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QUARTERLY REPORT |  
SEPTEMBER 30, **2023**



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**QUARTERLY REPORT**



## COMPANY INFORMATION

### BOARD OF DIRECTORS

#### Chairman

Mr. Mohammad Aftab Manzoor - Non-executive

#### Directors

Mr. Muhammad Sualah Ahmad Faruqui - Non-executive - Independent  
Mr. Jamal Nasim - Non-executive  
Mr. Ahmad Hatami Yazd - Non-executive  
Ms. Figen Caliskan - Non-executive  
Hafiz Mohammad Yousaf - Non-executive  
Mr. Shafqaat Ahmed - Non-executive  
Mr. Munir Ahmed - Non-executive - Independent

#### Chief Executive Officer

Mr. Imran Qureshi - Executive

### BOARD AUDIT COMMITTEE

Mr. Munir Ahmed - Chairman  
Mr. Jamal Nasim - Member  
Mr. Ahmad Hatami Yazd - Member  
Hafiz Mohammad Yousaf - Member  
Mr. Shafqaat Ahmed - Member  
Mr. Yasir Ali Quraishi - Secretary

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muhammad Sualah Ahmad Faruqui - Chairman  
Mr. Mohammad Aftab Manzoor - Member  
Mr. Jamal Nasim - Member  
Mr. Munir Ahmed - Member  
Mr. Yasir Ali Quraishi - Secretary

### CHIEF FINANCIAL OFFICER

- Mr. Babar Aijaz

### COMPANY SECRETARY

- Mr. Yasir Ali Qureshi

### BANKERS

Bank Al Habib Limited  
National Bank of Pakistan  
Meezan Bank Limited  
Habib Metropolitan Bank Limited  
Bank Alfalah Limited  
Khushhali Microfinance Bank Limited  
MIB Bank Limited

### AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants

### TAX CONSULTANTS

A. F. Ferguson & Co.  
Chartered Accountants

### LEGAL ADVISORS

Mohsin Tayebaly & Co.  
Advocates & Legal Consultants

### REGISTERED OFFICE

Jinnah Avenue, Malir Halt,  
Karachi - 75100  
Tel : (+9221) 99248285  
E-mail : comsec@security-papers.com

### SHARE REGISTRARS

FAMCO Associates (Pvt.) Limited  
8-F, Near Hotel Faran, Nursery,  
Block-6, P.E.C.H.S, Shakra-e-Faisal,  
Karachi.  
Tel: (+9221) 34380101-5  
Fax: (+9221) 34380106  
E-mail: info.shares@famco.com.pk

### FACTORY

Jinnah Avenue, Malir Halt,  
Karachi - 75100  
Tel : (+9221) 99248536-37  
Fax : (+9221) 99248616

### WEB SITE

<http://www.security-papers.com>



## DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for the three months period ended September 30, 2023.

### BUSINESS AND PERFORMANCE REVIEW

The Company delivered significantly improved performance in the current quarter compared to same period last year owing to a number of initiatives taken by the Company in all key parameters of the business operations starting from the top line and the impact of the same was translated into the bottom line.

Net Sales at Rs 1,729 million were 46% higher compared to Rs 1,183 million same period last year as the Company increased volumes and improved pricing both at the key customer as well as other important national customer after extensive and successful negotiations. This new customer was added to the business portfolio last year in line with the strategy of diversification and the Company has successfully been able to convert it from imported to local paper which has also been beneficial for the exchequer in terms of valuable foreign exchange savings for the country. Resultantly, the Company achieved sales volume of 1128 tons as against 961 tons during the corresponding period of preceding year.

The Company reported gross profit of Rs 484 million as against Rs 281 million in the corresponding period of preceding year showing a sterling increase of 72% (Rs 203 million) which was achieved owing to commercial reasons detailed above along with improvement in operational efficiencies. Other income reported at Rs 261 million compared to Rs 162 million same period last year improved as the Company was able to successfully revamp its investment portfolio and post reprofiling, the Company is seeing the positive results as reflected in the financial statements.

The profit before taxation during the period under review stood at Rs 596 million against Rs 313 million last year which is 91% higher due to various initiatives taken by the Company. Profit after tax at Rs 365 million was 74% higher than Rs 210 million in the same period last year giving a substantial increase in earnings per share which is Rs 6.16 compared to Rs 3.54 same period last year.

