

ANNUAL
REPORT
2024

59 years
of Service,
Quality and
Reliability



Security Papers
LIMITED



Security Papers
LIMITED

ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018, ISO/IEC 27001:2013 Certified

59 Years of Service, Quality and Reliability

Annual Report 2024

ABOUT THE REPORT

The Management of the Security Papers Limited (herein after referred to as "the Company" or "SPL") is pleased to present its Annual Report for the year ended June 30, 2024. We have adopted the International Integrated Reporting Framework in preparation of this Annual Report to provide readers understanding of the strategic thinking that propels SPL ahead. This 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
- Future Outlook
- Sustainability Report

We will continue to review our reporting approach to ensure they meet best practice reporting standards and the expectations of our stakeholders and provide visibility on how we create sustainable value for the communities we serve, to ensure that readers are able to correctly understand these activities. Such reports help to increase investors’ confidence in the corporate practices adopted by the organization.

Scope and Boundary

This report is a concise communication about how the

Company’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term. Our Report covers the period from July 1, 2023 to June 30, 2024 and any material event subsequent to year end 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, 2023. 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.

The Annual Report theme represents the landscape / memorial buildings across Pakistan printed on banknotes.

External Assurance / Review

Description of the Report	
Review Report on the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019	PwC, A.F. Ferguson & Co. Chartered Accountants
Independent Auditor’s Report on the Audit of Financial Statements	PwC, A.F. Ferguson & Co. Chartered Accountants
Independent External Review of Sustainability Report	Damsel Consulting (Pvt.) Ltd.

Material Topics



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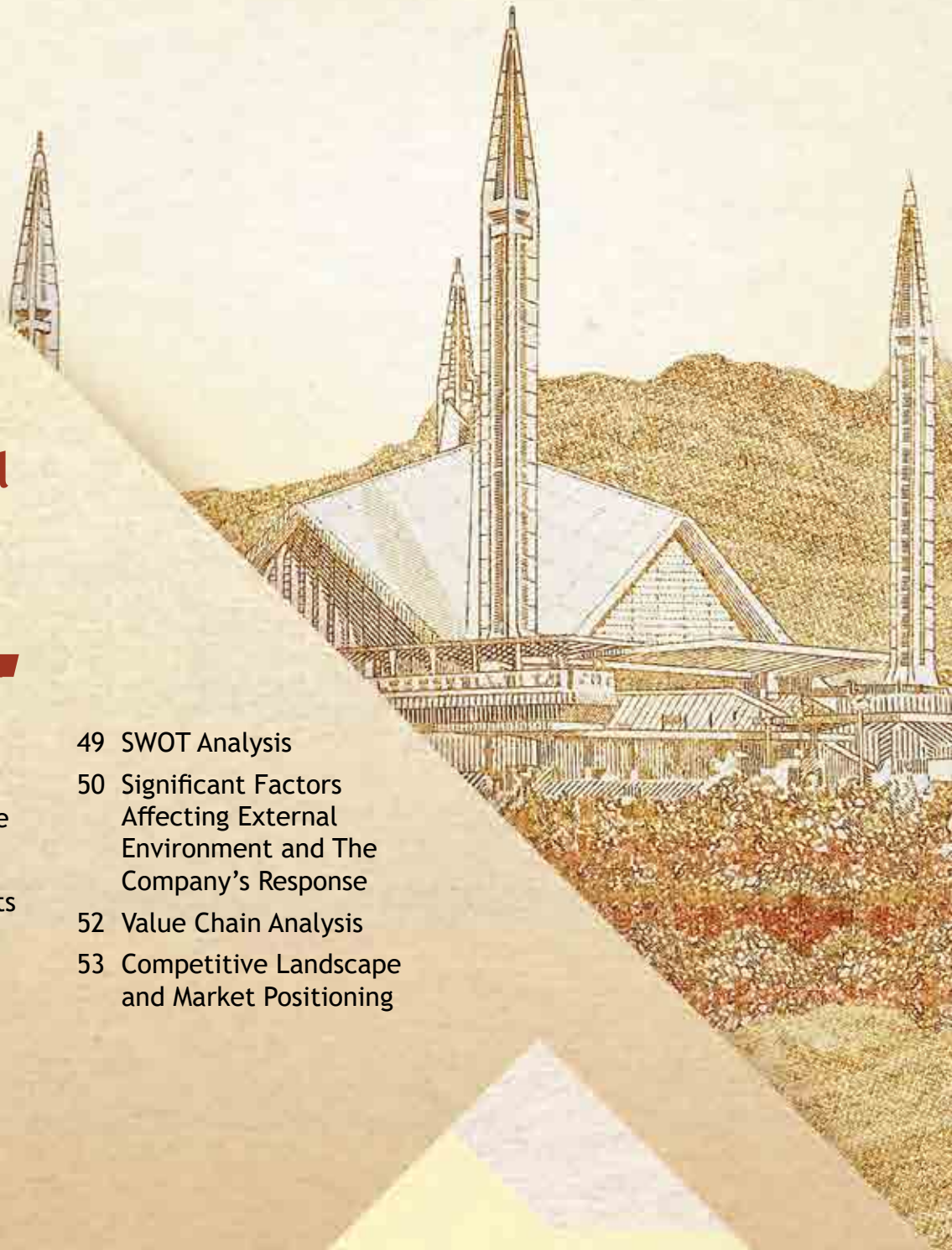


Stakeholders Engagement
and Relationship



Organizational Overview and External Environment

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THE COMPANY PROFILE

Security Papers Limited (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. Due to its strategic nature of operations, the Company has been classified as Category 1A (KPID) Key Point Installation.

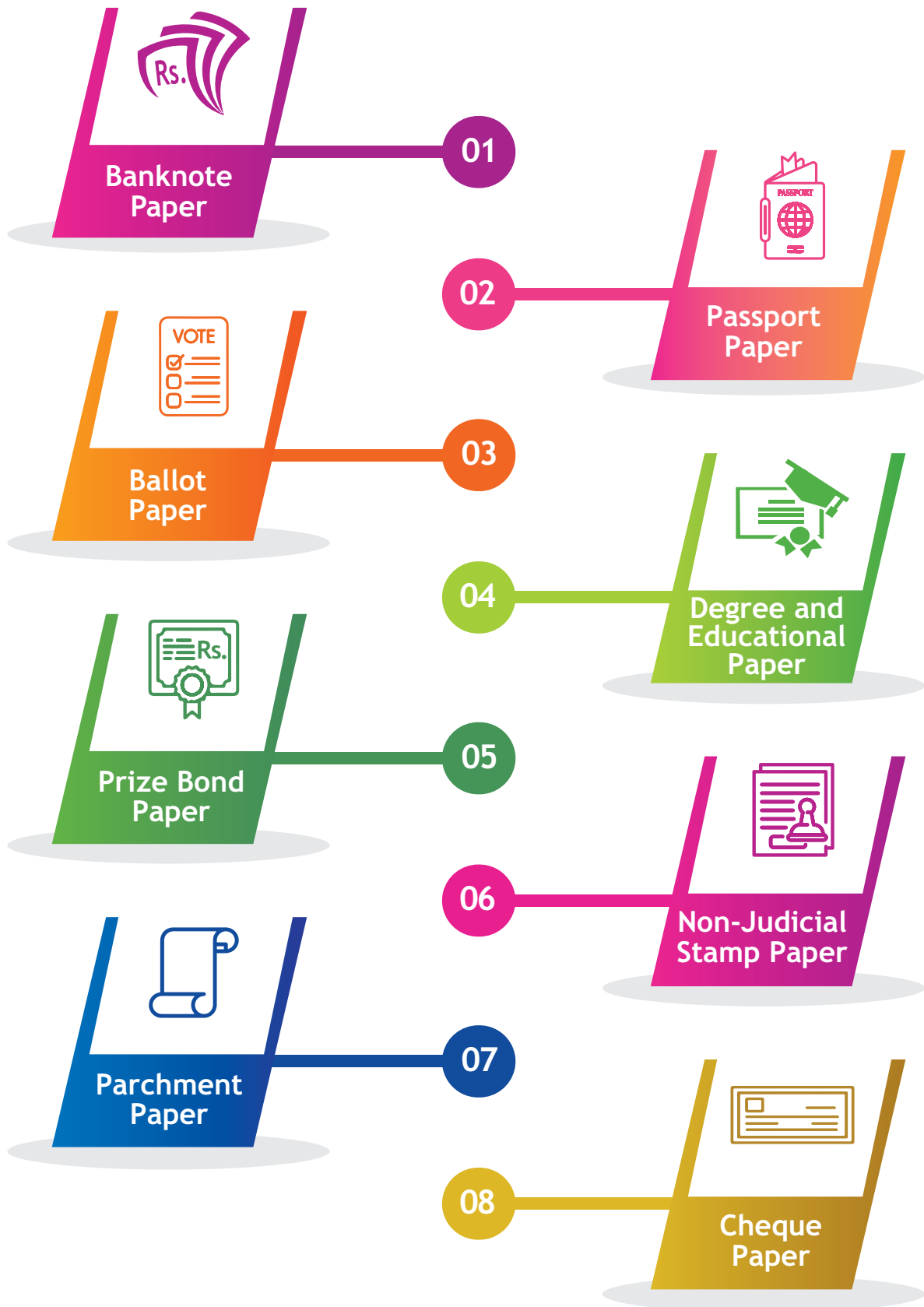
Principal Business Activity

Security Papers Limited 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, Degree for Universities and Ballot Paper.

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.

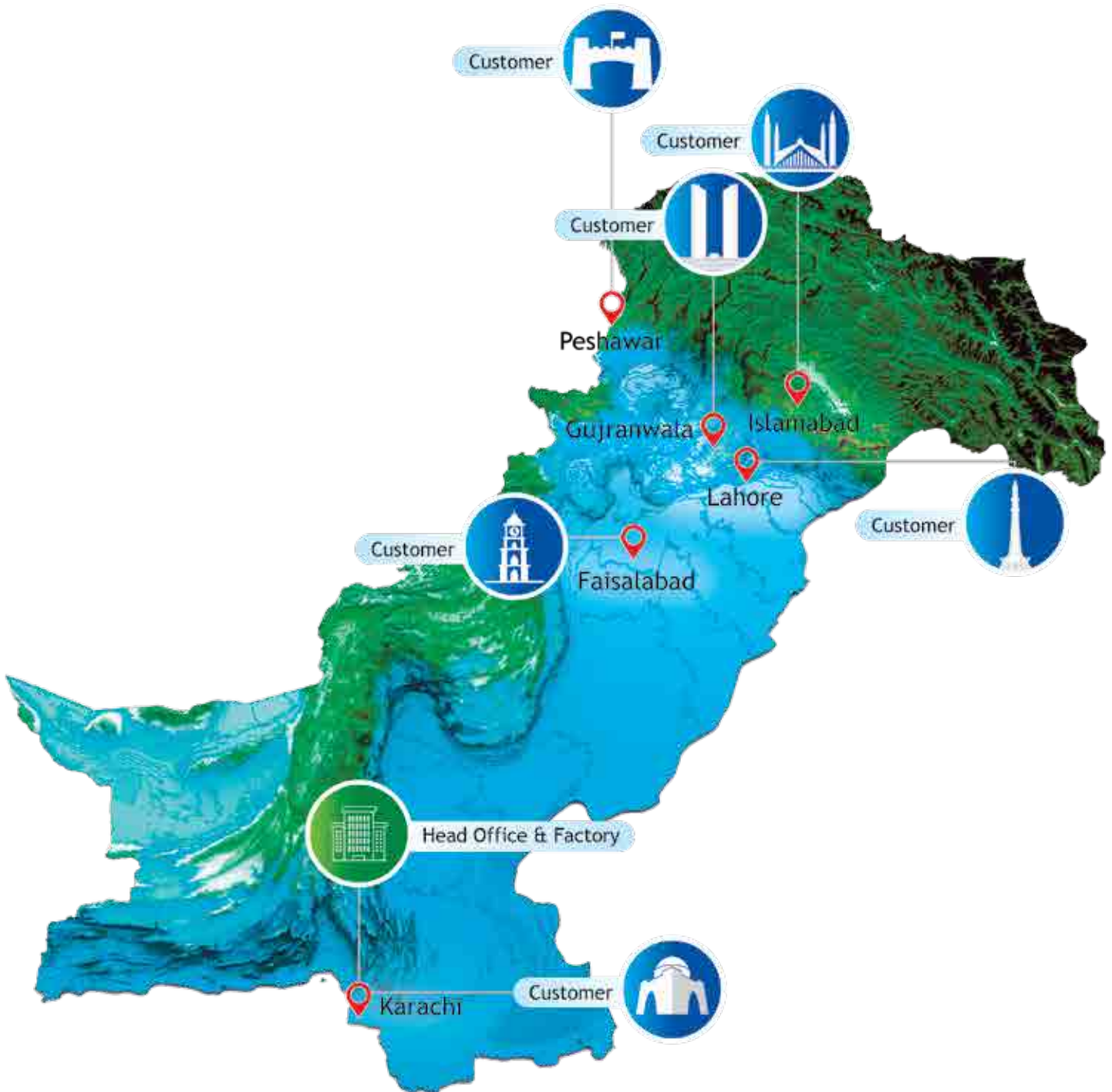
Being self-reliant, the Company is also saving a substantial amount of foreign exchange, which would have been otherwise required for the import of such sensitive paper. SPL has been gradually enhancing the paper production capacity which has increased from 2,500 tons to 4,500 tons, extendable up to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

PRODUCT PORTFOLIO

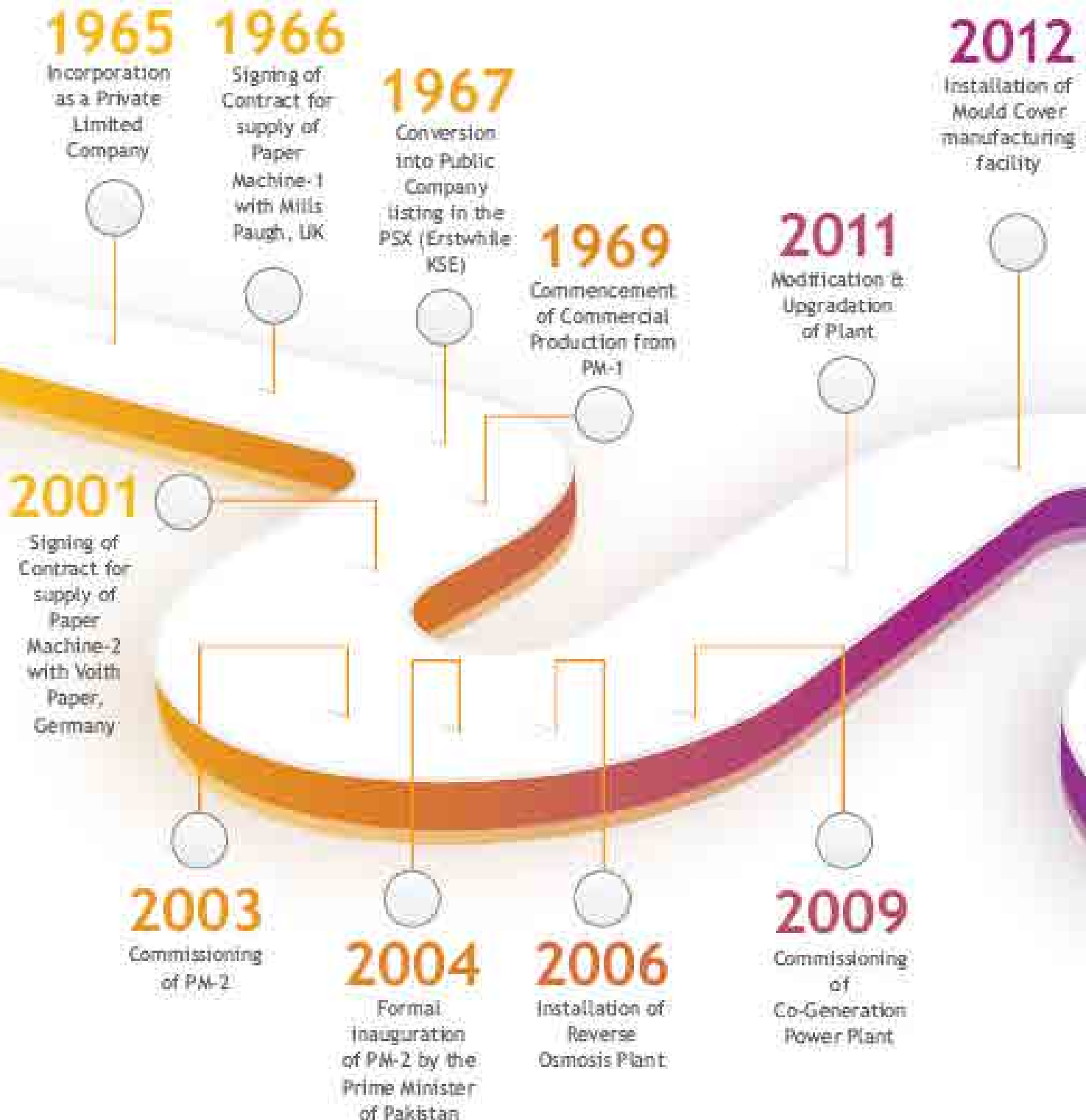


GEOGRAPHICAL PRESENCE

- Security Papers Limited is a strategic Company engaged in the business of manufacturing security paper for Banknotes and Other Security Paper products.
- The Company head office and manufacturing facility is situated in Karachi, Pakistan.
- The geographical presence of its customers are Karachi, Lahore, Islamabad, Gujranwala, Faisalabad, Peshawar and other major cities of the country.



HOW WE EVOLVED



2014

Commissioning of Dry Cleaning Plant

2015

Commissioning of Thread Unwind system

2016

Production of Passport Paper

2018

Installation of Beater Breaker Assemblies and stainless chest

2019

PM-2 capacity enhancement through in-house development

2020

Highest ever production

2021

Water recycling plant, Upgradation of Sheeter Machine and 3rd Co Gen plant

2022

Development of special watermark paper for Ballot printing

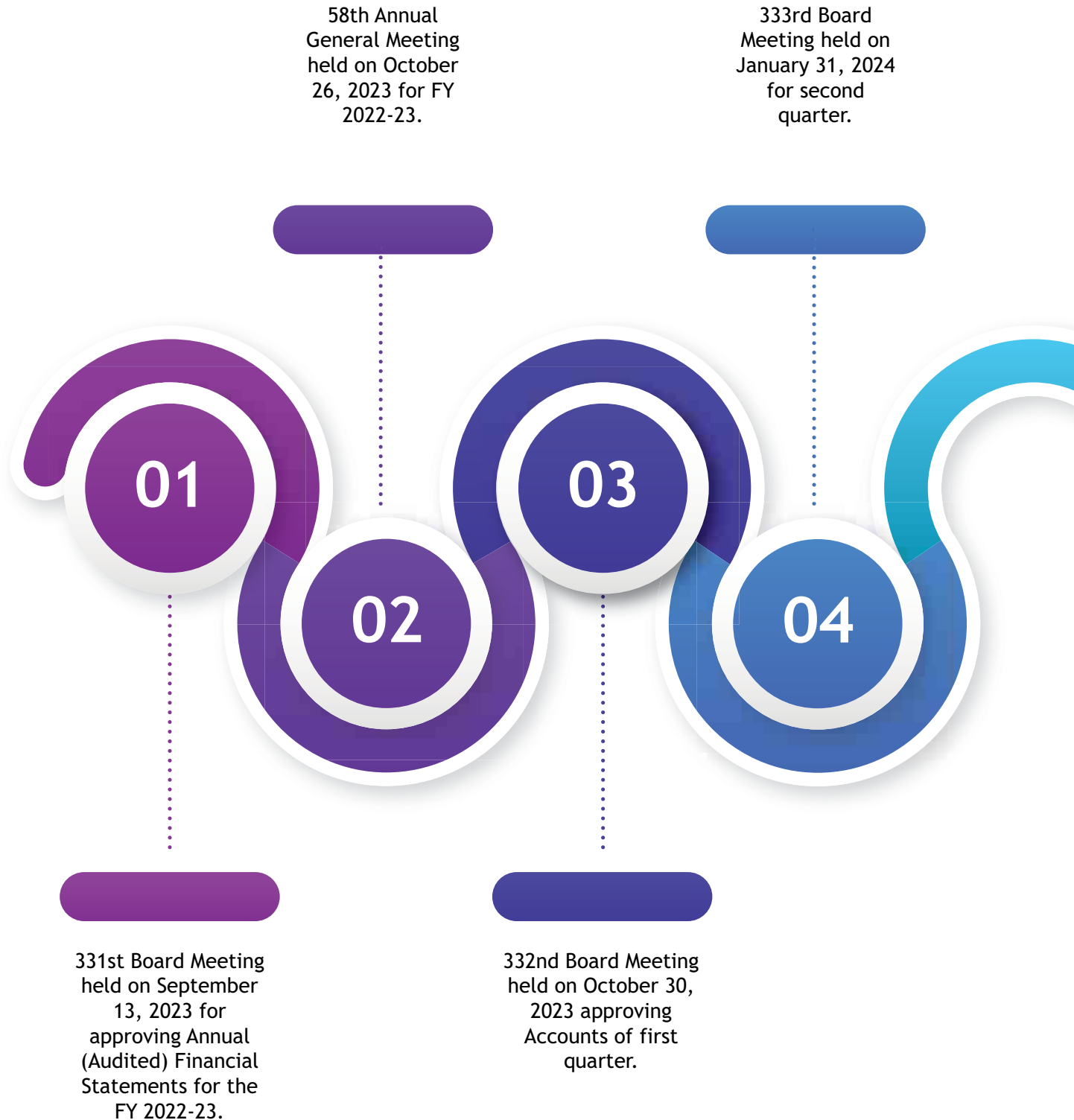
2023

Production & delivery of Ballot paper & Commemorative Bank note paper of Rs 75

2024

2nd Waste water plant, RO Plant, Capacity enhancement project

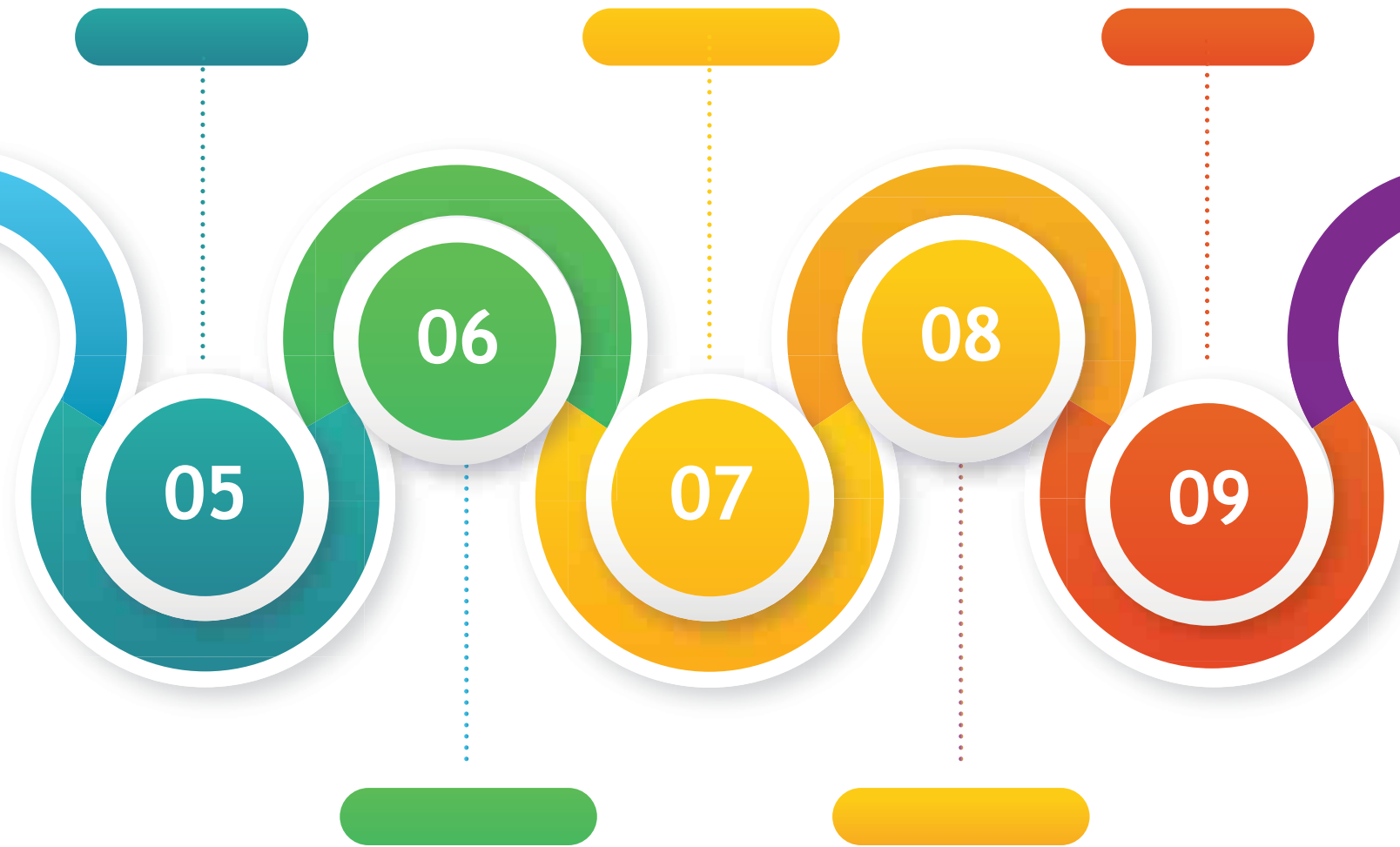
HISTORY OF MAJOR EVENTS DURING THE YEAR



334th Board Meeting held on February 21, 2024 for approving Accounts of second quarter.

Corporate Briefing Session of FY 2023-24 was held on May 31, 2024.

338th Board Meeting held on July 30, 2024 for approving of Annual (Audited) Financial Statements for the FY 2023-24.



335th Board Meeting held on April 29, 2024 for approving Accounts of third quarter.

337th Board Meeting held on June 28, 2024 for approving Annual Budget FY 2024-25.

Vision Statement

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 Statement

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.



-EXCELLENCE-



Core Values

Striving for continuous improvement and innovation with commitment and responsibility;

Treating shareholders/stakeholders with respect, courtesy and competence;

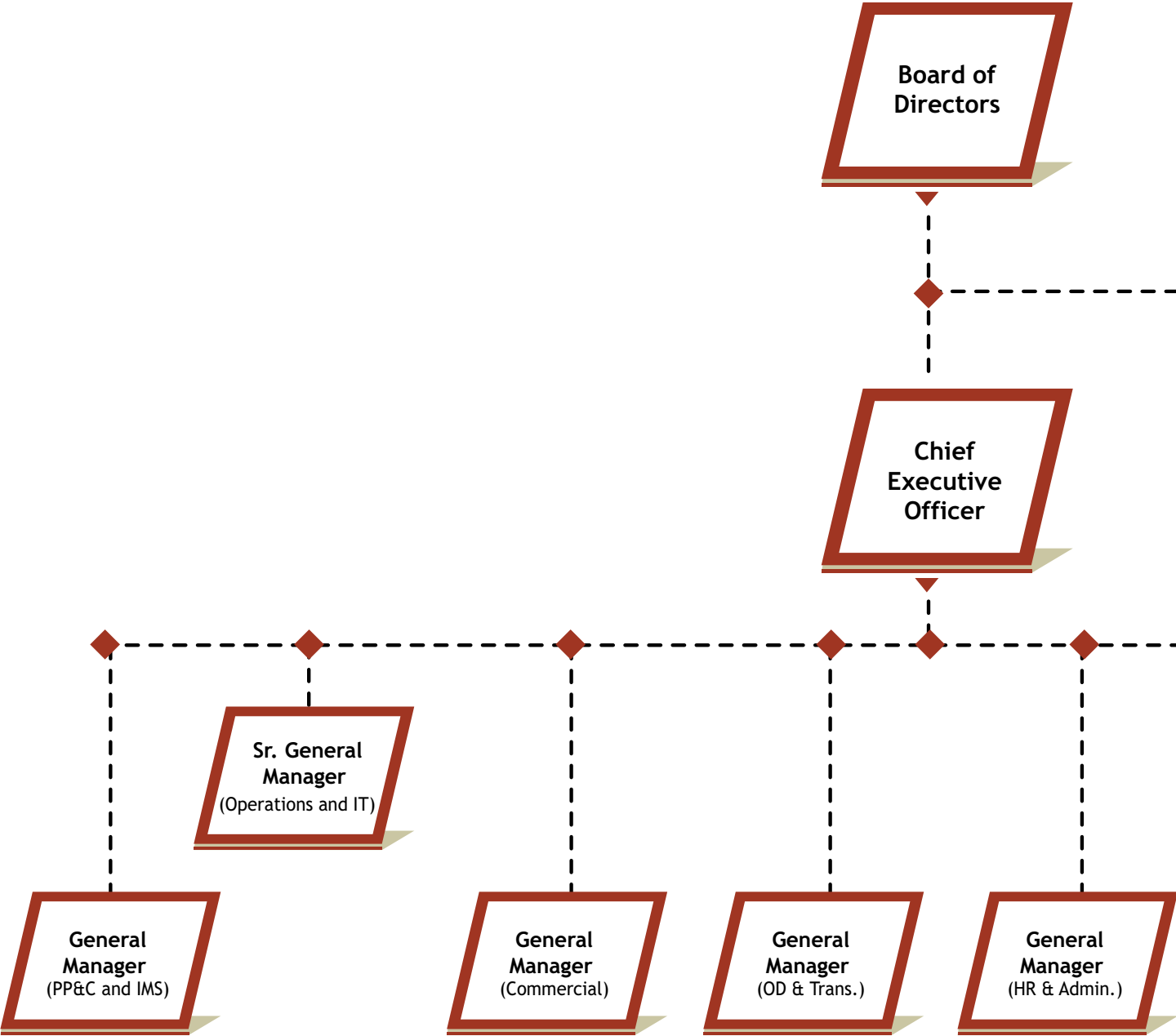
Practicing highest personal and professional integrity;

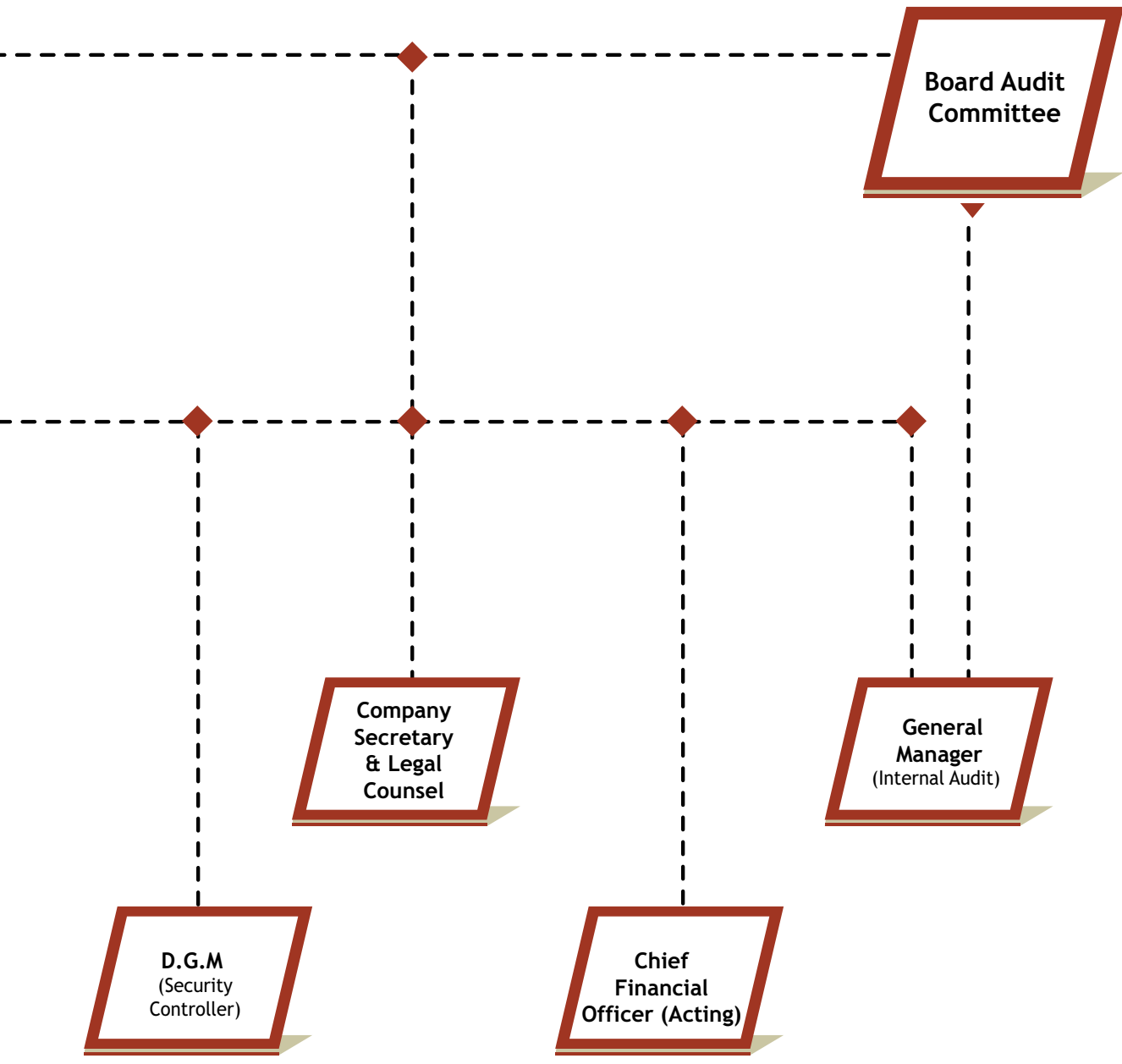
Maintaining teamwork, trust and support, with open and candid communication;

Ensuring cost consciousness in all decisions and operations.



COMPANY WIDE ORGANIZATIONAL CHART





COMPANY INFORMATION

Board of Directors

Non-Executive Directors

Chairman

Mr. Mohammad Aftab Manzoor - Nominee - PSPC

Directors

Mr. Jamal Nasim - Elected

Mr. Hamid Bazargan - Nominee - IDRO

Ms. Figen Caliskan - Nominee - SHAS

Hafiz Mohammad Yousaf - Nominee - PSPC

Mr. Shafqaat Ahmed - Nominee - PSPC

Mr. Munir Ahmed Independent - Elected

Mr. Arshad Mehmood Bhatti - Nominee - PSPC

Chief Executive Officer

Mr. Imran Qureshi

PSPC	-	Pakistan Security Printing Corporation (Pvt.) Limited
IDRO	-	Industrial Development and Renovation Organization
SHAS	-	Sumer Holding A.S. Genel Mudurlugu, (formerly SEKA)

Board Audit Committee (BAC)

Mr. Munir Ahmed	Independent	Non-Executive Director	Chairman
Mr. Jamal Nasim		Non-Executive Director	Member
Hafiz Mohammad Yousaf		Non-Executive Director	Member
Mr. Shafqaat Ahmed		Non-Executive Director	Member
Mr. Hamid Bazargan		Non-Executive Director	Member
Mr. Yasir Ali Quraishi		Secretary to the Committee	

Board Human Resource and Remuneration Committee (BHR & RC)

Mr. Mohammad Aftab Manzoor		Non-Executive Director	Member
Mr. Jamal Nasim		Non-Executive Director	Member
Mr. Munir Ahmed	Independent	Non-Executive Director	Member
Mr. Yasir Ali Quraishi		Secretary to the Committee	

COMPANY INFORMATION

Board Investment & Risk Management Committee (BIRC)

Hafiz Mohammad Yousaf		Non-Executive Director	Member
Ms. Figen Caliskan		Non-Executive Director	Member
Mr. Munir Ahmed	Independent	Non-Executive Director	Member
Mr. Yasir Ali Quraishi		Secretary to the Committee	

Board Strategic Committee (BSC)

Mr. Shafqaat Ahmed		Non-Executive Director	Chairman
Mr. Mohammad Aftab Manzoor		Non-Executive Director	Member
Hafiz Mohammad Yousaf		Non-Executive Director	Member
Ms. Figen Caliskan		Non-Executive Director	Member
Mr. Yasir Ali Quraishi		Secretary to the Committee	

Board Procurement Committee (BPC)

Mr. Jamal Nasim		Non-Executive Director	Chairman
Mr. Mohammad Aftab Manzoor		Non-Executive Director	Member
Mr. Shafqaat Ahmed		Non-Executive Director	Member
Mr. Hamid Bazargan		Non-Executive Director	Member
Mr. Yasir Ali Quraishi		Secretary to the Committee	

Executive Committee

Chairman

Mr. Imran Qureshi	-	Chief Executive Officer
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Members

Mr. Muhammad Asim Jamil	-	Senior General Manager (Operations and IT)
Mr. Yasir Ali Quraishi	-	Company Secretary & Legal Counsel
Mr. Mudassir Ali Khan	-	Chief Financial Officer (Acting)
Mr. Arshad Amir	-	General Manager (PP&C and IMS)
Mr. Shahbaz Ali	-	General Manager (HR&A)
Syed Ahsan Ejaz	-	General Manager (Internal Audit)
Ms. Maria Qureshi	-	General Manager (OD and Transformation)
Lt. Col. (R) Fayyaz Ahmed	-	D.G.M. (Security Controller)

COMPANY INFORMATION

Bankers

Bank Al Habib Limited
Meezan Bank Limited
Bank Alfalah Limited

National Bank of Pakistan
Habib Metropolitan Bank Limited
MIB Bank Limited

Auditors

PwC A. F. Ferguson & Co.
Chartered Accountants

Tax Consultants

PwC A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

Registered Office

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

Share Registrar

FAMCO Shares Registration Services (Pvt.) Limited
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal,
Karachi.
Tel. No: (+9221) 34380101-5
Fax No: (+9221) 34380106
E-mail: info.shares@famcosrs.com
Website: www.famcosrs.com

Factory

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

BOARD OF DIRECTORS



Mr. Mohammad Aftab Manzoor
(Non-Executive Director)



Mr. Jamal Nasim
(Non-Executive Director)



Mr. Hamid Bazargan
(Non-Executive Director)



Ms. Figen Caliskan
(Non-Executive Director)



Hafiz Mohammad Yousaf
(Non-Executive Director)



Mr. Shafqaat Ahmed
(Non-Executive Director)



Mr. Munir Ahmed
(Independent and Non-Executive Director)



Mr. Arshad Mehmood Bhatti
(Non-Executive Director)



Mr. Imran Qureshi
(Chief Executive Officer)

DIRECTORS' PROFILE



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 / Director 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 National Investment Trust Limited and Hellenic Sun (Pvt.) Limited



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 2020.

He is a 'Certified Director'.

He is 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 more than 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.

Other Directorship:

1. Ellcot Spinning Mills Limited
2. Saritow Spinning Mills Limited
4. First Credit and Investment Bank Limited
3. Pioneer Cement Limited

Board of Governors:

1. Lahore University of Management Sciences (LUMS)
2. Lahore School of Economics (LSE)

DIRECTORS' PROFILE



Mr. Hamid Bazargan (Non-Executive Director)

Mr. Hamid Bazargan was appointed to the Board of Directors in April 2024.

He is a Non-Executive Director nominated by Industrial Development and Renovation Organization of Iran (IDRO). He is a Member of the Board Audit Committee and Board Procurement Committee.

Mr. Hamid Bazargan is PhD in Energy Resource Engineering and Artificial Intelligence. He is a distinguished professional with a wide-ranging educational background from prestigious institutions like Stanford University - USA, Warwick University and Heriot-Watt University - UK, TOTAL Research and Development Centre - France and, Sharif University of Technology - Iran.

Since 2018, he has held the position of Vice President at IDRO, overseeing mega-projects and high-tech industries. One of his notable achievements is leading the development of phase 14, 17 and 18 of the South Pars gas field projects, valued at approximately \$15 billion, and achieving the highest local content manufacture record.

His expertise spans from oil and gas reservoir management and energy resources engineering to statistical signal processing, Machine Learning, and AI. In addition, he has completed various programs in finance, accounting, project management, joint venture agreement and legal studies.



Ms. Figen Çalışkan (Non-Executive Director)

Ms. Figen Çalışkan was appointed to the Board of Directors in July 2020. She is a nominee of Sümer Holding Inc. Co, General Directorate, Turkey.

She is a 'Certified Director'.

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. Çalışkan has over 30 years of experience in government departments.

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

DIRECTORS' PROFILE



Hafiz Mohammad 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 nominated by 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 Oceania 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 Boards 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 Board.

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. (iv) SICPA inks (Pvt.) Limited.



Mr. Shafqaat Ahmed (Non-Executive Director)

Mr. Shafqaat Ahmad 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 Chairman of (i) Board Strategic Committee and also a Member of the (ii) Board Audit Committee and (iii) Board Procurement Committee.

Mr. Shafqaat Ahmed did his Bachelor in Economics from F.C. College Lahore. He is a 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

DIRECTORS' PROFILE



MR. MUNIR AHMED (Independent and Non-Executive Director)

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

He is a 'Certified Director'.

He is an Independent Non-Executive Director and a Chairman of Board Audit Committee and Member of the Board Human Resource & Remuneration Committee and Board Investment & 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. ARSHAD MEHMOOD BHATTI (Non-Executive Director)

Mr. Arshad Mehmood Bhatti, a veteran central banker, is working as Managing Director at Pakistan Security Printing Corporation (Pvt.) Ltd. (a wholly owned subsidiary of the State Bank of Pakistan) since October 2023. Being Chief Executive, he is responsible to transform PSPC into a dynamic, technological driven and customer focused organization that provides quality products (banknotes and prize bonds) to its stakeholders.

Earlier, since September 2021, as Executive Director, he led Banking Policy & Regulations Group (BPRG), State Bank of Pakistan and spearheaded various deep impact industry level initiatives, including but not limited to; Licensing and regulatory framework for digital banks (five successful applicants are expected to start their operations shortly); strengthening the digital banking regulatory framework and enhancing the security standards therein; and other key initiatives in the areas of Foreign Exchange Policy, Commercial Banking, Risk Management, Corporate Governance and internal control regime for the banking industry. He was also an active member of Monetary Policy Committee of the State Bank of Pakistan. He briefly led the SBP Banking Service Corporation, from May 2023 to Sep 2023 as its Managing Director where he undertook a couple of impactful cultural transformation initiatives.

Prior to being elevated to the coveted position of Executive Director BPRG, he led the Exchange Policy Department (EPD) at SBP in rolling out various key policy reforms in the foreign exchange area that aimed at enhancing Ease of Doing Business; fulfilling the FX requirements of the stakeholders and instituting a robust FX policy framework. During his leadership FX regime was effectively revitalized by implementing far reaching foresighted initiatives like Investment Abroad Policy framework, Roshan Digital Account easing out the commercial remittances, and revision of FX regulations for implementation of Pakistan Single Window. He was instrumental in engaging the industry players and instituted a process of dialogue, feedback and proactive policy response to FX market through indigenous and innovative solutions.

He has also served Banking Inspection Department SBP as Director for around four years, where he introduced some key reforms in supervisory regime.

Before joining the State Bank of Pakistan, he worked in different managerial roles with Forest Development Corporation, Khyber Pakhtunkhwa, since 1991.

He is a fellow member of the Institute of Cost & Management Accountants of Pakistan, a Diploma Associate of the Institute of Bankers Pakistan and has Masters in Economics and Graduation in Forestry from the University of Peshawar, Pakistan. He has represented State Bank of Pakistan at various international fora and has participated in local and international trainings, workshops and symposiums.

He happily lives with his family in Karachi, is an avid reader and is passionate about nature and environment.

DIRECTORS' PROFILE



MR. IMRAN QURESHI (Chief Executive Officer)

Mr. Imran Qureshi was appointed by the Board of Directors of Security Papers Limited (SPL) as on September 15, 2022 as the Chief Executive Officer (CEO) of the Company.

He is a 'Certified Director' from PICG.

Mr. Imran Qureshi holds MBA Degree in Marketing, Bachelor of Engineering Degree and has also done diploma in Strategic Leadership from Oxford University, UK.

He has vast experience in Leadership & P&L Management with leading multinational/national organizations. He is a recognized and established leader with reputation of driving growth, turning businesses around and exhibiting strong drive for results. He has also valuable experience in interacting & managing different stake holders including government & key regulators of the country like Competition Commission of Pakistan, National Tariff Commission, Ministry of Commerce, Trade Development Authority, Federal Board of Revenue, Overseas Chamber of Commerce & Industry, Engineering Development Board, Pakistan Customs etc.

Prior to SPL, his career starts as follows:

Chief Executive Officer - Stylers International is a leading denim garments manufacturer and exporter with an annual turnover of over USD 80 million.

Chief Executive Officer - Descon Oxychem Limited, Part of the USD 1 Billion Descon Group, Descon Oxychem Limited is a listed company and is the market leader of Hydrogen Peroxide in Pakistan.

CEO/Managing Director - Coats Pakistan With a rich heritage dating back to 1750s, Coats plc UK is the world's leading industrial thread and textile crafts business, employing 20,000 employees in over 70 countries across six continents around the world.

General Manager, Clothing Business Division - Midas Safety Inc that manufactures and exports specialized work wear clothing solution to Europe and UK.

Business Manager, Decorative Coatings - AkzoNobel Pakistan (ICI Paints)

Business and Marketing Manager, Soda Ash - ICI Pakistan Limited

CHAIRMAN'S REVIEW



Mr. Mohammad Aftab Manzoor
(Non-Executive Director)

CHAIRMAN'S REVIEW

Dear Shareholders,

It gives me an immense pleasure to present the Annual Report together with the audited Financial Statements for the Financial Year ended June 30, 2024 to the stakeholders of Security Papers Limited (SPL or the Company) and to share the Board's performance in guiding the Company towards achievement of its strategic goals and objectives. The Board has demonstrated untiring commitment to SPL's core values and vision while ensuring high standards of corporate governance to preserve and enhance stakeholders' value.

Economic Environment

Global economic uncertainty persisted due to escalating geopolitical tensions and the conflicts in the Middle East. Global inflation has started to show a declining trend and has its effect on the interest rates. However, the ongoing conflicts in the Middle East may result in volatility of commodity prices.

Pakistan's economy is transitioning into the recovery phase, emphasized by a significant milestone achieved through the final review of the IMF's Stand-By Arrangement (SBA) program subject to a series of conditionalities. These include increasing energy prices by reducing the cost of subsidies, fiscal reforms, a market-determined exchange rate policy, broaden tax base, and privatization of state-owned enterprises.

To achieve price stability and maintain stable expectations, the federal budget targets a GDP growth rate of 3.6% alongside an inflation forecast of 12%. The proposed revenue targets and escalated expenditures, particularly in debt servicing, paint a decidedly inflationary scenario. If global oil and commodity prices hold steady, the 12% inflation target appears within reach. This fiscal framework suggests that an average interest rate of 15-16% for FY 2024-25 is prudent, with a potential easing to 10-11% by the close of June 2025.

Business Overview

The year ended June 30, 2024 was yet another challenging year. The Company's strategy remained to boost margins by improving quality of products, achieving operational efficiencies, and to optimize the product base to achieve economy of scales and optimize the production capacity.

Despite all the challenges, by the grace of Allah, the Company has exhibited a robust financial performance and have achieved highest ever sales of Rs 7,312 million (June 2023: Rs 5,795 million) and highest ever profit after tax of Rs 1,489 million (June 2023: 967 million). The earnings per share worked out to Rs 25.12 as compared to Rs 16.33 during the corresponding period showing an unwavering commitment of the Board to increase shareholders' value.

The Board will continue to play a crucial role on advising the Company's operations, supporting its success and effectiveness, and guiding management on long term strategic matters in accordance with Board approved plans while upholding the principles of good corporate governance.

Environment, Social and Governance

The Board is aware that Environmental, Social and Governance (ESG) initiatives help the businesses to attract investors, build customer loyalty, improve financial performance and make operations sustainable. The Company's ESG strategy adjusts environmental, social and governance practices to increase business sustainability and conducting business in a way that provides long-term value. The Company's ESG plan demonstrates our commitment to risk management, cost reduction and care for the environment. The Company has a strong stance on socio economic issues including customer satisfaction, waste management, equality, diversity and inclusion.

Board Performance

I am delighted to announce the addition of new members Mr. Hamid Bazargan and Mr. Arshad Mehmood Bhatti to our Board of Directors. Their wide range of abilities and expertise will surely bring renewed perspectives and we anticipate their valuable contribution to the affairs of the Company.

The Board sets the overall strategy and provides direction to the management. The Board also regularly delegates some of its duties to the Board Committees. Committees provide regular reports to the Board on the matters they are charged with handling.

I would also like to acknowledge the commitment and diligence of my fellow Directors during the year under review and thank the outgoing Board members for their valuable contributions.

Dividend Announcement

The Board highly values the aspirations of our shareholders and to pass on the benefit of the Company's achievements to the shareholders, the Board has recommended a final cash dividend of Rs 10.00 per share for the year ended June 30, 2024. The total dividend attributable to the year is Rs 12.50 per share, including the interim cash dividend of Rs 2.50 per share paid during the year.

Our Stakeholders

On behalf of the Board, I would like to acknowledge the contributions made by our management, workers, customers and our partners. We would especially like to thank our shareholders for your continued trust and confidence in us as stewards of your capital.



Mohammad Aftab Manzoor

Chairman

Karachi

Dated: July 30, 2024

SURPASSING THE BEST

2nd Position
Best Corporate
Report Award
2022

7th Position
PSX Top
Companies
Award for
2022

3rd Position
in the Best
Corporate
Report Award
for the year
2022

3rd Position
in the Best
Sustainability
Report Award
2022

38th
Corporate
Excellence
Award of
the MAP

20th
Environmental
Excellence
Award 2023
of NFEH

DIRECTORS' REPORT



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, 2024.

Operating Results

The operating results of the Company for the year ended June 30, 2024 are summarized as follows:

	2024	2023
	(Rupees in '000)	
Sales	7,311,732	5,794,593
Gross Profit	2,047,289	1,518,289
Profit before taxation	2,392,158	1,543,686
Taxation		
Current	(750,045)	(597,214)
Deferred	(153,429)	20,908
	903,474	576,306
Profit after taxation	1,488,684	967,380
Other comprehensive income	39,568	(20,421)
Total Income	1,528,252	946,959

Earnings Per Share

The earnings per share (EPS) after taxation is Rs 25.12 (June 2023: Rs 16.33).

Appropriations:

Dividend

The Board of Directors of the Company has recommended the following appropriations for the year ended June 30, 2024 for approval of members at the Annual General Meeting, to be held on September 25, 2024:

Final cash dividend of Rs 10.00 per share, i.e. 100% in addition to the interim cash dividend of Rs 2.50 per share, i.e. 25% already paid making a total cash dividend of Rs 12.50 per share, i.e. 125%. (2023: Cash Dividend at the rate of Rs 11.00 per share i.e. 110%).

Transfer to Revenue Reserve

Transfer of Rs 788.77 million to revenue reserves from unappropriated profit (2023: Rs 295.144 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 financial year ended June 30, 2024, has been yet another challenging year for Pakistan's economy with geopolitical situation increasing cost of doing business in Pakistan.

Despite challenging business environment, the Company has displayed a robust financial performance by making record sales revenue of Rs 7,312 million and posted highest ever profit after tax of Rs 1,489 million during the year under review. This was made possible by expanding footprint in other security papers besides banknotes, better price negotiations and outcomes of management efforts in all segments of operations. Pakistan Security Printing Corporation (Pvt) Limited (PSPC) remained the key customer with 79% sales comprise of Bank note papers.

The cost of manufacturing banknote and other security paper products remained high during the year as the prices of key raw materials increased in line with inflation along with staggering increase of 98% in gas price and 73% increase in electricity price. However, with stringent management of procurement prices of raw materials along with better efficiencies in utilities consumption, the overall business cost increase was restricted to 23% as compared to last year.

The Board has been vigilant in performance monitoring to achieve continued improvements in productivity while optimizing costs and processes to ensure sustainable growth of the Company.

SPL is the only organization in the country engaged in production of security papers. The Company has recently concluded a technical study through a leading European Security Paper Consultant with the aim to benchmark its operational processes and to prepare a comprehensive efficiency and cost improvement plan. With the recent announcement from the State Bank of Pakistan that a new banknote series is being worked on, the management has commenced a plant modification project to equip the Company in fulfilling modern day enhanced security features in Banknote paper in line with the upcoming requirements for the new bank note series and global trends.

The Board of Directors, Board Audit Committee, Chief Executive Officer and Executive Management Committee

DIRECTORS' REPORT

are responsible for oversight of the Company's operations and to evolve proactive strategies to mitigate any potential adverse impact of major risks.

Production and Sales

The Company operated at optimum production levels to meet the demand for Banknote and other Security Paper products. The Company was able to produce high quality Banknote Paper and other Security Paper products during the year under review. The management was able to keep cost of production at optimal level by controlling production losses, utilizing resources effectively, and maximizing output to achieve economy of scales.

The net sales revenue of the Company for the year ended 30th June 2024 had increased to Rs 7,312 million showing an increase of Rs 1,517 million over the last year. The increase in sales was mainly contributed by Banknote Paper & ballot paper. The Company achieved a sales volume of 4071 tons as against 4,048 tons during the corresponding period which includes Banknote Paper, Passport Paper, Ballot Paper and Board and Degree Papers.

Operational Performance

The Company achieved production volumes at 4,104 tons (June 2023: 4,043 tons) and sales volume at 4,071 tons (June 2023: 4,048 tons) during the year under review. In terms of value, net sales of the Company increased to Rs 7,312 million as compared to Rs 5,795 million during the corresponding period. The increase in sales revenue is attributable to price adjustment received on sales of Banknote paper from our major customer PSPC.

The Company earned gross profit of Rs 2,047 million during the year under review as compared to Rs 1,518 million in the previous year. The gross profit percentage increased to 28% from 26.2% last year.

Other income increased to Rs 1,013 million during the year under review as compared to the corresponding period mainly due to improved profit rates on fixed income securities and reprofiling of investment portfolio last year from equity based mutual funds to Government securities.

The Directors report that your Company has managed to achieve the highest ever profit before tax of Rs 2,392 million (June 2023: Rs 1,544 million) and highest ever profit after tax of Rs 1,489 million (June 2023: Rs 967 million), despite all odds and challenging circumstances prevailing during the year under review.

During the year, the Company completed raw material storage building project with automatic cargo lift, upgraded inspection system at Sheeter machine and developed two new RO bores. New projects of RO Plant, capacity enhancement of effluent treatment plant and solar power project for admin building have been initiated during the year and would be completed by next financial year to ensure sustainable growth. The Board is focused on improving performance at work place and the Company is well poised to encounter future challenges through various measures including innovation, planning, cost controlling, operational analysis, expanding product base and prudent financial management.

Principal Activity

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

Sustainability, Health Safety & Environment

The Company prioritizes Sustainability, Health, Safety and Environment (HSE) at core of its activities. The Company continued to demonstrate its strong commitment to Health, Safety and Environment. For sustainable business growth, Company has established 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. Company has planted significant number of trees and protected them to comply with Sindh Environmental Protection Agency's (SEPA) requirements during the FY 2023-24.

A Sustainability Council is already in place to provide guidance on sustainability and social responsibility matters. The council operates independently and has the authority to inform, consult and initiate actions.

A review of hazard identification and risk assessment and Control is regularly carried out by the Health and Safety Surveillance Committee. The Company has achieved very first time 1000 Lost time Injury free days as on June 13, 2024.

As part of its annual report, the Company publishes a detailed sustainability report which includes sustainability risks & mitigation strategies, sustainability performance, materiality assessment and developmental goals. The sustainability report is reviewed by an independent firm.

DIRECTORS' REPORT

Diversity, Equity and Inclusion

SPL strives to be an equal opportunity employer with focus on both gender diversification and provision of opportunities to differently abled persons. We employ 5 differently abled persons and have increased the female workforce in management from 6% to 14% including representation in our leadership team.

The Company is continuously reviewing its policies with the aim to facilitate an inclusive and supportive work environment.

Board and Committees Changes

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

Mr. Hamid Bazargan, non-executive Director, joined the Board as a nominee of Industrial Development and Renovation Organization of Iran in place of Mr. Ahmad Hatami Yazd. Mr. Muhammad Sualeh Ahmad Faruqi resigned from directorship during the financial year. Mr. Arshad Mehmood Bhatti has also joined the Board as nominee of Pakistan Security Printing Corporation (Pvt) Limited.

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

The Board welcomed the new directors and appreciated the valuable contribution of the outgoing Director while he was on the Board of Directors and its various Committees.

Chairman's Review

The Board of Directors endorse the contents of the Chairman's Review annexed (page 27).

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 below:

Total Number of Directors

- (a) Male - 8
- (b) Female - 1

Composition:

- (i) Independent Directors* - 1
- (ii) Non-Executive Directors - 7
- (iii) Executive Directors - 1

Name of Directors

Mr. Mohammad Aftab Manzoor	- Chairman
Mr. Munir Ahmed	- Director - Independent
Mr. Jamal Nasim	- Director
Mr. Hamid Bazargan	- Director
Ms. Figen Caliskan	- Director
Hafiz Mohammad Yousaf	- Director
Mr. Shafqaat Ahmed	- Director
Mr. Arshad Mehmood Bhatti	- Director
Mr. Imran Qureshi	- Chief Executive Officer

* It is informed that eight days before the start of the financial year 2023-24, an independent director vacancy was created on the Board of the Company. Therefore, the FY 2023-24, commenced with only two independent directors on the Board namely, Mr. Munir Ahmed and Mr. Sualeh Ahmed Faruqi. This issue of one-third independent directors was to be addressed at the 8th Extraordinary General Meeting ("EOGM") for the purpose of election of directors of Security Papers Limited (the "Company / SPL"), which was due to be held on 29 November 2023.

However, Writ Petition No. 3877 of 2023 was filed against the Company before the Islamabad High Court (IHC) by a shareholder, who had also submitted his candidature to contest the election of directors for 'independent director category'. IHC, vide an interim order dated 28 November 2023, suspended the elections of directors. The said case, on merits, was finally dismissed by IHC in favor of the Company and a cost of Rs 300,000/- was imposed on the Petitioner, as the IHC deemed that he had no cause of action and had sought to abuse the process of the Court.

As the aforesaid case had been dismissed and the interim order of IHC, suspending the election, stood vacated, the 8th EOGM of SPL was once again scheduled for 13 February 2024, for the purpose of election of directors. However, the Securities and Exchange Commission of Pakistan ("SECP") passed an Order dated January 26, 2024 ("SECP Order") and determined the Company as Public Sector Company ("PSC"). Subsequently, an email was received from the SECP dated 12 February 2024, containing directions to bring the Company in conformity with the provisions of the State-Owned Enterprises Act 2023 (hereinafter the "SOE Act"). The SECP Order read with the said directions, has created uncertainty as to the applicable provisions of law to be followed for the purposes, inter alia, of election of directors and composition of the board. SPL has

DIRECTORS' REPORT

contested this adjudication and has already challenged the determination in an appeal before the Appellate Bench of SECP.

