



**Quarterly Report**  
**March 31**

**2018**



*Security Papers*  
LIMITED

OHSAS 18001: 2007, ISO 9001:2008 & ISO 14001:2004 Certified



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

#### Chairman

Muhammad Haroon Rasheed - Non-executive

#### Directors

Sheikh Mohammad Aijaz Akhtar - Non-executive  
Dr. Abolghassem Jamshidi - Non-executive  
Mr. Memet Ozyavuz - Non-executive  
Mr. Jamal Nasim - Non-executive / Independent  
Mr. Muhammad Ayub - Non-executive / Independent  
Mr. Shoaib Mir - Non-executive / Independent  
Mr. Rauf Ahmad - Non-executive  
Mr. Naveed Ehtesham - Non-executive

#### Chief Executive Officer

Mr. Ali Hussain - Executive

### BOARD AUDIT COMMITTEE

Mr. Muhammad Ayub - Chairman  
Sheikh Mohammad Aijaz Akhtar - Member  
Dr. Abolghassem Jamshidi - Member  
Mr. Jamal Nasim - Member  
Mr. Naveed Ehtesham - Member  
Mr. Babar Aijaz - Secretary

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Jamal Nasim - Chairman  
Mr. Muhammad Haroon Rasheed - Member  
Mr. Ali Hussain - Member  
Mr. Shoaib Mir - Member  
Mr. Rauf Ahmad - Member  
Qazi Syed Imran Azam - Secretary

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

- Mr. Rizwan Ul Haq Khan

### BANKERS

National Bank of Pakistan  
MCB Bank Limited (Formerly NIB Bank Limited)  
Habib Metropolitan Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Meezan Bank Limited

### AUDITORS

EY Ford Rhodes  
Chartered Accountants

### LEGAL ADVISORS

Mohsin Tayebaly & Co.  
Advocates & Legal Consultants

### REGISTERED OFFICE

Jinnah Avenue, Malir Halt,  
Karachi - 75100  
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Fax : (+9221) 99248286  
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### MILLS

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Karachi - 75100  
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### TAX CONSULTANTS

A. F. Ferguson & Co.  
Chartered Accountants

### SHARE REGISTRARS

FAMCO Associates (Pvt.) Limited  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S, Shakra-e-Faisal,  
Karachi.  
Tel: (+9221) 34380101-5  
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## DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for the third quarter ended 31 March 2018.

### **BUSINESS AND PERFORMANCE REVIEW**

The Company produced 930 tons of finished paper during the quarter under review as compared to 703 tons in the corresponding period of previous year. Net sales reported to be Rs 912 million during the period under review as compared to Rs 630 million in the corresponding period of preceding year. The Company achieved sales volume of 915 tons as against 655 tons during the corresponding period of preceding year.

Gross profit reported to be Rs 346 million as against Rs 231 million in the corresponding period of preceding year showing an increase of Rs 115 million primarily due to higher sales volume and operational efficiencies.

The profit before and after taxation during the period under review reported to be Rs 293 million and Rs 215 million respectively as against Rs 311 million and Rs 233 million respectively during the corresponding period of preceding year.

### **FORWARD LOOKING INFORMATION**

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

The directors are hopeful that with continued and concerted efforts, the Company would achieve the desired results during the current financial year.