### FUTURE PROSPECTS

In spite of the economic conditions of the country which are challenging for the whole industry, the Company is confident that with the right strategy and timely actions the operational and financial performance will remain robust. The Company has recently concluded a technical consultancy agreement with a leading European Security Paper Company and aims to benchmark its operational efficiencies with them so to prepare a comprehensive efficiency and cost improvement plans. Also, the consultant is preparing a scope for BMR for the Plant subsequent to which an expansion decision will be taken keeping in view critical factors like end product demand projections.

The directors of your Company take this opportunity to express their gratitude to all the stakeholders for their encouragement and support.

On behalf of the Board of Directors

*Imran Qureshi*

**IMRAN QURESHI**  
Chief Executive Officer

Karachi  
Dated: October 30, 2023

**MUNIR AHMED**  
Director



## Condensed Interim Statement of Financial Position

As at 30 September 2023

		30 September 2023 Un-audited	30 June 2023 Audited
<b>ASSETS</b>			
	Note	----- (Rupees in '000) -----	
<b>Non-current assets</b>			
Property, plant and equipment	5	1,747,031	1,718,372
Right-of-use assets	5.3	35,358	33,689
Intangible assets		13,235	13,920
Long-term investment	6	3,208,132	2,903,729
Lease deposits		8,128	7,648
		<u>5,011,884</u>	<u>4,677,358</u>
<b>Current assets</b>			
Stores, spares and loose tools		253,394	211,427
Stock-in-trade		922,388	801,049
Trade debts - considered good		814,547	1,565,394
Loan, advances, deposits, prepayments and other receivables		91,712	92,652
Interest accrued		107,113	108,183
Short investments	7	2,427,677	1,996,672
Cash and bank balances		100,940	403,551
		<u>4,717,771</u>	<u>5,178,928</u>
<b>Total assets</b>		<u>9,729,655</u>	<u>9,856,286</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 70,000,000 (30 June 2023: 70,000,000) ordinary shares of Rs 10 each		<u>700,000</u>	<u>700,000</u>
<b>Issued, subscribed and paid-up capital</b> 59,255,985 (30 June 2023: 59,255,985) ordinary shares of Rs. 10 each		<u>592,559</u>	<u>592,559</u>
<b>Revenue reserves</b>			
General reserves		6,246,411	5,951,267
Unappropriated profit		366,407	948,176
Total shareholders' equity		<u>7,205,377</u>	<u>7,492,002</u>
<b>Non-current liabilities</b>			
Lease Liabilities		30,277	27,739
Staff retirement benefits		64,155	55,410
Deferred taxation - net		175,063	135,743
		<u>269,495</u>	<u>218,892</u>
<b>Current liabilities</b>			
Trade and other payables		915,299	1,456,635
Accrued mark-up		-	8
Unclaimed dividend		4,277	4,510
Unpaid dividend	12.1	1,111,199	459,384
Current portion of lease liabilities		8,047	7,513
Taxation - net		215,961	217,342
		<u>2,254,783</u>	<u>2,145,392</u>
<b>Total liabilities</b>		<u>2,524,278</u>	<u>2,364,284</u>
<b>Contingencies and commitments</b>	8.		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>9,729,655</u>	<u>9,856,286</u>

The annexed notes 1 to 12 form an integral part of this condensed financial information.

*Imran Qureshi*

IMRAN QURESHI  
Chief Executive Officer

*Babar Ajaz*

BABAR AJAZ  
Chief Financial Officer

*Munir Ahmed*

MUNIR AHMED  
Director



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**Condensed Interim Statement of Profit or Loss (Un-audited)**  
**For the Quarter ended 30 September 2023**

	30 September 2023	30 September 2022
	----- (Rupees in '000) -----	
Sales - net	1,728,559	1,183,436
Cost of sales	(1,244,563)	(902,216)
<b>Gross profit</b>	<b>483,996</b>	<b>281,220</b>
Administrative expenses	(100,707)	(90,373)
Other income	260,532	161,715
Other expenses	(45,743)	(38,614)
Finance costs	(2,449)	(1,327)
<b>Profit before taxation</b>	<b>595,629</b>	<b>312,621</b>
<b>Taxation</b>		
- Current	(191,123)	(106,072)
- Deferred	(39,316)	3,182
	(230,439)	(102,890)
<b>Profit after taxation</b>	<b>365,190</b>	<b>209,731</b>
	----- (Rupees) -----	
<b>Earnings per share (basic &amp; diluted)</b>	<b>6.16</b>	<b>3.54</b>

The annexed notes 1 to 12 form an integral part of this condensed financial information.

