



# SECURITY PAPERS LIMITED

**Corporate Briefing for  
Year Ended June 30, 2020**

*Security Papers*  
LIMITED



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# Sequence of Presentation







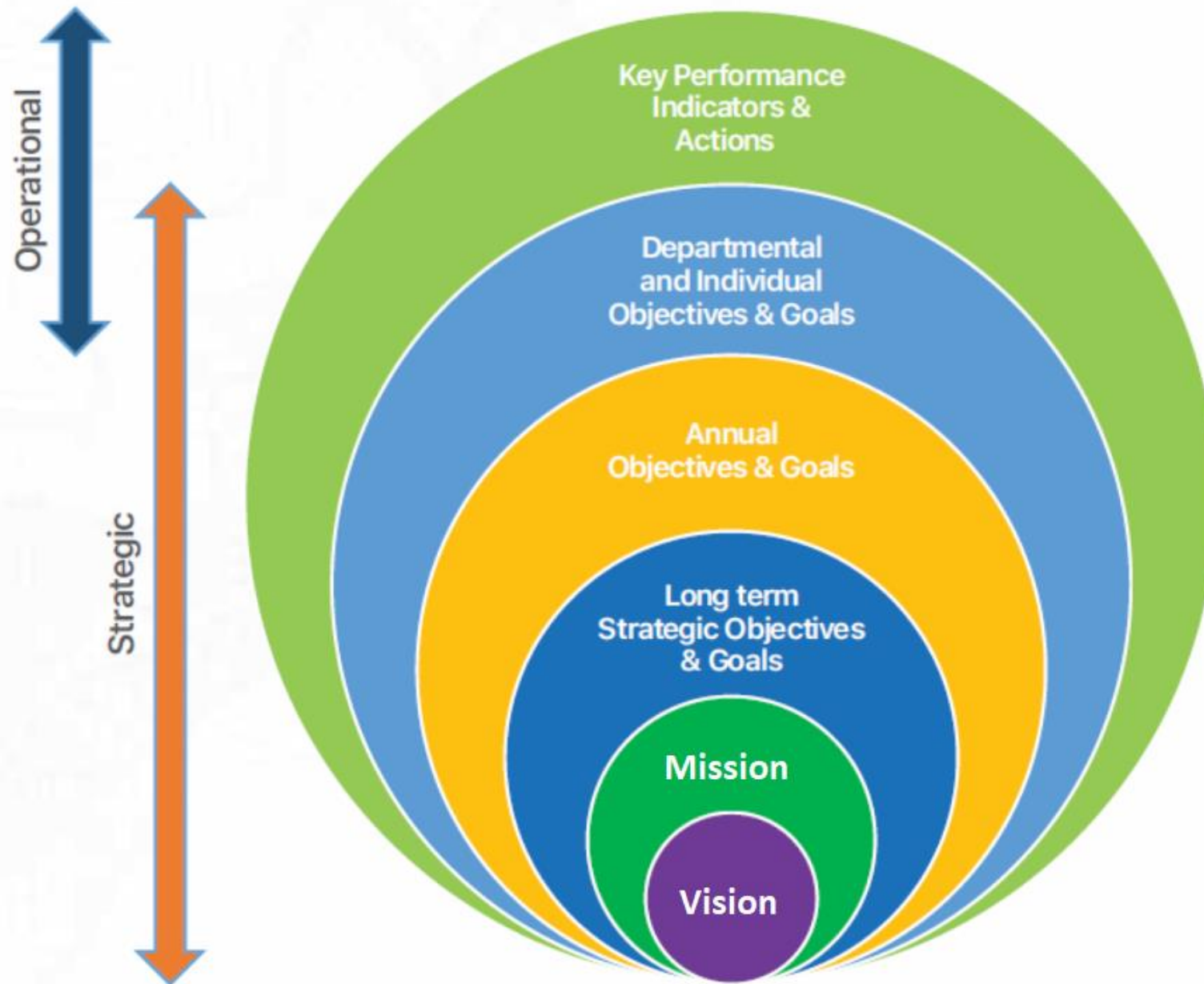
# ORGANIZATIONAL OVERVIEW



## COMPANY PROFILE

- Security Papers Limited ("SPL" or "the Company") is a national strategic industrial organization engaged in the business of manufacturing security paper for Banknotes and Other Security Paper products.
- Due to its strategic nature of operations, the Company has been classified as Category 1A (KPID) Key Point Installation by the Government of Pakistan.
- The geographical presence of the Company is in Karachi, Pakistan, while its customers are located in Karachi, Lahore, Gujranwala, Faisalabad, Islamabad, Peshawar and other major cities of the country.

