

QUARTERLY REPORT
MARCH 31, **2023**



Security Papers
LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Mohammad Aftab Manzoor - Non-executive

Directors

Mr. Muhammad Sualeh Ahmad Faruqi - Non-executive - Independent
Mr. Jamal Nasim - Non-executive
Dr. Abolghassem Jamshidi - Non-executive
Ms. Figen Caliskan - Non-executive
Mrs. Uzma Aijaz - Non-executive - Independent
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

Mrs. Uzma Aijaz - Chairperson
Mr. Jamal Nasim - Member
Dr. Abolghassem Jamshidi - Member
Hafiz Mohammad Yousaf - Member
Mr. Shafqaat Ahmed - Member
Mr. Rizwan Ul Haq Khan - Secretary

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mrs. Uzma Aijaz - Chairperson
Mr. Mohammad Aftab Manzoor - Member
Mr. Jamal Nasim - Member
Mr. Munir Ahmed - Member
Mr. Rizwan Ul Haq Khan - Secretary

CHIEF FINANCIAL OFFICER

- Mr. Babar Aijaz

COMPANY SECRETARY

- Mr. Rizwan Ul Haq Khan

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



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AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISORS

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

REGISTERED OFFICE

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A. F. Ferguson & Co.
Chartered Accountants

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DIRECTORS' REPORT

On behalf of the Board of Directors, we present the un-audited financial information for the nine months period ended March 31, 2023.

BUSINESS AND PERFORMANCE REVIEW

The Company produced 3177 tons of finished paper during the period under review as against 3342 tons in the corresponding period of preceding year. Net sales were reported at Rs 3,616 million during the nine months period under review as against Rs 3,935 million in the corresponding period of preceding year.

The Company reported gross profit of Rs 628 million as against Rs 1,409 million in the corresponding period of preceding year showing a decrease of Rs 781 million primarily owing to rising input costs. The profit before and after taxation during the period under review stood at Rs 662 million and Rs 431 million as against Rs 1,240 million and Rs 896 million respectively during the corresponding period of preceding year. It includes other income of Rs 477 million earned during the period under review as against Rs 247 million in the corresponding period of preceding year.

FUTURE PROSPECTS

The Pakistani economy is facing significant challenges with risks emanate from abysmally low Foreign Exchange (FX) reserves, steep inflation and rising interest rates. Continued delay in the resumption of IMF program coupled with the geo-political uncertainty have further aggravated the economic challenges. As a result, the input cost, both raw materials and utilities, are on rising trend.

Your Company remains cognizant of the present business challenges and is continually assessing its strategy to meet the customers' demand while improving productivity through innovation, efficiency and effective cost containment initiatives.

ACKNOWLEDGEMENT

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: April 27, 2023

Shafqaat Ahmed

SHAFQAAT AHMED
Director



Condensed Interim Statement of Financial Position

As at 31 March 2023

		31 March 2023 (Unaudited)	30 June 2022 Audited
ASSETS			
Non-current assets	Note	----- (Rupees in '000) -----	
Property, plant and equipment	5	1,711,316	1,785,402
Right-of-use assets	5.3	32,508	22,194
Intangible assets		14,603	15,855
Long-term investments	6	2,886,806	1,180,955
Lease deposits		7,089	4,936
		<u>4,652,322</u>	<u>3,009,342</u>
Current assets			
Stores, spares and loose tools		255,883	214,612
Stock-in-trade		750,413	560,764
Trade debts - considered good		949,400	837,489
Taxation - net		10,372	-
Loans, advances, deposits, prepayments and other receivables		79,405	119,887
Interest accrued		97,565	30,457
Short-term investments	7	1,100,969	3,377,234
Cash and bank balances		621,841	758,182
		<u>3,865,848</u>	<u>5,898,625</u>
TOTAL ASSETS		<u>8,518,170</u>	<u>8,907,967</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		700,000	700,000
70,000,000 (30 June 2022: 70,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital			
59,255,985 ordinary shares of Rs.10 each		592,559	592,559
Revenue reserves			
General reserves		5,951,267	5,594,837
Unappropriated profits		432,274	950,207
		<u>6,383,541</u>	<u>6,545,044</u>
Total shareholders' equity		<u>6,976,100</u>	<u>7,137,603</u>
Non-current liabilities			
Lease liabilities		26,408	16,445
Staff retirement benefits		36,534	34,180
Deferred taxation - net		157,307	156,652
		<u>220,249</u>	<u>207,277</u>
Current liabilities			
Trade and other payables		799,935	1,074,998
Accrued mark-up		-	108
Unclaimed dividend		4,465	4,134
Unpaid dividend		509,836	404,348
Current portion of lease liabilities		7,585	7,753
Taxation - net		-	71,746
		<u>1,321,821</u>	<u>1,563,087</u>
Total liabilities		<u>1,542,070</u>	<u>1,770,364</u>
Contingencies and commitments	8		
TOTAL EQUITY AND LIABILITIES		<u>8,518,170</u>	<u>8,907,967</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Shafqaat Ahmed