Before proceeding with the agenda of 8th EOGM for election of directors, the Chairman informed the shareholders on 13 February 2024 that SECP had determined SPL to be a PSC and secondly that on 12 February 2024 at 2:15pm., SPL received another directive from the SECP via email stating that the SOE Act is applicable to SPL and that failure to comply with the provisions of SOE Act would result in necessary action in accordance with law. This erroneous determination by SECP requires further deliberation from a legal perspective considering the pendency of appeal before the SECP involving questions as to the determination of the nature of the Company. Given these developments, a resolution was passed by the shareholders that it was prudent to seek legal advice on the matter and therefore, the 8th EOGM of SPL was adjourned with the consent of the members under Article 44 of Article of Association of the Company, until a further date that would be communicated to the shareholders, accordingly.

As informed above, this financial year started with only two independent directors on the Board of SPL and owing to the SECP Order being in field, Mr. Muhammad Sualeh Ahmad Faruqi, one of the independent directors who served as such at the start of the financial year, resigned from the Board of the Company on 9 February 2024. As such, currently there is only one independent director on the Board namely, Mr. Munir Ahmed.

The Company had applied to the SECP for an extension in the due date of holding its election of directors twice since February 2024 on the basis of the impediments as have been mentioned in detail above. SPL, vide its letter dated 9 May 2024, stated that the impediment for holding of election of directors, still continues and persists as the final determination of the Company's status as a PSC pursuant to the SECP Order is still pending adjudication in an appeal. As a consequence, the Company requested CRO Karachi, SECP that the due date for holding elections on June 4 2024, as directed by SECP, may be further extended till the final decision of the said appeal by the Appellate Bench of SECP.

It is further submitted that CRO Karachi, SECP, vide its Order dated 20 May 2024, having considered the submissions made by the Company and after recognizing the impediments faced by SPL, acceded SPL's request and directed the Company to hold its election of directors on 3 September 2024.

Pattern of Shareholding

A statement showing the pattern of shareholding as at June 30, 2024 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. During the year under review, ensuing its commitment of supporting quality health care and education projects in the country, SPL contributed Rs 9.67 million in the social sectors by collaborating with Indus Hospital, SOS Children village and The Citizens' Foundation.

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

No payment on account of taxes, loan, 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

The Board oversee the development and implementation of internal controls by the management and has established an efficient system of internal financial controls for efficient conduct of operations, safeguarding of Company's assets, compliance with applicable laws and regulations and reliable financial reporting. The Board also monitors management's response to accounting and reporting control deficiencies and weaknesses.

The independent Internal Audit function of the Company regularly appraises the implementation of internal controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and

DIRECTORS' REPORT

financial statements on quarterly basis.

The internal controls are designed through risk-based assessments. Internal audit plays an important role in evaluating the effectiveness of these internal control systems. The internal control system is designed to provide reasonable assurance regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. In order to combat irregularities and discrepancies, the Company has built a strong system of internal control based on the five pillars of internal controls i.e., control environment, risk assessment, corporate governance, information and communication, and monitoring.

Corporate and Financial Reporting Framework

The Company is committed to maintain high standards of corporate governance; the Company is compliant with the provisions of the Code of Corporate Governance 2019.

The Directors confirm that:

- a) The financial statements prepared by the Management of the Company presents fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- b) Proper books of accounts of the Company have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements; and any departure thereof has been adequately disclosed and explained;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) There are no significant doubts upon the Company's ability to continue as a going concern;

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, PwC A.F. Fergusons & Co, Chartered Accountants audited the financial statements

of the Company and have issued an unqualified report to the members.

Risk Management

Risk management is the responsibility of the Board, supported by the risk management Committee. The Committee is instrumental in identifying, mitigating and managing risks. The Board reviews principal risks facing the Company and considers whether they reflect an acceptable level of risk. Where this is not the case, the Board also considers what is required to reduce the likelihood and potential impact of the risk.

Management is responsible for implementing and maintaining controls. The Company periodically reviews risk registers to identify the risks, their potential impact and likelihood of occurrence, the key controls and management processes 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 has undertaken a robust risk assessment to identify risks. 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.

Compliance with the Code of Corporate Governance

The "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019" (CCG) is annexed (page 57).

Board Performance Evaluation

I would like to inform that subsequent to the close of financial year 2023-24, a formal process of performance of the Board as a whole and its committees, by an external independent consultant namely, Crowe Hussain Chaudhury & Co., which has been selected by the Board is starting to evaluate the Board's Performance for the year ended 30 June 2024. Also, the external independent consultant was appointed by the Board keeping in mind, the repute, credentials, past experience in conducting such evaluation for other different boards and the skill-set. However, the major terms of the consultant's engagement are as follows:

- Board structure and composition.
- Board's role.
- Board meetings.

DIRECTORS' REPORT

- Board's performance and effectiveness.
- Board development.
- Relationship with the Management.
- CEO oversight.
- Board Committee.
- Role of independent and non-executive directors.
- Role of the Chairman.

Auditors

The auditors, PwC A.F. Ferguson & 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 PwC A.F. Ferguson & Co, Chartered Accountants as auditors of the Company for the year 2024-25.

Contribution to the National Exchequer

During the year under review the Company contributed an amount of Rs 2,113million to the national exchequer on account of direct and indirect taxes and levies as compared to Rs 1,624 million during the corresponding period. In addition, the Company had also made foreign exchange savings of US\$ 26 million (approx.) through import substitution during the year.

Future Outlook

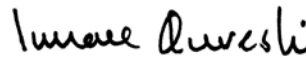
State Bank of Pakistan has recently announced to bring in new banknote series with enhanced security features. The Company endeavors to fulfil demand of its customers through upgradation of its plant to enable it to incorporate new security features in Bank note and other security papers. The management remains fully committed towards managing challenges and delivering sustainable profitable growth capitalizing on our strengths. We will continue to focus on quality improvement, innovations and opportunities in a challenging macroeconomic, political and social environment to improve productivity and enhance shareholders value.

Acknowledgement

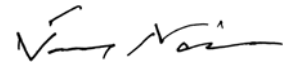
The Board would like to place on record appreciation for the valuable contribution made by its employees in achieving the Company's objectives. The Board of

Directors is also thankful to 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



Imran Qureshi
Chief Executive Officer



Jamal Nasim
Director

Karachi

Dated: July 30, 2024

30 جون 2024 کو ختم ہونے والے سال کے لیے بورڈ کی کارکردگی کا جائزہ لینا بھی شامل ہے۔ اس کے علاوہ، بورڈ کی جانب سے بیرونی خود مختار کنسلٹنٹ کی تقرری، ساکھ، اسٹاؤ، دیگر مختلف بورڈز کے لیے اس طرح کی تشخیص کرنے کے ماضی کے تجربے اور مہارت کو سامنے رکھتے ہوئے کیا گیا، کنسلٹنٹ کے مصروفیت کی اہم شرائط مندرجہ ذیل ہیں:

- بورڈ کی تشکیل اور ساخت
- بورڈ کا کردار
- بورڈ میٹنگز
- بورڈ کی کارکردگی اور اثر
- بورڈ کی ترقی
- مینجمنٹ کے ساتھ تعلق
- سی ای او کی نگرانی
- بورڈ کمیٹی
- آزاد اور نان ایگزیکٹو ڈائریکٹرز کا کردار
- چیئرمین کا کردار

آڈیٹرز

آڈیٹرز، پی ڈبلیو ای اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس، سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں، اہلیت کی بنیاد پر انہوں نے خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔

بورڈ آڈٹ کمیٹی کی تجویز پر، بورڈ نے پی ڈبلیو ای اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کو سال 2024-25 کے لیے کمیٹی کے آڈیٹرز کے طور پر منتخب کرنے کی توثیق کی ہے۔

قومی خزانے کے ساتھ تعاون

کمیٹی نے زیر جائزہ سال کے دوران قومی خزانے میں بلو اسٹار اور بلا واسطہ ٹیکسز اور لیویز پر مشتمل 2,113 ملین روپے ٹیکسوں کی مد میں جمع کرائے جو گزشتہ سال کے دوران 1,624 ملین روپے تھے اس کے علاوہ سال کے دوران برآمدات میں کمی کے

ذریعے کمیٹی نے ملک میں 26 ملین ڈالر (تقریباً) کا قیمتی زر مبادلہ پچایا۔

مستقبل کے حوالے سے تفصیلات

اسٹیٹ بینک آف پاکستان نے حال ہی میں بہتر سیکورٹی فیچرز والی نئی بینک نوٹ سیریز لانے کا اعلان کیا ہے۔ کمیٹی اپنے پلانٹ کی اپ گریڈیشن کے ذریعے اپنے صارفین کی ضروریات کو پورا کرنے کی کوشش کرتی ہے تاکہ اسے بینک نوٹ اور دیگر سیکورٹی بیچرز میں نئے سیکورٹی فیچرز شامل کرنے کے قابل بنایا جاسکے۔ انتظامیہ ان چیلنجز سے نمٹنے اور اپنی صلاحیتوں سے فائدہ اٹھاتے ہوئے پائیدار اور منافع بخش ترقی کی فراہمی کے لیے پوری طرح پر عزم ہے۔ ہم پیداواری صلاحیت کو بہتر بنانے اور شیئر ہولڈرز کی قدر میں اضافہ کرنے کے لیے ایک مشکل میکرہ اکنا مک، سیاسی اور سماجی ماحول میں معیار کی بہتری، جدت کے حصول اور مواقع پر توجہ مرکوز کرتے رہیں گے۔

اظہار تشکر

بورڈ کمیٹی مقاصد کے حصول کے لیے ملازمین کی جانب سے انتھک محنت اور کوششوں کو قدر کی نگاہ سے دیکھتا ہے اور ان کا شکریہ ادا کرتا ہے۔ بورڈ آف ڈائریکٹرز کمیٹی کے شیئر ہولڈرز، صارفین اور دیگر اسٹیک ہولڈرز کے مسلسل تعاون کا شکریہ ادا کرتے ہیں جس سے مزید بہتری اور کامیابی وابستہ ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

ناہ، اوسو
عمران قریشی
چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 30 جولائی 2024

مالیاتی گوشواروں کا آڈٹ کیا ہے اور ممبران کو غیر متحرک شدہ رپورٹ جاری کی ہے۔

رسک مینجمنٹ

رسک مینجمنٹ بورڈ کی ذمہ داری ہے جسے رسک مینجمنٹ کمیٹی کی مدد حاصل ہے۔ کمیٹی خطرات کی نشاندہی، قابو پانے اور انتظام میں اہم کردار ادا کرتی ہے۔ بورڈ کمیٹی کو درپیش بنیادی خطرات کا جائزہ لیتا ہے اور اس بات پر غور کرتا ہے کہ آیا وہ خطرے کی قابل قبول سطح کی عکاسی کرتے ہیں۔ جہاں ایسا نہیں ہے، بورڈ اس بات پر بھی غور کرتا ہے کہ خطرے کے امکانات اور ممکنہ اثرات کو کم کرنے کے لیے کیا ضروری ہے۔ بورڈ یا تو خطرے کی سطح کی منظوری دیتا ہے یا خطرے کی نشاندہی کے ذریعے اسے کم کرنے کے لیے انتظام کی ضرورت ہوتی ہے۔

انتظامیہ ان کنٹرولز کو نافذ کرنے اور برقرار رکھنے کی ذمہ دار ہے۔ کمیٹی وقتاً فوقتاً خطرات، ان کے ممکنہ اثرات اور ہونے کے امکانات، ان خطرات پر قابو پانے کے لیے قائم شدہ اہم کنٹرولز اور مینجمنٹ پروسیس، اور بورڈ کی طرف سے خطرے کی نشاندہی کے پیش نظر خطرے کو ایک قابل قبول سطح تک کم کرنے پر رضامندی کے لیے رسک رجسٹر کا جائزہ لیتی رہتی ہے۔

بورڈ نے خطرات کی نشاندہی کا زبردست نظام بنا رکھا ہے۔ بورڈ کو رسک مینجمنٹ اور خطرات سے متعلق اہم تبدیلیوں کے بارے میں باقاعدہ اپ ڈیٹس موصول ہوتے ہیں، جبکہ بورڈ آڈٹ کمیٹی کمیٹی کی رسک رپورٹ کا بھی جائزہ لیتی ہے۔

کوڈ آف کارپوریٹ گورننس پر عمل درآمد

”سڈ کمپینیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز (CCG) 2019 پر عمل درآمد سے متعلق بیان“ صفحہ نمبر 57 پر منسلک ہے۔

بورڈ کی کارکردگی کا جائزہ

میں مطلع کرنا چاہتا ہوں کہ مالی سال 2023-24 کے اختتام کے بعد، بورڈ اور اس کی کمیٹیوں کی مجموعی طور پر کارکردگی سے متعلق ایک باضابطہ پروسیس، بورڈ کی جانب سے منتخب کردہ ایک بیرونی

آزاد کونسلنٹ، کرہ حسین چوہدری اینڈ کمیٹی کی جانب سے شروع کیا گیا ہے اس میں

ضوابط کی تعمیل کے حوالے سے مناسب یقین دہانی فراہم کرنے کے لیے ڈیزائن کیا گیا ہے۔ قوانین کی خلاف ورزی اور تضادات سے نمٹنے کے لیے، کمیٹی نے اندرونی کنٹرول کے پانچ ستونوں یعنی ماحول پر ضابطے، خطرے کی تشخیص، کارپوریٹ گورننس، معلومات، کمیونی کیشن اور گمرانی پر مبنی انٹرنل کنٹرول کا ایک مضبوط نظام بنایا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

کمیٹی کارپوریٹ گورننس کے اعلیٰ معیاروں کی تعمیل کے لیے پرعزم ہے، کمیٹی کوڈ آف کارپوریٹ گورننس 2019 کی شرائط پر عمل درآمد کر رہی ہے۔

ڈائریکٹرز تصدیق کرتے ہیں کہ:

- کمیٹی کے مالیاتی گوشوارے انتظامیہ کی جانب سے تیار کئے گئے ہیں جن میں کمیٹی کے معاملات، اس کے کاروباری نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو پیش کیا گیا ہے۔
- کمیٹی نے اپنے اکاؤنٹ کی باقاعدہ بکس برقرار رکھی ہیں۔
- کمیٹی نے اپنے مالیاتی گوشواروں کی تیاری میں پائیدار اور مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کیا ہے۔ اکاؤنٹنگ کے تخمینے احتیاط سے اور موزوں اندازے کی بنیاد پر لگائے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈز اور کمپینیز ایکٹ 2017 کی شرائط پر عمل کیا گیا ہے اور کسی طرح کے بھی انحراف کو باقاعدہ واضح کیا گیا ہے۔
- کمیٹی میں اندرونی ضابطہ کا موثر نظام موجود ہے اور اس پر مسلسل عمل درآمد اور گمرانی جاری رہتی ہے۔
- کمیٹی کی کام جاری رکھنے کی صلاحیت پر کسی بھی قسم کے قابل ذکر شبہات نہیں ہیں۔

اہم تبدیلیاں اور معاہدے

کمیٹی کے مالیاتی سال کے اختتام سے اس رپورٹ کی تاریخ کے درمیان بیلنس شیٹ پر اثر انداز ہونے سے متعلق کوئی اہم تبدیلیاں یا معاہدے نہیں ہوئے۔

مالیاتی گوشوارے

کمیٹی کے آڈیٹرز، پی ڈبلیو اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے کمیٹی کے

کی خدمات انجام دے رہے تھے، 9 فروری 2024 کو کمپنی کے بورڈ سے مستعفی ہو گئے، اس طرح اس وقت بورڈ میں صرف ایک آزاد ڈائریکٹر جناب منیر احمد رہ گئے ہیں۔

کمپنی نے مذکورہ بالا رکاوٹوں کی بنیاد پر SECP کو فروری 2024 سے اب تک دو مرحلہ ڈائریکٹرز کے انتخاب کے انعقاد کی مقررہ تاریخ میں توسیع کے لیے درخواست دی ہے۔ SPL نے 9 مئی 2024 کو اپنے لیٹر کے ذریعے بتایا کہ ڈائریکٹرز کے انتخاب کے انعقاد میں رکاوٹ اب بھی جاری ہے اور کمپنی کی بطور PSC حیثیت کے حتمی تعین کے طور پر برقرار ہے۔

SECP کے حکم کے مطابق اپیل میں فیصلہ ابھی تک زیر التواء ہے۔ نتیجے میں، کمپنی نے CRO کراچی، ایس ای سی پی سے درخواست کی کہ SECP کی ہدایت کے مطابق 4 جون 2024 کو انتخابات کے انعقاد کی مقررہ تاریخ کو SECP کے لیٹلٹنچ کے مذکورہ اپیل کے حتمی فیصلے تک مزید بڑھایا جاسکتا ہے۔ مزید درخواست کی گئی کہ سی آر او کراچی، SECP نے اپنے 20 مئی 2024 کے حکم نامے میں، کمپنی کی جانب سے کی گئی گذارشات پر غور کرنے اور SPL کو درپیش رکاوٹوں کو تسلیم کرنے کے بعد، SPL کی درخواست کو قبول کیا اور کمپنی کو ہدایت کی کہ وہ اپنے ڈائریکٹرز کا انتخاب 3 ستمبر 2024 کو منعقد کرے۔

شیئرز ہولڈنگ کا طریقہ کار

کمپنیز ایکٹ 2017 کے سیکشن (f) (2) 227 کے مطابق 30 جون 2024 کو شیئرز ہولڈنگ کے طریقہ کار کو واضح کرنے والا اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

کاروباری تسلسل کی منصوبہ بندی

ایک فعال ادارے کے طور پر کمپنی کی کاروبار جاری رکھنے کی صلاحیت کسی بھی شلک و شہات سے پاک ہے۔

کاروباری سماجی ذمہ داری (CSR)

کمپنی مختلف ماحولیاتی اور سماجی اقدامات کے ذریعے معاشرے اور سوسائٹی کی فلاح و بہبود اور عوامی توقعات کے مطابق کام کرنے کے لیے پرعزم ہے۔ ذریعہ نظر

سال کے دوران، ملک میں معیاری صحت کی دیکھ بھال اور تعلیم کے منصوبوں کی مدد کے اپنے عزم کے نتیجے میں SPL نے انڈس ہسپتال، SOS چلڈرن ویلج اور دی سٹیزنز فاؤنڈیشن کے ساتھ پارٹنرشپ کے ذریعے سماجی شعبوں میں 9.67 ملین روپے کی امداد کی۔

بزنس کی کاروباری نوعیت میں تبدیلیاں

ذریعہ جائزہ مالیاتی سال کے دوران بزنس کی کاروباری نوعیت میں کسی بھی قسم کی کوئی تبدیلی واقع نہیں ہوئی۔

ادائیگیوں، قرض / قرض کے ٹیکس اور ڈیویڈنڈ کی نادرہنگی

ذریعہ جائزہ مالیاتی سال کے اختتام پر ٹیکسز، ڈیویڈنڈ اور لیویز کی مدد میں کوئی ادائیگی زائد المیہ عائد نہیں تھی۔

بعد کے واقعات

کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالیاتی پوزیشن پر اثر انداز ہونے والی کوئی ایسی اہم تبدیلیاں یا معاہدے نہیں ہوئے، ماسوائے جن پر اس رپورٹ میں تبادلہ خیال کیا گیا ہے۔

داخلی مالیاتی ضابطوں کا نظام

بورڈ انتظامیہ کے ذریعے اندرونی کنٹرولز کی ترقی اور نفاذ کی نگرانی کرتا ہے اور اس نے آپریشنز کے موثر انعقاد، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالیاتی رپورٹنگ کے لیے اندرونی مالیاتی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ بورڈ کا ڈائریکٹنگ اور رپورٹنگ کنٹرول کی خامیوں اور کمزوریوں کے بارے میں انتظامیہ کے ردعمل کا جائزہ بھی لیتا ہے۔

کمپنی کا خود مختار انٹرنل آڈٹ فنکشن مالیاتی کنٹرولز پر عمل درآمد کی باقاعدگی سے جانچ اور نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی سماجی بنیادوں پر اندرونی کنٹرول کے فریم ورک اور مالیاتی اسٹیٹمنٹ کے اثرات کا جائزہ لیتی ہے۔

انٹرنل کنٹرول خطرے پر مبنی جائزوں کے پیش نظر بنائے گئے ہیں۔ انٹرنل آڈٹ ان انٹرنل کنٹرول سسٹم کی فعالیت کا جائزہ لینے میں اہم کردار ادا کرتا ہے۔ انٹرنل کنٹرول سسٹم کو آپریشنز کی فعالیت اور کارکردگی، مالیاتی رپورٹنگ کے اعتماد اور لاگو قوانین اور

آگیا تھا، SPL نے 8 واں غیر معمولی اجلاس عام ایک بار پھر 13 فروری 2024 کو ڈائریکٹرز کے انتخاب کے مقصد کے لیے مقرر کیا۔ تاہم، سیکرٹری نے ایجنڈا کی کچھ کمیٹیاں آف پاکستان ("SECP") نے 26 جنوری 2024 کو ایک آرڈر ("SECP") " آرڈر") پاس کیا اور کمپنی کو بطور پبلک سیکلر کمپنی ("PSC") تعین کیا۔ اس کے بعد SECR کی طرف سے مورچہ 12 فروری 2024 کو ایک ای میل موصول ہوئی، جس میں کمپنی کو اسٹیٹ اوڈیٹر پرائزرا ایکٹ 2023 (بعد ازاں "SOE ایکٹ") کی دفعات کے مطابق لانے کی ہدایات شامل تھیں۔ مذکورہ ہدایات کے ساتھ پڑھے گئے ایس ای سی پی کے آرڈر نے ڈائریکٹرز کے انتخاب اور بورڈ کی تشکیل کے مقاصد کے لیے قانون کی لاگوشتوں کے بارے میں غیر یقینی صورتحال پیدا کر دی ہے۔ SPL نے اس فیصلے کا مقابلہ کیا اور پہلے ہی ایس ای سی پی کے لویٹ چنگ کے سامنے ایک ایپل میں اس فیصلے کو چیلنج کیا ہوا تھا۔

ڈائریکٹرز کے انتخاب کے لیے 8 ویں EOGM کے ایجنڈے کو آگے بڑھانے سے پہلے، چیئر مین نے 13 فروری 2024 کو شیئر ہولڈرز کو مطلع کیا کہ SECP نے SPL کو PSC بنانے کا فیصلہ کیا ہے اور دوسرا یہ کہ 12 فروری 2024 کو دوپہر 2:15 بجے، SPL کو ایک اور ہدایت موصول ہوئی تھی کہ ایس ای سی پی نے بذریعہ ای میل یہ بتاتے ہوئے کہ SOE ایکٹ SPL پر لاگو ہے اور SOE ایکٹ کی دفعات پر عمل کرنے میں ناکامی کے نتیجے میں قانون کے مطابق ضروری کارروائی کی جائے گی۔ ایس ای سی پی کا یہ فیصلہ SECP کے سامنے ایپل کے ذریعہ اٹھا ہونے پر فوراً کرتے ہوئے قانونی نقطہ نظر سے مزید غور و خوض کا مستقاضی ہے جس میں کمپنی کی نوعیت کے تعین سے متعلق سوالات شامل ہیں۔ اس پیش رفت کو دیکھتے ہوئے، شیئر ہولڈرز کی طرف سے ایک قرارداد منظور کی گئی کہ اس معاملے پر قانونی مشورہ لینا ضروری ہے اور اس لیے، کمپنی کی ایسوسی ایشن کے آرٹیکل 44 کے تحت SPL کا 8 واں غیر معمولی اجلاس عام ممبران کی رضامندی سے ملتوی کر دیا گیا اور آئندہ تاریخ سے متعلق شیئر ہولڈرز کو مطلع کرنے سے متعلق آگاہ کیا گیا۔

جیسا کہ اوپر بتایا گیا ہے، اس مالیاتی سال کے آغاز میں SPL کے بورڈ میں صرف 2 آزاد ڈائریکٹرز تھے اور SECP کے آرڈر کے آنے کی وجہ سے، جناب محمد صالح احمد فاروقی، جو آزاد ڈائریکٹرز کی حیثیت میں مالیاتی سال کے آغاز میں اس طرح

ڈائریکٹرز کے نام

جناب محمد آفتاب منظور	چیئر مین
جناب منیر احمد	ڈائریکٹر، آزاد
جناب جمال نسیم	ڈائریکٹر
جناب حامد بزرگان	ڈائریکٹر
محترمہ فہیم کالسن	ڈائریکٹر
حافظ محمد یوسف	ڈائریکٹر
جناب شملقات احمد	ڈائریکٹر
جناب ارشد محمود بھٹی	ڈائریکٹر
جناب عمران قریشی	چیف ایگزیکٹو آفیسر

مطلع کیا جاتا ہے کہ مالی سال 2023-24 کے آغاز سے آٹھ دن پہلے کمپنی کے بورڈ میں ایک آزاد ڈائریکٹرز کی آسامی پیدا کی گئی تھی۔ لہذا، مالی سال 2023-24 کا آغاز بورڈ میں صرف 2 آزاد ڈائریکٹرز، جناب منیر احمد اور جناب صالح احمد فاروقی کے ساتھ ہوا۔ ایک تہائی آزاد ڈائریکٹرز کے اس مسئلے کو سیکرٹری نے ہیچر زلمینڈ ("کمپنی SPL") کے ڈائریکٹرز کے انتخاب کے مقصد کے لیے 29 نومبر 2023 کو منعقد ہونے والے 8 ویں غیر معمولی اجلاس عام ("EOGM") میں حل کیا جانا تھا۔

تاہم، کمپنی کے خلاف اسلام آباد ہائی کورٹ (IHC) میں ایک شیئر ہولڈرز کی طرف سے رٹ پٹیشن نمبر 3877 آف 2023 دائر کی گئی تھی جس نے "آزاد ڈائریکٹرز کی کمی" میں ڈائریکٹرز کا انتخاب لانے کے لیے اپنا امیدوار بھی پیش کیا تھا۔ IHC نے 28 نومبر 2023 کو ایک عبوری حکم نامے کے ذریعے ڈائریکٹرز کے انتخابات کو معطل کر دیا۔ مذکورہ کیس، میرٹ کی بنیاد پر، بالآخر IHC نے کمپنی کے حق میں خارج کر دیا اور درخواست گزار پر 300,000 روپے جرمانہ عائد کیا، کیونکہ IHC نے سمجھا کہ اس کے پاس عدالتی کارروائی کی کوئی وجہ نہیں ہے اور اس نے اس عمل کا غلط استعمال کرنے کی کوشش کی تھی۔

جیسا کہ مذکورہ کیس کو خارج کر دیا گیا تھا اور IHC کا ایکشن کو معطل کرنے کا عبوری حکم

بنیادی سرگرمی

کمپنی کی بنیادی سرگرمی بینک نوٹ اور نان بینک نوٹ سیکورٹی دستاویزات کے لیے مخصوص کاندہ کی تیاری اور فروخت ہے۔

پائیداری، حفاظت، صحت اور ماحولیات

کمپنی اپنے آپریشنز میں پائیداری، صحت، حفاظت اور ماحولیات (HSE) کو مرکزی اہمیت دیتی ہے۔ کمپنی نے حفاظت، صحت اور ماحولیات سے متعلق اپنے بھرپور عزم کو جاری رکھا ہوا ہے۔ پائیدار کاروباری ترقی کے لیے، کمپنی نے عالمی سطح پر تسلیم شدہ انٹیکریٹڈ منجمنٹ سسٹم قائم کیا ہے جس میں آئیووشنل ہیلتھ اینڈ سیفٹی (OH&S) منجمنٹ سسٹم (ISO 45001:2018)، انوائزمنٹ منجمنٹ سسٹم (ISO 14001:2015) اور کوالٹی منجمنٹ سسٹم (ISO 9001:2015) سرٹیفیکیشن شامل ہیں۔ مالی سال 2023-24 کے دوران سندھ انوائزمنٹل پروفیکشن ایجنسی کے تقاضوں کی تعمیل میں بڑی تعداد میں درخت لگائے گئے۔

پائیداری اور سماجی ذمہ داری کے معاملات پر جہنمائی فراہم کرنے کے لیے ایک سسٹیم ایپلٹی کونسل پہلے سے موجود ہے۔ کونسل آزادانہ طور پر کام کرتی ہے اور اسے مطلع کرنے، مشاورت کرنے اور کارروائیاں انجام دینے کا اختیار حاصل ہے۔ خطرے کی شناخت، تشخیص اور کنٹرول کا جائزہ ہیلتھ اینڈ سیفٹی سرورٹیس کمیٹی کے ذریعہ باقاعدگی سے لیا جاتا ہے۔ کمپنی نے 13 جون 2024 تک پہلی بار کسی حادثے سے پاک ایک ہزار دن مکمل کئے ہیں۔

اپنی سالانہ رپورٹ کے حصے کے طور پر، کمپنی سسٹیم ایپلٹی سے متعلق تفصیلی رپورٹ شائع کرتی ہے جس میں پائیداری کو لاحق خطرات اور تخفیف کی حکمت عملی، سسٹیم ایپلٹی سے متعلق کارکردگی، مال کے معیار کا جائزہ اور ترقیاتی اہداف شامل ہیں۔

سسٹیم ایپلٹی رپورٹ کا ایک آزاد فرم کے ذریعہ جائزہ لیا جاتا ہے۔

تنوع، مساوات اور شمولیت

SPL صنفی تنوع اور معذور افراد کو مواقع کی فراہمی پر توجہ کے ساتھ مساوی مواقع فراہم کرنے والا آج رہنے کے لیے پرعزم ہے۔ ہم نے 5 معذور افراد کو ملازمت فراہم کی اور اتھامپے میں خواتین کی افرادی قوت کو 6 فیصد سے بڑھا کر 14 فیصد کر دیا نتیجے میں ہماری لیڈرشپ ٹیم میں خواتین کی نمائندگی بھی ہوئی۔

کمپنی اپنی پالیسیوں کا مسلسل جائزہ لیتی رہتی ہے جس کا مقصد کام کا ایک جامع اور معاون ماحول فراہم کرنا ہے۔

بورڈ اور کمیٹیوں میں تبدیلیاں

گزشتہ سال کی سالانہ رپورٹ کے بعد درج ذیل تبدیلیاں واقع ہوئیں۔

جناب حامد بزرگان، نان ایگزیکٹو ڈائریکٹر نے جناب احمد حاتمی بڑو کی جگہ، ایران کی صنعتی ترقی اور تزئین و آرائش کی تنظیم کے نامزد امیدوار کے طور پر بورڈ میں شمولیت اختیار کی۔ جناب محمد صالح احمد فاروقی نے مالی سال کے دوران ڈائریکٹر شپ سے استعفیٰ دے دیا۔ جناب ارشد محمود بھٹی نے بھی پاکستان سکیورٹی پرنٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کے نامزد امیدوار کے طور پر بورڈ میں شمولیت اختیار کی۔

کمپنی کے بورڈ آف ڈائریکٹرز میں چھٹگی تبدیلیوں کے نتیجے میں بورڈ کی مختلف کمیٹیوں میں بھی ضروری تبدیلیاں کی گئیں۔

بورڈ نے نئے ڈائریکٹر کا خیر مقدم کیا اور سبکدوش ہونے والے ڈائریکٹر کی بورڈ آف ڈائریکٹرز اور اس کی مختلف کمیٹیوں میں رہتے ہوئے گراں قدر خدمات کو سراہا۔

چیئرمین کا جائزہ

ڈائریکٹرز کا بورڈ اس رپورٹ کے صفحہ نمبر 27 پر نسلک چیئرمین کے جائزے کے متن کی توثیق کرتا ہے۔

بورڈ کی تشکیل

بورڈ کی تشکیل اسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کی تعمیل میں ہے جو اسٹڈ اداروں پر نافذ ہے وہ ذیل میں درج ہے:

ڈائریکٹرز کی کل تعداد

8	الف) مرد
1	ب) خواتین

تشکیل

1	(i) آزاد ڈائریکٹرز *
7	(ii) نان ایگزیکٹو ڈائریکٹرز
1	(iii) ایگزیکٹو ڈائریکٹرز

4,043 ٹن) اور فروخت کی مقدار 4,071 ٹن (مالیاتی سال 2023: 4,048 ٹن) حاصل کی۔ مقدار کے اعتبار سے، کمپنی کی میٹ سلز بڑھ کر 7,312 ملین روپے ہو گئی جو گزشتہ سال کی اسی مدت کے دوران 5,795 ملین روپے تھی۔ سلز کی آمدنی میں اضافہ ہمارے اہم کسٹمر پاکستان سیکورٹی پرنٹنگ کارپوریشن (PSPC) کو بینک نوٹ بیچنے کی فروخت پر موصول ہونے والی مناسب قیمت کے سبب ہے۔

زیر جائزہ سال کے دوران دیگر آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 1,013 ملین روپے کا اضافہ ہوا، جس کی بنیادی وجہ گلسڈ اگم سیکورٹی ریشیز پر منافع کی بہتر شرح اور گزشتہ سال ایکویٹی پر مینی پیجمنٹ فنڈز سے بھرتی سیکورٹی ریشیز میں سرمایہ کاری پورٹ فولیو کی ری پروفاٹنگ ہے۔

کمپنی نے زیر جائزہ سال کے دوران 2,047 ملین روپے کا مجموعی منافع کمایا جو گزشتہ سال میں 1,518 ملین روپے تھا۔ گزشتہ سال کے مجموعی منافع 26.2 فیصد کے مقابلے میں 28 فیصد ہو گیا۔

ڈائریکٹریہ رپورٹ کرتے ہوئے خوش ہیں کہ آپ کی کمپنی مشکل ترین کاروباری حالات کے باوجود زیر جائزہ سال کے دوران اپنی تاریخ کا سب سے زیادہ قبل از ٹیکس منافع 2,392 ملین روپے (جون 2023: 1,544 ملین روپے) اور بعد از ٹیکس منافع 1,489 ملین روپے کمانے میں کامیاب رہی (2023: 967 ملین روپے)۔ دوران سال، کمپنی نے آٹو بیٹنگ کارگولٹ سمیت خام مال کو اسٹور کرنے کے لیے بلڈنگ کی تعمیر کا منصوبہ مکمل کیا، ہیٹر مشین کے انسٹیکشن سسٹم کو اپ گریڈ کیا اور 2 نئے RO بورڈز لگائے۔ سال کے دوران آراؤ پلانٹ کے نئے منصوبے، انفلوئینٹ ٹریٹمنٹ پلانٹ کی کارکردگی میں اضافہ اور ایڈمن بلڈنگ کے لیے سولر پاور پروجیکٹ شروع کئے گئے ہیں یہ منصوبہ اگلے مالی سال تک مکمل کر لیے جائیں گے تاکہ پائیدار ترقی کو یقینی بنایا جائے۔ بورڈ کام کی جگہ پر کارکردگی کو بہتر بنانے پر توجہ مرکوز رکھے ہوئے ہے اور کمپنی جدت، منصوبہ بندی، اخراجات پر کنٹرول کرنے، کاروباری تجزیہ، پروڈکشن میں بڑھانے اور حفاظت مالیاتی انتظام سمیت مختلف اقدامات کے ذریعے مستقبل کے چیلنجز کا مقابلہ کرنے کے لیے پوری طرح تیار ہے۔

بورڈ کمپنی کی پائیدار ترقی کو یقینی بنانے کے پیش نظر لاگت اور پروسس کے بہتر انتظام سے پیداواری صلاحیت میں مسلسل بہتری کے لیے کارکردگی کی نگرانی بھرپور انداز میں انجام دیتا رہتا ہے۔

SPL ملک کا واحد ادارہ ہے جو سیکورٹی بیچنے کی تیاری میں مصروف ہے۔ کمپنی نے حال ہی میں ایک مایہ ناز یورپی سیکورٹی بیچنے کنسلٹنٹ کے ذریعے ایک میکینیکل اسٹڈی مکمل کی ہے جس کا مقصد اپنے آپریٹیشنل پروسس کو نئی جہت دینا اور کارکردگی اور لاگت میں بہتری کا ایک مربوط منصوبہ تیار کرنا ہے۔ اسٹیٹ بینک آف پاکستان کی جانب سے حالیہ اعلان کے بعد بینک نوٹ کی ایک نئی سیریز پر کام کیا جا رہا ہے، انتظامیہ نے کمپنی کو بینک نوٹ بیچنے میں جدید عالمی رجحانات کے بہتر سیکورٹی فیچرز کو شامل کرنے کے لیے پلانٹ میں ترمیم کے منصوبے کا آغاز کیا ہے۔

بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی اور چیف ایگزیکٹو آفیسر اور ایگزیکٹو مینجمنٹ کمیٹی کمپنی کے آپریٹنگ نگرانی اور بڑے خطرات کے کسی بھی ممکنہ منفی اثرات کو کم کرنے کے لیے فعال حکمت عملی تیار کرنے کی ذمہ دار ہے۔

پیداوار اور سلز

کمپنی نے بینک نوٹ اور دیگر سیکورٹی بیچنے پر پروڈکشن کی طلب کو پورا کرنے کے لیے زیادہ سے زیادہ پیداواری صلاحیت پر کام کیا۔ کمپنی زیر جائزہ سال کے دوران اعلیٰ معیار کے بینک نوٹ بیچے اور دیگر سیکورٹی بیچنے پر پروڈکشن تیار کرنے میں کامیاب رہی۔ انتظامیہ پیداواری نقصانات پر قابو پا کر، وسائل کے موثر استعمال اور زیادہ سے زیادہ پیداوار کے حصول سے اپنے معاشی توازن کو برقرار رکھنے میں کامیاب رہی۔ 30 جون 2024 کو ختم شدہ سال کے لیے کمپنی کی اصل سلز آمدنی بڑھ کر 7,312 ملین روپے ہو گئی جو پچھلے سال کے مقابلے میں 1,517 ملین روپے زیادہ ہے۔ سلز میں اضافہ بنیادی طور پر بینک نوٹ بیچنے کی وجہ سے ہوا۔ کمپنی نے اسی مدت کے دوران 4,048 ٹن کے مقابلے میں 4,071 ٹن فروخت کا حجم حاصل کیا جس میں بینک نوٹ بیچنے، پاسپورٹ بیچنے، ٹکٹ بیچنے اور بورڈ اور ڈگری بیچنے شامل ہیں۔

انتظامی کارکردگی

کمپنی نے زیر جائزہ سال کے دوران 4,104 ٹن پیداوار (مالیاتی سال 2023:

ڈائریکٹرز رپورٹ

10 روپے فی شیئر یعنی 100 فیصد، اس کے علاوہ 2.50 روپے فی شیئر یعنی 25 فیصد عبوری نقد منافع منقسمہ پہلے ادا کیا جا چکا ہے، اس طرح سال کے لیے کل نقد منافع منقسمہ 12.50 روپے فی شیئر یعنی 125 فیصد بنتا ہے (2023: نقد منافع منقسمہ فی شیئر 11 روپے یعنی 110 فیصد)۔

مالیاتی ذخائر کی منتقلی

غیر تخصیص شدہ منافع سے مالی ذخائر میں 788.77 ملین روپے کی منتقلی (2023: 295.144 ملین روپے)

یہ تخصیصات کمپنیز ایکٹ 2017 کے ترمیم شدہ چوتھے شیڈول کی تعمیل میں، آئندہ مالیاتی گوشواروں میں پیش کی جائیں گی۔

کاروباری جائزہ

30 جون 2024 کو ختم ہونے والا مالی سال پاکستانی معیشت کے لیے ایک اور مشکل سال رہا جس میں جغرافیائی و سیاسی صورتحال پاکستان میں کاروبار کرنے کی لاگت میں اضافے کا باعث بنی رہی۔

مشکل ترین کاروباری ماحول کے باوجود، کمپنی نے 7,312 ملین روپے کی ریکارڈ سائز آمدنی حاصل کرنے سے مضبوط مالی کارکردگی کا مظاہرہ کیا اور زیر جائزہ سال کے دوران 1,489 ملین روپے کا بعد از ٹیکس اب تک کاسب سے زیادہ منافع کمایا۔ یہ سب کچھ بینک نوٹس کے علاوہ دیگر سیکورٹی بیچنے کی فراہمی کے لیے اپنی رسائی کو

بڑھانے، قیمتوں سے متعلق کامیاب مذاکرات اور تمام شعبہ جات میں بہتر مینجمنٹ سے ممکن ہوا۔ پاکستان سیکورٹی پرفٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ (PSPC) 79 فیصد بینک نوٹ بیچنے کی فروخت کے ساتھ اہم کسٹمر رہا۔

دوران سال بینک نوٹ اور دیگر سیکورٹی بیچنے پر وڈ کسٹس کی تیاری کی لاگت زیادہ رہی کیونکہ اہم خام مال کی قیمتوں میں مہنگائی کے ساتھ ساتھ گیس کی قیمت میں 98 فیصد اور بجلی کی قیمت میں 73 فیصد کا غیر معمولی اضافہ ہوا۔ تاہم، خام مال کی خریداری کے بہتر انتظام کے ساتھ ساتھ یوٹیلیٹی کے استعمال پر بہتر کنٹرول سے گزشتہ سال کے مقابلے میں مجموعی طور پر کاروباری لاگت میں اضافہ 23 فیصد تک محدود رہا۔

مختصر شیئر ہولڈرز،

سیکیورٹی ہیپرڈ لمیٹڈ (کمپنی یا "SPL") کے ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے نہایت خوشی محسوس کرتے ہیں۔

کاروباری نتائج

30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کے کاروباری نتائج کا خلاصہ درج ذیل ہے:

	2023 (Rupees in '000)	2024	
سائز	5,794,593	7,311,732	
مجموعی منافع	1,518,289	2,047,289	
تخلی از ٹیکس منافع	1,543,686	2,392,158	
ٹیکس ادا کی گئی			
جاری	(597,214)	(750,045)	
تاخیر شدہ / موخر شدہ	20,908	(153,429)	
	576,306	903,474	
بعد از ٹیکس منافع	967,380	1,488,684	
دیگر جامع آمدنی	(20,421)	39,568	
مجموعی آمدنی	946,959	1,528,252	

فی حصص منافع

بعد از حصول فی حصص منافع 25.12 روپے ہے (2023 میں 16.33 روپے)۔

تخصیصات

ڈیویڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے 25 ستمبر 2024 کو منعقد ہونے والے سالانہ اجلاس عام میں ممبران سے منظوری کے لیے 30 جون 2024 کو ختم شدہ سال کے لیے درج ذیل تخصیصات کی سفارش کی 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 2022. 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 2022.



CORPORATE EXCELLENCE AWARD - MAP

Security Papers Limited (SPL) received the 38th 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 38th (eight times in a row). The Award recognizes the best managed companies in Pakistan that follow guidelines and principles of the latest management techniques.



BEST CORPORATE REPORT AWARD

SPL secured 3rd position in the Best Corporate Report Award for the year 2022 by country's two leading professional accounting organizations the Institute of Cost and Management Accountants of Pakistan (ICMAP) and the Institute of Chartered Accountants Pakistan (ICAP). The Company's Annual Report of 2003, 2006 to 2012 and 2021 also won the Best Corporate Report Award. The comprehensive selection criteria required inclusion of detailed information in the Annual Report on the subject of Corporate Objectives, Directors' Report Disclosure, Shareholder Information, Report Presentation and Corporate Governance.



CORPORATE AWARDS HISTORY

BEST SUSTAINABILITY REPORT AWARD

SPL was ranked 3rd position in the Best Sustainability Report Award 2022 that was conferred by the joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Cost and Management Accountants of Pakistan (ICMAP). The Company has also received this prestigious award for the year 2021.



CORPORATE GOVERNANCE RATING

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

JCR-VIS
Credit Rating

ISO CERTIFICATIONS

CERTIFICATION OF INTEGRATED MANAGEMENT SYSTEM (IMS):

Quality Management System:

- ISO 9001:2015 (03 April 2024 until 03 April 2027)

Environmental Management System:

- ISO 14001:2015 (26 April 2024 until 26 April 2027)

Occupational Health and Safety Management System:

- ISO 45001:2018 (16 February 2023 until 15 February 2026)

Information Security Management System:

- ISO/IEC 27001:2013 (19 December 2022 until 31 October 2025)

Certification given by SGS United Kingdom Limited



CORPORATE AWARDS HISTORY

ENVIRONMENT EXCELLENCE AWARD

The National Forum for Environment & Health - NFEH conferred the 20th Annual Environmental Excellence Award in 2023 to Security Papers Limited. 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. a unanimous decision of the distinguished Panel of Jury.

The Company also received the 11th, 15th, 16th, 17th, 18th, 20th, and 21st Annual Environment Excellence Awards in 2014, 2018, 2019, 2020, 2021, 2023 and 2024 respectively.



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

* Association of Chartered Certified Accountants - World Wildlife Fund.

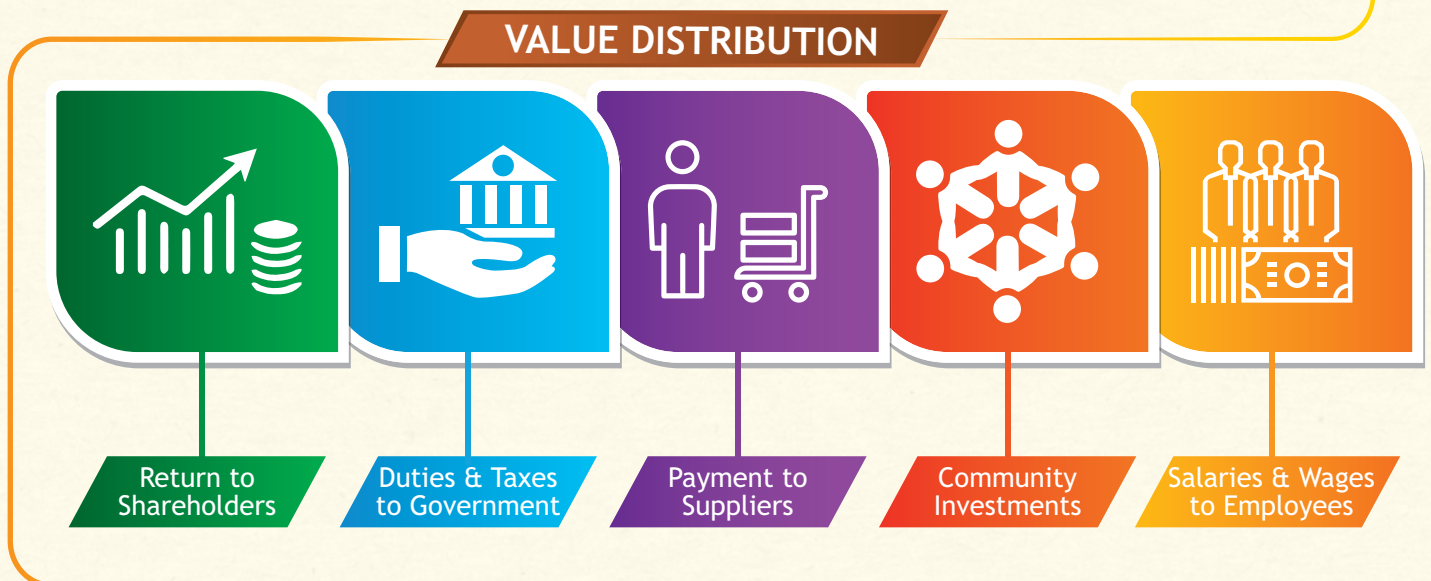
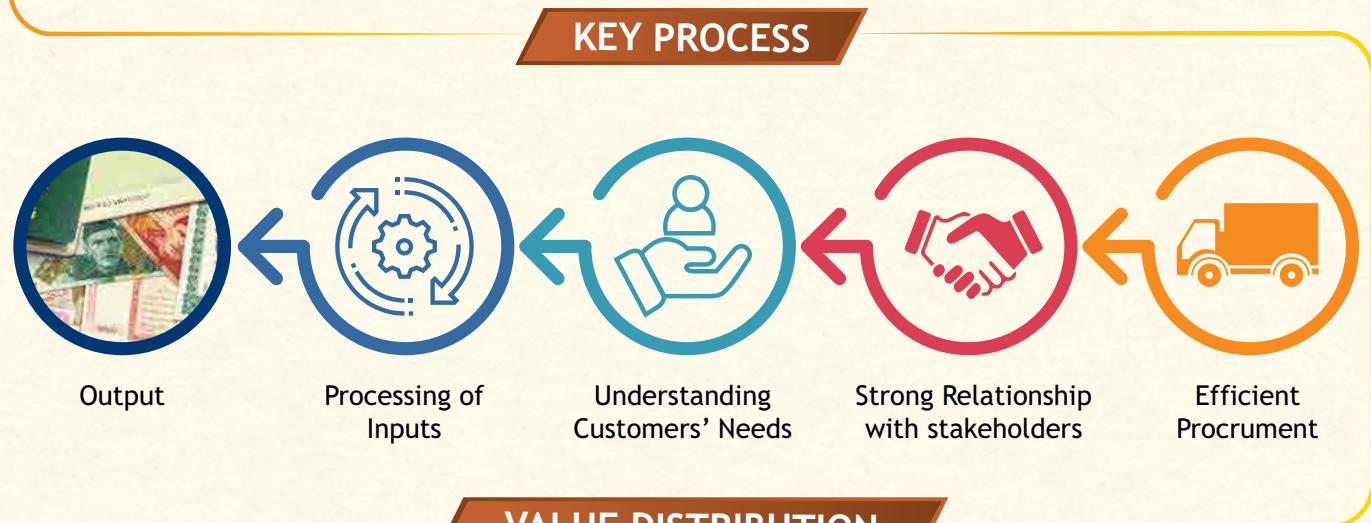
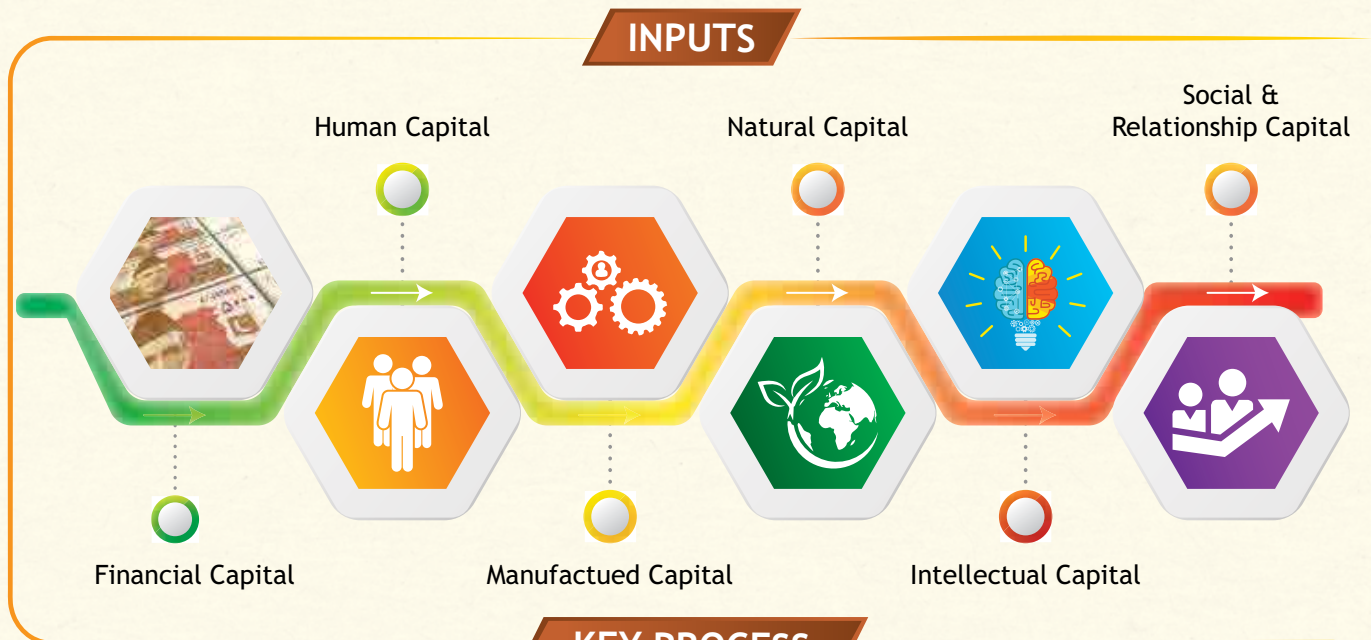


FIRE AND SAFETY AWARD

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).



OUR BUSINESS MODEL



SWOT ANALYSIS



STRENGTH

- Sole producer of banknote and other security papers in the Country.
- Strong financial position.
- Technologically advanced plant & machinery with a history of timely upgrades.
- Experienced workforce with exposure of national and international trainings.
- Captive In-house power generation.
- Fully compliant integrated management systems.
- Well managed & profitable investment portfolio.



WEAKNESSES

- Significant reliance on single customer / product.
- Small customer base.
- Capacity constraints.




OPPORTUNITIES

- Growing local demand for Security Paper products.
- Diversification into non-paper substrates for security documents.
- Diversification into complete security document suppliers.
- Export market for Security Paper products.








THREATS

- Demonetization of smaller denominations (as have been done in the past) of Banknotes.
- Change of substrates from cotton to polymer.
- Adoption of digital platforms for payments.



SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT AND THE COMPANY'S RESPONSE

External Factors	Description	Company's Response
<p>POLITICAL</p> 	<p>Political instability, regional conflicts and regulatory changes including higher taxation.</p>	<p>Changes are continuously and closely monitored by the Management.</p> <p>As practicable as possible adjustments are made in the organizational processes and policies in response to actual or anticipated changes in Government policies. Proactive planning and consistent market analysis are performed by the senior management to mitigate any unfavorable outcome on the Company's business</p> <p>The Company adhere to all the applicable laws regulations and compliances.</p> <p>Company continues to engage with vendors to control cost increase and identify new customers for its products.</p>
<p>ECONOMIC</p> 	<p>Economic slowdown, Global or regional crisis, higher taxation and interest increase.</p>	<p>The Company actively monitors the economic factors and take steps to minimize its negative impact, include:</p> <ul style="list-style-type: none"> • Efficient raw material procurement. • Budgetary Control system. • Efficient management of Investment portfolio. • Cost reduction initiatives to control production and non- production related fixed costs.
<p>SOCIAL</p> 	<p>Health & Safety awareness, Increasing CSR awareness, Development of communities and Scholarships.</p>	<p>The Company believes in contributing towards betterment of society and actively takes part in social initiatives. The Company contributed generously in various social and charitable causes including health, education, welfare etc.</p> <p>Company continuously invests in health and safety of its employees and take all steps to provide relevant trainings and PPEs.</p>
<p>TECHNOLOGICAL</p> 	<p>Technical obsolescence of production facilities.</p> <p>Continuous development of Information Technology infrastructures and Management Information Systems (MIS) software.</p>	<p>The Company places great reliance on its operations team for ensuring technical upgradation of production facilities. State Bank of Pakistan has recently announced to bring in new banknote series with enhanced security features. The Company endeavors to fulfil demand of its customers through upgradation of its plant to enable it to incorporate new security features in Bank note and other security papers. The management remains fully</p>

External Factors	Description	Company's Response
<p>TECHNOLOGICAL</p> 		<p>committed towards managing challenges and delivering sustainable profitable growth capitalizing on our strengths. The Company has continued to spend significant amounts on new and technologically advanced machinery.</p> <p>The Company is witnessing technological transformation and continuously investing in the IT infrastructure and MIS.</p> <p>SPL has a dedicated team of professionals which ensures that all its processes comply with the applicable regulatory requirements.</p>
<p>LEGAL</p> 	<p>Various laws and regulations applicable on the Company, i.e., statutory, corporate, legal, taxation, import, safety and employment regulations.</p>	<p>The Company is committed to operate within legal boundaries, ensuring compliance of all the laws and regulations of the land even though it cause the Company additional financial cost. Company has zero tolerance for non-Compliance.</p> <p>The Company complies with the accounting and reporting standards as applicable in Pakistan which 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.</p>
<p>ENVIRONMENTAL</p> 	<p>Health & Safety awareness, Increasing CSR awareness, Development of communities and Scholarships.</p>	<p>The Company believes in contributing towards betterment of society and actively takes part in social initiatives. The Company contributed generously in various social and charitable causes including health, education, welfare etc.</p> <p>Company continuously invests in health and safety of its employees and take all steps to provide relevant trainings and PPEs.</p>

VALUE CHAIN ANALYSIS



INBOUND LOGISTICS

Raw Materials and Chemicals received at the Company



OPERATIONS

Conversion of Raw materials and chemicals into finished goods



OUTBOUND LOGISTICS

Dispatch of Finished paper to the Customers



SALE

- Quotation preparation
- Timely dispatch
- Follow-ups



CUSTOMER CARE

Handling customer complaints

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

NEW ENTRANTS LOW

- High Capital requirements alongwith regulator approvals to manufacture security paper.
- Company's major customer is the sole consumer of Banknote Paper Product.



SUBSTITUTES PRODUCTS MEDIUM

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

BARGAINING POWER OF BUYERS HIGH

- Concentrated buyers/small customer base.



BARGAINING POWER OF SUPPLIERS MEDIUM

- Limited suppliers for some specialized inputs.

COMPETITIVE RIVARLY LOW

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







Governance

- 56 Review Report to the Members on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019
- 57 Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
- 61 Report of the Audit Committee
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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 for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Further, we highlight below an instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where this is stated in the Statement of Compliance:

	Reference	Description
(i)	Paragraph 2	It is mandatory that the Company shall have at least two or one third members of the Board, whichever is higher, as independent directors. The Company does not have the requisite number of independent directors.



A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: August 29, 2024
UDIN: CR2024106119uhCX7Qzt

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

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

Name of Company: **SECURITY PAPERS LIMITED**

Year Ended: **JUNE 30, 2024**

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

1. The total number of directors are nine as per the following:
 - a. Male: 08
 - b. Female: 01
2. The composition of the Board is as follows:

Category	Names
i) Independent Directors*	Mr. Munir Ahmed
ii) Non-Executive Directors	Mr. Mohammad Aftab Manzoor
	Mr. Jamal Nasim
	Mr. Hamid Bazargan
	Ms. Figen Caliskan
	Hafiz Mohammad Yousaf
	Mr. Shafqaat Ahmed
iii) Executive Director	Mr. Arshad Mehmood Bhatti
	Mr. Imran Qureshi

Explanations for not rounding up the fractional number under Regulation 6 (1) is as follows:

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.

*It is informed that eight days before the start of the financial year 2023-24, an independent director vacancy was created on the Board of the Company. Therefore, the FY 2023-24, commenced with only two independent directors on the Board namely, Mr. Munir Ahmed and Mr. Muhammad Sualeh Ahmed Faruqi. This issue of one-third independent directors was to be addressed at the 8th Extraordinary General Meeting (“EOGM”) for the purpose of election of directors of Security Papers Limited (the “Company / SPL”), which was due to be held on 29 November 2023.

However, Writ Petition No. 3877 of 2023 was filed against the Company before the Islamabad High Court (IHC) by a shareholder, who had also submitted his candidature to contest the election of directors for ‘independent director category’. IHC, vide an interim order dated 28 November 2023, suspended the elections of directors. The said case, on merits, was finally dismissed by IHC in favour of the Company and a cost of Rs. 300,000/- was imposed on the Petitioner, as the IHC deemed that he had no cause of action and had sought to abuse the process of the Court.

