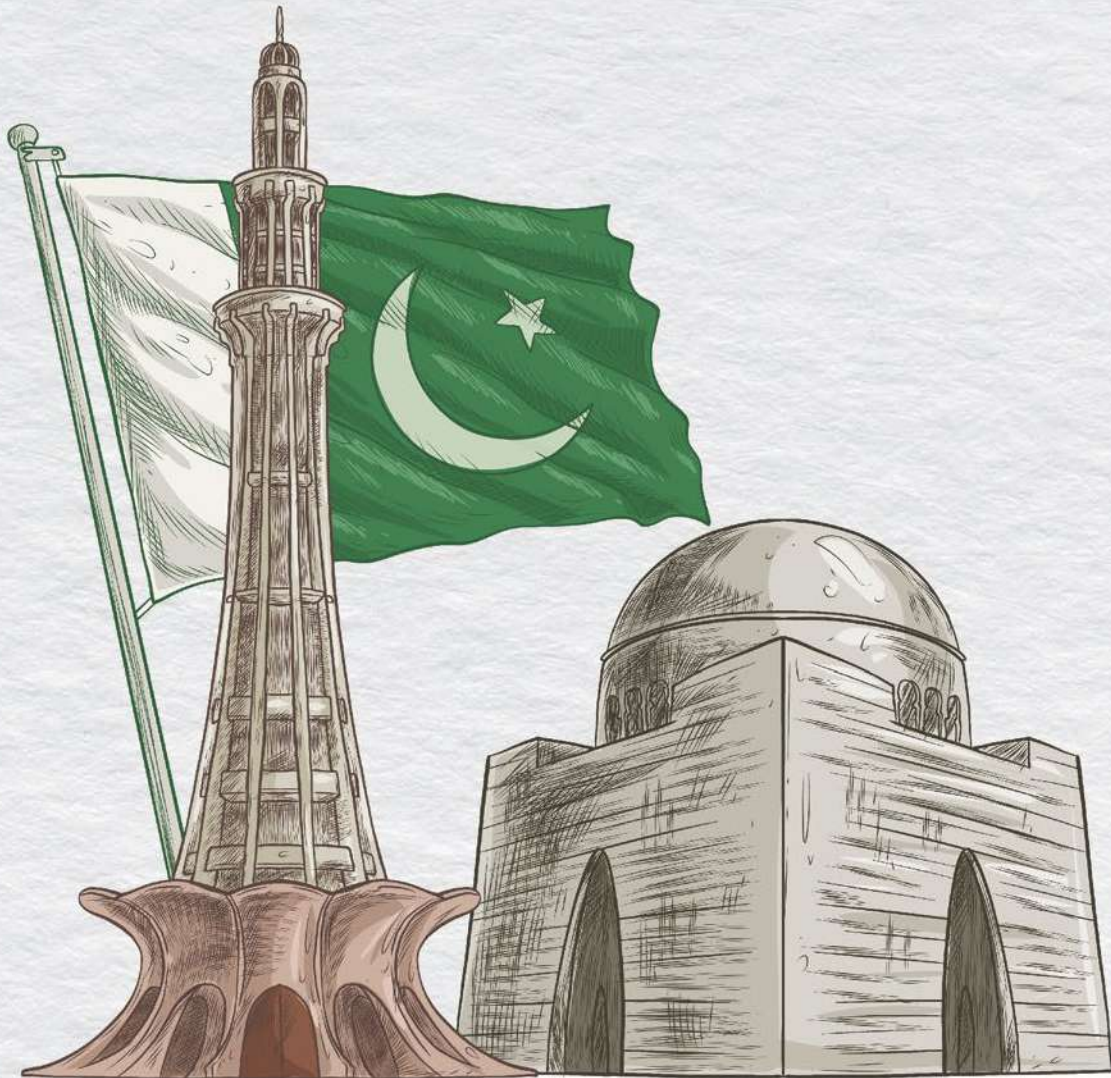




Security Papers
LIMITED



**60 YEARS OF SERVICE,
QUALITY AND RELIABILITY**

Annual Report 2025



Security Papers
LIMITED

ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018, ISO/IEC 27001:2013 Certified

60 Years of Service, Quality and Reliability

Annual Report 2025

ABOUT THE ANNUAL REPORT

The management of the Security Papers Limited (hereinafter referred to as the “Company or SPL”) is pleased to present its Annual Report for the financial year ended June 30, 2025. We have adopted the International Integrated Reporting Framework in preparation of this Annual Report to provide readers with the understanding of the strategic thinking that propels SPL ahead. This report integrates the following sections:

- Organizational Overview and External Environment
- Chairman’s Reviews
- Directors’ Report
- Report of the Board Audit Committee
- Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- Governance
- Strategy and Resource Allocation
- Risk Management
- Striving for Excellence in Corporate Reporting
- Performance and Position
- Financial Statements
- Future Outlook
- Stakeholder Relationship and Engagement

We will continue to review our reporting approach to ensure that it meets the best practice reporting standards and the expectations of our stakeholders and provide visibility on how we create sustainable value for the communities we serve, to ensure that readers are able to correctly understand these activities.

Scope and Boundary

This report explains, in context of its external environment, how the Company’s strategy, governance, performance and

prospects, lead to the creation, preservation or erosion of value over the short, medium and long term. The Annual Report covers the period from July 1, 2024 to June 30, 2025 and any material event(s), subsequent to year end have also been explained in various sections of this report. We aim to provide a balanced review of our performance, whereas at the same time, communicating relevant material information in a concise but comprehensive manner.

This Annual Report has been prepared in compliance with the following frameworks:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

The Chairman’s Review, Directors’ Report, Board Audit Committee’s Report, Report on Compliance of Code of Corporate Governance (CCG) and other information contained in this Annual Report have been structured in compliance with the requirements of Companies Act 2017, CCG, PSX Listing Regulations and other applicable good governance practices as promoted by ICAP / ICMAP, PSX, MAP etc. There have not been any significant changes to the scope, boundary and reporting basis since the last reporting date as of June 30, 2025. Where provisions of and directives issued under the Act differs from the provisions of IFRSs, in such a case, the provisions of the Act have been followed being the applicable Company law.

External Assurance / Review

Description of the Report	External Reviews / Assurances
Review Report on the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019	PwC, A.F. Ferguson & Co., Chartered Accountants
Independent Auditor’s Report on the Audit of Financial Statements	PwC, A.F. Ferguson & Co., Chartered Accountants
Independent External Review of Sustainability Report	Kreston Hyder Bhimji & Co. Chartered Accountants

Material Topics



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Organizational Overview and External Environment



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THE COMPANY PROFILE

Security Papers Limited (hereinafter referred to as the “Company or SPL”) was duly incorporated as a Private Limited Company in 1965, and was subsequently listed on Pakistan Stock Exchange (PSX) in 1967, with a vision to be a recognized and accepted manufacturer of security featured papers providing the highest quality paper with numerous security features to its customers. The Company started its commercial production in 1969.

The PM-2 plant was commissioned in 2003 and is capable of producing specialized security featured papers for Banknotes and Other Security Paper products with custom made security features including 3-dimensional tonal variation watermarks and numerous other counterfeit deterrence capabilities. Due to its strategic nature of operations, the Company has been classified as Category 1A (KPID) Key Point Installation by the Government of Pakistan.

Principal Business Activity

Security Papers Limited is a national strategic industrial organization engaged in the business of manufacturing security featured paper for Banknotes and Other Security Paper products such as Prize Bond Papers, Defense Savings Certificates, Non-Judicial Stamp Papers, Passport Papers, Cheque Book Papers, Certificates for Educational Boards, Universities Degree Papers, Parchment Paper and ECP Ballot Papers.

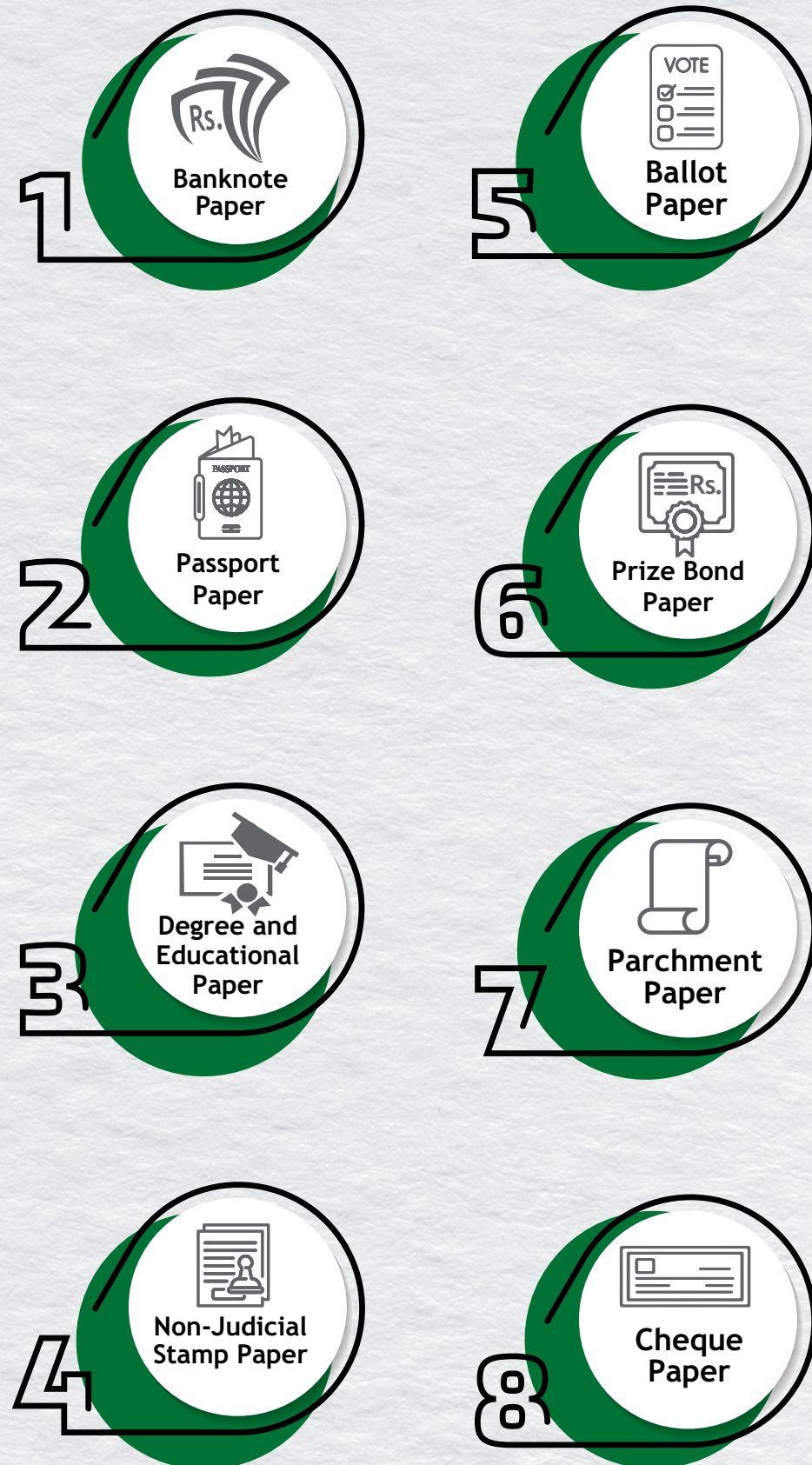
The production process, for Banknote paper, primarily involves local input of cotton comber and water as raw materials. Pakistan Security Printing Corporation (PSPC) is the main customer of SPL. Over the years, the Company has grown substantially over the period of time and is continuously improving its capabilities to cater to the customer's requirements for security paper products. To meet current and future technological challenges, SPL has been regularly investing in upgrading its manufacturing facilities to ensure continuous supply of high-quality banknotes and other security paper products to its customers.

Being self-reliant, the Company is also saving a substantial amount of foreign exchange, which would have been otherwise required for the import of such security featured papers. SPL has gradually enhanced the paper production capacity from 2,500 tons to 4,500 tons.

Currently, the Company is operating solely in the territory of Pakistan.



PRODUCT PORTFOLIO

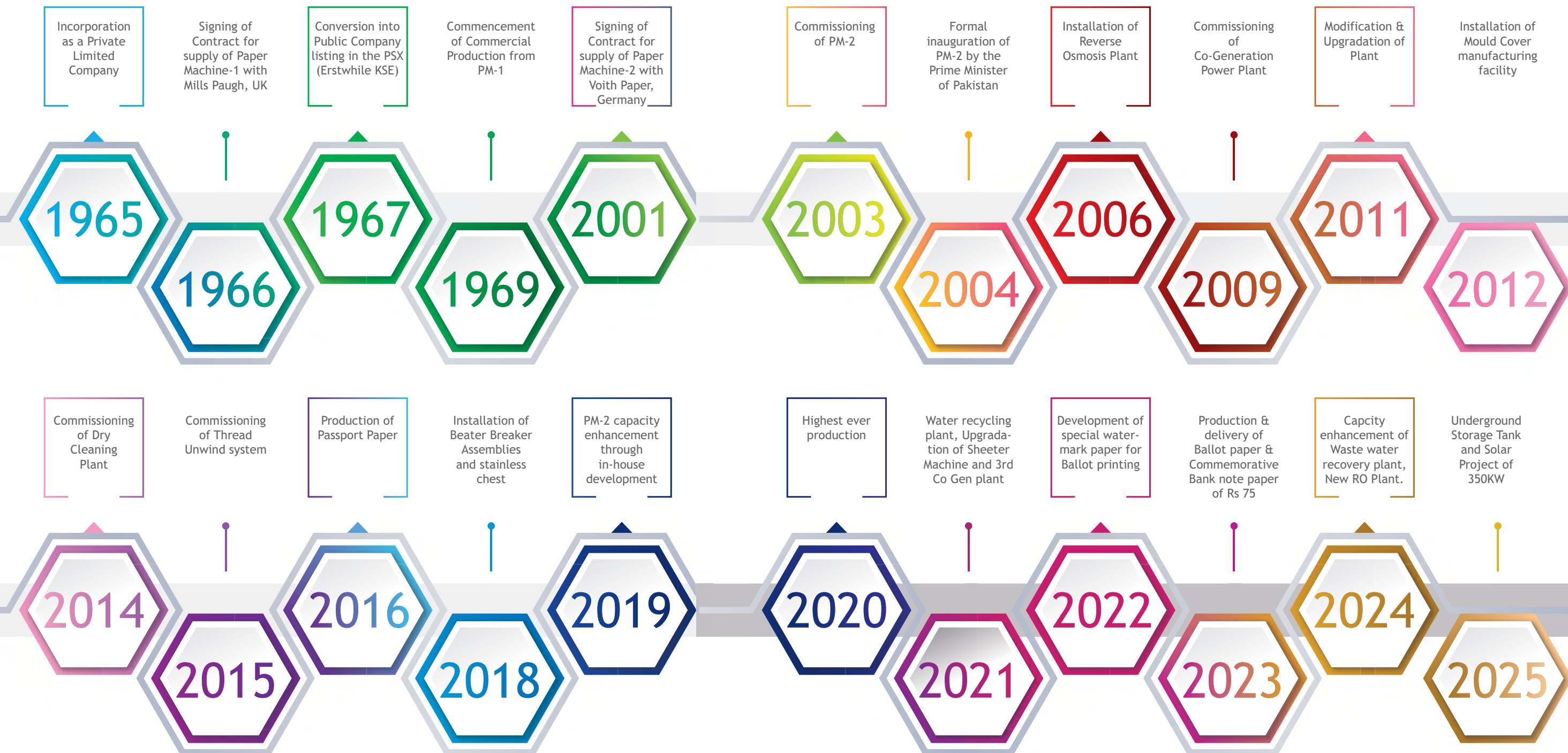


GEOGRAPHICAL PRESENCE

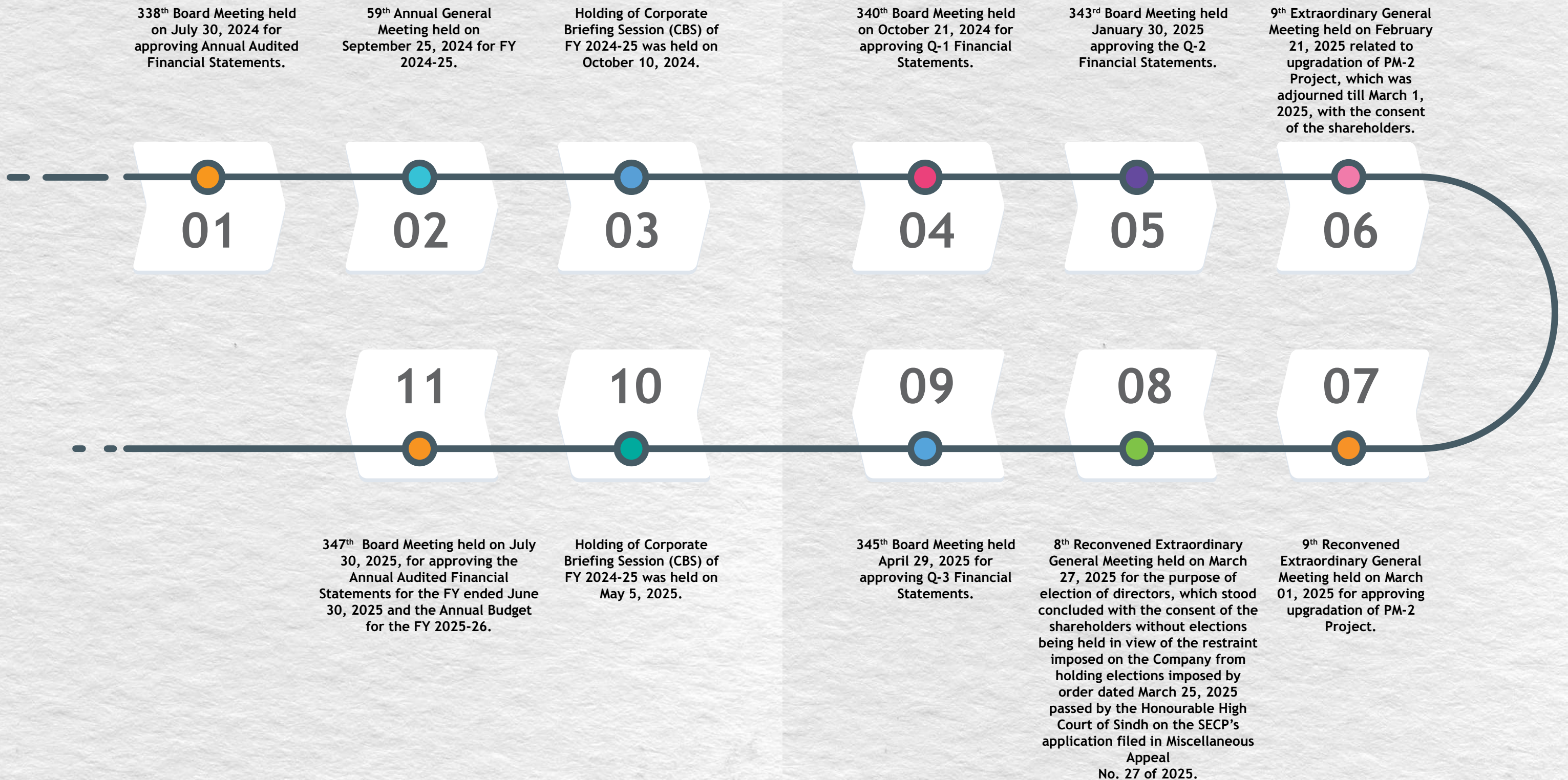
- Security Papers Limited is a national strategic industrial organization, which is in the business of manufacturing security featured papers for banknotes and other security paper products.
- The Company's registered office and manufacturing facility is situated in Karachi, Pakistan.
- The geographical presence of its customers are Karachi, Lahore, Islamabad, Gujranwala, Faisalabad, Peshawar and other major cities of the country.



HISTORY OF MAJOR EVENTS



SIGNIFICANT EVENTS DURING THE YEAR



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

We are the only national organization 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.

Principles & Core Values

Striving for continuous improvement and innovation with commitment and responsibility

Treating shareholders/stakeholders with respect, courtesy and competence

Practicing highest personal and professional integrity

Maintaining teamwork, trust and support, with open and candid communication

Ensuring cost consciousness in all decisions and operations



CODE OF CONDUCT

SPL aims at maintaining the organizational culture that promotes transparency and accountability through honesty, integrity and diligence in dealing with employees, customers, financial market, government, regulatory authorities and other stakeholders.

Gender Equality

The Company is committed towards maintaining and promoting gender equality, in order to ensure there is no discrimination based upon race, gender, caste, creed, religion, ancestry, family status, age, disability, or similar factors. Equal and equitable opportunities for professional growth will be provided to all employees, free from any such bias or discrimination.

Compliance to Law/Policies

SPL adheres to strict compliance of applicable laws, Company's policies and it shall not engage in, recommend, or authorize any action, contract, agreement, investment, expenditure, or transaction that is known or believed to violate any applicable laws, rules regulations, or Company's policies.

Ethics & Integrity

Ethics and integrity are core values of SPL, reflecting our commitment to comply with applicable laws and uphold the highest moral standards. Beyond legal compliance, we strive to make ethical choices in areas where the law may be unclear, guided by policies duly approved by our Board of Directors.

SPL employees must not solicit or accept anything of value from vendors, suppliers, or contractors that could influence business decisions in any manner. Any actual or potential conflict of interest must be disclosed to senior management of the Company.

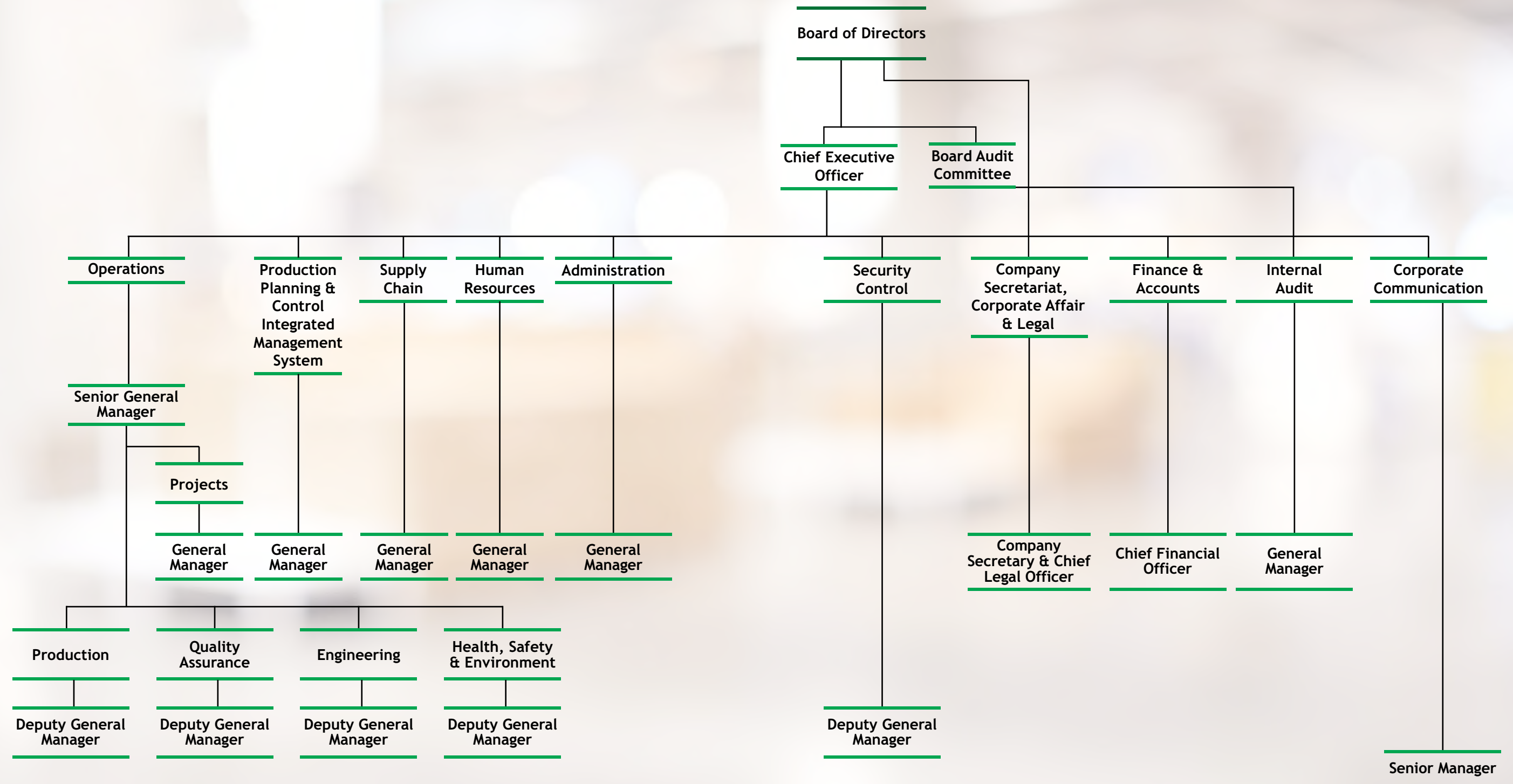
Anti-Discrimination and Harassment

The Company provides a work environment which is free of discrimination of race, gender, caste, creed, ethnicity, gender and disability. The Company takes strict action against the employees who engages in harassment & discrimination, in accordance with the Company's disciplinary policy.

Prohibition on Insider Trading

All the employees of Company are subject to strict adherence of Company's insider trading policy and maintaining confidentiality.

COMPANY WIDE ORGANIZATIONAL CHART



COMPANY INFORMATION

Board of Directors

Non-Executive Directors

Chairman

Mr. Mohammad Aftab Manzoor - Non-Executive Director

Directors

Mr. Munir Ahmed - Independent Director

Mr. Jamal Nasim - Non-Executive Director

Mr. Hamid Bazargan - Non-Executive Director

Mrs. Pernur Alaybeyoğlu - Non-Executive Director

Hafiz Mohammad Yousaf - Non-Executive Director

Mr. Shafqaat Ahmed - Non-Executive Director

Mr. Arshad Mehmood Bhatti - Non-Executive Director

Chief Executive Officer

Mr. Imran Qureshi

Board Audit Committee (BAC)

Mr. Munir Ahmed Independent Director Chairman

Mr. Jamal Nasim Member

Hafiz Mohammad Yousaf Member

Mr. Shafqaat Ahmed Member

Mr. Hamid Bazargan Member

Board Human Resource and Remuneration Committee (BHR&RC)

Mr. Munir Ahmed Independent Director Chairman

Mr. Mohammad Aftab Manzoor Member

Mr. Jamal Nasim Member

Mr. Shafqaat Ahmed Member

Board Investment & Risk Management Committee (BIRC)

Mr. Shafqaat Ahmed Chairman

Hafiz Mohammad Yousaf Member

Mrs. Pernur Alaybeyoğlu Member

Mr. Jamal Nasim Member

COMPANY INFORMATION

Board Strategic & Sustainability Committee (BS&SC)

Mr. Shafqaat Ahmed Chairman

Mr. Mohammad Aftab Manzoor Member

Hafiz Mohammad Yousaf Member

Mrs. Pernur Alaybeyoğlu Member

Board Procurement Committee (BPC)

Mr. Jamal Nasim Chairman

Mr. Mohammad Aftab Manzoor Member

Mr. Shafqaat Ahmed Member

Mr. Hamid Bazargan Member

Board Nomination & Special Committee (BN&SC)

Mr. Mohammad Aftab Manzoor Chairman

Mr. Shafqaat Ahmed Member

Hafiz Mohammad Yousaf Member

Mr. Arshad Mehmood Bhatti Member

- The Company Secretary is appointed as the Secretary to the aforementioned committees.

Executive Committee

Mr. Imran Qureshi (Chief Executive Officer) Chairman

Mr. Muhammad Asim Jamil (Senior General Manager Operations) Member

Mr. Yasir Ali Quraishi (Chief Legal Officer & Company Secretary) Member

Mr. Wasif Sajjad (Chief Financial Officer) Member

Syed Ahsan Ejaz (General Manager Internal Audit) Member

Mr. Arshad Amir (General Manager PP&C, IMS) Member

Mr. Shahbaz Ali (General Manager Administration) Member

Ms. Maria Qureshi (General Manager Human Resource) Member

Ms. Sarah Wasti (General Manager Commercial) Member

Mr. Waqas Khan (General Manager Operations & Projects) Member

Lt. Col. (R) Fayyaz Ahmed (DGM Security Controller) Member

Ms. Rabia Zulfiqar (Senior Manager Communications) Member

COMPANY INFORMATION

Bankers

Bank Al Habib Limited
Meezan Bank Limited
Bank Alfalah Limited

Auditors

PwC A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. (MTC) Law Firm
MCA Law Associates

Registered Office

Jinnah Avenue, Malir Halt,
Karachi-75100.
Tel. No: (+9221) 99248285
E-mail: comsec@security-papers.com
Website: www.security-papers.com

Factory

Jinnah Avenue, Malir Halt,
Karachi-75100
Tel. No: (+9221) 99248536-37
Fax No: (+9221) 99248616

National Bank of Pakistan
Habib Metropolitan Bank Limited
MIB Bank Limited

Tax Consultants

PwC A. F. Ferguson & Co.
Chartered Accountants

Share Registrar

FAMCO Shares Registration Services (Pvt.) Limited
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal,
Karachi.
Tel. No: (+9221) 34380101-5
Fax No: (+9221) 34380106
E-mail: info.shares@famcosrs.com
Website: www.famcosrs.com

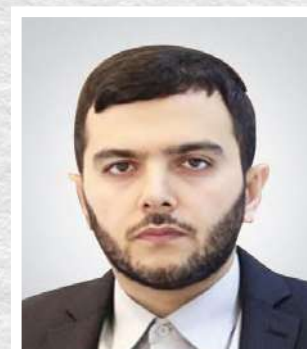
BOARD OF DIRECTORS



Mr. Mohammad Aftab Manzoor
(Non-Executive Director)



Mr. Jamal Nasim
(Non-Executive Director)



Mr. Hamid Bazargan
(Non-Executive Director)



Mrs. Pernur Alaybeyoğlu
(Non-Executive Director)



Hafiz Mohammad Yousaf
(Non-Executive Director)



Mr. Shafqaat Ahmed
(Non-Executive Director)



Mr. Munir Ahmed
(Independent and Non-Executive Director)



Mr. Arshad Mehmood Bhatti
(Non-Executive Director)



Mr. Imran Qureshi
(Chief Executive Officer)

DIRECTORS' PROFILE



Mr. Mohammad Aftab Manzoor
(Chairman)



Mrs. Pernur Alaybeyoğlu
(Non-Executive Director)

Mr. Mohammad Aftab Manzoor was appointed as member of the Board of Directors of Security Papers Limited in August 2021. He is a Non-Executive Director nominated by Pakistan Security Printing Corporation. He is also Chairman of the Board of Directors of Security Papers Limited and a Member of the Board Human Resource & Remuneration Committee, Board Strategic & Sustainability Committee, Board Procurement Committee and Board Nomination & Special Committee.

He is a senior banker with 35 years of banking experience including 10 years as the CEO of two “Big Five” banks in Pakistan. Provided strategic leadership to transform these banks and was instrumental in strengthening and repositioning the franchise and building them into leading market players.

After completing MBA in 1977 from Quaid-e-Azam University, he has undergone extensive credit and management training at Citibank training centers abroad. He has also attended various seminars, workshops, and training sessions with renowned institutions such as World Bank, Harvard Business School & MIT Sloan Business School.

He has twice served as Chairman Pakistan Banks Association (PBA) working closely with State Bank of Pakistan on regulatory and other banking industry related issues.

With vast professional experience of working as Chief Executive Officer / President of the following banks:

- Soneri Bank Limited
- Allied Bank Limited
- MCB Bank Limited

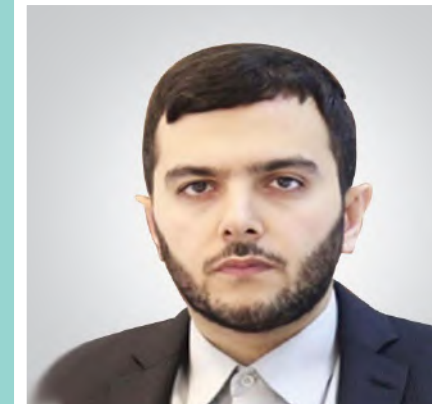
Earlier, he has served on various Boards and is currently, an independent director at National Investment Trust Limited and a director at Hellenic Sun (Pvt.) Limited and Deposit Protection Corporation.

Mrs. Pernur Alaybeyoğlu was appointed as a member of the Board of Directors in February 2025. She is a Non-Executive Director, being the nominee of Sümer Holding Inc. Co, General Directorate, Türkiye. She is also a member of the Board Investment & Risk Management Committee and Board Strategic & Sustainability Committee.

Mrs. Alaybeyoğlu is a graduate from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics and from Anadolu University, Open Education Faculty, Department of Cultural Heritage and Tourism, Türkiye.

She has over 30 years of experience in Government Departments and presently, she is serving as Head of Real Estate Valuation and Appraisal Department in M/s. Sümer Holding, JSC, Türkiye.

DIRECTORS' PROFILE



Mr. Hamid Bazargan
(Non-Executive Director)



Mr. Jamal Nasim
(Non-Executive Director)

Mr. Hamid Bazargan was appointed as a member of the Board of Directors in April 2024. He is a Non-Executive Director being a nominee of Industrial Development and Renovation Organization of Iran (IDRO). He is also a member of the Board Audit Committee and Board Procurement Committee.

Mr. Bazargan is PhD in Energy Resource Engineering and Artificial Intelligence. He is a distinguished professional with a wide-ranging educational background from prestigious institutions in the US (including Stanford University), the UK (such as Warwick University and Heriot-Watt University), France (at the renowned TOTAL Research and Development Centre), and Iran (at Sharif University of Technology).

Since 2018, he has held the position of Vice President at IDRO, overseeing mega-projects and high-tech industries. One of his notable achievements is leading the development of phase 14, 17 and 18 of the South Pars gas field projects, valued at approximately \$15 billion, and achieving the highest local content manufacture record.

His expertise spans from oil and gas reservoir management and energy resources engineering to statistical signal processing, Machine Learning, and AI. In addition, he has completed various programs in finance, accounting, project management, joint venture agreement and legal studies.

Mr. Jamal Nasim was elected as a member of the Board of Directors of Security Papers Limited in September 2020. He is also the chairman of Board Procurement Committee and is a member of Board Audit Committee, Board Human Resource & Remuneration Committee and Board Investment and Risk Management Committee. He is a Certified Director from Pakistan Institute of Corporate Governance (PICG).

After completing his Bachelor of Commerce, he did his MBA from the Asian Institute of Management, Manila, Philippines. Mr. Nasim holds about 40 years’ professional experience in Banking, Finance and Audit fields. He had been an ardent debater with a passion for poetry. He has taken part in declamation contests and won numerous prizes, gold medal and certificate of honour. He is fond of socializing and reading.

He is also currently, a director at Ellcot Spinning Mills Limited, Saritow Spinning Mills Limited and First Credit and Investment Bank Limited.

DIRECTORS' PROFILE



Hafiz Mohammad Yousuf
(Non-Executive Director)

Hafiz Mohammad Yousaf was appointed as Member of the Board of Directors in April 2021. He is a Non-Executive Director being a nominee of the Pakistan Security Printing Corporation (PSPC). He is a Member of the Board Audit Committee, Board Investment & Risk Management Committee, Board Strategic & Sustainability Committee and Board Nomination & Special Committee.

Previously, he also served on the Boards of State Bank of Pakistan (SBP), State Bank Banking Services Corporation (SBP-BSC) and Securities and Exchange Commission of Pakistan (SECP), the top regulators of the Country including chairing Audit and Oversight Committees respectively besides being part of many other important board committees of these institutions including Monetary Policy Committee of SBP.

Currently, he is also serving as the Board Member of SAMBA Bank Limited, Kot Addu Power Company Limited, Pakistan Security Printing Corporation (PSPC), and SICPA Inks Pakistan (Pvt.) Limited where he is also chairing the Board Audit Committees of the respective entities besides being a member of various committees of these Boards.

Mr. Yousaf is appointed by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Bahrain in 2021 as a member of its very prestigious forum namely Public Interest Monitoring Consultative Committee (PIMCC) to represent Pakistan for four years term which is renewed in 2025 for another term of four years. The seven member PIMCC has an oversight on the functioning of the AAOIFI Accounting Board (AAB) and AAOIFI Governance and Ethics Boards (AGEB) to ensure that public interest is duly served.

Mr. Yousaf is a highly qualified professional having diversified qualifications from the renowned Institutions of Pakistan, USA, and Canada. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP), Fellow Member of American Institute of Certified Public

Accountants (AICPA) and Member of Canadian Institute of Chartered Professional Accountants (CICPA) as well as member of many other renowned international professional institutions.

Mr. Yousaf possesses over three decades of diversified post qualification experience as a Chartered Accountant, (including two decades at a Big 4 accounting firm as Partner/Country Leader Consulting).

His core areas of specialization are corporate governance and oversight, compliance and regulations, corporate finance and restructuring, assurance, consulting and financial advisory services.

During his professional career as a chartered accountant he has handled, directed and managed a wide variety of complex professional assignments for private and public sectors, national and international entities. In the recent years, the key areas of his focus are the high-end policies formulation and implementation, strategic directions, oversight of regulations and business operations, governance initiatives and organizational reforms and business decision making, etc. at some of the most important corporate sector entities of the country.

Mr. Yousaf has the honour of serving the council of ICAP for eight years (2009-17) in various leadership positions including being its President for 2015-16 term and represented Pakistan on various prestigious international forums including International Federation of Accountants (IFAC), International Accounting Standard Board (IASB), Asian Oceania Standards Setters Group (AOSSG), CA Worldwide (CAW) and South Asian Federation of Accountants for many years on different important meetings and conferences.

DIRECTORS' PROFILE



Mr. Shafqaat Ahmed
(Non-Executive Director)

Mr. Shafqaat Ahmed was appointed as a member of the Board of Directors of Security Papers Limited in August 2021. He is a Non-Executive Director nominated by Pakistan Security Printing Corporation (PSPC). He is also a Member of Board Audit Committee, Board Procurement Committee and Board Nomination & Special Committee. Whereas, he is also the Chairman of Board Investment & Risk Management Committee, and Board Strategic & Sustainability Committee.

Mr. Ahmed did his Bachelor in Economics from F.C. College Lahore. He is fellow of the Institute of Bankers in Pakistan. He has Directors' Certification from LUMS, PICG and University of Lahore.

He is a senior banker with over 48 years banking experience including 25 years as the President, CEO of Al Baraka Bank (Pakistan) Limited. He also served as Country Head of Bank of Credit & Commerce International, Bahrain.

He is currently, a director at Samba Bank Limited and Gharibwal Cement Limited.



Mr. Munir Ahmed
(Non-Executive Director)

Mr. Munir Ahmed was elected as a member of the Board of Directors of Security Papers Limited in September 2020. He is also the Chairman of Board Audit Committee and Board Human Resource & Remuneration Committee. He is a Certified Director from Pakistan Institute of Corporate Governance (PICG).

In the past, Mr. Munir Ahmed has held about 33 years of professional experience with the Punjab Provincial Cooperative Bank Limited (PPCBL). He has completed his Master's Degree in Science from Bahaud-Din-Zakaria University, Multan and has undergone various trainings at renowned institutions in Pakistan.

He is highly motivated devoted and committed to professional standards and ambitious to sustain a continuing program of self-development and education.

DIRECTORS' PROFILE



Mr. Arshad Mehmood Bhatti
(Non-Executive Director)

Mr. Arshad Mehmood Bhatti was appointed as a member of the Board of Directors of Security Papers Limited in November 2023. He is a Non-Executive Director nominated by Pakistan Security Printing Corporation (PSPC). He is also a member of Board Nomination & Special Committee.

Arshad M. Bhatti, a veteran central banker, is working as Managing Director at Pakistan Security Printing Corporation (PSPC) (a wholly owned subsidiary of the State Bank of Pakistan) since October 2023. As an MD, he is responsible for transforming PSPC into a dynamic, technologically driven, and customer-focused organization that provides quality products to its stakeholders.

Earlier, since September 2021, as Executive Director, he led the Banking Policy & Regulations Group (BPRG), State Bank of Pakistan and spearheaded various deep impact industry level initiatives, including but not limited to; Licensing and regulatory framework for digital banks, strengthening the digital banking regulatory framework and enhancing the security standards therein; and rolled out other key initiatives in the areas of Foreign Exchange Policy, Commercial Banking, Risk Management, Corporate Governance and internal control regime for the banking industry. He was also an active member of Monetary Policy Committee of the State Bank of Pakistan. He briefly led the SBP Banking Service Corporation, from May 2023 to Sep 2023 as its Managing Director where he undertook a couple of impactful cultural transformation initiatives.

Before being elevated to the coveted position of Executive Director BPRG, he led the Exchange Policy Department (EPD) at SBP in rolling out various key policy reforms in the foreign exchange area that aimed at enhancing Ease of Doing Business; fulfilling the FX requirements of the stakeholders and instituting a robust FX policy framework. During his leadership FX regime was effectively revitalized by implementing far reaching foresighted initiatives like Investment Abroad Policy framework, Roshan Digital

Account Easing out the commercial remittances, and revision of FX regulations for implementation of Pakistan Single Window. He was instrumental in engaging the industry players and instituted a process of dialogue, feedback and proactive policy response to FX market through indigenous and innovative solutions.

He has also served Banking Inspection Department SBP as Director for around four years, where he introduced some key reforms in supervisory regime. Before joining the State Bank of Pakistan, he worked in different managerial roles with Forest Development Corporation, Khyber Pakhtunkhwa, since 1991.

He is a fellow member of the Institute of Cost & Management Accountants of Pakistan, a Diploma Associate of the Institute of Bankers Pakistan and has Masters in Economics and Graduation in Forestry from the University of Peshawar, Pakistan. He has represented State Bank at various international fora and has participated in local and international trainings, workshops and symposiums.

He happily lives with his family in Karachi, is an avid reader and is passionate about nature and environment.

He is also currently, the chairman & director of SICPA Inks Pakistan (Pvt.) Ltd and a Managing Director of National Security Printing Company (Pvt.) Limited.

DIRECTORS' PROFILE



Mr. Imran Qureshi
Chief Executive Officer

Mr. Imran Qureshi was appointed by the Board of Directors of Security Papers Limited (SPL) as on September 15, 2022 as the Chief Executive Officer (CEO) of the Company.

He is a 'Certified Director' from PICG.

Mr. Imran Qureshi holds MBA Degree in Marketing from South Eastern University and a Bachelor of Engineering Degree along with a diploma in strategic Leadership from Oxford University, UK.

He has vast experience in Leadership & P&L Management with leading multinational/national organizations. He is a recognized and established leader with reputation of driving growth, turning businesses around and exhibiting strong drive for results. He has also valuable experience in interacting & managing different stake holders including government & key regulators of the country like Competition Commission of Pakistan, National Tariff Commission, Ministry of Commerce, Trade Development Authority, Federal Board of Revenue, Overseas Chamber of Commerce & Industry, Engineering Development Board, Pakistan Customs etc.

Prior to SPL, his career starts as follows:

Chief Executive Officer - Stylers International is a leading denim garments manufacturer and exporter with an annual turnover of over USD 80 million.

Chief Executive Officer - Descon Oxychem Limited, Part of the USD 1 Billion Descon Group, Descon Oxychem Limited is a listed company and is the market leader of Hydrogen Peroxide in Pakistan.

CEO/Managing Director - Coats Pakistan With a rich heritage dating back to 1750s, Coats plc UK is the world's leading industrial thread and textile crafts business, employing 20,000 employees in over 70 countries across six continents around the world.

General Manager, Clothing Business Division - Midas Safety Inc that manufactures and exports specialized work wear clothing solution to Europe and UK.

Business Manager, Decorative Coatings - AkzoNobel Pakistan (ICI Paints).

Business and Marketing Manager, Soda Ash - ICI Pakistan Limited.

CHAIRMAN'S REVIEW



Mr. Mohammad Aftab Manzoor
(Non-Executive Director)

Chairman's Review

Dear Shareholders and Stakeholders,

It is my privilege to present Security Papers Limited's (SPL) Annual Report for the financial year ended June 30, 2025. In 2025, our economy showed signs of recovery and stability. The Government successfully secured the IMF program resulting in exchange rate stability, lower inflation and interest rates.

I am delighted to report that SPL has achieved another year of sustainable performance and recorded highest ever revenue and profit before/after tax despite a challenging business environment. Our stakeholders ongoing support and our employees unwavering dedication have been instrumental in our success. The Company demonstrated remarkable resilience, achieving 8% growth in Net Sales to PKR 7,871 million, with profit after tax rising to PKR 1,524 million.

SPL demonstrated its ability to leverage opportunities beyond normal. By fostering a culture of innovation and operational excellence, we achieved robust growth, and hence delivered sustainable value to our shareholders.

In order to align itself with the changing needs of the customers and keep manufacturing facility in line with international trends, the Company has initiated the plant upgradation project which would enable us to produce banknote and other security papers with enhanced security features available in international market. The Company's strategy remains to improve quality, optimize costs and serve our customers as per their changing needs.

The Boards' commitment to ESG is reflected in long term goals of the Company. This commitment is demonstrated through the continuous investment by the Company in the areas of renewable energy and water conservation. During the year, the Company increased its capacity to recycle waste water and utilize the same in its production. Further Company also increased its solar power generation during the year. The Board maintains strong stance on socio economic issues including customer satisfaction, waste management, environment, equality, diversity and inclusion.

The Board of Directors has played a pivotal role in guiding management towards achieving its strategic objectives. Through effective governance, insightful decision-making, and a commitment to sustainable growth, the Board has ensured that SPL remains well-positioned to capitalize on emerging opportunities and navigate industry challenges. I acknowledge the commitment of my fellow directors and their guidance of the Company's operations long term strategic objectives while upholding the principles of good corporate governance. Through effective governance, insightful decision-making, and a commitment to sustainable growth, the Board has ensured that SPL remains well-positioned to capitalize on emerging opportunities and navigate industry challenges.

The Board has diligently overseen the company's internal control framework, ensuring its effectiveness, transparency, and alignment with best industry practices. Regular evaluations and enhancements have strengthened our risk management capabilities and reinforced our corporate governance standards. The Board has reviewed and affirmed the adequacy of SPL's internal control system, ensuring operational resilience and regulatory compliance across all business functions.

I welcome new member Mrs. Pernur Alaybeyoğlu to our Board of Directors. Her wide range of abilities and expertise will surely bring renewed perspectives and I anticipate her valuable contribution to the affairs of the Company. I would also thank the outgoing Board member, Ms. Figen Caliskan for her valuable contributions.

I take this opportunity to extend my deepest gratitude to our entire workforce and executive management team, whose relentless efforts have been pivotal in achieving our objectives.

As we look to the future, I wish to express my sincere appreciation to our customers, suppliers, and shareholders for their unwavering trust and support. Your confidence in SPL motivates us to innovate further, integrate our resources effectively and elevate our aspirations to reach new milestones.

With a strong commitment to delivering value, fostering innovation, and capitalizing on opportunities, I am confident that we will continue to achieve remarkable progress and create a lasting positive impact. Together, we will innovate, integrate, and elevate to new heights of success.

Mohammad Aftab Manzoor

Chairman

Karachi

Dated: July 30, 2025

SURPASSING THE BEST

24th Position PSX Top Companies Award
for 2023

2nd Position Best Corporate Report
Award 2023

Best Sustainability Award
(Merit Certificate 2023)

39th Corporate Excellence Award of MAP

18th Health and Safety Award 2023

7th Climate Change Adaptation Award
2024

22nd Annual Environmental Excellence
Award 2025

14th Fire and Safety Award 2024

17th Corporate Social Responsibility
Award 2024

Women Empowerment and Gender
Equality Recognition Award 2025

DIRECTORS' REPORT



DIRECTORS’ REPORT

The Directors of Security Papers Limited (SPL / the Company) are pleased to present their Report, together with the audited financial statements of the Company, for the year ended June 30, 2025.

This Directors’ Report has been prepared in accordance with Section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019.

Macroeconomic Review

In 2025, Pakistan's economy showed signs of recovery and stability with inflation significantly controlled. Accordingly, the policy rate witnessed a downward trajectory from 20.5% in July 2024 to 11% in June 2025. Improvement in the economic momentum with GDP growth ticking up at 2.7% coupled with meaningful improvement in other macroeconomic indicators, also contributed to the increase in currency in circulation which crossed Rs 10 trillion mark, and recorded an increase of over 12% as compared to the preceding financial year indicating a shift towards cash holdings. The exchange rate between the US Dollar (USD) and the Pakistan Rupee (PKR) remained stable. In summation, Pakistan’s macroeconomic performance during the year demonstrated resilience and gradual improvement, setting a positive trajectory for future growth and stability.

Company’s Performance

The Company operated at optimum production levels to meet the demand for Banknote and other security paper products. During the year, the company achieved ever highest revenue, profit before and after tax. The company achieved sales volume of 3,557 tons of BNP which nearly matched the ever-highest BNP sales volume of 3,567 tons achieved in 2021-22. Overall, SPL recorded a sale of Rs 7.87 billion for the year ended 30 June 2025, 8% growth over last year.

SPL managed production volumes at 3,810 tons (June 2024: 4,104 tons) during the year while successfully delivering the customers required orders. The management was able to keep cost of production at optimal level by controlling production losses, improved price negotiations for key raw materials and utilizing resources effectively.

Business and Financial Review

The financial year ended June 30, 2025, the Company has displayed stable financial performance by making ever

highest sales of Rs 7.87 billion, showing an increase of 8% over last year, and posted a gross profit of PKR 2.20 billion for the year which translates into a gross margin of 28%, and highest ever profit after tax of Rs 1.52 billion during the year. This was made possible by higher sales of banknote paper and outcomes of management efforts in all areas of business operations. Pakistan Security Printing Corporation (Pvt) Limited (PSPC) remained the key customer with 93% sales comprising of Banknote papers.

The cost of manufacturing banknote and other security paper products remained high during the year. Even though the prices of key raw materials remained stable during the year, the gas prices rose significantly. Despite certain operational challenges, stringent management of raw materials procurement along with management efforts to maintain the efficiencies in utilities consumption, the overall business cost was contained and controlled at a reasonable and realistic level.

Investment income of the Company was recorded at PKR 889 million in FY25 against PKR 996 million during previous year. The decline is due to successive reductions in monetary policy rate since the beginning of current financial year, however, the impact was contained and managed mainly through timely re-profiling of investments. The Company posted a profit after tax of PKR 1.52 billion compared to profit after tax of PKR 1.49 billion in 2024. As a result, earnings per share rose to PKR 25.72/share compared to PKR 25.12/share in 2024.

The Board has been vigilant in performance monitoring to achieve continued improvements in productivity while optimizing costs and processes to ensure sustainable growth of the Company. During the year, the Company completed upgradation of effluent treatment plant and RO bores reducing the dependence on conventional water sources. The Company also installed 110 KW Solar system for admin block endorsing renewable energy policies and pursuing green initiatives.

The Board of Directors, Board Audit Committee, Chief Executive Officer and Executive Management Committee are responsible for oversight of the Company’s operations and to evolve proactive strategies to mitigate any potential adverse impact of major risks. Key performance numbers are given hereafter:

DIRECTORS’ REPORT

Particulars	Year ended 2024-2025	Year ended 2024-2025	Increase Rs.	Decrease %
Sale	7,871	7,312	559	8%
Gross Profit	2,204	2,047	157	8%
Profit before taxation	2,414	2,392	22	1%
Profit after taxation	1,524	1,489	35	2%
Earning after per share-Rs	25.72	25.12	0.60	2%

Profit Appropriation, Dividends and Reserve Transfer

At the beginning of the year, total reserves of the Company stood at PKR 7.63 billion out of which the Board announced a final dividend of PKR 593 million for the year ended June 30, 2024. During the year, the Company made a net profit of PKR 1.52 billion and announced an interim dividend of PKR 2.5/share. The Company has transferred Rs 789 million to revenue reserves. The total reserves as at end of the year stood at PKR 8.41 billion.

The Board is pleased to propose a final dividend of PKR 9.00/share, in addition to interim dividend of PKR 2.5/ share that has already been paid out, for the approval of shareholders in the Annual General Meeting to be held on 26th September 2025. There were no other material changes affecting the financial position of the Company till the date of issue of this report.

Environmental, Social and Governance (ESG)

The Company has strategic nature of operations as its products are of highest national importance. Therefore, the security of products, its production facilities and human capital is of prime concern for the management. For sustainable business growth, the company believes to work on social goals that are beyond maximizing profits for the shareholders, and include factors identified in organization context like diversity, human rights, consumer protection, management structure, employee relations, relations with all interested parties (internal & external), climate change and sustainability etc.

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

Awards & Recognition

During 2025, the Company continued its legacy of excellence across all dimensions and our efforts were recognized on several local and international forums. Below are some of the major awards won by SPL during 2025:

- Top 25 Companies Award 2023 by PSX
- 2nd position in the Best Corporate Report Awards for 2023 by ICAP and ICMAP, in respective category.
- Merit certificate for Best Sustainability Report Award 2023 by ICAP and ICMAP
- 39th Corporate Excellence Award 2024 by Management Association of Pakistan
- Environmental Excellence, Fire & Safety and CSR Awards 2024 by The National Forum for Environment and Health.
- Women Empowerment and Gender Equality Awards 2025 by Employees’ Federation of Pakistan.
- Climate Change Adaptation Award 2024 by Future Forum (Pvt) Limited.

Corporate Social Responsibility (CSR)

At Security Papers Limited (SPL), we remain committed to contributing meaningfully to the communities we serve. Guided by our core values and sense of corporate citizenship, we continue to support initiatives that create a lasting, positive impact in the areas of health, education, and community development.

In line with our CSR policy, 1% of the Company’s profit is allocated annually for community investment. During the year, SPL undertook various philanthropic and outreach activities. A notable initiative was a successful blood donation drive held at the Company’s premises in collaboration with Indus Hospital & Health Network, reinforcing our commitment to healthcare access and employee volunteerism.

For the financial year 2024-2025, the total CSR disbursement amounted to PKR 14.14 million which includes the following:

- Indus Hospital & Health Network
- SOS Children’s Villages
- The Citizens Foundation
- Dr. Ruth K.M. Pfau, Civil Hospital, Karachi

DIRECTORS' REPORT

SPL remains dedicated to creating shared value and contributing to the long-term well-being of society through impactful and responsible giving.

Diversity, Equity and Inclusion (DE&I).

SPL is committed to fostering a culture of diversity, equity, and inclusion at all levels of the organization. Every employee is respected, valued, and empowered. A comprehensive DE&I policy has been developed and implemented to support this commitment, along with other key policies such as the maternity leave policy and anti-harassment policy, aimed at creating an inclusive and respectful workplace environment. The Company strictly complies with the Protection Against Harassment of Women at the Workplace Act, 2010 as amended up to date.

SPL is an equal opportunity employer with a strong focus on gender diversity and the inclusion of differently abled individuals. Currently, SPL employs five differently abled persons and has increased female representation in management from 12.6% to 15.5%. The Company is actively working to further improve these figures and continually revisits its policies to support a more inclusive workforce.

To further promote inclusivity:

- SPL celebrated World Disability Day with awareness sessions and employee engagement activities.
- A Breast Cancer Awareness session was conducted for female employees, including education on early detection and prevention, followed by physical examinations and mammography, where required.

SPL upholds a workplace free from gender discrimination, with no pay disparity based on gender. Employee compensation is determined by objective criteria including experience, tenure, education, job responsibilities, performance, and market benchmarks.

Sustainability, Health, Safety & Environment

The Company prioritizes Sustainability, Health, Safety and Environment (HSE) at core of its activities. On sustainability front company has invested significantly to reduce load on natural resources especially on water consumption capacity of existing effluent treatment plant has been increased from 165,000 gallons/day to 350,000 gallons/day. Moreover to reduce consumption of fossil fuels at site and to reduce carbon foot prints solar power system of 110 KW has been added to the existing 40 KW system installed previously. In next year budget another solar power system of 350 KW has been approved which further affirms the commitment of the company to

reduce carbon foot prints at site by utilizing clean energy sources.

Board Strategic and Sustainability Committee is already in place to provide guidance on sustainability and social responsibility matters. The committee operates independently and has the mandate to inform, consult and initiate actions after taking Board of director on board regarding issues. As part of its annual report, the Company publishes a detailed Sustainability report which includes sustainability risks and mitigation strategies, sustainability performance, materiality assessment and developmental goals. The sustainability report is reviewed by an independent firm.

Recognizing the importance of Health, Safety & Environment (HSE) systems in manufacturing industry and to foster a safe, responsible, and performance-driven culture, Security Papers Limited (SPL) has taken significant steps to embed safety into its core operations. The establishment of the HSE Department last year marked the beginning of this cultural shift. With the approach to develop a strong safety culture at grass root level, New Permit to Work system has been implemented to review all activities at site and to control high-risk activities at start by proper review of the jobs and all the steps involved. Online portal for reporting unsafe acts and unsafe conditions has been introduced to promote transparency and proactive hazards identification. Regular risk assessments and Job Safety Analysis (JSA) practices have been initiated across all the departments to ensure all the jobs are planned properly and executed safely.

Corporate Governance

The Board aims to be exemplary in applying corporate governance principles at SPL. We have developed Code of Conduct and business practices for Directors and SPL Employees. The Code of Corporate Governance and best available practices in corporate governance are guiding pillars for us. We conduct our business in compliance with the applicable laws and rules. The Code of Conduct summarizes the values, principles and business practices that guide the business conduct of the Company. The Code of Conduct clearly refrains from conflict of interest. In case a conflict of interest is not avoidable, it requires to be reported to the Board of Directors for resolution. Further details regarding Code of Conduct and business practices are available at our website: www.security-papers.com

The Board supervises executive management in corporate governance and makes strategic decisions for the

DIRECTORS' REPORT

Company. The Board also played an important role in overseeing the Management performance and focusing on major risks faced by the Company.

The Board of Directors meets at least once a quarter. The CEO, CFO, Company Secretary and other members of the Executive Committee regularly attend the meeting of the Board of Directors at the invitation of the Chairman for the purpose of reporting and providing the desired information. The Committees report on their activities and results to the Board of Directors.

The Board of Directors has delegated the executive management of the Company to the CEO for smooth operations of Company's business.

Compliance with the Code of Corporate Governance

The "Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019" (CCG) is annexed (page 61).

Board and Committees Changes

The following changes took place since the previous year's Annual Report:

Mrs. Pernur Alaybeyoğlu, non-executive Director, joined the Board as a nominee of Sumer Holdings A.S. Turkey in place of Ms. Figen Caliskan. As a result of foregoing changes on the Board of Directors of the Company, necessary consequential changes were also made on various Board Committees. The Board welcome the new director and appreciated the valuable contribution of the outgoing Director while she was on the Board of Directors and its various Committees.

Chairman's Review

The Board of Directors endorse the contents of the Chairman's Review annexed (page 31).

Composition of the Board

The composition of the Board is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 applicable on listed entities which is given below:

Total Number of Directors

Male	8
Female	1

Composition

Mr. Mohammad Aftab Manzoor	Chairman
Mr. Munir Ahmed	Independent Director
Mr. Jamal Nasim	Non-Executive Director
Mr. Hamid Bazargan	Non-Executive Director
Mrs. Pernur Alaybeyoğlu	Non-Executive Director
Hafiz Mohammad Yousaf	Non-Executive Director
Mr. Shafqaat Ahmed	Non-Executive Director
Mr. Arshad Mehmood Bhatti	Non-Executive Director
Mr. Imran Qureshi	Chief Executive Officer

Committees of the Board

Board Audit Committee	
Mr. Munir Ahmed	Chairman
Mr. Jamal Nasim	Member
Hafiz Mohammad Yousaf	Member
Mr. Shafqaat Ahmed	Member
Mr. Hamid Bazargan	Member

Board Human Resource & Remuneration Committee	
Mr. Munir Ahmed	Chairman
Mr. Mohammad Aftab Manzoor	Member
Mr. Jamal Nasim	Member
Mr. Shafqaat Ahmed	Member

Board Strategic & Sustainability Committee	
Mr. Shafqaat Ahmed	Chairman
Mr. Mohammad Aftab Manzoor	Member
Hafiz Mohammad Yousaf	Member
Mrs. Pernur Alaybeyoğlu	Member

Board Investment and Risk Management Committee	
Mr. Shafqaat Ahmed	Chairman
Hafiz Mohammad Yousaf	Member
Mrs. Pernur Alaybeyoğlu	Member
Mr. Jamal Nasim	Member

DIRECTORS' REPORT

Board Procurement Committee	
Mr. Jamal Nasim	Chairman
Mr. Mohammad Aftab Manzoor	Member
Mr. Shafqaat Ahmed	Member
Mr. Hamid Bazargan	Member

Board Nomination & Special Committee	
Mr. Mohammad Aftab Manzoor	Chairman
Mr. Shafqaat Ahmed	Member
Hafiz Mohammad Yousaf	Member
Mr. Arshad Mehmood Bhatti	Member

The election of independent directors of Security Papers Limited (“SPL”) had to be addressed at the 8th EOGM, which was due to be held on 29 November 2023. However, the EOGM got suspended/adjourned twice owing to the matters related to Company’s legal status. SECP had granted three extensions on the due date for holding elections, owing to impediments being faced by the Company and its Board related to its legal status. The Company applied for an extension for the fourth time, owing to the same impediments but the same was rejected by SECP and as it was practically impossible to fulfill the statutory requirements of holding an EOGM within the prescribed timeframe, SPL proceeded with filing of an appeal on this matter with the Registrar of Companies, SECP. A hearing was held on 19 June 2025 with the Registrar of Companies, SECP which was attended by the Legal Counsel & Company Secretary. Thereafter, SECP had requested the Company to provide them with the CRO Order dated 12 November 2024 related to the rejection of extension in due date for holding elections and a chronological summary/synopsis of the SPL’s legal status case. The said information was provided to SECP on 23 June 2025 and since then there has been no update from Registrar of Companies, SECP on the appeal related to extension in due date for holding the elections.

During the Financial Year 2024/25, the Appellate Bench of SECP passed an order dated 7 February 2025 on SPL’s appeal through which, it had upheld the SECP Order dated 26 January 2024 and reiterated that SPL is a listed Public Sector Company (PSC), based upon the shareholding of certain entities. SPL challenged the Appellate Bench’s order in Miscellaneous Appeal No. 27 of 2025 before the Sindh High Court (SHC).

During the pendency of the appeal related to the Appellate Bench order, the SHC after hearing the preliminary

arguments, passed an ad-interim order dated 26 February 2025, whereby the operation of both SECP order and Appellate Bench’s order was suspended and thereby, maintaining status-quo on the legal status of SPL as Public Listed Company. Subsequently, the Company decided to proceed with holdings its elections for the third time at the 8th Reconvened EOGM, which was scheduled for 27 March 2025. However, on an application filed by SECP in Miscellaneous Appeal 27/2025 on 25 March 2025, the SHC restrained SPL from holding its elections until the legal status matter is adjudicated upon. Therefore, 8th EOGM was reconvened on 27 March 2025 and as the matter was subjudice, before taking up the agenda for elections, the said EOGM was concluded without the elections being held. The Company has already filed its counter affidavit in response to SECP’s application in the aforesaid appeal.

Board Performance Evaluation

In accordance with the applicable provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019, (“CCG”) the Board undergoes an annual evaluation of its performance. The Board of Directors recognizes the importance of continuous assessment in determining how effectively the Board has performed against its established objectives and goals. Post evaluation, areas of improvement are identified, and corrective action plans are devised and implemented.

The board’s performance evaluation is carried out by an external consultant once in every three years, and was last carried out for the year 2024. During the current financial year, a formal process of Board’s own performance, members of the Board and its committees was undertaken by the Company Secretary.

Directors' Remuneration

The Board of Directors of the Company has approved a formal Directors’ Remuneration Policy which includes a transparent procedure for the remuneration of Directors, in accordance with the Companies Act, 2017 and CCG. As per the said policy, Non-Executive and Independent Directors are paid an after-tax remuneration of PKR 160,000/- for attending each meeting of the Board or its Sub-Committees. Appropriate disclosure for remuneration paid during the year to the Directors and the Chief Executive has been provided in note 31 to the financial statements.

Directors’ Training Program

The Company is compliant in respect of certification of directors under the Directors' Training program.

DIRECTORS' REPORT

Pattern of Shareholding

A statement showing the pattern of shareholding as at June 30, 2025 required under section 227(2)(f) of the Companies Act, 2017, is annexed to this report.

Business Continuity Plan

The Company has a comprehensive Business Continuity plan and there are no significant doubts about the Company’s ability to continue as a going concern.

Changes in Nature of Business

No change has occurred during the financial year under review concerning the nature of the business.

Default of Payments, Debt / Loan Taxes and Duties

No payment on account of taxes, loan, duties and levies was overdue or outstanding at the end of the financial year under review.

Related party transactions

In accordance with the requirements of the Code of Corporate Governance, The Company presented all related party transactions before the Audit Committee and the Board for their review and approval respectively.

Subsequent Events

There were no material changes or commitments affecting the financial position of the Company occurring between the end of the financial year of the Company and the date of this report except as discussed in this report.

Internal Financial Controls

The Board is responsible to oversees the development and implementation of internal controls by the management and that the management has established an efficient system of internal financial controls for efficient conduct of operations, safeguarding of Company’s assets, compliance with applicable laws and regulations and reliable financial reporting. The Board also monitors management’s response to accounting and reporting control deficiencies and weaknesses.

The independent Internal Audit function of the Company regularly appraises the implementation of internal controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on quarterly basis. The internal controls are designed through risk-based assessments. Internal audit plays an important role in evaluating the effectiveness of these internal control systems. The internal control system is designed to provide reasonable assurance regarding effectiveness and efficiency

of operations, reliability of financial reporting and compliance with applicable laws and regulations. In order to combat irregularities and discrepancies, the Company has built a strong system of internal control based on the five pillars of internal controls i.e., control environment, risk assessment, corporate governance, information and communication, and monitoring.

Corporate and Financial Reporting Framework

The Company is committed to maintain high standards of corporate governance; the Company is compliant with the Corporate and Financial Reporting Framework as per the Listing Regulations of the PSX and provisions of the Code of Corporate Governance 2019.

The Directors confirm that:

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements; and any departure thereof has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company’s ability to continue as a going concern.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of the report.

Financial Statements

The auditors of the Company, PwC A.F. Fergusons & Co, Chartered Accountants audited the financial statements of the Company and have issued an unqualified report to the members.

Risk Management

It is the responsibility of the Board to ensure that an effective risk management framework is in place in the

DIRECTORS' REPORT

company. The board is supported by its Risk Management Committee to have an adequate risk oversight over the affairs of the company. The Committee is instrumental in identifying, mitigating and managing risks. The Board reviews principal risks facing the Company and considers whether they reflect an acceptable level of risk. Where this is not the case, the Board also considers what is required to reduce the likelihood and potential impact of the risk.

Management is responsible for implementing and maintaining controls. The Company periodically reviews risk register to identify the risks, their potential impact and likelihood of occurrence, the key controls and management processes established to mitigate these risks, and the investment and time scales agreed to reduce the risk to an acceptable level within the risk appetite set by the Board.

The Board, through its risk sub-committee, has undertaken a robust risk assessment to identify risks. The Board receives regular updates on risk management and material changes to risk, while the Board Audit Committee also reviews the Company's risk report.

Auditors

The auditors, PwC A.F. Ferguson & Co, Chartered Accountants, retire at the conclusion of the 60th Annual General Meeting. Being eligible, they have offered themselves for re-appointment at a remuneration of Rs. 5.6 million. As suggested by the Board Audit Committee, the Board recommended the appointment of PwC A.F. Ferguson & Co, Chartered Accountants as auditors of the Company for the year 2025-26.

Contribution to the National Exchequer

During the year under review the Company contributed an amount of Rs 2,276 million to the national exchequer on account of direct and indirect taxes and levies as compared to Rs 2,113 million during the corresponding period. In addition, the Company had also made foreign exchange savings of US\$ 28 million (approx.) through import substitution during the year.