# STRATEGIC PLANNING PROCESS





## 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”.**

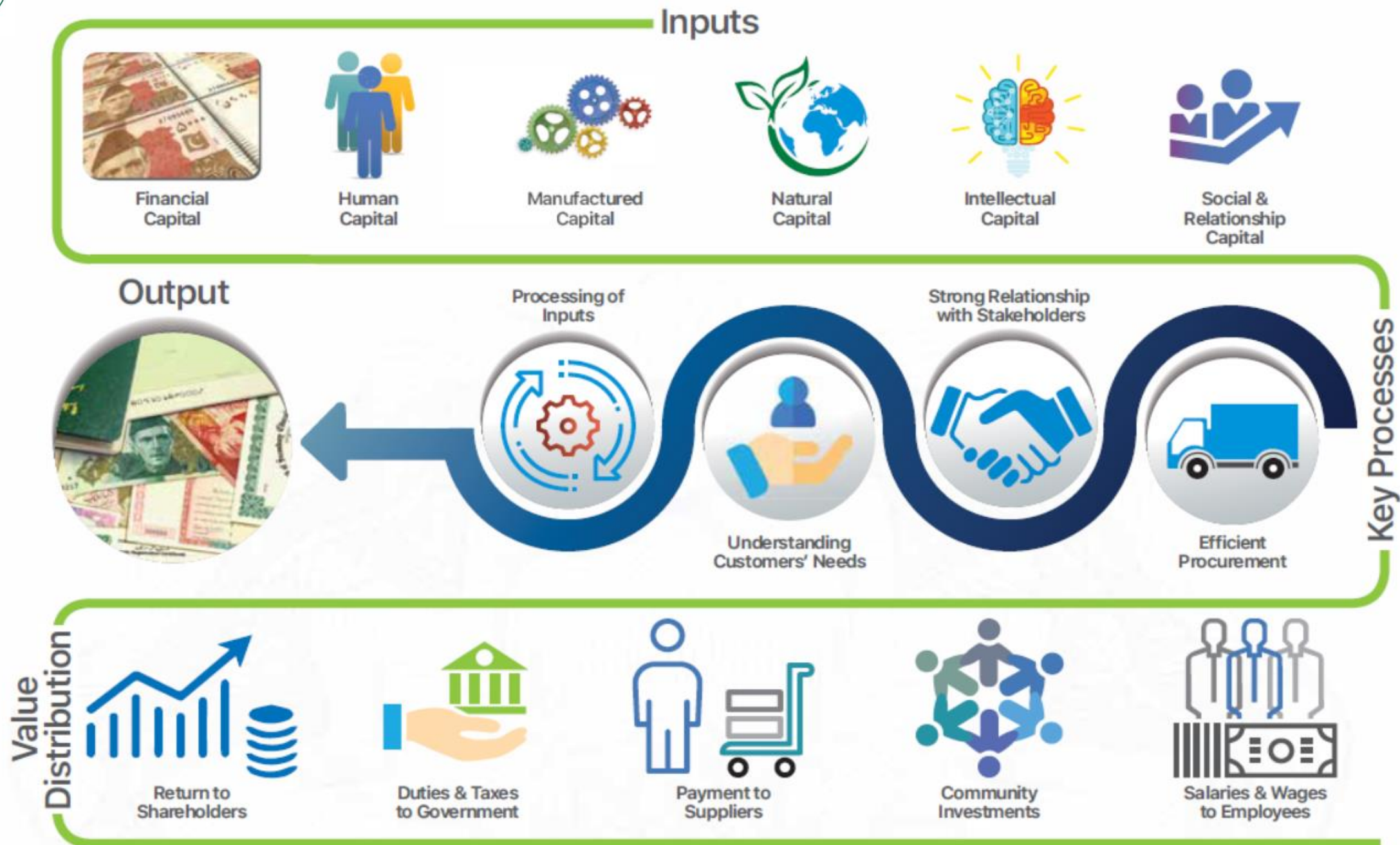


## MISSION STATEMENT

**“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 AND DEVELOPMENT,  
MANUFACTURING TECHNOLOGY, OPERATIONS MANAGEMENT, COUNTERFEIT DETERRENCE, MATERIALS  
PROCUREMENT, HUMAN RESOURCE MANAGEMENT, FINANCIAL MANAGEMENT AND INFORMATION SYSTEMS”.**



