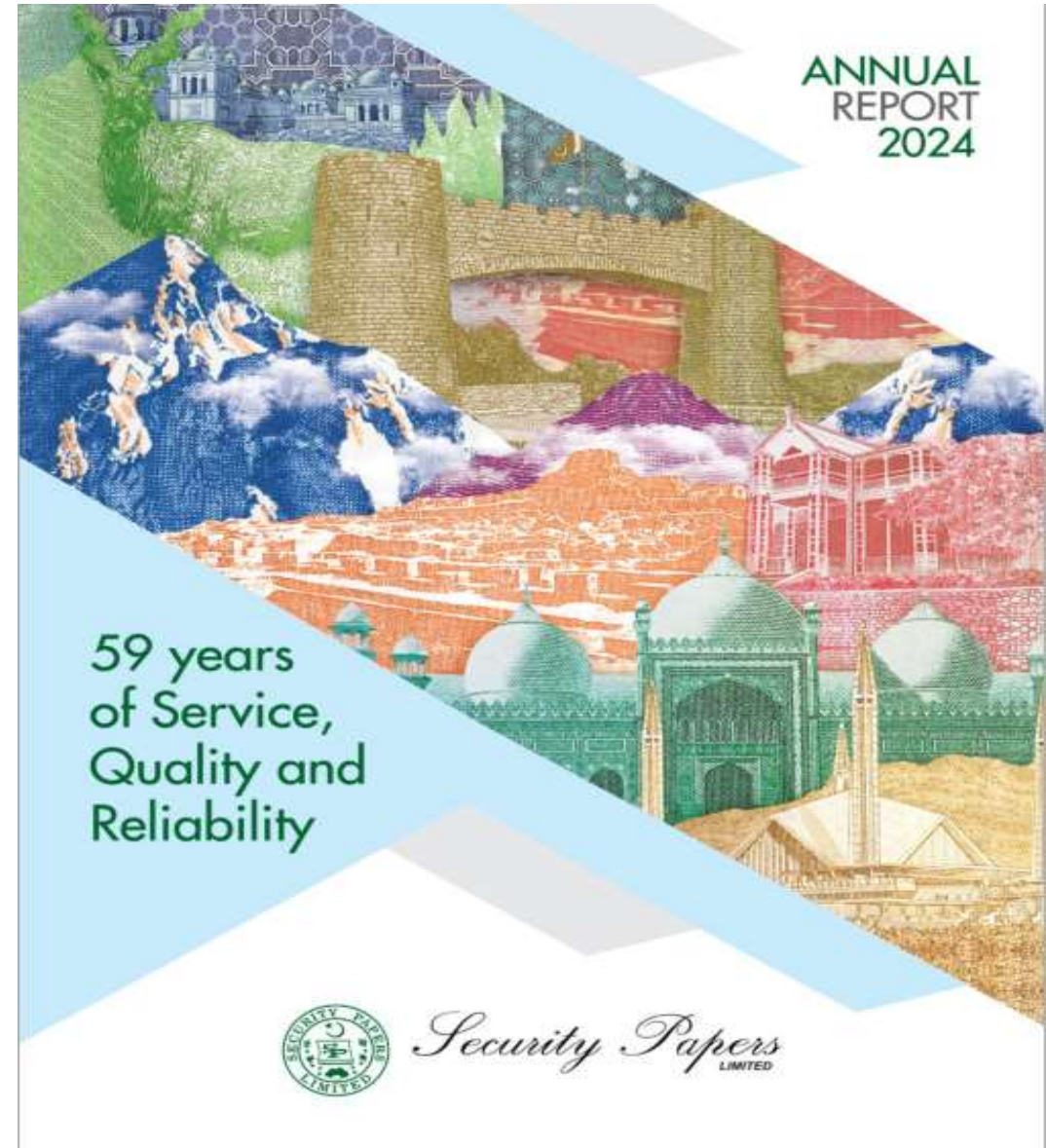




SECURITY PAPERS LIMITED

Corporate Briefing
Session

10 October 2024



ANNUAL
REPORT
2024

59 years
of Service,
Quality and
Reliability



Security Papers
LIMITED



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- No representation or warranty express or implied is made thereto, and no reliance should be placed on, the fairness, accuracy, sufficiency, completeness or correctness of the information or any opinion contained herein or any opinion rendered thereto except for the information derived from financial statements for the Year ended June 30, 2024.
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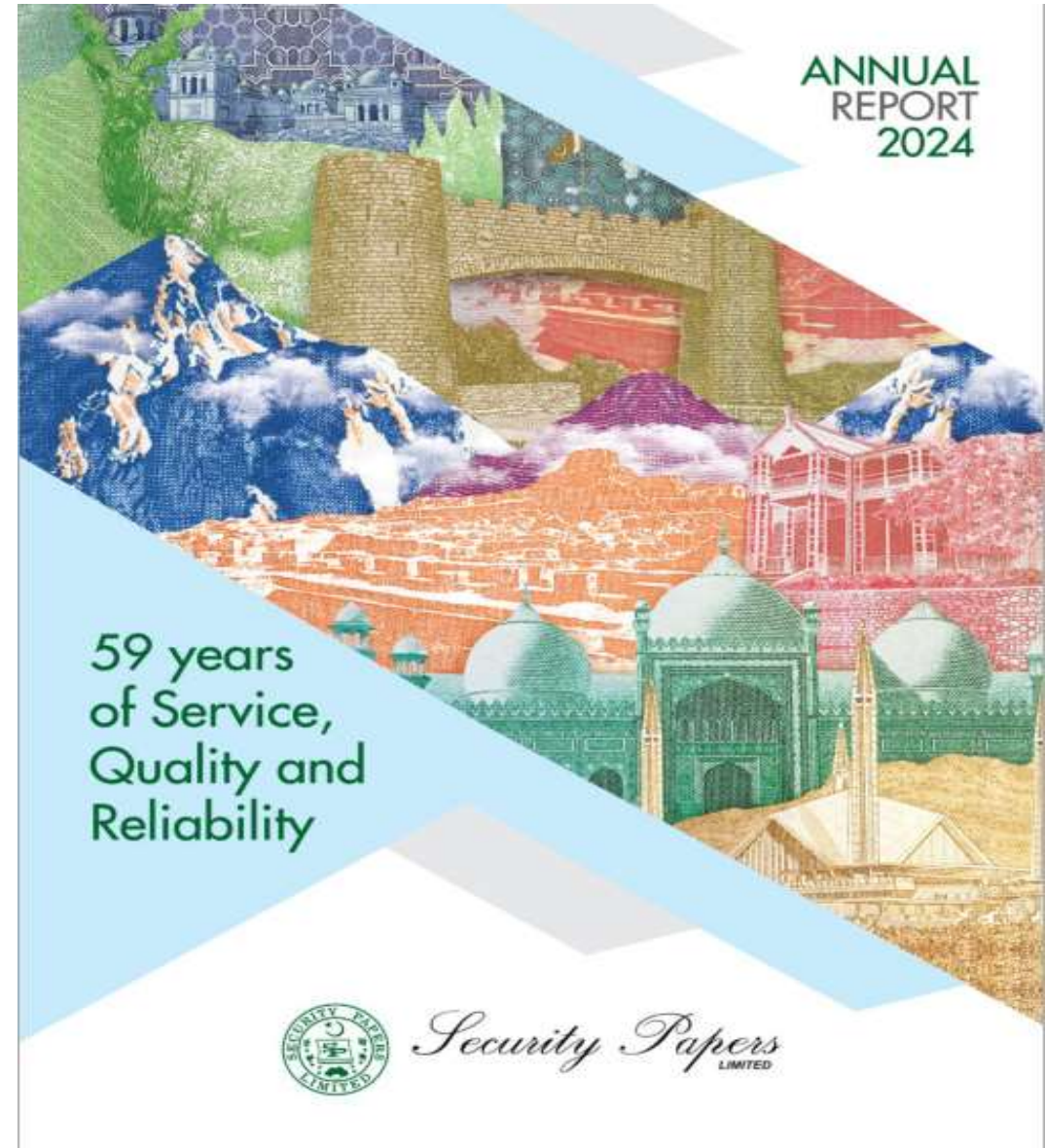


