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;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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.



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

Date: 1 September 2021

Karachi

KPMG Taseer Hadi & Co. **Chartered Accountants**

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

710 711 00 0011E 2021		2021	2020
ASSETS	Note	(Rupees	in '000)
Non-current assets			
Property, plant and equipment	5	1,868,242	1,719,417
Right-of-use assets	5.1	21,628	25,882
Intangible assets	6	18,133	20,206
Long-term investments	7	892,543	1,299,667
Lease deposits		4,770	4,458
		2,805,316	3,069,630
Current assets	0	000 000	107.007
Stores, spare parts and loose tools Stock-in-trade	8 9	200,998 553,921	197,237 529,111
Trade debts - considered good	10	812,253	360,899
Loans, advances, deposits, prepayments and other receivables	11	79,784	45,552
Interest accrued	12	58,152	61,453
Investments	13	2,974,822	2,036,153
Cash and bank balances	14	652,103	683,939
		5,332,033	3,914,344
TOTAL ASSETS		8,137,349	6,983,974
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised share capital			
70,000,000 (2020: 70,000,000) ordinary shares of Rs. 10 each		700,000	700,000
Issued, subscribed and paid-up capital 59,255,985 ordinary	4.5		500 550
shares of Rs.10 each	15	592,559	592,559
Revenue reserves			
General reserves		4,663,799	4,217,879
Unappropriated profits		1,464,342	979,228
		6,128,141	5,197,107
Total shareholders' equity		6,720,700	5,789,666
Non-current liabilities			
Lease Liabilities	16	19,324	19,618
Staff retirement benefits	17	25,191	28,771
Deferred taxation - net	18	188,230	120,481
		232,745	168,870
Current liabilities	40	701017	0.40.000
Trade and other payables	19	704,317	643,868
Accrued mark-up Unclaimed dividend		29	359 1,523
Unpaid dividend		3,931 355,658	258,552
Current portion of lease liabilities	16	7,362	7,071
Taxation - net	. 0	112,607	114,065
		1,183,904	1,025,438
Total liabilities		1,416,649	1,194,308
Contingencies and commitments	21		
Contingencies and commitments	۷ ا		
TOTAL EQUITY AND LIABILITIES		8,137,349	6,983,974

The annexed notes 1 to 40 form an integral part of these financial statements.

Dr. Mohammad Ashraf Butt Chief Executive Officer

Babar Aijaz Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 (Rupees	2020 s in ' 000)	
Sales - net	22	5,001,692	4,901,284	
Cost of sales	23	(3,120,160)	(3,004,975)	
Gross profit		1,881,532	1,896,309	
Administrative expenses	24	(315,588)	(298,322)	
Other income	25	590,051	360,071	
Other charges	26	(156,234)	(152,124)	
Finance costs	27	(3,586)	(4,322)	
Profit before taxation		1,996,175	1,801,612	
Taxation - net	28	(537,730)	(525,363)	
Profit after taxation		1,458,445	1,276,249	
		(Rupees)		
Earnings per share - basic and diluted	29	24.61	21.54	

The annexed notes 1 to 40 form an integral part of these financial statements.

Dr. Mohammad Ashraf Butt Chief Executive Officer

Babar Aijaz Chief Financial Officer

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 (Rupee	2020 s in ' 000)
Profit after taxation		1,458,445	1,276,249
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Remeasurement gain on defined benefit plan	30.1.3	5,893	4,926
Total comprehensive income for the year		1,464,338	1,281,175

The annexed notes 1 to 40 form an integral part of these financial statements.

Dr. Mohammad Ashraf Butt Chief Executive Officer

Babar Aijaz Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Issued,	Revenue reserves			Total
	subscribed and paid-up share capital	General reserves	Unappropriated profit	Total Reserves	equity
		(Rupees in '000)			
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
Total comprehensive income for the year ended 30 June 2021					
Profit for the year	-	-	1,458,445	1,458,445	1,458,445
Other comprehensive income	_	-	5,893	5,893	5,893
	-	-	1,464,338	1,464,338	1,464,338
Transactions with owners: Final cash dividend @ Rs. 9.00 per ordinary share for the year ended 30 June 2020	-	-	(533,304)	(533,304)	(533,304)
Transfer to general reserves	-	445,920	(445,920)	-	-
Balance as at 30 June 2021	592,559	4,663,799	1,464,342	6,128,141	6,720,700

The annexed notes 1 to 40 form an integral part of these financial statements.

Dr. Mohammad Ashraf Butt Chief Executive Officer

Babar Aijaz Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 2020 (Rupees in '000)	
Cash flows from operating activities			
Cash generated from operations Lease deposits paid Taxes paid Finance costs paid Net cash generated from operating activities	34	1,168,723 (312) (471,438) (3,916) 693,057	2,190,133 (190) (525,129) (4,079) 1,660,735
Cash flows from investing activities			
Capital expenditure Purchase of intangible assets Proceeds from sale of operating fixed assets Gain on Redemption of mutual fund Investment made during the year Investment matured during the year Dividend received on mutual fund Mark-up received Net cash used in investing activities		(337,197) (510) 2,316 5,590 (2,455,072) 2,269,781 7,799 224,005 (283,288)	(418,119) (20,249) 3,485 - (4,336,492) 3,817,819 36,109 260,472 (656,975)
Cash flows from financing activities			
Short term running finance Payments of lease liabilities Dividend paid Net cash used in financing activities		(7,815) (433,790) (441,605)	(88,030) (9,377) (427,327) (524,734)
Net (decrease) / increase in cash and cash equivalents		(31,836)	479,026
Cash and bank balance at beginning of the year		683,939	204,913
Cash and bank balance at end of the year	14	652,103	683,939

The annexed notes 1 to 40 form an integral part of these financial statements.

Dr. Mohammad Ashraf Butt Chief Executive Officer

Babar Aijaz Chief Financial Officer

FOR THE YEAR ENDED 30 JUNE 2021

STATUS AND NATURE OF BUSINESS 1.

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 the manufacturing and sale of specialised paper for banknote and non-bank note security documents.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

- The Company has assessed, and continues to assess, the potential for disruption caused by the COVID-19 pandemic and has put in place plans and measures in order to enable the business to maintain normal operations, to the extent possible, against the backdrop of an evolving situation. The Company has implemented actions to mitigate the impact of COVID-19, including steps to protect the employees in line with guidance from government, and while there remains considerable uncertainty in relation to the COVID-19 pandemic (including its duration, extent and ultimate impact), management believes that the Company's operations will continue to experience only limited disruption due to the impact of the COVID-19 pandemic. The Company's supply chain has remained materially unaffected since the outbreak of the COVID-19 pandemic, due to robust Company-led incident management framework. 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, Company has successfully completed Effluent Water Treatment Plant project, that has enabled re-use of 150,000 gallons per day of treated water at the plant. The project has enhanced the company's water resource capability.
- Directors' report contain 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 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 thousand 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.

FOR THE YEAR ENDED 30 JUNE 2021

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 4.1)
- Impairment (refer note 4.3 and 4.7)
- Classification of investments (refer note 4.5)
- Stores, spares and loose tools and stock-in-trade (refer note 4.12 and 4.13)
- Provisions (refer note 4.15)
- Employees' retirement benefits (refer note 4.16)
- Taxation (refer note 4.21)

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 2020 that 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.

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 2021:

- Interest Rate Benchmark Reform Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from KIBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by KIBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) the International Accounting Standards Board (the Board) 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.

FOR THE YEAR ENDED 30 JUNE 2021

- The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.
- 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;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
 - there is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises 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.
- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after January 1, 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 percent' 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.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs 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.

FOR THE YEAR ENDED 30 JUNE 2021

- Reference to the Conceptual Framework (Amendments to IFRS 3) Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1), amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. 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.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Definition of Accounting Estimates (Amendments to IAS 8) The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.
- The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

FOR THE YEAR ENDED 30 JUNE 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 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.

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.

4.2 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.

FOR THE YEAR ENDED 30 JUNE 2021

4.3 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.

4.4 **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 F	VOCI

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 Investments 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.

FOR THE YEAR ENDED 30 JUNE 2021

4.5 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.
- 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.

Trade Debts, loans, deposits, interest accrued and other receivables 4.6

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.

4.7 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. 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.

FOR THE YEAR ENDED 30 JUNE 2021

4.8 **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.

49 **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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

FOR THE YEAR ENDED 30 JUNE 2021

4.14 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.

4.15 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.

4.16 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 comprises of actuarial gains and losses are recognized immediately in the 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 6.451% of gross salary; and

Employee retirement benefits are payable to eligible employees on completion of the prescribed qualifying period of service under these funds.

4.17 Employees' compensated absences

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

4.18 Leases

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 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.

FOR THE YEAR ENDED 30 JUNE 2021

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.

4.19 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.

4.20 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.

4.21 Taxation

Income tax expense comprises of 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 the 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.

FOR THE YEAR ENDED 30 JUNE 2021

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.

4.22 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.

4.23 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.

4.24 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.

4.25 Dividend and appropriations

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recongnised in the period in which they are approved.

5.	PROPERTY, PLANT AND EQUIPMENT	Note	2021 (Rupees	2020 s in ' 000)
	Operating fixed assets Capital work-in-progress	5.1 5.2	1,712,277 155,965 1,868,242	1,420,120 299,297 1,719,417

FOR THE YEAR ENDED 30 JUNE 2021

5.1 The following is a statement of Company's operating fixed assets:

							20	21						
	Lar Lease-hold	Free-hold	Build Lease-hold land	ling on Free-hold land	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	Right of use assets (note 4.18)
							(Rupees	in '000)						
At 1 July 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	46,451
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)	(20,569)
Opening 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
During the year														
Additions				1,526	29,325	9,140	4,853	584	8,695	1,672	2,718	29	58,542	4,437
Transfers from CWIP				42,872	334,604				16,048	31,838	-		425,362	-
				44,398	363,929	9,140	4,853	584	24,743	33,510	2,718	29	483,904	4,437
Disposals														
Cost	-	•				-		•			556	293	849	9,567
Depreciation		•	•	•	•	•	•	•	•	•	(556)	(274)	(830)	(8,907)
D 111 1	•	•						•	•		•	19	19	660
Depreciation charge				/7 AOE\	(450 445)	(C 077)	(0.040)	(004)	(47.047)	(0.000)	(0.005)	(700)	(404 700)	(0.004)
for the year	•	•		(7,425)	(150,145)	(6,877)	(2,913)	(904)	(17,317)	(3,380)	(2,065)	(702)	(191,728)	(8,031)
Closing net book value	417	293	3	176,096	1,246,340	20,112	16,040	8,809	193,985	42,436	5,666	2,080	1,712,277	21,628
At 30 June 2021														
Cost	417	293	1,015	233,133	3,586,263	103,721	53,315	16,767	334,588	89,011	23,788	7,584	4,449,895	41,321
Accumulated					, , ,	,	,	,	,	,-	,	,	, .,,	,-
depreciation			(1,012)	(57,037)	(2,339,923)	(83,609)	(37,275)	(7,958)	(140,603)	(46,575)	(18,122)	(5,504)	(2,737,618)	(19,693)
Closing net book value	417	293	3	176,096	1,246,340	20,112	16,040	8,809	193,985	42,436	5,666	2,080	1,712,277	21,628
Depreciation rate				2.5% -	6% -		8% -		6% -					
% per annum	-	•	20%	33.33%	50%	25%	50%	6%	50%	15%	25%	20%		20%

FOR THE YEAR ENDED 30 JUNE 2021

							20	20						
	Lar	nd	Build	ling on	Plant and	Spare parts	Laboratory	Furniture	Electric,	Office and	Computers	Motor	Total	Right of
	Lease-hold	Free-hold	Lease-hold land	Free-hold land	machinery machinery	and stand-by equipment	equipment	and fittings	water and gas	security equipment	and computer accessories	vehicles owned		use assets (note 4.18)
			luliu	luliu			(Rupees	in '000)	installation					_
At 1 July 2019							(Hupees	, 111 000)						
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
	-	-	-	3,163	62,482	16,163	7,858	549	20,894	3,911	3,592	2,946	121,558	11,902
Transferred to right of use asset														
Cost	-			-			-			-				43,834
Depreciation	-	-	-	-		-	-	-		-				(20,127)
														23,707
Disposals:													200	0.005
Cost	-	-	-	-		-	-	-	-	-		289	289	9,285
Depreciation	-	-	-	-		-	-		-	-	-	(248)	(248)	2,045
Depreciation charge												71	71	2,040
for the year	-	-	-	(7,245)	(151,630)	(4,247)	(2,273)	(888)	(16,855)	(2,971)	(1,510)	(424)	(188,043)	(7,682)
0		200		100 100	4 000 550	17.010	11100	0.400	100 550	40.000	5.010	0.770	4 400 400	
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	46,451
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)	(20,569)
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
Democratical entre				0.50/	00/		00/		00/					
Depreciation rate			20%	2.5% 33.3%	6%- 50%	25%	8%- 50%	6%	6%- 50%	15%	25%	20%		20%
% per annum			ZU7/0	JJ.J70	JU70	ZJ70	JU70	070	JU70	1370	ZJ70	ZU 70		ZU70

FOR THE YEAR ENDED 30 JUNE 2021

5.1.1	The depreciation charge for the year has been allocated as follows:	Note	2021 (Rupees	2020 in ' 000)
	Cost of sales Administrative expenses	23 24	187,743 12,016 199,759	184,948 10,777 195,725

- 5.1.2 Operating fixed assets include assets costing Rs. 534.526 million (2020: Rs. 515.018 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 off during the year is as follows:

	Note	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
Vehicles			(R	upees in '00	0)			
Suzuki Cultus		1,528	917	611	1,035	424	Company's policy	Mr. Aqeel Ahmed (employee)
Others 2021	5.1.4.1	8,887 10,415	8,820 9,737	67 678	1,281 2,316	1,214 1,638	Various	Various
2020		9,575	7,488	2,087	3,482	1,395		

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.

> 2021 2020 (Rupees in '000)

5.2 Capital work-in-progress

Building	5,128	32,387
Plant and machinery	132,757	242,942
Electrical installation	14,360	12,475
Water Installation	-	2,249
Security equipments	345	9,244
Vehicle	3,375	-
	155,965	299,297

FOR THE YEAR ENDED 30 JUNE 2021

		Note	2021 (Rupees	2020 in ' 000)
	The movement in capital work-in-progress is as follows:			
	Balance as at beginning of the year		299,297	4,404
	Additions made during the year: - Plant and machinery		224,420	293,397
	- Building - Water installation		15,614 10,794	2,997 2,250
	- Electrical installation		4,888	13,638
	- Security equipment - Vehicle		22,940 3,375	9,518 42
	Transfer to operating fixed assets:		282,031	321,842
	- Plant and machinery - Building - Water installation - Electrical installation - Security equipment		(334,604) (42,872) (13,044) (3,005) (31,838)	(20,346) (3,163) (1,437) - (275)
	Transfer to right of use assets:		(425,363)	(25,221)
	- Vehicle		-	(1,710)
	Expensed out Balance at end of the year		155,965	(18) 299,297
6.	INTANGIBLE ASSETS			
	Net book value as at 1 July Additions Amortization Net book value as at 30 June		20,206 510 (2,583) 18,133	1,596 20,249 (1,639) 20,206
	Gross carrying value as at 30 June			
	Cost Accumulated amortization		22,798 (4,665)	22,289 (2,083)
	Net book value		18,133	20,206
	Amortization rate (% per annum)		10% - 50%	10% - 50%
7.	LONG-TERM INVESTMENTS			
	Amortised cost Pakistan Investment Bonds (PIBs) Less: PIBs with current maturity	7.1 13.2	1,321,783 (429,240) 892,543	1,299,667

These represents investments in Pakistan Investment Bonds (PIBs) carrying floating and fixed profit at the rate ranging 7.1 from 7.67% to 13.69% (2020: 7.98% - 14.64%) with maturities in July 2021, September 2024, May 2028, June 2028 and August 2028 (2020: July 2021, May 2028, June 2028 and August 2028). The profit payments are made semi annually.

FOR THE YEAR ENDED 30 JUNE 2021

		Note	2021 (Rupees	2020 s in ' 000)
8.	STORES, SPARE PARTS AND LOOSE TOOLS			
	Stores Spares - in hand - in transit Loose tools		20,452 185,141 5,283 1,022 211,898	23,510 175,144 7,613 1,292 207,559
	Provision for slow moving stores, spare parts and loose tools	8.1	(10,900) 200,998	(10,322) 197,237
8.1	Provision for slow moving stores, spare parts and loose tools			
	Opening balance Provision made during the year		10,322 578 10,900	10,322 - 10,322
9.	STOCK-IN-TRADE			
	Raw materials - in hand - in transit		375,116 11,929 387,045	366,307 18,693 385,000
	Provision for slow moving raw materials	9.1	(5,063)	(5,024)
	Work-in-process		149,263	111,510
	Finished goods Provision for slow moving finished goods	9.2	24,781 (2,105) 22,676	40,889 (3,264) 37,625
			553,921	529,111
9.1	Provision for slow moving raw materials			
	Opening balance		5,024	694
	Provision made during the year Written-off during the year		39 - 39 5,063	5,860 (1,530) 4,330 5,024
9.2	Provision for slow moving finished goods			
	Opening balance Provision (Reversal)/ made during the year		3,264 (1,159) 2,105	1,412 1,852 3,264

FOR THE YEAR ENDED 30 JUNE 2021

10.	TRADE DEBTS - considered good	Note	2021 (Rupees	2020 s in ' 000)
	Unsecured - considered good Due from Pakistan Security Printing Corporation (Private) Limited - related party Due from others	10.1 & 10.2	621,366 190,887 812,253	275,488 85,411 360,899

- 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. 699.910 million (2020: Rs. 724.421 million).
- **10.2** The aging of trade debts due from related party as at 30 June is as follows:

	Neither past due nor impaired Past due but not impaired	555,995	220,025
	31-60 Days	65,371	19,648
	More than 60 days	-	35,815
		621,366	275,488
11.	LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Advance to suppliers - unsecured, considered good	24,721	19,318
	Short-term prepayments	2,034	734
	Short-term deposits 11.1	993	1,293
	LCs margin 11.1	38,021	8,145
	Utilities deposits	12,526	12,526
	Loan to employees - considered good	679	1,136
	Workers' profit participation fund 11.2	-	1,712
	Others	810	688
		79,784	45,552

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

	Balance as at 1 July Allocation for the year Paid during the year - net	26	1,712 (106,801) 98,288 (6,801)	441 (96,729) 98,000 1,712
12.	INTEREST ACCRUED			
	Pakistan Investment Bonds (PIBs) Treasury bills Deposit and saving accounts Term deposit receipts		31,061 27,085 6 - - 58,152	40,259 17,452 2 3,740 61,453

FOR THE YEAR ENDED 30 JUNE 2021

13.	INVESTMENTS	Note	2021 (Rupee	2020 s in ' 000)
	Amortised cost Treasury bills Term deposit receipts Pakistan Investment Bonds - current maturity	13.1 13.2	1,418,024 - 429,240	760,471 150,000 -
	Fair value through profit or loss - FVTPL Units of mutual funds	13.3	1,127,558 2,974,822	1,125,682 2,036,153

- This represents investment in treasury bills of three months and six months carrying profit ranging from 7.43% to 7.75%.
- These represent investments in 3 years Pakistan Investment Bonds (PIBs) carrying fixed profit at the rate of 12.05% to 13.2 13.69% (30 June 2020: 12.05% to 13.69%) with maturities in July 2021. The profit payments are made semi-annually.
- **13.3** Investments in units of mutual funds are as follows:

	2021 (L	2020 Jnits)	Name of Investee Company	Note	2021 (Rupees	2020 s in ' 000)
14.	44,524,829 5,191,107 - 8,250,665 4,838,347 1,095,110	44,054,830 5,191,107 19,574,881 8,250,665 4,760,320 1,095,110	NBP Islamic Stock Fund Meezan Islamic Fund NBP Surmaya Izafa Fund (Formerly: 'NAFA Islamic Asset Allocation Fund Meezan Balance Fund NIT Islamic Equity Fund Meezan Strategic Allocation Plan-I		567,024 328,992 - 133,662 46,835 51,045 1,127,558	416,904 242,354 277,673 113,146 35,226 40,379 1,125,682
13.	Cash in han With banks: - Current ac - Deposit ac - Saving acc	d counts counts		14.1 14.2	100 169 446,782 205,052 652,003 652,103	1,271 366,836 315,695 683,802 683,939

- Deposit account carry profit rate at 6.60% (2020: 6.50%)
- 14.2 Saving accounts carry profit rates ranging from 5.5% to 7.5% per annum (2020: 3.25% to 13.75% per annum).