SHAFQAAT AHMED
Director

Babar Aijaz

BABAR AIJAZ
Chief Financial Officer



Condensed Interim Statement of Profit or Loss (Unaudited)
For the nine months ended 31 March 2023

	Note	Nine months ended		Three months ended	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
(Rupees in '000)					
Sales - net	9	3,616,017	3,935,407	1,083,705	1,332,834
Cost of sales		(2,988,143)	(2,526,721)	(991,894)	(830,105)
Gross profit		627,874	1,408,686	91,811	502,729
Administrative expenses		(266,138)	(249,961)	(74,981)	(86,891)
Other income	10	476,613	246,558	159,776	100,123
Other expenses	10	(170,486)	(160,931)	(75,439)	(48,615)
Finance costs		(6,023)	(4,341)	(3,138)	(1,212)
Profit before taxation		661,840	1,240,011	98,029	466,134
Taxation					
- Current		(233,389)	(365,493)	(30,319)	(134,021)
- Prior		3,257	413	-	-
- Deferred		(652)	20,642	27,128	(692)
		(230,784)	(344,438)	(3,191)	(134,713)
Profit after taxation		431,056	895,573	94,838	331,421
----- Rupees -----					
Earnings per share - basic and diluted		7.27	15.11	1.60	5.59

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Imran Qureshi
IMRAN QURESHI
Chief Executive Officer

Shafqaat Ahmed
SHAFQAAT AHMED
Director

Babar Aijaz
BABAR AIJAZ
Chief Financial Officer



**Condensed Interim Statement of
Other Comprehensive Income (Unaudited)**
For the nine months ended 31 March 2023

	Nine months ended		Three months ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	----- (Rupees in '000) -----			
Profit for the period	431,056	895,573	94,838	331,421
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>431,056</u>	<u>895,573</u>	<u>94,838</u>	<u>331,421</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

IMRAN QURESHI
Chief Executive Officer

SHAFQAAT AHMED
Director

BABAR ALIJAZ
Chief Financial Officer



Condensed Interim Statement of Changes in Equity (Unaudited)
For the nine months ended 31 March 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 2021 (Audited)	592,559	4,663,799	1,464,342	6,128,141	6,720,700
Total comprehensive income for the period						
	Profit after taxation	-	-	895,573	895,573	895,573
	Other comprehensive income for the period	-	-	-	-	-
	Total comprehensive income for the period	-	-	895,573	895,573	895,573
Transactions with owners						
	Final cash dividend for the year ended 30 June 2021 at the rate of Rs. 9 per share	-	-	(533,304)	(533,304)	(533,304)
	Transfer to general reserves	15	931,038	(931,038)	-	-
	Balance as at 31 March 2022 (Un-audited)	592,559	5,594,837	895,573	6,490,410	7,082,969
	Balance as at 30 June 2022 (Audited)	592,559	5,594,837	950,207	6,545,044	7,137,603
Total comprehensive income for the period						
	Profit after taxation	-	-	431,056	431,056	431,056
	Other comprehensive income for the period	-	-	-	-	-
	Total comprehensive income for the period	-	-	431,056	431,056	431,056
Transactions with owners						
	Final cash dividend for the year ended 30 June 2022 at the rate of Rs. 10 per share	-	-	(592,559)	(592,559)	(592,559)
	Transfer to general reserves	15	356,430	(356,430)	-	-
	Balance as at 31 March 2023 (Unaudited)	592,559	5,951,267	432,274	6,383,541	6,976,100

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Shafqaat Ahmed

SHAFQAAT AHMED
Director

Babar Aijaz

BABAR AIJAZ
Chief Financial Officer



Condensed Interim Statement of Cash Flows (Unaudited)
For the nine months ended 31 March 2023