Contents & Format of Presentation





Profile of the Company



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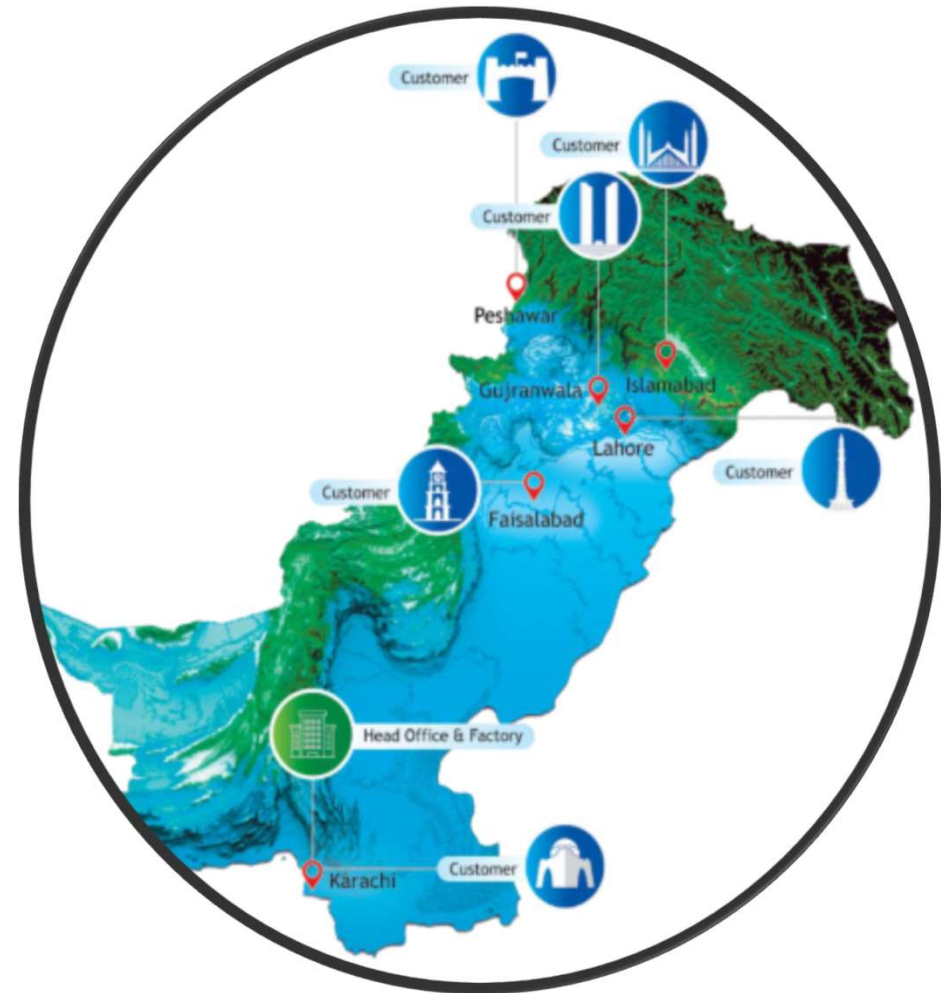