# OUR BUSINESS MODEL



## STRATEGIC GOALS



**Customers' satisfaction**



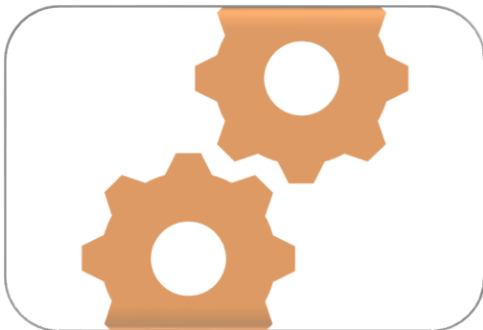
**Employees' empowerment**



**Enterprise Risk Management and Business Continuity Planning**



**Continuous improvement (KAIZEN)**



**Operational Efficiency**



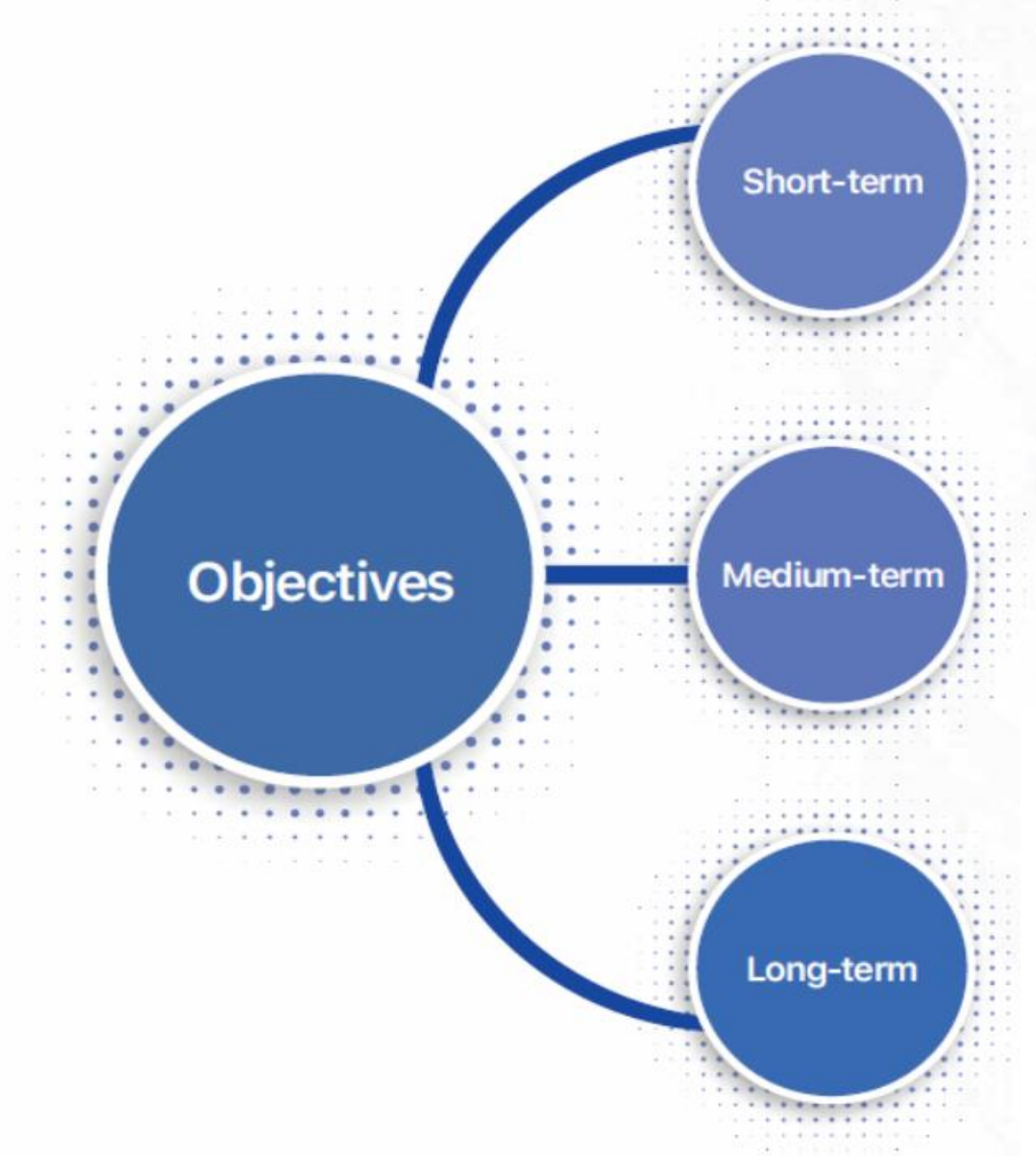
**Maximum Return on Investment**



**Corporate Social Responsibility**



# STRATEGIC OBJECTIVES



- Increase focus on efficiency in the production process, reduce cost and improved product quality;

- Generating superior returns to stakeholders, sustainable performance exceeding market and shareholder expectations;

- To be a top stakeholder value generator in the Country's security paper products while remaining a socio environmentally conscious citizen, ensuring that all activities meet high standards of QHSE;

- To increase its share in the non-bank / other security paper products;



## Historical Milestones

1965

- Incorporated as Private Limited Company.

1967

- Listed on the Karachi Stock Exchange (now Pakistan Stock Exchange - PSX)

1969

- Started commercial production

2004

- New Paper Machine commissioned and inaugurated by Prime Minister of Pakistan.

2006

- Reverse Osmosis (RO) Plant installed and commissioned





2009

- Captive Power Plant installed

2011

- Modification and Upgradation of Rewinder and Sheeter Machines

2012

- New Mould Cover manufacturing facility installed

2014

- Automated Cotton (Comber) Dry Cleaning Plant installed

2015

- A new Thread Unwinding System installed



2016

- Paper for National Passport developed and produced

2018

- Production capacity enhanced from 2500 tons to 3500 tons per annum through expansion of Pulp making Plant and enhancing operational speed of paper machine

2019

- Capacity enhancement of Paper Machine completed by utilizing in house resources for rehabilitation of “Short Former”. (From 3500 tons to 5000 tons per annum)

2020

- Commissioning of Waste Water Recycling Plant in August'20



## OUR PRODUCTS

Banknote Paper

Prize Bond Paper

Non Judicial  
Stamp Paper

E – Stamp Paper  
(Govt. of Punjab)

Educational  
Certificates and  
Degree Paper

Parchment Paper

Passport Paper

CBS – 1  
(Cheque Paper)