For and on behalf of the Board

**MUHAMMAD HAROON RASHEED**  
Chairman

Karachi, 20th April 2018



## Condensed Interim Balance Sheet

As at 31 March 2018

		31 March 2018	30 June 2017
		Un-audited	Audited
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment - <i>Tangible</i>	5	1,577,320	1,591,021
Computer Licence - <i>Intangible</i>		229	-
Long-term investment	6	-	779,176
Long-term deposits & prepayments		<u>16,681</u>	<u>15,997</u>
		<b>1,594,230</b>	<b>2,386,194</b>
<b>Current assets</b>			
Stores, spares and loose tools		<u>160,909</u>	138,633
Stock-in-trade		<u>430,909</u>	548,554
Trade debts - considered good		<u>362,640</u>	631,879
Advances, deposits, prepayments and other receivables		<u>97,700</u>	63,757
Accrued mark-up		<u>21,036</u>	47,648
Investments	7	<u>2,399,659</u>	1,832,612
Cash and bank balances		<u>581,154</u>	29,930
		<u>4,054,007</u>	<u>3,293,013</u>
<b>Total assets</b>		<b>5,648,237</b>	<b>5,679,207</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		<u>553,212</u>	512,523
Payable to Provident Fund		<u>32</u>	-
Accrued mark-up		<u>23</u>	82
Current maturity of long term loan		<u>-</u>	1,212
Current portion of liabilities against subject to finance lease		<u>6,399</u>	5,538
Un-paid Dividend		<u>200,460</u>	170,441
Unclaimed Dividend		<u>8,874</u>	7,912
Taxation - net		<u>100,402</u>	152,774
		<b>869,402</b>	<b>850,482</b>
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease		<u>18,511</u>	11,908
Deferred taxation - net		<u>194,329</u>	216,360
		<u>212,840</u>	<u>228,268</u>
<b>Total liabilities</b>		<b>1,082,242</b>	<b>1,078,750</b>
<b>Contingencies and commitments</b>	8		
<b>NET ASSETS</b>		<u><b>4,565,995</b></u>	<u><b>4,600,457</b></u>
<b>EQUITY</b>			
<b>Share Capital and reserves</b>			
Authorised share capital			
70,000,000 (30 June 2017: 70,000,000)			
ordinary shares of Rs 10 each		<u>700,000</u>	700,000
Issued, subscribed and paid-up capital		<u>592,559</u>	592,559
General Reserves		<u>3,673,519</u>	3,209,919
Unappropriated profit		<u>534,427</u>	944,451
Re-measurement of investments classified as 'available for sales'		<u>(234,510)</u>	(146,472)
		<u><b>4,565,995</b></u>	<u><b>4,600,457</b></u>

The annexed notes 1 to 11 form an integral part of this condensed financial information.

\_\_\_\_\_  
ALI HUSSAIN  
Chief Executive Officer

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MUHAMMAD AYUB  
Director

\_\_\_\_\_  
RIZWAN UL HAQ KHAN  
Chief Financial Officer



**Condensed Interim Profit and Loss Account (Un-audited)**  
**For the nine months ended 31 March 2018**

	Nine months ended		Three months ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	----- (Rupees in '000) -----			
Sales - net	2,472,119	2,050,260	912,159	630,447
Cost of sales	(1,571,807)	(1,290,481)	(565,722)	(399,396)
<b>Gross profit</b>	<b>900,312</b>	<b>759,779</b>	<b>346,437</b>	<b>231,051</b>
Administration and general expenses	(177,919)	(151,043)	(55,717)	(41,382)
Other income	94,295	372,251	31,251	144,004
Other charges	(67,632)	(69,966)	(28,708)	(22,025)
Finance costs	(3,594)	(3,282)	(473)	(797)
<b>Profit before taxation</b>	<b>745,462</b>	<b>907,739</b>	<b>292,790</b>	<b>310,851</b>
Taxation				
- current	(224,260)	(257,251)	(78,026)	(83,592)
- prior	(4,956)	1,667	-	-
- deferred	11,378	24,273	150	5,763
	(217,838)	(231,311)	(77,876)	(77,829)
<b>Profit after taxation</b>	<b>527,624</b>	<b>676,428</b>	<b>214,914</b>	<b>233,022</b>
	----- (Rupees) -----			
<b>Earnings per share -</b>				
<b>basic &amp; diluted</b>	<b>8.90</b>	<b>11.42</b>	<b>3.63</b>	<b>3.93</b>

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\_\_\_\_\_  
**ALI HUSSAIN**  
Chief Executive Officer