Security Papers
LIMITED



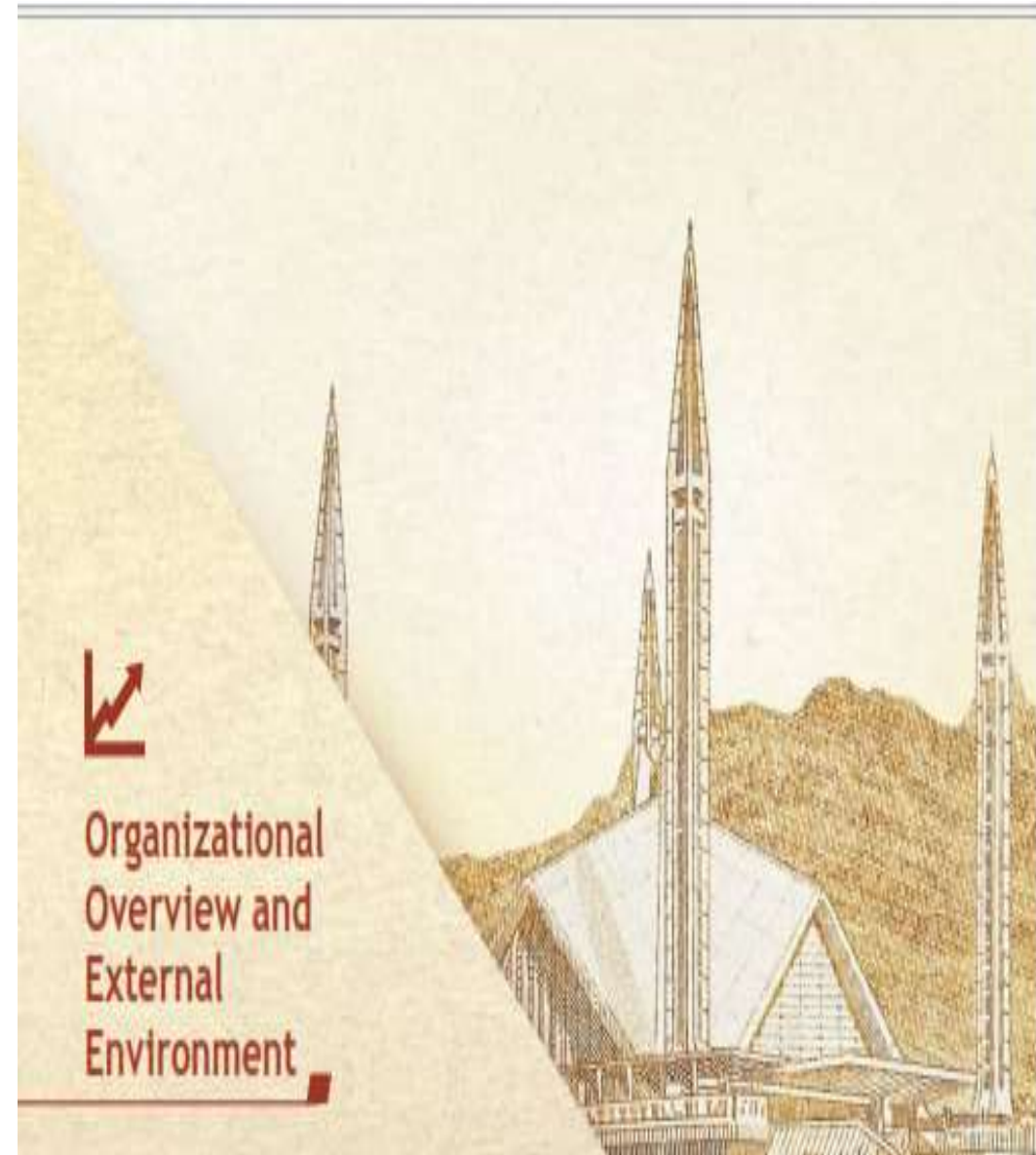
The Company Profile

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





Organizational Overview





VISION STATEMENT

To be nationally and internationally recognised and accepted security paper producing organisation, providing highest quality paper to our customers both in Pakistan and abroad

MISSION STATEMENT

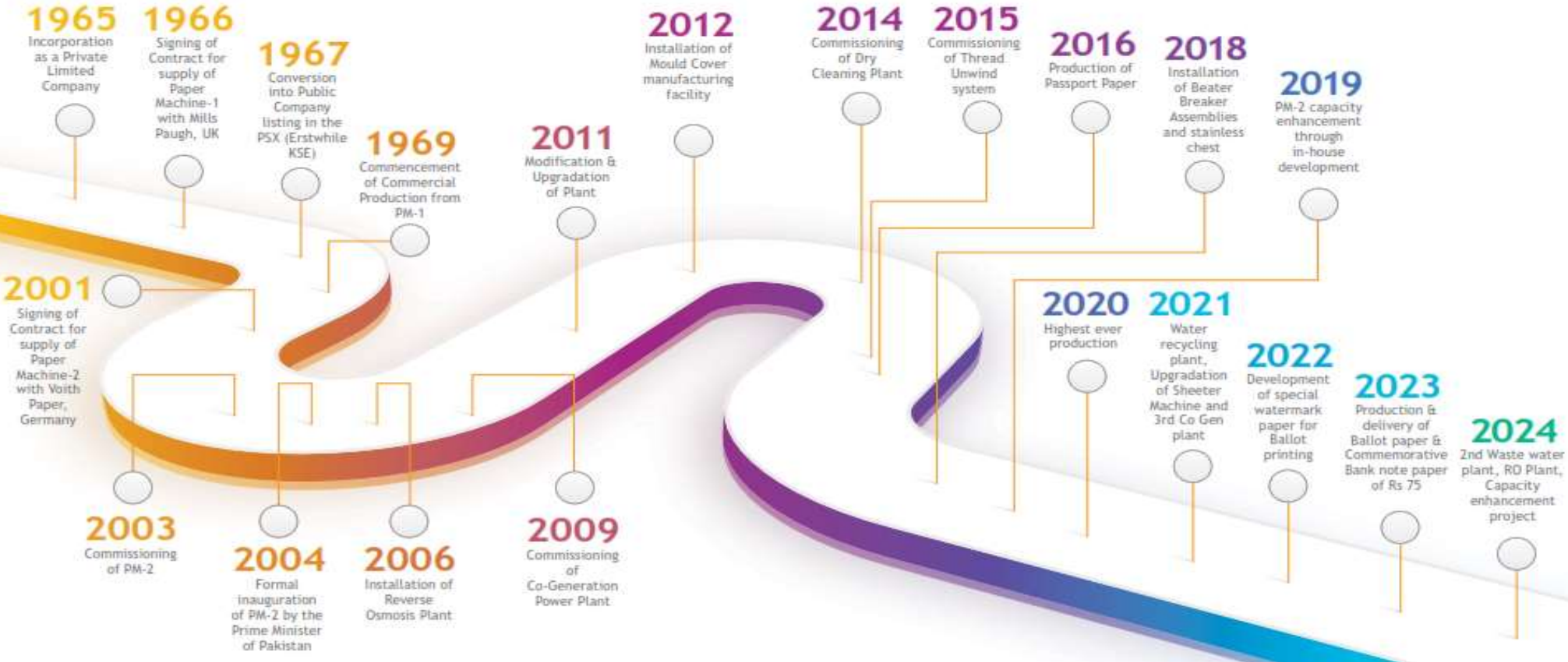
Our Mission is to exceed the expectation of our Customers in producing, with security and efficiency, highest quality paper products, employing international best practices and applying an integrated approach to Product Research & Development, Manufacturing Technology, Operations Management, Counterfeit deterrence, Materials Procurement, Human Resource Management, Financial Management and information systems.