	2021	2020	Name of Investee Company	2021	2020	
(Number of shares)		r of shares)		(Rupee	(Rupees in '000)	
	1,250,000 58,005,985	1,250,000 58,005,985	Ordinary shares fully paid in cash Ordinary shares issued as fully	12,500	12,500	
	59,255,985	59,255,985	paid bonus shares	580,059 592,559	580,059 592,559	

FOR THE YEAR ENDED 30 JUNE 2021

15.1 The following shares are held by the related parties of the Company:

Name of related party			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)	on		5,925,564	10.00%	5,925,564	10.00%	
LEASE LIABILITIES		2021			2020		
	Minimum lease payments	Finance charge	Present value of minimum lease payments	Minimum lease payments	Finance charge	Present value of minimum lease payments	
			(Rupees	s in '000)	'000)		
Not later than one year Later than one year and not later	9,203	1,841	7,362	9,219	2,148	7,071	
than five years	21,300 30,503	1,976 3,817	19,324 26,686	22,360 31,579	2,742 4,890	<u>19,618</u> 26,689	
	Pakistan Security Printing Corporation (Private) Limited Summer Holding A.S. (Turkey) Industrial Development & Renovation Organisation of Iran, Tehran (Iran) LEASE LIABILITIES Not later than one year Later than one year and not later	Pakistan Security Printing Corporation (Private) Limited Summer Holding A.S. (Turkey) Industrial Development & Renovation Organisation of Iran, Tehran (Iran) LEASE LIABILITIES Minimum lease payments Not later than one year Later than one year and not later than five years 21,300	Pakistan Security Printing Corporation (Private) Limited Summer Holding A.S. (Turkey) Industrial Development & Renovation Organisation of Iran, Tehran (Iran) LEASE LIABILITIES 2021 Minimum lease payments Finance charge Not later than one year Later than one year and not later than five years 21,300 1,976	Pakistan Security Printing Corporation (Private) Limited Summer Holding A.S. (Turkey) Industrial Development & Renovation Organisation of Iran, Tehran (Iran) LEASE LIABILITIES Minimum lease payments Present value of minimum lease payments Not later than one year Later than one year and not later than five years 23,721,739 5,925,564 Present value of minimum lease payments (Rupees	Pakistan Security Printing Corporation (Private) Limited Summer Holding A.S. (Turkey) Industrial Development & Renovation Organisation of Iran, Tehran (Iran) LEASE LIABILITIES Z021 Minimum lease payments Minimum lease payments Finance charge payments Rupees in '000) Rupees in '000) Not later than one year Later than one year and not later than five years Z3,721,739 40.03% 5,925,564 10.00% Minimum lease payments Minimum lease payments (Rupees in '000) 1,976 19,324 22,360	Pakistan Security Printing Corporation (Private) Limited 23,721,739 40.03% 23,721,739	

2021

The above represents finance leases entered into with financial institutions for lease of motor vehicles. The liability under the agreement is payable by May 2026 in monthly installments and is subject to annual finance charge rates ranging from 7.6% to 14.5% (2020: 9.19% to 9.59%). 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 2021, the Company has auto lease finance facility from Bank Al-Habib Limited amounting to Rs. 50 million (2020: Rs. 30 million)

			2021	2020
17.	STAFF RETIREMENT BENEFITS	Note	(Rupees	in '000)
	Employee's Retirement Benefit (Funded Scheme) Contractual Staff Retirement Benefit (Unfunded Scheme)	30.1.2 17.1	19,682 5,509	26,072 2,699
	,		25,191	28,771

17.1 This represents retirement benefits to Chief Executive Officer and Company Secretary of the Company under employment terms.

18. **DEFERRED TAXATION - Net**

Deferred tax liabilities on taxable temporary differences:

Accelerated tax depreciation

Deferred tax asset on deductible temporary differences:

Provision for slow moving inventory, unfunded terminal benefits and fire tax Amortisation of Pakistan Investment Bond (PIBs)

Loss on remeasurement of FVTPL investment

Leased liability net of leased assets

228,839	216,148
(18,784)	(16,918)
13,271	6,857
(34,555)	(85,372)
(541)	(234)
(40,609)	(95,667)
188,230	120,481

(Rupees in '000)

2021

2020

2020

FOR THE YEAR ENDED 30 JUNE 2021

19.

TRADE AND OTHER PAYABLES	Note	2021 (Rupees	2020 s in ' 000)
Creditors Payable against purchase of operating fixed assets Salaries, wages and benefits payable Accrued employees' compensated absences Retention money Payable Withholding tax payable Sales tax payable Provision for fire tax Workers' welfare fund Utilities Payable to a related party Deposits Payable to contractors Payable to Workers' Profit Participation Fund Advances from customers Others	19.1 19.2 19.3 19.4 19.5 19.6	77,390 102,112 107,975 71,301 7,510 65,989 57,956 37,023 46,263 49,827 18,988 11,288 26,905 6,801 658 16,331	53,613 71,525 102,839 70,992 3,175 103,913 46,467 37,023 49,857 33,857 19,467 9,988 24,494
		704,317	643,868

Includes herein bonus payables amounting to Rs. 96.009 million (2020: Rs. 93.581 million). 19.1

19.2 Accrued employees' compensated absences

Balance at beginning of the year
Charge for the year - Net
Balance at end of the year

70,992	65,956
309	5,036
71,301	70,992

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.

	2021	2020
19.4 Workers' welfare fund	(Rupee	es in '000)
Balance as at 1 July	49,857	43,246
Provision for the year	33,092	36,686
Prior year (reversal)	(52)	(448)
Payments during the year	(36,634)	(29,627)
	46,263	49,857

- This amount belongs to Pakistan Security Printing Corporation (Pvt) Limited.
- 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.

FOR THE YEAR ENDED 30 JUNE 2021

20. SHORT TERM FINANCE AND OTHER FACILITIES

20.1 Running finance

The Company has a running finance facility from Bank Al Habib Limited (BAHL) amounting to Rs. 200 million (2020: Rs. 70 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 (2020: Rs.NIL 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 2021.

The Company has running finance facility from National Bank of Pakistan (NBP) amounting to Rs.100 million (2020: 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 2021. 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 (2020: one month's Karachi Inter Bank Offered Rate (KIBOR) plus 1.25 basis points. The facility remained unutilised as at 30 June 2021.

20.2 Running Musharka

The Company has arrangement of running musharka facility of Rs. 200 million from Meezan Bank Limited (2020: 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 2021. 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 2021.

21.	CONTINGENCIES AND COMMITMENTS	Note	2021 (Rupees	2020 s 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
	Income Tax Demand	21.1.3	53,595	_

- 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.
- 21.1.3 Income Tax contingencies are disclosed in note 28 to the financial statements.

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21.2	Commitments	Note	2021 (Rupees	2020 in ' 000)
	ljarah financing	21.2.1	2,472	1,131
	Commitments against letters of credit	21.2.2	48,443	145,174
	Capital expenditure contracted for but not incurred		54,793	44,404

21.2.1 The Company has car ijarah facility from the Meezan Bank Limited amounting to Rs. 50 million (2020: Rs. 50 million) out of which Rs. 2.472 million (2020: Rs. 1.131 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.

The total of future ljarah payments under arrangement are as follows:

494	905
1,978	226
2,472	1,131
	1,978

21.2.2 Import letter of credit (sight / usance)

Running finance facility from National Bank of Pakistan may also be used for import letters of credit (sight / usance) amounting to Rs. 100 million (2020: 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. Nil as at 30 June 2021.

The Company has facilities from the Bank Al Habib Limited (BAHL) relating to import letters of credit (sight / usance) amounting to Rs. 100 million (2020: Rs. 100 million). Besides, Rs 100 million (2020: Rs. Nil) may also be used for import letter of credit as sub limit of running finance facility. 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. 39.743 million as at 30 June 2021.

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. 34.536 million as at 30 June 2021.

21.2.3 Letter of Guarantee Facility

Total facility available

Utilised facility

As at 30 June 2021, the Company has facilities from National Bank of Pakistan, as sub-limit of running finance facility and from Bank Al Habib Limited relating to letters of guarantee as follows:

202	2021 2020		20
National	Bank	National	Bank
Bank of	AL Habib	Bank of	AL Habib
Pakistan	Limited	Pakistan	Limited
	(Rupees	s in '000)	
100,000	20,000	100,000	20,000
36,534	19,287	36,534	15,566

2021

2020

FOR THE YEAR ENDED 30 JUNE 2021

22.	SALES - NET	Note	2021 (Rupee	2020 s in ' 000)
	Banknote paper Non-banknote paper:		4,937,722	4,447,061
	- Commercial paper		42,908	35,250
	- Others		871,917	1,253,073
			914,825	1,288,323
			5,852,547	5,735,384
	Sales tax		(850,855)	(834,100)
		22.1	5,001,692	4,901,284

22.1 Sales of Rs. 4,971 million include sales tax of Rs. 722.3 million is made to Pakistan Security Printing Corporation (Private) Limited (PSPC), a related party. (2020: Rs. 4,605 million include sales tax of Rs. 669 million).

23. **COST OF SALES**

Opening stock of raw materials		385,000	302,428
Add: Purchases - net		1,682,162	1,709,639
		2,067,162	2,012,067
Closing stock of raw materials	9	(387,045)	(385,000)
Raw materials consumed		1,680,117	1,627,067
Salaries, wages and benefits	23.1	380,442	392,221
Utilities		439,799	475,209
Depreciation	5.1.1	187,743	184,948
Manufacturing services		211,513	187,470
Stores, spares and loose tools consumed		124,455	102,176
Defence security guards		44,262	39,583
Repairs and maintenance		45,293	49,139
Insurance		3,760	5,146
Rent, rates and taxes		778	1,093
Provision for slow moving raw materials	9.1	39	5,860
Provision / (reversal) for slow moving finished goods	9.2	(1,159)	1,852
Provision for slow moving Stores, spares & loose tools	8.1	578	-
Other expenses		24,185	22,162
		3,141,805	3,093,926
Opening stock of work-in-process		111,510	52,945
Less: Closing stock of work-in-process	9	(149,263)	(111,510)
Cost of goods manufactured		3,104,052	3,035,361
Opening stock of finished goods		40,889	10,503
Closing stock of finished goods	9	(24,781)	(40,889)
		3,120,160	3,004,975

Salaries, wages and benefits include Rs. 33.205 million (2020: Rs. 37.064 million) in respect of employee retirement benefits.

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24. ADMINISTRATIVE EXPENSES	Note	2021 (Rupees	2020 s in ' 000)
Salaries, wages and benefits	24.1	252,119	232,792
Repairs and maintenance		14,402	10,641
Depreciation	5.1.1	12,016	10,777
Legal and professional		7,016	5,613
Travelling expenses	24.2	1,729	10,959
Printing and stationery		4,872	4,178
Advertisement		3,119	2,813
Packing and forwarding		3,676	3,201
Training		1,064	2,279
Communication		2,043	2,455
Entertainment		1,406	1,754
Rent, rates and taxes		1,459	1,225
Amortisation of intangible assets	6	2,583	1,639
Others		8,084	7,996
		315,588	298,322

- 24.1 Salaries, wages and benefits include Rs. 17.695 million (2020: Rs. 19.627 million) in respect of employee retirement benefits.
- 24.2 Travelling expense includes directors travelling expense amounting to Rs. 0.337 million (2020: Rs. 7.09 million).

2021 2020 (Rupees in '000)

25. **OTHER INCOME**

Income from financial assets

Amortisation of discount on Pakistan Investment Bond Gain on redemption of Mutual Funds - realised Gain on remeasurement of mutual fund Dividend income on mutual fund Mark-up on:

- Pakistan Investment Bonds
- Bank deposits and savings accounts
- Treasury bills
- Term deposit receipts
- Loan to employees

Income from non-financial assets

Gain on sale of property, plant and equipment Sale of waste materials

Others

22,117	19,317
5,590	-
324,137	20,445
7,799	36,109
106,291	148,264
36,015	34,989
66,415	79,250
11,913	14,219
70	83
580,347	352,676
1,638	1,399
7,865	4,487
201	1,509
9,704	7,395
590,051	360,071

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			2021	2020
26.	OTHER CHARGES	Note	(Rupee	s in '000)
	Workers' profit participation fund Workers' welfare fund Corporate Social Responsibility Exchange loss	11.2 19.4 26.1 26.2	106,801 33,040 11,765 2,884 1,744 - 156,234	96,729 36,238 10,861 4,938 1,670 1,688 152,124
26.1	During the year, the Company has made following donations exceeding Re	s. 0.5 mi	illion:	
	Name of Donee			
	The Citizens Foundation Karwan-e-Hayat Indus Hospital Dow University Hospital SIUT Trust SoS Children Village Thar Foundation Friend of Burns APWA College Education Program		2,400 1,850 1,461 1,207 1,200 1,030 1,000 995 352	- 1,000 2,776 - 3,308 - - 698
	None of the directors or their spouses had any interest in any of the done	Э.		
26.2	Auditors' remuneration			
	Audit fee Review of half yearly financial statements Special certification, Code of Corporate Governance and other services Out of pocket expenses		998 190 266 290 1,744	924 193 264 289 1,670
27.	FINANCE COSTS			
	Interest / mark-up on: - finance leases - short-term finance Bank charges		2,230 429 927 3,586	2,959 406 957 4,322
28.	TAXATION - Net			
	Current - for the year - prior year Deferred		469,412 568 469,980 67,750 537,730	523,658 6,842 530,500 (5,137) 525,363

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2021 2020 (Rupees in '000)

28.1 Reconciliation between tax expense and accounting profit

Accounting profit before taxation	1,996,175	1,801,612
Tax on accounting profit at 29% (2020: 29%) Tax at reduced rate Tax effect of permanent differences Tax effect of prior year Remeasurement gain / (loss) on employee benefits Others	578,891 (44,498) 781 568 1,709 279 537,730	522,467 (7,062) 1,068 6,842 1,429 619 525,363
Average rate of tax	27%	29%

28.2 Sufficient provision for tax has been made in these financial statements taking into account the profit or loss for the year and various admissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including returns filed and deemed assessed for last three years are as follows:

		Tax Deemed assessment	Tax provision
	Note	(Rupees	in '000)
Tax Year 2020	28.2.1	524,225	524,225
Tax Year 2019	28.2.1	450,478	450,478
Tax Year 2018	28.2.1	346,985	346,985

- **28.2.1** Tax provision includes effect of prior adjustments.
- The Company had previously exercised option of being assessed under the Final Tax Regime (FTR) in respect of goods 28.3 manufactured by it, which was valid for tax years 2005 to 2007. However, due to the amendment 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 advisor's 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 filling. 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 for this matter.
- The income tax assessments of the Company have been finalised up to and including tax year 2020. Tax returns 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.
 - 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 an 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.

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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. However, the Income Tax department has filed an appeal against this order before the Sindh High Court, which is currently pending. Based on tax advisor's advise, 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.

- 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.

- 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) however, case of the Company has been selected for audit under section 177(1) of the Ordinance. Information Document Request (IDR) was issued on 31 January 2019 and the Company has submitted required data / information/ supporting details through various letters addressed to the Deputy Commissioner Inland Revenue (DCIR). Till to date no order has been passed by the tax department.
- (d) The Company has e-filed its return of income for the tax year 2019 on the web-portal of FBR on 31 December 2019. The return of income filed is deemed an assessment order under section 120 of the Income Tax Ordinance, 2001 (the Ordinance). Notice dated 19 October 2020 was issued by DCIR under rule 44(4) of Income Tax Rules 2002 for monitoring of wihholding taxes. The Company has submitted required reconciliations / details / supporting evidence against said notice. DCIR has subsequently issued show casue notice under section 161(1A) / 205 /182 of the Ordinance. The Company is also complying with said show cause notice and is submitting information on required format. Till to date no order has been passed by the tax department.
- 28.5 The Company has e-filed its return of income for the tax year 2015 on the web-portal of FBR on 31 December 2015. The return of income filed is treated as deemed assessment order under section 120 of the Income Tax Ordinance, 2001 (the Ordinance). However, a show cause notice was issued by the the Additional Commissioner Inland Revenue (ACIR) dated 09 April 2021 under section 122(1) read with 122 (5A) of the Ordinance and has contended that the return filed by the Company is errenous and prejudicial to the interest of revenue. The Company has challenged the notice on legal grounds as notice was issued based on presumption and fishing inquires without substaintiting facts of the case. Without prejudice to the legal objections raised against issuance of notice, the Company has submitted required details, informations and supporting evidences against the observations raised by the officer. However on 29 June 2021, ACIR has passed an order accepting our submissions on various points without negative inference except following issues and raised tax demand of Rs. 53.595 million:

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- The Company has business income subject to NTR and Dividend income and capital gain on mutual funds which are subject to FTR. ACIR has apportioned all the expenses of the company on the ratio of volume of each head of income.
- ACIR has asked to explain the admissibility of claim of Workers 'Welfare Fund under section 60A of the Income Tax Ordinance. Company has maintained that it is wholly a business expenditure and paid to Sindh Revenue Board, but ACIR has rejected the claim on the grounds that the same is contravention of Section 60A of the ordinance.

Management is not in agreement with the order passed by the ACIR in respect of paras discussed above and has filed an appeal before the Commissioner (Appeals) on 19 July 2021 and stay against recovery was also granted till decision of appeal or 25 August 2021 whichever is earlier. Considering facts of the case and advise of Tax advisor, Management is confident that the Company would succeed at appellate forums against the order, therefore has not made provision in these financial statements.

29.	EARNING	SPFR	SHARF -	Rasic	and	Diluted

Profit after taxation

1,458,445

2021

1,276,249

2020

(Number of shares)

(Rupees in '000)

Weighted average number of ordinary shares

59,255,985

59,255,985

Earnings per share - basic and diluted

24.61

21.54

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 2021. The projected unit credit method, using the following significant assumptions has been used for the actuarial valuations.

30.1.1 Actuarial assumptions

a)	Discount rate
b)	Salary Increase Rate

Interest Credit Rate c)

d) Expected return on plan assets

2021	2020
10.0%	9.5%

10.0% 9.5% 10.0% 9.5% 10.0% 9.5%

2021 2020 (Rupees in '000) Note

30.1.2 Amounts recognised in statement of financial position are as follows:

Present value of defined benefit obligations Fair value of plan assets Liability as at 30 June

30.1.4 30.1.5

329,649 (309,967)19,682

350,738 (324,666)26,072

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30.1.3 Movement in net liability recognised:	2021 (Rupees	2020 s in ' 000)
Opening net liability Expense recognized during the year Other comprehensive income Contributions and benefits paid on behalf of the fund Closing net liability	26,072 26,502 (5,893) (26,999) 19,682	23,804 31,212 (4,926) (24,018) 26,072
30.1.4 Movement in present value of defined benefit obligations		
Opening present value of obligation Current service cost Interest cost Benefits paid Remeasurement gain on obligation Income distributed among the members Closing present value of obligation	350,738 15,323 11,179 (67,609) (8,982) 29,000 329,649	328,939 12,212 19,000 (41,521) (9,121) 41,229 350,738
30.1.5 Movement in the fair value of plan assets		
Opening fair value of plan assets Expected return on plan assets Remeasurement loss on plan assets Benefits paid Contribution by the Company Closing fair value of plan assets	324,666 29,000 (3,089) (67,609) 26,999 309,967	305,135 41,229 (4,196) (41,521) 24,019 324,666
30.1.6 Expense recognised in the statement of profit or loss		
Current service cost Net Interest cost Income distributed among members Cost for the year	15,323 (17,821) 29,000 26,502	12,212 (22,229) 41,229 31,212
30.1.7 Return on plan assets is as follows:		
Expected return on plan assets	29,000	41,229
30.1.8 Plan assets comprised of following	2021	2020
Regular Income Certificates (RICs) Special Saving Certificates (SSCs) Pakistan Investment Bonds (PIBs) Treasury Bills (T-bills) Bank account and short-term deposits	37% 15% 18% 27% 3% 100%	35% 13% 18% - 34% 100%

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		2021	2020	2019	2018	2017
30.1.9	Deficit on the plan assets		(F	Rupees in '000)		
	Present value of defined benefit obligation Fair value of plan assets Deficit	(329,649) 309,967 (19,682)	(350,738) 324,666 (26,072)	(328,939) 305,135 (23,804)	(373,871) 358,879 (14,992)	(342,334) 328,736 (13,598)
30.1.10	5 years data on experience adjustments					
	(Gain) / loss on obligation (Loss) / gain on plan assets	(8,982) 3,089	(9,121) (4,196)	(62,484) (68,668)	16,685 (25,468)	3,920 (9,753)

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 2021.