\_\_\_\_\_  
**MUHAMMAD AYUB**  
Director

\_\_\_\_\_  
**RIZWAN UL HAQ KHAN**  
Chief Financial Officer



**Condensed Interim Statement of  
Comprehensive Income (Un-audited)  
For the nine months ended 31 March 2018**

	Nine months ended		Three months ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	----- (Rupees in '000) -----			
Profit after tax for the period	527,624	676,428	214,914	233,022
<b>Other comprehensive income:</b>				
<b>Other Comprehensive income to be reclassified to profit and loss account in subsequent periods</b>				
Unrealised (diminution)/appreciation during the period on remeasurement of investment classified as 'available for sale'	(100,199)	270,761	(329,401)	41,559
Realised (appreciation)/ diminution during the period on redemption of investments classified as 'available for sale'	1,506	(277,227)	-	(114,590)
Less: Impact of tax	10,655	-	-	-
	<b>(88,038)</b>	<b>(6,466)</b>	<b>(329,401)</b>	<b>(73,031)</b>
<b>Total comprehensive income for the period</b>	<b>439,586</b>	<b>669,962</b>	<b>(114,487)</b>	<b>159,991</b>

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\_\_\_\_\_  
**ALI HUSSAIN**  
Chief Executive Officer

\_\_\_\_\_  
**MUHAMMAD AYUB**  
Director

\_\_\_\_\_  
**RIZWAN UL HAQ KHAN**  
Chief Financial Officer



**Condensed Interim Cash Flow Statement (Un-audited)**  
**For the nine months ended 31 March 2018**

	Note	Nine months ended	
		31 March 2018	31 March 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	<b>1,174,302</b>	633,517
Long-term deposits		<b>(684)</b>	(233)
Taxes paid		<b>(281,337)</b>	(248,927)
Finance costs paid		<b>(3,653)</b>	(3,589)
<b>Net cash generated from operating activities</b>		<b>888,628</b>	380,768
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		<b>(128,491)</b>	(52,219)
Proceeds from sale of property, plant and equipment		<b>981</b>	127
Redemption of Sukuk term finance certificates		<b>2,285</b>	1,285
Dividend received from mutual Fund		<b>3,189</b>	-
Realized capital gain / (loss) on mutual fund-net		<b>(1,506)</b>	277,227
Mark-up received		<b>120,013</b>	140,621
Investment redeemed / (made) during the period - net		<b>40,221</b>	(176,876)
<b>Net cash generated from investing activities</b>		<b>36,692</b>	190,165
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment against lease obligations		<b>(4,817)</b>	(3,595)
Re-payment of long-term loan		<b>(1,212)</b>	(36,462)
Dividend paid		<b>(443,067)</b>	(404,208)
<b>Net cash used in financing activities</b>		<b>(449,096)</b>	(444,265)
Net increase / (Decrease) in cash and cash equivalents		<b>476,224</b>	126,668
Cash and cash equivalents at the beginning of the period		<b>104,930</b>	147,365
<b>Cash and cash equivalents at the end of the period</b>		<b>581,154</b>	274,033

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\_\_\_\_\_  
ALI HUSSAIN  
Chief Executive Officer

\_\_\_\_\_  
MUHAMMAD AYUB  
Director

\_\_\_\_\_  
RIZWAN UL HAQ KHAN  
Chief Financial Officer





**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the nine months ended 31 March 2018**

	Revenue Reserves				Total	Total equity
	General reserves	Unappropriated profit	Re-measurement of investments classified as available for sale			
----- Rupees in '000 -----						
Balance as at 30 June 2016	592,559	3,023,489	631,815	1,626	3,656,930	4,249,489
Total comprehensive income for the nine months period ended 31 Mar 2017						
Profit for the period	-	-	676,428	-	676,428	676,428
Other comprehensive loss	-	-	-	(6,466)	(6,466)	(6,466)
Transactions with owners						
Final Cash dividend for the year ended June 30, 2016	-	-	(444,420)	-	(444,420)	(444,420)
Transfer to general reserves	-	186,430	(186,430)	-	-	-
Balance as at 31 March 2017	592,559	3,209,919	677,393	(4,840)	3,882,472	4,475,031
<b>Balance as at 30 June 2017</b>	<b>592,559</b>	<b>3,209,919</b>	<b>944,451</b>	<b>(146,472)</b>	<b>4,007,898</b>	<b>4,600,457</b>
Total comprehensive income for the nine months period ended 31 Mar 2018						
Profit for the period	-	-	527,624	-	527,624	527,624
Other comprehensive loss, net of taxes	-	-	-	(88,038)	(88,038)	(88,038)
Transactions with owners						
Final Dividend @ Rs 8.00/- per share for the year ended 30 June 2017	-	-	(474,048)	-	(474,048)	(474,048)
Transfer to general reserves	-	463,600	(463,600)	-	-	-
<b>Balance as at 31 March 2018</b>	<b>592,559</b>	<b>3,673,519</b>	<b>534,427</b>	<b>(234,510)</b>	<b>3,973,436</b>	<b>4,565,995</b>