IMRAN QURESHI  
Chief Executive Officer

BABAR AIJAZ  
Chief Financial Officer

MUNIR AHMED  
Director

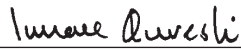


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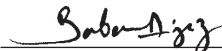
**Condensed Interim Statement of  
Other Comprehensive Income (Un-audited)**  
For the Quarter ended 30 September 2023

	30 September 2023	30 September 2022
	----- (Rupees in '000) -----	
<b>Profit after taxation for the period</b>	<b>365,190</b>	209,731
<b>Other comprehensive income for the period</b>	-	-
<b>Total comprehensive income for the period</b>	<b><u>365,190</u></b>	<u>209,731</u>

The annexed notes 1 to 12 form an integral part of this condensed financial information.



IMRAN QURESHI  
Chief Executive Officer



BABAR ALJAZ  
Chief Financial Officer



MUNIR AHMED  
Director



**Condensed Interim Statement of Cash Flows (Un-audited)**  
**For the Quarter ended 30 September 2023**

		30 September 2023	30 September 2022
	Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	9	448,728	(87,240)
Lease deposits paid		(480)	(895)
Taxes paid		(192,504)	(116,489)
Finance costs paid		(2,457)	(1,283)
<b>Net cash generated from / (used in) operating activities</b>		<b>253,287</b>	<b>(205,907)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(78,104)	(20,752)
Acquisition of intangible assets		-	(669)
Proceeds from sale of operating fixed assets		2,157	-
Investment made during the period		-	(4,182,521)
Investment redeemed during the period		-	4,158,969
Dividend received on mutual Fund		-	1,728
Capital gain on investments realised		95,965	-
Mark-up received on investments		133,737	65,658
<b>Net cash generated from investing activities</b>		<b>153,755</b>	<b>22,413</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of lease liabilities		(1,730)	(3,866)
Dividend paid		(233)	(48)
<b>Net cash used in financing activities</b>		<b>(1,963)</b>	<b>(3,914)</b>
Net increase / (decrease) in cash and cash equivalents		405,079	(187,408)
Cash and cash equivalents at the beginning of the period		2,095,547	758,182
<b>Cash and cash equivalents at the end of the period</b>	10	<b>2,500,626</b>	<b>570,774</b>

The annexed notes 1 to 12 form an integral part of this condensed financial information.

*Imran Qureshi*

IMRAN QURESHI  
Chief Executive Officer

*Babar Aljaz*

BABAR ALJAZ  
Chief Financial Officer

*Munir Ahmed*

MUNIR AHMED  
Director





**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the Quarter ended 30 September 2023**

Note	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
	<b>Total comprehensive income for the three months period ended 30 Sep 2022</b>					
	Profit for the period	-	-	209,731	209,731	209,731
	<b>Transactions with owners</b>					
	Transfer to general reserves	-	356,430	(356,430)	-	-
	Final cash dividend for the year ended June 30, 2022	-	-	(592,559)	(592,559)	(592,559)
	Balance as at 30 September 2022	592,559	5,951,267	210,949	6,162,216	6,754,775
	<b>Balance as at 30 June 2023</b>	<b>592,559</b>	<b>5,951,267</b>	<b>948,176</b>	<b>6,899,443</b>	<b>7,492,002</b>
	<b>Total comprehensive income for the three months period ended 30 Sep 2023</b>					
	Profit for the period	-	-	365,190	365,190	365,190
	<b>Transactions with owners</b>					
	Transfer to general reserves	12.1	-	295,144	(295,144)	-
	Final cash dividend for the year ended June 30, 2023	12.1	-	-	(651,815)	(651,815)
	Balance as at 30 September 2023	592,559	6,246,411	366,407	6,612,818	7,205,377

The annexed notes 1 to 12 form an integral part of this condensed financial information.