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.

	2021 (Rupees	2020 in ' 000)
Present value of obligations Increase in discount rate by 1% Decrease in discount rate by 1% Increase in salary by 1% Decrease in salary by 1%	306,574 355,759 358,792 303,277	326,186 378,518 381,745 322,678
	Number 2021	of years 2020
Weighted average duration of the defined benefit obligations	8.83	7.51
	2021 Un-audited	2020 Audited
30.2 Defined contribution plan	(Rupees	in '000)
Size of the trust	480,611	490,271
Cost of investment made	342,682	304,103
Percentage of the investment made	72.43%	63.89%
Fair value of investment made	348,102	313,242

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	2021 Un-audited		20: Aud	
30.2.1 Breakup of investment	Investment (Rupees in '000)	Percentage of Investment as size of the fund	Investment (Rupees in '000)	Percentage of Investment as size of the fund
Special Saving Certificates	12,000	3.50%	12.000	3.95%
Pakistan Investment Bond	159,997	46.69%	194.611	64.00%
Regular Income Certificates	97,000	28.31%	97,000	31.90%
Treasury Bills	73,193	21.36%	_	_
Mutual Fund	492	0.14%	492	0.15%
	342,682	100%	304,103	100%

30.2.2 Based on the un-audited financial information of the provident and gratuity funds (the "Funds") as at 30 June 2021, 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:

		2021		2020			
	Chief Executive	Non-Executive Directors	Executives	Chief Executive	Non-Executive Directors	Executives	
			(Rupees	s in '000)			
Directors' fee	-	30,080	-	-	20,800	-	
Managerial remuneration, utilities, Housing perquisites etc. (including bonus)	39,002	-	113,224	35,900	-	76,525	
Retirement benefits	2,612	-	7,776	1,980	-	6,403	
Medical	194	-	5,050	140	-	3,814	
Total	41,808	30,080	126,050	38,020	20,800	86,742	
Number of persons	1	9	28	1	7	21	

- 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.

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TRANSACTIONS WITH RELATED PARTIES 32.

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	2021 (R	2020 upees 000)
Pakistan Security Printing Corporation (Pvt) Limited	32.1	Associated undertaking	Common directorship	Sales Purchases Shared expenses	4,249,328 6,071	3,936,017 5,686
				charged by associate Shared expenses	54,537	39,395
				charged to associate Dividend Paid	6,725 213,496	71 171,983
Summer Holdings, Turkey		Other	Director on board of Company	Dividend Paid	53,329	42,960
Industrial Development & Renovation Organisation, Iran		Other	Director on board of Company	Dividend Payable	384,010	330,679
Employees Retirement Funds	32.3	Retirement benefit fund	Employees benefit fund	Contribution made	48,845	47,255
Key management personnel	32.4	Related parties	s Executives	Remuneration and benefits	197,938	145,562

- 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 reimbursements of shared expenses.
- All other transactions are based on commercial terms and at market prices which are approved by the Board of Directors. Remuneration of key management personnel are in accordance with their terms of engagements.
- 32.3 Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 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	2021	2020
33.	PRODUCTION CAPACITY			(Tons)
	Total Installed Capacity - on three shift basis		4,500	4,500
	Available installed capacity - based on available three shift working days	33.1	4,464	4,483
	Actual production		4,138	4,377

The short capacity utilisation during the year was due to scheduled plant shut down of 5 days (2020: 7 days) for 33.1 maintenance purposes.

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2020 Note (Rupees in '000)

34. CASH GENERATED FROM OPERATIONS AND FINANCING ACTIVITIES

34.1 Cash generated from operations

Profit before taxation		1,996,175	1,801,612
Adjustments for:			
Depreciation	5.1	199,759	195,725
Finance costs	27	3,586	4,322
Gain on redemption of mutual fund	25	(5,590)	-
Provision against staff retirement benefits	17	(3,580)	2,364
Provision for slow moving stock - stock in trade & stores,			
spares and loose tools	23	(542)	7,712
Unrealised (gain) / loss on redemption of investments	25	(324,137)	(20,445)
Amortization of Intangible assets	24	2,583	1,639
Gain on disposal of operating fixed assets		(1,638)	(1,399)
Dividend income on mutual fund		(7,799)	(36,109)
Amortization of discount on PIBs		(22,117)	(19,317)
Mark-up on bank deposits and saving accounts		(47,928)	(34,989)
Mark-up on loan to employees		(70)	(83)
Mark-up on investments		(172,706)	(241,733)
Changes in:			
- Stores, spare parts and loose tools		(3,761)	(14,719)
- Stock-in-trade		(24,268)	(173,053)
- Trade debts		(451,354)	542,611
- Loans, advances, deposits, prepayments and other receivables		(34,232)	41,046
- Trade and other payables		66,342	134,949
		1,168,723	2,190,133

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 i	in '000)	
Opening balance as at 1 July 2020	26,689	359	260,075	287,123
Dividend declared Lease obligation entered during the year Interest accrued on lease obligation Mark-up on running finance	7,812 2,230 - 10,042	- - - 429 429	533,304 - - - 533,304	533,304 7,812 2,230 429 543,775
Payments against lease obligations Interest payment Repayment of short term borrowings Dividend paid	(7,815) (2,230) - - (10,045)	(759) - - (759)	(433,790) (433,790)	(7,815) (2,989) - (433,790) (444,594)
Closing balance as at 30 June 2021	26,686	29	359,589	386,304

FOR THE YEAR ENDED 30 JUNE 2021

35 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

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 2021 which are summarized below:

35.1 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 11.5% (2020: 6%) 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	2021 (Rupees	2020 s in ' 000)
Investments Trade debts Loans, deposits, and other receivables Interest accrued Bank balances	7 & 13 10 12 14	3,867,365 812,253 14,329 58,152 652,103 5,404,202	3,335,820 360,899 14,507 61,453 683,939 4,456,618

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.

FOR THE YEAR ENDED 30 JUNE 2021

2021 2020 (Credit Ratings) Meezan Islamic Income Fund AM1 AM1 NIT Islamic Equity Fund AM1 AM2++ NBP Islamic Stock Fund AM1 AM1 Meezan Strategic Allocation Fund - I AM1 AM1 NBP 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:

	202	21	202	20
	Gross	Impairment	Gross	Impairment
		(Rupe	es in '000)	
Neither past due nor impaired Past due but not impaired	746,851	-	305,405	-
- 31 - 60	65,371	-	19,648	-
- 61 - 90	-	-	35,815	-
- 90 and above	31		31	
	812,253		360,899	

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.

35.1.1 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	2021 (Rupees	2020 s in ' 000)
National Bank of Pakistan Limited	PACRA	A1+	36,511	1,281
MCB Islamic Bank Limited	PACRA	A1	174	476
Bank Al Habib Limited	PACRA	A1+	605,683	828,292
Meezan Bank Limited	JCR - VIS	A1+	9,378	2,642
Khushali Microfinance Bank Limited	JCR - VIS	A1	13	580
Habib Metropolitan Bank Limited Bank Al Falah Limited	PACRA	A1+	94	387
	PACRA	A1+	150	144
			652,003	833,802

35.1.2 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.

35.2 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. 500 million to meet any deficit, if required to meet the short term liquidity commitment.

FOR THE YEAR ENDED 30 JUNE 2021

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

			202	21		
	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	26,686	(30,503)	(3,681)	(3,681)	(13,766)	(5,558)
Trade and other payables	489,627	(489,627)	(367,270)	(122,357)	-	-
Staff retirement benefits	25,191	(25,191)	-	-	-	(25,191)
Interest accrued	29	(29)	(29)	-	-	-
Unpaid dividend	3,931	(3,931)	(3,931)	-	-	-
Unclaimed dividend	355,658	(355,658)	(355,658)	-	-	-
	901,122	(904,939)	(730,569)	(126,038)	(13,766)	(30,749)
		2020				
			202	20		
		On demand contractual	Six months or less	Six to twelve	One to two years	Two to five years
			Six months	Six to		
		contractual cash flows	Six months	Six to twelve months	two years	years
Financial Liabilities Liabilities against assets		contractual cash flows	Six months or less	Six to twelve months	two years	years
		contractual cash flows	Six months or less	Six to twelve months	two years	years
Liabilities against assets	amount	contractual cash flows	Six months or less	Six to twelve months in '000)	two years	years
Liabilities against assets subject to leases	amount	contractual cash flows (31,579)	Six months or less (Rupees (3,536)	Six to twelve months in '000)	two years	years
Liabilities against assets subject to leases Trade and other payables	26,689 432,193	contractual cash flows (31,579) (432,193)	Six months or less (Rupees (3,536)	Six to twelve months in '000)	two years	years
Liabilities against assets subject to leases Trade and other payables Staff retirement benefits Interest accrued Unpaid dividend	26,689 432,193 28,771 359 1,523	(31,579) (432,193) (2,699) (359) (1,523)	Six months or less (Rupees (3,536) (325,439) - (359) (1,523)	Six to twelve months in '000)	two years	years
Liabilities against assets subject to leases Trade and other payables Staff retirement benefits Interest accrued	26,689 432,193 28,771 359	(31,579) (432,193) (2,699) (359)	Six months or less(Rupees (3,536) (325,439) (359)	Six to twelve months in '000)	two years	years

35.3 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.

35.3.1 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:

Payable against purchase of operating fixed assets Gross balance sheet exposure Outstanding letters of credit Net exposure

USD	Euro	Total
	(Rupees in '000)	
5,987	39,514	45,501
5,987	39,514	45,501
19,248	29,195	48,443
25,235	68,709	93,944

2021

FOR THE YEAR ENDED 30 JUNE 2021

		2020	
	USD	Euro	Total
		(Rupees in '000) -	
Payable against purchase of operating fixed assets	-	40,033	40,033
Trade and other payable	-	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
The following significant exchange rates have been applied:		2021	2020
USD to PKR Euro to PKR		157.54 187.27	168.75 189.73

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.

Effect on profit	2021 (Rupe	2020 es in ' 000)
Increase	2,805	2,912
Decrease	(2,805)	(2,912)

35.3.2 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:

Financial assets	Note	2021 (Rupees	2020 s in ' 000)
Fixed rate instruments		504 700	400.007
Pakistan Investment Bonds (PIBs)		521,783	499,667
Term deposit receipts	13		150,000
Treasury Bills	13	1,418,024	760,471
Variable rate instruments Pakistan Investment Bonds (PIBs)		800,000	800,000
Financial liabilities			
Variable rate instruments			
Liabilities against assets subject to leases	16	26,686	26,689

FOR THE YEAR ENDED 30 JUNE 2021

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		
As at 30 June 2021	(Rupees	in '000)		
Cash flow sensitivity - Variable rate instruments	267	(267)		
As at 30 June 2020				
Cash flow sensitivity - Variable rate instruments	267	(267)		

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

35.3.3 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:

	2021	2020
	(Ru	upees in '000)
Units of mutual funds	112,75	56 112,568

The sensitivity analysis prepared is not necessarily indicative of the effects on other comprehensive income, equity and assets of the Company.

35.3.4 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.

FOR THE YEAR ENDED 30 JUNE 2021

36 **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).

(i.e. urlobservable iriputs)					20 1	ne 2021			
	Note		Counting	amaunt	30 Jun	ie 202 i	Fair	value.	
	Note	Carrying amount							
		Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments					(Rupe	es in '000)			
Financial assets measured at fair value									
Investments - Units of mutual fund		1,127,558	-	-	1,127,558	1,127,558	-	-	1,127,558
Financial assets not measured at fair value									
Investments - Pakistan Investment Bonds - Term deposit receipts		÷	1,321,783	:	1,321,783	:	1,339,739	:	1,339,739
Treasury bills Loans, deposits and other receivables	36.1		1,418,024 14,329		1,418,024 14,329		1,467,402		1,467,402
Interest accrued	36.1	-	58,152	-	58,152		-	-	
Trade debts	36.1	-	812,253		812,253		-		
Bank balances	36.1		652,103	•	652,103			•	0.007.444
			4,276,644	•	4,276,644		2,807,141	•	2,807,141
Financial liabilities not measured at fair value									
Liabilities against assets subject to finance lease	36.1			26,686	26,686			-	
Trade and other payables Staff retirement benefits	36.1 36.1			489,627 25,191	489,627 25,191	•	-		
Mark-up accrued	36.1			25,191	25,191				
Unpaid dividend	36.1			3,931	3,931				
Unclaimed dividend	36.1			355,658	355,658				
				901,122	901,122	-			

FOR THE YEAR ENDED 30 JUNE 2021

		30 June 2020								
	Note		Carrying amount				Fair value			
		Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
On-balance sheet financial instruments					(Rupe	es in '000)				
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 - Term deposits receipts - Treasury bills Loans, deposits and	36.1	- - -	1,299,667 150,000 760,471	- - -	1,299,667 150,000 760,471	- - -	1,353,554 150,000 760,471	- - -	1,353,554 150,000 760,471	
other receivables Markup accrued Trade debts Bank balances	36.1 36.1 36.1 36.1	- - -	14,507 61,453 360,899 683,939	- - -	14,507 61,453 360,899 683,939	- - -	- - -	- - -	- - -	
		-	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 Trade and other payables Staff retirement benefits Mark-up accrued	36.1 36.1 36.1 36.1	- - -	- - - -	26,689 432,193 28,771 359	26,689 432,193 28,771 359	- - -	- - - -	- - - -	- - -	
Short term borrowings Unpaid dividend Unclaimed dividend	36.1 36.1 36.1	- - -	- - -	1,523 258,552	1,523 258,552	- - -	- - -	- - -	- - -	
		-	-	748,087	748,087	-	-	-	-	

^{36.1} 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.

37. **OPERATING SEGMENTS**

These financial statements have been prepared on the basis of a single reportable segment.

- 37.1 Revenue from bank note paper represents 84.34% (2020: 77.55%) of the total revenue of the Company.
- 37.2 All the sales of the Company are made to customers located in Pakistan.
- All non-current assets of the Company at 30 June 2021 are located in Pakistan.
- 37.4 One customer (PSPC) of the Company accounts for 84.96% (2020: 80.31%%) of total revenue of the Company for the year.

FOR THE YEAR ENDED 30 JUNE 2021

38. NUMBER OF EMPLOYEES

The number of employees including contractual employees of the Company are as follows:

	2021	(Numbers)	2020
At year end Average employees during the year Factory employees	317 335 209		351 363 232

39. DIVIDEND AND APPROPRIATIONS

The Board of Directors in their meeting held on August 27, 2021 have proposed a final cash dividend of Rs 9.00 per share amounting to Rs. 533.304 million (2020: Rs 9.00 per share amounting to Rs 533.304 million) for approval of the members at the Annual General Meeting to be held on September 30, 2021 and approved the transfer of Rs. 931.04 million from unappropriated profits to general reserves (2020: Rs 445.92 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 2022.

40. GENERAL

40.1 Comparatives

Comparatives have been re-presented, wherever necessary.

40.2 Date of authorisation

These financial statements were authorised for issue on August 27, 2021 by the Board of Directors of the Company.

Dr. Mohammad Ashraf Butt Chief Executive Officer Babar Aijaz Chief Financial Officer Jamal Nasim Director



OUTLOOK

The Company is the sole supplier of Banknote paper to its major customer i.e. Pakistan Security Printing Corporation (Pvt.) Limited (PSPC) for onward delivery of currency notes to State Bank of Pakistan. Despite the negative effects of COVID-19 pandemic, the Company was able to meet the demand for Banknotes and other Security Paper by optimizing production, operational efficiencies and re-enforcing cost control measures.

The Company remains strongly focused on innovations, creating a strong performance culture within the organization and capitalizing opportunities in a challenging macroeconomic environment to improve productivity and enhance shareholders' value.

Demand for Banknote and other Security Paper going forward

The Company has a frontline role in the Banknote manufacturing cycle that involves production of Banknote paper as per increase in currency demand and timely delivery of Banknote paper to its customers. We expect demand for Banknotes and other Security Paper to continue to grow as long-term outlook for Security Paper products remains positive.

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.

Company performance against last year's projections

The Company's performance remained broadly in line with the targets. The rupee depreciation, increase in costs of utilities and hike in raw materials prices resulted in increase in costs, which were mostly passed on or controlled through efficiency improvement. 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.

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 Waste Water Recycling Plant, new Gas Generator, Chiller & Cooling Towers have been successfully completed. Whereas, the projects of Construction of building for Comber Storage, Pilot Project on Renewable Energy, New Refiners and Diesel Generator 100KW will be commissioned during FY 2021-22.

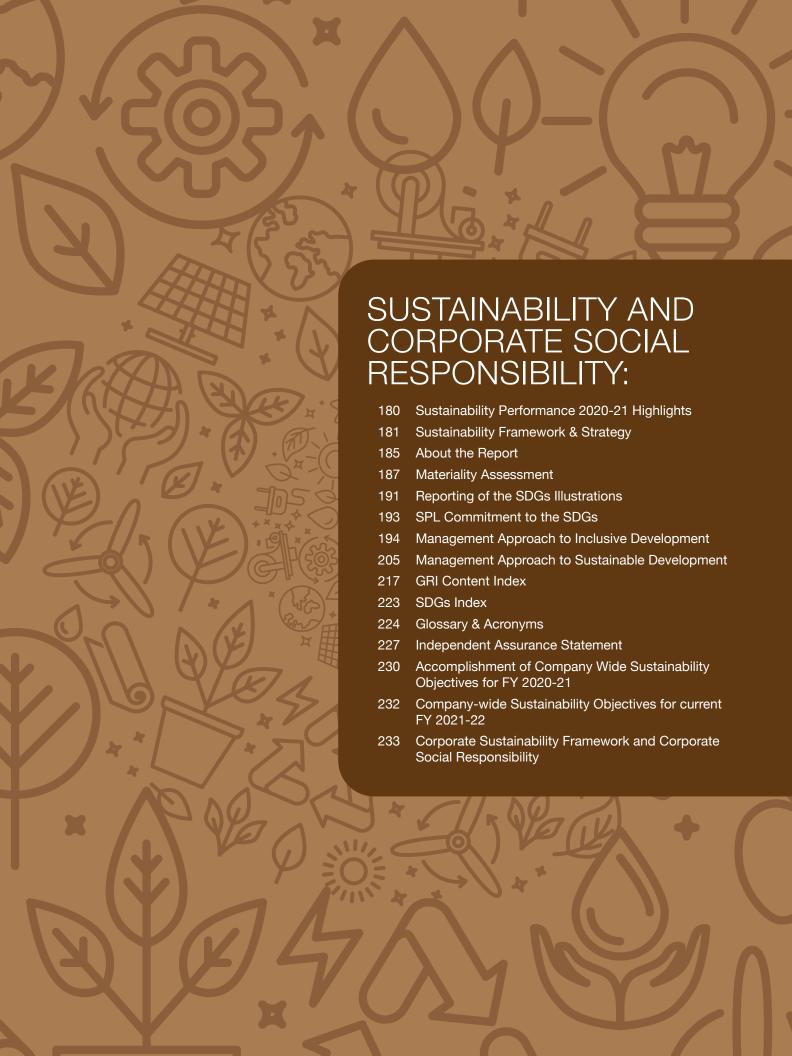
Sources of information used for projections

The Company prepares long term Strategic Business Plan and Annual Budgets and Forecasts to manage its business more effectively. The Company uses historical data for making projections / forecasts which are adopted as formal plans for the Company after the Board's approval.

Challenges and Uncertainties

The Company continues to up-grade its production facilities by acquiring state-of-the-art plant & equipment. The ongoing pandemic continues to pose threat to the overall economy as well as corporate sector. The Board will continue to improve oversight and governance of all aspects of the business including changes to the business environment and completion of the Company's projects that are currently underway. We are looking forward to contribute more for the sustainability of our environment.