The annexed notes 1 to 11 form an integral part of this condensed financial information.

ALI HUSSAIN  
Chief Executive Officer

MUHAMMAD AYUB  
Director

RIZWAN UL HAQ KHAN  
Chief Financial Officer



**Notes to the Condensed Interim Financial Information (Un-audited)  
For the nine months ended 31 March 2018**

**1. THE COMPANY & ITS OPERATION**

Security Papers Limited ("the Company") is incorporated and domiciled in Pakistan as a public company Limited by shares. The Company is listed on the Pakistan Stock Exchange Limited. The registered office and manufacturing plant of the company is situated at Jinnah Avenue , Malir Halt, Karachi, Pakistan. The company manufactures and sells specialised papers for banknote and non-banknote security documents.

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These condensed interim financial statements 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 Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017 and
- Provisions 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, the provisions of and directives issued under the Companies Act 2017 have been followed.

**2.2 Functional & Presentation Currency**

This condensed financial information is presented in Pakistan Rupees, which is the Company's functional and presentation currency and all financial information presented has been rounded off to the nearest thousand.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2017 except for the adoption of new and amended standards and interpretations as follows;

New amended and revised standards, interpretations of IFRS

The company has adopted the following amendments to IFRS which became effective for the current period:

- IAS 7 - Statement of Cash Flows: Disclosures - Disclosure Initiative (Amendment)
- IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the condensed interim financial statements.



In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The adoption of the above amended standard / improvement and interpretation did not have any material effect on the condensed interim financial statements.

#### 4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the financial statements as at and for the year ended June 30, 2017. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017

	Note	31 March 2018 (Un-audited)	30 June 2017 (Audited)
----- (Rupees in '000) -----			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	<b>1,511,501</b>	1,541,913
Capital work-in-progress	5.2	<b>65,819</b>	49,108
		<b>1,577,320</b>	<b>1,591,021</b>
<b>5.1. Operating assets</b>			
Opening book value		<b>1,541,913</b>	1,704,667
Additions during the period / year	5.1.1	<b>125,191</b>	43,027
Disposal during the period / year at book value		<b>(276)</b>	-
Depreciation charged during the period / year		<b>(155,327)</b>	(205,781)
		<b>1,511,501</b>	<b>1,541,913</b>
<b>5.1.1. Additions during the period / year</b>			
Land and building		<b>238</b>	3,440
Plant and machinery		<b>78,367</b>	7,636
Spare parts and standby equipment		<b>1,353</b>	1,232
Electric, water and gas installations		<b>31,666</b>	23,830
Laboratory equipment		<b>412</b>	964
Furniture and fixtures		<b>1,324</b>	959
Office and security equipment		<b>202</b>	1,704
Computers and accessories		<b>1,845</b>	204
Motor vehicles - owned		<b>262</b>	66
Motor vehicles - leased		<b>9,522</b>	2,992
		<b>125,191</b>	<b>43,027</b>