*Imran Qureshi*

IMRAN QURESHI  
Chief Executive Officer

*Babar Aijaz*

BABAR AIJAZ  
Chief Financial Officer

*Munir Ahmed*

MUNIR AHMED  
Director



## **Notes to the Condensed Interim Financial Information (Un-audited) For the Quarter ended 30 September 2023**

### **1. THE COMPANY AND ITS OPERATION**

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

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

### **2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

2.1 These condensed interim financial statements of the Company for the three months period ended September 30, 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34 , Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements of the Company do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2.3 These condensed interim financial statements are presented in Pakistani rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

2.4 The comparative statement of financial position presented in these condensed interim financial statements as at 30 June 2023 has been extracted from the audited financial statements of the Company for the year ended 30 June 2023, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the three months period ended 30 September 2023 have been extracted from the unaudited condensed interim financial statements for the period then ended.

2.5 These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.



### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited financial statements for the year ended 30 June 2023.

### 4. USE OF JUDGEMENTS AND ESTIMATES

- 4.1 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
- 4.2 Judgements and estimates made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual financial statements of the Company as at and for the year ended 30 June 2023.
- 4.3 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual financial statements as at and for the year ended 30 June 2023.

		30 September 2023 Un-audited	30 June 2023 Audited
	Note	----- (Rupees in '000) -----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	<b>1,598,191</b>	1,624,885
Capital work-in-progress	5.2	<b>148,840</b>	93,487
		<u><b>1,747,031</b></u>	<u>1,718,372</u>
<b>5.1. Operating assets</b>			
Opening book value		<b>1,624,885</b>	1,749,553
Additions during the period / year	5.1.1	<b>22,751</b>	73,604
Disposal during the period / year at book value		<b>(10)</b>	233
Depreciation charged during the period / year		<b>(49,434)</b>	(198,505)
		<u><b>1,598,191</b></u>	<u>1,624,885</u>
<b>5.1.1. Additions during the period / year</b>			
Plant and machinery		<b>6,846</b>	10,076
Spare parts and stand by equipment		<b>3,038</b>	25,429
Electric, water and gas installations		<b>6,909</b>	10,372
Laboratory equipment		<b>870</b>	14,967
Furniture & fixtures		-	600
Office & security equipment		<b>100</b>	8,855
Computers and accessories		<b>4,988</b>	3,279
Motor Vehicles - owned		-	26
		<u><b>22,751</b></u>	<u>73,604</u>



	<b>30 September 2023</b>	30 June 2023
	<b>Un-audited</b>	Audited
<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>5.2. Capital work-in-progress</b>		
Opening balance	93,487	35,849
Addition during the period / year	62,199	62,366
Transferred to operating fixed asset	<u>(6,846)</u>	<u>(4,728)</u>
	<u><b>148,840</b></u>	<u>93,487</u>
<b>5.3 Right of Use Assets</b>		
Opening balance	33,689	22,194
Additions during the period / year	4,802	23,971
Disposals	(534)	(1,955)
Depreciation for the period	<u>(2,599)</u>	<u>(10,521)</u>
	<u><b>35,358</b></u>	<u>33,689</u>
<b>6. LONG TERM INVESTMENTS</b>		
Pakistan Investment Bonds (PIBs)	6.1 <u><b>3,208,132</b></u>	<u>2,903,729</u>
<b>6.1</b>	These represents investments in Pakistan Investment Bonds (PIBs) carrying floating and fixed profit at the rate ranging from 12.92% to 23.57% (June 2023: 12.92% to 22.75%) with maturities in October 2023, September 2024, August 2025, April 2027, May 2028, June 2028, August 2028 and December 2030. The profit payments are made quarterly and semi annually.	
	<b>30 September 2023</b>	30 June 2023
	<b>Un-audited</b>	Audited
<b>Note</b>	<b>----- (Rupees in '000) -----</b>	
<b>7. SHORT TERM INVESTMENTS</b>		
<b>At amortized cost</b>		
Short term investment in Government securities	2,427,677	1,710,020
Pakistan Investment Bonds - current maturity	-	286,652
	<u><b>2,427,677</b></u>	<u>1,996,672</u>