NADRA CRC  
Paper



## OUR CUSTOMERS

PAKISTAN SECURITY  
PRINTING  
CORPORATION

NATIONAL SECURITY  
PRINTING COMPANY

GOVERNMENT OF  
PUNJAB

NADRA

UNIVERSITIES,  
BOARDS AND  
OTHER  
INSTITUTIONS





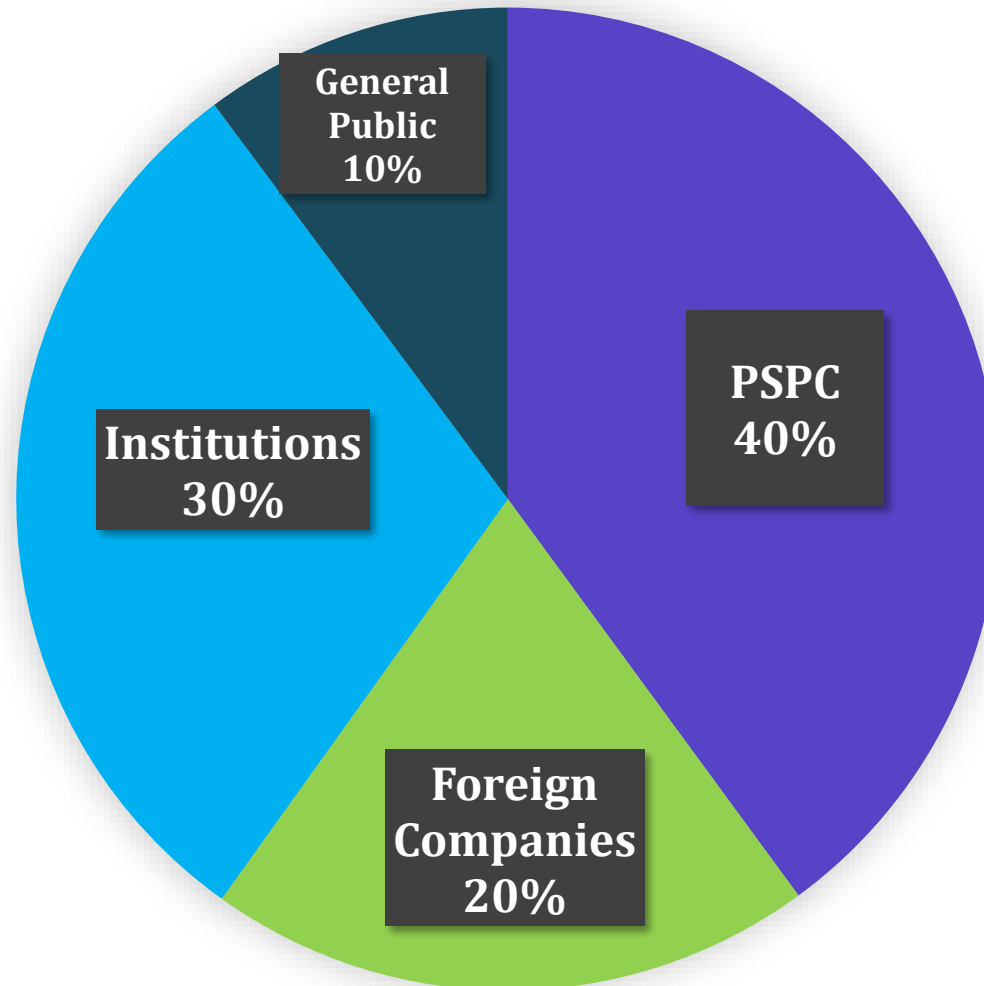
# SHAREHOLDING PATTERN & GOVERNANCE

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## SHAREHOLDING PATTERN

As at 30 June 2020





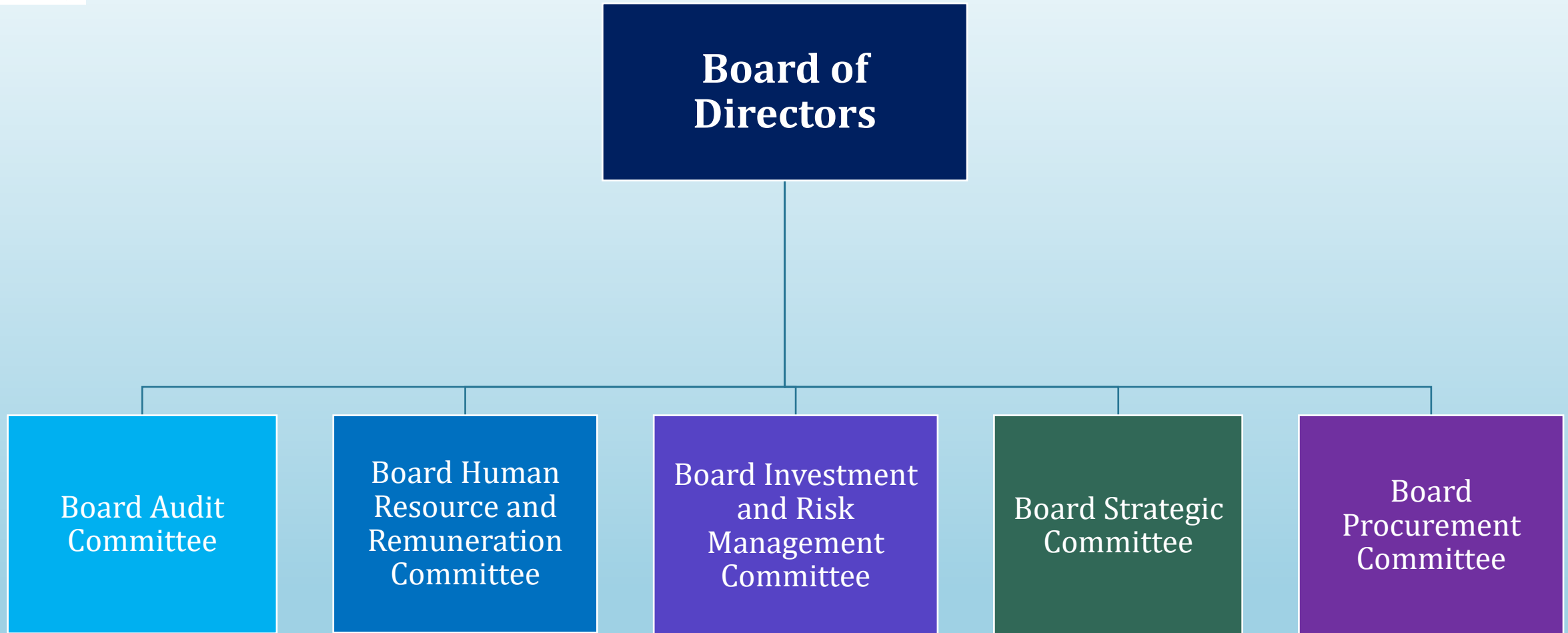
# BOARD OF DIRECTORS

Election of Directors held on Sept 01, 2020

Non-Executive Directors	
<b>Chairman</b>	<b>Mr. Muhammad Haroon Rasheed</b>
<b>Directors</b>	<b>Mr. Jamal Nasim</b>
	<b>Mr. Muhammad Sualeh Ahmad Faruqui (Independent)</b>
	<b>Dr. Abolghassem Jamshidi</b>
	<b>Mr. Rauf Ahmad</b>
	<b>Mrs. Uzma Aijaz (Independent)</b>
	<b>Ms. Figen Caliskan</b>
	<b>Mr. Naveed Ehtesham</b>
	<b>Mr. Munir Ahmed (Independent)</b>
Executive Director	
<b>Chief Executive Officer</b>	<b>Dr. Mohammad Ashraf Butt</b>



# 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
- Prevention of Sexual Harassment Committee
- Whistle Blowing Committee



## Board's Approved Policies

- 1) Corporate Social Responsibility Policy
- 2) Sexual Harassment Policy
- 3) Investment Policy Guidelines
- 4) Risk Management Policy
- 5) Insider Trading Policy
- 6) Directors' Remuneration Policy
- 7) Whistle Blowing Policy
- 8) Policy for Record and Archives Management
- 9) Reward & Recognition Policy
- 10) Succession Planning Policy
- 11) Training & Development Policy
- 12) Employee Welfare Fund (EWF) Policy
- 13) Related Party Transactions Policy
- 14) Communication & Disclosure Policy
- 15) Environmental Policy
- 16) Occupational Health & Safety Policy
- 17) Quality Policy
- 18) Information Technology Policy
- 19) Corporate Email Etiquettes Policy



# Awards & Certifications



# Top 25 Companies Award of Pakistan Stock Exchange

SPL secured 5<sup>th</sup> 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.

Security Papers Limited (SPL) was conferred the "Top 25 Companies Award of Pakistan Stock Exchange" for the year 2018.

The award acknowledges the Company's exceptional financial performance and exemplary management / governance compliances.







