



SUSTAINABILITY REPORT

2016-17



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Vision Statement

“To be a nationally and internationally recognized and accepted security paper producing organization, providing highest quality paper to our customers, both in Pakistan and abroad.



Our Mission

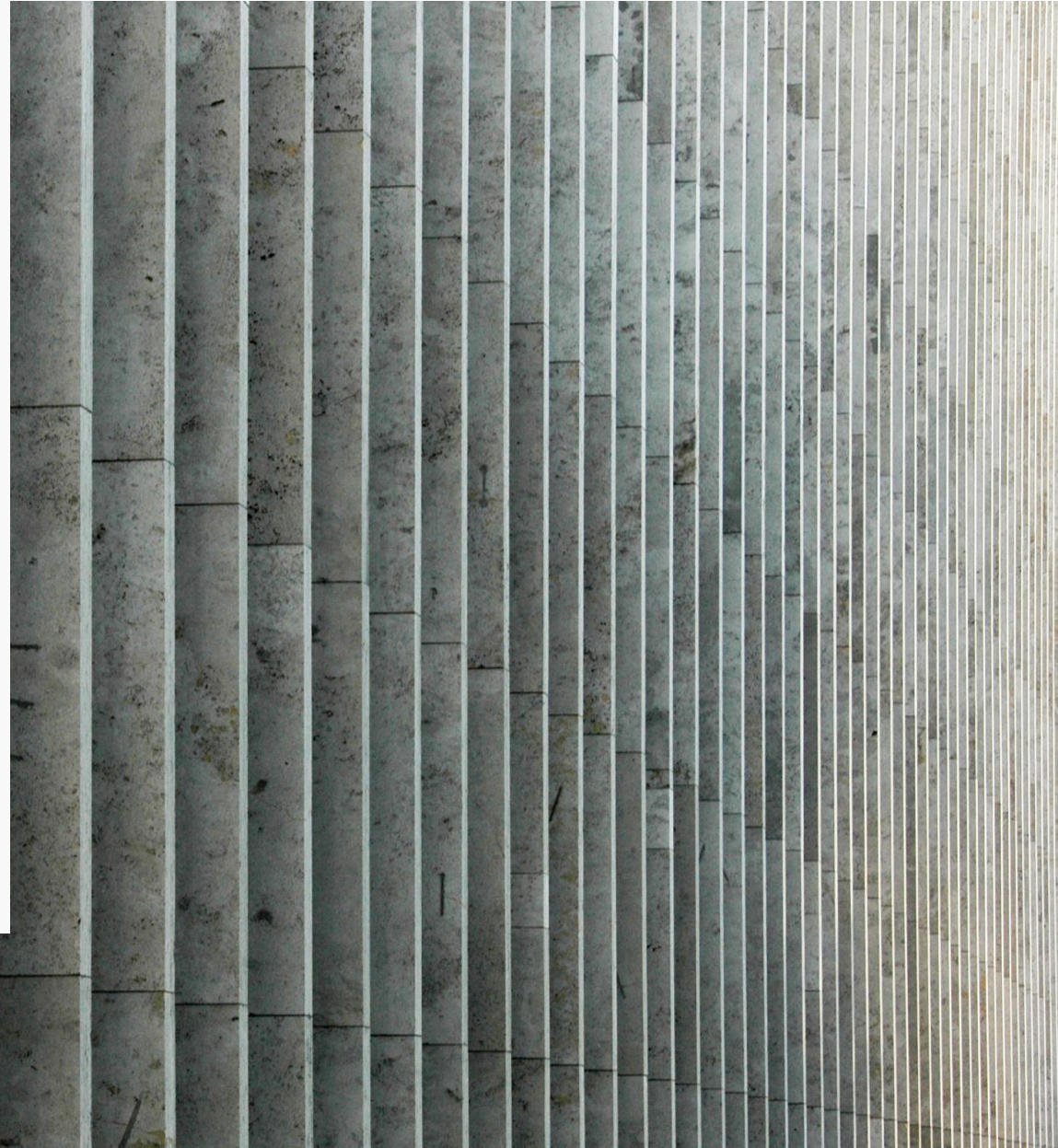
“We are the only National Organization in Pakistan producing strategically important security paper products for the nation. We have developed a unique set of strengths and competencies. We wish to build on these assets and will strive continuously to achieve higher levels of excellence.

Our mission is to exceed the expectations of our customers in producing, with security and efficiency, highest quality paper products, employing international best practices and applying an integrated approach to product research and development, manufacturing technology, operations management, counterfeit deterrence, materials procurement, human resource management, financial management and information systems.”



Our Core Values

- Striving for continuous improvement and innovation with commitment and responsibility;
- Treating 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.



Our Strategic Goals



- Providing Customer Satisfaction by serving quality products and meeting security paper needs of national and international customers.
- Ensuring Quality Manufacturing by production of state-of-the-art security paper products with highest quality at lowest cost.
- Deterring Counterfeiting by producing security paper products that have built-in deterrence against counterfeiting so as to contribute to public confidence and facilitation of commercial transactions.
- Ensuring Security and Accountability for employees, production facilities and products by developing secure and Accountable system.
- Expanding Customer base by exploring new national and international markets and undertaking product research and development in security paper.
- Ensuring Efficient Resource Management by managing human, financial, technical and infra-structural resources so as to support the above strategic goals and to ensure highest possible value addition to stakeholders

COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Muhammad Haroon Rasheed	-	Non-executive
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Directors

Sheikh Mohammad Aijaz Akhtar	-	Non-executive
------------------------------	---	---------------

Dr. Abolghassem Jamshidi	-	Non-executive
--------------------------	---	---------------

Mr. Memet Ozyavuz	-	Non-executive
-------------------	---	---------------

Mr. Jamal Nasim	-	Non-executive
-----------------	---	---------------

Mr. Muhammad Ayub	-	Non-executive
-------------------	---	---------------

Mr. Naveed Kamran Baloch	-	Non-executive
--------------------------	---	---------------

Mr. Rauf Ahmad	-	Non-executive
----------------	---	---------------

Mr. Naveed Ehtesham	-	Non-executive
---------------------	---	---------------

Chief Executive Officer

Mr. Ali Hussain	-	Executive
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BOARD AUDIT COMMITTEE

Mr. Muhammad Ayub	Chairman
Sheikh Mohammad Aijaz Akhtar	Member
Dr. Abolghassem Jamshidi	Member
Mr. Rauf Ahmad	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. Naveed Kamran Baloch	Member
Qazi Syed Imran Azam	Secretary

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Rizwan Ul Haq Khan



EXECUTIVE COMMITTEE (Ex-COM)

Chief Executive Officer	Chairman
Director Operations	Member
CFO & Company Secretary	Member
General Manager (SCM)	Member
General Manager (E&P)	Member
General Manager (HR&A)	Member
Dy. General Manager (QA & RnD)	Member
Dy. General Manager (PPC)	Member
Sr. Manager Internal Audit	Member
Head of Production	Member
Sr. Manager (Security Control & Admin)	Member
Dy. General Manager (IT & IMS)	Secretary



HEALTH & SAFETY SURVEILLANCE COMMITTEE (HSSC)

Dy. General Manager (IT & IMS)	Chairman
Dy. General Manager (HR)	Member
Sr. Manager (Electronics)	Member
Sr. Manager (Mechanical)	Member
Sr. Manager (QA & RnD)	Member
Manager (Civil)	Member
Manager (Admin)	Member
Manager (SCM)	Member
Dy. Manager (Machine House)	Member
Dy. Manager (PPC)	Member
Asst. Manager (Boiler)	Member
Asst. Manager (Finishing)	Member
Asst. Manager (Pulp Mill)	Member
Asst. Manager (HR)	Member
Asst. Manager (IMS)	Member
Manager (IMS)	Secretary



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

TAX CONSULTANTS

A. F. Ferguson & Co.

Chartered Accountants

LEGAL ADVISORS

Mohsin Tayebaly & Co.

Advocates & Legal Consultants

REGISTERED OFFICE

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SHARE REGISTRARS

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Fax: (+9221) 34380106

E-mail: info.shares@famco.com.pk

WEBSITE

<http://security-papers.com>



BOARD OF DIRECTORS

		 Sheikh Mohammad Aijaz Akhtar (Independent and Non-Executive Director)	 Mr. Muhammad Ayub (Non-Executive Director)
 Mr. Muhammad Haroon Rasheed (Chairman)	 Dr. Abolghassem Jamshidi (Non-Executive Director)	 Mr. Naveed Kamran (Non-Executive Director)	
 Mr. Ali Hussain (Chief Executive Officer)	 Mr. Memet Ozyavuz (Non-Executive Director)	 Mr. Rauf Ahmad (Non-Executive Director)	
 Mr. Jamal Nasim (Non-Executive Director - Elected)		 Mr. Naveed Ehtesham Non-Executive Director	

OUR APPROACH

CEO'S MESSAGE

At Security Papers Limited we strive for continuous improvement and innovation with commitment and responsibility. We are driven by our vision of becoming a nationally and internationally recognized security paper producing organization.

We are pleased to mention that our company is continuously making positive progress, operating at optimum capacity and has achieved the highest ever production targets of 2822 tons of saleable Banknotes and Other Security Papers in 2016-17, as against 2657 tons produced last year. Sales revenue has increased to Rupees 2842 million showing an improvement of 258 Million over last year.

For sustainable growth we make positive contributions in our society. We work closely with our 375 plus workforce giving them a very good working environment. We also contribute in the society as a whole to make a positive change in their lives. In this regard, for Corporate Social Responsibility (CSR) we spent Rs6.29 Million in 2016-17.

Integrated Management System

We believe in adopting best international manufacturing practices so as to have the best environment with no negative impact on surroundings either within the plant or on outside environment. We have a very comprehensive integrated management system comprised of Quality Management System, Environmental Management System (EMS) and Occupational Health & Safety Assessment System (OHSAS).

Periodic Internal and external surveillance audits are conducted and reported to top management for review on regular basis.

All the three systems are integrated and implemented as follows

Quality Management System (ISO 9001:2008)

A documented Quality Management System has been established and maintained in order to:

- do what is documented and document what we do.
- enhance customer satisfaction through the effective application of the system, including processes improvements and assurance of conformity to customer requirements.

Environmental Management System (ISO 14001: 2004)

We maintain Environmental Management System in a comprehensive, systematic, planned and documented manner. We have set our goals for compliance with regulatory standards such as National Environmental & Quality Standards (NEQS) and Environment Protection Agency (EPA). Reduction of solid, liquid and gaseous wastes, are in line with global practices, and a detailed environmental aspect and impact analysis and risk assessment is performed regularly. We monitor our effluent discharge and apply process controls, including liquid effluent treatment and controlled disposal of solid and stack emissions

Occupational Health & Safety Assessment System (OHSAS 18001: 2007)

We strive to ensure that all individuals are free from any harm or injury at work place

We implement our occupational health and safety (OHS) management system based on OHSAS 18001, the international standard for OHS management system.

We have a safety committee which has a member from every department. The Committee meets every month to ensure that all safety procedures are in place. We also monitor accident free days which is used as a yardstick for our attention on OHSAS. We regularly carry out fire drills as well.

A detailed Occupational Health and Safety Hazards Identification and Risk assessment and Controls (HIRAC) is performed for normal, abnormal and emergency situations (covering routine and non-routine activities and natural disasters) within organization as evaluation of compliance of established standards and legal requirements including Factories Act.

A classified incident reporting system is in place covering investigation, analysis and follow-up for Corrective / preventive actions.

Very shortly we are switching over to newer versions of QMS and EMS, ISO 9001: 2015 and ISO 14001: 2015

OUR APPROACH

We believe that our growth should not be limited to increased sales turn over and production quantities but we should be best in-class corporate citizen. Therefore, we keep our employees happy and motivated.

A handwritten signature in black ink, appearing to read 'Ali Hussain', with a stylized flourish at the end.

Mr. Ali Hussain

(Chief Executive Office)

Karachi

November 30, 2017

SPL AT A GLANCE

Security Papers Limited (SPL) is in the business of manufacturing banknote paper and other security papers such as Prize Bonds, Defense Savings Certificate, Non-Judicial Stamp Paper, Child Registration Certificate, certificate paper for educational boards and degree paper for universities. SPL was established in 1965 as a private limited company and became a public limited company in 1967 with listing on the Karachi Stock Exchange Limited (now called Pakistan Stock Exchange PSX). It started commercial production in 1969 as the first joint venture of Iran, Turkey and Pakistan under Regional Cooperation for Development (RCD) now Economic Cooperation Organization (ECO). The commercial production of the old paper machine PM-1 was started in 1969.

The production process involves input of locally procured cotton comber, textile waste and water as raw material. Our basic raw material i.e. cotton is procured from local suppliers, for other raw materials like wood pulp & other paper manufacturing chemicals and also for equipments and technological purchases we have a vast range of local and international suppliers, therefore our business is not dependent upon single supplier in any range of material or equipment which is being purchased. The Pakistan Security Printing Corporation (Pvt.) Limited (PSPC) is the main customer of SPL. Being self-reliant, the Company is also saving substantial amount of foreign exchange, which would have been otherwise required for import of such paper. The new state of the art paper machine PM-2 of German origin started commercial production in 2003 and old PM-1 was scrapped. The PM-2 is producing high quality specialized paper of international standard for a variety of security documents with custom made security features including 3 dimensional tonal variation watermarks and counterfeit deterrence capabilities.