	Note	Nine months ended	
		31 March 2023	31 March 2022
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	11	(147,477)	1,155,844
Lease deposits paid		(2,153)	(608)
Tax paid		(312,250)	(343,012)
Finance cost paid		(6,131)	(4,347)
Gratuity paid		(22,932)	-
Net cash (used in) / generated from operating activities		(490,943)	807,877
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(69,897)	(112,069)
Acquisition of intangible assets		(795)	(311)
Proceeds from sale of property, plant and equipment		2,067	1,465
Dividend received from mutual funds		1,728	1,113
Mark-up received		319,509	236,532
Gain / (loss) on redemption of mutual Fund		1,918	(5,975)
Investments made during the period		(2,492,604)	(5,554,066)
Investments matured / redeemed during the period		3,088,991	5,028,807
Net cash generated from / (used in) investing activities		850,917	(404,504)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(9,575)	(6,357)
Dividend paid		(486,740)	(483,950)
Net cash used in financing activities		(496,315)	(490,307)
Net decrease in cash and cash equivalents		(136,341)	(86,934)
Cash and cash equivalents at beginning of the period		758,182	652,103
Cash and cash equivalents at end of the period	12	621,841	565,169

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Imran Qureshi
IMRAN QURESHI
Chief Executive Officer

Shafqaat Ahmed
SHAFQAAT AHMED
Director

Babar Aijaz
BABAR AIJAZ
Chief Financial Officer



**Notes to the Condensed Interim Financial statements (Unaudited)
For the nine months ended 31 March 2023**

1 THE COMPANY AND ITS OPERATION

- 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 manufacturing of specialised paper for banknote and non-banknote security documents.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Company for the nine months period ended March 31, 2022 has 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 30 June 2022. 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 31 March 2022 has been extracted from the audited financial statements of the Company for the year ended 30 June 2022, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine months period ended 31 March 2022 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

3.1 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 2022.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.



The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.



4. USE OF JUDGEMENTS AND ESTIMATES

4.1 In preparing these condensed interim financial statements, management has made judgements and estimates 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.

4.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the financial statements for the year ended 30 June 2022.

		31 March 2023 (Unaudited)	30 June 2022 (Audited)
Note		----- (Rupees in '000) -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	1,642,308	1,749,553
Capital work-in-progress (CWIP)	5.2	69,008	35,849
		<u>1,711,316</u>	<u>1,785,402</u>
5.1 Operating assets			
Opening book value		1,749,553	1,712,277
Additions during the period / year	5.1.1	32,960	259,112
Disposals during the period / year		(14)	(81)
Depreciation charged during the period / year		(143,986)	(221,755)
		<u>1,642,308</u>	<u>1,749,553</u>
5.1.1 Additions during the period / year			
Plant and machinery		4,934	197,334
Electric, water and gas installations		8,862	27,540
Laboratory equipment		1,500	1,649
Building on free hold land		-	6,800
Computers and accessories		2,765	5,812
Office and security equipment		1,771	4,667
Furniture and fixtures		525	782
Motor vehicles - owned		26	1,522
Spare parts and stand by equipment		16,372	13,006
		<u>36,755</u>	<u>259,112</u>



		31 March 2023 (Unaudited)	30 June 2022 Audited
	Note	----- (Rupees in '000) -----	
5.2 Capital work-in-progress			
Opening balance		35,849	155,965
Additions during the period / year		36,954	53,724
Transferred to operating assets		(3,795)	(173,840)
		<u>69,008</u>	<u>35,849</u>
5.3 Right-of-use assets			
Opening balance		22,194	21,628
Additions during the period / year		19,370	9,398
Disposals during the period / year		(1,238)	(940)
Depreciation for the period / year		(7,818)	(7,892)
		<u>32,508</u>	<u>22,194</u>
6 LONG-TERM INVESTMENTS			
Pakistan Investment Bonds (PIBs)	6.1	3,312,412	1,319,659
Less: PIBs with current maturity		(425,606)	(138,704)
		<u>2,886,806</u>	<u>1,180,955</u>
6.1 These represents investments in Pakistan Investment Bonds (PIBs) carrying floating and fixed profit at the rate ranging from 12.37% to 18.54% (June 2022: 11.54% to 15.45%) with maturities in June 2023, 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.			
7 SHORT-TERM INVESTMENTS			
At amortised cost			
Treasury bills		-	2,436,276
Pakistan Investment Bonds		425,606	138,704
At fair value through profit or loss			
Units of mutual funds	7.1	675,363	802,254
		<u>1,100,969</u>	<u>3,377,234</u>



7.1 Investments in units of mutual funds are as follows:

31 March 2023 (Unaudited)	30 June 2022 (Audited)	Name of Investee Company	31 March 2023 (Unaudited)	30 June 2022 (Audited)
----- (Units) -----			----- (Rupees in '000) -----	
35,024,829	44,524,829	NBP Islamic Stock Fund	359,856	472,226
5,191,107	5,191,107	Meezan Islamic Fund	278,977	291,904
5,137,789	4,938,442	NIT Islamic Equity Fund	36,530	38,124
			<u>675,363</u>	<u>802,254</u>

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There have been no changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2022.