## 35<sup>th</sup> Corporate Excellence Award by MAP



Security Paper Limited has won the MAP's 35th Corporate Excellence Award conferred by the Management Association of Pakistan (MAP)

The Company holds 24th to 29th Awards (six times running) and 31st to 35th Awards of the MAP. This is the eleventh time the Company has been recognized in this category since the inception of this award in 1982.

The award manifests the Company's commitment to quality, maintenance of the highest professional standards and constantly strive to achieve excellence in all spheres of its activity



## Corporate Awards

### **Top Companies Award:**

- Won Top 25 Companies Award of PSX for the years 2000 to 2007 and 2009 to 2016 & 2018.

### **Corporate Excellence Award:**

- Won 35<sup>th</sup> Corporate Excellence Award of the Management Association of Pakistan (MAP);
- Holds 24<sup>th</sup> to 29<sup>th</sup> Awards (6 times in a row) as well as 31<sup>st</sup> to 35<sup>th</sup> (5 times in a row).

### **Best Corporate Award:**

- Won Best Corporate Report Award in 2003 and 2006 to 2012 – awarded by ICAP.

### **Best Sustainability Report Award:**

- Received “Certificate of Appreciation” in 2010 – awarded by ICAP & ICMAP.



## Corporate Awards

### **Fire & Safety Award:**

- Won Fire & Safety Award 2011, 2012, and 2013 for 3 consecutive years – awarded by Fire Protection Association of Pakistan and National Forum for Environmental & Health.

### **Environmental Excellence Award:**

- Received the 17<sup>th</sup> Annual Environmental Excellence Award 2020 in recognition of Company's effective implementation of environment management system.
- Had received 11<sup>th</sup>, 15<sup>th</sup> and 16<sup>th</sup> Annual Environmental Excellence Award in 2014, 2018, and 2019, respectively.

### **Commitment to Environmental Reporting:**

- Received commendation for commitment to Environmental Reporting in 2010 from ACCA – WWF Pakistan.

## ISO Certifications



Quality  
Management  
System (ISO  
9001:2015)



Environmental  
Management  
System (ISO  
14001:2015)



Occupational  
Health &  
Safety  
Management  
System (ISO  
45001: 2018)



# SUSTAINABILITY AND CSR



## CSR Activities

**Rs 10.86 MN incurred on CSR during FY 2019-20**

SOS Children's Villages  
(Rs 640,000)

Dow University of Health Sciences – OJHA campus  
(Rs 2,776,000)

Rana Liaquat Craftsmen's Colony  
(Rs 698,000)

The Indus Hospital  
(Rs 1,000,000)

The Hunar Foundation  
(Rs 3,308,000)

Emergency Earthquake Relief for AJK  
(Rs 1,336,111)



# COVID-19 Pandemic Management Initiatives

- The COVID-19 pandemic badly affected the entire corporate sector. During these challenging times, the Company managed to operate, often with very thin staff and successfully deployed business continuity and incident management plans to cope with this crisis.
- The Pandemic had unprecedented impacts including concerns over supply chain disruptions and numerous strategic and operational concerns impacting both the short and long-term plans. However, the Company had proactively managed relationships with key suppliers and customers and ensured no supply chain disruptions during the lockdown period.
- Safety initiatives include:
  - Board and Committee meetings held through video conference.
  - All necessary arrangements made to enable our employees to work from home where possible to meet regulatory compliances.
  - Series of COVID-19 awareness sessions held by our Medical Consultant for our employees.
  - Individual temperature monitoring of all employees through dedicated Medical/Security Staff.
  - Availability of Hand wash Sanitizers & PPEs and use of Disinfectant sprays throughout the factory premises.
  - Installation of specially purposed Disinfectant Walkthrough Tunnel and Mist Pedestal Fans performing Disinfectant Sprays.
  - Social distancing observed in Canteen and Masjid through flexible timings and increase in no. of shifts/group offering of prayers to comply with the Government's notifications.