To meet current and future technological challenges, SPL has been investing heavily in upgrading its manufacturing facilities to ensure continuous supplying of high quality banknote and other security papers to its main customer PSPC and other customers. SPL has been gradually enhancing the paper production capacity which has increased from 2,000 tons to 2,900 tons extendable up to maximum of 3,000 tons per annum. During the year in review sales review has increased to Rs. 2842 Millions showing an improvement of 258 Million over the last year. The company is continuously making positive progress, operating at optimum capacity and has achieved the highest ever production targets of 2822 tons of saleable Banknotes and Other Security Papers in 2016-17, as against 2657 tons produced last year.

Geographical Presence

The geographical presence of the Company is in Karachi, Pakistan only, while the geographical presence of its customers is in Karachi, Lahore, Gujranwala, Faisalabad Islamabad and Peshawar.. The Company manufactures paper for banknotes, financial instruments, university degree certificate and other type of security papers, the product are supplied all over Pakistan. Our major customers are Pakistan Security Printing Corporation (PSPC). Other customers include NADRA, Education Boards across Pakistan, Cabinet Division etc.



Top Companies Award for the year 2014 and 2015



32nd Corporate Excellence Award

REVIEW OF OUR PERFORMANCE (2016-17)

EMPLOYEES

378



PAPER PRODUCED

2822Tons



NET SALES in (PKR)

2842 Milli



NET PROFIT MADE in
(PKR)

937.6Millions



EARNING PER SHARE
(2016-17)

15.82 Rupees

OUR PRODUCTS

Bank Note Paper

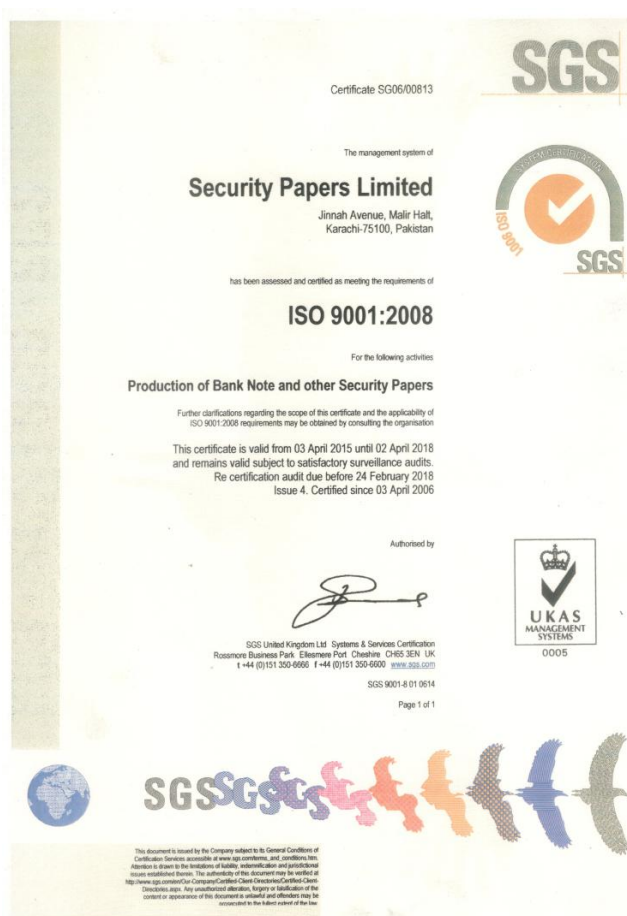
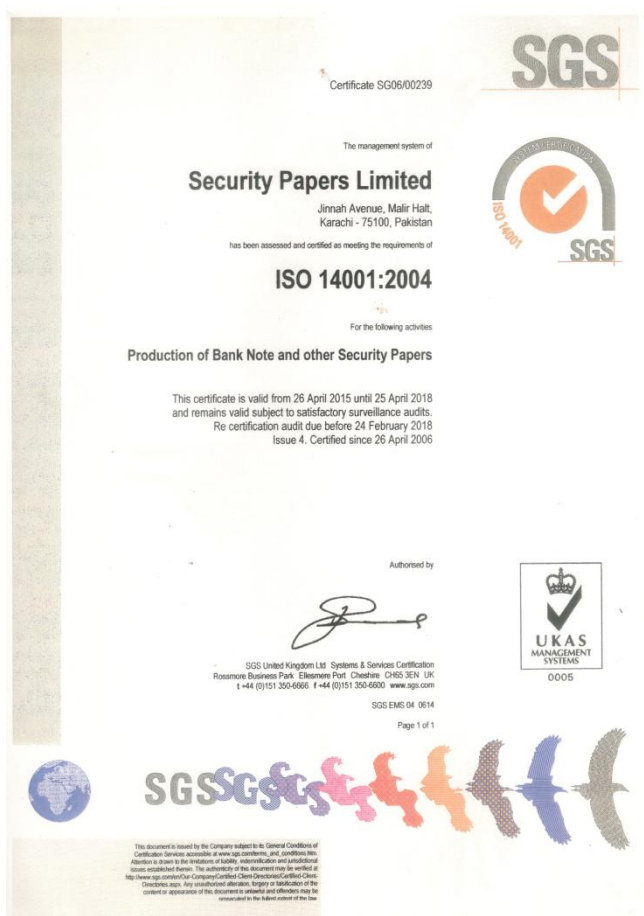


Other Security Papers

- Prize Bond Paper
- Passport Paper
- Cheque Paper
- Degree & Certificate Papers
- NADRA Paper
- Judicial & Non-Judicial Stamp Papers

CERTIFICATIONS

Currently SPL is certified for ISO 14001: 2004 (Environmental Management System), ISO 9001: 2008 (Quality Management System) and OHSAS 18001: 2007 (Occupational Health and Safety Assessment Series), we are currently moving towards 2015 versions of ISO 9001 and ISO 14001.



Quality Policy

- To be the best in class paper manufacturer that produces paper which fully meet customer's requirements in terms of desired specifications and maintains paper parameters with respect to storage, when stored suitably.
- Management is committed to ensure continual improvement in the processes and quality objectives.
- Management also ensures optimal use and adequate maintenance of plant with its up gradation
- The context of the organization is defined to achieve its aimed outcomes of Quality Management System.

Environmental Policy

As a responsible corporate organization, management is committed to keep "Security Papers Limited" a "green company"

We ensure:

- to establish and review environmental objectives.
- all raw materials are stored meeting manufacturer's requirements.
- liquid effluent is treated, gas emission is hazards free, noise pollution is controlled and solid waste is properly disposed off.
- all NEQS standards and legal requirements are complied.
- environmental reports are available for employees and public.
- all emergencies preparedness is in place.
- the context of the organization is defined to achieve its intended outcomes of Environment Management System.

Occupational Health & Safety Policy

- To work in an environment which is accident free and there is no work related ill health.
- Maintain plant, equipments and machinery, storage and use of chemicals, following international safety standards.
- Eliminate all potential hazards which may cause any adversity.
- Define and monitor key performance indicators related to health and safety for continual improvements.
- Our plant to conform to Factory Act and other legal requirements for occupational health and safety.

Share Holding Pattern

Categories of shareholders	Number	Shares held	Percentage
i. Associated companies, undertakings and related parties	3	35,572,867	60.03
sumer holding a.s.	1	5,925,564	10.00
industrial development & renovation organization of iran	1	5,925,564	10.00
Pakistan security printing corporation (pvt.) limited	1	23,721,739	40.03
ii. Mutual funds	1	2,587,428	4.37
CDC - trustee national investment (unit) trust	1	2,587,428	4.37
iii. Directors and their spouse(s) and minor children	2	1,787	0.00
sheikh mohammad aijaz akhtar	2	1,787	0.00
iv. Executives	-	-	-
v. Public sector companies and corporations	3	5,951,296	10.04
State life insurance corporation of Pakistan	2	5,022,607	8.48
Pakistan reinsurance company limited	1	928,689	1.57
vi. Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	15	6,883,725	11.62
Habib bank limited	2	130	0.00
United bank limited	1	318	0.00
Mercantile cooperative finance	1	35,231	0.06

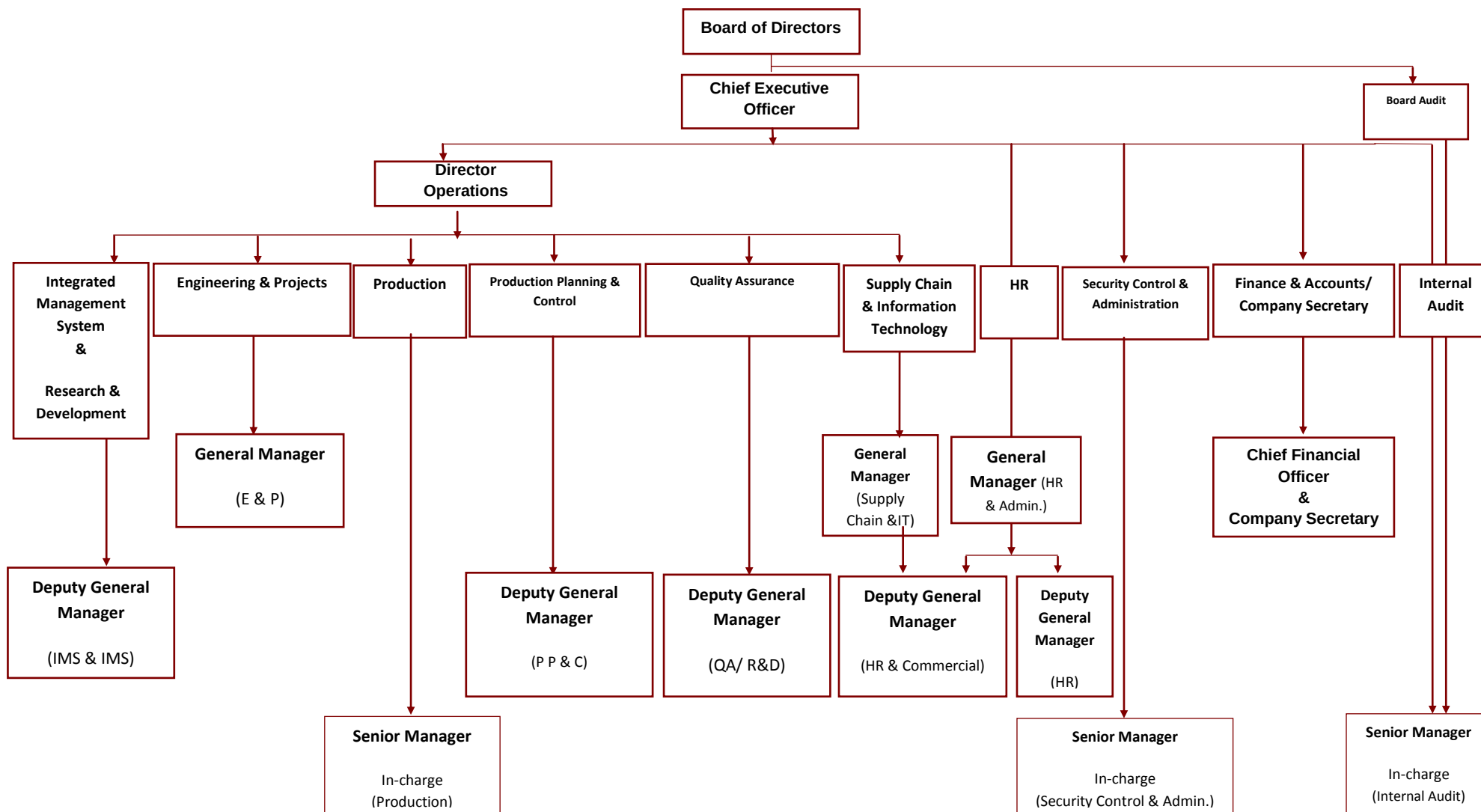
categories of shareholders	Number	Shares held	Percentage
Muslim commercial bank limited	1	153	0.00
efu general insurance limited	1	749	0.00
Innovative investment bank limited	1	1,428	0.00
The Punjab provincial cooperative bank limited	1	4,254,280	7.18
National bank of pakistan	2	1,347,897	2.27
Saudi Pak industrial & agricultural investment co. Ltd.- cad	1	100,000	0.17
efu life assurance limited	1	870,365	1.47
Allianz efu health insurance limited	1	33,600	0.06
Trustee national bank of pakistan employees pension fund	1	239,541	0.40
CDC - trustee pakistan pension fund - equity sub fund	1	33	0.00
general public	1994	6,151,874	10.38
a. local	1994	6,151,874	10.38
b. foreign	-	-	-

Categories of Shareholders	Number	Shares held	Percentage
Others	44	2,107,008	3.56
FIKREE DEVELOPMENTS CORPORATION (PRIVATE) LIMITED	2	5,578	0.01
AZEEM SERVICES (PVT.) LIMITED	1	1	0.00
N. H. SECURITIES (PVT.) LIMITED	1	37	0.00
ABRIS (PRIVATE) LIMITED	1	8,000	0.01
PRUDENTIAL SECURITIES LIMITED	1	53	0.00
Y.S. SECURITIES & SERVICES (PVT.) LIMITED	1	102	0.00
DAWOOD FOUNDATION	1	239,597	0.40
MILLWALA SONS (PRIVATE) LIMITED	1	64	0.00
MOHAMAD AMIN BROS (PVT.) LIMITED	1	5,000	0.01
TRUSTEES SAEEDA AMIN WAKF	1	66,960	0.11
TRUSTEES MOHAMAD AMIN WAKF ESTATE	1	117,607	0.20
TRUSTEES AL-BADER WELFARE TRUST	1	58,809	0.10
TECHNOLOGY LINKS (PVT.) LIMITED	1	6,683	0.01
DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	1	399,367	0.67
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	8,404	0.01
PREMIER FASHIONS (PVT) LTD	1	15,000	0.03
SIZA (PRIVATE) LIMITED	1	10,000	0.02
TRUSTEE MOMIN ADAMJEE WELFARE TRUST	1	5,000	0.01
TRUSTEE MOMIN ADAMJEE WELFARE TRUST	1	5,000	0.01
GLOBE MANagements (PRIVATE) LIMITED	1	7,000	0.01
S.H. BUKHARI SECURITIES (PVT.) LIMITED	1	921	0.00