SUSTAINABILITY PERFORMANCE 2020 - 2021 HIGHLIGHTS

Enhanced Efficiencies

Water 6.8%



Recycled Paper 7% increase



Enhanced efficiency in consumption per unit of finished production

Awards PSX





AEEA



BCR & **BSR** (ICAP / ICMAP



Human Capacity Enhancement



due to 12% increase in sustainablity training man-hours

18 million gallons of water saved



due to enhanced recycling of water

300 metric tons of CO₂ emissions saved



due to improved gas consumption during the year

Enhanced efficiency in Co-Generation Plant



due to 60% increase in utilization of self-generation source

16% **Reduction in Direct Gas Consumption**



due to Waste Heat Recovery Boiler

60% Reductions in Lost Time Case Rate



due to fewer Workplace Injuries

Sustainability Framework

In the changing world, our business relies upon human, social, manufactured, and natural capital to provide the people relationships and resources without which financial capital is meaningless. Businesses who strive continuously to produce world-class high-quality products through investments in innovative technology while taking care of health, safety, and environmental impacts on our community and society remain sustainable.

For SPL, Sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

Sustainable Development Goals (SDGs) have been identified as a roadmap for our business to integrate into our strategy. These SDGs are being used for aligning our targets for inclusive and sustainable development, measuring and managing our impacts.

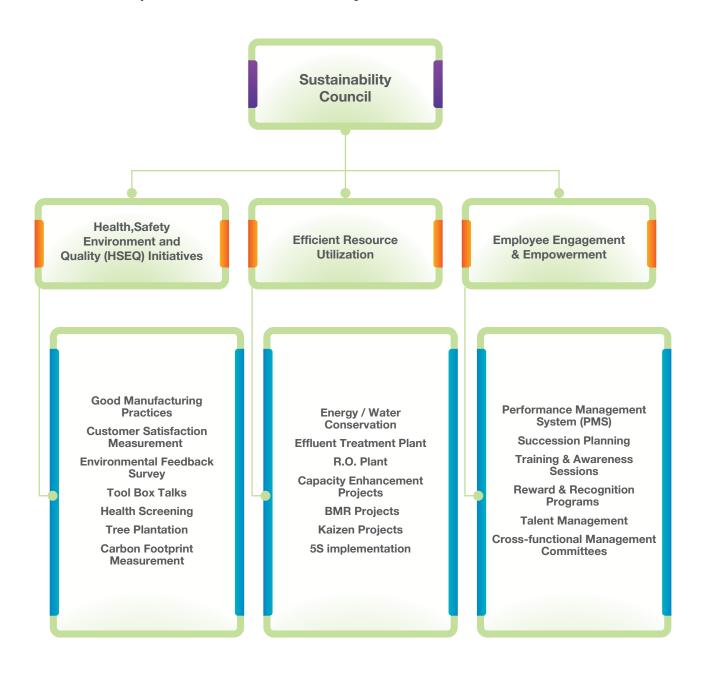
While SPL supports all seventeen SDGs, it prioritizes its actions where it can achieve the greatest impact. The rationale behind reporting on a particular KPI and its importance to the company and its stakeholders has been addressed in the SDG Reporting section.

We believe that factoring sustainability issues into our business strategy will ultimately lead to make decisions that advance sustainability as well as business success. Reporting on these capitals disclose how a business uses them to create value.

SPL is fully committed to contribute towards sustainable development in following ways:

- · Providing highest level of satisfaction to our customers through manufacturing of high-quality products
- Mitigating/Adapting all types of risks through creation of framework such as Enterprise & Climate Risk Management and Business Continuity Planning
- Creating systems in identifying issues in the value chain through strengthening relationships with our suppliers ultimately resulting in procurement of high-quality raw materials
- Improving efficiency and reduction in raw material/energy consumptions and costs by optimally utilizing all available resources
- Fostering continual improvement through use of tools such as KAIZEN, 5S Methodology and Preventive and Predictive Maintenance
- Promoting social development of the communities by extending financial and in-kind support for the welfare and development across the country.
- Attracting high quality talent through career fairs, on-campus recruitment drives, and liaison with Placement Officers
 of reputable business schools and institutions.
- Motivating, engaging, and developing employees through coaching, mentoring, on-job trainings, job rotations, and project assignments ultimately resulting in higher productivity and retention

Structure and Operation of the Sustainability Process at SPL



Sustainability Council



Keeping the above perspective into consideration, the Management has established Sustainability Council (comprising of senior Management team) from the current FY 2021-22 to assist the Board of Directors in fulfilling its responsibility to keep its stakeholders abreast in context to the creation of Sustainability framework and implementation of the best sustainability practices of the organization.

The first meeting of the Council was held on August,11,2021 that was chaired by the CEO. Performance against the Sustainability Objectives of the last FY2020-21 was analyzed in depth. All variances against the set targets were reviewed. For unfavorable variances, justification/rationale shared by the concerned departmental heads were deliberated and targets for the current

FY2021-22 were also discussed and finalized.

Objective & Purpose

The main objective and purpose behind the formation of Sustainability Council is to ensure that the concept of sustainability gets truly embedded in the overall corporate strategy and culture of the organization. The Council would channelize and coordinate the sustainability factors into business decisions, planning, and control.

Composition of Council

The Council constitutes of following members:

Chairman - Chief Executive Officer

Secretary / Member - GM(IMS)

Members - All ExCom Members

Scope

The Council's scope includes development, implementation, and monitoring the performance of the organization in terms of sustainable development practices encompassing all stakeholders throughout the value chain.

Key Responsibilities of the Sustainability Council:

- ✓ To identify priority material issues across our value chain.
- To identify key stakeholders, determine approach and frequency of engagement, and the mechanism to address issues and concerns raised by the stakeholders
- To define and establish Sustainability targets, key performance indicators (KPIs) in alignment with the prioritized material issues, for the financial year under review and measurement matrices for the next 5 years.
- ✓ To review and monitor organizational performance against the agreed sustainability KPIs and targets at regular intervals.
- To channelize, coordinate, and communicate strategies to all stakeholders including all levels of employees related to the Company's sustainable practices.
- ✓ To foster a conducive environment for introducing tools and technologies to reinforce the concept of Sustainability within the organization.



Sustainability Strategy

SPL has created a framework that entails our sustainable strategy in all areas of operations.

SPL has increased its focus on sustainable practices and reporting while producing quality products, reducing the environmental burden of its processes, engaging its stakeholders for their valuable inputs. The Company has devised strategies for inclusive growth and equal opportunities by providing sustainable returns to its shareholders, supporting its suppliers and contributing to socio-economic development.

We have also identified opportunities in Water Recycling, Renewable Energy, Energy Conservation, Resource Utilization and Capacity Enhancement for bringing required improvements in production efficiencies that ultimately lead towards customer satisfaction. New innovation and technological practices can reduce waste generation and improve the quality of the output.

We believe in investing on human capacity development for attracting and retaining talented employees. The Company aims to provides a workplace that generates equal opportunities for everyone in which people are treated with dignity and respect. The engaged and empowered workforce ensures that processes and systems are aligned with 3R's approach (Reduce-Reuse and Recycle) in our day to day operations. This would create value in three spheres-The Environment in which we live, the society in which we operate and the business we conduct.

We believe that continual improvement philosophy is the key to success for implementing sustainability strategy and framework in true letter and spirit.

Sustainability Strategy- Visual Illustration



*TBL Framework: Triple Bottom Line (Environment, Economic & People)



About Sustainability Reporting

At Security Papers Limited, Sustainability Reporting is identifying and communicating economic, social, and governance (ESG) goals — as well as progressing as an organization towards these factors. Associated benefits include improved corporate reputation, strengthened risk management, and enhanced customer satisfaction through implementation of best sustainability practices based on our extensive research on industry trends.

The Company has embedded continual improvement in every sphere of its operations by empowering our people, reducing our impact on the planet to deliver sustainable solutions to our customers. The Company has further developed our all-inclusive, holistic sustainability approach. It highlights how sustainability is mirrored in our product innovations with customer benefits, our supply chain, and the way the Company operate and how entity behave as an employer and member of the community.

Scope

Report Boundary

This report encompasses all of our core business and corporate function at Security Papers Limited. The economic, social, and environmental data presented in the report depicts data pertaining to our Plant and Management operations and the Community in which we operate.

Reporting Period

The timeframe represented by this report 's financial details and information is July 1, 2020 to June 30, 2021. In order to include a more accurate picture of progress to date, additional data from the previous reporting cycles has been provided for comparison related to FY 2019-20, where applicable.

Date of Publication: Sep. 09, 2021

Reporting Cycle

This publication marks the release of our fifth Sustainability Report that has been integrated into our Annual Report-2021 for the first time in our history. We have worked diligently through well-established protocols and integrated processes that allow us to report annually. SPL began voluntary environmental reporting from 2009 to 2015 and from 2016 to the current 'Sustainability Report', and this remains an integral part of Company's dedication to sustainable practices and transparency.

Most Recent Report

Prior to this publication, the most recent Sustainability Report published by SPL was for FY 2019-20.

Restatement/Changes from prior period

No changes have been reported that can significantly affect the comparability of data from period to period. Wherever found necessary; last financial years' figures have been regrouped/rearranged to conform to current FY data.

Report Methodology

The data in the report is based on actual scientific calculation. However, where data is unavailable, estimation was used. Over time, data collection and measurement methods are applied consistently.

Content

The contents are based on the results of our engagement with stakeholders such as Employees, Customers, Suppliers, Vendors, Shareholders etc., and GRI requirements: Core option. The report also cites UN SDGs which have been identified by the Pakistan Stock Exchange as relevant to business practices.

The material topics relevant to our stakeholders depicting significant impact of organizational activities on economy, environment, and society has been included in this report.

Report Boundary

Report boundary has been determined based on the area where impact has occurred for a material topic and the organization's involvement with those impacts.

External Assurance

Independent review of this report was conducted by Damsel Consulting (Pvt.) Ltd. in accordance with GRI Standards requirements and principles of inclusivity, materiality and responsiveness. A statement from the independent external reviewer is included at the end of this sustainability report, and outlines the scope of the assurance.

Point of contact

We value your feedback. To share any feedback or comments pertinent to the Sustainability Report, please email us at: sustainability.council@security-papers.com

Materiality Assessment

Materiality Process

Management believes materiality is a key component of effective communication with stakeholders. Matters are considered to be material, if they, individually or in aggregate, are expected to significantly affect the economic, social, and environmental performance as well as profitability of the Company.

Materiality concept includes both qualitative and quantitative aspects. Assessing their importance provides a guide to strategically manage the risks and opportunities they represent. In addition to disclosure of all events/transactions required by law, the management has adopted materiality approach for effective communication with all stakeholders. The purpose of the materiality assessment to help ensure our strategy is focused to prioritizes the issues that matter to our business and our stakeholders.

Management has adopted a materiality approach which is based on a combination of stakeholder engagement, understanding of environmental limits and strategic alignment. SPL determines its material issues while taking into consideration various factors such as the business activities of the organization, alignment with the Company's vision, values and strategic goals, company reputation, internal analysis, and past practices of the Company. Stakeholders' concerns and their feedback in the broader economic, social, and environmental context such as energy consumption, water availability, carbon footprint, emissions, effluents and waste, and climate change issues were also given due weightage.

To support our annual materiality assessment, we conduct ongoing dialogue with our stakeholders, including suppliers, consumers and regulators. We also assess material issues based on their relevance to our strategic plans and objectives.

All significant actual and potential negative impacts on environment, society and economy in the supply chain are being taken into consideration and necessary corrective actions are taken in consultation with concerned stakeholders. Materiality levels would be reviewed periodically and appropriately updated in the agenda of the Sustainability Council meetings at regular intervals.

The results of the exercise are summarized in the table below as well as in the materiality matrix given in the next page. The matrix presents the topics in order of importance to the stakeholders vis-à-vis impacts of our activities only and does not include information on any impacts of our customers or Supply Chain partners.









MATERIALITY MATRIX

Factor	Material Issue	Boundary (Within/Outside)	
Environment	Water Availability	Security Papers Limited and local community	
	Product Recycling	Security Papers Limited and local community	
	Emissions Control	Security Papers Limited and local community	
	Reliance on Local Power (Energy) supply	Security Papers Limited, its suppliers and local community	
Social	Non-discrimination	Security Papers Limited	
	Local Communities	Security Papers Limited	
	Training & Development	Security Papers Limited, its suppliers and local community	
	Succession Planning	Security Papers Limited	
	Occupational Health & Safety	Security Papers Limited, its service providers	
Economic	Corporate Governance & Business Ethics	Security Papers Limited	
	Efficient Resource Utilization	Security Papers Limited, its customers and other stakeholders	
	Sustainable & safe procurement practices	Security Papers Limited, its suppliers	
	Product Diversification	Security Papers Limited, its customers and other stakeholders	
	Capacity Enhancement	Security Papers Limited, its customers and other stakeholders	

MATERIAL ISSUES RESULTS OF LAST FY VS. CURRENT FY TARGETS

Material Issues

Water Availability

Reducing reliance on local power supply

Trianing & Development

Efficient Resource Utilization

Emissions Control

Occupational Health & Safety

Results Last FY 2020-21

6.8 % reduction in water used per unit of paper manufactured for FY 2020-21 as compared to last year.

60 % increase in utilization of selfgeneration source for FY 2020-21 as compared to last year.

12% increase in Sustainability related training man-hours for FY 2020-21 as compared to last year.

Process losses increased by 1.11% for FY 2020-21 as compared to last year.

> 300 metric tons of CO2 saved for FY 2020-21

60% reduction in Lost Time Case Rate for FY 2020-21 as compared to last year

Target Current FY 2021-22

10% increase in R.O. water (other than recycled water) for FY 2021-22 as compared to last year.

10% decrease in reliance on local power supply (K-Electric) through self-generation source

5% increase in Sustainability related training man-hours for FY 2021-22 as compared to last year.

1% reduction in process losses for FY 2021-22 as compared to FY 2019-20 (17.47%).

600 metric tons of CO2 to be saved for FY 2021-22

> Promote 100% accident-free environment and foster safety culture through implementation of continual improvement initiatives.

SUSTAINABLE GEALS DEVELOPMENT GEALS

Illustrations









Temperature Screening Health Awareness Sessions CSR donation to Indus Hospital









Leadership Development Program On-Floor Toolbox Talk Session Sustainability Training Session







Female Workforce Gaining Equal Opportunities in Recognition & Training







Inauguration of RO-Plant at SPL















Training Program by SGS

RLCC Visit by CSR Team Corporate Briefing Session









Inauguration of Fire Hydrant System

Inauguration of Effluent Treatment Plant









Controlled Disposal of Environmental Hazardous Waste









Clean & Green Environment Campaign by NFEH at SPL

SPL COMMITMENT TO THE SDGS

As highlighted by our sustainability strategy, we have integrated the UN's Sustainable Development Goals into our efforts for sustainable growth. This section reflects how our organization is contributing to Pakistan's commitment to Agenda 2030. We have recently established Sustainability Council with an objective to define and establish Sustainability targets, key performance indicators (KPIs) in alignment with the prioritized material issues, for the financial year under review and measurement matrices for the next 5 years. Our sustainability performance against the given SDG targets will be used to set future goals and to drive both inclusive and sustainable value creation.







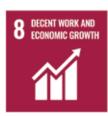
































MANAGEMENT APPROACH TO **INCLUSIVE DEVELOPMENT**

Security Papers Limited (SPL) aims to provide a workplace that generates equal opportunities for everyone, and in which people are treated with dignity and respect. Through its various ongoing policies, SPL is committed to looking after all its employees irrespective of any discrimination in the form of gender, race, religion, caste, color or creed etc. To increase visibility and to improve brand image to its various shareholders and investors, the Management has laid a foundation that touches upon the company's corporate culture. Also recognizing the value of its human resources and extended supply chain, SPL invests in its employees' health and well-being, training and development and creates a working culture which upholds decent work and work-life balance. Furthermore, as a responsible organization, SPL is committed to job creation which is inclusive and provides the females, differently-abled persons and youth of the country with an opportunity to improve their livelihood skills, giving them an opportunity to become part of their workforce eventually and also enhance their standard of living.





3. GOOD HEALTH AND WELL BEING

By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-five mortality to at least as low as 25 per 1,000 live births



BUSINESS THEME

Healthcare insurance



BUSINESS ACTION

- SPL frequently organizes Health Awareness Sessions on various medical issues conducted by our on-site Medical Consultant. During 2020-21, total 76 training man-hours were devoted to health awareness addressing topics such as Dengue, COVID-19 Pandemic Awareness & Vaccination.
- The Company provided first aid and emergency medical care to its employees who become ill or get injured at work. These services are provided by appropriately trained and qualified personnel available on-site First Aid Centre. Group Healthcare Insurance facility for all employees and their dependents, round the clock emergency first-aid services and qualified medical consultant is available
- A certified Medical Consultant at SPL conducts frequent medical screening examinations for all employees throughout the year.

at factory premises as well as for residents of SPL Residential Estate.

SPL made every effort to maintain its employees' well-being. As a responsible business entity, the Company donated to institutions such as Indus Hospital, Dow, Healthcare and Social Welfare Association (HASWA) and the Burns Centre.

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being



BUSINESS THEME

Employee Benefits, Occupational **Health & Safety**



BUSINESS ACTION

- Employees' physical and emotional health are also prioritized at SPL.
 - 4 Employees participated in external training on "Psychology of work place safety" arranged by Management Association of Pakistan (MAP).
- 3 Employees have successfully become Lead Auditor for Occupational Health and Safety Management System from SGS Pakistan (Pvt.) Ltd.
- Employees also participated from different departments in Firefighting & First-Aid training conducted by Dr. Tariq Saif Ullah (External Civil Defense Trainer). Employees and their families enjoy play area facility at SPL Residential Estate.
- The Company intends to arrange sports/recreational activities in the near future to improve the overall health of employees as soon as pandemic ends
- Medical examinations are usually conducted by SPL Medical Consultant for early detection of work-related medical illnesses so measures can be taken to prevent serious disability or other health hazard.
- SPL offers Group Healthcare Insurance to its employees. The Group Healthcare Insurance Plan coverage includes not only employees but also their dependents including spouse, children and parents.
- Future plans include access to mental health programs as well.

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all



BUSINESS THEME

Access to quality essential health care services.



BUSINESS ACTION

SPL Medical Consultant arranged awareness sessions and also provides support and guidance to the employees diagnosed with COVID-19 positive cases. HR & Admin. team members provide round the clock support and get daily updates

of all suspected COVID-19 cases and update senior management accordingly. SPL provided COVID-19 vaccination facility to all its employees as well to avoid the spread of pandemic.

SPL conducts regular health examinations for executives who do not work in hazardous environments. These examinations are conducted free of charge because early detection and treatment of illnesses reduce absenteeism, improve workplace productivity, and prevent long-term disability.

By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination



Business Theme

Mitigate the health impacts of Hazardous Chemicals



Business Action

Hazardous Chemicals involved in our production process includes H2SO4, HCl and NaOH .SPL being an environmentally compliant organization obtains NOC from Sindh Environmental Protection Agency for handling of Hazardous and Non-hazardous material every year.

Strict safety precautions are taken in respect of workforce deployed for handling hazardous substances.

All workers are thoroughly trained in safety precautions for handling hazardous substances and are being supervised by qualified supervisors.

Proper PPEs are made available for all workers. Water showers are available at these areas. A well-equipped First-aid facility is available supervised by trained staff under the supervision of qualified Medical Consultant.

Medical check-up of all workforce is carried out at the time of employment and subsequently undertaken at least once a year.

Mitigate the health impacts of Air, Water, Soil Pollution

In order to mitigate the health impacts of air-borne contamination; Gur (raw sugarcane extract) is provided on daily basis upon the recommendations of Medical Consultant to our workforce. All stack, vehicular, and gas emissions are being monitored as per SEQS on quarterly basis by a SEPA certified lab for CO2, NOx, SOX, noise, and smoke. SPL is compliant to ISO 45001, 9001 and 14001 standards. Solid hazardous waste is controlled at the point of generation and disposed of as per regulatory requirements. All scrap/salvage materials are stacked and categorized in hazardous and non-hazardous categories in designated area (Scrap Yard) through following proper record keeping procedures and handed over to a SEPA certified vendor as per established SOP of Scrap & Fixed Assets Disposal prepared in compliance with ISO 14001:2015 Management System.

To ensure safe drinking water, physiochemical and microbiological testing are carried out at regular intervals in compliance with SEQS.

Liquid Effluent discharge is monitored and tested in-house at suitable intervals, while the same is also tested on quarterly basis at SEPA certified laboratories.

TARGET



4. QUALITY EDUCATION

By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university



BUSINESS THEME

Training and Education



BUSINESS ACTION

Due to the ongoing COVID - 19 outbreaks, all educational institutions remained closed for the majority of the time as per government orders, taking it as precautionary measure adopted globally. SPL has financially supported SOS Village Karachi school in acquiring 12 computers, citing a need for them to maintain student databases and to deliver online classes.