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

As the aforesaid case had been dismissed and the interim order of IHC, suspending the election, stood vacated, the 8th EOGM of SPL was once again scheduled for 13 February 2024, for the purpose of election of directors. However, the Securities and Exchange Commission of Pakistan (“SECP”) passed an Order dated January 26, 2024 (“SECP Order”) and determined the Company as Public Sector Company (“PSC”). Subsequently, an email was received from the SECP dated 12 February 2024, containing directions to bring the Company in conformity with the provisions of the State Owned Enterprises Act 2023 (hereinafter the “SOE Act”). The SECP Order read with the said directions, has created uncertainty as to the applicable provisions of law to be followed for the purposes, inter alia, of election of directors and composition of the board. SPL has contested this adjudication and has already challenged the determination in an appeal before the Appellate Bench of SECP.

Before proceeding with the agenda of 8th EOGM for election of directors, the Chairman informed the shareholders on 13 February 2024 that SECP had determined SPL to be a PSC and secondly that on 12 February 2024 at 2:15pm., SPL received another directive from the SECP via email stating that the SOE Act is applicable to SPL and that failure to comply with the provisions of SOE Act would result in necessary action in accordance with law. This erroneous determination by SECP requires further deliberation from a legal perspective considering the pendency of appeal before the SECP involving questions as to the determination of the nature of the Company. Given these developments, a resolution was passed by the shareholders that it was prudent to seek legal advice on the matter and therefore, the 8th EOGM of SPL was adjourned with the consent of the members under Article 44 of Article of Association of the Company, until a further date that would be communicated to the shareholders, accordingly.

As informed above, this financial year started with only two independent directors on the Board of SPL and owing to the SECP Order being in field, Mr. Muhammad Sualeh Ahmad Faruqi, one of the independent directors who served as such at the start of the financial year, resigned from the Board of the Company on 9 February 2024. As such, currently there is only one independent director on the Board namely, Mr. Munir Ahmed.

Due to the resignation of the above-mentioned two directors, the casual vacancies have arisen which have not been fulfilled as at June 30, 2024, pending election of directors.

The Company had applied to the SECP for an extension in the due date of holding its election of directors twice since February 2024 on the basis of the impediments as have been mentioned in detail above. SPL, vide its letter dated 9 May 2024, stated that the impediment for holding of election of directors, still continues and persists as the final determination of the Company’s status as a PSC pursuant to the SECP Order is still pending adjudication in an appeal. As a consequence, the Company requested CRO Karachi, SECP that the due date for holding elections on June 4 2024, as directed by SECP, may be further extended till the final decision of the said appeal by the Appellate Bench of SECP.

It is further submitted that CRO Karachi, SECP, vide its Order dated 20 May 2024, having considered the submissions made by the Company and after recognizing the impediments faced by SPL, acceded SPL’s request and directed the Company to hold its election of directors on 3 September 2024.

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.

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

7. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of the Board.
8. The Board has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations.
9. Directors have obtained the prescribed certification through director training programs offered by institutions that meet the criteria and approved by the Commission. Six Directors have already completed the Directors' Training Program. Whereas, for remaining two directors were appointed during the financial year 2023-24.
10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before the approval of the Board.
12. The Board has formed the following Committees that are required under the Code.
The Committees comprise of members as given below:
- a. Audit Committee:**
- | | | |
|-----------------------|---|----------|
| Mr. Munir Ahmed | - | Chairman |
| Mr. Jamal Nasim | - | Member |
| Mr. Hamid Bazargan | - | Member |
| Hafiz Mohammad Yousaf | - | Member |
| Mr. Shafqaat Ahmed | - | Member |
- b. HR and Remuneration Committee:**
- | | | |
|----------------------------|---|--------|
| Mr. Mohammad Aftab Manzoor | - | Member |
| Mr. Jamal Nasim | - | Member |
| Mr. Munir Ahmed | - | Member |
- c. Board Investment and Risk Management Committee:**
- | | | |
|-----------------------|---|--------|
| Ms. Figen Caliskan | - | Member |
| Hafiz Mohammad Yousaf | - | Member |
| Mr. Munir Ahmed | - | Member |
- d. Nomination Committee** (No separate committee has been formed, as its issues are deliberated in Board Special Committee and in Board meetings).
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following:

a) Audit Committee	06 Meetings were held during FY 2023-24
b) HR and Remuneration Committee	04 Meetings were held during FY 2023-24
c) Board Investment and Risk Management Committee	04 Meetings were held during FY 2023-24

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

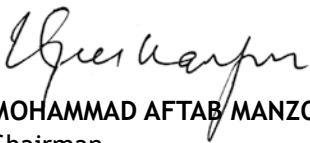
15. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP) and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is below:

Regulation 10A: During the year, the Securities and Exchange Commission of Pakistan issued certain amendments (in relation to Regulation 10) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 through its notification dated June 12, 2024 in respect of “Role of the Board and its members to address Sustainability Risks and Opportunities”. Currently, the management is assessing these amendments and compliance thereof, as applicable, will be performed in due course of time.

Regulation 29: No separate committee has been formed, as its issues are deliberated in Board Special Committee and in Board meetings.

The status of the Company as a “Public Sector Company (PSC)” or a “Public Listed Company” has not been concluded yet as explained in paragraph 2 above. Based on the advice of the legal counsel, the Company is of the view that it is a “Public Listed Company” only and not a PSC and accordingly the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 have been applied.



MOHAMMAD AFTAB MANZOOR

Chairman

Karachi

Dated: July 30, 2024

REPORT OF THE BOARD AUDIT COMMITTEE

Composition of the Audit Committee

Mr. Munir Ahmed	Chairman
Mr. Jamal Nasim	Member
Hafiz Mohammad Yousaf	Member
Mr. Shafqaat Ahmed	Member
Mr. Hamid Bazargan	Member

The Board Audit Committee (“BAC”), during the year, comprised of five non-executive directors, out of which one is an independent director. The Chairman BAC is an independent director with more than one member of BAC qualifying as financially literate. The Company Secretary is secretary of BAC. The recommendations of BAC are placed before the Board of Directors for deliberations and approval.

The Chief Executive Officer and Chief Financial Officer attends the BAC meetings on invitation whereas, the Head of Internal Audit is present in all BAC meetings. The External Auditors attend the meetings on requirement basis.

Also, during the year, Mr. Hamid Bazargan, a non-executive director joined the BAC, as Member, being nominee of Industrial Development and Renovation Organization (IDRO), Iran in place of Mr. Ahmad Hatami Yazd.

Financial Statements

The Committee has concluded its annual review of the Company’s performance, financial position and cash flows for the financial year ended 2024, and reports the following:

- The financial statements of SPL for the year ended June 30, 2024 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the state of affairs of the Company, results of operations, profits, cash flows and changes in equity of the Company and its subsidiaries for the year under review.
- Appropriate accounting policies have been consistently applied, which have been appropriately disclosed in the financial statements.
- The Chairman of the Board, 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 Chairman and Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company’s financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- 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. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- Statement of Compliance with the Code of Corporate Governance has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with the codes and policies of the Company has been affirmed by the members of the Board, the management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holding of Company’s shares by Directors & Executives or their spouses and dependent children 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.

REPORT OF THE BOARD AUDIT COMMITTEE

- All such holdings have been disclosed in the Pattern of Shareholding. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Internal Audit

The Company's system of internal controls is sound in design and is continually evaluated for effectiveness and adequacy.

- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and shareholders' wealth, through assurances provided by internal audit function.
- The Internal Audit function has carried out its assignments in accordance with annual audit plan approved by the Audit Committee. The Committee has reviewed material Internal Audit findings, taken appropriate actions where necessary or brought the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- 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.

External Auditors

- The statutory auditors of the Company, A.F. Ferguson (PwC), Chartered Accountants, have completed their audit of the Company's financial statements and review of the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2024.
- The Audit Committee has discussed the audit process and the observations, if any, of the auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.
- 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 Program 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.
- The Audit Committee has recommended the appointment of M/s. A.F. Ferguson (PwC). Chartered Accountants as external auditors of the Company for the year ending June 30, 2025.

The Audit Committee

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with terms of reference approved by the Board, which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. .



Munir Ahmed
Chairman Audit Committee

Dated: July 30, 2024

CODE OF ETHICS AND BUSINESS PRACTICES

Maintaining integrity and scrupulous dealings



Strictly avoiding conflicts of interest

Reporting violations



Strictly avoiding political contributions

Maintaining correct books and records of the Company



Expediting payment of amounts due customers, agents or distributors

Strictly observing the laws of the country



Strictly avoiding giving and receiving of gifts

Strictly avoiding questionable and improper payments or use of the Company's assets



Treating means to be as important as ends

CORPORATE GOVERNANCE

Corporate governance is a framework under which companies are governed, supervised and controlled. It is about establishing a framework of company processes and attitudes that add value to the business, help build its reputation and ensure its long-term continuity and success. The Board is responsible for the governance of the Company. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place.

Corporate Governance encompasses the framework of accountability, transparency, and ethical conduct that guides Company's decision-making and relationships with its stakeholders. The Board recognizes the critical role that effective governance plays in ensuring the long-term success of the Company and strive to maintain the highest standards of governance in all our operations. Good corporate governance ensures that the Board meets regularly, retain control over the business and have clearly defined responsibilities. The Board also recognizes the increasing importance of Environmental, Social and Governance (ESG) issues.

Composition of the Board of Directors

Board composition means the mix of directors on the Board of the Company and what they bring to the board table, such as their management background, vast experience and skillset. Board composition varies widely depending upon an organization's goals and industry. The Board of the Company has a balanced team with the right skill set and a culture that allows them to work together to make the most effective decisions for the Company.

The Board size of SPL consists of ten directors, out of which, six are non-executive directors nominated by the sponsors, in line with the articles of association of the Company.

Out of the remaining four, three are independent and one is female director. Currently there is casual vacancy of two independent directors that will be addressed in the upcoming board elections.

Profile of the Board

Profile of Board members including their names, status, educational background, experiences and engagements with other companies have been provided as "Profile of the Board" in the Company Overview section of this report on page 22.

Independent Directors

Independent directors bring a unique, unbiased perspective. The term "independent director" is commonly used to denote a director who is not connected or does not any other relationship with the Company. They can reasonably be perceived to exercise independent business judgment without being subservient to any form of conflict of interest.

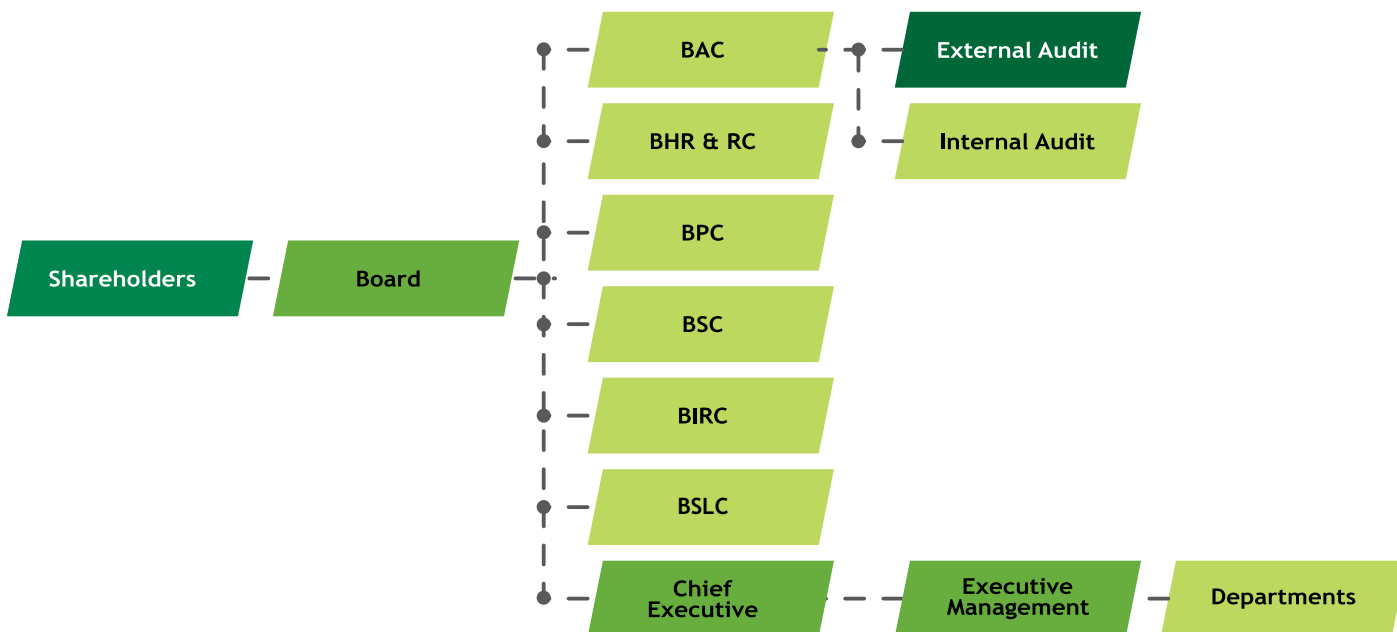
Female Directors

SPL's Board of Directors includes one female director. Ms. Figen Caliskan, who was appointed to the Board of Directors of SPL by Sumer Holding A.S. Turkey on July 13, 2020.

CORPORATE GOVERNANCE

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:



Board Committees

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
BSLC	:	Board Special Committee

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

Board Audit Committee (BAC)

The Audit Committee reports to the Board, the BAC meets at least once every quarter of the financial year to be held along with meeting of Board of Directors. 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 Chairman of the Audit Committee is an Independent Director. The Head of Corporate department acts as Secretary of the Committee.
- 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.

CORPORATE GOVERNANCE

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:

- i. Determination of appropriate measures to safeguard the company's assets;
- ii. Review of preliminary announcements of results prior to external communication and publication;
- iii. Review of annual and interim financial statements of the company, prior to their approval by the Board, focusing on, -
 - a. major judgmental areas;
 - b. significant adjustments resulting from the audit;
 - c. going concern assumption;
 - d. any changes in accounting policies and practices;
 - e. compliance with applicable accounting standards;
 - f. compliance with these Regulations and other statutory and regulatory requirements; and
 - g. all related party transactions;
- iv. 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 (in the absence of management, where necessary);
- v. Review of management letter issued by external auditors and management's response thereto;
- vi. Ensuring coordination between the internal and external auditors of the company;
- vii. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- viii. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- ix. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- x. Review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- xi. Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- xii. Determination of compliance with relevant statutory requirements;

CORPORATE GOVERNANCE

- xiii. Monitoring compliance with these Regulations and identification of significant violations thereof;
- xiv. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- xv. Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
- xvi. Consideration of any other issue or matter as may be assigned by the Board.
- xvii. Review the whistle blowing status bi-annually.

Board Human Resource and Remuneration Committee (HR&RC)

The purpose of Board Human Resource and Remuneration Committee (HR&RC) 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 HR&RC consists of five members comprising a majority of Non-executive Directors. The Chairman of the Committee is an Independent Director. The Head of Corporate department acts as Secretary of the Committee.

Responsibilities

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

- i. Recommending human resource management policies to the Board and providing guidance to the management in establishing policies relevant to employees' remuneration, bonus and/or other benefits.
- ii. Overseeing management compliance with laws and regulations with respect to compensation and human resource matters.
- iii. Consideration and approval of hiring on recommendation of CEO for Ex-Com positions reporting directly to the CEO.
- iv. Once in three years, the Committee will assess comparative market remuneration by engaging well reputed human resource and remuneration consultant.
- v. The Committee shall in consultation with the CEO, once a year review the Company's management succession planning of Ex-Com positions and any development plan for the potential successors.
- vi. Recommending to the Board the selection, evaluation, development, compensation of CEO, Chief Financial Officer, Company Secretary, and head of Internal Audit.
- vii. Recommendation to the Board for consideration and approval a policy framework for determining remuneration of Directors.
- viii. Undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant.

CORPORATE GOVERNANCE

- ix. The BHR&RC will consider appeals by any officer reporting directly to the CEO and seek his/her assistance for resolving relevant matters.
- x. The CEO, if member of HR&RC shall not participate in the proceedings of the Committee on matters that directly relate to his/her performance and compensation.

Board of Directors' and Board's Committee 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 (BHR&RC)	4
Board Procurement Committee (BPC)	4
Board Investment and Risk Management Committee (BIRC)	4
Board Strategic Committee (BSC)	3
Board Special Committee (BSLC)	5
Board Joint BAC and BSC Committee	1

Attendance of Board and Board's Committee Meetings

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

S. No.	Name of Directors	BOARD	BAC	BHR&RC	BPC	BIRC	BSC	BSLC	Joint BAC & BSC
1	Mr. Mohammad Aftab Manzoor	7	-	4	4	-	3	5	1
2	Mr. Jamal Nasim	7	6	4	4	-	-	3	1
3	Ms. Figen Caliskan	7	-	-	-	3	3	-	1
4	Mr. Hamid Bazargan	4	2	-	1	-	-	-	1
5	Hafiz Mohammad Yousaf	7	5	-	-	4	3	5	1
6	Mr. Shafqaat Ahmed	7	6	3	4	4	3	5	1
7	Mr. Munir Ahmed	7	6	4	-	4	-	3	1
8	Mr. Arshad Mehmood Bhatti	5	-	-	-	-	-	2	-
9	Mr. Imran Qureshi, CEO	7	-	4	4	4	3	5	1

CORPORATE GOVERNANCE

Detail of outgoing Directors									
10	Mr. Muhammad Sualeh Ahmad Faruqui	2	-	1	-	3	1	2	-
11	Mr. Ahmad Hatami Yazd	2	2	-	2	-	-	-	-

The Directors who could not attend Board and Committee meetings and requested for leave were duly granted “leave of absence” from the meetings by the Board / Committees.

Board Meetings held outside Pakistan

During the Financial Year 2023-24, all the Board of Directors meetings were held in Pakistan.

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

The Chairman’s review report on the overall performance of the Board and the effectiveness of the role played by the Board in achieving the Company’s objectives has been covered in detail on page 27 of the Annual Report.

Matters Reserved for Board

In accordance with the requirements of the Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Company’s Articles of Association the Board exercises all its powers after due deliberations. 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 the Company’s Financial Statements including Quarterly, Interim and Annual Accounts. Adoption of significant change in accounting policies.
- Matters recommended by the Board Committees and monitoring and review of governance practices
- Establishment of effective risk management framework of the Company
- Capital Expenditure and disposal of fixed assets. Ensuring a sound system of Internal Control, review of internal audit reports and changes relating to the capital structure of the Company
- Monitoring and review of the strategic direction of the Company. The 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 and periodic review of the Annual Budget, cash flow projections and strategic business plan 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 Company has developed a formal and effective mechanism for annual performance evaluation of the Board as a whole and its Committees. Subsequent to the close of financial year 2023-24, a formal process of performance of the Board as a whole and its committees, by an external independent consultant namely, Crowe Hussain Chaudhury & Co., which has been selected by the Board is starting to evaluate the Board’s Performance for the year ended 30 June 2024.

CORPORATE GOVERNANCE

Also, the external independent consultant was appointed by the Board keeping in mind, the repute, credentials, past experience in conducting such evaluation for other different boards and the skill-set. However, the major terms of the consultant's engagement are as follows:

- Board structure and composition.
- Board's role.
- Board meetings.
- Board's performance and effectiveness.
- Board development.
- Relationship with the Management.
- CEO oversight.
- Board Committee.
- Role of independent and non-executive directors.
- Role of the Chairman.

Directors' Orientation Program

The Company holds orientation program to assist new directors contribute fully, and as early in their tenure as possible, to the governing work of the Board. An effective orientation training helps directors 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. At the time of induction of new directors, he / she is given orientation about the Company's governance framework, its business strategy and operations in order to enable them to effectively govern the affairs of the Company. The directors are also provided with the detailed written material on powers, duties and responsibilities of the Board members.

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. As at June 30, 2024, majority of the directors had acquired the prescribed certification through Directors' Training Program offered by institutions that meet the criteria specified by the Commission. Six Directors have already successfully completed the Directors' Training Program. Whereas, the remaining two directors were appointed during the financial year 2023-24 and arrangements for them to attend the said program are being made, accordingly.

Directors' Remuneration

The Company has a policy for Directors Remuneration which provides guidelines for remuneration of Board members. The policy is intended to provide market competitive remuneration to the Board members. The following are the objectives of the directors' 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.

Number of Companies directorship

As per the Listed Companies (Code of Corporate Governance) Regulations, 2019 and subject to the requirements of

CORPORATE GOVERNANCE

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 Board members had informed that none of them is serving as a director on more than seven listed companies, including Security Papers Limited.

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.

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 analyses in the Annual Report, such as ratios, reviews, risk matrices, and graphs.

The Legislative and Regulatory Environment in which the Company Operates

Security Papers Limited is a listed Company engaged in the manufacturing of specialized paper for banknote and non-banknote security paper. The Company has been classified as Category 1A (KPID) Key Point Installation. Being a listed Company, there are plenty of regulatory compliances that have to be satisfied.

The Company is required to comply with a variety of laws on a regular basis including the Companies Act, 2017, Sales Tax Act of 1990, Income Tax Ordinance 1990, various labour laws, laws relating to protection of environment and the Pakistan Stock Exchange Regulations and the Listed Companies (Code of Corporate Governance) Regulations, 2019. As a matter of policy, the Company is required to ensure complete compliance with all relevant laws to avert the risks arising from due to breach of any law.

Compliances with Best Corporate Practices

Report of the Audit Committee on adherence to the Code of Corporate Governance, Statement of Compliance with the Code of Corporate Governance and Auditors Report thereon form part of this Report and are stated on page numbers 56, 57, & 61.

Diversity

The Company has a workforce inclusive of different backgrounds to foster a sense of belonging and everyone feels like they are part of the team. The Company aims at involving people from a range of different social backgrounds and of different genders.

The company believes in empowering people by respecting and appreciating what makes them different, in terms of age, gender, ethnicity, religion, disability, sexual orientation, education, and treating employees fairly and equally.

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.

CORPORATE GOVERNANCE

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 Board Audit Committee for review and recommendation to the Board of Directors for approval.

All related party transactions have been appropriately disclosed in Note 31 on page No. 173 of the Financial Statements, including the name, basis of the relationship, percentage holding, nature, and amount.

Investors Grievance

The Company has an Investor Grievance Policy to provide guidelines for handling the grievances of investors and shareholders. The aggrieved party can submit a complaint using the Complaint Form available at the Company website. 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 also engaged 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 Company's Archive Records Management System provides a comprehensive record keeping management system. Most records management responsibilities are concerned with how records were created and distributed in the past. It provides guidance to all our employees on the creation and use of Company records, and it establishes standards for classifying, managing, and storing office records, among other objects.

Record management system provides various advantages, including increased efficiency, improved traceability, and regulatory compliance. The objective of the record management system is to ensure that employees have complete access to correct information quickly and cost-effectively. The Company ensures 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.

Whistle Blowing 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

CORPORATE GOVERNANCE

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

SPL 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 Company has a Code of Conduct for Directors and its employees. Employees are committed to strictly avoid all conflicts of interests whenever possible. A conflict of interest occurs when an employee's personal interests - family, friendships, financial, or social factors - could compromise his or her judgment, decisions, or actions in the workplace.

A director's conflict of interest refers to a situation in which a director's personal interests are at odds with the duties owed by the director to the Company. Any director who is in any way, directly or indirectly, interested in a proposed transaction or arrangement with a company, has a duty to declare the nature and extent of that interest to the other directors.

The Board has established a process to review at every Board meeting and, if appropriate, authorize any conflict of interest.

CORPORATE GOVERNANCE

Corporate Social Responsibility (CSR)

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 262).

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 practices outlined in the Listing Regulations.

Offices of the Chairman and Chief Executive Officer

The Company 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. Therefore, the Company has the said positions held by separate individuals with clear separation of roles and responsibilities.

CORPORATE GOVERNANCE

Role and Responsibilities of Chairman

The Chairman is responsible for leading the Board and focusing it on strategic matters, overseeing the Company's business and setting high governance standards. He plays a pivotal role in fostering the effectiveness of the Board and individual Directors, both inside and outside the board room.

The Chairman of the Board chairs all Board and General Meetings of the Company. He sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met. The Chairman ensures a conducive environment that encourages directors to carry out Board's business in line with legal and regulatory requirements.

The Chairman ensures effective performance of the Board and sets high standards of governance. 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's (CEO) primary responsibilities include managing the overall operations and resources of the Company. CEO is responsible for expanding the company, driving profitability and managing the overall operations of the Company. The CEO is an Executive Director responsible for providing effective leadership to the management.

The CEO 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, risk management, 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 30, 2023
Second Quarter	February 21, 2024
Third Quarter	April 29, 2024
Annual Accounts	July 30, 2024

Presence of the Chairman of the Audit Committee at AGM

The Chairman of the Board Audit Committee had ensured her presence at the Annual General Meeting of the Company held on October 26, 2023.

Sustainable Development

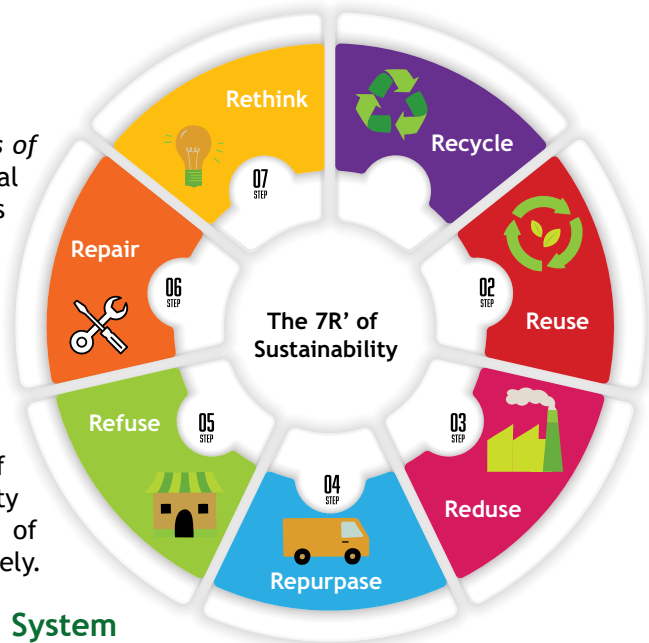
Environmental, Social and Governance (ESG)

The Company has strategic nature of operations as its products are of highest national importance. Therefore, the security of Products, its production facilities and human capital is of prime concern for the management. For sustainable business growth and to evaluate the extent to which an organization works on behalf of social goals that is beyond maximize profits for the shareholders, and include factors identified in Organization Context like Diversity, Human rights, Consumer protection, Management structure, Employee relations, relations with all interested parties (Internal & External), Climate change and sustainability etc.

CORPORATE GOVERNANCE

To extend the scope of Sustainability we believe in 7 R's of Sustainability the models necessary to ensure the survival of the human race and planet Earth, which includes ways to slow or reverse pollution, conserve natural resources and protect our environment, and contribute to comply the priority issues incorporated in Pakistan National Climate Resilience and Adaptation Plan 2023-2030 at our level.

The company has established a comprehensive Integrated Management System which comprises of Quality, Environment and Occupational Health & Safety Management Systems based on International Standards of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 respectively.



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

It's a prime objective in our organization to have a healthy workforce with minimum of Occupational injuries and diseases. We strive to promote and protect physical and mental health. Occupational Health and Safety Management System (OHSMS) is a fundamental part of our organization's risk management strategy. Implementing OHSMS enabled us to:

- Protect our workforce and others under our control
- Comply with legal requirements
- Facilitate continual improvement

HSE & Sustainability trainings have also been earmarked into the training calendar for FY 2023-24. A series of Awareness Sessions on OH&S, Environment and Sustainability such as Managing Safely at work place, How to conduct Tool Box Talk Firefighting, Healthcare Policy Awareness, Implementation of 5S methodology to improve Housekeeping, waste and hygiene control, ISO Management Systems, Work life balance, Fire protection facilitator, Professional Safety Practitioner, besides that, technical trainings, job hazard analysis, sessions etc. were also arranged through both internal and external reputable trainers/facilitators. Over 989 training man-hours out of a total of (1225) man-hours (approx. 80.73 %) were allocated to OHSE and



CORPORATE GOVERNANCE

Sustainability related training courses that were attended by over **443** employees.

The **Sindh Occupational Safety and Health Act, 2017** is also fully in place.

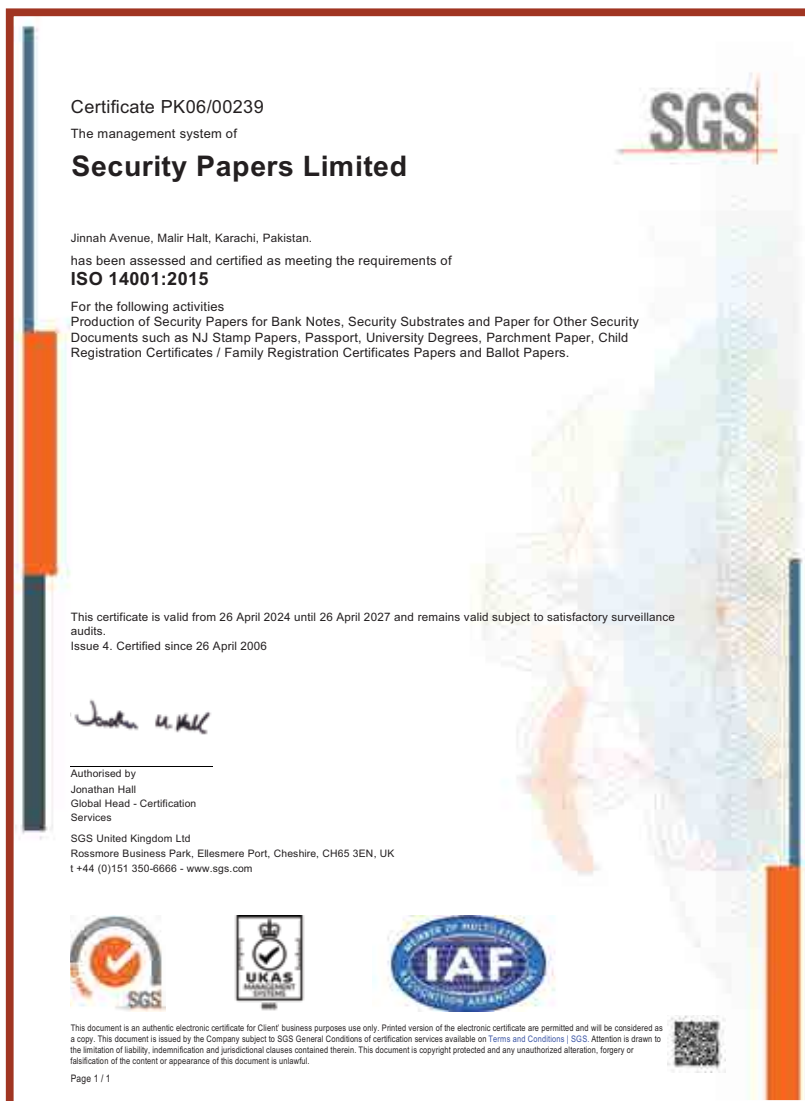
The performance of Occupational Health and Safety Management System (OHSMS) is verified through periodic surveillance audits of external certification body such as SGS Pakistan Limited.

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 & Control is regularly carried out by the Health and Safety Surveillance Committee (HSSC).

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 Management System were conducted to emphasize on the importance of these issues.

The Environment Management System (ISO 14001: 2015)

The Environment Management System (ISO 14001: 2015) integrates procedure and processes for training of personnel, monitoring, summarizing, and reporting of specialized environmental performance data and information to internal and external Interested parties, we have implemented environmental programs in a comprehensive, systematic, planned manners which are well documented. The organization is also fully concerned regarding 7Rs (Recycle, Reuse, Reduce, Repurpose, Refuse, Repair & Rethink) 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 environment system processes by hiring services Competent SEPA (Sindh environment Protection Agency) certified environmental consultant which resulted in effective monitoring the environmental parameters such as stack emissions and liquid effluent quality to comply with legal compliances. **The Sindh Environmental Protection Act, 2014, and SMART Rule 2014** are fully in place.



CORPORATE GOVERNANCE

Environment Excellence Award

The National Forum for Environment & Health - NFEH conferred the 21ST Annual Environmental Excellence Award FY 2023-24 to Security Papers Limited. The award was given in recognition of the Company's vision and its effective implementation of Environment Management System and Policies after thorough assessment of its submitted documents and testimonials by the distinguished NFEH Panel of Jury through a unanimous decision.

The Company also received the 11th, 15th, 16th, 17th, 18th, 20th, and 21st Annual Environment Excellence Awards in 2014, 2018, 2019, 2020, 2021, 2023 and 2024 respectively.

Quality Management System (ISO 9001:2015)

Maintaining ISO certification is a proof of the sustainability of achievements accomplished for the quality Products & Services being provided to our customers as well as adopting of best international practices and procedures with respect to the Quality Management Systems and established Contexts of Organization to fulfill the needs and expectation of internal as well as external Interested Parties.

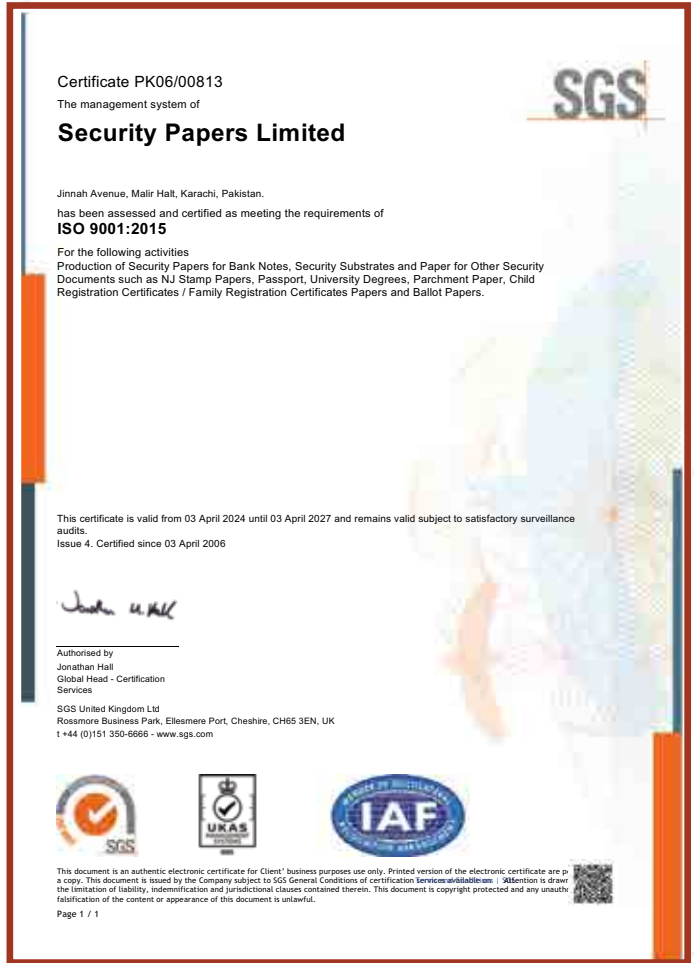
Customers' Feedback is obtained from all key customers periodically and corrective and preventive actions are taken accordingly to exceed customers' expectations. Customers complaints are processed through well-defined Standard Operating Procedures-SOPs.

Housekeeping Management System

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 in last three years were 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 conducts comprehensive 5S Audit of each of the 19 blocks and assign scores while simultaneously also identifying areas for improvement.



CORPORATE GOVERNANCE

Business Continuity Plan (BCP)

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

The core objectives of Business Continuity Plan (BCP), in case of any occurrence of catastrophe caused by fire, natural disasters, utility / power failure, hazardous chemical spill, civil strife, sabotage or an act of war for SPL, includes:

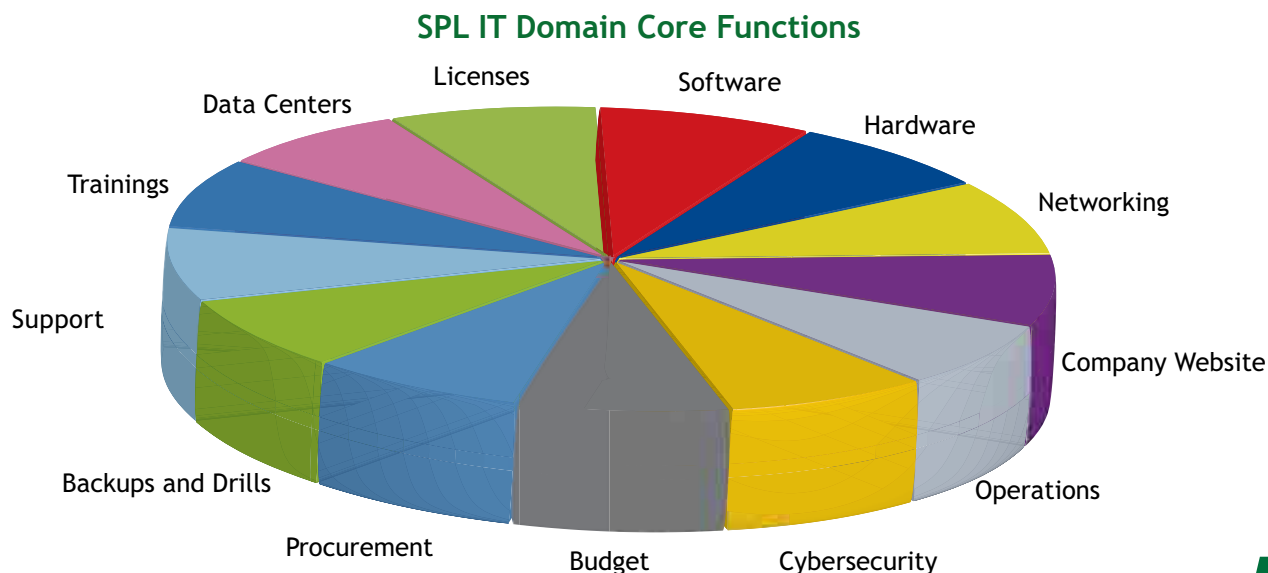
- Protection of human lives and safety of all personnel;
- Prevention of business disruptions;
- Minimization of economic losses resulting from a business disruption.
- Documentation of the steps necessary to recover from the loss of critical facility and infrastructure resources;
- Identification of key individuals responsible for the specific activities of the restoration;
- Identification of alternate resources for reducing dependence on specific individuals or groups;
- Restoration of critical business functions within agreed period following an event.

INFORMATION TECHNOLOGY

The IT department has been playing a vital role in the success of SPL business by seamlessly handling all the technological issues and with the implementation of IT governance and compliance. IT assists the operational units by providing them the functionality they need and committed to provide the following IT services and facilities with 99.9 % uptime to their more than 175 users:

- Domain based infrastructure
- Email and Internet services
- Centralized Endpoint Security
- Oracle based database applications
- Filer Services
- File Management System for Document archiving
- Onsite and offsite Encrypted Data Backups
- Cyber Security and Firewall

Provide trainings on different IT areas / services and topics to improve user's awareness, confidence, satisfaction, morale and performance etc. which helps greatly for their advancement as well



CORPORATE GOVERNANCE

ISO/IEC 27001 Information Security Management System (ISMS)

SPL is ISO 27001 certified. Getting compliant with ISO 27001 demonstrates to relevant stakeholders / existing / potential customers that the Company has got a vigorous Information System in place and is constantly working to protect all its information. The ISO/IEC 27001 standard provides a framework for an organization's Information Security Management System (ISMS).

Governance Policies and Procedures

To comply ISO/IEC 27001 Certification requirements, SPL IT Department has written and developed several Information Security Policies such as Information Security, Access Management, Clear Desk & Clear Screen, Mobile Device, Information Asset Management, Information Security Policy for Supplier Relationship, Change Management, IT Purchasing, Email, Backup and Life Cycle Management and Information Risk Management System etc.

Achievements of the IT Department During the Year

During the year, Cybersecurity related projects are initiated and enhance the Centralized Security System.

Hardware Firewall (FortiGate) has been installed and deployed. Another FortiGate firewall and a layer 3 CISCO switch have been allocated in the Budget 2024-25 for the online synchronization / backup of the firewall and for the enhancement of network segregation and security respectively.

Furthermore, recently the Centralized Server based Security Software ESET PROTECT has been upgraded to ESET Endpoint Security which is a multilayer protection and includes Block Targeted Attacks, Prevent Data Breaches, stop fileless attacks, Detect advanced persistent threats, Antivirus, Antispam, Malware detection, Bot detection, Data Security and Firewall protections etc.

It also provides comprehensive information in terms of Logs and Reports of the hardware, networking and Software(s) including the information of Operating Systems and third-party Software(s) etc.

Integration of ERP Applications Development Methodology

Multiple technologies are being used to integrate front and back-end services into an integrated ERP and a cohesive Database Management System. This significantly helped us in making informed decision-making, eliminating data redundancy, and improved data insights and reporting.

Management Support in effective implementation of the Projects

An active IT Steering Committee monitors the implementation of IT Projects and provides the required support and resources to achieve the business objectives.

Risk Management

To meet the business objectives of SPL and cybersecurity concerns, a comprehensive risk assessment and treatment process aligned with compliance requirements of ISO/IEC 27001 ISMS is in place to ensure the Confidentiality, Integrity, and Availability risk of Information Systems. The Information Security updates and backups practices provide assurance to all interested parties of SPL that adequate procedures, practices and controls are in place.



CORPORATE GOVERNANCE

System Security, Access Management and Segregation of Duties

An effective Operational Security Management System supported by Information Security and Access Management policies is in place to monitor the implementation of Information Security, Access Management, and segregation of duties. A least privileged policy has been implemented to limit user access to information systems. Periodic reviews are also shared in the IT Steering Committee meetings to cover the gaps and to meet compliance requirements.

IT Governance

Our IT governance system is not only to comply with legal and regulatory requirements but also to improve the strategic alignment between IT and business and to optimize resource utilization, and value creation by IT investments. SPL IT Governance system comprises of:

Engagement of all stakeholders to set the priorities for technology investment aligned with Company's objectives. Value creation by the realization of tangible & intangible benefits of IT services IT Governance for IT services design, transition, delivery, security, configuration, access management, and continuous improvement for all IT services and Projects Matured and uninterrupted IT services delivery by ensuring legal and regulatory compliances. Maximize Return on investment (ROI) of IT Projects in terms of benefits i.e., cost reduction by process automation, phase out of legacy systems, risk mitigation, and training/awareness Programs.

Cybersecurity

The Company has adopted a well-renowned Cybersecurity framework ISO/IEC 27001 Information Security Management System and has achieved the certification milestone by implementing best practices and required controls.

An assessment of IT-related risk is carried out and updated in the Company's risk register. The IT department ensures to keep the risk register updated. These risks are reviewed by the Risk Management Committee.

Board Committee Oversight on IT Governance and Cybersecurity Matters

Regular updates on critical/significant issues (if any) related to IT Governance and Cybersecurity that may hinder the Confidentiality, Integrity, and availability of information Systems are presented to the respective Board Committee. The Board Audit Committee (BAC) oversees the conformance part of IT Governance and Cybersecurity matters. Management keeps them abreast about the implementation status of IT projects undertaken to meet the Company's business requirements.

Independent IT Assessment

The Company believes in the implementation of best practices of Information Procedures and Security keeping in view all standard and regulatory and compliance requirements. As we are an ISO/IEC 27001:2013 certified company, a yearly surveillance Audit by a third party is mandatory to meet the compliance of said certification. Periodic internal IT Audits are also conducted and reports are shared with the IT Steering Committee for management reviews and corrective actions.

Disaster Recovery Plan

A comprehensive Disaster Recovery Plan (DRP) is in place to handle any emergency/disruption. DRP is an integral part of the Business Continuity Plan. It consists of business impact analysis, preventive actions, reactive strategy, action plan, roles and responsibilities. An Incident Management plan is also in place to cater for any emergency. The IT department conducts periodic DR drill exercises to check the preparedness for any disaster.

Training and Awareness

To comply with the ISO / IEC 27001 ISMS Certification and to improve the awareness among IT users, the IT department conducts periodic In-house training sessions on the different areas of Information Technology such as IT security, data backups, operations, policies, functions, and procedures. The IT department also ensures to create Information Security awareness via emails on a periodic basis.

OUR PEOPLE

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Security Papers Limited greatly values its human capital and considers it as a fundamental resource to gain success. The Company believes that its core strength is its people, who strive every day to meet individual challenges and help the Company achieve its collective targets.

We are committed to:

- Provide a better, safe and healthy working environment to protect human rights and increase the satisfaction and commitment of our people;
- Motivate them by providing long-term benefits and an open-door policy so employees feel comfortable approaching management with work-related problems. The Company fully complies with applicable labour laws;
- Remain focus on areas including employee relations, training, equal opportunity, employees' welfare and health & safety of our workforce;
- Recognize employees' efforts through Innovative ideas, employee awards and implementation of Kaizen project; The Company makes every reasonable effort to remain competitive through its continuous learning environment to nurture the growth of its people.





Strategy and Resource Allocation

- 84 Strategic Planning Process
- 86 Key Performance Indicators
- 87 Overall Strategic Objectives
- 88 Key Strategic Goals
- 89 Resource Allocation Plans



STRATEGIC PLANNING PROCESS

At SPL, strategic planning is an ongoing process by which the Company sets its forward course by bringing all of its stakeholders together to examine current realities and define its vision for the future.

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:

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

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



Environmental Scanning

- Assessment of current situation by SWOT Analysis.
- Allocation of resources.



Strategy Formulation

- Establish goals & objectives.
- Alignment of strategies with vision, mission and core values.
- Identify best course of action.



Strategy Implementation

- Establish short term goals.
- Devise policies and allocate resources for execution.
- Budget development process.
- Periodically reviews performance, budget and project quality.



Strategy Evaluation & Control

- Setting benchmarks of performance.
- Monitoring of actual performance v/s desired performance.

STRATEGIC PLANNING PROCESS



Technological Changes

The Company took agile approach in changing environment and has strategically taken several initiatives for technological advancement of its various processes so as to bring efficiencies and avoid redundancies. The strategic approach would be amended with any possible change in technology in order to cope with the technological changes.

The Company is in process to enhance its capabilities to embed advance security features in banknote paper to meet the growing needs of customers.



Environmental Changes

The Company is fully aware of environmental changes that may result in environmental challenges. It is therefore increasingly important to raise awareness of the existence of these issues for the society as a whole, as well as taking practical steps to reduce their negative impact.

By implementation of more sustainable strategy, we can contribute to the safety of the environment and ensure more effective use of natural resources. As part of Company's commitment for environment protection, the Company has undertaken various project such as Effluent water recycling plant, green energy project and solar energy systems.



Societal Changes

The Company has comprehensive health, safety and environment related policies and procedures. for the society at large, Company takes part in various corporate social responsibilities (CSR) activities, capacity building programs, external & internal training programs, scholarships, health center and other safety related initiatives for its employees.

Company continues to look forward to support and invest in communities in which it operates through variety of CSR initiatives.

STRATEGIC PLANNING PROCESS



OPERATIONAL KPIs

- Customer Order Completion
- Reduction in production losses
- Waste recycling
- Control of cost of production



FINANCIAL KPIs

- Timely Financial Reporting
- Efficient Inventory Management
- Operational cash flow management
- Higher Gross / Net profit margin
- Higher Return on investment of surplus funds of Company
- Corporate Tax Management



SALES KPIs

- No complaints from customer
- High quality paper.
- Increase in net sales value.
- Increase in Sales volume.



HR & ADMINISTRATION

- Human capital development
- 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.



KEY STRATEGIC GOALS

Goals & Strategy in place	Key Indicators
<p>Customer Satisfaction Dedicated to provide highest level of satisfaction to our customers via high quality products.</p>	<ul style="list-style-type: none"> • Quality assurance and quality audits • International certifications to meet quality standards • Timely delivery • Customer feedback
<p>Employees Employees Empowerment</p>	<ul style="list-style-type: none"> • Encourage ideas from bottom to top level • Succession planning • Job rotation and career development • Training and education programs for employees • Employee's turnover ratio
<p>Risk Management Enterprise Risk Management and Business Continuity Planning</p>	<ul style="list-style-type: none"> • Number of high risks areas identified • Residual rating of risks • Maximum probable loss of risks identified
<p>Continuous Improvement</p> <ul style="list-style-type: none"> • KAIZEN • 5S Methodology • Preventive and predictive maintenance 	<ul style="list-style-type: none"> • Cost reduction • Increase in profit • Time savings • Safety
<p>Operational Efficiency Improved efficiency and reduction in raw material / energy consumption and costs by optimally utilizing all available resources.</p>	<ul style="list-style-type: none"> • Order fulfilment time • Reduction of production losses • Waste recycling • Control of cost of production / cost per unit of production • Profit margins
<p>Shareholders Safeguarding of shareholders' interest through a healthy and viable business</p>	<ul style="list-style-type: none"> • Earnings per share • Market price per share • Dividend per share
<p>Corporate Social Responsibility Promoting social development of the communities and extending financial and in-kind support for the welfare and development across the country.</p>	<ul style="list-style-type: none"> • 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 investing on sustainability projects in order to meet the requirements of our customers. The Company has initiated a project to acquire the capacity to produce bank note paper with enhanced security features.

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's reserves represent a positive and sound 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 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.



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 1,828 million of fixed assets as at June 30, 2024. Total inventory of Rs 1,180 million was reported.



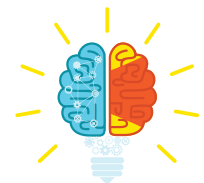
Natural capital

The Company recognizes the importance of efficient use of limited natural resources including water and energy. The project of waste water recycling plant recycles processed wastewater for its reuse at the plant. This has enhanced the water resource capability of the Company. 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.



Intellectual capital

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. Alongside with regular corporate briefing sessions, 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 Company also contributes to the society/community through a broad range of CSR initiatives including towards health, education, and social sectors.







Risk Management

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- 95 Enterprise Risk Management Process at the Company
- 96 Risk & Mitigation Strategy



RISK MANAGEMENT FRAMEWORK

Taking and managing risk is essential to operating and growing our business safely, effectively, and sustainably. Company's Enterprise Risk Management Framework provides a consistent approach to risk management across the Company and facilitates the timely communication of risks to ensure the right people at the right level are managing the right risks. We embed risk management at multiple levels of the Company. Our framework ensures risks are identified, assessed, mitigated and monitored in an effective and consistent way and supports information flow and open communication between the functions and markets.

Enterprise Risk Management Framework helps in integrating risk management practices across 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.

Company's appetite for risk is driven by the following:

- Consistent, competitive, profitable and responsible growth.
- Actions on issues such as climate change must reflect their urgency, and not be constrained by the uncertainty of potential impacts.
- Code of Business Principles and Code Policies.
- Continuously improving operational efficiency and effectiveness.

Our approach to risk management is designed to provide reasonable, but not absolute, assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated, and all information that may be required to be disclosed is reported to Company's senior management including the CEO and CFO. 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.

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 with a separate inventory of the risks and uncertainties that the Board of Directors uses to define risk management measures.

Three Lines of Defense - Risk Management 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:

RISK MANAGEMENT FRAMEWORK

1st line of defense | Risk Owners, Heads of Department and 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.

2nd line of defense | Enterprise Risk Management Committee (ERMC)

As part of the Enterprise Risk Management process, risks are reviewed and challenged by the Enterprise Risk Management Committee (ERMC) and BIRC. 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 Company secretary, Head of 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.

3rd 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.

Risk Governance by Board Investment and Risk Committee (BIRC)

The BIRC performs oversight of an effective risk management system that ensures comprehensive and consistent management of all material risks. BIRC updates the Board summarizing key risks and mitigating activities across different departments of the Company.

RISK MANAGEMENT FRAMEWORK

Risk Management and Governance Structure

Risk management at SPL involves embedding sound risk management practices in business decisions and operations across the Company. The Board of Directors is responsible for the governance of risk and has authorized the Investment and Risk Committee to review SPL's ERM framework. At the managerial level, risk management governance structure includes Enterprise Risk Management Committee (ERMC). Board undertakes an overall review of business risks 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.

Assisting the Investment and Risk Committee in establishing and overseeing a proactive and effective risk management system, the ERMC works with each function in applying the ERM framework to assess and mitigate risks throughout SPL by monitoring, implementing risk related policies and guidelines, as well as taking initiatives to support the implementation of ERM framework. Periodically, the ERMC reports to the Investment and Risk Committee on SPL's key risks and mitigation efforts. The Investment and Risk Committee then reports to the Board of Directors on the current risk profile and risk mitigation measures being taken.

Over Sight Function by External
Audit & Regulator

Risk Governance by Board of
Directors

Board Risk and Management
Committee (BIRC)

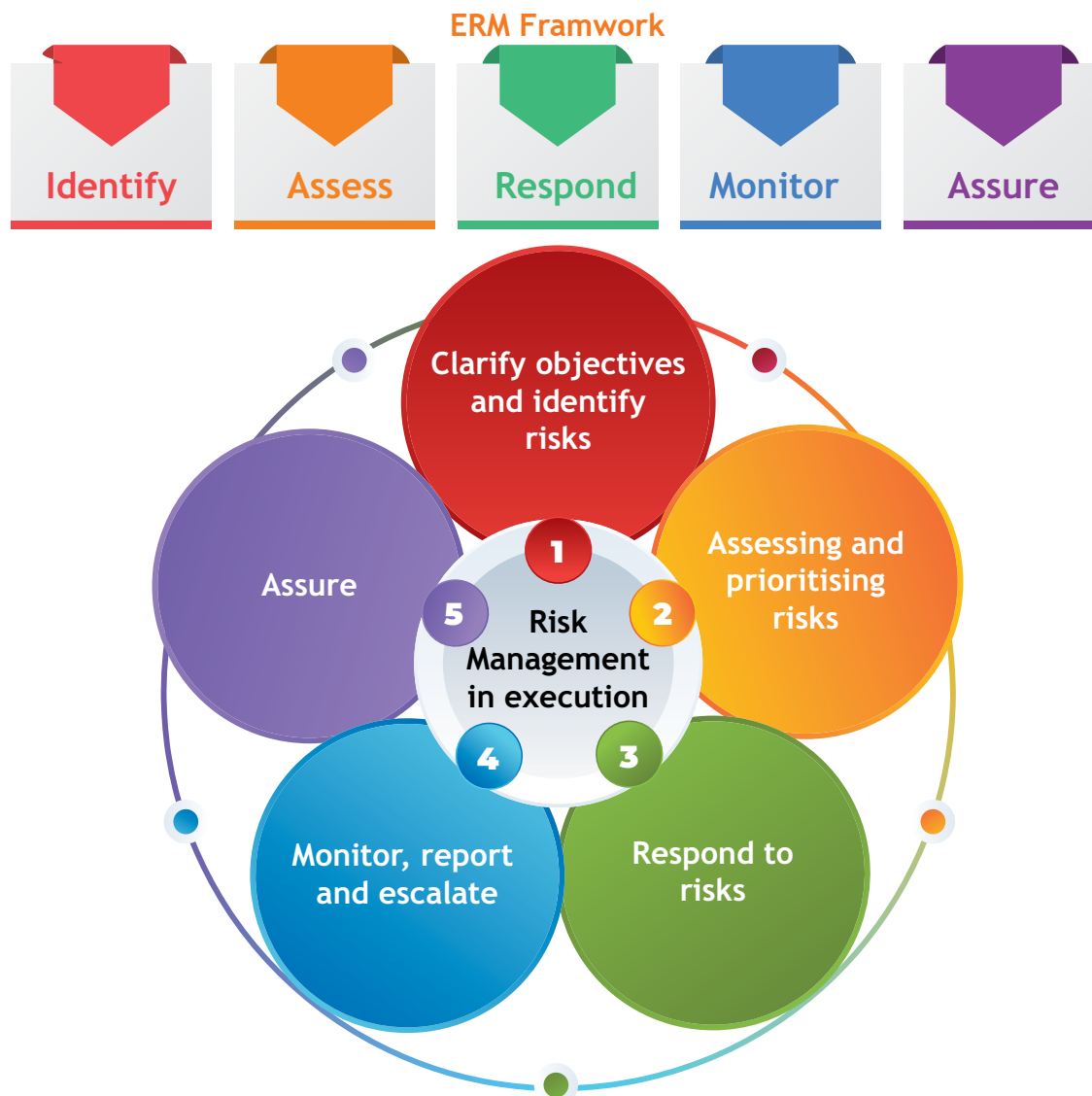
Risk Infrastructure and
management - EMRC

Integrated Risk Management -
Management & Internal Audit

Risk Owners - Process
owners & User Departments

ENTERPRISE RISK MANAGEMENT PROCESS AT THE COMPANY

Effective risk management requires a continuous and iterative process and involves the following five steps:



1. **Clarify objectives and identify risks:** We consider the potential effects of the business context on our risk profile as well as possible ways of mitigating the risks we are exposed to.
2. **Assess and priorities risks:** Risks identified as relevant for SPL are assessed in order to understand the severity of each risk on the ability to execute SPL's strategy and business objectives. The severity of risk is assessed at multiple levels of the business as it may vary across functions.
3. **Respond to risks:** A risk treatment plan is prepared to address identified risk. The plan may include a response to avoidance, limitation, transference or acceptance.
4. **Monitor, report and escalate:** SPL's ERM Committee reviews significant risks assessed and prioritized based on the SPL's ERM framework.
5. **Assure:** Through our management certification process, Management certify that significant risks have been considered and appropriate measures have been taken to manage the identified risks in accordance with the SPL's ERM policies and procedures, including risk appetite.

RISK AND MITIGATION STRATEGY

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	Mitigation Strategies
Demonetization of any denomination of Banknote Paper	<ul style="list-style-type: none"> Discontinuation of any denomination. Change in Product specification.Reduction in sales / profitability 	SPL is in close coordination with SBP and PSPC in case of any change or change in plan we will be ready upfront.
Adverse movements in prices of raw materials.	Fluctuation in market prices and exchange rates. This may result in variation in budgetary targets.	All decisions related to purchase of raw materials are being taken by Executive purchase committee and management teams after looking at market competitive prices and future forecast of exchange rates.
Risks associated with changes in the Government Policies and Regulatory Environment	Changes in Government policies may adversely impact the operations, SPL's business and financial operations. The manufacturing of SPL's products requires the use some of the chemicals and materials that are subject to environmental, climate related, health and safety laws and regulations issued worldwide. Climate change related laws or regulations currently are unspecified for the Company to assess the impact on our future financial condition with any degree of reasonable certainty.	SPL management closely monitors all domestic and foreign governmental policies and regulations that might impact its operations. SPL has dedicated IMS department for monitoring of the same.
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.	The Company is constantly looking for new markets to expand into. The Company has been successful in obtaining and retaining business from ECP for production of ballot paper. Passport paper and degree paper for various universities.