Categories of Shareholders	Number	Shares held	Percentage
CRESCENT COTTON MILLS LIMITED	1	522	0.00
TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	1	164,220	0.28
H M INVESTMENTS (PVT.) LIMITED	1	393	0.00
NH SECURITIES (PVT.) LIMITED	1	3,693	0.01
SHAMALIK BROTHERS (PVT) LTD	1	1,000	0.00
MAPLE LEAF CAPITAL LIMITED	1	1	0.00
HABIB BANK AG ZURICH DEIRA DUBAI	1	70,000	0.12
MULTILINE SECURITIES (PVT.) LIMITED	1	14,210	0.02
FDM CAPITAL SECURITIES (PVT) LIMITED	1	10,000	0.02
FEDERAL BOARD OF REVENUE	1	46,468	0.08
DJM SECURITIES (PRIVATE) LIMITED	1	25,000	0.04
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	1	500	0.00
CLIKTRADE LIMITED	1	1	0.00
Z.A. GHAFAR SECURITIES (PRIVATE) LTD.	1	1,500	0.00
MUHAMMAD BASHIR KASMANI SECURITIES (PVT.) LIMITED	1	3,570	0.01
NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND	1	768,703	1.30
PEARL SECURITIES LIMITED - MF	1	1,000	0.00
PEARL CAPITAL MANAGEMENT (PRIVATE) LIMITED	1	9	0.00
FIKREE'S (SMC-PVT.) LIMITED	1	5,537	0.01
AYUB CHAUDHRY INVESTMENTS (PVT) LIMITED	1	3,998	0.01
MARGALLA FINANCIAL (PRIVATE) LIMITED	1	1,000	0.00
INTERMARKET SECURITIES LIMITED - MF	1	25,000	0.04
MRA SECURITIES LIMITED - MF	1	6,500	0.01

Categories of Shareholders	Number	Shares held	Percentage
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company	6	44,849,754	75.69
PAKISTAN SECURITY PRINTING CORPORATION (PVT.) LIMITED	1	23,721,739	40.03
SUMER HOLDING A.S.	1	5,925,564	10.00
INDUSTRIAL DEVELOPMENT & RENOVATION ORGANIZATION OF IRAN	1	5,925,564	10.00
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2	5,022,607	8.48
THE PUNJAB PROVINCIAL COOPERATIVE BANK LIMITED	1	4,254,280	7.18

Companywide Organogram



EXECUTIVE SUMMARY & SCOPE OF THE REPORT

This report encompasses the activities of Security Papers Limited regarding economic, social, environmental and operational performance of the Organization during the year 2017 (July 2016- June 2017). This Sustainability Report has been prepared keeping in view the guidelines of Global Reporting Initiative GRI 2016. This report provides an overview of Company Profile, business ethics and practices, an overview of our last years business performance (as details are annually published in the Annual Financial Report of the Company) continual improvement, environmental monitoring and measurement, environmental management programs and corporate social responsibility. Policies and core values are incorporated in the report to show the commitment of the Company regarding CSR, environment and safety activities.

Under sustainable development program follows the Sustainable development goals given described by United Nations, the Company sets targets and objectives such as conservation of resources by following proactive strategy, energy conservation, effluent & emissions control, solid waste management and prepare their achievements plans in order to keeping improving in the areas of economics, social and environmental performance.

Security Papers Limited publishes sustainability report annually (previously it was published as Environmental report). This report covers all the operations and processes carries out by Security Papers Limited and their impact on local communities.

Interested Parties	Their Expectations	Our Requirements
Customers	• Quality of Product • Adherence to the specifications being agreed upon • Timely Delivery of Supply • Timely response to customer feedback • Prompt response of customer complaints	• Adherence to the payment terms • Well planned order schedule to minimize urgent supplies • Timely feedback of product being delivered
Suppliers	• Adherence to payment terms • Timely response of their concerns	• Timely Supply of material • Adherence of product to the agreed quality standards
Trade bodies/associations	• Membership requirements • Meeting standards to which the organization adheres	• Provision of guidance • Acceptance of our opinions and suggestions • Timely response to our trade related concerns
Workforce	• Adherence to employment Terms & conditions • Training & support • Safe working conditions • Market compatible salary packages • Open communication channels • Job Security • Suitable environment for career growth • Continuity of employment Opportunities for advancement	• Adherence to employment Terms & conditions • Commitment and dedication to the tasks that the employees are doing • Timely completion of tasks • Loyalty to the organization secrecy
Employee's dependents	• Providing a safe working environment • Paying a fair rate for the job	
Business owners/shareholders/investors	• Meeting repayment terms • Timely payment of dividends • Regular update regarding company's financial performance	• Time to time provision of sufficient funds for plant up-gradation sustainable business growth
Security Agencies	• Security investigation of people being hired to the organization • Inspection and monitoring of all employees and visitors who are entering into factory premises • Emergency preparedness	• Timely response and co-ordination in case of any emergency or crisis.
Contractors	• Adherence to contractual agreements • Minimum hindrance to the tasks that they are performing • Providing suitable conditions for their performance • Provision of appropriate infrastructure (if required)	• Adherence to contractual agreements • Quality of product/ and service that they are providing

SWOT ANALYSIS

Category	Opportunities/ Risks	Our Approach
STRENGTHS	Sole manufacturer of world-class quality Banknotes & other security papers in Pakistan	Being the sole manufacturer of the security papers in the country, SPL considers international suppliers as its competitors to provide the customers best quality security papers
	Displays continual growing financial performance, to deliver benefits to all of its stakeholders with respect, courtesy and competence	SPL continuously monitors and report its financial performance to all of its stake holders through annual and quarterly financial reports
	Upholds firmly its core values of continual improvement & innovation, personal & professional integrity, teamwork, trust & support, with open and candid communication	SPL's growth initiatives to compliment its core values.
	Committed and competent workforce in all of its functional areas	SPL considers its workforce as the most important asset and therefore continuously works to improve their competency level by continual training & development activities.
	Availability of state of the art equipment for paper manufacturing and other supporting processes	SPL continuously works to up-grade its equipments to perform the manufacturing and other supporting operations to make its processes more and more efficient
	Paper production capacity of the company is continually increasing with time; it has become double in the past five years	SPL is continuously working on capcity enhancement initiatives to meet the increasing product demands
	Diversification of its business in recent years and has started producing new products like Passports and Cheque paper.	To reduce the dependency of sales volume on single product, SPL is taking initiatives to expand its product base.
	Several capacity enhancement projects have been initiated in the last two years.	In to increase the profitability of the company, SPL intends to increase its paper production capacity by time.
	Aligned its systems and processes with the most rigorous standards from around the world i.e. ISO: 9001, ISO: 14001 and OHSAS: 18001.	To have a sustainable growth, company has to focus on only quality of product it is producing but also the quality of processes by which the products are being produced, also needs to monitor its carbon foot prints and has to have a safe and healthy working environment.
	Management is highly committed to explore new markets to diversify its customer base and enhance margins.	To have a sustainable financial growth in future years, SPL has to explore new markets to increase its sales volumes with time.

Category	Opportunities/ Risks	Our Approach
WEAKNESSES	Company's growth objectives are dependent on economic growth of the country, government policies and the growth of its largest customer PSPC, therefore the organization needs to explore new opportunities to reduce single customer dependencies.	SPL has established its commercial department to explore new markets for security papers in order to expand its customer base so as to ultimately reduce its dependency on single customer.
	Our current production processes and all capacity enhancement initiatives are contingent upon stable supply of utilities, specifically water which is a major raw material for our production processes and as SPL is located in an urban area continuous water supply is a challenge for smooth running of all operations; hence SPL is committed to work on several resource conservation and alternate efficiency enhancement projects.	SPL has included projects for water recycling and Bore water plants to stabilize the supply of water in its business plan for 2017 -18,
	To compete with private sector organizations for OSP's SPL has many challenges which need to be addressed.	SPL is taking many initiatives like continuous training and development of its employees, system based data entry and reporting and reward & recognition activities to improve the overall organization culture
OPPORTUNITIES	Expertise in manufacturing of Cotton and wood based security papers and has all confidence to meet customer needs, which has already been proven by the company's success in developing newer OSP products in recent years.	SPL intends to exploit its expertise in making good quality security paper to expand its customer base by enhancing the production capacity for the existing products and exploring markets for new security paper products
	Desire for business expansion, continuous improvement and to retain customer confidence makes it a high potential organization to capture new business in domestic and international markets.	SPL has established its commercial department to explore new markets for security papers in order to expand its customer base so as to ultimately reduce its dependency on single customer.

THREATS

Category	Opportunities/ Risks	Our Approach
	To maintain stable supply of utilities at all times to congregate with increasing production demands.	SPL has included projects for water recycling and Bore water plants to stabilize the supply of water in its business plan for 2017 -18. Company is also planning to initiate energy conservation projects in future to stabilize the supply of other utilities as well
	High labor costs are a considerable handicap in competing profitably in the competitive segments of security paper market.	Company is continuously working to improve the quality of product produced in one go in order to reduce high labor costs associated with paper inspection.
	Due to nature of the business SPL is categorized as a category A-1 installation in the key security installation points of Pakistan	SPL is deployed with its own security guards as well as with Defense security guards of Pakistan army as has a well planned security system under the supervision of Security control and admin department
	Counterfeiting is a major threat to the significance of SPL's product and ultimately to the economy of country.	SPL is continuously working to improve the quality of the paper being produced and specifically the quality of security features being added to the paper.

PESTLE ANALYSIS

Category	Sub Category	Factors/ Requirements	Issues/ Opportunities	Our Approach
Political	Political instability of the country:	Transport & Business strikes	Delays in Raw materials delivery to the site	Minimum inventory levels of all raw materials are defined according to their respective maximum lead times.
			Delays in Product delivery to customers	Location of the two largest customers is very close
			Shortage of available workforce due to increased absenteeism	Production Planning is done for the entire fiscal year and most of the orders are prepared in advance
		Instability of local Stock Market (Financial instability)	Adverse affect on company's share price	Company regularly monitors it's economic performance through quarterly and annual financial reports
			Changes in country's currency paper needs	Company has started its commercial department to reduce its large dependency on BNP
		Rapid changes in trade & tax policies	Increased price of Raw materials/ Equipments and other supplied items	For each purchased item, company's supply chain acquire at least three suppliers, and preference is given to local suppliers only if they meet the quality requirements
			Shortage of suppliers/ Contractors which meet the up-dated policy requirements	
	Political instability of outside world:	International Trading Tariffs	Increased prices of imported raw materials/ Equipments/ software licenses and other supplied inputs	• Online resources are utilized wherever possible • Services from foreign suppliers may be acquired by their local agents
		Strict Visa & Trade Requirements	Hindrance in exploration of international market for: • customer expansion • new suppliers • technological & competency up-gradations	

Economical	Economical growth of the country	Demand of BNP (the product with major share in our sales volume) largely depends on the economic growth of the country.	Company has started its commercial department to reduce its large dependency on BNP
	Currency Rate	Increased prices of imported raw materials/ Equipments/ software licenses and other supplied inputs	For each purchased item company's supply chain acquire at least three suppliers, and preference is given to local suppliers, only if they meet the quality requirements
	Interest / taxation/ other duties rates	Adverse affects on sales volume of BNP	Increased sales of OSP is intended to compensate for BNP (in-case lower currency note requirements due to various circumstances)
		Increased prices of raw materials/ Equipments/ software licenses and other supplied inputs	For each purchased item company's supply chain acquire at least three suppliers, and preference is given to local suppliers only if they meet the quality requirements
		Reduced profitability	Cost of Products is calculated and updated time to time considering all the duty requirements
Social	Cultural Norms & Attitude to product	Retail and cash transactions by general public across the country require the currency paper to have durable properties	Quality of paper is monitored and inspected right from the raw material and in- process material testing to the final inspection of the product before handing over to the customer
		Counterfeits present a major threat and requires the security papers to have added security features	Security features are embedded within the paper structure

Legal	Evaluation of Legal compliance has been conducted in our legal register (F-4.3.1-03), the information is confidential and cannot be publically published		
Technological	emergence of innovative technologies affecting the production	Higher product demand requires higher production rates	Company is to complete several capacity enhancement projects in 2017- 18
		Enhanced monitoring and control systems are required to minimize the losses	New production equipments are integrated with the existing control system time to time
		New product specifications require new & improved equipment	Procedure for Research & development is in place
	Automation of Processes	Process automation is required to: • Expedite the processes of supporting functions to production i.e. Engineering , Human Resource, Information Technology, Supply Chain, Production planning and Finance & accounts • System based time to time monitoring of production processes. • To introduce the paperless office culture • Back- up and retention of centralized data is convenient	MIS modules are being developed for all the core departments, Support services and auxiliary functions

Updated Computer Systems with licensed Software

- Out-dated computer systems are not compatible with newer version of software as well as hardware accessories
- Un-licensed software may lead to copy right claims
- Un-licensed software do not have complete set of gadgets.