CORE VALUES

- Striving for continuous improvement and innovation with commitment and responsibility.
- Treating shareholders/stakeholders with respect, courtesy and competence.
- Practicing highest personal and professional integrity.
- Maintaining teamwork, trust and support, with open and candid communication.
- Ensuring cost consciousness in all decisions and operations.

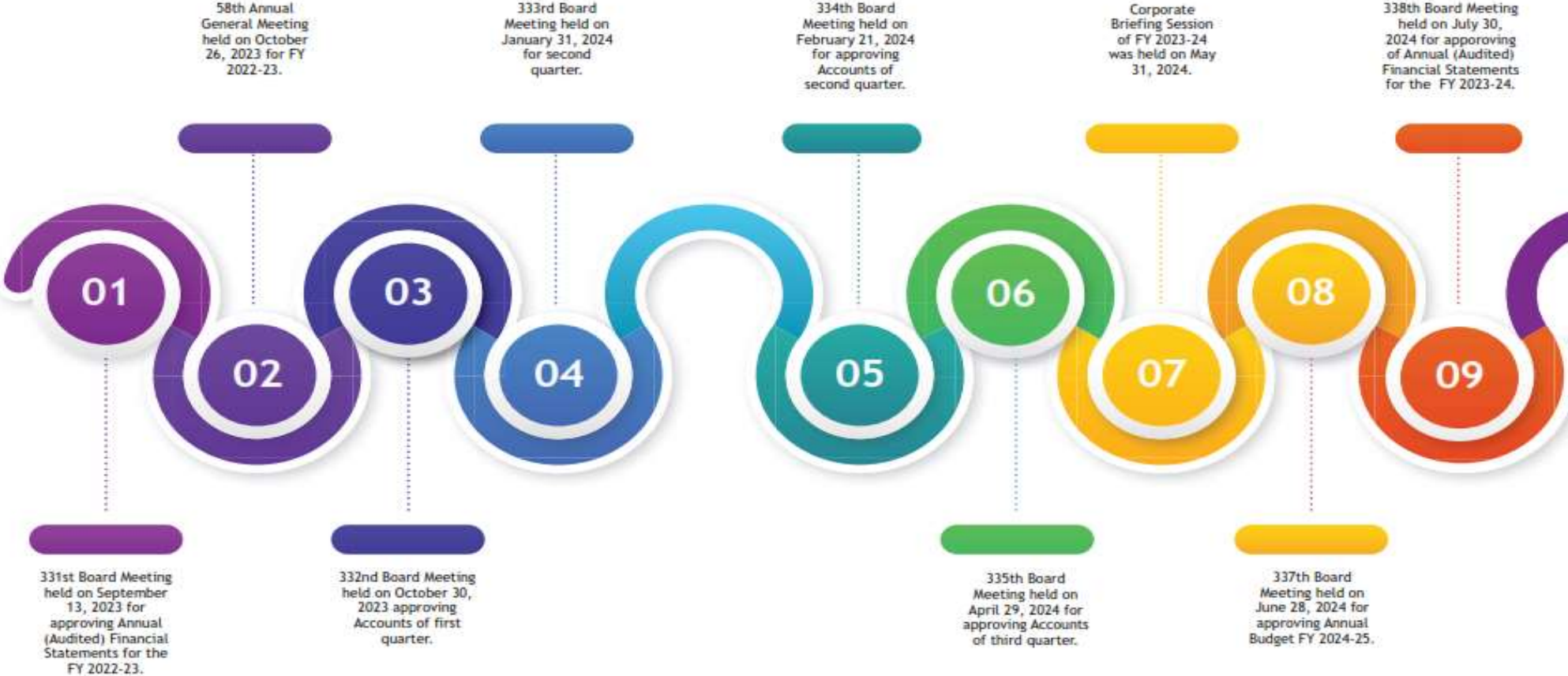


HOW WE EVOLVED



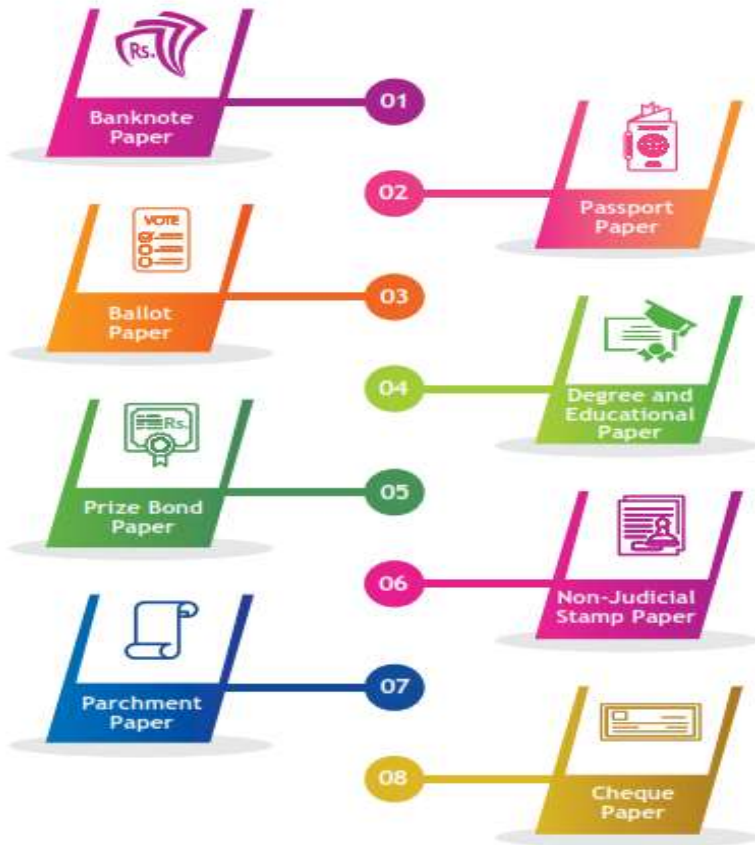


HISTORY OF MAJOR EVENTS DURING THE YEAR





PRODUCT PORTFOLIO



MAJOR CUSTOMERS

Pakistan Security Printing Corporation (Pvt) Limited

National Security Printing Company (Pvt) Limited

Election Commission of Pakistan

Universities & Education Boards – All over Pakistan



CORPORATE AWARDS HISTORY

TOP COMPANIES AWARD

Security Papers Limited (SPL) was conferred the "Top 25 Companies Award of Pakistan Stock Exchange" for the year 2022. It secured the 7th position on the basis of the highest score achieved. The Company has the distinction of receiving this prestigious award for the years 2000 to 2007 and 2009 to 2016 and 2018 to 2022.