Prospects and Future Outlook

Looking ahead to 2026, Pakistan's economic prospects appear cautiously optimistic. The GDP growth rate is projected to be around 3.6%. The government's focus on policy reforms, fiscal discipline, and enhancing export competitiveness will play a crucial role in driving economic stability. However, challenges such as geopolitical

tensions, climate hazards, and maintaining consistent policy implementation remain. With the right measures, Pakistan has the potential to achieve sustainable growth and improve its economic outlook in the coming year.

The Board is focused on improving performance at work place and the Company is well poised to encounter future challenges through various measures including innovation, planning, cost controlling, operational analysis, expanding product base and prudent financial management.

During the year the members of the Company, in extra ordinary general meeting, have approved capital investment of PKR 3.4 billion, including Euro: 8.3 million for upgradation of paper making machine (PM-2). Subsequently, the Company has signed an agreement with M/s Giesecke+Devrient Currency Technology GmbH, Germany. The upgraded machinery would enable the Company to manufacture Banknote paper with enhanced features as per the key customer's demand. The Company remains committed to staying at the forefront of industry trends, fostering innovation, and contributing to a safe and sustainable future. We draw inspiration from our resilient team, the trust of our customers, and the opportunities ahead. Guided by excellence and socio-economic development we strive for quality improvement, innovations and opportunities in a challenging macroeconomic, political and social environment to improve productivity and enhance shareholders value.

Acknowledgement

The Board extends heartfelt gratitude to our shareholders, investors, customers, partners, and, above all, our dedicated employees for their unwavering contributions and achievements.

On behalf of the Board of Directors

Imran Qureshi

Chief Executive Officer

Jamal Nasim

Director

Karachi

Dated: July 30, 2025

مواقع سے حوصلہ حاصل کرتے ہیں۔ بہترین معیار اور سماجی و معاشی ترقی کی رہنمائی میں، ہم معیار میں بہتری، جدت اور مواقع کے حصول کے لیے کوشاں ہیں تاکہ مشکل معاشی، سیاسی اور سماجی حالات میں بھی پیداواری صلاحیت کو بہتر بنایا جاسکے اور حصص یافتگان کی قدر میں اضافہ کیا جاسکے۔

اظہار تشکر

بورڈ اپنے حصص یافتگان، سرمایہ کاروں، صارفین، شراکت داروں اور سب سے بڑھ کر اپنے محنتی ملازمین کا دلی شکریہ ادا کرتا ہے، جنہوں نے اپنی انتھک کاوشوں اور کامیابیوں سے کمپنی کو آگے بڑھایا۔

بہ جانب بورڈ آف ڈائریکٹرز

Imran Qureshi

جمال نسیم

ڈائریکٹر

Imran Qureshi

عمران قریشی

چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 30 جولائی 2025

ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی۔

قومی خزانے میں شراکت

جائزہ سال کے دوران کمپنی نے براہ راست اور بالواسطہ ٹیکسوں اور لیویز کی مد میں قومی خزانے میں 2,276 ملین روپے کا حصہ ڈالا، جو کہ گزشتہ سال کی اسی مدت میں 2,113 ملین روپے تھا۔ اس کے علاوہ، کمپنی نے درآمدی متبادل کے ذریعے تقریباً 28 ملین امریکی ڈالر کا زر مبادلہ بھی بچایا۔

مستقبل کے امکانات اور نقطہ نظر

سال 2026 کی طرف دیکھتے ہوئے، پاکستان کے معاشی امکانات محتاط انداز میں مثبت دکھائی دیتے ہیں۔ جی ڈی پی کی شرح نمو کا تخمینہ تقریباً 3.6% لگایا گیا ہے۔ حکومت کی توجہ پالیسی اصلاحات، مالی نظم و ضبط، اور برآمدات کی مسابقت کو بڑھانے پر مرکوز ہے، جو معاشی استحکام کے فروغ میں اہم کردار ادا کرے گی۔ تاہم، جغرافیائی سیاسی کشیدگی، ماحولیاتی خطرات، اور پالیسیوں کے تسلسل کو برقرار رکھنا بڑے چیلنجز ہیں۔ درست اقدامات کے ساتھ پاکستان پائیدار ترقی حاصل کرنے اور آنے والے سال میں اپنے معاشی امکانات کو بہتر بنانے کی صلاحیت رکھتا ہے۔

بورڈ کی توجہ کام کی جگہ پر کارکردگی کو بہتر بنانے پر ہے اور کمپنی مختلف اقدامات کے ذریعے مستقبل کے چیلنجز سے نمٹنے کے لیے پوری طرح تیار ہے، جن میں جدت طرازی، منصوبہ بندی، اخراجات پر قابو پانا، آپریشنل تجزیہ، مصنوعات کی رینج میں توسیع اور دانشمندانہ مالی انتظام شامل ہیں۔

سال کے دوران کمپنی کے اراکین نے غیر معمولی عام اجلاس میں 3.4 بلین روپے کی سرمایہ کاری کی منظوری دی، جس میں پیپر میکنگ مشین (PM-2) کی اپگریڈیشن کے لیے 8.3 ملین یورو شامل ہیں۔ اس کے بعد کمپنی نے جرمنی کی M/s Giesecke+Devrient Currency Technology GmbH کے ساتھ معاہدہ کیا۔ اپگریڈ کی گئی مشینری کمپنی کو اپنے کلیدی کسٹمر کی طلب کے مطابق اضافی خصوصیات کے ساتھ بینک نوٹ پیپر تیار کرنے کے قابل بنائے گی۔ کمپنی صنعت کے رجحانات میں آگے رہنے، جدت کو فروغ دینے اور ایک محفوظ و پائیدار مستقبل میں اپنا کردار ادا کرنے کے لیے پرعزم ہے۔ ہم اپنی مضبوط ٹیم، صارفین کے اعتماد اور آنے والے

کمپنی پہلے ہی ایس ای سی پی کی مذکورہ درخواست کے جواب میں اپنا کاؤنٹر حلف نامہ جمع کرا چکی ہے۔

بورڈ کی کارکردگی کا جائزہ

قواعد و ضوابط برائے لسٹڈ کمپنیاں (کارپوریٹ گورننس کوڈ) 2019 کے تحت بورڈ ہر سال اپنی کارکردگی کا جائزہ لیتا ہے۔ بورڈ اس بات کو تسلیم کرتا ہے کہ مقاصد و اہداف کے حصول میں اپنی کارکردگی کو جانچنے کے لیے مستقل جائزہ نہایت اہم ہے۔ جائزے کے بعد بہتری کے پہلوؤں کی نشاندہی کی جاتی ہے اور ان کے لیے اصلاحی اقدامات کیے جاتے ہیں۔

ہر تین سال بعد بورڈ کی کارکردگی کا جائزہ ایک بیرونی کنسلٹنٹ کے ذریعے بھی لیا جاتا ہے، جو آخری بار سال 2024 میں ہوا۔ موجودہ مالی سال کے دوران کمپنی سیکریٹری نے بورڈ، اس کے ارکان اور کمیٹیوں کی کارکردگی کا باضابطہ جائزہ لیا۔

ڈائریکٹرز کا معاوضہ

کمپنی کے بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی معاوضے کی باضابطہ پالیسی منظور کی ہے، جو کمپنیز ایکٹ 2017 اور CCG کے مطابق ہے۔ اس پالیسی کے تحت غیر ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ یا اس کی کمیٹیوں کے ہر اجلاس میں شرکت پر بعد از ٹیکس 160,000 روپے فی اجلاس معاوضہ دیا جاتا ہے۔ سال کے دوران ادا کی گئی معاوضوں کی تفصیل مالی بیانات کے نوٹ نمبر 31 میں دی گئی ہے۔

ڈائریکٹرز کی تربیت

کمپنی ڈائریکٹرز ٹریننگ پروگرام کے تحت ڈائریکٹرز کی سرٹیفیکیشن کے تقاضے پر پوری طرح عمل پیرا ہے۔

شیئر ہولڈنگ کا پیٹرن

30 جون 2025 تک کاشیئر ہولڈنگ پیٹرن کمپنیز ایکٹ 2017 کی دفعہ 227(2)(f) کے تحت اس رپورٹ کے ساتھ منسلک ہے۔

کاروباری تسلسل کا منصوبہ

کمپنی کے پاس مکمل بزنس کنٹینوٹی پلان موجود ہے اور کمپنی کے جاری رہنے کی صلاحیت پر کوئی اہم شکوک نہیں ہیں۔

کاروبار کی نوعیت میں تبدیلی

مالی سال کے دوران کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی۔

ادائیگیوں میں نادہندگی، قرض / ٹیکس اور ڈیوٹیاں

مالی سال کے اختتام پر کمپنی پر ٹیکس، قرض، محصولات یا واجبات کی کوئی بقیہ ادائیگی نہیں تھی۔

متعلقہ فریقین کے لین دین

کارپوریٹ گورننس کے ضوابط کے تحت، کمپنی نے تمام متعلقہ فریقوں کے لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے منظوری کے لیے پیش کیا۔

بعد از مالی سال واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والا کوئی بڑا واقعہ پیش نہیں آیا، سوائے ان کے جو رپورٹ میں بیان کیے گئے ہیں۔

اندرونی مالیاتی کنٹرول

بورڈ انتظامیہ کی جانب سے اندرونی کنٹرولز کی ترقی اور نفاذ کی نگرانی کرنے کا ذمہ دار ہے اور یہ کہ انتظامیہ نے آپریشنز کی مؤثر انجام دہی، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالی رپورٹنگ کے لیے ایک مؤثر اندرونی مالی کنٹرول سسٹم قائم کیا ہے۔ بورڈ انتظامیہ کے اکاؤنٹنگ اور رپورٹنگ کنٹرول کی کمیوں اور کمزوریوں کے جواب کی بھی نگرانی کرتا ہے۔

کمپنی کا آزاد داخلہ آڈٹ فنکشن باقاعدگی سے اندرونی کنٹرولز کے نفاذ کا جائزہ لیتا ہے، جبکہ آڈٹ کمیٹی سہ ماہی بنیاد پر اندرونی کنٹرول فریم ورک اور مالی بیانات کی مؤثریت کا جائزہ لیتی ہے۔ داخلی کنٹرولز کو خطرات کی بنیاد پر اندازہ لگاتے ہوئے ڈیزائن کیا جاتا ہے۔ داخلی آڈٹ ان داخلی کنٹرول سسٹمز کی مؤثریت کا جائزہ لینے

میں اہم کردار ادا کرتا ہے۔ داخلی کنٹرول سسٹم اس بات کو یقینی بنانے کے لیے ڈیزائن کیا گیا ہے کہ آپریشنز کی مؤثریت اور کارکردگی، مالی رپورٹنگ کی قابل اعتمادیت اور قابل اطلاق قوانین و ضوابط کی تعمیل کے حوالے سے معقول یقین دہانی حاصل ہو سکے۔ بے ضابطگیوں اور تضادات کا مقابلہ کرنے کے لیے کمپنی نے اندرونی کنٹرول کے پانچ ستونوں پر مبنی ایک مضبوط سسٹم تیار کیا ہے، یعنی کنٹرول کا ماحول، خطرے کا اندازہ، کارپوریٹ گورننس، معلومات اور مواصلات، اور نگرانی۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کارپوریٹ گورننس کے اعلیٰ معیارات پر عمل پیرا ہے اور PSX کے لسٹنگ ریگولیشنز اور کوڈ آف کارپوریٹ گورننس 2019 کے تقاضوں پر مکمل عمل درآمد کرتی ہے۔

ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ:

(الف) کمپنی کے انتظامیہ کی جانب سے تیار کردہ مالی بیانات اس کی مالی حالت، آپریشنز کے نتائج، نقد بہاؤ اور لیکویٹی میں تبدیلیوں کو درست طور پر ظاہر کرتے ہیں۔

(ب) کمپنی کی درست اکاؤنٹس کی کتابیں برقرار رکھی گئی ہیں۔
(ج) مالی بیانات کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کو مستقل طور پر اختیار کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔

(د) مالی بیانات کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) اور کمپنیز ایکٹ 2017 کی ضروریات پر عمل کیا گیا ہے؛ اور کسی بھی انحراف کو مناسب طور پر ظاہر اور وضاحت کیا گیا ہے۔

(ه) اندرونی کنٹرول کا نظام ڈیزائن میں مؤثر ہے اور اسے مؤثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔

(و) کمپنی کی بطور جاری رہنے والی اکائی کے طور پر صلاحیت پر کوئی قابل ذکر شکوک موجود نہیں ہیں۔

اہم تبدیلیاں اور وعدے

کمپنی کی مالی حالت کو متاثر کرنے والی کوئی اہم تبدیلیاں اور وعدے، جو کمپنی کے مالی سال کے اختتام (جس سے سیلنس شیٹ متعلق ہے) اور اس رپورٹ کی تاریخ کے درمیان پیش آئے ہوں، واقع نہیں ہوئے۔

مالی بیانات

کمپنی کے آڈیٹرز، PwC اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے مالی بیانات کا آڈٹ کیا ہے اور اراکین کو بغیر کسی اعتراض (Unqualified) کی رپورٹ جاری کی ہے۔

خطرات کا انتظام

یہ بورڈ کی ذمہ داری ہے کہ کمپنی میں ایک مؤثر رسک مینجمنٹ فریم ورک موجود ہو۔ اس مقصد کے لیے بورڈ کو اپنی رسک مینجمنٹ کمیٹی کی معاونت حاصل ہے تاکہ کمپنی کے امور پر مناسب نگرانی رکھی جاسکے۔ یہ کمیٹی خطرات کی نشاندہی، ان کے ازالے اور انتظام میں اہم کردار ادا کرتی ہے۔ بورڈ کمپنی کو درپیش بڑے خطرات کا جائزہ لیتا ہے اور یہ دیکھتا ہے کہ آیا وہ خطرے کی قابل قبول سطح کی نمائندگی کرتے ہیں یا نہیں۔ اگر ایسا نہ ہو تو بورڈ یہ بھی غور کرتا ہے کہ خطرے کے امکان اور اس کے ممکنہ اثر کو کم کرنے کے لیے کیا اقدامات ضروری ہیں۔

مینجمنٹ پر یہ ذمہ داری عائد ہوتی ہے کہ وہ کنٹرولز کو نافذ کرے اور ان کی دیکھ بھال کرے۔ کمپنی وقتاً فوقتاً رسک رجسٹر کا جائزہ لیتی ہے تاکہ خطرات کی نشاندہی کی جا سکے، ان کے ممکنہ اثرات اور واقع ہونے کے امکانات کو پرکھا جاسکے، اہم کنٹرولز اور انتظامی عمل کو واضح کیا جاسکے جو ان خطرات کو کم کرنے کے لیے قائم کیے گئے ہیں، اور سرمایہ کاری و وقت کے دورانیے کو طے کیا جاسکے تاکہ بورڈ کی مقرر کردہ حد کے اندر خطرات کو قابل قبول سطح تک لایا جاسکے۔

بورڈ نے، اپنی ذیلی رسک کمیٹی کے ذریعے، خطرات کی نشاندہی کے لیے ایک جامع تجزیہ کیا ہے۔ بورڈ کو رسک مینجمنٹ اور خطرات میں اہم تبدیلیوں کے حوالے سے باقاعدہ اپڈیٹس موصول ہوتی ہیں، جبکہ بورڈ آڈٹ کمیٹی بھی کمپنی کی رسک رپورٹ کا جائزہ لیتی ہے۔

آڈیٹرز

آڈیٹرز، پی ڈبلیو سی اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، 60 ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جاتے ہیں۔ اہلیت کے مطابق، انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے جس کے عوض ان کی فیس 5.6 ملین روپے رکھی گئی ہے۔ جیسا کہ بورڈ آڈٹ کمیٹی کی طرف سے تجویز کیا گیا، بورڈ نے 2025-26 کے لیے کمپنی کے آڈیٹرز کے طور پر پی ڈبلیو سی اے

ضابطہ اخلاق اور کاروباری اصول وضع کیے ہیں۔ کارپوریٹ گورننس کا ضابطہ اور کارپوریٹ گورننس میں بہترین دستیاب طریقہ کار ہمارے لیے رہنمائی کے ستون ہیں۔ ہم اپنا کاروبار قابل اطلاق قوانین اور ضوابط کے مطابق چلاتے ہیں۔ ضابطہ اخلاق ان اقدار، اصولوں اور کاروباری طریقوں کا خلاصہ ہے جو کمپنی کے کاروباری رویے کی رہنمائی کرتے ہیں۔ ضابطہ اخلاق واضح طور پر مفادات کے ٹکراؤ سے اجتناب کرتا ہے۔ اگر مفادات کا ٹکراؤ ناگزیر ہو تو اسے حل کے لیے بورڈ آف ڈائریکٹرز کو رپورٹ کرنا لازمی ہے۔ ضابطہ اخلاق اور کاروباری اصولوں کے بارے میں مزید تفصیلات ہماری ویب سائٹ پر دستیاب ہیں:

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بورڈ، کارپوریٹ گورننس میں ایگزیکٹو مینجمنٹ کی نگرانی کرتا ہے اور کمپنی کے لیے اسٹریٹجک فیصلے کرتا ہے۔ بورڈ نے مینجمنٹ کی کارکردگی کی نگرانی کرنے اور کمپنی کو درپیش بڑے خطرات پر توجہ دینے میں بھی اہم کردار ادا کیا ہے۔

بورڈ آف ڈائریکٹرز کم از کم ہر سہ ماہی میں ایک بار اجلاس منعقد کرتا ہے۔ سی ای او، سی ایف او، کمپنی سیکرٹری اور ایگزیکٹو کمیٹی کے دیگر اراکین رپورٹنگ اور مطلوبہ معلومات فراہم کرنے کی غرض سے چیئر مین کی دعوت پر بورڈ آف ڈائریکٹرز کے اجلاس میں باقاعدگی سے شریک ہوتے ہیں۔ کمیٹیاں اپنی سرگرمیوں اور نتائج کی رپورٹ بورڈ آف ڈائریکٹرز کو پیش کرتی ہیں۔

بورڈ آف ڈائریکٹرز نے کمپنی کے کاروبار کے ہموار آپریشن کے لیے ایگزیکٹو مینجمنٹ کو سی ای او کے سپرد کیا ہے۔

کارپوریٹ گورننس کوڈ کی تعمیل

”لسٹڈ کمپنیز (کارپوریٹ گورننس کے ضابطہ اخلاق) ریگولیشنز 2019“ کے ساتھ تعمیل کا بیان اس رپورٹ کے ضمیمہ میں شامل ہے (صفحہ 61)۔

بورڈ اور کمیٹیوں میں تبدیلیاں

گزشتہ سال کی سالانہ رپورٹ کے بعد یہ تبدیلیاں ہوئیں:

محترمہ پرنور الابی اوغلو، نان ایگزیکٹو ڈائریکٹر کے طور پر ترکی کی Sumer Holdings A.S. کی نامزدگی پر بورڈ میں شامل ہوئیں اور انہوں نے محترمہ فینگن کالیسکن کی جگہ لی۔ اس کے نتیجے میں مختلف بورڈ کمیٹیوں میں بھی

تبدیلیاں کی گئیں۔ بورڈ نے نئی ڈائریکٹر کو خوش آمدید کہا اور سابق ڈائریکٹر کی قیمتی خدمات کو سراہا۔

چیئر مین کا جائزہ

بورڈ آف ڈائریکٹرز اس رپورٹ کے ضمیمہ میں دیے گئے چیئر مین کے جائزے کی تائید کرتا ہے (صفحہ 31)۔

بورڈ کی تشکیل

بورڈ کی تشکیل لسٹڈ کمپنیز (کارپوریٹ گورننس کے ضابطہ اخلاق) ریگولیشنز 2019 کے مطابق ہے۔

کل ڈائریکٹرز کی تعداد:

مرد: 8

خواتین: 1

تشکیل

جناب محمد آفتاب منظور

جناب منیر احمد

جناب جمال نسیم

جناب حمید بازارگان

محترمہ پرنور علابی اوغلو

حافظ محمد یوسف

جناب شفقات احمد

جناب ارشد محمود بھٹی

جناب عمران قریشی

بورڈ کی کمیٹیاں

بورڈ آڈٹ کمیٹی

جناب منیر احمد

جناب جمال نسیم

حافظ محمد یوسف

چیئر مین

رکن

رکن

جناب شفقات احمد

جناب حمید بازارگان

بورڈ ہیومن ریسورس اینڈ ریمونریشن کمیٹی

جناب منیر احمد

جناب محمد آفتاب منظور

جناب جمال نسیم

جناب شفقات احمد

بورڈ اسٹریٹجک اینڈ سسٹین سبیلیٹی کمیٹی

جناب شفقات احمد

جناب محمد آفتاب منظور

حافظ محمد یوسف

محترمہ پرنور علابی اوغلو

بورڈ انویسٹمنٹ اینڈ رسک مینجمنٹ کمیٹی

جناب شفقات احمد

حافظ محمد یوسف

محترمہ پرنور علابی اوغلو

جناب جمال نسیم

بورڈ پروکیورمنٹ کمیٹی

جناب جمال نسیم

جناب محمد آفتاب منظور

جناب شفقات احمد

جناب حمید بازارگان

بورڈ نو مینیشن اینڈ اسپیشل کمیٹی

جناب محمد آفتاب منظور

جناب شفقات احمد

حافظ محمد یوسف

جناب ارشد محمود بھٹی

سیکیورٹی پیپر ز لمیٹڈ (“SPL”) کے آزاد ڈائریکٹرز کے انتخابات آٹھویں غیر

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معمولی جنرل میٹنگ (EOGM) میں منعقد ہونا تھے، جو 29 نومبر 2023 کو طے تھی۔ تاہم، کمپنی کی قانونی حیثیت سے متعلق معاملات کے باعث یہ EOGM دومرتبہ معطل/ملتوی ہو گئی۔ ایس ای سی پی (SECP) نے کمپنی اور اس کے بورڈ کو درپیش قانونی رکاوٹوں کے پیش نظر انتخابات کے انعقاد کی آخری تاریخ پر تین بار توسیع دی۔ انہی رکاوٹوں کے باعث کمپنی نے چوتھی بار بھی توسیع کی درخواست دی، لیکن ایس ای سی پی نے یہ درخواست مسترد کر دی۔ چونکہ مقررہ وقت میں قانونی تقاضے پورے کرنا عملی طور پر ممکن نہ تھا، اس لیے SPL نے اس معاملے پر ایس ای سی پی کے رجسٹرار آف کمپنیز کے سامنے اپیل دائر کی۔ 19 جون 2025 کو رجسٹرار آف کمپنیز، ایس ای سی پی کے سامنے سماعت ہوئی جس میں کمپنی کے لیگل کونسل اور کمپنی سیکرٹری نے شرکت کی۔ اس کے بعد ایس ای سی پی نے کمپنی سے 12 نومبر 2024 کے CRO آرڈر کی کاپی، جو توسیع مسترد کیے جانے سے متعلق تھا، اور SPL کی قانونی حیثیت کے مقدمے کا زامانی خلاصہ طلب کیا۔ یہ معلومات کمپنی نے 23 جون 2025 کو فراہم کر دیں، تاہم اس کے بعد سے رجسٹرار آف کمپنیز، ایس ای سی پی کی جانب سے اس اپیل پر کوئی پیش رفت سامنے نہیں آئی۔

مالی سال 2024/25 کے دوران، ایس ای سی پی کی اپیلیٹ بینچ نے 7 فروری 2025 کو SPL کی اپیل پر ایک حکم جاری کیا، جس کے ذریعے 26 جنوری 2024 کے ایس ای سی پی کے حکم کو برقرار رکھا گیا اور یہ دہراناکہ کچھ اداروں کی شیئر ہولڈنگ کی بنیاد پر SPL ایک لسٹڈ پبلک سیلٹر کمپنی (PSC) ہے۔ SPL نے اپیلیٹ بینچ کے اس حکم کو سندھ ہائی کورٹ (SHC) میں متفرق اپیل نمبر 27/2025 کے ذریعے چیلنج کیا۔

اپیلیٹ بینچ کے حکم سے متعلق اپیل کے زیر التواء ہونے کے دوران، سندھ ہائی کورٹ نے ابتدائی دلائل سننے کے بعد 26 فروری 2025 کو ایک عبوری حکم جاری کیا، جس کے تحت ایس ای سی پی اور اپیلیٹ بینچ، دونوں کے احکامات کو معطل کر دیا گیا اور SPL کی قانونی حیثیت بطور پبلک لسٹڈ کمپنی برقرار رکھی گئی۔ اس کے بعد کمپنی نے فیصلہ کیا کہ انتخابات کے انعقاد کے لیے آٹھویں دوبارہ بلائی گئی EOGM میں آگے بڑھا جائے، جو 27 مارچ 2025 کو طے تھی۔ تاہم، 25 مارچ 2025 کو ایس ای سی پی کی جانب سے دائر کی گئی درخواست پر سندھ ہائی کورٹ نے SPL کو اس وقت تک انتخابات کرانے سے روک دیا جب تک کہ قانونی حیثیت کے معاملے کا فیصلہ نہ ہو جائے۔ لہذا، 27 مارچ 2025 کو آٹھویں EOGM دوبارہ بلائی گئی اور چونکہ معاملہ عدالت میں زیر سماعت تھا، اس لیے انتخابی ایجنڈا اٹھانے سے قبل ہی اجلاس انتخابات کے بغیر ختم کر دیا گیا۔

اعداد و شمار ذیل میں دیے گئے ہیں:

تفصیل	اختتام سال 2024-25	اختتام سال 2023-24	اضافہ / کمی	
			روپے	%
فروخت	7,871	7,312	↑ 559	↑ 8%
مجموعی منافع	2,204	2,047	↑ 157	↑ 8%
قبل از ٹیکس منافع	2,414	2,392	↑ 22	↑ 1%
بعد از ٹیکس منافع	1,524	1,489	↑ 35	↑ 2%
فی شیئر آمدنی	25.72	25.12	↑ 0.60	↑ 2%

منافع کی تقسیم، ڈیویڈنڈز اور ریزروٹرانسفر

سال کے آغاز پر کمپنی کے کل ذخائر 7.63 ارب روپے تھے، جن میں سے بورڈ نے 30 جون 2024 کو ختم ہونے والے سال کے لیے 593 ملین روپے کا حتمی ڈیویڈنڈ اعلان کیا۔ دوران سال کمپنی نے 1.52 ارب روپے کا خالص منافع حاصل کیا اور 2.5 روپے فی حصص عبوری ڈیویڈنڈ کا اعلان کیا۔ کمپنی نے 789 ملین روپے ریونیوریز روز میں منتقل کیے۔ سال کے اختتام پر کمپنی کے کل ذخائر 8.41 ارب روپے تک پہنچ گئے۔

بورڈ کو خوشی ہے کہ وہ 9.00 روپے فی حصص کا حتمی ڈیویڈنڈ تجویز کرے، جو اس سے پہلے ادا کیے گئے 2.5 روپے فی حصص عبوری ڈیویڈنڈ کے علاوہ ہے۔ اس کی منظوری شیئر ہولڈرز کی سالانہ جنرل میٹنگ، جو 26 ستمبر 2025 کو منعقد ہوگی، میں لی جائے گی۔ اس رپورٹ کے اجرا تک کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی اور بڑی تبدیلی نہیں ہوئی۔

ماحولیاتی، سماجی اور گورننس (ESG)

کمپنی کی سرگرمیوں کی نوعیت اسٹریٹجک ہے کیونکہ اس کی مصنوعات قومی اہمیت کی حامل ہیں۔ لہذا مصنوعات، پیداواری سہولیات اور انسانی وسائل کی سیکورٹی مینجمنٹ کے لیے اولین ترجیح ہے۔ پائیدار کاروباری ترقی کے لیے کمپنی کا یقین ہے کہ وہ محض منافع زیادہ کرنے سے آگے بڑھ کر سماجی اہداف پر بھی کام کرے، جن میں تنوع، انسانی حقوق، صارف کے تحفظ، مینجمنٹ ڈھانچہ، ملازمین کے تعلقات، اندرونی و بیرونی اسٹیک ہولڈرز سے روابط، ماحولیاتی تبدیلی اور پائیداری شامل ہیں۔

کمپنی نے ایک جامع انٹیگریٹڈ مینجمنٹ سسٹم قائم کیا ہے جس میں معیار، ماحولیات اور پیشہ ورانہ صحت و حفاظت کے نظام شامل ہیں، جو ISO 9001:2015، ISO 14001:2015 اور ISO 45001:2018 جیسے بین الاقوامی معیارات پر مبنی ہیں۔

ایوارڈز اور اعزازات

- سال 2025 میں کمپنی نے ہر شعبے میں اپنی بہترین کارکردگی کو برقرار رکھا اور ہماری کوششوں کو کئی مقامی اور بین الاقوامی فورمز پر سراہا گیا۔
- چند بڑے اعزازات یہ ہیں:
- PSX کی جانب سے ٹاپ 25 کمپنیز ایوارڈ 2023
- ICAP اور ICMAP کی جانب سے 2023 کی بہترین کارپوریٹ رپورٹ ایوارڈ میں اپنی کیٹیگری میں دوسری پوزیشن
- بہترین پائیداری رپورٹ ایوارڈ 2023 کا میرٹ سرٹیفکیٹ (ICAP اور ICMAP)
- پاکستان مینجمنٹ ایسوسی ایشن کی طرف سے 39 واں کارپوریٹ ایکسی لینس ایوارڈ 2024
- نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ کی جانب سے ماحولیاتی، فائر اینڈ سیفٹی اور CSR ایوارڈز 2024
- ایمپلائز فیڈریشن آف پاکستان کی جانب سے خواتین کو بااختیار بنانے، صنفی مساوات اور ہیلتھ اینڈ سیفٹی ایوارڈز 2024
- فیوچر فورم پرائیویٹ لمیٹڈ کی طرف سے کلائمٹ چینج ایڈاپٹیشن ایوارڈ 2024

کارپوریٹ سوشل ریسپانسبلٹی (CSR)

سیکورٹی پیپرز لمیٹڈ (SPL) میں ہم ہمیشہ اس کمیونٹی میں مثبت شراکت کے لیے پرعزم ہیں جس کی ہم خدمت کرتے ہیں۔ بنیادی اقدار اور کارپوریٹ سٹینڈرڈز شپ کے اصولوں کی روشنی میں ہم صحت، تعلیم اور کمیونٹی ڈویلپمنٹ کے شعبوں میں ایسے اقدامات کی حمایت کرتے ہیں جو دیرپا اور مثبت اثرات مرتب کریں۔

CSR پالیسی کے مطابق، کمپنی کے منافع کا 1% سالانہ کمیونٹی انویسٹمنٹ کے لیے مختص کیا جاتا ہے۔ دوران سال مختلف فلاحی سرگرمیاں اور کمیونٹی انیشی ایٹوز کیے گئے، جن میں قابل ذکر کمپنی کے دفتر میں انڈس ہسپتال و ہیلتھ نیٹ ورک کے تعاون سے بلڈ ڈونیشن ڈرائیو تھی۔

- مالی سال 2024–2025 میں کل CSR ادائیگی 14.14 ملین روپے رہی جس میں یہ ادارے شامل ہیں:
- انڈس ہسپتال و ہیلتھ نیٹ ورک

- SOS چلڈرن و لیجز
- دی سٹیرنز فاؤنڈیشن
- ڈاکٹر تھ کے۔ ایم۔ فاؤ، سول ہسپتال کراچی

ایس پی ایل مشترکہ قدر پیدا کرنے اور با معنی اور ذمہ دار عطیات کے ذریعے معاشرے کی طویل مدتی بھلائی میں حصہ ڈالنے کے لیے پرعزم ہے۔

تنوع، مساوات اور شمولیت (DE&I)

SPL ادارے کے ہر سطح پر تنوع، مساوات اور شمولیت کو فروغ دینے کے لیے پرعزم ہے۔ ہر ملازم کی عزت کی جاتی ہے، اسے اہمیت دی جاتی ہے اور بااختیار بنایا جاتا ہے۔ ایک جامع DE&I پالیسی نافذ کی گئی ہے، جس میں زچگی کی چھٹی پالیسی اور ہنسی ہر اسمنٹ پالیسی بھی شامل ہیں تاکہ ایک باعزت اور جامع ماحول پیدا ہو۔ کمپنی "تحفظ برائے خواتین خلاف ہراسگی ایکٹ 2010" پر سختی سے عمل کرتی ہے۔

کمپنی مساوی مواقع فراہم کرنے والی آجر ہے اور خواتین کی نمائندگی بڑھانے کے ساتھ خصوصی افراد کی شمولیت پر بھی توجہ دیتی ہے۔ فی الحال پانچ خصوصی افراد کمپنی میں ملازم ہیں اور مینجمنٹ میں خواتین کی نمائندگی 12.6% سے بڑھ کر 15.5% ہو گئی ہے۔

مزید شمولیت کے فروغ کے لیے:

- ورلڈ ڈس ایبیلٹی ڈے پر آگاہی سیشنز اور ملازمین کی سرگرمیاں منعقد کی گئیں۔
- خواتین کے لیے بریسٹ کینسر آگاہی سیشن ہوا، جس میں ابتدائی تشخیص اور بچاؤ کی تعلیم دی گئی، اور ضرورت پر میمو گرافی کرائی گئی۔

ایس پی ایل ایک ایسا کارپوریٹ ماحول قائم رکھتا ہے جو صنفی امتیاز سے پاک ہے اور جہاں جنسی بنیاد پر کسی قسم کا تنخواہ کا فرق موجود نہیں۔ تنخواہوں کا تعین صرف تجربے، مدت ملازمت، تعلیم، ذمہ داریوں، کارکردگی اور مارکیٹ معیار کے مطابق کیا جاتا ہے۔

پائیداری، صحت، حفاظت اور ماحولیات

کمپنی اپنی سرگرمیوں کے مرکز میں پائیداری، صحت، حفاظت اور ماحولیات (HSE) کو اولین ترجیح دیتی ہے۔ پائیداری کے محاذ پر، کمپنی نے قدرتی وسائل پر بوجھ کم کرنے کے لیے نمایاں سرمایہ کاری کی ہے، خاص طور پر پانی کے استعمال میں کمی کے لیے موجودہ ایفلوینٹ ٹریٹمنٹ پلانٹ کی صلاحیت 165,000

گیلن روزانہ سے بڑھا کر 350,000 گیلن روزانہ کر دی گئی ہے۔ مزید برآں، فوسل فیول کے استعمال اور کاربن فٹ پرنٹ کو کم کرنے کے لیے پہلے سے نصب 40 کلو واٹ کے نظام میں 110 کلو واٹ کا سولر پاور سسٹم شامل کیا گیا ہے۔ آئندہ سال کے بجٹ میں مزید 350 کلو واٹ کے سولر پاور سسٹم کی منظوری دی گئی ہے، جو صاف توانائی کے ذرائع کے استعمال کے ذریعے سائٹ پر کاربن فٹ پرنٹ کو کم کرنے کے کمپنی کے عزم کو مزید ثابت کرتا ہے۔

بورڈ اسٹریٹجک اور سسٹین ایبلٹی کمیٹی پہلے سے قائم ہے تاکہ پائیداری اور سماجی ذمہ داری کے معاملات پر رہنمائی فراہم کرے۔ یہ کمیٹی آزادانہ طور پر کام کرتی ہے اور اس کا مینڈیٹ ہے کہ بورڈ آف ڈائریکٹرز کو شامل کر کے مسائل پر اطلاع دے، مشاورت کرے اور اقدامات کا آغاز کرے۔ کمپنی اپنی سالانہ رپورٹ کے حصے کے طور پر ایک تفصیلی سسٹین ایبلٹی رپورٹ شائع کرتی ہے جس میں پائیداری سے متعلقہ خطرات اور ان کے حل کی حکمت عملی، کارکردگی، میٹریکس اسسمنٹ اور ترقیاتی اہداف شامل ہوتے ہیں۔ یہ رپورٹ ایک آزاد فرم کے ذریعے جانچی جاتی ہے۔

صنعتی شعبے میں صحت، حفاظت اور ماحولیات (HSE) کے نظام کی اہمیت کو تسلیم کرتے ہوئے اور ایک محفوظ، ذمہ دار اور کارکردگی پر مبنی ثقافت کو فروغ دینے کے لیے، سیکورٹی پیپرز لمیٹڈ (SPL) نے اپنی بنیادی کارروائیوں میں حفاظت کو شامل کرنے کے لیے اہم اقدامات کیے ہیں۔ گزشتہ سال HSE ڈپارٹمنٹ کے قیام نے اس ثقافتی تبدیلی کا آغاز کیا۔ نجی سطح پر مضبوط سیفٹی کلچر تیار کرنے کے نقطہ نظر کے ساتھ، "پرمیٹ ٹو ورک سسٹم" نافذ کیا گیا ہے تاکہ سائٹ پر تمام سرگرمیوں کا جائزہ لیا جاسکے اور اعلیٰ خطرے والے کاموں کو آغاز میں ہی درست انداز میں جانچ کر کنٹرول کیا جاسکے۔ غیر محفوظ اعمال اور حالات کی رپورٹنگ کے لیے ایک آن لائن پورٹل متعارف کرایا گیا ہے تاکہ شفافیت کو فروغ دیا جاسکے اور خطرات کی پیشنگی نشاندہی ممکن ہو۔ تمام محکموں میں باقاعدہ رسک اسسمنٹ اور جاب سیفٹی انالسس (JSA) کے طریقہ کار شروع کیے گئے ہیں تاکہ تمام کاموں کی مناسب منصوبہ بندی ہو اور انہیں محفوظ طریقے سے مکمل کیا جاسکے۔

کارپوریٹ گورننس

بورڈ کا مقصد SPL میں کارپوریٹ گورننس کے اصولوں کو نافذ کرنے میں ایک مثالی مثال قائم کرنا ہے۔ ہم نے ڈائریکٹرز اور SPL کے ملازمین کے لیے

ڈائریکٹر رپورٹ

کاروباری اور مالی جائزہ

مالی سال 30 جون 2025 کو ختم ہونے تک کمپنی نے مستحکم مالی کارکردگی کا مظاہرہ کیا اور 7.87 ارب روپے کی سب سے زیادہ فروخت کی، جو گزشتہ سال کے مقابلے میں 8% اضافہ ہے۔ کمپنی نے 2.20 ارب روپے کا مجموعی منافع حاصل کیا جس کا تناسب 28% ہے، اور ٹیکس کے بعد اب تک کاسب سے زیادہ منافع 1.52 ارب روپے ریکارڈ کیا۔ یہ بینک نوٹ پیپر کی زیادہ فروخت اور کاروباری شعبوں میں مینجمنٹ کی کوششوں کا نتیجہ ہے۔ پاکستان سیکورٹی پرنٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ کمپنی کا سب سے بڑا خریدار رہا جس کے حصے میں کل فروخت کا 93% آیا۔

بینک نوٹ اور دیگر سیکورٹی پیپر مصنوعات کی تیاری کی لاگت سال بھر زیادہ رہی۔ اگرچہ بنیادی خام مال کی قیمتیں مستحکم رہیں، مگر گیس کی قیمتوں میں نمایاں اضافہ ہوا۔ اس کے باوجود، خام مال کی خریداری میں سخت نگرانی اور یوٹیلٹیز کے استعمال میں بچت کے اقدامات کے ذریعے مجموعی کاروباری لاگت کو مناسب اور حقیقت پسندانہ سطح پر قابو میں رکھا گیا۔

کمپنی کی سرمایہ کاری سے آمدنی مالی سال 2025 میں 889 ملین روپے رہی جو گزشتہ سال کے 996 ملین روپے سے کم ہے۔ اس کمی کی وجہ سال کے آغاز سے شرح سود میں مسلسل کمی ہے، تاہم سرمایہ کاری کی بروقت ری پروفاٹنگ کے ذریعے اس اثر کو کافی حد تک قابو میں رکھا گیا۔ کمپنی نے 1.52 ارب روپے ٹیکس کے بعد منافع ریکارڈ کیا جبکہ 2024 میں یہ 1.49 ارب روپے تھا۔ اس کے نتیجے میں فی حصص آمدنی 25.72 روپے ہو گئی جو 2024 میں 25.12 روپے تھی۔

بورڈ نے کارکردگی کی مسلسل نگرانی کرتے ہوئے پیداواری صلاحیت میں بہتری، لاگت اور عمل کو بہتر بنایا تاکہ کمپنی کی پائیدار ترقی کو یقینی بنایا جاسکے۔ اس سال کمپنی نے ایف لوئسٹ ٹریڈمنٹ پلانٹ اور آرابورز کی اپگریڈیشن مکمل کی جس سے روایتی پانی کے ذرائع پر انحصار کم ہوا۔ کمپنی نے ایڈمن بلاک کے لیے 110 کلو واٹ سولر سسٹم بھی نصب کیا تاکہ قابل تجدید توانائی کی پالیسیوں کو اپنایا جاسکے اور ماحول دوست اقدامات کیے جائیں۔

کمپنی کے آپریشنز کی نگرانی بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی، چیف ایگزیکٹو آفیسر اور ایگزیکٹو مینجمنٹ کمیٹی کی ذمہ داری ہے تاکہ بڑے خطرات کے ممکنہ منفی اثرات سے بچاؤ کے لیے بروقت حکمت عملی اپنائی جاسکے۔ کارکردگی کے اہم

سیکورٹی پیپرز لمیٹڈ (ایس پی ایل / کمپنی) کے ڈائریکٹر ز کو خوشی ہے کہ وہ اپنی رپورٹ بمعہ کمپنی کے آڈٹ شدہ مالیاتی بیانات، مالی سال جو 30 جون 2025 کو ختم ہوا، پیش کر رہے ہیں۔

یہ ڈائریکٹر ز رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیز (کارپوریٹ گورننس کے ضابطہ اخلاق) ریگولیشنز 2019 کے مطابق تیار کی گئی ہے۔

معاشی جائزہ

سال 2025 میں پاکستان کی معیشت نے بحالی اور استحکام کے آثار دکھائے اور افراط زر (مہنگائی) پر خاطر خواہ قابو پایا گیا۔ اسی مناسبت سے پالیسی ریٹ جولائی 2024 میں 20.5% سے کم ہو کر جون 2025 میں 11% تک آگیا۔ معاشی رفتار میں بہتری، 2.7% جی ڈی پی گروتھ اور دیگر معاشی اشاریوں میں نمایاں بہتری کے باعث کرنسی کی گردش 10 کھرب روپے سے تجاوز کر گئی، جو گزشتہ مالی سال کے مقابلے میں 12% سے زیادہ اضافہ ظاہر کرتی ہے اور نقدی رکھنے کے رجحان کی عکاسی کرتی ہے۔ امریکی ڈالر (USD) اور پاکستانی روپے (PKR) کے مابین شرح تبادلہ مستحکم رہی۔ خلاصہ یہ کہ سال کے دوران پاکستان کی معاشی کارکردگی نے پکچ اور بتدریج بہتری ظاہر کی اور مستقبل کی ترقی اور استحکام کے لیے مثبت سمت متعین کی۔

کمپنی کی کارکردگی

کمپنی نے بینک نوٹ اور دیگر سیکورٹی پیپر مصنوعات کی طلب کو پورا کرنے کے لیے بہترین پیداواری سطح پر کام کیا۔ اس سال کمپنی نے اب تک کی سب سے زیادہ آمدنی، ٹیکس سے پہلے اور بعد منافع حاصل کیا۔ کمپنی نے 3,557 ٹن بی این پی فروخت کی، جو 2021-22 میں حاصل کردہ ریکارڈ 3,567 ٹن کے قریب ترین ہے۔ مجموعی طور پر ایس پی ایل نے 30 جون 2025 کو ختم ہونے والے سال کے لیے 7.87 ارب روپے کی فروخت کی، جو گزشتہ سال کے مقابلے میں 8% زیادہ ہے۔

کمپنی نے سال کے دوران 3,810 ٹن (جون 2024: 4,104 ٹن) پیداوار کو منظم کیا اور صارفین کو مطلوبہ آرڈرز کی بروقت ترسیل یقینی بنائی۔ مینجمنٹ نے پیداواری نقصان پر قابو پا کر، خام مال کی قیمتوں پر بہتر مذاکرات کر کے اور وسائل کو مؤثر طریقے سے استعمال کرتے ہوئے لاگت کو مناسب سطح پر برقرار رکھا۔

CORPORATE AWARDS HISTORY

Top Companies Award

Security Papers Limited (SPL) was conferred the "Top 25 Companies Award of Pakistan Stock Exchange" for the year 2023. The Company has the distinction of receiving this prestigious award for the years 2000 to 2007 and 2009 to 2016 and 2018 to 2023.

Best Corporate Report Award

SPL secured 2nd position in the Best Corporate Report Award for the year 2023 by country's two leading professional accounting organizations the Institute of Cost and Management Accountants of Pakistan (ICMAP) and the Institute of Chartered Accountants Pakistan (ICAP). The Company's Annual Report of 2003, 2006 to 2012 and 2022 also won the Best Corporate Report Award. The comprehensive selection criteria required inclusion of detailed information in the Annual Report on the subject of Corporate Objectives, Directors' Report Disclosure, Shareholder Information, Report Presentation and Corporate Governance.

Best Sustainability Report Award

SPL secured 1st position in the Best Sustainability Report Award (Merit) 2023 that was conferred by the joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Cost and Management Accountants of Pakistan (ICMAP). The Company has also received this prestigious award for the years 2021 and 2022.

Corporate Governance Rating

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

Commitment to Environmental Reporting

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

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

* Association of Chartered Certified Accountants - World Wildlife Fund.

Corporate Excellence Award - MAP

SPL received the 39th Corporate Excellence Award of the Management Association of Pakistan (MAP). The Company holds 24th to 29th Awards (six times in a row), as well as 31st to 39th (nine times in a row). The Award recognizes the best managed companies in Pakistan that follow guidelines and principles of the latest management techniques.

ISO Certifications

CERTIFICATION OF INTEGRATED MANAGEMENT SYSTEM (IMS):

Quality Management System:

- ISO 9001:2015 (03 April 2024 until 03 April 2027)

Environmental Management System:

- ISO 14001:2015 (26 April 2024 until 26 April 2027)

CORPORATE AWARDS HISTORY

Occupational Health and Safety Management System:

- ISO 45001:2018 (16 February 2023 until 15 February 2026)

Occupational Health and Safety Management System:

- ISO/IEC 27001:2013 (19 December 2022 until 31 October 2025)

Certification given by SGS United Kingdom Limited

Fire and Safety Award

The National Forum for Environment & Health - NFEH conferred the 14th Fire and Safety Award in 2024. The Company has also received this award in 2011, 2012 and 2013 for three consecutive years. The Award was jointly organized by the Fire Protection Association of Pakistan (FPAP) and the National Forum for Environment & Health (NFEH).

Environment Excellence Award

The National Forum for Environment & Health - NFEH conferred the 22nd Annual Environmental Excellence Award 2025 to Security Papers Limited. The award was given in recognition of the Company's vision and its effective implementation of Environment Management System and policies and after thorough assessment of its submitted documents and testimonials by the distinguished NFEH Panel of Jury.

The Company has also received the 11th, 15th to 18th and 20th to 21st Annual Environment Excellence Awards in 2013 and 2017 to 2020 and 2022 to 2023.

Corporate Social Responsibility Award

The National Forum for Environment & Health - NFEH conferred the 17th Corporate Social Responsibility Award in 2024 to Security Papers Limited.

Climate Change Adaptation Award

The Future Forum Private Limited - FFPL conferred the 7th Climate Change Adaptation Award in 2024 to Security Papers Limited. The Company has also won the 6th Climate Change Adaptation Award in 2023.

Health and Safety Award

The Employers' Federation of Pakistan - EFP conferred the 18th Health and Safety Award in 2023 to Security Papers Limited.

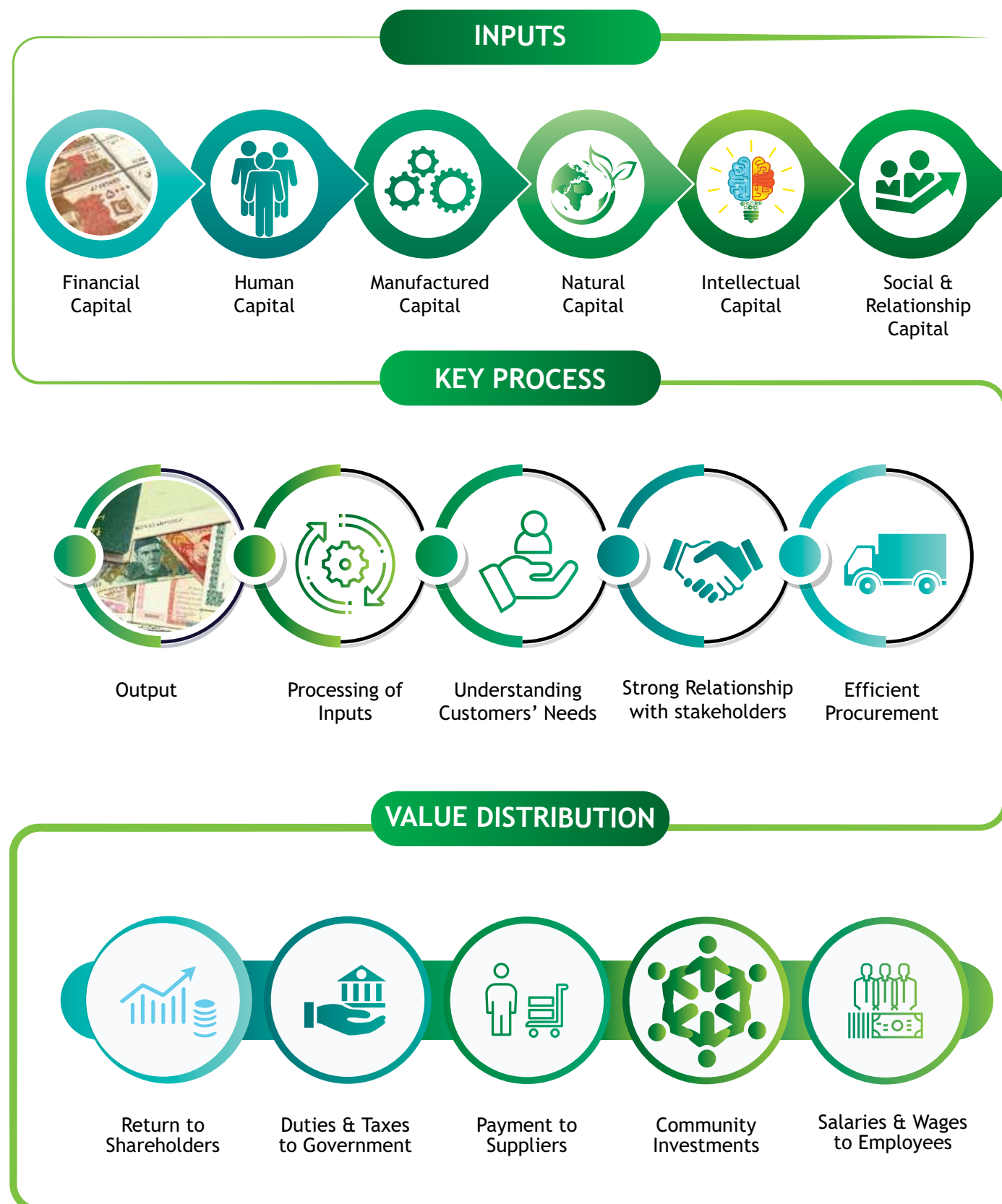
Women Empowerment and Gender Equality Recognition Award

The Employers' Federation of Pakistan - EFP conferred the 1st Women Empowerment and Gender Equality Recognition Award in 2025 to Security Papers Limited.

COMPETITIVE LANDSCAPE AND MARKET POSITIONING



OUR BUSINESS MODEL



SWOT ANALYSIS

STRENGTH

- Sole producer of banknote and other security papers in the Country.
- Strong financial position.
- Technologically advanced plant & machinery with a history of timely upgrades.
- Experienced workforce with exposure of national and international trainings.
- Captive In-house power generation.
- Fully compliant integrated management systems.
- Well managed & profitable investment portfolio.

WEAKNESSES

- Reliance on single customer / product.
- Small customer base.
- Capacity constraints.
- Reliance on some key imported inputs.
- Narrow product line.



THREATS

- Demonetization of smaller denominations (as have been done in the past) of Banknotes.
- Change of substrates from cotton to polymer
- Adoption of digital platforms for payments.
- Erratic supplies of water from the utility provider.
- Risk of shortage of Gas supply.

OPPORTUNITIES

- Growing local demand for Security Paper products.
- Diversification into non-paper substrates for security documents.
- Diversification into complete security document suppliers.
- Export market for Security Paper products.

SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT AND THE COMPANY'S RESPONSE

External Factors	Description	Company's Response
Political	Political factors determine the extent to which a government may influence the economy or a certain industry. Political uncertainty trembles the business environment. This includes: - Political uncertainties. - Rifts among political parties. - Interim Political Setup - Protests on inflation, taxes and power costs	The Company continuously monitors political and regulatory developments in Pakistan, including recent fiscal reforms, changes in taxation, and import policy measures. Organizational processes and policies are promptly adjusted to ensure full compliance with applicable laws and to safeguard operational continuity. Proactive scenario planning and ongoing market analysis enable timely responses to potential policy shifts, mitigating their impact on business performance. In light of cost pressures and evolving regulations, the Company works closely with vendors to manage input costs and maintain supply chain stability. Concurrently, efforts are directed toward expanding the customer base and exploring new market opportunities to strengthen resilience in a dynamic political environment.
Economic	Economic factors refer to the financial state of the country. A strong economy invigorates business and vice versa. This includes: - Increased inflation. - High discount rates. - Exorbitant exchange rates. - Depleting foreign exchange reserves. - High Electricity & Power costs	The Company actively monitors prevailing economic conditions in Pakistan, including inflationary trends, currency volatility, and interest rate movements, and implements measures to minimize their potential adverse impact. Key initiatives include efficient procurement of raw materials to reduce exposure to price fluctuations, strict budgetary controls to ensure disciplined financial management, and prudent management of the investment portfolio to safeguard returns. Additionally, cost optimization measures are undertaken across both production and non-production activities to enhance operational efficiency and preserve profitability in a challenging economic environment.
Social	Social factors refer to the social & charitable causes including: - Health & Safety awareness, - Increasing CSR awareness, - Development of communities and Scholarships.	SPL remains committed to making a meaningful social impact through sustained initiatives in health and safety awareness, community development, and educational empowerment. We actively promote a culture of safety within and beyond the workplace through HSE awareness sessions, dedicated HSE Days, and other safety-driven programs. We also increase awareness of CSR as an integral part of our operations and contribute to community growth through scholarships and development projects. These initiatives reflect our belief that social responsibility is not just a corporate obligation but a key driver of sustainable progress.

SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT AND THE COMPANY'S RESPONSE

External Factors	Description	Company's Response
Technological	Technological factors refer to advancements in technology and their impact on the Company's operations and competitiveness. This includes: - Upgradation of production facilities to meet enhanced security feature requirements. - Acquisition of technologically advanced machinery.	The Company places significant reliance on its operations team to drive the technical upgradation of production facilities. Following the State Bank of Pakistan's recent announcement to introduce a new banknote series with enhanced security features, the Company is committed to upgrading its plant to incorporate these features into banknotes and other security papers, ensuring the fulfilment of customer demand. Management remains dedicated to overcoming challenges and achieving sustainable, profitable growth by leveraging the Company's core strengths. Significant investments are being made in acquiring technologically advanced machinery to enhance production capabilities. The Company is undergoing a comprehensive technological transformation, with continuous investments in Plant upgradation, Security systems, and Information Technology. SPL also has a dedicated team of professionals ensuring that all processes remain fully compliant with applicable regulatory requirements.
Legal	The Company is committed towards operating within legal framework and ensuring compliance of applicable laws, rules and regulations. Companies are required to abide by various laws and regulations, including: - statutory, - corporate, - legal, - taxation, - import, - safety and - employment regulations.	The Company complies the requirements and applicable provisions of the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and PSX's Listing Regulations. SPL also adheres to the accounting and reporting standards as applicable in Pakistan which comprises of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified in the Companies Act, 2017. The Company periodically participates in various award programs, for e.g., PSX Top 25 awards, MAP Corporate Excellence Awards and Best Corporate Report Awards.

SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT AND THE COMPANY'S RESPONSE

External Factors	Description	Company's Response
Environmental	The Company ensure environmental safety and sustainability including; - Laws and regulations regarding environmental stability, - waste disposal laws and; - sustainable development; - Compliant to ISO 9001:2015 & ISO 14001:2015 and ISO 45001:2018 and ISO / IEC 27001 ISMS	The Company places great emphasis on environmental safety and sustainability. The Company ensures adherence to all applicable laws and regulations and voluntarily takes initiatives to create long-term value for community and environment. The Company is ISO 9001:2015 & ISO 14001:2015 and ISO 45001:2018 and ISO / IEC 27001 ISMS compliant. The Company complies with Quality, Health, Safety, and Environmental standards by regularly engaging its employees in training sessions. Tree plantation is ensured regularly in the factory premise for sustainable environment. The Company believes in green energy for sustainable growth. The Company promote the use of green energy. During the years the Company initiated two Solar projects of 120KVA and 20KVA. We manage our environmental performance through efficient use of natural resources. Water conservation remains at the core of our operational practices. Company initiated a plant upgradation of Effluent Water Recycling Plant to increase water re-use capacity of the Company. Company believes in synergy of resources, the Company has waste Heat Recovery System, which operates by transforming the engine's heat and smoke into power that is used for further processes.

The Effect of Seasonality on Business in Terms of Production and Sales.

Since, SPL's products are not season-specific, such as those related to Christmas Day or Independence Day, there is no impact on production or sales throughout the financial year.

The Legitimate Needs, Interests of Key Stakeholders and Industry Trends.

The company addresses the needs and expectations of its stakeholders in accordance with the requirements of ISO 9001, ISO 14001, and ISO 45001 management systems, which are verified and validated by SGS auditors during annual re-certification and surveillance audits.

VALUE CHAIN ANALYSIS

Inbound Logistics

- Raw Material Procurement
- Supplier Vetting
- Secure Transportation
- Material Inspection
- Inventory & Storage

Operations

- Design Integration
- Paper Manufacturing
- Feature Embedding
- Quality Assurance
- Security Compliance

Outbound Logistics

- Secure Guarded Logistics

Procurement

- Supplier Contracts
- Alternate Supplier Strategy
- Ethical Sourcing

Competitive Advantages

- High Barriers to Entry
- Proprietary Technology
- Government Trust
- Integrated Security Culture





Governance



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A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Security Papers Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Security Papers Limited for the year ended June 30, 2025 in accordance with the requirements of Regulation No. 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2025.

Further, we highlight below an instance of non-compliance with the requirement of Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Reference	Description
(i) Paragraph 2	It is mandatory that the Company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. The Company does not have the requisite number of independent directors.

A.F. Ferguson & Co.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: August 29, 2024

UDIN: CR2024106119uhCX7Qzt

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KARACHI LAHORE ISLAMABAD

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: SECURITY PAPERS LIMITED

Year Ended: JUNE 30, 2025

The Company has complied with the requirements of the Regulations in the following manner:

- The total number of directors are nine as per the following:
 - Male: 08
 - Female: 01
- The composition of the Board is as follows:

Category	Names
i) Independent Directors*	Mr. Munir Ahmed
	Mr. Mohammad Aftab Manzoor
	Mr. Jamal Nasim
	Mr. Hamid Bazargan
ii) Non-Executive Directors	Mrs. Pernur Alaybeyoglu
	Hafiz Mohammad Yousaf
	Mr. Shafqaat Ahmed
	Mr. Arshad Mehmood Bhatti
iii) Executive Director	Mr. Imran Qureshi

Explanations for not rounding up the fractional number under Regulation 6 (1) is as follows:

Regulation 6 (1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 stipulates that it is mandatory for each listed company to have at least two or one-third members of the Board, whichever is higher, as independent directors. In a Board comprising 10 members, one-third works out to 3.33.

*The election of independent directors of Security Papers Limited ("SPL") had to be addressed at the 8th EOGM, which was due to be held on 29 November 2023. However, the EOGM got suspended/adjourned twice owing to the matters related to Company's legal status. SECP had granted three extensions on the due date for holding elections, owing to impediments being faced by the Company and its Board related to its legal status. The Company applied for an extension for the fourth time, owing to the same impediments but the same was rejected by SECP and as it was practically impossible to fulfill the statutory requirements of holding an EOGM within the prescribed timeframe, SPL proceeded with filing of an appeal on this matter with the Registrar of Companies, SECP. A hearing was held on 19 June 2025 with the Registrar of Companies, SECP which was attended by the Legal Counsel & Company Secretary. Thereafter, SECP had requested the Company to provide them with the CRO Order dated 12 November 2024 related to the rejection of extension in due date for holding elections and a chronological summary/synopsis of the SPL's legal status case. The said information was provided to SECP on 23 June 2025 and since then there has been no update from Registrar of Companies, SECP on the appeal related to extension in due date for holding the elections.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

- During the Financial Year 2024/25, the Appellate Bench of SECP passed an order dated 7 February 2025 on SPL's appeal through which, it had upheld the SECP Order dated 26 January 2024 and reiterated that SPL is a listed Public Sector Company (PSC), based upon the shareholding of certain entities. SPL challenged the Appellate Bench's order in Miscellaneous Appeal No. 27 of 2025 before the Sindh High Court (SHC).
- During the pendency of the appeal related to the Appellate Bench order, the SHC after hearing the preliminary arguments, passed an ad-interim order dated 26 February 2025, whereby the operation of both SECP order and Appellate Bench's order was suspended and thereby, maintaining status-quo on the legal status of SPL as Public Listed Company. Subsequently, the Company decided to proceed with holdings its elections for the third time at the 8th Reconvened EOGM, which was scheduled for 27 March 2025. However, on an application filed by SECP in Miscellaneous Appeal 27/2025 on 25 March 2025, the SHC restrained SPL from holding its elections until the legal status matter is adjudicated upon. Therefore, 8th EOGM was reconvened on 27 March 2025 and as the matter was subjudice, before taking up the agenda for elections, the said EOGM was concluded without the elections being held. The Company has already filed its counter affidavit in response to SECP's application in the aforesaid appeal.
- The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
 - The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
 - The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the Company.
 - All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Act and these Regulations.
 - The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of the Board.
 - The Board has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations.
 - All Directors have obtained the prescribed certification through directors' training programs offered by institutions that meet the criteria and approved by the Commission. Six Directors have already completed the Directors' Training Program. Also, a Female Executive of the Company has completed her directors' training program as at 30 June 2025. Further, the Head of Departments' training is scheduled to be held in August 2025.
 - The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
 - Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before the approval of the Board.
 - The Board has formed following Committees comprising of members given below:

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

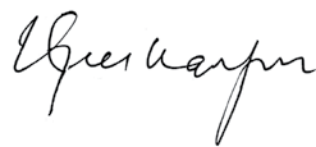
- a) **Board Audit Committee (BAC)**
- | | | |
|-----------------------|---|----------|
| Mr. Munir Ahmed | - | Chairman |
| Mr. Jamal Nasim | - | Member |
| Hafiz Mohammad Yousaf | - | Member |
| Mr. Shafqaat Ahmed | - | Member |
| Mr. Hamid Bazargan | - | Member |
- b) **Board Human Resource & Remuneration Committee (BHR&RC)**
- | | | |
|----------------------------|---|----------|
| Mr. Munir Ahmed | - | Chairman |
| Mr. Mohammad Aftab Manzoor | - | Member |
| Mr. Jamal Nasim | - | Member |
| Mr. Shafqaat Ahmed | - | Member |
- c) **Board Investment and Risk Management Committee (BIRC)**
- | | | |
|-------------------------|---|----------|
| Mr. Shafqaat Ahmed | - | Chairman |
| Hafiz Mohammad Yousaf | - | Member |
| Mrs. Pernur Alaybeyoğlu | - | Member |
| Mr. Jamal Nasim | - | Member |
- d) **Board Nomination & Special Committee (BN&SC)**
- | | | |
|----------------------------|---|----------|
| Mr. Mohammad Aftab Manzoor | - | Chairman |
| Mr. Shafqaat Ahmed | - | Member |
| Hafiz Mohammad Yousaf | - | Member |
| Mr. Arshad Mehmood Bhatti | - | Member |
- e) **Board Procurement Committee (BPC)**
- | | | |
|----------------------------|---|----------|
| Mr. Jamal Nasim | - | Chairman |
| Mr. Mohammad Aftab Manzoor | - | Member |
| Mr. Shafqaat Ahmed | - | Member |
| Mr. Hamid Bazargan | - | Member |
- f) **Board Strategic and Sustainability Committee (BS&SC)**
- | | | |
|----------------------------|---|----------|
| Mr. Shafqaat Ahmed | - | Chairman |
| Mr. Mohammad Aftab Manzoor | - | Member |
| Hafiz Mohammad Yousaf | - | Member |
| Mrs. Pernur Alaybeyoğlu | - | Member |
- The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
 - The frequency of meetings of the committee were as per following:

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

a) Board Audit Committee	08 meetings were held during FY 2024-25
b) Board HR and Remuneration Committee	04 meetings were held during FY 2024-25
c) Board Investment and Risk Management Committee	05 meetings were held during FY 2024-25
d) Board Nomination & Special Committee	03 meetings were held during FY 2024-25
e) Board Procurement Committee	04 meetings were held during FY 2024-25
f) Board Strategic and Sustainability Committee	03 meetings were held during FY 2024-25

15. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP) and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with, except as stated in paragraph 2 above.

The status of the Company as a “Public Sector Company (PSC)” or a “Public Listed Company” has not been concluded yet as explained in paragraph 2 above. Based on the advice of the legal counsel, the Company is of the view that it is a “Public Listed Company” only and not a PSC and accordingly the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 have been applied.



MOHAMMAD AFTAB MANZOOR
Chairman
Karachi
Dated: July 30, 2025

REPORT OF THE BOARD AUDIT COMMITTEE

Composition of the Audit Committee

Mr. Munir Ahmed	Chairman
Mr. Jamal Nasim	Member
Hafiz Mohammad Yousaf	Member
Mr. Shafqaat Ahmed	Member
Mr. Hamid Bazargan	Member

The Board Audit Committee (“BAC”), during the year, comprised of five non-executive directors, out of which one is an independent director. The Chairman BAC is an independent director with more than one member of BAC qualifying as financially literate. The Company Secretary is secretary of BAC. The recommendations of BAC are placed before the Board of Directors for deliberations and approval.

The Chief Executive Officer and Chief Financial Officer attends the BAC meetings on invitation whereas, the Head of Internal Audit is present in all BAC meetings. The External Auditors attend the meetings on requirement basis.

Financial Statements

The Committee has concluded its annual review of the Company’s performance, financial position and cash flows for the financial year ended 2025, and reports the following:

- The financial statements of SPL for the year ended June 30, 2025 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the state of affairs of the Company, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- Appropriate accounting policies have been consistently applied, which have been appropriately disclosed in the financial statements.
- The Chairman of the Board, Chief Executive Officer, one director and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors’ Report is signed by Chairman and Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company’s financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- Statement of Compliance with the Code of Corporate Governance has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with the codes and policies of the Company has been affirmed by the members of the Board, the management and employees of the Company. Equitable treatment of shareholders has also been ensured.

Internal Audit

The Company’s system of internal controls is sound in design and is continually evaluated for effectiveness and adequacy.

- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and shareholders’ wealth, through assurances provided by internal audit function.

REPORT OF THE BOARD AUDIT COMMITTEE

- The Internal Audit function has carried out its assignments in accordance with annual audit plan approved by the Audit Committee. The Committee has reviewed material Internal Audit findings, taken appropriate actions where necessary or brought the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory auditors of the Company, A.F. Ferguson (PwC), Chartered Accountants, have completed their audit of the Company's financial statements and review of the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2025.
- The Audit Committee has discussed the audit process and the observations, if any, of the auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.
- The management Letter is required to be submitted within forty-five (45) days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Board Audit Committee meeting.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.
- The Audit Committee has recommended the appointment of M/s. A.F. Ferguson (PwC). Chartered Accountants as external auditors of the Company for the year ending June 30, 2026.