Information technology department has a defined policy for the system & software up-gradation

Environment

Sustainability

Organization's growth objectives to be based on:

- Smooth business growth to have a positive impact on country's economic environment
- Increased company's share in the betterment of social society
- Decrease the carbon footprints of the process that the company performs

Organization monitors its sustainable growth through annual sustainability report

Waste management

Discharge parameters of all types of waste i.e. Solis, Liquid and gaseous emissions to comply with the NEQS limits of the country.
Discharge/ disposal methods of all wastes to comply with county's rules and regulations

Company regularly monitors all of its effluents through testing of samples by external testing laboratories
SMART rule 2014 is in place

Green Practices

Minimize the carbon footprints using:

- Optimal energy usage
- Replace conventional energy resources with green ones
- Maintenance of equipments to minimize the pollution caused by emissions

Company conducts preventive and corrective maintenance of all of its equipments to reduce its environmental footprints

SUSTAINABLE DEVELOPMENT GOALS (SDG's)

On September 25th 2015, United Nations adopted a new set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years (by 2030).

The SDG's also known as Global Goals, have been built on the success of the Millennium Development Goals (MDGs) and aim to go further to end all forms of poverty. The new Goals are unique in that they call for action by all countries, poor, rich and middle-income to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

SPL is committed to support and work to achieve the SDGs. We are currently focusing on those goals that relate directly to our core business and our work to promote sustainability, and where we believe we can make a positive contribution.

SUSTAINABILITY



Environment
Protection



Social Inclusion



Economic Growth



Our Corporate Social Responsibility



PEOPLE

1. No Poverty

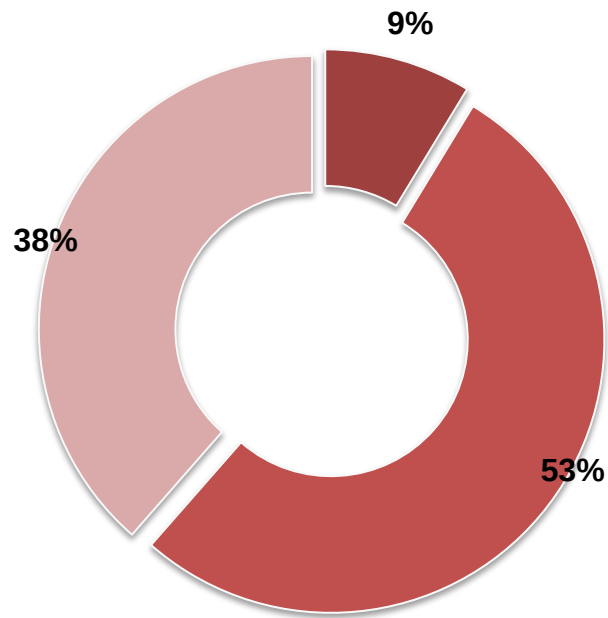
SPL is highly concerned about the well being of its employees in particular and of the society in general, therefore the organization is always striving to make a positive impact on the society. Being situated in a third world country, we consider it as our prime responsibility to serve the nation in the best possible means. In 2016-17 SPL spent 6.2 million Rupees on CSR activities in different sectors.



CSR Contribution (2016-17)

6.2 Million

■ Education ■ Health ■ Livelihood & Food



PEOPLE
Corporate Social Responsibility (CSR) Donations made in 2016-17

S. No.	Description	Amount in PKR
1	Kiran Foundation	200,000
2	Friends of Burns Centre- Poor People	200,000
3	People of Thar	896,365
4	Abdul Sattar Edhi Foundation	250,000
5	Sindh Institute of Urology & Transplantation (SIUT)	500,000
6	Chhipa Welfare Association	250,000
7	Akhuwat- NGO	1,000,000
8	Jinnah Hospital- Patient Aid Foundation	300,000
9	Pakistan Kidney Institute	2,280,000
10	SOS Village	200,000
11	Others	140,418
Total		6,216,783



PEOPLE

2. Zero Hunger

2.40 Million
PKR
on Livelihood and Food
of Society

SPL is committed to provide healthy food for its employees at subsidized rates. Therefore we provide in-house canteen facility to all of our employees.

For employees working in shift based system, a shift allowance is also paid to compensate their energy needs.

Furthermore SPL exploits every other opportunity to feed the needy population of our country, in 2016-17 SPL utilized 38% of its CSR budget on Food & Livelihood of society by donating 2.40 Million Rupees for People of thar, Abdul Sattar edhi foundation, chipa welfare association and Akhuwat-NGO out of which 0.896 million were solely donated to the People of thar to fulfill their needs for Food.

2 ZERO
HUNGER



38 %

of total CSR contribution



PEOPLE

3. Good Health and Well-being

SPL is committed to provide best health care facilities to its employees and their families by providing them with health insurance policies. In addition a medical centre has been established at the company site, to provide first-aid treatment to employees in case of any emergency round the clock (24 hours). Furthermore an MBBS doctor visits the company site regularly to provide OPD facility to the employees and the residents of SPL staff colony.

3.28 Million PKR
On Health care of society

Furthermore SPL considers it a prime responsibility to contribute its share for health and well-being of the society, in this regard SPL contributed 3.28 Million Rupees (53 % of Total CSR contribution) in health care sector to different welfare organizations like Friends of Burns centre, Sindh institute of Urillogy and Transplantation (SIUT), Jinnah Hospital (Paitient Aid Foundation) and Pakistan Kidney institute.

53%
of total CSR contribution



Health & Safety

We strive to ensure that individuals are free from harm in every project and activity that they are doing, and we believe that working as a team is the best way to achieve our aim of zero accidents and work-related illnesses.

We continue to implement our occupational health and safety (OHS) management system based on OHSAS 18001, the international standard for OHS management systems. As part of the programme, we have launched a set of standardized procedures for Technical Service, Processing Systems and operations at our plant.

During 2016-17, the company continued its endeavours to align OHS management System and processes to International best practices. All OHS systems and processes are regularly assessed and audited internally and as well as by third parties. We are proud that in 2016-17, for the first time we met the target of 365 accident free days, and will strive to increase this number in the coming year.

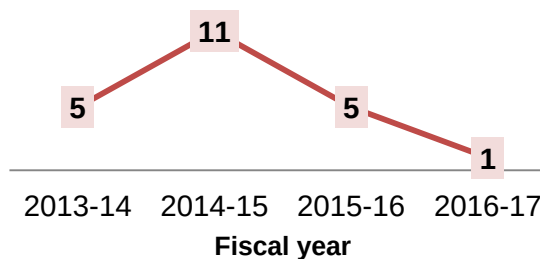
A process safety and risk analysis is in place and is updated regularly to include all the hazards which arise time to time with the changes in operational activities.

Integrated Management System

A comprehensive Integrated Management System (IMS) has been designed on the principles of ISO 9001, ISO 14001 and OHSAS 18001, with a strong focus on:

- Evolving a safety culture through development of policies and procedures
- Garnering employees' involvement by sustained safety and task-oriented trainings
- Defining safety responsibilities and accountabilities
- Linking individual safety performance with annual appraisals
- Awarding safety rewards
- Disseminating lessons learnt from accident investigations
- Regular safety oversight audits
- Hazard identification
- Risk management
- Developing emergency response plans.

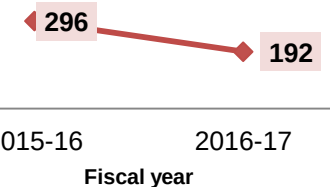
Total Number of Accidents Occured



Accident Data (2016-17)



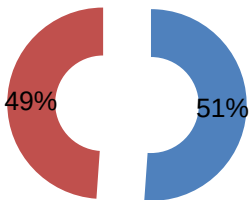
Man hours lost due to accidents



4. Quality Education

3267 Man Hours
on training & development of
employees

Distribution of Training
Hours



■ Technical Skills ■ Soft Skills

SPL believes in continuous training & development of its employees in order to have a highly competent workforce. In 2016-17 SPL spent 3267 man hours on training and development of employees. We also offer education loan policy for employees.

Furthermore we provide internship opportunity for young students from different universities across Pakistan to provide them a valuable experience of working in a corporate environment. In 2016-17, 17 interns were inducted in total from different universities across Pakistan which include: IBA, ISRA, PAF-KIET, GIKI, Sir Syed, NUST, Bahria, Indus university and others. These internships were offered in both engineering and managements disciplines.

SPL provides merit scholarships to the children of its employees. In the year 2016-17 0.46 Million Rupees were invested in 32 participants two of which are studying in foreign universities.

To put in its share to the noble cause of educating the society SPL donated 0.54 Million Rupees to different organizations like Kiran Foundation and SOS village.

4 QUALITY
EDUCATION



17 Interns

from different
universities across
Pakistan

0.54 Million
on educating the

0.46 Million PKR
on Merit scholarships



5. Gender Equality

SPL believes in giving equal ease to the resources and opportunities regardless of the gender. We provide our female employees with equal access to education, health care, decent work, and representation in decision-making processes. In this regard SPL established day care facility in year 2016-17 for children of female employees so that they can work for the organization with complete mental satisfaction.



6. Clean Water and Sanitation

2000 Gallons
of Bottled water per
month

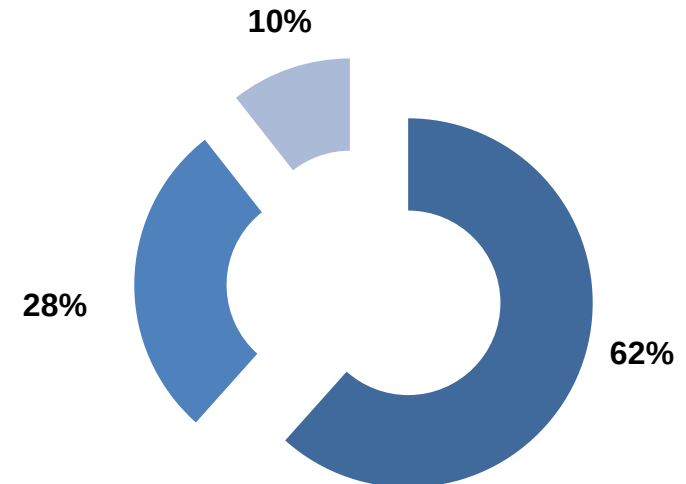
SPL believes in providing clean water to all of its workforce and ensures provision of RO treated water wherever possible and bottled water to the remote areas where RO water lines are difficult to provide.



Water Consumption (2016-17)	Million Gallons
KDA	168
R.O PLANT	75.816
Others	28.88
Total	272.75

Our Water Resources

■ KDA ■ R.O PLANT ■ TANKERS



Effluent Water Discharge (2016-17)	
Gallons/ year	Gallons/ day
62,440,000	173440

Drinking Water (RO water)

Sr. No	Quality Parameters	Unit	Value	Allowable Limit
1.	Color	-	Colorless	Colorless
2.	Odor	-	Un-objectionable	Un-objectionable
3.	Taste	-	Un-objectionable	Un-objectionable
4.	Alkalinity	(m. mol/ l)	2.8	NGVS*
5.	Bicarbonate	mg/ l	140	NGVS
6.	Calcium	mg/l	20	200
7.	Carbonate	mg/l	Nil	NGVS
8.	Turbidity	NTU	<1	<5
9.	Chloride	mg/l	230	250
10.	Conductivity	Micro- S/cm	1253	NGVS
11.	Hardness as CaCO ₃	mg/l	110	500
12.	Magnesium	mg/l	15	150
13.	PH	-	7.27	6.5-8.5
14.	Potassium	mg/l	1.8	12 (E.C)**
15.	Sulfate	mg/l	130	250
16.	TDS	mg/l	802	<1000
17.	Nitrate	mg/l	601	10
18.	Fluoride	mg/l	1.07	1.5
19.	Iron	mg/l	0.02	0.3
20.	Arsenic	ppb	0	10
21.	Total Coliform	/ml	0	0
22.	E- Coli	/ml	0	0
Allowable Limits as per WHO standards			*NGVS: No Guideline Value Set	**E.C: European Community

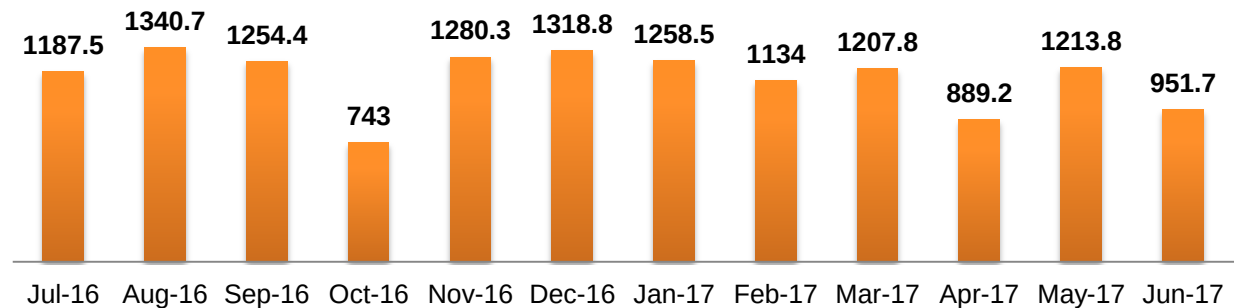
7. Affordable and Clean Energy

SPL started its own Power production in the year 2009, and for that we opted for the energy efficient and environment friendly technology of COGEN system, which not only produces electricity but also utilizes the generated flue gases to produce steam our COGEN system has a power production capacity of **2.8 MW**.