## 8. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2023.

	30 September 2023 Un-audited	30 June 2023 Audited
<b>8.1 Commitments</b>	----- (Rupees in '000) -----	
Ijarah Financing	<u>23,697</u>	<u>24,797</u>
Commitments against letters of credit	<u>139,774</u>	<u>217,937</u>
Capital expenditure contracted for but not incurred	<u>43,932</u>	<u>25,443</u>
	30 September 2023	30 September 2022
<b>9. CASH GENERATED FROM / (USED IN) OPERATIONS</b>	----- Un-audited -----	
	----- (Rupees in '000) -----	
<b>9.1 Cash generated from operations</b>		
Profit before taxation	595,629	312,621
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment and ROUA	52,034	49,075
Amortisation of intangibles	684	677
Finance costs	2,449	1,327
Loss on re-measurement of mutual fund	-	3,252
Provision against staff retirement benefits	8,745	8,807
Amortization of (discount) / premium on PIB	(17,751)	6
Dividend Income on Mutual Fund	-	(1,728)
Mark up on T-bills	-	(64,957)
Mark up on Investments	(115,195)	(66,877)
Mark up on bank deposits and saving account	(17,471)	(25,879)
Capital gain on investments	(107,541)	-
Mark up on employee Loan	-	(1)
<b>Changes In:</b>		
- Store, spares & loose tools	(41,967)	(28,895)
- Stock in trade	(121,339)	(332,762)
- Trade debts	750,847	(100,485)
- Loans, advances, deposits, prepayments and other receivables	940	64,757
- Trade and other payables	(541,336)	93,822
<b>Cash generated from / (used in) operations</b>	<u>448,728</u>	<u>(87,240)</u>
<b>10. CASH AND CASH EQUIVALENTS</b>		
Short term investment having maturity less than three months	2,399,686	-
Cash and bank balances	<u>100,940</u>	<u>570,774</u>
	<u>2,500,626</u>	<u>570,774</u>



#### 11. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with associated undertakings, directors, key management personnel and retirement benefit funds. Transaction with related parties essentially entail sale and purchase of goods and /or services from the below mentioned concerns.

All sales transactions with Pakistan Security Printing Corporation (Private) Limited are carried out by the Company using the "Cost Plus Mark-up Method". Transactions with employee benefit funds are carried out based on the terms of employment of the employees and according to the actuarial advice. All other transactions are carried out on commercial terms.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balances outstanding from related parties are interest free, unsecured and repayable on demand.

The significant transactions with related parties carried out during the quarter ended September 30, 2023 and the balances outstanding as at September 30, 2023 are as follows:

Name	Nature of relationship	Nature of transaction	30 September 2023	30 September 2022
			----- Un-audited -----	----- Un-audited -----
			----- (Rupees in '000) -----	
Pakistan Security Printing Corporation (Pvt) Limited	Associated undertaking	Sales	1,129,701	753,097
		Purchases	2,106	848
		Shared expenses charged by associate	13,748	13,153
		Dividend Payable	260,939	237,217
		Trade debts and other payables - net	646,278	620,747
Sumer Holdings, A.S.	Director on Board	Dividend Payable	65,180	59,254
Industrial Development & Renovation Organisation	Director on Board	Dividend Payable	558,523	493,344
Elcott Spinning Mills Ltd	Common Directorship	Purchases	38,861	-
Employees Retirement Funds	Retirement benefit fund	Contribution made	7,267	4,051
Key management personnel	Related parties	Remuneration and benefits	79,126	62,334



**12. GENERAL**

- 12.1** The Board of Directors in its meeting held on September 13, 2023 has proposed a final cash dividend of Rs. 11.00 per share amounting to Rs. 651.82 million and transfer of Rs. 295.144 million from unappropriated profits to general reserves for approval of the members in annual general meeting held on October 26, 2023. These financial information include the effect of the proposed cash dividend and transfer of unappropriated profits to general reserves.
- 12.2** These condensed interim financial statements were authorised by the Board of Directors of the Company on October 30, 2023.