In this way, SPL contributed to the improvement of education levels and socio-economic development in surrounding communities

SPL also supported and contributed to the cause of women empowerment by sponsoring two new laptops for Rana Liaguat Craftsmen Colony (RLCC). RLCC uses innovative waste management techniques such as reuse and recycling to teach local women how to incorporate sustainable waste management into their daily lives. SPL strengthened the local women's community last year when it upgraded a computer lab at the RLCC Shah Faisal Colony Campus, Karachi.

SPL financially sponsored two CNC machines to the Mithi-Tharparkar Vocational Training Program as part of its collaboration with the Thar Foundation for the development of skilled human capital and the augmentation of their livelihoods.

SPL has provided assistance to the TCF in the form of financial assistance for the installation of solar panels at one school in KPK, District Karak, and one school in AJK, District Muzaffarabad. The Citizen Foundation's (TCF) mission is to ensure that all students have access to a productive, long-term learning environment.



By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship



BUSINESS THEME

Employee Training and Education



BUSINESS ACTION

SPL remains committed towards providing non-discriminatory access to all of its employees for enhancing education and professional development of our employees through various in-house and external training programe.

SPL provides financial support to the bright and highly talented children of all existing permanent employees pursuing academic, technical or professional education.

During the year 2020-21, SPL awarded 51 scholarships amounting to PKR 1.55 million to the bright children of its employees that demonstrates management commitment towards education.

SPL facilitates its employees to gain awareness on sustainable development through nomination in external training. During the year 2658 man-hours were devoted to enhance the technical skills of our workforce which accounts for 91% of total training man-hours amounting to approximately PKR 1 million.

Selection process and employment policy is geared to attract and retain capable and qualified employees regardless of any discriminative factor.

SDG TARGET

A separate clause is mentioned in our Recruitment Policy regarding minimum age limit for employment which states that the Company cannot appoint anyone less than 20 years of age.

Specialized training modules for Production & Mould Department has been designed with a focus on developing technical capabilities of employees. Overall, 56 participants were trained externally and 775 participants internally in

Due to COVID-19, only 3 students from different universities were offered internship opportunities in last FY 2020-21.

Education loans are made available for employees.

Daycare staff has been imparted training on Early Childhood Development Education (ECDE).

During the year, Supply Chain department had further employed two young talented members who have relevant qualification and nurturing their skills through on-job and class room trainings in collaboration with HR&A department.

During the year ,11 participants from various departments received core technical trainings from the most relevant and top-notch institutions like IBA, ICAP, PIM, ORACLE University, SMEDA & FBR.

By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations



BUSINESS THEME

Equal Access to Training and Education.



BUSINESS ACTION

SPL promotes a merit-based culture that inspires physically challenged persons by classifying itself as an equal opportunity employer and not discriminating against any socio-demographic category.

The Company contributes greatly towards the development of education as its social responsibility, and considers education as a fundamental right of every child. Therefore, the Management proposes to augment Group Life Insurance Policy by adding 'Group Pay Continuation Plan' to assist the families of deceased employees immediately. SPL also supports the education of differently-abled children of employees through special grants under the head of Employee Welfare Fund Policy. 95 persons were facilitated through Employee Welfare Fund Scheme in 2020-21 amounting to PKR 2.13 million.

TARGET

By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development



BUSINESS THEME

Education for sustainable development.



BUSINESS ACTION

To promote sense of contribution to sustainable development SPL is enhancing its focus towards strengthening relations with those vendors/suppliers/contractors who has the knowledge of core concepts of sustainable development. A consolidated Pre-Qualification/ Registration criteria is devised to assess the sustainability awareness and contribution comprising of factors like pollution control, eco-friendly practices, emergency preparedness, OH&S culture, legal compliance, delivery capability, experience etc.

The Supply Chain Department in concert with IMS is revamping the selection and tender awarding process for External Service Providers. In this context, a comprehensive "Code of Ethics for Sustainable Business Practices of Security Papers Limited" and a Self-Assessment Scoring Report on Sustainability Factors (For Pre-Qualification/Registration of Suppliers/Contractors) will be enforced which will pave the way to promote understanding of service providers related to contribution to sustainable development, and promotion of human rights.

The Company has also engaged the services of reputable Consultant and Corporate trainers from industry to arrange both in-house and external trainings on best sustainability practices .Communication mechanism has been established and sustainability is promoted through various forums such as Training and awareness sessions, Departmental Meetings, Executive Committee Meetings, Management Review Council (MRC) Meetings, Corporate Newsletter and the Company website that has been recently revamped to showcase our Sustainability initiatives.



5. GENDER EQUALITY

End all forms of discrimination against all women and girls everywhere



BUSINESS THEME

Gender Equality, Equal remuneration for women and men. Non-discrimination. **Economic Inclusion,** Parental Leave.

BUSINESS ACTION

SPL aspires to create a workplace that provides equal opportunities for all workforce and treats them with dignity and respect.

We inducted 3 permanent employees in 2020-21; of which 2 are females.

It followed a non-discriminatory hiring approach that meets with all regulatory requirements.

The Company celebrates International Women's Day which is global day celebrating the social, economic, cultural and political achievements of women.

Female employees have access to facilities like daycare, group life and healthcare insurance, medical consultant, trainings, decent work, and representation in decision-making processes.

According to the Sindh Maternity Benefit Act 2018, a female employee may take maternity leave four weeks before her expected due date and twelve weeks after the delivery date.

An Iddat Leave to all married Muslim female employees for 4 months and 10 days with pay is given.

The Supply Chain Department ensures that all the suppliers/ contractors/ vendors/ service providers understand SPL Code of Ethics before being allowed to provide any service or product and abide by all applicable laws of land including Labor law, Factories Act and others.

Non-discrimination on the basis of gender, race, colour, caste, or creed is being followed under the Company's Recruitment Policy.

Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation



BUSINESS THEME

Workplace violence and harassment.



BUSINESS ACTION

The complaint can be made orally or in writing through any of the following two approaches:

1. Informal approach - It has been observed that the employee's grievances generally result from minor misunderstanding(s) that can be resolved with proper counseling by the supervisor/ senior management. Therefore, the preferred way to settle the grievance is informal until the matter is of serious nature and requires thorough investigation.

2. Formal Approach - If an employee who has been directly harassed, or has witnessed or is affected by the harassment of others, has reported such conduct to his/her supervisor, peer or anyone immediately it may serve as witness for making the formal complaint. he/she may approach his/her supervisor, or directly to any member of the inquiry committee. There is also a female member on the inquiry committee. The Committee member approached is obligated to initiate the process of investigation. The supervisor facilitates the process and is obligated not to cover up or obstruct the inquiry. No harassment case has been reported until now.

SDG TARGET

Whistle Blowing 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 Whistle blowing Policy is applicable to all employees for the reporting of any illegal or unethical activities that may harm the interests of the company and/or any stakeholder or external agency.

The whistle blower, who has observed any reportable illegal and/or unethical activities, may report his/her concerns to the Ethics Committee in writing on prescribed form (Appendix - 1) of Policy along with his identity and contact details. OR If whistle blower desires to report an illegal and unethical activity committed by any member of Ethics Committee, he/she shall communicate such concerns directly to the CEO.

There is a specific Code of Conduct and Discipline Policy to control any kind of behaviour and the conduct of the employee that is detrimental to the Company or detrimental to the well-being of other employees of the Company.

Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate



BUSINESS THEME

Childcare services and benefits. LIFE Work-life balance, Economic Performance.

BUSINESS ACTION

SPL has an on-site daycare facility, and a total of 18 employees were using the facility with 20 kids being accommodated at Daycare facility.

Due to COVID-19 Viral Disease, the Day Care facility is currently discontinued temporarily.

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



BUSINESS THEM

Women in Leadership.



BUSINESS ACTION

- SPL uses succession planning as a unique method of providing a career path for its employees.
- Currently, there are two females serving on the Board of Directors.
- 15 females are employed on permanent basis; one of them is working at C-2 level



8. DECENT WORK AND ECONOMIC GROWTH

Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries



BUSINESS THEME

Economic Performance, **Economic Value.**



BUSINESS ACTION

- The Company maintains a motivated workforce through consistent focus on their training and development. More than 92 (In-house & External) training sessions with 2917+ man-hours were delivered including a specialized training module for Production & Mould Department to enhance the technical as well as social skills of our workforce.
- SPL offers merit based pay increase to its workforce on annual basis.
- Apprenticeship programs are in the pipeline.
- The Company invested in Thar Foundation, which aims to remove barriers to education for Mithi-youth Thar's and to provide them with vocational training and employable skills.
- SPL has supported the RLCC in upgrading their computer lab by providing new laptops. RLCC is dedicated to women empowerment through improved health, education, and economic independence.



Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services



BUSINESS THEME

Economic Inclusion, Inclusive Business.



BUSINESS ACTION

- The ratio of outsourced workforce in 2020-21 was 40% females and 60% male workforce approximately.
- Average hourly earnings of managerial staff is Rs.1089/- approx. and of non-managerial staff Rs. 297/- approx. for 2020-21.
 - 6 permanent/contractual positions were created in 2020-21, and all jobs are open for any eligible applicant. We have a defined Recruitment, Selection and Placement Policy. Till date, all senior management has been inducted from the local community from various areas of the country. To create transparency, a recruitment portal has been created which is available on the Company website and all new recruits are being inducted through the same portal.

SDG TARGET

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



BUSINESS THEME

Diversity & equal opportunity, **Employment.**



BUSINESS ACTION

- Minimum wage paid to the employees is Rs. 18,000/- per month that is in compliance with the legal requirement.
- No fatal incident was reported during the year.
- 21 non-fatal incidents have been reported during 2020-21. Classification by Gender includes Male: 83% & Female: 17%.
- SPL is fully compliant with the laws of land pertaining to labor rights based on national and provincial rights. The Company promotes equal employment opportunity and prohibits discrimination

on any ground. Currently, SPL has 6 differently abled employees and promotes diversity and better team cohesion at the workplace.

WORKFORCE STRENGTH BY GENDER, AGE GROUP & TYPE



Age Group		No. of Employees					
(in years)	Off	icer	Worke	r / Staff	Contr	actual	TOTAL
	Female	Male	Female	Male	Female	Male	
20 -30	2	8	2	12	0	0	24
31 - 40	5	25	2	47	0	0	79
41 - 50	0	35	1	85	0	0	121
51 - 60	0	16	3	74	0	0	93
> 60	0	0	0	0	0	3	3
Total	7	84	8	218	0	3	320





INCIDENT SUMMARY WITH RESPECT TO GENDER/CATEGORY

	No. of Incidents	% by Gender/Category
Incident affecting male workforce	7	33%
Incident affecting female workforce	2	10%
Incident affecting property/equipment	12	57%
Total	21	100%

MANAGEMENT APPROACH TO SUSTAINABLE DEVELOPMENT

SPL is committed to principles of sustainable development that ensures the company reduces its environmental impact and contributes to a healthier ecosystem. The production of security paper requires the sustainable production of cotton, and its transformation to paper in a resource efficient manner. SPL has achieved this through implementing continual improvement practices of KAIZEN, 5S, Innovative Idea Scheme & Employee of the Quarter Award that lead to efficient operations of its products. The Company has an Environmental Policy based on sustainability objectives/targets set on an annual basis by the Sustainability Council. These objectives are incorporated into KPIs of all functional areas for the financial year, SPL practices water stewardship by expanding its water recycling and waste water treatment. It aims to achieve reduction in energy consumption through continuing to identify opportunities for energy efficiency, and piloting a solar energy project.





6. CLEAN WATER AND SANITATION

By 2030, achieve universal and equitable access to safe and affordable drinking water for all. 6.b Support and strengthen the participation of local communities in improving water and

sanitation management



BUSINESS THEME

Access to water

BUSINESS ACTION

SPL provides its workforce with clean drinking water in all areas including its Residential Estate areas. In this context, a direct line is provided from new R.O. Plant containing Ultra-Filtration Modules to the Estate inhabitants that will be regularly tested as per SEQS standards.

As part of our sustainability efforts, SPL sponsored a R.O. Plant to Burns Centre for CSSD Machine, to facilitate in sterilizing the equipment and materials. It provides sterilized water, filters out unwanted contaminants and bacteria, provides a safe and therapeutic environment for all patients, staff, and visitors, and reduces patients' risk of infection.

SPL is committed to promote the sustainable use of water while employing solutions that enable comprehensive reductions in domestic waste water and aims to make water use more sustainable on a broader scale. We sponsored Karwan-e-Hayat in installing solar panels for having alternate energy / electricity to ensure that their R.O. Plant is being operated efficiently and cost effectively. The Karwan-e-Hayat is a non-profit organization dedicated to treating and rehabilitating mentally ill patients in Pakistan's poor and under-privileged communities. Though the hospital has a RO Plant, it was not operational due to the rising cost of electricity, putting a strain on the hospital's already limited resources.



By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations



BUSINESS THEME

Access to WASH

BUSINESS ACTION

To ensure adequate and equitable sanitation and hygiene for the entire workforce. our Administration team maintains vigorous monitoring by maintaining checklist that are also randomly verified by IMS team through its Good Manufacturing Practices (GMP) Round Observations.

To combat COVID-19 Pandemic challenges, management focus was on ensuring hygiene of washrooms.

Adequate supply and usage of liquid sanitizers, disinfectant sprays, liquid handwash was ensured specially in critical areas such as Change rooms, Canteen, Entry and Exit Gates, Prayer and Kitchen areas.

5S implementation was made in true letter and spirit throughout the identified 19 blocks in factory premises that speaks volumes of our Management commitment towards ensuring sustainable process of hygiene and cleaning.



By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, heving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally



BUSINESS THEME

Water recycling and reuse

BUSINESS ACTION

Out of total 126 million gallons of water 10.5 million gallons had been recycled which accounts for 8% of the total waste water.

An Effluent Treatment Plant has been fully operated that has recycled up to 10.5 million Gallons of water. Final discharge to municipal water is closely monitored and periodically tested to ensure fully compliance with SEQS.

Overall water consumption has been decreased from previous year. Water consumption per ton of paper produced has decreased by 6.8% for the year 2020-2021 to 2019-2020 due to water efficiency initiatives such as recycling. Current water consumption is at 244.8 million gallons and is sourced from KWSB, water tankers, and the RO Plants.

Waste water



Liquid effluent is treated in an Effluent Treatment Plant that is operated through Standard Operating Procedures. Both in-house and external testing are being carried out to comply with the National Standards. The final environmental hazardous properties of effluents are controlled periodically and ensured to comply with SEQS before final discharge.



By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.



BUSINESS THEME

Water efficiency

BUSINESS ACTION

To enhance raw water availability for Reverse Osmosis plant, a new bore of 1300 ft. depth has been drilled. After successful commissioning, it has yield of 100,000 GPD

6.8% reduction in water used per ton of paper made was achieved against the target

WATER CONSUMPTION BY SOURCE

2020-21	2019-20
Gallons (000)	Gallons (000)
146,029	177,894
14,952	19,063
42,514	33,560
41,379	47,304
244,874	277,821
	Gallons (000) 146,029 14,952 42,514 41,379

	2020-21	2019-20
Total Paper Finished (tons)	4,138.3	4376.9
Variance in %	-5.5%)
Gas Consumption (Cubic Meters)	6,684,264	5,323,037
Resource per unit of finished production (cm3 /ton)	1,615	1,216
Variance in %	32.8%	
Water Consumption (million gallons)	244.9	277.8
Resource per unit of finished production (gallons/kg)	59.2	63.5
Variance in %	-6.8%	
Water Saved for (million gallons)	17.8	41.7
Electricity Consumption (Kwh)	19,441,023	18,807,936
Resource per unit of finished production (Kwh /ton)	4697.82	4297.14
Variance in %	9.3%	





7. AFFORDABLE AND CLEAN ENERGY

By 2030, ensure universal access to affordable, reliable and modern energy services



Electricity access



50 % increase in energy capacity was achieved through self-generation source. A Gas Generator with capacity of 1.4 MW was added along with a boiler having capacity of 1.67 tons/hr.

Consequently, a total of 46% reduction is achieved in gas consumption of boiler and chiller section leading to avoid 283 tons of CO2 emissions to the environment.

By 2030, increase substantially the share of renewable energy in the global energy mix



Renewable energy



A 10 KW solar pilot project is in execution phase. This will address 0.3% of the total load.



By 2030, double the global rate of improvement in energy efficiency



Energy efficiency



As a part of Kaizen initiative; our Engineering team is working on a project to recover the thermal energy of generator jacket water in heating up boiler water for steam generation. It would lead to reaping following benefits:

- Heat Recovery from generator jacket water: 416,556 BTU/hour
- N-gas saving with heat recovery: 438 c.ft./hour
- Cost Savings: Rs.10,207 /day
- Reduce the CO2 Emission: 530 kg/day through saving of Natural gas (considering CO2 53.06KG/MMBTU)





9. INDUSTRY, INNOVATION, AND INFRASTRUCTURE

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities



BUSINESS THEME

Environmental investment



Infrastructure investments



Resource-use efficiency



BUSINESS ACTION

See SDG 7 section for adoption of clean energy

A budget of 1.5 million has been allocated to replace all environmentally hazardous asbestos sheets with Galvanized iron sheets.

Various initiatives have been taken to up-grade infrastructure which broadly covers:

- To increase energy mix from a more reliable and cost-effective source of energy and green energy.
- Enhance raw water availability.
- Improve product quality via increasing control on factors impacting the quality
- Expansion in raw material storage capacity to avoid interruptions while minimizing in variations of cost of material.

See SDG 6, 7, and 12 for further details on water, energy, and production respectively.

To nurture the culture of continual improvement and collaborative working; the concept of "Kaizen "has been embedded into the KPIs of each individual Officer. At least one Kaizen Project had to be executed by each individual while working in cross-functional teams. Over 25 Kaizen Projects had been successfully completed. Details of Capital projects are mentioned in the given table:

VALUE OF INVESTMENT FOR SUSTAINABILITY PROJECTS

Completed Projects	2020-21(in PKR)
New Absorption Chiller with dual (Gas/Diesel) Fire System	55 million
New Bore of 1300 ft. depth	13.4 million
Upgradation of Electric Control System of Sheeter Machine	46.76 million
Installation of 1.4 MW Gas Generator	81.5 million
Up-gradation of Fire-fighting System	31.8 million

In-Progress Projects	2020-21(in PKR)
Installation of 100 KW Diesel Generator	5.9 million
Construction of Comber store of 9600 sq.ft.	50 million
Installation of new Refiner series	118 million
Solar Energy Projects	1 million





12. SUSTAINABLE CONSUMPTION AND PRODUCTION

By 2030, achieve the sustainable management and efficient use of natural resources



BUSINESS THEME

Energy efficiency



BUSINESS ACTION

See SDG 7 for initiatives on energy efficiency and energy consumption

To increase resource efficiency, a boiler with capacity of 0.75 tons/hr. was installed with a diesel generator at Co-generation Plant. The Plant was made operational in Jan.2021 with an objective to recover the thermal energy of flue gases in heating up boiler water for steam generation.

It has provided Natural Gas savings of 5,333 mmbtu while ensuring cost savings of Rs. 5.7 million.

Water efficiency -Water quality



See SDG 6 for initiatives on water efficiency and waste water

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment



BUSINESS THEME

Environmental management system



BUSINESS ACTION

The Management is responsible for the safe operations of its manufacturing facilities and handling of hazardous chemicals and to control their release into air water and soil in an environmentally friendly manner. Environmental feedback survey is also conducted every year from neighboring communities to identify quality issues pertaining to our surrounding / Environment that may have the potential for causing adverse impact on our Community. Audit of ISO 14001:2015 Certification on Environment Management System is conducted by SGS Pakistan (Pvt.) Ltd. on an annual basis that assesses our environmental protection performance.

A document titled "Aspect/Impact Analysis Report" has also been developed for conducting environmental risk assessment and controls duly reviewed and vetted by Certified SEPA Consultant.

Air quality



Emissions into the air are monitored at the source point every quarter with accordance to the SEQS. Ash sampling and analysis is undertaken on an annual basis through Certified SEPA lab.

12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and



BUSINESS THEME

Waste management



BUSINESS ACTION

Scanned copies of notices / circular etc. via official HR email are circulated along with text messages for immediate flow of information. It has reduced paper work, which ultimately result in cost / waste reduction. MIS based (Automated) Performance Management and Leave Management System are in operation.

SDG TARGET

SPL has its own scrapyard where hazardous and non-classified materials are managed in accordance with the international agreements signed by the Government of Pakistan. Hazardous waste is controlled at the point of generation and disposed as per regulatory requirements.