BEST SUSTAINABILITY REPORT AWARD

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



ENVIRONMENT EXCELLENCE AWARD

The National Forum for Environment & Health - NFEH conferred the 20th Annual Environmental Excellence Award in 2023 to Security Papers Limited. The award was given in recognition of the Company's vision and its effective implementation of Environment Management System and policies and after thorough assessment of its submitted documents and testimonials by the distinguished NFEH Panel of Jury, a unanimous decision of the distinguished Panel of Jury.

The Company also received the 11th, 13th, 16th, 17th, 18th, 20th, and 21st Annual Environment Excellence Awards in 2014, 2018, 2019, 2020, 2021, 2023 and 2024 respectively.



CORPORATE EXCELLENCE AWARD - MAP

Security Papers Limited (SPL) received the 38th Corporate Excellence Award of the Management Association of Pakistan (MAP). The Company holds 24th to 29th Awards (six times in a row), as well as 31st to 38th (eight times in a row). The Award recognizes the best managed companies in Pakistan that follow guidelines and principles of the latest management techniques.



CORPORATE GOVERNANCE RATING

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



COMMITMENT TO ENVIRONMENTAL REPORTING

The Company has achieved another milestone by winning ACCA-WWF Environmental Reporting Award 2013. This demonstrates our commitment to environmental preservation and its effective management.

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

* Association of Chartered Certified Accountants - World Wildlife Fund.



BEST CORPORATE REPORT AWARD

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



ISO CERTIFICATIONS

CERTIFICATION OF INTEGRATED MANAGEMENT SYSTEM (IMS):

- Quality Management System:**
 - ISO 9001:2015 (03 April 2024 until 03 April 2027)
 - Environmental Management System:**
 - ISO 14001:2015 (26 April 2024 until 26 April 2027)
 - Occupational Health and Safety Management System:**
 - ISO 45001:2018 (16 February 2023 until 15 February 2026)
 - Information Security Management System:**
 - ISO/IEC 27001:2013 (19 December 2022 until 31 October 2025)
- Certification given by SGS United Kingdom Limited



FIRE AND SAFETY AWARD

The Company also won the Fire and Safety Award 2011, 2012 and 2013 for three consecutive years. The Award was jointly organized by the Fire Protection Association of Pakistan (FPAP) and the National Forum for Environment & Health (NFEH).