		31 March 2023 (Unaudited)	30 June 2022 (Audited)
	Note	----- (Rupees in '000) -----	
8.2 Commitments			
Ijarah financing	8.2.1	<u>4,142</u>	<u>4,707</u>
Capital expenditure contracted for but not incurred		<u>26,276</u>	<u>245,375</u>
Commitments against letters of credit		<u>124,135</u>	<u>39,506</u>

8.2.1 The Company has car ijarah facility from the Meezan Bank Limited amounting to Rs. 50 million (30 June 2022: Rs. 50 million) out of which Rs. 4.142 million (30 June 2022: Rs. 4.707 million) were utilised. The ownership of the cars are with Meezan Bank Limited.

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

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	<u>1,432</u>	<u>1,265</u>
Later than one year and not later than five years	<u>2,710</u>	<u>3,442</u>
	<u>4,142</u>	<u>4,707</u>



9 SALES - net

	Nine months ended		Three months ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
Banknote paper	3,057,408	3,940,898	999,447	1,022,526
Non - banknote paper				
- Commercial paper	910,261	-	132,014	-
- Others	268,647	663,528	142,050	536,890
	<u>4,236,316</u>	<u>4,604,426</u>	<u>1,273,511</u>	<u>1,559,416</u>
Sales tax	(620,299)	(669,019)	(189,806)	(226,582)
	<u>3,616,017</u>	<u>3,935,407</u>	<u>1,083,705</u>	<u>1,332,834</u>

9.1 Pakistan is the primary geographical market of the Company. Revenue is disaggregated by major product lines and timing of revenue recognition for each product line is at a point in time when control of the asset is transferred to the customer.

10 This includes unrealized loss on investments in mutual funds amounting to Rs. 27.60 million (March 2022: Unrealized gain of Rs. 52.94 million).

	Note	Nine months ended (Unaudited)	
		31 March 2023	31 March 2022
11 CASH GENERATED FROM OPERATIONS		----- (Rupees in '000) -----	
Profit before taxation		661,840	1,240,011
Adjustments for:			
Depreciation on property, plant and equipment and ROUA	5.1 & 5.3	151,804	172,854
Amortization of intangible assets		2,046	1,979
Gain on disposal of property, plant and equipment		(829)	(598)
Provision against staff retirement benefits		25,286	23,451
Loss on re-measurement of investment in mutual fund		27,605	52,940
(Gain) / Loss on Redemption of Investments in mutual funds		(1,918)	5,975
Dividend income on mutual funds		(1,728)	(1,113)
Unwinding of discount on Pakistan investment bond		(1,704)	(2,511)
Mark up on treasury bills		(51,873)	(106,793)
Mark up on investments in Pakistan investment bonds		(308,915)	(88,162)
Mark up on bank deposits and term deposits		(77,700)	(44,448)
Mark up on security deposits and employee loan		(2)	(17)
Finance costs		6,023	4,341
Changes in:			
- Stores, spare parts and loose tools		(41,271)	(16,490)
- Stock-in-trade		(189,649)	53,675
- Trade debts		(111,911)	(52,598)
- Loans, advances, deposits, prepayments and other receivables		40,482	(106,876)
- Trade and other payables		(275,063)	20,224
		<u>(147,477)</u>	<u>1,155,844</u>



Nine months ended (Unaudited)

31 March 31 March
2023 2022

----- (Rupees in '000) -----

12 CASH AND CASH EQUIVALENTS

Cash and bank balances	621,841	565,169
	<u>621,841</u>	<u>565,169</u>

13 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with associated undertakings, directors, key management personnel and retirement benefit funds. Transactions with related parties essentially entail sale 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.

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.