A scrapped vacuum pump of Cast iron was re-engineered with improved metallurgy in stainless steel and had been successfully installed at PM-2 as KAIZEN Project. Cost Benefit Analysis depicts savings of Rs. 5.5 million.



EFFLUENT AND WASTE

Waste Category	Unit	2020-21	
HAZARDOUS SOLID WASTE			
Dry Batteries	Nos.	11	
Different Auto Spare with Filters	Lot	1	
Monitors Unserviceable	Nos.	3	
Printer Unserviceable	Nos.	6	
Computer Accessories	Lot	1	
Electrical Scrap & Different Spare	Lot	1	
Oil Used Large Drums	Nos.	12	
Oil Used Small Drums Mixed	Nos.	2	
Batteries Different type Liquid	Nos.	21	

Waste Water	2020-21	2019-20
Total waste water (000, Gallons/year)	126,520	52,690
Total waste water per ton of per unit of finished production (000, Gallons/ton)	30.5	12.0
Water recycled -After commissioning of ETP (000, Gallons)	10,500	-
Total waste water recycled out of total waste water	8%	-
Water reused (Back water) into process (million Gallons)	90.3	90.1

Paper Waste	2020-21	2019-20
Total waste in tons (Paper and Pulp)	895	885
Total waste of Paper and Pulp per unit of finished production	0.205	0.214
Variance in %	-4.6%	
Total recycled paper waste (tons)	251	248
Total recycled paper waste per unit of finished paper	0.057	0.061
Decrease in % for total recycled paper waste per unit of finished production	-7.	04%



13. CLIMATE ACTION

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



BUSINESS THEME

GHG emissions



BUSINESS ACTION

In the year 2020-2021 total 15,060 metric tons of CO2 were recorded based on electricity and gas consumption which is 0.07% lower than previous year. As a result of decreasing 60% reliance on local energy source through utilizing self-generation source, although the total increase in direct gas consumption led to 25% increase in CO2 footprint but parallel decrease of overall 45% from electricity balance out this increase. Further to control GHG emissions some major counter measures include:

- Currently approx. 500 trees of various categories are available leading to offset 7 metric tons of CO2 per year.
- Substantial no. of Neem trees has been planted in FY 2020-21 to offset emissions recently and also in compliance with SEPA directives.
- Further to increase 10% plantation has taken up as sustainability objective for FY2021-22
- Waste Heat is reused to save 283 metric tons of CO2.
- A project to recover the thermal energy of generator jacket water in heating up boiler water for steam generation is in progress which would lead to offset 4,643 metric tons of CO2 upon completion.

Risk assessment



An Aspect Impact Analysis Report, IMS Risk Register, and Business Continuity Planning Manual has been developed to ensure that climate change impacts are controlled and do not interfere with business operation continuity. These guidelines are reviewed and updated on a bi-annual basis. The report involves assigning controls for the risks identified against each environmental aspect in the organization. The plan covers climate related and natural disasters including epidemics, earthquakes, fires, floods, cyclones or other such storms, power outages, water supply interruption or contamination, and chemical spills.

Resilience



In our Business Continuity Planning Manual, plans and actions have been set in place to deal with physical or infrastructural emergencies by ensuring the on-site presence of chemical spill kit, fire-fighting mechanisms, sand-bags, and battle box.

Climate resilient **Supply Chain**



To enhance the capacity of Plant in terms of maintaining minimum raw material's stock level throughout the fiscal year; a capital project titled "Expansion of Raw material Store" is underway. This expansion would enhance the capacity by 450-500 tons for comber storage (which is the basic raw material and most sensitized to climatic conditions) with the estimated budget of 50 million. The project caters for highly effective utilization of land as we plan to have additional floor built over the existing infrastructure. The completion of this project would provide us an additional cushion of 33 days of our production capacity.

Such strategies enhanced resilience against climate related hazards and natural disasters. The adoption of this strategy also ensures consistent per unit cost to cope-up with the challenging COVID-19 situations in which supplies remain at halt for longer periods of time. Due to these precautionary measures, no interruptions were faced during the current pandemic because of unavailability of raw material.

Investment in environmental protection and resilience



Various initiatives such as reducing reliance on water from local sources by establishing R.O. and water recycling plants, and lowering dependency on grid energy supply through in-house arrangements have been taken. Co-Generation Plant with heat recovery facility that complies with the NEQS.

During heat waves, employees are provided with hydration supplements to ensure that they are protected from dehydration. For the wider community just outside the factory premises, SPL sets up heat stroke relief camps, cold water dispensers and shades.



13. CLIMATE ACTION

BUSINESS ACTION

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



BUSINESS THEME

Training & **Awareness**



A series of training and awareness sessions are held for all levels of employees to ensure alignment of the Sustainability objectives with business actions.

Waste management



workplace through cross-functional team efforts such as Kaizen and 5S system implementation throughout the organization. The most fascinating examples is the renovation of Canteen in which indigenous resources, scrapped furniture refurbished with following features:

The concept of 3Rs (Reduce-Reuse-Recycle) has been inculcated into the

- A scrapped wooden piece was used to cover a broken window, painted it then placed a mirror on it.
- An old cabinet from waste material of civil department was recovered, repaired and painted
- A bench was also prepared in-house with the help of Civil Engineering.

These efforts ultimately resulting in substantial monetary savings.

Energy efficiency



High efficiency motors are installed for beater /breaker and inverter drives have been installed for Sheeter machine and Chiller Pumps.

Energy reduction has been achieved through various initiatives for energy efficiency. These include, using thermal energy of flue gases and jacketed water from generator and boiler for steam generation. Only one project of waste heat recovery of generator has made substantial saving of approx. 5.7 million within just six months after commissioning in Jan.2021

Strategy



The Company has a well-defined documented sustainability objective developed by relevant stakeholders duly reviewed and vetted by the CEO. These objectives are implemented across the organization. Company-wide Sustainability objectives aligned with the company's wider targets have been incorporated into employee KPIs for the current FY 2021-22.

Training & Education



Climate Awareness training topics such as water conservation, energy conservation, heat stroke awareness, climate change, and emergency response procedures would be included into the Annual Training calendar for FY 2021-22.



BUSINESS THEME

Institutional capacity building



Mitigation and adaptation



BUSINESS ACTION

SPL produces security paper products that are the most flammable of all papers. Therefore, to ensure the protection of finished products, raw materials, and all auxiliary materials, including fixed assets, and the safety of its employees/workers, up-gradation of the New Fire Hydrant & Fire Sprinkler System has been undertaken to protect against fire hazards.

Fire detection systems are designed to detect early fire; therefore, evacuation can take place before the fire spreads to other areas of the building. Early detection also plays a critical role in responding to emergencies.

To reduce scope 3 emissions (transport of raw materials), 93% of suppliers are locally based - in particular for comber which is the main raw material used in manufacturing of security papers.

All Company owned vehicles are serviced regularly through a reputable service provider. Emissions monitoring is being done on quarterly basis.

Detailed survey has been conducted out at regular intervals to identify the critical areas with respect to monsoon season. Water proofing of all vulnerable roof areas have been carried out as per survey to ensure safety of Plant and material.

CARBON FOOT-PRINT GENERATED FROM DIRECT GAS AND ELECTRICITY CONSUMPTION

	2020-21	2019-20	Variance in %
Carbon foot-print generated from Gas Consumption (metric tons)	12056.7	9594.7	25.66
Carbon foot-print generated from Electricity Consumption (metric tons)	3003.4	5475.6	-45.15
Total Carbon foot-print generated (metric tons)	15060	15070	-0.07
Carbon foot-print saved for FY2020-21 (metric tons)	10.23		

Organization Profile		
GRI Disclosure	Reference	Page #
	Annual Report 2021 The Company Profile	03
	Annual Report 2021 Primary Products	135
Disclosure 102-1 Name of the organization	Annual Report 2021-Note 38 for number of employees.	175
Disclosure 102-6 Markets served Disclosure 102-7 Scale of the organization	Analysis of financial Statement for net revenues, total capitalization, quantity sold, total assets and other analytical data significant to the company and its stakeholders.	130-134
Disclosure 102-2 Activities, brands, products, and services	Annual Report 2021 Primary Products	135
Disclosure 102-3 Location of headquarters	Annual Report 2021 -Geographical Presence (The Company Profile)	03
Disclosure 102-4 Location of operations	Annual Report 2021 Geographical Presence (The Company Profile)	
Disclosure 102-8 Information on employees	Sustainability Report 2020-21	204
and other workers	SDG 8.4 - Workfroce Strength by Gender, age group and type	204
	Annual Report 2021	
Disclosure 102-9 Supply Chain	Business Model and Value Chain Analysis, SWOT Analysis, Significant factors affecting external environment, Competitive landscape and Market	58-60
Disclosure 102 3 dupply offair	Sustainability Report 2020-21	
	SDG #5 Gender Equality Materiality Assessment	187
	Annual Report 2021 for Board and Committee changes	199
Disclosure 102-10 Significant changes to the organization and its Supply Chain	Sustainability Report 2020-21-Stakeholders Relationship Engagement Education for Sustainable Development	237-239
	Annual Report 2021 -SWOT Analysis	60
Disclosure 102-11 Precautionary principle or approach	Companywide Risk Management Program, Enterprise Risk Management Process, Risk & Mitigation Strategy	92-97
Disclosure 102-12 External initiatives	GRI Standards for Sustainability Report	223
Disclosure 102-13 Membership of associations	The Company has memberships with Management Association of Pakistan (MAP), Karachi Chamber of Commerce & Industry (KCCI), CDC, Employee Federation of Pakistan (EFP) and Center of Excellence in Responsible Business (CERB)	

Strategy Strategy		
GRI Disclosure	Reference	Page #
Disclosure 102-14 Statement from senior decision-maker	Annual Report 2021- Chairman's Review	31-32
Disclosure 102-15 Key impacts, risks, and opportunities	Annual Report 2021	
	Business Model and Value Chain Analysis, SWOT Analysis, Significant factors affecting external environment, Competitive landscape and Market SWOT Analysis	58-62
	Companywide Risk Management Program, Enterprise Risk Management Process, Risk & Mitigation Strategy	92-97

Ethics and Integrity		
GRI Disclosure	Reference	Page #
Disclosure 102-16 Values, principles, standards, and norms of behavior	Annual Report 2021 Core Values, Company's Policies such as:	10
	Code of Ethics & Business Practices, Whistle Blowing Policy, Conduct & discipline Policy, False Declaration Policy	70-79
Governance		
Disclosure 102-18 Governance structure	Annual Report 2021 Corporate Governance	71-82
Stakeholder Engagement		
Disclosure 102-40 List of stakeholder's groups	Sustainability Report 2020-21-Stakeholder Engagement	237-239

Economic Performance		
GRI Disclosure	Reference	Page #
Disclosure 201-1 Direct economic value generated and distributed	Annual Report 2021 Statement of Value Addition and its Distribution	104
Disclosure 201-4 Financial assistance received from government	Not Applicable	

	Reporting Practice	
GRI Disclosure	Reference	Page #
Disclosure 102-45 Entities included in the consolidated financial statements	Annual Report 2021 Security Papers Limited	130-175
Disclosure 102-46 Defining report content and topic Boundaries Disclosure 102-47 List of material topics		
Disclosure 102-47 List of material topics Disclosure 102-48 Restatements of information		
Disclosure 102-49 Changes in reporting		
Disclosure 102-50 Reporting period	Sustainability Report 2020-21 about Sustainability Reporting	
Disclosure 102-51 Date of most recent report		
Disclosure 102-52 Reporting cycle		
Disclosure 102-53 Contact point for questions regarding the report Disclosure 102-54 Claims of reporting in accordance with the GRI Standards Disclosure 102-56 External assurance		
Disclosure 102-55 GRI content index	Sustainability Report 2020-21 GRI content index	217-222

	Market Presence	
GRI Disclosure	Reference	Page #
Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Sustainability Report 2020-21 SDG # 8 Decent work & Economic Growth (Theme-Diversity & equal opportunity, Employment)	202-203
Disclosure 203-1 Infrastructure investments and services supported	Annual Report 2021 SDG #9 Industry Innovation and Infrastructure Corporate Governance: Board of Directors and Committee Meetings Sustainability Report 2020-21 (Theme-Infrastructure in SDG # 7 Affordable and Clean Energy (Value of investment for Sustainability Projects investments)	210-211 74 209

	Market Presence		
GRI Disclosure	Reference	Page #	
GRI 204: Procurement Practices	The Company has a Purchase Manual that caters for procedures of obtaining the best quality services and products from the vendor at lowest cost which in turn enables the Supply Chain to prefer the local suppliers wherever applicable.93% of our suppliers are based locally. Sustainability Report 2021 SDG-4.7 Risk & Mitigation Strategy (Commercial and Operational Risks)	199	
GRI 205: Anti-corruption	Annual Report 2021 Core Values Sustainability Report 2021 SDG-5.3 Conduct & Discipline Policy	11 201	
GRI 206: Anti-competitive Behavior	Annual Report 2021 Core Values Related -Party Transaction Policy Conflict and Interest Policy Risk Management Framework SDG-5.3 Conduct & Discipline Policy Communication & Disclosure	11 79-92 201 79	
Disclosure 301-1 Materials used by weight or volume	Cotton comber is used by weight. Sustainability Report 2020-21–Sustainability Performance Highlights 2020-21	180	
Disclosure 302-1 Energy consumption within the organization	Sustainability Report 2020-21 SDG # 7 Affordable and Clean Energy	209	
Disclosure 303-1 Water withdrawal by source	Sustainability Report 2020-21 SDG # 6 Clean Water and Sanitation	206	
Disclosure 305-1 Direct (Scope 1) GHG emissions Disclosure 305-2 Energy indirect (Scope 2) GHG emissions Disclosure 305-3 Other indirect (Scope 3) GHG emissions	Sustainability Report 2020-21-SDG # 13 Climate Action,	214	

Market Presence		
GRI Disclosure	Reference	Page #
Disclosure 305-5 Reduction of GHG emissions	Sustainability Report 2020-21–Sustainability Performance Highlights 2020-21 SDG-13.1 GHG emission under Climate action	180 214
Disclosure 306-1 Water discharge by quality and destination	Sustainability Report 2020-21- SDG #12 Sustainable consumption & Production	212-213
Disclosure 306-2 Waste by type and disposal method	Sustainability Report 2020-21- SDG #12 Sustainable consumption & Production	212-213
Disclosure 401-3 Parental leave	Sustainability Report 2020-21- SDG#5 Gender Equality (Theme- Equal remuneration for women and men. Non-discrimination, Economic Inclusion, Parental Leave),	200
Disclosure 402-1 Minimum notice periods regarding operational changes	One Month's notice period is to be served by employee after approval of resignation as per Company Policy SDG 5.1 Gender Equality	200
Disclosure 403-1 Workers representation in formal joint management–worker health and safety committees Disclosure 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities Disclosure 403-3 Workers with high incidence or high risk of diseases related to their occupation	Sustainability Report 2020-21SDG-#3.4 Good Health & Well Being (Theme-Occupational Health & Safety) SDG #8 Decent Work & Economic Growth (Theme Diversity & equal opportunity, Employment)	195 202
GRI 404: Training and Education	Sustainability Report 2020-21-SDG#4 Quality Education SDG # 13 Climate Action,(Themes:Training & Education, and Institutional capacity building)	197-198 215

Market Presence		
GRI Disclosure	Reference	Page #
GRI 405: Diversity and Equal Opportunity	Sustainability Report 2020-21 SDG #8.4 Decent Work & Economic Growth (Theme Diversity & equal opportunity, Employment)	203
GRI 408: Child Labor	Sustainability Report 2020-21 SDG#4 Quality Education (Theme -Education for sustainable development) Annual Report 2021 Code of Ethics & Business Practices	197-198 70
Disclosure 410-1 Security personnel trained in human rights policies or procedures	Safety of the company is established through internal security force (which is led by a retired army officer) and by Pakistan Army (Defense Security guards) all security guards are well trained in human right practices. SDG 4.4 Employee Training & Education	197
GRI 413: Local Communities	Sustainability Report 2020-21-Stakeholder Engagement Annual Report 2021 -Corporate Sustainability Framework & Corporate Social Responsibility	237-239
Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area	Annual Report 2021 Code of Ethics & Business Practices Annual Report 2021-Industrial Relations, SDG-5.1 Gender Equality Sustainability Report 2020-21 SDG#8.3 & 8.4 Decent Work & Economic Growth(Theme-Economic Inclusion, Inclusive Business and Diversity & equal opportunity, Employment)	70 200 202-203

SDGs INDEX

	SDGs	PAGE NO.	GRI STANDARDS DISCLOSURE
3 GOOD HEALTH AND WELL BEING	Ensure healthy lives and promote well-being for all at all ages	195-196	203-2, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 403-2, 403-3
4 QUALITY EDUCATION	Ensure inclusive and quality education for all and promote lifelong learning	197-199	102-27, 404-1
5 GENORER EDUALITY	Achieve gender equality and empower all women and girls	200-201	102-22, 102-24, 201-1, 202-1, 203-1, 401-1, 401-3, 404-1, 404-3, 405-1, 405-2,406-1, 414-1, 414-2
6 CLEAN WATER AND SANTATION	Ensure access to water and sanitation for all	206-208	303-1, 303-2, 303-3, 306-1, 306-2, 306-3, 306-5
7 AFFORDABLE AND CLEAN PRICE OF THE COLUMN C	Ensure access to affordable, reliable, sustainable and modern energy for all	209	201-1, 203-1, 302-1, 302-2, 302-3, 302-4, 302-5
8 DECENT WORK AND ECONOMI-CONTRIB	Promote inclusive and sustainable economic growth, employment and decent work for all	202-203	102-8, 102-41, 201-1, 202-1, 202-2, 203- 2, 301-1, 301-2, 301-3 302-1, 302-2, 302- 3, 302-4, 302-5, 303-3, 401-1, 401-2,401-3, 402-1, 403-1, 403-2, 403-3, 403-4,404-1, 404-2, 404-3, 405-1, 405-2, 407-1, 408-1, 409-1, 414-1, 414-2
9 NOUSTRY INDIVIATION AND PERSTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation	210	201-1, 203-1
12 RESPONSELE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	212-213	204-1, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-3, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 417-1
13 CUMATE ACTION	Take urgent action to combat climate change and its impacts	214-216	201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4

GLOSSARY AND ACRONYMS

AGMs	Annual General Meetings-
BMR	Balancing, Modernization and Replacement.
BTU	British Thermal Unit
CBS	Corporate Briefing Session
CEO	Chief Executive Officer
CFL	Compact Fluorescent Light
CFO	Chief Financial Officer
CPR	Cardio - Pulmonary Resuscitation
CSR	Corporate Social Responsibility
CSSD	Central Sterile Supply Department
DCP	Dry Cleaning Plant
ExCom	Executive Committee
ERM	Enterprise Risk Management
ESG	Economic, Social, and Governance goals
ECDE	Early Childhood Development Education
ETP	Effluent Treatment Plant
FY	Fiscal Year
FBR	Federal Board of Revenue
GM	General Manager
GHG	Green House Gases
GMP	Good Manufacturing Practices
GPD	Gallons Per Day
GRI	Global Reporting Initiatives
GST	General Sales Tax
HCI	Hydrochloric Acid

GLOSSARY AND ACRONYMS

HR & A	Human Resources & Administration
H2SO4	Sulphuric Acid
HSE	Health, Safety and Environment
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
IMS	Integrated Management System
ISO	International Organization for Standardization
KE	Karachi Electric
KPI	Key Performance Indicator
KWSB	Karachi Water Supply Board
KW	Kilo-watt
Kwh	Kilo-watt hour
LED	Light Emitting Diode
MAP	Management Association of Pakistan
MIS	Management Information System
MRC	Management Review Council
MW	Mega watt
NaOH	Sodium Hydroxide (Caustic Soda)
NEQS	National Environmental Quality Standards
NFEH	National Forum for Environment & Health
NOC	No Objection Certificate
OHSAS	Occupational Health and Safety Management System
PIM	Pakistan Institute of Management
PM	Particulate Material

GLOSSARY AND ACRONYMS

PM-2	Paper Machine - 2
PMS	Performance Management System
PPEs	Personal Protective Equipment
PPRA	Public Procurement Regulatory Authority
PSPC	Pakistan Security Printing Corporation (Pvt.) Limited
PSX	Pakistan Stock Exchange
PVC	Polyvinyl Chloride
RLCC	Rana Liaquat Craftsmen Colony
RO	Reverse Osmosis Plant
SDGs	Sustainable Development Goals
SECP	Security Exchange Commission of Pakistan
SEPA	Sindh Environmental Protection Agency
SEQs	Sindh Environmental Quality Standards
SOP	Standard Operating Procedures
SMEDA	Small Medium Enterprise Development Authority
SPL	Security Papers Limited
SS	Stainless Steel
SST	Sindh Sales Tax
SWOT	Strengths, Weaknesses, Opportunities & Threats
TBL	Triple Bottom Line
TCF	The Citizen Foundations
TDS	Total Dissolved Salts
UN	United Nations
UNGC	United Nations Global Compact

DAMSEL CONSULTING AUDITORS,

ACCOUNTANTS, TAXATION, CORPORATE LAWS, FINANCIAL SECTOR ADVISORY AND TAX MANAGEMENT CONSULTANTS & INSURANCE SECTOR SPECIALIST.