Governance





Board of Directors

NON-EXECUTIVE DIRECTORS

CHAIRMAN

Mr. Mohammad Aftab Manzoor

DIRECTORS

Mr. Jamal Nasim

Mr. Hamid Bazargan

Ms. Figen Caliskan

Hafiz Mohammad Yousaf

Mr. Shafqaat Ahmed

Mr. Arshad Mehmood Bhatti

Mr. Munir Ahmed

EXECUTIVE DIRECTOR - CHIEF EXECUTIVE OFFICER

Mr. Imran Qureshi



Board Committees





Management Committees

Executive
Committee

Corporate Social
Responsibility
(CSR)
Committee

IT Steering
Committee

Enterprise Risk
Management
Committee

Business
Continuity Plan
Committee

Health & Safety
Committee

Worker's
Welfare Fund
Committee

Worker's Profit
Participation
Fund (WPPF)
Committee

Sexual
Harassment
Committee

Whistle Blowing
Committee



Board's Approved Policies

Corporate
Social
Responsibility
Policy

Sexual
Harassment
Policy

Investment
Policy
Guidelines

Risk
Management
Policy

Insider Trading
Policy

Directors'
Remuneration
Policy

Whistle
Blowing Policy

Related Party
Transactions
Policy

Communication
& Disclosure
Policy

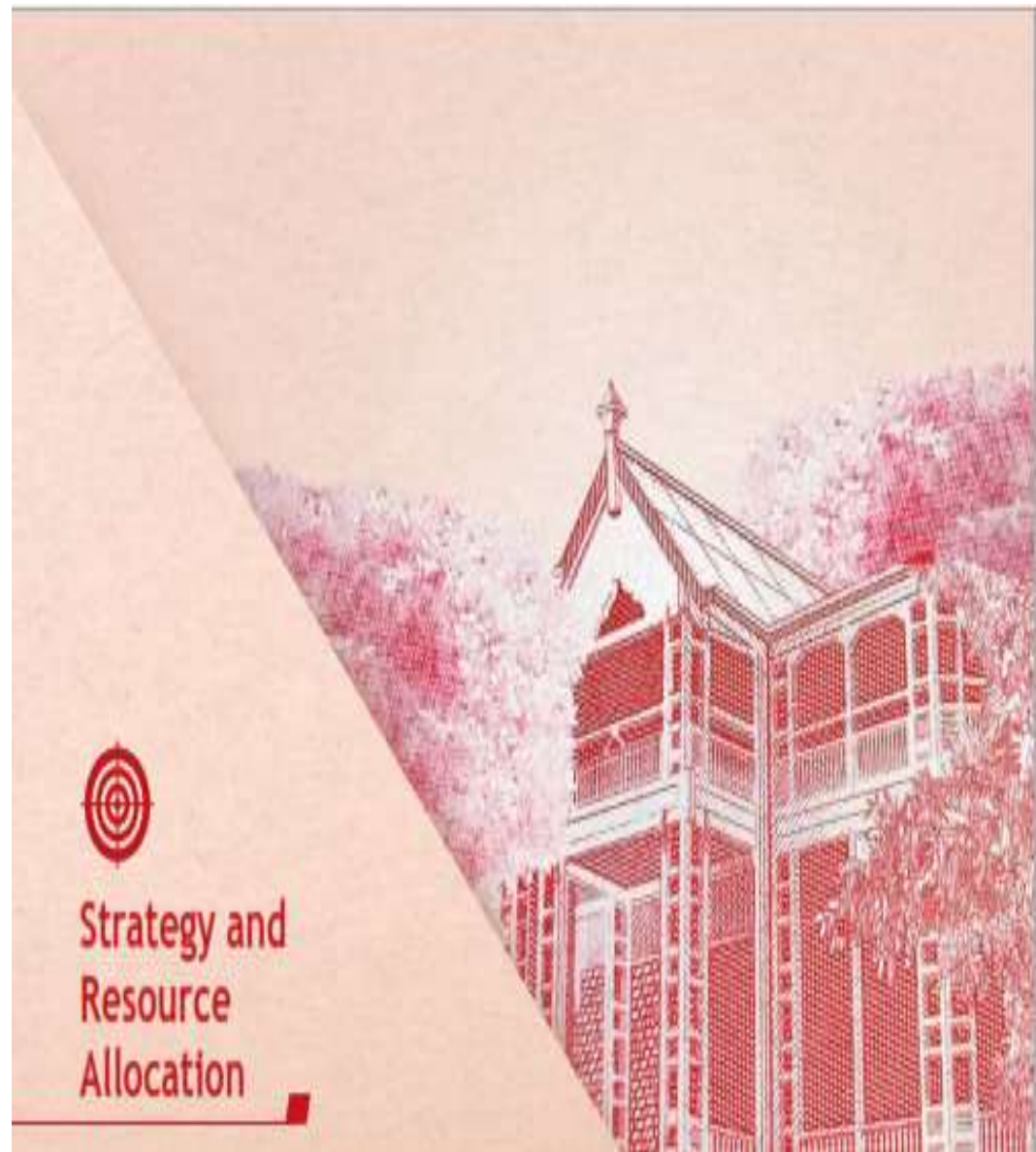
Environmental
Policy

Occupational
Health & Safety
Policy

Quality Policy



Strategic & Operational Development





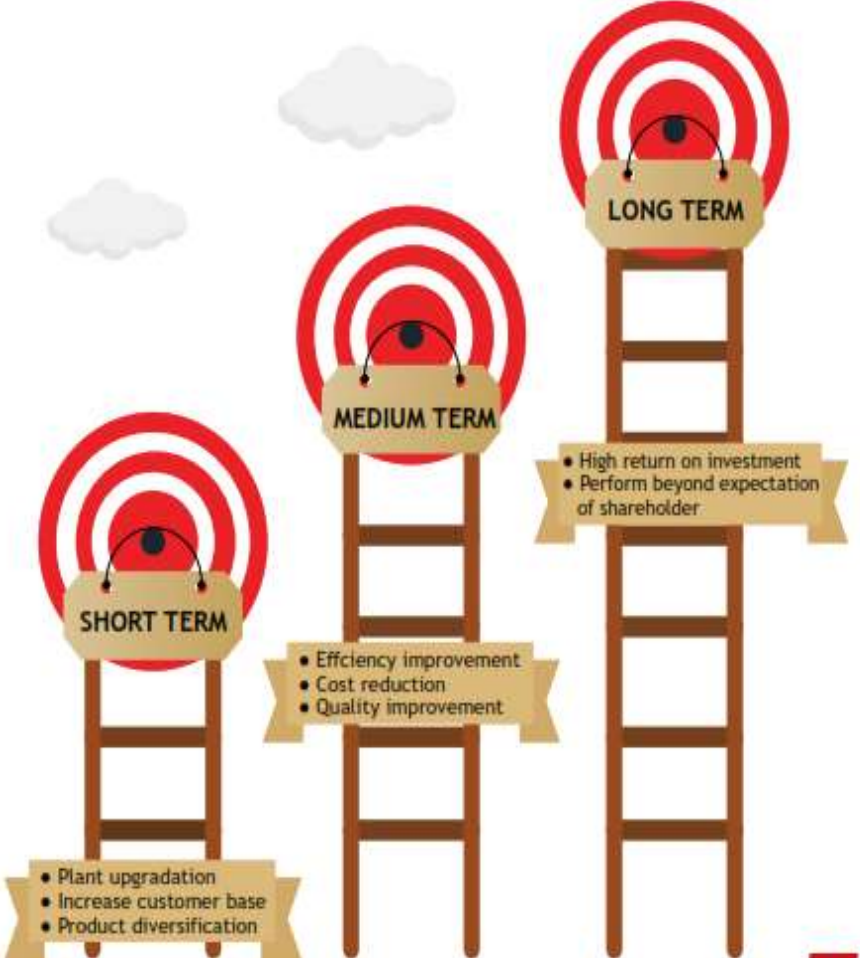
Strategic Planning Process

The Company is determined to follow its key strategic objectives which are assessed using various parameters laid down by the Company. These parameters are regularly monitored by the Company.

STRATEGIC PLANNING PROCESS



<p>OPERATIONAL KPIs</p> <ul style="list-style-type: none"> Customer Order Completion Reduction in production losses Waste recycling Control of cost of production 	<p>FINANCIAL KPIs</p> <ul style="list-style-type: none"> Timely Financial Reporting Efficient Inventory Management Operational cash flow management Higher Gross / Net profit margin Higher Return on investment of surplus funds of Company Corporate Tax Management 	<p>SALES KPIs</p> <ul style="list-style-type: none"> No complaints from customer High quality paper. Increase in net sales value. Increase in Sales volume. 	<p>HR & ADMINISTRATION</p> <ul style="list-style-type: none"> Human capital development Succession planning Employee satisfaction and retention CSR awareness Clean environment and safety for smooth operations
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Strategic Goals