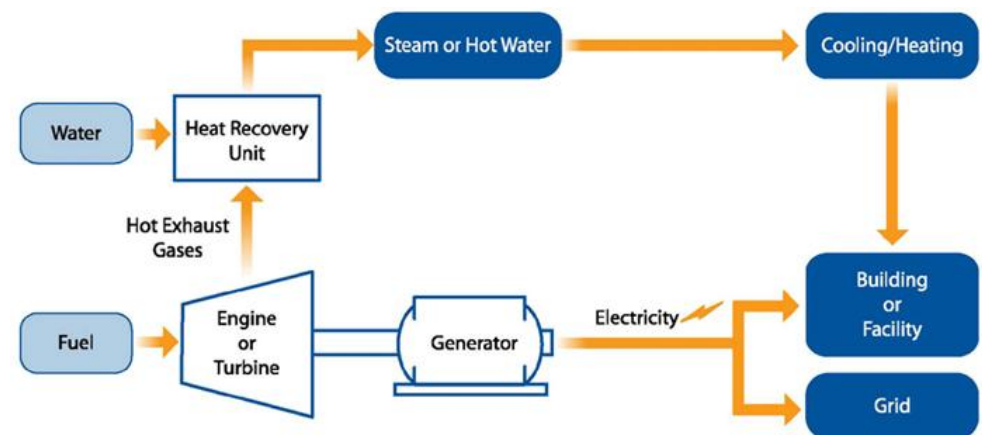
ENERGY CONSUMPTION (2016-17)	
GAS CONSUMPTION	Cubic meters
Co-Generation	4285323
Boilers	2290678
Total Gas Consumption	6576001 Cubic meters
Electricity Consumption	13,779,700 KWH

Total Electricity Generation in Mwh (2016-17)



Pros of CO-Gen Cycle

- ✓ Improves energy efficiency • Conserves natural resources (fossil fuels)
- ✓ Lower emissions (including CO₂)
- ✓ Lower energy costs
- ✓ One of the cheapest way of electricity production



Our Business Performance

Money Matters



8. Decent Work & Economic Growth

1.8X Increase
in sales volume in
last five years

22.69 %
of total wealth
generated was paid
in terms of taxes &
duties

In recent five years SPL has made remarkable economic progress, our net profit has increased 2.4 times because of a significant increase in sales volume which has almost become double as compared to 2012. Company's share price has been raised three folds. These increasing trends show company's strong commitment to achieve its goals of maximizing profit, minimizing wastes, capacity enhancement, continuous improvement and innovation.

As a responsible organization SPL believes in adequate distribution its wealth among all the stakeholders. In this regard, in year 2016-17 SPL invested 13.44% of total value generated on its employees and 12.33 % was spent for paying dividends to the shareholders.

Also being a socially responsible organization, we paid 22.69 % of our total value generated in 2016-17 in terms of taxes and duties to the government. SPL also spent 0.16 % of its total value generated in 2016-17 for the welfare of society.

13.44 % of
total wealth generated
was spent on
employees

8 DECENT WORK AND
ECONOMIC GROWTH



TOP COMPANIES AWARD

The Company has the distinction of receiving Top Companies Award of the Karachi Stock Exchange (KSE) for the year 2000 to 2007, 2009 to 2013 and 2014 -15

BEST CORPORATE REPORT AWARD

The Annual Report - 2003 and 2006 to 2012 of the Company won the Best Corporate Report Award. The Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP) has instituted this Award.

CORPORATE EXCELLENCE AWARD - MAP

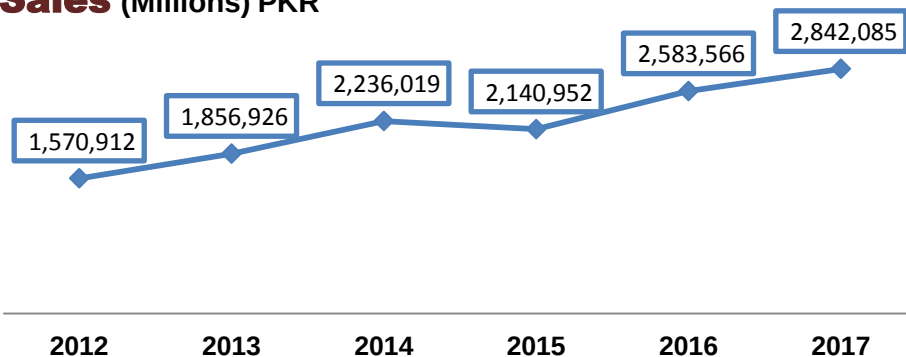
Security Papers Limited has won the MAP's 32nd Corporate Excellence Award conferred by the Management Association of Pakistan (MAP), Karachi. The Award recognizes the best managed companies in Pakistan that follow guidelines and principles of latest management and techniques. This is the seventh time the company has been recognized in this category since the inception of award in 1982.

Economic growth
does not directly measure
increase in welfare
but it gives an
indication of an
economy's potential to
satisfy people's needs

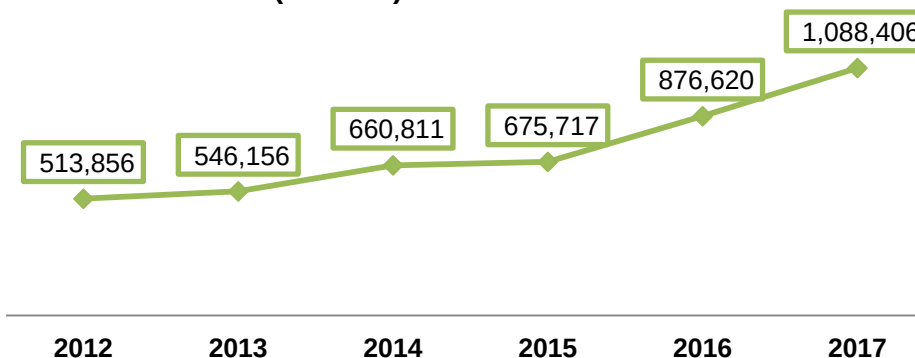


**Awards &
Reorganization**

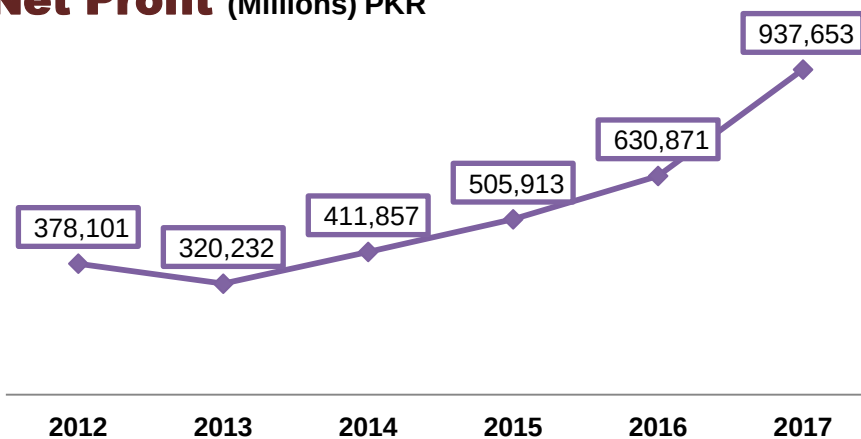
Sales (Millions) PKR



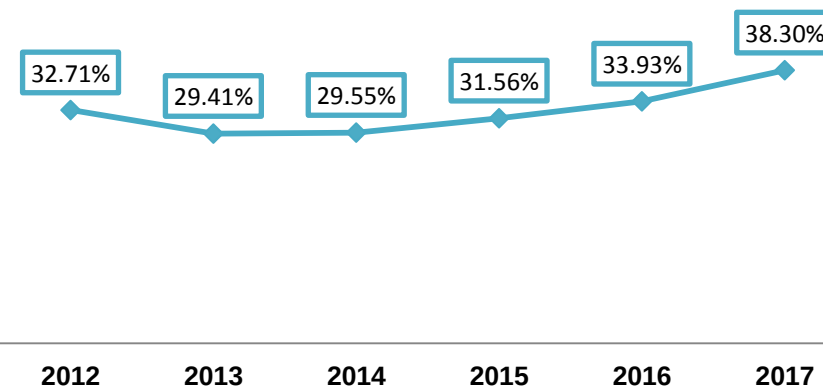
Gross Profit (Millions) PKR



Net Profit (Millions) PKR

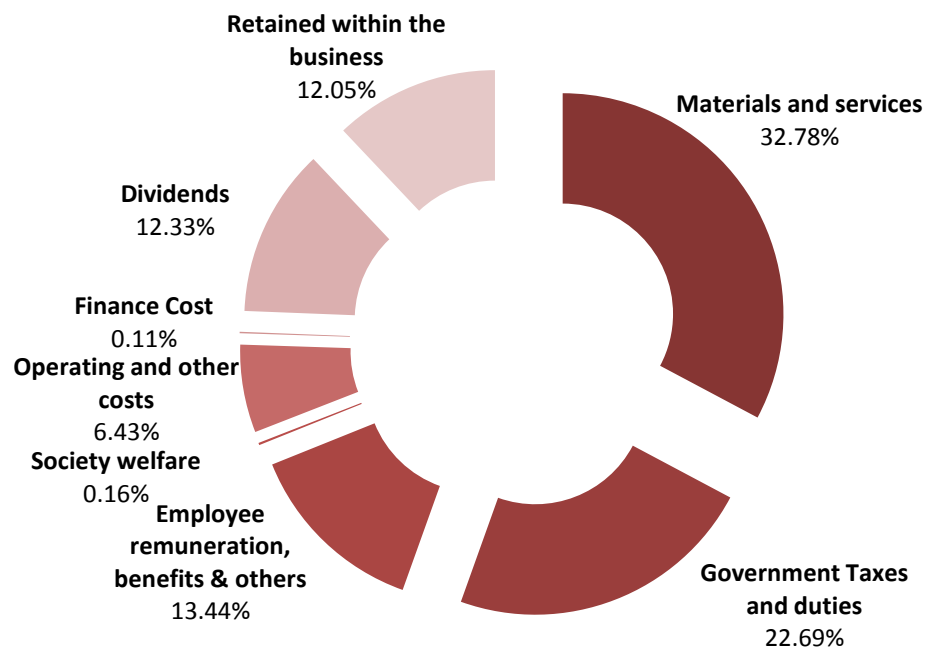


Gross Profit to Sales Ratio



**We are making
Positive growth**

Value Distribution



Value Addition (2017)	Rupees in '000
Net Sales including taxes	3325341
Other Operating Income	520700
Total	3846041

Value Distribution (2017)	Rupees in '000
Materials and services	1260736
Government Taxes and duties	872686
Employee remuneration, benefits & others	517068
Society welfare	6297
Operating and other costs	247472
Finance Cost	4129
Dividends	474047
Retained within the business	463606
Total	3846041

PROFIT AND LOSS ACCOUNT	(Rupees in '000)				(As on 30th June)	
Year	2017	2016	2015	2014	2013	2012
Sales - net	2,842,085	2,583,566	2,140,952	2,236,019	1,856,926	1,570,912
Cost of sales	1,753,679	1,706,946	1,465,235	1,575,208	1,310,772	1,057,056
Gross profit	1,088,406	876,620	675,717	660,811	546,154	513,856
Administration and general expenses	197,459	180,286	170,417	164,818	162,313	143,181
Sub-Total	890,947	696,334	505,300	495,993	383,841	370,675
Other operating income	520,700	300,600	282,092	213,579	200,437	252,575
Sub-Total	1,411,647	996,934	787,392	709,572	584,278	623,250
Other operating charges	103,392	72,272	57,326	56,406	55,165	69,817
Impairment loss on 'available for sale' investment	-	-	-	-	-	-
Operating profit	1,308,255	924,662	730,066	653,166	529,113	553,433
Finance costs	4,129	11,244	26,765	42,495	61,033	43,211
PROFIT BEFORE TAXATION	1,304,126	913,418	703,301	610,671	468,080	510,222
Taxation - net	366,473	282,547	197,388	198,814	147,848	132,121
PROFIT AFTER TAXATION	937,653	630,871	505,913	411,857	320,232	378,101

BALANCE SHEET (Rupees in '000)						
Year	2017	2016	2015	2014	2013	2012
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	1,591,021	1,710,120	1,847,615	1,929,736	1,958,464	2,111,951
Long Term Investments	779,176	774,229	1,461,099	1,451,031	582,209	577,710
Long-term deposits & Loans	15,997	15,514	15,048	14,561	14,359	24,188
Sub-Total	2,386,194	2,499,863	3,323,762	3,395,328	2,555,032	2,713,849
CURRENT ASSETS						
Stores, spares and loose tools	138,633	108,025	108,856	115,715	112,101	114,067
Stock-in-trade	548,554	487,006	366,128	336,654	408,215	402,159
Trade debts - considered good	631,879	310,892	252,765	284,402	272,925	327,903
Advances, deposits, prepayments and other receivables	63,757	34,973	76,706	14,193	11,596	14,533
Accrued mark-up	47,648	75,523	73,341	75,514	31,258	30,812
Investments	1,832,612	1,608,966	834,660	596,276	1,367,020	1,135,835
Cash and bank balances	29,930	147,365	114,543	83,213	37,245	16,497
Sub-Total	3,293,013	2,772,750	1,826,999	1,505,967	2,240,360	2,041,806
Total Assets	5,679,207	5,272,613	5,150,761	4,901,295	4,795,392	4,755,655
LIABILITIES						
Current liabilities						
Trade and other payables	690,876	552,525	538,105	482,556	411,856	357,047
Accrued mark-up on short term finance - secured	82	325	1,474	3,686	5,181	8,252
Current portion of long term liabilities	6,750	44,722	124,779	165,763	165,153	162,179
Taxation - net	152,774	135,322	123,714	94,828	75,413	3,849