# OPERATIONAL PERFORMANCE

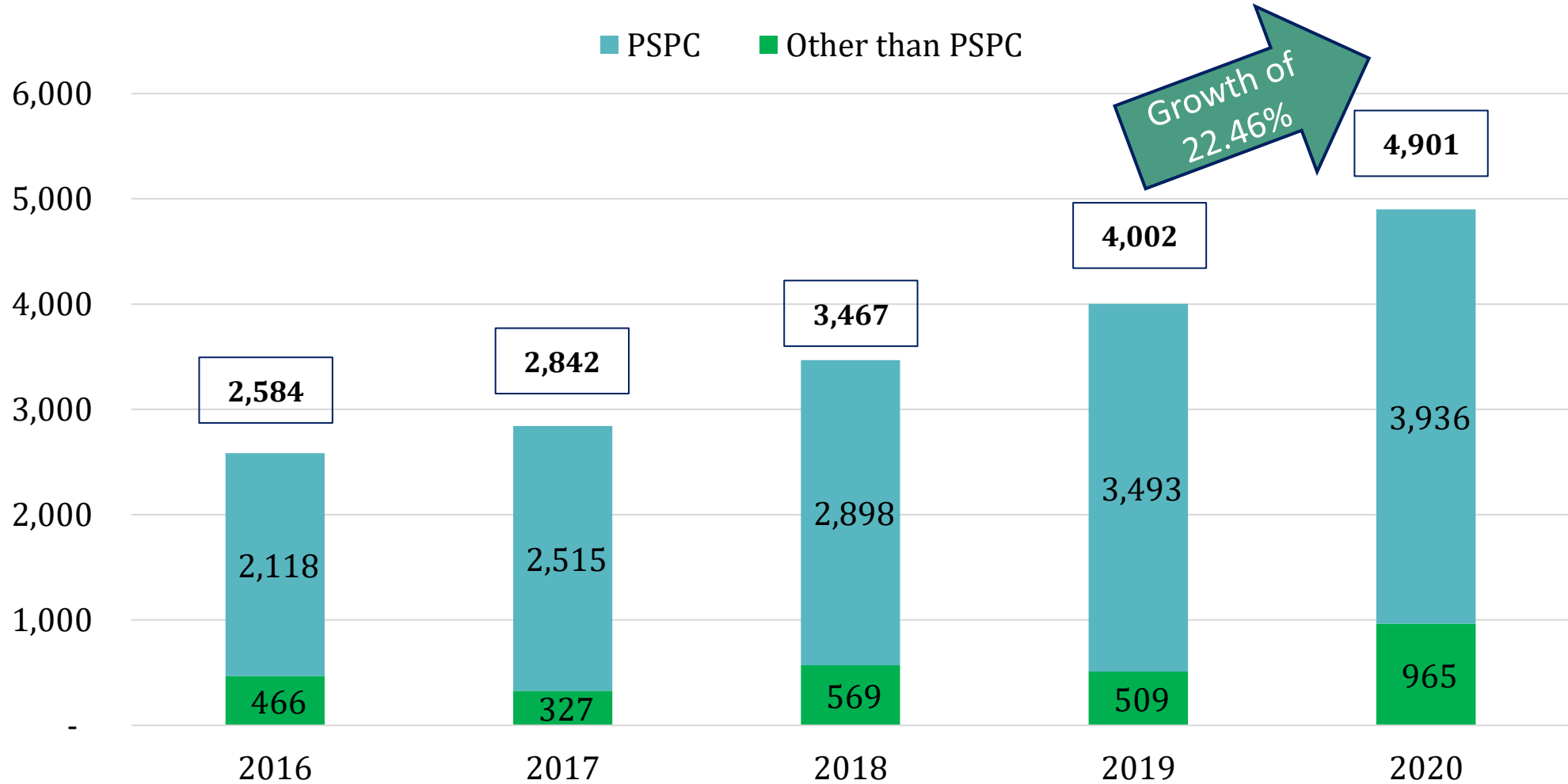
FOR THE YEAR ENDED  
JUNE 30, 2020



# SALES PERFORMANCE

## JULY - JUNE

### Revenue - PKR in Million

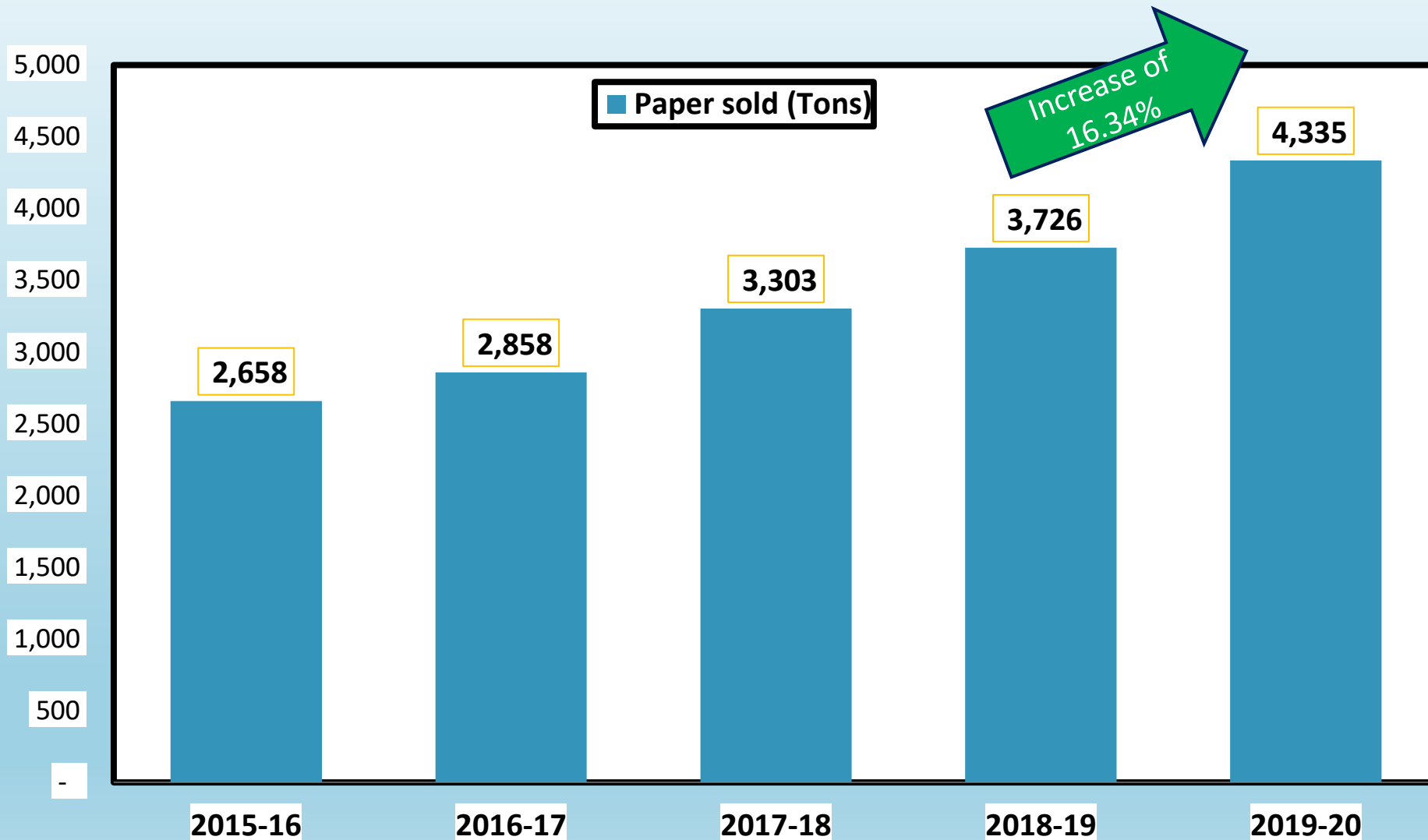






# SALES VOLUME

JULY - JUNE







# FY 2019-20 Financial Performance

## *Raising the Bar*

- Highest ever Sales of Rs 4,901 MN (up 22.48% YoY)



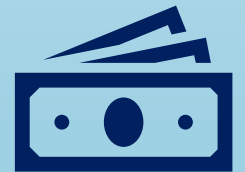
- Highest ever Profit after tax of Rs 1,276 MN (up 65.31% YoY)