KEY STRATEGIC GOALS

Goals & Strategy in place	Key Indicators
<p>Customer Satisfaction Dedicated to provide highest level of satisfaction to our customers via high quality products.</p>	<ul style="list-style-type: none"> • Quality assurance and quality audits • International certifications to meet quality standards • Timely delivery • Customer feedback
<p>Employees Employees Empowerment</p>	<ul style="list-style-type: none"> • Encourage ideas from bottom to top level • Succession planning • Job rotation and career development • Training and education programs for employees • Employee's turnover ratio
<p>Risk Management Enterprise Risk Management and Business Continuity Planning</p>	<ul style="list-style-type: none"> • Number of high risks areas identified • Residual rating of risks • Maximum probable loss of risks identified
<p>Continuous Improvement</p> <ul style="list-style-type: none"> • KAIZEN • 3S Methodology • Preventive and predictive maintenance 	<ul style="list-style-type: none"> • Cost reduction • Increase in profit • Time savings • Safety
<p>Operational Efficiency Improved efficiency and reduction in raw material / energy consumption and costs by optimally utilizing all available resources.</p>	<ul style="list-style-type: none"> • Order fulfillment time • Reduction of production losses • Waste recycling • Control of cost of production / cost per unit of production • Profit margins
<p>Shareholders Safeguarding of shareholders' interest through a healthy and viable business.</p>	<ul style="list-style-type: none"> • Earnings per share • Market price per share • Dividend per share
<p>Corporate Social Responsibility Promoting social development of the communities and extending financial and in-kind support for the welfare and development across the country.</p>	<ul style="list-style-type: none"> • Board's approved CSR Policy • Number of participants in community outreach initiatives, health, education, and welfare etc. • Initiatives that foster diversity and inclusion • Total Company-wide cash and in-kind contributions



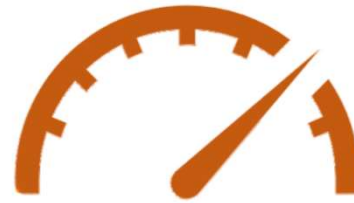
Strategic Goals



Customers' satisfaction



Employees' empowerment



Enterprise Risk Management and Business Continuity Planning



Continuous improvement (KAIZEN)



Operational Efficiency



Maximum Return on Investment



Corporate Social Responsibility

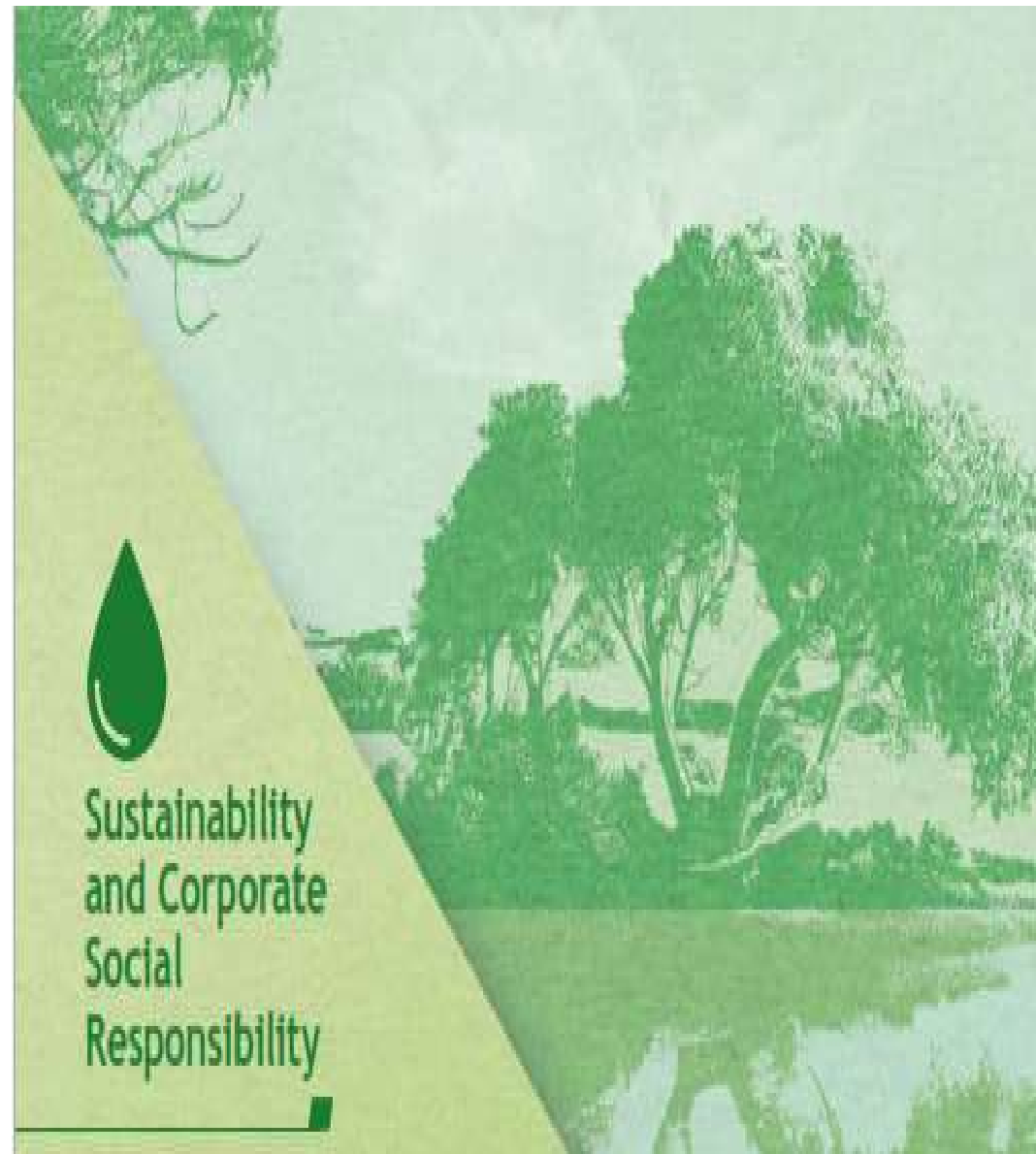


Future Outlook

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



Sustainability & CSR





Sustainability

Environment, Social and Governance (ESG)

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

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

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





Sustainability

SUSTAINABILITY IS OUR OBSESSION Sustainability Report FY 2023-24 SUSTAINABILITY PERFORMANCE 2023-24 HIGHLIGHTS

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

Environment Excellence Award

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

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





LOST TIME INJURY ACCIDENTS

Factors	2023 - 24 (Jul May)		2022 - 23	
	No of Incidents	% by Gender Category	No of Incidents	% by Gender Category
Incident affecting female workforce	0	0	0	0
Incident affecting male workforce	0	0	0	0
Incident affecting property / equipment	0	0	0	0
Total	0	0	0	0