	(Rupees in'000)					
Year	2017	2016	2015	2014	2013	2012
Sub-Total	850,482	732,894	788,072	746,833	657,603	531,327
NON-CURRENT LIABILITIES						
Liabilities against asset subject to finance lease	11,908	13,990	10,678	10,626	8,092	8,346
Long Term Finance	-	1,212	41,249	162,237	323,451	473,766
Deferred taxation - net	216,360	275,028	290,593	311,641	334,454	349,854
Sub-Total	228,268	290,230	342,520	484,504	665,997	831,966
TOTAL LIABILITIES	1,078,750	1,023,124	1,130,592	1,231,337	1,323,600	1,363,293
CONTINGENCIES AND COMMITMENTS						
Net Assets	4,600,457	4,249,489	4,020,169	3,669,958	3,471,792	3,392,362
FINANCED BY:						
AUTHORIZED SHARE CAPITAL						
70,000,000 (2008: 70,000,000) ordinary shares of Rs. 10 each	700,000	700,000	700,000	700,000	700,000	700,000
Issued, subscribed and paid-up capital	592,559	592,559	592,559	493,799	411,499	411,499
General & Capital reserves	3,209,919	3,023,489	2,867,345	2,741,739	2,733,963	2,602,389
Un-appropriated profit	944,451	631,815	505,913	411,857	320,232	378,474
Surplus on re-measurement of investments classified as 'available for sale'	(146,472)	1,626	54,352	22,563	6,098	-
SHAREHOLDER'S EQUITY	4,600,457	4,249,489	4,020,169	3,669,958	3,471,792	3,392,362

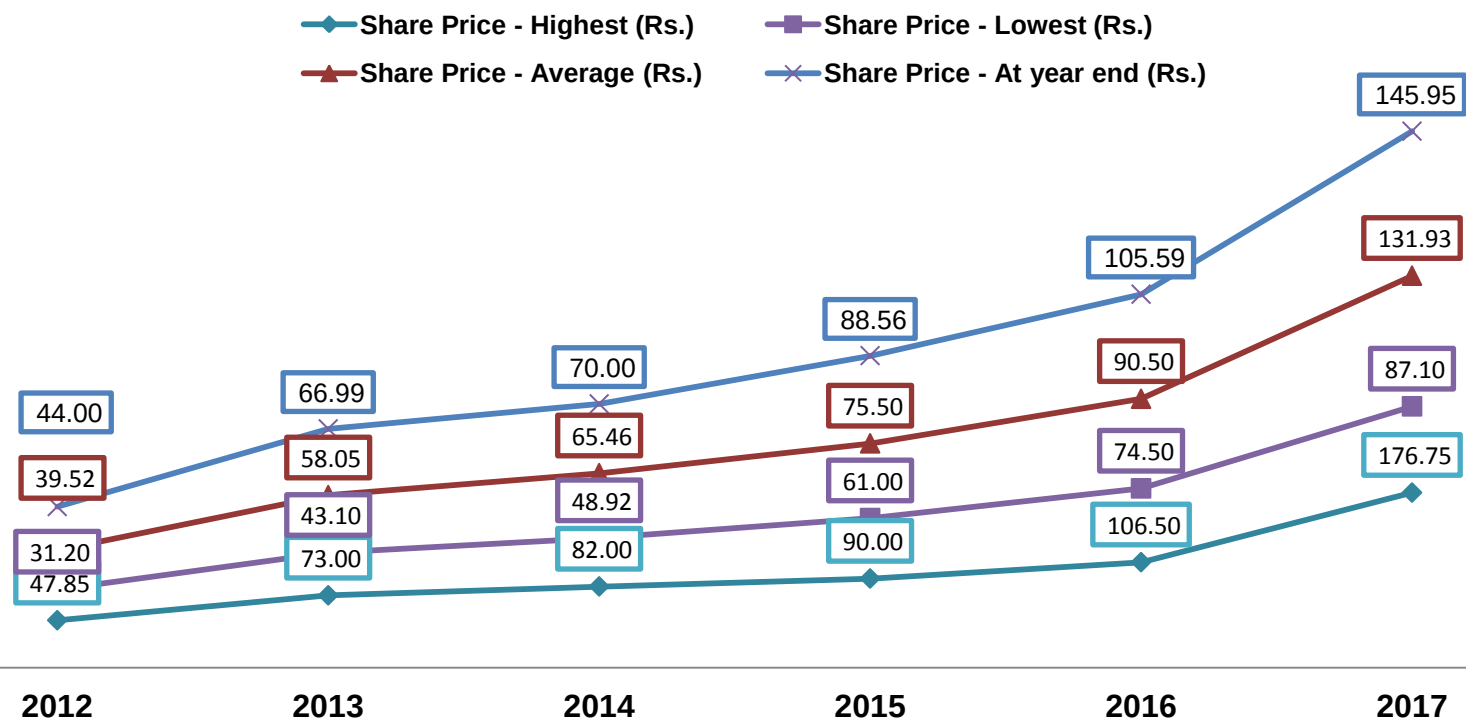
INVESTORS INFORMATION

Year	2017	2016	2015	2014	2013	2012
DIVIDEND *						
Cash – Value (Rs '000)	474,047	444,419	355,535	246,900	164,600	246,900
Cash - %	80%	75.00%	60.00%	50.00%	40.00%	60.00%
Bonus - Value	-	-	-	98,760	82,300	-
Bonus - %	0.00%	0.00%	0.00%	20.00%	20.00%	-
Profit retained in Business - Value	463,606	186,452	150,378	66,197	73,332	131,201
Retention - %	49.44%	29.55%	29.72%	16.07%	22.90%	34.70%
PROFITABILITY RATIOS						
Gross Profit to Sales %	38.30%	33.93%	31.56%	29.55%	29.41%	32.71%
EBITDA (Rs '000)	1,514,036	1,137,121	933,969	850,145	723,535	705,114
EBITDA Margin to Sales %	53.27%	44.01%	43.62%	38.02%	38.96%	44.89%
Profit before Tax to Sales %	45.89%	35.35%	32.85%	27.31%	25.21%	32.48%
Profit after Tax to Sales %	32.99%	24.42%	23.63%	18.42%	17.25%	24.07%
Return on Equity - before tax %	28.35%	21.49%	17.49%	16.64%	13.41%	15.07%
Return on Equity - after tax %	20.38%	14.85%	12.58%	11.22%	9.17%	11.17%
Return on Capital Employed %	20.33%	14.79%	12.42%	10.72%	8.38%	9.78%
ACTIVITY / TURNOVER RATIOS						
Return on Assets - before tax %	22.96%	17.32%	13.65%	12.46%	9.73%	10.73%
Return on Assets - after tax %	16.51%	11.97%	9.82%	8.40%	6.66%	7.95%
Total Assets Turnover %	50.04%	49.00%	41.57%	45.62%	38.62%	33.04%
Stock Turnover - (In Times)	3.39	4.15	4.36	4.23	3.23	2.78
Stock Turnover - No. of Days	108	88	84	86	113	131
Debtor turnover Ratio - No. of Days	52	36	40	41	52	68
Creditor turnover Ratio - No. of Days	35	35	66	51	42	38
Operating Cycle	125	89	58	76	123	161

LIQUIDITY RATIOS						
Current Ratio	3.87:1	3.78:1	2.32:1	2.02:1	3.52:1	3.78:1
Quick Ratio	3.07:1	3.12:1	1.89:1	1.57:1	2.88:1	3.03:1
Cash to Current Liabilities	0.00:1	0.20:1	0.15:1	0.11:1	0.06:1	0.03:1
Cash flow from operations to Sales	0.00:1	0.15:1	0.20:1	0.23:1	0.26:1	0.17:1
CAPITAL STRUCTURE RATIOS						
Long Term Debt to Equity	0.00:1	0.00:1	0.01:1	0.05:1	0.09:1	0.14:1
Long Term Debt to Asset	0.00:1	0.00:1	0.01:1	0.04:1	0.07:1	0.10:1
Debt Equity Ratio	0.00:1	0.00:1	0.01:1	0.05:1	0.09:1	0.14:1
Interest cover ratio	367:1	101:1	35:1	20:1	12:1	16:1
Weighted Average Cost of Debt	5.13%	6.57%	9.67%	9.69%	10.43%	13.28%
INVESTMENT / MARKET RATIOS						
No. of Shares in issue - No.	59,256	59,256	59,256	49,380	41,150	41,150
Bonus Shares Issued - No.	-	-	-	9,876	8,230	-
Cash Dividend per share (Rs.)	8.00	7.50	6.00	5.00	4.00	6.00
Earning per share - before tax (Rs.)	**	22.01	15.41	11.87	10.31	7.90
Earning per share - after tax (Rs.)	**	15.82	10.65	8.54	6.95	5.40
Break-up value per share (Rs) :						
- Without Surplus on Revaluation on Fixed Assets	77.64	71.71	67.84	61.93	58.93	57.13
- With Surplus on Revaluation on Fixed Assets						
Price Earning Ratio - Year end Price (Rs.)	9.22	9.92	10.37	8.39	8.61	4.79
Earning Yield - Year end Price %	10.84%	10.08%	9.64%	9.93%	8.07%	14.50%
Dividend Payout %	50.56%	70.45%	70.28%	83.93%	77.10%	65.30%
Dividend Yield - Year end Price %	5.48%	7.10%	6.78%	10.00%	8.96%	13.64%
Dividend Cover - Times	1.98	1.42	1.42	1.19	1.30	1.53
SHARE PERFORMANCE						
Share Price - Highest (Rs.)	176.75	106.50	90.00	82.00	73.00	47.85

Share Price - Lowest (Rs.)	87.10	74.50	61.00	48.92	43.10	31.20
Share Price - Average (Rs.)	131.93	90.50	75.50	65.46	58.05	39.52
Share Price - At year end (Rs.)	145.95	105.59	88.56	70.00	66.99	44.00
Market Capitalization - Year end Price - (Rs '000)	8,648,393	6,256,826	5,247,699	3,456,592	2,756,632	1,810,596
Turnover of shares	10,667,500	2,042,000	4,594,500	4,603,000	3,293,458	2,239,201
PRODUCTION (Ton)						
Banknote Paper	2,334	2,184	1,760	1,714	1,513	1,243
Non-Banknote Paper	488	473	450	691	668	418
Total	2,822	2,657	2,210	2,405	2,181	1,661
SALES (Ton)						
Banknote Paper	2,385	2,176	1,750	1,686	1,516	1,241
Non-Banknote Paper	473	482	486	713	610	419
Total	2,858	2,658	2,236	2,399	2,126	1,660
CASH FLOWS (Rs '000)						
Cash Flows from Operating activities	272,273	394,212	436,027	519,619	476,555	263,604
Net Cash used in investing activities	134,396	87,497	(78,719)	(93,086)	(81,122)	(319,519)
Net cash used in financing activities	(449,104)	(448,887)	(325,978)	(380,565)	(374,685)	34,821
Cash and cash equivalents at beginning of the year	147,365	114,54	83,213	37,245	16,497	37,592
Cash and cash equivalents at end of the year	104,930	147,365	114,543	83,213	37,245	16,498

SHARE PERFORMANCE



Our Positive Growth

Business Journey

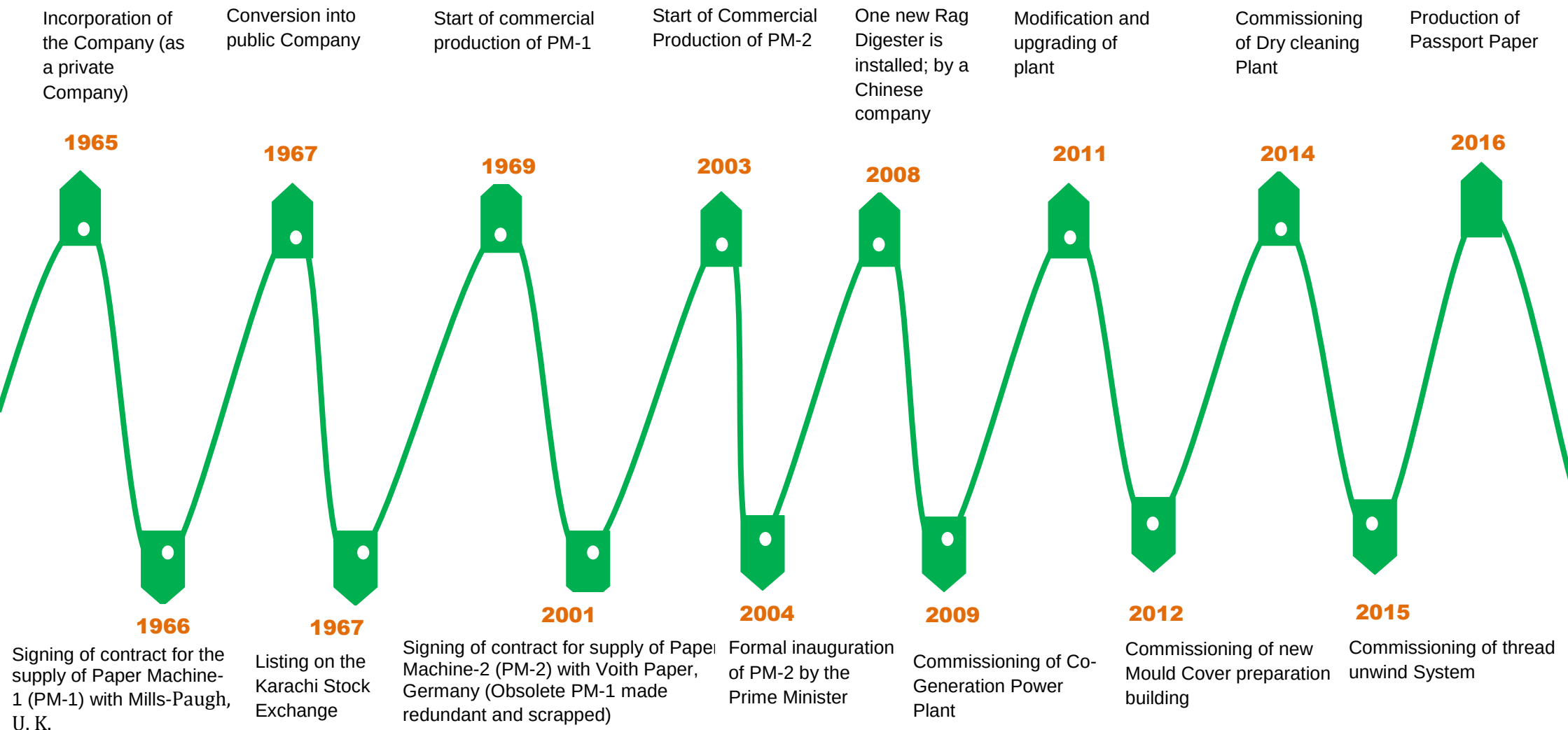


9. Industry Innovation and Infrastructure

SPL always keeps track of changing technological corporate needs, the journey of our growth starts with the incorporation of the company in 1965.