The Audit Committee

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with terms of reference approved by the Board, which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. .



Munir Ahmed
Chairman Audit Committee

Dated: July 30, 2025

CODE OF ETHICS AND BUSINESS PRACTICES



Maintaining integrity



Reporting violations



Maintaining correct books and records of the Company



Strictly observing the applicable laws of the Country



To strictly avoid questionable and improper payments or use of the Company's assets for personal purposes



To strictly avoid conflicts of interest



To strictly avoid any political contributions



Strictly avoid giving and receiving of gifts

CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which companies are directed and controlled. The Board is responsible for the governance of the Company, whereas the shareholders' role in governance is to appoint or nominate the directors and the auditors in order to satisfy themselves that an appropriate governance structure is in place. Corporate Governance encompasses the framework of accountability, transparency, and ethical conduct that guides the Company's decision-making and relationships with its stakeholders. The Board recognizes the critical role that effective governance plays in ensuring the long-term success of the Company and strive to maintain the highest standards of governance in all its operations. Good corporate governance ensures that the Board meets regularly, retain control over the business and have clearly defined responsibilities. The Board also recognizes the increasing importance of Environmental, Social and Governance (ESG) issues.

Composition of the Board of Directors

The Board composition refers to the directors in the Board and what they bring to the board table, such as their valuable experience, management skills, etc. Board composition varies widely depending upon an organization's goals and industry. A seasoned Board comprises of a balanced team of professionals with complementary skills and a collaborative culture that enables them to make well-informed, effective decisions for the Company.

Currently, there are Nine (9) Directors on the Board of SPL, out of which seven (7) are Non-Executive directors, one (1) is an Independent Director and one(1) Executive Director. None of the Board members currently serves on the boards of more than seven public listed companies.

Profile of the Board

Profile of Board members including the name, status, education, experience and engagement with other companies have been provided as “Profile of the Board” in the Company Overview section of this report on page 24.

Independent Directors

Independent directors bring a unique, unbiased perspective. The term “independent director” is commonly used to denote a director who is not connected or does not any other relationship with the Company. Currently, Mr. Munir Ahmed is the independent director on the Board of SPL. An independent director can reasonably be perceived to exercise independent business judgment without being subservient to any form of conflict of interest.

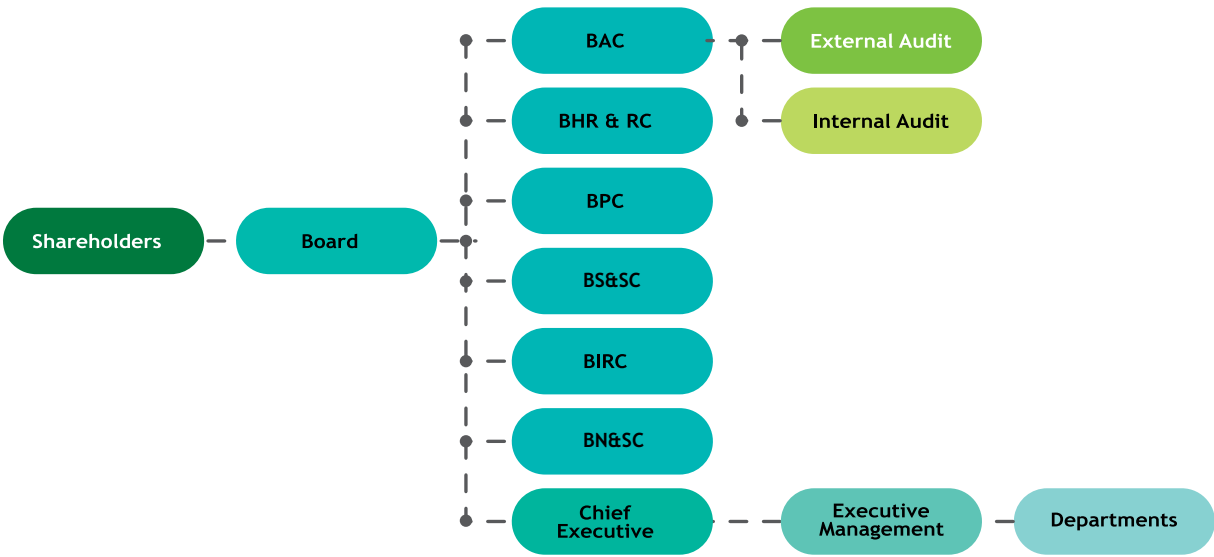
Female Directors

The Company’s Board includes one female director, as per applicable requirements. Mrs. Pernur Alaybeyoglu was appointed to the Board of Directors of SPL by Sumer Holding A.S. Turkiye on 18 February 2025, in place of Ms. Figen Caliskan.

CORPORATE GOVERNANCE

Board Sub Committees

The Board has established following Committees to assist it in fulfilling its oversight responsibilities. The Board delegates some of its detailed work to the Board Committees. Each Committee meets regularly:



Board Committees

BAC	:	Board Audit Committee
BHR&RC	:	Board Human Resource & Remuneration Committee
BPC	:	Board Procurement Committee
BS&SC	:	Board Strategic & Sustainability Committee
BIRC	:	Board Investment & Risk Management Committee
BN&SC	:	Board Nomination & Special Committee

The salient features of the Terms of Reference (TOR) of Board Audit Committee, Board Human Resource and Remuneration Committee, Board Nomination & Special Committee and Board Investment & Risk Management Committee are as follows:

Board Audit Committee (BAC)

The BAC reports to the Board and meets at least once every quarter of the financial year. This meeting is held along with meeting of Board of Directors. A meeting of the BAC shall also be held, if requested by the external auditors or the head of internal audit.

- The Audit Committee comprise of 5 members with the Chairman being an Independent Director. The Company Secretary and Chief Legal Officer acts as Secretary of the Committee.
- The CFO, the Head of the Internal Audit and a representative of the external auditors shall attend BAC meetings at which issues relating to Accounts and Audit are discussed.
- At least once a year, the Committee shall meet the external auditors without the CFO and head of internal audit being present.
- The Committee shall also, once a year, meet the head of internal audit without the CFO and the external auditors being present.

CORPORATE GOVERNANCE

Responsibilities

The Board has delegated to the Committee the responsibility for the following matters:

Internal Controls

The Committee shall satisfy itself that management:

- has appropriate measures in place to safeguard the Company’s assets;
- is responding on a timely basis to any material weaknesses or significant deficiencies that have been identified, by internal audit department (“IAD”) or the external auditors; and
- IT and cyber security related controls.

The Committee will also ascertain the internal control systems including the below are adequate and effective:

- Financial and operational controls;
- Accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities; and
- The reporting structure.

Accounting Matters

The Committee to review and discuss critical accounting policies:

- the selection, use, and application of, as well as proposed material changes to, critical accounting policies, principles, practices, and related judgments;
- review and approve all related party transactions and the external auditor’s evaluation of the Company’s identification of, accounting for, and disclosure of its relationships with related parties; and
- review and understand strategies, assumptions, and estimates that management has made in preparing financial statements and budgets.

The Committee to review annual and interim financial statements of the Company, prior to their approval by the Board, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with these COCG Regulations and other statutory and regulatory requirements; and
- all related party transactions;

External Auditors

The Committee shall recommend to the Board:

- the External Auditor to be appointed for the purpose of conducting review engagements and annual audit of the Company’s financial statements;
- the compensation of the External Auditor; and
- the provision of any service permissible to be rendered to the Company by the External Auditors in addition to audit of its financial statements;

CORPORATE GOVERNANCE

The Committee shall also:

- Review and discuss the objectives and general scope of the external audit (including overall audit plan, proposed timing and completion dates) and the final outcomes of the audit performed;
- Review and discuss relevant disclosures required by applicable accounting or other regulations to be reviewed with respect to the conduct of the audit and interim financial results;
- Communicate to the External Auditor of its ultimate accountability to the Committee, the Board as the representative of the shareholder;
- Facilitate and discuss with external auditors any major observations arising from interim and annual audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review management letter issued by external auditors and management’s response thereto;
- Ensure coordination between the internal and external auditors of the Company;

Financial Disclosures and Legal Compliance

The Committee shall:

- Review Company’s public disclosure of financial and material / price sensitive information;
- Review preliminary announcements of financial results prior to external communication and publication;
- Review the Company’s statement on internal control systems prior to endorsement by the Board and internal audit reports;
- Determine compliance with relevant statutory requirements;
- Monitor compliance with COCG and identify significant violations thereof. Also, to review the statement of compliance related to COCG;
- To review, consider and deliberate on any other matters / issues that may be considered to be significant by the Committee or as may be assigned by the Board.

Internal Audit

The Committee shall:

- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures;
- Ensure that the internal audit department has adequate resources and is appropriately placed within the Company;
- Periodically review internal audit reports along with action plans and completion status;
- Periodically review the status of action plans as reported by IAD along with reason where action plan completions are overdue; and
- Oversee the appointment, removal and annual performance review of the Head of Internal Audit as well as the overall performance of the department

Whistle-Blowing and Other Investigations

The Committee shall:

- Consider major findings of internal investigations or activities characterized by fraud, corruption and abuse of power including management’s response;
- Recommend special projects, cost benefit studies or other investigations on any matter specified by the Board, in consultation with the CEO. They shall also consider remittance of any matter to the external auditors or to any other external body;

CORPORATE GOVERNANCE

- Review arrangement for staff and management to report to the Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- Oversee the implementation, operation and effectiveness of the Company’s mechanisms for the receipt, retention, and treatment of complaints received; and
- Review the whistle blowing status at each Committee meeting.

Board Human Resource and Remuneration Committee (HR&RC)

The purpose of Board Human Resource and Remuneration Committee (HR&RC) is to assist the Board to fulfil its oversight responsibilities for:

- Recommending key human resource management policies to the Board pertaining to performance management and compensation benefits.
- Evaluate Chief Executive Officer’s performance and review the succession planning of the Executive Committee (Ex-Com) positions reporting directly to the CEO.

The Committee shall comprise of a minimum of four members comprising a majority of non-executive Directors of whom at least one member shall be an Independent Director.

The Chair of the Committee shall be an independent Director. The Chief Executive Officer (CEO) of the Company may be included as a member of the Committee. The head of human resource or any other person appointed by the Board may act as the Secretary of the Committee. The Chairman and the members of the Committee shall be appointed by the Board. The Chairman of the Board may attend and participate in any Committee’s meeting.

Responsibilities

In addition to any other responsibilities which may be assigned from time to time by the Board, the BHR&RC is responsible for the following matters:

- i. Recommending human resource management policies to the Board and providing guidance to the management in establishing policies relevant to employees’ remuneration, bonus and/or other benefits
- ii. Overseeing management compliance with laws and regulations with respect to compensation and human resource matters
- iii. Consideration and approval of hiring on recommendation of CEO for Ex-Com positions reporting directly to the CEO.
- iv. Once in three years, the Committee will assess comparative market remuneration by engaging well reputed human resource and remuneration consultant
- v. The Committee shall in consultation with the CEO, once a year review the Company’s management succession planning of Ex-Com positions and any development plan for the potential successors.
- vi. Recommending to the Board the selection, evaluation, development, compensation of CEO, Chief Financial Officer, Company Secretary, and head of Internal Audit.
- vii. Recommendation to the Board for consideration and approval of a policy framework for determining remuneration of Directors.
- viii. Undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant.
- ix. The BHR&RC will consider appeals by any officer reporting directly to the CEO and seek his/her assistance for resolving relevant matters

CORPORATE GOVERNANCE

- x. The CEO, if member of BHR&RC shall not participate in the proceedings of the Committee on matters that directly relate to his/her performance and compensation.

Board Nomination and Special Committee

The Terms of Reference of Board Nomination and Special Committee assists the Board in fulfilling its oversight responsibilities.

Responsibilities

The Board has authorized the Committee for the following matters:

- a) To make recommendations to the Board in respect of the Sub-Committees of the Board.
- b) To review the structure, size and composition of the Board.
- c) To take up, on its own accord or on being referred by the Board or the Management, any other matter of the Company and to make recommendation to the Board in this respect.

Board Investment & Risk Management Committee

The Terms of Reference of Board Investment and Risk Management Committee (BIRC) provides guidelines for making investment decisions, supervising, monitoring the investment portfolio, evaluating the performance of investments to realize optimum competitive return with prudent investments.

Responsibilities

The Board Investment and Risk Management regularly performs its functions related to Portfolio Management and Risk Management Framework.

Board of Directors’ and Board’s Committee Meetings

The details of number of Board and its Committees’ meetings are as follows:

Board of Directors (BOD)	9
Board Audit Committee (BAC)	8
Board Human Resource & Remuneration Committee (BHR&RC)	4
Board Procurement Committee (BPC)	4
Board Investment and Risk Management Committee (BIRC)	5
Board Strategic & Sustainability Committee (BS&SC)	2
Board Nomination & Special Committee (BN&SC)	3
Board Joint BAC and BSC Committee	1

CORPORATE GOVERNANCE

Attendance of Board and Board’s Committee Meetings

The attendance of Board and its Committee members is as follow:

S. No.	Name of Directors	BOARD	BAC	BHR &RC	BPC	BIRC	BS&SC	BN&SC	Joint BAC & BS&SC
1	Mr. Mohammad Aftab Manzoor	9	-	4	3	1	2	3	1
2	Mr. Jamal Nasim	9	8	4	4	3	-	-	1
3	Mrs. Pernur Alaybeyoğlu	2	-	-	-	1	-	-	1
4	Mr. Hamid Bazargan	9	8	2	4	1	1	-	1
5	Hafiz Mohammad Yousaf	8	8	1	-	5	2	3	1
6	Mr. Shafqaat Ahmed	9	8	4	4	5	2	3	1
7	Mr. Munir Ahmed	9	8	4	1	2	-	-	1
8	Mr. Arshad Mehmood Bhatti	9	-	-	1	-	-	3	-
9	Mr. Imran Qureshi, CEO	9	8	4	4	5	2	3	1
10	Ms. Figen Caliskan	4	-	-	-	2	2	-	-

The Directors / Members who could not attend the Board or Committee meetings were granted leave of absence.

Board Meetings held outside Pakistan

During the Financial Year 2024-25, all the Board of Directors meetings were held in Pakistan.

Chairman’s Review on the Performance of the Board

The Chairman's review report on the overall performance of the Board and the effectiveness of the role played by the Board in achieving the Company’s objectives has been covered in detail on page 31 of the Annual Report.

Matters Reserved for Board

In accordance with the requirements of the Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Company’s Articles of Association, the Board exercises all its powers after due deliberations. All matters that have a material impact upon the Company are referred to the Board including following matters reserved specifically for the decision of the Board.

- Approval of the Company’s Financial Statements including Quarterly, Interim and Annual Accounts. Adoption of significant change in accounting policies.
- Matters recommended by the Board Committees and monitoring and review of governance practices.
- Establishment of effective risk management framework of the Company.
- Capital Expenditure and disposal of fixed assets. Ensuring a sound system of Internal Control, review of internal audit reports and changes relating to the capital structure of the Company.

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- Monitoring and review of the strategic direction of the Company. The CEO leads the development of the Company’s short-term and long-term strategy.
- Recommending to shareholders the approval of alterations to the Memorandum and Articles of Association of the Company.
- Approval and periodic review of the Annual Budget, cash flow projections and strategic business plan of the Company. Approval of the maximum total value of the Company's borrowing facilities.
- The Board is advised of all material litigation proposed by or commenced against the Company. Approving terms of reference for Board Committees.
- Recommendation to shareholders to appoint or remove the Company’s auditors including approval of their fees. Appointment or removal of the Company’s legal advisors.

Board Performance Evaluation

The Company has developed a formal and effective mechanism for annual performance evaluation for the Board’s own performance, members of the Board and of its committees, in accordance with the applicable provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019, (“CCG”) the Board undergoes an annual performance evaluation based upon a mechanism whereby questionnaire forms are sent to the directors in relation to Board’s own performance, members of the Board and of its committees, which are completed by them and the results of the said questionnaires are then compiled and presented in the board meeting. The Board of Directors recognizes the importance of continuous assessment in determining how effectively the Board has performed against its established objectives and goals. Post evaluation, areas of improvement are identified, and corrective action plans are devised and implemented.

The Board’s performance evaluation is carried out by an external consultant once in every three years, and was last carried out for the financial year ended 30 June 2024.

During the current financial year, a formal process of Board’s own performance, members of the Board and its committees was undertaken by the Company Secretary.

Directors’ Orientation Program

The Company holds orientation program to assist new directors contributing fully, and as early in their tenure as possible, to the governing work of the Board. An effective orientation training helps directors to acquaint them with the Company's operations and provides them with orientation materials, including a visit to the factory, in order for them to gain a better understanding of the operations of the Company. At the time of induction of new directors, he / she is given orientation about the Company’s governance framework, its business strategy and operations in order to enable them to effectively govern the affairs of the Company. The directors are also provided with the detailed written material on powers, duties and responsibilities of the Board members. The Company Secretary regularly informs, the Board of Directors of any amendments being made in the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations 2019 and other applicable rules and regulations.

Directors’ Training Program

The Company is compliant in respect of certification of all the directors under the Directors' Training program. Additionally, one female executive of the Company has also completed her Directors' Training Program in FY 2024-25.

Disclosure of Director’s interest in contracts & arrangements

Security Papers Limited is committed towards disclosing any interest by a director in any contract or arrangement. A register of contracts or arrangements in which director(s) are interested is also maintained by the Company. Further, a director(s) does not take any part in the discussion or vote on, any contract or arrangement in which, he/she has a direct or indirect interest.

CORPORATE GOVERNANCE

Retention of board fee by executive director earned by him against his services as non-executive director in other companies

The CEO of the Company who is also an executive director, does not have directorship in any other company.

Directors’ Remuneration

The Company has a policy for Directors Remuneration which provides guidelines for remuneration of Board members. The policy is intended to provide market competitive remuneration to the Board members. The following are the objectives of the directors’ remuneration policy:

- 1. To attract and retain qualified and experienced Directors to drive the Company’s strategy and attain its objectives.
- 2. To ensure the level of remuneration for Non-Executive Directors including Independent Directors is commensurate with the level of responsibilities and expertise to encourage value addition.

Number of Companies directorship

As per the Listed Companies (Code of Corporate Governance) Regulations, 2019 and subject to the requirements of Section 155 of the Companies Act, 2017, it is mandatory that no person shall be elected or nominated or hold office as a director of a listed Company including as an alternate director of more than seven listed companies simultaneously. The Board members had informed that none of them is serving as a director on more than seven listed companies, including Security Papers Limited.

Security Clearance of Foreign Directors

The Company obtains security clearance from Ministry of Interior in case of its foreign directors and in the manner prescribed.

Exceeding Legal Requirements

SPL complies with provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other applicable laws and regulations. Some examples where the Company exceeds legal requirements are as follows:

- As part of the Company's Corporate Social Responsibility, supporting and partnering with communities to improve lives.
- Adoption of Sustainability Reporting on a voluntary basis.
- Disclosure of various financial analyses in the Annual Report, such as ratios, reviews, risk matrices, and graphs.

The Legislative and Regulatory Environment in which the Company Operates

Security Papers Limited is a Public Listed Company engaged in the manufacturing of security featured paper for banknotes and other security paper products. The Company has been classified as Category 1A (KPID) Key Point Installation by the Government of Pakistan. Being a Public Listed Company, the Company has to comply with the applicable Company law, rules and regulations.

The Company is required to comply with a variety of laws on a regular basis including the Companies Act 2017, Sales Tax Act of 1990, Income Tax Ordinance 1990, various labour laws, laws relating to protection of environment and the Pakistan Stock Exchange Regulations and the listed Companies (Code of Corporate Governance) Regulations 2017. As a matter of policy, the Company is required to ensure complete compliance with all relevant laws to avert the risks arising due to breach of any law.

CORPORATE GOVERNANCE

Compliances with Best Corporate Practices

Auditors Report thereon form part of this Report, Report of the Board Audit Committee on adherence to the Code of Corporate Governance, Statement of Compliance with the Code of Corporate Governance by the Chairman and the Chief Executive are stated on page numbers 60, 61 & 65.

Related Parties Policy

Under the Company’s Related Party policy, all transactions with related parties that arise in the normal course of business are conducted on an arm’s length basis. All related party transactions are placed before the Board Audit Committee for review and are approved by the Board of Directors upon recommendation of the Board Audit Committee.

All related party transactions have been appropriately disclosed in Note 32 on page No. 183 of the Financial Statements, including the name, basis of the relationship, percentage holding, nature, and amount.

Investors Grievance

The Company has an Investor Grievance Policy to provide guidelines for handling the grievances of investors and shareholders. The aggrieved party can submit a complaint using the Complaint Form available at the Company website. The purpose of this Policy is to safeguard and protect the interests of all investors and shareholders, as well as to ensure that their grievances are resolved as quickly and efficiently as possible. The Company has also engaged the services of an independent Share Registrar namely FAMCO Shares Registration Services.

Policy for Record and Archive Management

The Company’s Archive Records Management System provides a comprehensive. Record keeping management system. Most records management responsibilities are concerned with how records were created and distributed in the past. It provides guidance to all our employees on the creation and use of Company records, and it establishes standards for classifying, managing, and storing office records, among other objects.

Record management system provides various advantages, including increased efficiency, improved traceability, and regulatory compliance. The objective of the record management system is to ensure that employees have complete access to correct information quickly and cost-effectively. The Company ensures that the company's business operations are adequately documented and managed in accordance with Best Corporate Practices.

IT Governance Policy

IT policies and procedures are in place to regulate quality assurance, information security, data and system ownership, and responsibility segregation. It is ensured that IT investments are evaluated, selected, and funded effectively in accordance with business needs. IT is involved in pertinent decision-making processes to ensure that business requirements are met on time. Management is focused on establishing a framework for IT governance by aligning IT strategy with business strategy in order to manage risk effectively and optimize resource utilization.

Whistle Blowing Policy

This Policy is intended to establish a mechanism through which all stakeholder can report illegal and unethical activities that could endanger the interests of SPL or any stakeholder or external agency dealing with the Company. This Policy applies to all illegal and unethical activities, including but not limited to violations of laws applicable to SPL and SPL’s Board policies and procedures.

CORPORATE GOVERNANCE

Human Resource Policies

The Human Resources team of SPL plays a vital role in cultivating a dynamic and supportive workplace. Through strategic initiatives, SPL continues to attract, develop, and retain top talent, while prioritizing employee well-being, continuous learning, and organizational effectiveness.

Organizational Culture and Values

SPL’s greatest strength lies in its robust organizational culture deeply rooted in its core values. These values serve as the foundation of the Company’s success and continue to drive its growth. SPL remains committed to nurturing a values-based culture that supports its long-term vision and pursuit of operational excellence. Values such as integrity, accountability and customer centricity are embedded in everyday operations, guiding decisions and actions that uphold the highest standards and deliver consistent results.

Diversity, Equity, and Inclusion Policy

SPL is committed to fostering a culture of diversity, equity and inclusion at all levels of the organization. Every employee is respected, valued, and empowered. A comprehensive DE&I policy has been developed and implemented to support this commitment, along with other key policies such as the maternity leave policy and anti-harassment policy, aimed at creating an inclusive and respectful workplace environment. The Company complies with the Protection Against Harassment of Women at the Workplace (Amendment) Act, 2022.

SPL is an equal opportunity employer with a strong focus on gender diversity and the inclusion of differently abled individuals. Currently, SPL employs five differently abled persons and has increased female representation in management from 12.6% to 15.5%. Moreover, women also constitute 30% of the management leadership team. The Company is actively working to further improve these figures and continuously revisits its policies to support a more inclusive workforce.

To further promote inclusivity:

- SPL celebrated World Disability Day with awareness sessions and employee engagement activities.
- A Breast Cancer Awareness session was conducted for female employees, including education on early detection and prevention, followed by physical examinations and mammography, where required.

In recognition of these efforts, SPL was awarded the Women Empowerment and Gender Equality Recognition Award 2025 (Gold Category) by the Employers’ Federation of Pakistan, affirming our dedication to inclusive excellence.

SPL upholds a workplace free from gender discrimination, with no pay disparity based on gender. Employee compensation is determined by objective criteria including experience, tenure, education, job responsibilities, performance, and market benchmarks.

Disclosure related to Gender Pay Gap under Circular No. 10 of 2024

Security Papers Limited is committed to equal pay for equal work and ensuring fair, performance-based remuneration for all employees, regardless of gender. Our compensation structures are transparent, benchmarked against industry standards. We regularly review pay practices to promote equity, career growth, and diversity across the organization. The Company’s Gender Pay Gap report is provided below:

Following is the gender pay gap calculated for the year ended June 30, 2025

- I. Mean Gender Pay Gap: -30%
- II. Median Gender Pay Gap: -17%
- III. Any other data / details as deemed relevant: None

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Organizational Development

SPL’s approach to organizational development is rooted in aligning strategy, people, and processes to enhance performance, employee engagement, and adaptability. Key areas of focus include:

- **Performance-Based Culture:** Our Performance Management Policy establishes a structured framework for evaluating employee performance in a fair and transparent manner and linking the reward and recognition of the employees to performance. This is in line with the strategic objective of SPL to drive a performance-based culture within the organization and ensuring continuous improvement that fosters growth and accountability. Annual Salary reviews are conducted, while ensuring strict adherence to equitable standards and freedom from gender bias. SPL is committed to transparency in its pay practices and remains steadfast in its commitment to providing equal opportunities for all its employees.
- **Recruitment:** Security Papers Limited is an equal-opportunity employer committed to fostering a diverse and inclusive workplace, implementing rigorous, transparent, non-discriminatory evaluation criteria to ensure gender equality when hiring new employees. Our objective is to induct employees based on merit, ensuring an impartial and inclusive process without any biasness or favoritism, and must be compliant with all applicable laws and ethical standards.
- **Capacity Building and Training:** SPL invests in continuous learning and development by offering structured training programs, workshops, and professional development opportunities. These initiatives are aimed at enhancing employee capabilities, fostering leadership potential, and aligning individual growth with the Company’s strategic goals.
- **Talent Development and Management:** SPL is devoted to establishing a robust and sustainable talent pipeline aligned with Company’s strategic objective. The Company attracts talent across all functions and builds on its bench strength. The Company’s recruitment process includes standardized assessments evaluating cognitive abilities, personality traits, and behavioral tendencies across all levels. The Company prioritizes retaining talent by investing in competency-based training and development initiatives.

Employee Experience, Well-being, and Engagement

SPL prioritizes the holistic well-being and engagement of its workforce through various employee-centric initiatives:

- SPL places a strong emphasis on recognizing and celebrating its people. Regular events such as employee appreciation ceremonies, birthday celebrations and town halls are held to foster a sense of community, boost morale, and encourage open, two-way communication. These initiatives contribute to a positive work culture where employees feel valued and engaged. Additionally, SPL celebrated Women’s Day through a series of engaging and meaningful activities designed to recognize, empower, and appreciate the women across the organization, reinforcing the Company’s commitment to inclusion and employee appreciation.
- **Flexible Working Hours:** For eligible roles, flexible work schedules are available, supporting work-life balance and improving overall productivity and job satisfaction.
- **Medical Coverage:** To support the health and well-being of its employees and their families, SPL provides comprehensive medical coverage. This includes access to quality healthcare services, hospitalization benefits, ensuring peace of mind and promoting a healthy workforce.

Anti-Harassment Policy

Each employee has the right to be treated fairly and respectfully at the workplace and to create a safe working environment for the employees, which is free of harassment, abuse and intimidation with a view towards the fulfillment of their right to work with dignity. The Policy is in compliance with “The Protection against Harassment of Women in the Workplace Act, 2010”. A Committee has been constituted by the Board’s Human Resources & Remuneration Committee for inquiring into the complaints of affected employees under this Policy.

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Succession Planning Policy

SPL is committed to developing a system of highly skilled and professionally competent business leaders. The Company has a well-structured Succession Planning Policy that enables it to accomplish its objectives. Critical positions or those with a high turnover rate are reviewed on a regular basis to ensure effective succession planning and the availability of the appropriate resources. Throughout the year, the Head of Human Resources met with the Heads of Departments to assess progress toward developing identified successors in their respective areas of responsibility.

Employee Welfare Fund (EWF) Policy

The Employee Welfare Fund Policy was established to address the acute financial needs of our Management & Non-Management employees through grants/loans. The purpose of this Policy is to facilitate and formalize the provision of refundable loans and non-refundable financial assistance to our Management & Non-Management employees, and officers up to the level of Deputy Manager.

Board of Directors’ commitment to ethics and compliance:

The Board of Directors are dedicated to maintaining the highest standards of ethics and compliance. It fosters a culture of integrity and accountability, upholds code of conduct, supports ethical decision-making, ensures robust compliance and responds appropriately and promptly to any violations. Additionally, the company maintains a register of insider information at its Corporate Office, which is regularly reviewed to ensure compliance with applicable regulatory standards.

Conflict of Interest

Employees are committed to strictly avoid all forms of conflicts of interests whenever possible. A conflict of interest occurs when an employee’s personal interests - family, friendships, financial, or social factors could compromise his or her judgment, decisions, or actions in the workplace.

A director’s conflict of interest refers to a situation in which a director’s personal interests are at odds with the duties owed by the director to the Company. Any director who is in any way, directly or indirectly, interested in a proposed transaction or arrangement with a company, has a duty to declare the nature and extent of that interest to the other directors.

The Board of Directors also declares in each board and committee meetings that they do not have any conflict of interest with any of the agenda items related to the said meetings. .

Corporate Social Responsibility (CSR)

The purpose of this policy is to enable Security Papers Limited (SPL) to make meaningful contributions to society by supporting initiatives that promote education, healthcare, and community well-being. It encourages employee involvement in socially responsible activities, ensures allocation of a Board-approved budget, and outlines a structured mechanism for the implementation and monitoring of CSR programs.

SPL undertakes its CSR efforts in alignment with its core values and business strategy, with a firm commitment to making a positive, lasting impact on the communities it serves.

Environmental Policy

Security Papers Limited is committed to ensuring a safe and healthy workplace for its employees and minimizes any potential negative impact on the environment, either because of its products or because of its operations. The management is responsible for the safe operation of its manufacturing facilities in a manner that employees, neighboring communities, plant/equipment and the environment is not endangered.

As part of our proactive safety culture, Departmental Safety Champions (DSCs) have been appointed across the

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organization to strengthen our environmental, health, and safety (EHS) practices. These champions assist the HSE department in developing and communicating departmental safety programs, identifying hazards, coordinating corrective actions, maintaining safety documentation, and serving as key liaisons between departments and the HSE team. This initiative reinforces SPL’s commitment to continuous improvement, operational safety, and sustainable business practices.

Occupational Health & Safety Policy

Security Papers Limited, as a national strategic industrial organization, is committed to maintaining the highest standards of occupational health and safety in line with ISO 45001:2018 requirements. The Company provides and maintains a safe, accident-free working environment through effective risk management, hazard control, and safe operational practices. It ensures the safe use, handling, storage, and transportation of equipment, machinery, chemicals, and raw materials, and has robust procedures for emergency preparedness and response. SPL promotes worker participation, consultation, and teamwork through regular training, supervision, and effective communication of its OH&S policy to employees, customers, suppliers, and stakeholders. The Company continuously reviews and improves its OH&S systems to ensure their relevance, suitability, and compliance with legal and international standards.

Risk Management Policy

Security Papers Limited recognizes that its operations are exposed to various internal and external risks that may impact the achievement of its objectives. The Company adopts a proactive approach to risk identification, assessment, and mitigation, ensuring sustainable growth and stability. Through a structured risk management framework and the maintenance of departmental risk registers, SPL evaluates risks based on likelihood and impact, prioritizes them, and implements appropriate controls to manage residual risk. All employees share responsibility for risk management, while departmental heads oversee day-to-day risk control within their areas. The policy is applied company-wide and is periodically reviewed by the Board Investment and Risk Management Committee to ensure its continued effectiveness and alignment with best practices and regulatory requirements.

Communication Policy

The Company is committed to maintaining open, transparent, and consistent communication with all its stakeholders. A structured Communication Policy is in place to ensure that information is disseminated in a timely and responsible manner, in compliance with regulatory requirements and best practices.

All external communications, including those to investors, media, and regulatory authorities, are managed through authorized spokespersons to maintain accuracy and consistency. Official announcements are made through designated platforms, including the Pakistan Stock Exchange (PSX), the Company website, and its corporate LinkedIn page, ensuring broad and equal access to information.

Internally, communication is facilitated through formal channels to promote alignment, awareness, and employee engagement across all levels of the organization. The Company continues to evaluate and improve its communication processes to ensure they remain effective, secure, and aligned with its strategic objectives.

Beneficial Ownership

The Company complies with the requirements of the Companies Act, 2017 with regard to the disclosure of beneficial ownership. The details of Associated Companies, Undertakings and Related Parties is annexed (page 292).

Compliance with the Best Corporate Practices;

- The financial statements prepared by the Company's management fairly present the Company's state of affairs, results of operations, cash flows, and changes in equity;
- The Company's books of account have been maintained properly; and
- There are no material doubts about the Company's ability to continue as a going concern.

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- Appropriate accounting policies have been applied consistently in the preparation of the financial statements, and accounting estimates have been made using reasonable and prudent judgement.
- The financial statements have been prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan, and any deviations have been adequately disclosed.
- The internal control system is well-designed and has been implemented and monitored effectively.
- There has been no material deviation from the corporate governance best practices outlined in the Listing Regulations.

Offices of the Chairman and Chief Executive Officer

Security Papers Limited strongly believes that the separation of the Chairman and Chief Executive Officer is a critical component of ensuring the independence of the Board of directors and the avoidance of conflicts of interest. Both these positions are held by separate individuals with clear separation of roles and responsibilities.

Roles and Responsibilities of Chairman

The Chairman is responsible for leading the Board and focusing it on strategic matters, overseeing the Company's business and setting high governance standards. He plays a pivotal role in fostering the effectiveness of the Board and individual Directors, both inside and outside the board room.

The Chairman of the Board chairs all Board and general meetings of the Company. He sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met. The Chairman ensures a conducive environment that encourages directors to carry out Board's business in line with legal and regulatory requirements.

The Chairman ensures effective performance of the Board and sets high standards of governance. Ensures that the Chief Executive Officer and management successfully execute the plans and policies decided by the Board.

Roles and Responsibilities of Chief Executive Officer

The Chief Executive Officer's (CEO) primary responsibilities include managing the overall operations and resources of the Company. CEO is responsible for expanding the Company, driving profitability and managing its overall operations. The CEO is an Executive Director responsible for providing effective leadership to the management.

The CEO acts as a main point of the communication between the Board and the stakeholders. The CEO leads the development of the Company's short-term and long-term strategy. Additionally, he is responsible for establishing and maintaining an efficient internal control system, risk management, financial reporting, planning, strategy budgeting and risk management.

Date of authorization of Financial Statements

The date of authorization of financial statements is as follows:

First Quarter	October 21, 2024
Second Quarter	January 30, 2025
Third Quarter	April 29, 2025
Annual Accounts	July 30, 2025

Presence of the Chairman Board Audit Committee at AGM

The Chairman of the Board Audit Committee had ensured his presence and attendance at the Annual General Meeting of the Company held on September 25, 2024.

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Sustainable Development

Environmental and Social Governance (ESG)

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

To extend the scope of Sustainability we believe in 7 R's of Sustainability. The model is necessary to ensure the survival of the human race and planet Earth, which includes ways to slow or reverse pollution, conserve natural resources, protect our environment and contribute to comply the priority issues incorporated in Pakistan National Climate Resilience and Adaptation Plan 2023-2030.

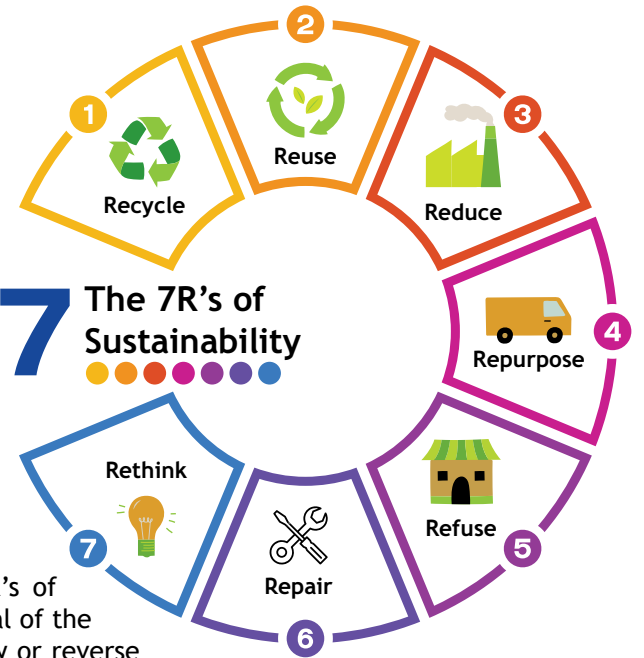
The Company has established a comprehensive Integrated Management System which comprises of Quality, Environment and Occupational Health & Safety Management Systems based on International Standards of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 respectively.

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

It's a prime objective in our organization to have a healthy workforce with minimum of Occupational injuries and diseases. We strive to promote and protect physical and mental health. Occupational Health and Safety Management System (OHSMS) is a fundamental part of our organization's risk management strategy. Implementing OHSMS enabled us to:

- Protect our workforce and others under our control
- Comply with legal requirements
- Facilitate continual improvement

HSE & Sustainability trainings have also been earmarked into the training calendar for FY 2024-25. A series of Awareness Sessions on OH&S, Environment and Sustainability such as Managing Safely at work place, How to conduct Tool Box Talk Firefighting, Healthcare Policy



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Awareness, Implementation of 5S methodology to improve Housekeeping, waste and hygiene control, ISO Management Systems, Work life balance, Fire protection facilitator, Professional Safety Practitioner, besides that, technical trainings, job hazard analysis, sessions etc. were also arranged through both internal and external reputable trainers/facilitators. Over more than 1000 training man-hours out of a total of (1330:30) man-hours were allocated to OHSE and Sustainability related training courses that were attended by over 612 employees.

The Sindh Occupational Safety and Health Act, 2017 is also fully in place.

The performance of Occupational Health and Safety Management System (OHSMS) is verified through periodic surveillance audits of external certification body such as SGS Pakistan Limited

High quality personal protective equipment has been provided to all departments through structured mapping at all relevant job levels to ensure their appropriate usage. A review of Hazard Identification and Risk Assessment & Control is regularly carried out by the Health and Safety Surveillance Committee (HSSC).

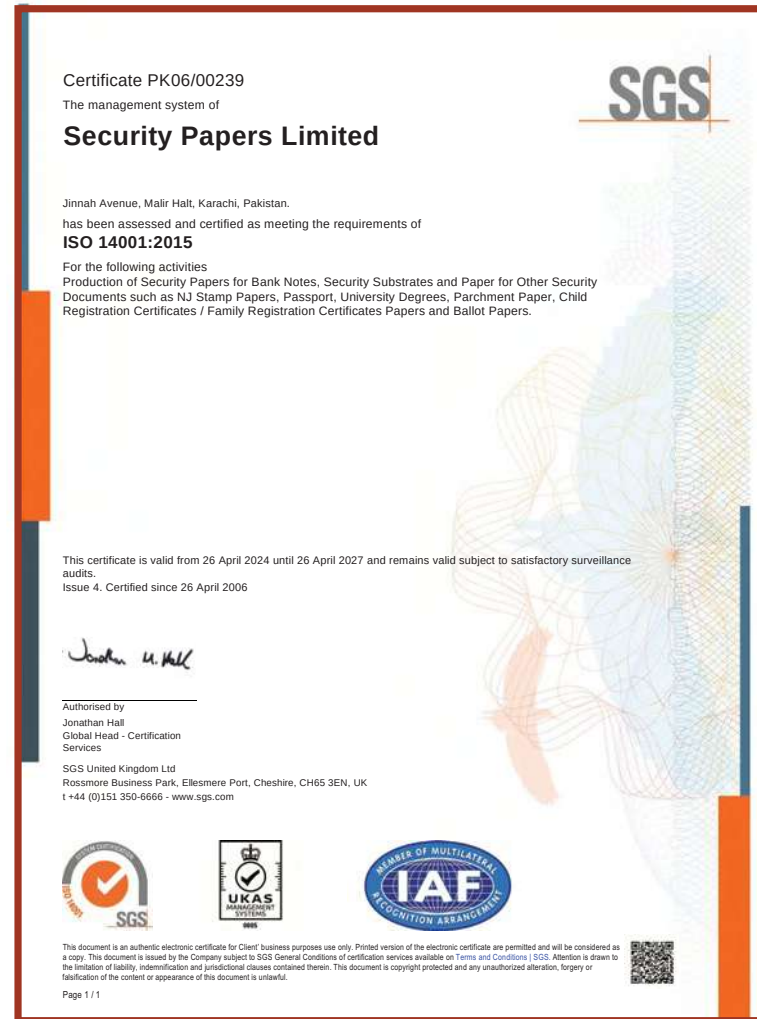
The Company carries out incident / accident analysis and follow up for corrective / preventive measures to reduce accidents. A series of Awareness sessions on OH&S, Environment Management System were conducted to emphasize on the importance of these issues.

The Environment Management System (ISO 14001: 2015)

The Environment Management System (ISO 14001: 2015) integrates procedure and processes for training of personnel, monitoring, summarizing and reporting of specialized environmental performance data and information to internal and external Interested parties. We have implemented environmental programs in a comprehensive, systematic, planned manners which are well documented. The organization is also fully concerned regarding 7Rs (Recycle, Reuse, Reduce, Repurpose, Refuse, Repair & Rethink) of waste and efficient use of natural resources (electricity, water, gas, fuels etc.) and keen to follow global best practices to protect the environment. During the year, business process re-engineering efforts resulted in control of process losses and improvement in environment system processes by hiring services of Competent SEPA (Sindh environment Protection Agency) certified environmental consultant which resulted in effective monitoring the environmental parameters such as stack emissions and liquid effluent quality to comply with legal compliances. The Sindh Environmental Protection Act, 2014, and SMART Rule 2014 are fully in place.

Environment Excellence Award

The National Forum for Environment & Health - NFEH conferred the 22nd Annual Environmental Excellence Award 2025 to Security Papers Limited. The award was given in recognition of the Company's vision and its effective implementation of Environment Management System and policies and after thorough assessment of its submitted



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documents and testimonials by the distinguished NFEH Panel of Jury. A unanimous decision of the distinguished Panel of Jury.

The Company has also received the 11th, 15th to 18th and 20th to 21st Annual Environment Excellence Awards in 2013 and 2017 to 2020 and 2022 to 2023.

Quality Management System (ISO 9001:2015)

Maintaining ISO certification is a proof of the sustainability of achievements accomplished for the quality Products & Services being provided to our customers as well as adopting of best international practices and procedures with respect to the Quality Management Systems and established Contexts of Organization to fulfill the needs and expectation of internal as well as external Interested Parties.

Customers' Feedback is obtained from all key customers periodically and corrective and preventive actions are taken accordingly to exceed customers' expectations. Customers complaints are processed through well-defined Standard Operating Procedures-SOPs.

Housekeeping Management System

5S System Implementation Program

Implementation of all five phases of 5S include Sorting, Setting, Shining, Standardizing, and Sustaining in the workplace in true letter and spirit in last three years were done throughout the factory premises.

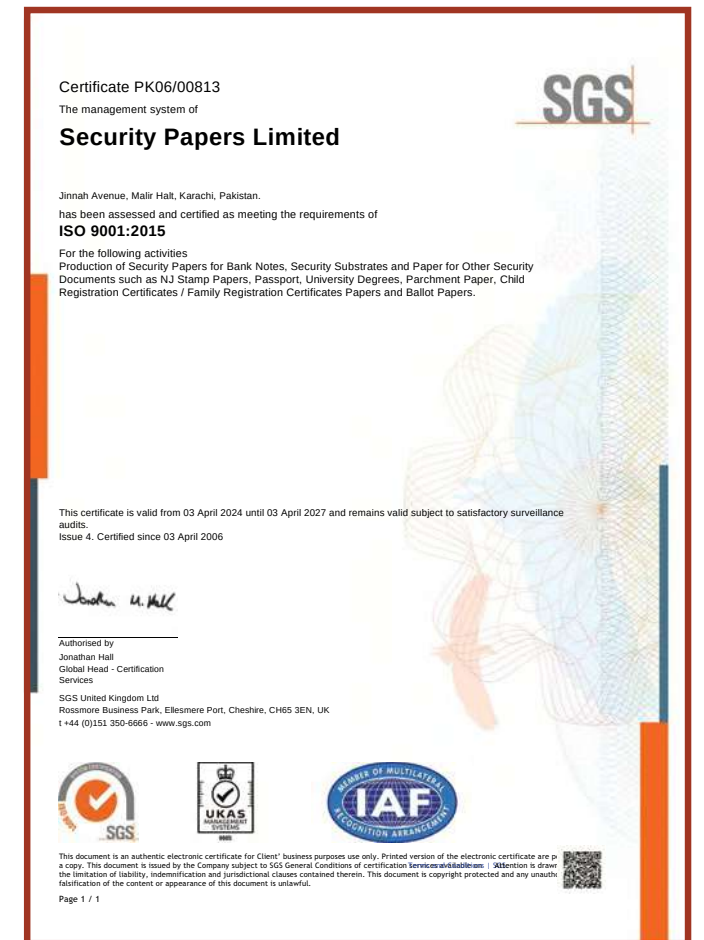
Key benefits include increased productivity, improved safety, reduction in waste, and workforce commitment. For effective 5S implementation, the whole factory was divided into 19 blocks. An independent committee conducts comprehensive 5S Audit of each of the 19 blocks and assign scores while simultaneously also identifying areas for improvement.

Business Continuity Plan (BCP)

There are no doubts about the Company's ability to continue as a going concern.

The core objectives of Business Continuity Plan (BCP), in case of any occurrence of catastrophe caused by fire, natural disasters, utility / power failure, hazardous chemical spill, civil strife, sabotage or an act of war for SPL, includes:

- Protection of human lives and safety of all personnel;

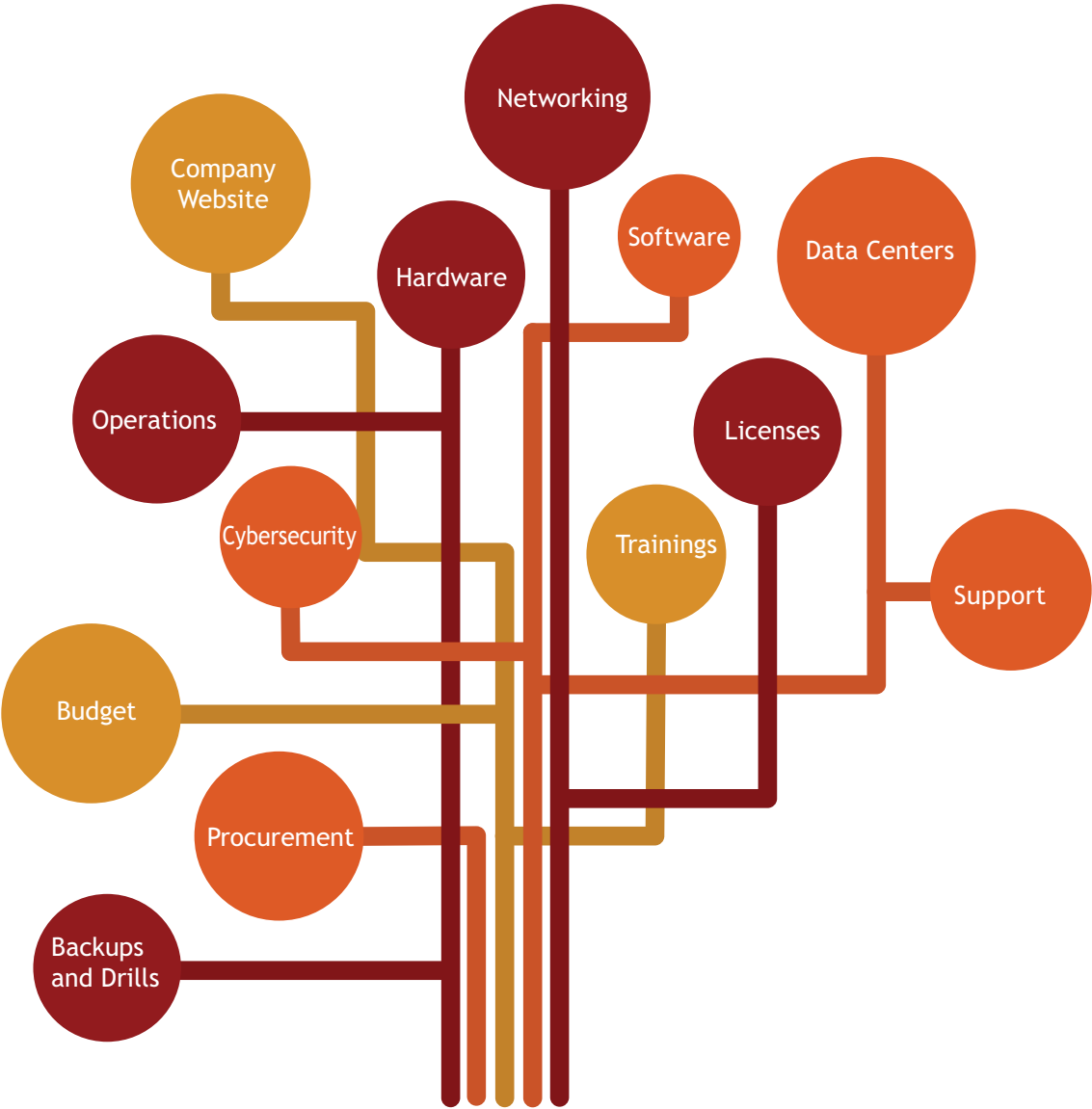


- Prevention of business disruptions;
- Minimization of economic losses resulting from a business disruption.
- Documentation of the steps necessary to recover from the loss of critical facility and infrastructure resources;
- Identification of key individuals responsible for the specific activities of the restoration;
- Identification of alternate resources for reducing dependence on specific individuals or groups;
- Restoration of critical business functions within agreed period following an event.

INFORMATION TECHNOLOGY

The IT department plays a critical role in the ongoing success of SPL by efficiently managing all technological operations and ensuring the robust implementation of IT governance, including compliance with ISO/IEC 27001 standards. It supports all operational units by delivering reliable infrastructure and services, with a commitment to maintaining 99.9% uptime for over 175 users.

SPL IT Domain Core Functions



IT Governance and Cybersecurity

The Company’s IT Governance framework is structured to align the IT strategy with overall business objectives, ensuring effective risk management, regulatory compliance, and optimal utilization of resources. To strengthen its security posture the Company has adopted the globally recognized Cybersecurity framework ISO/IEC 27001 Information Security Management System and successfully achieved certification milestone by implementing best practices and mandatory controls.

At Security Papers Limited (SPL), our IT Governance framework is designed not only to ensure compliance with legal and regulatory requirements but also to strengthen the strategic alignment between IT and business functions. It focuses on optimizing resource utilization and maximizing value creation through IT investments.

The SPL IT Governance system encompasses the following key aspects:

- **Stakeholder Engagement:** Involving all relevant stakeholders to set priorities for technology investments that align with the Company’s strategic objectives.
- **Value Creation:** Realizing both tangible and intangible benefits from IT services and initiatives.
- **Comprehensive IT Governance:** Covering the full lifecycle of IT services, including design, transition, delivery, security, configuration, access management, and continuous improvement for all IT services and projects.
- **Reliable Service Delivery:** Ensuring mature, uninterrupted IT services while maintaining compliance with legal and regulatory requirements.
- **Optimized IT Solutions:** Delivering benefits such as cost reduction through process automation, phasing out legacy systems, mitigating risks, and conducting training and awareness programs.

Board-Level Oversight of IT Governance and Cybersecurity Risks

Regular updates on critical/significant issues (if any) related to IT Governance and Cybersecurity that may hinder the Confidentiality, Integrity, and availability of information Systems are presented to the respective Board Committee. The Board Audit Committee (BAC) oversees the conformance part of IT Governance and Cybersecurity matters. Management keeps the Committee informed on the status of IT initiatives to meet the Company’s business requirements, ensuring that progress, challenges, and risk mitigation measures are clearly communicated.

Governance Policies and Procedures

In line with the ISO/IEC 27001 Certification requirements, SPL IT Department has developed and implemented a comprehensive set of Information Security Policies. These include policies on Information Security, Access Management, Clear Desk & Clear Screen, - Information Asset Management, Information Security Policy for Supplier Relationship, Change Management, IT Purchasing, Email, Backup and Life Cycle Management and Information Risk Management System etc.

IT Governance Policy

As an ISO/IEC 27001 certified organization, our governance practices are designed to support and strengthen the Information Security Management System (ISMS).

Key IT policies and procedures address the following core areas:

- **Information Security**
Safeguarding data and systems against unauthorized access, breaches, and cyber threats to ensure confidentiality, integrity, and availability.
- **Quality Assurance**
Ensuring that IT systems and services consistently meet defined performance standards and fulfil stakeholder expectations.
- **System and Data Ownership**
Establishing clear accountability for systems, applications, and data assets, with well-defined roles and responsibilities.

User Enablement and Training

The IT department routinely organizes training sessions on various IT services, ERP modules and technologies to strengthen user awareness, confidence, and productivity. These initiatives significantly contribute to employee development, user satisfaction, and overall organizational performance.

Company’s Early Warning System for Cybersecurity Risk Identification and Response

Information Security Officer is in place with objectives which include to monitor, detect, investigate cyber incidents and take preventive/remedial action about cyber threats. During the year, no specific, critical threat was identified.

To ensure proactive risk mitigation, dedicated hardware and software solutions are deployed, including:

- At Network Entry Points, Firewall with IPS & Web Application Firewall are installed.
- Server is placed in a segregated zone.
- DNS Security to safeguard against all DNS attack types.
- Privileged Access Management is in place for privileged users.
- Network Admission Control to prevent unauthorized devices from accessing the network.

Independent Security Assessments and Third-Party Risk Reviews

The Company is committed to adopting best practices in Information security and IT procedures in alignment with all applicable standards and regulatory requirements. As an ISO/IEC 27001:2013 certified organization, an annual third-party surveillance audit is conducted to maintain certification compliance. Last such review was carried out on 16 to 18 September, 2024.

Business Continuity Plan

There are no doubts about the Company’s ability to continue as a going concern. The core objectives of Business Continuity Plan (BCP), in case of any occurrence of catastrophe caused by fire, natural disasters, utility / power failure, hazardous chemical spill, civil strife, sabotage or an act of war, include:

- Protection of human lives and safety of all personnel.
- Prevention of business disruptions.
- Minimization of economic losses resulting from a business disruption.
- Documentation of the steps necessary to recover from the loss of critical facility and infrastructure resources.
- Identification of key individuals responsible for the specific activities of the restoration.
- Identification of alternate resources for reducing dependence on specific individuals or groups.
- Restoration of critical business functions within agreed period following an event.

The Board of Directors of the Company has approved the company’s IT Policy and Business Continuity Plan. Management has arranged for offsite data storage facilities, and key records are maintained at different locations. Employees are trained on the procedures to follow in case of an emergency. Business Continuity Planning has become an essential component of the Company’s overall management strategy.

Disaster Recovery Plan

A comprehensive Disaster Recovery Plan (DRP) is in place to effectively handle any emergency/disruption. As an integral component of the Business Continuity Plan (BCP), the DRP includes -a business impact analysis, preventive actions, reactive strategy, action plan, roles and responsibilities. An Incident Management plan is also in place to cater for any emergency. The IT department conducts periodic DR drill exercises to assess preparedness and validate the effectiveness of recovery procedures.

Cyber Insurance

Cybersecurity insurance is an evolving field, with organizations securing such coverage often considered early adopters. Due to the dynamic nature of cyber risks, policies are subject to frequent changes, and underwriters face challenges in developing accurate risk models due to limited historical data on coverage, rates, and premiums.

The Company has an insurance policy in place that provides coverage for various technology related risks. In addition to this insurance, we have implemented a comprehensive Disaster Recovery (DR) and Business Continuity (BC) plan.

This plan is designed to address potential incidents such as theft, disasters, and cyberattacks by ensuring that resources are available to restore both data and hardware promptly.

This integrated approach supports our ability to maintain business operations and swiftly address any IT-related challenges that may arise.

ERP-Driven Digital Transformation for Transparency and Governance

During the year, several ERP initiatives were implemented to enhance efficiency and transparency, including the online Visitor Management System, paperless comparative statement approvals in the Supply Chain module, the HSE portal for streamlined incident reporting, and an upgraded Performance Appraisal module. Our customized ERP covering HR, Finance, and Supply Chain remains fully operational, with continuous feature enhancements.

Management Support

Strong management commitment has enabled the effective implementation of customized ERP initiatives and ensures continuous upgradation of modules to meet evolving organizational needs.

ERP Security and Controls

The ERP system is protected through layered IT controls, with checks carried out from time to time. Access to sensitive data is role-based and reviewed from time to time, while segregation of duties is embedded to ensure transparency and reduce risks.

ERP Project Risk Controls

The Company manages ERP project risks through management oversight, phased implementation, user training, and from time-to-time reviews to ensure system reliability, data security, and continuity of operations.

Cybersecurity Education and Training Initiatives

In line with the ISO / IEC 27001 ISMS certification requirements and to improve the awareness among IT users, the IT department conducts periodic In-house training sessions covering various areas of Information Technology. These include IT security, data backups, IT operations, IT policies, functions, and processes.

In addition, the IT Department periodically promotes information security awareness through email communications, keeping employees informed about new implementations, updated policies, best practices, emerging threats, and their responsibilities in safeguarding the Company’s information assets.

OUR PEOPLE

Security Papers Limited greatly values its human capital and considers it as a fundamental resource to gain success. The Company believes that its core strength is its people, who strive every day to meet individual challenges and help the Company achieve its collective targets. We are committed:

- Towards providing a better, safe and healthy working environment to protect human rights and increase the satisfaction and commitment of our people;
- To motivate them by providing long-term benefits and an open-door policy so employees feel comfortable approaching management with work-related problems. The Company is compliant with applicable labour laws;
- To focus on areas including employee relations, security, training, equal opportunity, employees' welfare and health & safety of our workforce;
- Towards recognizing employees' efforts through Innovative ideas, employee awards and implementation of Kaizen project; The Company makes every reasonable effort to remain competitive through its continuous learning environment to nurture the growth of its people.





Strategy and Resource Allocation



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STRATEGIC PLANNING PROCESS

Strategic Planning

SPL believes that strategic planning is a continuous and collaborative process that brings together key stakeholders to assess current realities in order to define long-term goals, and shape the Company's future direction. This approach ensures alignment across all functions, enabling employees and stakeholders to work toward shared objectives. By integrating budgeting with strategic planning, SPL remains agile in adapting to evolving market dynamics while maintaining operational focus and financial discipline. This integrated approach allows the Company to effectively allocate resources, set clear objectives and targets, and remain well-positioned for sustainable growth.

Company's Strategic Management Process

To achieve long-term success and sustainability, the Company follows a structured Strategic Management Process which involves a thorough review of four key areas to execute the plans successfully across three levels: corporate, middle and operations. It serves as a disciplined approach to align the Company's strategies with its vision, values, and performance expectations.

Our strategy follows these steps:



STRATEGIC PLANNING PROCESS



STRATEGIC PLANNING PROCESS



Resource Shortages:

During the year, the Company did not face any material shortages in financial, human, manufactured, or natural resources. SPL maintains proactive approach to address potential supply chain risks, particularly in the procurement of specialized raw materials and high-precision machinery components. However, water supply was affected during the year.

Shortage was overcome through procurement from private hydrants which increased water cost, this impact will be reduced significantly going forward with the help of capacity enhancement of the effluent treatment plant, which has been operational since June 2025, and the addition of new storage capacity of 500,000 gallons scheduled in Q1 2025-26.

Strategic supplier relationships and buffer inventory management are in place to ensure production continuity.



KEY PERFORMANCE INDICATORS

Supply Chain KPIs

- Inventory turnover rate
- Raw Materials (RM) forecast accuracy
- RM Stockout frequency
- Supplier on-time In-full deliveries
- Cost savings
- Supplier Contract compliance rate
- Warehousing space utilization
- Warehousing - FIFO compliance
- Inventory record Accuracy

Operational KPIs

- Prompt completion of the customer's order
- Continuous Reduction of production losses
- Maximum waste recycling
- Control of production costs
- Predictive Maintenance regime
- Improve production efficiency of plants

Financial KPIs

- Timely financial reporting
- Efficient receivables management
- Operational cash flow management
- Higher ROI of Company's surplus funds
- Corporate tax management

Sales KPIs

- Customer satisfaction
- Delivery of high-quality paper
- Increase in net sales value
- Increase in sales volume

HR & Administration KPIs

- Employee engagement
- Diversity, equity and inclusion
- Employee development & capacity building
- Talent management & succession Planning
- Clean environment and safety for smooth operations

Health, Safety & Environment KPIs

- Reduce injuries and monitor injury trends
- Safety training compliance
- Permit to work compliance
- Safety observations and closure
- Safety inspections and audits
- Risk Assessments and JSA

The Company reviews its KPIs annually to ensure their continued relevance to evolving strategic objectives and industry trends. Based on the current business outlook, management and the Board believe the existing set of operational, financial, sales, HR, and HSE KPIs will remain relevant and effective in measuring progress against SPL's strategic priorities for the foreseeable future.

OVERALL STRATEGIC OBJECTIVES

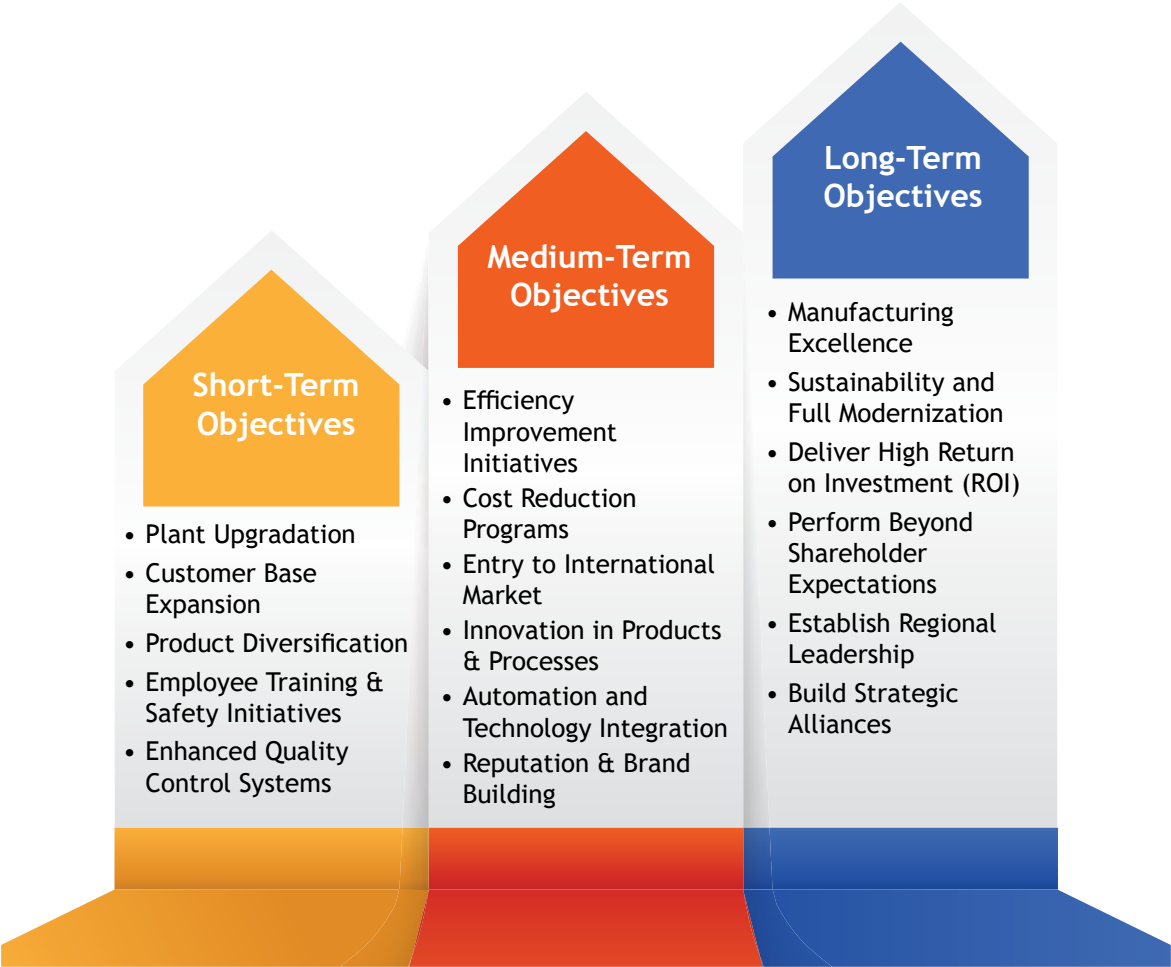
Security Papers Limited is committed to winning together with our key customers by manufacturing world-class products. We strive to be a trusted leader in the security paper industry by consistently delivering high-quality solutions that meet the evolving needs of our clients. Our strategic focus centers on continuous operational improvement, product innovation, and modernization of manufacturing processes.

We are focused on concentric diversification and capacity optimization to strengthen our domestic position. Our aim is to maximize long-term value for stakeholders through sustainable growth, improved profitability, and effective resource utilization. This commitment includes fostering a culture of accountability, safety, and continuous learning across the organization.

Our people are at the core of our success. We aim to provide a secure, inclusive, and empowering work environment, invest in skill development, and reward performance that aligns with our strategic goals. To support our vision, we have established measurable strategic objectives and performance indicators that are regularly reviewed and aligned with our long-term ambitions.

The Linkage of Strategic Objectives with Company’s Overall Mission, Vision, and Objectives:

Each of SPL’s strategic objectives is closely aligned with the Company’s vision “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” and its mission “to exceed the expectations of our customers in producing, with security and efficiency, the highest quality paper products, employing international best practices and an integrated approach across all core functions.” For example, the short-term goal of plant upgradation supports the vision for manufacturing excellence and international recognition, while long-term sustainability initiatives directly reinforce SPL’s commitment to quality, operational efficiency, and stakeholder value creation.



KEY STRATEGIC GOALS

Goals & Strategy in Place	Key Indicators
Customer Satisfaction: We are committed to delivering unmatched customer satisfaction through exceptional quality products and service excellence.	Quality Assurance & Audits - Continuous improvements to maintain world-class standards International Certifications - Aligning with global benchmarks for quality Timely Delivery - Meeting desired supply schedule Customer Feedback - Listening, improving, and exceeding expectations
Employees: Enhance Employee Engagement and Performance to drive business outcomes	Attracting and retaining top talent Developing High Performance Workforce Fostering a positive and inclusive environment
Risk Management: Enterprise Risk Management Business Continuity Planning	Identification of high risks areas Residual rating of risks Identification of maximum probable loss of risks
Continuous Improvement: KAIZEN 5S Methodology Preventive and predictive maintenance	Cost reduction Increase in profit Time saving Safety
Operational Efficiency: Reduce usage of raw material, energy consumption and costs by optimally utilizing available resources for lower cost and increased efficiency	Order fulfilment time Reduction of production losses Waste recycling Control of cost of production / cost per unit of production Profit margins
Shareholders Safeguard shareholders’ interests by maintaining a healthy and viable business	Earnings per share Dividend per share
Corporate Social Responsibility Promote the social development of the communities we serve by providing financial and non-financial support for welfare, education, health, and overall development across the Country.	Board-approved CSR Policy Number of participants in community outreach initiatives, health, education, and welfare etc. Initiatives that foster diversity and inclusion Company-wide cash and in-kind contributions Encourage employee engagement and volunteerism

RESOURCE ALLOCATION PLANS



Financial capital

Security Papers Limited's consistent profitability has strengthened its financial position, providing a solid foundation for strategic decision-making and investments. The Company maintains a debt-free capital structure and holds ample asset reserves for both short and long-term needs. We also maintain strong relationships with notable banks and non-banking financial institutions. The robust liquidity enables the Company to navigate market challenges and pursue sustainable growth opportunities.