		<b>31 March 2018</b>	30 June 2017
	Note	(Un-audited)	(Audited)
----- (Rupees in '000) -----			
<b>5.2. Capital work-in-progress</b>			
Opening balance		<b>49,108</b>	5,453
Addition during the period / year		<b>103,437</b>	57,808
Transferred to operating fixed asset		<b>(86,726)</b>	(14,153)
		<u><b>65,819</b></u>	<u>49,108</u>
<b>6. LONG-TERM INVESTMENT</b>			
<i>Held to maturity</i>			
Pakistan Investment Bond - conventional Banking	6.1	<b>782,420</b>	779,176
Less: Current Maturity		<b>(782,420)</b>	-
Long term portion		<u>-</u>	<u>779,176</u>
<b>6.1</b>			
These represent investments in Pakistan Investment Bonds (PIB's) carrying profit at a rate of 11.25% to 11.5% (effective yield of 11.97% to 12.05%) per annum with maturity in July 2018. The profit payments are made semi annually.			
<b>7. INVESTMENTS</b>			
<i>Held to maturity</i>			
Pakistan Investment Bonds		<b>784,180</b>	-
Term deposit receipts - shariah compliant		-	325,000
<i>Available for sale</i>			
Term finance certificates			
B.R.R. Guardian Modaraba			
792 (June 30 2017: 1,249) units of Rs 5,000 each	7.1	<b>2,969</b>	4,683
Units of Mutual Funds		<b>1,414,964</b>	1,502,929
<b>Loans &amp; Receivable</b>			
Treasury Bills		<b>197,546</b>	-
		<u><b>2,399,659</b></u>	<u>1,832,612</u>
<b>7.1</b>			
Diminishing Musharaka based term finance certificates originally had a term of 6 years and carried profit at the rate of six months KIBOR plus 1.3% payable semi annually with maturity on 26 May 2014. The borrower had defaulted on certain payments and entered into a restructuring agreement with the trustee on 15 April 2011. As per the revised terms, the principal amount was redeemable in varying monthly installments commenced from 07 August 2011 and ending on 07 December 2016 with regular profit pricing at the rate 01 month KIBOR and certain deferred profit (pertaining before restructuring) payable on monthly basis. The borrower has again defaulted on certain payments and entered into second restructuring agreement with the trustee on 30 June 2016. Revised terms include;			
-		The principal amount will be redeemed in varying monthly installments commencing from 07 July 2016 and ending on 07 April 2019.	
-		Markup at the rate of 01 month KIBOR plus 1.5% payable on monthly basis.	



## 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, 2017.

	31 March 2018 (Un-audited) ----- (Rupees in '000) -----	30 June 2017 (Audited)
<b>8.1 Commitments</b>		
Capital expenditure contracted for but not incurred	12,720	23,556
Commitments against letters of credit	<u>89,843</u>	<u>54,057</u>
	<u>102,563</u>	<u>77,613</u>

## 9. CASH GENERATED FROM OPERATIONS

	31 March 2018 (Un-audited) ----- (Rupees in '000) -----	31 March 2017 (Un-audited)
Profit before taxation	745,462	907,739
<b>Adjustments for:</b>		
Depreciation	155,327	154,826
Amortization of intangible assets	13	-
Gain on disposal of fixed asset	(705)	(127)
Reversal of Provision for slow moving stock	(4,440)	-
Capital loss/( gain) on redemption of mutual fund	1,506	(277,227)
Reversal of Impairment on BRR Guardian Modarba	(571)	(321)
Dividend income on mutual funds	(3,189)	-
Amortisation of discount on PIB	(4,443)	(5,057)
Mark up on Investments	(72,326)	(75,380)
Mark up on bank deposits and saving account	(12,435)	(10,354)
Mark up on security deposits	(422)	(422)
Mark up on employee Loan	(15)	(12)
Finance costs	3,594	3,282
<b>Profit before working capital changes</b>	<u>807,356</u>	<u>696,947</u>
<b>Working capital changes</b>		
(Increase) / Decrease in current assets	326,225	(166,819)
Increase / (Decrease) in current liabilities	40,721	103,389
<b>Cash flows generated from operations</b>	<u>1,174,302</u>	<u>633,517</u>



## 10 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, directors, key management personnel and retirement benefit funds. Transaction with related parties essentially entail sale and purchase of goods and /or services from the aforementioned concerns sharing expenses

Sales of goods to Pakistan Security Printing Corporation (Private) Limited (PSPC) are carried out by the Company using the "Cost Plus Mark-up Method". However, contributions to staff retirement benefits are made in accordance with the terms of the contribution plan. The significant transactions with related parties carried out during the nine months ended 31 March 2018 and the balances outstanding as at 31 March 2018 were as follow;