RISK AND MITIGATION STRATEGY

Risk Type	Description	Mitigation Strategies
Commercial & Operational	<p>We are dependent on various inputs for which to produce secure paper. These include comber, wood pulp, security thread, energy and water. We also procure large quantities of materials and equipment. Therefore, cost competitiveness of our products is dependent upon pricing and consistent supply of material and equipment from a large number of local and foreign suppliers.</p>	<p>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 continuously upgrade our power infrastructure system 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 environmentally friendly manner.</p>
Delay in Project completion	<ul style="list-style-type: none"> • Delays on part of contractor; • Extended trial runs; • Escalation in cost of project(s) • Reduced operational efficiency • Projects may not be completed within the allowed timeframe thus resulting in additional cost on completion of project. 	<p>Technical evaluation of contractors is performed by Project Department as per criteria to manage this risk.</p> <p>Project timeline is being monitored as per project plan to keep track of all activities.</p>
Financial	<p>We are exposed to pricing fluctuations for our raw materials, based on local macroeconomic conditions, foreign currency fluctuations and market forces.</p>	<p>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.</p>

RISK AND MITIGATION STRATEGY

Risk Type	Description	Mitigation Strategies
<p>Compliance Risk with regard to Companies Act 2017, COCG, PSX Rule Book Memorandum & Articles of Association etc.</p>	<ul style="list-style-type: none"> • Failure to comply with provisions of Companies Act 2017, PSX Regulations. • Show Cause Notice from PSX, SECP. • Imposition of penalties 	<ol style="list-style-type: none"> 1. Corporate matters including Quarterly and Annual Report, Board and Shareholders Meetings, Dividend payment etc. are carried out in accordance with provisions of applicable law. 2. Company secretary ensure compliance against all regulatory requirements. 3. Reputable corporate law firms have been engaged for consultation and guidance.
<p>Impairment / loss on investments</p>	<ul style="list-style-type: none"> • Macroeconomic and geo-political condition • Negative developments in industry and • Negative sentiments in the stock market • Erosion of capital gain & lower dividend income • Loss of capital / principal 	<ol style="list-style-type: none"> 1. Market risk is managed by a long-term investment horizon and a well- diversified investment portfolio as per Investment Policy. 2. Maximum exposure limit in equity investment is pre-defined in the Investment Policy. 3. Provision for stop-loss and take-profit rules in the Investment Policy Guidelines. 4. A Board level Investment & Risk Management Committee (BIRC) exists; meetings of BIRC are held once a quarter or more frequently in case of making prompt decisions.
<p>Disruption of IT Services due to major disaster</p>	<p>Major disaster i.e. Fire, Power outage, Earthquake, flood, overheating of Server machines due to improper functioning of A/C, Hardware / Software Application failure etc.</p> <p>Server machines, Hardware and communication network may get damaged resulting in not delivering IT services from short to long period of time</p>	<ol style="list-style-type: none"> 1. Addressable Fire Suppression System in IT Data Centre and Manual Fire Extinguisher. 2. Backup AC. 3. SMS alert and live CCTV footage. 4. Dual Power sources via KE and Co-Generation Plant and 6KV UPS available in Data Centre. 5. Offsite Backups. 6. Disaster Recovery Plan, Disaster Recovery Drills and Backup restoration testing.

RISK AND MITIGATION STRATEGY

Supply Chain Disruption Risks

The failure of a key supplier to deliver required products or services according to required timelines and specification, could lead to;

- disruption to our operations and associated costs,
- inability to fulfil customer contractual requirements, resulting in penalties and forfeit of performance bonds,
- loss of customer contracts and
- reputational damage.

In a rapidly changing environment, environmental, social, and governance (ESG) factors have adverse effect on operations, especially the supply chain. Our Company acknowledges these risks and is committed to mitigate them. To reduce the risk of supply chain disruptions caused by ESG incidents, the Company has created a system to identify potential problems early on. By identifying, monitoring, and mitigating these risks, we are not only securing the long-term sustainability of our operations, but also reducing the potential for negative impacts on society and the environment. By taking these steps, we are helping to create a business world that is more resilient and responsible.

The Company is working to make our supply chain more resilient to disruptions. This includes implementing redundancy measures and exploring alternative sourcing options whenever feasible.

Internal Controls in place:

- Key supplier risk assessment, reviewing the risk of supply failure, credit risk, price increases and ethical failure.
- Prioritized, supplier-specific action plans for key risks.
- Supplier vetting platform to risk assess all key and new suppliers, engaging to review standards across ethics, quality, information and product security and environmental management.
- Regular reviews of the risk assessment to ensure that it remains up to date with latest available data.
- Deepened Supplier Relationship Management program, with direct and regular engagement at executive level with all key suppliers, to provide early warning of issues and ensure that Company's needs are prioritized by our key suppliers.





Striving for Excellence in Corporate Reporting

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in Corporate Reporting



STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

Adherence with the International Financial Reporting Standards (IFRS)

The Company strongly adheres 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.

Adoption and Statement of Adherence with the International Integrated Reporting Framework



STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

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

With commitment, 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 mapping its annual report with 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.

The Company has mapped the information provided in this annual report with the following content elements of Integrated Reporting:

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

Adoption of Islamic Financial Accounting Standards (IFAS)

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

Shariah Advisor Report

The Company is not required to have a Shariah Advisory Board hence there is no Sharia Advisory report during the FY 2023-24.

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





Analysis of Financial Information

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STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

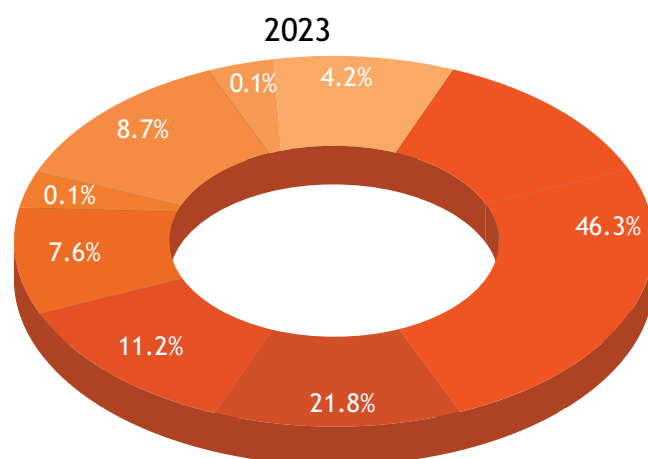
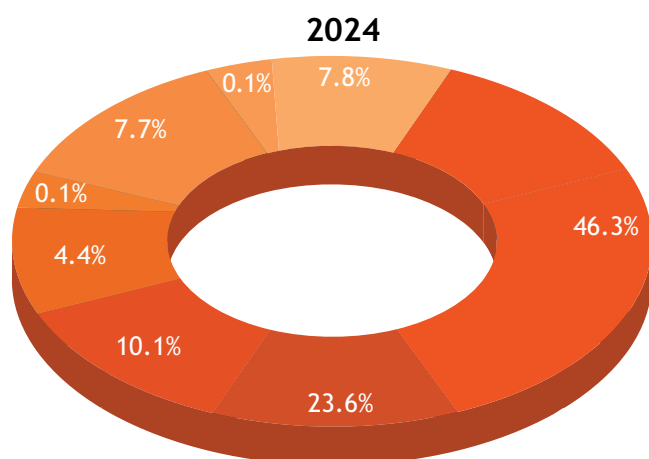
2024 % 2023 %
 ----- (Rupees in thousand) -----

VALUE ADDITION

Net Sales including Taxes	8,627,844	89.5%	6,807,737	90.9%
Other Operating Income	1,012,900	10.5%	678,391	9.1%
	9,640,744	100%	7,486,128	100%

VALUE DISTRIBUTION

Materials and services providers	4,462,380	46.3%	3,465,376	46.3%
Government taxes and duties	2,275,152	23.6%	1,633,003	21.8%
Employees remuneration, benefits & others	974,551	10.1%	837,205	11.2%
Society welfare	9,669	0.1%	10,542	0.1%
Operating and other costs	424,687	4.4%	568,140	7.6%
Finance Cost	5,621	0.1%	4,482	0.1%
Dividends *	740,699	7.7%	651,815	8.7%
Retained within the business	747,985	7.8%	315,565	4.2%
	9,640,744	100%	7,486,128	100%



Subsequent to the year end, Board of Directors' proposed final cash dividend of Rs.740.699 million (i.e. Rs.12.50 / - per share) which includes interim cash dividend of Rs 2.50/ share for approval of the members in Annual General Meeting as referred to in note 39 of the financial statements.

STATEMENT OF FINANCIAL POSITION

Horizontal Analysis

Particulars	2024	2023	2022	2021	2020	2019
ASSETS						
Non-current assets						
Property, plant and equipment	6.40%	(3.75%)	(4.43%)	8.66%	13.51%	(4.68%)
Right of use assets	(100%)	51.79%	2.62%	(16.44%)	100.00%	-
Intangible Assets	(13.86%)	(12.20%)	(12.56%)	(10.26%)	1166.04%	20.09%
Long Term Investments	13.46%	145.88%	32.31%	(31.33%)	9.14%	197.71%
Staff retirement benefits	100%	-	-	-	-	-
Long-term deposits	(100%)	54.94%	3.48%	7.00%	4.45%	7.97%
Current assets						
Stores, spares and loose tools	41.83%	(1.48%)	6.77%	1.91%	8.06%	5.33%
Stock-in-trade	9.95%	42.85%	1.24%	4.69%	45.45%	(7.00%)
Trade debts - considered good	(15.67%)	86.92%	3.11%	125.06%	(60.06%)	44.19%
Advances, deposits, prepayments and other receivables	48.01%	(22.72%)	50.26%	75.15%	(47.40%)	71.84%
Accrued mark-up	18.80%	255.20%	(1.96%)	(49.45%)	36.20%	(0.27%)
Investments	8.35%	(40.88%)	12.50%	47.43%	28.34%	(28.07%)
Cash and bank balances	18.18%	(46.77%)	16.27%	(4.65%)	233.77%	(49.49%)
Total assets	6.95%	10.65%	9.47%	16.51%	14.78%	3.26%
LIABILITIES						
Current liabilities						
Trade and other payables	(9.34%)	35.50%	52.63%	9.39%	19.18%	(7.63%)
Accrued mark-up on short term finance - secured	5,975%	(92.59%)	272.41%	(91.92%)	209.48%	866.67%
Short Term Running Finance	-	-	-	-	(100.00%)	61.17%
Current maturity of long term loan	-	-	-	-	-	-
Current portion of long term liabilities	(100%)	(3.10%)	5.31%	4.12%	(0.35%)	4.52%
Unclaimed dividend	5.59%	9.10%	5.16%	158.11%	(16.87%)	(79.17%)
Unpaid dividend	18.94%	13.61%	13.69%	37.56%	1.01%	27.69%
Taxation - net	(26.44%)	202.93%	(36.29%)	(1.28%)	4.94%	(18.14%)
Non-current liabilities						
Liabilities against asset subject to finance lease	(100%)	68.68%	(14.90%)	(1.50%)	4.71%	13.95%
Staff retirement benefits	(100%)	62.11%	35.68%	(12.44%)	-	-
Deferred taxation - net	113.03%	(13.35%)	(16.78%)	56.23%	(4.09%)	(31.03%)
Total liabilities	(1.82%)	33.55%	24.97%	18.62%	4.18%	(3.42%)
NET ASSETS						
Issued, subscribed and paid-up capital	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General reserve	4.96%	6.37%	19.96%	10.57%	7.11%	7.20%
Unappropriated profit	45.68%	(0.21%)	(35.11%)	49.54%	140.21%	(7.24%)
SHAREHOLDER'S EQUITY	9.72%	4.97%	6.20%	16.08%	17.24%	4.94%
Total liabilities & Shareholder Equity	6.95%	10.65%	9.47%	16.51%	14.78%	3.26%

STATEMENT OF FINANCIAL POSITION

Vertical Analysis

	2024	2023	2022	2021	2020	2019
ASSETS						
Non-current assets						
Property, plant and equipment	17.34%	17.43%	20.04%	22.96%	24.62%	24.90%
Right of use assets	-	0.34%	0.25%	0.27%	0.37%	-
Intangible assets	0.11%	0.14%	0.18%	0.22%	0.29%	0.03%
Long term investments	31.25%	29.46%	13.26%	10.97%	18.61%	19.57%
Staff retirement benefits	0.001%	-	-	-	-	-
Long term deposits	-	0.08%	0.06%	0.06%	0.06%	0.07%
Current assets						
Stores, spares and loose tools	2.84%	2.15%	2.41%	2.47%	2.82%	3.00%
Stock-in-trade	8.36%	8.13%	6.30%	6.81%	7.58%	5.98%
Trade debts - considered good	12.52%	15.88%	9.40%	9.98%	5.17%	14.85%
Advances, deposits, prepayments and other receivables	1.30%	0.94%	1.35%	0.98%	0.65%	1.42%
Accrued mark-up	1.22%	1.10%	0.34%	0.71%	0.88%	0.74%
Short term investments	20.52%	20.26%	37.91%	36.56%	29.15%	26.08%
Cash and bank balances	4.52%	4.09%	8.51%	8.01%	9.79%	3.37%
Total assets	100%	100%	100%	100%	100%	100%
LIABILITIES						
Current liabilities						
Trade and other payables	12.53%	14.78%	12.07%	8.66%	9.22%	8.88%
Accrued mark-up	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%
Short term running finance	-	-	-	-	-	1.45%
Current portion of lease liabilities	-	0.08%	0.09%	0.09%	0.10%	0.12%
Unpaid & unclaimed dividend	5.23%	4.71%	4.59%	4.42%	3.72%	4.24%
Taxation - net	1.52%	2.21%	0.81%	1.38%	1.63%	1.79%
Non-current liabilities						
Lease liabilities	-	0.28%	0.18%	0.24%	0.28%	0.31%
Staff retirement benefits	-	0.56%	0.38%	0.31%	0.41%	-
Deferred taxation - net	2.74%	1.38%	1.76%	2.31%	1.73%	2.06%
Total liabilities	22.02%	23.99%	19.87%	17.41%	17.10%	18.84%
NET ASSETS	77.98%	76.01%	80.13%	82.59%	82.90%	81.16%
Issued, subscribed and paid-up capital	5.62%	6.01%	6.65%	7.28%	8.48%	9.74%
General & Capital reserves	59.25%	60.38%	62.81%	57.31%	60.39%	64.72%
Unappropriated profit	13.10%	9.62%	10.67%	18.00%	14.02%	6.70%
SHAREHOLDER'S EQUITY	77.98%	76.01%	80.13%	82.59%	82.90%	81.16%
Total liabilities & Shareholder Equity	100%	100%	100%	100%	100%	100%

STATEMENT OF PROFIT OR LOSS

Horizontal Analysis

Particulars	2024	2023	2022	2021	2020	2019
Sales - net	26.18%	12.58%	2.91%	2.05%	22.48%	15.42%
Cost of sales	23.11%	22.27%	12.10%	3.83%	24.36%	11.16%
Gross profit	34.84%	(7.97%)	(12.32%)	(0.78%)	19.62%	22.58%
Administrative expenses	19.86%	12.68%	10.80%	5.79%	24.60%	(1.77%)
Other income	49.31%	81.39%	(36.62%)	63.87%	104.99%	31.93%
Other charges	(24.74%)	(7.27%)	73.97%	2.70%	(57.64%)	23.04%
Operating profit	54.66%	10.58%	(29.88%)	10.73%	55.37%	30.49%
Finance costs	(12.19%)	54.69%	24.99%	(17.03%)	39.73%	(28.32%)
Profit before taxation	54.96%	10.44%	(29.98%)	10.80%	55.41%	30.78%
Taxation - net	56.77%	28.42%	(16.55%)	2.35%	35.67%	22.50%
Profit after taxation	53.89%	1.94%	(34.93%)	14.28%	65.31%	35.36%

Vertical Analysis

Particulars	2024	2023	2022	2021	2020	2019
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	72.00%	73.80%	67.95%	62.38%	61.31%	60.38%
Gross profit	28.00%	26.20%	32.05%	37.62%	38.69%	39.62%
Administrative expenses	6.46%	6.80%	6.79%	6.31%	6.09%	5.98%
Other income	13.85%	11.71%	7.27%	11.80%	7.35%	4.39%
Other charges	2.59%	4.35%	5.28%	3.12%	3.10%	8.97%
Operating profit	32.80%	26.76%	27.24%	39.98%	36.85%	29.05%
Finance costs	0.08%	0.12%	0.09%	0.07%	0.09%	0.08%
Profit before taxation	32.72%	26.64%	27.16%	39.91%	36.76%	28.97%
Taxation - net	12.36%	9.95%	8.72%	10.75%	10.72%	9.68%
Profit after taxation	20.36%	16.69%	18.44%	29.16%	26.04%	19.29%

ANALYSIS OF FINANCIAL STATEMENTS

PARTICULARS	2024	2023	2022	2021	2020	2019
FINANCIAL POSITION						
Fixed Assets - Net	1,828,287	1,718,372	1,785,402	1,868,242	1,719,417	1,514,757
Right to Use Assets	-	33,689	22,194	21,628	25,882	-
Intangible Assets	11,991	13,920	15,855	18,133	20,206	1,596
Investments	3,294,550	2,903,729	1,180,955	892,543	1,299,667	1,190,841
Staff retirement benefits	90					
Lease Deposits	-	7,648	4,936	4,770	4,458	4,268
	5,134,918	4,677,358	3,009,342	2,805,316	3,069,630	2,711,462
Current Assets	5,406,662	5,178,928	5,898,625	5,332,033	3,914,344	3,372,972
Current Liabilities	2,032,110	2,145,392	1,563,087	1,183,904	1,025,438	1,001,985
Working Capital	3,374,552	3,033,536	4,335,538	4,148,129	2,888,906	2,370,987
Less : Long Term Liabilities	-	83,149	50,625	44,515	48,389	18,735
Less: Deferred Liabilities	289,172	135,743	156,652	188,230	120,481	125,618
Net Assets	8,220,298	7,492,002	7,137,603	6,720,700	5,789,666	4,938,096
Paid-up-Capital	592,559	592,559	592,559	592,559	592,559	592,559
Reserves	7,627,739	6,899,443	6,545,044	6,128,141	5,197,107	4,345,537
Shareholders' Equity	8,220,298	7,492,002	7,137,603	6,720,700	5,789,666	4,938,096
PROFIT OR LOSS						
Sales - Net of taxes	7,311,732	5,794,593	5,147,258	5,001,692	4,901,284	4,001,591
Cost of Sales	5,264,443	4,276,304	3,497,559	3,118,847	3,004,975	2,416,355
Gross Profit	2,047,289	1,518,289	1,649,699	1,882,845	1,896,309	1,585,236
Administrative Expenses	472,266	394,019	349,673	316,901	298,322	239,421
Profit After Admin Expenses	1,575,023	1,124,270	1,300,026	1,565,944	1,597,987	1,345,815
Other Income	1,012,900	678,391	373,994	590,051	360,071	175,649
Other Charges	189,677	252,042	271,795	156,234	152,124	359,089
Finance Cost	6,088	6,933	4,482	3,586	4,322	3,093
Profit before Tax	2,392,158	1,543,686	1,397,743	1,996,175	1,801,612	1,159,282
Taxation	903,474	576,306	448,754	537,730	525,363	387,248
Profit after Tax	1,488,684	967,380	948,989	1,458,445	1,276,249	772,034
Investors Information						
Dividend						
Cash - Value	740,699	651,815	592,559	533,304	533,304	488,861
Cash - %	125%	110%	100%	90.0%	90.0%	82.5%
Profit retained in Business - Value	747,985	315,565	356,430	925,141	742,945	283,173
Retention - %	50.24%	32.62%	37.56%	63.43%	58.21%	36.68%
Profitability Ratios						
Gross profit to sales %	28.00%	26.20%	32.05%	37.64%	38.69%	39.62%
EBITDA Before Other Income (Rs '000)	1,605,569	1,082,654	1,258,462	1,611,125	1,642,270	1,202,029
EBITDA (Rs '000)	2,618,469	1,761,045	1,632,456	2,201,176	2,002,341	1,377,678
EBITDA margin to sales %	35.81%	30.39%	31.72%	44.01%	40.85%	34.43%
Profit before tax to sales %	32.72%	26.64%	27.16%	39.91%	36.76%	28.97%
Profit after tax to sales %	20.36%	16.69%	18.44%	29.16%	26.04%	19.29%
Operating leverage ratio %	55.87%	22.92%	(410.49%)	193.04%	71.53%	50.80%
Return on equity - before tax %	29.10%	20.60%	19.58%	29.70%	31.12%	23.48%
Return on equity - after tax %	18.11%	12.91%	13.30%	21.70%	22.04%	15.63%
Return on capital employed %	18.11%	12.77%	13.20%	21.56%	21.86%	15.58%
Total shareholder return	54.00	(11.96)	(18.61)	11.62	58.16	(19.98)

ANALYSIS OF FINANCIAL STATEMENTS

PARTICULARS	2024	2023	2022	2021	2020	2019
Liquidity Ratios						
Current ratio	2.66:1	2.41:1	3.77:1	4.50:1	3.82:1	3.37:1
Quick ratio	2.12:1	2.05:1	3.28:1	3.87:1	3.11:1	2.83:1
Cash to current liabilities	0.41:1	0.98:1	0.49:1	0.55:1	0.67:1	0.20:1
Cash flow from operations to sales	0.10:1	0.02:1	0.23:1	0.14:1	0.34:1	0.16:1
Cash flow to capital expenditure	-0.23:1	0.75:1	9.03:1	4.88:1	3.97:1	5.05:1
Cash flow coverage ratio	0.34:1	0.05:1	0.76:1	0.59:1	1.62:1	0.64:1
Market Ratios						
No. of shares in issue - No.	59,256	59,256	59,256	59,256	59,256	59,256
Cash dividend per share (Rs.)	12.50	11.00	10.00	9.00	9.00	8.25
Earning per share - before tax (Rs.)	40.37	26.05	23.59	33.69	30.40	19.56
Earning per share - after tax (Rs.)	25.12	16.33	16.02	24.61	21.54	13.03
Break-up value per share (Rs) :						
- Without surplus on revaluation on fixed assets	138.73	126.43	120.45	113.42	97.71	83.34
- With surplus on revaluation on fixed assets						
Price earning ratio - Year end price (Rs.)	5.35	5.70	7.24	5.87	6.59	7.12
Earning yield - Year end price %	18.68%	17.55%	13.81%	17.02%	15.17%	14.04%
Dividend Payout %	50%	67%	62%	37%	42%	63%
Dividend yield - Year end price %	9.29%	11.83%	8.62%	6.23%	6.34%	8.89%
Dividend cover - times	2.01	1.48	1.60	2.73	2.39	1.58
Capital Structure Ratios						
Financial leverage ratio	4.54:1	4.17:1	5.03:1	5.74:1	5.85:1	5.31:1
Long term debt to equity	0.00:1	0.01:1	0.01:1	0.01:1	0.01:1	0.00:1
Long term debt to asset	0.00:1	0.01:1	0.01:1	0.01:1	0.01:1	0.00:1
Debt equity ratio	0.00:1	0.01:1	0.01:1	0.01:1	0.01:1	0.00:1
Net assets per share	138.73	126.43	120.45	113.42	97.71	83.34
Interest cover ratio	987:1	314:1	659:1	828:1	595:1	777:1
Weighted average cost of debt	15.06%	18.84%	9.73%	10.0%	12.8%	8.19%
Turnover Ratios						
Return on assets - before tax - %	22.69%	15.66%	15.69%	24.53%	25.80%	19.05%
Return on assets - after tax - %	14.12%	9.81%	10.65%	17.92%	18.27%	12.69%
Fixed assets turnover ratio	3.97:1	3.28:1	2.82:1	2.62:1	2.78:1	2.64:1
Total assets turnover - %	69.00%	59.00%	58.00%	61.00%	70.00%	66.00%
Stock turnover - (In Times)	6.26	7.63	6.28	5.76	6.73	6.40
Number of days in inventory	58	48	58	64	54	57
Number of days in receivables	69	69	50	37	41	60
Number of days in payables	42	42	31	26	27	22
Operating cycle	85	75	77	75	68	95
Employee productivity ratios						
Production per employee (tons)	14.25	13.52	13.51	12.35	12.06	9.84
Revenue per employee (avg) - (Rs in mn)	25.39	19.38	16.60	14.93	13.50	10.59
Staff turnover ratio (including retirement)	7.99%	7.02%	6.45%	11.94%	5.23%	4.50%

ANALYSIS OF FINANCIAL STATEMENTS

PARTICULARS	2024	2023	2022	2021	2020	2019
Non Financial ratios / Others						
Plant availability - %	98.96%	98.93%	98.53%	99.20%	99.6%	99.53%
Spares inventory as % of assets cost	5.88%	4.41%	4.55%	4.52%	4.97%	4.75%
Maintenance cost as % of operating expenses	1.38%	1.28%	1.28%	1.32%	1.49%	1.52%
Share performance						
Share price - highest (Rs.)	157.45	126.90	172.00	248.50	151.49	127.00
Share price - lowest (Rs.)	92.05	81.55	106.25	122.00	77.25	78.00
Share price - average (Rs.)	124.75	104.23	139.13	185.25	113.26	102.50
Share price - at year end (Rs.)	134.50	93.00	115.96	144.57	141.95	92.79
Market capitalization - year end Price - (Rs '000)	7,969,913	5,510,795	6,871,310	8,566,620	8,411,369	5,498,351
Turnover of shares	5,478,374	1,760,800	7,667,805	8,064,300	2,538,200	2,620,600
PRODUCTION (Ton)						
Banknote paper	3,220	3,037	3,575	3,527	3,399	3,214
Non-Banknote paper	884	1,006	612	611	978	505
Total	4,104	4,043	4,187	4,138	4,377	3,719
SALES (Ton)						
Banknote paper	3,198	3,042	3,567	3,534	3,373	3,215
Non-Banknote paper	873	1,006	609	629	962	511
Total	4,071	4,048	4,176	4,163	4,335	3,726
Summary of cash flows						
Cash flows from operating activities	698,413	98,978	1,185,211	695,287	1,660,735	641,961
Net cash used in investing activities	(1,233,755)	1,793,054	(584,202)	(283,872)	(656,975)	(380,817)
Net cash used in financing activities	(717,376)	(554,667)	(494,930)	(443,251)	(524,734)	(461,881)
Cash and cash equivalents at beginning of the year	2,095,547	758,182	652,103	683,939	204,913	405,650
Cash and cash equivalents at end of the year	842,829	2,095,547	758,182	652,103	683,939	204,913

All figures are in thousand rupees, unless stated otherwise.

Subsequent to the year end, Board of Directors' proposed final cash dividend of Rs. 592.559 million (i.e. Rs.10.00 per share) for approval of the members in Annual General Meeting as referred to in note 39 of the financial statements. It is in addition to interim cash dividend of Rs. 148.139 million (i.e. Rs. 2.50 per share).

COMMENTS ON RATIO ANALYSIS

Profitability ratio

Sales revenue improved during the year by 26% as compared to last year and earned other income by 49% more during the year, gross profit also increased by 35%. Moreover, net profit to net sales is also on higher side. It is due to better pricing from the customers and reprofiling of investments.

Return on equity and return on capital employed also on higher side due to higher profit after tax earned during the year.

Liquidity ratios

Cash and cash equivalents stood at Rs 843 MN reflecting strong financial position of the Company. The amount includes short term investment in reverse repo transaction of Rs 366 MN. Current ratio and quick ratio are also on higher side as against last year.

Turnover ratios

Despite increase in Sales by 26%, Debtors turnover days remain at same level of last year which evidence the Company's efforts to recover outstanding receivable. Likewise, during the year, the payments to suppliers increased by 33% as compared to last year, however Creditor turnover days remained at same level. Further, fixed assets turnover has improved significantly to 3.97:1 in current year as against 3.28:1 in previous year due to 26% growth in sales.

Capital structure ratios

Company has no outstanding debt as at year end. During the year Company has terminated all the leasing agreements and pay off the lease liabilities.

Market ratios

Company has reported highest ever profit after tax and earning per share of Rs 25.12 as against Rs 16.33 last year. Company has announced Rs 12.50 per share as dividend for the year ended June 30, 2024. Dividend payout ratio remain robust at 50%.

Employee productivity ratios

The Company is committed to ensure fair, healthy, safe, and better working environment to its employees to keep them motivated which resulted in higher per capita revenue and per employee production during the year.

Non-Financial Ratios

The non-financial ratios are depicting an improvement in overall operational efficiencies with better production and revenue per employee ratio.

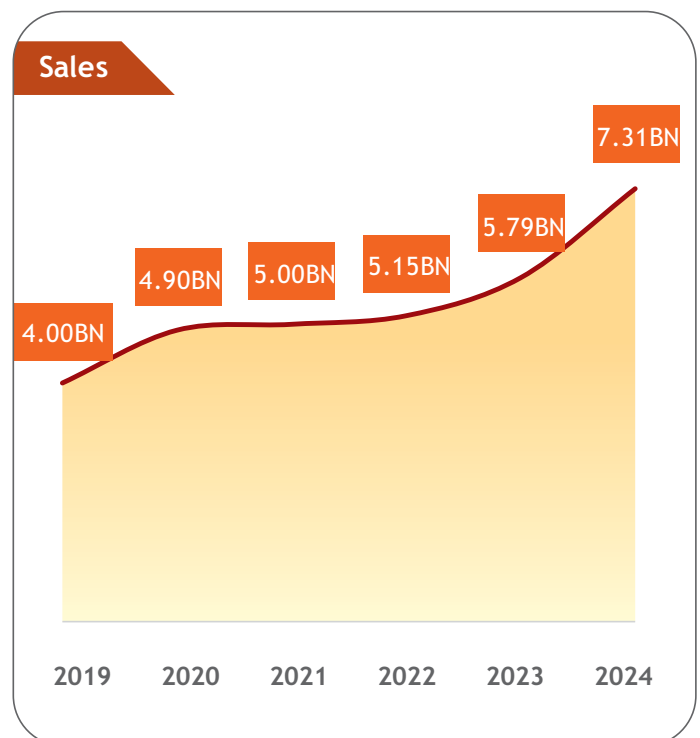
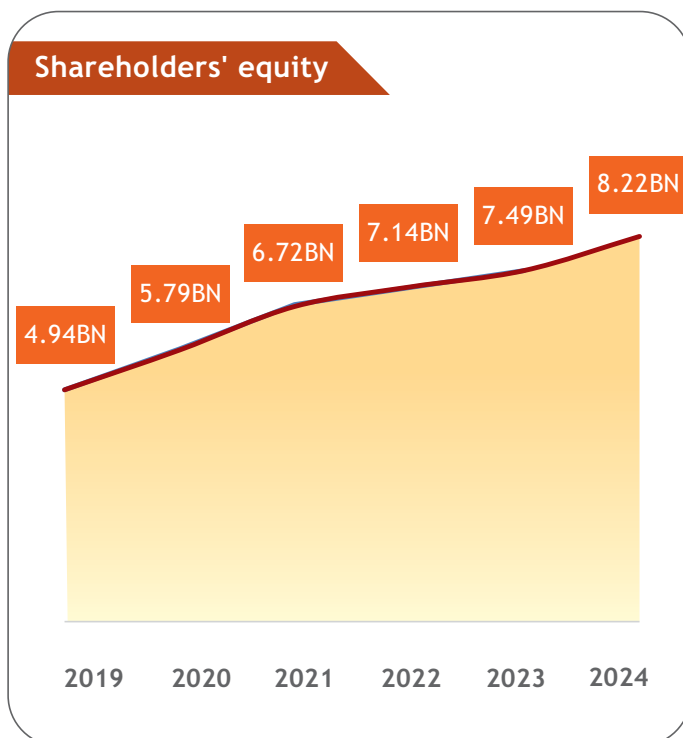
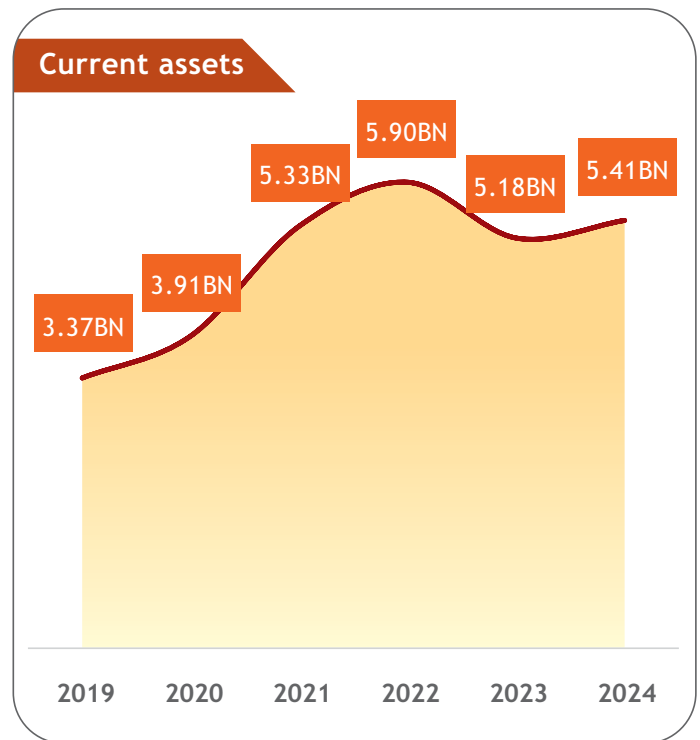
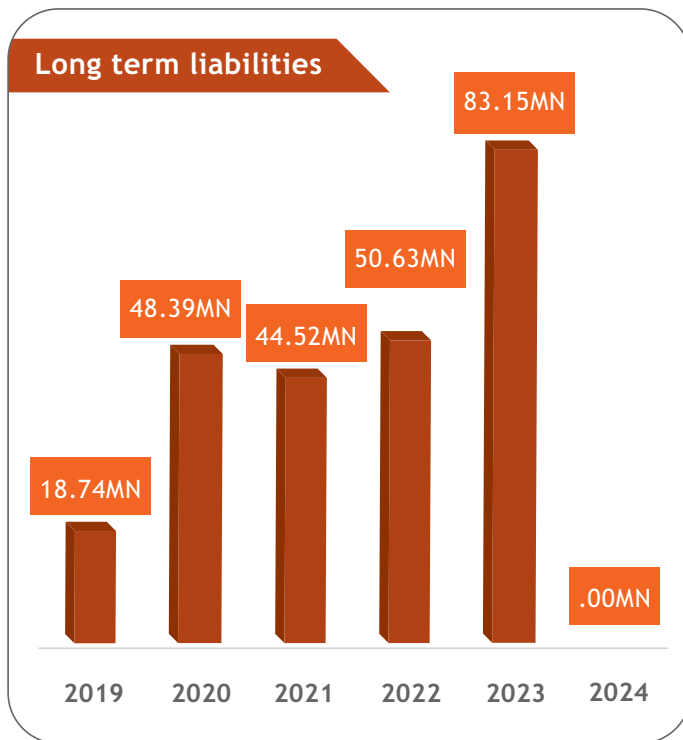
Plant remain available for production for more than 98% during the year which is result of predictive maintenance approach of operations team.

Spares inventory remain within 6% of fixed assets cost which shows efficient inventory management by the Company. Further expenses on maintenance of plant & machinery remain at low level.

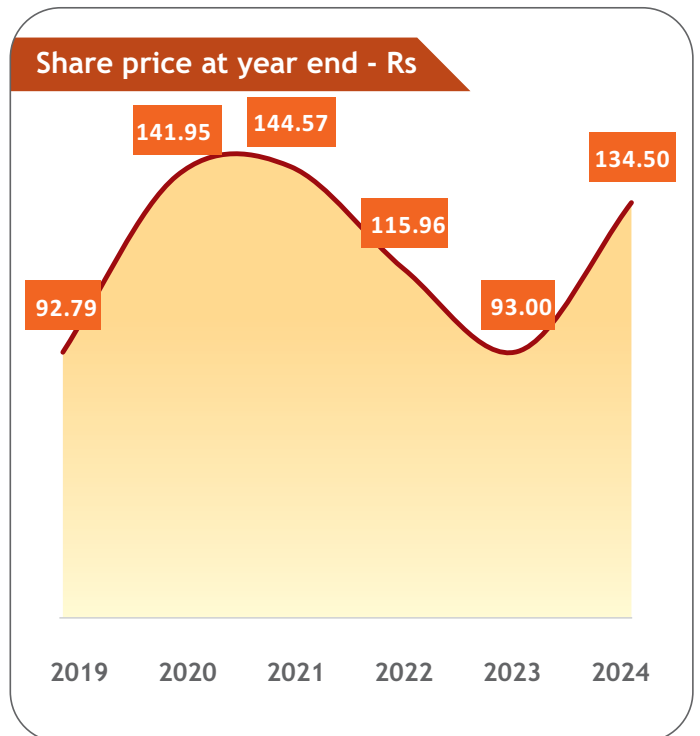
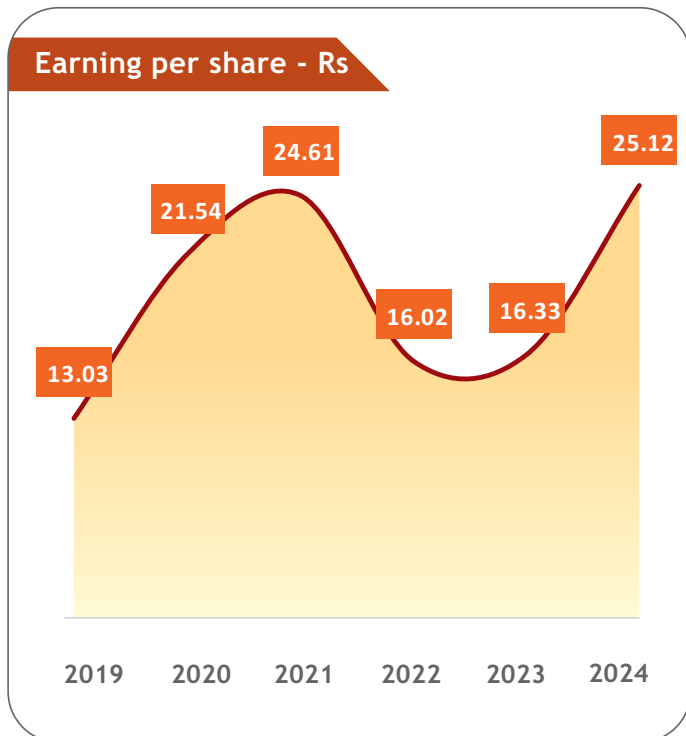
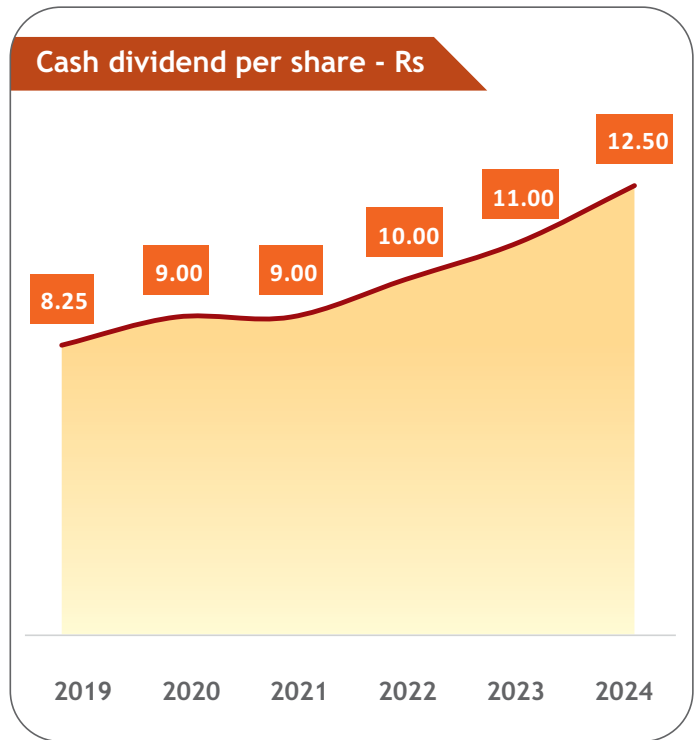
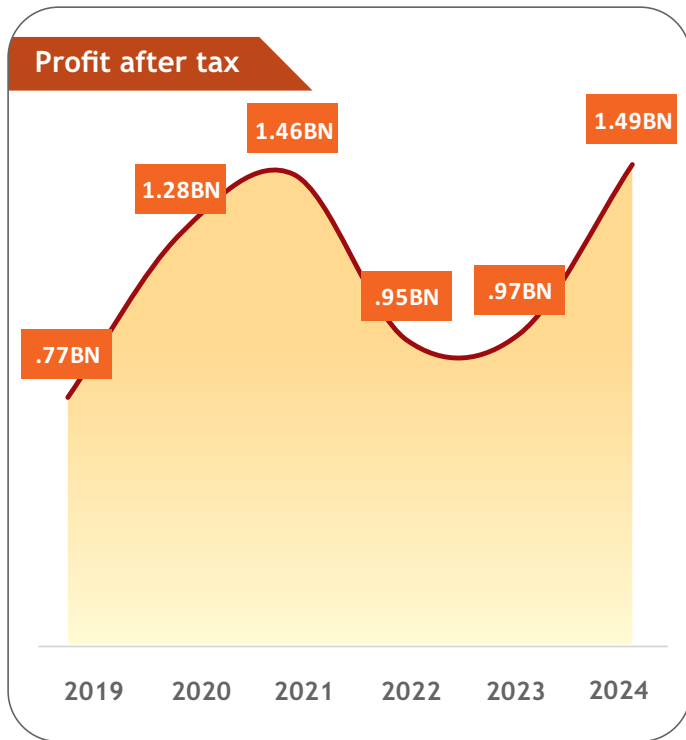
Operating cash flow ratios

The Company's cash flow to capital expenditure ratio reflects the ability of the company to acquire long term assets through its own resources further Company has no loan outstanding as at year end.

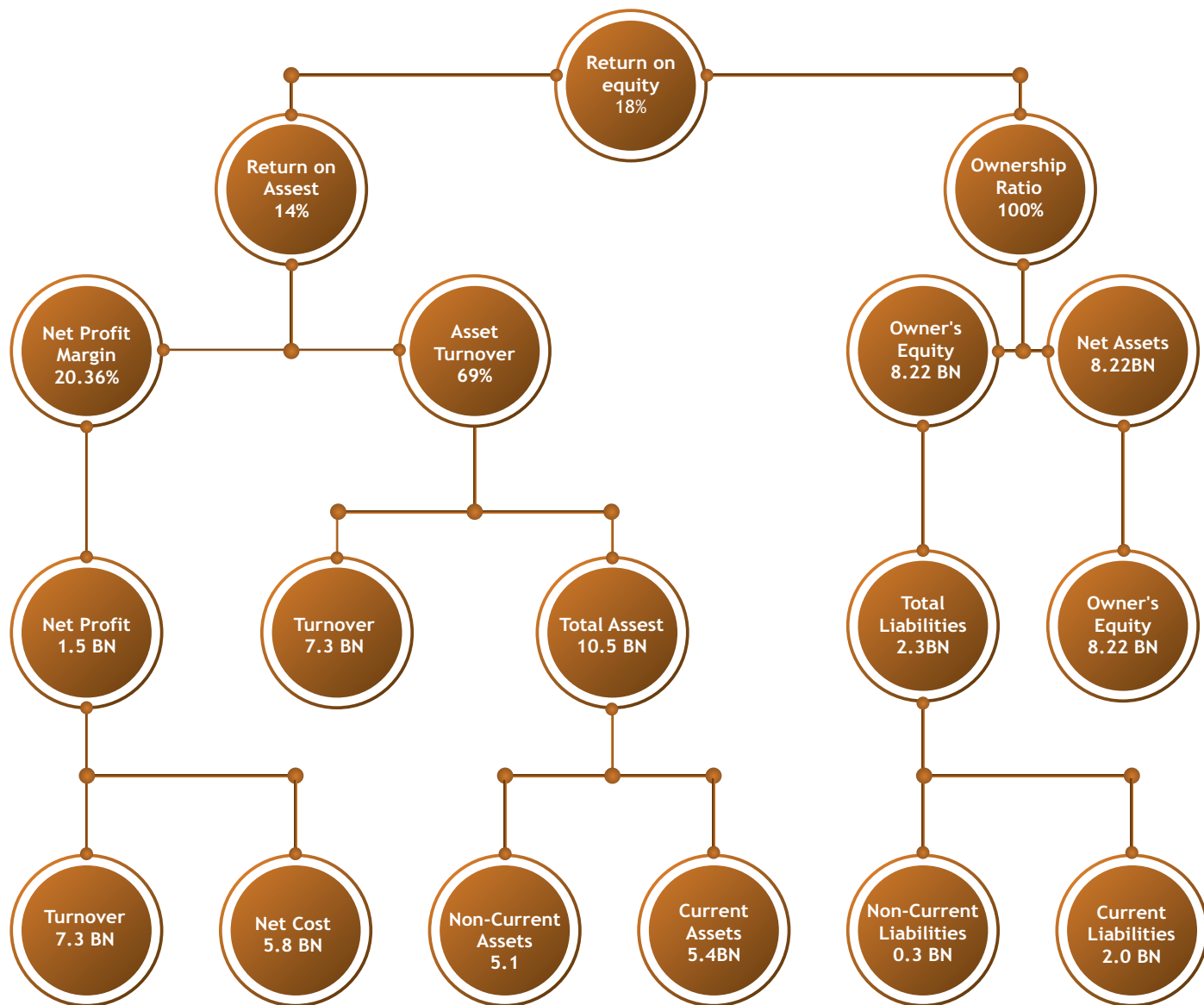
GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS



GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS



DUPONT ANALYSIS & CHARTS WITH COMMENTS



Comment on Dupont Analysis

Turnover of the Company improved to 7.3 BN as compared to 5.8 BN in previous year, reflecting the substantial growth of 26%.

Net Profit Margin of the Company increased to 20.36% in 2024 as compared to 16.69% in previous year, mainly due to higher prices negotiated with its customers and reprofiling of investments.

Financial leverage position remained at minimum as Company finance all its assets through equity.

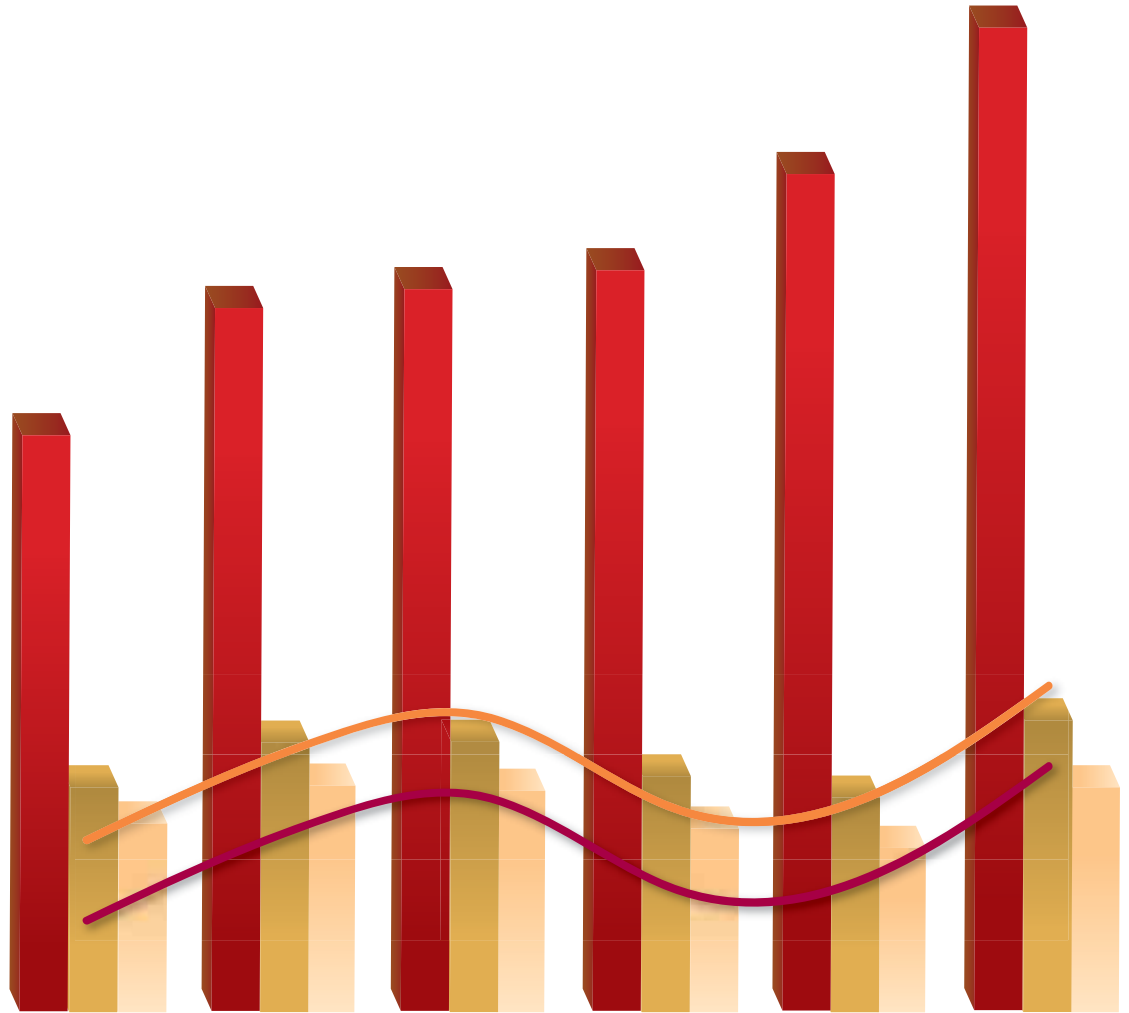
Interest cover ratio remained healthy and stood at 987:1 in 2024 as compared to 314:1 in 2023.

Tax efficiency ratio stood at 37.77% as against 37.33% in previous year.

Equity multiplier has also been maintained at lower levels over the periods which reflects Company finance all its assets through own funds.

GRAPHICAL PRESENTATION OF STATEMENTS OF FINANCIAL POSITION

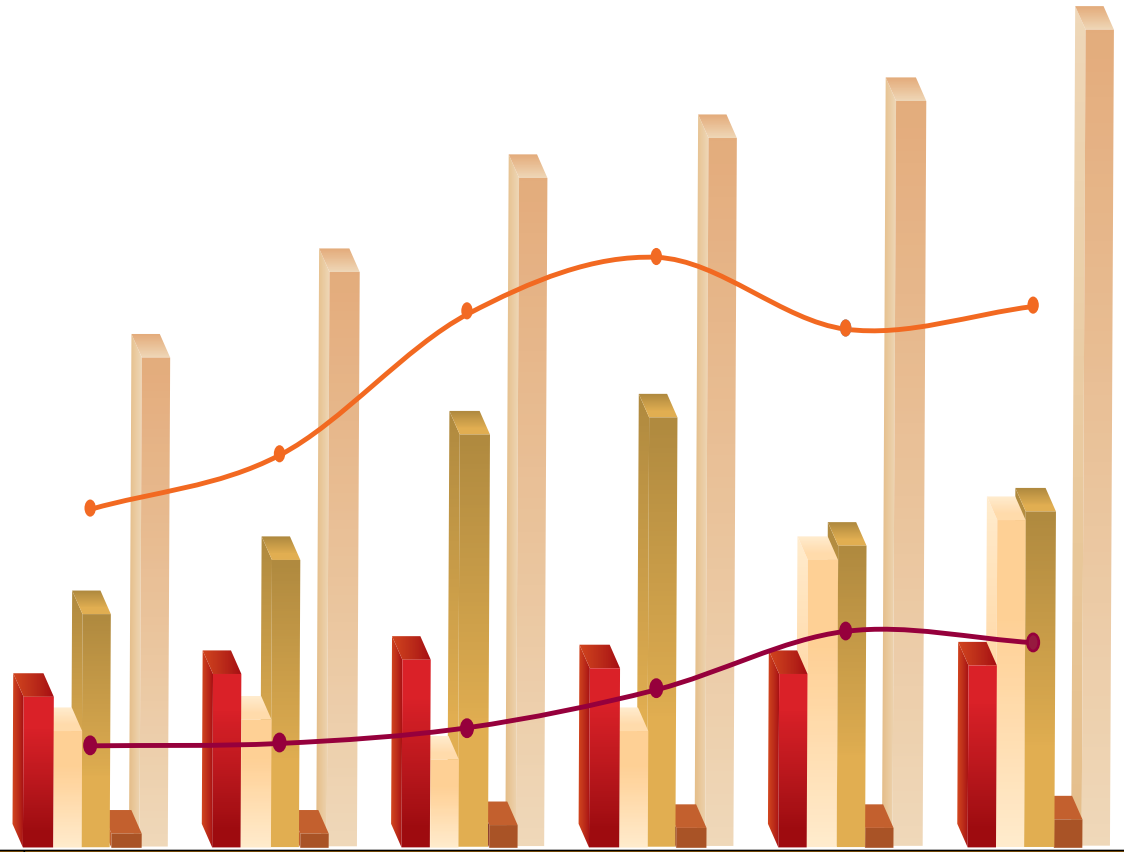
Statement of Profit or Loss



Rs in Million	2019	2020	2021	2022	2023	2024
Sales	4,002	4,901	5,002	5,147	5,795	7,312
Gross Profit	1,585	1,896	1,883	1,650	1,518	2,047
Operating Profits	1,346	1,598	1,566	1,300	1,124	1,575
Profit Before Tax	1,159	1,802	1,996	1,398	1,544	2,392
Profit After Tax	772	1,276	1,458	949	967	1,489

GRAPHICAL PRESENTATION OF STATEMENTS OF FINANCIAL POSITION

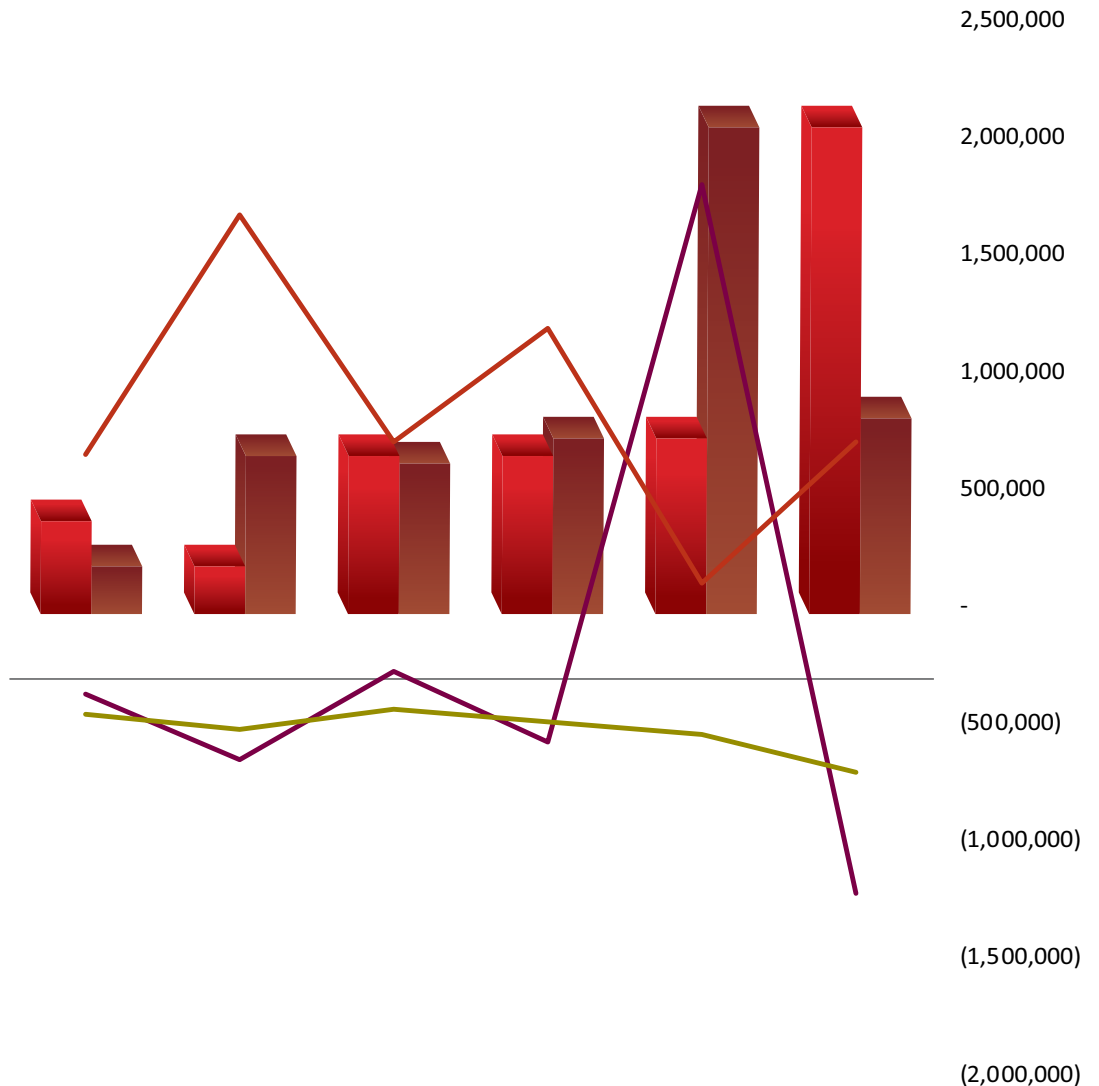
Statement of Financial Position



Rs in Million	2019	2020	2021	2022	2023	2024
Fixed Assets	1,516	1,766	1,908	1,823	1,766	1,840
Investments	1,191	1,300	893	1,181	2,904	3,295
Working Capital	2,371	2,889	4,148	4,336	3,034	3,375
Long Term Liabilities	144	169	233	207	219	289
Shareholders' Equity	4,938	5,790	6,721	7,138	7,492	8,220
Current Assets	3,373	3,914	5,332	5,899	5,179	5,407
Current Liabilities	1,002	1,025	1,184	1,563	2,145	2,032

GRAPHICAL PRESENTATION OF CASH FLOW & SHARE PERFORMANCE

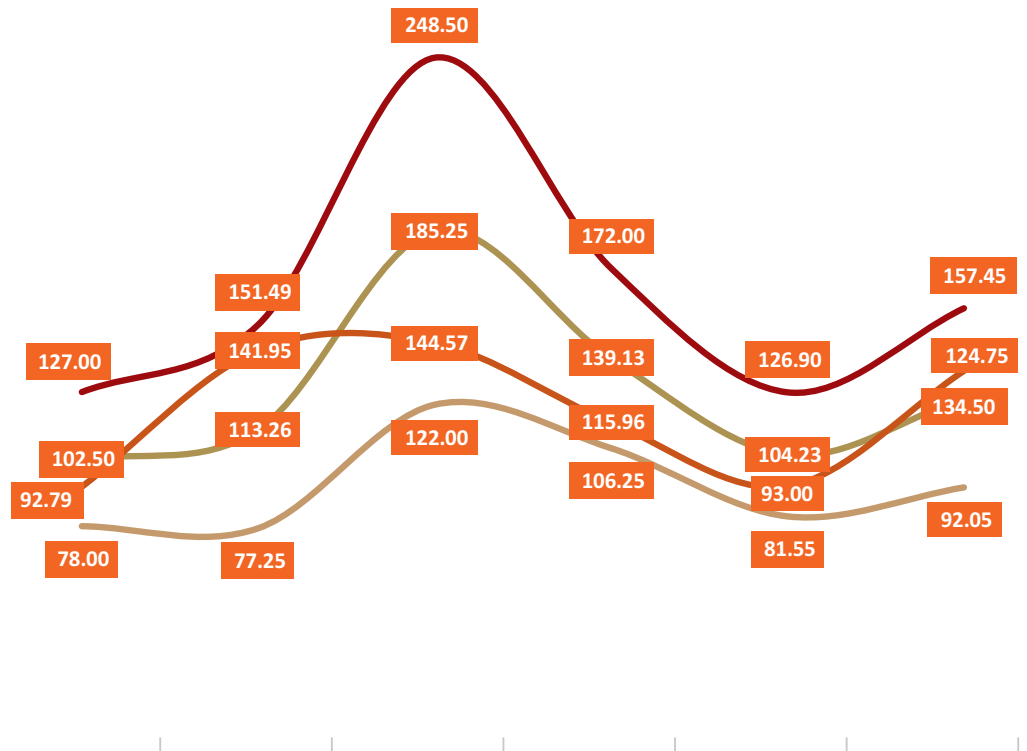
Cash Flows



	2019	2020	2021	2022	2023	2024
Opening Cash & Cash Equiv:	405,650	204,913	683,939	683,939	758,182	2,095,547
Closing Cash & Cash Equiv:	204,913	683,939	652,103	758,182	2,095,547	842,829
Investing Activities	(380,817)	(656,975)	(283,872)	(584,202)	1,793,054	(1,233,755)
Operating Activities	641,961	1,660,735	695,287	1,185,211	98,978	698,413
Financing Activities	(461,881)	(524,734)	(443,251)	(494,930)	(554,667)	(717,376)

GRAPHICAL PRESENTATION OF CASH FLOW & SHARE PERFORMANCE

Share Performance



	2019	2020	2021	2022	2023	2024
— Share Price - Highest (Rs.)	127.00	151.49	248.50	172.00	126.90	157.45
— Share Price - Lowest (Rs.)	78.00	77.25	122.00	106.25	81.55	92.05
— Share Price - Average (Rs.)	102.50	113.26	185.25	139.13	104.23	124.75
— Share Price - At year end (Rs.)	92.79	141.95	144.57	115.96	93.00	134.50

ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE

The year ended June 30, 2024 is posted the highest ever sales and highest ever after tax profit of Rs 1,489 million. The profit after tax not only exceeds previous years but also the budget. The Board of Directors has recommended highest ever Dividend of Rs 12.50 per share for the year ended June 30, 2024.