Debt Repayment & Liquidity:

The Company remained debt-free throughout the reporting period, with no defaults on any financial obligations. SPL maintains a strong liquidity position supported by healthy operational cash flows and a prudent treasury management policy.



Human capital

At Security Papers Limited, we recognize that our employees are the driving force behind our success. We are committed to fostering a safe, inclusive and empowering working environment that allows them to grow and stay motivated. Our talent management and retention strategies aim to nurture potential and value employee contributions. We offer continuous learning and development opportunities through a variety of technical and non-technical upskilling programs, enabling our people to advance in their careers and contribute meaningfully to the Company's long-term goals.



Manufactured capital

Security Papers Limited reported fixed assets valued at Rs 2.01 billion, with total inventory amounting to Rs 1.25 billion as at the end of FY2024-25. The Company manufactures high-quality security paper at its state-of-the-art production facilities located in Karachi, supporting consistent quality and operational excellence.



Natural capital

Environmental considerations play a significant role in SPL's decision-making process. The Company is certified under the latest Environmental Management System (EMS) 14001:2015, underscoring its commitment to globally recognized environment-friendly standards.

To reduce its environmental footprint, SPL has undertaken several initiatives, including a transition to renewable energy, with projects aimed at generating electricity through solar and other renewable sources. In the past year, a 110-kW solar power plant was installed, and another solar energy project is currently in progress. Additionally, to conserve natural water resources, upgradation of wastewater recycling plant has been completed. These projects reflect SPL's dedication to environmental preservation and the responsible use of natural resources.



Intellectual capital

As the sole manufacturer of security papers in the country, SPL not only invests in research but also retains and builds on the knowledge gained through decades of experience. The Company continues to strengthen its information management and governance frameworks to foster an environment where research and innovation are central to operational excellence.

RESOURCE ALLOCATION PLANS



Social & relationship capital

SPL recognizes that strong relationships are built on two-way communication. We regularly conduct corporate briefing sessions as part of our commitment to transparency. At the Annual General Meeting, held in accordance with the Companies Act, 2017, shareholders have the opportunity to engage directly with the Board of Directors, CEO, Corporate Secretary, CFO, and senior management. These interactions allow the shareholders to discuss the Company's financial, operational, and social matters and to share valuable feedback and recommendations. Such practices foster a culture of openness, accountability, and mutual trust.

Sustainable Competitive Advantage

SPL's sustainable competitive advantage is underpinned by its status as the sole manufacturer of security paper in Pakistan, a position supported by decades of specialized expertise, advanced manufacturing infrastructure, a highly skilled workforce, and trusted relationships with key institutional customers. This unique market position, combined with continuous investment in technology, and quality assurance, enables SPL to consistently deliver value while maintaining high entry barriers for potential competitors.

Internal Controls

The Board of Directors oversees the internal control framework as implemented in the company, including IT controls, designed to safeguard assets, ensure the accuracy and reliability of financial reporting, and maintain compliance with applicable laws and regulations.

The internal control system is regularly reviewed through both internal and external audits, while IT infrastructure is continually upgraded to protect against cyber threats and ensure operational continuity.

During the year, the Board also instructed management to engage an external firm to conduct an IT Gap Analysis, evaluating existing vulnerabilities and their potential implications, to ensure timely remediation and strengthen overall system resilience.

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Risk Management



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Commitment



RISK MANAGEMENT FRAMEWORK

1. Introduction

Managing risk is not merely a compliance requirement for Security Papers Limited (SPL) but it is also a strategic enabler of sustainable growth, operational excellence, and stakeholder confidence.

Our Enterprise Risk Management (ERM) Framework provides a structured, company-wide, and consistent methodology for identifying, assessing, mitigating, and monitoring risks that could affect the achievement of our objectives.

The framework ensures that:

- The right risks are addressed by the right people at the right time.
- Transparency, accountability, and informed decision-making are embedded into our corporate culture.
- Risk management is integrated into daily operations, long-term strategic planning, and investment decisions.

Through this embedded approach, SPL strengthens its resilience against volatility, safeguards stakeholder value, and ensures readiness to seize new opportunities in a rapidly evolving business landscape.

2. Objectives

The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management framework remains in place. The Board, in ensuring the effectiveness of the risk management framework, is supported and assisted by the Board Investment and Risk Management Committee (BIRC) to oversee and review the risk management function of the Company.

Following are the risk management objectives of the Company:

- Supports sustainable business success by promoting opportunity-focused and risk-aware decision-making.
- Protects business continuity and SPL’s position as a going concern.
- Ensures compliance with laws, regulations, and internal governance policies.
- Promotes reliable and transparent financial reporting.
- Enhances operational effectiveness and efficiency, optimizing resources while minimizing disruptions.

3. Governance Structure

Risk governance at SPL is anchored in clear accountability, oversight, and segregation of duties.

Ultimate Oversight:

The Board of Directors has the ultimate responsibility for risk governance. It sets the tone at the very top and ensures that risk is managed in accordance with SPL’s strategic objectives.

Oversight Committee - Board Investment and Risk Management Committee (BIRC):

- Reviews and recommend the ERM framework to the Board.
- Monitors enterprise-level risks and mitigation strategies.
- Review & discuss periodic risk reports.

RISK MANAGEMENT FRAMEWORK

Implementation Body - Enterprise Risk Management Committee (ERMC):

- Comprised of senior leaders from all the business and support functions.
- Implements the ERM framework across the organization.
- Departmental heads ensure risks are actively identified, assessed, mitigation actions are applied, and risks are monitored and reported.
- Reports periodically to the BIRC.

Three Lines of Defence - Risk Management at the Company

Our risk management and internal control activities are organized through the three lines of defence model. The Board is ultimately responsible for risk management and compliance in line with the risk appetite of the Company.

a) First line of defence - Risk Owners & Department Heads

- o Own, identify, assess, treat, and report risks in their respective areas.
- o Maintain Departmental Risk Registers including:
 - Gross risk exposure
 - Existing controls
 - Residual risk rating
 - Planned mitigation actions
 - Escalation of risks exceeding approved tolerance levels.

b) Second line of defence - ERMC

- o Provides independent review and challenge of risk assessments.
- o Oversees centrally managed and cross-functional risks.
- o Monitors the adequacy of mitigation measures.
- o Reports consolidated risk updates to the BIRC.

c) Third line of defence - Internal Audit

- o Provides independent assurance to the Board Audit Committee.
- o Evaluates the adequacy and effectiveness of the ERM framework.
- o Tracks and reports follow-up actions based on internal audit findings, external audit recommendations, and regulatory feedback.

4. Risk Appetite

SPL’s risk appetite is a strategic guidepost, determined by the Board, that defines the types and levels of risk the Company is willing to accept in pursuit of its objectives.

Key principles include:

- Balanced growth – sustainable, competitive, and responsible expansion.
- Proactive action on critical risks such as climate change and technological disruption.
- Commitment to integrity – strict adherence to the Code of Business Principles and related governance policies.
- Continuous improvement in operational efficiency, cost management, and quality standards.

RISK MANAGEMENT FRAMEWORK

5. Risk Methodology & Reporting

Risk management at SPL is continuous, iterative, and embedded in decision-making processes.

a. Clarify Objectives & Identify Risks

- o Align with strategic priorities and operational plans.
- o Identify internal and external factors that could impact objectives.

b. Assess & Prioritize Risks

- o Evaluate risks in terms of likelihood and impact.
- o Assess at both functional and enterprise-wide levels.

c. Respond to Risks

- o Determine optimal risk treatment strategies:
 - Avoid
 - Reduce
 - Transfer
 - Accept

d. Monitor, Report & Escalate

- o Continuous monitoring of risk exposure.
- o Periodic reporting to ERM and BIRC.
- o Escalation protocols for emerging high-priority risks.

e. Assure

- o Management certifies that all significant risks are addressed in alignment with the Company policy and risk appetite.
- o Internal and external assurance mechanisms validate effectiveness.



RISK AND MITIGATION STRATEGY

Management considers that the following are the principal risks which may affect the operations of the Company and mitigating strategies for these risks.

Risk	Risk Cause & Effect	Existing Controls	Action Plan / Opportunities
Extended plant shut down (15-30 days)	Cause: - Due to technical reasons Effect: - Stoppage of production - Unable to meet customer orders - Financial losses	1. Annual plant turn around. 2. Regular preventative plant maintenance. 3. Conditional monitoring 4. Upgrade manufacturing equipment. 5. Close follow ups with KWSB for water supply 6. Water supply from RO Plant	1. Arrangements with international security paper manufacturers for supply of banknote paper and other security papers. 2. Maintaining 15 days finished goods stock to meet emergent requirements. 3. Timely arrangement of water from other resources in coordination with Supply Chain. 4. New wells development, upgrade recycled water plant capacity and enhance water storage capacity at site. 5. Regular inspection schedule for critical equipment.
Dependence on single customer / Shift to polymer-based banknotes / Demontization of certain denomination of banknote paper	Causes: - Discontinuation of any denomination - Change in product specification. - Decision to replace paper-based currency with polymer-based currency. Effects: - Reduction in sales / Profitability	1. Close liaison with State Bank of Pakistan & PSPC on this matter 2. Product diversification. 3. Being a cotton growing country, use of paper-based currency makes economic sense.	1. Frequent liaison with State Bank of Pakistan & PSPC on this matter. 2. Exploring new avenues for export of security paper. 3. Business development and product diversification. 4. BMR of PM-2 in line with market requirements.
Fire Incident	Causes: - Raw materials used for manufacturing of product is fire hazard. - Welding work and use of Electrical appliances may cause fire incident. Effects: - Multiple injuries/ and/ or fatalities - Loss of material leading to business interruption impacting Company's reputation.	1. Site Standard Operating procedure is implemented for Hot Work. 2. Fire suppression system installed: availability of fire extinguisher/ fire hydrant in fire hazard area; periodic training of SPL Employees on basic firefighting. 3. Fire alarm system was installed for early warning. 4. Also in close coordination with PSPC fire tender.	1. Continued monitoring/ surveillance and reporting observations. 2. Specific SOP for hot work in comber store to be developed. 3. Strict administrative controls to restrict unauthorized access to be defined. 4. Proper segregation of comber store and chemical store. 5. Besides, fire drills should be conducted at regular frequency and coordinators should be nominated per each working block to coordinate and assist in evacuating at the time of emergency

RISK AND MITIGATION STRATEGY

Risk	Risk Cause & Effect	Existing Controls	Action Plan / Opportunities
Pilferage	Causes: - Sabotage / theft Effects: - Due to sensitivity of finished product and raw materials which affect national interest and organizational reputation holding security status A1	1. Standard operating procedures are implemented for monitoring through CCTV. 2. Deployment of DSF and Security staff.	Continued monitoring/ surveillance and reporting observations.
Terrorist activity	Causes: - Due to prevailing law and order situations breach like forced entry/ suicide attack during shift in/ out at main gate area. Effect: - Loss of human life - Business interruption - Reputational loss	1. Improvements in CCTV monitoring system. 2. Use of Electronics Devices (UVSS), Road Blocker System, DSF, and security guards standoff distance	Continued monitoring/ surveillance and reporting observations.
Outsourcing manpower	Causes: - Inadequate control and procedure - Improper legal coverage. Effects: - Exposure to financial / legal risks - Reduced productivity, - Increased possibility of accident	1. Engagement of vendor capable to provide services from its workforce. 2. No involvement of SPL employees in handling vendor's workforce. 3. Personnel records are being handled by the contractor. 4. Issuance of safety equipment as per need of the job and impart necessary training. 5. Involvement of legal advisor as per requirement.	1. Ensure that contracts are for services and not for manpower, where applicable. 2. Select contractor capable of hiring competent associated benefits. 3. Ensure face recognition machines are installed for attendance of outsourced workforce. 4. Performance management system of services.

RISK AND MITIGATION STRATEGY

Risk	Risk Cause & Effect	Existing Controls	Action Plan / Opportunities
Disruption of IT Services due to major disaster or due to Cyber Attack / Ransomware / Virus / Malware / / Spam / Phishing Attack / Spyware / DDoS Attack / Technical Vulnerabilities	Cause: - Disaster i.e. Fire, Power outage, Earthquake, flood, Server Machines malfunctioning due to HVAC, Hardware / Software failure etc. - Inadequate security & Access Management controls on Firewall, Network, Internet, Database / ERP, Email or Website etc. Effect: - Server machines, Hardware and communication network may get damaged resulting in not delivering IT services from short to long period. - Cyber-attack may cause availability issue of Information Systems and may lead to irrecoverable loss of data and company reputation.	1. Addressable Fire Suppression System in IT Data Center and Manual Fire Extinguisher 2. Backup AC. 3. SMS alert and live CCTV footage. 4. Dual Power sources via KE and Co-Generation Plant and 6KV UPS. 5. Onsite and Offsite Backups 6. Disaster Recovery Plan, Disaster Recovery Drills. 1. Next Generation Hardware Firewall. 2. Centralized Antivirus System. 3. Information Security Policies 4. Segregation of duties. 5. End to end Secure Socket Layer (SSL) / Transport Layer Security (TLS) Website data encryption.	1. Fire resistant cabling in IT Data Center. 2. Standby Virtual Server Machines 3. Environment and alert Management System. 4. Disaster Recovery Site. 1. Implementation of Security Management System (ISO/IEC 27001). 2. Network Segmentation. 3. Centralized Windows Server Update Service. 4. Security Information and Event Management (SIEM) System / Security Orchestration, Automation and Response (SOAR) System.
Compliance risk with respect to the provisions of the Companies Act 2017, CCG 2019 or a directive of the Securities & Exchange Commission of Pakistan (SECP).	Cause (s): - Default in complying with any of the provisions of the Companies Act 2017, CCG 2019 or any Notification / SRO of the SECP. Effect(s): - Reputation risk - Show Cause Notice from SECP. - Imposing of standard scale of penalties for offences under the Company law.	1. Holding of General Meetings of shareholders requires, 21 days' advance notice to be sent to the shareholders, voting requirements as per Company law and Articles of Association of the Company. 2. The Company ensures compliance with applicable law, rules, regulations directives, guidelines and notifications as issued by SECP and / or PSX.]	1. In order to get timely updates related to amendments or changes being promulgated in Company Act, 2017, or any other applicable rules and regulations, the Company has subscribed to super law updating services. 2. Regular consultations with legal advisor related to any corporate queries or clarifications. 3. To Intimate CEO within 24 hours of receipt of any notice/show cause.

RISK AND MITIGATION STRATEGY

7. Supply Chain Risk Management & ESG Commitment

In a rapidly evolving business environment, environmental, social, and governance (ESG) factors can significantly impact operational stability, particularly in the supply chain. Our Company recognizes these risks and has embedded early identification, monitoring, and mitigation mechanisms into our operations. These measures protect business continuity, uphold contractual commitments, and minimize potential adverse impacts on society and the environment.

Risk Exposure

The failure of a key supplier to deliver as per agreed timelines and specifications may result in:

- Operational disruption and increased costs
- Breach of customer contracts, triggering penalties or forfeiture of performance bonds
- Loss of customer relationships and contracts
- Reputational damage

Resilience Strategy

To strengthen supply chain resilience, the Company is:

- Building redundancy into critical supply lines
- Diversifying sourcing options where practical and feasible
- Maintaining proactive engagement with key suppliers to ensure priority service

Internal Controls

- Supplier Risk Assessment: Evaluate supply continuity, credit exposure, cost escalations, and ethical compliance.
- Targeted Action Plans: Develop customized risk mitigation strategies for high-priority suppliers.
- Supplier Vetting Platform: Comprehensive review of ethics, quality, security, and environmental management standards for all key and new suppliers.
- Regular Risk Reviews: Ensure assessments remain current with market and operational realities.
- Executive-Level Supplier Engagement: Direct, regular interaction to secure early warnings and prioritize the Company's needs.

Through these initiatives, we aim to maintain operational resilience, safeguard stakeholder value, and strengthen our commitment to responsible and sustainable business practices.





Striving for Excellence in Corporate Reporting



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STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

The Company has prepared these Financial Statements in compliance with the financial accounting and reporting standards as applicable in Pakistan.

Adherence to the International Financial Reporting Standards (IFRS)

The Company strictly adheres with all the applicable International Accounting Standards (IAS)/IFRS issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017 including the disclosure requirements of Fourth Schedule, and as adopted by SECP vital to fair preparation and presentation of financial information.

Compliance with IFRS ensures adequate disclosures in the financial statements enabling stakeholders to make informed decisions.

Adoption and Statement of Adherence with the International Integrated Reporting Framework



STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

The Company is committed to enhancing stakeholders' awareness by achieving excellence in corporate governance and ensuring transparency of the information presented to its stakeholders.

With this commitment, the Company has embraced the changing corporate environment. An integrated report provides valuable insights into the Company's ability to create value. This includes, but is not limited to, providers of financial capital, employees, customers, suppliers, local communities and regulators who may have an interest in the Company's integrated report.

The Company aligns its Annual Report with International Integrated Reporting (IIR) Framework to give an overview of how the Company's strategy, governance, performance and prospects, in the context of its external environment, to the creation of value over the short, medium and long term. The Company has mapped the information provided herein with the following elements of IIR:

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Performance and position
- Future Outlook
- Stakeholder's relationship and engagement
- Corporate Social Responsibility and Sustainability

Adoption of Islamic Financial Accounting Standards (IFAS)

The Company has fully complied with Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

Shariah Advisor Report

The Company is not required to have a Shariah Advisory Board; therefore, no Shariah Advisory Report has been prepared FY 2024-25.

Disclosure Beyond BCR Criteria

The Company has also mapped its report with additional disclosures which are beyond the criteria of BCR by ICAP and ICMAP to ensure further transparency, consistency, comparability and presentation of information for its stakeholders. The details are as follows:

- GRI-Standards: Core options
- United Nations Sustainable Development Goals (SDGs)





Analysis of Financial Information



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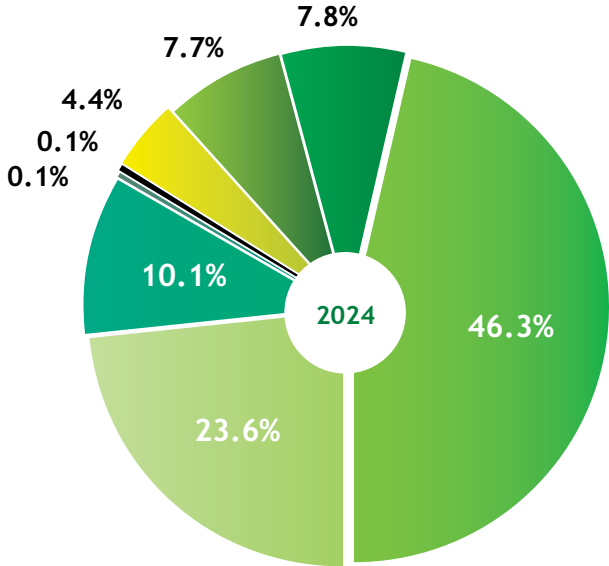
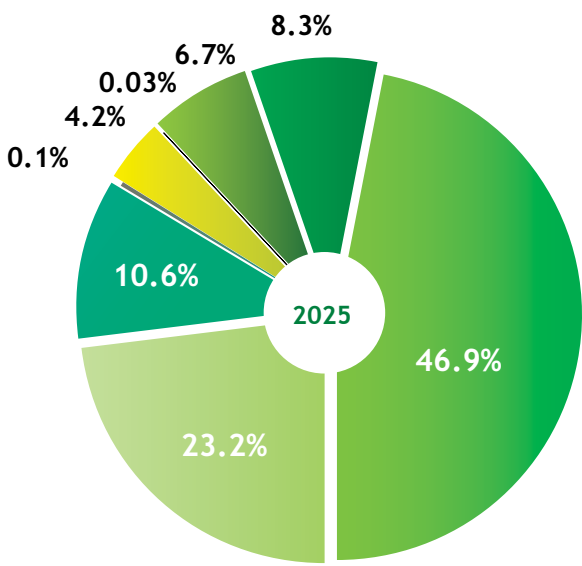
STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

VALUE ADDITION

	2025	%	2024	%
(Rupees in '000)				
Net Sales including taxes	9,287,426	91.0%	8,627,844	89.5%
Other operating income	915,829	9.0%	1,012,900	10.5%
	10,203,255	100%	9,640,744	100%

VALUE DISTRIBUTION

Materials and services providers	4,786,688	46.9%	4,462,290	46.3%
Government taxes and duties	2,364,914	23.2%	2,275,152	23.6%
Employees remuneration, benefits & others	1,084,479	10.6%	973,641	10.1%
Society welfare	14,137	0.1%	9,669	0.1%
Operating and other costs	426,521	4.2%	424,687	4.4%
Finance cost	2,723	0.03%	5,621	0.1%
Dividends *	681,443	6.7%	740,699	7.7%
Retained within the business	842,350	8.3%	747,985	7.8%
	10,203,255	100%	9,640,744	100%



* Subsequent to the year end, the Board of Directors' proposed final cash dividend of Rs.533.30 million at the rate of Rs.9.00 per share i.e. 90% for the year ended June 2025. This is in addition to the interim cash already paid of Rs. 148.43 million at the rate of Rs. 2.50 per share i.e. 25% making total of Rs. 681.443 million at the rate of Rs. 11.50 per share i.e. 115% as referred in note 41 of the financial statements.

STATEMENT OF FINANCIAL POSITION

Horizontal Analysis-Last Six Years

	2025	2024	2023	2022	2021	2020
ASSETS						
Non-current assets						
Property, plant and equipment	9.33%	6.40%	(3.75%)	(4.43%)	8.66%	13.51%
Right of use assets	-	(100.00%)	51.79%	2.62%	(16.44%)	100.00%
Intangible assets	12.75%	(13.86%)	(12.20%)	(12.56%)	(10.26%)	1166.04%
Long term investments	11.14%	17.98%	145.88%	32.31%	(31.33%)	9.14%
Staff retirement benefits	(100.00%)	100.00%	-	-	-	-
Long-term deposits	-	(100.00%)	54.94%	3.48%	7.00%	4.45%
Current assets						
Stores, spares and loose tools	30.60%	41.83%	(1.48%)	6.77%	1.91%	8.06%
Stock-in-trade	(2.24%)	9.95%	42.85%	1.24%	4.69%	45.45%
Trade debts - considered good	(1.55%)	(15.67%)	86.92%	3.11%	125.06%	(60.06%)
Advances, deposits, prepayments and other receivables	(62.18%)	(31.72%)	33.58%	35.63%	3.59%	(18.76%)
Investments	25.99%	8.21%	(40.88%)	12.50%	47.43%	28.34%
Cash and bank balances	(57.33%)	18.19%	(46.77%)	16.27%	(4.65%)	233.77%
Total assets	7.67%	6.95%	10.65%	9.47%	16.51%	14.78%
LIABILITIES						
Current liabilities						
Trade and other payables	(6.67%)	(9.31%)	35.50%	52.63%	9.39%	19.18%
Accrued mark-up on short term finance - secured	-	(100.00%)	(92.59%)	272.41%	(91.92%)	209.48%
Short term running finance	-	-	-	-	-	(100.00%)
Current portion of long term liabilities	-	(100.00%)	(3.10%)	5.31%	4.12%	(0.35%)
Unclaimed dividend	(26.02%)	5.59%	9.10%	5.16%	158.11%	(16.87%)
Unpaid dividend	12.73%	18.94%	13.61%	13.69%	37.56%	1.01%
Taxation - net	8.75%	(26.44%)	202.93%	(36.29%)	(1.28%)	4.94%
Non-current liabilities						
Liabilities against asset subject to finance lease	-	(100.00%)	68.68%	(14.90%)	(1.50%)	4.71%
Staff retirement benefits	100.00%	(100.00%)	62.11%	35.68%	(12.44%)	-
Deferred taxation - net	8.89%	113.03%	(13.35%)	(16.78%)	56.23%	(4.09%)
Total liabilities	1.18%	(1.82%)	33.55%	24.97%	18.62%	4.18%
NET ASSETS	9.50%	9.72%	4.97%	6.20%	16.08%	17.24%
Issued, subscribed and paid-up capital	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General reserve	12.63%	4.96%	6.37%	19.96%	10.57%	7.11%
Unappropriated profit	(0.57%)	45.68%	(0.21%)	(35.11%)	49.54%	140.21%
SHAREHOLDERS' EQUITY	9.50%	9.72%	4.97%	6.20%	16.08%	17.24%
Total liabilities & shareholders' equity	7.67%	6.95%	10.65%	9.47%	16.51%	14.78%

STATEMENT OF FINANCIAL POSITION

Vertical Analysis-Last Six Years

	2025	2024	2023	2022	2021	2020
ASSETS						
Non-current assets						
Property, plant and equipment	17.61%	17.34%	17.43%	20.04%	22.96%	24.62%
Right of use assets	-	-	0.34%	0.25%	0.27%	0.37%
Intangible assets	0.12%	0.11%	0.14%	0.18%	0.22%	0.29%
Long term investments	33.55%	32.50%	29.46%	13.26%	10.97%	18.61%
Staff retirement benefits	-	0.001%	-	-	-	-
Long term deposits	-	-	0.08%	0.06%	0.06%	0.06%
Current assets						
Stores, spares and loose tools	3.45%	2.84%	2.15%	2.41%	2.47%	2.82%
Stock-in-trade	7.59%	8.36%	8.13%	6.30%	6.81%	7.58%
Trade debts - considered good	11.45%	12.52%	15.88%	9.40%	9.98%	5.17%
Advances, deposits, prepayments and other receivables	0.46%	1.30%	2.04%	1.69%	1.36%	1.53%
Short term investments	23.98%	20.50%	20.26%	37.91%	36.89%	29.15%
Cash and bank balances	1.79%	4.52%	4.09%	8.51%	8.01%	9.79%
Total assets	100%	100%	100%	100%	100%	100%
LIABILITIES						
Current liabilities						
Trade and other payables	10.86%	12.53%	14.78%	12.07%	8.66%	9.22%
Accrued mark-up	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
Current portion of lease liabilities	-	-	0.08%	0.09%	0.09%	0.10%
Unpaid & unclaimed dividend	5.46%	5.23%	4.71%	4.59%	4.42%	3.72%
Taxation - net	1.53%	1.52%	2.21%	0.81%	1.38%	1.63%
Non-current liabilities						
Lease liabilities	-	-	0.28%	0.18%	0.24%	0.28%
Staff retirement benefits	0.07%	-	0.57%	0.39%	0.32%	0.42%
Deferred taxation - net	2.77%	2.74%	1.38%	1.76%	2.31%	1.73%
Total liabilities	20.69%	22.02%	23.99%	19.87%	17.41%	17.10%
NET ASSETS	79.31%	77.98%	76.01%	80.13%	82.59%	82.90%
Issued, subscribed and paid-up capital	5.22%	5.62%	6.01%	6.65%	7.28%	8.48%
General & Capital reserves	61.98%	59.25%	60.38%	62.81%	57.31%	60.39%
Unappropriated profit	12.10%	13.10%	9.62%	10.67%	18.00%	14.02%
SHAREHOLDERS' EQUITY	79.31%	77.98%	76.01%	80.13%	82.59%	82.90%
Total liabilities & shareholders' equity	100%	100%	100%	100%	100%	100%

STATEMENT OF PROFIT OR LOSS

Horizontal Analysis-Last Six Years

	2025	2024	2023	2022	2021	2020
Sales - net	7.64%	26.18%	12.58%	2.91%	2.05%	22.48%
Cost of sales	7.64%	23.11%	22.27%	12.10%	3.83%	24.36%
Gross profit	7.64%	34.84%	(7.97%)	(12.32%)	(0.78%)	19.62%
Administrative expenses	6.20%	19.86%	12.68%	10.80%	5.79%	24.60%
Other income	(9.58%)	49.31%	81.39%	(36.62%)	63.87%	104.99%
Other charges	5.94%	(24.74%)	(7.27%)	73.97%	2.70%	(57.64%)
Operating profit	0.79%	54.66%	10.58%	(29.88%)	10.73%	55.37%
Finance costs	(44.81%)	(12.19%)	54.69%	24.99%	(17.03%)	39.73%
Profit before taxation	0.90%	54.96%	10.44%	(29.98%)	10.80%	55.41%
Taxation - net	(1.49%)	56.77%	28.42%	(16.55%)	2.35%	35.67%
Profit after taxation	2.36%	53.89%	1.94%	(34.93%)	14.28%	65.31%

Vertical Analysis-Last Six Years

	2025	2024	2023	2022	2021	2020
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	72.00%	72.00%	73.80%	67.95%	62.38%	61.31%
Gross profit	28.00%	28.00%	26.20%	32.05%	37.62%	38.69%
Administrative expenses	6.37%	6.46%	6.80%	6.79%	6.31%	6.09%
Other income	11.64%	13.85%	11.71%	7.27%	11.80%	7.35%
Other charges	2.55%	2.59%	4.35%	5.28%	3.12%	3.10%
Operating profit	30.71%	32.80%	26.76%	27.24%	39.98%	36.85%
Finance costs	0.04%	0.08%	0.12%	0.09%	0.07%	0.09%
Profit before taxation	30.67%	32.72%	26.64%	27.16%	39.91%	36.76%
Taxation - net	11.31%	12.36%	9.95%	8.72%	10.75%	10.72%
Profit after taxation	19.36%	20.36%	16.69%	18.44%	29.16%	26.04%

RATIO ANALYSIS

	2025	2024	2023	2022	2021	2020
Financial Position						
Property, plant and equipment	1,998,938	1,828,287	1,718,372	1,785,402	1,868,242	1,719,417
Right to use assets	-	-	33,689	22,194	21,628	25,882
Intangible assets	13,520	11,991	13,920	15,855	18,133	20,206
Investments	3,807,752	3,425,945	2,903,729	1,180,955	892,543	1,299,667
Staff retirement benefits	-	90	-	-	-	-
Lease deposits	-	-	7,648	4,936	4,770	4,458
	5,820,210	5,266,313	4,677,358	3,009,342	2,805,316	3,069,630
Current assets	5,529,675	5,275,267	5,178,928	5,898,625	5,332,033	3,914,344
Current liabilities	2,026,242	2,032,110	2,145,392	1,563,087	1,183,904	1,025,438
Working capital	3,503,433	3,243,157	3,033,536	4,335,538	4,148,129	2,888,906
Less : Long term liabilities	7,620	-	83,149	50,625	44,515	48,389
Less: deferred liabilities	314,875	289,172	135,743	156,652	188,230	120,481
Net Assets	9,001,148	8,220,298	7,492,002	7,137,603	6,720,700	5,789,666
Paid-up-capital	592,559	592,559	592,559	592,559	592,559	592,559
Reserves	8,408,589	7,627,739	6,899,443	6,545,044	6,128,141	5,197,107
Shareholders' Equity	9,001,148	8,220,298	7,492,002	7,137,603	6,720,700	5,789,666
Profit or Loss						
Sales - net of taxes	7,870,700	7,311,732	5,794,593	5,147,258	5,001,692	4,901,284
Cost of sales	5,666,905	5,264,443	4,276,304	3,497,559	3,118,847	3,004,975
Gross profit	2,203,795	2,047,289	1,518,289	1,649,699	1,882,845	1,896,309
Administrative expenses	501,541	472,266	394,019	349,673	316,901	298,322
Profit after admin expenses	1,702,254	1,575,023	1,124,270	1,300,026	1,565,944	1,597,987
Other income	915,829	1,012,900	678,391	373,994	590,051	360,071
Other charges	200,950	189,677	252,042	271,795	156,234	152,124
Finance cost	3,360	6,088	6,933	4,482	3,586	4,322
Profit before tax	2,413,773	2,392,158	1,543,686	1,397,743	1,996,175	1,801,612
Taxation	889,980	903,474	576,306	448,754	537,730	525,363
Profit after tax	1,523,793	1,488,684	967,380	948,989	1,458,445	1,276,249
Investors Information						
Dividend *						
Cash - Value	681,443	740,699	651,815	592,559	533,304	533,304
Cash - %	115%	125%	110%	100%	90.0%	90.0%
Profit retained in Business - Value	842,350	747,985	315,565	356,430	925,141	742,945
Retention - %	55.28%	50.24%	32.62%	37.56%	63.43%	58.21%
Profitability Ratios						
Gross profit to sales %	28.00%	28.00%	26.20%	32.05%	37.64%	38.69%
EBITDA before other income (Rs '000)	1,752,076	1,605,569	1,082,654	1,258,462	1,611,125	1,642,270
EBITDA (Rs '000)	2,667,905	2,618,469	1,761,045	1,632,456	2,201,176	2,002,341
EBITDA margin to sales - %	33.90%	35.81%	30.39%	31.72%	44.01%	40.85%
Profit before tax to sales - %	30.67%	32.72%	26.64%	27.16%	39.91%	36.76%
Profit after tax to sales - %	19.36%	20.36%	16.69%	18.44%	29.16%	26.04%
Operating leverage ratio - %	3.38%	55.87%	22.92%	(410.49%)	193.04%	71.53%
Return on equity - before tax - %	26.82%	29.10%	20.60%	19.58%	29.70%	31.12%
Return on equity - after tax - %	16.93%	18.11%	12.91%	13.30%	21.70%	22.04%

RATIO ANALYSIS

	2025	2024	2023	2022	2021	2020
Return on capital employed - %	16.91%	18.11%	12.77%	13.20%	21.56%	21.86%
Return on investment - %	29.61%	31.85%	23.25%	22.71%	32.54%	34.30%
Total shareholder return - Rs.	37.08	54.00	(11.96)	(18.61)	11.62	58.16
Liquidity Ratios						
Current ratio	2.73:1	2.60:1	2.41:1	3.77:1	4.50:1	3.82:1
Quick ratio	2.11:1	2.01:1	1.94:1	3.28:1	3.87:1	3.11:1
Cash to current liabilities	0.57:1	0.41:1	0.98:1	0.49:1	0.55:1	0.67:1
Cash flow from operations to sales	0.11:1	0.10:1	0.02:1	0.23:1	0.14:1	0.34:1
Cash flow to capital expenditure	2.03:1	2.12:1	0.75:1	9.03:1	4.88:1	3.97:1
Cash flow coverage ratio	0.43:1	0.34:1	0.05:1	0.76:1	0.59:1	1.62:1
Market Ratios						
No. of shares in issue	59,256	59,256	59,256	59,256	59,256	59,256
Price to book ratio - times	1.05	0.97	0.74	0.96	1.27	1.45
Cash dividend per share (Rs.)	11.50	12.50	11.00	10.00	9.00	9.00
Earning per share - before tax (Rs.)	40.73	40.37	26.05	23.59	33.69	30.40
Earning per share - after tax (Rs.)	25.72	25.12	16.33	16.02	24.61	21.54
Break-up value per share (Rs) : - Without surplus on revaluation on fixed assets - With surplus on revaluation on fixed assets	151.90	138.73	126.43	120.45	113.42	97.71
Price earning ratio - Year end price (Rs.)	6.23	5.35	5.70	7.24	5.87	6.59
Earning yield - Year end price - %	16.06%	18.68%	17.55%	13.81%	17.02%	15.17%
Dividend Payout - %	45%	50%	67%	62%	37%	42%
Dividend yield - Year end price - %	7.18%	9.29%	11.83%	8.62%	6.23%	6.34%
Dividend cover - times	2.24	2.01	1.48	1.60	2.73	2.39
Capital Structure Ratios						
Financial leverage ratio	4.83:1	4.54:1	4.17:1	5.03:1	5.74:1	5.85:1
Long term debt to equity	0.00:1	0.00:1	0.01:1	0.01:1	0.01:1	0.01:1
Long term debt to asset	0.00:1	0.00:1	0.01:1	0.01:1	0.01:1	0.01:1
Debt equity ratio	0.00:1	0.00:1	0.01:1	0.01:1	0.01:1	0.01:1
Net assets per share	151.90	138.73	126.43	120.45	113.42	97.71
Interest cover ratio	60,634:1	987:1	314:1	659:1	828:1	595:1
Weighted average cost of debt	-	15.06%	18.84%	9.73%	10.0%	12.8%
Turnover Ratios						
Return on assets - before tax - %	21.27%	22.69%	15.66%	15.69%	24.53%	25.80%
Return on assets - after tax - %	13.43%	14.12%	9.81%	10.65%	17.92%	18.27%
Fixed assets turnover ratio	3.91:1	3.97:1	3.28:1	2.82:1	2.62:1	2.78:1
Total assets turnover - %	69.00%	69.00%	59.00%	58.00%	61.00%	70.00%
Stock turnover - (In Times)	6.51	6.26	6.28	6.28	5.76	6.73
Number of days in inventory	56	58	58	58	64	54
Number of days in receivables	52	69	69	50	37	41
Number of days in payables	44	43	42	31	26	27
Operating cycle	63	84	85	77	75	68

RATIO ANALYSIS

	2025	2024	2023	2022	2021	2020
Employee productivity ratios						
Production per employee (tons)	13.32	14.25	13.52	13.51	12.35	12.06
Revenue per employee (avg) - (Rs in mn)	27.52	25.39	19.38	16.60	14.93	13.50
Staff turnover ratio (including retirement)	6.99%	7.99%	7.02%	6.45%	11.94%	5.23%
Non Financial ratios / Others						
Plant availability - %	98.96%	98.96%	98.93%	98.53%	99.20%	99.6%
Spares inventory as % of assets cost	7.21%	5.88%	4.41%	4.55%	4.52%	4.97%
Maintenance cost as % of operating expenses	1.51%	1.50%	1.39%	1.41%	1.45%	1.64%
Customer satisfaction index	92%	89%	73%	54%	62%	87%
Customer retention ratio	100%	75%	60%	100%	80%	67%
Share Performance						
Share price - highest (Rs.)	190.59	157.45	126.90	172.00	248.50	151.49
Share price - lowest (Rs.)	124.02	92.05	81.55	106.25	122.00	77.25
Share price - average (Rs.)	136.10	124.75	104.23	139.13	185.25	113.26
Share price - at year end (Rs.)	160.08	134.50	93.00	115.96	144.57	141.95
Market capitalization - year end	9,485,678	7,969,913	5,510,795	6,871,310	8,566,620	8,411,369
Price - (Rs '000)	20,589,196	5,478,374	1,760,800	7,667,805	8,064,300	2,538,200
Turnover of shares						
Production (Ton)						
Banknote paper	3,560	3,220	3,037	3,575	3,527	3,399
Non-Banknote paper	250	884	1,006	612	611	978
	3,810	4,104	4,043	4,187	4,138	4,377
Sales (Ton)						
Banknote paper	3,557	3,198	3,042	3,567	3,534	3,373
Non-Banknote paper	257	873	1,006	609	629	962
	3,814	4,071	4,048	4,176	4,163	4,335
Summary of Cash Flows						
Cash flows from operating activities	862,383	698,413	98,978	1,185,211	695,287	1,660,735
Net cash used in investing activities	120,390	(1,233,751)	1,793,054	(584,202)	(283,872)	(656,975)
Net cash used in financing activities	(672,394)	(717,376)	(554,667)	(494,930)	(443,251)	(524,734)
Cash and cash equivalents at beginning of the year	842,833	2,095,547	758,182	652,103	683,939	204,913
Cash and cash equivalents at end of the year	1,153,212	842,833	2,095,547	758,182	652,103	683,939

All figures are in thousand rupees, unless stated otherwise.

* Subsequent to the year end, the Board of Directors' proposed final cash dividend of Rs.533.30 million at the rate of Rs.9.00 per share i.e. 90% for the year ended June 2025. This is in addition to the interim cash already paid of Rs. 148.43 million at the rate of Rs. 2.50 per share i.e. 25% making total of Rs. 681.443 million at the rate of Rs. 11.50 per share i.e. 115% as referred in note 41 of the financial statements.

COMMENTS ON RATIO ANALYSIS

PROFITABILITY RATIOS

Sales revenue improved during the year by 8% as compared to last year and gross profit also increased by 8%. Moreover, net profit to net sales remained on the higher side, primarily due to better pricing from the customers and re-profiling of investments from short term to long term.

Return on equity and return on capital employed were also on higher side due higher profit after tax earned during the year.

LIQUIDITY RATIOS

Cash and cash equivalents stood at Rs 1,153 MN reflecting the strong financial position of the Company. The amount includes short term investment in reverse repo transaction of Rs 951 MN. Current ratio and quick ratio are also on higher side as against last year.

TURNOVER RATIOS

Despite increase in sales by 8%, debtors turnover days reduced significantly from last year which evidences the Company's efforts to recover outstanding receivables. Likewise, during the year, the payments to suppliers increased by 11% as compared to last year, however Creditor turnover days remained at same level. Further, fixed assets turnover was slightly lower as compared to the last year.

CAPITAL STRUCTURE RATIOS

Company had no outstanding debt as at year end.

MARKET RATIOS

Company has reported remarkable profit after tax and earning per share of Rs 25.72 as against Rs 25.12 last year. The Company announced Rs 11.50 per share as dividend for the year ended June 30, 2025. Dividend payout ratio remained robust at 45%.

EMPLOYEE PRODUCTIVITY RATIOS

The Company is committed to ensuring fair, healthy, safe, and supportive working environment for its employees to keep them motivated which resulted in higher per capita revenue.

NON FINANCIAL RATIOS

The non-financial ratios depict an improvement in overall operational efficiencies with better production and revenue per employee ratio.

Plant remained available for production for more than 98% during the year which was the result of predictive maintenance approach of operations team.

Spares inventory remained around 8% of fixed assets cost which showing the efficient inventory management by the Company. Further expenses on maintenance of plant & machinery remained at a low level.

OPERATING CASH FLOW RATIOS

The Company's cash flow to capital expenditure ratio reflects the ability of the company to acquire long term assets through its own resources further. Company had no loan outstanding as at year end.

METHODS AND ASSUMPTION IN COMPLING INDICATROS

The Company continuously monitors key performance indicators that effectively reflect its operational and financial results. While compiling these indicators, the Company evaluates its market positioning, competitive landscape, and prevailing

COMMENTS ON RATIO ANALYSIS

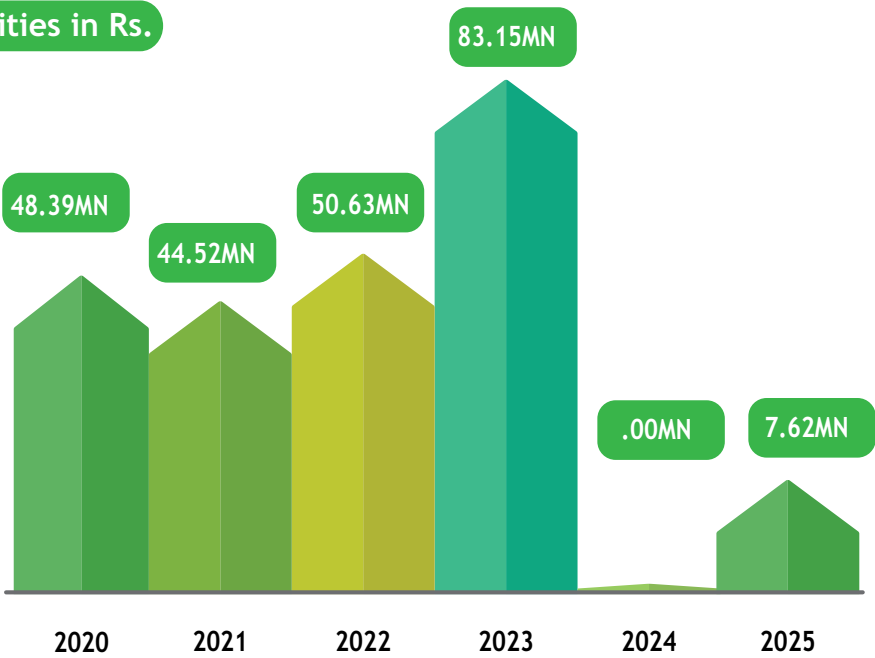
market conditions. Regular analysis is carried out on sales, gross profit, profit after tax, and earnings per share (EPS) to assess overall performance. These indicators serve as primary measures of financial strength and profitability.

The market price of the Company’s shares is regarded as an important reflection of market perception. The increase in share price during the period was primarily influenced by economic conditions and government policies. The Company’s dividend policy is designed with the objective of enhancing shareholder value. Dividend refers to the portion of profits allocated for distribution to shareholders, either in the form of cash or stock. The decision regarding the mode and quantum of dividend is based on market conditions, share price trends, and applicable laws and regulations.

Additionally, comparing cash flows from operating activities with profit before tax provides insight into the Company’s ability to finance short-term capital requirements. The Company consistently reviews its cash flow position with a focus on maintaining a positive balance. The increase in cash flows from operating activities during the year was mainly attributable to stock rationalisation in response to changes in demand patterns and efficient customer collections.

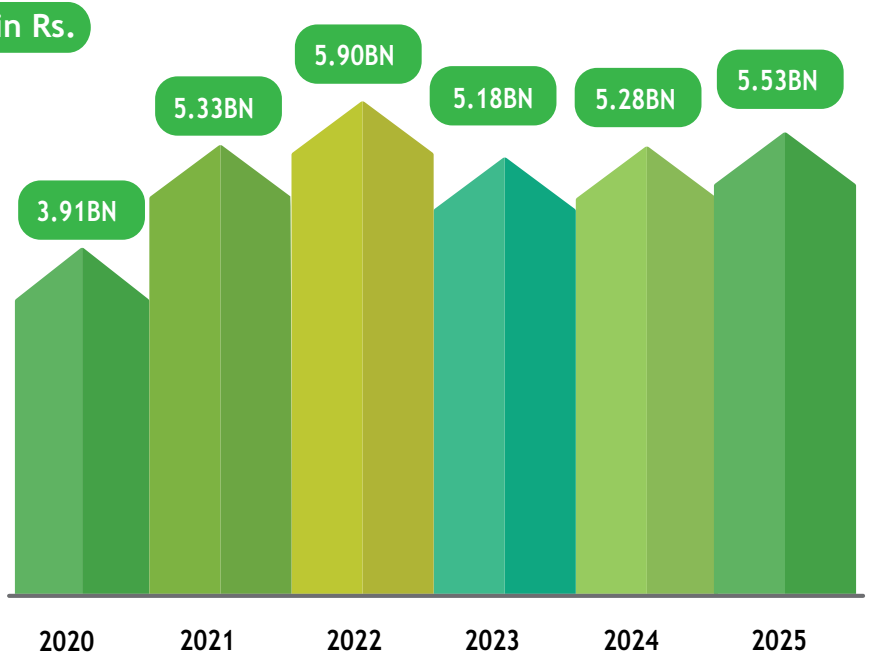
GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

Long term liabilities in Rs.



Comment: Long-term liabilities increased during the year ended 2025, due to the recognition of staff retirement benefits, which were previously recorded as an asset. Over a period, company has paid off all of its short term and long term loans.

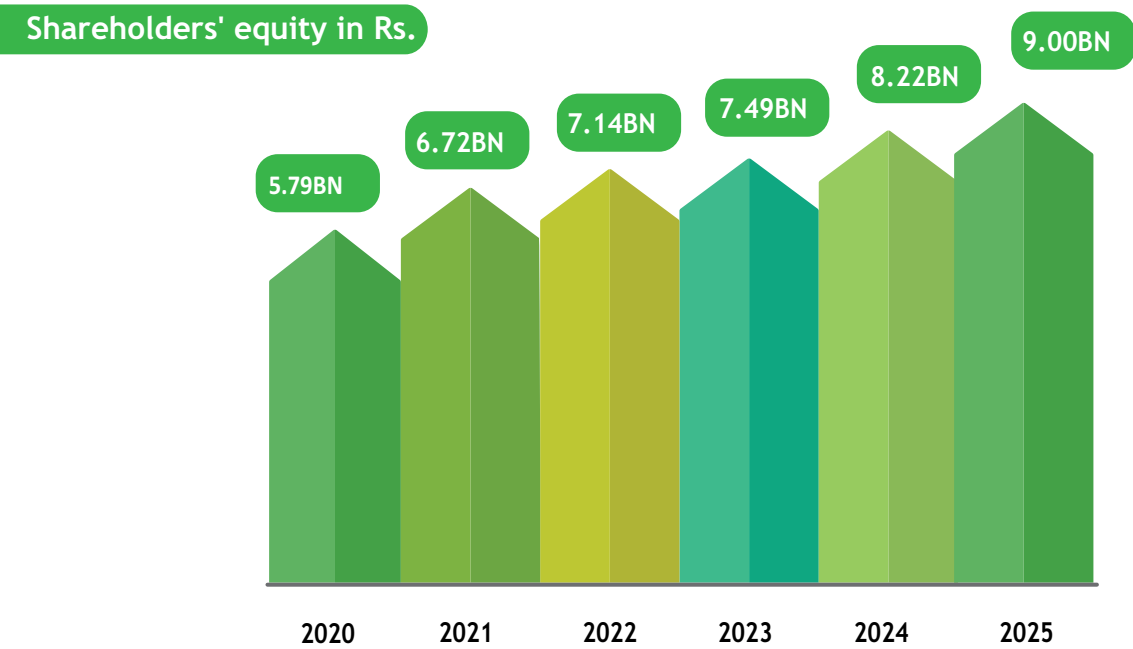
Current assets in Rs.



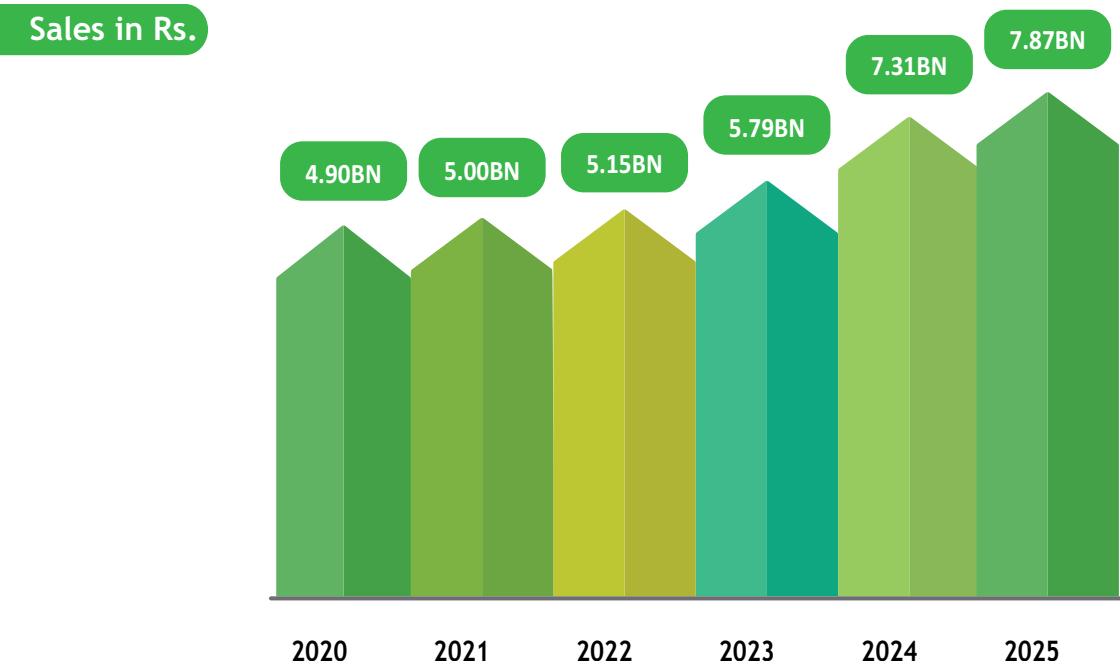
Comment: Current assets increased by Rs. 0.46 billion, mainly due to the reclassification of certain long-term investments nearing maturity. This increase was partially offset by lower cash balances as Company invested surplus funds in reverse repo for shorter period.



GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

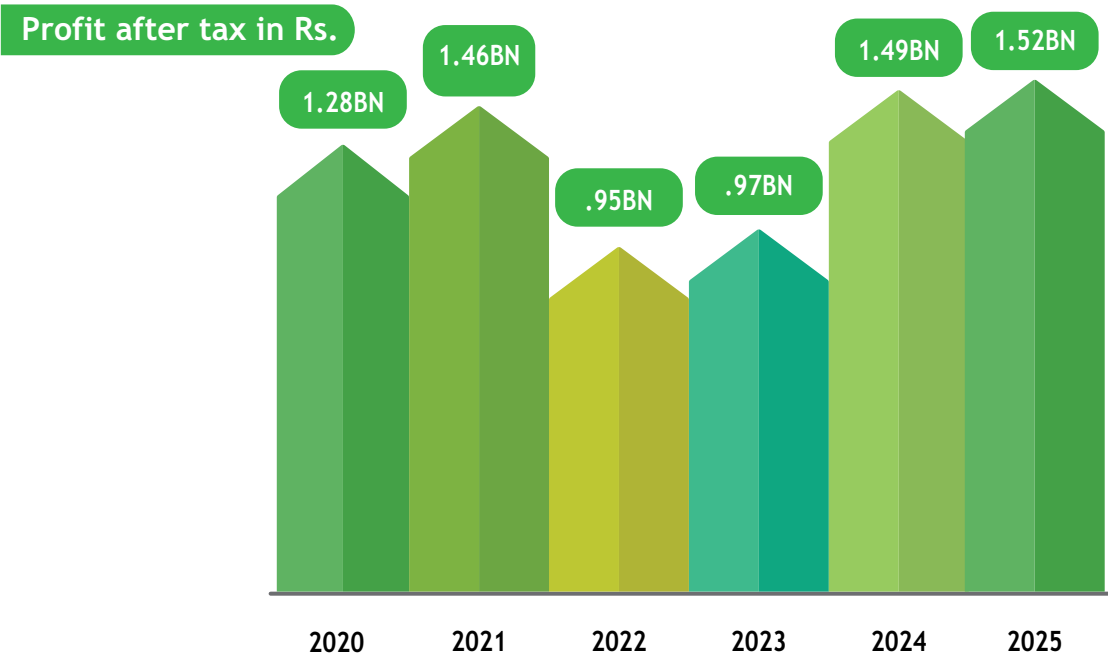


Comment: Shareholders' equity increased by 9% to Rs. 9.00 BN in current year, mainly driven by profit for the year of Rs. 1.52 BN partly offset by net of tax dividend payments of Rs. 0.74 BN during October 2024 and February 2025.

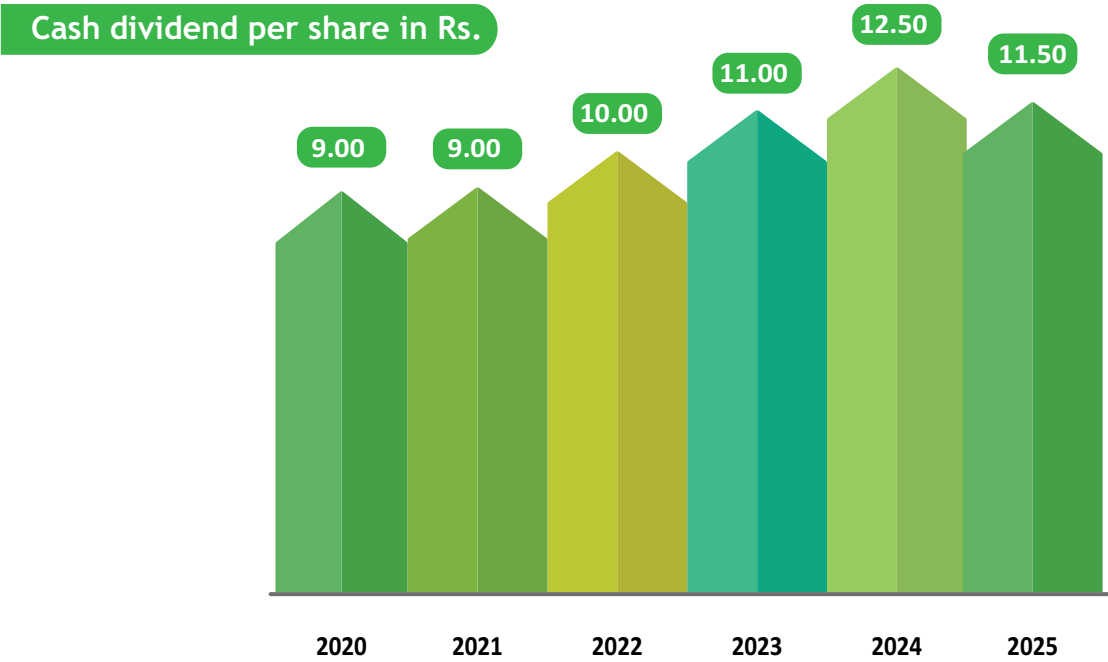


Comment: Sales revenue grew by 8% to Rs. 7.87 BN, driven by volumetric growth in Bank Note Paper and improved pricing.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

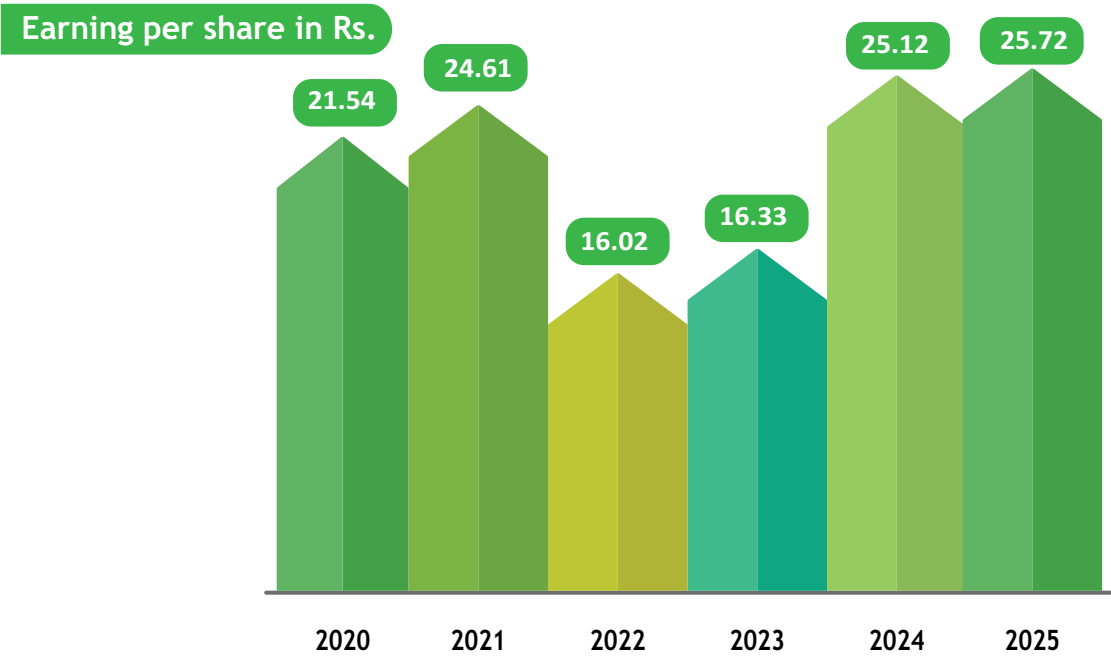


Comment: Profit after taxation is recorded at Rs. 1.52 BN, up 2.4% despite lower investment income, reflecting operational resilience.

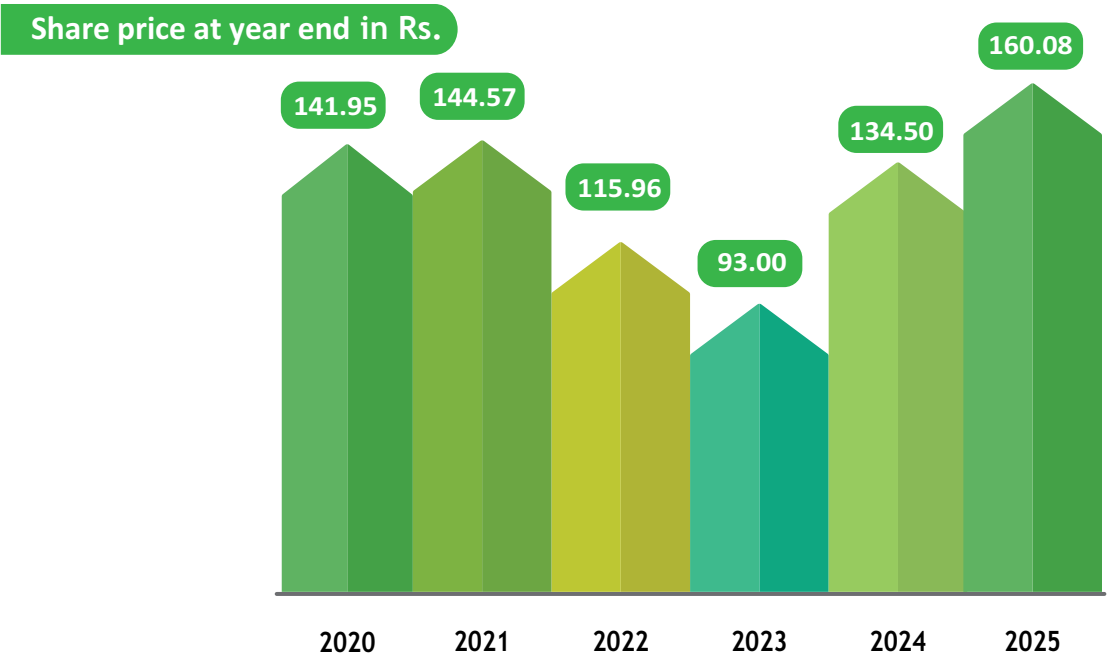


Comment: Cash dividend per share increased from Rs. 8.25 in 2019 to Rs. 11.50 in 2025, reflecting a balanced approach between shareholder returns and future growth needs.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

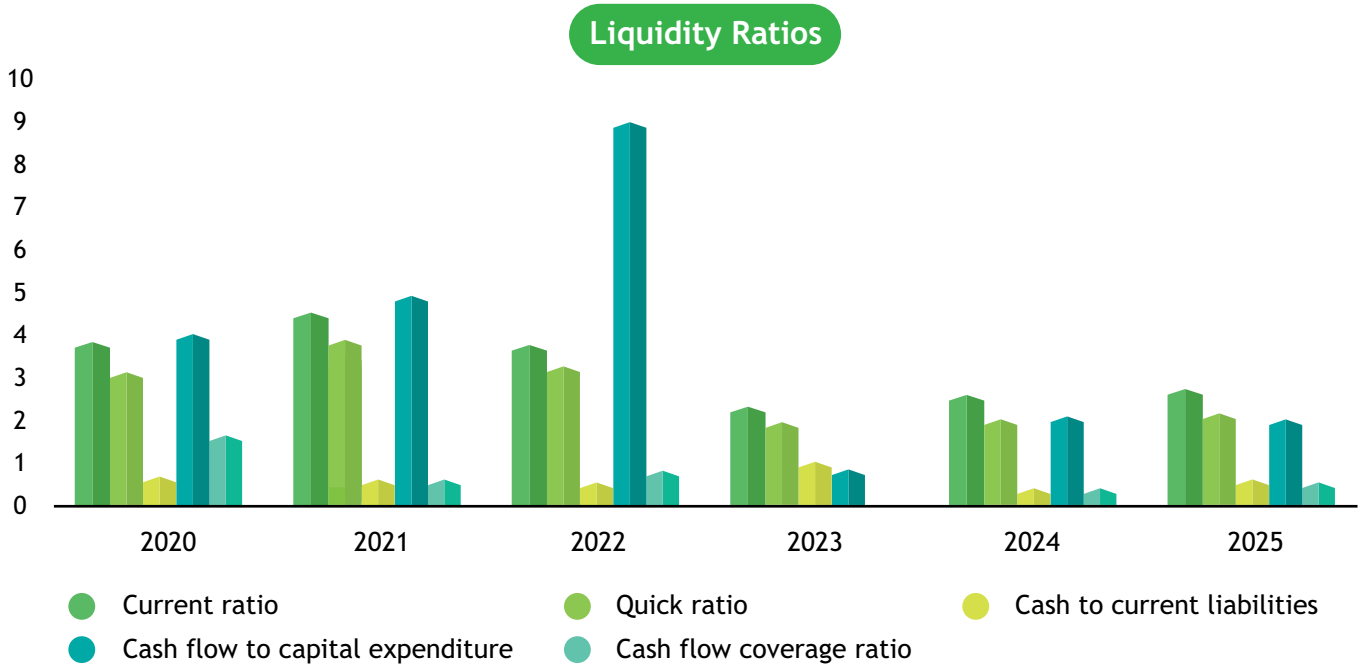


Comment: Earnings per share increased by Rs. 0.65 in 2025, reflecting the Company’s ability to maintain profitability in a challenging operating environment.