JOURNEY OF SPL



FUTURE INSIGHTS

SPL has been continuing its goal of continuous improvement and innovation and is planning to install following development projects of worth 487.5 Million PKR in the year 2017-18, in order to keep its pace with the increasing product demand, shortage of resources and to provide the best quality paper to its customers under all circumstances.

487.5 Million PKR
on development projects in 2017-18

DEVELOPMENT PROJECTS (17-18)	Budget (Rs in Millions)
SS Chest	46.15
Installation of Beater Breaker	75.5
Drilling of Pilot Bore	25.88
Replacement of Manual cranes of Beater House with Electric operated ones	4
Chiller & Cooling Towers	55
Upgrading of Distributed Control System(DCS) / Multi Motor Drive (MMD)	35
Water Recycling Project	95
Construction of New apartments in SPL residential estate	151
Total	487.53

10. Reduced Inequalities

SPL believes in giving same working environment and facilities to all of its employees regardless of their positions in the company, gender and ethnicities. We are doing our best possible to provide all of our employees from workers and staff to the most senior positions with the same facilities (some of which are given below). And we continuously strive to facilitate them with more equal opportunities in future so as to create more work friendly environment.

- ✓ Same food facility of all employees
- ✓ Same working hours for all employees
- ✓ Enhanced financial benefits for workers and staff
- ✓ Merit based award and recognition



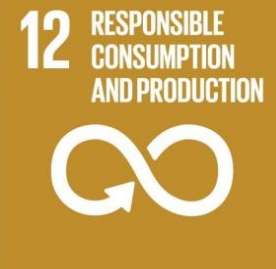
11. Sustainable Cities and Communities



SPL provides residence facility to its employees who belong to areas other than karachi are re-located here to perform their jobs. In this regard for incresing residence requiremnet SPL is planning to construct 20 more flats in SPL's residential state to provide its employees with healty living.

Description	Explanation
Title of the Project	Construction of New apartments at SPL Residential Estate
Brief Description	Construction of 20 new flats in SPL Residential Estate
Milestones involved in the Project	To provide congenial residence to the employee & their families of the SPL enabling us to improve retention of our skilled and talented employees
Project Deliverables	State of the art residential facility will be available for SPL employees
Impact	Healthy, safe and congenial environment
Nature	Residential
Budgeted Expenses (PKR)	PKR 151 Million

12. Responsible Consumption & Production



Sustainable consumption and production aims at “doing more and better with less,” increasing net welfare gains from economic activities by reducing resource use, degradation and pollution along the whole lifecycle, while increasing quality of life. SPL considers its prime responsibility to monitor its consumption of resources against the quantity of paper manufactured so as to increase the efficiency of resource utilization.

Total Paper Production (2016-17)	TONS
Banknote Paper	2,334
Non-Banknote Paper	488
Total	2,822

Consumption of Resources (2016-17)	Quantity
Water	272.75 (Million Gallons)
Gas	6576001 (Cubic Meters)
Electricity	13,779,700 (Kwh)



Our Green Growth

Environment Protection



13. Climate Action

SPL has adopted a balanced and responsible approach, while carrying out its core business operations that reduces carbon emissions and ensures social and environmental gains. We monitor our stack emissions on regular basis. We also utilize Co-Generation Technology so as to use the natural resources in the most efficient means.

Parameter	Quantity	Carbon Footprints (Metric Tonnes of CO ₂)
Gas	6576001 (Cubic Meters)	11456
Electricity	13,779,700 (Kwh)	7638
Total		19094



Over the years SPL has adopted a keen sense of awareness and environment conciousness, ensuring that our enironmental footprint continues to illustrate our focus on environment and our commitment to align our corporate interests with that of the nation as a whole.



Waste Type	Effluent Water Discharge (2016-17)	
Water	Gallons/ year	Gallons/ day
	62,440,000	173440
Sludge	Kg/ year	Kg/ day
	17,600	48.8

Solid Waste Generated in 2016-17

Type of Waste	Quantity	Unit
Iron (Scrap+ wire)	84000	kg
Comber Noil	20000	kg
Plastic Bobbin & Bags	3000	kg
Iron Drums	225	No
Plastic Drums	185	No
Empty Cans	89	No
CPU	12	No
Monitors	24	No
UPS	8	No
LV Panels	9	No
Capacitor	5	pairs
Electrical Scrap diff spares	1	Lot
Wooden Pallets	150	No
Wooden Scrap	2	Lot
Bardana	1	Lot
Paper machine Fabric Felts	1	Lot
CCB Trolley	3	Lot

Quality of Treated Effluent Water

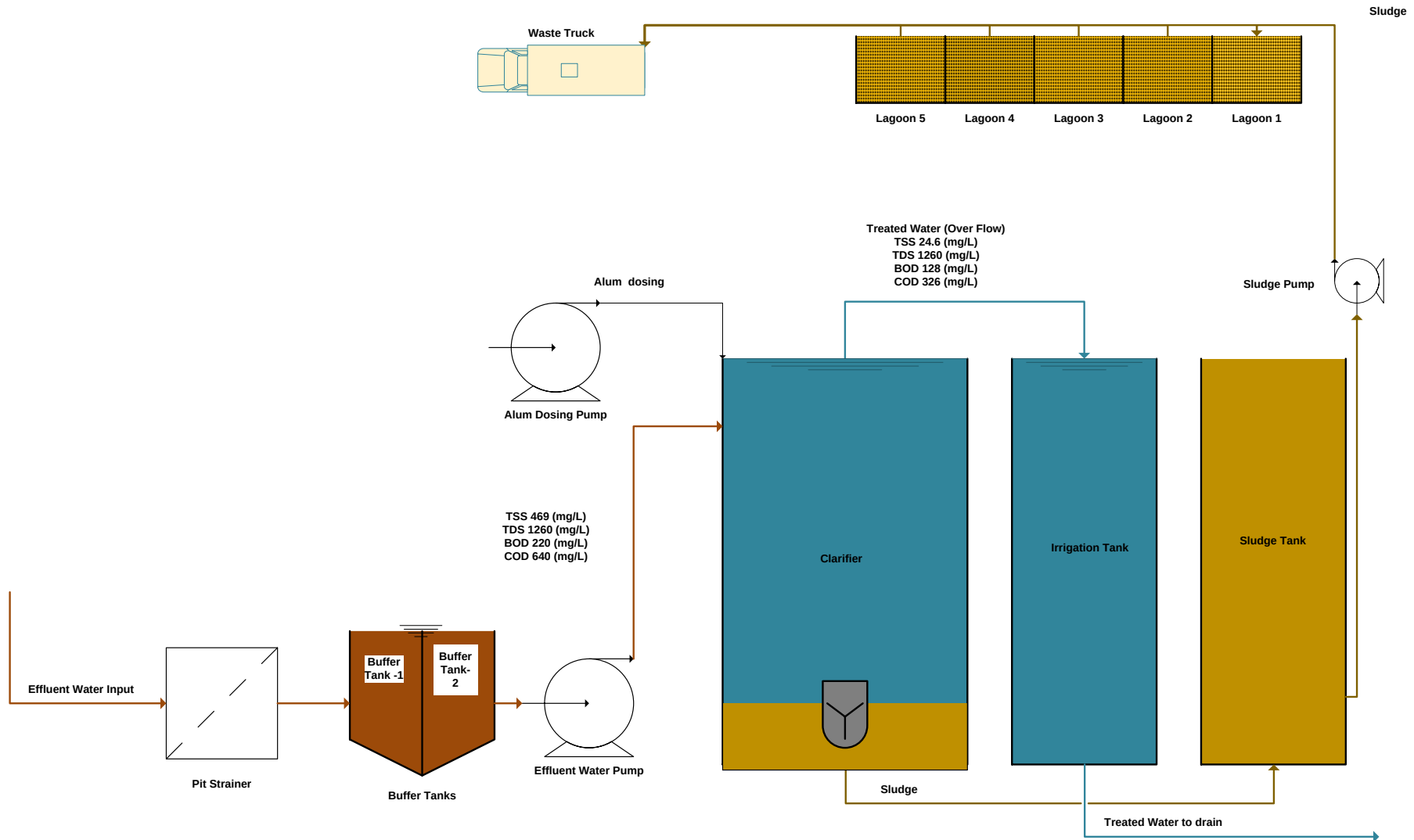
Sr. No	Parameters	Unit	Value	Allowable Limit
1.	Temperature	°C	35	
2.	PH (at 25°C)	-	7.07	06-09
3.	Turbidity	NTU	82.50	-
4.	Hardness, Total as CaCO ₃	mg/l	150.54	-
5.	Total Dissolved Solids (TDS)	mg/l	1260	3500
6.	Total Suspended Solids (TSS)	mg/l	24.5	200
7.	COD	mg/l	326	400
8.	BOD ₅	mg/l	128	200
9.	Total Organic Carbon (TOC)	mg/l	8.5	-
10.	Chloride (Cl ⁻)	mg/l	35.63	SC***
11.	Chlorine (Residual)	mg/l	<1.0	1.0
12.	Sulfate (SO ₄ ⁻²)	mg/l	163.77	SC***
13.	Silica, Dioxide (SiO ₂)	mg/l	11.90	-
14.	Silica, (Total)	mg/l	38.5	-
15.	Suspended Silica	mg/l	26.60	-
16.	Calcium (Ca)	mg/l	33.90	-
17.	Nitrogen Nitrate (NO ₃ ⁻)	mg/l	5.840	-
18.	Nitrogen Nitrite (NO ₂ ⁻)	mg/l	<0.003	-



Sr. No	Quality Parameters	Unit	Value	Allowable Limit
19.	Arsenic (As)	mg/l	<0.005	1.00
20.	Barium (Ba)	mg/l	0.045	1.5
21.	Boron (B)	mg/l	0.243	6.00
22.	Cadmium (Cd)	mg/l	<0.003	1.0
23.	Lead (Pb)	mg/l	<0.005	0.5
24.	Nickel (Ni)	mg/l	0.007	1.0
25.	Selenium (Se)	mg/l	0.006	0.5
26.	Zinc (Zn)	mg/l	0.033	5.0
27.	Aluminum (Al)	mg/l	0.728	-
28.	Antimony (Sb)	mg/l	<0.005	-
29.	Copper (Cu)	mg/l	0.140	1.0
30.	Iron (Fe)	mg/l	0.344	8.0
31.	Titanium (Ti)	mg/l	0.017	-
32.	Strontium (Sr)	mg/l	24.860	-
Allowable Limits: SEQS (Sindh Environment & Quality Standards)			SC***: Sea Concentration	



Our Effluent Water Treatment Scheme



Environmental Aspects & Impact Analysis

Total Sections in Factory premises	Total Activities Identified	Total Environmental Aspects Identified	Category- A (Aspects)	Category - B(Aspects)	Category -C (Aspects)
24	106	110	1	94	15

- Category A ----- No action required
- Category B ----- Keep monitoring
- Category C ----- Monitor changes
- Category D ----- Plan & implement focused measure to control



Analysis of Stack Emissions:

Test parameters	Unit	Steam Boiler # 1	Steam Boiler # 2	Steam Boiler #3	Co-Generation (Boiler)	Spec Control Limits
Smoke	Ringlemann Scale	Zero	01	Zero	01	2
Particulate Matter	mg/Nm ³	Nil	6	Nil	20	300
Sulfur Dioxide (SO ₂)	mg/Nm ³	Nil	Nil	Nil	Nil	1700
Oxides of Nitrogen (NO)	mg/Nm ³	5	4	6	88	400
CarbonDioxide (CO ₂)	Vol.%	6.40	2.83	2.70	6.33	-
Oxygen	Vol.%	9.54	15.9	16	9.60	-

Test parameters	Unit	Diesel Generator	Spec Control Limits
Smoke.	Ringlemann Scale	01	2
Particulate Matter.	mg/Nm ³	16	300
Hydrogen Sulphide	mg/Nm ³	Nil	10
Sulfur Dioxide (SO ₂).	mg/Nm ³	18	1700
Oxides of Nitrogen (NO)	mg/Nm ³	22	600
CarbonMonoxide (CO)	mg/Nm ³	25	800



Test parameters	Unit	Generator # 2 (Gas Fired)	Spec Control Limits
Smoke.	Ringlemann Scale	01	2
Particulate Matter.	mg/Nm ³	25	300
Hydrogen Sulphide	mg/Nm ³	Nil	10
Sulfur Dioxide (SO ₂).	mg/Nm ³	Nil	1700
Oxides of Nitrogen (NO)	mg/Nm ³	125	400

Test parameters	Unit	Absorption Chiller (Gas Fired)	Spec Control
Sulfur Dioxide (SO ₂).	mg/Nm ³	Nil	1700
Oxides of Nitrogen (NO)	mg/Nm ³	8	400



Test parameters	Unit	Suzuki Bolan Ambulance (Petrol)	TCM Fork lifter (Diesel)	Toyota Fork lifter (Diesel) - 15 Ton	Toyota Fork lifter (Diesel) - 30 Ton	Spec Control Limits
Smoke	Ringlemann Scale	01	01	01	01	2
CarbonMonoxide (CO)	mg/Nm ³	< 0.1	<0.1	<0.1	<0.1	4.5



14. Life Below Water

We consider our prime responsibility to monitor our discharge parameters and ensure that all environmental standards are met for all kinds of effluents either gaseous, liquid or solids. Oceans are one of the most important natural resource that we have, as they provide key natural resources including food, medicines, biofuels and other products. They help with the breakdown and removal of waste and pollution, and their coastal ecosystems act as buffers to reduce damage from storms, therefore in all our operations we need to make ocean-friendly choices so as to preserve these valued resources for our future generations.