Name of related party	Nature of relationship	Basic of relationship	Nature of transactions / balances	Nine months ended (Unaudited)	
				31 March 2023	31 March 2022
				----- (Rupees in '000) -----	
Pakistan Security Printing Corporation (Private) Limited	Associated undertaking	Common directorship	Sales - net	<u>2,609,260</u>	3,452,180
			Purchases	<u>3,567</u>	4,167
			Shared expenses charged by associate	<u>39,995</u>	37,214
			Dividend paid	<u>237,217</u>	213,496
			Trade debts and other payables - net	<u>603,385</u>	429,769
Ellcot Spinning Mills Limited	Other	Director on Board of Company	Purchases	<u>635</u>	-
KSB Pumps Limited	Other	Director on Board of Company	Purchases	<u>499</u>	-



Name of related party	Nature of relationship	Basic of relationship	Nature of transactions / balances	Nine months ended (Unaudited)	
				31 March 2023 ----- (Unaudited) ----- ----- (Rupees in '000) -----	31 March 2022 ----- (Unaudited) ----- ----- (Rupees in '000) -----
Summer Holdings, Turkey	Other	Director on Board of Company	Dividend paid	<u>59,256</u>	<u>53,330</u>
Industrial Development & Renovation Organisation, Iran	Other	Director on Board of Company	Dividend payable	<u>493,344</u>	<u>434,088</u>
Employees retirement funds	Retirement benefit fund	Employees benefit fund	Contribution made	<u>33,887</u>	<u>24,105</u>
Key management personnel	Related parties	Executives	Remuneration and benefits	<u>187,575</u>	<u>162,851</u>

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial risk management objectives and policies are consistent with those disclosed in annual financial statements of the Company as at and for the year ended 30 June 2022.

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.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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).



On-balance sheet financial instruments

31 March 2023 (Unaudited)								
Note	Carrying amount				Fair value			
	At fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets measured at fair value								
Units of mutual fund	7	675,363	-	-	675,363	-	-	675,363
Financial assets not measured at fair value								
Pakistan investment bonds		-	3,312,412	-	3,312,412	-	3,174,397	-
Loans, deposits and other receivables	14.1	-	52,549	-	52,549	-	-	-
Interest accrued	14.1	-	97,565	-	97,565	-	-	-
Trade debts	14.1	-	949,400	-	949,400	-	-	-
Cash and bank balances	14.1	-	621,841	-	621,841	-	-	-
		675,363	5,033,767	-	5,709,130	-	-	-
Financial liabilities not measured at fair value								
Lease liabilities	14.1	-	-	33,993	33,993	-	-	-
Trade and other payables	14.1	-	-	585,132	585,132	-	-	-
Mark-up accrued	14.1	-	-	-	-	-	-	-
Unpaid dividend	14.1	-	-	509,836	509,836	-	-	-
Unclaimed dividend	14.1	-	-	4,465	4,465	-	-	-
		-	-	1,133,426	1,133,426	-	-	-

On-balance sheet financial instruments

30 June 2022 (Audited)								
Note	Carrying amount				Fair value			
	At fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
(Rupees in '000)								
Financial assets measured at fair value								
Investments								
- Units of mutual fund	7	802,254	-	-	802,254	-	-	802,254
Financial assets not measured at fair value								
Investments								
- Pakistan investment bonds		-	1,319,659	-	1,319,659	-	1,312,336	-
- Treasury bills		-	2,436,276	-	2,436,276	-	2,432,625	-
- Loans, deposits and other receivables	14.1	-	118,180	-	118,180	-	-	-
- Interest accrued	14.1	-	30,457	-	30,457	-	-	-
- Trade debts	14.1	-	837,489	-	837,489	-	-	-
- Cash and bank balances	14.1	-	758,182	-	758,182	-	-	-
		-	5,500,243	-	5,500,243	-	-	-
Financial liabilities not measured at fair value								
Lease liabilities	14.1	-	-	24,198	24,198	-	-	-
Trade and other payables	14.1	-	-	608,395	608,395	-	-	-
Mark-up accrued	14.1	-	-	108	108	-	-	-
Unpaid dividend	14.1	-	-	4,134	4,134	-	-	-
Unclaimed dividend	14.1	-	-	404,348	404,348	-	-	-
		-	-	1,041,183	1,041,183	-	-	-



14.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

15 GENERAL

The Board of directors in its meeting held on September 29, 2022 approved the transfer of Rs. 356.43 million from unappropriated profits to general reserves (June 2021: Rs. 931.038 million).

16 DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved by the Board of Directors of the Company on 27 April 2023.



IMRAN QURESHI
Chief Executive Officer



SHAFQAAT AHMED
Director



BABAR AIJAZ
Chief Financial Officer



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 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 if not already provided. The shareholders while sending CNIC must quote their respective folio numbers.

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 and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with 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

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

OR

Share Registrar

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
Website: www.famco.com.pk

Karachi
April 27, 2023


Rizwan Ul Haq Khan
Company Secretary



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