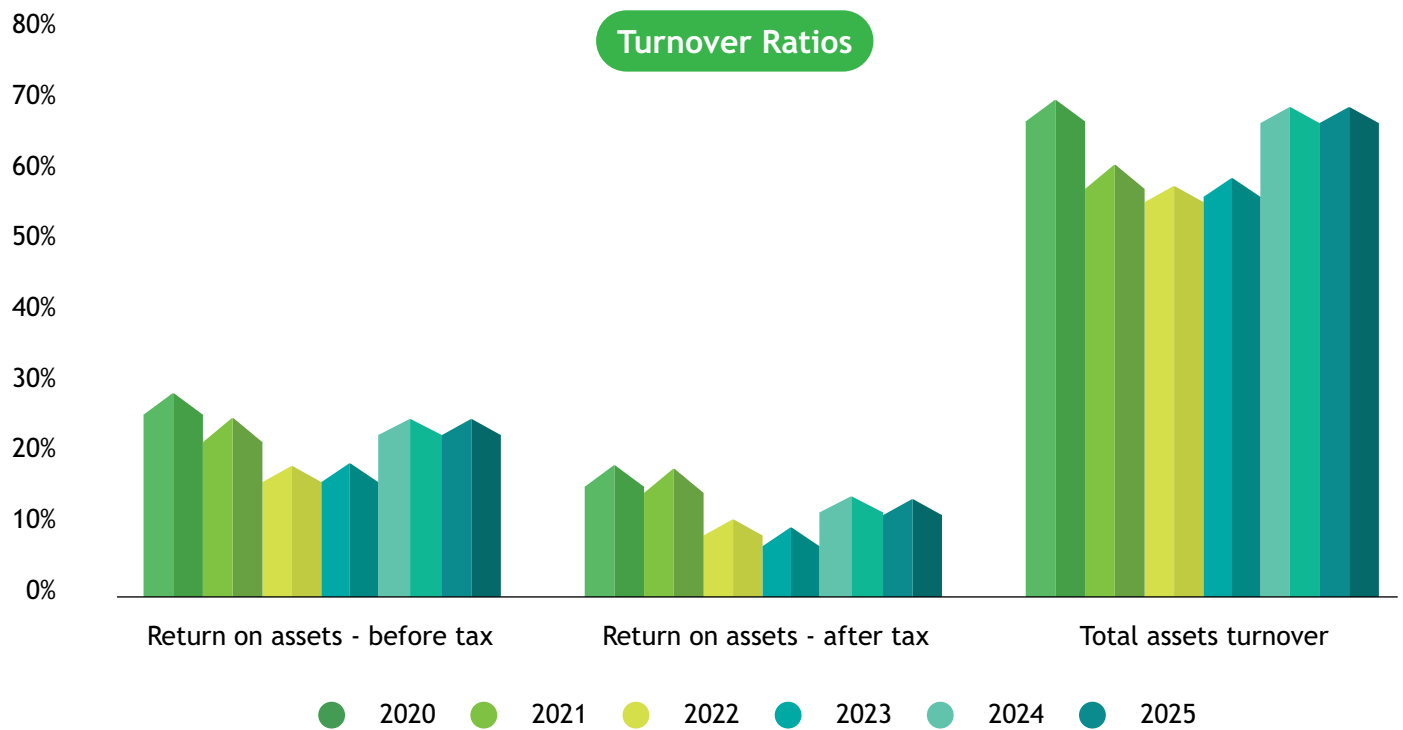


Comment: The Company’s share price closed at Rs. 160.08 in 2025, reflecting investor confidence and an upward trend from Rs. 134.50 in the previous year.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS



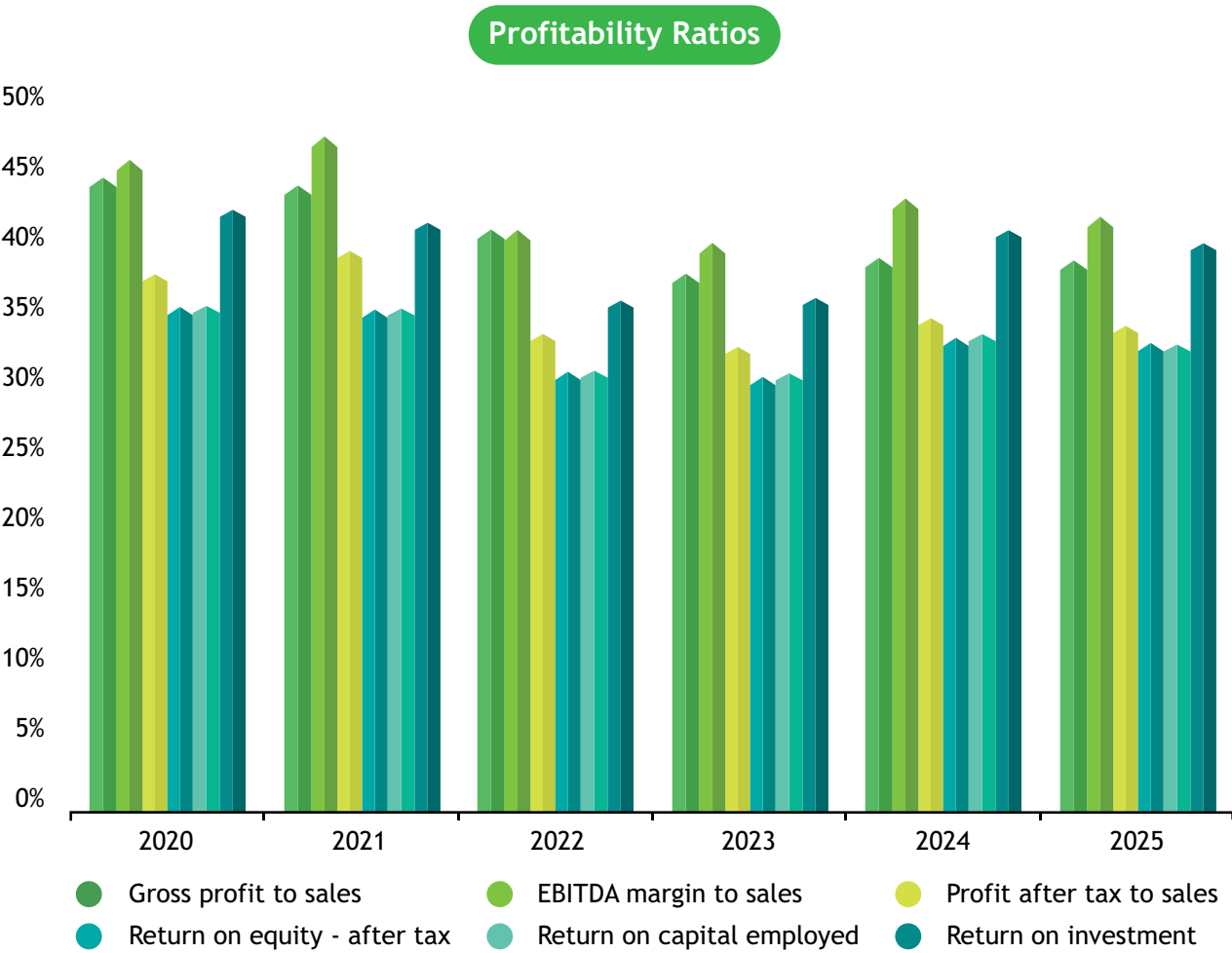
Comment: Favourable liquidity position of the company over a years reflect the company’s ability to comfortably meet working capital requirement and short term obligation



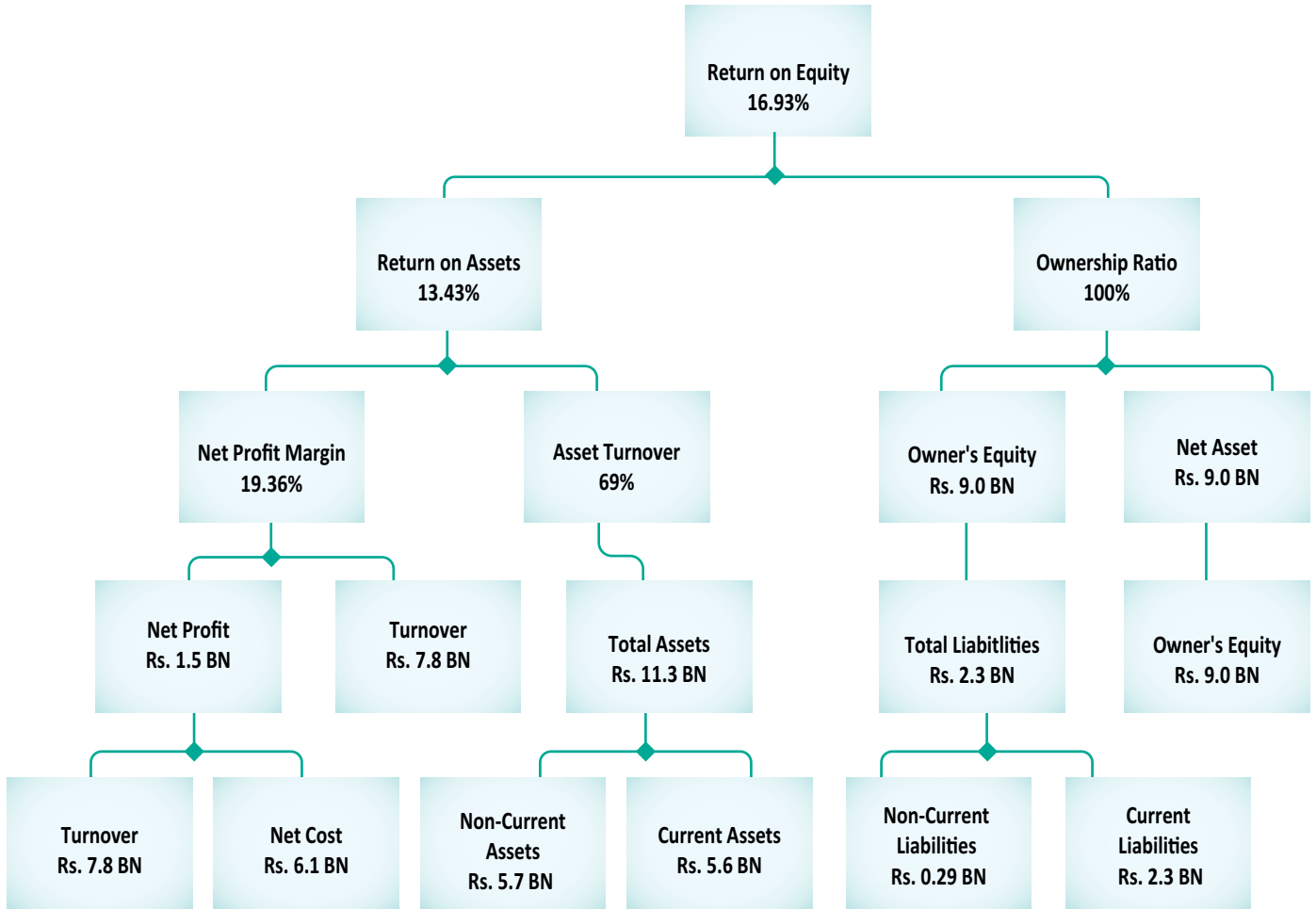
Comment: Positive asset turnover ratio over a years reflect effective utilization of assets to generate revenue by the company.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

DUPONT ANALYSIS & CHART WITH COMMENTS



Comment: Healthy profitability margins of a company over a year indicate efficient operations and sustainable earnings.



The main highlights of Dupont Analysis

Turnover of the Company improved to Rs. 7.8 BN as compared to Rs. 7.3 BN in previous year, reflecting the growth of 8% whereas Net Profit Margin of the Company is 19% in 2025.

Financial leverage position remained kept at minimum as Company finance all its assets by equity.

Interest cover ratio remained healthy and stood at 60.6K:1 in 2025 as compared to 987:1 in 2024.

Tax efficiency ratio stood at 36.87% as against 37.77% in previous year.

Equity multiplier has also been maintained at lower levels over the periods which reflects Company finance all its assets through own funds.

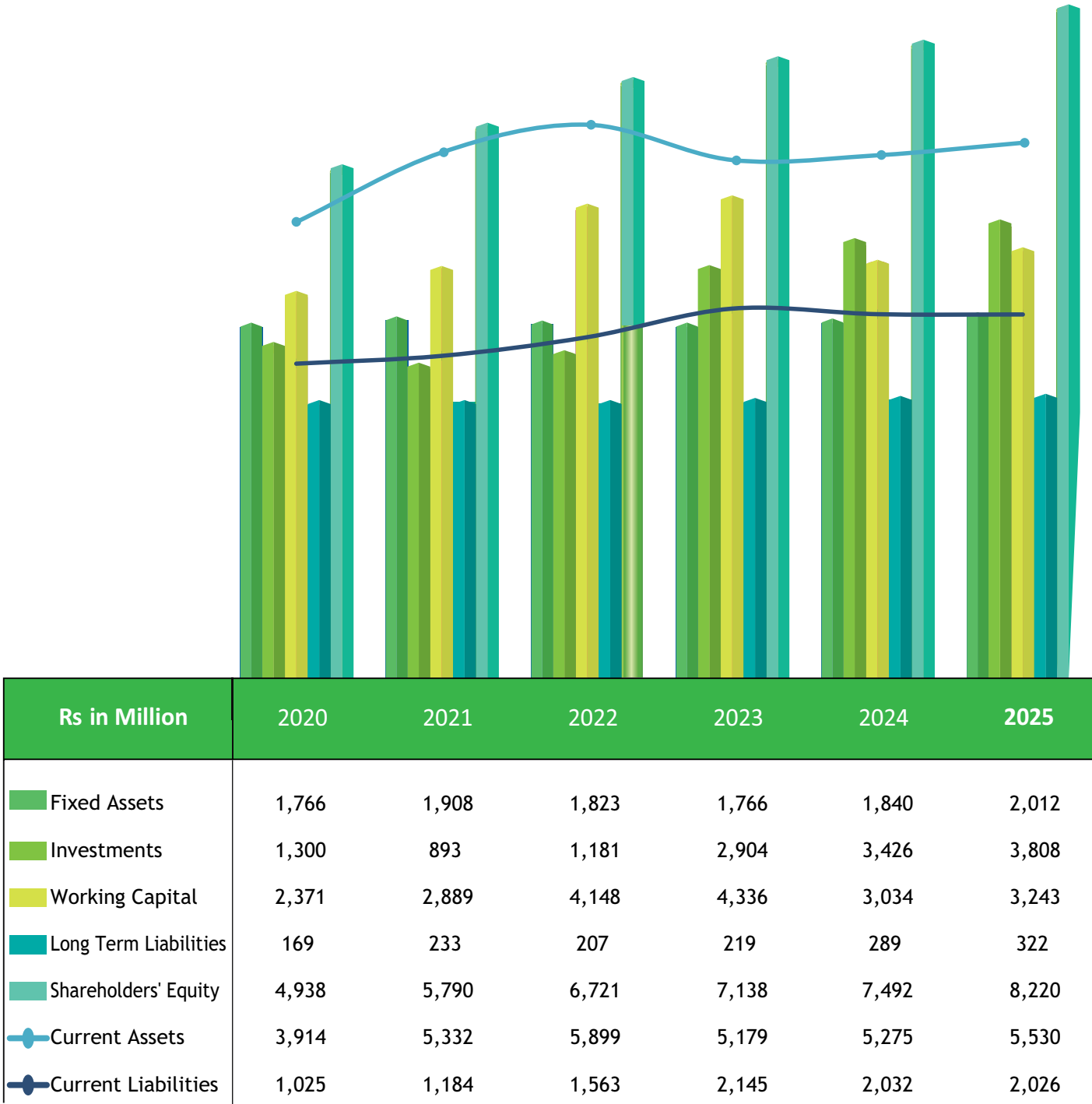
GRAPHICAL PRESENTATION OF FINANCIAL STATEMENT

Statement of Profit or loss



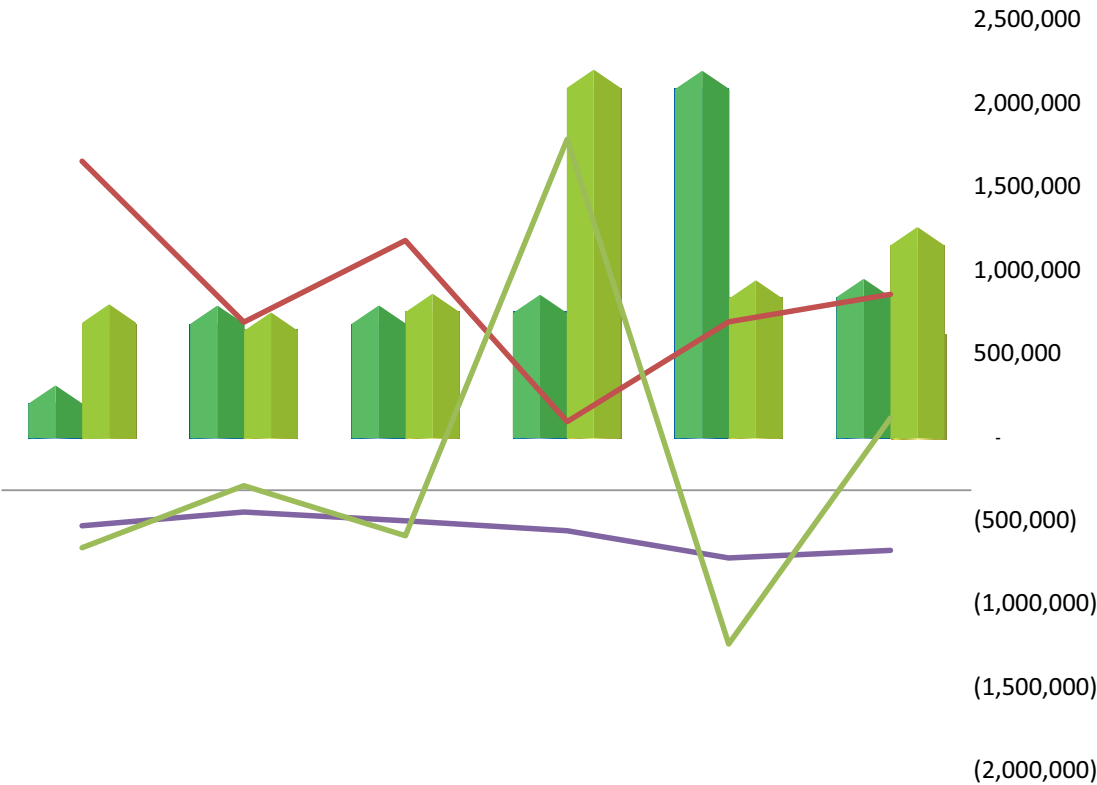
GRAPHICAL PRESENTATION OF FINANCIAL STATEMENT

Statement of Financial Position



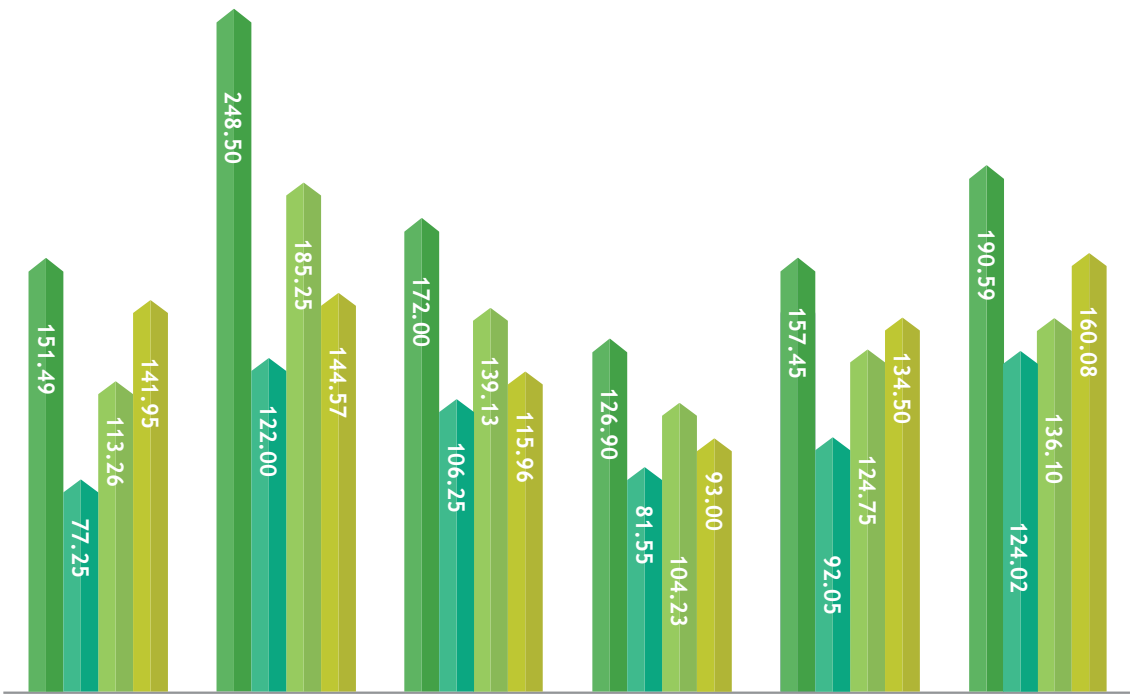
GRAPHICAL PRESENTATION OF CASH FLOW

Cash Flows



Rupees in '000	2020	2021	2022	2023	2024	2025
Opening Cash & Cash Equiv:	204,913	683,939	683,939	758,182	2,095,547	842,829
Closing Cash & Cash Equiv:	683,939	652,103	758,182	2,095,547	842,829	1,153,177
Investing Activities	(656,975)	(283,872)	(584,202)	1,793,054	(1,233,755)	120,359
Operating Activities	1,660,735	695,287	1,185,211	98,978	698,413	862,383
Financing Activities	(524,734)	(443,251)	(494,930)	(554,667)	(717,376)	(672,394)

GRAPHICAL PRESENTATION OF SHARE PERFORMANCE



Rupees per share	2020	2021	2022	2023	2024	2025
Share Price - Highest (Rs.)	151.49	248.50	172.00	126.90	157.45	190.59
Share Price - Lowest (Rs.)	77.25	122.00	106.25	81.55	92.05	124.02
Share Price - Average (Rs.)	113.26	185.25	139.13	104.23	124.75	136.10
Share Price - At year end (Rs.)	141.95	144.57	115.96	93.00	134.50	160.08

ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE

Non-Financial Key performance indicators are other measures used to assess the activities that the Company sees as important to the achievement of its strategic objectives. Non-financial metrics are quantitative measures that relate to employees, customer relationships, quality etc.

The Company is committed to enhancing its capabilities to cater the evolving requirements of the market and customers and therefore initiated the project of upgradation of paper making machine (PM-2) with an estimated investment of Rs 3.4 billion.

The company has achieved its second highest Banknote Paper sales of 3,557 tons in the current financial year, compared to the all-time high of 3,567 tons in 2021-22. Overall SPL recorded a sale of Rs 7.87 billion for the year ended 30 June 2025, 8% growth over last year.

The Company completed the upgradation of effluent treatment plant and RO bores reducing the dependence on conventional water sources. The Company also installed 110 KW Solar system for admin block endorsing renewable energy policies and pursuing green initiatives.

During the year Human Resources (HR) department is focused on building talent for future through a performance measurement system. Key performance indicators played an important role in measuring organizational progress towards attainment of its goals.

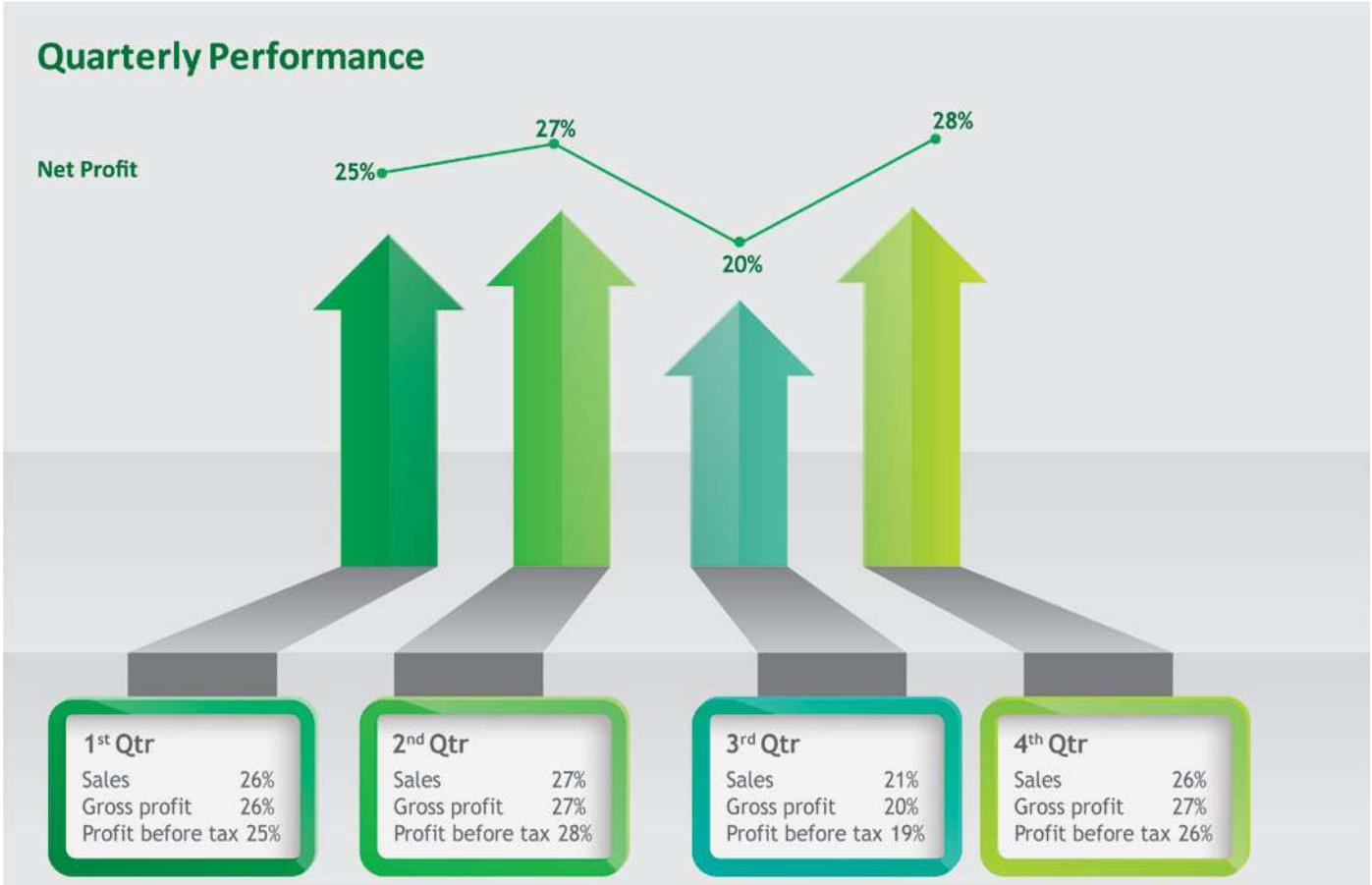
The company maintains a robust customer complaint management system wherein all complaints are systematically recorded, reviewed, and addressed with corrective measures to prevent recurrence. During FY 2024-25, we received three complaints, reflecting a reduction compared to four complaints in FY 2023-24, underscoring our continuous improvements in quality and service.

PERFORMANCE AGAINST TARGET AND BUDGET

During the year, Company achieved net sales of Rs. 7,871 million, an increase of 8% over last year. While all customer orders were satisfactorily delivered, the turnover remained relatively behind the budgeted target. The gross profit margin remained stable at 28% with administrative expenses and other expenses maintained well below budget by 12% and 8%, respectively. Furthermore, other income surpassed the forecast by 6%, reflecting effective resource utilization, and generated income at an effective rate high above the current monetary policy rate. As a result, profit before taxation reached a solid Rs. 2,411 million. The results reflect consistent growth in profitability, supported by operational efficiencies and income diversification. Future prospects remain positive, with management focusing on volume growth, market expansion and diversification, and sustained cost discipline to enhance margins and shareholder returns.

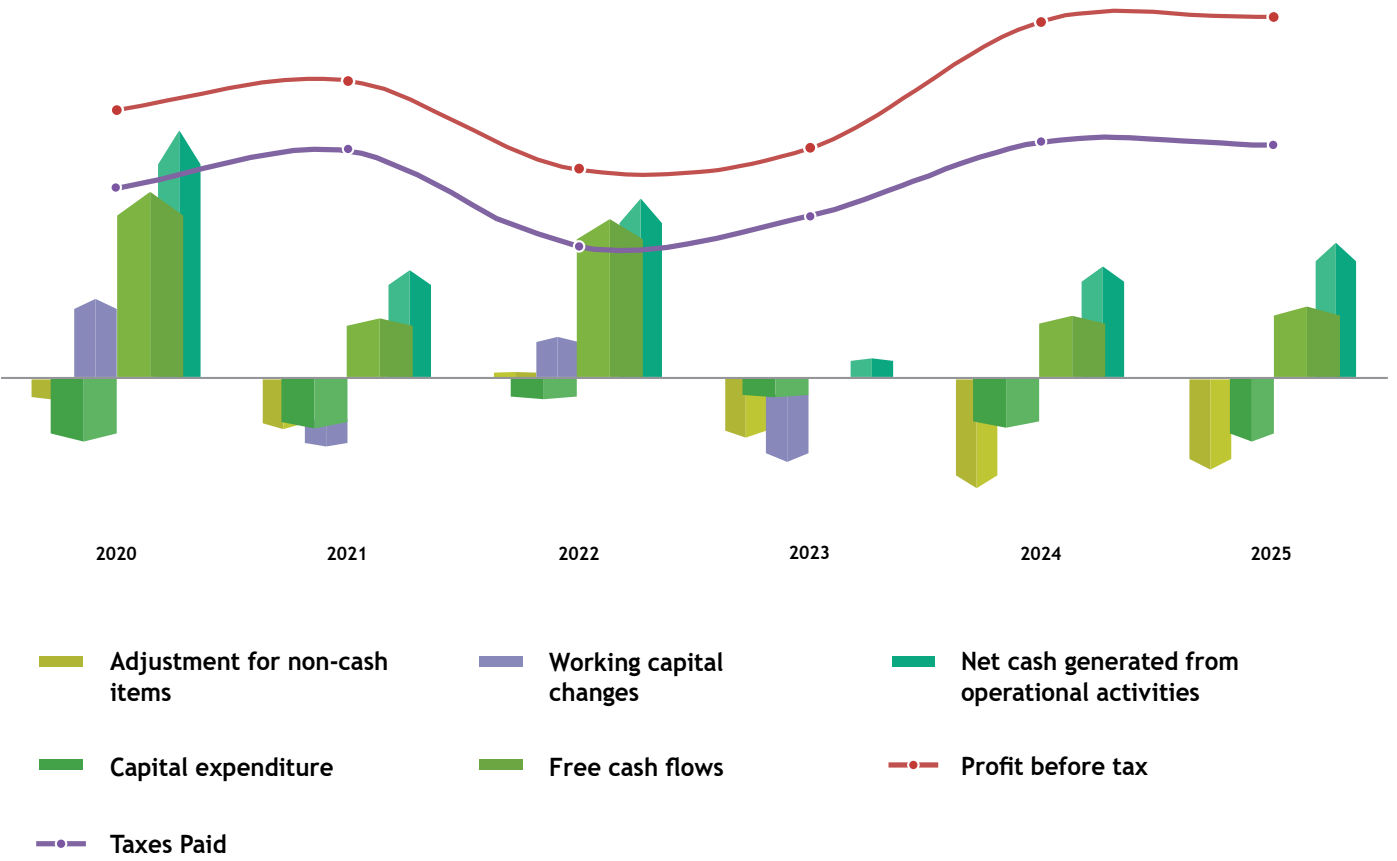
QUARTERLY PERFORMANCE ANALYSIS

	Sep-24	Dec-24	Mar-25	Jun-25	Total
	(Rupees in '000)				
Sales - net	2,059,137	2,109,108	1,656,958	2,045,497	7,870,700
Cost of sales	(1,482,579)	(1,518,557)	(1,225,220)	(1,440,549)	(5,666,905)
Gross profit	576,558	590,551	431,738	604,948	2,203,795
Administrative expense	(123,715)	(121,318)	(135,008)	(121,500)	(501,541)
Other income	245,484	262,979	201,801	205,565	915,829
Other expenses	(50,406)	(50,917)	(36,615)	(63,012)	(200,950)
Operating profit	647,921	681,295	461,916	626,001	2,417,133
Finance cost	(472)	(679)	(459)	(1,750)	(3,360)
Profit before taxation	647,449	680,616	461,457	624,251	2,413,773
Taxation	(261,262)	(264,681)	(162,787)	(201,250)	(889,980)
Profit after Taxation	386,187	415,935	298,670	423,001	1,523,793



SUMMARY OF FREE CASH FLOWS-LAST SIX YEARS

	Rupees in '000					
	2025	2024	2023	2022	2021	2020
Profit before tax	2,413,773	2,392,158	1,543,686	1,397,743	1,996,175	1,801,612
Adjustment for non-cash items	(603,454)	(724,934)	(399,357)	46,300	(347,287)	(146,582)
Taxes Paid	(849,737)	(807,503)	(451,618)	(521,193)	(471,438)	(525,129)
Working capital changes	(53,961)	(108,071)	(556,133)	284,542	(453,166)	530,834
Net cash generated from operational activities	906,621	751,650	136,578	1,207,392	724,284	1,660,735
Capital expenditure	(425,660)	(329,820)	(131,242)	(142,371)	(337,197)	(418,119)
Free cash flows	480,961	421,830	5,336	1,065,021	387,087	1,242,616



STATEMENT OF CASH FLOWS-DIRECT METHOD

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	9,307,947	8,376,026
Cash paid to suppliers and employees	7,551,589	6,816,873
Cash generated from operations	1,756,358	1,559,153
Net income tax paid	(849,737)	(807,503)
Staff retirement benefits paid	(40,392)	(55,275)
Finance costs paid	(3,846)	(5,610)
Lease deposits recovered	-	7,648
Net cash generated from operating activities	862,383	698,413

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure	(425,660)	(329,820)
Purchase of intangible assets	(5,309)	(866)
Proceeds from sale of operating fixed assets	21,965	4,565
Investment made during the year	(2,052,461)	(2,009,912)
Investment matured during the year	1,975,490	288,000
Capital gain realised on government securities	73,388	355,505
Mark-up received	532,977	458,777
Net cash generated/(used) in investing activities	120,390	(1,233,751)

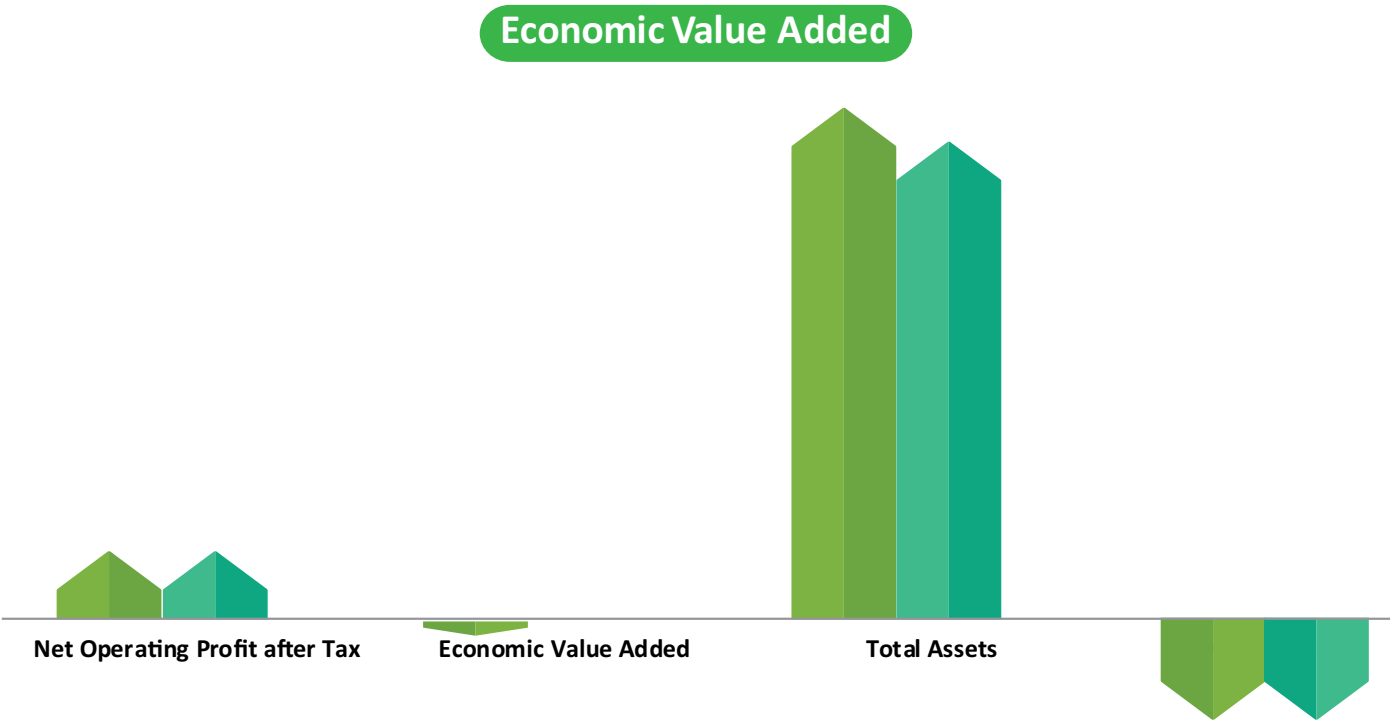
CASH FLOWS FROM FINANCING ACTIVITIES

Payments of lease liabilities	-	(4,696)
Dividend paid	(672,394)	(712,680)
Net cash used in financing activities	(672,394)	(717,376)
Net increase/(decrease) in cash and cash equivalents	310,379	(1,252,714)
Cash and cash equivalents at beginning of the year	842,833	2,095,547
Cash and cash equivalents at end of the year	1,153,212	842,833

2025	2024
----- (Rupees in '000) -----	
9,307,947	8,376,026
7,551,589	6,816,873
1,756,358	1,559,153
(849,737)	(807,503)
(40,392)	(55,275)
(3,846)	(5,610)
-	7,648
862,383	698,413
(425,660)	(329,820)
(5,309)	(866)
21,965	4,565
(2,052,461)	(2,009,912)
1,975,490	288,000
73,388	355,505
532,977	458,777
120,390	(1,233,751)
-	(4,696)
(672,394)	(712,680)
(672,394)	(717,376)
310,379	(1,252,714)
842,833	2,095,547
1,153,212	842,833

ECONOMIC VALUE ADDED

	2025	2024
	(Rupees in '000)	
Net Operating Profit after Tax	1,527,153	1,494,772
Cost of Capital	(1,721,144)	(1,538,512)
Economic Value Added	(193,991)	(43,740)
Total Assets	11,349,885	10,541,580
Current Liabilities	(2,026,242)	(2,032,110)
Invested Capital	9,323,643	8,509,470
WACC	18.46%	18.08%
Cost of Capital	1,721,144	1,538,512



SHARE PRICE SENSITIVITY ANALYSIS AND MARKET SHARE

Security Papers Limited's shares are typically regarded as a reliable and secure investment. We recognize that a variety of elements and variables could impact the stock price of the company. The following is a list of the factors which are discussed for the benefits of the users.

Energy Prices

The Government is increasing the rates of gas for Captive power plants. The Company generates its own power through gas-based power plants. The increase in gas prices will directly influence the financial performance and its share price.

Exchange Rate Fluctuation

Some of the critical raw materials are imported, hence any adverse exchange rate fluctuations may affect the cost of production of paper.

Plant Operations

The Company has state-of-the-art production facility. Any major break down in production facility may cause reduction in production and sales thereby adversely affecting the share price.

Raw Material Prices

The company's performance is directly influenced by fluctuation in raw material prices. There are various raw materials that are locally procured or imported by the company. Major raw material, such as cotton comber, is directly influenced by international cotton prices and local crop output, thereby affecting the financial performance of the Company.

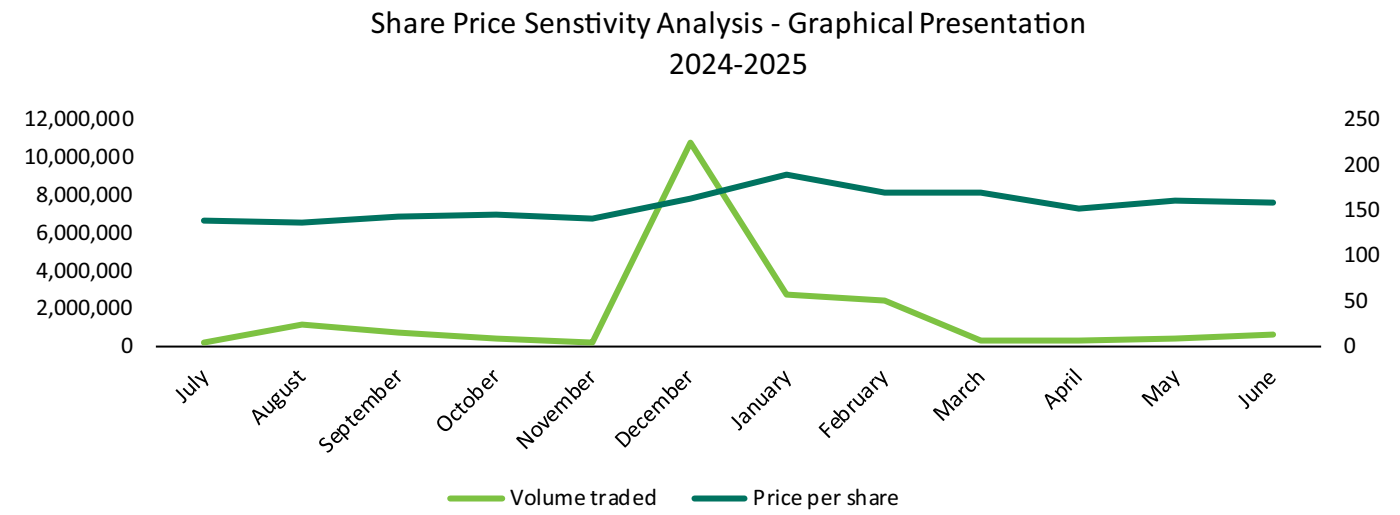
Online Payment Solutions

Company's major product is Bank note paper. Introduction and adoption of online payment solutions by different players may reduce the requirement of fresh bank notes and consequently affect the financial performance of the Company.

Market Share of the Company

The Company is the sole manufacturer of Banknote paper in the country and no other Company is permitted to manufacture the same. Hence, Company enjoys 100% market share in Bank note paper.

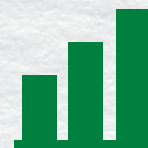
SPL Share price History



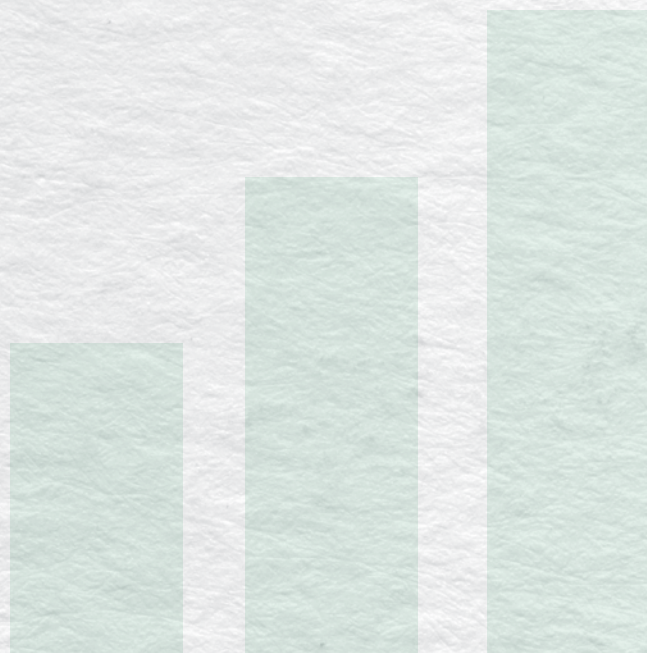




Financial Statements



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INDEPENDENT AUDITOR’S REPORT

To the members of Security Papers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Security Papers Limited (the Company), which comprise the statement of financial position as at June 30, 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company’s affairs as at June 30, 2025 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key Audit Matter	How the matter was addressed in our audit
Revenue Recognition (Refer notes 1.1, 3.18 and 20 to the annexed financial statements)	
The principal activity of the Company is the manufacturing and sale of specialised paper for banknote and non-bank note security documents. Revenue is recognised when performance obligation is satisfied by transferring control of promised goods to a customer. We considered revenue recognition as a key audit matter as it is an area of significant audit risk as part of the audit process.	Our audit procedures in respect of recognition of revenue, amongst other, included the following: - Assessed the appropriateness of the Company’s accounting policy for revenue recognition and compliance of the policy with accounting and reporting standards as applicable in Pakistan. - Obtained an understanding of and tested the design and operating effectiveness of certain controls related to revenue transactions.

A.F.F.

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KARACHI LAHORE ISLAMABAD



Key Audit Matter	How the matter was addressed in our audit
	- Tested revenue transactions recorded during the year on a sample basis with underlying documents and sales invoices. - Tested revenue transactions recorded before and subsequent to the reporting period on a sample basis to assess whether the revenue transactions were recorded in appropriate period. - Assessed the adequacy of the disclosures in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mesia**.

A.F. Ferguson & Co.

Chartered Accountants

Dated: September 1, 2025

Karachi

UDIN: AR202510611wgQoI9feF

STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	Note	2025	2024
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,998,938	1,828,287
Intangible assets	5	13,520	11,991
Long term investments	6	3,807,752	3,425,945
Staff retirement benefits	16	-	90
		5,820,210	5,266,313
Current assets			
Stores, spares and loose tools	7	391,641	299,871
Stock-in-trade	8	861,084	880,786
Trade debts - considered good	9	1,299,514	1,320,036
Loans, advances, prepayments and other receivables	10	51,862	137,130
Short term investments	11	2,722,086	2,160,504
Cash and bank balances	12	203,488	476,940
		5,529,675	5,275,267
		11,349,885	10,541,580
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised share capital	13.1	700,000	700,000
Issued, subscribed and paid-up capital	13.2	592,559	592,559
Revenue reserves			
General reserves		7,035,181	6,246,411
Unappropriated profit		1,373,408	1,381,328
		8,408,589	7,627,739
		9,001,148	8,220,298
Total equity			
Non-current liabilities			
Deferred tax liability	15	314,875	289,172
Staff retirement benefits	16	7,620	-
		322,495	289,172
Current liabilities			
Trade and other payables	17	1,232,887	1,321,056
Unpaid dividend		615,952	546,408
Unclaimed dividend		3,523	4,762
Taxation - net		173,880	159,884
		2,026,242	2,032,110
Total liabilities		2,348,737	2,321,282
Contingencies and commitments	18		
TOTAL EQUITY AND LIABILITIES		11,349,885	10,541,580

The annexed notes 1 to 41 form an integral part of these financial statements.

Imran Qureshi

Imran Qureshi
Chief Executive Officer

Wasif Sajjad

Wasif Sajjad
Chief financial Officer

Munir Ahmed

Munir Ahmed
Director

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2025

	Note	2025	2024
		(Rupees in '000)	
Revenue from contracts with customers	20	7,870,700	7,311,732
Cost of sales	21	(5,666,905)	(5,264,443)
Gross profit		2,203,795	2,047,289
Administrative expenses	22	(501,541)	(472,266)
Other income	23	915,829	1,012,900
Other expenses	24	(200,950)	(189,677)
Finance costs	25	(3,360)	(6,088)
Profit before taxation		2,413,773	2,392,158
Taxation - net	26	(889,980)	(903,474)
Profit for the year		1,523,793	1,488,684
		(Rupees)	
Earnings per share - basic and diluted	27	25.72	25.12

The annexed notes 1 to 41 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2025

	Note	2025	2024
		(Rupees in '000)	
Profit for the year		1,523,793	1,488,684
Other comprehensive (loss) / income			
Item that will not be reclassified to profit or loss:			
Remeasurement (loss) / gain on defined benefit plan - net of tax	16	(2,244)	39,568
Total comprehensive income for the year		1,521,549	1,528,252

The annexed notes 1 to 41 form an integral part of these financial statements.

Imran Qureshi

Imran Qureshi
Chief Executive Officer

Wasif Sajjad

Wasif Sajjad
Chief financial Officer

Munir Ahmed

Munir Ahmed
Driector

Imran Qureshi

Imran Qureshi
Chief Executive Officer

Wasif Sajjad

Wasif Sajjad
Chief financial Officer

Munir Ahmed

Munir Ahmed
Driector

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2025

	Issued, subscribed and paid-up capital	Revenue reserves General reserves	Unappropriated profit	Total equity
	------(Rupees in '000)-----			
Balance as at June 30, 2023	592,559	5,951,267	948,176	7,492,002
Total comprehensive income for the year ended June 30, 2024				
Profit for the year	-	-	1,488,684	1,488,684
Other comprehensive income	-	-	39,568	39,568
	-	-	1,528,252	1,528,252
Transactions with owners:				
Final cash dividend @ Rs. 11 per ordinary share for the year ended June 30, 2023	-	-	(651,816)	(651,816)
Interim cash dividend @ Rs. 2.50 per ordinary share for the half year ended December 31, 2023	-	-	(148,140)	(148,140)
Transfer to general reserves	-	295,144	(295,144)	-
Balance as at June 30, 2024	592,559	6,246,411	1,381,328	8,220,298
Total comprehensive income for the year ended June 30, 2025				
Profit for the year	-	-	1,523,793	1,523,793
Other comprehensive loss	-	-	(2,244)	(2,244)
	-	-	1,521,549	1,521,549
Transactions with owners:				
Final cash dividend @ Rs.10.00 per ordinary share for the year ended June 30, 2024	-	-	(592,559)	(592,559)
Interim cash dividend @ Rs. 2.50 per ordinary share for the half year ended December 31, 2024	-	-	(148,140)	(148,140)
Transfer to general reserves	-	788,770	(788,770)	-
Balance as at June 30, 2025	592,559	7,035,181	1,373,408	9,001,148

The annexed notes 1 to 41 form an integral part of these financial statements.



Imran Qureshi
Chief Executive Officer



Wasif Sajjad
Chief financial Officer



Munir Ahmed
Driector

STATEMENT OF CASH FLOWS

For the year ended June 30, 2025

	Note	2025 (Rupees in '000)	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34.1	1,756,358	1,559,153
Lease deposits recovered		-	7,648
Taxes paid		(849,737)	(807,503)
Staff retirement benefits paid		(40,392)	(55,275)
Finance costs paid		(3,846)	(5,610)
Net cash generated from operating activities		862,383	698,413
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(425,660)	(329,820)
Acquisition of intangible assets		(5,309)	(866)
Proceeds from sale of operating fixed assets	4.1.4	21,965	4,565
Investments made during the year		(2,052,461)	(2,009,912)
Investments matured / redeemed during the year		1,975,490	288,000
Gain received on reverse repo transactions		73,388	355,505
Mark-up received		532,977	458,777
Net cash generated from / (used in) investing activities		120,390	(1,233,751)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		-	(4,696)
Dividend paid		(672,394)	(712,680)
Net cash used in financing activities		(672,394)	(717,376)
Net increase / (decrease) in cash and cash equivalents		310,379	(1,252,714)
Cash and cash equivalent at beginning of the year		842,833	2,095,547
Cash and cash equivalents at end of the year	35	1,153,212	842,833

The annexed notes 1 to 41 form an integral part of these financial statements.



Imran Qureshi
Chief Executive Officer



Wasif Sajjad
Chief financial Officer



Munir Ahmed
Driector

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

1. Status and Nature of Business

1.1 Security Papers Limited (the "Company") is incorporated and domiciled in Pakistan as a public company limited by shares. The address of its registered office and factory is Jinnah Avenue, Malir Halt, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange Limited.

The principal activity of the Company is the manufacturing and sale of specialised paper for banknote and non-bank note security documents.

1.2 The Securities and Exchange Commission of Pakistan (SECP) vide its Order dated January 26, 2024 ("SECP Order") had determined the Company as Public Sector Company (PSC). Subsequently, a communication was received from the SECP dated February 12, 2024, containing directions to bring the Company in conformity with the provisions of State-Owned Enterprises (SOE) Act, 2023. The said order of the SECP, read with the aforesaid directions, had created uncertainty as to the applicable provisions of law to be followed for the purposes, inter alia, of election of directors and composition of the Board. The Company contested the adjudication and had challenged the determination in Appeal No. 14 of 2024, before the Appellate bench of SECP. Also, a Constitutional Petition No. D-953 of 2024 was filed by the Company before the Sindh High Court (SHC) and the same was disposed of, with the direction that Respondent No. 3 (i.e. SECP) shall not to take any adverse action against the Company pursuant to SECP Order, until such time that the said appeal is adjudicated. During the current year, the Appellate Bench of SECP passed an order dated February 07, 2025 on SPL's appeal through which, it had upheld the SECP Order dated January 26, 2024 and reiterated that SPL is a listed Public Sector Company (PSC), based upon the shareholding of certain entities. The Company has challenged the Appellate Bench's order in Miscellaneous Appeal No. 27 of 2025 before the SHC.

During the pendency of the appeal related to the Appellate Bench order, the SHC after hearing the preliminary arguments, passed an ad-interim order dated February 26, 2025, whereby the operation of both SECP order and Appellate Bench's order was suspended and thereby, maintaining status-quo on the legal status of the Company as Public Listed Company. Subsequently, the Company decided to proceed with holdings its elections for the third time at the 8th Reconvened Extraordinary General Meeting (EOGM), which was scheduled for March 27, 2025. However, on an application filed by SECP in Miscellaneous Appeal 27 / 2025 dated March 25, 2025, the SHC restrained SPL from holding its elections until the legal status matter is adjudicated upon. Therefore, 8th EOGM was reconvened on March 27, 2025 and as the matter was subjudice, before taking up the agenda for elections, the said EOGM was concluded without the elections being held. The Company has already filed its counter affidavit in response to SECP's application in the aforesaid appeal. This case was last fixed on May 15, 2025 when it was adjourned and the interim orders passed in the case were extended till the next date of hearing. However, the next date of hearing is not fixed yet.

This issue of one-third independent directors of the Company had to be addressed at the 8th EOGM of the Company related to election of directors, which was due to be held on November 29, 2023. However, the said EOGM got suspended/adjourned twice owing to the matters related to Company's legal status. SECP had granted three extensions on the due date for holding elections, owing to impediments being faced by the Company and its Board related to its legal status. The Company applied for an extension for the fourth time, owing to the same impediments but the same was rejected by SECP and as it was practically impossible to fulfill the statutory requirements of holding an EOGM within the prescribed timeframe, SPL proceeded with filing of an appeal on this matter with the Registrar of Companies, SECP. A hearing was held on June 19, 2025 with the Registrar of Companies, SECP which was attended by the Legal Counsel & Company Secretary. Thereafter, SECP had requested the Company to provide them with the CRO Order dated November 12, 2024 related to the rejection of extension in due date for holding elections and a chronological summary / synopsis of the Company's legal status case. The said information was provided to SECP on June 23, 2025 and since then there has been no update from Registrar of Companies, SECP on the appeal related to extension in due date for holding the elections.

A Constitutional Petition No. 4503 / 2024 was filed by a few shareholders of the Company, holding 1.426% shares as on September 18, 2024, before the SHC on September 19, 2024, whereby it was prayed that the Court should direct Respondent No.3 (i.e. Appellate Bench, SECP) to hear the Appeal No. 14 of 2024, filed before the Appellate Bench, SECP and to decide the same, expeditiously. The said petition is currently pending adjudication and there are no interim orders operating in this case. Also, the Company has already filed its reply to this petition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

Notwithstanding the ultimate outcome of the above matter, it would only impact the status of the Company as a Public Sector Company or not without having any impact on the financial position of the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Functional and presentation currency

The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand of rupees, unless otherwise stated.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise specifically stated.

2.4 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are amendments that are mandatory for the Company's accounting period beginning on or after July 1, 2024, but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.5 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are not yet effective

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standards, amendments or interpretations	Effective date (accounting period beginning on or after)
- IAS 21 - 'The Effects of Changes in Foreign Exchange Rates' (amendments)	January 1, 2025
- IFRS 9 - 'Financial Instruments' (amendments)	January 1, 2026
- IFRS 7 - 'Financial Instrument Disclosure' (amendments)	January 1, 2026
- IFRS 18 - 'Presentation and Disclosure in Financial Statements'	January 1, 2027

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

The management is in the process of assessing the impact of these standards, amendments and interpretations on the financial statements of the Company.

Further, following new standard has been issued by IASB which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009

2.6 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- classification, valuation and impairment of financial instruments (notes 3.4, 3.5, 3.6, 3.7, 6, 9, 10, 11 and 12);
- estimates of useful life, recoverable amount, residual value of fixed assets and amortisation method of intangibles (note 3.1, 3.2, 4 and 5);
- provision for taxation and deferred tax (notes 3.19 and 15);
- present value of defined benefit obligation and fair value of plan assets in relation to employee retirement benefits (note 3.15 and 16);
- provisions and contingencies (note 17 and 18); and
- estimation in writing down items to their net realisable value and provision against slow moving and obsolete of the following:
 - stock-in-trade (notes 3.12 and 8); and
 - stores, spares and loose tools (notes 3.11 and 7);

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any), except for capital work-in-progress, leasehold and freehold land which are stated at cost less accumulated impairment losses (if any).

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

The value assigned to the leasehold land is not depreciated as leases are expected to be renewed for further periods on payment of relevant rentals.

Depreciation on all items is charged using the straight line method in accordance with the rates specified in note 4.1 to these financial statements and after taking into account residual values, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which the assets becomes available for use, while no depreciation is charged in the month of disposal.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Repairs and maintenance are charged to statement of profit or loss in the period in which it is incurred.

Gains or losses on disposal of property, plant and equipment , if any are taken to statement of profit or loss in the period in which they arise.

Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred and advances made during installation and construction period are carried under this head. These are transferred to relevant asset category as and when the assets are available for intended use.

3.2 Intangible assets

Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment losses, if any. However, Intangible assets having indefinite life are stated at cost less impairment losses, if any.

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month in which the asset is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of all other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. In case the carrying value exceeds the recoverable amount, it is written down immediately to its recoverable amount.

3.3 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

3.4 Financial assets

Initial measurement

The Company classifies its financial assets into the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any mark-up are recognized in the statement of profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Mark-up income and impairment are recognized in the statement of profit or loss.

Business model

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's board/ board committees;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- 'The expected frequency, value and timing of sale are also important aspects of the Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Solely Payment of Principal and Interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Investments

Investments in Pakistan Investment Bond (PIBs) and Market Treasury Bills are classified at amortized cost and are initially measured at fair value. Transaction costs directly attributable to the acquisition are included in the carrying amount. Subsequently these investments are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, losses and impairment are recognized in the statement of profit or loss.

3.5 Trade debts, loans, advances, prepayments and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Refer to the accounting policy of financial assets in note 3.6 to these financial statements.

3.6 Impairment of financial assets

The Company recognises loss allowances for expected credit loss (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at ECL using general 3-stage approach:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and a financial asset in default when contractual payment are 365 days past due for specialised papers sold to government organisations and 90 days past due in other cases.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

3.7 De-recognition

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.8 Financial liabilities

Financial liabilities are classified and measured at amortised cost except for:

- Financial liabilities at FVTPL; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

De-recognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the profit or loss.

Initial recognition

Financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs.

3.9 Trade and other payables

Trade and other payables are recognized initially at cost, which is the fair value of consideration paid. These are subsequently measured at amortized cost.

3.10 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

3.11 Stores, spares and loose tools

These are valued at lower of weighted average cost or net realisable value less impairment loss, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provision for obsolete and slow moving stores, spare parts and loose tools is determined based on management's estimate regarding their future usability.

3.12 Stock-in-trade

Raw materials are valued at the lower of weighted average cost or net realisable value less impairment loss, if any, except for items in transit which are stated at cost incurred to date. Cost comprises of all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to present location and condition.

Work-in-process and finished goods are valued at lower of cost (calculated on weighted average basis) or net realisable value. Cost in relation to work-in-process and finished goods, represents direct cost of materials, direct wages and an appropriate portion of production overheads.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the costs necessary to be incurred to make the sale.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances, bank deposits and short term highly liquid investments having original maturities of three months or less, from acquisition date that are subject to insignificant risk of changes in fair value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management, which are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

3.14 Provisions and contingencies

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the outflow can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Contingencies are disclosed when the Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognized because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

3.15 Staff retirement benefits

Defined benefit plan

The Company operates an approved funded gratuity scheme for all permanent employees. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprises of actuarial gains and losses are recognized immediately in the statement of comprehensive income with no subsequent transfer to the statement of profit or loss. Actuarial valuation is carried out on an annual basis.

Defined contribution plan

The Company operates an approved contributory Provident Fund for all eligible employees. Contributions are made equally by the Company and employees at the rate of 6.451% of gross salary on monthly basis.

Employee retirement benefits are payable to eligible employees on completion of the prescribed qualifying period of service under these funds.

3.16 Employees' compensated absences

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

3.17 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that the Company owns.

3.18 Revenue recognition

- Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue consists of sale of specialised paper for banknote and non-banknote security documents. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer or delivered at the customer's premises, as per arrangement with the customer. Revenue is measured at fair value of the consideration received or receivable, excluding amount of sales tax. The Company assesses its revenue arrangements against specific criteria that must be met before revenue is recognised.
- Mark-up on bank balances, reverse repo transactions and government securities is recognised on an accrual basis using the effective interest method.

3.19 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income, in which case it is recognised in equity or in the statement of comprehensive income, respectively.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the provisions of the Income Tax Ordinance, 2001. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is measured using the balance sheet liability method, measuring for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax measured is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the rates that are expected to apply to the period when the differences reverse based on enacted or substantively enacted tax rates at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has the legally enforceable right to offset and intends either to settle on net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Levy

In accordance with the Income Tax Ordinance, 2001 (the Ordinance), computation of minimum taxes and final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37.

3.20 Foreign currency transactions and translations

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani rupees at the foreign exchange rates approximating those prevailing at the reporting date. Exchange differences, if any, are charged in the statement of profit or loss.

3.21 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

3.22 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.23 Dividend and appropriations

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognised in the period in which they are approved.

	Note	2025	2024
4		(Rupees in '000)	
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,856,624	1,700,151
Capital work in progress	4.2	142,314	128,136
		1,998,938	1,828,287

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

4.1 The following is a statement of Company's operating fixed assets:

2025													
Land		Building on		Plant and machinery	Spare parts and stand-by equipment	Laboratory equipment	Furniture and fittings	Electric, water and gas installation	Office and security equipment	Computers and computer accessories	Motor vehicles	Total	
Lease-hold	Free-hold	Lease-hold land	Freehold land										
----- (Rupees in '000) -----													
At July 01, 2024													
Cost	417	293	1,015	308,736	3,847,866	181,935	79,346	20,634	404,117	107,561	39,958	105,367	5,097,245
Accumulated depreciation	-	-	(1,012)	(80,836)	(2,786,987)	(125,671)	(46,197)	(10,947)	(199,603)	(71,898)	(30,015)	(43,928)	(3,397,094)
Opening net book value	417	293	3	227,900	1,060,879	56,264	33,149	9,687	204,514	35,663	9,943	61,439	1,700,151
During the year													
Additions	-	-	-	152	21,323	38,602	9,400	157	6,311	1,961	1,293	57,943	137,142
Transfers from CWIP	-	-	-	6,524	231,528	-	-	3,186	13,304	-	3,380	16,418	274,340
	-	-	-	6,676	252,851	38,602	9,400	3,343	19,615	1,961	4,673	74,361	411,482
Disposals/ write-off													
Cost	-	-	-	-	(32,107)	-	(404)	(1,560)	(13,978)	(6,540)	(4,775)	(20,441)	(79,805)
Accumulated depreciation	-	-	-	-	32,107	-	404	1,560	13,978	6,540	4,775	15,740	75,104
	-	-	-	-	-	-	-	-	-	-	-	(4,701)	(4,701)
Depreciation charge for the year	-	-	-	(9,457)	(142,381)	(24,355)	(5,892)	(1,756)	(24,577)	(9,825)	(5,132)	(26,933)	(250,308)
Closing net book value	417	293	3	225,119	1,171,349	70,511	36,657	11,274	199,552	27,799	9,484	104,166	1,856,624
At June 30, 2025													
Cost	417	293	1,015	315,412	4,068,610	220,537	88,342	22,417	409,754	102,982	39,856	159,287	5,428,922
Accumulated depreciation	-	-	(1,012)	(90,293)	(2,897,261)	(150,026)	(51,685)	(11,143)	(210,202)	(75,183)	(30,372)	(55,121)	(3,572,298)
Closing net book value	417	293	3	225,119	1,171,349	70,511	36,657	11,274	199,552	27,799	9,484	104,166	1,856,624
Depreciation rate % per annum													
	-	-	2.5% - 20%	2.5% - 33.33%	6% - 50%	25%	8% - 50%	6%	6% - 50%	15%	25%	20%	

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

2024														
Land		Building on		Plant and machinery	Spare parts and stand-by equipment	Laboratory equipment	Furniture and fittings	Electric, water and gas installation	Office and security equipment	Computers and computer accessories	Motor vehicles	Total	Right of use assets (note 3.17)	
Lease-hold	Free-hold	Lease-hold land	Freehold land											
----- (Rupees in '000) -----														
At July 01, 2023														
Cost	417	293	1,015	239,933	3,793,673	142,156	69,101	18,149	372,500	102,533	32,879	20,153	4,792,802	50,626
Accumulated depreciation	-	-	(1,012)	(72,217)	(2,650,332)	(106,394)	(42,643)	(9,876)	(179,411)	(62,667)	(25,244)	(18,121)	(3,167,917)	(16,937)
Opening net book value	417	293	3	167,716	1,143,341	35,762	26,458	8,273	193,089	39,866	7,635	2,032	1,624,885	33,689
During the year														
Additions	-	-	-	-	21,572	39,779	10,245	2,011	30,412	4,696	7,079	24,364	140,158	4,802
Transfers from CWIP	-	-	-	68,803	32,621	-	-	474	1,205	332	-	16,220	119,655	-
	-	-	-	68,803	54,193	39,779	10,245	2,485	31,617	5,028	7,079	40,584	259,813	4,802
Transferred from right of use asset														
Cost	-	-	-	-	-	-	-	-	-	-	-	48,060	48,060	(48,060)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	(12,702)	(12,702)	12,702
	-	-	-	-	-	-	-	-	-	-	-	35,358	35,358	(35,358)
Disposals														
Cost	-	-	-	-	-	-	-	-	-	-	-	(3,430)	(3,430)	(7,368)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	1,788	1,788	6,834
	-	-	-	-	-	-	-	-	-	-	-	(1,642)	(1,642)	(534)
Depreciation charge for the year														
	-	-	-	(8,619)	(136,655)	(19,277)	(3,554)	(1,071)	(20,192)	(9,231)	(4,771)	(14,893)	(218,263)	(2,599)
Closing net book value	417	293	3	227,900	1,060,879	56,264	33,149	9,687	204,514	35,663	9,943	61,439	1,700,151	-
At June 30, 2024														
Cost	417	293	1,015	308,736	3,847,866	181,935	79,346	20,634	404,117	107,561	39,958	105,367	5,097,245	-
Accumulated depreciation	-	-	(1,012)	(80,836)	(2,786,987)	(125,671)	(46,197)	(10,947)	(199,603)	(71,898)	(30,015)	(43,928)	(3,397,094)	-
Closing net book value	417	293	3	227,900	1,060,879	56,264	33,149	9,687	204,514	35,663	9,943	61,439	1,700,151	-
Depreciation rate % per annum														
	-	-	2.5% - 20%	2.5% - 33.33%	6% - 50%	25%	8% - 50%	6%	6% - 50%	15%	25%	20%		20%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025	2024
4.1.1 The depreciation charge for the year has been allocated as follows:			
		(Rupees in '000)	
Cost of sales	21	229,226	204,892
Administrative expenses	22	21,082	15,970
		250,308	220,862

4.1.2 Operating fixed assets include assets costing Rs. 776.88 million (2024: Rs. 782.69 million), which are fully depreciated.

4.1.3 Freehold land of the Company and building thereon, is situated at Jinnah Avenue, Malir Halt Karachi. This comprises of two parcels of land having area of 20 acres and 60 square yards. The Company also holds leasehold land having area of 1,193 square yards and building thereon, situated at Plot No: 25-B, Central Avenue, Phase II, DHA Karachi.

4.1.4 Details of property, plant and equipment disposed off during the year is as follows:

	Note	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
Vehicles								
------(Rupees in 000')-----								
Toyota Yaris		1,286	643	643	3,242	2,599	Tender	Kareem & Sons
Honda City		2,657	1,993	664	1,281	617	Buy back as per Company's policy	Mr. Shoaib Siddiqui
Suzuki Cultus		1,655	1,021	634	910	276	Buy back as per Company's policy	Mr. Hafeezullah
Suzuki Cultus		2,244	1,047	1,197	1,675	478	Buy back as per Company's policy	Mr. Mudassir Ali Khan
Suzuki Cultus		2,244	1,047	1,197	2,501	1,304	Tender	Ahsan Ahmad
Others:								
Disposal	4.1.4.1	10,221	9,855	366	12,356	11,990	Various	Various
Write-off		59,498	59,498	-	-	-	Write-off	Write-off
2025		79,805	75,104	4,701	21,965	17,264		
2024		10,798	8,621	2,177	4,565	2,388		

4.1.4.1 This include assets having net book value of less than Rs. 500,000. These disposals were made in accordance with the Company's policy.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

4.2 Capital work in progress

Building on freehold land
Plant and machinery
Furniture & fittings
Electric, water and gas installations
Computers & computer accessories
Motor vehicles

The movement in capital work in progress is as follows:

	2025	2024
(Rupees in '000)		
	38,246	-
Building on freehold land	73,924	98,841
Plant and machinery	57	3,185
Furniture & fittings	30,087	7,545
Electric, water and gas installations	-	2,147
Computers & computer accessories	-	16,418
Motor vehicles	142,314	128,136
Balance at the beginning of the year	128,136	93,487
Additions made during the year:		
- Building on freehold land	44,771	9,150
- Plant and machinery	206,611	111,943
- Furniture & fittings	57	3,659
- Electric, water and gas installations	35,846	13,997
- Office and security equipments	-	174
- Computers & computer accessories	1,233	2,150
- Motor vehicles	-	13,231
	288,518	154,304
Transfer to operating fixed assets:		
- Building on freehold land	(6,524)	(68,803)
- Plant and machinery	(231,528)	(32,621)
- Furniture & fittings	(3,186)	(474)
- Electric, water and gas installations	(13,304)	(1,205)
- Office and security equipments	-	(332)
- Computers & computer accessories	(3,380)	-
- Motor vehicles	(16,418)	(16,220)
	(274,340)	(119,655)
	142,314	128,136

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025	2024
5 INTANGIBLE ASSETS		(Rupees in '000)	
Cost		30,080	24,771
Accumulated amortisation		(16,560)	(12,780)
Net book value		13,520	11,991
 Net book value as at July 01		11,991	13,920
Additions		5,309	866
Amortisation	21 & 22	(3,780)	(2,795)
Net book value as at June 30		13,520	11,991
 Amortisation rate (% per annum)		10% - 50%	10% - 50%
6 LONG-TERM INVESTMENTS			
Amortised cost			
Pakistan Investment Bonds (PIBs)	6.1	5,025,498	3,522,542
Less: PIBs with current maturity	11	(1,217,746)	(96,597)
		3,807,752	3,425,945
 6.1 These represents investments in Pakistan Investment Bonds (PIBs) carrying effective interest at the rates ranging from 11.78% to 16.51% (2024: 12.38% to 23.21%) per annum with maturities ranging from February 2027 to September 2034. The profit payments are made semi annually. This includes mark-up receivable of Rs. 174.51 million (2024: Rs. 128.52 million).			