Value of investment in sustainability projects

Projects	2023 - 24 (PKR in MN)
<u>Projects Completed During The Year</u>	
Upgradation of Mahlo Scanner	9 MN
Cargo Lift	15 MN
Upgradation of AVR (Co-Gen Power Plant)	7 MN
Upgradation of PM-2 DCS Drive	10 MN
<u>Projects Initiate During The Year</u>	
Waste Water Recycling Plant	139 MN
Solar Power Projects	13 MN
New RO Plant with additional Bores	71 MN
Dual Fired Burner	36 MN
Upgradation of CNC Milling machine	4 MN

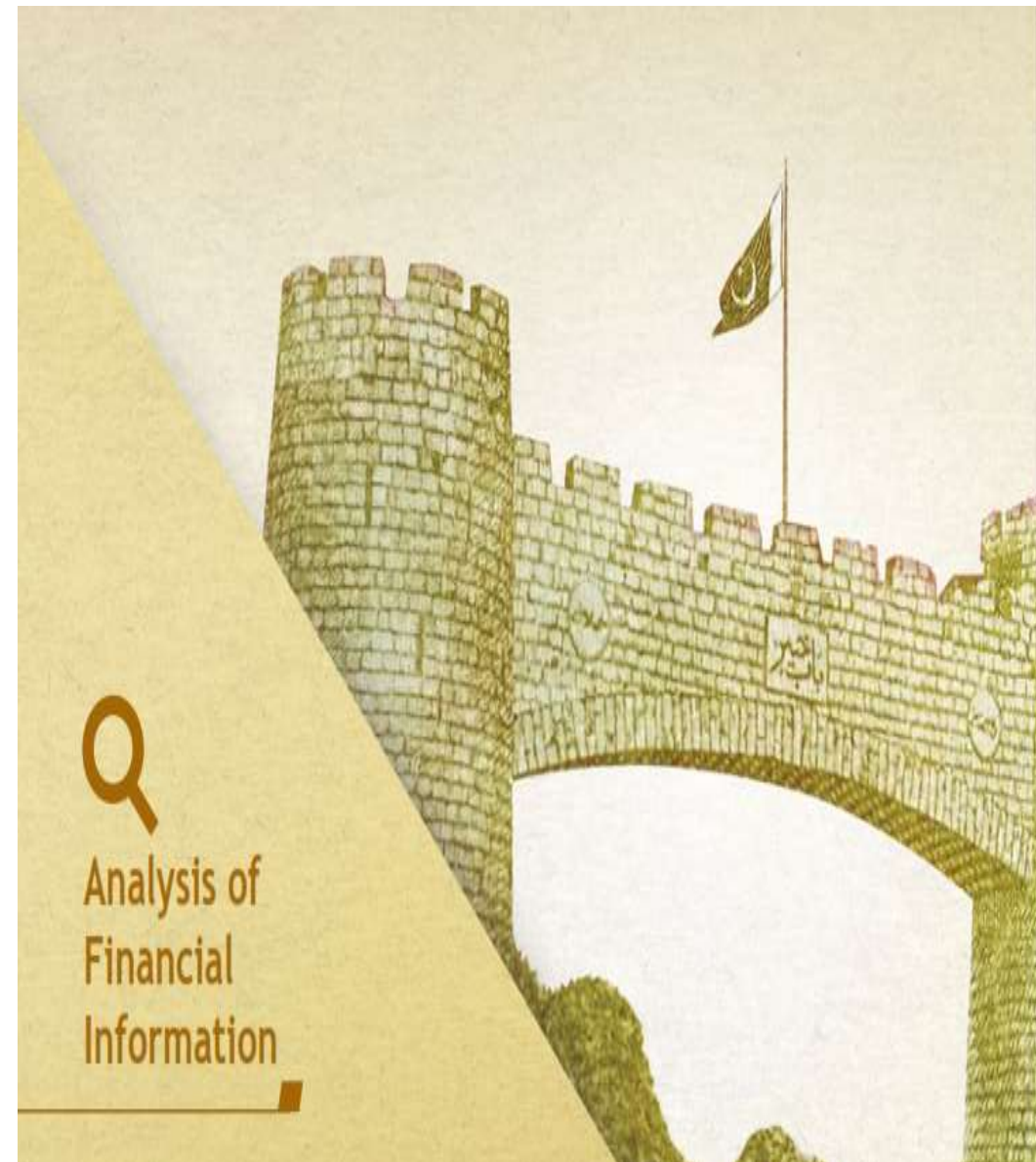


Corporate Social Responsibilities (CSR)

Name of Institution	2023 – 24 (PKR)	Name of Institution	2022 – 23 (PKR)
SOS Children Village	2.42 MN	Prime Minister Relief Fund 2022	5.0 MN
The Citizens' Foundation	2.16 MN	The Indus Hospitals	3.87 MN
The Indus Hospitals	5.00 MN	Socio Economic Development – Baluchistan	1.21 MN
		SOS Children Village & Others	0.34 MN
TOTAL	9.58 MN	TOTAL	10.54 MN



Financial Information





Financial Highlights 2023-24

Rupees in million

PARTICULARS	JULY - JUNE	
	2024	2023
Sales	7,312	5,795
Gross Profit	2,047	1,518
Other Income	1,013	678
Profit after taxation	1,489	967
Earning per share (Rs.)	25.12	16.33



Financial Highlights 2023-24

PARTICULARS	2023 – 24	2022 – 23
Fixed assets	1,828	1,718
Investments	3,295	2,904
Other long-term assets	12	55
Total long-term assets	5,135	4,677
Current assets	5,406	5,179
Total assets	10,541	9,856
Long term-liabilities	289	219
Current liabilities	2,032	2,145
Total liabilities	2,321	2,364
Share holders' equity	8,220	7,492
Total liabilities & Shareholders' equity	10,541	9,856
<i>Break up Value</i>	<u>138.73</u>	<u>126.43</u>



Financial Highlights Last Five Years

PARTICULARS	2023 – 24	2022 – 23
Non-Financial ratios		
Production per employee (tons)	14.25	13.52
Revenue per employee (avg)	25.39	19.38
Production (tons)	4,104	4,043
Share price & Dividend		
Share price – highest	157.45	126.90
Share price – average	124.75	104.23
Dividend per share	12.50	11.00



Q & A