- Highest ever Gross Profit of Rs 1,896 MN (up 19.62% YoY)



- Highest ever dividend of 90% (up 9.10% YoY)







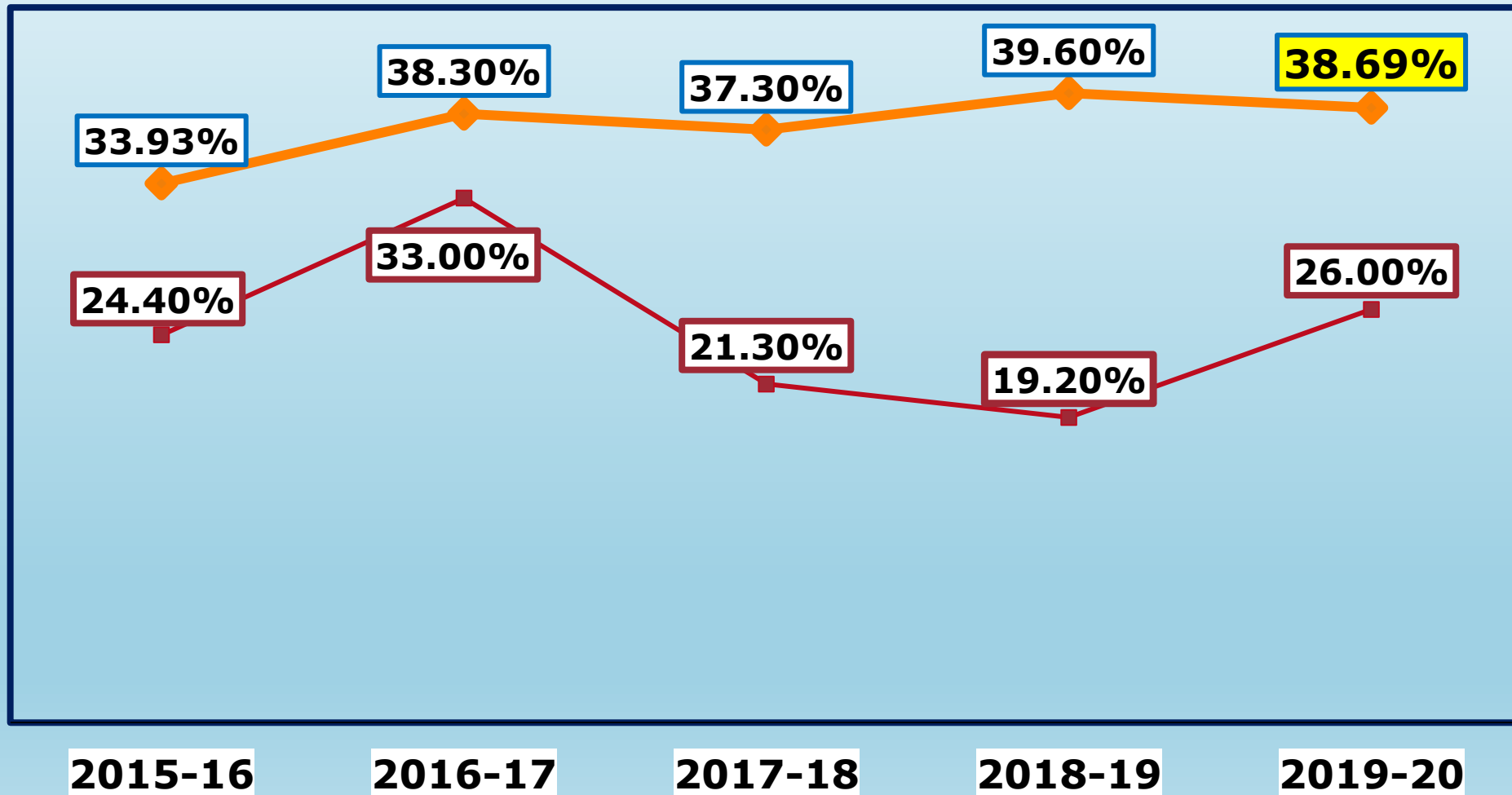
## SPL'S ROBUST FINANCIAL PERFORMANCE FROM 2016 TO 2020

PARTICULARS	JULY - JUNE				
	2020	2019	2018	2017	2016
PAPER SOLD – TONS	4,335	3,726	3,303	2,858	2,658
SALES – RS '000	4,901,284	4,001,591	3,466,918	2,842,085	2,583,566
GROSS PROFIT – RS '000	1,896,309	1,585,236	1,293,223	1,088,406	876,620
PROFIT AFTER TAXATION – RS '000	1,276,249	772,019	570,359	937,653	630,871
OTHER INCOME – RS '000	360,071	175,649	133,140	520,700	300,600
EARNING PER SHARE – RS	21.54	13.03	9.63	15.82	10.65
DIVIDEND %	90.00%	82.25%	80.00%	80.00%	75.00%



# Profitability

◆ GP Margin ■ NP Margin



# Ratio Analysis

*Security Papers*  
LIMITED



## SECURITY PAPERS LIMITED RATIOS ANALYSIS

PARTICULARS	JULY - JUNE				
	2020	2019	2018	2017	2016
PROFITABILITY RATIOS					
GROSS PROFIT TO SALES %	39%	40%	37%	38%	34%
NET PROFIT TO SALES %	26%	19%	16%	33%	24%
RETURN ON EQUITY %	22%	16%	12%	20%	15%



## SECURITY PAPERS LIMITED RATIOS ANALYSIS

PARTICULARS	JULY - JUNE				
	2020	2019	2018	2017	2016
<b>ASSET MANAGEMENT</b>					
TOTAL ASSETS TURNOVER %	<b>70%</b>	66%	59%	50%	49%
INVENTORY TURN OVER RATIO-DAYS	<b>54</b>	57	79	108	88
DEBTORS TURNOVER RATIO- DAYS	<b>41</b>	60	57	52	36
CREDITOR TURNOVER RATIO -DAYS	<b>29</b>	22	35	31	35