	Note	2025	2024
7 STORES, SPARES AND LOOSE TOOLS		(Rupees in '000)	
Stores		18,911	17,579
Spares - in hand		307,988	284,186
- in transit		74,903	9,209
Loose tools		1,082	784
		402,884	311,758
Provision for slow moving stores, spares and loose tools	7.1	(11,243)	(11,243)
Written-off during the year		-	(644)
		391,641	299,871

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025	2024
7.1 Provision for slow moving stores, spares and loose tools		(Rupees in '000)	
Opening balance		11,243	11,243
Provision made during the year	21	-	644
Written-off during the year		-	(644)
Closing balance		11,243	11,243
8 STOCK-IN-TRADE			
Raw materials - in hand		645,407	632,979
- in transit		46,708	26,215
	21	692,115	659,194
Raw material written-off		-	(4,061)
		692,115	655,133
Work-in-process	21	73,968	139,041
Finished goods	21	102,129	93,740
Provision for slow moving stock-in-trade	8.1	(7,128)	(7,128)
		861,084	880,786
 8.1 Provision for slow moving stock-in-trade			
Opening balance		7,128	7,168
Written-off during the year		-	(40)
Closing balance		7,128	7,128
9 TRADE DEBTS - unsecured, considered good			
Due from related parties			
- Pakistan Security Printing Corporation (Private) Limited	9.1 & 9.2	1,267,916	1,220,250
- National Security Printing Company (Private) Limited	9.1 & 9.2	27,075	95,263
Due from others		4,523	4,523
		1,299,514	1,320,036
 9.1 The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 1,716.16 (2024: Rs 1,636.83 million).			
 9.2 The aging of trade debts due from related parties as at June 30 is as follows:		(Rupees in '000)	
Not yet due		882,775	1,315,513
Past due but not impaired			
31-60 days		385,141	-
61-90 days		27,075	-
		1,294,991	1,315,513

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025 (Rupees in '000)	2024
10 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advance to suppliers - unsecured, considered good		19,477	8,100
Security deposits	10.1	16,670	15,720
Income tax	26.2	5,966	5,360
Prepayments		4,862	3,807
Loan to employees - considered good		90	115
Letters of credit margin		-	102,825
Others		4,797	1,203
		<u>51,862</u>	<u>137,130</u>

10.1 This includes utilities and interest free deposits held with service providers.

11 SHORT TERM INVESTMENTS - amortised cost

Government securities - Treasury Bills	11.1	552,883	1,685,067
Reverse repo transactions	11.2	951,457	378,840
Pakistan investment bonds - current maturity	11.3	1,217,746	96,597
		<u>2,722,086</u>	<u>2,160,504</u>

11.1 Investments in treasury bills carry profit at the rate of 11.60% (2024: 20.45% to 20.70%) per annum.

11.2 Reverse repo transactions in government securities carry profit at the rate of 11.00% (2024: 20.50% to 22.60%) per annum.

11.3 Investments in Pakistan Investment Bonds carry effective interest at the rate of 13.47% to 14.12% (2024: 12.38%) per annum with maturity in August 2025. The profit payments are made semi-annually. This includes mark-up receivable of Rs. 49.76 million (2024: Rs. 2.88 million)

12 CASH AND BANK BALANCES

	Note	2025 (Rupees in '000)	2024
Cash at banks:			
- Current accounts		875	864
- Dividend accounts		35,870	36,729
- Saving accounts	12.1	166,606	439,289
		<u>203,351</u>	<u>476,882</u>
Cash in hand		137	58
		<u>203,488</u>	<u>476,940</u>

12.1 Saving accounts carry profit rates ranging from 7.5% to 11.5% (2024: 7.5% to 20.60%) per annum. This includes mark-up receivable of Rs. 0.035 million (2024: Rs. 0.004 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

13 SHARE CAPITAL

13.1 Authorised share capital

	2025 (Number of shares)	2024	2025 (Rupees in '000)	2024
Ordinary shares of Rs. 10 each	<u>70,000,000</u>	<u>70,000,000</u>	<u>70,000,000</u>	<u>70,000,000</u>

13.2 Issued, subscribed and paid-up capital

	2025 (Number of shares)	2024	2025 (Rupees in '000)	2024
Ordinary shares of Rs. 10 each fully paid in cash	1,250,000	1,250,000	12,500	12,500
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>58,005,985</u>	<u>58,005,985</u>	<u>580,059</u>	<u>580,059</u>
	<u>59,255,985</u>	<u>59,255,985</u>	<u>592,559</u>	<u>592,559</u>

13.3 The following shares are held by the related parties of the Company:

Name of related party	2025		2024	
	Shares held	Percentage	Shares held	Percentage
Pakistan Security Printing Corporation (Private) Limited	23,721,739	40.03%	23,721,739	40.03%
Sumer Holding A.S.	5,925,564	10.00%	5,925,564	10.00%
Industrial Development & Renovation Organisation	5,925,564	10.00%	5,925,564	10.00%

Voting rights, board selection, rights of first refusal, block voting and other shareholders' right are in proportion to their shareholding.

14 LEASE LIABILITIES

	Note	2025 (Rupees in '000)	2024
Opening balance		-	35,252
Additions		-	4,801
Interest expense relating to lease liabilities	25	-	2,144
Payments		-	(6,989)
Termination of lease liabilities		-	(35,208)
Closing balance		<u>-</u>	<u>-</u>

15 DEFERRED TAXATION LIABILITY

Deferred tax liabilities on taxable temporary differences:

Accelerated tax depreciation	300,372	284,538
Amortisation of Pakistan Investment Bond	42,222	34,453
	<u>342,594</u>	<u>318,991</u>

Deferred tax asset on deductible temporary differences:

Provisions	(27,719)	(26,666)
Loss on redemption of mutual funds	-	(3,153)
	<u>(27,719)</u>	<u>(29,819)</u>
	<u>314,875</u>	<u>289,172</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2025

15.1 Movement of deferred taxation during the year

Deferred tax liability arising due to:
Accelerated tax depreciation
Amortisation of Pakistan Investment Bond

Deferred tax asset arising in respect of:
Provisions
Loss on redemption of mutual funds

2025		
As at July 1, 2024	Recognised in the statement of profit or loss	As at June 30, 2025
----- (Rupees in '000) -----		
284,538	15,834	300,372
34,453	7,769	42,222
318,991	23,603	342,594
(26,666)	(1,053)	(27,719)
(3,153)	3,153	-
(29,819)	2,100	(27,719)
289,172	25,703	314,875

Deferred tax liability arising due to:
Accelerated tax depreciation
Amortisation of Pakistan Investment Bond

Deferred tax asset arising in respect of:
Provisions
Loss on redemption of mutual funds
Leased liability net off leased assets

2024		
As at July 1, 2023	Recognised in the statement of profit or loss	As at June 30, 2024
----- (Rupees in '000) -----		
292,666	(8,128)	284,538
9,374	25,079	34,453
302,040	16,951	318,991
(23,911)	(2,755)	(26,666)
(141,803)	138,650	(3,153)
(583)	583	-
(166,297)	136,478	(29,819)
135,743	153,429	289,172

16 STAFF RETIREMENT BENEFITS

Staff Retirement Benefit (Funded Scheme)

2025	2024
(Rupees in '000)	
(7,620)	90

The Company operates an approved gratuity fund for its eligible employees. Actuarial valuation was carried out at June 30, 2025 using the projected unit credit method. Following significant assumptions have been used for the actuarial valuations.

NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2025

Actuarial assumptions

- a) Discount rate
- b) Salary increase rate
- c) Interest credit rate
- d) Expected return on plan assets
- e) Mortality rates

Amounts recognised in the statement of financial position are as follows:

Present value of defined benefit obligations
Fair value of plan assets
Net liability / (asset) recognised as at June 30

Movement in net liability / (asset) recognised:

Opening net (asset) / liability
Expense recognized during the year
Remeasurement loss / (gain) recognised in OCI
Contributions and benefits paid on behalf of the fund
Closing net liability / (asset)

Movement in present value of defined benefit obligations

Opening present value of obligation
Current service cost
Interest cost
Benefits paid
Remeasurement loss due to financial assumptions
Experience adjustments
Income distributed among the members
Closing present value of obligation

2025	2024
12.50%	15.00%
12.25%	14.00%
12.25%	14.00%
12.25%	14.00%
Adjusted SLIC 2001-05	Adjusted SLIC 2001-05
504,993	423,057
(497,373)	(423,147)
7,620	(90)
(90)	53,352
45,315	38,998
2,787	(39,568)
(40,392)	(52,872)
7,620	(90)
423,057	401,142
10,406	17,113
34,909	21,885
(24,262)	(60,197)
12,013	-
(11,500)	(13,234)
60,370	56,348
504,993	423,057

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

	2025	2024
	(Rupees in '000)	
Movement in the fair value of plan assets		
Opening fair value of plan assets	423,147	347,790
Expected return on plan assets	60,370	56,348
Remeasurement (loss) / gain on plan assets	(2,274)	26,334
Benefits paid	(24,262)	(60,197)
Contribution by the Company	40,392	52,872
Closing fair value of plan assets	497,373	423,147
Expense recognised in the statement of profit or loss		
Current service cost	10,406	17,113
Net Interest cost	(25,461)	(34,463)
Income distributed among members	60,370	56,348
Cost for the year	45,315	38,998
Actuarial gain or losses recognised in statement of comprehensive income		
Remeasurement (loss) / gain due to		
- changes in financial assumptions	(14,287)	26,334
- experience adjustments	11,500	13,234
Total remeasurement (loss) / gain recognised in other comprehensive income	(2,787)	39,568
Return on plan assets is as follows:		
Expected return on plan assets	60,370	56,348
Plan assets comprised of following:		
Pakistan Investment Bonds (PIBs)	79%	45%
Treasury Bills (T-bills)	14%	53%
Bank account and short-term deposits	7%	2%
	100%	100%

Deficit on the plan assets	2025	2024	2023	2022	2021
	(Rupees in '000)				
Present value of defined benefit obligation	(504,993)	(423,057)	(401,142)	(355,242)	(329,649)
Fair value of plan assets	497,373	423,147	347,790	329,986	309,967
(Deficit) / Surplus	(7,620)	90	(53,352)	(25,256)	(19,682)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

5 years data on experience adjustments	2025	2024	2023	2022	2021
	(Rupees in '000)				
Loss / (Gain) on obligation	513	-	10,070	(4,270)	(8,982)
(Loss) / gain on plan assets	(2,274)	26,334	(10,352)	(3,052)	3,089

The investment income of the fund is distributed among the members of the fund. Accordingly, expected return on plan assets has not been taken in the gratuity cost for the year ended June 30, 2025.

Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 48.64 million in the financial statements for the year ending June 30, 2026.

Sensitivity Analysis on significant actuarial assumptions

The below sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	2025	2024
	(Rupees in '000)	
Present value of obligations		
Increase in discount rate by 1%	472,902	393,442
Decrease in discount rate by 1%	541,047	456,565
Increase in salary by 1%	544,378	460,458
Decrease in salary by 1%	469,426	389,212
Number of years		
	2025	2024
Weighted average duration of the defined benefit obligations	7.31	7.64

The gratuity scheme exposes the Company to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investments underperforming and not being sufficient to meet the liabilities. This is managed by formulating proper investment plan in consultation with investment advisors of the fund.

Risk of insufficiency of assets

This is managed by making regular contribution to the fund as advised by the actuary.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025	2024
		(Rupees in '000)	
17 TRADE AND OTHER PAYABLES			
Accrued expenses		318,970	238,624
Trade creditors		243,617	365,713
Withholding tax payable		131,160	116,316
Payable to workers' profit participation fund	17.1	130,074	128,695
Sales tax payable		103,469	186,011
Payable to workers' welfare fund	17.2	62,515	61,317
Payable against purchase of operating fixed assets		52,954	77,349
Payable to a related party - Pakistan Security Printing Corporation (Private) Limited		38,781	13,912
Payable to contractors		51,235	38,231
Provision for fire tax	17.3	37,023	37,023
Deposits repayable on demand	17.4	12,288	13,588
Payable to provident fund		5,366	5,571
Retention money payable		2,628	4,615
Contract liabilities		1,554	11,426
Other liabilities		41,253	22,665
		1,232,887	1,321,056
17.1 Payable to workers' profit participation fund			
Opening balance		128,695	2,992
Allocation for the year	24	129,653	128,695
Interest on workers' profit participation fund		637	467
Payments during the year		(128,911)	(3,459)
		130,074	128,695
17.2 Payable to workers' welfare fund			
Opening balance		61,317	45,878
Provision for the year	24	48,997	48,062
Prior year charge	24	-	(1,719)
Payments during the year		(47,799)	(30,904)
		62,515	61,317

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

17.3 The Karachi Metropolitan Corporation (KMC) vide notification no. FB/DCFO/ENH-F.T-81/2001 dated May 23, 2001 changed the basis of charging fire tax and specified that this tax should be charged on the basis of water consumed. Previously, the fire tax was being levied on the basis of net annual rental value of the property as part of the property tax. The Company has filed a constitutional petition before the Honourable High Court of Sindh, Karachi challenging the above notification which is still pending. As a matter of abundant caution and without prejudice to the Company's contention in appeal, the management has made provision in respect of the above tax covering the period from 2003 to 2011.

17.4 This includes interest free security deposits received from various contractors / suppliers. The amount received have been utilised for the purpose of the business in accordance with agreed terms. An amount of Rs. 0.09 million has been kept in a separate bank account.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Four ex-employees filed cases for claim of insurance amount of Rs. 1.12 million being retired on medical grounds. The affected employees filed the case before Court of Commissioner Workmen Compensation and the authority under the payment of wages Act, South Division. These cases are still pending. The management is confident that the outcome of the case would be in favour of the Company. Hence no provision has been made in these financial statements.

18.1.2 Assistant Commissioner (AC), Sindh Revenue Board (SRB) had passed an order dated August 5, 2014 raising a demand of Rs. 4.16 million for payment of Sales tax on services for the years ended June 30, 2011, 2012 and 2013 on technical services received from M/s Sptec GmbH. AC had categorized the services under tariff heading 9823.0000 (Franchise Services). The Company filed an appeal before the Commissioner (Appeals) SRB who had passed an order dated February 24, 2015 and upheld the order of the Assistant Commissioner. The Company had filed an appeal before Appellate Tribunal (AT) of SRB, who upheld the order of AC. The Company had filed SST Reference Application before SHC against the order of AT of SRB which is still pending.

Based on the legal advisor's advice, the Company is confident that the outcome of the case would be in favour of the Company. Accordingly, no provision has been recorded in these financial statements.

18.1.3 The Company had entered into an agreement with Aquatech Infrastructures Limited (AIL) for the development of an alternate source of water supply on Built, Operate and Transfer (BOT) basis on August 15, 2005 for a period of five years from the date of commissioning. The agreement remained enforce through supplemental agreements signed in subsequent years. Due to poor maintenance of Bores by AIL, the output of ground water reduced. AIL informed the Company to discontinue the contract and was of the view that SPL should purchase the RO Plant. AIL then unilaterally decided to shut down the RO plant on March 2018 and therefore, SPL took over the plant to continue its operations in accordance with provisions of the agreement. SPL received letter from AIL's financier Saudi Pak Leasing Company Limited (SPLC) in which they had informed that they were the owners of the RO Plant and asked SPL not to allow AIL to dismantle the R.O. Plant.

AIL filed a suit before SHC against SPL for recovery of Rs. 177.88 million in respect of RO Plant. AIL moved an application to restrain SPL from utilising or operating the RO Plant. As the matter was under adjudication, SHC decided that this matter should be referred to a mediation and accordingly, was referred to Musaliha International Centre for Arbitration and Dispute Resolution (MICADR) but the mediation proved to be unsuccessful and the case was once again referred back to SHC for adjudication. This case has now been transferred to the District & Session Court, as under the provisions of Sindh Civil Courts (Amendment Act) 2025, the SHC has been divested of its original jurisdiction to entertain and adjudicate all civil suits and hence, the District Court now has the jurisdiction to hear this case. As advised by the Company's legal counsel, the next date of hearing is awaited.

Based on the facts of the case and legal advisor's advice, the Company is confident that the outcome of the case would be in favour of the Company. Accordingly, no provision has been recognised in these financial statements.

18.1.4 The Suits No 814 and 815 have been filed by two employees of SPL for seeking declaration against their termination of employment. The Court, through an order vacated the stay orders, thereby validating their termination in accordance with the applicable simplicitor rules. Subsequently, the concerned parties opted to initiate an appeal before the Divisional Bench of the SHC, which also dismissed their appeals on October 23, 2023 and affirmed the original order issued by the Single Judge of SHC. The terminated employees then filed applications before SHC for the release of their alleged service benefits from the Company for the remainder of their term had they not been terminated. SPL's legal counsel filed a response to

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

the said applications. The Court later refused to entertain such pending applications and dismissed the applications. These cases are now transferred to the District & Sessions Court, as under the provisions of Sindh Civil Courts (Amendment Act) 2025, the SHC has been divested of its original jurisdiction to entertain and adjudicate all civil suits and hence, the District Court now has the jurisdiction to hear these cases. As advised by the Company's legal counsel, the next date of hearing is awaited.

SPL's legal counsel is optimistic that, based on the merits of the case, it will be decided in favour of SPL in respect of the financial compensation claimed by the terminated employees. Accordingly, no provision has been recognised in these financial statements.

18.1.4 A former employee of SPL has filed a lawsuit (Suit No. 1123 of 2024) dated July 8, 2024 in the Civil Court challenging his termination, which was as per simplicitor rules. The plaintiff seeks reinstatement and claims Rs. 40 million in damages. Additionally, a stay application has been filed by the plaintiff. The Company has submitted its comments / response in this case and the matter is at hearing of applications stage.

Based on the facts of the case and legal advisor's advice, the Company is confident that the outcome of the case would be in favour of the Company. Accordingly, no provision has been recognised in these financial statements.

18.1.5 Income tax contingencies are disclosed in note 26 to these financial statements.

	Note	2025	2024
		(Rupees in '000)	
18.2 Commitments			
Commitments against letters of credit	18.2.1	2,836,619	143,538
Capital commitments		10,015	96,731

18.2.1 Import letters of credit

The Company has facilities from the National Bank of Pakistan (NBP) relating to import letters of credit amounting to Rs. 200 million (2024: Rs. 200 million). The arrangement from NBP is secured by lien on documents of title of goods drawn under letter of credit. The Company has utilised Rs. 0.87 million as at June 30, 2025 (2024: Rs. 30.07 million).

The Company has facilities from Bank Al Habib Limited (BAHL) relating to import letters of credit amounting to Rs. 200 million (2024: Rs. 200 million). The arrangement from BAHL is secured by lien documents consigned in favour of BAHL and counter guarantees. The Company has utilised Rs. 98.71 million as at June 30, 2025 (2024: Rs. 112.5 million).

The Company has also obtained letter of credit facility from the BAHL of Euro 8.19 million for upgradation of Paper Machine 2. The Company has utilised Rs 2,727.54 million as at June 30, 2025.

The Musharakah facility from Meezan Bank Limited is also available to be used for import letter of credit amounting to Rs. 200 million. This facility is the sub limit of running musharakah facility. The arrangement is secured by lien over import documents. The Company has utilised Rs 9.49 million as at June 30, 2025 (2024: Rs. 0.98 million).

19 BANKING FACILITIES

19.1 Letter of Guarantee Facility

As at June 30, 2025, the Company has facilities from National Bank of Pakistan, as sub-limit of running finance facility and from Bank Al Habib Limited relating to letters of guarantee as follows:

	2025		2024	
	National Bank of Pakistan	Bank Al Habib Limited	National Bank of Pakistan	Bank Al Habib Limited
	----- (Rupees in '000) -----			
Facility limit	200,000*	30,000	200,000	73,500
Utilisation as at June 30	169,675	30,000	169,675	73,500

* This is the sub limit of letter of credit facility.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

In addition to above the Company obtained the one-off international bank guarantee from Bank Al Habib Limited against the international tender of Rs. 21.75 million (USD 0.08 million). This facility is the sub limit of running finance facility.

19.2 Running finance

The Company has a running finance facility from Bank Al Habib Limited (BAHL) amounting to Rs. 200 million (2024: Rs. 200 million). The arrangement from BAHL is secured by lien over PIBs/Tbills. This facility is subject to mark-up at the rate of 3 months average KIBOR to be determined on first working day of each calendar quarter. The facility remained unutilised as at June 30, 2025.

The Company has another running finance facility from National Bank of Pakistan (NBP) amounting to Rs. 75 million (2024: Rs 200 million) . It is the sub limit of letter of credit facility. The arrangement from NBP is secured by first pari passu hypothecation charge over stores, spares, loose tools stock-in-trade and book debts of the Company and is available till February 28, 2026. This facility is subject to mark-up at the rate prevailing on the last working day of each preceding month at the end of each calendar quarter, Karachi Inter Bank Offered Rate (KIBOR - one month) plus 125 basis points (2024: one month's KIBOR plus 125 basis points). The facility remained unutilised as at June 30, 2025.

19.3 Running Musharakah

The Company has arrangement of running musharakah facility of Rs. 200 million from Meezan Bank Limited (2024: Rs. 200 million). The arrangement is secured by first pari passu hypothecation charge created over stocks and receivables of the Company in favour of the Bank till September 30, 2025. Under the musharakah arrangement, profit would be determined on the basis of audited / interim accounts where provisional profit would be paid quarterly using KIBOR of first working day / first disbursement date and average musharka facility availed to calculate the target profit plus profit above ceiling amount, if any, would be shared with the ratio 0.001% for Meezan Bank Limited and 99.999% for Security Papers Limited on the basis of annual accounts. The facility remained unutilised as at June 30, 2025.

	Note	2025	2024
		(Rupees in '000)	
20 REVENUE FROM CONTRACTS WITH CUSTOMERS			
Banknote paper		8,610,805	6,814,021
Non-banknote paper:	24		
- Commercial paper		29,179	6,038
- Others		647,442	1,807,785
		676,621	1,813,823
		9,287,426	8,627,844
		(1,416,726)	(1,316,112)
Less: Sales tax		7,870,700	7,311,732

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025	2024
21 COST OF SALES			
(Rupees in '000)			
Opening stock of raw materials		659,194	592,395
Add: Purchases		2,966,189	3,251,812
		3,625,383	3,844,207
Closing stock of raw materials	8	(692,115)	(659,194)
Raw materials consumed		2,933,268	3,185,013
Utilities		1,088,274	738,379
Salaries, wages and benefits	21.1	590,671	510,755
Manufacturing services		287,811	263,850
Stores, spares and loose tools consumed		261,125	190,594
Depreciation	4.1.1	229,226	204,892
Repairs and maintenance		85,444	79,833
Defence security force		79,622	61,846
Insurance		12,554	6,018
Rent, rates and taxes		10,640	10,629
Raw material written off		-	4,061
Provision for slow moving Stores, spares & loose tools		-	644
Others		31,586	25,573
		5,610,221	5,282,087
Opening stock of work-in-process		139,041	173,454
Closing stock of work-in-process	8	(73,968)	(139,041)
Cost of goods manufactured		5,675,294	5,316,500
Opening stock of finished goods		93,740	41,683
Closing stock of finished goods	8	(102,129)	(93,740)
		5,666,905	5,264,443
21.1 Salaries, wages and benefits include Rs. 52.74 million (2024: Rs. 46.13 million) in respect of employee retirement benefits.			
22 ADMINISTRATIVE EXPENSES			
(Rupees in '000)			
Salaries, wages and benefits	22.1	363,518	333,724
Legal and professional		33,450	42,963
Depreciation	4.1.1	21,082	15,970
Travelling expenses	22.2	15,737	19,216
Utilities		8,027	5,873
Repairs and maintenance		7,301	4,575
Printing and stationery		5,512	5,015
Advertisement		4,912	4,939
Security service		4,884	1,401
Transportation		4,140	3,482
Insurance		3,901	2,924
Information services		3,821	7,192
Others		25,256	24,992
		501,541	472,266

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

22.1 Salaries, wages and benefits include Rs. 22.99 million (2024: Rs. 21.16 million) in respect of employee retirement benefits.			
22.2 Travelling expense includes directors travelling expense amounting to Rs. 7.68 million (2024: Rs. 5.98 million).			
	Note	2025	2024
23 OTHER INCOME			
(Rupees in '000)			
Income from financial assets			
Mark-up on:			
- Pakistan Investment Bonds		539,124	436,138
- Treasury bills		217,395	100,107
- Bank deposits and savings accounts		39,847	42,975
- Loan to employees		3	2
Income from reverse repo transactions		62,174	350,426
Amortisation of discount on Pakistan Investment Bond		30,410	64,533
Gain on redemption of investments in Pakistan Investment Bond		-	2,158
		888,953	996,339
Income from non-financial assets			
Gain on sale of property, plant and equipment	4.1.4	17,264	2,388
Scrap sales		5,086	6,749
Others		4,526	7,424
		26,876	16,561
		915,829	1,012,900
24 OTHER EXPENSES			
Workers' profit participation fund	17.1	129,653	128,695
Workers' welfare fund	17.2	48,997	46,343
Donations	24.1	14,137	9,669
Auditors' remuneration	24.2	5,971	4,970
Exchange loss		2,192	-
		200,950	189,677

24.1 During the year, the Company made following donations exceeding Rs. 1 million (2024: Rs. 1 million):

	2025	2024
(Rupees in '000)		
Name of Donee		
Indus Hospital & Health Network	5,880	5,000
SOS Children's Villages	3,174	2,475
The Citizens Foundation	2,250	2,194
Dr. Ruth K. M. Pfau, Civil Hospital Karachi	2,815	-

None of the directors or their spouses had any interest in any of the donee.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

24.2 Auditors' remuneration

Audit of the annual financial statements
Review of half-yearly financial statements
Special certification, Code of Corporate Governance and other services
Out of pocket expenses

2025	2024
(Rupees in '000)	
3,078	2,565
1,540	1,283
866	722
487	400
5,971	4,970

25 FINANCE COSTS

Bank charges
Mark-up on:
- workers' profit participation fund
- short-term running finance
- finance leases

2,679	2,967
637	467
44	510
-	2,144
3,360	6,088

26 TAXATION - Net

Current
- for the year
- prior year

933,670	799,156
(69,393)	(49,111)
864,277	750,045
25,703	153,429
889,980	903,474

Deferred

26.1 Reconciliation between tax expense and accounting profit

Accounting profit before taxation
Tax on accounting profit at enacted rate
Super tax at enacted rate
Tax effect of permanent differences
Tax effect of prior year
Others

2,413,773	2,392,158
699,994	693,726
241,377	239,216
11,589	4,305
(69,393)	(49,111)
6,413	15,338
889,980	903,474
36.87%	37.77%

Effective rate of tax

26.2 Income tax assessments of the Company have been finalised up to and including tax year 2024. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 (the "Ordinance"). The Commissioner Inland Revenue may at any time during a period of five years from the end of financial year in which the tax officer issued or treated as issued the original assessment order, amend assessment.

Detail of tax related matters pending before different forums is as follows:

- a) The Company had previously exercised option of being assessed under the Final Tax Regime (FTR) in respect of goods manufactured by it, which was valid for tax years 2005 to 2007. However, due to the amendment made by the Finance Act 2005 and insertion of clause (41A) of Part IV of the second schedule to the Ordinance, the facility of assessment under FTR available for tax years 2006 and 2007 was withdrawn. The Company filed a constitutional petition with the

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

High Court challenging the withdrawal of the facility up to and including tax year 2007. The High Court admitted the petition for hearing. Based on tax consultant's advice, the Company has filed returns of income for tax years 2006 and 2007 under FTR. The liability for the aforesaid tax years has however been recorded under the Normal Tax Regime. Further, the tax return for the tax years 2006 and 2007 are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities at any time during a period of five years from the date of filing. However, as per legal opinion obtained, tax years 2006 and 2007 are time barred for the purposes of selection of audit, since the period of five years had lapsed.

- b) The income tax authorities had raised a demand of Rs. 43.99 million against the Company under Section 12(9A) of the repealed Income Tax Ordinance, 1979 in respect of assessment year 2000-01. The Company had filed an appeal against this demand before the Income Tax Appellate Tribunal (ITAT), and also filed reference before the Alternate Dispute Resolution Committee (ADRC). Based on the recommendation of the ADRC, the Revenue Division, Federal Board of Revenue (formerly Central Board of Revenue) had issued an order as a result of which the above demand was reduced to approximately Rs. 10.22 million. The ITAT through its order dated September 15, 2005 decided the matter in favour of the Company by deleting the above demand of Rs 43.99 million. However, the income tax department filed an appeal against this order before the Honorable Sindh High Court, which is currently pending.
- c) The return of income for tax year 2011 has been selected for tax audit through parametric computer ballot by the Federal Board of Revenue on February 25, 2013 under section 214C of the Income Tax Ordinance 2001. The Assistant Commissioner Inland Revenue (ACIR) passed order no: 06/161 dated January 29, 2014 under Section 122(1)(5) of the Ordinance raising a demand of Rs. 4.74 million. The Company had filed an appeal against the order before the Commissioner (Appeals) who decided the case in favour of the Company except for the computation Workers' Welfare Fund (WWF) liability where he maintained the action of (ACIR). The Company had filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above appellate order of Commissioner (Appeals) on which an appellate order bearing order no. 342/KB of 2015 dated November 27, 2018 was passed in which ATIR had directed the learned ACIR to work out the Workers' Welfare Fund liability of the Company in the light of an order bearing civil appeal No.1049 to 1055/2011 and another order dated November 10, 2016 passed by the Hon'ble Supreme Court of Pakistan involving similar issue of Workers' Welfare Fund. A request for appeal effect to the appellate order was filed and the appeal effect is still pending.
- d) The Company had e-filed return of income for the tax year 2019 on December 31, 2019. DCIR has issued the notice dated October 19, 2020 under rule 44(4) of the Income Tax Rules, 2002 read with section 176 monitoring of withholding taxes. The Company had submitted required reconciliations, details and supporting evidence against said notice. DCIR had subsequently issued notice under section 161(1A) / 205 /182 of the Ordinance, in compliance to which the Company submitted required information. On June 30, 2025 the DCIR has passed the order and raised demand of Rs. 11.78 million including penalty of Rs. 0.65 million and default surcharge of Rs. 4.66 million. The Company is in process of filing an appeal before Commissioner (Appeals) against the order of DCIR.
- e) The Additional Commissioner Inland Revenue (ADCIR) had issued a notice on April 09, 2021 under section 122(1) read with 122(5A) of the Ordinance and had contended that the return filed by the Company for tax year 2015 was erroneous and prejudicial to the interest of revenue. Without prejudice to the legal objections raised against issuance of the said notice, the Company had submitted required details, information and supporting evidences against the observations raised by the tax office. However, ADCIR passed an amended order on June 29, 2021 under section 122(5A) of the Ordinance raising tax demand of Rs. 53.59 million. The Company had filed an appeal before the Commissioner (Appeals) who passed an order on June 16, 2022 under section 129(1) of the Ordinance wherein the Commissioner (Appeals) had deleted / remanded back all issues to the Deputy Commissioner Inland Revenue (DCIR) except the issue of apportionment of common expense. The Commissioner (Appeals) had directed to apportion common expenses to FTR and NTR income respectively after excluding the cost of sales.

On the direction of the Commissioner (Appeals), DCIR has revised the order dated June 30, 2024 and reduced the demand to Rs. 5.05 million by apportioning the common expenses to FTR and NTR income respectively after excluding the cost of sales. The Company has filed an appeal with ATIR against the order of Commissioner (Appeals) to the extent of the apportionment of common expenses to FTR and NTR incomes.

- f) The Additional Commissioner Inland Revenue (ADCIR) vide a notice dated December 10, 2021 issued under section 122(1) read with 122(5A) of the Income Tax Ordinance, 2001 had initiated tax proceedings to amend deemed assessment order

NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2025

under section 120 of the Ordinance for the tax year 2016. Without prejudice to the legal objections raised against issuance of the said notice, the Company had submitted required details, information and supporting evidences against the observations raised by the tax officer. The ADCIR in reference to the explanations furnished, passed an order on March 08, 2022 under section 122(5A) of the Ordinance raising a demand of Rs. 7.79 million.

The Company had filed an appeal against amended order before the Commissioner (Appeals) who passed an order on June 16, 2022 under section 129(1) of the Ordinance wherein he had deleted / remanded back all issues to the Deputy Commissioner Inland Revenue (DCIR) except the issue of apportionment of common expenses where he directed to apportion common expenses to FTR and NTR income respectively after excluding the cost of sales. On the direction of the Commissioner (Appeals), DCIR has revised the order dated June 30, 2024 and reduced the demand to Rs. 0.60 million. The Company has filed an appeal in ATIR against the order of Commissioner (Appeals) to the extent of the apportionment of common expenses to FTR and NTR incomes.

g) The tax return of the Company was selected for audit for tax year 2018 under section 177(1) of the Ordinance. Information Document Request (IDR) was issued on January 31, 2019 and the Company had submitted required data, information and supporting details through various letters addressed to the Deputy Commissioner Inland Revenue (DCIR). DCIR has issued a show cause notice dated June 10, 2024 and ask additional information and clarification which was replied accordingly. The DCIR has issued an order dated: June 30, 2024 and raised the demand of Rs 172.87 million. The disallowances were made mainly on account of inadmissibility of expenses and allocation of expenses between NTR income and FTR income.

The Company had filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of DCIR. The appeal has been heard and decision is still awaited. ITAT has granted the stay against the recovery and based on the advice of legal advisor, management is confident that final outcome of the case would be in favour of the Company.

h) Through Finance Act 2023, the Government increased the rate of Super tax for Tax Year 2023, retrospectively from 4% to 10%. The companies have challenged this retrospective increase of Super tax from 4% to 10% based on “past and closed transactions” which was decided in favour of the petitioners by the Islamabad High Court vide its order dated March 15, 2024. Subsequently, FBR filed an intra court appeal before larger bench of IHC against the decision. It was clarified vide IHC Divisional Bench order dated April 8, 2024 that the judgment dated March 15, 2024 is still in field and its operation is not suspended. The additional super tax in the case of the Company amounts to Rs. 66.06 million. However, the Supreme Court of Pakistan (SCP) has taken up the similar cases from the High Courts and the matter is currently pending for hearing.

Based on the facts of these matters and legal and tax advisor’s advice, the Company is confident that these matters will be ultimately decided in the favour of the Company. Accordingly, no provision has been recognised in these financial statements.

27 EARNINGS PER SHARE - BASIC AND DILUTED	Note	2025	2024
		(Rupees in '000)	
Profit after taxation		1,523,793	1,488,684
		(Number of shares)	
Weighted average number of ordinary shares	13.2	59,255,985	59,255,985
		(Rupees)	
Earnings per share - basic and diluted		25.72	25.12

27.1 There were no convertible dilutive potential ordinary shares in issue as at year end.

NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2025

28 FINANCING STRUCTURE / MODE	2025	2024
	(Rupees in '000)	
Conventional mode:		
Assets		
Long term investments	3,807,752	3,425,945
Short term investments	2,722,086	2,160,504
Cash and bank balances	202,717	475,449
	6,732,555	6,061,898
Shariah compliant mode:		
Assets		
Cash and bank balances	771	1,491

29 SHARIAH COMPLIANCE DISCLOSURE

		2025			2024		
		Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
Note -----(Rupees in '000)-----							
Statement of Financial Position							
Long term investments	6	3,807,752	-	3,807,752	3,425,945	-	3,425,945
Short term investments	11	2,722,086	-	2,722,086	2,160,504	-	2,160,504
Cash and bank balances	12	202,717	771	203,488	475,449	1,491	476,940
		6,732,555	771	6,733,326	6,061,898	1,491	6,063,389
Statement of Profit or Loss							
Revenue from contracts with customers	20	-	7,870,700	7,870,700	-	7,311,732	7,311,732
Other income	23	888,862	26,967	915,829	995,899	17,001	1,012,900
Finance costs	25	3,360	-	3,360	6,088	-	6,088
		892,222	7,897,667	8,789,889	1,001,987	7,328,733	8,330,720

30 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

The Company has set up a provident fund for its permanent employees wherein contributions and investments are made by the Company in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The total charge against provident fund for the year ended June 30, 2025 is Rs 30.41 million (2024: Rs 28.25 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

The following information is based on the un-audited financial statements of the Fund for the year ended June 30, 2025 and 2024:

	2025	2024		
	(Rupees in '000)			
Size of the fund - net assets	608,268	632,887		
Fair value / cost of investments made	481,386	474,977		
	----- Percentage -----			
Investments made as a percentage of total assets	77.30%	75.05%		
Breakup of investment				
	2025	2024		
	Un-audited	Audited		
	Investment (Rupees in '000)	Investment as Percentage of size of the fund	Investment (Rupees in '000)	Investment as Percentage of size of the fund
Pakistan Investment Bond	408,954	84.95%	124,693	26.25%
Treasury Bills	71,661	14.89%	349,513	73.59%
Mutual Fund	771	0.16%	771	0.16%
	481,386	100.00%	474,977	100.00%

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of the remuneration including certain benefits to the chief executive, directors and executives of the Company are as follows:

	2025			2024		
	Chief Executive	Non-Executive Directors	Executives	Chief Executive	Non-Executive Directors	Executives
	----- (Rupees in '000) -----					
Managerial remuneration, utilities, housing perquisites etc. (including bonus)	51,840	-	300,167	46,743	-	226,854
Retirement benefits	5,478	-	20,544	2,774	-	15,207
Medical	2,255	-	14,864	2,153	-	10,853
Directors' fee	-	38,000	-	-	33,760	-
Total	59,573	38,000	335,575	51,670	33,760	252,914
Number of persons	1	8	60	1	9	48

- 31.1

The Company bears the travelling expenses of chief executive, directors and executives relating to travel for official purposes including expenses incurred in respect of attending board meetings.
- 31.2

The chief executive and certain executives are provided with Company maintained car. They are also provided life and health insurance coverage. Moreover, chief executive and certain other executives are provided with accomodations (against agreed monthly rentals).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

- 31.3

'Executive' means an employee other than the chief executive and directors, whose basic salary exceeds Rs 1,200,000 in a financial year.

32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated company, directors of the Company, companies in which directors also hold directorship, key management personnel and staff retirement benefit funds. Transactions and balances with related parties other than those disclosed elsewhere are as follows:

Name	Note	Nature of relationship	Nature of transaction	2025	2024
				(Rupees 000)	
Pakistan Security Printing Corporation (Pvt) Limited	32.1	Associated undertaking	Sales - net	7,297,292	5,774,594
			Purchases	6,118	7,912
			Shared expenses allocated to the Company	79,547	61,846
			Dividend paid	252,043	272,215
			Trade debts	1,267,916	1,220,250
			Other payables	38,781	13,912
National Security Printing Company (Pvt) Limited*		Common directorship	Sales - net	548,679	728,861
			Trade debts	27,075	95,263
Sumer Holdings, A.S.		Director on board of Company	Dividend paid	62,959	55,403
			Dividend payable	12,592	12,592
Industrial Development & Renovation Organisation		Director on board of Company	Dividend payable	549,809	486,850
Ellcot Spinning Mills Limited		Common directorship	Purchases	103,355	147,922
Staff retirement funds	32.3	Other related party	Contribution made Payable to the funds - net	70,803	81,112
				12,986	5,481
Key management personnel	32.4	Key management	Remuneration and benefits	226,528	180,105

*The Pakistan Security Printing Corporation (Pvt) Limited (PSPC) has merged its subsidiary, the National Security Printing Company (Pvt) Limited (NSPC), into PSPC. This merger took effect at the start of business on July 1, 2025.

- 32.1

All sales transactions with Pakistan Security Printing Corporation (Private) Limited are carried out by the Company using the "Cost Plus Mark-up Method". Other expenses are reimbursements of shared expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

- 32.2** All other transactions are based on commercial terms and at market prices which are approved by the Board of Directors. Remuneration of key management personnel are in accordance with their terms of engagements.
- 32.3** Contributions to the staff retirement benefit funds are made in accordance with the terms of staff retirement benefit schemes and actuarial advice.
- 32.4** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company.

	Note	2025	2024
33 PRODUCTION CAPACITY			
(Tonnes)			
Total installed capacity - on three shift basis		<u>4,500</u>	<u>4,500</u>
Available installed capacity - based on available three shift working days		<u>4,453</u>	<u>4,453</u>
Actual production	33.1	<u>3,810</u>	<u>4,104</u>
33.1 Actual production is in line with the customers' demand.			
34 CASH GENERATED FROM OPERATIONS AND FINANCING ACTIVITIES			
(Rupees in '000)			
34.1 Cash generated from operations			
Profit before taxation		2,413,773	2,392,158
Adjustments for:			
Depreciation on property, plant and equipment and ROUA	4.1.1	250,308	220,862
Provision against staff retirement benefits		45,315	39,343
Amortisation of intangible assets	5	3,780	2,795
Finance costs	25	3,360	6,088
Raw material written off		-	4,061
Provision for slow moving stores, spares & loose tools	21	-	644
Mark-up on investments in Government securities	23	(756,519)	(536,245)
Mark-up on bank deposits and saving accounts	23	(39,847)	(42,975)
Mark-up on loans to employees	23	(3)	(2)
Income from reverse repo transactions	23	(62,174)	(350,426)
Amortisation of discount on Pakistan Investment Bond	23	(30,410)	(64,533)
Gain on sale of property, plant and equipment	23	(17,264)	(2,388)
Gain on redemption of investments in Pakistan Investment Bond	23	-	(2,158)
Changes in:			
- Stores, spare parts and loose tools		(91,770)	(88,444)
- Stock-in-trade		19,702	(84,442)
- Trade debts - considered good		20,522	245,358
- Loans, advances, prepayments and other receivables		85,268	(44,478)
- Trade and other payables		(87,683)	(136,065)
		<u>1,756,358</u>	<u>1,559,153</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

	Note	2025	2024
34.2 Reconciliation of movements of liabilities to cash flows arising from financing activities			
(Rupees in '000)			
Opening balance as at July 1		551,170	499,178
Dividend declared		740,699	799,956
Lease obligation entered during the year		-	4,801
Interest accrued on lease obligation		-	2,144
		740,699	806,901
Payments against lease obligations		-	(4,696)
Interest payment		-	(2,176)
Termination of lease liabilities		-	(35,357)
Dividend paid		(672,394)	(712,680)
		(672,394)	(754,909)
Closing balance as at June 30		<u>619,475</u>	<u>551,170</u>
35 CASH AND CASH EQUIVALENTS			
Short term investment in reverse repo transactions		949,724	365,893
Cash and bank balances	12	203,488	476,940
		<u>1,153,212</u>	<u>842,833</u>

36 FINANCIAL RISK MANAGEMENT

Financial risk factors and risk management framework

The Company finances its operations through short term borrowing and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize the risk.

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2025 which are summarized below:

36.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties fail completely to perform as contracted / discharge on obligation / commitment that it has entered into with the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

The bulk of the sales of the Company are made to PSPC and the amount due from PSPC at the reporting date constituted 15.74% (2024: 16.55%) of the total financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	2025	2024
		(Rupees in '000)	
Trade debts	9	1,299,514	1,320,036
Loans, advances, prepayments and other receivables	36.1.1	21,557	119,863
Bank balances	12	203,351	476,882
		<u>1,524,422</u>	<u>1,916,781</u>

36.1.1 Other receivables include Rs. 5.99 million (2024: Rs. 5.36 million) due from Federal Board of Revenue, a government organisation, Rs. 4.86 million (2024: Rs. 3.81 million) on account of prepayments and Rs. 19.48 million (2024: Rs. 8.1 million) advances to suppliers.

Accordingly, financial assets other than amount as stated above are not exposed to any material credit risk.

All the counterparties are of domestic origin. Aging of the trade debts is as under:

	2025	2024
	(Rupees in '000)	
Neither past due nor impaired	882,775	1,315,500
Past due but not impaired		
- 31 - 60	385,141	-
- 61 - 90	27,075	-
- 90 and above	4,523	4,536
	<u>1,299,514</u>	<u>1,320,036</u>

Based on the past experience the management believes that no impairment allowance is necessary in respect of unprovided past due amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

36.1.2 The credit quality of the Company's bank balances and letter of placement can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	Short-term rating	2025	2024
			(Rupees in '000)	
National Bank of Pakistan	PACRA	A1+	36,185	36,238
MCB Islamic Bank Limited	PACRA	A1	211	200
Bank Al Habib Limited	PACRA	A1+	166,007	438,812
Meezan Bank Limited	JCR - VIS	A1+	664	1,327
Khushali Microfinance Bank Limited	JCR - VIS	A-2	17	17
Habib Metropolitan Bank Limited	PACRA	A1+	164	148
Bank Alfalah Limited	PACRA	A1+	103	140
			<u>203,351</u>	<u>476,882</u>

36.1.3 The Company has provided security deposits as per the contractual terms with counter parties and does not expect material loss against those deposits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

36.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has facilities of running finance amounting to Rs. 475 million to meet any deficit, if required to meet the short term liquidity commitment.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

2025					
Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
------(Rupees in '000)-----					

Financial Liabilities

Trade and other payables	805,669	(805,669)	(805,669)	-	-	-
Unpaid dividend	615,952	(615,952)	(615,952)	-	-	-
Unclaimed dividend	3,523	(3,523)	(3,523)	-	-	-
	<u>1,425,144</u>	<u>(1,425,144)</u>	<u>(1,425,144)</u>	<u>-</u>	<u>-</u>	<u>-</u>

2024					
Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
------(Rupees in '000)-----					

Financial Liabilities

Trade and other payables	791,694	(791,694)	(791,694)	-	-	-
Unpaid dividend	546,408	(546,408)	(546,408)	-	-	-
Unclaimed dividend	4,762	(4,762)	(4,762)	-	-	-
	<u>1,342,864</u>	<u>(1,342,864)</u>	<u>(1,342,864)</u>	<u>-</u>	<u>-</u>	<u>-</u>

36.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk, and other price risk.

36.3.1 Currency risk

The Company is mainly exposed to currency risk on import of raw materials and fixed assets being denominated in US dollars and Euros.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

The Company's exposure to foreign currency risk is as follows:

		2025	
	USD	Euro	Total
Trade creditors	19,402	15,239	34,641
Payable against purchase of operating fixed assets	47,529	120,000	167,529
Total exposure	66,931	135,239	202,170

		2024	
	USD	Euro	Total
Payable against purchase of operating fixed assets	-	211,001	211,001
Total exposure	-	211,001	211,001

	2025	2024
	Rupees	
USD to PKR	284.10	282.90
Euro to PKR	332.83	305.97

Sensitivity analysis

At reporting date, if the PKR had strengthened / weakened by 10% against the USD and Euro with all other variables held constant, post-tax profit for the year would have been higher / lower by the amount shown below, mainly as a result of foreign exchange gain / (loss) on translation of trade & other payables and liability against purchase of fixed assets.

	2025	2024
	(Rupees in '000)	
Effect on profit		
USD		
Increase	1,160	-
Decrease	(1,160)	-
Euro		
Increase	2,746	3,938
Decrease	(2,746)	(3,938)

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Pakistan Investment Bonds and Treasury Bills. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

The Company is exposed to interest / mark-up rate risk in respect of the following:

Description	2025							
	Effective interest / mark-up rate	Exposed to interest rate risk			Not exposed to interest rate risk			customers
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
		----- Rupees in 000' -----						
Financial assets								
Investments	11.78 - 16.51%	2,722,086	3,807,752	6,529,838	-	-	-	6,529,838
Trade debts		-	-	-	1,299,514	-	1,299,514	1,299,514
Loans, advances, prepayments and other receivables		-	-	-	21,557	-	21,557	21,557
Bank balances		-	-	-	203,351	-	203,351	203,351
		2,722,086	3,807,752	6,529,838	1,524,422	-	1,524,422	8,054,260
Financial liabilities								
Trade and other payables		-	-	-	805,669	-	805,669	805,669
Unpaid dividend		-	-	-	615,952	-	615,952	615,952
Unclaimed dividend		-	-	-	3,523	-	3,523	3,523
		-	-	-	1,425,144	-	1,425,144	1,425,144
On balance sheet gap		2,722,086	3,807,752	6,529,838	2,949,566	-	2,949,566	9,479,404
Off-balance sheet								
financial instruments								
Commitments against letters of credit		-	-	-	2,836,619	-	2,836,619	2,836,619
Capital commitments		-	-	-	10,015	-	10,015	10,015
		-	-	-	2,846,634	-	2,846,634	2,846,634
Off-balance sheet gap		-	-	-	(2,846,634)	-	(2,846,634)	(2,846,634)
Total interest rate sensitivity gap		2,722,086	3,807,752	6,529,838	102,932	-	102,932	6,632,770
Cumulative interest rate sensitivity gap		2,722,086	6,529,838					

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Description	2024							
	Effective interest / mark-up rate	Exposed to interest rate risk			Not exposed to interest rate risk			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
		----- Rupees in '000' -----						
Financial assets								
Investments	12.38 - 23.21%	2,160,504	3,425,945	5,586,449	-	-	-	5,586,449
Trade debts		-	-	-	1,320,036	-	1,320,036	1,320,036
Loans, advances, prepayments and other receivables		-	-	-	119,863	-	119,863	119,863
Bank balances		-	-	-	476,882	-	476,882	476,882
		2,160,504	3,425,945	5,586,449	1,916,781	-	1,916,781	7,503,230
Financial liabilities								
						-		
Trade and other payables		-	-	-	791,694	-	791,694	791,694
Unpaid dividend		-	-	-	546,408	-	546,408	546,408
Unclaimed dividend		-	-	-	4,762	-	4,762	4,762
		-	-	-	1,342,864	-	1,342,864	1,342,864
On balance sheet gap		2,160,504	3,425,945	5,586,449	3,259,645	-	3,259,645	8,846,094
Off-balance sheet								
financial instruments								
Commitments against letters of credit		-	-	-	143,538	-	143,538	143,538
Capital commitments		-	-	-	96,731	-	96,731	96,731
		-	-	-	240,269	-	240,269	240,269
Off-balance sheet gap		-	-	-	(240,269)	-	(240,269)	(240,269)
Total interest rate sensitivity gap		2,160,504	3,425,945	5,586,449	3,019,376	-	3,019,376	8,605,825
Cumulative interest rate sensitivity gap		2,160,504	5,586,449					

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect on profit or loss	
	100 bps increase	100 bps decrease
	(Rupees in '000)	
As at June 30, 2025		
Cash flow sensitivity - Variable rate instruments	8,000	(8,000)
As at June 30, 2024		
Cash flow sensitivity - Variable rate instruments	8,000	(8,000)
The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.		

36.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustainable development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

37 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

37.1 Fair Value Hierarchy

The Company classifies assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

37.2 Financial instruments by category

2025							
Carrying amount				Fair value			
Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note -----(Rupees in '000)-----							
On-balance sheet financial instruments							
Financial assets not measured at fair value							
Investments							
-	5,025,498	-	5,025,498	-	4,945,383	-	4,945,383
37.3	951,457	-	951,457	-	-	-	-
-	552,883	-	552,883	-	554,379	-	554,379
-							
37.3	21,557	-	21,557	-	-	-	-
37.3	1,299,514	-	1,299,514	-	-	-	-
37.3	203,351	-	203,351	-	-	-	-
-	8,054,260	-	8,054,260	-	5,499,762	-	5,499,762
Financial liabilities not measured at fair value							
37.3	-	805,669	805,669	-	-	-	-
37.3	-	615,952	615,952	-	-	-	-
37.3	-	3,523	3,523	-	-	-	-
-	-	1,425,144	1,425,144	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

		2024						
		Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note	------(Rupees in '000)-----							

37.3 The Company has not disclosed the fair value for some financial assets and financial liabilities, as these are either short term in nature or are repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

38 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment. All the sales of the Company are made to customers located in Pakistan and all non-current assets of the Company as at June 30, 2025 are located in Pakistan. Revenue from banknote paper represents 92.71% (2024: 78.98%) of the total revenue of the Company which is made to sole customer i.e. PSPC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

39 NUMBER OF EMPLOYEES

39.1 The number of employees including contractual employees of the Company are as follows:

	2025	2024
	(Numbers)	
At year end	283	280
Average number of employees during the year	286	288
Factory employees	201	202

39.2 During the year, the Company made expenditure of Rs. 2.52 million (2024: Rs. 1.34 million) in respect of staff recruitment, selection, selection, hiring, rewarding, utilisation, training and development of the human assets.

40 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary for better presentation. No significant reclassifications have been made to the corresponding figures during the current year except for reclassification of accrued mark-up on Pakistan Investment Bonds which was appearing as a separate line item has been classified along with long term investments, the balance of which amounted Rs. 125.64 million as at June 30, 2024. The impact of this reclassification on opening balance as at July 1, 2023 is not material.

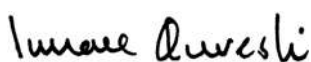
41 GENERAL

41.1 Dividend And Appropriations

The Board of Directors in their meeting held on July 30, 2025 have proposed a final cash dividend of Rs. 9.00 per share amounting to Rs. 533.30 million (2024: Rs.10 per share amounting to Rs. 592.56 million) for approval of the members at the Annual General Meeting to be held on September 26, 2025 and approved the transfer of Rs. 840.11 million from unappropriated profits to general reserves (2024: Rs. 788.77 million). These financial statements do not include the effect of the proposed cash dividend and transfer of unappropriated profits to general reserves which will be accounted for in the financial statements of the Company for the year ended June 30, 2026.

41.2 Date of authorisation

These financial statements were authorised for issue on July 30, 2025 by the Board of Directors of the Company.



Imran Qureshi
Chief Executive Officer



Wasif Sajjad
Chief financial Officer



Munir Ahmed
Director



Future Outlook



- 196 Forward looking statement
- 197 Status of the projects disclosed in the previous year



FUTURE OUTLOOK

Forward looking statement

Security Papers Limited (SPL) is in a stable and healthy financial position as it enters FY 2025-26. Our core values and guiding principles remain central to our decision-making as we continue to strive for sustainable growth and long-term value creation.

SPL is committed to deliver continuous growth to all its stakeholders. We leverage our world-class assets and market expertise to produce high-quality security featured paper for our clients such as Pakistan Security Printing Corporation, Election Commission of Pakistan, and others.

Being the sole manufacturer of security featured paper for banknotes in Pakistan, SPL has consistently invested in the upgradation of its state-of-the-art production facility. Our commitment to maintain high product quality through continuous improvement in the system and process remains unwavering.

SPL has awarded a contract to Giesecke+Devrient (G+D) for the upgradation of its Paper Machine PM 2 in 2025. This enhancement will enable the Company to manufacture banknote papers with advanced security features, aligning with the new currency note series announced by the State Bank of Pakistan (SBP) and meeting the evolving requirements of our key customer.

The management remains committed to staying at the forefront of industry trends, fostering innovation, and contributing to a safe and sustainable future. Drawing inspiration from our resilient team, the trust of our customers, and the opportunities ahead, we continue to pursue quality improvements, innovation, and productivity gains in a challenging macroeconomic, political, and social environment, with the ultimate goal of enhancing shareholder value and supporting socio-economic development.

The SBP introduces fresh currency notes into circulation. The launch of a new banknote series with advanced security features is expected to drive renewed demand for banknote paper.

External environment

SPL conducts a PESTLE analysis each year (Political, Economic, Socio-cultural, Technological, Legal and Environmental) to assess external influences on its operations. Key considerations include inflation rate, political stability, availability of raw materials, and evolving environmental legislation and regulations.

A thorough analysis of external factors enables our management to develop effective contingency plans and ensure uninterrupted operations. The Company closely monitors market fluctuations to anticipate changes in raw material prices and availability, allowing for proactive inventory management and sustained production.

Company performance against forward-looking disclosures made last year

SPL's growth remained stable in the financial year ended June 30, 2025. The Company recorded a gross profit of Rs 2,204 million, which is an 8% increase from the previous year. The net profit was also an impressive Rs 1,524 million. The continued growth and profitability of the Company are a reflection of its prudent strategy and management.

Future plans for AI adoption

SPL acknowledges the transformative potential of Artificial Intelligence (AI) in enhancing production efficiency, quality control, and predictive maintenance. While SPL's current operations are rooted in traditional industrial practices, we are actively evaluating AI-based solutions for the relevant area where we can incorporate the AI based solutions.

FUTURE OUTLOOK

Status of the projects disclosed in the previous year

SPL has successfully completed multiple projects initiated last year in line with its commitment to sustainability and environmental protection. The Company invested Rs 10.3 million in the installation of a solar power system with a generation capacity of 110 kWh. Additionally, Rs. 49 million was allocated for new RO plant which completed during the year. Further, the Company also completed the project to upgrade the existing waste water recycling plant with the cost of Rs 133 million. The upgradation would increase the recycling capacity to 350,000 gallons per day (GPD), aimed at reducing dependence on natural water sources and enhancing the efficiency of paper mill operation.

The upgradation of the Mould CNC machine, along with Dual Fired Burner, has been completed successfully during the year.

Company's future research and development initiatives

- Development of new R.O. bores
- Installation of an automatic fire incinerator
- Construction of an underground water storage tank
- Upgrade of the Mould Embossing Machine
- Installation of a cargo lift at the pulp mill to enhance operational safety (Rs 20 million allocated)
- Replacement of the cogeneration plant's engine block for better efficiency (Rs 98 million allocated)
- Installation of a new solar power plant with a generation capacity of 350 kWh (Rs 40 million allocated, in line with SPL's sustainability vision)
- Upgradation of PM-2 expected to be completed in 2026-27.

Sources of information used for projections

To effectively manage dynamic business situation and navigate through future challenges, SPL prepares a comprehensive Strategic Business Plan, Annual Budget, and Profit Forecasts each year. These projections are based on careful assessment of business scenarios with help of historical data and performance trends, also in-depth internal assessments by cross-functional teams. All these plans are reviewed and approved by the Board of Directors, they form the basis of the Company's formal plans and resource allocation.

While projections are developed internally, professional support is occasionally taken from independent consultants and advisors on specialized projects such as technology upgradation. The feasibility study is then presented to the Board of Directors, where a thorough discussion on the assumptions and financial viability of the project takes place. The results and assumptions are reviewed and approved, with careful attention given to avoid the wishful thinking and ensure that the project's payback period is realistic.

Challenges and Uncertainties

While our future strategy is based on historical market trends and data-driven forecasts, we recognize that market conditions remain dynamic and subjected to unexpected fluctuations. As a result, actual outcomes may differ from our projections.

Despite of various ongoing scenarios, SPL remains firmly committed to maintain its position as the market leader by consistently delivering high-quality security featured paper for banknotes and other security paper products.



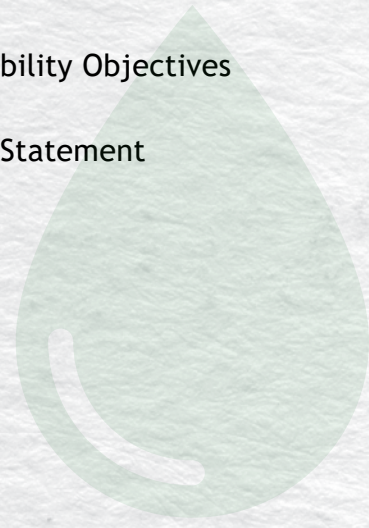


Sustainability

(Environment, Social and Governance)



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Introduction

The Sustainability Report of Security Papers Limited (SPL) has been prepared in accordance with the Global Reporting Initiative (GRI), and PSX guidelines Standards. This report also contains a reference to the Sustainability Development Goals (SDGs) set by the United Nations in 2015.

Sustainability report is an important part of the Company's commitment to sustainable business practices. One of the objectives of sustainability report is to consider the organization's impacts on sustainability issues, and enable it to be transparent about the risks and opportunities on sustainability front. It is a useful risk management tool which helps to generate savings and aids in better decision-making. This report includes the activities regarding economic, social, environmental and operational performance of the Company during the FY 2024-25.

This report gives an insight about the Company profile as well as its activities. The document also concisely shares our success story and explains how we have utilized our resources to cater to the ever-growing demand for Banknotes and other Security Paper products in the country.

This report also highlights the strategy for resource allocation, risks mitigation and opportunities connected with external environment. The Sustainability report contains an overview of the Company's vision, mission, values and our governance structure. The report also discusses our strategy and efforts to inspire corporate sector in Pakistan to adopt sustainable development goals, as well as our robust corporate social responsibility initiatives.

Security Papers Limited publishes sustainability report annually:

Company Overview

Performance Highlights

1. Environmental Performance:

- **Energy Efficiency:**
 - Improved energy efficiency especially in buildings by replacing conventional lights with LEDs.
 - Replacement of all window Air Conditioners (AC's) with new Invertor AC's.
 - Installation of VFD's (Variable frequency drives) at Paper Machine and other operational areas.
- **Renewable energy:**
 - Transitioning gradually to clean energy sources as 180 KW Solar system has been made operational. Another project of 350 KW is in pipe line to be completed in due course.

2. Resource Management:

Set goal to optimize resource utilization, minimize waste, and improve efficiency. Planning, scheduling, and allocating resources (like people, money, and technology).

3. Social Responsibility:

- **Community Engagement:**

Participation in community initiatives, supporting local organizations especially in health care and education while contributing to the betterment of the surrounding area.
- **Stakeholder Consideration:**

During decision making process, consider the interests of all stakeholders, including employees, customers, communities, and the environment.

- **Donating to charity:**

Contributed financially to reputable and renowned institutes to provide better medical facilities to less privileged people in society.

4. Labor Practices:

- **Ethical Recruitment:**

SPL supports fair and transparent recruitment processes, avoiding forced labor and ensuring workers are treated with respect.
- **Fair Treatment:**

Company provides equal opportunities, fair wages, and safe working conditions for all employees.
- **Compliance with Labor Laws:**

Adhering to local laws and standards related to working hours, leave entitlement, wages, and other employment conditions.
- **Prevention of Discrimination:**

Ensuring that no employee is discriminated against based on factors like race, gender, religion, or other social factors.
- **Training and Development:**
 - Provides opportunities to the Company's employees to enhance their skills and knowledge.
- **Health and Safety:**

SPL ensures that all necessary measures to protect individuals from harm and promote well-being are in place, both in and out of the workplace.

 - Personal protective equipment (PPE): Ensuring workers have the appropriate gear to protect themselves.

5. Emergency preparedness:

- By developing and practicing emergency response plans.
- **Risk Management:**
 - **Identification:** Recognizing potential risks across various areas like financial, operational, strategic and legal aspects.
 - **Assessment:** Evaluating the probability and potential impact of identified risks.
 - **Control:** Developing and implementing strategies to mitigate or manage risks, such as avoidance, reduction, transfer or acceptance.
 - **Monitoring:** Continuously tracking and reviewing risks to ensure the effectiveness of control measures.
 - **Response Planning:** Developing contingency plans for materialization of any risks.
 - **Proactive approach:** Implementing risk management practices to reduce the likelihood of negative events and improved decision-making.

6. Transparency and Accountability:

- **Audits and evaluations:**

Regular audits and evaluations of third parties help to assess performance and identify areas for improvement.

• Whistle blower protection:

Protecting individuals who report wrongdoing within organizations encourages transparency and accountability by providing a safe way to raise concerns.

• Citizen engagement:

Involving citizens in decision-making processes through public consultations and participatory budgeting promotes accountability and ensures that policies are responsive to the needs of the community.

FINANCIAL PERFORMANCE HIGHLIGHTS - FY 2024-25 VS 2023-24

Description	2024-25	2023-24	Difference	Variance%
SALES (RS. MILLIONS)	7,871	7,312	559	8.0
Sales (Tons)				
Banknote Paper	3,557	3198	359	11.22
Non-Banknote Paper	257	873	(616)	(70.56)
Total	3,814	4,071	(257)	(6.31)
Liquidity Ratios				
Current Ratio	2.73	2.60	0.13	5.0
Investment / Market Ratios				
Cash Dividend-Per Share (Rs.)	11.50	12.50	(1.0)	(8.0)
Earnings per Share-After Tax (Rs.)	25.72	25.12	0.60	2.38
Production (Tons)				
Banknote Paper	3,560	3,220	340	10.56
Non-Banknote Paper	250	884	(634)	(71.72)
Total	3,810	4,104	(294)	(7.16)
Profit After Tax (Rs. Millions)	1,524	1,489	35	2.35
Profitability Ratios				
Profit After Tax to Sales	19,34	20.36%	(1.0)	(4.91)
Return on Equity-After Tax	16.93%	18.11%	(1.18)	(6.51)
Share Performance				
Market Capitalization-year end price-(Rs.000)	9,485,678	7,969,913	1,515,765	19.00
Total Employees	283	280	3.0	1.07

Corporate Awards

Best Sustainability Report Award

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

Women Empowerment and Gender Equality Recognition Award 2025

Security Papers Limited (SPL) has been honored with the Women Empowerment and Gender Equality Recognition Award 2025 in the prestigious Gold Category by the Employers’ Federation of Pakistan (EFP).

Environment Excellence Award

The National Forum for Environment & Health - NFEH conferred the 22nd Annual Environmental Excellence Award in 2025 to Security Papers Limited. The award was given in recognition of the Company’s vision and its effective implementation of Environment Management System and policies and after thorough assessment of its submitted documents and testimonials by the distinguished NFEH Panel of Jury. a unanimous decision of the distinguished Panel of Jury.

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

Fire and Safety Award

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

Occupational Safety And Health Award

The Company also won occupational safety and health award conferred by Employers’ federation of Pakistan.

Climate Change & Green Finance Award

The Company also won Climate change & green finance award conferred by The Future Forum

CSR Award

The Company also won CSR Award conferred by National Forum for Environment & Health (NFEH).

ISO Certifications

CERTIFICATION OF INTEGRATED MANAGEMENT SYSTEM (IMS)! SGS Pakistan (Pvt.) Ltd.:

Quality Management System:

– ISO 9001:2015 (03 April 2024 until 03 April 2027)

Environmental Management System:

– ISO14001:2015 (26 April 2024 until 26 April 2027)

Occupational Health and Safety Management System:

– ISO 45001:2018 (16 February 2023 until 15 February 2026)

Information Security Management System:

– ISO/IEC 27001:2013 (19 December 2022 until 31 October 2025)

Risk & Mitigation Strategy

Production

Risks:

The Company is the sole supplier of high-quality banknote paper in the country. A large portion of its manufacturing capacity is utilized for a single product. The sales volume and capacity utilization, therefore, become largely dependent on the demand for currency notes in the country.

Mitigation:

The Company is constantly looking for new markets to expand into. Our unique strategic advantage is a deep, far-reaching understanding of the manufacture of high-quality substrate for security documents with unique and foolproof security features, and we are leveraging that expertise to offer a wide variety of value-added products to various sectors and organizations. Currently, we are exploring the markets for diversification into value added sector including printing of security documents.

Commercial & Operational Risks

Risks:

We are dependent on various inputs that are inherently not influenced by the Company. These include comber, security thread, energy and water. We are also importing a large quantity of chemicals and equipment. Therefore, cost competitiveness of our product is dependent upon pricing and consistent supply of material and equipment from a large number of local and foreign suppliers.