The Company has completed various projects during the year which includes upgradation of paper inspection system at Sheeter machine, development of two new underground water bores for supply of sub soil water and Comber storage building project to ensure business sustainability. Company has also initiated different new projects including and additional R.O plant to reduce dependency of water on external sources, capacity enhancement of effluent water treatment plant enabling the Company to re-use the waste water for its production process.

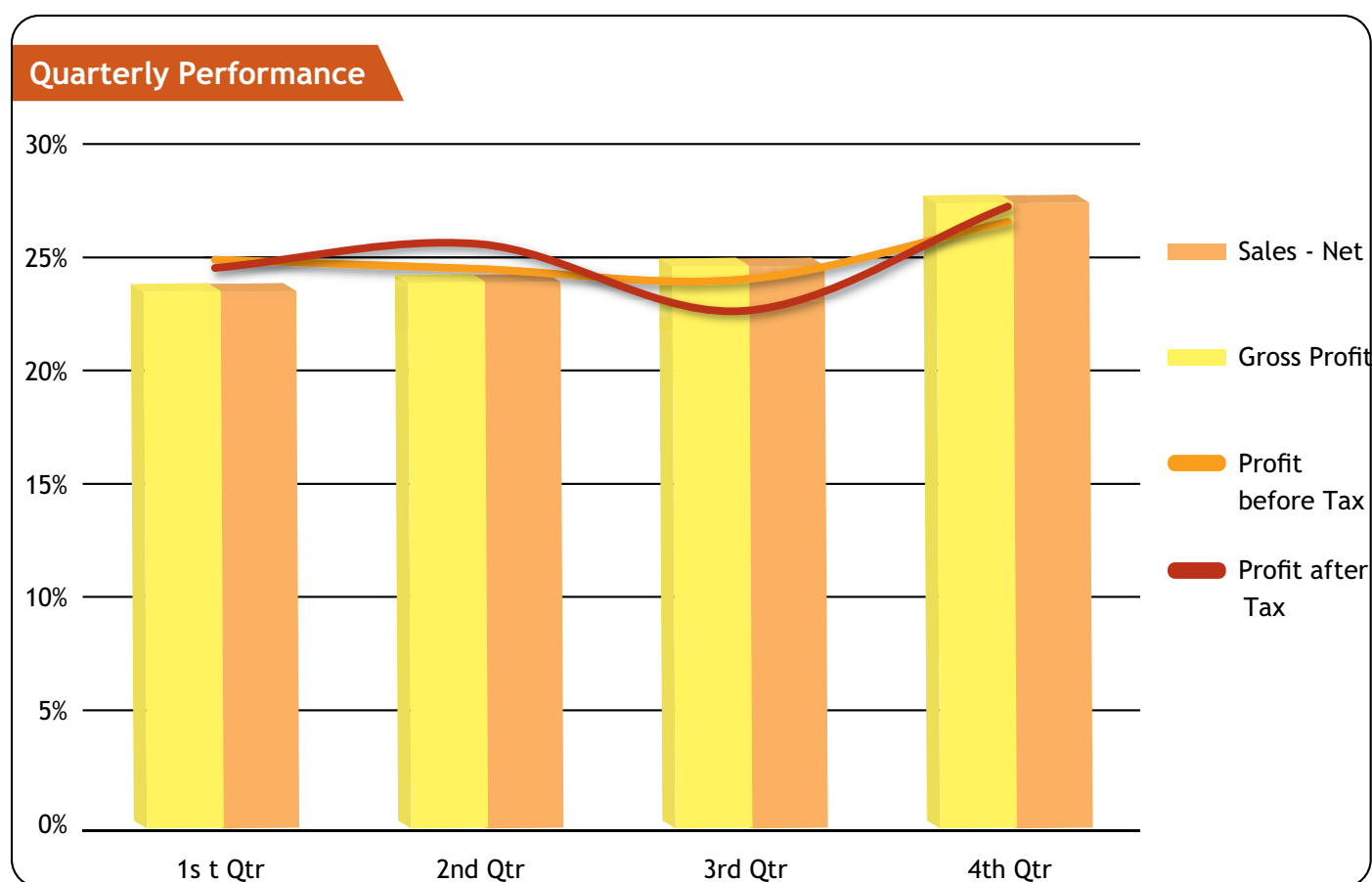
Non Financial Key performance indicators are other measures used to assess the activities that the Company sees as important to the achievement of its strategic objectives. Non-financial metrics are quantitative measures that relates to employees, customer relationship, quality etc.

Human Resources (HR) department remained focused on building talent for future through a performance measurement system. Key performance indicators played an important role in the measurement of progress of organization towards attainment of its goals.

The Company has robust system of customer complaint. All the customers complaints are recorded, reviewed and corrective measures are taken to avoid recurrence of such nature of complain. During the year under review, we have received lesser number of complains from customers as against last year

QUARTERLY PERFORMANCE ANALYSIS

	Sep-23	Dec-23	Mar-24	Jun-24	Total
	----- (Rupees in thousand) -----				
Sales - net	1,728,559	1,758,260	1,810,488	2,014,425	7,311,732
Cost of sales	(1,244,563)	(1,265,946)	(1,303,551)	(1,450,383)	(5,264,443)
Gross profit	483,996	492,314	506,937	564,042	2,047,289
Administrative expense	(100,707)	(127,009)	(131,353)	(113,197)	(472,266)
Other income	260,532	263,461	244,024	244,883	1,012,900
Other expenses	(45,743)	(42,025)	(43,702)	(58,207)	(189,677)
Operating profit	598,078	586,741	575,906	637,521	2,398,246
Finance cost	(2,449)	(882)	(1,015)	(1,742)	(6,088)
Profit before taxation	595,629	585,859	574,891	635,779	2,392,158
Taxation	(230,439)	(204,935)	(237,954)	(230,146)	(903,474)
Profit after taxation	365,190	380,924	336,937	405,633	1,488,684



STATEMENT OF FREE CASH FLOW

	2024	2023	2022	2021	2020	2019
Profit before tax	2,392,158	1,543,686	1,397,743	1,996,175	1,801,612	1,159,282
Adjustment for non-cash items	(724,934)	(399,357)	46,300	(347,287)	(146,582)	296,483
Taxes Paid	(807,503)	(451,618)	(521,193)	(471,438)	(525,129)	(467,841)
Working Capital Changes	(108,071)	(556,133)	284,542	(453,166)	530,834	(345,963)
Net cash generated from operational activities	751,650	136,578	1,207,392	724,284	1,660,735	641,961
Capital expenditure	(329,820)	(131,242)	(142,371)	(337,197)	(418,119)	(127,126)
Free cash flows	421,830	5,336	1,065,021	387,087	1,242,616	514,835



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

STATEMENT OF CASH FLOWS- DIRECT METHOD

	2024	2023
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from Customers	8,376,026	5,697,558
Cash paid to suppliers and employees	6,816,873	5,109,362
Cash generated from operations	1,559,153	588,196
Net income tax paid	(807,503)	(451,618)
Staff retirement benefits paid	(55,275)	(33,477)
Finance costs paid	(5,610)	(1,411)
Lease deposits recovered / (paid)	7,648	(2,712)
Net Cash generated from operating activities	698,413	98,978
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(329,820)	(131,242)
Purchase of intangible assets	(866)	(795)
Proceeds from sale of operating fixed assets	4,565	3,269
Investment made during the year	(2,009,912)	(2,492,604)
Investment matured during the year	288,000	3,915,586
Dividend received on mutual fund	-	1,728
Capital Gain realised on Government securities	355,505	51,977
Mark-up received	458,773	445,135
Net cash used in investing activities	(1,233,755)	1,793,054
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(4,696)	(17,519)
Dividend paid	(712,680)	(537,148)
Net cash used in financing activities	(717,376)	(554,667)
Net increase in cash and cash equivalents	(1,252,718)	1,337,365
Cash and cash equivalents at beginning of the year	2,095,547	758,182
Cash and cash equivalents at end of the year	842,829	2,095,547

ECONOMIC VALUE ADDED

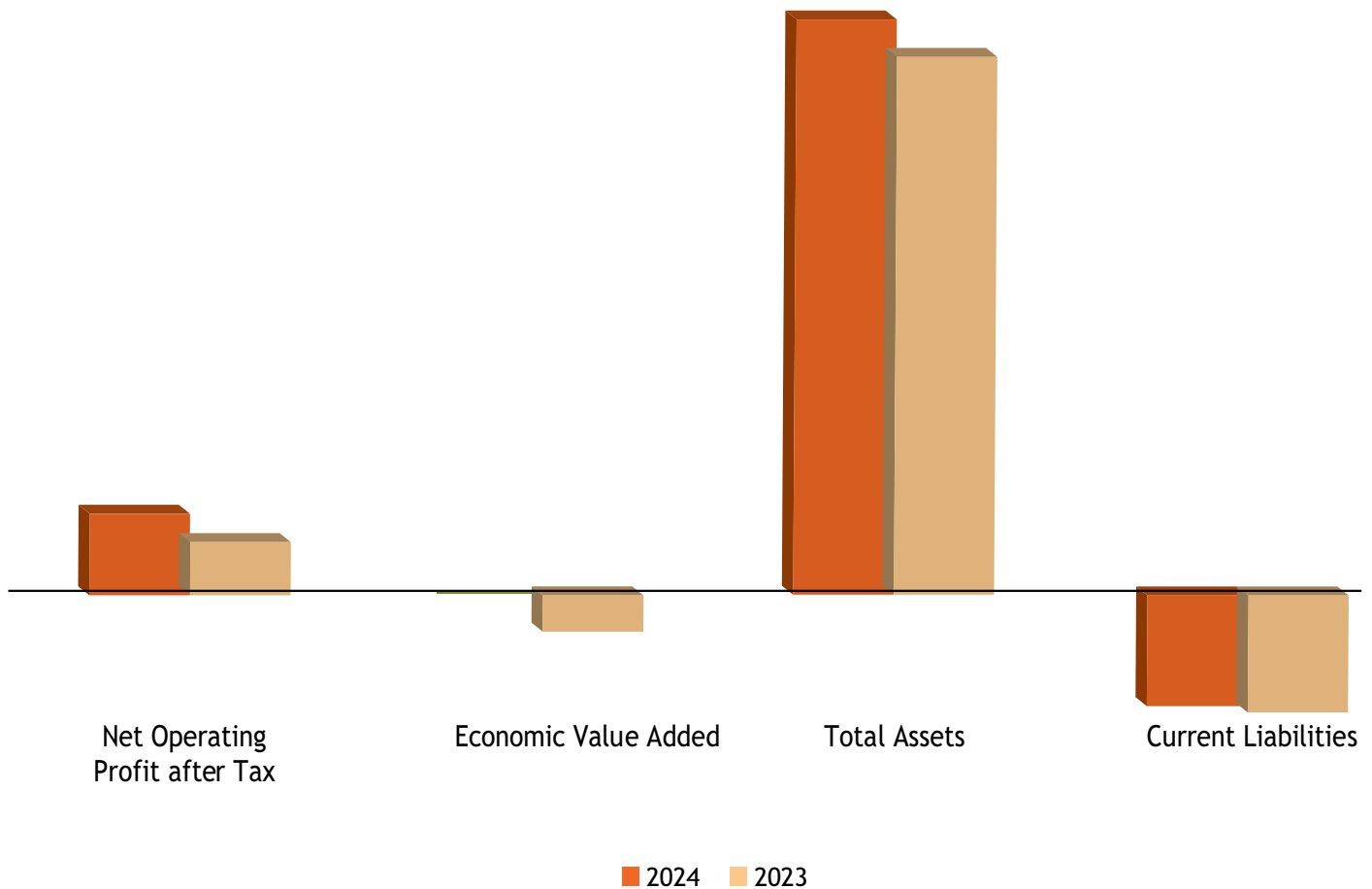
2024

2023

(Rupees in thousand)

Net operating profit after tax	1,494,772	974,313
Cost of capital	(1,538,512)	(1,637,794)
Economic value added	(43,740)	(663,481)
Total assets	10,541,580	9,856,286
Current liabilities	(2,032,110)	(2,145,392)
Invested capital	8,509,470	7,710,894
WACC	18.08%	21.24%
Cost of capital	1,538,512	1,637,794

Economic Value Added



SHARE PRICE SENSITIVITY ANALYSIS

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

Energy Prices

Eventhough Company has its own captive power plants resulting reliable supply of the electicity, however increasing rates of gas directly impact cost of the goods produced.

Exchange Rate Fluctuation

Some of the critical rawmaterials are imported, hence any adverse exchange rate fluctuations may affect the cost of production of paper.

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

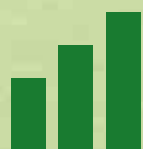
The company's performance is directly influenced by sensitivity in raw material prices. There are various raw materials which are locally procured or imported by the company. Major raw material, such as cotton comber, is directly influenced by international cotton prices and local crop and hence affects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

Online Payment Solutions

Company's major product is Bank note paper. Introduction and adoption of online payment solutions by different players would directly affect the requirement of fresh bank notes hence mayu affect the financial performance of the Company.

SPL Share Price History





Financial Statements



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INDEPENDENT AUDITOR'S REPORT

To the members of Security Papers Limited

Report on the Audit of the 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 June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 purposes 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 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 June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's 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 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key Audit Matter	How the matter was addressed in our audit
Revenue Recognition: Sales of goods to a related party	
<p>Refer notes 3.20 and 21 to the financial statements.</p> <p>The Company has recorded total sales of Rs 7,312 million during the year ended June 30, 2024 (2023: Rs 5,795 million). Out of the total sales, sales amounting to Rs 5,775 million which constitutes 78.98% (2023: Rs 4,665 million i.e., 80.51%) of the total sales has been made to Pakistan Security Printing Corporation (Private) Limited (PSPC).</p>	<p>Our audit procedures in respect of recognition of revenue, amongst other, included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of and tested the design and operating effectiveness of controls related to revenue transactions.

A.F.F.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Key Audit Matter	How the matter was addressed in our audit
<p>PSPC is also a significant shareholder holding 40.03% shares in the Company. Under the Trade Arrangement executed between the Company and PSPC, provisional pricing is agreed at the beginning of the financial year which is subject to final adjustment based on cost plus pricing arrangement at year end.</p> <p>We identified this area as a key audit matter as this is part of the revenue which was presumed significant risk for the audit.</p>	<ul style="list-style-type: none"> ▪ Reviewed approved agreement with PSPC to understand the terms and conditions of revenue transactions. ▪ Assessed 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. ▪ Tested revenue transactions recorded during the year on a sample basis with sales orders, sales invoices, delivery documents and other relevant underlying documents. ▪ Tested revenue transactions recorded before and subsequent to the reporting period on a sample basis to assess whether the revenue transactions were recorded in the appropriate period. ▪ Sent independent confirmation to PSPC to verify the sales made to PSPC by the Company during the year and traced it with the books and records of the Company. ▪ Assessed 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 Auditor's Report Thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or 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 the accounting and reporting standards as applicable in Pakistan and the requirements of 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.

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



Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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.

MEL



A.F.FERGUSON & Co.

Report on Other Legal and Regulatory Requirements

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

- a) 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 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 this Ordinance.

Other Matter

The financial statements of the Company for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated October 3, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mesia**.

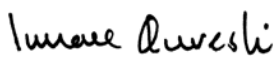
A. F. Ferguson & Co.
Chartered Accountants
Dated: August 29, 2024
Karachi
UDIN: AR202410611QhKs3YMiH

STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	2024	2023
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,828,287	1,718,372
Right-of-use assets	4.1	-	33,689
Intangible assets	5	11,991	13,920
Long-term investments	6	3,294,550	2,903,729
Staff retirement benefits	7	90	-
Lease deposits		-	7,648
		5,134,918	4,677,358
CURRENT ASSETS			
Stores, spare parts and loose tools	8	299,871	211,427
Stock-in-trade	9	880,786	801,049
Trade debts - considered good	10	1,320,036	1,565,394
Loans, advances, deposits, prepayments and other receivables	11	137,130	92,652
Interest accrued	12	128,523	108,183
Short term investments	13	2,163,380	1,996,672
Cash and bank balances	14	476,936	403,551
		5,406,662	5,178,928
		10,541,580	9,856,286
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised share capital		700,000	700,000
70,000,000 (2023: 70,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital 59,255,985 ordinary shares of Rs.10 each	15	592,559	592,559
Revenue reserves			
General reserves		6,246,411	5,951,267
Unappropriated profits		1,381,328	948,176
		7,627,739	6,899,443
		8,220,298	7,492,002
Total shareholders' equity			
Non-current liabilities			
Lease Liabilities	16	-	27,739
Staff retirement benefits	7	-	55,410
Deferred taxation - net	17	289,172	135,743
		289,172	218,892
Current liabilities			
Trade and other payables	18	1,320,570	1,456,635
Accrued mark-up		486	8
Unclaimed dividend		4,762	4,510
Unpaid dividend		546,408	459,384
Current portion of lease liabilities	16	-	7,513
Taxation - net		159,884	217,342
		2,032,110	2,145,392
		2,321,282	2,364,284
Total liabilities			
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES			
		10,541,580	9,856,286

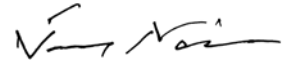
The annexed notes 1 to 40 form an integral part of these financial statements.



Imran Qureshi
Chief Executive Officer



Mudassir Ali Khan
Chief Financial Officer



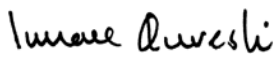
Jamal Nasim
Director

STATEMENT OF PROFIT OR LOSS

As at 30 June 2024

	Note	2024	2023
(Rupees in '000)			
Sales - net	21	7,311,732	5,794,593
Cost of sales	22	(5,264,443)	(4,276,304)
Gross profit		2,047,289	1,518,289
Administrative expenses	23	(472,266)	(394,019)
Other income	24	1,012,900	678,391
Other expenses	25	(189,677)	(252,042)
Finance costs	26	(6,088)	(6,933)
Profit before taxation		2,392,158	1,543,686
Taxation - net	27	(903,474)	(576,306)
Profit after taxation		1,488,684	967,380
Earnings per share - basic and diluted	28	25.12	16.33

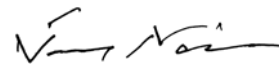
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Imran Qureshi
Chief Executive Officer



Mudassir Ali Khan
Chief Financial Officer



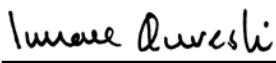
Jamal Nasim
Director


STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	2024	2023
		(Rupees in '000)	
Profit after taxation		1,488,684	967,380
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan	29.1.3	39,568	(20,421)
Total comprehensive income for the year		1,528,252	946,959

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


Imran Qureshi
Chief Executive Officer


Mudassir Ali Khan
Chief Financial Officer

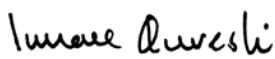

Jamal Nasim
Director

STATEMENT OF CHANGE IN EQUITY

As at 30 June 2024

	Issued, subscribed and paid-up share capital	Revenue reserves			Total equity
		General reserves	Unappropriated profit	Total Reserves	
----- (Rupees in '000) -----					
Balance as at 30 June 2022	592,559	5,594,837	950,207	6,545,044	7,137,603
Total comprehensive income for the year ended 30 June 2023					
Profit for the year	-	-	967,380	967,380	967,380
Other comprehensive income (loss)	-	-	(20,421)	(20,421)	(20,421)
	-	-	946,959	946,959	946,959
Transactions with owners:					
Final cash dividend @ Rs. 10 per ordinary share for the year ended 30 June 2022	-	-	(592,560)	(592,560)	(592,560)
Transfer to general reserves	-	356,430	(356,430)	-	-
Balance as at 30 June 2023	592,559	5,951,267	948,176	6,899,443	7,492,002
Total comprehensive income for the year ended 30 June 2024					
Profit for the year	-	-	1,488,684	1,488,684	1,488,684
Other comprehensive income	-	-	39,568	39,568	39,568
	-	-	1,528,252	1,528,252	1,528,252
Transactions with owners:					
Final cash dividend @ Rs. 11 per ordinary share for the year ended 30 June 2023	-	-	(651,816)	(651,816)	(651,816)
Interim cash dividend @ Rs.2.50 per ordinary share for the half year ended 31 December 2023	-	-	(148,140)	(148,140)	(148,140)
Transfer to general reserves	-	295,144	(295,144)	-	-
Balance as at 30 June 2024	592,559	6,246,411	1,381,328	7,627,739	8,220,298

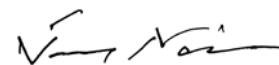
The annexed notes 1 to 40 form an integral part of these financial statements.



Imran Qureshi
Chief Executive Officer



Mudassir Ali Khan
Chief Financial Officer



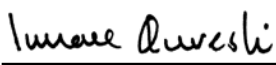
Jamal Nasim
Director


STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	2024	2023
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	1,559,153	588,196
Lease deposits paid		7,648	(2,712)
Taxes paid		(807,503)	(451,618)
Staff retirement benefits paid		(55,275)	(33,477)
Finance costs paid		(5,610)	(1,411)
Net cash generated from operating activities		698,413	98,978
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(329,820)	(131,242)
Acquisition of intangible assets		(866)	(795)
Proceeds from sale of operating fixed assets	4.1.4	4,565	3,269
Investments made during the year		(2,009,912)	(2,492,604)
Investments matured / redeemed during the year		288,000	3,915,586
Dividend received on mutual fund		-	1,728
Gain received on reverse repo transactions		355,505	51,977
Mark-up received		458,773	445,135
Net cash (used in) / generated investing activities		(1,233,755)	1,793,054
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(4,696)	(17,519)
Dividend paid		(712,680)	(537,148)
Net cash used in financing activities		(717,376)	(554,667)
Net (decrease) / increase in cash and cash equivalents		(1,252,718)	1,337,365
Cash and cash equivalent at beginning of the year		2,095,547	758,182
Cash and cash equivalents at end of the year	34	842,829	2,095,547

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


Imran Qureshi
Chief Executive Officer


Mudassir Ali Khan
Chief Financial Officer


Jamal Nasim
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. STATUS AND NATURE OF BUSINESS

- 1.1 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.

- 1.2 The Securities and Exchange Commission of Pakistan (SECP) vide its order dated January 26, 2024 ("SECP Order") has determined the Company as Public Sector Company (PSC). Subsequently, a communication was received from the SECP dated February 12, 2024, containing directions to bring the Company in conformity with the provisions of SOE Act 2023. The said order of the SECP, read with the aforesaid directions, has created uncertainty as to the applicable provisions of law to be followed for the purposes, inter alia, of election of directors and composition of the Board. The Company contests the adjudication and has already challenged the determination in an appeal before the appellate bench, SECP. The Company maintains that the decision cannot be sustained in the light of clear disregard of the merits as to, inter alia, structure of the Company as a Public Listed Company created in pursuance of a tripartite agreement between Pakistan, Iran and Turkey, as well as departure from settled principles of procedural law and of jurisdiction. Also, a Constitutional Petition No. D-953 of 2024 was filed by the Company before the Honourable High Court of Sindh ("SHC") and the SHC vide its Order dated 29.04.2024, observed that the said appeal may be taken up for hearing by the Appellate Bench at an early date and accordingly, C.P No. D-953/2024 was disposed of by the Court with the direction Respondent No. 3 (i.e. SECP) shall not to take any adverse action against the Company pursuant to SECP Order, until such time that the said appeal is adjudicated.

Further, the Company's appeal was fixed for hearing by the Appellate Bench on 25 April 2024. The Company's lawyer, who had filed an Application under Rule 21 of the SECP (Appellate Bench Procedure) Rules, 2003, along the appeal, argued that certain institutions should be impleaded as necessary & proper parties and their comments should be sought, as the nature of their shareholding were computed was determined by SECP for the purpose of categorizing / determining the Company as a PSC. The Appellate Bench vide its Order dated 2 May 2024, disposed of the said application and held that Director/HOD, Adjudication-I (SECP) is the sole party whose presence is required for the efficient implementation of the order that the Appellate Bench would pass in the said appeal.

Being aggrieved by the Appellate Bench Order dated 2 May 2024, the Company filed a Misc. Appeal No. 94 of 2024 before the SHC and a direction was given by the Court vide its Order dated 16.05.2024 that the Appellate Bench shall not conclude the said appeal without calling for required information from Pakistan Security Printing Corporation (Pvt.) Limited (PSPC), State Life Insurance Company (SLIC), The Punjab Provincial Cooperative Bank Limited (PPCBL), CDC - Trustee National Investment (Unit) Trust (NIT), Pakistan Reinsurance Company Limited (PRCL), as the Company has been determined as a PSC on the basis of their shareholding.

The said appeal was later fixed for hearing on 30 May 2024 by the Appellate Bench and the Company's legal counsel highlighted that SHC Order 16.05.2024 must be complied with, which states that certain institutions based on whose shareholding, the Company has been determined as a PSC, needs to be heard and their comments should be sought before proceeding towards the said appeal. The Appellate Bench, whilst adjourning the hearing, decided that the legal counsel of the Company should provide them with a list of requisite questions within a week from the date of hearing that needs to be answered by the said institutions and the Appellate bench would forward such questionnaire to the institutions and seek their replies, accordingly. Since then, the legal counsel submitted a compliance statement on 06.06.2024 with the Appellate Bench, which includes a detailed questionnaire soliciting information required for the proper and effective adjudication of the said appeal. The next date of hearing of the said appeal is currently awaited from the Appellate Bench.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Based on the advice of the Company's legal counsel, the Company believed that there are reasonable arguments that the Company is not a PSC and expects a favourable outcome.

Notwithstanding the ultimate outcome of the above matter, it would only impact the status of the Company as a Public Sector Company or not without having any impact on the financial position of the Company.

2. BASIS OF PREPARATION

2.1 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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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, the provisions of and directives issued by under the Companies Act, 2017 have been followed.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise specifically stated.

2.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year

2.4.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on or after July 1, 2023, but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.5 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

2.5.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, amendments or interpretations	Effective date (accounting period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IFRS 16 - 'Leases' (amendments)	January 1, 2024
- IAS 7 - 'Statement of Cash Flows' (amendments)	January 1, 2024
- IFRS 7 - 'Financial Instruments Disclosures' (amendments)	January 1, 2024
- IAS 21 - 'The Effects of Changes in Foreign Exchange Rates' (amendments)	January 1, 2025

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

The management is in the process of assessing the impact of these standards, amendments and interpretations on the financial statements of the Company.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on or after July 1, 2024, but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 - Insurance Contracts	January 1, 2026

2.6 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- classification, valuation and impairment of financial instruments (notes 3.4, 3.6, 3.7 and 13);
- estimates of useful life, recoverable amount, residual value of fixed assets and amortisation method of intangibles (note 3.1, 3.2, 4 and 5);
- provision for taxation and deferred tax (notes 3.21 and 17);
- present value of defined benefit obligation and fair value of plan assets in relation to employee retirement benefits (note 3.16 and 7);
- contingencies and commitment (note 20);

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

3.1 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Depreciation on all items is charged using the straight line method in accordance with the rates specified in note 4.1 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 becomes 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 of 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 intended use.

3.2 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 all other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell.

3.3 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 in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.4 Financial assets

Initial Measurement

The Company classifies its financial assets into the following three categories:

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

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

Subsequent Measurement

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

Equity 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 amortised 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.

3.4.1 Business Model

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's board/ board committees
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.4.2 Solely payment of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

3.5 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.

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

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

3.7 Impairment of financial assets

The Company recognises loss allowances for expected credit loss (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 considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and a financial asset in default when contractual payment are 90 days past due. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 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.

3.8 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.

3.9 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.

3.10 Trade and other payables

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

3.11 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 recognized 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.

3.12 Stores, spare parts and loose tools

These are valued at lower of weighted average cost or net realisable value less impairment loss, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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

3.13 Stock-in-trade

Raw materials are valued at the lower of weighted average cost or 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) or 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.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances, bank deposits and short term highly liquid investments having original maturities of 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 statement of cash flow.

3.15 Provisions and contingencies

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.

Contingencies are disclosed when the Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

3.16 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.

3.17 Employees' compensated absences

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

3.18 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 re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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

3.19 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.

3.20 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 banknote and non-banknote 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 recognized using the effective interest method.
- Dividend income is recognized in the statement of profit or loss on the date on which the Company's right to receive the dividend is established.

3.21 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 measured using the balance sheet liability method, measuring 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 measured is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the rates that are expected to apply to the period when the differences reverse based on enacted or substantively enacted tax rates at the reporting date.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has the legally enforceable right to offset and intends either to settle on net basis or to realise the asset and settle the liability simultaneously.

3.22 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 Pakistani rupees at the foreign exchange rates approximating those prevailing at the reporting date. Exchange differences, if any, are charged in the statement of profit or loss.

3.23 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

3.24 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.

3.25 Dividend and appropriations

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

4. PROPERTY, PLANT AND EQUIPMENT

		2024	2023
	Note	(Rupees in'000)	
Operating fixed assets	4.1	1,700,151	1,624,885
Capital work-in-progress	4.2	128,136	93,487
		<u>1,828,287</u>	<u>1,718,372</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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

	2024													
	Land		Building on		Plant and Machinery	Spare Parts and stand-by equipment	Laboratory equipment	Furniture and fittings	Electric water and gas installation	Office and security equipment	Computers and Computer accessories	Motor Vehicle Owned	Total	Right of use assets (note 3.18)
Lease-hold	Free-hold	Lease-hold Land	Free-hold Land											
(Rupees in '000)														
At 1 July 2023														
Cost	417	293	1,015	239,933	3,789,673	142,156	69,101	18,149	372,500	102,533	32,879	20,153	4,792,802	50,626
Accumulated depreciation	-	-	(1,012)	(72,217)	(2,650,332)	(106,394)	(42,643)	(9,876)	(179,411)	(62,667)	(25,244)	(18,121)	(3,167,917)	(16,937)
Opening Net Book Value	417	293	3	167,716	1,143,341	35,762	26,458	8,273	193,089	39,866	7,635	2,032	1,624,885	33,689
During The Year														
Additions	-	-	-	-	21,572	39,779	10,245	2,011	30,412	4,696	7,079	24,364	140,158	4,802
Transfers From CWIP	-	-	-	68,803	32,621	-	-	474	1,205	332	-	16,220	119,655	-
	-	-	-	68,803	54,193	39,779	10,245	2,485	31,617	5,028	7,079	40,584	259,813	4,802
Transferred From Right Of Use Asset To Owned														
Cost	-	-	-	-	-	-	-	-	-	-	-	48,060	48,060	(48,060)
Depreciation	-	-	-	-	-	-	-	-	-	-	-	(12,702)	(12,702)	(12,702)
	-	-	-	-	-	-	-	-	-	-	-	35,358	35,358	(35,358)
Disposals														
Cost	-	-	-	-	-	-	-	-	-	-	-	(3,430)	(3,430)	(7,368)
Depreciation	-	-	-	-	-	-	-	-	-	-	-	1,788	1,788	6,834
	-	-	-	-	-	-	-	-	-	-	-	(1,642)	(1,642)	(534)
Depreciation Charge for The Year														
	-	-	-	(8,619)	(136,655)	(19,277)	(3,554)	(1,071)	(20,192)	(9,231)	(4,771)	(14,893)	(218,263)	(2,599)
Closing Net Book Value	417	293	3	227,900	1,060,879	56,264	33,149	9,687	204,514	35,663	9,943	61,439	1,700,151	-
At 30 June 2024														
Cost	417	293	1,015	308,736	3,847,866	181,935	79,346	20,634	404,117	107,561	39,958	105,367	5,097,245	-
Accumulated Depreciation	-	-	(1,012)	(80,836)	(2,786,987)	(125,671)	(46,197)	(10,947)	(199,603)	(71,898)	(30,015)	(43,928)	(3,397,094)	-
Closing Net Book Value	417	293	3	227,900	1,060,879	56,264	33,149	9,687	204,514	35,663	9,943	61,439	1,700,151	-
Depreciation Rate % per annum	-	-	20%	2.5% - 33.33%	6% - 50%	25%	8% - 50%	6%	6% - 50%	15%	25%	20%		20%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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

	2023													
	Land		Building on		Plant and Machinery	Spare Parts and stand-by equipment	Laboratory equipment	Furniture and fittings	Electric water and gas installation	Office and security equipment	Computers and Computer accessories	Motor Vehicle Owned	Total	Right of use assets (note 3.18)
Lease-hold	Free-hold	Lease-hold Land	Free-hold Land											
----- (Rupees in '000) -----														
At 1 July 2022														
Cost	417	293	1,015	239,933	3,783,597	116,727	54,134	17,549	362,128	93,678	29,600	13,440	4,712,511	41,648
Accumulated depreciation	-	-	(1,012)	(64,629)	(2,510,159)	(92,725)	(39,320)	(8,900)	(159,746)	(54,363)	(21,379)	(10,725)	(2,962,958)	(19,454)
Opening Net Book Value	417	293	3	175,304	1,273,438	24,002	14,814	8,649	202,382	39,315	8,221	2,715	1,749,553	22,194
During The Year														
Additions	-	-	-	-	9,143	25,429	14,967	600	6,577	8,855	3,279	26	68,876	23,971
Transfers From CWIP	-	-	-	-	933	-	-	-	3,795	-	-	-	4,728	-
	-	-	-	-	10,076	25,429	14,967	600	10,372	8,855	3,279	26	73,604	23,971
Transferred From Right Of Use Asset To Owned														
Cost	-	-	-	-	-	-	-	-	-	-	-	6,822	6,822	(6,822)
Depreciation	-	-	-	-	-	-	-	-	-	-	-	(6,571)	(6,571)	6,571
	-	-	-	-	-	-	-	-	-	-	-	251	251	(251)
Disposals														
Cost	-	-	-	-	-	-	-	-	-	-	-	(135)	(135)	(8,171)
Depreciation	-	-	-	-	-	-	-	-	-	-	-	117	117	6,467
	-	-	-	-	-	-	-	-	-	-	-	(18)	(18)	(1,704)
Depreciation Charge for The Year														
	-	-	-	(7,588)	(140,173)	(13,669)	(3,323)	(976)	(19,665)	(8,304)	(3,865)	(942)	(198,505)	(10,521)
Closing Net Book Value	417	293	3	167,716	1,143,341	35,762	26,458	8,273	193,089	39,866	7,635	2,032	1,624,885	33,689
At 30 June 2023														
Cost	417	293	1,015	239,933	3,793,673	142,156	69,101	18,149	372,500	102,533	32,879	20,153	4,792,802	50,626
Accumulated Depreciation	-	-	(1,012)	(72,217)	(2,650,332)	(106,394)	(42,643)	(9,876)	(179,411)	(62,667)	(25,244)	(18,121)	(3,167,917)	(16,937)
Closing Net Book Value	417	293	3	167,716	1,143,341	35,762	26,458	8,273	193,089	39,866	7,635	2,032	1,624,885	33,689
Depreciation Rate % per annum	-	-	20%	2.5% - 33.33%	6% - 50%	25%	8% - 50%	6%	6% - 50%	15%	25%	20%		20%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

		2024	2023
	Note	(Rupees in '000)	
4.1.1 The depreciation charge for the year has been allocated as follows:			
Cost of sales	22	204,892	198,676
Administrative expenses	23	15,970	10,350
		<u>220,862</u>	<u>209,026</u>

4.1.2 Operating fixed assets include assets costing Rs. 782.682 million (2023: Rs. 671.272 million), which are fully depreciated.

4.1.3 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.

4.1.4 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
----- (Rupees in '000) -----								
Vehicles								
Toyota Altis		3,255	1,628	1,627	2,170	543	Company's policy	Mr. Faiz-ul-Islam (Ex-employee)
Others	4.1.4.1	7,543	6,993	550	2,395	1,845	Various	Various
2024		<u>10,798</u>	<u>8,621</u>	<u>2,177</u>	<u>4,565</u>	<u>2,388</u>		
2023		<u>8,306</u>	<u>6,585</u>	<u>1,721</u>	<u>3,269</u>	<u>1,548</u>		

4.1.4.1 This include assets having net book value of less than Rs. 500,000. These Disposals were made in accordance with the Company's policy.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	2024	2023
	(Rupees in '000)	
4.2 Capital work-in-progress		
Building	-	59,650
Plant and machinery	98,841	19,520
Electrical installation	7,545	1,426
Water Installation	-	9,546
Security equipment	-	158
Furniture & Fixture	3,185	-
Computer & Accessories	2,147	-
Vehicle	16,418	3,187
	128,136	93,487
The movement in capital work-in-progress is as follows:		
Balance at the beginning of the year	93,487	35,849
Additions made during the year:		
- Plant and machinery	111,943	15,889
- Building	9,150	28,500
- Water installation	6,673	9,546
- Electrical installation	7,324	5,086
- Furniture & Fixture	3,659	-
- Computer & Accessories	2,150	-
- Vehicle	13,231	3,187
- Security equipment	174	158
	154,304	62,366
Transfer to operating fixed assets:		
- Plant and machinery	(32,621)	(933)
- Building	(68,803)	-
- Furniture & Fixture	(474)	-
- Electrical installation	(1,205)	(3,795)
- Vehicle	(16,220)	-
- Security equipment	(332)	-
	(119,655)	(4,728)
Balance at the end of the year	128,136	93,487

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
5. INTANGIBLE ASSETS			
		(Rupees in '000)	
Net book value as at 1 July		13,920	15,855
Additions		866	795
Amortisation	23	(2,795)	(2,730)
Net book value as at 30 June		<u>11,991</u>	<u>13,920</u>
Gross carrying value as at 30 June			
Cost		24,771	23,905
Accumulated amortisation		(12,780)	(9,985)
Net book value		<u>11,991</u>	<u>13,920</u>
Amortisation rate (% per annum)		<u>10% - 50%</u>	<u>10% - 50%</u>
6. LONG-TERM INVESTMENTS			
Amortised cost			
Pakistan Investment Bonds (PIBs)	6.1	3,394,023	3,190,381
Less: PIBs with current maturity	13	(99,473)	(286,652)
		<u>3,294,550</u>	<u>2,903,729</u>
6.1.	These represents investments in Pakistan Investment Bonds (PIBs) carrying floating and fixed profit at the rate ranging from 12.38% to 23.21% (2023: 12.92% to 22.75%) with maturities in September 2024, August 2025, Feb 2027, April 2027, May 2028, June 2028, August 2028 and December 2030 (2023: June 2023, September 2024, May 2028, June 2028 and August 2028). The profit payments are made quarterly and semi annually.		
7. STAFF RETIREMENT BENEFITS			
		(Rupees in '000)	
Employees' Retirement Benefit (Funded Scheme)	29.1.2	90	(53,352)
Contractual Staff Retirement Benefit (Unfunded Scheme)		-	(2,058)
		<u>90</u>	<u>(55,410)</u>
8. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		17,579	16,688
Spares - in hand		284,186	198,107
Spares - in transit		9,209	7,085
Loose tools		784	790
		<u>311,758</u>	<u>222,670</u>
Provision for slow moving stores, spare parts and loose tools	8.1	(11,243)	(11,243)
Written-off during the year		(644)	-
		<u>299,871</u>	<u>211,427</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
8.1 Provision for slow moving stores, spare parts and loose tools			
Opening balance		11,243	11,243
Provision made during the year	22	644	-
Written-off during the year		(644)	-
		<u>11,243</u>	<u>11,243</u>
9. STOCK-IN-TRADE			
Raw materials - in hand		632,979	591,572
Raw materials - in transit		26,215	823
	22	<u>659,194</u>	<u>592,395</u>
Raw material written off	22	(4,061)	(354)
Raw material written back		-	1,039
Provision for slow moving raw materials	9.1	(5,023)	(5,063)
Work-in-process	22	139,041	173,454
Finished goods	22	93,740	41,683
Provision for slow moving finished goods	9.2	(2,105)	(2,105)
		<u>91,635</u>	<u>39,578</u>
		<u>880,786</u>	<u>801,049</u>
9.1 Provision for slow moving raw materials			
Balance as at 1 July		5,063	5,063
Provision made during the year		-	-
Written-off during the year		(40)	-
As at 30 June		<u>5,023</u>	<u>5,063</u>
9.2 Provision for slow moving finished goods			
Balance as at 1 July		2,105	2,105
Provision made during the year		-	-
As at 30 June		<u>2,105</u>	<u>2,105</u>
10. TRADE DEBTS - considered good			
Unsecured - considered good			
Due from Pakistan Security Printing Corporation (Private)			
Limited - related party	10.1 & 10.2	1,220,250	1,430,748
Due from others		99,786	134,646
		<u>1,320,036</u>	<u>1,565,394</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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.1,636.827 million (2023: Rs. 1,430.748 million).

	Note	2024	2023
10.2 The aging of trade debts due from related party as at 30 June is as follows:			(Rupees in '000)
Neither past due nor impaired		1,220,250	1,101,338
Past due but not impaired			
31-60 Days		-	329,410
	10.3	<u>1,220,250</u>	<u>1,430,748</u>
11. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance to suppliers - unsecured, considered good		8,100	43,974
Short-term prepayments		3,807	4,876
Short-term deposits	11.1	3,542	3,692
LCs margin	11.1	102,825	-
Utilities deposits		12,178	12,178
Loan to employees - considered good		115	-
Income tax	27.3	5,360	5,360
Others		1,203	22,572
		<u>137,130</u>	<u>92,652</u>

11.1 This represents interest free deposits held with service providers and against shipping guarantees issued by commercial banks.

	Note	2024	2023
			(Rupees in '000)
12. INTEREST ACCRUED			
Pakistan investment bonds (PIBs)		128,519	108,097
Deposit and saving accounts		4	86
		<u>128,523</u>	<u>108,183</u>
13. SHORT TERM INVESTMENTS			
Amortised cost			
Government securities - T Bills	13.1	1,685,067	-
Reverse repo transaction		378,840	1,710,020
Pakistan investment bonds - current maturity	13.3	99,473	286,652
		<u>2,163,380</u>	<u>1,996,672</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

- 13.1** This represents investments in treasury bills carrying profit ranging from 20.45% to 20.70% per annum.
- 13.2** This represents Repo transaction in Government Securities carrying profit ranging from 20.50% to 22.60% (2023: 21.11% to 21.43%) per annum.
- 13.3** This represents investments in 5 years Pakistan Investment Bonds (PIBs) carrying fixed profit at the rate of 12.376% (30 June 2023: 13.19% to 21.98%) per annum with maturity in September 2024. The profit payments are made semi-annually.

	Note	2024	2023
(Rupees in '000)			
14. CASH AND BANK BALANCES			
Cash in hand		58	72
With banks:			
- Current accounts		864	167
- Deposit accounts	14.1	159	38,707
- Dividend account		36,729	-
- Saving accounts	14.2	439,126	364,605
		<u>476,878</u>	<u>403,479</u>
		<u>476,936</u>	<u>403,551</u>

- 14.1** Deposit account carry profit rate at 20.5% (2023: 12.25% to 20.5%) per annum.
- 14.2** Saving accounts carry profit rates ranging from 7.5% to 20.60% per annum (2023: 10% to 19.25% per annum).

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2024	2023		2024	2023
(Number of shares)			(Rupees in '000)	
1,250,000	1,250,000	Ordinary shares fully paid in cash	12,500	12,500
58,005,985	58,005,985	Ordinary shares issued as fully paid bonus shares	580,059	580,059
<u>59,255,985</u>	<u>59,255,985</u>		<u>592,559</u>	<u>592,559</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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

Name of related party	2024		2023	
	Shares held	Percentage	Shares held	Percentage
Pakistan Security Printing Corporation (Private) Limited	23,721,739	40.03%	23,721,739	40.03%
Sumer Holding A.S.	5,925,564	10.00%	5,925,564	10.00%
Industrial Development & Renovation Organisation	5,925,564	10.00%	5,925,564	10.00%

15.2 Voting rights, board selection, rights of first refusal, block voting and other shareholders' right are in proportion to their shareholding.

	Note	2024	2023
(Rupees in '000)			
16. LEASE LIABILITIES			
As at 1 July		35,252	24,198
Additions		4,801	23,151
Interest expense relating to lease liabilities	26	2,144	5,422
Payments		(6,989)	(15,117)
Disposals		-	(2,402)
Termination of lease liabilities		(35,208)	-
As at 30 June		-	35,252
Current		-	7,513
Non-current		-	27,739
		-	35,252

16.1 Maturity analysis of lease liabilities

	2024			2023		
	Minimum lease payments	Finance charge	Present value of minimum lease payments	Minimum lease payments	Finance charge	Present value of minimum lease payments
----- (Rupees in '000) -----						
Not later than one year	-	-	-	13,529	6,016	7,513
Later than one year and not later than five years	-	-	-	36,004	8,265	27,739
	-	-	-	49,533	14,281	35,252

During the year the Company has terminated all its leased agreements and purchase the vehicles.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
(Rupees in '000)			
17. DEFERRED TAXATION - Net			
Deferred tax liabilities on taxable temporary differences:			
Accelerated tax depreciation		284,538	292,666
Deferred tax asset on deductible temporary differences:			
Provision for slow moving inventory, unfunded terminal benefits and fire tax		(10,963)	(23,911)
Amortisation of Pakistan investment bond (PIBs)		34,453	9,374
Liabilities add back against fire tax		(15,703)	-
Loss on redemption of mutual funds		(3,153)	(141,803)
Leased liability net of leased assets		-	(583)
		4,634	(156,923)
		<u>289,172</u>	<u>135,743</u>
18. TRADE AND OTHER PAYABLES			
Creditors		365,713	257,319
Payable against purchase of operating fixed assets		77,349	73,031
Salaries, wages and benefits payable	18.1	85,628	74,960
Accrued employees' compensated absences	18.2	69,634	74,040
Payable to workers' profit participation fund	18.3	128,695	2,992
Retention money payable		4,615	3,434
Withholding tax payable		116,316	99,170
Sales tax payable		186,011	117,862
Provision for fire tax	18.4	37,023	37,023
Workers' welfare fund	18.5	61,317	45,878
Utilities		88,933	43,402
Payable to a related party	18.6	13,912	42,365
Deposits	18.7	13,588	12,613
Payable to contractors		38,231	43,881
Contract liabilities	18.8	11,426	510,190
Others		22,179	18,475
		<u>1,320,570</u>	<u>1,456,635</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

18.1 Includes herein bonus payables amounting to Rs.62.055 million (2023: Rs. 57.011 million).

	Note	2024	2023
(Rupees in '000)			
18.2. Accrued employees' compensated absences			
Balance at beginning of the year		74,040	71,573
Charge for the year - net		(4,406)	2,467
Balance at end of the year		<u>69,634</u>	<u>74,040</u>
18.3 Workers' profit participation fund			
Balance as at 1 July		2,992	(15,340)
Allocation for the year	25	128,695	82,992
Paid during the year - net		(2,992)	(64,660)
		<u>128,695</u>	<u>2,992</u>

18.4 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.

	Note	2024	2023
(Rupees in '000)			
18.5. Workers' welfare fund			
Balance as at 1 July		45,878	39,098
Provision for the year	25	48,062	32,615
Prior year charge	25	(1,719)	539
Payments during the year		(30,904)	(26,374)
Balance as at 30 June		<u>61,317</u>	<u>45,878</u>

18.6 This amount belongs to Pakistan Security Printing Corporation (Private) Limited.

18.7 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

18.8 The Company has received advance from Election Commission of Pakistan (ECP) for supply of special watermarked ballot paper for financial year 2023-2024. The advance from ECP has been adjusted during the period against sales of ballot paper.

19. SHORT TERM FINANCE AND OTHER FACILITIES

19.1 Running finance

The Company has a running finance facility from Bank Al Habib Limited (BAHL) amounting to Rs. 200 million (2023: Rs. 200 million). The arrangement from BAHL is secured by lien over PIBs of Rs. 882 million. The outstanding balance amounted to Rs. Nil (2023: 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 2024.

The Company has another running finance facility from National Bank of Pakistan (NBP) amounting to Rs. 200 million (2023: Rs 100 million) . The arrangement from NBP is secured by first pair passu hypothecation charge over stores, spares, loose tools stock-in-trade and book debts of the Company and are available till 28 February 2025. The outstanding balance against this facility is 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 (2023: Three month's Karachi Inter Bank Offered Rate (KIBOR) plus 1.25 basis points. The facility remained unutilised as at 30 June 2024.

19.2 Running Musharka

The Company has arrangement of running musharka facility of Rs. 200 million from Meezan Bank Limited (2023: Rs. 200 million). The arrangement is secured by first pari passu hypothecation charge created over stocks and receivables of the Company in favour of the bank till 30 September 2024. 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 2024.

	Note	2024	2023
(Rupees in '000)			
20. CONTINGENCIES AND COMMITMENTS			
20.1 Contingencies			
Claims against the Company not acknowledged as debt	20.1.1	<u>1,120</u>	<u>1,120</u>
Sales Tax on Services	20.1.2	<u>4,163</u>	<u>4,163</u>
Income Tax Demand	27.3	<u>178,533</u>	<u>8,237</u>
Claim by Contractor	20.1.3	<u>177,880</u>	<u>177,880</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

20.1.1 This represents claims filed by certain ex-employees against the Company.

20.1.2 Assistant Commissioner (AC), Sindh Revenue Board (SRB) had passed an order No: 450/2014 dated August 5, 2014 for payment of Sales Tax on Services for the years ended June 30, 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 before the Commissioner (Appeals) Sindh Revenue Board who had passed an order No: 60/2015 dated February 24, 2015 and upheld the order of the Assistant Commissioner. The Company had filed an appeal before Appellate Tribunal of Sindh Revenue Board, who upheld the order of AC. The Company had filed Sindh Sales Tax Reference Application before the Honourable High Court of Sindh against the order of Appellate Tribunal of SRB which is still pending.

Based on the legal advisor's advice, the Company is confident that the outcome of the case would be in favour of the Company. Accordingly, no provision has been recorded in these financial statements.

20.1.3 The Company had entered into an agreement with Aquatech Infrastructures Limited (AIL) for the development of an alternate source of water supply on Built, Operate and Transfer (BOT) basis on August 15, 2005 for a period of five years from the date of commissioning. The agreement remained enforce through supplemental agreements signed in subsequent years.

Due to poor maintenance of Bores by AIL, the output of ground water reduced. AIL informed the Company to discontinue the contract as per the Clause-3 of Second Supplemental and suggested the Company to buy the Reverse Osmosis Plant (RO Plant). However, while the Company was addressing their concerns, AIL unilaterally decided to shut down the RO plant on March 2018. As a result, the Company took over the plant to continue its operations on its own in accordance with provisions of the agreement and pay for supply of water on prevailing rates after deducting actual expenses incurred for operation of the Plant.

The Company had also received letter from its financier Saudi Pak Leasing Company Limited (SPLC) in which they had informed that they are the owner of the RO Plant and asked that the Company should not allow AIL for the dismantling of R.O. Plant.

AIL filed suit against the Company before Sindh High Court (SHC) at Karachi, for recovery of Rs. 177.88 million in respect of RO Plant. The plaintiff has moved an application to restrain the Company from utilising or operating the RO Plant. The matter is at the stage of hearing of application.

Based on the facts of the case and legal advisor's advice, the Company is confident that the outcome of the case would be in favour of the Company. Accordingly, no provision has been recognized in these financial statements.

20.1.4 The Suits No 814 and 815 have been filed by two employees of the Company seeking declaration against their suspension followed by termination of employment and an injunction against the termination and inquiry being conducted. The Court as an interim measure had suspended the inquiry being conducted against them as well as their suspension and termination.

During the year, the Court, through an order, lifted the stay orders, thereby validating their termination in accordance with the applicable simplicitor rules. Subsequently, the concerned parties opted to initiate an appeal before the Divisional Bench of the Sindh High Court, which, upon review, dismissed their appeals on 23 October 2023 and affirmed the Order issued by the Honourable High Court.

Based on the legal advisor's advice, the Company is confident that the outcome of the case would be in favour of the Company. Accordingly, no provision has been recognized in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

20.1.5 Income Tax contingencies are disclosed in note 18 to the financial statements.

	Note	2024	2023
(Rupees in '000)			
20.2 Commitments			
Ijarah financing	20.2.1	-	24,797
Commitments against letters of credit	20.2.2	143,538	217,937
Capital expenditure contracted for but not incurred		96,731	25,443

20.2.1 The Company has terminated car ijarah facility from the Meezan Bank Limited during the year.

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

Not later than one year	-	5,749
Later than one year and not later than five years	-	19,048
	-	24,797

20.2.2 Import letter of credit (sight / usance)

Running finance facility from National Bank of Pakistan is available to be used for import letters of credit (sight / usance) amounting to Rs. 200 million (2023: 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. 30.067 million as at 30 June 2024.

The Company has facilities from the Bank Al Habib Limited (BAHL) relating to import letters of credit (sight / usance) amounting to Rs. 200 million (2023: Rs. 200 million). Besides, Rs Nil (2023: Rs. 100 million) may also be used for import letter of credit as sub limit of running finance facility. The arrangement from BAHL is secured by lien documents consigned in favour of BAHL and counter guarantees. The Company has utilised Rs. 112.5 million as at 30 June 2024.

The Musharka facility from Meezan Bank Limited is also available to 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.0.981 million as at 30 June 2024 (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

20.2.3 Letter of Guarantee Facility

As at 30 June 2024, 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:

	2024		2023	
	National Bank of Pakistan	Bank Al Habib Limited	National Bank of Pakistan	Bank Al Habib Limited
	----- (Rupees in '000) -----			
Total facility available	200,000	73,500	100,00	30,000
Utilised facility	169,675	73,500	64,08	19,287

	Note	2024	2023
(Rupees in '000)			
21. SALES - NET			
Banknote paper	21.1	6,814,021	5,483,890
Non-banknote paper:			
- Commercial paper		6,038	16,503
- Others		1,807,785	1,307,345
		1,813,823	1,323,848
	21.2	8,627,844	6,807,738
Sales tax		(1,316,112)	(1,013,145)
		<u>7,311,732</u>	<u>5,794,593</u>

21.1 All sales transactions with Pakistan Printing Corporation (Private) Limited are carried out by the company using the "Cost Plus Markup". Other expenses are reimbursements of shared expenses.

21.2 Out of the above sales, the sales amounting to Rs. 6,814.021 million include sales tax of Rs. 1,039.427 million is made to Pakistan Security Printing Corporation (Private) Limited (PSPC), a related party. (2023: Rs. 5,483.89 million include sales tax of Rs. 818.88 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
(Rupees in '000)			
22. COST OF SALES			
Opening stock of raw materials		592,395	456,646
Add: Purchases - net		1,933,424	2,888,816
		<u>2,525,819</u>	<u>3,345,462</u>
Closing stock of raw materials	9	(659,194)	(592,395)
Raw materials consumed		3,185,013	2,753,067
Salaries, wages and benefits	22.1	511,665	461,392
Utilities		738,379	445,358
Depreciation	4.1.1	204,892	198,676
Manufacturing services		263,850	225,153
Stores, spares and loose tools consumed		190,594	146,385
Defence security force		61,846	52,125
Repairs and maintenance		78,922	59,575
Insurance		6,018	8,409
Rent, rates and taxes		1,446	894
Raw material written off	9	4,061	354
Raw material written back	9	-	(1,039)
Provision for slow moving Stores, spares & loose tools	8.1	644	-
Other expenses		34,757	29,676
		<u>5,282,087</u>	<u>4,380,025</u>
Opening stock of work-in-process		173,454	74,155
Closing stock of work-in-process	9	(139,041)	(173,454)
Cost of goods manufactured		5,316,500	4,280,726
Opening stock of finished goods		41,683	37,261
Closing stock of finished goods	9	(93,740)	(41,683)
		<u>5,264,443</u>	<u>4,276,304</u>

22.1 Salaries, wages and benefits include Rs. 46.125 million (2023: Rs. 40.429 million) in respect of employee retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
(Rupees in '000)			
23. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	23.1	333,724	292,821
Repairs and maintenance		11,849	17,072
Depreciation	4.1.1	15,970	10,350
Legal and professional		42,963	17,764
Travelling expenses	23.2	19,216	8,344
Printing and stationery		5,015	5,600
Advertisement		4,939	4,071
Packing and forwarding		3,482	2,985
Training		336	642
Communication		1,581	2,994
Entertainment		2,918	2,159
Rent, rates and taxes		1,668	1,700
Lease rentals		2,136	1,804
Amortisation of intangible assets	5	2,795	2,730
Others		23,674	22,983
		<u>472,266</u>	<u>394,019</u>

23.1 Salaries, wages and benefits include Rs. 21.164 million (2023: Rs. 19.068 million) in respect of employee retirement benefits.