	31 March 2018 (Un-audited)	31 March 2017 (Un-Audited)
	----- (Rupees in '000) -----	
<b>Associates:</b>		
- Sale of goods to Pakistan Security Printing Corporation (Private) Limited - net	<u>2,261,145</u>	<u>2,041,682</u>
- Receivable from Pakistan Security Printing Corporation (Private) Limited - net	<u>310,891</u>	<u>350,820</u>
<b>Others:</b>		
- State Life Insurance Corporation Limited (Life Insurance facility)	<u>1,771</u>	<u>917</u>
<b>Key management personnel:</b>		
Remuneration & other employee benefits	<u>68,674</u>	<u>110,325</u>

## 11. DATE OF AUTHORISATION

This condensed financial information were authorised by the Board of Directors of the Company on 20th April 2018.

\_\_\_\_\_  
ALI HUSSAIN  
Chief Executive Officer

\_\_\_\_\_  
MUHAMMAD AYUB  
Director

\_\_\_\_\_  
RIZWAN UL HAQ KHAN  
Chief Financial Officer



## **ATTENTION SHAREHOLDERS**

Attention of shareholders is invited to the following legal requirements:

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

As has already been notified from time to time, SECP has directed vide its Notification S.R.O. 831(1)/2012 dated July 5, 2012 that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

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 corporate entity).

Accordingly, shareholders who have not yet submitted copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or Share Registrar, M/s. FAMCO Associates (Pvt.) Limited.

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

(i) Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for filer of income tax return 15%
2. Rate of tax deduction for non-filers of income tax return 20%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Tax-payers 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 @ 20% instead of 15%

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' 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 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 before closure of share transfer books to determine the entitlement(s), if any; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) As per FBR Circulars C. No. 1 (29) WHT/2006 dated 30.06.2010 and C. No. 1 (43) DG (WHT)/2008-Vol.II-66417-R dated 12th 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 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.

(iv) For any query/clarification/information, the investors may contact the Company Secretary of the Company and/or Manager of Share Registrar.



- (v) 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, 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.

SECP has advised in their Circular No. 18 of 2017 dated August 01, 2017 to all listed companies to ensure that with effect from November 01, 2017 cash dividends shall be paid through electronic mode only. Therefore, shareholders are requested to provide the details of their bank mandate 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.

Accordingly, shareholders who have not yet submitted their claims are once again requested to lodge their claims within 90 days to the Company or Share Registrar, M/s. FAMCO Associates (Pvt.) Limited.

In case no claim is received within the given period from the aforesaid Notice, the Company shall proceed to deposit the unclaimed / unpaid amount with the Federal Government pursuant to the provisions of sub-section (2) of Section 244 of the Companies Act, 2017.

**5. 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**

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>

**OR**

**Share Registrar**

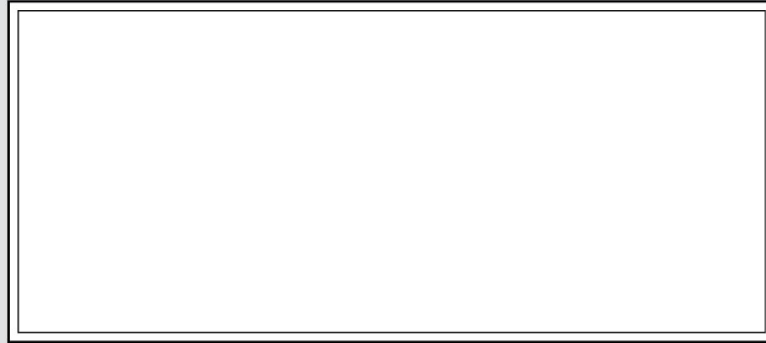
FAMCO Associates (Pvt.) Limited  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.  
Tel. No: (+9221) 34380101-5  
Fax No: (+9221) 34380106  
Email: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)  
Website: [www.famco.com.pk](http://www.famco.com.pk)

Karachi  
20th April 2018

**Rizwan Ul Haq Khan**  
Chief Financial Officer &  
Company Secretary



**BOOK POST**  
**PRINTED MATTER**  
**UNDER POSTAL CERTIFICATE**



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