## SECURITY PAPERS LIMITED RATIOS ANALYSIS

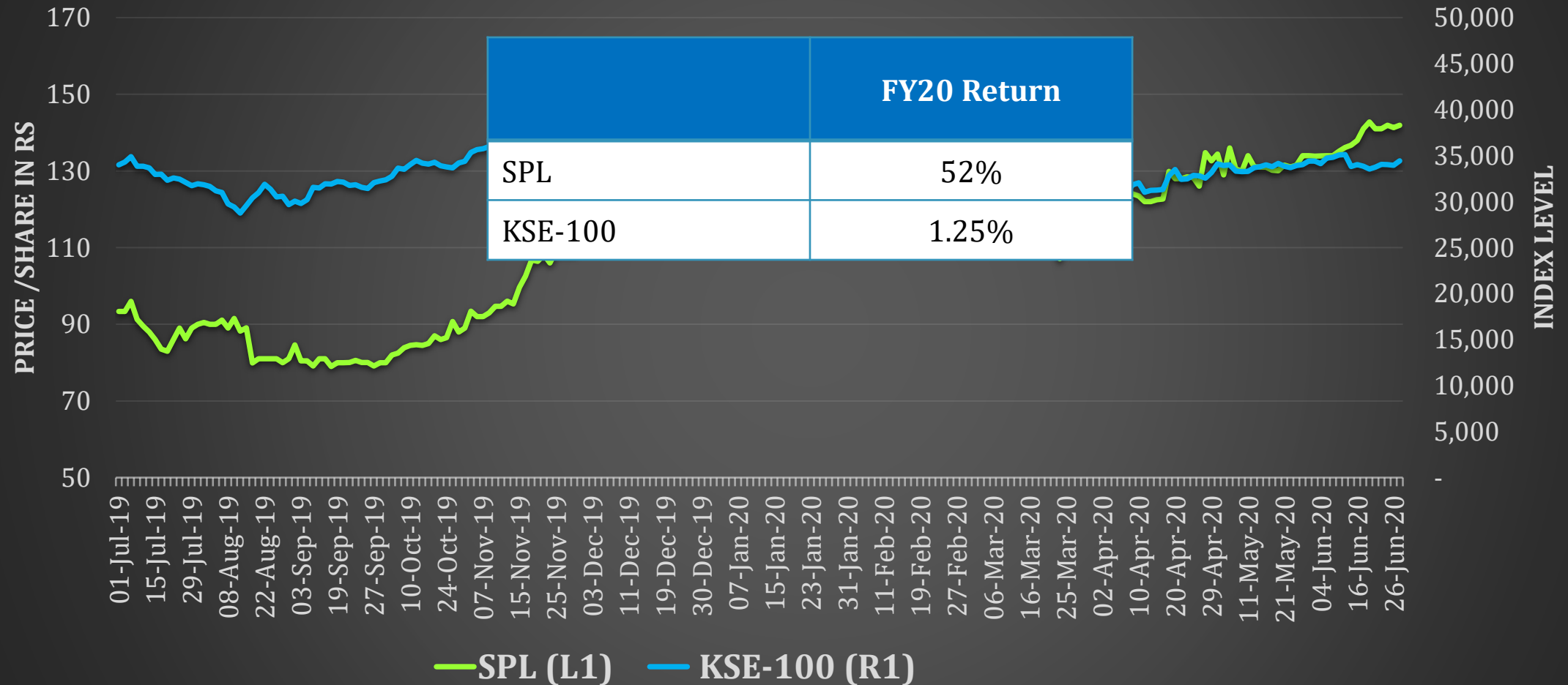
PARTICULARS	JULY - JUNE				
	2020	2019	2018	2017	2016
LIQUIDITY RATIOS					
CURRENT RATIO	3.71:1	3.37:1	3.94:1	3.87:1	3.78:1
QUICK RATIO	3.02:1	2.82:1	3.37:1	3.06:1	2.97:1
DEBT MANAGEMENT					
DEBT EQUITY RATIO	0.00:1	0.00:1	0.00:1	0.00:1	0.00:1
MARKET RATIO					
EARNING PER SHARE - (RS)	21.54	13.03	9.63	15.82	10.65
PRICE EARNING RATIO - (RS)	6.59	7.12	12.57	9.22	9.92





# SPL SHARE PRICE PERFORMANCE FY 2019-20

SPL vs KSE100







## KEY INITIATIVES UNDERWAY

The Company has undertaken BMR program and several other in-house development projects to enhance capacity, quality, and productivity.

The Company is pursuing continuous improvement projects under KAIZEN by involving people at the working level

The Company is concentrating on all areas of its operations including improvement in the mould design, pulp mill, machine house, and finishing.



## Projects Completed during FY 2019-20

Waste Water Recycling plant  
(commissioned in Aug'20)

Energy Conservation Project  
(1<sup>st</sup> phase completed)

Chiller (operational) &  
Cooling Towers & Allied  
works (under progress)

Development of RO Bore (1<sup>st</sup>  
phase Completed, drilling of  
RO Bore has been completed  
while the allied works under  
execution)

Gas Generator 1.4 MW



## Projects under Progress

Pilot Project on  
Renewable Energy

New Refiners

New Cylinder Mould

Up-gradation of Winder  
& Sheeter machines

Waste Heat Recovery of  
Gas Generators

Up-gradation of fire  
fighting system & New  
Entrance Gate







## FUTURE OUTLOOK / CHALLENGES

The COVID shock has brought to greater attention the importance of building a stronger and more resilient business as well as the importance of building stronger local and regional supply chains.

The on-going Financial Year is expected to remain challenging for the business owing to inflationary conditions.

At this stage, we expect that the impact of COVID-19 on our business and results will be relatively contained as we expect demand for Banknotes and other Security Paper to continue to grow. However, this outlook may change in the event of a second wave of the virus.

We are taking all essential measures to ensure continuity of business in view of the evolving developments arising from the COVID-19 outbreak.

SPL is operating at its maximum capacity while the demand for our products is steadily growing.

The Company is continuously pursuing an ambitious program of plant upgrade for operational innovation, and improvement in quality of security papers.



# THANK YOU

## QUESTION & ANSWERS