Ref: Damsel/Sustainability /002/2021

Dated: August 23, 2021

Independent Assurance Statement for the Security Papers Limited Sustainability Report FY 2020-2021

Damsel Consulting -Cost & Management Accountants was engaged by Security Papers Ltd. (SPL) to carry out an independent review of its Sustainability Report for FY 2020- 2021, which was prepared 'in accordance' with Global Reporting Initiative's (GRI) standards Core Option. The objective of the critical independent opinion is to review quality of the contents of the report and to assess degree of adherence to the principles of Inclusivity, Materiality, and Responsiveness.

Domains of responsibility of Security Papers Limited and of Damsel Consulting

The Management of SPL is responsible for preparation of the Sustainability Report and for information and statements contained within it. The Company is responsible for determining the sustainability goals, monitoring its performance against the performance management standards and establishing internal control systems for which the report information is derived. While SPL supports all seventeen SDGs, it prioritizes its actions where it can achieve the greatest impact. The rationale behind reporting on a particular KPI and its importance to the company and its stakeholders has been addressed in the SDGs Reporting Section.

It was so refreshing to note that the Management has recently established Sustainability Council (comprising of senior Management team) from the current FY 2021-22 to assist the Board of Directors in fulfilling its responsibility to keep its stakeholders abreast in context to the creation of Sustainability framework and implementation of the best sustainability practices of the organizations and aligning nine (9) SDGs including – SDGs # 3,4,5,6,7,8,9,12 &13 with actions for reporting purpose in its Sustainability Report. The professional team of CERB also facilitated a series of awareness sessions on "Materiality Matrix and Stakeholder Engagement" for the middle and senior management teams of SPL in the last FY 2020-21.

Our responsibility is to conduct an independent review of the Sustainability Report as defined within the scope of work in accordance with the terms of reference agreed with the SPL Management. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance placed on the report by any third party is solely at its own risk.

Office: DAMSEL HOUSE: A -71, Sector R-1, Gulshan-e-Maymar Karachi. Tel: 021-36410093, 0300275-6013 Website: www.damsel-consulting.com; email: info@damsel-consulting.com; damselconsulting@outlook.com;

Scope & Assurance

Damsel Consulting-Cost & Management Accountants was approached to express its opinion in relation to the scope review that includes the following elements:

- Review of the policies, initiatives, practices, processes, systems, and performance described in the non-financial-qualitative and quantitative information (Sustainability Performance Achievements against the Sustainability Targets/Goals for last FY 2020-21) reported as referenced in the report.
- Evaluation of the disclosed information in the report to check adherence to the GRI's Universal and Topic Specific Standards.
- Adherence to the International Standard on the Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements other than audits or Reviews or historical financial statements to provide limited assurance on performance data within the Sustainability Report.
- Adherence to the principles of Inclusivity, Materiality and Responsiveness.
- Review of the Sustainability Development Goal (SDG) linkage with GRI standards General and Topic Specific Disclosures reported in the SDG Index.

Assurance Methodology

We had undertaken a desk review of the final draft report. We determined the accuracy and authenticity of the report content, data points, methodologies and policies around the organization's social, environmental and economic data activities through various channels such as arranging meetings with the Management, reviewing the contents of the Annual Report 2021, Company Profile , HR Policies & Procedures Manual, Business Continuity Planning (BCP) Manual, Corporate Newsletters, Minutes of Corporate Briefing sessions, Environmental Management Plan & Environmental Monitoring Reports of certified SEPA (Sindh Environmental Protection Agency) Consultant engaged by SPL etc.

Our methodology for the mentioned scope of work includes:

- ✓ Critical review of the Sustainability Report FY 2020-21 and respective Content Index to check consistency and adherence to GRIs Universal and Topic Specific Standards
- ✓ Evaluation of report adherence to the in-accordance Core option
- ✓ Critical review of the Sustainability Report to obtain limited assurance whether the Sustainability Report is free from material misstatement.
- ✓ Analysis of the report content against principles of Inclusivity, Materiality and Responsive
- √ Review of the SDGs Index to check correctness of references with GRI Index against GRI Standards General and Topic Specific Disclosures
- √ Final review of the report content

Office: DAMSEL HOUSE: A -71, Sector R- 1, Gulshan-e-Maymar Karachi. Tel: 021-36410093, 0300275-6013 Website: www.damsel-consulting.com; email: info@damsel-consulting.com; damselconsulting@outlook.com; Our assurance activities were planned and conducted to provide limited, rather than absolute assurance and we believe that the desk review of the SPL's Sustainability Report provides an appropriate basis for our conclusions.

Opinion

Damsel Consulting made a series of recommendations to complete the content as well as to make necessary amendments in the disclosure level in the Content Index, which have been accepted by the Company. SPL provides assurance that they followed the relevant standards as applicable in

We can confirm that the report is adhering to the standard practices and all measures in this respect has been taken.

Statement of Conclusion

Based on the scope of our work and the assurance procedures we performed using the International Standard on Assurance Engagement (ISAE) 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements', we conclude that nothing has come to our attention that causes us to believe that the information in SPL's Sustainability Report for FY 2020-21 is in all material aspects not fairly stated.

We confirm that the report is aligned with the requirements of the GRI standards and reports its material topics in an adequate manner. The compliance with GRI Standards has been disclosed in more detail in the Content Index of the report. In our opinion, Security Papers Limited has appropriate systems for collection, collation, and analysis of the data presented in the report.

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to positional statements (expression of opinion, belief, aim or future intention of SPL) and statements of future

Statement of independence, impartiality and competence

Damsel operates strict conflict of interest checks and has confirmed our independence to work on this engagement with Security Papers Limited. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the report. Damsel is a consulting firm specialized in sustainability. The review team has the required combination of experience professionals, and skills for this engagement.



Damsel Consulting Cost & Management Accountants Certificate of Practice No. 0046

Office: DAMSEL HOUSE: A -71, Sector R-1, Gulshan-e-Maymar Karachi. Tel: 021-36410093, 0300275-6013 Website: www.damsel-consulting.com; email: info@damsel-consulting.com; damselconsulting@outlook.com;

ACCOMPLISHMENT OF COMPANY WIDE SUSTAINABILITY OBJECTIVES FOR FY 2020-21

S.#	Sustainability Objectives	Unit	FY2019-20	FY 2020-21	Difference (B-A)	% Variance {(B-A)/A}	Type of Variance (Favorable /Unfavorable)	Justification
1	2% reduction in direct gas consumption for FY 2020-21 from waste heat recovery.	m³	2,670,519	2,251,828	-418691	-16%	Favourable	A Boiler of capacity 0.75 tons/hr capacity added to utilize waste heat from generator
2	1% reduction in cost of goods sold for FY 2020-21 as compared to last year.	PKR (in millions)	3,005	3,122	117	4%	Unfavourable	This majorly relates a favourable Qty variance of PKR 119mn, due to a drop in sales tonnes from 4335 tonnes to 4163 tonnes. The cost per Kg for this year is PKR 750 as against PKR 693 last year. This led to an advePKRe price variance of PKR 235 mn in cost of sales. This price variance majorly stems from increase in Raw materials cost from PKR 404/kg to PKR 375/kg, which gives a price variance of 122Mn caused by an uplift in Comber consumption price from PKR 217 to PKR 230mn. Manufacturing services also increased by PKR. 24mn due to increments and additions in employees, stores consumption also increased by PKR 22mn, major reasons being Co-Generation maintenance etc.
3	30 % increase in energy capacity through self-generation source for FY 2020-21 as compared to last year.	MW	2.8	4.2	1.4	50%	Favourable	A generator of 1.4 MW is added at Co-gen Plant with waste heat recovery boiler
4	5% reduction in water used per unit of product /paper manufactured for FY 2020-21 as compared to last year.	Gallons / Kg.	63.5	59.2	-4.3	-6.8%	Favourable	10.5 million Gallons has been recycled from ETP which was inaugrated on Sep.11,2020.Value of Paper finhised used for calculations as per previous SR practice.
5	2% reduction in Genuine Customer complaints for FY 2020-21 as compared to last year.	No.	7	5	-2	-28.6%	Favourable	

ACCOMPLISHMENT OF COMPANY WIDE SUSTAINABILITY OBJECTIVES FOR FY 2020-21

S.#	Sustainability Objectives	Unit	FY2019-20	FY 2020-21	Difference (B-A)	% Variance {(B-A)/A}	Type of Variance (Favorable /Unfavorable)	Justification	
6	0.5 % reduction in process losses for FY 2020-21 as compared to last year.	%	17.47	18.58	1.11	1.11%	Unfavourable	This year more window paper 2263 tons produced as compared to 1978 tons last year also we have more number of change overs.	
7	1% reduction in Engineering downtime (out of available hours) for FY 2020-21 as compared to last year.	%	1.38	1.63	0.250	18.1%	Unfavourable	Engineering downtime is less than targeted 1.8% of available hours. Its increase w.r.t. previous year is due to non-availability of machine for annual shutdown.	
8	2% increase in Sustainability related training man-hours for FY 2020-21 as compared to last year.	Man- hours	2611.5	2917.5	306	12%	Favourable		
9	2% reduction in Lost Time Case Rate(LTIR) for FY 2020-21 as compared to last year.	%	4.7	1.9	-2.8	-59%	Favourable		
10	Promote accident free environment through various mechanisms such as HSE training and awareness sessions, tool box talks, GMP Round observations etc. IMS / All concerned	%	59% reduction in accidents as a result of reinforced interventions such as additional 45 GMP rounds than last year(9%), increase by (+200%) closure of critical observations, implementation of toolbox talk system on floor, periodic inspection visits, rigorous follow-up on closure of HSSC visit observations, increase in HSE and Sustainability related trainings and awareness sessions by 12%.						







COMPANY WIDE SUSTAINABILITY OBJECTIVES (FY 2021-22)

- 1. 2% reduction in direct gas consumption for FY 2021-22 as compared to last year.
- 2. 1% reduction in Engineering downtime (out of available hours) for FY 2021-22 as compared to last
- 3. 10% decrease in reliance on local power supply (K-Electric) through self-generation source for FY 2021-22 as compared to last year.
- 4. 10% increase in RO water (other than recycled water) for FY 2021-22 as compared to last year.
- 5. 5% reduction in Genuine Customer complaints for FY 2021-22 as compared to last year.
- 6. 1 % reduction in process losses for FY 2021-22 as compared to FY 2019-20 (17.47%).
- 7. 1% increase in productivity per employee for FY 2021-22 as compared to last year.
- 8. 10% increase in tree plantation for FY 2021-22 as compared to last year.
- 9. 5% increase in Sustainability related training (man-hours) for FY 2021-22 as compared to last year.
- 10. Promote 100% accident-free environment and foster safety culture through implementation of continual improvement initiatives such as Training and Awareness sessions, Tool Box Talks, GMP Round Observations, 5S, Reward & Recognition Programs etc.

Chief Executive Officer

Registered Office &

Jinnah Avenue, Malir Halt, Karachi-75100

Shares Department: Ph: (92)-021-99248285 Fax No.:(92)-021-99248286. NTN: 0712033-8 STR No.02-04-4816-002-64

Jinnah Avenue, Malir Halt, Karachi-75100, Ph.: (92)-021- 99248536-37, Fax. (92)-021-99248616.

Factory:

CORPORATE SOCIAL RESPONSIBILITY

Security Papers Limited (SPL) is committed to supporting and investing in the communities in which it operates through a variety of Corporate Social Responsibility (CSR) initiatives. As part of our commitment to improving lives, we are focusing our CSR initiatives on health and education, vocational training, women empowerment, and sustainable environment.

Education and Vocational Training

Thar Foundation

The collaboration with Thar Foundation aims to eliminate barriers to education for the youth of Mithi-Thar. Local youth are unable to engage in income-generating activities such as paid/self-employment due to lack of opportunities. SPL initiated to derive long-term benefits from this collaboration by developing skilled human resources and enhancing the livelihoods of the Mithi-Tharparker youth in Sindh. SPL donated two CNC machines for the Mithi-Tharparker Vocational Training Program.

Rana Liaquat Craftsmen Colony

The Rana Liaquat Craftsmen Colony (RLCC) is a not-for-profit organization dedicated to women empowerment through improved health, education and training facilitaties. RLCC employs innovative waste management techniques such as reuse and recycling, enabling individuals to integrate sustainable waste management into their daily lives. Last year, SPL strengthened the local women's community by upgrading a computer lab at the RLCC Shah Faisal Colony Campus. This year SPL supported and contributed to their cause of empowering women by donating two laptops.



The Citizen Foundation School

SPL is committed to support organization that work to improve the quality of education available to Pakistan's less fortunate children. TCF's message is to ensure that all students have access to a healthy, constructive, and long-term learning environment. The Citizens Foundation provides primary and secondary education with the goal of transforming Pakistan's education sector qualitatively and quantitatively.

SPL provided financial support for the installation of solar panels at one school in KPK, District Karak, Area Nowshera, and one school in AJK, District Muzaffarabad. Area Muzaffarabad.



SOS Children's Villages of Sindh

SPL has a long history of supporting the Karachi School, Sindh Chapter of SOS Villages. The Company more often supported the SOS Village Karachi, which is located near its office. SOS requested to support for computer to maintain student data base. SPL's management responded by financial support them in acquiring 12 computers.



CORPORATE SOCIAL RESPONSIBILITY

Health

Dow University of Health and Sciences (DUHS)-Ojha Campus

SPL donated Personal Protective Equipment (PPEs) to frontline workers following the outbreak of first wave of COVID-19. The second wave of COVID-19 had raised some concerns about country's economic life. In comparison to the first half of the year, the country had seen an increase in positive cases. SPL was cognizant of the challenges as a result of the COVID-19 pandemic. SPL generously not only supported the DUHS during the initial wave of the Pandemic but also in the second wave provided PPEs (Personal Protective Equipment) to the Hospitial.

Indus Hospital Karachi

The Indus Hospital is dedicated to provide high-quality healthcare services to Pakistan's underprivileged communities free of cost. They were in need of a variety of medical equipment. They had requested our support in donating medical equipment and materials that will enable them to provide uninterrupted free medical healthcare services. SPL supported the Indus Hospital cause by sponsoring Medical Equipment, Infusion & Syringe Pump Analyzer, 2CH-One Unit.



Friends of Burns Centre

The Patient Welfare Society, in collaboration with the Sindh Government's Ministry of Health, established the Burns Center in Karachi. The Center provided all medical and operational services free of charge to each Burns victim. Medical facilities are being provided to number of patients from all over Sindh and Baluchistan.

The Burns Centre's management requested for the RO Plant for the CSSD Sterilization Machine. SPL had provided financial assistance for the purchase of RO Plant for the CSSD Sterilization Machine.



Sindh Institute of Urology and Transplantation (SIUT)

SIUT is a renowned medical institution that has been providing medical care treatment in the fields of Urology, for the past 50 years - free of charge and without discrimination. In response to the SIUT Management's request for hospital beds, SPL decided to donate 15 hospital beds to Sukkur-SIUT Hospital.



CORPORATE SOCIAL RESPONSIBILITY

Karwan-e-Hayat Hospital

Karwan-e-Hayat is a not-for-profit organization dedicated to provide treatment and rehabilitation services to Pakistan's poor and underprivileged mentally ill patients. They provide free or heavily subsidised consultations, hospitalization, medications, and meals to low-income patients. The organization provides holistic psychiatric care to low-income mentally ill patients, including medication, quality psychiatric care, and counselling and rehabilitation services.

They had approached SPL for financial assistance with the installation of the solar panels. SPL assisted Karwan-e-Hayat in installing solar panels to ensure that their RO Plant operated efficiently and cost effectively.



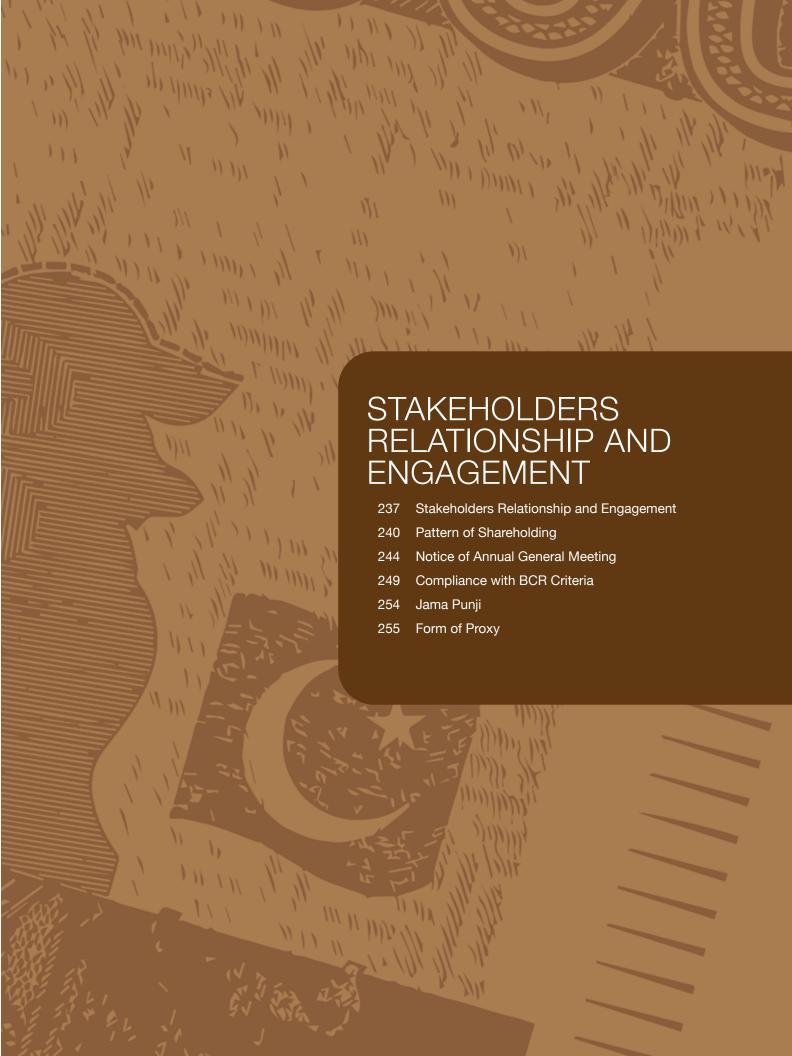
Healthcare and Social Welfare Association-HASWA

HASWA is a Karachi-based Artificial Limb Center founded in 2008 in collaboration with the Karachi Rotary Club and the Jaipur Foot Organization. Over the last many years, the Centre is providing significant number of artificial limbs and Clippers to the needy and marginalized community free of charge. The Healthcare and Social Welfare Association has been certified as a non-profit organization by the Pakistan Centre for Philanthropy. SPL management paid a visit to the HASWA facility centre and financially supported the Association.



A Donation to Muhammadi Blood Bank (MBB) & Thalassemia Centre

Muhammadi Blood Bank (MBB) is a well-known non-profit welfare foundation. They are providing safe blood accessible to everyone. The MBB also runs a Thalassemia Center and a Transfusion Center. Following the MBB's approach, SPL financially supported their cause.



STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

The Board recognizes the importance of building a strong relationship with shareholders and investors. The Company is committed to establishing effective working relationship with all of its stakeholders and to resolving any issues that arise in the course of conducting business.

Identification of Stakeholders

We value our stakeholders and make every effort to fully understand their requirements. The stakeholders are identified in terms of their influence, contribution, expectations or in terms of their interests and actions. Additionally, we are aware that all of our stakeholders, from investors and customers to employees and suppliers, are interested in learning how our business is evolving and re-energized to thrive in an ever-changing world. Since our inception, we have engaged a diverse range of stakeholders at various levels to better understand their expectations and to include them as partners in our journey toward sustainable development

Stakeholders Engagement Process

The Company holds Corporate Briefing Session (CBS) with the objective to provide investors (both existing and potential) information about the Company's historic performance, its financials and future prospects which will help them make their investment decisions.