Specifications of Effluent water

Effluent Water Discharge (2016-17)

Gallons/ year	Gallons/ day
62,440,000	173440

Solid Waste Generation (2016-17)

Kg/ year	Kg/ day
17,569.70	48.8

Parameters	Unit	Value	Allowable Limit
Temperature	°C	35	
PH (at 25°C)	-	7.07	06-09
Total Dissolved Solids (TDS)	mg/l	1260	3500
Total Suspended Solids (TSS)	mg/l	24.5	200
COD	mg/l	326	400
BOD ₅	mg/l	128	200
Total Organic Carbon (TOC)	mg/l	8.5	-



15. Life on Land

Human life depends on the earth as much as the ocean for our sustenance and livelihoods. Plant life provides 80 percent of our human diet, and we rely on agriculture as an important economic resource and means of development. Forests account for 30 percent of the Earth's surface, providing vital habitats for millions of species and important sources for clean air and water; as well as being crucial for combating climate change. Therefore we believe in preserving forests and therefore we prefer to use cotton fibers instead of Wood in most of paper that we manufacture



We are using Cotton as raw material instead of Wood

Cotton is more durable than wood pulp papers.

Cotton is one of the strongest and most durable fibers known to man. Papers manufactured of cotton fiber will last longer and hold up better under repeated handling and various environmental conditions than paper made from wood pulp. Generally, given reasonable care, a customer can expect one year of usable life for every 1% of cotton contained in the sheet. Cotton papers are less likely to discolor than papers made from wood pulp and therefore are a perfect choice for any documents that require archiving.

Colors are richer on cotton.

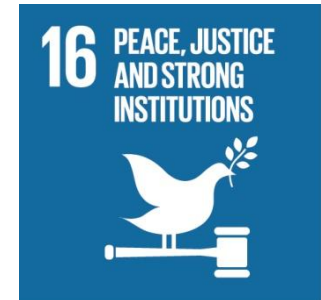
Colors appear richer and deeper on fabrics woven from cotton or wool compared with gaudy synthetics. The same holds true of color on cotton fiber paper.

Cotton fiber papers are distinct.

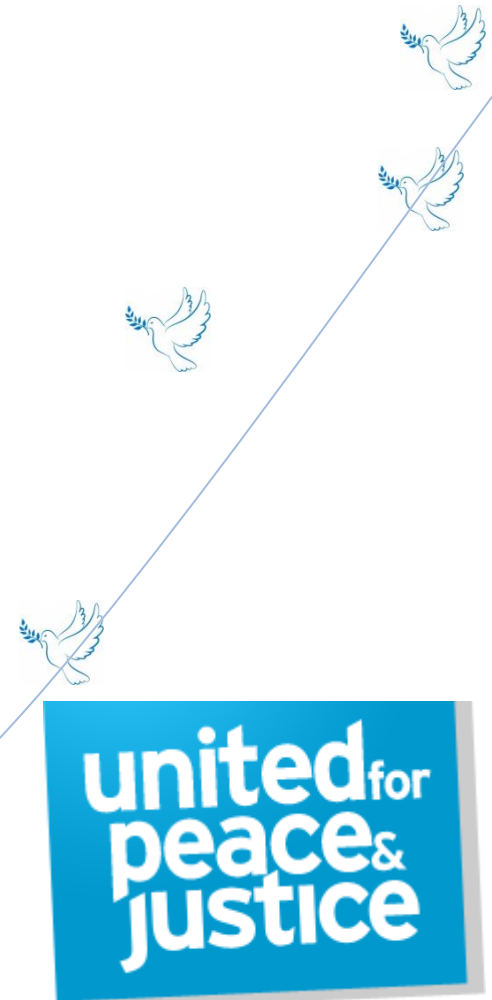
Paper made from cotton fiber has an easily identifiable, crisp feel.

16. Peace, Justice Strong Institutions

Code of Ethics And Business Practices



1. Maintaining integrity and scrupulous dealings
2. Reporting violations
3. Maintaining correct books and records of the Company
4. Strictly observing the laws of the country
5. Strictly avoiding questionable and improper payments, or/ and use of the Company's assets
6. Strictly avoiding conflicts of interest
7. Strictly avoiding political contributions
8. Expediting payment of amounts due customers, agents or distributors
9. Strictly avoiding giving and receiving of gifts
10. Treating means to be as important as ends



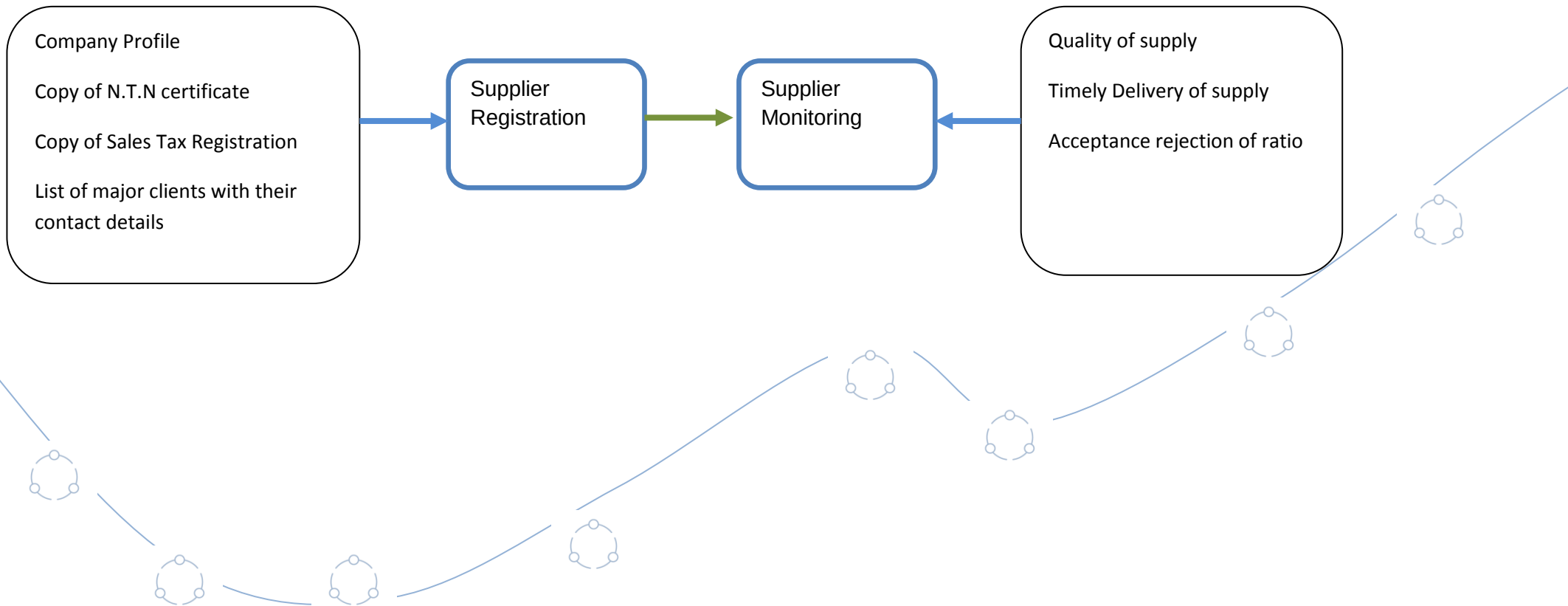
17. Partnerships for Goals

We actively engage with stakeholders across our entire value chain and at all levels in order to develop common solutions and create shared value.

Increasingly, shared growth between big and small businesses is becoming a matter of global significance. SPL's supply chain involves not just the methodical sourcing of material and services from suppliers and vendors, it essentially means the very system that allows the rest of the organization to perform its day-to-day operations without interruptions



Supplier Analysis Procedure



Acknowledgements:

Report Review & approval:

Abdul Qadir Jilani (DGM-IMS)

Report Drafting & Compilation

Kainat Amin (IMS)

Health, Safety & Environment Data

Shahid Athar (IMS)

Other Data Courtesy

Utilities and Projects

Mechanical Engineering dept

Electrical Engineering dept

Financials and Product Sales

Finance & accounts dept

CSR, Trainings and other Human Capital details

Human resources dept

Organization Profile		
Disclosure 102-1 Name of the organization Disclosure 102-6 Markets served Disclosure 102-7 Scale of the organization	SPL at a glance	14
Disclosure 102-2 Activities, brands, products, and services	Our Products	
Disclosure 102-3 Location of headquarters Disclosure 102-4 Location of operations	Geographical Presence	
Disclosure 102-8 Information on employees and other workers	Review of our performance (2016-17)	
Disclosure 102-9 Supply chain	SPL at a glance Supplier Analysis Procedure	
Disclosure 102-10 Significant changes to the organization and its supply chain	SPL at a glance Industry Innovation and Infrastructure	
Disclosure 102-11 Precautionary Principle or approach	SWOT ANALYSIS PESTLE ANALYSIS	
Disclosure 102-12 External initiatives	GRI Standards for Sustainability Report	
Disclosure 102-13 Membership of associations	Pakistan Stock Exchange Environmental Protection Agency National Environmental & Quality Standards	
Strategy		
Disclosure 102-14 Statement from senior decision-maker	CEO's Message	
Disclosure 102-15 Key impacts, risks, and opportunities	SWOT ANALYSIS	

Ethics and integrity		
Disclosure 102-16 Values, principles, standards, and norms of behavior	Our Core Values Code of Ethics And Business Practices	
Governance		
Disclosure 102-18 Governance structure	Board of Directors	
Stakeholder Engagement		
Disclosure 102-40 List of stakeholder groups	Share Holding Pattern	
Reporting practice		
Disclosure 102-45 Entities included in the consolidated financial statements	Security Papers Limited	
Disclosure 102-46 Defining report content and topic Boundaries Disclosure 102-47 List of material topics Disclosure 102-48 Restatements of information Disclosure 102-49 Changes in reporting Disclosure 102-50 Reporting period Disclosure 102-51 Date of most recent report Disclosure 102-52 Reporting cycle Disclosure 102-53 Contact point for questions regarding the report Disclosure 102-54 Claims of reporting in accordance with the GRI Standards Disclosure 102-56 External assurance	Scope of the report	
Disclosure 102-55 GRI content index	GRI content index	
GRI 201: Economic Performance		
Disclosure 201-1 Direct economic value	Value distribution and Income	

generated and distributed		
Disclosure 201-4 Financial assistance received from government	Profit and loss account	
GRI 202: Market Presence		
Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Security papers limited adheres to Sindh Factories act 2015 and all other local laws regarding minimum wage	
Disclosure 203-1 Infrastructure investments and services supported	Profit and Loss account Industry Innovation and Infrastructure	
GRI 204: Procurement Practices	Supplier Analysis Procedure	
GRI 205: Anti-corruption	Code Of Ethics And Business Practices	
GRI 206: Anti-competitive Behavior	Data is Confidential	
Disclosure 301-1 Materials used by weight or volume		
Disclosure 302-1 Energy consumption within the organization	Energy consumption (2016-17)	
Disclosure 303-1 Water withdrawal by source	Water Consumption (2016-17)	
Disclosure 305-1 Direct (Scope 1) GHG emissions Disclosure 305-2 Energy indirect (Scope 2) GHG emissions Disclosure 305-3 Other indirect (Scope 3) GHG emissions	Analysis of Stack Emissions	

Disclosure 305-5 Reduction of GHG emissions	National Environmental & Quality standards are being maintained already	
Disclosure 306-1 Water discharge by quality and destination	Quality of treated Effluent water Our Effluent Water Treatment Scheme	
Disclosure 306-2 Waste by type and disposal method	Effluent Water Discharge (2016-17) Solid Waste Generated in (2016-17)	
Disclosure 401-3 Parental leave	12 weeks paternal leave is provided to female employees	
Disclosure 402-1 Minimum notice periods regarding operational changes	4 weeks notice period is to be served by employee after approval of resignation	
Disclosure 403-1 Workers representation in formal joint management–worker health and safety committees Disclosure 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities 8 Disclosure 403-3 Workers with high incidence or high risk of diseases related to their occupation	Health & Safety	
GRI 404: Training and Education	Quality Education	
GRI 405: Diversity and Equal Opportunity	Gender Equality Reduced Inequality	

GRI 408: Child Labor	Security Papers Limited does not employ any worker below the age of 18	
Disclosure 410-1 Security personnel trained in human rights policies or procedures	Safety of the company is established through internal security force (which is led by a retired army officer) and by Pakistan Army (Defense Security guards) all security guards are well trained in human right practices	
GRI 413: Local Communities	Environmental Survey is conducted annually to assess the environmental impact of company on the local community	
Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area	SPL comply with all local regulations	