23.2 Travelling expense includes directors travelling expense amounting to Rs. 5.981 million (2023: Rs. 3.540 million).

	Note	2024	2023
(Rupees in '000)			
24. OTHER INCOME			
Income from financial assets			
Amortisation of discount on Pakistan Investment Bond		64,533	18,573
Dividend income on mutual fund		-	1,728
Gain on redemption of PIBs		2,158	-
Gain from reverse repo transactions		350,426	70,003
Mark-up on:			
- Pakistan Investment Bonds		436,138	416,830
- Bank deposits and savings accounts		42,975	106,030
- Treasury bills		100,107	52,640
- Loan to employees		2	2
		<u>996,339</u>	<u>665,806</u>
Income from non-financial assets			
Gain on sale of property, plant and equipment	4.1.4	2,388	1,548
Sale of waste materials		6,749	10,861
Others		7,424	176
		<u>16,561</u>	<u>12,585</u>
		<u>1,012,900</u>	<u>678,391</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
		(Rupees in '000)	
25. OTHER EXPENSES			
Workers' profit participation fund	18.3	128,695	82,992
Workers' welfare fund	18.5	46,343	33,154
Corporate Social Responsibility	25.1	9,669	10,542
Exchange loss		-	107,298
Loss on redemption of investment in mutual funds		-	16,061
Auditors' remuneration	25.2	4,970	1,995
		<u>189,677</u>	<u>252,042</u>
25.1	During the year, the Company has made following CSR activities exceeding Rs. 1 million (2023: Rs. 1 million):		
	Note	2024	2023
		(Rupees in '000)	
Name of Donee			
Prime Minister's Flood Relief Fund' 2022		-	5,000
Help Line		-	1,212
Indus Hospital		5,000	3,875
SOS Children's Villages		2,475	-
The Citizens Foundation		2,194	-
None of the directors or their spouses had any interest in any of the donee.			
25.2 Auditors' remuneration			
Audit of the annual financial statements		2,565	1,153
Review of half yearly financial statements		1,283	220
Special certification, Code of Corporate Governance and other services		722	290
Out of pocket expenses		400	332
		<u>4,970</u>	<u>1,995</u>
26. FINANCE COSTS			
Interest / mark-up on:			
- finance leases	16	2,144	5,422
- short-term finance		510	179
- workers' profit participation fund		467	-
Bank charges		2,967	1,332
		<u>6,088</u>	<u>6,933</u>
27. TAXATION - NET			
Current	27.1		
- for the year		799,156	600,471
- prior year		(49,111)	(3,257)
		<u>750,045</u>	<u>597,214</u>
Deferred		153,429	(20,908)
		<u>903,474</u>	<u>576,306</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
(Rupees in '000)			
27.1 Reconciliation between tax expense and accounting profit			
Accounting profit before taxation		2,392,158	1,543,686
Tax on accounting profit at 29% (2023: 29%)		693,726	447,669
Super Tax under Section 4C 10% (2023: 10%)		239,216	154,369
Impact of change in tax rate		-	31,295
Tax at reduced rate		-	(242)
Tax effect of permanent differences		4,305	(53,469)
Tax effect of prior year		(49,111)	(3,257)
Others		15,338	(59)
		903,474	576,306
Effective rate of tax		37.77%	37.33%

27.2 The Company had previously exercised option of being assessed under the Final Tax Regime (FTR) in respect of goods manufactured by it, which was valid for tax years 2005 to 2007. However, due to the 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 up to 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 filing. However, as per Legal Advisor's advice, tax years 2006 and 2007 are time barred for the selection of audit, since the period of five years had lapsed.

The income tax assessments of the Company have been finalised up to and including tax year 2022. 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 Tax Officer issued or treated as issued the original assessment order, amend assessment.

- (a) The Income Tax Authorities had raised a demand of Rs. 43.99 million against the Company under Section 12(9A) of the repealed Income Tax Ordinance, 1979 in respect of assessment year 2000-01. The Company had filed 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. During the year ended June 30, 2006 the ITAT through its order dated September 15, 2005 decided the matter in favour of the Company by deleting the above demand of Rs 43.991 million. However, the Income Tax department had filed an appeal against this order before the Honorable Sindh High Court, which is currently pending.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

- (b) The return of income for tax year 2011 has been selected for tax audit through parametric computer ballot by the Federal Board of Revenue on February 25, 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 had filed an appeal against the Order Before the Commissioner (Appeals) which was decided on December 15, 2014 as follows:
- 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 had filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above appellate order of Commissioner (Appeals) on which an appellate order bearing order no. 342/KB of 2015 dated November 27, 2018 was passed by Appellate Tribunal Revenue (ATIR) in which ATIR had 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 November 10, 2016 passed by the Hon'ble Supreme Court of Pakistan involving similar issue of Workers' Welfare Fund. A request for appeal effect to the appellate order was filed and the appeal effect is still pending.
- (c) The Company had e-filed its return of income for the tax year 2018 on the web-portal of FBR on December 31, 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 was selected for audit under Section 177(1) of the Ordinance. Information Document Request (IDR) was issued on January 31, 2019 and the Company had submitted required data, information and supporting details through various letters addressed to the Deputy Commissioner Inland Revenue (DCIR). However, till to date no order has been passed by the tax department.
- (d) The Company had e-filed return of income for the tax year 2019 on the web-portal of FBR on December 31, 2019. The return of income filed is deemed an assessment order under Section 120 of the Income Tax Ordinance, 2001 (the Ordinance). Notice dated October 19, 2020 was issued by DCIR under rule 44(4) of the Income Tax Rules, 2002 for monitoring of withholding taxes. The Company had submitted required reconciliations, details and supporting evidence against said notice. DCIR had subsequently issued notice under section 161(1A) / 205 /182 of the Ordinance. The Company in compliance with said notice had submitted the information on required format. However, till to date no Order has been passed by the tax department.
- (e) The Company had e-filed return of income for the tax year 2020 on the web-portal of FBR on December 31, 2020. The return of income filed is deemed an assessment order under Section 120 of the Income Tax Ordinance, 2001 (the Ordinance). DC(Audit) under rule 44(4) of Income Tax Rules, 2002 had issued a notice dated April 12, 2021 for monitoring of withholding taxes. Company in compliance with said notice had submitted the information on required format. However, till to date no Order has been passed by the tax department.
- (f) The Company had e-filed its return of income for the tax year 2016 on the web-portal of FBR on December 31, 2016. The return of income filed is deemed an assessment order under Section 120 of the Income Tax Ordinance, 2001 (the Ordinance). Notice dated October 11, 2021 was issued by DCIR under Section 176 of the ordinance read with rule 44(4) of Income Tax Rules 2002 for initiating monitoring of withholding taxes. The Company in compliance with the said notice had submitted the information on required format. However, till to date no order has been passed by the tax department.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

- (g) The Company had e-filed return of income for the tax year 2018 on the web-portal of FBR on December 31, 2018. The return of income filed is deemed an assessment order under Section 120 of the Income Tax Ordinance, 2001 (the Ordinance). DC(Audit) under rule 44(4) of Income Tax Rules, 2002 had issued a notice dated April 27, 2023 for monitoring of withholding taxes. Company in compliance with said notice is submitting the information on required format.
- (h) The Company had e-filed return of income for the tax year 2021 on the web-portal of FBR on December 24, 2021. The return of income filed is deemed an assessment order under Section 120 of the Income Tax Ordinance, 2001 (the Ordinance). DC(Audit) under rule 44(4) of Income Tax Rules, 2002 had issued a notice dated April 27, 2023 for monitoring of withholding taxes. Company in compliance with said notice is submitting the information on required format.
- (i) The Company had e-filed return of income for the tax year 2022 on the web-portal of FBR on December 31, 2022. The return of income filed is deemed an assessment order under Section 120 of the Income Tax Ordinance, 2001 (the Ordinance). DC(Audit) under rule 44(4) of Income Tax Rules, 2002 had issued a notice dated April 27, 2023 for monitoring of withholding taxes. Company in compliance with said notice is submitting the information on required format.

- 27.3** (a) The Company had e-filed return of income for the tax year 2015 on the web-portal of FBR on December 31, 2015. The return of income filed is treated as deemed assessment order under Section 120 of the Income Tax Ordinance, 2001 (the Ordinance). The Additional Commissioner Inland Revenue (ADCIR) had issued a notice on April 09, 2021 under Section 122(1) read with 122(5A) of the Ordinance and had contended that the return filed by the Company was erroneous and prejudicial to the interest of revenue. Without prejudice to the legal objections raised against issuance of the said notice, the Company had submitted required details, information and supporting evidences against the observations raised by the tax office.

The ADCIR passed an amended order on June 29, 2021 under Section 122(5A) of the Ordinance raising tax demand of Rs. 53.595 million and made following amendments to the return of income for the Tax Year 2015:

- Apportioned all expenses to Final Tax Regime (FTR) and Normal Tax Regime (NTR) i.e. dividend income, capital gain on mutual funds and business income;
- Short allowed credit for advance tax paid or deducted at Rs. 55.576 million as against Rs. 55.648 million;
- Recovered Workers Welfare Fund liability to the tune of Rs. 14.943 million when the same was already paid to Sindh Revenue Board.

The Company had filed an appeal before the Commissioner (Appeals). The decisions of Commissioner (Appeals) are as follows:

- Apportionment of expenses against the NTR and FTR is valid but the cost of sales shall not be apportioned as it specifically relates to the manufacturing process, whereas the administration and general expenses, other charges, and finance cost are liable to be apportioned against NTR and FTR receipts under Section 67 read with rule 13. Hence, the Tax Officer was directed to exclude the cost of sales for the apportionment of expenses.
- This issue is remanded back with the direction to first ascertain the status whether the tax payer Company's trans-provincial or otherwise and then to decide the levy of WWF.
- Allow the consequential impact of WWF and Super Tax in the light of the above decision.

The Company had filed an appeal against the said order before the Commissioner (Appeals) along with application for grant of stay against recovery of the said tax demand. The Commissioner (Appeals) passed an order on June 16, 2022 under Section 129(1) of the Ordinance wherein the Commissioner (Appeals) had deleted / remanded back all issues to the Deputy Commissioner Inland Revenue (DCIR) except the issue of apportionment of common expense. The Commissioner (Appeals) had directed to apportion common expenses to FTR and NTR income respectively after excluding the cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

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On the direction of the Commissioner (Appeals), DCIR has revised the order dated: June 30, 2024 and reduced the demand to Rs. 5.057 million by apportioning the common expenses to FTR and NTR income respectively after excluding the cost of Sales. The Company has filed an appeal against the order of ATIR to the extent of the apportionment of common expenses to FTR and NTR incomes.

- (b) The Additional Commissioner Inland Revenue (ADCIR) vide a notice dated December 10, 2021 issued under Section 122(1) read with 122(5A) of the Income Tax Ordinance, 2001 had initiated tax proceedings to amend deemed assessment order under Section 120 of the Ordinance for the Tax Year 2016. The Company had contended the notice as no basis for initiating action under section 122(5A) is available in respect of the matter raised in the notice as no error of law has been established. Without prejudice to the legal objections raised against issuance of the said notice, the Company had submitted required details, information and supporting evidences against the observations raised by the Tax Officer.

The ADCIR in reference to the explanations furnished, passed an order on March 08, 2022 under Section 122(5A) of the Ordinance raising a demand of Rs. 7.792 million. Through the said Order, the ADCIR made following amendments to the return of Income for the Tax Year 2016:

- Apportioned all expenses to Final Tax Regime (FTR) and Normal Tax Regime (NTR) i.e. dividend income, capital gain on mutual funds and business income;
- Disallowed tax credit amounting to Rs. 3.220 million claimed under Section 65B of the Ordinance.

The Company had filed an appeal against amended order before the Commissioner (Appeals) along with application for grant of stay against recovery of the said tax demand. The Commissioner (Appeals) passed an order on June 16, 2022 under Section 129(1) of the Ordinance wherein the Commissioner (Appeals) had deleted / remanded back all issues to the Deputy Commissioner Inland Revenue (DCIR) except the issue of apportionment of common expense. The Commissioner (Appeals) directed to apportion common expenses to FTR and NTR income respectively after excluding the cost of sales.

On the direction of the Commissioner (Appeals), DCIR has revised the order dated: June 30, 2024 and reduced the demand to Rs. 0.606 million by apportioning the common expenses to FTR and NTR income respectively after excluding the cost of Sales. The Company has filed an appeal in ATIR against the order of Commissioner (Appeals) to the extent of the apportionment of common expenses to FTR and NTR incomes.

- (c) The Company had e-filed its return of income for the tax year 2018 on the web-portal of FBR on December 31, 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 was selected for audit under Section 177(1) of the Ordinance. Information Document Request (IDR) was issued on January 31, 2019 and the Company had submitted required data, information and supporting details through various letters addressed to the Deputy Commissioner Inland Revenue (DCIR). DCIR has issued a show cause notice dated June 10, 2024 and ask additional information and clarification which was replied accordingly. The DCIR has issued an order dated: June 30, 2024 and raised the demand of Rs 172.87 million. Through the said order, DCIR made following amendments to the return of income for the Tax Year 2018;
- Apportioned all expenses to Final Tax Regime (FTR) and Normal Tax Regime (NTR) i.e. dividend income and business income;
 - Disallowed tax credit amounting to Rs 3.14 million claimed under Section 65B of the Ordinance.
 - Disallowed expenses of Rs 414.84 million.
 - Disallowed initial allowance and depreciation of Rs 14.57 million.
 - Impact on Super tax due to above amendments.

The Company would file an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of DCIR and management is confident that final outcome of the case would be in favour of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
28. EARNINGS PER SHARE - Basic and Diluted			
		(Rupees in '000)	
Profit after taxation		<u>1,488,684</u>	<u>967,380</u>
		(Number of sharers)	
Weighted average number of ordinary shares	15	<u>59,255,985</u>	<u>59,255,985</u>
		(Rupees)	
Earnings per share - basic and diluted		<u>25.12</u>	<u>16.33</u>

28.1 There were no convertible dilutive potential ordinary shares in issue as at year end.

29. EMPLOYEES' RETIREMENT BENEFITS

29.1 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 2024. The projected unit credit method, using the following significant assumptions has been used for the actuarial valuations.

The gratuity scheme exposes the Company to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investments underperforming and not being sufficient to meet the liabilities. This is managed by formulating proper investment plan in consultation with investment advisors of the fund.

Risk of insufficiency of assets

This is managed by making regular contribution to the fund as advised by the actuary.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

29.1.1 Actuarial assumptions

	2024	2023
a) Discount rate	15.00%	15.75%
b) Salary Increase Rate	14.00%	14.75%
c) Interest Credit Rate	14.00%	14.75%
d) Expected return on plan assets	14.00%	14.75%
e) Mortality Rates	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
		(Rupees in '000)	
29.1.2 Amounts recognised in statement of financial position are as follows:			
Present value of defined benefit obligations	29.1.4	423,057	401,142
Fair value of plan assets	29.1.5	(423,147)	(347,790)
Liability as at 30 June		<u>(90)</u>	<u>53,352</u>
29.1.3 Movement in Net Liability Recognised			
Opening net liability		53,352	25,257
Expense recognized during the year	29.1.6	38,998	32,531
Remeasurement gain recognised in OCI		(39,568)	20,421
Contributions and benefits paid on behalf of the fund		(52,872)	(24,857)
Closing net liability		<u>(90)</u>	<u>53,352</u>
29.1.4 Movement in present value of defined benefit obligations			
Opening present value of obligation		401,142	355,242
Current service cost		17,113	16,330
Interest cost		21,885	16,201
Benefits paid		(60,197)	(30,810)
Remeasurement gain on obligation			
- Financial Assumptions		-	(24,930)
- Demographic Assumptions		-	-
Experience Adjustments		(13,234)	35,000
Income distributed among the members		56,348	34,109
Closing present value of obligation		<u>423,057</u>	<u>401,142</u>
29.1.5 Movement in the fair value of plan assets			
Opening fair value of plan assets		347,790	329,986
Expected return on plan assets		56,348	34,109
Remeasurement loss on plan assets		26,334	(10,352)
Benefits paid		(60,197)	(30,810)
Contribution by the Company		52,872	24,857
Closing fair value of plan assets		<u>423,147</u>	<u>347,790</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2024	2023
		(Rupees in '000)	
29.1.6 Expense recognised in the statement of profit or loss			
Current service cost		17,113	16,330
Net Interest cost		(34,463)	(17,908)
Income distributed among members		56,348	34,109
Cost for the year		<u>38,998</u>	<u>32,531</u>
29.1.7 Return on plan assets is as follows:			
Expected return on plan assets		<u>56,348</u>	<u>34,109</u>
29.1.8 Plan assets comprised of following:			
Regular Income Certificates (RICs)		-	33%
Pakistan Investment Bonds (PIBs)		45%	44%
Treasury Bills (T-bills)		53%	18%
Bank account and short-term deposits		2%	5%
		<u>100%</u>	<u>100%</u>

29.1.9 Deficit on the plan assets	2024	2023	2022	2021	2020
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	(423,057)	(401,142)	(355,242)	(329,649)	(350,738)
Fair value of plan assets	423,147	347,790	329,986	309,967	324,666
Deficit	<u>90</u>	<u>(53,352)</u>	<u>(25,256)</u>	<u>(19,682)</u>	<u>(26,072)</u>

29.1.10 5 years data on experience adjustments

(Gain) / loss on obligation	-	10,070	(4,270)	(8,982)	(9,121)
Loss / (gain) on plan assets	26,334	(10,352)	(3,052)	3,089	(4,196)

29.1.11 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 2024.

29.1.12 Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 40.392 million in the financial statements for the year ending June 30, 2025.

29.1.13 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	2024	2023
	(Rupees in '000)	
Present value of obligations		
Increase in discount rate by 1%	393,442	391,471
Decrease in discount rate by 1%	456,565	454,277
Increase in salary by 1%	460,458	458,150
Decrease in salary by 1%	389,212	387,261
	Number of years	
	2024	2023
Weighted average duration of the defined benefit obligations	<u>7.64</u>	<u>8.19</u>

	2024	2023
	Un-audited	Audited
	(Rupees in '000)	
Size of the trust	618,090	580,862
Cost of investment made	442,892	362,930
Percentage of the investment made	71.65%	62.48%
Fair value of investment made	442,892	362,930

29.2 Defined contribution plan

29.2.1 Breakup of investment

	2024		2023	
	Un-audited		Audited	
	Investment (Rupees in '000)	Percentage of Investment as size of the fund	Investment (Rupees in '000)	Percentage of Investment as size of the fund
Pakistan Investment Bond	125,092	62.40%	226,460	62.40%
Regular Income Certificates	-	26.73%	97,000	26.73%
Treasury Bills	317,343	10.71%	38,883	10.71%
Mutual Fund	457	0.16%	587	0.16%
	<u>442,892</u>	<u>100%</u>	<u>362,930</u>	<u>100%</u>

29.2.2 Based on the un-audited financial information of the provident and gratuity funds (the "Funds") as at 30 June 2024, investments in collective investment schemes, debt securities and listed equity securities out of the Funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

30. 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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	2024			2023		
	Chief Executive	Non-Executive Directors	Executives	Chief Executive	Non-Executive Directors	Executives
	----- (Rupees in '000)-----					
Directors' fee	-	33,760	-	-	31,520	-
Managerial remuneration, utilities, housing perquisites etc. (including bonus)	46,743	-	226,854	44,948	-	170,486
Retirement benefits	2,774	-	15,207	2,750	-	7,505
Medical	2,153	-	10,853	999	-	12,618
Total	<u>51,670</u>	<u>33,760</u>	<u>252,914</u>	<u>48,697</u>	<u>31,520</u>	<u>190,609</u>
Number of persons	<u>1</u>	<u>9</u>	<u>48</u>	<u>1</u>	<u>9</u>	<u>38</u>

- 30.1** 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.
- 30.2** The Chief Executive and certain Executives are provided with Company's maintained car. They are also provided life and health insurance coverage.
- 30.3** 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.

31. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated company, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. Transactions with related parties other than those disclosed elsewhere are as follows:

Name	Note	Nature of relationship	Nature of transaction	2024 (Rupees 000)	2023
Pakistan Security Printing Corporation (Pvt) Limited	31.1	Associated Undertaking	Sales	5,774,594	4,665,006
			Purchases	7,912	5,358
			Shared expenses charged by associate	61,846	53,360
			Dividend Paid	320,243	237,217
			Trade debt & other Payables	1,206,334	1,388,383
Summer Holdings, A.S.		Director on board of Company	Dividend Paid	65,180	59,256
			Dividend Payable	14,814	-
Industrial Development & Renovation Organisation		Director on board of Company	Dividend Payable	573,339	493,344
Ellcot Spinning Mills Limited		Common Directorship	Purchases	147,922	538
Employees Retirement Funds	31.3	Retirement benefit funds	Contribution made	81,112	50,608
Key management personnel	31.4	Related parties	Remuneration and benefits	338,344	270,826

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

- 31.1** 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.
- 31.2** 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.
- 31.3** Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes and actuarial advice.
- 31.4** 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.

	Note	2024	2023
32. PRODUCTION CAPACITY			(Tones)
Total Installed Capacity - on three shift basis		4,500	4,500
Available installed capacity - based on available three shift working days	32.1	4,453	4,452
Actual production		4,104	4,043

32.1 Actual production is in line with the customers' demand.

33. CASH GENERATED FROM OPERATIONS AND FINANCING ACTIVITIES

33.1 Cash generated from operations

Profit before taxation		2,392,158	1,543,686
Adjustments for:			
Depreciation on property, plant and equipment and ROUA	4.1.1	220,862	209,026
Amortization of Intangible assets	5 & 23	2,795	2,730
Finance costs	26	6,088	6,933
Loss on redemption of Investments in mutual funds	25	-	16,061
Provision against staff retirement benefits		39,343	34,286
Raw material written back	22	-	(1,039)
Raw material written off	22.	4,061	-
Provision for slow moving Stores, spares & loose tools	22.	644	-
Gain on disposal of operating fixed assets	24	(2,388)	(1,548)
(Gain) / loss on redemption of investments in PIB	24	(2,158)	
Dividend income on mutual fund	24	-	(1,728)
Amortization of discount on Pakistan investment bond	24	(64,533)	(18,573)
Mark-up on bank deposits and saving accounts	24	(42,975)	(106,030)
Income from reverse repo transactions	24	(350,426)	(70,003)
Mark-up on loans to employees	24	(2)	(2)
Mark-up on investments in Government securities	24	(536,245)	(469,470)
Changes in:			
- Stores, spare parts and loose tools		(88,444)	3,185
- Stock-in-trade		(84,442)	(240,285)
- Trade debts		245,358	(727,905)
- Loans, advances, deposits, prepayments and other receivables		(44,478)	27,235
- Trade and other payables		(136,065)	381,637
		<u>1,559,153</u>	<u>588,196</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

33.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities	Short-term running	Dividend payable	Total
----- (Rupees in '000) -----				
Opening balance as at 1 July 2023	35,252	8	463,894	499,381
Dividend declared	-	-	799,956	799,956
Lease obligation entered during the year	4,801	-	-	4,801
Interest accrued on lease obligation	2,144	-	-	2,144
Mark-up on running finance	-	510	-	510
	6,945	510	799,956	807,411
Payments against lease obligations	(4,696)	-	-	(4,696)
Interest payment	(2,144)	(32)	-	(2,176)
Termination of lease liabilities	(35,357)	-	-	(35,357)
Dividend paid	-	-	(712,680)	(712,680)
	(42,197)	(32)	(712,680)	(754,909)
Closing balance as at 30 June 2024	-	486	551,170	551,883

34. CASH AND CASH EQUIVALENTS

Short term investment in reverse repo transactions

Cash and bank balances

Note	2024	2023
	(Rupees in '000)	
	365,893	1,691,996
14	476,936	403,551
	842,829	2,095,547

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

35. FINANCIAL RISK MANAGEMENT

Financial risk factors and risk management framework

The Company finances its operations through short term borrowing 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 2024 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 20.23% (2023: 9.30%) 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	2024 (Rupees in '000)	2023
Investments	6 & 12	5,457,930	4,900,401
Trade debts	10	1,320,036	1,565,394
Loans, deposits, and other receivables	11	119,86	87,776
Lease deposits		-	7,648
Interest accrued	12	128,523	108,183
Bank balances	14	476,878	403,479
		<u>7,503,230</u>	<u>7,072,881</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

All the counterparties are of domestic origin. Aging of the trade debts is as under:

	2024		2023	
	Gross	Impairment	Gross	Impairment
	----- (Rupees in '000) -----			
Neither past due nor impaired	1,315,500	-	1,111,267	-
Past due but not impaired				
- 31 - 60	-	-	454,031	-
- 61 - 90	-	-	-	-
- 90 and above	4,536	-	96	-
	<u>1,320,036</u>	<u>-</u>	<u>1,565,394</u>	<u>-</u>

Based on the past experience the management believes that no impairment allowance is necessary in respect of unprovided past due amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

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	2024 (Rupees in '000)	2023
National Bank of Pakistan	PACRA	A1+	36,238	35,532
MCB Islamic Bank Limited	PACRA	A1	200	188
Bank Al Habib Limited	PACRA	A1+	438,812	360,945
Meezan Bank Limited	JCR - VIS	A1+	1,326	6,550
Khushali Microfinance Bank Limited	JCR - VIS	A-2	17	15
Habib Metropolitan Bank Limited	PACRA	A1+	145	113
Bank Al Falah Limited	PACRA	A1+	140	136
			<u>476,878</u>	<u>403,479</u>

35.1.2 The Company has provided security deposits as per the contractual term 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. 600 million to meet any deficit, if required to meet the short term liquidity commitment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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

	2024					
	Carrying amount	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	-	-	-	-	-	-
Trade and other payables	791,208	(791,208)	(662,513)	(128,695)	-	-
Accrued mark-up	486	(486)	(486)	-	-	-
Unclaimed dividend	4,762	(4,762)	(4,762)	-	-	-
Unpaid dividend	546,408	(546,408)	(546,408)	-	-	-
	1,342,864	(1,342,864)	(1,214,169)	(128,695)	-	-

	2023					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
----- (Rupees in '000) -----						
Financial Liabilities						
Liabilities against assets						
Lease liabilities	35,252	(49,533)	(3,757)	(3,756)	(22,181)	(5,558)
Trade and other payables	1,045,156	(1,045,156)	(749,997)	(110,555)	(184,604)	-
Accrued mark-up	8	(8)	(8)	-	-	-
Unpaid dividend	4,510	(4,510)	(4,510)	-	-	-
Unclaimed dividend	459,384	(459,384)	(459,384)	-	-	-
	1,544,310	(1,558,591)	(1,217,656)	(114,311)	(206,785)	(5,558)

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 is mainly exposed to currency risk on import of raw materials and fixed assets being denominated in US dollars, Euros and Great Britain Pounds.

The Company's exposure to foreign currency risk is as follows:

	2024			
	GBP	USD	Euro	Total
----- (Rupees in '000) -----				
Payable against purchase of operating fixed assets	-	-	64,560	64,560
Gross balance sheet exposure	-	-	64,560	64,560
Outstanding letters of credit	95,678	206,949	134,004	436,631
Net exposure	95,678	206,949	198,564	501,191

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	2023			
	GBP	USD	Euro	Total
	(Rupees in '000)			
Payable against purchase of operating fixed assets	-	-	66,311	66,311
Gross balance sheet exposure	-	-	66,311	66,311
Outstanding letters of credit	8,166	111,458	98,313	217,937
Net exposure	<u>8,166</u>	<u>111,458</u>	<u>164,624</u>	<u>284,248</u>

The Following significant exchange rate have been applied

	2024	2023
USD to PKR	282.90	287.10
Euro to PKR	305.97	314.27
GBP to PKR	356.21	365.40

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.

	2024	2023
	(Rupees in '000)	
Increase	3,938	4,045
Decrease	(3,938)	(4,045)

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, short term running finance, Treasury Bills and assets subject to finance lease at variable rates. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	Note	2024	2023
		Carrying Amount	
		(Rupees in '000)	
Financial Asset			
Fixed rate instruments			
Pakistan investment bonds (PIBs)		2,594,023	2,103,729
Deposits & saving accounts	14	439,285	403,312
Treasury bills	13	1,685,067	-
Reverse repo transaction		378,840	1,710,020
Variable rate instruments			
Pakistan Investment Bonds (PIBs)		800,000	1,086,652
Financial liabilities			
Variable rate instruments			
Lease liabilities	16	-	35,252

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 or loss. Therefore, a change in interest rates at the reporting date would not affect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect on profit and loss	
	100 bps increase	100 bps decrease
	(Rupees in '000)	
As at 30 June 2024		
Cash flow sensitivity - Variable rate instruments	<u>8,000</u>	<u>(8,000)</u>
As at 30 June 2023		
Cash flow sensitivity - Variable rate instruments	<u>10,514</u>	<u>(10,514)</u>

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

35.3.3 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.

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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

Note	2024							
	Fair value through profit or loss	Carrying amount Amortised cost	Other financial liabilities	Total	Fair value Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
On-balance sheet financial instruments								
Financial assets not measured at fair value								
Investments								
- Pakistan Investment Bonds	-	3,394,203	-	3,394,023	-	3,254,890	-	3,254,890
- Treasury bills	-	-	-	-	-	-	-	-
Loans, deposits and other receivables								
36.1	-	133,323	-	133,323	-	-	-	-
36.1	-	128,523	-	128,523	-	-	-	-
36.1	-	1,320,036	-	1,320,036	-	-	-	-
36.1	-	476,936	-	476,936	-	-	-	-
	-	5,452,841	-	5,452,841	-	3,254,890	-	3,254,890
Financial liabilities not measured at fair value								
Liabilities against assets								
subject to finance lease	35.2	-	-	-	-	-	-	-
Trade and other payables	35.2	-	791,208	791,208	-	-	-	-
Mark-up accrued	35.2	-	486	486	-	-	-	-
Unpaid dividend	35.2	-	546,408	546,408	-	-	-	-
Unclaimed dividend	35.2	-	4,762	4,762	-	-	-	-
	-	-	1,342,864	1,342,864	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

	Note	2023							
		Carrying amount			Total	Fair value			
		Fair value through profit or loss	Amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----									
On-balance sheet financial instruments									
Financial assets measured at fair value									
Investments									
- Units of mutual		-	-	-	-	-	-	-	
Financial assets not measured at fair value									
Investments									
- Pakistan Investment Bonds		-	3,190,381	-	3,190,381	-	3,300,522	-	3,300,522
- Treasury bills		-		-		-		-	
Loans, deposits and other receivables	36.1	-	87,776	-	87,776	-		-	
Markup accrued	36.1	-	108,183	-	108,183	-		-	
Trade debts	36.1	-	1,565,394	-	1,565,394	-		-	
Bank balances	36.1	-	403,551	-	403,551	-		-	
		-	5,355,285	-	5,355,285	-	3,300,522	-	3,300,522
Financial liabilities not measured at fair value									
Liabilities against assets subject to finance lease	35.2	-	-	35,252	35,252	-		-	
Trade and other payables	35.2	-	-	1,045,156	1,045,156	-		-	
Mark-up accrued	35.2	-	-			-		-	
Short term borrowings	35.2	-	-			-		-	
Unpaid dividend	35.2	-	-	459,384	459,384	-		-	
Unclaimed dividend	35.2	-	-	4,510	4,510	-		-	
		-	-	1,544,302	1,544,302	-		-	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

36.1 The Company has not disclosed the fair value for some financial assets and financial liabilities, as these are either short term in nature or are repriced 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 banknote paper represents 78.98% (2023: 80.51%) of the total revenue of the Company.

37.2 All the sales of the Company are made to customers located in Pakistan.

37.3 All non-current assets of the Company at 30 June 2024 are located in Pakistan.

37.4 One customer (PSPC) of the Company accounts for 78.98% (2023: 80.51%) of total revenue of the Company for the year.

38. NUMBER OF EMPLOYEES

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

	Note	2024	2023
		(Numbers)	
At year end		280	294
Average employees during the year		288	299
Factory employees		202	209

39. DIVIDEND AND APPROPRIATIONS

The Board of Directors in their meeting held on July 30, 2024 have proposed a final cash dividend of Rs.10.00 per share amounting to Rs. 592.559 million (2023: Rs.11 per share amounting to Rs. 651,816 million) for approval of the members at the Annual General Meeting to be held on September 25, 2024 and approved the transfer of Rs. 788.77 million from unappropriated profits to general reserves (2023: Rs. 295.144 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 ended 30 June 2025.

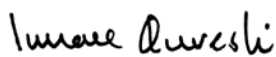
40. GENERAL

40.1 Corresponding figures

Corresponding figures have been rearranged and reclassified wherever necessary for better presentation. No significant reclassifications have been made to the corresponding figures during the current year.

40.2 Date of authorisation

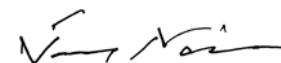
These financial statements were authorised for issue on July 30, 2024 by the Board of Directors of the Company.



Imran Qureshi
Chief Executive Officer



Mudassir Ali Khan
Chief Financial Officer



Jamal Nasim
Director





Future Outlook

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FUTURE OUTLOOK

Forward looking statement

Looking ahead to FY 2024-25, Security Papers Limited is well positioned for the future. Our financial foundation is strong, as are the principles and core values that guide our actions. We are confident in our commercial strategies and our ability to drive significant improvements across our entire system. Given our strategic customer relationships, talented teams, world-class assets and market expertise, we are committed to maximizing long-term value for all our stakeholders, and we intend to deliver high quality paper.

Security Papers Limited (SPL) always ensures to deliver high quality security paper to its customers including Pakistan Security Printing Corporation (Pvt) Limited, Election Commission of Pakistan, National Security Printing Company (Pvt) Limited and others. Being a sole security paper manufacturer in the country, SPL always invest in upgradation of its state-of-the-art production facility. Recent announcement by State Bank of Pakistan (SBP) to introduce new banknote series with enhanced security features, the management of the SPL commenced a plant modification project to equip the Company to fulfil the future requirements of SBP in line with the international trends.

Besides, SBP regularly inject fresh notes in the market as per its Clean Note policy, the introduction of new banknote series with enhanced security features is expected to create good demand for banknote papers.

External environment

The Company conducts PESTLE (Political, Economic, Socio-Cultural, Technological, Legal and Environmental) analysis that describes a framework of macro-environmental factors such as inflation, political instability, obsolescence of production facilities, applicable laws and regulations for environmental stability.

The Company closely monitors the changing environment and assess the impacts of those changes which may have impact on Company's operation. Management takes timely steps to avoid adverse impact on the Company's operations. The Company monitors different factors including price fluctuations in prices of major raw materials and undertakes effective inventory management and cost reduction initiatives to control cost.

The Company continually upgrade its production facilities to avoid obsolescence or production break down.

Company performance against forward looking disclosures made last year

The financial year ended June 30, 2024 is another year marred with high inflation resulting rising cost of utilities and raw materials. The Company has produced and delivered marginally higher quantities as compared to last year. However, better price negotiations with the customers resulted in highest ever revenues.

FUTURE OUTLOOK

Status of the projects disclosed in the previous year

A number of new projects were initiated last year in order to achieve sustainable growth and upgrade the plant in accordance with the strategic goals of the Company. Out of these projects Company has completed upgradation Surface Inspection system at sheeter machine, upgradation of Distribution Control And automatic voltage regulators project whereas projects of renewable energy, capacity enhancement of waste water Re-cycling plant, dual fired burner for boiler and new RO plants are in advance stages of completion.

During the year the Company initiated project to upgrade CNC machine and Surface inspection at Machine House which are expected to be completed during the next financial year.

Sources of information used for projections

The Company prepares long term Strategic Business Plan, Annual Budget and Profit Forecasts to enable it to look forward and take appropriate steps to deal with future uncertainties and changes and to manage its business more effectively. The sources of information used for projections comprise of historical data, internal records and databases for making projections / forecasts which are adopted as formal plans for the Company after the Board's approval.

Challenges and Uncertainties

The forward-looking statement only demonstrate the expectation of the Company considering current market situation, the actual outcomes may differ substantially. However, We are determined to be the efficient and cost-effective high quality security paper manufacturer.





Sustainability and Corporate Social Responsibility

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Sustainable Governance

Principal Activity

Production of security papers for Bank Notes, security substrates and paper for other security documents such as NJ Stamp Papers, Passport, University Degrees, Parchment paper, Child Registration Certificates/Family Registration Certificates papers and Ballot Papers

Corporate Governance

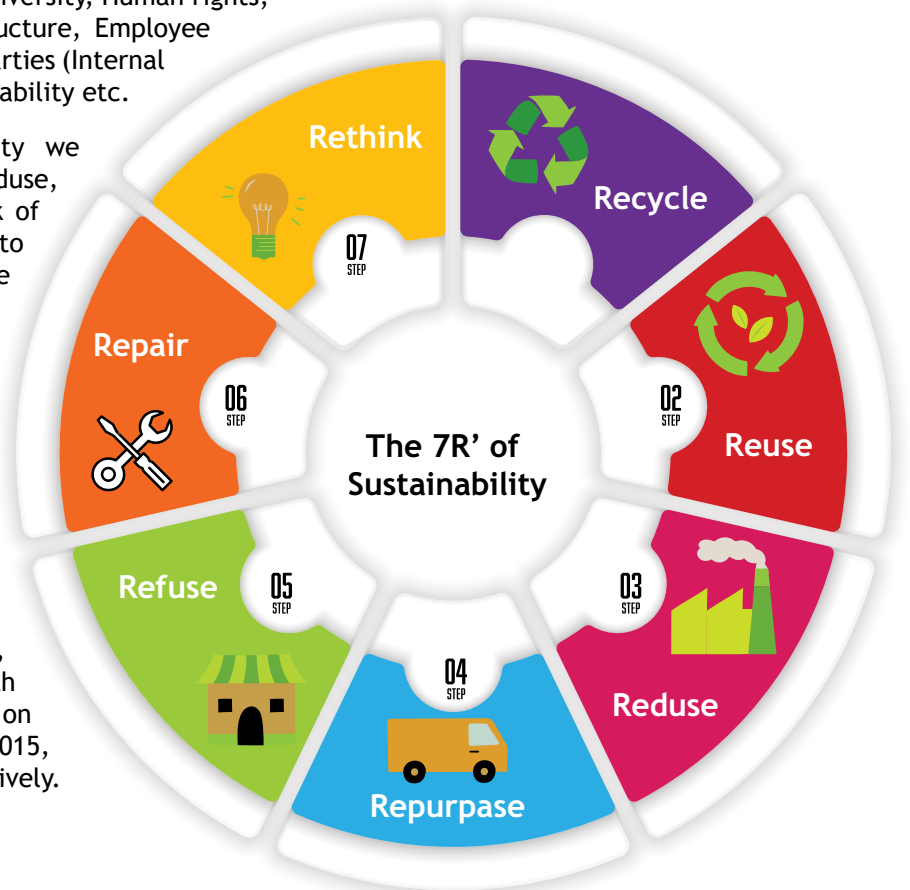
Sustainable Development

Environment, Social and Governance (ESG)

The Company has strategic nature of operations as its products are of highest national importance. Therefore, the security of Products, its production facilities and human capital is of prime concern for the management. For sustainable business growth and to evaluate the extent to which an organization works on behalf of social goals that is beyond maximize profits for the shareholders, and include factors identified in Organization Context like Diversity, Human rights, Consumer protection, Management structure, Employee relations, relations with all interested parties (Internal & External) ,Climate change and sustainability etc.

To extend the scope of Sustainability we believe in 7 R's Recycle, Reuse, Reduse, Repurpose, Refuse, Repair, and Rethink of Sustainability the models necessary to ensure the survival of the human race and planet Earth, which includes ways to slow or reverse pollution, conserve natural resources and protect our environment, and contribute to comply the priority issues incorporated in Pakistan National Climate Resilience and Adaptation Plan 2023-2030 at our level.

The company has established a comprehensive Integrated Management System which comprises of Quality, Environment and Occupational Health & Safety Management Systems based on International Standards of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 respectively.



Additional Certification

Certification of ISO/IEC 27001:2013: INFORMATION SECURITY MANAGEMENT SYSTEM (ISMS)

Company has been certified of ISO/IEC 27001:2013: Information Security Management System (ISMS) very first time for next 3 years. The certification is valid from Dec 19, 2022 to Oct 31, 2025 by certification body SGS (Private) Limited Pakistan.

Business Need

To meet the business objectives of SPL and growing cybersecurity concerns in Pakistan, SPL Management has kicked-off the ISO/IEC 27001 Information Security Management System (ISMS) Certification Project which could be beneficial to improve Information Security practices and provide assurance to all interested parties of SPL that adequate Information Security practices and controls are in place to ensure Information Security of Information Systems under the jurisdiction of IT Department.

To maintain all certifications, successful Re-certification Audits of Quality Management System (QMS) and Environment Management Systems (EMS) have been conducted on March 11 & 12, 2024. In addition, successful 2nd surveillance audit for Occupational Health and Safety Management Systems, was also conducted by SGS Pakistan (Pvt.) Ltd. in Jan 24, 2024.

Quality Management System (ISO 9001:2015)

Maintaining ISO certification is a proof of the sustainability of achievements accomplished for the quality Products & Services being provided to our customers as well as adopting of best international practices and procedures with respect to the Quality Management Systems and established Contexts of Organization to fulfill the needs and expectation of internal as well as external Interested Parties.

Customers' Feedback is obtained from all key customers periodically and corrective and preventive actions are taken accordingly to exceed customers' expectations. Customers complaints are processed through well-defined Standard Operating Procedures-SOPs.

Certificate PK06/00813

The management system of

Security Papers Limited

Jinnah Avenue, Malir Halt, Karachi, Pakistan.

has been assessed and certified as meeting the requirements of
ISO 9001:2015

For the following activities

Production of Security Papers for Bank Notes, Security Substrates and Paper for Other Security Documents such as NJ Stamp Papers, Passport, University Degrees, Parchment Paper, Child Registration Certificates / Family Registration Certificates Papers and Ballot Papers.

This certificate is valid from 03 April 2024 until 03 April 2027 and remains valid subject to satisfactory surveillance audits.
Issue 4. Certified since 03 April 2006

Jonathan H. Hall

Authorised by
Jonathan Hall
Global Head - Certification
Services

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Environment Excellence Award

The National Forum for Environment & Health - NFEH conferred the 21ST Annual Environmental Excellence Award FY 2023-24 to Security Papers Limited. The award was given in recognition of the Company's vision and its effective implementation of Environment Management System and Policies after thorough assessment of its submitted documents and testimonials by the distinguished NFEH Panel of Jury through a unanimous decision.

The Company also received the 11th, 15th, 16th, 17th, 18th, 20th, and 21st Annual Environment Excellence Awards in 2014, 2018, 2019, 2020, 2021, 2023 and 2024 respectively



The Environment Management System (ISO 14001:2015)

The Environment Management System (ISO 14001:2015) integrates procedure and processes for training of personnel, monitoring, summarizing, and reporting of specialized environmental performance data and information to internal and external Interested parties, we have implemented environmental programs in a comprehensive, systematic, planned manners which are well documented. The organization is also fully concerned regarding 7Rs (Recycle, Reuse, Reduce, Repurpose, Refuse, Repair & Rethink) 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 environment system processes by hiring services Competent SEPA (Sindh environment Protection Agency) certified environmental consultant which resulted in effective monitoring the environmental parameters such as stack emissions and liquid effluent quality to comply with legal compliances. **The Sindh Environmental Protection Act, 2014, and SMART Rule 2014** are fully in place.

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

It's a prime objective in our organization to have a healthy workforce with minimum of Occupational injuries and diseases. We strive to promote and protect physical and mental health. Occupational Health and Safety Management System (OHSMS) is a fundamental part of our organization's risk management strategy. Implementing OHSMS enabled us to:

- Protect our workforce and others under our control
- Comply with legal requirements
- Facilitate continual improvement

HSE & Sustainability trainings have also been earmarked into the training calendar for FY 2023-24. A series of Awareness Sessions on OH&S, Environment and Sustainability such as Managing Safely at work place, How to conduct Tool Box Talk Firefighting, Healthcare Policy Awareness, Implementation of 5S methodology to improve Housekeeping, waste and hygiene control, ISO Management Systems, Work life balance, Fire protection facilitator, Professional Safety Practitioner, besides that, technical trainings, job hazard analysis, sessions etc. were also arranged through both internal and external reputable trainers/facilitators. Over 989 training man-hours out of a total of (1225) man-hours (approx. 80.73 %) were allocated to OHSE and Sustainability related training courses that were attended by over 443 employees.

The Sindh Occupational Safety and Health Act, 2017 is also fully in place.



The performance of Occupational Health and Safety Management System (OHSMS) is verified through periodic surveillance audits of external certification body such as SGS Pakistan Limited

High quality personal protective equipment have 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 & Control is regularly carried out by the Health and Safety Surveillance Committee (HSSC).

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 Management System were conducted to emphasize on the importance of these issues.

Business Continuity Plan

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

The core objectives of Business Continuity Plan (BCP), in case of any occurrence of catastrophe caused by fire, natural disasters, utility / power failure, hazardous chemical spill, civil strife, sabotage or an act of war for SPL, includes:

- Protection of human lives and safety of all personnel;
- Prevention of business disruptions;
- Minimization of economic losses resulting from a business disruption.
- Documentation of the steps necessary to recover from the loss of critical facility and infrastructure resources;
- Identification of key individuals responsible for the specific activities of the restoration;
- Identification of alternate resources for reducing dependence on specific individuals or groups;
- Restoration of critical business functions within agreed period following an event.



Information Technology

The IT department has been playing a vital role in the success of SPL business by seamlessly handling all the technological issues and with the implementation of IT governance and compliance. IT assists the operational units by providing them the functionality they need and committed to provide the following IT services and facilities with 99.9 % uptime to their more than 175 users:•

Domain based infrastructure

- Email and Internet services
- Centralized Endpoint Security
- Oracle based database applications
- Filer Services
- File Management System for Document archiving
- On-site and off-site Encrypted Data Backups
- Cybersecurity and Firewall
- Provide trainings on different IT areas / services and topics in order to improve user's awareness, confidence, satisfaction, morale and performance etc. which helps greatly for their advancement as well

IT Data Center and Disaster Recovery site, is greatly contributing in providing the above-mentioned services.

In order to keep our partners, stakeholders and rest of the world updated, the IT department has also developed and managed a company website using the latest version of MySQL, PHP and WordPress (content management system). The website fulfills all the company requirements and is also SECP compliant.

The IT department also schedules, organizes, and records online Board and other Committee meetings by taking all the participants on board with the help of video conferencing Software(s) (Zoom and Google Meet).

Certification of ISO 27001:2013: Management System

ISO/IEC 27001:2013: Information Security Management System

SPL is ISO 27001 certified. Getting compliant with ISO 27001 demonstrates to relevant stakeholders / existing / potential customers that the company has got a vigorous Information system in place and is constantly working to protect all its information. The ISO/IEC 27001 standard provides a framework for an organization's Information Security Management System (ISMS).

Certificate PK22/00000250

The management system of

Security Papers Limited

Jinnah Avenue, Malir Halt, Karachi, Pakistan.

has been assessed and certified as meeting the requirements of
ISO/IEC 27001:2013

For the following activities

ISMS is applicable to IT Services to Internal Employees / Customers, which Includes Server and Data Center Management, Applications Development, Web Site Management, IT Help Desk, IT Operations, Security of Information Systems, Emails and Network Infrastructure, as per statement of applicability version 03, dated: 01st June 2022.

This certificate is valid from 19 December 2022 until 31 October 2025 and remains valid subject to satisfactory surveillance audits.

Issue 1. Certified since 19 December 2022

Jonathan M. Hall

Authorised by
Jonathan Hall
Global Head - Certification Services

SGS United Kingdom Ltd
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Policies and Procedures

To comply ISO/IEC 27001 Certification requirements, SPL IT Department has written and developed several Information Security Policies such as Information Security, Access Management, Clear Desk & Clear Screen, Mobile Device, Information Asset Management, Information Security Policy for Supplier Relationship, Change Management, IT Purchasing and Life Cycle Management and Information Risk Management System etc.

Corporate Social Responsibility (CSR)

With the aim to contribute to societal goals of a philanthropic, or charitable nature by engaging in or supporting volunteering or ethically oriented practices, Security Papers Limited (SPL) contributed meaningfully to the society, environment, and national causes by creating opportunities for its 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 which complements its core business strategy and corporate values.

The Company is committed to manage the social, environmental and economic effects of its operations responsibly and in line with public expectations. SPL continue to look forward to support and invest in the communities in which it operates through a variety of CSR initiatives. During the year under review, the Company 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 the head of SDGs 17 i-e (Partnership for Goals)

Housekeeping Management System

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 in last three years were 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 team conducts comprehensive 5S Audit of each of the 19 blocks and assign scores while simultaneously also identifying areas for improvement.



SUSTAINABILITY IS OUR OBSESSION

Sustainability Report FY 2023-24 SUSTAINABILITY PERFORMANCE 2023-24 HIGHLIGHTS

Description	Remarks
Process loss	3.19 % Decreased
Awards	<p>20th Annual Environment Excellence Award (AEEA-2023) by NFEH 2023,</p> <p>Best Corporate Report Award</p> <p>SPL secured 3rd position in the Best Corporate Report Award for the year 2022 by country's two leading professional accounting organizations the Institute of Cost and Management Accountants of Pakistan (ICMAP) and the Institute of Chartered Accountants Pakistan (ICAP).</p> <p>Best Sustainability Report Award</p> <p>SPL was ranked 3rd position in the Best Sustainability Report Award 2022 that was conferred by the joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Cost and Management Accountants of Pakistan (ICMAP).</p>
Enhanced efficiency in power generation	<p>Automatic voltage Regulator project has been completed to mitigate power waste with the cost of PKR 7.33 million.</p> <p>In addition, new project for upgradation of PM2 DCS Drives has also been completed with the cost of PKR 10.2 million</p>
Zero Lost Time Injury Case as compared to last year I-e 2022-23	<p>Very First Time SPL achieved 1000 Lost Time Injury (LTI) Free days which is still continued, this was achieved because of strict vigilance and appropriate Controls along with awareness training sessions such as Tool Box Talk</p>

SUSTAINABILITY FRAMEWORK & STRATEGY

Sustainability Framework

In the changing world, our business relies upon Social, Ecological, and Relational inclusiveness, manufactured, and natural capital to provide the people relationships and resources without which financial capital is meaningless. Businesses who strive continually to produce world-class high-quality products through investments in innovative technology while taking care of Occupational Health, safety, and environmental impacts on our all interested parties which have been identified in Organization Context including community and society remain sustainable following that 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 including materiality assessment.

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 Interested Parties 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.

The Sustainability Roadmap is subdivided into four fields of action for SPL: “**Sustainable Management,**” “**Customers and Products,**” “**Environment and Energy,**” and “**Employees and Society.**” It allows the assessment of the state of the implementation of sustainability-related activities and shows the effects that the company’s goals are having in fulfilling the Sustainable Development Goals (SDGs) of the United Nations. The Sustainability Roadmap is annually evaluated and adjusted or expanded.

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

- Providing highest level of satisfaction to our customers and other Interested Parties through manufacturing of high-quality products in align with established Context of Organization
 - Mitigating/Adapting all types of risks through creation of framework such as Enterprise & Climate Risk Management and Business Continuity Planning (BCP).
 - Fostering continual improvement through use of tools Risk Assessment and Controls, SWOT analysis and Preventive and Predictive Maintenance.
 - Motivating, engaging, and developing employees through coaching, mentoring, on-job trainings, job rotations, and project assignments ultimately resulting in higher productivity and retention as per vision 2025 following are the key element of our sustainability strategy:
1. **Fiber Source:** (Creating systems in identifying issues in the value chain through strengthening relationships with our suppliers ultimately resulting in procurement of high-quality raw materials)
 2. **Conservation of biodiversity:** Conservation of biodiversity is considered as key component for administration of natural assets. Conservation of biodiversity in natural heritage sites including sacred groves, protected areas and other biodiversity ‘hotspots’ is crucial for maintaining the resilience of ecosystems.
 3. **Human rights and indigenous/Common people:** protection of indigenous peoples’ rights to their collective biocultural heritage as a whole, including traditional knowledge and resources, territories, and cultural and spiritual values and customary laws.
 4. **Climate change:** We provide immediate assistance and long support during natural disasters when people are forced to evacuate and/or their homes are destroyed leaving them in need of shelter, food, or water.
 5. **Emissions control:** Society has to find ways and means to reduce the emission of greenhouse gases, mainly carbon dioxide, to prevent global warming when considering inter-generational equity with respect to environmental quality. Our aim of the carbon dioxide emission control is to keep the level of carbon dioxide below a certain threshold level.
 6. **Water Management:** The 6th SDG of sustainable development is to ensure availability and sustainable management of water and sanitation for all. Achieve universal and equitable access to safe and affordable drinking water for all. Improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

SUSTAINABILITY FRAMEWORK & STRATEGY

7. **Solid waste management:** Sustainable waste management is a key concept of the circular economy and offers many opportunities: Waste hierarchy, referring to the “7Rs rule { Recycle, reuse reduce reparpus, refuse, repair, rething} waste prevention and minimization being the most desirable goal.
8. **Employee welfare:** Motivating, engaging, and developing employees through coaching, mentoring, on-job trainings, job rotations, and project assignments ultimately resulting in higher productivity and retention. We support cancer patients who are unable to pay for medical treatments, copayments, or after care assistance that may not be covered by their insurance.
9. **Reforestation:** Tree planting has become a ubiquitous feature of the environmental zeitgeist, tree-planting that will helping to reverse decades of deforestation, drought and land degradation.

Structure and Operations of the Sustainability Processes at SPL



SUSTAINABILITY FRAMEWORK & STRATEGY

SUSTAINABILITY COUNCIL

For assistance on strategic topics of sustainability and societal responsibility, the SPL Management appointed a Sustainability Council in September 2021 (comprising of senior Management team). To assist the Board of Directors in fulfilling its responsibility to keep its Interested Parties abreast in context to the creation of Sustainability framework and implementation of the best sustainability practices of the organization.

The council acts independently, are not bound by instructions and have rights of information, consultation and initiative. The Council meets regularly with the Management as well as the employee representatives, and also exchanged perspectives with the Integrated Management System (IMS) team. The Council advises the company and makes recommendations as to what steps it considers necessary to become a provider of sustainable development.

Performance against the Sustainability Objectives of the last FY 2023-24 are analyzed in depth. All deviations/ Incompliances against the set targets were reviewed. For unfavorable deviations/ Incompliances, justifications/ rationale shared by the concerned departmental heads were deliberated and targets for the current FY 2024-25 are also 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/PP&C)
Members	-	Executive Committee Members

Scope

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

Key Responsibilities of the Sustainability Council:

- To identify priority resources and material issues across our value chain.
- To identify key Interested Parties, determine approach and frequency of engagement according to their needs and expectations, and the mechanism to address issues and concerns raised by the Interested Parties.
- 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 Interested Parties 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.

EXTRACT OF PAKISTAN NATIONAL CLIMATE RESILIENCE AND ADAPTATION PLAN 2023-2030 (NAP)

As a guiding document, NAP emphasizes the following eight vulnerable sectors:

1. Water Resources
2. Agriculture and Livestock
3. Forestry
4. Human Health
5. Biodiversity and other Living Ecosystems
6. Disaster Preparedness
7. Urban Resilience and
8. Gender

Priority # 1

04 Quality Education 	02 Zero Hunger 	03 Good Health and Well-Being 	06 Clean water and Sanitation 	07 Affordable and Clean Energy 	16 Peace, Justice and Strong Institutions 
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Priority # 2

17 Partnerships for the goals 	11 Sustainable Cities and Communities 	10 reduced inequalities 	09 Industry, innovation and infrastructure 	05 Gender Equality 	08 Decent work and economic growth 	01 No Poverty 
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Priority # 3

12 Responsible Consumption and Production 	13 Climate Action 	14 Life Below Water 	15 Life on Land 
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INTERNATIONAL ENVIRONMENTAL COMMITMENTS AND OBLIGATIONS

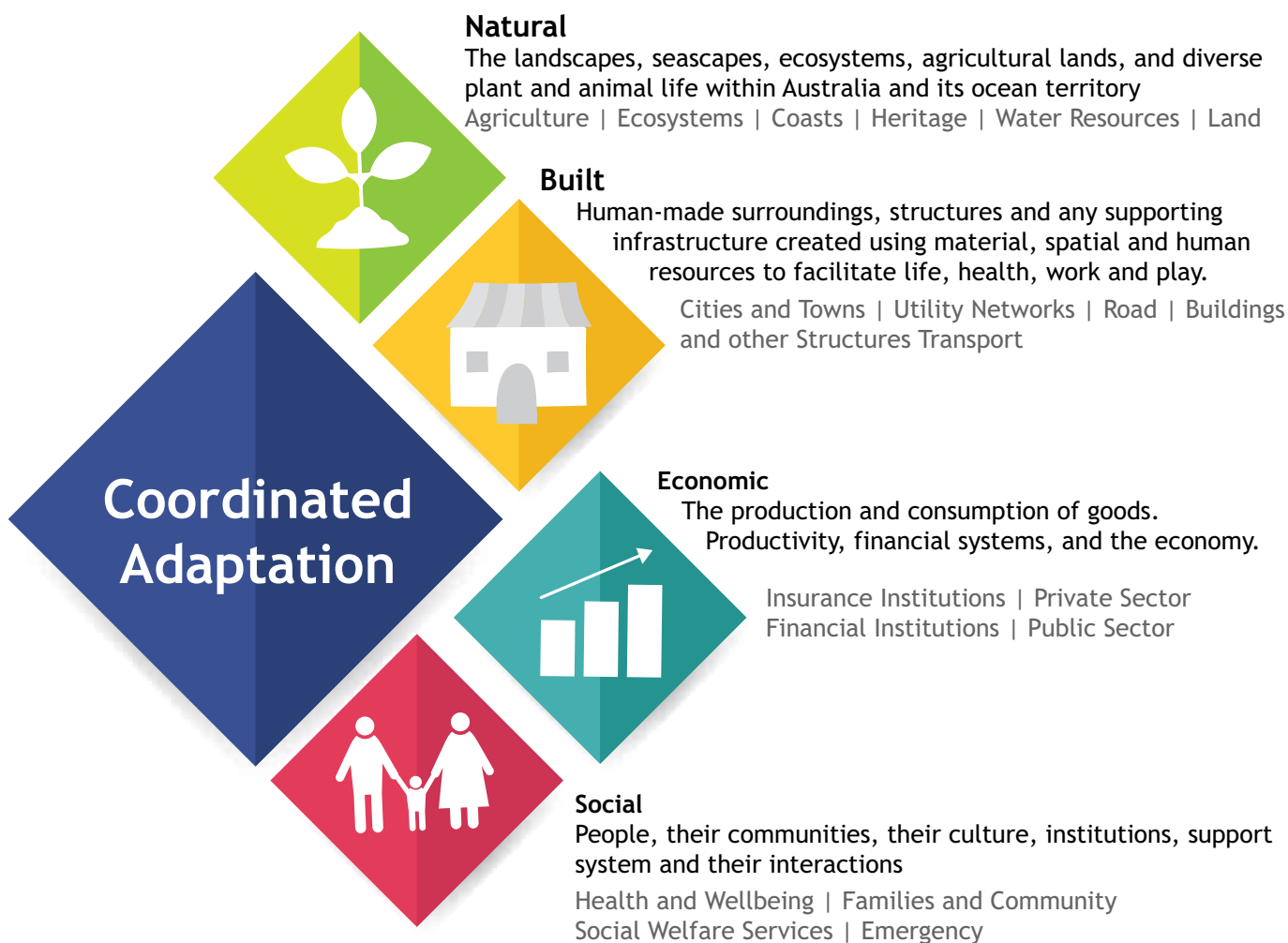
Pakistan is a party to the United Nations Framework Convention on Climate Change (UNFCCC) which aims to achieve the “stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic [human induced] interference with the climate system”. Pakistan has also ratified the Paris Climate Agreement in 2015. Pakistan has also successfully submitted its updated NDCs to UNFCCC in 2021 with a commitment to reduce its projected emissions by 50%.