Mitigation:

We have a comprehensive supply chain management system that ensures supply of local raw materials. By constantly looking to expand our supply base, we are in a position to regulate our inventory and costs effectively. We enter into contracts that largely guard the Company against stock out situations. This assures timely supply of the needed goods.

We have recently undergone a restructuring of our power infrastructure that will provide a more consistent energy supply for uninterrupted operations.

We operate a Reverse Osmosis plant (RO) that caters to a quarter of our needs. We are in the process of establishing waste water recycling plant to augment water supply in a cost effective, sustainable and environmentally friendly manner.

Financial

Risks:

We are exposed to pricing fluctuations for our raw materials, based on local macroeconomic conditions, foreign currency fluctuations and market forces.

Mitigation:

We enter into long-term contracts with suppliers - both local and foreign - in order to guard against abrupt fluctuations in pricing and currency.

We make prudent investments to hedge against interest rate movements and create a steady source of alternative income.

Certifications for Management Systems

To maintain all certifications, successful surveillance audits of Quality Management System (QMS) and Environment Management Systems (EMS) have been conducted on March 20, 2025. In addition to this, successful 2nd surveillance audit for Occupational Health and Safety Management Systems, was also conducted by SGS Pakistan (Pvt.) Ltd. in Feb 28, 2025.

Quality Management System (ISO 9001:2015)

Maintaining ISO certification is a proof of achieving quality products & services being provided to all our customers as well as adopting of best international practices and procedures with respect to the Quality Management Systems and established contexts of organization to fulfill the needs and expectation of internal as well as external interested parties.

Feedback is obtained from all customers periodically with corrective and preventive actions to be taken accordingly, in order to exceed customer expectations. Customer complaints are processed through well-defined Standard Operating Procedures (SOPs).

The Environment Management System (ISO 14001: 2015)

The Environment Management System (ISO 14001: 2015) integrates procedure and processes for training of personnel, monitoring, summarizing, and reporting of specialized environmental performance data and information to internal and external interested parties. We have implemented

environmental programs in a comprehensive, systematic, planned manners which are well documented. The organization uses 7Rs model (Recycle, Reuse, Reduce, Repurpose, Refuse, Repair & Rethink) for efficient use of natural resources (electricity, water, gas, fuels etc.) and is keen to follow global best practices to protect the environment. During the year, business process re-engineering efforts resulted in control of process losses and improvement in environment system processes by hiring services of SEPA (Sindh environment Protection Agency) certified environmental consultant which resulted in effective monitoring the environmental parameters such as stack emissions and liquid effluent quality to comply with applicable legal requirements. The Sindh Environmental Protection Act, 2014, and SMART Rule 2014 are complied with.

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

It is a primary objective of our organization to have a healthy workforce with minimum of occupational injuries and diseases. We strive to promote and protect physical and mental health. Occupational Health and Safety Management System (OHSMS) is a fundamental part of our organization's risk management strategy. Implementing OHSMS enabled us to:

- Protect our workforce and others under our control
- Comply with legal requirements
- Facilitate continual improvement



HSE & Sustainability trainings have also been earmarked into the training calendar for FY2024-25. A series of Awareness Sessions on OH&S, Environment and Sustainability such as managing safety at work place, how to conduct Tool Box Talk Firefighting, Healthcare Policy Awareness, Implementation of 5S methodology to improve Housekeeping, waste and hygiene control, ISO Management Systems, work life balance, fire protection facilitator, professional safety practitioner. Additionally, technical trainings and job hazard analysis sessions were also arranged through both internal and external reputable trainers/facilitators.

The Sindh Occupational Safety and Health Act, 2017 is also complied with.

The performance of OHSMS is verified through periodic surveillance audits of external certification body such as SGS Pakistan (Private) Limited.

High quality PPEs have been provided to all departments through structured mapping at all relevant job levels to ensure their appropriate usage. A review of Hazard Identification and Risk Assessment & Control is regularly carried out by the Health and Safety Surveillance Committee (HSSC).

The Company carries out incident / accident analysis and follow up for corrective / preventive measures to reduce accidents. A series of Awareness sessions on OH&S, Environment Management System were conducted to emphasize on the importance of these issues.

Additional Certification

Certification of ISO/IEC 27001 Information Security Management System (ISms)

Company has been certified of ISO/IEC 27001 Information Security Management System (ISMS) very first time for next 3 years. The certification is valid from Dec 19, 2022 to Oct 31, 2025 by certification body SGS (Private) Limited Pakistan.

Business Need

To meet the business objectives of SPL and growing cybersecurity concerns in Pakistan, SPL Management has kicked-off the ISO/IEC 27001 Information Security Management System (ISMS) Certification Project which could be beneficial to improve Information Security practices and provide assurance to all interested parties of SPL that adequate Information Security practices and controls are in place to ensure Information Security of Information Systems under the jurisdiction of IT Department

Business Continuity Plan

There are no doubts about the Company’s ability to continue as a going concern.

The core objectives of Business Continuity Plan (BCP), in case of any occurrence of catastrophe caused by fire, natural disasters, utility / power failure, hazardous chemical spill, civil strike, sabotage or an act of war for SPL, includes:

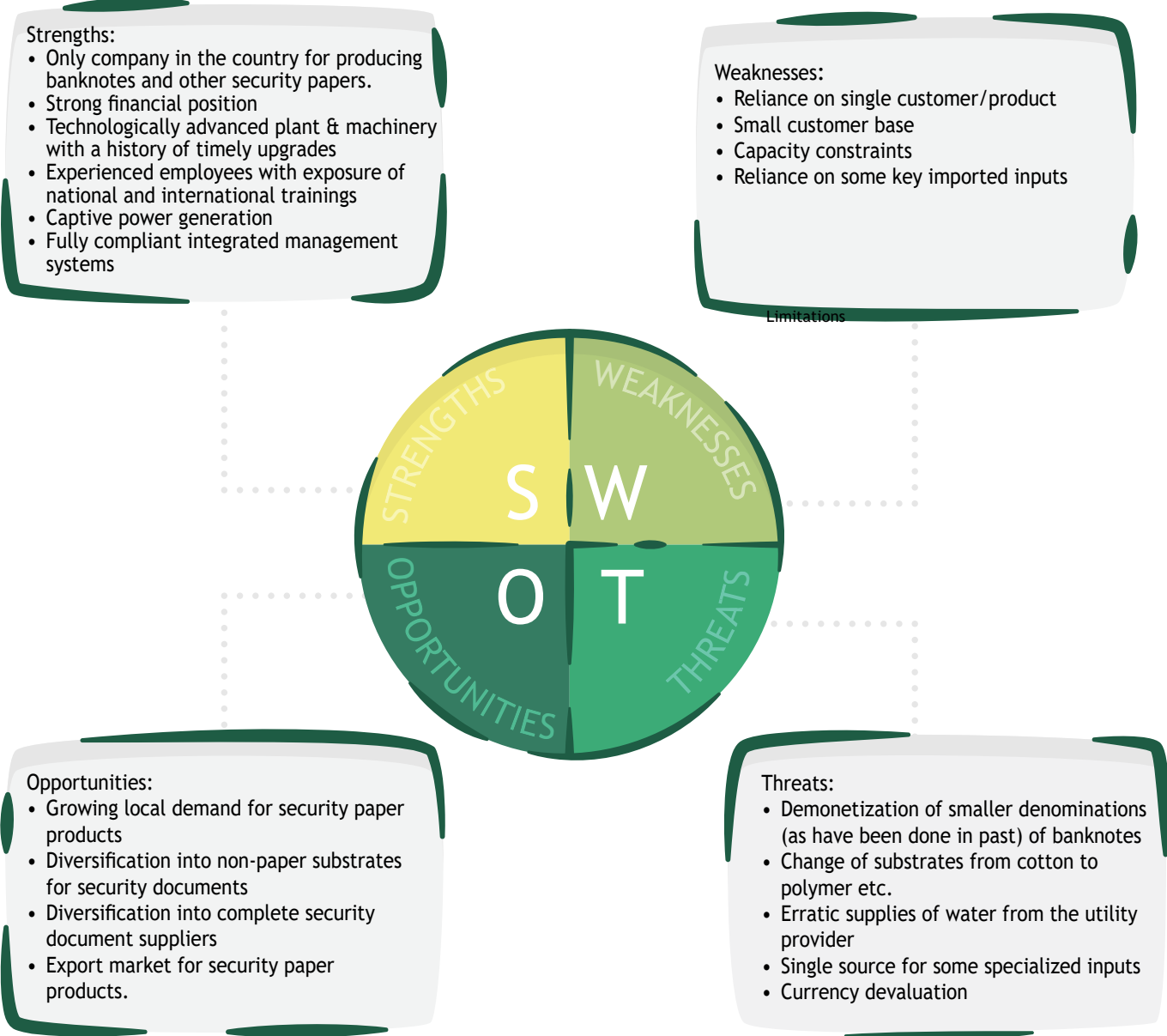
- Protection of human lives and safety of all personnel;
- Prevention of business disruptions;
- Minimization of economic losses resulting from a business disruption.



- Documentation of the steps necessary to recover from the loss of critical facility and infrastructure resources;
- Identification of key individuals responsible for the specific activities of the restoration;
- Identification of alternate resources for reducing dependence on specific individuals or groups;
- Restoration of critical business functions within agreed period following an event.



SWOT ANALYSIS



Governance

Environmental, Social and Governance (ESG)

The Company has strategic nature of operations as its products are of highest national importance. Therefore, the security of products, its production facilities and human capital is of prime concern for the management. For sustainable business growth and to evaluate the extent to which an organization works on behalf of social goals that is beyond maximize profits for the shareholders and include factors identified in organization context including diversity, human rights, consumer protection, management structure employee relations climate change and sustainability etc.

To extend the scope of sustainability we believe in 7R's of sustainability, the models necessary to ensure the survival of the human race and planet earth. This includes ways to slow or reverse pollution, conserve natural resources and protect our environment and comply with Pakistan National Climate Resilience and Adaptation Plan 2023-2030.

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

Women Empowerment and Gender Equality Recognition Award 2025



Security Papers Limited (SPL) has been honored with the Women Empowerment and Gender Equality Recognition Award 2025 in the prestigious Gold Category by the Employers' Federation of Pakistan (EFP).

We are committed to empowering women and ensuring equal opportunities that enable them to reach their full potential, contribute meaningfully to society, and make informed decisions that shape their lives.



7th Climate Change & Green Finance Award 2024

SPL has won “7th Climate change adaptation and green finance award 2024”, as “Best Sustainability Initiative Firm” conferred by The Prospective Future Forum Private Limited during “Climate Change & Green Finance Summit & Awards 2024” on Sep 30, 2024

which focused, enhancing the role of business in finding strategic solutions to the impacts of climate change on development through:

- Awareness;
- Capacity Building; and
- Research & Development



Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) Award 2024 conferred by National Forum For Environment and Health NFEH, this event focused on CSR as a catalyst for inclusive socio- economic growth and resilience.

Environment Excellence Award

21st Annual Environment Excellence Award 2024 conferred by NFEH

The National Forum for Environment & Health - NFEH conferred the 21st Annual Environmental Excellence Award in 2024 to Security Papers Limited. The award was given in recognition of the Company’s vision and its effective implementation of Environment Management System and policies and after thorough assessment of its submitted documents and testimonials by the distinguished NFEH Panel of Jury. a unanimous decision of the distinguished Panel of Jury.

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

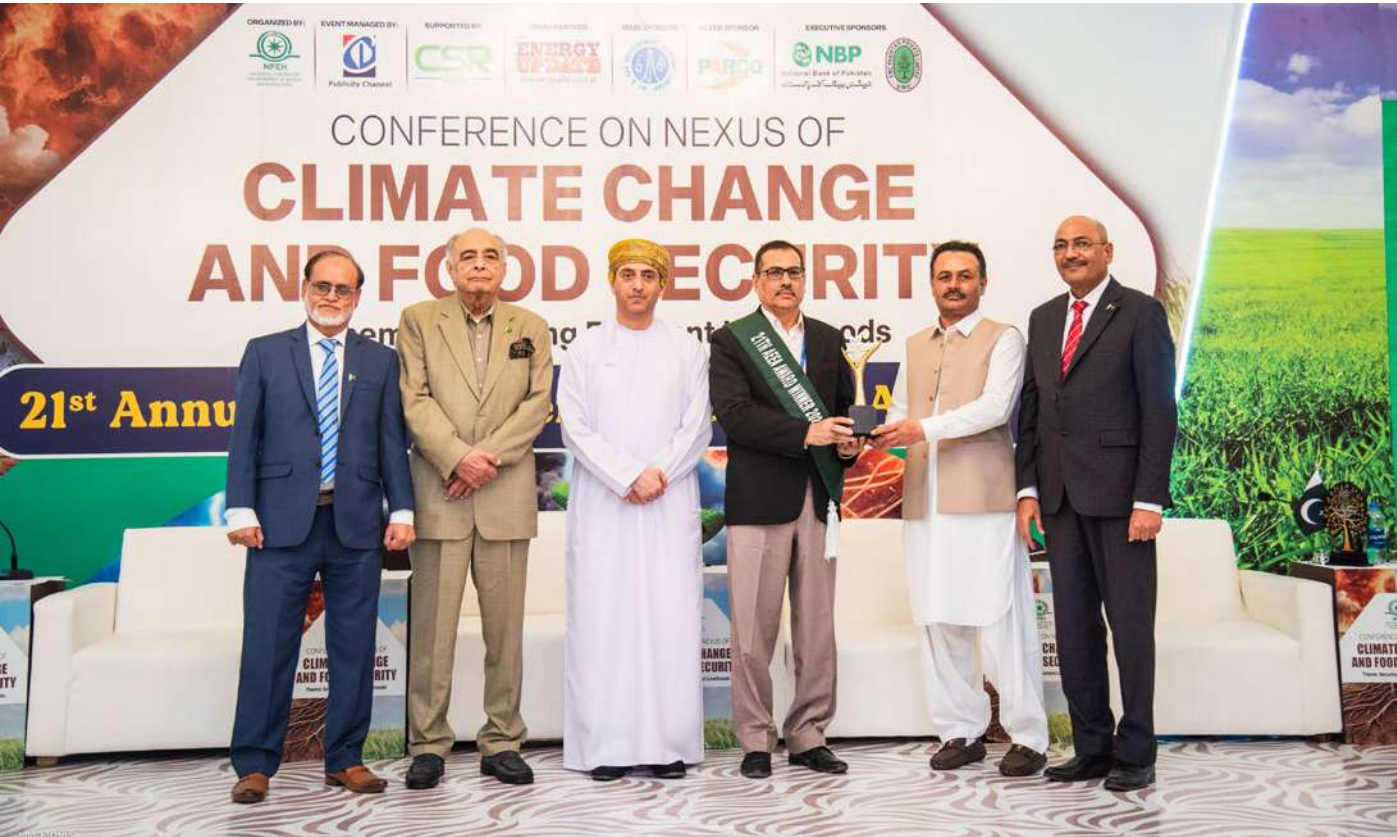
SUSTAINABILITY FRAMEWORK & STRATEGY

Sustainability Framework

In the changing world, our business relies upon Social, Ecological, and Relational inclusiveness, manufactured, and natural capital to provide the people relationships and resources without which financial capital is meaningless. Businesses who strive continually to produce world-class high-quality products through investments in innovative technology while taking care of Occupational Health, safety, and environmental impacts on our all interested parties which have been identified in Organization Context including community and society remain sustainable following that Sustainable development is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

Sustainable Development Goals (SDGs) have been identified as a roadmap for our business to integrate into our strategy. These SDGs are being used for aligning our targets for inclusive and sustainable development, measuring and managing our impacts including materiality assessment.

While SPL supports all seventeen SDGs, it prioritizes its actions where it can achieve the greatest impact. The rationale behind reporting on a particular KPI and its importance to the company and its Interested Parties has been addressed in the SDG Reporting section.



We believe that factoring sustainability issues into our business strategy will ultimately lead to make decisions that advance sustainability as well as business success. Reporting on these capitals disclose how a business uses them to create value.

The Sustainability Roadmap is subdivided into four fields of action for SPL: “Sustainable Management,” “Customers and Products,” “Environment and Energy,” and “Employees and Society.” It allows the assessment of the state of the implementation of sustainability-related activities and shows the effects that the company’s goals are having in fulfilling the Sustainable Development Goals (SDGs) of the United Nations. The Sustainability Roadmap is annually evaluated and adjusted or expanded.

SPL is fully committed to contribute towards sustainable development in following ways:

- Providing highest level of satisfaction to our customers and other Interested Parties through manufacturing of high-quality products in align with established Context of Organization.
- Mitigating/Adapting all types of risks through creation of framework such as Enterprise & Climate Risk Management and Business Continuity Planning (BCP).
- Fostering continual improvement through use of tools Risk Assessment and Controls, SWOT analysis and Preventive and Predictive Maintenance.
- Motivating, engaging, and developing employees through coaching, mentoring, on-job trainings, job rotations, and project assignments ultimately resulting in higher productivity and retention as per vision 2025 following are the key element of our sustainability strategy:

1. **Fiber Source** (Creating systems in identifying issues in the value chain through strengthening relationships with our suppliers ultimately resulting in procurement of high-quality raw materials)
2. **Human rights and indigenous/Common people** protection of indigenous peoples’ rights to their collective biocultural heritage as a whole, including traditional knowledge and resources, territories, and cultural and spiritual values and customary laws.
3. **Climate change** We provide immediate assistance and long support during natural disasters when people are forced to evacuate and/or their homes are destroyed leaving them in need of shelter, food, or water.
4. **Emissions control** Society has to find ways and means to reduce the emission of greenhouse gases, mainly carbon dioxide, to prevent global warming when considering inter-generational equity with respect to environmental quality. Our aim of the carbon dioxide emission control is to keep the level of carbon dioxide below a certain threshold level.
5. **Water Management** The 6th SDG of sustainable development is to ensure availability and sustainable management of water and sanitation for all.

Achieve universal and equitable access to safe and affordable drinking water for all.

Improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse.
6. **Solid waste management** Sustainable waste management is a key concept of the circular economy and offers many opportunities: Waste hierarchy, referring to the “7Rs (**Recycle, Reuse, Reduce, Repurpose, Refuse, Repair & Rethink**)”, waste prevention and minimization being the most desirable goal.
7. **Employee welfare** Motivating, engaging, and developing employees through coaching, mentoring, on-job trainings, job rotations, and project assignments ultimately resulting in higher productivity and retention. We support cancer patients who are unable to pay for medical treatments, copayments, or after care assistance that may not be covered by their insurance.
8. **Reforestation** Tree planting has become a ubiquitous feature of the environmental zeitgeist, tree- planting that would help to reverse decades of deforestation, drought and land degradation.

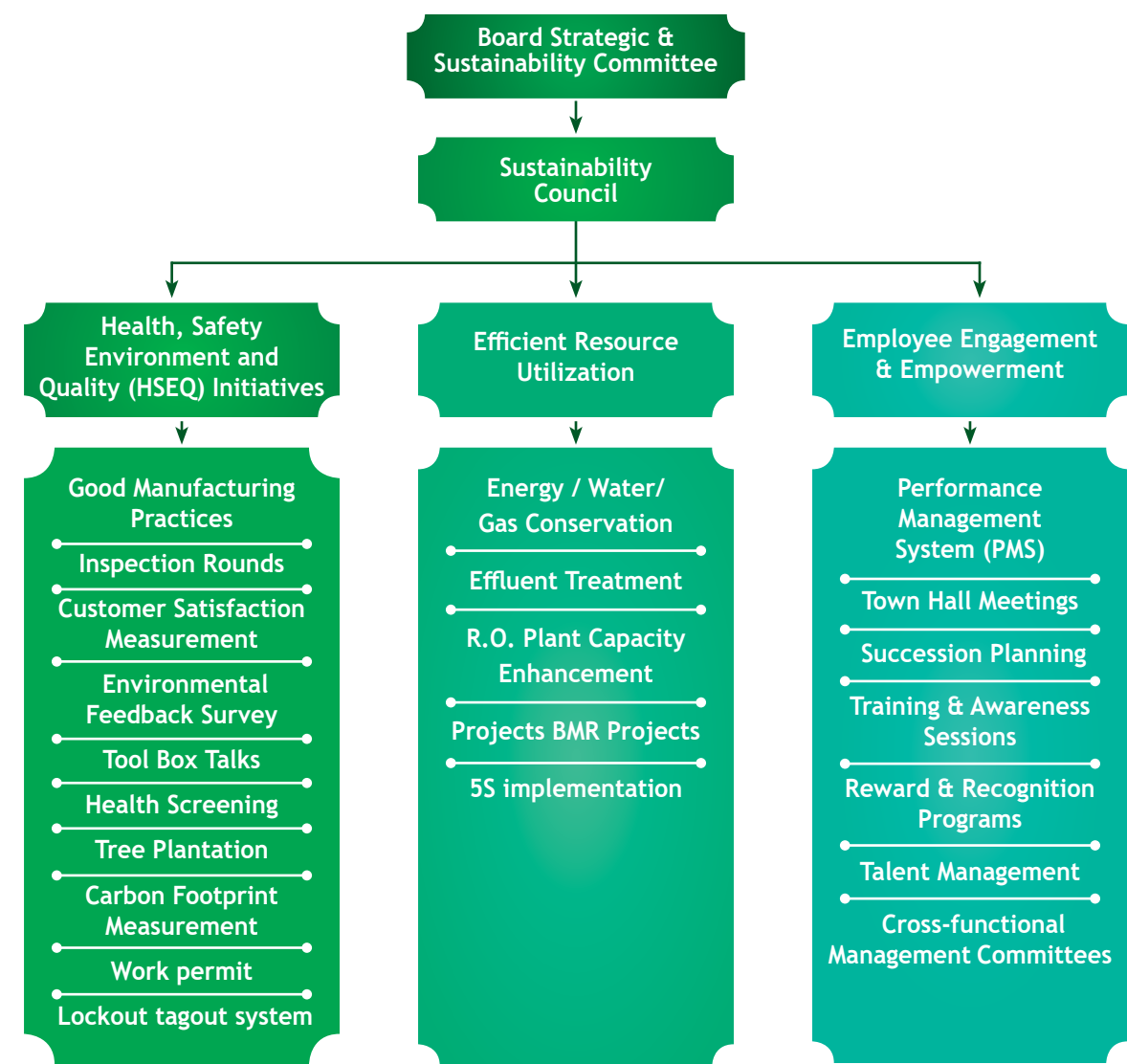
SUSTAINABILITY COUNCIL

For assistance on strategic topics of sustainability and societal responsibility, the SPL Management appointed a Sustainability Council in September 2021(comprising of Senior Management team). To assist the Board Strategic & Sustainability Committee in fulfilling its responsibility to keep its Interested Parties abreast in context to the creation of Sustainability framework and implementation of the best sustainability practices of the organization.

The council acts independently, are not bound by instructions and have rights of information, consultation and initiative. The Council meets regularly with the Management as well as the employee representatives, and also exchanged perspectives with the Integrated Management System (IMS) team. The Council advises the and makes recommendations to Board Strategic & Sustainability Committee as to what steps it considers necessary to become a provider of sustainable development.

Performance against the Sustainability Objectives of the last FY 2024-25 are analyzed in depth. All deviations/ non-compliances against the set targets were reviewed. For unfavorable deviations/non-compliances, justifications/ rationale shared by the concerned departmental heads are deliberated and targets are set for the next financial year.

Structure and Operation of the Sustainability Process at SPL



Objective & Purpose

The main objective and purpose behind the formation of Sustainability Council is to ensure that the concept of sustainability is embedded in the overall corporate strategy and culture of the organization. The Council would channelize and coordinate the sustainability factors into business decisions, planning, and control

Composition of Council

The Council constitutes of following members:

Chairman	—	Chief Executive Officer
Secretary / Member	—	GM (IMS/PP&C)
Members	—	Executive Committee Members

Scope

The Council’s scope includes development, implementation, and monitoring the performance of the organization in terms of sustainable development practices encompassing all interested parties throughout the value chain.

Key Responsibilities of the Sustainability Council:

- To identify priority resources and material issues across our value chain.
- To identify key Interested Parties, determine approach and frequency of engagement according to their needs and expectations, and the mechanism to address issues and concerns raised by the Interested Parties.
- To define and establish sustainability targets, key performance indicators (KPIs) in alignment with the prioritized material issues, for the financial year under review and measurement matrices for the next 5 years.
- To review and monitor organizational performance against the agreed sustainability KPIs and targets at regular intervals. To channelize, coordinate, and communicate strategies to all interested parties including all levels of employees related to the Company’s sustainable practices.
- To foster a conducive environment for introducing tools and technologies to reinforce the concept of Sustainability within the organization.

Risk Management Framework

The Board has overall responsibility for ensuring that an effective risk management process is in place. The Board of Directors has delegated the responsibility to the Board Investment & Risk Management Committee that the Enterprise Risk Management (ERM) System is operational. The framework and the measures are monitored by the Company’s Risk Management System.

Corporate Risk Management is designed to ensure that:

- Risk management system is adopted throughout the organization as a prudent management practice.
- All the current and future material risk exposure of the Company are identified; assessed, quantified and appropriately mitigated.
- A framework is established for the Company’s risk management process and to ensure its implementation.
- The main objective of the Enterprise Risk Management Committee is to improve the Risk Management System of the Company.

Risk Management System helps in identifying, measuring, and controlling different risks. The Company maintains risk registers for each department. The objective of the risk registers is to identify key risks to the achievement of the Company’s objectives. Risks are evaluated on a sliding scale of 1-5 with the highest value being most likely to occur have most severe impact. Risk register seeks to assess specific risks and introduce controls to mitigate the risks in the risk assessment process. The Board reviews all significant risks at least once in a financial year.

Human Capital

The Company continues to focus on development of its human capital inventory. We have a merit-based performance management system that has been implemented to set business goals and track progress. Performance appraisal is an important aspect in the organization to evaluate employees’ performance. It helps the organization in deciding employee promotions incentives, pay increase etc. Key Performance Indicators (KPIs) mechanism is used to represent how well the Company is able to attain its business goals. Key Result Areas (KRAs) represent tasks for which the individual is responsible.

KPIs are a measurable value that demonstrates how effectively SPL is achieving business objectives and are used to evaluate Company’s progress at reaching targets.

To retain the best talent, our compensation policies are structured in line with industry standards and business practices. The appraisal system practiced is comprehensive in nature and includes a performance review on financial and non-financial parameters.

In the changing world, our business relies upon human, social, manufactured, and natural capital to provide the people relationships and resources without which financial capital is meaningless. Reporting on these capitals disclose how a business uses them to create value. It is the key to changing the way investors value businesses and allocate financial capital, and therefore, key to sustainable development. It helps our shareholders make better judgements about the Company’s performance and prospects while keeping other interested stakeholders informed and engaged.

We reinforce our commitment to create a better tomorrow for our future generations through our sustainability efforts. We strive continuously to produce world-class high-quality products through investments in innovative technology while taking care of health, safety, and environmental impacts on our community and society.

Corporate Social Responsibility

The Company also has a Corporate Social Responsibility (CSR) Committee in existence that evaluates and guides all sustainability efforts.

The CSR Committee evaluates challenges and trends that sets the Company’s medium and long-term objectives and initiates sustainability initiatives accordingly. The Committee is entrusted with the responsibility of steering the direction of CSR activities pertaining to donations, welfare activities and community development. The CSR Committee ensures that the Company strictly adheres to its principles and makes a notable contribution to the Sustainability Development Goals

About Sustainability Reporting

At SPL, Sustainability Reporting means to identify and communicate Economic, Social, and Governance (ESG) goals, as well as progressing as an organization towards these factors. Other benefits include improved corporate reputation, strengthened risk management and fulfilling needs and expectations of interested parties.

The Company has embedded continuous improvement in every sphere of its operations by empowering its people and reducing adverse impact on the planet. The Company has further developed a holistic sustainability approach, which highlights how sustainability is mirrored in our product innovations with benefits to the community.

SCOPE

REPORT BOUNDARY

This report encompasses our core business and corporate function. The Economic, Social, and Environmental data presented in the report depicts data pertaining to our Plant and Management operations and the community in which we operate.

REPORTING PERIOD

The timeframe represented by this report 's financial details and information is July 1, 2024 to June 30, 2025. In order to include a more accurate picture of progress to date, additional data from the previous reporting cycles has been provided for comparison related to FY 2024-25, where applicable.

Date of Publication: August 22, 2025

Reporting Cycle

This publication marks the release of our ninth Sustainability Report that has been integrated into our Annual Report- 2025. We have worked diligently through well-established documented and approved protocols and integrated processes that allow us to report annually. SPL began voluntary environmental reporting from 2009 to 2015 and sustainability reporting from 2016 onwards. ‘Sustainability Report’, remains an integral part of Company's dedication to sustainable practices and transparency in accordance to principles of Corporate Governance and Good Management Practices.

Most Recent Report

Prior to this publication, the most recent Sustainability Report published by SPL was for FY 2023-24

Restatement/Changes from Prior Period

- Disclosures of SDGs 1,2,10,11,14,15,16 have also been incorporated in this report in addition brief Pakistan policy guidelines for trading in carbon markets is made part of this report for future compliances.
- PSX guidelines and GRI 2021 standard requirements have been incorporated which is replaced GRI 2016 Published in last report.
- Role of the Board Strategic and sustainability Committee has been incorporated
- Wherever found necessary; last financial years’ figures have been regrouped/rearranged to conform to current FY 2024-25 data.

Report Methodology

The data in the report is based on actual scientific calculation. However, where data is unavailable, estimation was used. Over time, data collection and measurement methods are applied consistently.

Content

The contents are based on the results of our engagement with interested parties such as employees, customers, suppliers, vendors, etc., and GRI 2021 requirements: Core option. The report also cites UN SDGs which have been identified by the PSX as relevant to business practices and relevant issues mentioned in Pakistan National Climate Resilience and Adaptation Plan 2023-2030.

The material topics relevant to our interested parties depicting significant impact of organizational activities on Economy, Environment, and Society has been included in this report.

Report Boundary

Report boundary has been determined based on the area where impact has occurred for a material topic and the organization’s involvement with those impacts.

External Assurance

Independent review of this report is conducted by a State Bank of Pakistan A category audit firms, with external assurances provided by M/s Kreston Hyder Bhinji & Co. in accordance with PSX Guidelines and GRI 2021 Standards requirements and principles of inclusivity, materiality and responsiveness. A statement from the independent external reviewer is included at the end of this sustainability report, and outlines the scope of the assurance.

MATERIALITY ASSESSMENT

MATERIALITY PROCESS

Management believes that achieving sustainable development has been hampered by trade- offs in favor of economic growth over social well-being and ecological viability, since inclusive development as having three key dimensions (Social, Ecological, and Relational inclusiveness).

Materiality is a key component of effective communication with interested parties. Matters are considered to be material, if they, individually or in aggregate, are expected to significantly affect the Economic, Social, and Environmental performance as well as profitability of the Company.

Materiality concepts include both qualitative and quantitative aspects. Assessing their importance provides a guide to strategically manage the risks and opportunities they represent. In addition to disclosure of all events/transactions required by law, the management has adopted materiality approach for effective communication with all interested parties. The purpose of the materiality assessment to help ensure our strategy is focused to prioritizes the issues that matter to our business and our interested parties.

Management has adopted a materiality approach which is based on a combination of interested parties’ engagement, understanding of environmental limits and strategic alignment. SPL determines its material issues while taking into consideration various factors such as the business activities of the organization, alignment with the Company’s vision, values, strategic goals, reputation, internal analysis and past practices. Interested parties concerns and feedback in the broader Economic, Social and Environmental context such as energy consumption, water availability, carbon footprint, emissions, effluents and waste and climate change issues are also given due weightage.

To support our annual materiality assessment, we conduct ongoing dialogue with our interested parties, including suppliers, consumers and regulators. We also assess material issues based on their relevance to our strategic plans and objectives considering Corporate, Environmental and Occupational Safety & Health, Corporate Risk Assessment & controls and Information Security Management System (ISMS).

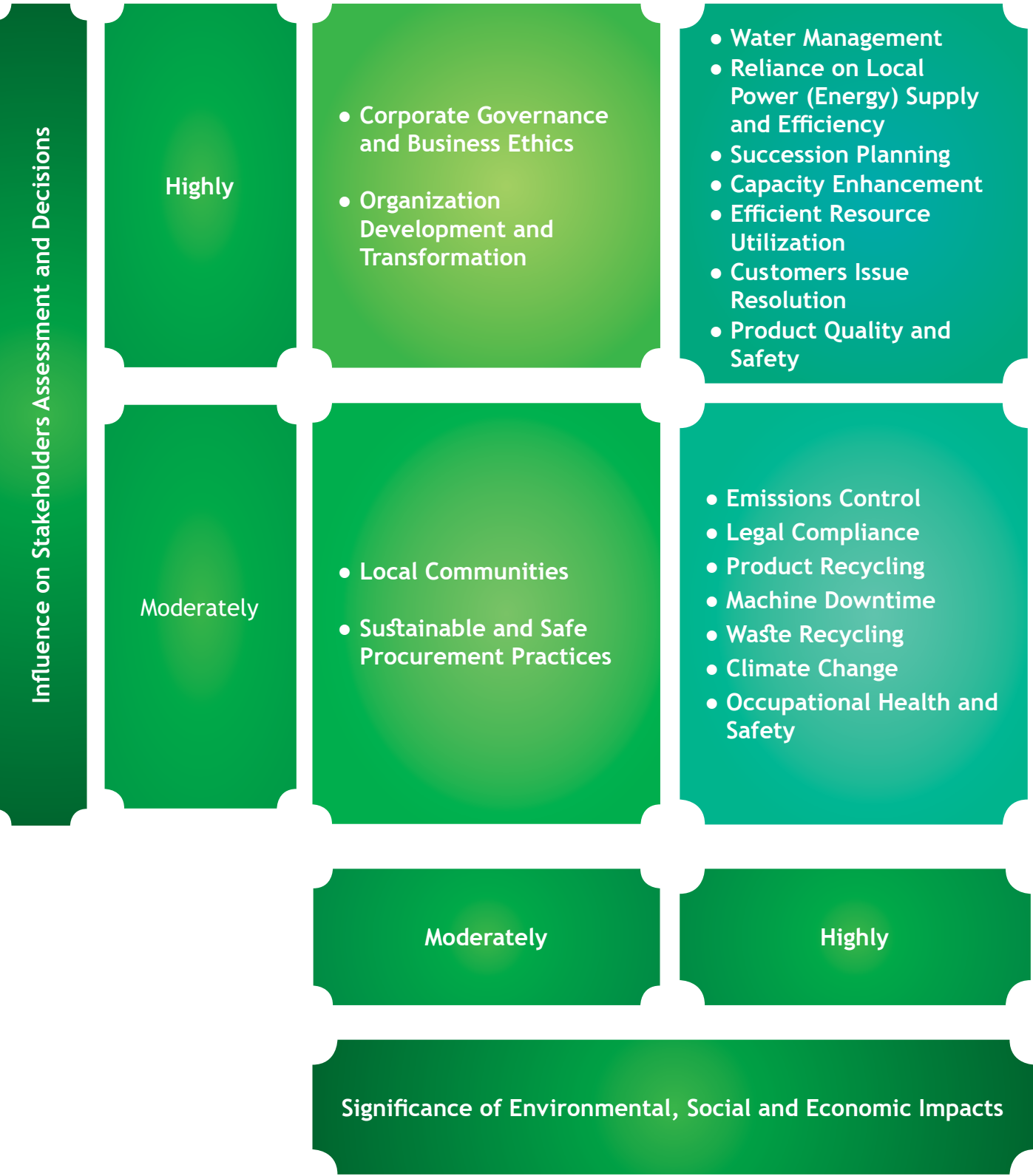
All significant actual and potential negative impacts on environment, society and economy in the supply chain are being taken into consideration and necessary corrective actions are taken in consultation with concerned interested party. Materiality levels would be reviewed periodically and appropriately updated in the agenda of the Sustainability Council meetings, coordination meeting with customers and on need basis.

The results of the exercise are summarized in the table below as well as in the materiality matrix given in the next page. The matrix presents the topics in order of importance to the interested parties vis-à-vis impact of our activities only and does not include information on any impacts of our customers or supply chain partners etc.

MATERIALITY MATRIX

Factor	Material Issue	Boundary (Within/Outside)
Environment (Ecological)	Water managment	Security Papers Limited and local community
	Product/ Material Recycling, waste and Material	Security Papers Limited and local community
	Emissions Control (Scope 1 & 2) Renewable energy use.	Security Papers Limited and local community
	Reliance on Local Power (Energy) supply and efficiency	Security Papers Limited, its suppliers and local community
	Compliance of legal Obligations	Security Papers Limited, its suppliers and local community
Social and well being	Non-discrimination	Security Papers Limited
	Local Communities	Security Papers Limited
	Training & Development Behavior, Ethics, values and Culture.	Security Papers Limited, its suppliers and local community
	Succession Planning	Security Papers Limited
	Occupational Health, Safety and wellbeing, Employees Engagement	Security Papers Limited, its service providers
Economic	Corporate Governance & Business Ethics	Security Papers Limited
	Efficient Resource Utilization	Security Papers Limited, its customers and other stakeholders
	Sustainable & safe procurement practices	Security Papers Limited, its extarnal providar
	Organization Development and Transformation	Security Papers Limited, its customers and other stakeholders
	Capacity Enhancement	Security Papers Limited, its customers and other stakeholders
	Customers issue resolution	Security Papers Limited, its customers and other stakeholders
	Product quality and safety	Security Papers Limited, its customers and other intersted party

MATERIALITY MATRIX



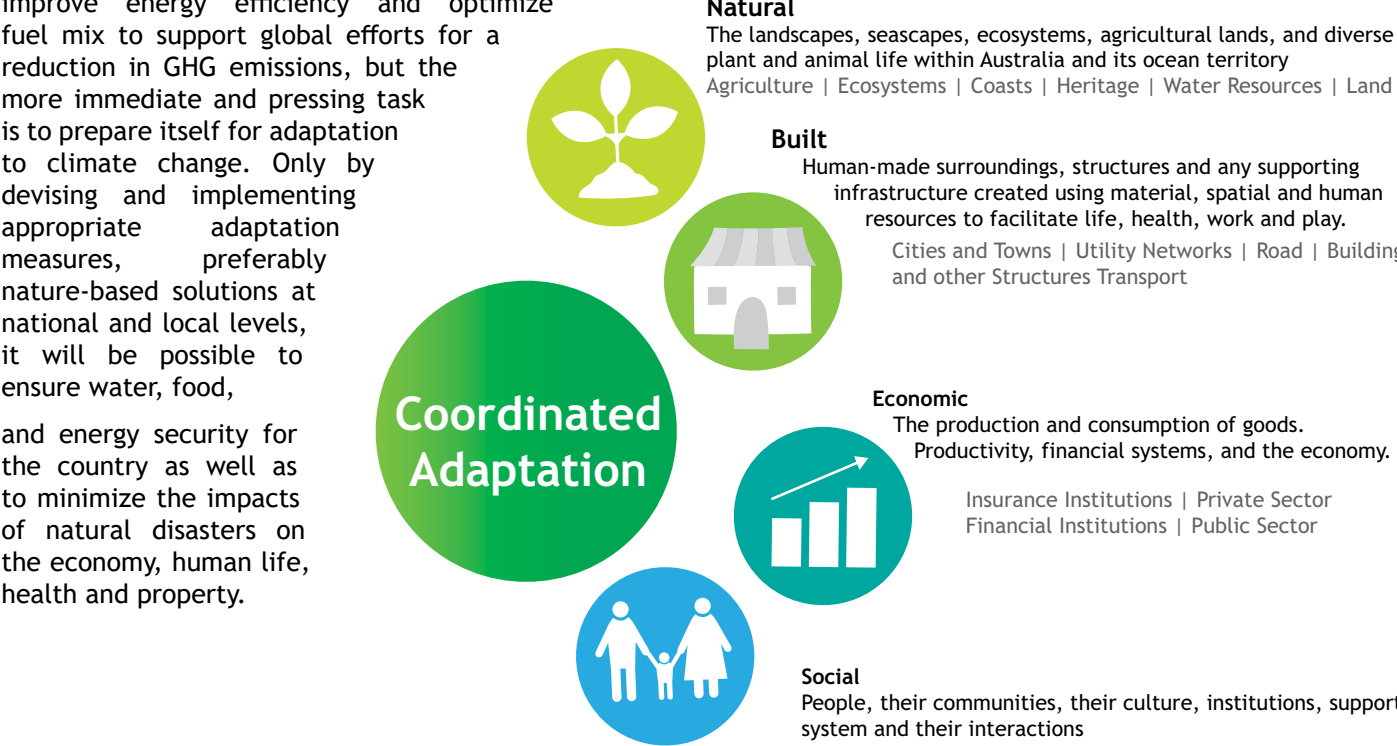
INTERNATIONAL ENVIRONMENTAL BRIEF COMMITMENTS AND OBLIGATIONS

Pakistan is a party to the United Nations Framework Convention on Climate Change (UNFCCC) which aims to achieve the “stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic [human induced] interference with the climate system”. Pakistan has also ratified the Paris Climate Agreement in 2015. Pakistan has also successfully submitted its updated NDCs to UNFCCC in 2021 with a commitment to reduce its projected emissions by 50%.

Pakistan has signed 15 international conventions and protocols concerning environmental protection and preservation. Pakistan has also adopted the Methane Pledge led by the USA and joined by over 100 countries. The methane pledge aims at reducing the emission of methane by 30% by 2030 using the carbon offset and its trading in the global carbon trading market.

FOUR DOMAINS CO-DESIGNED SOLUTIONS SECTORAL IMPACTS AND ADAPTATION NEEDS:

National Adaptation Plan is addressing issues in various sectors such as water, agriculture, forestry, coastal areas, biodiversity, and other vulnerable ecosystems. Pakistan is working on a plan that seeks to conserve energy, improve energy efficiency and optimize fuel mix to support global efforts for a reduction in GHG emissions, but the more immediate and pressing task is to prepare itself for adaptation to climate change. Only by devising and implementing appropriate adaptation measures, preferably nature-based solutions at national and local levels, it will be possible to ensure water, food,



ADAPTATION STRATEGY AND ACTION PLAN:

BRIEF BREAKUP OF THE ADAPTATION STRATEGIES AND ACTIONS IS AS UNDER;

- | | |
|---|---|
| <ul style="list-style-type: none">• Water Management• Disaster Preparedness• Climate Change Indicators and Impacts Related to The Disaster Sector• Human Health• Forestry | <ul style="list-style-type: none">• Biodiversity & Other Living Ecosystems• Coastal and Marine Ecosystems• Wetlands• Gender• Urban Resilience |
|---|---|

EXTRACT OF PAKISTAN NATIONAL CLIMATE RESLIENCE AND ADAPTATION PLAN 2023-2030

Priority # 1



Priority # 2



Priority # 3



NATIONAL CLEAN AIR POLICY (NCAP)
EXECUTIVE SUMMARY

Pakistan is currently facing a very serious level of air pollution with some urban areas reaching hazardous pollution levels across the year. In 2019, Lahore’s ambient Particulate Matter (PM2.5) concentrations were as high as 123 µg m-3, 24 times higher than the World Health Organization (WHO) Air Quality Guideline. Besides Short-Lived Climate Pollutants (SLCPs) air pollution also includes black carbon and tropospheric ozone, and Greenhouse Gas (GHG) emissions. Reducing these will have significant co-benefits while supporting achievement of the climate change objective as outlined under the National Climate Change Policy (NCCP) 2021. The National Clean Air Policy (NCAP) aims to provide a framework for improving air quality in Pakistan. The NCAP is a national document and therefore focuses on actions at the national scale that can achieve improvements in air quality. However, the provinces of Pakistan have a crucial role in implementing measures to improve air quality within their areas of responsibility. The NCAP includes three core components, taken together, can allow key institutions at national and provincial levels to understand the air quality status and identify, evaluate, implement and monitor mitigation actions to reduce air pollution. Pakistan’s first National Inventory for Short-Lived Climate Pollutants (SLCP) compiled in 2022 identifies the following priority actions:

- Improved vehicle inspection and maintenance
 - Upgradation of fuel quality standards to Euro-5 or Euro-6
 - Enhanced introduction of two/three-wheeler electric vehicles
 - Development and improvement of mass transit systems
 - Improved traffic management planning
 - Promote low carbon fuel efficient infrastructure and technology within railways, maritime, and aviation sectors
 - Promote urban forestry and management of green spaces
 - Emission control in industry through compliance with emission standards
 - Upgradation and management of brick kilns on clean technologies and practices
- Banning and promoting alternatives to crop burning
 - Control of emissions from threshing and tilling
 - Minimize and control forest fires through effective management
 - Prohibition of open waste burning
 - Improved waste management
 - Use of improved and efficient cookstoves to reduce indoor air pollution
 - Promote access to clean energy for indoor heating and cooking
 - Promote energy efficiency and use of alternate energy across all sectors
 - Promote clean energy in industrial sectors

The World Health Organization (WHO) has established Air Quality Guidelines for the pollutants in 2021 which have highest impacts on human health, for both long and short-term exposure. These guidelines have been used as reference for setting targets. The proposed Air Quality Targets will ensure that the progress of the NCAP is monitored and progress is tracked.

The implementation mechanism of the NCAP requires that implementation plans at federal and provincial levels are devised. Moreover, resources would be required for the priority mitigation measures. Implementation of the NCAP will require active participation from stakeholders, including media, research institutions, civil society, and advocacy groups. The most polluting industries will be engaged to include air pollution reduction through enhance compliance and adoptions of actions as part of their Corporate Social Responsibility (CSR).

PAKISTAN POLICY GUIDELINES FOR TRADING IN CARBON MARKETS

Vision of Prime Minister of Pakistan

“Pakistan’s Carbon Policy aims to help decarbonize our economy, while generating revenue through sale of carbon credits. It will help significantly reduce our Greenhouse gas (GHG) emissions. Even though historically Pakistan has been one of lowest emitters of GHG gases, however, it has committed to further reduce its emissions through Nationally Determined Contributions (NDCs) under the Paris Agreement.”

SPL is committed to aligning with National best practices and prioritizing high environmental integrity. This commitment is further solidified by initiatives like mitigating GHG emission throughout our plant premises.

CONTRIBUTION OF SPL TO ACHIEVE SUSTAINABILITY GOALS FY 2024-25

SPL has increased its focus on sustainable practices and reporting while producing quality products and services, reducing the environmental burden of its processes, engaging its interested parties for their valuable inputs. The Company has devised strategies for inclusive growth and equal opportunities by providing sustainable returns to its interested parties, supporting its suppliers and contributing to socio-economic development.

We have also identified opportunities in Water Recycling, Renewable Energy, Energy Conservation, Resource Utilization and Capacity Enhancement for bringing required improvements in production efficiencies that ultimately lead towards all interested parties’ satisfaction. New innovation and technological practices can reduce waste generation and improve the quality of the output.

We believe in investing on human capacity development for attracting and retaining talented employees. The Company aims to provide a workplace that generates equal opportunities for everyone in which people are treated with dignity and respect. The engaged and empowered workforce ensures that processes and systems are aligned with 7Rs (Recycle, Reuse, Reduce, Repurpose, Refuse, Repair & Rethink). This would create value in three spheres-The Environment in which we live, the society in which we operate and the business we conduct.

We believe that continual improvement philosophy is the key to success for implementing sustainability strategy and framework in true letter and spirit.

MATERIAL ISSUES
RESULTS OF FY 2024-25 VS TARGET FY 2024-25

Material Issues	Target Last FY 2024-25	Result FY 2024-25	2024-25 Targets	Variance%	Justification	Target Current FY 2025-26
Gas Consumption	1% reduction in direct gas consumption per ton of paper made for FY 2024-25 as compared to FY 2023-24	2,239,839	1,948,032.9	14.98	Due to low gas pressure to Cogeneration plant WHRB could not operate on full capacity	0.5% reduction in direct gas consumption per ton of paper made for FY 2025-26 as compared to last year
Machine Down Time	2.6% decrease for FY 2024-25 as compared to FY 2023-24	1570.25	1200.99	27.35	Due to damage of water supply lines resulting in low water supply from KWSB to the plant	Maintain 2.6% in Engineering downtime (out of available hours) (Mechanical + Electrical) for FY 2025-26 as compared to last year.
Reducing reliance on local power supply (KE and Co Gen)	4% decrease on local power supply (K-Electric) through self-generation source For FY 2024-25	11,899,500 Co- generation	17,594,000 Co- generation	(32.36)	Could not achieved due to unforeseen steps taken by the SSGS by lowering the gas Pressure	2% decrease on local power supply (K-Electric) through self-generation source For FY 2025-26
Customers Complains	4% reduction in Genuine Customer complaints for FY 2024-25 as compared to FY 2023-24	3	3.84	21.87	Better process monitoring and maintaining quality of the product reduction in Complaint.	4% reduction in customer complaints for FY 2024-25 as compared to last year.

MATERIAL ISSUES
RESULTS OF FY 2024-25 VS TARGET FY 2024-25

Material Issues	Target Last FY 2024-25	Result FY 2024-25	2024-25 Targets	Variance%	Justification	Target Current FY 2025-26
Efficient Utilization of resources	1% reduction in process Losses for FY 24-25 as compared to Last year FY 2023-24	17.02	16.87	1.19%	Due to lower supply of water and gas, number of starting and stoppage of plant increased resulting in increase in process losses	1% reduction in process losses for FY 2025-26 as compared to FY 2024-25.
Tree plantation	5% increase in tree plantation for FY 2024-25 as compared to FY 2023-24	200	131.25	52.38%	Additional plants were planted.	5% increase in tree plantation for FY 2025-26 as compared to last year.
Training & Developm ent	Total 2500 Man hours Sustainability related training for FY 2024-25 as compared to FY 2023-24	1330.5	1224.5	4.27	More trainings were imparted to enhance human resource competency	Target achieved due to more focus on human resource capacity building
Occupatio nal Health & Safet	Promote 100% accident-free environment and foster safety culture through implementation of continual improvement in FY 2024-25	There were 2 accidents that took place during the year 2024-25 and resulted in 1067 Lost Time Injury (LTI) Free days	0	(200)	Incident occurred due to untrained workforce of contractor	Promote 100% accident-free environment and foster safety culture through implementation of continual improvement initiative such as training and awareness sessions, tool box talks, safety observations, 5S, etc. in FY 2025-26.

UN Sustainability Development Goals (SDGs)



PRIORITY No. 1

	ZERO HUNGER End hunger, achieve food security and improved nutrition and promote sustainable agriculture
2.1	By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
2.2	By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons
BUSINESS THEME Hunger, Vulnerability for Children	BUSINESS ACTION Rapid economic growth and increased agricultural productivity over the past two decades has seen the proportion of undernourished people drop by almost half. Many developing countries that used to suffer from famine and hunger can now meet the nutritional needs of the most vulnerable. Central and East Asia, Latin America and the Caribbean have all made huge progress in eradicating extreme hunger. The Sustainable Development Goals (SDGs) aim to end all forms of hunger and malnutrition by 2030, making sure all people. We had the honor of hosting a special visit from the children of SOS Children's Villages Pakistan at our SPL Manufacturing Facility.

	ZERO HUNGER End hunger, achieve food security and improved nutrition and promote sustainable agriculture
	The day was filled with fun activities, games, and a delicious meal for the underprivileged children. The CEO and senior management of the company joined in, interacted with and inspired the kids. It was truly heartwarming to see their curiosity and enthusiasm, and SPL would continue its efforts to make a positive impact on their lives.
	
	GOOD HEALTH AND WELL BEING Ensure healthy lives and promote well-being for all at all ages
3.2	By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-five mortality to at least as low as 25 per 1,000 live births
BUSINESS THEME Mother's Health	We at SPL believe that the safety, health and well-being of our employees is important to make the organization sustainable and growing. The Company continued to demonstrate strong commitment to health and safety of its employees to improve their lives at the workplace as well as outside the organization. During the year under review, the Company organized various health awareness sessions for its employees including Breast Cancer awareness sessions and safety at work place. Workplace Safety awareness is an equally important part in enhancing the quality of our employee's health. In this perspective, SPL was honored to host a Breast Cancer Awareness session for our employees, led by Dr. Nazia Lodhi, a Breast & General Surgeon from The Indus Hospital.



GOOD HEALTH AND WELL BEING

Ensure healthy lives and promote well-being for all at all ages

We were also pleased to have female employees from Pakistan Security Printing Corporation (Pvt.) Ltd, join us in this important conversation.

Participants engaged in discussions, asking questions to gain a deeper understanding of this significant health concern and the importance of regular screenings.

During the session, SPL employees courageously shared their personal stories, highlighting the critical importance of breast cancer awareness and early detection. Their experiences underscored a powerful message: awareness and early detection can save lives.

Our CEO, Mr. Imran Qureshi, emphasized the significance of such initiatives, which align with our commitment to the well-being of our employees. Breast cancer awareness is crucial, and we believe that educating our employees will have a positive impact on their lives and the lives of those around them. For this cause, we will continue to facilitate initiatives as part of our ongoing health and safety efforts.

At SPL, we prioritize the health and well-being of our team, and this session reflects our dedication to fostering a supportive workplace environment.

It was a heartfelt exchange of stories, ideas, and aspirations, reinforcing our commitment to creating an inclusive and supportive environment for everyone.

At SPL, we are dedicated to ensuring that every individual feels valued, empowered, and uplifted as we move forward together.

BUSINESS THEME

Mother's Health



GOOD HEALTH AND WELL BEING

Ensure healthy lives and promote well-being for all at all ages

BUSINESS THEME

"Breaking Barriers, Bridging Gaps"

On World Diabetes Day

SPL recognizes the importance of early detection and proactive health management in prevention of diabetes.

At SPL, we're committed to our team's well-being, which is why we hosted an on-site diabetes screening session for our employees.

By raising awareness and offering accessible health checks, we aim to empower our team to make informed health choices and manage risk factors effectively.



Blood Donation Drive

At SPL, we believe in making a difference - not just in our work, but also for the communities, we serve.

In alignment with this global initiative, our Company organized a blood donation drive, reflecting our deep commitment to supporting healthcare not only through our professional endeavors but also through our community contributions.

This initiative is a testament to our core values of teamwork, collaboration, and creating a positive impact. It is more than just a day of giving; it is part of the cultural change that we foster and strive for SPL.

BUSINESS THEME

Forging Lifelines



03 Good Health and Well-Being	
GOOD HEALTH AND WELL BEING	
Ensure healthy lives and promote well-being for all at all ages	
3.6 BUSINESS THEME Defensive Driving Training Minimize Accidents, Reduce Company Liability	Reduce the number of global deaths and injuries from road traffic accidents to 50%. We conducted a defensive driving training session in collaboration with Motorway Police. This session provided our team with valuable knowledge and practical skills to promote safer driving practices.
	
	We remain committed to the safety and well-being of our employees, both on and off the road. 

03 Good Health and Well-Being	
GOOD HEALTH AND WELL BEING	
Ensure healthy lives and promote well-being for all at all ages	
Healthcare Insurance 3.4 BUSINESS THEME Employee Benefits, Occupational Health & Safety	• The Company provides first aid and emergency medical care to employees who fall ill or get injured at work. • Services are delivered by trained and qualified personnel available at the on-site First Aid Centre. • Group Healthcare Insurance is offered for all employees and their dependents. • 24/7 emergency first-aid services and a qualified medical consultant are available both at the factory premises and for residents of the SPL residential estate. • SPL consistently strives to maintain and improve employees' overall well-being.
	By 2030, reduce premature mortality by one-third from non- communicable diseases through prevention, treatment, promotion of mental health and well-being.
	BUSINESS ACTION Women's Day • SPL celebrated International Women's Day (IWD) on March 7, 2025, showing solidarity with the UN. • Management focused on key issues such as gender equality, reproductive rights, and violence & abuse against women. Employee Wellbeing • SPL prioritizes employees' physical and emotional health. • Firefighting & first-aid training was conducted by Dr. Tariq Saif Ullah (External Civil Defense Trainer) with participation from various departments. • Play area facilities are available for employees and their families at the SPL residential estate. • Sports and recreational activities are arranged to improve health, encourage interaction, promote a positive corporate culture, and boost self-esteem. • Regular medical examinations are carried out by SPL medical professionals for early detection of work-related illnesses, helping to prevent serious health risks.

03 Good Health and Well-Being	
GOOD HEALTH AND WELL BEING	
Ensure healthy lives and promote well-being for all at all ages	
3.8	
	
3.8	
	
BUSINESS THEME	Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	SPL offers group healthcare insurance to its employees. The Group Healthcare Insurance Plan coverage includes not only employees but also their dependents including spouse, children and parents. SPL safety consultant arranged awareness sessions and also provides support and guidance to the employees. SPL conducts regular health examinations for executives who do not work in hazardous environments. These examinations are conducted free of charge

03 Good Health and Well-Being	
GOOD HEALTH AND WELL BEING	
Ensure healthy lives and promote well-being for all at all ages	
3.9	because early detection and treatment of illnesses reduce absenteeism, improve workplace productivity, and prevent long-term disability.
	By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
BUSINESS THEME	Hazardous Chemicals involved in our production process includes H2SO4, HCl and NaOH. SPL being an environmentally compliant organization obtains NOC from Sindh Environmental Protection Agency for handling of Hazardous and Non-hazardous material every year. And Hazardous Substance Rule 2014 is fully in place and Hazardous substance management plan has also been established and updated with the consultancy of SEPA Certified consultant.
	Strict safety precautions are taken in respect of workforce deployed for handling hazardous substances. Material Safety Data sheets (MSDS) have been provided at point of storage, handling and use.
Mitigate the Health Impacts of Hazardous Chemicals	All workers are trained in safety precautions for handling hazardous substances, emergency response including spill control and are being supervised by qualified supervisors.
	PPEs and standard spill control kits have been made available for all workers with water showers also available at these areas. A well-equipped first-aid facility is available supervised by trained staff under the supervision of qualified medical consultant.
BUSINESS THEME	Medical check-up of all workforce is carried out at the time of employment and subsequently undertaken at least once a year especially in any emergencies.
	In order to mitigate the health impacts of air-borne contamination; Gur (Jaggery) is provided on daily basis upon the recommendations of Medical Consultant to our workforce.
Mitigate the Health Impacts of Air, Water, Soil Pollution	SPL is compliant to ISO 45001:2018, ISO 9001:2015 and ISO 14001:2015 standards. Solid hazardous waste is controlled at the point of generation and disposed of as per regulatory requirements. All scrap/salvage materials are stacked and categorized in hazardous and non-hazardous categories in designated area (Scrap Yard) through following proper record keeping procedures and handed over to a SEPA certified vendor as per established SOP of "Scrap & Fixed Assets Disposal" prepared in compliance with ISO 14001:2015 Management System. All legal safety signs are placed at relevant locations.
	To ensure safe drinking water, qualitative and quantitative chemical, physical and microbiological analysis are carried out at regular intervals in compliance with SEQs.
Mitigate the Health Impacts of Air, Water, Soil Pollution	Liquid effluent discharge after treatment is monitored and tested in-house as well at suitable intervals, while the same is also tested periodically through SEPA certified laboratories to comply SMART Rule 2014 and SEPA Act 2014.

04 Quality Education	QUALITY EDUCATION
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
4.3	SPL pays special attention to all levels of education without any gender discrimination and ensure equal rights. We believe that our youth is the bright future of the country and it is them we need to invest in. This strong belief has allowed us to devote resources towards elevation of education standard in our country, especially to those for whom education is unaffordable. For professional and personal education domain, SPL facilitates internal and external trainings, award merit scholarships to employees’ children, offer education loan to aspiring employees, provide internship opportunities for young students from different universities across Pakistan to add value to their cause of education. We’re proud to share that our employees participated in the PSPC Middle Management Development Program (PMMDP) at the NIBAF Karachi Campus. At SPL, we believe that investing in our employees’ growth is essential to building strong leadership and fostering a motivated workforce. Training programs like these are vital for enhancing employee engagement, developing leadership skills, and aligning personal growth with organizational success. We remain committed to providing our employees with continuous learning opportunities that help them thrive both personally and professionally. In pursuance of this commitment, SPL spent 1330:30 man-hours on 31 training and development of employees during FY 2024-25, which encompassed 51.4% Soft Skills and 48.6% Technical Skills. During FY 2024-25, 2 interns were inducted in total from different universities and disciplines in Karachi to provide them a valuable experience of working in a professional environment. These internships were offered in both engineering and management disciplines.
	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university BUSINESS ACTION SPL contributed to the improvement of education levels and socio-economic development in surrounding communities. SPL also supported and contributed to the cause of women empowerment by workshop on corporate governance. A separate clause is mentioned in our recruitment policy regarding minimum age limit for employment which states that the Company cannot appoint anyone less than 20 years of age. Specialized training modules for production & mould department has been designed with a focus on developing technical as well as soft skill capabilities of employees.
BUSINESS THEME Employee Training and education	

04 Quality Education	QUALITY EDUCATION
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
	Overall, 16 participants were trained externally and 596 participants were trained internally. In total 31 trainings have been imparted in FY 2024-25 BUSINESS ACTION To achieve the goal of ensuring equal access to affordable and quality education by 2030, it is crucial to focus on creating inclusive educational opportunities for both women and men. This can be done through various initiatives such as scholarships, financial aid programs, and promoting gender equality in educational institutions. By implementing policies that support equal access to technical, vocational, and tertiary education, including universities, we can empower individuals of all genders to pursue their educational aspirations and contribute meaningfully to society. Overall, 612 participants were trained in 2024-25 through 31 training sessions, workshops, and programs. During the year, participants from various departments received core technical training from top-notch institutions
	By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations. BUSINESS ACTION SPL promotes a merit-based culture that inspires physically challenged persons by classifying itself as an equal opportunity employer and not discriminating against any socio-demographic category. The Company contributes greatly towards the development of education as its social responsibility, and considers education as a fundamental right of every child. Therefore, the Management proposes to augment Group Life Insurance Policy by adding ‘Group Pay Continuation Plan’ to assist the families of deceased employees immediately. SPL also supports the education of differently-abled children of employees through special grants under the head of Employee Welfare Fund Policy.
4.5 BUSINESS THEME Equal Access to Training and Education	
	By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture’s contribution to sustainable development BUSINESS ACTION To promote sense of contribution to sustainable development SPL is enhancing its sustainable focus towards strengthening relations with those vendors/ suppliers/ contractors and other interested parties who development. Has the knowledge of core concepts of sustainable development. A consolidated Pre- Qualification/ Registration criterion is devised to assess the sustainability awareness and contribution comprising of factors like pollution control, eco- friendly practices, emergency preparedness, OH&S culture, legal compliance, delivery capability, experience etc. The Supply Chain Department in concert with IMS is revamping the selection and tender awarding process for External Service Providers. In this context, a comprehensive “Code of Ethics” for Sustainable Business Practices of Security Papers Limited” and a Self-Assessment Scoring Report on Sustainability Factors
	4.7 BUSINESS THEME Education for Sustainable Development

04 Quality Education	QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
	(For Pre-Qualification/Registration of Suppliers/Contractors) will be enforced which will pave the way to promote understanding of service providers related to contribution to sustainable development, and promotion of human rights. The Company has also engaged the services of reputable consultant and corporate trainers from industry to arrange both in-house and external trainings on best sustainability practices .Communication mechanism has been established and sustainability is promoted through various forums such as training and awareness sessions, departmental meetings, executive committee meetings, management review council and the Company website that has been recently revamped to showcase our Sustainability initiatives.
06 Clean water and Sanitation	CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all
BUSINESS THEME Access to water	SPL also provides its workforce with clean drinking water in all areas via R.O Plant and bottled water. A new RO Plant containing Ultra-Filtration Modules and Reverse Osmosis units having capacity of 100,000 gallons/day of treated water has been completed which handles sub-soil bore water. Further to offer adequate and equitable sanitation and hygiene to employees, all the washing areas of our Production Plant have been renovated during the fiscal year 2024-25. We believe that such initiatives enhance the morale of our employees and contribute to overall productivity.
6.1	By 2030, achieve universal and equitable access to safe and affordable drinking water for all. Support and strengthen the participation of local communities in improving water and sanitation management
BUSINESS THEME Access to water	BUSINESS ACTION SPL provides its workforce with clean drinking water in all areas including its residential estate areas. In this context, a direct line is provided from new R.O. Plant containing Ultra-Filtration Modules to the Estate inhabitants that is regularly tested as per SEQS standards. SPL is committed to promote the sustainable use of water while employing solutions that enable comprehensive reductions in domestic waste water and aims to make water use more sustainable on a broader scale.
6.2	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
BUSINESS THEME Access to Wash	BUSINESS ACTION To ensure adequate and equitable sanitation and hygiene for the entire workforce, our Administration team maintains washing areas vigorous monitoring by maintaining checklist that are also randomly verified by IMS team through its Good Manufacturing Practices (GMP) Round observations. Ensuring hygiene especially of washrooms in accordance with Sindh Factories Act 2015 for control of Bio-hazards.

06 Clean water and Sanitation	CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all
	Adequate supply and usage of liquid sanitizers, disinfectant sprays, liquid handwash was ensured specially in critical areas such as change rooms, canteen, entry and exit gates, prayer and kitchen areas and wash rooms. For maintaining housekeeping 5S system implementation is made in true letter and spirit throughout the identified 19 blocks in factory premises that speaks volumes of our management commitment towards ensuring sustainable process of hygiene and cleaning.
6.3 BUSINESS THEME	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, having the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally BUSINESS ACTION Final discharge to Effluent water is treated and closely monitored and periodically tested to ensure fully compliance with SEQS.
Water Recycling and Reuse	In order to enhance RO treatment water, new bore has been constructed with cost of PKR 48 million which enables to increase subsoil water availability. Upgradation of waste water recycling plant with cost of PKR 133 million to enhance recycling has been completed with the capacity of 350,000 Gallon per day. In future 02 additional new bores to be constructed for enhancement of RO treated water with the cost of about PKR 44 million.
Waste Water	Liquid effluent is treated in an Effluent Treatment Plant (ETP) that is operated through Standard Operating Procedures. Both in-house and external testing are being carried out to comply with the National Standards. The final environmental hazardous properties of effluents are controlled periodically and ensured to comply with SEQS before final discharge.
6.4 BUSINESS THEME Water Efficiency	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. BUSINESS ACTION For Water supply enhancement Upgradation of waste water recycling plant 350,000 GPD with the cost of PKR 133 million enhanced recycled water quantity from 165,000 GPD to 350,000 GPD. In addition, RO Plant 100,000 GPD capacity 48 for enhancement of RO treated water has completed.