The PSX Listing Regulations require listed companies to hold at least one corporate briefing session. Whereas, SPL held two corporate briefings i.e. on September 24, 2020 and May 26, 2021. However, due to COVID-19 restrictions, the Company's second CBS was held virtually. The Chief Executive Officer and Chairman of the Board updated investors on the Company's operational and financial performance. The Chief Executive Officer explained the status of the Company's ongoing projects as well as completed projects for the year. Investors from diverse backgrounds attended the Session and exhibited a keen interest in the Company's operations. Following the presentation, a Question-and-Answer Session was held in which several thought-provoking questions were asked and response provided by the management.

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.

Annual General Meeting

At the Company's Annual General Meeting (AGM), the Chairman presents a review of the key business development during the year. This year's AGM will be held on Thursday, September 30, 2021 electronically through video link arrangement owing to current COVID-19 (Corona Virus) Pandemic situation and wellbeing of the participants of the meeting.

General Meeting notices are sent out to all shareholders at least 21 days prior to the meeting date. It is published in leading national newspapers (in both Urdu and English) with a national circulation. Any shareholder, regardless of shareholding, may appoint a proxy, participate via video conference (VC), and vote via electronic voting (if required). They have the right to suggest, propose, comment, and record their reservations during the meeting, and they have the full authority to propose and second any item on the agenda.

SPL acknowledges and respects the contributions of its shareholders, records their concerns, prepositions, and suggestions in minutes, and keeps them informed of the Company's progress and subsequent actions.

Issues raised by Shareholders in the last AGM

Shareholders had expressed their gratitude over an excellent return on their investment in the form of cash dividend. The shareholders also appreciated excellent performance of the Company. Shareholders also enquired about further prospects of the Company. The Chairman answered that management is much focused on delivering par excellence in future.

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

Participation of Minority Shareholders

We value our shareholders, each shareholder, regardless of size or voting power, is significant to the Company. We are sensitive to our investors' concerns and grievances (if any). We encourage and value two-way communication during general meetings; this enables us to hear our shareholders' perspectives and concerns.

To encourage minority shareholders to attend general meetings, we take the following steps:

- At least 21 days prior to the meeting, notices are sent to all shareholders;
- Notices are published in national English and Urdu newspapers.
- Each shareholder receives a DVD containing the Company's Annual Report.
- Notices are posted on the Company's website and distributed through PSX to ensure maximum reach to shareholders.

Investor Relations Section on SPL Website

SPL's corporate website provides comprehensive information about the Company, as well as the information required by the applicable regulatory framework, in one convenient location. The 'investor relations' section is updated on a regular basis to include all pertinent information, such as dividend history, financial highlights, financial results, and other pertinent information, as well as any other information that may be required.

The website is maintained in both English and Urdu languages in order to comply with the requirements of the applicable regulatory framework and to better serve the needs of the various stakeholder groups. The Company's website can be reached on http://www.security-papers.com.

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**

Investor Relation Contacts

Rizwan UI 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.

Pakistan 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.

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

Security Papers Limited Share Prices 2020-21									
Posted		Price in Rupees							
Period	Price in Rupees High Low Aver 248.50 138.03 193. 218.00 168.00 193. 184.84 122.00 153.	Average							
1st Quarter – July - September 2020	248.50	138.03	193.26						
2nd Quarter - October - December 2020	218.00	168.00	193.00						
3rd Quarter – January - March 2021	184.84	122.00	153.42						
4th Quarter – April - June 2021	154.00	124.50	139.25						

Shareholders Engagement Policy

The Company's policy of stakeholders' engagement includes satisfaction of customers by providing quality products and timely payments to all creditors. Moreover, the Company maintains good relationship with its Bankers. The Company regularly engages with its 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 Communication

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 Register

In compliance with the regulatory requirements, the Company ensures that it maintains Insider Information Register, which is updated on a regular basis.

Redressal of Investors Complains

Shareholders may lodge complaints or grievances at the designated area of the Company's website. The link can be accessed via "investors information tab"

Company has developed the 'Investor Relations' section on its website with the following tabs:

- Notice
- Online Complaint Form

	No. of Sh		
No. of Shareholders	From	То	Total Shares
591	1	100	19,498
511	101	500	163,087
306	501	1,000	254,108
506	1,001	5,000	1,248,494
130	5,001	10,000	966,697
51	10,001	15,000	631,886
25	15,001	20,000	437,630
9	20,001	25,000	205,629
10	25,001	30,000	278,446
3	30,001	35,000	101,226
8	35,001	40,000	303,391
9	40,001	45,000	385,257
4	45,001	50,000	188,370
4	50,001	55,000	211,169
2	55,001	60,000	118,509
2	60,001	65,000	129,000
1	65,001	70,000	68,313
2	70,001	75,000	146,560
1	90,001	95,000	90,500
1	95,001	100,000	100,000
2	105,001	110,000	215,620
1	110,001	115,000	113,600
1	150,001	155,000	153,000
1	195,001	200,000	198,147
2	235,001	240,000	479,138
1	395,001	400,000	399,367
1	445,001	450,000	445,677
1	720,001	725,000	722,900
1	765,001	770,000	768,703
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
•			
2,195			59,255,985

Categories of Shareholders	Number	Shares Held	Percentage
i. Directors, Chief Executive Officer and their			
Spouse(s) and minor children	2	15,600	0.03
MR. JAMAL NASIM	1	15,000	0.03
MRS. UZMA AIJAZ	1	600	0.00
ii. Executives	-	-	-
iii. 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 I	RAN 1	5,925,564	10.00
PAKISTAN SECURITY PRINTING CORPORATION (PVT.) LIMITED	1	23,721,739	40.03
iv. NIT and ICP	-	-	-
Paula Paula pura est Financial le etitutione New Paulies			
v. Banks, Development Financial Institutions, Non-Banking Financial Institutions	0	E 600 407	0.50
	9	5,639,437	9.52
HABIB BANK LIMITED	2	130	0.00
UNITED BANK LIMITED	1	318	0.00
MERCANTILE COOPERATIVE FINANCE	1	35,231	0.06
INNOVATIVE INVESTMENT BANK LIMITED (UNDER LIQUIDATION)	1	1,428	0.00
THE PUNJAB PROVINCIAL COOPERATIVE BANK	1	4,254,280	7.18
NATIONAL BANK OF PAKISTAN	2	1,347,897	2.27
MCB BANK LIMITED - TREASURY	1	153	0.00
vi. Insurance Companies	4	5,952,045	10.04
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2	5,022,607	8.48
E F U GENERAL INSURANCE LIMITED	1	749	0.00
PAKISTAN REINSURANCE COMPANY LIMITED	1	928,689	1.57
vii. Mutual Funds	12	2,875,728	4.85
CDC - TRUSTEE MEEZAN BALANCED FUND	1	25,000	0.04
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	46,800	0.08
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	41,000	0.07
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND			
- EQUITY SUB FUND	1	51,900	0.09
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	10,300	0.02
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	5,000	0.01
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	4,000	0.01
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	300	0.00
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,587,428	4.37
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	90,500	0.15
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	10,000	0.02
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1	3,500	0.01
viii. General Public	2,121	6,335,887	10.69
a. Local	2121	6,335,887	10.69
b. Foreign	-	-	-
J. 1 J. 5.5.			

Categories of Shareholders	Number	Shares Held	Percentage
ix. Others	44	2,864,421	4.83
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
EFG HERMES ÒMAN LLC	1	722,900	1.22
ARABIAN SEA ENTERPRISES LIMITED	1	40,000	0.07
TRUST SECURITIES & BROKERAGE LIMITED	1	20,000	0.03
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
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	0.40
DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATIOI	N 1	399,367	
FRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUN		,	0.67
		239,541	0.40
FRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRU		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
FRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	1	108,620	0.18
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
MAPLE LEAF CAPITAL LIMITED	1	1	0.00
MEMON SECURITIES (PVT.) LIMITED	1	10,000	0.02
ZILLION CAPITAL SECURITÍES (PVT) LTD.	1	1,000	0.00
MULTILINE SECURITIES LIMITED	1	14,210	0.02
FEDERAL BOARD OF REVENUE	1	46,468	0.08
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	1	500	0.00
CLIKTRADE LIMITED	1	1	0.00
BRR FINANCIAL SERVICES (PVT.) LIMITED	1	6,500	0.01
NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND	1	768,703	1.30
SPI Corporation (Private) Limited	1	15,100	0.03
ENGRO CORPORATION LIMITED PROVIDENT FUND	1	35,200	0.06
Pearl Capital Management (Private) Limited	1	9	0.00
FIKREES (PRIVATE) LIMITED	1		
,	-1	1,037	0.00
AYUB CHAUDHRY INVESTMENTS (PVT) LTD.	I 4	3,998	0.01
R.T. SECURITIES (PVT) LIMITED	I 4	1,400	0.00
CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	1	4,600	0.01
MRA SECURITIES LIMITED - MF	1	10,700	0.02
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI			
SECURITIES LTD MF	1	65,000	0.11
Total	2,195	59,255,985	100.00

Categories of Shareholders	Number	Shares Held	Percentage	
x. 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 IRA	N 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 is hereby given that the fifty-sixth Annual General Meeting of Security Papers Limited, (the "Company") will be held on Thursday, September 30, 2021 at 10:00 a.m. electronically through video-link arrangement owing to current COVID-19 (Corona Virus) Pandemic situation and well-being of the participants of the meeting 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, 2021 together with the Directors' and Auditors' Reports thereon.
- 2. 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, 2021 as recommended by the Board of Directors.
- 3. To appoint Auditors for the year 2021-22 and to fix their remuneration.

By Order of the Board

(Rizwan UI Haq Khan) Company Secretary

Karachi, August 27, 2021

NOTES:

1. **Closure of Share Transfer Books**

The Share Transfer Books of the Company will remain closed from September 21, 2021 to September 30, 2021 (both days inclusive). Transfers received in order at the office of Share Registrar, M/s. FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi by the close of business on September 20, 2021 will be considered in time to determine the above-mentioned entitlement and to attend and vote at the Meeting.

2. Participation in the Annual General Meeting electronically and appointing proxies

- Members whose names are appearing in the register of members as of September 20, 2021 are entitled to attend and (i) vote at the meeting. The Annual General Meeting is being conducted as per guidelines circulated by SECP vide its Circular No. 4 of 2021 dated February 15, 2021.
- The shareholders who wish to attend the Annual General Meeting are requested to get themselves registered by sending (ii) their particulars at the designated email address comsec@security-papers.com, giving particulars as per below table by the close of business hours (5:00 p.m.) on September 20, 2021:

Name of Shareholder /Proxy Holder	CNIC No./NTN NO.	CDC Participant ID/Folio No.	Cell No.	Email Address

- (iii) The webinar link would be provided to the registered shareholders/proxyholders 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 email address by the close of business hours (5:00 p.m.) on September 20, 2021.
- The login facility will open at 9:30 a.m. enabling the participants to join the proceedings which will start at 10:00 a.m. sharp.
- A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on their behalf. No (v) 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/hard 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.
- (vi) The proxy form should be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Where possible, attested copies of the CNIC or the identification pages of the passport of the beneficial owners and the (vii) proxy should be attached with the e-mailed Proxy Form.
- (viii) In case of corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature should be submitted along with Proxy Form to the Company.
- Shareholders holding shares in physical form are requested to notify the change of their addresses (if any) and provide (ix) the copy of their CNIC to Share Registrar, M/s. FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.
- 3. **CNIC / NTN Number on Dividend Warrant (Mandatory)**
- (i) In terms of the Companies (Distribution of Dividends) Regulations, 2017. Regulation 4, Manner of payment of cash dividend, (iv) the Dividend Warrant or cheque should bear identification number.

Explanation - For the purpose of these regulations identification number includes Computerized National Identity Card Number (CNIC) of the registered shareholder or the authorized person, child registration certificate number or juvenile card number in case of a minor, where applicable and registration number or national tax number of the shareholder being a person other than a natural person.

- In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company (ii) 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).
- Accordingly, shareholders who have not yet submitted copy of their valid CNIC or NTN are once again requested to (iii) immediately submit the same to the Company or its Share Registrar if not already provided. The shareholders while sending CNIC must quote their respective folio numbers.
- 4. Deduction of Income Tax from Dividend under Section 150 the Income Tax Ordinance, 2001 (Mandatory)
- The rates of deduction of Withholding Income Tax from dividend payments under the Income Tax Ordinance, 2001 shall (i) be as follows:
- (ii) Persons appearing in Active Tax Payers List (ATL) ---- 15%.
- (iii) Persons not appearing in Active Tax Payers (ATL) ---- 30%.
- To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders (iv) 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%.
- Persons not appearing in the Active Taxpayers' List: The rate of tax required to be deducted/collected, as the case (v) may be, is increased by 100% (as specified in the Tenth Schedule to the Income Tax Ordinance, 2001.
- Withholding Tax will be determined separately on 'persons names appearing on ATL/persons names not appearing on (vi) ATL' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts.
- 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 (only if not already provided) to our Share Registrar, in writing as follows:

			Principal S	Shareholder	Joint Sha	areholder
Company Name	Folio/CDS Account #	Total Shares	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 email address comsec@security-papers.com and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk.
- The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with (x) 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.

Payment of Cash Dividend Electronically (Mandatory) 5.

- (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 cash dividend to its shareholders 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 number (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.

6. **Unpaid / Unclaimed Dividends and Shares**

- (i) In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall give ninety days notices to the shareholders to file claim, if no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed or unpaid Shares / Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017.
- (ii) In this regard, a Notice dated December 28, 2017 was sent by Registered Post acknowledgement due on the last known addresses of the shareholders to submit their claims within 90 days to the Company. In compliance of Section 244(1)(b) of the Companies Act, 2017 a Final Notice had also been published on 30th March 2018 in two daily newspapers i.e. (i) Business Recorder and (ii) Daily Jang in English and Urdu respectively.

(iii) In case no claim is received within the given period from the aforesaid Notice, the Company shall proceed to deposit the unclaimed / unpaid amounts with the Federal Government (as and when the account detail is provided) pursuant to the provisions of sub-section (2) of Section 244 of the Companies Act, 2017.

7. Conversion of Shares from Physical Form to Book-Entry-Form

- (i) The Securities and Exchange Commission of Pakistan (SECP) has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies referring their attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires to all the then existing companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.
- (ii) In order to ensure full compliance with the provisions of the aforesaid Section 72 and to be benefitted of the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

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) In accordance with Section 134(1)(b) of the Companies Act, 2017 and the Companies (General Provisions and Forms) Regulations, 2018 Regulation 29 - Video Link facility for meetings, the Company shall provide the facility of video-link to for attending the meeting;
- (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 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 venue of video link facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

(iv)	I/We,	of			, b	eing a m	nember o	of the	Security	Pap	ers	Limited	l, ho	lder 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.

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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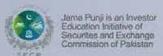
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- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

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PROXY FORM

I/We	of						
being me	mber(s) of SECURITY PAPE	RS LIMITE	D and holder of _			Ordinary	
Shares as per Share Register Folio/CDC Account No			hereby appoint			Folio/C	
DC Account No	of	CNIC N	lo. or Passport N	0		or failing whom	
	Folio/CDC Account	t No	of		CNIC N	o. or Passport	
No	who is also a member	of the Co	mpany as my/ou	r proxy to a	ttend and vote for	or me/us and on	
my/our behalf at the 56th	h ANNUAL GENERAL MEET	TING of th	e Company to be	e held on T	hursday, Septem	ber 30, 2021, at	
10:00 a.m. and at any adj	ournment thereof.						
Signed this day of _	2021				Rs 5/-		
Witnesses: 1. Signature			-		Revenue		
					Stamp		
CNIC or Pa	ssport No.:		-				
2. Signature			Signature				
Name:					should agree with the registered with the		
Address:			-	oignatar	o rogiotoroa with the	, company)	
CNIC or Pa	ssport No.:		CNIC or Pa	ssport No.:			

IMPORTANT

- 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.
- 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:

- The proxy form shall be witnessed by two persons whose names, addresses and CNIC or Passport Numbers shall be mentioned on the form.
- Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form. (ii)
- (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.

فارم	کسی	يرو
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صص بمطابق شيئر رجير فوليوا	ح لعدد عام) پیپرزلمیٹڈ کے ممبراورجا	يحيثيت سيكيور في	میں/ ہماز
را	فوليو/سى ڈىسى ا كا ؤنٹ نمبر		بذريعه بإذا جناب/محترمه	ى دْ ى بى ا كا ۇنٹ نمبر
ر	فوليو/سى ڈىسى ا كا ۇنٹ نمبر	د یگ ر ۔	يالصورت -	سى اين آئى سى نمبريا پاسپورٹ نمبر
** * *	· · · · · · · · · · · · · · · · · · ·	**		سى اين آئى سى نمبريا پاسپورٹ نمبر
-0	وکسی مقرر کرتا ہوں/ کرتے ہیں	رائے دہی کے لیےا پنا پرو	س میں اپنی جانب سے شرکت اور	منعقد ہونے والے56ویں سالا نہاجلا
		2021	بناریخ	وستخط
			1_دستخط	: 7010
			نام	
-/5روپيځ کا			سى اين آئىسى يا پاسپورٹ نمبر	
محصول ٹکٹ			2_دستخط	: 2019
			نام	

			سى اين آئىسى يا پاسپور ئىبر	
		وستخط		

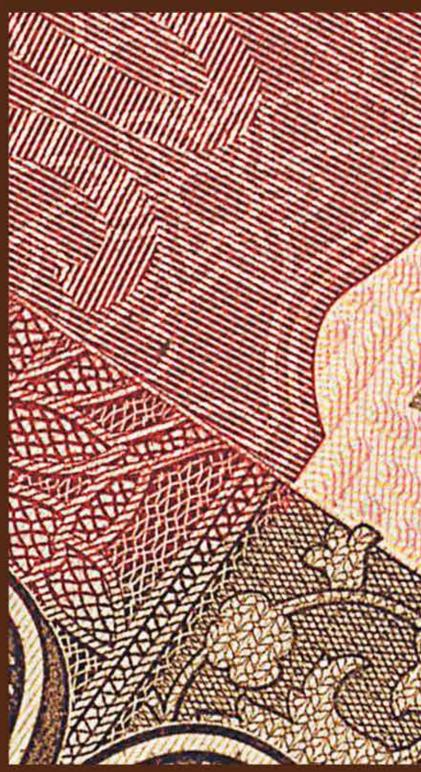
(دستخط کمپنی کے پاس رجسٹر ڈ دستخط کے نمونے کے مطابق ہوں) سى اين آئي سى/ ياسپور ئىمبر.....

- 1۔ ' پروکسی فارم ہٰذ انکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجشر ڈ آفس میں جمع کرا دیا جائے۔
 - 2۔ فارم پرمبریاس کاتح براً مقرر کردہ اٹارنی دستخط کرے گاممبر کاربوریش ہونے کی صورت میں اس کی مہرفارم برشبت کرنی ہوگ۔
- 3۔ اجلاس میں شرکت اور رائے دہی کا اہل ممبراین جانب سے شرکت اور رائے دہی کے لیے دوسر مےمبر کواپنا پروکسی مقرر کرسکتا ہے تا ہم کارپوریشن کسی بھی غیرممبرکوا پنایروکسی مقرر کرسکتی ہے۔

برائے می ڈی می اکاؤنٹ ہولڈرز/کارپوریش ادارے

مزيد برال مندرجه ذيل شرائط يمل كرنا موگا:

- (i) پروکسی فارم پر دوافراد کی گواہی ہونی چاہیے جن کے نام، پتے اورسی این آئی سی یا پاسپورٹ نمبر فارم میں درج ہوں۔
 - (ii) ممبراور پروکسی کے بیماین آئی سی پایاسپیورٹ کی تصدیق شدہ کا بیاں پروکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔
 - (iii) یروکسی کواجلاس کے وقت اینااصل ہی این آئی سی پااصل پاسپورٹ پیش کرنا ہوگا۔
- (iv) کاربوریٹ ادارے کی صورت میں ڈائر کیٹرز کی قرار داد کر پاور آف اٹارنی مع نامزدہ فرد کے دستخط کانمونہ (اگریہلے فراہم نہ کئے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔





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