Pakistan has signed 15 international conventions and protocols concerning environmental protection and preservation. Pakistan has also adopted the Methane Pledge led by the USA and joined by over 100 countries including Pakistan. The methane pledge aims at reducing the emission of methane by 30% by 2030 using the carbon offset and its trading in the global carbon trading market.

FOUR DOMAINS CO-DESIGNED SOLUTIONS

SECTORAL IMPACTS AND ADAPTATION NEEDS:

National Adaptation Plan is addressing issues in various sectors such as water, agriculture, forestry, coastal areas, biodiversity, and other vulnerable ecosystems. Pakistan is working on a plan that seeks to conserve energy, improve energy efficiency and optimize fuel mix to support global efforts for a reduction in GHG emissions, but the more immediate and pressing task is to prepare itself for adaptation to climate change. Only by devising and implementing appropriate adaptation measures, preferably nature-based solutions at national and local levels, it will be possible to ensure water, food, and energy security for the country as well as to minimize the impacts of natural disasters on



ADAPTATION STRATEGY AND ACTION PLAN

DETAILED BREAKUP OF THE ADAPTATION STRATEGIES AND ACTIONS IS AS UNDER;

i) WATER MANAGEMENT

- Ensure water conservation at all levels, reduce irrigation system losses and provide incentives for the adoption of more efficient irrigation techniques
- Introduce local rainwater harvesting measures
- Ensure that, in making water allocations (within gross national availability) to various sectors in the medium term to long-term, due consideration is given to changes in sectoral demands caused by climate change
- Protect groundwater through the management and technical measures such as regulatory frameworks, water licensing, slow action dams, artificial recharge especially for threatened aquifers, and adoption of integrated water resource management concepts
- Ensure the recycling of wastewater through proper treatment and its reuse, for example in agriculture, artificial wetlands and groundwater recharge.
- Water Quality; Protect and preserve water catchment areas and reservoirs against degradation, silting and irrigation system contamination.
- Encourage active participation of farmers in water management along with line departments by accelerating the implementation of participatory irrigation management reforms.
- Ensure water distribution among provinces as far as possible following crop sowing timings.
- Develop contingency plans for short-term measures to adapt to water shortages that could help mitigate drought.
- Enact and enforce laws and regulations required for efficient water resource management and a groundwater regulatory framework.
- Legislate and enforce industrial and domestic management practices to protect the environment, in particular water resources, from further degradation.
- Develop and extend water-efficient technologies and techniques for seawater utilization, water recycling and avoiding wasteful use of domestic and drinking water.
- Promote public awareness campaigns to underscore the importance of conservation and sustainable use of water resources in partnership with all stakeholders.

ii) DISASTER PREPAREDNESS

Climate change indicators and impacts related to the disaster sector

- Develop disaster management institutions, mechanisms and capacities that are capable of addressing multiple hazards and raising the resilience, efficiency and effectiveness of the whole system as outlined in National DRR Policy-2013.
- Developing hazard zoning and mitigation strategies through management, formulation and enforcement of regulations and laws
- Improving awareness of issues related to mitigation of climate change-induced disasters through public participation.
- Ensure community participation in early warning dissemination and disaster risk reduction activities, particularly in developing evacuation plans and
- Strengthen early warning systems and develop communities' evacuation plans for vulnerable coastal and other areas against cyclones and sea storms
- Ensure that infrastructure, including telecommunication, power, utilities and transport are resilient to the impact of climate change, particularly to extreme weather events.

iii) HUMAN HEALTH

- Assess the health vulnerabilities of communities in areas most likely to be affected by the adverse impact of climate change, and build their capacities to reduce these vulnerabilities
- Ensure that appropriate measures to address health-related climate change issues are incorporated into national health plans
- Inform, sensitize, educate and train health personnel and the public about climate change related health issues.

- Ensure that preventive measures and resources such as vaccines, good quality medication and clean drinking water are available to the general public easily and cost-effectively, particularly during climate-related extreme events
- Prioritize climate-related risks based on the assessment and identifying technology and infrastructure options to improve resilience in the Water, Sanitation and Hygiene (WASH) sector

iv) FORESTRY

- Addressing the essential knowledge gap about climate change's impact on Pakistan's forests through research on forest adaptation.
- Taking appropriate measures to adapt to the projected adverse impacts of climate change and increase the ecological resilience of forest ecosystems.
- Promoting best practices of Sustainable Forest Management (SFM) via setting appropriate Criteria and Indicators (C&I) to ensure the social and environmental values and services from forests.
- Raising awareness among the general public, and forest communities and enhancing the capacities of forest professionals in forestry and climate change adaptation
- Enhancing Adaptive Capacity

v) BIODIVERSITY & OTHER LIVING ECOSYSTEMS

- Strengthening institutions and implementing the existing measures taken so far to enhance biodiversity conservation in Pakistan.
- Promoting and conducting the latest research in the field of biodiversity with its relevance to the effects of climate change to fill the knowledge gap between policy and practice
- Enhancing capacities of the existing and yet-to-be-established monitoring centers at national and provincial levels
- Ensure building vegetative barriers for safeguarding against sand storms near human habitats.
- Undertake development of drought-resistant shrubs, fodder crops and grasses for pastures and oases for livestock.

vi) COASTAL AND MARINE ECOSYSTEMS

- Building natural plantation barriers along coastal areas to control sand and soil erosion and to minimize the disastrous impacts of cyclones and tsunamis.
- Reduce and control solid and liquid waste disposal in the bay areas.
- Maintain marine ecosystems and fish habitats for a healthy fisheries sector

vii) WETLANDS

- Researching the causes of depletion of wetlands' ecosystem in Pakistan.
- Supplying the necessary contribution to the wetlands by efficient management of the resources.

viii) GENDER

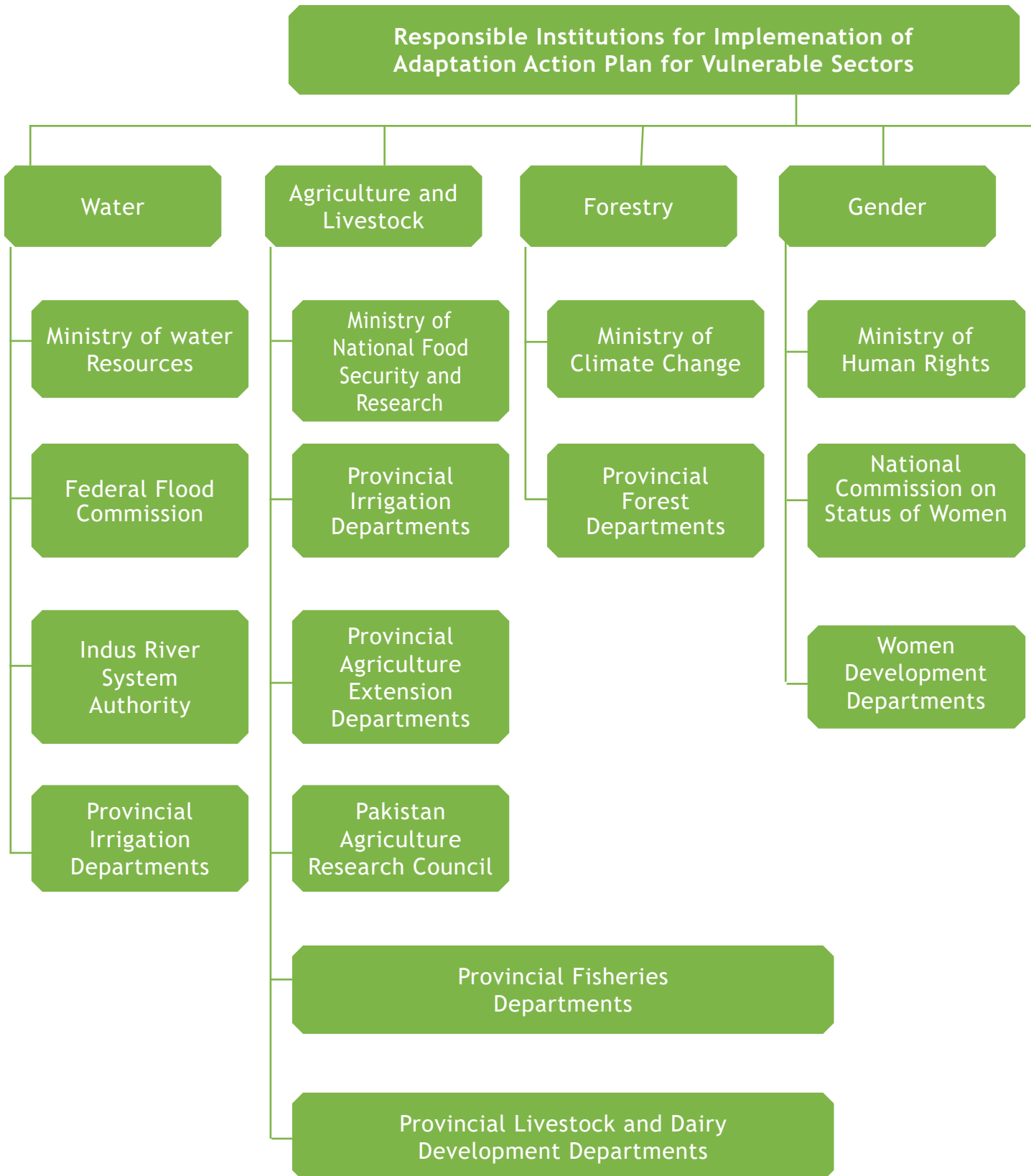
- Take steps to reduce the vulnerability of women to climate change impacts, particularly concerning their critical roles in rural areas in providing water, food, energy, and in livestock management;
- Develop gender-sensitive criteria and indicators related to adaptation and vulnerability, as gender differences in this area, are most crucial and most visible;
- Develop climate change adaptation measures on local and indigenous knowledge particularly held by women;
- Include gender-responsive budgets and resource allocation in all projects and programs;
- Provide enabling opportunities for youth to play a role in climate action

ix) URBAN RESILIENCE

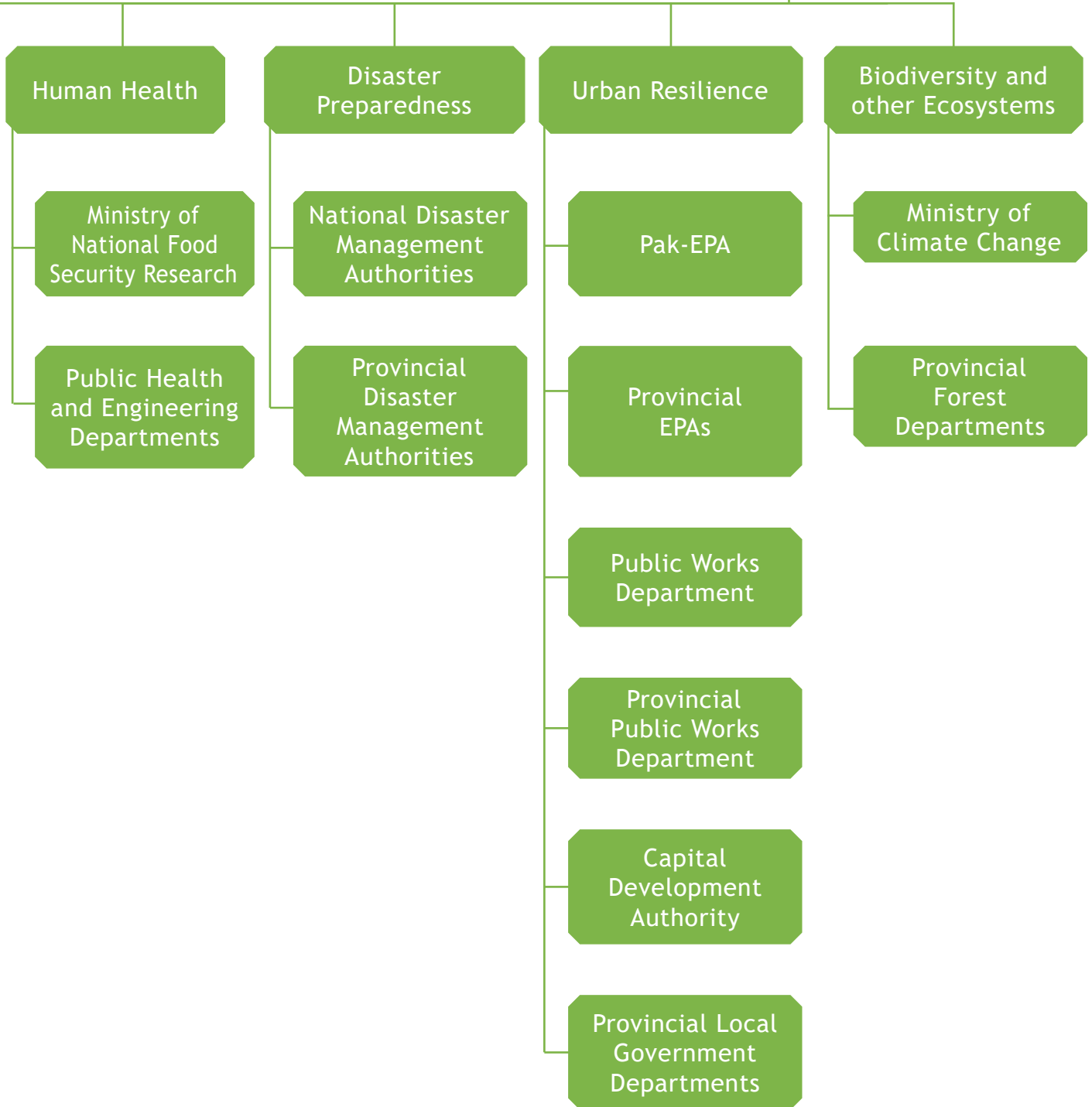
Building a Climate-Resilient City

- Incorporate climate-resilient urban planning into the city master plan and devise climate-resilient plans for urban areas
- Address energy efficiency
- Deliver city-specific baseline data on social, economic and ecological indicators and variables that help address the impacts of climate change, in a transparent and public-friendly manner, with a particular focus on:

CAPACITY NEEDS FOR IMPLEMENTATION OF ADAPTATION PLAN



Provincial Livestock and Dairy Development Departments



NATIONAL CLEAN AIR POLICY (NCAP)

EXECUTIVE SUMMARY

Pakistan is currently facing a very serious level of air pollution with some urban areas reaching hazardous pollution levels across the year. In 2019, Lahore's ambient Particulate Matter (PM_{2.5}) concentrations were as high as 123 µg m⁻³, 24 times higher than the World Health Organization (WHO) Air Quality Guideline. Besides Short-Lived Climate Pollutants (SLCPs) air pollution also includes black carbon and tropospheric ozone, and Greenhouse Gas (GHG) emissions. Reducing these will have significant co-benefits while supporting achievement of the climate change objective as outlined under the National Climate Change Policy (NCCP) 2021. The National Clean Air Policy (NCAP) aims to provide a framework for improving air quality in Pakistan. The NCAP is a national document and therefore focuses on actions at the national scale that can achieve improvements in air quality. However, the provinces of Pakistan have a crucial role in implementing measures to improve air quality within their areas of responsibility. The NCAP includes three core components, taken together, can allow key institutions at national and provincial levels to understand the air quality status and identify, evaluate, implement and monitor mitigation actions to reduce air pollution. Pakistan's first National Inventory for Short-Lived Climate Pollutants (SLCP) compiled in 2022 identifies the following priority actions:

- Improved vehicle inspection and maintenance
- Upgradation of fuel quality standards to Euro-5 or Euro-6
- Enhanced introduction of two/three-wheeler electric vehicles
- Development and improvement of mass transit systems
- Improved traffic management planning
- Promote low carbon fuel efficient infrastructure and technology within railways, maritime, and aviation sectors
- Promote urban forestry and management of green spaces
- Emission control in industry through compliance with emission standards
- Upgradation and management of brick kilns on clean technologies and practices
- Banning and promoting alternatives to crop burning
- Control of emissions from threshing and tilling
- Minimize and control forest fires through effective management
- Prohibition of open waste burning
- Improved waste management
- Use of improved and efficient cookstoves to reduce indoor air pollution
- Promote access to clean energy for indoor heating and cooking
- Promote energy efficiency and use of alternate energy across all sectors
- Promote clean energy in industrial sectors NCAP proposes establishment and strengthening of the institutional arrangements for effective coordination and implementation. It suggests ways and means of effective communication channels to enhance the outreach of information. The Policy also recommends strengthening research on priority aspects related to air pollution for facilitating informed decision making viii The NCAP identifies one priority intervention in each of the five sectors with the aim of accelerating progress to reduce air pollutant emissions across all major sources. The five priority sectors are

- I. Transport: Implement Euro-5 and Euro-6 Fuel Quality Standards
- II. Industry: Enforce emission standards for industries
- III. Agriculture: Prevent burning of agricultural residues
- IV. Waste: Prevent open burning of municipal solid waste
- V. Households/ Residential: Promote use of low emission cooking technologies.

The full implementation of these intervention in five priority sectors under NCAP will reduce PM_{2.5} emissions by 38% in 2030 compared to the baseline scenario and by 21% compared to 2020 levels.

NATIONAL CLEAN AIR POLICY (NCAP)

By 2040, these five key interventions will achieve even larger emission reductions, reducing emissions by 81% in 2040 compared to the baseline scenario and by 70% compared to 2020 levels.

The World Health Organization (WHO) has established Air Quality Guidelines for the pollutants in 2021 which have highest impacts on human health, for both long and short-term exposure. These guidelines have been used as reference for setting targets in this Policy document. The proposed Air Quality Targets will ensure that the progress of the NCAP is monitored and progress is tracked.

The implementation mechanism of the NCAP requires that implementation plans at federal and provincial levels are devised. Moreover, resources would be required for the priority mitigation measures. Implementation of the NCAP will require active participation from stakeholders, including media, research institutions, civil society, and advocacy groups. The most polluting industries will be engaged to include air pollution reduction through enhance compliance and adoptions of actions as part of their Corporate Social Responsibility (CSR).

CONTRIBUTION OF SPL TO ACHIEVE SUSTAINABILITY GOALS FY 2023-24

SPL has increased its focus on sustainable practices and reporting while producing quality products and Services, reducing the environmental burden of its processes, engaging its Interested Parties for their valuable inputs. The Company has devised strategies for inclusive growth and equal opportunities by providing sustainable returns to its Interested Parties, 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 all Interested Parties 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 **7Rs (Recycle, Reuse, Reduce, Repurpose, Refuse, Repair & Rethink)**. 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.

ORGANIZATION DEVELOPMENT & TRANSFORMATION:

We focus on planning, designing, and executing strategies to improve the organization's overall effectiveness and adaptability to change. Largely, the objective is to adopt a well-organized approach to enhance organizational efficiency.

In order to achieve our purpose, we address the needs and desires of all stakeholders, aligning our resources with opportunities, adapting flexibly to changes in the environment, and fostering a culture that encourages commitment, creativity, shared values, and mutual trust.

Change management occurs within the structured framework of a comprehensive organizational development program. To achieve this objective, we have revamped our performance evaluation system which is aligned with best market practices. This also includes setting clear objectives for Senior Management through a scorecard approach that provides a clear framework for setting and tracking performance goals, aligning individual contributions with the company's strategic objectives.

Overall, it fosters a culture of transparency and continuous improvement, driving both individual and organizational growth. We have implemented significant cultural change initiatives that are essential for enhancing diversity and inclusion (D&I) at SPL.

To ensure that an organization can successfully develop and implement major change programs, it must strategically respond to new demands and maintain effective operations within the dynamic environment of SPL. This involves

making significant changes to the organization's structure, culture, and processes. It addresses and surpasses competitive factors, acquisitions, technological changes, market shifts, cost reduction efforts, and decisions aimed at enhancing process efficiency.

CAPACITY ENHANCEMENT PROJECT:

Restatement/Changes from prior period

To meet future requirements of security paper in the country, SPL has initiated a Capacity Enhancement project that would enhance production capacity from 4,500 ton/year to 6,000 ton/year with the technological upgrade in various sections of Paper Mill. The project is currently in feasibility stage with the technical collaboration of world-renowned banknote paper mill designing firm. The project is in line with the Management vision to utilize latest technologies in Pulp and Paper manufacturing processes to achieve the business goals.

To improve efficiency and reliability of the paper manufacturing process a technical agreement with M/s Giesecke + Devrient, Germany has been signed last year. Giesecke + Devrient is renowned technology provider in the field of banknote paper manufacturing. Their technical team has already started its working in different segments of paper mill at our site to suggest future modifications to improve paper quality as well as reduce operational cost. Team is also working on benchmarking study with leading banknote manufacturer to align our practices with the best practices of the industry.

Before this publication, the latest Sustainability Report published by SPL was for the fiscal year 2022-23.



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 to fulfill needs and expectations of Interested Parties including 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 adverse impact on the planet to deliver sustainable solutions to our all Interested Parties. The Company has further developed our all-inclusive, holistic sustainability approach. It highlights how sustainability is mirrored in our product innovations with benefits of Interested Parties, our all processes including 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.

Contribution in relevant issues highlighted in **PAKISTAN National Climate Resilience and Adaptation Plan 2023-2030** and **National Clean Air Policy (NCAP)** have also be considered during the year.

REPORTING PERIOD

The timeframe represented by this report 's financial details and information is July 1, 2023 to June 30, 2024. 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 2022-23, where applicable.

Date of Publication: August 2024

REPORTING CYCLE

This publication marks the release of our eighth Sustainability Report that has been integrated into our Annual Report- 2024. We have worked diligently through well-established documented and approved 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 in accordance to principles of Corporate Governance and Good Management Practices.

MOST RECENT REPORT

Prior to this publication, the most recent Sustainability Report published by SPL was for FY 2022-23

restatement/Changes from prior period

SPL Sustainability performance have been aligned linked with the Sustainability Road map for priority SDGs of Pakistan and **PAKISTAN National Climate Resilience and Adaptation Plan 2023-2030**.

Priorities of SPL related SDGs have been aligned with national **PAKISTAN National Climate Resilience and Adaptation Plan 2023-2030**.SDG 17, "Partnership for goals" have been incorporated

Wherever found necessary; last financial years' figures have been regrouped/rearranged to conform to current FY 2023-24 data.

MATERIALITY ASSESSMENT

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 Interested Parties such as Employees, Customers, Suppliers, Vendors, 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 and relevant issues mentioned in **Pakistan National Climate Resilience and Adaptation Plan 2023-2030**. **Certification Processes of ISO/IEC 27001 Information Security Management System (ISMS)** is also incorporated.

The material topics relevant to our Interested Parties 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 PROCESS

Management believes that achieving sustainable development has been hampered by trade-offs in favor of economic growth over social well-being and ecological viability, since inclusive development as having three key dimensions (**Social, Ecological, and Relational inclusiveness**).

Materiality is a key component of effective communication with Interested Parties. 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 Interested Parties. The purpose of the materiality assessment to help ensure our strategy is focused to prioritize the issues that matter to our business and our Interested Parties.

Management has adopted a materiality approach which is based on a combination of Interested Parties 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. Interested Parties concerns and their feedback in the broader Economic, Social, and Environmental context such as energy

MATERIALITY ASSESSMENT

consumption, water availability, carbon footprint, emissions, effluents and waste, and climate change issues were also given due weightage.

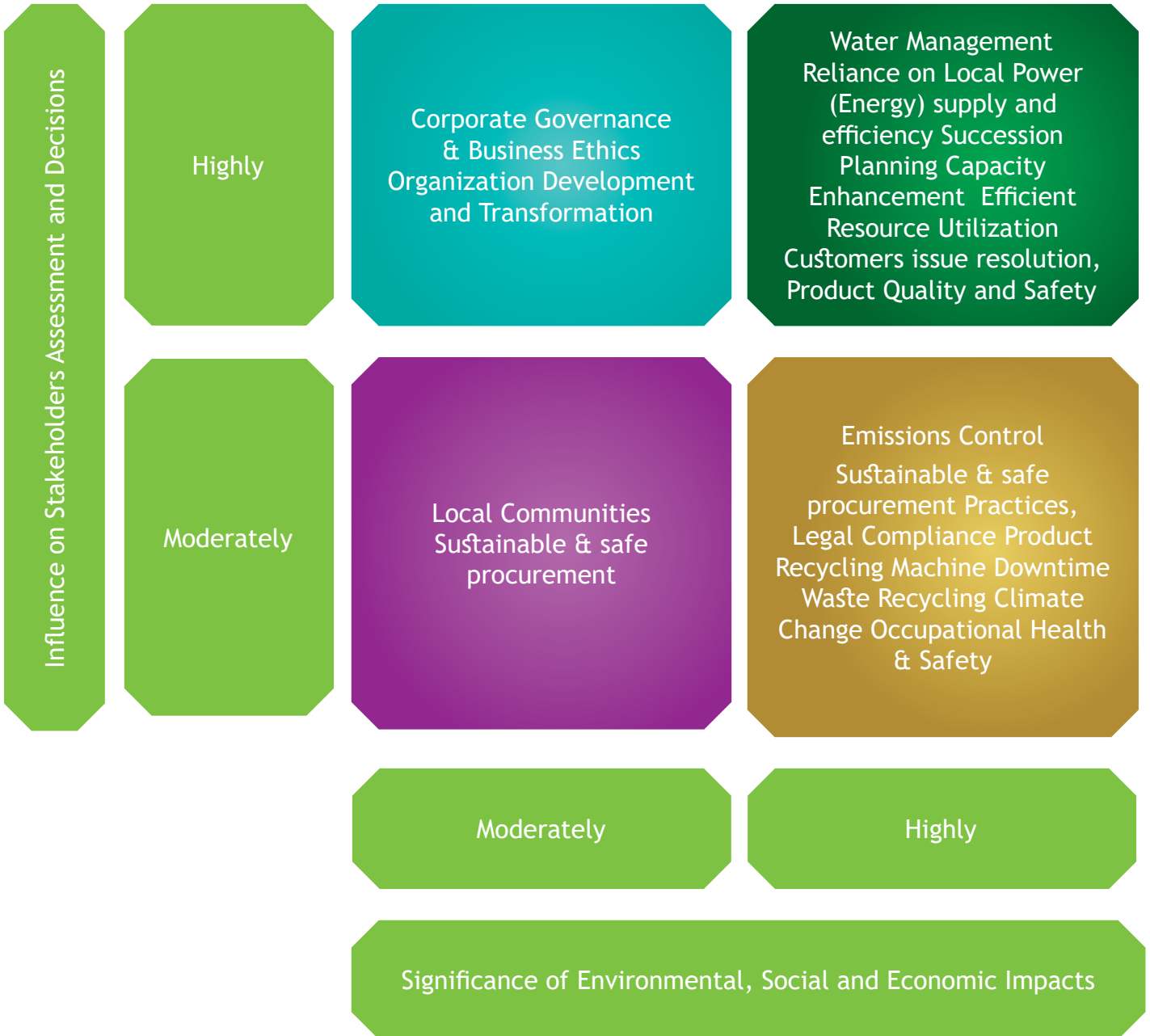
To support our annual materiality assessment, we conduct ongoing dialogue with our Interested Parties, including suppliers, consumers and regulators. We also assess material issues based on their relevance to our strategic plans and objectives considering Corporate, Environmental and Occupational Safety & Health and Corporate Risk Assessment and controls. **And Information Security Management System (ISMS).**

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 Interested Party. Materiality levels would be reviewed periodically and appropriately updated in the agenda of the Sustainability Council meetings, coordination meeting with customers at regular intervals and on need basis.

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 Interested Parties vis-à-vis impacts of our activities only and does not include information on any impacts of our customers or Supply Chain partners etc.

Factor	Material Issue	Boundary (Within/Outside)
Environment (Ecological)	Water management	Security Papers Limited and local community
	Product/ Material Recycling, waste and Material	Security Papers Limited and local community
	Emissions Control (Scope 1 & 2) Renewable energy use.	Security Papers Limited and local community
	Reliance on Local Power (Energy) supply and efficiency	Security Papers Limited, its suppliers and local community
	Compliance of legal Obligations	Security Papers Limited, its suppliers and local community
Social and well being	Non-discrimination	Security Papers Limited
	Local Communities	Security Papers Limited
	Training & Development Behavior, Ethics, values and Culture.	Security Papers Limited, its suppliers and local community
	Succession Planning	Security Papers Limited
	Occupational Health, Safety and wellbeing, Employees Engagement	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 external provider
	Organization Development and Transformation	Security Papers Limited, its customers and other stakeholders
	Capacity Enhancement	Security Papers Limited, its customers and other stakeholders
	Customers issue resolution	Security Papers Limited, its customers and other stakeholders
	Product quality and safety	Security Papers Limited, its customers and other interested party

MATERIALITY MATRIX



MATERIAL ISSUES

Results of FY 2023-24 & Targets of FY 2024-25

Material Issues	Target Last FY 2023-24	Result FY 2023-24	Variance %	Justification	Target FY 2024-25
Gas Consumption	1% reduction in direct gas consumption per ton of paper made for FY 2023-24 as compared to FY 2022-23	1,954,367	(9.56)	Since Bank note paper was made more than ECP & OSP which consumed more gas	1% reduction in direct gas consumption per ton of paper made for FY 2024-25 as compared to FY 2023-24
		44;89	(10.35)		
Machine Down Time	2.6% for FY 2023-24 as compared to FY 2022-23	13.22%	11.43	Due to better production and maintenance planning	2.6% decrease for FY 2024-25 as compared to FY 2023-24
Reducing reliance on local power supply (KE and Co Gen)	5% decrease in reliance on local power supply FY 2023-24 as compared to FY 2022-23.	697,511	(60)	By efficient planning plant operation	4% decrease on local power supply (K-Electric) through self-generation source For FY 2024-25
Customers Complains	4% reduction in Genuine Customer complaints for FY2023-24 as compared to FY 2022-23	4	0%	Neutral	4% reduction in Genuine Customer complaints for FY2024-25 as compared to FY 2023-24
Efficient Utilization of Resources	1% reduction in process Losses for FY 2023-24 as compared to Last year (17.54%)	14.25	5.4	Reduced by 3.14% due to processes efficiencies	1% reduction in process Losses for FY 2024-25 as compared to Last year FY 2023-24
Productivity (Paper Finished)	1% increase in productivity per employee for FY 2023-24 as compared to last year	14.25	5.4	Due to increase in efficiency of processes and reduction in man power productivity increased	1% increase in productivity per employee for FY 2024-25 as compared to FY 2023-24

Material Issues	Target Last FY 2023-24	Result FY 2023-24	Variance %	Justification	Target FY 2024-25
Tree plantation	1% increase in tree plantation for FY 2023-24 as compared to last year	125	17.92	Additional Plants were planted.	5% increase in tree plantation for FY 2024-25 as compared to FY 2023-24
Training & Development	1% increase in sustainability related training man hours for FY 2023-24 as compared to last year	1224:5 Hrs.	(23.75)		Total 2500 Man hours Sustainability related training for FY 2024-25 as compared to FY 2023-24
Occupational Health & Safety	Promote 100% accident free environment and foster safety culture through implementation of continual improvement initiative such as Training and awareness sessions, Tool Box Talks, GMP Rounds observations, 5S Management System implementation FY 2023-24 And achieved 1017 Lost Time Injury (LTI) Free days as on 30.6.2024 till continued.	No major accident took place during the year 2022-23 due to effectively implementation of appropriate controls And achieved 700 Lost Time Injury (LTI) Free days still continued	100	Due to strict inspection and vigilance and frequent Safety awareness trainings, regular Conduction Tool Box Talks, Fetal accidents are prevented GMP Rounds observations, 5S Management System implementation FY 2023-24	Promote 100% accident free environment and foster safety culture through implementation of continual improvement in FY 2024-25

PRIORITY WISE SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABLE DEVELOPMENT GOALS

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 (Social, Ecological, and Relational inclusiveness) and Triple bottom line 3Ps (People, Planet and Profit) This section reflects how our organization is contributing to, Pakistan's commitment to Agenda 2030 linked with Pakistan National Climate Resilience And Adaptation Plan 2023-2030 and National Clean Air Policy (NCAP) We have 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.

We will leverage the power of Organization to contribute to the global goals. Our commitments are a work in progress: we'll unite around these to ensure we play our part in delivering a thriving, sustainable future for the profession and for the Country, and we'll report our shared progress each year in SPL annual integrated report.

We recognize the importance of all 17 interconnected SDGs. And collectively, SPL can make our most significant contribution towards the achievement of 10 of them.

Our sustainability performance against the given SDG targets will be used to set future goals and to drive both inclusive and sustainable value creation.

SDGs in Pakistan

Pakistan affirmed its commitment to the 2030 Agenda for Sustainable Development by adopting the Sustainable Development Goals (SDGs) as its National Development Agenda through a unanimous National Assembly Resolution in 2016. In line with this Agenda, the Ministry of Planning, Development, and Special Initiatives and the United Nations Development Program (UNDP) signed an agreement and designed the National Initiative for SDGs to develop mechanisms for achieving the SDGs per national and provincial priorities.

Since then, the country has made considerable progress by mainstreaming these goals in national policies and strategies and developing an institutional framework for SDGs implementation in Pakistan. SDGs support units have been established at federal and provincial levels with the planning institutions (Ministry of Planning Development and Special Initiatives and Provincial Planning and Development Departments) to guide and track the SDG's implementation and progress.

The SDG Summit in September 2023 provided an opportunity to change course and to secure the breakthroughs and momentum needed to achieve the SDGs by 2030. To this end, the Secretary-General urged world leaders to deliver a "Rescue Plan for People and Planet" at the Summit including by announcing national and global commitments to drive SDG Transformation in the years ahead.

In line with the Guidance Note on National Commitments circulated in May 2023, Member States were encouraged to present forward-looking national commitments to SDG transformation that included (i) priority transitions and areas for investment that will help maximize progress across the SDGs; (ii) a national benchmark for reducing poverty and inequality by 2027; and (iii) steps towards strengthened national planning and institutional frameworks to support progress in these areas.

Member States in a position to do so were further encouraged to put forward time-bound global and regional commitments to strengthen international cooperation and support for developing countries, particularly the most vulnerable countries.

Registration of National Commitments closed on 22 September 2023. A listing of commitments made is available below.

Delegations seeking further information on National and Global Commitments to SDG Transformation can contact decadeofaction@un.org.



MANAGEMENT APPROACH TO INCLUSIVE DEVELOPMENT AND TRANSFORMATION

Security Papers Limited (SPL) aims to provide Inclusive develop and transformation through Social, Ecological and Relational means, which focuses on social and ecological aspects and a workplace that generates equal opportunities for everyone, and in which people are treated with dignity and respect providing human rights, inequality. 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 especially 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 and legal compliances.



Priority no 1

Good health and well bieng

- 3.2 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

SPL frequently organizes Health Awareness Sessions on various medical issues insurance conducted SPL Medical Consultant. During 2023-24, total 889 training man-hours were devoted to health and safety awareness addressing topics such as Naegleria Flowleri, Dengue, workplace safety., firefighting, brain storming etc.

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 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.

- 3.4 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

In order to show solidarity with UN Internal women's Day, SPL celebrated International Women Day (IWD) on March 7,2024 as a focal point in the women's rights movement. Management gives focus to issues such as gender equality, reproductive rights, and violence and abuse against women Spurred by the universal female suffrage movement.

Employees' physical and emotional health are also prioritized at SPL.

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 has arranged sports/ recreational activities to improve the overall health of employees, which allows to interact with each other, developing a positive corporate culture, wellbeing advantages, enhance self-esteem and making work more entertaining

Medical examinations are usually conducted by SPL Medical professional 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.

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3.8 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 and care services

BUSINESS ACTION

SPL Safety Consultant arranged awareness sessions and also provides support and guidance to the employees.

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.

3.9 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 [SEPA]** for handling of Hazardous and Non-hazardous material every year. And **Hazardous Substance Rule 2014** is fully in place AND Hazardous substance management plan has also been established and updated with the consultancy of SEPA Certified consultant. Strict safety precautions are taken in respect of workforce deployed for handling hazardous substances. Material Safety Data sheets) MSDS) have been provided at point of storage, handling and use.

All workers are thoroughly trained in safety precautions for handling hazardous substances, emergency response including spill control and are being supervised by qualified supervisors following Companywide Environmental and Occupational Safety and Health Risk Assessment and Controls.

Proper PPEs and Standard Spill Control kits have been 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 especially in any emergencies.

All stack, vehicular, and gas emissions are being monitored as per SEQs on quarterly basis through a SEPA certified laboratories for Ambient air Quality including CO₂, NO_x, SO_x, noise, and smoke.

In order to mitigate the health impacts of air-borne contamination; Gur (Jaggery) is provided on daily basis upon the recommendations of Medical Consultant to our workforce.

BUSINESS THEME

Mitigate the health impacts of Air, Water, Soil Pollution

BUSINESS ACTION

SPL is compliant to ISO 45001:2018, ISO 9001:2015 and ISO 14001:2015 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. All legal safety signs are placed at relevant locations.

To ensure safe drinking water, qualitative and quantitative chemical, physical and microbiological analysis are carried out at regular intervals in compliance with SEQs.

Liquid Effluent discharge after treatment is monitored and tested in-house as well at suitable intervals, while the same is also tested periodically through SEPA certified laboratories to comply **SMART Rule 2014** and **SEPA Act 2014**.



4. QUALITY EDUCATION

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

BUSINESS THEME

Employee Training and education

BUSINESS ACTION

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 Workshop on corporate governance and companies act & corporate reporting

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 as well as Soft skill capabilities of employees. Overall, 4 participants were trained externally and 439 participants internally in 2023-24 Education loans are made available for employees.

During the year, 4 participants from various departments received core technical trainings from the most relevant and top-notch institutions like, KSBL, PNRA, KASBATI & CO.

To achieve the goal of ensuring equal access to affordable and quality education by 2030, it is crucial to focus on creating inclusive educational opportunities for both women and men. This can be done through various initiatives such as scholarships, financial aid programs, and promoting gender equality in educational institutions. By implementing policies that support equal access to technical, vocational, and tertiary education, including universities, we can empower individuals of all genders to pursue their educational aspirations and contribute meaningfully to society.

BUSINESS THEME

Employee Training and education

BUSINESS ACTION

The HR&A Department arranged external trainings for their employees on Agile Project Management, SECP New Regulations 2024 Compliance, and Radiation Protection Security & Emergency Management. These trainings are crucial for enhancing skills, ensuring legal compliance, and promoting safety in the workplace

Program on Agile Project Management

The 2-day program was facilitated at Karachi School of Business & Leadership, a leading international business school, by Engr. Dr. Amir Manzoor, who holds a Ph.D. in Management Sciences from Bahria University. His professional experience includes a rich blend of both academic and corporate exposure, exceeding 20 years with both national and international organizations.

The program employed an iterative approach to planning and guiding project processes, breaking them down into smaller cycles called sprints or iterations. Participants learned how to create a cohesive and collaborative work environment for project teams and used Agile principles and practices for effective management of projects.

Workshop on SECP New Regulations 2024 Compliance

The workshop was arranged by Kasbati & Co. along with representatives from the Securities and Exchange Commission of Pakistan (SECP) on SECP New Regulations 2024 Compliance. The workshop provided updates on the latest regulations set by the SECP, which are crucial for ensuring compliance and avoiding legal issues. The aim was to review and align business practices with these regulations to operate within the legal framework.

Radiation Protection Security & Emergency Management

The Pakistan Nuclear Regulatory Authority (PNRA) organized a course on Radiation Protection, Security, and Emergency Management of Radiation Sources at Industrial Facilities at RNSD-III Karachi. The training course provided valuable insights and knowledge regarding the safety and security aspects of working with sealed radioactive sources, specifically those falling under Categories 1, 2, and 3. The event also provided a unique opportunity to interact with professionals from various organizations working in the field of radioactive materials and exchange valuable insights and experiences.

4.5 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. 106 persons were facilitated through Employee Welfare Fund Scheme in 2023-24 amounting to PKR 6.27 million.

4.7 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

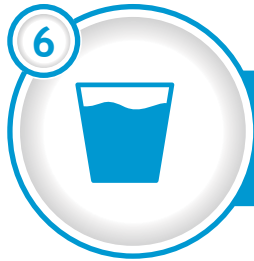
Education for sustainable development

BUSINESS ACTION

To promote sense of contribution to sustainable development SPL is enhancing its sustainable focus towards strengthening relations with those vendors/ suppliers/ contractors and other interested parties who development. Has the knowledge of core concepts of sustainable development. A consolidated Pre-Qualification/ Registration criterion 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 and the Company website that has been recently revamped to showcase our Sustainability initiatives.



6. CLEAN WATER AND SANITATION

- 6.1** 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.

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.

- 6.2** 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 washing areas vigorous monitoring by maintaining checklist that are also randomly verified by IMS team through its Good Manufacturing Practices (GMP) Round Observations. Ensuring hygiene especially of washrooms in accordance with Sindh Factories Act 2015 for control of Bio-hazards.

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 and wash rooms.

For maintaining Housekeeping 5S system implementation is 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.

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

BUSINESS THEME

Water recycling and reuse

BUSINESS ACTION

Final discharge to Effluent water is treated and closely monitored and periodically tested to ensure fully compliance with SEQS. Overall water consumption has been decreased from previous year.

In order to enhance RO treatment water, new bore has been constructed with cost of PKR 20 million which will enable to increase subsoil water availability.

Upgradation of waste water recycling plant with cost of PKR 138.96 million to enhance recycling process from 165,000 Gallon per day to 350,000 Gallons per day.

In future 02 new bore to be constructed for enhancement of RO treated water with the cost of PKR 60 million.

Liquid effluent is treated in an Effluent Treatment Plant (ETP) 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.

- 6.4 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

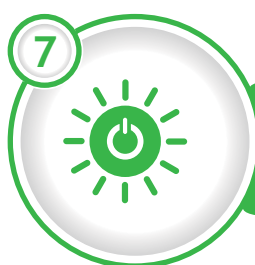
BUSINESS ACTION

For Water supply enhancement Upgradation of waste water recycling plant 350,000 GPD with the cost of PKR 138.96 Enhance recycled water quantity from 165,000 GPD to 350,000 GPD. In addition, RO Plant 100,000 GPD capacity 48.3 For enhancement of RO treated water is In Progress which will be completed within FY 2024-25

WATER CONSUMPTION BY SOURCE

Source	2023-24	2022-23	VARIANCE	
	Gallons (000)			
KWSB	138,111	127,664	10,447	8.18%
ETP/RO Plant	73,090	79,819	6,729	(8.43)%
Water Tankers	37,676	23,517	14,159	60.20%
Total Gallons	248,878	231,000	17,878	7.73%

Source	2023-24	2022-23	VARIANCE (%)	
Total Paper Finish (tons)	4,104	4,043	61	1.51
Gas Consumption (cubic meters)	1,954,367	2,160,875	(206,508)	(9.56)
Gas Consumption (per ton of paper)	476.21	534.53	(58.32)	(10.91)
Water Consumption (thousand gallons)	248,878	231,000	17,878	7.74
Resource per unit Paper finish production (thousand gallons/ton)	60.64	57.14	3.48	6.09
Electricity Consumption (Kwh)	18,261,844	17,896,965	364,879	2.03
Resource per unit of Paper Finish production (Kwh /ton)	4,450.49	4,427.26	23.23	0.52



7. AFFORDABLE AND CLEAN ENERGY

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

BUSINESS THEME

Modern Energy Services

BUSINESS ACTION

Up-gradation of Automatic Voltage Regulation of gas engine enhancing the operational reliability by effective controlling of electrical parameters including voltage frequency power factor in result parallel operation of 3 engines become smooth.

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

BUSINESS THEME

Renewable energy

BUSINESS ACTION

As per global sustainability plan for renewable energy, we are following foot step towards achievement of remarkable benchmark. In order to increase to contribute operational substantial excellence and productivity Solar powered system 110 kW 10.3 Alternate energy resource is in progress.



8. DECENT WORK AND ECONOMIC GROWTH

- 8.1 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 the training and development. More than 24 (In-house & External) training sessions with 1224:30 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.

In technical side a Dual Fired Burner (Diesel/Gas) with the cost of PKR 36 million is in progress for operation of steam boiler with diesel or gas as per availability which will be completed with FY 2024-25. This project will enhance efficiency of process and will save down time in case of non or partial availability of natural gas.

- 8.3 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 2023-24 was 32% females and 68% male workforces approximately.

Average hourly earnings of managerial staff are Rs/-1653 approx. and of non-managerial staff Rs/- 438 approx. for 2023-24

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.

At senior management levels, General Manager Organization Development and Transformation, General Manager Internal Audit, and Company secretary area newly appointed positions. In addition, out of total management 12 new, hiring, 8 female position were filled as Senior Manager, Managers, Deputy manager, Assistant managers etc.

In order to improve business activities that continuously improve all functions and involve all employees from the CEO to the assembly line workers and to reduce or eliminate waste and redundancies which lead to Lean manufacturing, 5S 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.

- 8.4 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. 32000 per month that is in compliance with the legal requirement.

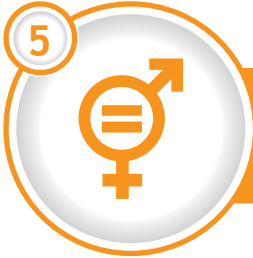
No fatal accident occurred during 2023-24 and **Lost Time Injury (LTI)** remained **Zero**. Total 1017 LTI Free days have been achieved which is still continued. SPL is fully compliant with the laws of land pertaining to labor rights based on national and provincial rights.

BUSINESS ACTION

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.

Merit scholarship for SPL employee's children

SPL gives merit-based scholarships to the children of our employees every year. This year SPL granted 64 merit scholarships in different levels like Matric, Intermediate, Graduation, Post-Graduation and Foreign Qualification. We congratulate the following employees and their families for being awarded these scholarships.



PRIORITY # 2

5. GENDER EQUALITY

5.1 End all forms of discrimination against all women and girls everywhere

BUSINESS THEME

Gender Equality, Equal remuneration for women and men.

BUSINESS ACTION

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

We inducted 12 permanent employees in; 2023-24.

Merit scholarship for SPL employees' children

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BUSINESS THEME

Non-discrimination, Economic Inclusion, Parental Leave.

BUSINESS ACTION

It followed a non-discriminatory hiring approach that meets all regulatory requirements. The Company celebrates International Women's Day which is a global day celebrating the social, economic, cultural and political achievements of women.

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

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

5.2 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.

BUSINESS THEME

Workplace violence and harassment.

BUSINESS ACTION

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.

Whistle Blowing Policy intends to provide a mechanism where employees can, Without fear of reprisal, report illegal and unethical activities for pre-emptive 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 whistleblower, 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 a whistleblower desires to report an illegal and unethical activity committed by any member of the 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 behavior and the conduct of the employee that is detrimental to the Company or detrimental to the well-being of other employees of the Company.

Town Hall Management Party on July 18, 2023 is also conducted chair by the CEO to facilitate communication the core issue of the employees relevant to personal as well as professional.

5.4 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, Work-life balance, Economic Performance

BUSINESS ACTION

Expected Mothers are especially facilitated by applying associated Risk Assessment in companywide "Hazard Identification Risk Assessment and Control" (HIRAC). Female first aider has been also been provided at female's workplaces.

5.5 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 THEME

Women in Leadership.

BUSINESS ACTION

SPL uses succession planning as a unique method of providing a career path for its employees. Currently, there are one female serving on the Board of Directors. 14 females are employed on permanent basis; one of them is working at C-2 level

Induction of female Management

In order to promote Gender equality, following 7 out of 19 female positions were inducted within the middle management.

1. Senior Manager (Organizational Developments)
2. Manager (Costing)
3. Manager (Legal Affairs)
4. Deputy Manager (Organizational Development)
6. Assistant Manager (Corporate Affairs)
7. Assistant Manager (HR & Admin)

WORKFORCE STRENGTH by Gender, Age group & Type

Age Group	No. of Employees						
	Officer		Worker / Staff		Contractual		Total
	Female	Male	Female	Male	Female	Male	
In year							
20-30	2	1	1	5	0	0	8
31-40	9	20	3	38	0	0	70
41-50	1	34	1	63	0	0	99
51-60	0	21	2	79	0	0	102
>60	0	0	0	0	0	1	1
Sub-total	12	76	7	185	0	1	281
Grand Total	280				1		281

INCIDENT SUMMARY with respect to Gender/Category

NO ANY LOST TIME INJURY (LTI) ACCIDENTS OCCURRED IN FY 2023-24

Factor	No. of Incidents	% by Gender/Category
Incident affecting male workforce	0	0
Incident affecting female workforce	0	0
Incident affecting property/equipment	0	0
Total	0	0

Management Approach to Sustainable Development

All Programs, policies, procedures, regulations and standards are generally in place in SPL, however working for the environment and humanity also respect them to ensure the application of sustainable development management within the organization. There are about 11 departments in charge of enforcing all these elements that have been put in place to make them more efficient. This is usually the QHSE (Quality, Health, Safety and Environment) department. One of the policies that must be respected is that of CSR (Environmental and Social Responsibility). It is IMS department or other departments dedicated to the respect of the environment and humanity that is in charge of writing the procedures. Many points are considered during this drafting process and include:

- Respect for gender equality and equal opportunity in recruitment;
- the implementation of good practices in favor of ecology and the environment;
- a more sustainable management of the company's and/or organization's economy;
- an environmental and social impact study of each of the company's projects.

SPL is committed to principles of sustainable development that ensures the company reduces its environmental negative 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 5S System, Innovative Idea Scheme 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.

9



9. INDUSTRY, INNOVATION, AND INFRASTRUCTURE

- 9.4 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

BUSINESS ACTION

Digital transformation is the process of using digital technologies to create new – or modify existing – business processes, culture, and customer experiences to meet changing business and market requirements. This reimagining of business in the digital age is digital transformation.

Saving time, cost and empowers team members by automating manual tasks and integrating data and creating a paperless environment. Digital Transformation can integrate applications, databases, and software into a central repository for business intelligence. Digital Transformation is not only a functional unit of the IT Department, It may encompass every department of the company and can lead to process reengineering, innovation and efficiency across the organization. Digital Transformation Committee in SPL to streamline the business processes and take benefits from technological advancement.

BUSINESS THEME

Infrastructure investments

BUSINESS ACTION

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.

BUSINESS THEME

Resource-use efficiency

BUSINESS ACTION

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 5S “has been embedded into the KPIs of each individual Officer. An independent 5S management System Audit was carried out. Further Details of Capital projects are mentioned in the given table:

BUSINESS THEME

Commemorative banknote Paper of Rs 75 on the occasion of 75th anniversary of Pakistan’s independence

BUSINESS ACTION

For Water supply enhancement Upgradation of waste water recycling plant 350,000 GPD with the cost of PKR 141.9 Enhance recycled water quantity from 165,000 GPD to 350,000 GPD. In addition, RO Plant 100,000 GPD capacity 48.3 For enhancement of RO treated water is In Progress which will be completed within FY 2024-25.

BUSINESS THEME

DIGITAL TRANSFORMATION

COMMEMORATIVE BANKNOTE TO MARK 75 YEARS OF PAKISTAN’S INDEPENDENCE

Digital transformation changes the way an organization operates and Systems, people, processes, workflow and organization culture are part of this process. It is the integration of digital technology into all areas of a business, fundamentally changing how you operate and deliver value to end users. It is the incorporation of computer-based technologies into an organization’s business applications, processes and planning. Benefits of Digital Transformation.

Automating manual tasks and integrating data throughout the organization, saves time and empowers team members to work more efficiently on other projects. Digital Transformation

can integrate applications, databases, and software into a central repository for business intelligence. Digital Transformation is not only a functional unit of the IT Department. It may encompass every department of the company and can lead to process reengineering, innovation, and efficiency across the organization. Digital Transformation in SPL Management has undertaken initiative by forming a Digital Transformation Committee.

The core intent of this committee is to develop agile & automated business processes to eliminate repetitive business tasks by creating integrated software bots, and timely implementation of Digital Transformation projects to increase business agility. Objectives of Digital Transformation Committee To initiate, review, prioritize and ensure smooth implementation of Digital Transformation Projects of SPL from a cross-functional perspective by developing / implementing new Information Technology systems



17. PARTNERSHIP FOR GOALS

17.3 Mobilize additional financial resources for developing countries from multiple sources

Capacity Building

(CORPORATE SOCIAL RESPONSIBILITY (CSR))

Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.

Governance

Corporate social responsibility (CSR) is a strategy undertaken by SPL to not just grow profits, but also to take an active and positive social role in the world around them. The term is also associated with the related term corporate citizenship. CSR is an approach that espouses the notion that a company can do good in the world and make a difference to improve social order.

It's a topic that can engage the board of directors in an organization, as CSR reflects company culture and business practices. Corporate Social Responsibility Policy is approved by the board of

Directors, followed by Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP.

The Board through HR & R Committee approves, monitors and evaluates CSR programs & Projects and ensures that SPL contributes to the society and environment. It is the Committee's responsibility to:

- Evaluate and approve the CSR Plan
- Monitor the CSR projects/activities as and when needed.
- Ensure that in each financial year the Company spends the budget allocated by the Board.
- Ensure that in every financial year funds committed by the Company for CSR activities are utilized effectively.

CSR Policy of the Company encourages investments in responsible initiatives and mechanisms that have an impact on both society and environment, thereby aligning and reinforcing its contribution towards achievement of SDGs (Sustainable Development Goals) over time. As a result, SPL believes in collaborating with reputable partners in their respective areas of impact.

EXPENSE CATEGORY	FY 2023-24 (PKR)
The Citizen Foundation	2,194,000
SOS Children's Villages	2,475,000
The Indus Hospital	5,000,000
Grand Total	9,669,000



PRIORITY # 3

12. SUSTAINABLE CONSUMPTION AND PRODUCTION

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

BUSINESS THEME

Energy efficiency
Water efficiency
Water quality

BUSINESS ACTION

Following is the status of completed, in progress and to be completed Projects in future.

Completed Projects	2023-24 Project Cost PKR. in Million)	Remarks
Upgradation of Automatic Voltage Regulator	7.33	Upgradation of Co-generation engine alternators to latest technology
Upgradation of PM2 DCS Drives	10.2	Upgradation of Paper Machine Distributive Control System drives to the latest Sinamics version
Bore for RO Plant	20	For enhancement of RO treated water

In-Progress Projects	2023-24 Project Cost PKR. in Million)	Remarks
RO Plant 100,000 GPD capacity	50.68	For enhancement of RO treated water
Dual Fired Burner (Diesel/ Gas)	36	For operation of steam boiler with diesel or gas as per availability
Upgradation of Mould CNC Machine	4.3	Technological upgrade of CNC milling machine
Solar powered system 110 kW	10.3	Alternate energy resource
Upgradation of waste water recycling plant 350,000 GPD	138.96	Enhance recycled water quantity from 165,000 GPD to 350,000 GPD

12.4

By 2030, 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.

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.

Regular Environment monitoring testing is being carried out under consultation of SEPA certified Consultant, established and followed SEPA approved Hazardous Substance Management Plan (HSMP).

The Hazardous Substances Rules, 2014 is fully complied and in place, NOC has also been obtained from. Sindh Environment Protection Agency (SEPA) which is regularly renewed annually.

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.

Third Party 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.

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 labs.

BUSINESS ACTION

FUTURE PROJECTS 2024-25	Project Cost PKR. in Million)	Remarks
Development of RO Bores	60	02 NO. bores for enhancement of RO treated water
Water storage tank	75	For enhancement of water storage capacity up to 5 lac gallons
Pulp Mill air Washer System	15	For improvement in working environment, good ventilation at Comber sorting halls of Pulp Mill
Upgradation of Mould Embossing Machine	7.5	Assessment for technological upgrade of the machine
Automatic Fire Incinerator	8.5	To improve efficiency of old incinerator for waste paper

BUSINESS THEME

Environmental management system
Air quality

BUSINESS ACTION

By 2030, 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
Air quality

BUSINESS ACTION

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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 labs.

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

BUSINESS THEME

Waste management

BUSINESS ACTION

- SPL has its own scrapyards 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.
 - Waste wood derived from following sources are recycled and converted into wooden doors used with the factory premises:
 - Pallets, Medium density fiberboard (MDF), Beams, Window frames, Door frames, Floorboards, Shuttering, Fence panels, Chip board, Tree debris etc.
- of waste water recycling plant with cost of PKR 138.96 million to enhance recycling process from 165,000 Gallon per day to 350,000 Gallons per day.
- In future 02 new bore to be constructed for enhancement of RO treated water with the cost of PKR 60 million.

EFFLUENT AND WASTE

Waste Category	Unit	2023-24	2022-23
Dry Batteries	Nos.	56	60
Different Auto Spare with Filters	Lot	0	02
Monitors Unserviceable	Nos.	0	0
Printer Unserviceable	Nos.	0	0
Computer Accessories	Lot	1	20
Electrical Scrap & Different Spare	Lot	1	1
Oil Used Large Drums	Nos.	37	20
Oil Used Small Drums Mixed	Nos.	3	3
Batteries Different type Liquid	Nos.	37	37

Paper Waste	2023-24	2022-23	Variance %
Total waste (Paper and Pulp)	16.98	17.54	(3.19)
Total waste of Paper and Pulp per unit of production (Paper made)	0.004	0.0038	5.26
Total recycled paper waste (tons)	138	145	(4.83)
Total recycled paper waste per unit of paper Finished	0.033	0.032	3.12



13. CLIMATE ACTION

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

BUSINESS THEME

GHG emissions

BUSINESS ACTION

- In the year 2023-24 total 1465.775 metric tons of carbon were recorded based on electricity and gas consumption which is (9.95%) less than previous year
- Further to increase minimum 17.92% plantation has taken up as sustainability objective for 2023-24.as compared to last FY 2022-23

BUSINESS THEME

Environmental award

BUSINESS ACTION

Security Papers Ltd received the **21st Annual Environmental Excellence Award** from the **National Forum for Environment and Health-NFEH** in Aug 2024. The award was given in recognition of the Company's vision and effective implementation of its Environmental Management System and policies, Followed by a thorough review of the Company's submitted documents and testimonials by the distinguished NFEH Panel of Jury.

“6th Climate change adaptation award 2023”

SPL has won “6th Climate change adaptation award 2023”, as “Best Sustainability Initiative Firm” conferred by The Prospective Future Forum Private Limited during “Climate Change & Green Finance Summit & Awards 2023” on Dec 21, 2023 which focused, enhancing the role of business in finding strategic solutions to the impacts of climate change on development through:

- Awareness;
- Capacity Building; and
- Research & Development

The prospective Future Forum (private) limited , is working toward improving the quality of life for people throughout Pakistan, We Promoting a Comprehensive new plan to end, Escalating climate change emergency, Eradication of Poverty, Peace, Capacity Building of the Civil Society Organization, Public Health, Hygiene, Clean Water, Child Education and Bolstering, Reinforcing and promoting Islamic Business and Economic System.