*Imran Qureshi*

IMRAN QURESHI  
Chief Executive Officer

*Babar Aijaz*

BABAR AIJAZ  
Chief Financial Officer

*Munir Ahmed*

MUNIR AHMED  
Director



## **ATTENTION SHAREHOLDERS**

Attention of shareholders is invited to the following legal requirements:

### **1. CNIC / NTN Number on Dividend Warrant (Mandatory)**

In terms of the Companies (Distribution of Dividends) Regulations, 2017. Regulation 4, Manner of payment of cash dividend, (iv) the Dividend Warrant or cheque should bear identification number.

**Explanation** \_ For the purpose of these regulations identification number includes Computerized National Identity Card Number (CNIC) of the registered shareholder or the authorized person, child registration certificate number or juvenile card number in case of a minor, where applicable and registration number or national tax number of the shareholder being a person other than a natural person.

In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of non-availability copy of valid CNIC (for individuals) and National Tax Number (for a corporate entity).

Accordingly, shareholders who have not yet submitted 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 Associates (Pvt.) Limited.

### **2. Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 (Mandatory)**

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 Tax Payers List (ATL) ---- 15%.  
Persons not appearing in Active Tax Payers List (ATL) ---- 30%.

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%.

**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).

Withholding Tax will be determined separately on 'persons names appearing on ATL/persons 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.





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)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

As per FBR Circulars C. No. 1 (29) WHT/2006 dated 30 June 2010 and C. No. 1 (43) DG (WHT)/2008- Vol. II -66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of part - IV of Second Schedule is available. The shareholders who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

For any query/problem/information, the investors may contact the Company Secretary at phone: 021-99248285 and email address [comsec@security-papers.com](mailto:comsec@security-papers.com) and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk).

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

### 3. Payment of Cash Dividend Electronically (Mandatory)

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into their bank account designated by the entitled shareholders instead of issuing physical dividend warrants.

Therefore, shareholders are requested to provide the details of their bank mandate information specifying: (a) title of account, (b) account number (c) IBAN number (d) bank name and (e) branch name, code and address to the Company or Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participant / CDC.



Please note that as per Section 243(3) of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if necessary, information is not provided by shareholders.

For the convenience of shareholders, e-Dividend Mandate Form is available on Company's website: <http://www.security-papers.com>.

#### **4. Unclaimed / Unpaid Shares and Dividends**

In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall give ninety days notices to the shareholders to file claim, if no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed or unpaid Shares / Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017.

In this regard, a Notice dated December 28, 2017 was sent by Registered Post acknowledgement due on the last known addresses of the shareholders to submit their claims within 90 days to the Company. In compliance of Section 244(1)(b) of the Companies Act, 2017 a Final Notice had also been published on 30th March 2018 in two daily newspapers i.e. (i) Business Recorder and (ii) Daily Jang in English and Urdu respectively.

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.

#### **5. Conversion of Shares from Physical Form to Book-Entry-Form**

The Securities and Exchange Commission of Pakistan (SECP) has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies referring their attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires to all the then existing companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.

In order to ensure full compliance with the provisions of the aforesaid Section 72 and to be benefitted of the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

#### **6. Placement of Financial Accounts on Website**

Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial statements of the Company have been placed on Company's website: <http://www.security-papers.com>.



**7. Change of Address (If any)**

Members are requested to notify any change in their addresses immediately.

Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Company / Share Registrar:

Registered Office

**OR**

Share Registrar

The Company Secretary  
Security Papers Limited  
Jinnah Avenue, Malir Halt,  
Karachi.  
Tel. No: (+9221) 99248285  
Fax No: (+9221) 99248286  
Email: [comsec@security-papers.com](mailto:comsec@security-papers.com)  
Website: <http://www.security-papers.com>

FAMCO Associates (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  
Email: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)  
Website: [www.famco.com.pk](http://www.famco.com.pk)

Karachi  
October 30, 2023

**Yasir Ali Quraishi**  
Company Secretary



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**REGISTERED OFFICE & SHARES DEPARTMENT**  
Jinnah Avenue, Malir Halt, Karachi - 75100, Pakistan.  
Phone: (+9221) 99248285, Fax: (+9221) 99248286  
Website: [www.security-papers.com](http://www.security-papers.com)

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