BUSINESS THEME

Resilience

BUSINESS ACTION

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.

BUSINESS THEME

Climate resilient Supply Chain

BUSINESS ACTION

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" has been completed. This expansion has enhanced 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 have additional floor built over the existing infrastructure. After completion of the project which provides us an additional cushion of 33 days of our production capacity.

Business Continual Plan manual has been updated and fully in place.

Automatic Fire Incinerator project is in the pipeline will be installed in future with the cost of PKR 8.5 million which will replace conventional waste Paper Burner to reduce stack emission including greenhouse gasses such as CO₂

BUSINESS THEME

Risk assessment

BUSINESS ACTION

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.

An IT security risk assessment is the process of assessing the risks facing your organization's assets, data and information systems, as well as evaluating the possible implications. The ultimate goal of an IT risk assessment is to reduce the identified risks in order to avoid security incidents and compliance violations

In order to meet the business objectives of SPL and cybersecurity concerns, The IT department highlighted the risk areas and gaps and updated the risk assessment checklist accordingly which could be beneficial in achieving the secured and improved results. The Information Security updates, backups and practices provide assurance to all interested parties of SPL that adequate procedures, practices and controls are in place.

BUSINESS THEME

Investment in environmental protection and resilience

BUSINESS ACTION

More Than **6 Million** Budget has been allocated for Environmental legal obligations and Trainings concerned to the Environment. A Standard Operation System Procedure "**Compliance obligation, legal & other requirements**" and has been established and complied.

Regular Environment monitoring testing is being carried out under consultation of SEPA certified Consultant, established and followed SEPA. approved **Hazardous Substance Management Plan (HSMP)**.

BUSINESS THEME

BUSINESS ACTION

The **Hazardous Substances Rules, 2014** is fully complied and in place, NOC has also been obtained from **Sindh Environment Protection Agency (SEPA)** which is regularly renewed annually. All test reports are verified by SGS auditors during periodic surveillance & recertification audits

Various initiatives such as reducing further 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

In house training on Climate Change and Environment Management System was conducted to enhance awareness among relevant processes employees

Keeping in mind the following key benefits and Legal requirements, more than 100 trees were planted with factory and residential premises. Further there were number of trees plantation planned to increase in future.

1. Excess carbon dioxide (CO₂) is building up in our atmosphere, contributing to climate change. Trees absorb CO₂, removing and storing the carbon while releasing oxygen back into the air. In one year, an acre of mature trees absorbs the same amount of CO₂ produced when you drive your car 26,000 miles.



2. Trees absorb odors and pollutant gases (nitrogen oxides, ammonia, sulfur dioxide and ozone) and filter particulates out of the air by trapping them on their leaves and bark
3. In one year, an acre of mature trees can provide enough oxygen for 18 people.
4. Average temperatures in Karachi have risen as tree coverage has declined and the number of heat-absorbing roads and buildings has increased. Trees cool the city by up to 10°F, by shading our homes and streets, breaking up urban "heat islands" and releasing water vapor into the air through their leaves.
5. Three trees placed strategically around a single-family home can cut summer air conditioning needs by up to 50 percent. By reducing the energy demand for cooling our houses, we reduce carbon dioxide and other pollution emissions from power plants.
6. carbon dioxide and other pollution emissions from power plants.

BUSINESS THEME

Investment in environmental protection and resilience

BUSINESS ACTION

7. Shade from trees slows water evaporation from thirsty lawns. Most newly planted trees need only fifteen gallons of water a week. As trees transpire, they increase atmospheric moisture.
8. Trees reduce runoff by breaking rainfall thus allowing the water to flow down the trunk and into the earth below the tree. This prevents stormwater from carrying pollutants to the ocean. When mulched, trees act like a sponge that filters this water naturally and uses it to recharge groundwater supplies.
9. On hillsides or stream slopes, trees slow runoff and hold soil in place
10. Skin cancer is the most common form of cancer in the world. Trees reduce UV-B exposure by about 50 percent, thus providing protection to outdoor working workforce, where work force spend hours outdoors.



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

BUSINESS THEME

Training & Awareness

BUSINESS ACTION

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

Training and Awareness

Few examples of training and awareness session are given below which were imparted during FY 2023-24.

1. Health awareness session (Naegleria Flowleri) and viral Infection
2. Fire Fighting & CPR
3. Environment Management System
4. Brain storming
5. Work Place Safety
6. 5S Management System
7. Artificial Intelligence
8. D's to Success
9. SECP New regulations 2024 Compliance & e-file
10. Radiation Protection Security and Emergency Management

BUSINESS THEME

Waste management

BUSINESS ACTION

The concept of 7Rs (Recycle, Reuse, Reduce, Repurpose, Refuse, Repair & Rethink) has been inculcated into the workplace through cross-functional team efforts such as 5S system implementation throughout the organization. The most fascinating examples are

Re-Use of Wooden Pallets

Used wood has been reused to produce Softwood block pallets which are one of the most popular types of pallets used in the manufacturing and storage areas. In addition, used wood has been recycled and produced wooden doors which are used within the factory premises they are also environment friendly.

Cost and Benefits: Engaging pallet recycling have financial benefits for businesses. Instead of paying disposal fees for pallets, SPL may save money approx.: 1.00 Million by opting for recycling. Additionally, using recycled or refurbished pallets can be a cost-effective alternative to purchasing new ones. The production Department has taken 2000 pallets in their R/M Budget head, we could curtail the cost of pallets to use the available wooden material having size (7" high x2" thick x2'-5" long).

BUSINESS THEME

Strategy

BUSINESS ACTION

The Company has a well-defined documented sustainability objective developed by relevant Interested Parties 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. 2023-24

BUSINESS THEME

Training & Education

BUSINESS ACTION

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 2023-2024 & FY 2024-25.

Training and Awareness

In order to improve the awareness of IT usage, security, data backups, operations, policies, functions, and procedures, the IT department conducted multiple trainings on the different areas of Information Technology such as, IT Security and backups, Efficient email correspondence etc. It is a mandatory requirement of ISMS to arrange frequent Information Security training. The IT Department also ensures to create Information Security awareness via emails on a periodic basis.

BUSINESS THEME

Institutional capacity building

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 and Public Addressing System. have 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. In addition, Bomb disposal capability and counter terrorist attack drill have been rehearsed by well trained professional army personnel lead by Army officer colonel (R), all regular employees (Male/ Female) visitors and top management including honorable CEO participated in compliance with SOP "Crisis Management Cell , site emergency & response plan" and other Security Protocols were also practiced.

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BUSINESS ACTION

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. In addition, Bomb disposal capability and counter terrorist attack drill have been rehearsed by well trained professional army personnel lead by Army officer colonel (R), all regular employees (Male/ Female) visitors and top management including honorable CEO participated in compliance with SOP "Crisis Management Cell", "site Emergency & Response plan" and other Security Protocols were also practiced.

BUSINESS THEME

Institutional
capacity building

BUSINESS ACTION

BUSINESS THEME

Institutional capacity building

BUSINESS ACTION



BUSINESS THEME

Mitigation and adaptation

BUSINESS ACTION

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.

Automatic voltage Regulator project has been completed to mitigate power waste with the cost of PKR 7.33 million.

In addition, new project for upgradation of PM2 DCS Drives has also been completed with the cost of PKR 10.2 million which will enhance the efficiency of the processes and reduce maintenance cost

To enhance water availability bore for R.O Plant has been completed with the cost of PKR 20 Million.

CARBON FOOT-PRINT GENERATED FROM DIRECT GAS AND ELECTRICITY CONSUMPTION (SCOPE - I & 2)

Description	2023-24	2022-23	Variance in %
Carbon foot-print generated from Gas Consumption (metric tons)	1465.775	1650.656	(9.55)%

GRI CONTENT INDEX

Organization Profile		
GRI Disclosure	Reference	Page #
Disclosure 102-1 Name of the organization	Annual Report 2024 The Company Profile	5
Disclosure 102-6 Markets served	Annual Report 2024 Primary Products	6
Disclosure 102-7 Scale of the organization	Annual Report 2024-Note 38 for number of employees. Analysis of financial Statement for net revenues, total capitalization, quantity sold, total assets and other analytical data significant to the company and its stakeholders.	
Disclosure 102-2 Activities, brands, products, and services	Annual Report 2024 Primary Products	6
Disclosure 102-3 Location of headquarters	Annual Report 2024 Geographical Presence (The Company Profile)	7
Disclosure 102-4 Location of operations	Annual Report 2024 Geographical Presence (The Company Profile)	
Disclosure 102-8 Information on employees and other workers	Sustainability Report 2024 SDG 8.4 - Workforce Strength by Gender, age group and type	225
Disclosure 102-9 Supply Chain	Annual Report 2024 Business Model and Value Chain Analysis, SWOT Analysis, Significant factors affecting external environment, Competitive 58-60 landscape and Market Sustainability Report 2024 SDG #5 Gender Equality Materiality Assessment	52 226
Disclosure 102-10 Significant changes to the organization and its Supply Chain	Annual Report 2022 for Board and Committee changes Sustainability Report 2024 Stakeholders Relationship Engagement Education for Sustainable Development	
Disclosure 102-11 Precautionary principle or approach	Annual Report 2024-SWOT Analysis Companywide Risk Management Program, Enterprise Risk Management Process, Risk & Mitigation Strategy	49
Disclosure 102-12 External initiatives	GRI Standards for Sustainability Report	241
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)	
Disclosure 102-14 Statement from senior decision-maker	Annual Report 2024 Chairman's Review	27
Disclosure 102-15 Key impacts, risks, and opportunities	Business Model and Value Chain Analysis, SWOT Analysis, Significant factors affecting external environment, Competitive landscape and Market SWOT Analysis Companywide Risk Management Program, Enterprise Risk Management Process, Risk & Mitigation Strategy	48-52

Ethics and Integrity

GRI Disclosure	Reference	Page #
Disclosure 102-16 Values, principles, standards, and norms of behavior	Annual Report 2024 Core Values, Company's Policies such as: Code of Ethics & Business Practices, Whistle Blowing Policy, Conduct & discipline Policy, False Declaration Policy	14 72
Governance		55
Disclosure 102-18 Governance structure	Annual Report 2024 Corporate Governance	64
Stakeholder Engagement		257
Disclosure 102-40 List of stakeholder's groups	Sustainability Report 2024 Shareholder Engagement	257
Economic Performance		
Disclosure 201-1 Direct economic value generated and distributed	Annual Report 2024 Statement of Value Addition and its Distribution	106
Disclosure 201-4 Financial assistance received from government	Not Applicable	-
Disclosure 102-45 Entities included in the consolidated financial statements	Annual Report 2024 Security Papers Limited	127

Organization Profile

GRI Disclosure	Reference	Page #
Disclosure 102-46 Defining report content and topic Boundaries Disclosure 102-47 List of material topics Disclosure 102-48 Restatements of information Disclosure 102-49 Changes in reporting Disclosure 102-50 Reporting period 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	Sustainability Report 2024 about Sustainability Reporting	210
Disclosure 102-55 GRI content index	Sustainability Report 2024 SDG # 8 Decent work & Economic Growth (Theme- Diversity & equal opportunity, Employment	225

Organization Profile

GRI Disclosure	Reference	Page #
Disclosure 203-1 Infrastructure investments and services supported	Annual Report 2024 Disclosure 203-1 Infrastructure investments and services supported SDG #9 Industry Innovation and Infrastructure Corporate Governance: Board of Directors and Committee Meetings Sustainability Report 2024 (Theme-Infrastructure in SDG # 7 Affordable and Clean Energy (Value of investment for Sustainability Projects investments)	229 224
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 2023 SDG-4.7 Risk & Mitigation Strategy (Commercial and Operational Risks)	222
GRI 205: Anti-corruption	Annual Report 2024 Core Values Related -Party Transaction Policy Conflict and Interest Policy Risk Management Framework SDG-5.3 Conduct & Discipline Policy Communication & Disclosure	14 92 226
Disclosure 301-1 Materials used by weight or volume	Cotton comber is used by weight. Sustainability Report 2024 Sustainability Performance Highlights 2024	197
Disclosure 302-1 Energy consumption with in the organization	Sustainability Report 2023 SDG # 7 Affordable and Clean Energy	224
Disclosure 303-1 Water withdrawal by source	Sustainability Report 2024 SDG # 6 Clean Water and Sanitation	223
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 2024-SDG # 13 Climate Action,	234
Disclosure 305-5 Reduction of GHG emissions	Sustainability Report 2024 Sustainability Performance Highlights 2020-21 SDG-13.1 GHG emission under Climate action	234

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GRI Disclosure	Reference	Page #
Disclosure 306-1 Water discharge by quality and destination	Sustainability Report 2024 SDG #12 Sustainable consumption & Production	231
Disclosure 306-2 Waste by type and disposal method	Sustainability Report - 2024 SDG #12 Sustainable consumption & Production	231
Disclosure 401-3 Parental leave	Sustainability Report - 2024 SDG#5 Gender Equality (Theme- Equal remuneration for women and men. Non-discrimination, Economic Inclusion, Parental Leave),	226
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	226
Disclosure 403-1 Workers representation in formal joint management-worker health and safety committees	Sustainability Report 2024 SDG-#3.4 Good Health & Well Being (Theme-Occupational Health & Safety)	219
Disclosure 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SDG #8 Decent Work & Economic Growth (Theme Diversity & equal opportunity, Employment)	225
Disclosure 403-3 Workers with high incidence or high risk of diseases related to their occupation		
GRI 404: Training and Education	Sustainability Report 2024-SDG#4 Quality Education SDG # 13 Climate Action, (Themes: Training & Education, and Institutional capacity building)	221 234
GRI 405: Diversity and Equal Opportunity	Sustainability Report 2024 SDG #8.4 Decent Work & Economic Growth (Theme Diversity & equal opportunity, Employment)	225
GRI 408: Child Labor	Sustainability Report 2024 SDG#4 Quality Education (Theme -Education for sustainable development) Annual Report 2024 Code of Ethics & Business Practices	221
Disclosure 410-1 Security personnel trained in 197 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	221
GRI 413: Local Communities	Sustainability Report 2021 - 22 Stakeholder Engagement Annual Report 2024 - Corporate Sustainability Framework & Corporate Social Responsibility	 198
Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area	Annual Report 2024 Code of Ethics & Business Practices Annual Report 2023-Industrial Relations, SDG-5.1 Gender Equality Sustainability Report 2023 SDG# 8.3 & 8.4 Decent Work & Economic Growth (Theme-Economic Inclusion, Inclusive Business and Diversity & equal opportunity, Employment)	226 225

TO BE FILLED AFTER COMPLETION OF REPORT SDGs INDEX

SDG #	SGDs	Page #	GRI STANDARDS DISCLOSURE
3	Ensure healthy lives and promote well-being for all at all ages	219	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	Ensure inclusive and quality education for all and promote lifelong learning	221	102-27, 404-1
5	Achieve gender equality and empower all women and girls	226	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	Ensure access to water and sanitation for all	223	303-1, 303-2, 303-3, 306-1, 306-2, 306-3, 306-5
7	Ensure access to affordable, reliable sustainable and modern energy for all	224	201-1, 203-1, 302-1, 302-2, 302-3, 302-4, 302-5
8	Promote inclusive and sustainable economic growth, employment and decent work for all	225	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	Build resilient infrastructure, promote sustainable industrialization and foster innovation	229	201-1, 203-1
12	Ensure sustainable consumption and production patterns	231	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	Take urgent action to combat climate change and its impacts	234	201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4
17	Partnership for goals	230	413

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
HCl	Hydrochloric Acid
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

GLOSSARY AND ACRONYMS

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
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 /001/08/2024

Dated: August 13,2024

Independent Assurance Statement for the Security Papers Limited Sustainability Report FY 2023-2024

We have been engaged by Security Papers Limited (the "Company") to provide independent assurance on the Company's Sustainability Report for the financial year ending 2023-24. The report presents the Company's sustainability performance, focusing on environmental, social, and governance (ESG) aspects and 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 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 informed that they have established Sustainability Council (comprising of Senior Management Team) 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 (10) SDGs including – SDGs # 3,4,5,6,7,8,9,12 ,13 & 17with 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 2021-22.

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.

Scope & Assurance

Damsel Consulting-Cost & Management Accountants was approached to express its opinion in relation to the scope review that includes the following elements. The assurance engagement was conducted at a **limited level** of assurance.

- Environmental performance indicators, including energy consumption, greenhouse gas emissions, and waste management.
- Social performance indicators, including employee health and safety, training and development, and community engagement initiatives.
- Governance practices related to ethical conduct, anti-corruption measures, and compliance with applicable regulations.
- Alignment with the Global Reporting Initiative (GRI) Standards, specifically the Core Option.
- 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 FY 2022-23 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 2023, 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. Ensure that the assurance process complies with recognized sustainability reporting guidelines, like GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), or integrated reporting frameworks.

Our methodology for the mentioned scope of work includes:

- ✓ Critical review of the Sustainability Report FY 2023-24 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

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 Pakistan.

We can confirm that the report is adhering to the standard practices and all measures in this respect has been taken. By considering these elements, the Independent Assurance Statement for the Security Papers Limited Sustainability Report will be robust, credible, and valuable to stakeholders, providing confidence in the company's sustainability disclosures.

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 2023-24 is in all material aspects not fairly stated.

Office: DAMSEL HOUSE: A -71, Sector R- 1, Gulshan-e-Maymar Karachi. Tel: 021-36351630
Website: www.damsel.consulting.com; consulting.damsel@gmail.com; Tel 923002756013

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 commitment.

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**

ACCOMPLISHMENT OF COMPANY WIDE SUSTAINABILITY OBJECTIVES FOR FY 2023-24

S #	Sustainability Objectives	Unit	FY 2023-24 (A)	FY 2022-23 (B)	Difference (B-A)	% Variance (B-A/A)	Type of Variance (Favorable/Unfavorable)	Justification
1	1% reduction in direct gas consumption in boiler per ton of paper finish for FY 2023-24 as compared to last year	m ³	1,954,367	2,160,875	206,508	(3.55)	Favorable	Better planning and process control
			476.21	534.53	58.32	(10.91)		
2	Maintain 2.6% in Engineering downtime (out of available hours) (Mechanical + Electrical) for FY 2023-24 as compared to last year.	%	14.03	2.4	11.63	484.58	Unfavorable	Shortage of water machine down time increased
3	5% decrease in reliance on local power supply (K-electric) through self-generation source for FY 2023-24 as compared to last year.	Kwh	17,594,000	15,858,500	1,735,500	10.94	Favorable	Due to better planning efficiency improved
4	4% reduction in Genuine Customer complaints for FY 2023-24 as compared to last year.	No.	4	1	(3)	300	Unfavorable	Due to increase in relative humidity in rainy season resulting increase in high number of complaints

ACCOMPLISHMENT OF COMPANY WIDE SUSTAINABILITY OBJECTIVES FOR FY 2022-23

S #	Sustainability Objectives	Unit	FY 2023-24	FY 2022-23	Difference	% Variance	Type of Variance (Favorable/ Unfavorable)	Justification
5	1 % reduction in process losses for FY 2023-24 as compared to FY 2021-22 (17.47%)	%	16.99	17.54	0.55	3.14	Favorable	Due to Better control of processes
6	1% increase in productivity per employee for FY 2023-24 as compared to last year	Ton / Employee	14.25	13.52	0.73	5.4	Favorable	Due to increase in efficiency of processes and reduction in man power
7	5% increase in tree plantation for FY 2023-24 as compared to last year	No.	125	106	19	8.49	Favorable	Due to high commitment for environmental protection
8	Total Sustainability related training more than 2500 man-hours for FY 2023-24 as	Man hours	1,224	2,918	1,694	58	Unfavorable	Due to transition phase of management restructuring
9	Promote 100% accident free environment and foster safety culture through implementation of continual improvement initiative such as Training and awareness sessions, Tool Box Talks, GMP Rounds observations, 5S, Reward & recognition programs etc.in FY 2023-24.	%	zero	No major accident took place during the year 2022-23 due to effectively implementation of appropriate controls And achieved 690 Lost Time Injury (LTI) Free days still continued	0	0	Favorable	Due to better in process safety controls and awareness session

ACCOMPLISHMENT OF COMPANY WIDE SUSTAINABILITY OBJECTIVES FOR FY 2023-24

S #	Sustainability Objectives	Unit	FY 2023-24 A	FY 2022-23 B	Difference {B-A}	% Variance {B-A /A}W	Type of Variance (Favorable/ Unfavorable)	Justification
10	compared to last year.	%	<p>No major accident took place during the year 2022-23 due to effectively implementation of appropriate controls</p> <p>And achieved 690 Lost Time Injury (LTI Free days still continued</p>	<p>3 minor and non-fatal accidents took placed in 2021-22 as compared to 2 accidents</p> <p>in 2020-21, Lost time man hours were 1151 in 2021-22 as compared to 1,003.5 hrs. in 2020-21 (14.6 % increased).</p>	3 Accident	-300	Favourable	<p>Due to Strict controls and compliance with standard Procedures, Toll Box talks and Strict vigilant GMP rounds and Inspect number of accidents reduced</p> <p>Zero Lost Time Injury (LTI).</p> <p>694 LTI Free days achieved which is still continued.</p>

COMPANY WIDE SUSTAINABILITY OBJECTIVES

FY 2024-25

S#	Finalized Targets	Department
1	1% reduction in direct gas consumption per ton of paper made for FY 2023-24 as compared to last year.	Mechanical Engineering
2	Maintain 2.6% in Engineering downtime (out of available hours) (Mechanical + Electrical) for FY 2024-25 as compared to last year.	Engineering Dept
3	5% decrease in reliance on local power supply (K-electric) through self-generation source for FY 2024-25 as compared to last year.	Electrical Engineering
4	4% reduction in Genuine Customer complaints for FY 2024-25 as compared to last year.	PP&C
5	1% reduction in process losses for FY 2024-25 as compared to FY 2023-24.	Quality Assurance
6	1% increase in productivity per employee for FY 2024-25 as compared to last year.	Production
7	5% increase in tree plantation for FY 2024-25 as compared to last year.	HR & Admin
8	Total Sustainability related training more than 2500 man-hours for FY 2024-25 as compared to last year.	HR & Admin/ IMS
9	Promote 100% accident free environment and foster safety culture through implementation of continual improvement initiative such as Training and awareness sessions, Tool Box Talks, GMP Rounds observations, 5S, Reward & recognition programs etc.in FY 2024-25.	All Departments





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STAKEHOLDER ENGAGEMENT AND RELATIONSHIP

The Board acknowledges that stakeholder engagement helps to proactively consider the needs and desires of all those who have a stake in our organization, which can foster connections, trust, confidence, and buy-in for your organization's key initiatives. The Company is committed to establishing effective working relationship with all of its stakeholders.

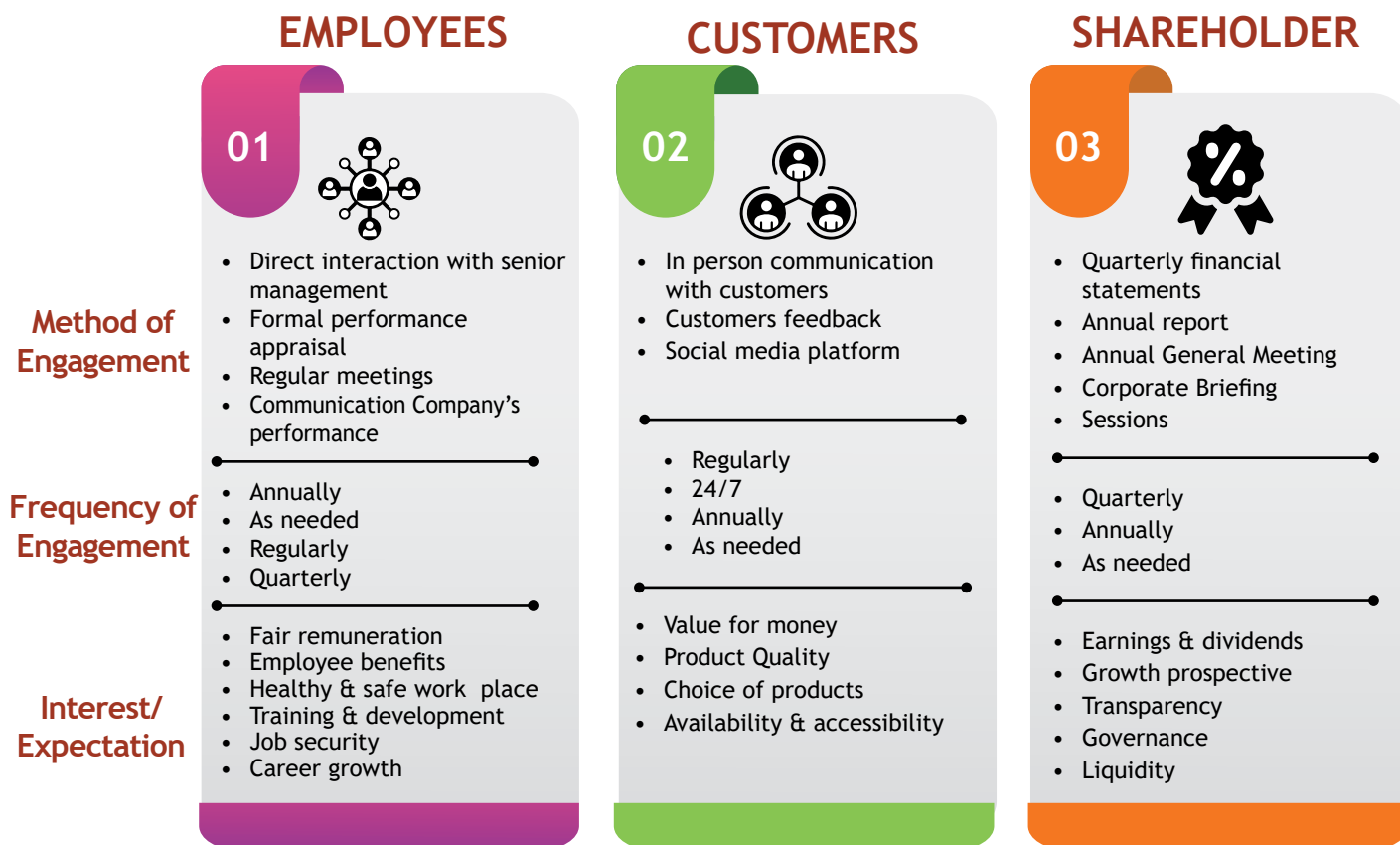
Identification of Stakeholder

A stakeholder analysis is a process of identifying and grouping them according to their levels of participation, interest, and influence in the Company; and determining how best to involve and communicate with each of these stakeholder groups throughout.

stakeholders and make every effort to fully understand their requirements. Additionally, we are aware that all of our stakeholders, from investors and customers to employees and suppliers, are interested in knowing how our business is evolving. Since the inception, we have engaged with 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 acknowledges the trust our investors pose in us by providing a steady return on their investment. Stakeholders with similar interests are classified into different categories i.e., employees, shareholders, customers, suppliers, regulators, or nongovernmental organizations. Employees of the Company are considered as important stakeholders as they manufacture, sell and deliver the products of the Company. Stakeholders' primary role is to help the Company meet its strategic objectives by contributing their experiences and providing necessary materials and resources.



STAKEHOLDER ENGAGEMENT AND RELATIONSHIP

Corporate Briefing Session (CBS)

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 Company's CBS is designed to provide more important and relevant information to the participants. The Management ensures to keep CBS accurate, concise and clear to focus on the audience.

The PSX Listing Regulations require Listed Companies to hold at least one corporate briefing session in a year. SPL held its corporate briefings on May 31, 2024. The Chief Executive Officer, Sr. GM Operations, Acting CFO and the Company Secretary gave a presentation to the investors on the profile of the Company, strategic / operational developments and details of financial information. Lastly, a question-and-answer session was also held with the investors. Investors from diverse backgrounds attended the CBS and exhibited a keen interest in the Company's performance.

Annual General Meetings

The Annual General Meeting ("AGM") will be held on Wednesday, September 25, 2024.

The notices for the General Meeting 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. 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.

Participation of Minority Shareholders

In order to encourage our minority shareholders to attend the General Meetings of the Company, 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.
- Notices are posted on the Company's website and distributed through PSX to ensure maximum reach to shareholders.
- A Company provided pick and drop transport service for the shareholders to attend the General Meetings is also arranged by the Company.

Investor Relations Section on SPL Website

SPL disseminates information to its investors, shareholders and other stakeholders through its corporate website. The 'Investor Relations' section is updated on a regular basis to include all pertinent 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](http://www.security-papers.com) .

The 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
- Online CBS Guidelines

Investor Relation Contacts

Yasir Ali Quraishi

STAKEHOLDER ENGAGEMENT AND RELATIONSHIP

Company Secretary & Legal Counsel
Telephone: (+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.

Security Papers Limited Share Prices 2023-24			
Period	Price in Rupees		
	High	Low	Average
1st Quarter - July - September 2023	116.25	92.50	104.37
2nd Quarter - October - December 2023	157.45	98.00	127.72
3rd Quarter - January - March 2024	155.00	126.10	140.55
4th Quarter - April - June 2024	151.00	125.00	138.00

Shareholders Engagement Policy

The Company's stakeholder's engagement strategy establishes the objectives of stakeholder engagement. The 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 provided various disclosures during the year. The purpose is to provide the stakeholders 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 corporate briefing session. Furthermore, the Company makes available Annual, Half-Yearly 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 are 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.

STAKEHOLDER ENGAGEMENT AND RELATIONSHIP

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". The Company has developed the 'Investor Relations' section on its website with the following tabs:

- Notice
- Online Complaint Form



PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2024

NO. OF SHAREHOLDINGS			
NO OF SHAREHOLDERS	FROM	TO	TOTAL SHARES
620	1	100	17,964
425	101	500	136,349
226	501	1,000	183,628
411	1,001	5,000	1,018,036
106	5,001	10,000	805,493
37	10,001	15,000	464,899
22	15,001	20,000	389,499
11	20,001	25,000	244,529
13	25,001	30,000	354,441
2	30,001	35,000	67,626
5	35,001	40,000	187,991
10	40,001	45,000	426,288
4	45,001	50,000	191,570
3	50,001	55,000	155,616
4	55,001	60,000	229,809
1	65,001	70,000	68,313
2	70,001	75,000	146,560
2	85,001	90,000	174,360
1	90,001	95,000	91,114
3	95,001	100,000	295,772
2	105,001	110,000	218,317
1	115,001	120,000	116,545
1	140,001	145,000	143,414
1	150,001	155,000	153,000
1	175,001	180,000	179,146
1	180,001	185,000	180,347
1	195,001	200,000	200,000
1	200,001	205,000	200,100
1	235,001	240,000	239,541
1	320,001	325,000	324,400
1	395,001	400,000	399,367
1	400,001	405,000	403,900
1	445,001	450,000	445,677
1	630,001	635,000	634,000
1	765,001	770,000	768,703
1	925,001	930,000	928,689
1	2,585,001	2,590,000	2,587,428
1	4,250,001	4,255,000	4,254,280
1	5,655,001	5,660,000	5,656,407
2	5,925,001	5,930,000	11,851,128
1	23,720,001	23,725,000	23,721,739
1,931			59,255,985

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2024

Categories of Shareholders	Number	Shares Held	Percentage
i. Directors, Chief Executive Officer and their Spouse(s) and minor children	1	15,000	0.03
MR. JAMAL NASIM	1	15,000	0.03
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	1	5,925,564	10.00
PAKISTAN SECURITY PRINTING CORPORATION (PVT.) LIMITED	1	23,721,739	40.03
iv. NIT and ICP	-	-	-
v. Banks, Development Financial Institutions, Non-Banking Financial Institutions	6	4,292,805	7.24
UNITED BANK LIMITED	1	231	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	1	1,482	0.00
MCB BANK LIMITED - TREASURY	1	153	0.00
vi. Insurance Companies	4	6,702,390	11.31
E F U GENERAL INSURANCE LIMITED	1	749	0.00
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	1	5,656,407	9.55
PAKISTAN REINSURANCE COMPANY LIMITED	1	928,689	1.57
SALAAM TAKAFUL LIMITED	1	116,545	0.20
vii. Modarabas and Mutual Funds	4	2,630,128	4.44
B.R.R. GUARDIAN LIMITED	1	19,300	0.03
CDC - TRUSTEE AL HABIB STOCK FUND	1	20,000	0.03
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,587,428	4.37
CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	1	3,400	0.01
viii. General Public	1,874	7,802,367	13.17
a. Local	1,874	7,802,367	13.17
b. Foreign	-	-	-

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2024

Categories of Shareholders	Number	Shares Held	Percentage
ix. Others	39	2,240,428	3.78
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
TRUST SECURITIES & BROKERAGE LIMITED	1	9,000	0.02
INTERMARKET SECURITIES LIMITED	1	55,100	0.09
PRUDENTIAL SECURITIES LIMITED	1	53	0.00
Y.S. SECURITIES & SERVICES (PVT) LTD.	1	102	0.00
A.M.MANSUR LLP	1	200	0.00
MILLWALA SONS (PRIVATE) LIMITED	1	64	0.00
AVIATION ENCLAVE (PVT.) LIMITED	1	43,700	0.07
TRUSTEES AL-BADER WELFARE TRUST	1	58,809	0.10
TECHNOLOGY LINKS (PVT.) LIMITED	1	7,000	0.01
DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	1	399,367	0.67
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	239,541	0.40
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	8,404	0.01
GLOBE MANAGERMENTS (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
CENTRAL FACILITATION AGENCY (PVT.) LIMITED	1	15,500	0.03
S.H. BUKHARI SECURITIES (PVT) LIMITED	1	921	0.00
TRUSTEES 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
FEDERAL BOARD OF REVENUE	1	46,468	0.08
CLIKTRADE LIMITED	1	1	0.00
CRESCENT COTTON MILLS LIMITED	1	522	0.00
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED	1	109,697	0.19
TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEES P.FUND	1	1,000	0.00
BRR FINANCIAL SERVICES (PVT.) LIMITED	1	6,500	0.01
NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND	1	768,703	1.30
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	324,400	0.55
Pearl Capital Management (Private) Limited	1	9	0.00

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2024

	Categories of Shareholders	Number	Shares Held	Percentage
	FIKREES (PRIVATE) LIMITED	1	1,037	0.00
	R.T. SECURITIES (PVT) LIMITED	1	1,400	0.00
	MRA SECURITIES LIMITED - MF	1	900	0.00
	AYUB CHAUDHRY INVESTMENTS (PVT.) LIMITED	1	3,998	0.01
	Total	1,931	59,255,985	100.00
x.	Shareholders Holding five percent or more Voting Rights in the Listed Company	5	45,483,552	76.76
	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	1	5,925,564	10.00
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2	5,656,405	9.55
	THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED	1	4,254,280	7.18

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of Security Papers Limited, (the “Company”) will be held on Wednesday, September 25, 2024, at 8:00 a.m. at the Registered Office of the Company situated at Jinnah Avenue, Malir Halt, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2024, together with the Directors’ and Auditors’ Reports thereon.

In accordance with Section 223 of the Companies Act, 2017 and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Company can be accessed through the following weblink and QR enabled code:

<https://security-papers.com/wp-content/uploads/2024/09/AR-Book-SPL2024.pdf>



2. To consider and approve the payment of Rs. 10.00 per share (100%) as the final cash dividend in addition to the 25% interim cash dividend announced and already paid, making a total dividend of Rs. 12.50 per share (25%) for the financial year ended June 30, 2024, as recommended by the Board of Directors. The dividend will be payable to the Members whose names appear in the Register of the Members as on September 18, 2024.
3. To appoint the External Auditors for the Financial Year 2024-25 and to fix their remuneration. The Board of Directors, on the recommendation of the Board Audit Committee of the Company, has proposed re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, who are eligible and they have provided their consent to be re-appointed as statutory auditors of the Company.
4. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

By Order of the Board



Yasir Ali Quraishi
Company Secretary & Legal Counsel

Karachi,
4 September 2024

Notes:

1. Closure of Share Transfer Books

- (i) The Share Transfer Books of the Company will remain closed from 19 September 2024 to 25 September 2024 (both days inclusive). Transfers received in order at the office of Share Registrar, M/s. FAMCO Share Registration Services (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 18 September 2024 will be considered in time to determine the above-mentioned entitlement and to attend and vote at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

2. Participation in the Annual General Meeting electronically and appointing proxies

- (i) Members whose names are appearing in the register of members as of September 18, 2024, are entitled to attend and vote at the AGM.
- (ii) The shareholders who wish to attend the AGM proceedings online are requested to get themselves registered by sending their particulars at the designated email address: yasir@security-papers.com, giving particulars as per below table by the close of business hours (5:00 PM) on 23 September 2024.

Name of Shareholder	CNIC No./NTN NO.	CDC Participant ID/Folio No.	Cell No.	Email address

- (iii) The zoom link would be provided to the registered shareholders/proxies who have provided all the requested information. The shareholders are also encouraged to send their comments/suggestion related to the agenda items of the AGM on the above-mentioned email address by the close of business hours (5:00 PM) on 23 September 2024.
- (iv) A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his/her behalf. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in their own right. For appointing proxies, the scanned/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 yasir@security-papers.com at least 48 hours before the time of the Meeting.
- (v) The proxy form should be witnessed by two persons whose names, addresses, and CNIC numbers shall be mentioned on the form.
- (vi) Where possible, attested copies of the CNIC or the identification pages of the passport of the beneficial owners and the proxy should be enclosed with the e-mailed Proxy Form.
- (vii) In the case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature should be submitted along with Proxy Form to the Company.
- (viii) CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular No.1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

3. Consent for Video Link Facility.

- (i) Further to SECP S.R.O. No.1027/(I)2014 dated 13th November 2014 clause 1(b) "The Company may provide video link facility to its members for attending the general meeting at places other than the town in which the general meeting is taking place after considering the geographical dispersal of its members:
- (ii) Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video link at least 10 days prior to the date of 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.

NOTICE OF ANNUAL GENERAL MEETING

- (iv) I/We, _____ of _____, being a member of the Security Papers Limited, holder of _____ Ordinary Share(s) as per Register CDC/Folio No. _____ hereby opt for video link facility at _____.

4. Notice to Shareholders who have not provided their IBAN

- (i) In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, the shareholders are requested to provide their bank details by filling up the Electronic Credit Mandate Form available at: <https://famcosrs.com/downloads> and send the duly filled form along with a copy of CNIC to Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited.

Explanation _ For the purpose of these regulations identification number includes the 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 is a person other than a natural person.

- (ii) In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of a non-availability copy of valid CNIC (for individuals) and National Tax Number (for a corporate entity).
- (iii) Accordingly, shareholders who have not yet submitted a copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or its Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited.

5. Updation of shareholder addresses / other particulars

- (i) Members holding shares in physical form are requested to promptly notify Share Registrar, M/s FAMCO Share Registration Services (Pvt.) Limited of the Company of any change in their addresses or any other particulars. Shareholders maintaining their shares in electronic form should have their address or any other particulars updated with their participant or CDC Investor Accounts Service.
- (ii) Further, to comply with requirements of section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all CDC and physical shareholders are requested to have their email address and cell phone numbers incorporated / updated in their physical folio or CDC account, as the case may be.

6. Deduction of Income Tax from Dividends under Section 150 of the Income Tax Ordinance, 2001 (Mandatory)

- (i) The rates of deduction of Withholding Income Tax from dividend payments under the Income Tax Ordinance, 2001 shall be as follows:
- Persons appearing in Active Taxpayers List (ATL) ---- 15%.
 - Persons not appearing in Active Taxpayers List (ATL) ----- 30%.
- (ii) To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers' List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

NOTICE OF ANNUAL GENERAL MEETING

- (iii) Persons not appearing in the Active Taxpayers' List: The rate of tax required to be deducted/collected, as the case may be, is increased by 100% (as specified in the Tenth Schedule to the Income Tax Ordinance, 2001).
- (iv) Withholding Tax will be determined separately on 'person names appearing on ATL/person names not appearing on ATL' status of Principal Shareholder as well as Joint holder(s) based on their shareholding proportions, in case of joint accounts.
- (v) 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:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

- (vi) The required information must reach our Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by the Principal Shareholder and Joint Holder(s).
- (vii) 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 a valid Tax Exemption Certificate to our Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.
- (viii) For any query/problem/information, the investors may contact the Company Secretary at phone: 021-99248285 and email address yasir@security-papers.com and/or M/s. FAMCO Share Registration Services (Pvt.) Limited at phone 021-34380101-5 and email address: info.shares@famcosrs.com.
- (ix) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or M/s. FAMCO Share Registration Services (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

7. Intimation for Non-Resident Individual Shareholders

- (i) Non-Resident individual shareholders shall submit a declaration of undertaking with a copy of a valid passport under the definition contained in Section 82 of the Income Tax Ordinance, 2001 for determination of residential status for the purposes of tax deduction on dividends to the Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited at 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, or email at info.shares@famcosrs.com at the latest by September 18, 2024. A copy of the declaration form can be downloaded at the Share Registrar website: <https://famcosrs.com/downloads>.

8. Unclaimed / Unpaid Shares and Dividends

- (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

NOTICE OF ANNUAL GENERAL MEETING

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 acknowledgment due on the last known addresses of the shareholders to submit their claims within 90 days to the Company. In compliance with Section 244(1)(b) of the Companies Act, 2017 a Final Notice had also been published on March 30, 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

9. 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 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 benefit from 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.

10.Placement of Financial Accounts on the Website

- (i) Placement of Financial Statements on Website the Financial Statements of the Company for the year ended June 30, 2024 along with reports have been placed on the website of the Company: <https://security-papers.com/> which can also be downloaded through the link below and/or QR enabled code.
- (ii) <https://security-papers.com/annual/>

11.Zakat Exemption

- (i) To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form “CZ-50” on NJSP of Rs. 200/- to the Share Registrar, before the first day of book closure.

12.Electronic Transmission of Annual Report 2024

- (i) In compliance with section 223(6) of the Companies Act, 2017, and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023 the Company has electronically transmitted the Annual Report 2024 through weblink, QR enabled code and through email to Members whose email addresses are available with the Company’s Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited. However, in cases, where email addresses are not available with the Company’s Share Registrar, printed copies of the notices of AGM along-with the QR enabled code/weblink to download the Annual Report 2024 (containing the financial statements), have been dispatched.
- (ii) Notwithstanding the above, the Company will provide hard copies of the Annual Report 2024, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request. Further, Members are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company’s Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited if the Member holds shares in physical form or, to the Member’s respective Participant/Investor Account Services, if shares are held in book entry form.

BEST CORPORATE REPORT (BCR) CRITERIA

1.	Organizational Overview and External Environment	Page No.
1.01	Mission, vision, code of conduct, ethical, principal and core values.	12-14
1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	05-06
1.03	Geographical location and address of all business units including sales units and plants.	07
1.04	The legislative and regulatory environment in which the company operates.	71
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	262-265
1.06	Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	-
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	74, 264-267
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	16-17
1.09	A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.	32-37
1.10	Description of the performance of the various activities / product(s) / service(s) / segment(s) of the entity and its group entities during the period under review.	32-37
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	52
1.12	a) Explanation of significant factors affecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization's response.	50-51
	b) The effect of seasonality on business in terms of production and sales.	253
1.13	The legitimate needs, interests of key stakeholders and industry trends.	209
1.14	SWOT Analysis of the company.	49
1.15	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	53
1.16	History of major events.	08-09
1.17	Details of significant events occurred during the year and after the reporting period.	10-11
2.	Strategy and Resource Allocation	Page No.
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve objectives.	87-88
2.02	Resource allocation plans to implement the strategy. Resource mean 'Capitals' including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital and f) Natural Capital.	89

BEST CORPORATE REPORT (BCR) CRITERIA

2.03	The capabilities and resources of the company that provide sustainable competitive advantage, resulting in value creation by the company.	89
2.04	Company's strategy on market development, product and service development.	37
2.05	The effects of the given factors on the company strategy and resource allocation: a) Technological Changes; b) Sustainability reporting and challenges; c) Initiatives taken by the company in promoting and enabling innovation; and d) Resource shortages (if any).	85
2.06	Key Performance Indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	88
2.07	The linkage of strategic objectives with company's overall mission, vision and objectives.	86-87
2.08	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	36
2.09	a) Information about defaults in payment of any debt with reasons and its repayment plan; b) Board strategy to overcome liquidity problems and plans to meet operational losses.	35 254
3.	Risks and Opportunities	Page No.
3.01	Key risks and opportunities (internal and external), including Sustainability-related risks and opportunities affecting availability, quality and affordability of Capitals.	211-214
3.02	A Statement from the Board for determining the following: a) Company's level of risk tolerance by establishing risk management policies; b) Company's robust assessment of the principal risks being faced, including those that would threaten the business model, future performance and solvency or liquidity.	69 36
3.03	Risk Management Framework covering principal risks and uncertainties facing by the company, risk methodology, risk appetite and risk reporting.	92-94
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	96-98
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	99
4.	Sustainability Reporting and Corporate Social Responsibility (CSR)	Page No.
4.01	Board's statement for the adoption of CSR best practices including Board's commitment to continuous improvement and implementation updates in the form of periodic reviews to ensure the relevance and effectiveness of CSR practices in business strategies.	35, 74, 88, 89
4.02	Board's statement about the company's strategic objectives and the intended impact on stakeholders on ESG (Environmental, Social and Governance) reporting/ Sustainability Reporting in line with IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'. Weightage will be given to companies who provides following disclosures (as per IFRS S1 and IFRS S2) along with the company specific examples for each factor for the investor's information: a) Disclosures of company specific sustainability-related risks and opportunities and their impact on the financial performance in the short, medium and long term; b) Disclosures about four-pillars core content (Governance, Strategy, Risk Management and Metrics and Targets), together with the specific metrics designed by the company to demonstrate the performance and progress of the company.	30, 66, 75, 99, 190, 209

BEST CORPORATE REPORT (BCR) CRITERIA

	<p>c) Disclosures of material information about sustainability-related risks and opportunities throughout a company's value chain together with specific examples of initiatives taken by the company.</p> <p>[In IFRS S1, the 'value chain' is the full range of interactions, resources and relationships related to a company's business model and the external environment in which it operates]</p> <p>d) Disclosure about company's climate-related risks and opportunities, as required in IFRS S2 including explanation of the specific methodologies and tools used by the company.</p> <p>[Climate-related opportunities refer to the potential positive effects arising from climate change for a company. Climate-related risks refer to the potential negative effects of climate change on a company and are of two types, physical risks (such as those resulting from increased severity of extreme weather) and transition risks (such as those associated with policy action and changes in technology)].</p>	30, 66, 75, 99, 190, 209
4.03	A chairman's overview on how the company's sustainable practices can affect the financial performance of the company.	28
4.04	<p>Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR:</p> <ul style="list-style-type: none"> • Social initiatives such as research and development initiatives, employment generation, community health and education, and health and safety of staff etc.; • Environmental initiatives like climate change mitigation etc. by focusing on 3R's (Reduce, Reuse & Recycle) and how does the company reduce pollution, depletion and degradation of natural resources; • Technological innovation such as contributing to sustainability (i.e. energy-efficient processes or eco-friendly product designs); • Information on consumption and management of materials, energy, water, emissions and waste. 	196, 56, 229 233-239 50, 208 97, 222
4.05	<ul style="list-style-type: none"> • Status of adoption/ compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP. • ISO certifications acquired for best sustainability and CSR practices. 	74 46
5.	Governance	Page No.
5.01	<p>Board composition:</p> <p>a) Leadership structure of those charged with governance;</p> <p>b) Name of independent directors indicating justification for their independence;</p> <p>c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience;</p> <p>d) Profile of each director including education, experience and engagement in other entities as CEO, Director FA or Trustee etc.;</p> <p>e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.</p>	18, 31, 64 64 18, 22, 31, 57, 64 18, 21-22 22 22
5.02	A brief description about role of the Chairman and the CEO.	75
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	64-69
5.04	<p>Chairman's Review Report on the overall performance of the board including:</p> <p>a) Effectiveness of the role played by the board in achieving the company's objectives;</p> <p>b) Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year';</p>	27

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	c) Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.	27
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company.	57
5.06	Annual evaluation of performance, along with a description of criteria used for the members of the board, including CEO, Chairman, and board's committees.	36, 67, 69
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	69-70
5.08	Details of formal orientation courses for directors.	70
5.09	Directors' Training Program (DTP) attended by directors, female executives, and head of departments from the institutes approved by the SECP, along with names of those who availed exemptions during the year.	57, 70
5.10	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	57, 70
5.11	Disclosure about related party transactions:	
	a) Approved policy for related party transactions;	72
	b) Details of all related party transactions, along with the basis of relationship describing common directorship and percentage of shareholding;	173
	c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement;	173
	d) Disclosure of director's interest in related party transactions;	174
e) In case of conflict, disclosure of how conflicts are managed and monitored by the board.	73	
5.12	Disclosure of Board's Policy on the following significant matters:	
	a) Governance of risk and internal controls.	35, 61
	b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	64, 71
	c) Disclosure of director's interest in significant contracts and arrangements.	73
	d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	70
	e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	N/A
	f) Security clearance of foreign directors.	71
	g) Board meetings held outside Pakistan.	69
	h) Human resource management including:	72-73
	<ul style="list-style-type: none"> • Preparation of succession plan; • Merit based recruitment; • Performance based appraisal system; • Promotion, reward and motivation; • Training and development; • Gender and race diversity; • Appointment of / quota for people with disability; and • Employee engagement /feedback. 	

BEST CORPORATE REPORT (BCR) CRITERIA

	<ul style="list-style-type: none"> i) Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions. j) Communication with stakeholders. k) Dividend policy. l) Investors' relationship and grievances. m) Employee's health, safety and protection. n) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner, and provide protection to the complainant against victimization and reporting in Audit Committee's report. o) Safety of records of the company. 	<p>28, 34, 35, 55, 51, 64, 74 29 72 85 72 72</p>
5.13	Board statement of the organization's business continuity plan or disaster recovery plan. (CS)	79
5.14	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	71
5.15	<p>Disclosure about:</p> <ul style="list-style-type: none"> a) Shares held by Sponsors / Directors / Executives; b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors / Executives or close family member of Directors / Executives etc.) or foreign shareholding (if any). 	262-265
5.16	Details about Board meetings and its attendance.	68-69
5.17	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	65-68
5.18	<p>Timely Communication:</p> <p>Date of authorization of financial statements by the board of directors:</p> <p>Within 40 days - 6 marks</p> <p>Within 50 days - 6 marks (in case of holding company who has listed subsidiary /subsidiaries)</p> <p>Within 60 days - 3 marks</p> <p>(Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).</p>	75
5.19	<p>Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <ul style="list-style-type: none"> a) Composition of the committee with at least one member qualified as "financially literate" and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Committee's overall role in discharging its responsibilities for the significant issues related to the financial statements, and how these issues were addressed. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit in risk management and internal control, and the approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance. e) Review of arrangements for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters, and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded. 	<p>61</p> <p>65-67</p> <p>65-67</p> <p>65-67</p> <p>65-67</p> <p>65-67</p> <p>61</p>

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	g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.	N/A
	h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy.	61
	i) Results of the self-evaluation of the Audit Committee carried out of its own performance.	-
	j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	72, 226
5.20	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	75
5.21	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: (GM IT) a) How it is designed to manage and integrate the functions of core business processes / modules like finance, HR, supply chain and inventory management in a single system; b) Management support in the effective implementation and continuous updation; c) Details about user training of ERP software; d) How the company manages risks or control risk factors on ERP projects; e) How the company assesses system security, access to sensitive data and segregation of duties.	79-81 48 80 79-81 79-81 79-81
5.22	Disclosure about the Government of Pakistan policies related to company's business / sector in Directors' Report and their impact on the company business and performance.	50
5.23	Information on company's contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)	31
6.	Analysis of the Financial Information	Page No.
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators, showing linkage between: a) Past and current performance; b) Performance against targets /budget; and	121 122 213-214
6.02	The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred, as well as future prospects of profits. a) Analysis of financial ratios (Annexure I) with graphical presentation and disclosure of methods and assumptions used in compiling the indicators. b) Explanation of negative change in the performance as compared to last year.	107-120 107-123 113
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years. Weightage to be given to graphical presentation.	107-120
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	119-123
6.05	a) Information about business segment and non-business segment; and b) Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	183
6.06	Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	129

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6.07	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	129
6.08	Disclosure of market share of the company and its products and services. (CS)	129
6.09	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business. (CS)	106
6.10	Statement of Economic value added (EVA) [EVA = NOPAT - WACC x TC, where NOPAT is Net Operating Profit After Tax, WACC is Weighted Average Cost of Capital, and TC is Total Invested Capital]	125
6.11	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	259
7.	Business Model	Page No.
7.01	Describe the business model including inputs, business activities, outputs and outcomes as per international applicable framework.	48
7.02	Explanation of any material changes in the entity's business model during the year.	35
8.1	Disclosures on IT Governance and Cybersecurity	Page No.
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	80-81
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	80, 194
8.03	Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.	80
8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	81
8.05	Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	79, 194, 234
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	79
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	81-82
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	228-229
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	234

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9.	Future Outlook	Page No.
9.01	Forward-looking statement in narrative and quantitative form, including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	37
9.02	Explanation as to how the performance of the company aligns with the forward-looking disclosures made in the previous year.	37
9.03	Status of the projects in progress and those disclosed in the forward-looking statement in the previous year.	230-232
9.04	Sources of information and assumptions used for projections / forecasts in the forward- looking statement, and any assistance taken by any external consultant.	230-232
9.05	Disclosure about company's future Research & Development initiatives.	-
10.	Stakeholders Relationship and Engagement	Page No.
10.01	Stakeholder's engagement policy of the company and how the company has identified its stakeholders.	74
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how the relationship is likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; and g) Analysts.	258-261
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	258-261
10.04	Investors' Relations section on the corporate website.	258-261
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	258-261
10.06	a) Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions; and b) Disclosure of brief summary of Analyst briefing conducted during the year.	258-261
10.07	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	258-261
10.08	Details about corporate benefits to shareholders like value appreciation, dividend etc.	22
11.	Striving for Excellence in Corporate Reporting	Page No.
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	104-105
11.02	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	270-279

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

12.	Framework for Annual Reporting	Page No.
12.01	Fair value of Property, Plant and Equipment.	139
12.02	Particulars of significant / material assets and immovable property including location and area of land.	147
12.03	Capacity of an industrial unit, actual production and the reasons for shortfall.	174
12.04	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	N/A
12.05	Specific disclosures required for shariah compliant companies / companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	103
12.06	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53(I)/2022 dated January 12, 2022)	N/A
12.07	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	86, 111, 113, 114, 169, 183
12.08	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus/offering document with regards to utilization of proceeds raised till full implementation of such plans.	N/A
12.09	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A



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FORM OF PROXY

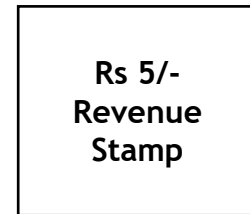
I/We _____ of _____
 _____ being member(s) of SECURITY PAPERS LIMITED and holder of _____ Ordinary Shares as per
 Share Register Folio/CDC Account No. _____ hereby appoint _____ Folio/CDC
 Account No. _____ of _____ CNIC No. or Passport No. _____ or failing
 whom _____ Folio/CDC Account No. _____ of _____ CNIC No. or
 Passport No. _____ who is also a member of the Company as my/our proxy to attend and vote
 for me/us and on my/our behalf at the 59th ANNUAL GENERAL MEETING of the Company to be held on Wednesday,
 September 25, 2024 at 8:00 am and at any adjournment thereof.

Signed this _____ day of _____ 2024

Witnesses: 1. Signature _____
 Name: _____
 Address: _____
 CNIC or Passport No. _____

2. Signature _____
 Name: _____
 Address: _____
 CNIC or Passport No. _____

Signature _____
 (Signature should agree
 with the specimen signature
 registered with the Company).
 CNIC or Passport No. _____



IMPORTANT

1. This form of proxy, duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours before the Meeting.
2. This form should be signed by the member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A member entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a member.

For CDC Account Holders/Corporate Entities:

In addition to the above, following requirements have to be met:

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC or Passport Numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce his/her original CNIC or original Passport at the time of the Meeting.
- (iv) In case of 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.

پرو کسی فارم

میں / ہم..... از..... بحیثیت سیکورٹی پیپر ز لمیٹڈ کے ممبر اور حامل..... عدد عام حصص بمطابق شیئر رجسٹر فولیو / سی ڈی سی اکاؤنٹ نمبر..... بذریعہ ہذا جناب / محترمہ..... فولیو / سی ڈی سی اکاؤنٹ نمبر..... حامل سی این آئی سی نمبر یا پاسپورٹ نمبر..... یا بصورت دیگر..... فولیو / سی ڈی سی اکاؤنٹ نمبر..... حامل سی این آئی سی نمبر یا پاسپورٹ نمبر..... جو کمپنی کے / کی ممبر بھی ہیں، بروز بدھ 25 ستمبر 2024 کو صبح 8 بجے یا کسی ملتوی شدہ تاریخ کو منعقد ہونے والے 59 ویں سالانہ اجلاس میں اپنی جانب سے شرکت اور رائے دہی کے لئے اپنا پرو کسی مقرر کرتا ہوں / کرتے ہیں۔

دستخط..... بتاریخ..... 2024.....

گواہ 1:

1. دستخط

.....

نام

.....

پتہ

.....

سی این آئی سی یا پاسپورٹ نمبر

.....

2. دستخط

.....

نام

.....

پتہ

.....

سی این آئی سی یا پاسپورٹ نمبر

.....

..... دستخط.....

(دستخط کمپنی کے پاس رجسٹرڈ دستخط کے نمونے کے مطابق ہوں)

..... سی این آئی سی / پاسپورٹ نمبر.....

5/- روپے کا
محصول ٹکٹ

اہم:

- 1- پرو کسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اٹتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں جمع کرا دیا جائے۔
- 2- فارم پر ممبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کرے گا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔
- 3- اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے اور رائے دہی کے لئے دوسرے ممبر کو اپنا پرو کسی مقرر کر سکتا ہے تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پرو کسی مقرر کر سکتی ہے۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریشن ادارے

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا:

- (i) پرو کسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام، پتے اور سی این آئی سی یا پاسپورٹ نمبر فارم میں درج ہوں۔
- (ii) ممبر اور پرو کسی کے سی این آئی سی یا پاسپورٹ کے تصدیق شدہ کاپیاں پرو کسی فارم کے ہمراہ منسلک کرنی ہوں گی۔
- (iii) پرو کسی کو اجلاس کے وقت اپنا اصل سی این آئی سی ای اصل پاسپورٹ پیش کرنا ہوگا۔
- (iv) کارپوریٹ ادارے کی صورت میں دائریکٹرز کی قرارداد / پاور آف اٹارنی مع نامزہ فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پرو کسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔



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