07 Affordable and Clean Energy AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy for all	
BUSINESS THEME	BUSINESS ACTION
Clean & Green Energy	Since solar energy derived from a naturally replenishing source (sunlight) and is considered a clean energy source because it doesn't produce harmful greenhouse gas emissions and cost of solar energy has significantly decreased, making it increasingly competitive with traditional energy sources. The Company has adopted energy saving system and cleaner production techniques through regular monitoring and best practices. We are producing 180KW Solar energy after completion of project with the cost of PKR 9.4 million.
	The Company aims to enhance its energy mix as well as efficiency in increasing its energy requirements.
	In order to enhance power generation replacement of old Engine with new one having the cost of PKR 98 million is plan for future for co-generation.
7.1	All conventional lights have been replaced with light-emitting diode (LED) lights which are 49% more energy efficient and generate less heat than compact fluorescent lamps (CFLs). As a result of this effort along, we expect annual savings in excess of PKR 5 million while receiving brighter illumination effects.
7.2	By 2030, ensure universal access to affordable, reliable and modern energy services
BUSINESS THEME	BUSINESS ACTION
Modern Energy Services	Up-gradation of Automatic Voltage Regulation of gas engine enhancing the operational reliability by effective controlling of electrical parameters including voltage frequency power factor in result parallel operation of 3 engines become smooth.
7.2	By 2030, increase substantially the share of renewable energy in the global energy mix
BUSINESS THEME	BUSINESS ACTION
Renewable Energy	As per global sustainability plan for renewable energy, we are following foot step towards achievement of remarkable benchmark. In order to increase to contribute operational substantial excellence and productivity Solar powered system 110 kW (PKR 9.4 Million) alternate energy resource has been completed.
16 Peace, Justice and Strong Institutions PEACE, JUSTICE & STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	
16.3	Promote the rule of law at the national and international levels and ensure equal access to justice for all.
16.5	Substantially reduce corruption and bribery in all their forms.
BUSINESS THEME	BUSINESS ACTION
	SPL believes that an institution-based approach based on ethical and fair dealings is important for the development of the Company and its employees. Improved infrastructure, greater gender equality and stable social conditions generate economic growth that in turn leads to

16 Peace, Justice and Strong Institutions PEACE, JUSTICE & STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	
Reduce Corruption	the creation of new markets, boosts innovations and minimizes risks. SPL aims at creating new jobs and adopt hiring practices that ensure no discrimination on the basis of race, ethnicity, gender or religion. The range of activities that companies think of in support of SDG 16 tends to focus on corruption and eliminating bad corporate behaviors. These corporate compliance functions often interact with risk management processes. SPL strives to observe the highest standards of integrity and fairness in all its dealings. In this regard, we have a few policies in place to institutionalize our approach towards providing a fair, transparent and enabling working environment for our employees and their interactions with external stakeholders such as Sexual Harassment, Whistle Blowing Conflict of Interest, Code of Business Ethics, Conduct & Discipline and False Declaration Policy. The Company has developed a Code of Conduct for Directors and its Employees. As per the Code of Conduct, the Directors are expected to articulate the highest standards of professionalism, integrity, ethical behavior in the Company. All Directors must comply with all applicable laws, regulations and rules of the country applicable to the Company including but not limited to the Companies Act 2017, Code of Corporate Governance 2017, listing Regulations of the Stock Exchange and Insider Trading rules and Regulations. The Code of Conduct for employees summarizes the values, principles and business practices that guide the business conduct of the Company and also set a basic principle to guide SPL employees regarding minimum ethical requirements expected from them. In addition, we also have a process whereby we publish and follow a tendering process for our major procurements, providing a level and competitive playing field to our vendors.

PRIORITY NO.2

01 No Poverty NO POVERTY End poverty in all its forms everywhere	
1.1	Target 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured.
1.2	Target 1.2 By 2030, reduce at least by half the proportion of men, women and children of all.
BUSINESS THEME	BUSINESS ACTION
	Poverty is one of the most pressing global challenges today, the United Nations put poverty at the top of the international agenda, assigning the first Sustainable Development Goal (SDG) to ending poverty.

01 No Poverty	NO POVERTY End poverty in all its forms everywhere
	No Poverty is one of the SDGs that is the most relevant to business, people can experience different forms of deprivation simultaneously, such as a lack of quality education, food insecurity or limited access to healthcare. SPL contributed towards ending poverty by expanding business and creating jobs to support poverty eradication. The Company maximize operational efficiency, improve the lives of its employees, support the communities in which it operates and innovate new business models that contribute to poverty alleviation. The Company also makes monetary donations which included charitable donations to the organization(s) whose main area of work includes such as empowering men and women to get access to employment, access to drinking water, donations to improve local infrastructure for the community, - for example, We had the honor of hosting a special visit from the children of SOS Children's Villages Pakistan at our SPL Manufacturing Facility. It was a memorable day as we gave them a behind-the-scenes look at how security feature paper is made, sharing insights into our process and industry. The day was filled with fun activities, games, and a delicious meal for the children. The CEO and senior management of the company joined in, interacted with, and inspired the kids. It was truly heartwarming to see their curiosity and enthusiasm, and SPL would continue its efforts to make a positive impact on their lives.
	

05 Gender Equality	GENDER EQUALITY Achieve gender equality and empower all women and girls
BUSINESS THEME	BUSINESS ACTION
Gender Equality, Equal remuneration for women and men	At Security Papers Limited (SPL), we aim to provide a workplace that generates equal opportunities for everyone, and in which people are treated with dignity and respect. In line with our commitment to enhance gender balance at all levels in our employees. SPL is working towards becoming a more gender-diversified Organization. In this regard, several initiatives have been taken with a special focus on increasing female representation in decision making within the Organization - about a quarter of all our workforce and one third of all our interns are females. We also believe in providing equal opportunities to all its employees irrespective of gender. We follow a non-discriminatory hiring process which complies with all the legal requirements. All policies and practices are administered in a manner ensuring equal opportunity to the eligible candidates and all decisions are merit based. To support this initiative, we introduced a non-discriminatory compensation and benefits policy for our female employees during the period under review and corporate internship opportunities in various functional areas of the Organization were offered to eligible candidates irrespective of gender. The Company has introduced various HR policies such as Sexual Harassment Policy, Whistle Blowing Policy and Maternity Leaves Policy thereby providing a forum to our employees for raising their issues and having a mechanism in place for resolution of their concerns. Our Company is proud of the initiatives that have been taken to reduce gender inequality within the Organization, and we look forward to doing more of the same The Company has provided employment opportunities to several handicapped persons. Hiring differently abled persons offer a number of important financial, public relation and productivity advantages for the business. Diversity in the workplace can help to create better solutions to business challenges. There is a better retention rate and low level of absenteeism among employees with disability. However, Security Papers Limited does not employee any worker below the age of 18. The succession and career planning system are reviewed every year to identify and develop new leaders to succeed current ones and meet the future leadership needs. The process of succession planning at SPL ensures that employees are recruited and developed to fill each key role within the Company. The Company undertakes succession planning activity with an aim to attract the best talent, retain those individuals and develop them. Succession planning evaluates each leader's skills, identify potential replacements and impart training to those employees so that they are prepared to take the position of old ones when they leave the organization due to retirement, resignation, termination, transfer, promotion etc. The Company undertakes career planning to provide career goals and career paths to an employee. Career planning also encourages individuals to explore and gather information which enables them to gain necessary knowledge, skills and abilities to succeed in the future.

05 Gender Equality GENDER EQUALITY Achieve gender equality and empower all women and girls	
5.1	End all forms of discrimination against all women and girls everywhere.
BUSINESS THEME Gender Equality, Equal remuneration for women and men. Non-discrimination, Economic Inclusion, Parental Leave.	BUSINESS ACTION SPL aspires to create a workplace that provides equal opportunities for all workforce and treats them with dignity and respect. We inducted 22 permanent employees in FY 2024-25. Merit Scholarship for SPL Employees' Children SPL gives merit-based scholarships to the children of our employees every year. This year SPL planned merit scholarships in different levels like Matric, Intermediate, Graduation, Post-Graduation and Foreign Qualification.
	BUSINESS ACTION It followed a non-discriminatory hiring approach that meets with all regulatory requirements. The Company celebrates International Women's Day which is global day celebrating the social, economic, cultural and political achievements of women.
	Female employees have access to facilities like, group life and healthcare insurance, medical consultant, trainings, decent work, and representation in decision-making processes. The Supply Chain Department ensures that all the suppliers/ contractors/ vendors/ service providers understand SPL Code of Ethics before being allowed to provide any service or product and abide by all applicable laws of land including Labor law, Factories Act and others.
	Non-discrimination on the basis of gender, race, colour, caste, or creed is being followed under the Company's Recruitment Policy Women Day Celebration International Women's Day under the theme, "For ALL Women and Girls: Rights. Equality. Empowerment."

05 Gender Equality GENDER EQUALITY Achieve gender equality and empower all women and girls	
	Was celebrated which unlock equal rights, power and opportunities for all and a feminist future where no one is left behind 
5.2	Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation
BUSINESS THEME Workplace violence and harassment.	BUSINESS ACTION The complaint can be made orally or in writing through any of the following two approaches: 1. Informal approach - It has been observed that the employee's grievances generally result from minor misunderstanding(s) that can be resolved with proper counseling by the supervisor/ senior management. Therefore, the preferred way to settle the grievance is informal until the matter is of serious nature and requires thorough investigation.

05 Gender Equality 	GENDER EQUALITY Achieve gender equality and empower all women and girls
	2. Formal Approach - If an employee who has been directly harassed, or has witnessed or is affected by the harassment of others, has reported such conduct to his/her supervisor, peer or anyone immediately it may serve as witness for making the formal complaint. he/she may approach his/her supervisor, or directly to any member of the inquiry committee. There is also a female member on the inquiry committee. The Committee member approached is obligated to initiate the process of investigation. The supervisor facilitates the process and is obligated not to cover up or obstruct the inquiry. No harassment case has been reported until now.
	Without fear of reprisal, report illegal and unethical activities for pre-emptive remedial measures in a confidential manner. The Whistle blowing Policy is applicable to all employees for the reporting of any illegal or unethical activities that may harm the interests of the company and/or any stakeholder or external agency. The whistle blower, who has observed any reportable illegal and/or unethical activities, may report his/her concerns to the whistle blow Committee in writing along with his identity and contact details. Or If whistle blower desires to report an illegal and unethical activity committed by any member of whistle blow Committee, he/she shall communicate such concerns directly to the chairman whistle blow Committee. There is a specific Code of Conduct and Discipline Policy to control any kind of behavior and the conduct of the employee that is detrimental to the Company or detrimental to the well-being of other employees of the Company. Two Town hall meetings held on Aug 13,2024 & Jan 1, 2025 respectively conducted chair by CEO to facilitation of communication the core issue of the employees relevant to personal as well operational
5.4	Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
BUSINESS THEME Childcare services and benefits, Work-life balance, Economic Performance	BUSINESS ACTION Expected Mothers are especially facilitated by applying associated Risk Assessment in companywide “Hazard Identification Risk Assessment and Control” (HIRAC). Female first aider has been also been provided at female’s workplaces.
5.5	Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
BUSINESS THEME Women in Leadership	SPL uses succession planning as a unique method of providing a career path for its employees Currently, there are one female serving on the Board of Directors. 22 females are employed on permanent basis; Induction of female Management In order to promote Gender equality, following 4 out of 22 female positions were inducted within the middle management: • Senior Manager (HR) • Senior Manager (Communication) • Assistant Manager (Finance) • Deputy Manager HR

WORKFORCE STRENGTH BY GENDER, AGE GROUP & TYPE

Age Group	No. of Employees						
In year	Officer		Worker / Staff		Contractual		Total
	Female	Male	Female	Male	Female	Male	
20-30	2	2	1	4	0	0	9
31-40	10	21	3	29	0	0	62
41-50	3	36	1	63	0	0	103
51-60	0	24	2	81	0	0	108
>60	0	0	0	0	0	0	0
Sub-total	15	83	7	177	0	1	-
	98		184		1		283
Grand Total							283

INCIDENT SUMMARY WITH RESPECT TO GENDER/CATEGORY

No any Lost Time Injury (LTI) accidents occurred in FY 2024-25

Description	No. of Incidents
Incident affecting male workforce	2 Minor Incidents
Incident affecting female workforce	0
Incident affecting property/equipment	0
Total	2

MANAGEMENT APPROACH TO SUSTAINABLE DEVELOPMENT

All programs, policies, procedures, regulations and standards are generally in place in SPL, however working for the environment and humanity also respect them to ensure the application of sustainable development management within the organization.

There are about 11 departments in charge of enforcing all these elements that have been put in place to make them more efficient. This is usually the QHSE (Quality, Health, Safety and Environment) department. One of the policies that must be respected is that of CSR (Environmental and Social Responsibility).

It is IMS department or other departments dedication towards the environment and humanity. Many points are considered during the drafting of the process which includes:

- Respect for gender equality and equal opportunity in recruitment;
- Implementation of good practices in favor of ecology and the environment;
- A more sustainable management of the company’s and/or organization’s economy;
- Environmental and social impact study of each of the company’s projects.

SPL is committed to principles of sustainable development that ensures the company reduces its environmental negative impact and contributes to a healthier ecosystem. The production of security paper requires the sustainable production of cotton, and its transformation to paper in a resource efficient manner. SPL has achieved this through implementing continual improvement practices of 5S System, that lead to efficient operations of its products.

The Company has an Environmental Policy based on sustainability objectives/targets set on an annual basis by the Sustainability Council. These objectives are incorporated into KPIs of all functional areas for the financial year. SPL practices water stewardship by expanding its water recycling and waste water treatment. It aims to achieve reduction in energy consumption through continuing to identify opportunities for energy efficiency, and piloting a solar energy project.

WATER CONSUMPTION BY SOURCE

Source	2024-25	2023-24	Variance	
			Difference	(%)
Total Water Consumption (Gallons)	254,744,401	255,975,239	(1,230,838)	(0.48)
Total Paper Finish (Tons)	3,810	4,104	(294)	(7.16)
Gas Consumption (Cubic Meters)	2,239,839	1,967,710	272,129	13.83
Gas Consumption (Per Ton of Paper)	587.88	479.46	108.42	22.61
Water Consumption (Gallons)	254,744,401	255,975,239	(1,230,838)	(0.48)
Resource Per Unit Paper Finish Production (Thousand Gallons/Ton)	66,862.05	62,372.13	4,489.92	7.19
Electricity Consumption (KwH)	19,445,857	18,466,393	979,464	5.30
Resource Per Unit of Paper Finish Production (Kwh/Ton)	5103.89	4499.60	604.29	13.43
Electricity Co-Generation (KwH)	11,899,500	17,594,000	(5,694,500)	(32.36)
Solar Power Generation & Consumption (Kw)	172,470	49,509	122,961	248.36
Resource Per Unit of Paper Finish Production (KwH/Ton)	45.27	12.06	33.21	275.37

	DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
BUSINESS THEME	BUSINESS ACTION The Company offers opportunities for productive work with fair reward and job security in the workplace. We furnish avenues for personal development and empower our employees with freedom to express their concerns as well as highlighting suggestions for continual improvement by introducing a robust Reward & Recognition Program.
8.1	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
Business Theme	BUSINESS ACTION The Company maintains a motivated workforce through consistent focus on them training

	DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Economic Performance, Economic Value	and development. 872:00 hours Internal & 458:30 hours external trainings man-hours were delivered including a specialized training module for production & mould department to enhance the technical as well as social skills of our workforce. SPL offers merit-based pay increase to its workforce on annual basis.In technical side a Dual Fired Burner (Diesel/Gas) with the cost of PKR 37 million has been completed for operation of steam boiler with diesel or gas as per availability. This project enhanced efficiency of process and is saving down time in case of non or partial availability of natural gas.
8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors
BUSINESS THEME	BUSINESS ACTION Utilization of Waste Material Waste material utilization involves finding ways to reuse, recycle, or repurpose waste products, minimizing landfill disposal and promoting sustainability. This can include using waste materials in construction, agriculture, energy production and various other industries. Byproducts of one process can be transformed into valuable resources for another, creating a circular economy and reducing reliance on virgin materials.
Utilization of Waste	In order to prevent rain water to accumulate in SPL residential estate, about 166,117 ft² area has been land filled by utilizing 54,848 ft³ waste material obtained from excavation work.
8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-,small- and medium-sized enterprises, including through access to financial services.
BUSINESS THEME	BUSINESS ACTION The ratio of outsourced workforce in 2024-25 was 37.7% females and 62.29% male workforces approximately. Average hourly earnings of managerial staff are PKR 1071 approx. and of non-managerial staff PKR 428 approx. for 2024-25. We have a defined recruitment, selection and placement policy. Till date, all senior management has been inducted from various areas of the country. To create transparency, a recruitment portal has been created which is available on the Company website and all new recruits are being inducted through the same portal.
Economic Inclusion, Inclusive Business.	At senior management levels, General Manager (Commercial), Chief Financial Officer and General Manager (Projects & Operations) area newly appointed positions. In addition, out of total 22 new management hiring, 5 females positions were filled as General Manager, Senior Manager, Deputy Manager and Assistant Manager level.

	In order to improve business activities that continuously improve all functions and involve all employees from the CEO to the assembly line workers and to reduce or eliminate waste and redundancies which lead to lean manufacturing, 5S culture was promoted throughout the Organization. This was done to foster a positive and conducive work environment and to drive results from synergistic team building process that ensures equal representation from officers as well as staff and workers at all levels.
8.4	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities and equal pay for work of equal value.
8.5	Monthly Birthday Celebrations for Our Team At SPL, we value the moments that bring us closer as a team. Each month, we celebrate the birthdays of our employees, fostering camaraderie, strengthening team spirit, and ensuring everyone feels recognized and appreciated. 
BUSINESS THEME Diversity & equal opportunity, Employment.	BUSINESS ACTION Minimum wage paid to the employees is Rs. 37,000 per month that is in compliance with the legal requirement. Due to two injuries occurred the Lost Time Injury (LTI) remained at 2. Total 1,067 maximum LTI Free days have been achieved. SPL is fully compliant with the laws of land pertaining to labor rights. The Company promotes equal employment opportunity and prohibits discrimination on any ground. Currently, SPL has 5 differently abled employees and promotes diversity and better team cohesion at the workplace. Merit scholarship for SPL employee’s children SPL gives merit-based scholarships to the children of our employees every year. This year SPL offering scholarships in different levels including Matric, Intermediate, Graduation, Post-Graduation and Foreign Qualification.

	INDUSTRY, INNOVATION, AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
BUSINESS THEME	BUSINESS ACTION The Company is pursuing business process re-engineering and re- designing of core business processes to achieve improvement in profitability, improvement in customer service and reduction in operational costs. Improved efficiencies in our processes and practices have been achieved through consultation and participation of our employees that has ultimately resulted in improved bottom line performance. The Company has increased its spending on Infrastructure to PKR 188 million. These include: • Waste water recovery Plant upgrade; and • Development of RO Bores Consequently, we intend to improve our operational resilience, increase production capacity and energy efficiency.
9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
BUSINESS THEME Business Context	BUSINESS ACTION Digital Transformation Digital transformation changes the way an organization operates and systems, people, processes, workflow and organization culture are part of this process. It is the integration of digital technology into all areas of a business, fundamentally changing how you operate and deliver value to end users. It is the incorporation of computer-based technologies into an organization’s business applications, processes and planning. Benefits of Digital Transformation. Automating manual tasks and integrating data throughout the organization, saves time and empowers team members to work more efficiently on other projects. Digital Transformation can integrate applications, databases, and software into a central repository for business intelligence. Digital Transformation is not only a functional unit of the IT Department but encompass every department of the Company and can lead to process reengineering, innovation and efficiency across the organization. Digital Transformation in SPL to streamline the business processes and take benefits from technological advancement, SPL Management has undertaken initiative by forming a Digital Transformation Committee. The core intent of this committee is to develop agile & automated business processes to eliminate repetitive business tasks by creating integrated software bots, and timely implementation of Digital Transformation projects to increase business agility. Objectives of Digital Transformation Committee is to initiate, review, prioritize and ensure smooth implementation of Digital Transformation Projects of SPL from a cross-functional perspective by developing / implementing new Information Technology systems.

09 Industry, innovation and infrastructure	INDUSTRY, INNOVATION, AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Infrastructure investments	Various initiatives have been taken to up-grade infrastructure which broadly covers: • To increase energy mix from a more reliable and cost-effective source of Energy and green energy. • Enhance raw water availability. • Improve product quality via increasing control on factors impacting the quality
Resource-use efficiency	To nurture the culture of continual improvement and collaborative working; the concept of 5S has been introduced. An independent 5S management system audit was carried out. Further Details of Capital projects are given below:
	For Water supply enhancement Upgradation of waste water recycling plant 350,000 GPD with the cost of PKR 133 million enhance recycled water quantity from 165,000 GPD to 350,000 GPD. In addition, RO Plant 100,000 GPD capacity PKR 48 million for enhancement of RO treated water is also completed. Replacing two 1000 kVA transformers with two 1500 kVA transformers has increased the power capacity of the system. This enhancement accommodated a larger load or provide more redundancy for the power supply.

10 Reduced inequalities	REDUCED INEQUALITIES Reduce inequality within and among countries
10.1	By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average
10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
BUSINESS THEME	BUSINESS ACTION The Company promotes equality in the workplace by treating all staff fairly and ensuring equal access to opportunities for all employees. Our Human Resource Department plays an important role in helping all employees realize and develop their full potential. We strive to compensate all our employees for annual inflation effects allowing them to maintain their standard of living. We also provide healthcare insurance coverage to all employees.
Equal Opportunity Organization	Additional assistance is also provided in the form of merit based academic scholarships and grants for wedding ceremonies for their children. Besides that, funeral expenses incurred on the death of family members is also taken care of. The more deprived segments are provided with additional financial assistance through the Employee Welfare Fund Scheme.
	International Day of Persons with Disabilities On the International Day of Persons with Disabilities, we gathered for a meaningful luncheon with our differently-abled colleagues to recognize the importance and value of individuals with diverse abilities. It was a heartfelt exchange of stories, ideas and aspirations, reinforcing our commitment to creating an inclusive and supportive environment for everyone. At SPL, we are dedicated to ensuring that every individual feel valued, empowered, and uplifted as we move forward together
BUSINESS THEME	Amplifying the leadership of persons with disabilities for an inclusive and sustainable future
	

11 Sustainable Cities and Communities	SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable
11.2	By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
BUSINESS THEME	We conducted a Defensive Driving training session in collaboration with Motorway Police. This session provided our team with valuable knowledge and practical skills to promote safer driving practices. A big thank you to Motorway Police for their expertise in making this session informative and impactful. We remain committed to the safety and well-being of our employees, both on and off the road.
Minimize Accidents, Reduce Company Liability, and Potentially Lower Insurance Costs	BUSINESS ACTION Our surrounding communities are increasingly water stressed and availability of cheap potable water from pipeline (KWSB) is becoming a challenge day by day. Since water is an important requirement in our production processes, SPL has over the years partially diverted its sourcing of water to ground extracted high TDS water (high salts content, non-potable water) which it treats through self-operated RO plants. This greatly reduces the stress on the community and allows SPL to play its role in community building through sustainable sourcing of water. In addition to the above, SPL has improved on its sustainability pledge by investing in a state-of-the-art Waste Water Treatment Plant (WWTP) which we recycle up to one third of all our effluent water further improving our sustainability in business and the surrounding

17 Partnerships for the goals	PARTNERSHIP FOR GOALS Strengthen the means of implementation and revitalize Wthe Global Partnership for Sustainable Development
	BUSINESS ACTION SDG-17 aims for a greater mobilization of domestic resources to reduce dependence on foreign support, as well as enhanced international collaboration in technology and innovation. The Company enhanced cooperation with manufacturers of Banknotes Machinery to gain awareness with new technology and innovation taking place globally in the banknotes manufacturing industry. We actively engage with stakeholders across our entire value chain and at all levels in order to develop common solutions and create shared value. With time and effort, these contributions have started bearing fruits. Most of our implementation partners are those organizations with whom we are in a mature phase. Additionally, our long-term associations with both overseas and local companies have led to improved quality of business relations; especially in the following areas: • High Total Dissolved Solids (TDS) underground water processing-reverse osmosis plant • Waste water recycling and reuse • Cotton comber procurement • Key chemicals and security ingredients • Plant Maintenance, upgradation and knowledge transfer Contribution to the National Exchequer During the year under review the Company contributed an Amount of Rs.2,276 million to the national exchequer on account of direct and indirect taxes as compared to Rs 2,113 million during the corresponding period. In addition, the Company had also made foreign exchange saving of US\$ 28 million (approx.) through import substitution during the year.
17.3	Mobilize additional financial resources for developing countries from multiple sources

17

Partnerships for the goals



PARTNERSHIP FOR GOALS

Strengthen the means of implementation and revitalize Wthe Global Partnership for Sustainable Development

BUSINESS THEME

Ethics, Sustainability and Social Impact

BUSINESS ACTION

Corporate social Responsibility (CSR) Award 2024 conferred by National Forum for Environment and Health NFEH Status of adoption/compliance with the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP, or any other applicable regulatory framework.



Governance

At SPL, Corporate social responsibility (CSR) is more than a commitment, it's a strategy approach that integrates ethical, social, and environmental considerations into our business operations. Our CSR initiatives reflect our belief that success is not solely measured by profits, but also by the positive impact we create in the communities we serve. Often aligned with the concept of corporate citizenship, our approach underscores the idea that a company can drive meaningful change and contribute to the betterment of society.

CSR is a topic that resonates strongly with the Board of Directors, as it reflects the company's culture, values, and responsible business practices. At SPL, the CSR Policy is formally approved by the Board and is aligned with the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the Securities and Exchange Commission of Pakistan (SECP). This framework ensures that our CSR initiatives are not only strategically aligned but also transparent, ethical, and impactful. The Board of Directors, through the Human Resource & Remuneration (HR&R) Committee, is responsible for the approval, monitoring, and evaluation of CSR programs and projects. The Committee ensures that Security Papers Limited (SPL) actively contributes to

17

Partnerships for the goals



PARTNERSHIP FOR GOALS

Strengthen the means of implementation and revitalize Wthe Global Partnership for Sustainable Development

BUSINESS ACTION

the betterment of society and the environment. Its key responsibilities include:

- Evaluating and approving the annual CSR Plan
- Monitor CSR projects and activities as and when needed.
- Ensuring that the allocated CSR budget is effectively utilized within the financial year.

The CSR Policy of the Company encourages investments in responsible initiatives and mechanisms that positively impact both society and the environment. This approach reinforces SPL's long-term contribution toward achieving the Sustainable Development Goals (SDGs). Accordingly, SPL emphasizes collaboration with reputable partners who demonstrate expertise and credibility in their respective areas of impact. In line with our CSR commitments, contributions have been made to the following organizations:

INSTITUTION	FY 2024-25 (PKR)
The Indus Hospital and Health Network	5,880,000.
Dr Ruth K.M.Pfau, Civil Hospital	2,815,000.
The Citizen Foundation:	2,250,000.
SOS children's villages:	3,174,324.
Others	17,676
Grand Total	14,137,000

PRIORITY NO.3

12

Responsible Consumption and Production



RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

BUSINESS THEME

Goods and Services Produced and Consumed

BUSINESS ACTION

Sustainable Consumption and Production invariably requires improved production efficiencies for which the company identified opportunities in Energy Conservation and Resource Utilization.

Annual Paper Finished Reams in FY 2024-25, Banknote Paper 167,009 Non-Banknote Paper 23,190 Total 190,199

Following main components of value chain:

- Inbound logistics included functions like receiving, warehousing, and managing inventory.
- Operations include procedures for converting raw materials into a finished product.
- Outbound logistics include activities to distribute a final product to a consumer.
- Marketing and sales include strategies to enhance visibility and target appropriate customers.

12 Responsible Consumption and Production	
RESPONSIBLE CONSUMPTION AND PRODUCTION	
Ensure sustainable consumption and production patterns	
	Energy Conservation:The organization has achieved overall improvement in its energy consumption. The Company has a self-co-generation power plant and is aware of the country's need for energy conservation. Avenues having energy saving possibilities are identified and analyzed for energy conservation projects. Employees are encouraged to switch off lighting, computer systems, electronic equipment and air-conditioners when not in use. Heat Insulation is provided and equipment are well maintained to conserve energy. The Company undertook initiatives to reduce the consumption of energy to bridge the gap between energy supply and its increasing requirements such as: Upgrading the technology used in driving our upstream production processes: • Direct Fired Absorption Chiller Fans • Feedstock Preparation Motors • Inverter based motor drives Heat insulation is provided in steam lines and tanks to avoid heat losses. Replacement of all conventional lights with LEDs - is saving of over PKR 5 million per annum. Awareness of energy saving habits and practices in offices and workplace. Annual Consumption of Resources (2024-25) Resource Quantity Water (Gallons) 254,744,401 Gas (Cubic meters) 2,239,839 Electricity (Kwh) 19,445,857 Efficient Resource Utilization: a key metric of sustainability and improved profitability is consumption of resources per ton of paper produced.
12.2 BUSINESS THEME Energy Efficiency & Water Efficiency Water Quality	By 2030, achieve the sustainable management and efficient use of natural resources. BUSINESS ACTION Following is the status of completed, in progress and to be completed Projects in future.

12

Responsible Consumption and Production

RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

Projects FY 2024-25 (Completed)	Cost PKR in Million	Remarks
RO Plant 100,000 GPD capacity	48	For enhancement of RO treateda water
Dual Fired Burner (Diesel/Gas)	37	For operation of steam boiler with diesel or gas as per availability
Upgradation of Mould CNC Machine	3	Technological upgrade of CNC milling machine
Solar powered system 110 kW	9.4	Alternate energy resource
Upgradation of waste water recycling plant 350,000 GPD	133	Enhance recycled water quantity from 165,000 GPD to 350,000 GPD
Projects In-Progress	Cost PKR in Million	Remarks
Development of RO Bores	44	02 NO. bores for enhancement of RO treated water
Water storage tank	65	For enhancement of water storage capacity up to 500,000 gallons
Upgradation of Mould Embossing Machine	205	For technological upgrade of the machine
Automatic Fire Incinerator	12.134	To improve efficiency of old incinerator for waste paper
Future Projects FY 2024-25	Cost PKR in Million	Remarks
Cargo Lift of Pulp Mill	20	To enhance safety and reliability during stock feeding process at Pulp Mill
Replacement of Engine for Co- generation Plant	98	To improve efficiency of power generation with cost effective solution
Solar Powered system 350 kW	40	To enhance renewable energy resources

12.4

By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

12 Responsible Consumption and Production RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns	
BUSINESS THEME Environmental Management System	BUSINESS ACTION The Management is responsible for the safe operations of its manufacturing facilities and handling of hazardous chemicals and to control their release into air water and soil in an environmentally friendly manner. Regular Environment monitoring testing is being carried out under consultation of SEPA certified Consultant, established and followed SEPA approved Hazardous Substance Management Plan (HSMP). The Hazardous Substances Rules, 2014 are complied with. NOC has also been obtained from Sindh Environment Protection Agency (SEPA) which is renewed annually. Environmental feedback survey is also conducted every year from neighboring communities to identify environmental issues pertaining to our surrounding / environment that may have the potential for causing adverse impact on our community. Third Party Audit of ISO 14001:2015 Certification on Environment Management System is conducted by SGS Pakistan (Pvt.) Ltd. on an annual basis that assesses our environmental protection performance. A document titled “Aspect/Impact Analysis Report” has also been developed for conducting environmental risk assessment and controls duly reviewed and vetted by Certified SEPA Consultant.
	Air Quality Emissions into the air are monitored at the source point every quarter with accordance to the SEQS. Ash sampling and analysis is undertaken on an annual basis through SEPA certified labs.
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
	BUSINESS ACTION • SPL has its own scrapyard where hazardous and non-classified materials are managed in accordance with the international agreements signed by the Government of Pakistan. Hazardous waste is controlled at the point of generation and disposed as per regulatory requirements. • Waste wood derived from following sources are recycled and converted into wooden doors used with the factory premises. This includes pallets, medium density fiberboard (MDF), beams, window frames, door frames, floorboards, shuttering, fence panels, chip board, tree debris etc. Upgradation of waste water recycling plant. Enhance recycled water quantity from 165,000 GPD to 350,000 GPD In future 02 new bore to be constructed for enhancement of RO treated water with the cost of PKR 44 million.
Waste Management	

EFFLUENT AND SOLID WASTE

Waste Category	Unit	FY 2024-25	FY 2023-24
Dry Batteries	Nos.	141	56
Different Auto Spare with Filters	Lot	0	0
Monitors Unserviceable	Nos.	0	0
Printer Unserviceable	Nos.	0	0
Computer Accessories	Lot	0	1
Electrical Scrap & Different Spare	Lot	1	1
Oil Used Large Drums	Nos.	0	37
Oil Used Small Drums Mixed	Nos.	96	3
Oil Empty medium Drums	Nos	100	-
Batteries Different type Liquid	Nos.	55	37
Plastic Bobbins	Kgs	2000	0

Paper Waste	FY 2024-25	FY 2023-24	Variance %
Total Waste (Paper)	189,136 Kg	248,240 kg	(23.8)
Total Waste of Paper per unit of production (Paper made)	45.35	55.29	(17.97)

13 Climate Action CLIMATE ACTION Take urgent action to combat climate change and its impacts	
BUSINESS THEME Adapting to Climate Impacts	BUSINESS ACTION World Environment Day 2025 At Security Papers Limited, sustainability is not only a commitment but a shared responsibility. To mark this year’s Environment Day, our team participated in a tree plantation drive alongside Company CEO and senior management, reaffirming our collective commitment to a greener future. We also set up a pledge wall, where employees shared their personal commitments towards protecting the environment - one promise at a time.

13Climate Action CLIMATE ACTION Take urgent action to combat climate change and its impacts	
	
BUSINESS 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 adhere to all the environmental standards required as part of ISO 14001: 2015 certification as well as those required as part of Sindh Environmental Quality Standards (SEQS) regulated by the Sindh Environmental Protection Agency (SEPA). Environmental Feedback Survey is also conducted annually to assess the environmental impact of operational activities of the Company on the local community. The Company adopted rigorous monitoring routine and pursuing continuous tracking of all its stack, vehicular emissions and solid waste disposal, allowing it to preemptively address any maintenance or corrective measures. All solid wastes are classified into Hazardous and Non-Hazardous. A well-organized scrap yard has been established to stack waste materials in systematic and controlled manner.	

13Climate Action CLIMATE ACTION Take urgent action to combat climate change and its impacts	
We have a fully operated and efficient Effluent Treatment Plant (ETP). In order to protect environment, liquid effluent is treated in Effluent Treatment Plant and operated through Standard Operating Procedure. Both internal and external testing are carried out to comply with the regulatory provincial standards. The final environmental hazardous properties of effluents are controlled periodically and ensured to comply with SEQS standards. We have launched a large-scale Waste Water Treatment Plant where we are able to recycle up to 300,000 GPD of our effluent back into our Production cycle, thereby greatly reducing environmental pollution and improving our raw material efficiencies. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	
BUSINESS THEME GHG	BUSINESS ACTION In the year 2024-25 total 4,260 metric tons of carbon were recorded based on electricity and gas consumption which is (13.84%) more than previous year. Further to increase minimum 60% plantation has taken up as sustainability objective for 2024-25 as compared to FY 2023-24.
BUSINESS THEME Risk Assessment	BUSINESS ACTION An Aspect Impact Analysis Report, IMS Risk Register, and Business Continuity Planning Manual has been developed to ensure that climate change impacts are controlled and do not interfere with business operation continuity. These guidelines are reviewed and updated on a bi-annual basis. The report involves assigning controls for the risks identified against each environmental aspect in the organization. The plan covers climate related and natural disasters including epidemics, earthquakes, fires, floods, cyclones or other such storms, power outages, water supply interruption or contamination, and chemical spills. An IT security risk assessment is the process of assessing the risks facing your organization’s assets, data and information systems, as well as evaluating the possible implications. The ultimate goal of an IT risk assessment is to reduce the identified risks in order to avoid security incidents and compliance violations. In order to meet the business objectives of SPL and cybersecurity concerns, The IT department highlighted the risk areas and gaps and updated the risk assessment checklist accordingly which could be beneficial in achieving the secured and improved results. The Information Security updates, backups and practices provide assurance to all interested parties of SPL that adequate procedures, practices and controls are in place.
BUSINESS THEME Resilience	BUSINESS ACTION In our Business Continuity Planning Manual, plans and actions have been set in place to deal with physical or infrastructural emergencies by ensuring the on-site presence of chemical spill kit, fire-fighting mechanisms, sand-bags, and battle box. Automatic Fire Incinerator project is in the pipeline will be installed in future with the cost of PKR 12.34 million which will replace conventional waste Paper Burner to reduce stack emission including greenhouse gasses such as CO₂.

13 Climate Action CLIMATE ACTION Take urgent action to combat climate change and its impacts	
Business Theme	BUSINESS ACTION More Than 3.98 million Budget has been allocated for Environmental legal obligations and Trainings concerned to the Environment. A Standard Operation System Procedure “ Compliance obligation, legal & other requirements ” and has been established and complied. Regular Environment monitoring testing is being carried out under consultation of SEPA certified Consultant, established and followed SEPA approved Hazardous Substance Management Plan (HSMP) . <i>The Hazardous Substances Rules, 2014</i> is fully complied and in place, NOC has also been obtained from. Sindh Environment Protection Agency (SEPA) which is regularly renewed annually. All test reports are verified by SGS auditors during periodic surveillance & re-certification audits. Various initiatives such as reducing further reliance on water from local sources by establishing R.O. and water recycling plants, and lowering dependency on grid energy supply through in-house arrangements have been taken.
	Investment in Environmental Protection and Resilience Co-Generation Plant with heat recovery facility that complies with the NEQS. During heat waves, employees are provided with hydration supplements to ensure that they are protected from dehydration. In house training on Climate Change and Environment Management System was conducted to enhance awareness among relevant processes employees Keeping in mind the following key benefits and Legal requirements, more than 200 trees were planted with factory and residential premises. Further there were number of trees plantation planned to increase in future. 1. Excess carbon dioxide (CO₂) is building up in our atmosphere, contributing to climate change. Trees absorb CO₂, removing and storing the carbon while releasing oxygen back into the air. In one year, an acre of mature trees absorbs the same amount of CO₂ produced when you drive your car 26,000 miles. 2. Trees absorb odors and pollutant gases (nitrogen oxides, ammonia, sulfur dioxide and ozone) and filter particulates out of the air by trapping them on their leaves and bark 3. In one year, an acre of mature trees can provide enough oxygen for 18 people. 4. Average temperatures in Karachi have risen as tree coverage has declined and the number of heat-absorbing roads and buildings has increased. Trees cool the city by up to 10°F, by shading our homes and streets, breaking up urban “heat islands” and releasing water vapor into the air through their leaves. 5. Three trees placed strategically around a single-family home can cut summer air conditioning needs by up to 50 percent. By reducing the energy demand for cooling our houses, we reduce carbon dioxide and other pollution emissions from power plants. 6. Shade from trees slows water evaporation from thirsty lawns. Most newly planted trees need only fifteen gallons of water a week. As trees transpire, they increase atmospheric moisture.

13 Climate Action CLIMATE ACTION Take urgent action to combat climate change and its impacts	
Business Theme	7. Trees reduce runoff by breaking rainfall thus allowing the water to flow down the trunk and into the earth below the tree. This prevents stormwater from carrying pollutants to the ocean. When mulched, trees act like a sponge that filters this water naturally and uses it to recharge groundwater supplies. 8. On hillsides or stream slopes, trees slow runoff and hold soil in place. 9. Skin cancer is the most common form of cancer in the world. Trees reduce UV- B exposure by about 50 percent, thus providing protection to outdoor working workforce, where work force spend hours outdoors.
	BUSINESS THEME Greenhouse Gases Emission 13.2 BUSINESS THEME Training & Awareness BUSINESS ACTION A series of training and awareness sessions are held for all levels of employees to ensure alignment of the Sustainability objectives with business actions. Training and Awareness Few examples of training and awareness session are given below which were imparted during FY 2024-25. 1. Middle Manager Development Program 2. Sustainability Reporting 3. PICG'S Directors Training Program 4. Fire Fighting & CPR 5. Environment Management System 6. Work Place Safety 7. Work Life Balance 8. Radiation Protection Safety & Security 9. Performance Management System Session Best Practices of HSE 10. Incident Investigation Report 11. Advance Excel Skills etc.
Business Theme	BUSINESS ACTION Waste management The concept of 7Rs (Recycle, Reuse, Reduce, Repurpose, Refuse, Repair & Rethink) has been inculcated into the workplace through cross-functional team efforts such as 5S system implementation throughout the organization. The most fascinating examples are Re-Use of Wooden Pallets Used wood has been reused to produce softwood block pallets which are one of the most popular types of pallets used in the manufacturing and storage areas. In addition, used wood has been recycled and produced wooden doors which are used within the factory premises they are also environment friendly.

13Climate Action CLIMATE ACTION Take urgent action to combat climate change and its impacts	
	Cost and Benefits: Engaging pallet recycling have financial benefits for businesses. Instead of paying disposal fees for pallets, SPL saved money approx. PKR 1.50 Million by opting for recycling. Additionally, using recycled or refurbished pallets is a cost-effective alternative to purchasing new ones. The production department has taken recycled 600 pallets, to use the available wooden material having size (7" high x2" thick x2'-5" long). Utilization of Waste Material Waste material utilization involves finding ways to reuse, recycle, or repurpose waste products, minimizing landfill disposal and promoting sustainability. This can include using waste materials in construction, agriculture, energy production, and various other industries. Byproducts of one process can be transformed into valuable resources for another, creating a circular economy and reducing reliance on virgin materials. In order to prevent rain water to accumulate in SPL residential estate, about 166,117 ft² area has been land filled by utilizing 54,848 ft³ waste material obtained from excavation work.
BUSINESS THEME	BUSINESS ACTION
Strategy	The Company has a well-defined documented sustainability objective developed by relevant Interested Parties. These objectives are implemented across the organization. Company-wide Sustainability objectives aligned with the company's wider targets have been incorporated into employee KPIs for FY 2025-26.
Training & Education	Climate awareness training topics such as water conservation, energy conservation, heat stroke awareness, climate change, and emergency response procedures would be included into the Annual Training calendar for FY 2025-2026. Training and Awareness In order to improve the awareness of IT usage, security, data backups, operations, policies, functions and procedures, the IT department conducted multiple trainings on the different areas of Information Technology such as, IT Security and backups, efficient email correspondence etc. It is a mandatory requirement of ISMS to arrange frequent Information Security training. The IT Department also ensures to create Information Security awareness via emails on a periodic basis.
	Night Time Fire Fighting & Security Mock drill SPL produces security paper products that are the most flammable of all papers. Therefore, to ensure the protection of finished products, raw materials, and all auxiliary materials, including fixed assets, and the safety of its employees/workers, up-gradation of the New Fire Hydrant & Fire Sprinkler and Public Addressing System. have been installed to protect against fire hazards.
Institutional Capacity Building	

13Climate Action CLIMATE ACTION Take urgent action to combat climate change and its impacts	
	Nighttime firefighting mock drills offer unique benefits by preparing personnel for emergencies under low-visibility conditions, enhancing coordination and response in challenging situations, and ensuring compliance with safety regulations. These drills help identify weaknesses in nighttime procedures, improve communication strategies, and reduce panic during actual emergencies. Fire detection systems are designed to detect early fire; therefore, evacuation can take place before the fire spreads to other areas of the building. Early detection also plays a critical role in responding to emergencies. In addition, bomb disposal capability and counter terrorist attack drill have been rehearsed by well trained professional army personnel lead by Army officer colonel (R) in night time. All regular employees' visitors and top management participated in compliance with SOP "Site emergency & response plan" and other Security Protocols were also practiced.
	 
Mitigation and adaptation	All Company owned vehicles are serviced regularly through a reputable service provider. Emissions monitoring is being done on quarterly basis. Detailed survey has been conducted out at regular intervals to identify the critical areas with respect to monsoon season. Water proofing of all vulnerable roof areas have been carried out as per survey to ensure safety of Plant and material. Dual Fired Burner (Diesel/Gas) For operation of steam boiler with diesel or gas as per availability with the cost of PKR 37 million To enhance water availability bore for R.O Plant has been completed with the cost of PKR 48 million.

13

Climate Action



CLIMATE ACTION

Take urgent action to combat climate change and its impacts

CARBON FOOT-PRINT GENERATED FROM
DIRECT GAS AND ELECTRICITY CONSUMPTION (SCOPE -1 & 2)

Description	2024-25	2023-24	Variance %
Carbon Foot-Print Generated from Gas Consumption (Metric Tons)	4,260	3,742	13.84

14

Life Below Water



LIFE BELOW WATER

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

14.1	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
BUSINESS THEME Reduction in Pollution	BUSINESS ACTION We consider our prime responsibility to monitor our liquid effluent discharge parameters and ensure that all environmental standards are met for all kinds of effluents either gaseous, liquid or solids. We believe that healthy oceans and seas are essential to our existence as they cover 70 percent of our planet. The key target of SDG-15 is to increase and mobilize financial resources to ensure sustainable use and conservation of ecosystems.
	We understand that oceans are one of the most important resources that we have, as they provide key natural resources including food, energy and water. Our monitoring of treated effluent water as per standards defined by SEPA in the SEQS, which allows us to control our impact on the environment.
	Our Hazardous Waste Disposal is highly regulated, with such disposal carried out at designated sites through ISO certified handling methods and SEPA certified logistics contractors only. Such sites contain provisions for treatment and bio-degradation of toxic chemicals to acceptable levels, with the aim to prevent toxic leeching into the ground and protecting ground water. In this regards Hazardous substance rules are complied with.

15

Life on Land



LIFE ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

15.3	By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation neutral world
BUSINESS THEME Discouraging Deforestation	BUSINESS ACTION A flourishing life on land is the foundation for our life on this planet. Being socially responsible, we believe in conservation, restoration and sustainable use of Land. We understand that in order to retain the integrity and vitality of natural resources and to ensure long-term socio- economic growth and prosperity, sustainable management of land is key. SPL aims to contribute to this SDG by mitigating its impact and dependence on ecosystems. We have implemented strategies to incentivize sustainable environmental stewardship. Normally in a paper manufacturing industry, wood pulp is used by cutting trees in manufacturing paper. Instead of this practice, we utilize cotton comber as critical input raw material. This is procured from spinning mills which is a byproduct of their core manufacturing operations. Additionally, we continue to work closely with our stakeholders to meet and exceed all the environmental regulations relevant to our organization, improve consumption efficiency of raw materials and set annual targets for improvement in these areas. SPL has increased efforts towards innovation, investing in infrastructure and implementing responsible sourcing policies, The Company aims to play its role in preserving and restoring vital ecosystems, promoting the sustainable use of land and forests, while retaining consumer confidence in its product offerings.
	Promoting a sustainable use of our ecosystems and preserving biodiversity is not a cause but key to our own survival. Through our horticulture team, we managed to plant 1,000 fruit bearing trees and 350 flowering plants within our factory and residential premises. SPL, we believe in making a difference - not just in our work, but also for the communities, we serve.
	In alignment with this global initiative, our Company organized a blood donation drive, reflecting our deep commitment to supporting healthcare not only through our professional endeavors but also through our community contributions. This initiative is a testament to our core values of teamwork, collaboration, and creating a positive impact to save humanity on land. It is more than just a day of giving; it is part of the cultural change that we foster and strive for at SPL.
	SPL thanks its employees that participated and embodied the spirit of care and giving back. Together, we can achieve much more and should continue spreading kindness and making an impact!



LIFE ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

14TH Fire Safety award conferred by The National Forum for Environment and Health (NFEH)



18th Occupational Health and Safety award Conferred by Employer's Federation of Pakistan (EFP)



World Day for Safety and Health at Work



BUSINESS THEME
Safety First



LIFE ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



At Security Papers Limited, we observed the World Day for Safety and Health at Work with energy and commitment.

An engaging Health & Safety-themed Treasure Hunt centered around safety practices was organized, and the event concluded with a Walk for Safety - symbolizing our ongoing dedication to a safer and healthier workplace.

GLOSSARY AND ACRONYMS

AGMs	Annual General Meetings-
BMR	Balancing, Modernization and Replacement.
BTU	British Thermal Unit
CBS	Corporate Briefing Session
CEO	Chief Executive Officer
CFL	Compact Fluorescent Light
CFO	Chief Financial Officer
CPR	Cardio - Pulmonary Resuscitation
CSR	Corporate Social Responsibility
CSSD	Central Sterile Supply Department
DCP	Dry Cleaning Plant
ExCom	Executive Committee
ERM	Enterprise Risk Management
ESG	Economic, Social, and Governance goals
ECDE	Early Childhood Development Education
ETP	Effluent Treatment Plant
FY	Fiscal Year
FBR	Federal Board of Revenue
GM	General Manager
GHG	Green House Gases
GMP	Good Manufacturing Practices
GPD	Gallons Per Day
GRI	Global Reporting Initiatives
GST	General Sales Tax
HCl	Hydrochloric Acid
HR & A	Human Resources & Administration
H2SO4	Sulphuric Acid
HSE	Health, Safety and Environment
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
IMS	Integrated Management System
ISO	International Organization for Standardization
KE	Karachi Electric
KPI	Key Performance Indicator
KWSB	Karachi Water Supply Board
KW	Kilo-watt
Kwh	Kilo-watt hour

GLOSSARY AND ACRONYMS

LED	Light Emitting Diode
MAP	Management Association of Pakistan
MIS	Management Information System
MRC	Management Review Council
MW	Mega watt
NaOH	Sodium Hydroxide (Caustic Soda)
NEQS	National Environmental Quality Standards
NFEH	National Forum for Environment & Health
NOC	No Objection Certificate
OHSAS	Occupational Health and Safety Management System
PIM	Pakistan Institute of Management
PM	Particulate Material
PM-2	Paper Machine - 2
PMS	Performance Management System
PPEs	Personal Protective Equipment
PPRA	Public Procurement Regulatory Authority
PSPC	Pakistan Security Printing Corporation (Pvt.) Limited
PSX	Pakistan Stock Exchange
PVC	Polyvinyl Chloride
RLCC	Rana Liaquat Craftsmen Colony
RO	Reverse Osmosis Plant
SDGs	Sustainable Development Goals
SECP	Security Exchange Commission of Pakistan
SEPA	Sindh Environmental Protection Agency
SEQs	Sindh Environmental Quality Standards
SOP	Standard Operating Procedures
SMEDA	Small Medium Enterprise Development Authority
SPL	Security Papers Limited
SS	Stainless Steel
SST	Sindh Sales Tax
SWOT	Strengths, Weaknesses, Opportunities & Threats
TBL	Triple Bottom Line
TCF	The Citizen Foundations
TDS	Total Dissolved Salts
UN	United Nations
UNGC	United Nations Global Compact

ACCOMPLISHMENT OF COMPANY WIDE
SUSTAINABILITY OBJECTIVES FOR FY 2024-25

S #	Sustainability Objectives	Unit	FY 2024-25 (A)	FY 2023-24 (B)	Difference (B-A)	%Variance (B-A/A)	Type of Variance (Favorable/ Unfavorable)	Justification
1	1% reduction in direct gas consumption per ton of paper made for FY 2023-24 as compared to last year.	m³	2,239,839	1,967,710	272129	13.83	Unfavorable	Due to low gas pressure to Cogeneration n plant WHRB could not operate on full capacity
2	Maintain 2.6% in Engineering downtime (out of available hours) (Mechanical + Electrical) for FY 2024-25 as compared to last year.	hrs.	1570.25	1233.05	337.2	27.34	Unfavorable	Due to damage of Water supply lines resulting low water supply from KWSB to the plant
3	5% decrease in reliance on local power supply (K-electric) through self-generation source for FY 2024-25 as compared to last year.	Kwh	11,899,500 Co gen generation	17,594,000 Co gen generation	(5,694,500)	(32.37)	Unfavorable	Could not achieved due to unforeseen steps taken by the SSGS by lowering the gas pressure
4	4% reduction in Genuine Customer complaints for FY 2024-25 as compared to last year.	No.	3	4	(1)	(25)	Favorable	Better Process monitoring and maintaining Quality of the products reduction in complaint achieved

S #	Sustainability Objectives	Unit	FY 2024-25 (A)	FY 2023-24 (B)	Difference (B-A)	%Variance (B-A/A)	Type of Variance (Favorable/ Unfavorable)	Justification
5	1% reduction in process losses for FY 2024-25 as compared	%	2,239,839	16.99	0.03	0.17	Unfavorable	Due to lower supply of water and gas, number of starting and stoppage of plant increased resulting in increase in process losses
6	5% increase in tree plantation for FY 2024- 25 as compared to last year.	No.	200	125	75	60	Favorable	More focused on climate change more trees are planted
7	Total Sustainability related training more than 2500 man-hours for FY 2024-25 as compared to last year.	Man hours	1330:30	1,224:05	106.25	8.68	Favorable	Enhanced Trainings
8	Promote 100% accident-free environment and foster safety culture through implementation of continual improvement initiative such as Training and awareness sessions, Tool Box Talks, GMP Rounds observations, 5S, Reward & recognition programs etc.in FY 2024-25.	No.	2 Minor incidents	zero	(2)	200	Unfavorable	Due to untrained contractor's workforce Incident occurred

COMPANY WIDE SUSTAINABILITY OBJECTIVES FY 2025-26

S#	Finalized Targets	Department
1	0.5% reduction in direct gas consumption per ton of paper made for FY 2025-26 as compared to last year.	Mechanical Engineering
2	Maintain 2.6% in Engineering downtime (out of available hours) (Mechanical + Electrical) for FY 2025-26 as compared to last year.	Engineering Department
3	2% decrease in reliance on local power supply (K-electric) through self-generation. source for FY 2025-26 as compared to last year. Devise a mechanism for best possible energy mix to utilize natural resources more efficiently.	Electrical Engineering
4	4% reduction in Genuine Customer complaints for FY 2024-25 as compared to last year.	Quality Assurance
5	1% reduction in process losses for FY 2025-26 as compared to FY 2024-25.	Quality Assurance
6	5% increase in tree plantation for FY 2025-26 as compared to last year.	Administration
7	Total Sustainability related training more than 1500 man-hours for FY 2025-26 as compared to last year.	Human resource
8	Promote 100% accident-free environment and foster safety culture through implementation of continual improvement initiative such as Training and awareness sessions, Tool Box Talks, Safety observations, 5S, etc.in FY 2025-26.	All Departments

INDEPENDENT ASSURANCE STATEMENT



INDEPENDENT LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT TO THE MANAGEMENT OF SECURITY PAPERS LIMITED

We have been engaged to perform limited assurance engagement on the sustainability report of Security Papers Limited ("the Company") for the year ended on June 30, 2025.

Our scope of review is limited only to the selected areas presented and disclosed in the Sustainability Report of Security Papers Limited ("the Company"), which has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards and the Pakistan Stock Exchange (PSX) ESG Reporting Guidelines.

Management’s Responsibility on the Sustainability Report

The Management of the Company ("the management") is responsible for the preparation of the sustainability report with reference to the GRI sustainability reporting standards ("GRI Standards") issued in 2021 by GRI.

The management is responsible for the identification of material topics and the completeness and accuracy of the disclosures.

The Management is also responsible for that part of the internal control they consider necessary in order to enable the preparation of a sustainability report that is free from material misstatement whether due to fraud or unintentional behavior or event.

The Management is additionally responsible for the defining the objectives regarding the sustainability performance and the report of the achieved results as well as for the identification of the stakeholders and significant matters to report.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standards on Quality Management (ISQM 1) " Quality Management for firms that perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements " and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, adherence to professional standards and meeting applicable legal and regulatory requirements.

MMB

Our Responsibility

It is our responsibility to provide a limited assurance conclusion, on the basis of procedures performed, about the compliance of the sustainability report with the requirements of GRI Standards (With Reference to only). We conducted our work in accordance with the International Standard on Assurance Engagement 3000 (ISAE 3000 Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and execution of procedures in order to obtain limited assurance that the sustainability report is free from material misstatement.

Therefore, the extent of work performed in our examination was lower than that required for a full examination in accordance with ISAE 3000 Revised ("reasonable assurance engagement") and hence does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

The procedures performed on the sustainability report were based on our professional judgment and included inquiries, primarily with the Company's personnel responsible for the preparation of information included in the sustainability report, document analysis and other procedures as considered appropriate.

In particular, the following procedures were performed:

- conducted interviews with few of the relevant personnel responsible for the activities mentioned, under the different areas, in the sustainability report to understand Company's commitment with regards to sustainability;
- inquired about the Company's approach to stakeholder engagement and mechanism to identify material issues and review relevant documents on sample basis;
- inquired relevant personnel and reviewed the relevant documents and systems for gathering, analyzing and aggregating sustainability performance data in the reporting period and performing site visits as part of the review procedure; and
- discussed with relevant management personnel of the Company about future plans and projects pertaining to social, environmental and sustainable development.

Inherent Limitations

The procedures performed in a review vary in nature and timing and are less extensive than those for a reasonable assurance engagement, and audit. Consequently, the level of assurance obtained in a review is substantially lower than that which would have been obtained had a reasonable assurance engagement been performed.

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information may occur and may not be detected. Our review is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the overall Report and is limited to selected sections where metrics aligned with GRI Standards are reported, as the engagement has not been performed continuously throughout the reporting period, and the procedures performed were undertaken on a test and sample basis.

Limitations

Our scope of work did not involve the following:

- Aspect of the reports other than those mentioned above
- Data and information outside the defined reporting period
- Technical information which required an expert for its verification
- The Company's statement that describes expression of opinion, brief, aspiration, expectation, aim or future intention and national or global social – economic, sustainability and environmental aspects and/or other initiatives and aspirations in this regard.
- Data and information on economic and financial performance of the Company, which we are informed, are from the Company's financial records.
- Information for which independent evidence were not available, the management of the Company has provided a written representation regarding the authentication of that information.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the report is not presented, in all material respects, with reference to the framework adopted by the Company in line with the sustainability reporting guidelines of Global Reporting Initiatives (GRIs) and supported by Company's internally defined procedures.

Restriction of Use of Our Report

Our report is intended solely for the Management of the Company and is not to be used by, or distributed to, any other parties, or any other purpose. This report relates only to the items specified above and does not extend to any financial statements/information/reports of the Company taken as a whole. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent Limited Assurance report, or for the conclusions we have reached.


 Kreston Hyder Bhimji & Co.
 Chartered Accountants
 Karachi: 29 August 2025

GRI Index

“Statement of use “	Security Papers Limited has reported in accordance with the GRI Standards for the period July 01, 2024 to June 30, 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	

Gri Standard/Other	Disclosure	Location	Require	Omission		GRI Sector Standard Ref. No.
				Reason	Explanation	
GRI 2: General Disclosures 2021	2-1	Organizational details			• Company Profile • Geographical Presence • Company Information	
	2-2	Entities included in the organization’s sustainability reporting			IMS Department	
	2-3	Reporting period, frequency and contact point			01-07-2024 to 30- 06-2025	
	2-4	Restatements of information			Company Information	
	2-5	External assurance			About the Report	
	2-6	Activities, value chain and other business relationships			Value Chain Analysis	
	2-7	Employees			Social Changes Human Capital Number of Employees	
	2-8	Workers who are not employees			Outsourced Employee	
	2-9	Governance structure and composition			Corporate Governance	
	2-10	Nomination and selection of the highest governance body			Corporate Governance	
	2-11	Chair of the highest governance body			Corporate Governance	
	2-12	Role of the highest governance body in overseeing the management of impacts			Corporate Governance	
	2-13	Delegation of responsibility for managing impacts			Corporate Governance	
	2-14	Role of the highest governance body in sustainability reporting			Enhancing Transparency and Trust - ESG Governance Framework	
	2-15	Conflicts of interest			Corporate Governance	
	2-16	Communication of critical concerns			Business Conitnuity Plan	

GRI2: General Disclosures 2021	2-17	Collective knowledge of the highest governance body	Board of Directors				
	2-18	Evaluation of the performance of the highest governance body	• Directors’ Report • Corporate Governance				
	2-19	Remuneration policies	• Directors’ Report • Corporate Governance				
	2-20	Process to determine remuneration	• Directors’ Report • Corporate Governance				
	2-21	Annual total compensation ratio	Notes to the Financial Statements				
	2-22	Statement on sustainable development strategy	• Corporate Governance • Adaptation Strategy and Action Plan				
	2-23	Policy commitments	International Environmental Brief Commitments and Obligations				
	2-24	Embedding policy commitments	Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019				
	2-25	Processes to remediate negative impacts	NA				
	2-26	Mechanisms for seeking advice and raising concerns	SDG-5 Gender Equality Achieve gender equality and empower all women and girls				
	2-27	Compliance with laws and regulations	• Directors’ Report • Corporate Governance				
	2-28	Membership associations	KCCI				
	2-29	Approach to stakeholder engagement	Company Wide Sustainability Objectives				
	2-30	Collective bargaining agreements	NA				
GRI3: Material Topiocs 2021	3-1	Process to determine material topics	ESG Governance Framework				
	3-2	List of material topics	• National Clean Air Policy (NCAP) • About Sustainability Reporting • Materiality Assessment				
	3-3	Management of material topics	• National Clean Air Policy (NCAP) • About Sustainability Reporting • Materiality Assessment				
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Geographical Presence				
	304-2	Significant impacts of activities, products and services on biodiversity	• Materiality Matrix • SDG-14 Life Below Water				

	304-3	Habitats protected or restored	NA				
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	NA				
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic Value Added				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic Value Added				
	201-2	Financial implications and other risks and opportunities due to climate change	• Strategic Planning Process • Analysis of Financial Statements • Sustainability Governance • About Sustainability Reporting				
	201-3	Defined benefit plan obligations and other retirement plans	• Statement of Comprehensive Income • Notes to the Financial Statements				
	201-4	Financial assistance received from government	NA				
	3-3	Management of material topics	Sustainability Governance				
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	• Sustainability Governance • SDG-8 Decent Work and Economic Growth				
	202-2	Proportion of senior management hired from the local community	• Corporate Governance • SDG-8 Decent Work and Economic Growth				
GRI 3: Market Topic 2021	3-3	Management of material topics	Corporate Governance				
GRI 203: Indirect Economics Impacts	203-1	Infrastructure investments and services supported	SDG-9 Industry, Innovation, and Infrastructure				
	203-2	Significant indirect economic impacts	• Directors' Report • Notes to Financial Statements • SDG-17 Partnership for Goals				
GRI 3: Mateiral Topic 2021	3-3	Management of material topics	Directors' Report				
GRI 204: Procurment Practices 2016	204-1	Proportion of spending on local suppliers	• Statement of Free Cash Flows • Statement of Cash Flows- Direct Method				
GRI 3: Material Topics 2021	3-3	Management of material topics	Directors' Report				
GRI 205: Anti Curroption 2016	205-1	Operations assessed for risks related to corruption	SDG-16 Peace, Justice & Strong Institutions				
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance				
	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance				

GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Governance				
GRI 206: Anti Competitive Behaviour 2016	206-1	Legal actions for anti-competitive behavior, anti- trust, and monopoly practices	Corporate Governance				
GRI-3: Material Topics 2021	3-3	Management of material topics	Corporate Governance				
GRI 207: Tax 2019	207-1	Approach to tax	Financial Statements				
	207-2	Tax governance, control,	• Directors' Report • Value Chain Analysis • Corporate Governance • Notes to Financial Statements				
	207-3	Stakeholder engagement and management of concerns related to tax	Environmental Feedback Survey and risk management				
	207-4	Country-by- country reporting	NA				
GRI 301: Materials 2016	301-1	Materials used by weight or volume	• SDG-6 Clean Water and Sanitation • SDG-9 Industry, Innovation and Infrastructure • SDG-12 Responsible Consumption and Production				
	301-2	Recycled input materials used	• Dupont Analysis • Notes to Financial Statements				
	301-3	Reclaimed products and their packaging materials	NA				
GRI 3: Material Topics 2021	3-3	Management of material topics	Materiality Assessment				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Materiality Assessment				
	302-2	Energy consumption outside of the organization	• Key Strategic Goals Water Consumption by Source • SDG -12 Responsible Consumption and Production				
	302-3	Energy intensity	Materiality Assessment				
	302-4	Reduction of energy consumption	SDG -7 Affordable and Clean Energy				
	302-5	Reductions in energy requirements of products and services	Materiality Assessment				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Materiality Assessment				
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Waste water				
	303-2	Management of water discharge-related impacts	SDG-3 Good Health and Well Being				
	303-3	Water withdrawal	SDG-6 Clean Water and Sanitation				
	303-4	Water discharge	SDG-6 Clean Water and Sanitation				
	303-5	Water consumption	SDG-8 Decent Work and Economic Growth				

GRI 305: Emissions 2016	3-3	Direct (Scope 1) GHG emissions	Materiality Matrix				
	305-2	Energy indirect (Scope 2) GHG emissions	Materiality Matrix				
	305-3	Other indirect (Scope 3) GHG emissions	NA				
	305-4	GHG emissions intensity	International Environmental Brief Commitments and Obligations SDG-13 Climate Action				
	305-5	Reduction of GHG emissions	International Environmental Brief Commitments and Obligations SDG-13 Climate Action				
	305-6	Emissions of ozone-depleting substances (ODS)	International Environmental Brief Commitments and Obligations SDG-13 Climate Action				
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SDG-13 Climate Action				
GRI 3: Material Topics 2021	3-3	Management of material topics	International Environmental Brief Commitments and Obligations				
	306-1	Waste generation and significant waste-related impacts	• National Clean Air Policy (NCAP) • SDG -12 Responsible Consumption and Production				
GRI 306: Waste 2020	306-2	Management of significant waste- related impacts	• Sustainability Framework Strategy • National Clean Air Policy (NCAP) • SDG-11 Sustainable Cities and Communities				
	306-3	Waste generated	Solid Waste Management				
	306-4	Waste diverted from disposal	• SDG-13 Climate Action • SDG-14 Life Below Water				
	306-5	Waste directed to disposal	• SDG- 13. Climate Action • SDG-14 Life Below Water				
GRI 3: Material Topics 2021	3-3	Management of material topics	Risk and Mitigation Strategy				
GRI 308: Supplier En- vironmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Risk and Mitigation Strategy				
		Negative environmental impacts in the supply chain and actions taken	Risk and Mitigation Strategy				
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Governance				

GRI 401: Employment 2016	401-1	New employee hires and employee turnover	• Corporate Governance • Analysis of the Financial and Non- Financial Performance				
	401-2	Benefits provided to full- time employees "that are not provided to temporary or part-" time employees	• Corporate Governance • Our People • Risk and Mitigation Strategy • Statement of Value Addition and in its distribution				
	401-3	Parental leave	SDG-5 Gender Equality				
GRI 3: Material Topics 2021	3-3	Management of material topics	Strategic Planning Process				
GRI 402: Labor/Man- agement Relations 2016	402-1	Minimum notice periods regarding operational changes	Strategic Planning Process				
GRI 3: Material Topics 2021	3-3	Management of material topics	Good Health and Well Being				
GRI 403: Occupation- al Health and Safety 2018	403-1	Occupational health and safety management system	• Directors' Report • Corporate Governance • Materiality Matrix • SDG-3 Good Health and Well Being				
	403-2	Hazard identification, risk assessment, and incident investigation	Directors' Report				
	403-2	Occupational health services	Environmental, Social and Governance (ESG)				
	403-2	Worker participation, consultation, and communication on occupational health and safety	Corporate Governance				
GRI 403: Occupation- al Health and Safety 2018	403-5	Worker training on occupational health and safety	• Significant Factors Affecting External Environment and the Company's Response • Corporate Governance • Our People				
	403-6	Promotion of worker health	Occupational Health & Safety Policy				
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Risk & Mitigation Strategy				
	403-8	Workers covered by an occupational health and safety management system	Occupational Health & Safety Policy				
	403-9	Work-related injuries	SDG-3 Good Health and Well Being				
	403-10	Work-related ill health	SDG-3 Good Health and Well Being				
GRI 3: Ma- terial Topics 2021	3-3	Management of material topics	SDG-8 Decent Work and Economic Growth				

GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	• SDG-8 Decent Work and Economic Growth • SDG 13. Climate Action • Company Wide Sustainability Objectives				
	404-2	Programs for upgrading employee skills and transition assistance programs	• SDG-3 Good Health and Well Being • SDG-4 Quality Education • SDG-8 Decent Work and Economic Growth • SDG-11 Sustainable Cities and Communities				
	404-3	Percentage of employees receiving regular performance and career development reviews	SDG-4. Quality Education				
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Governance				
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Corporate Governance				
	405-2	Ratio of basic salary and remuneration of women to men	Corporate Governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Governance				
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	• Code of Conduct • Directors' Report • Corporate Governance • Sustainability Governance • Materiality Matrix • SDG-4 Quality Education				
GRI 3: Material Topics 2021	3-3	Management of material topics	Risk and Mitigation Strategy Management				
GRI 407: Freedom of Association and Collective Bargaining 2016		Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Risk Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	Risk Management				
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Good Health and Well Being				
GRI 3: Material Topics 2021	3-3	Management of material topics	Decent Work and Economic Growth				

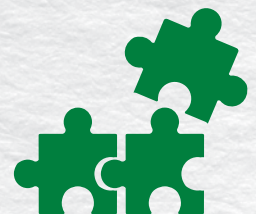
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Decent work and economic growth				
GRI 3: Material Topics 2021	3-3	Management of material topics	Compliance to Law/Policies				
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	Compliance to Law/Policies				
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Social Responsibility (CSR)				
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Corporate Social Responsibility (CSR)				
GRI 3: Material Topics 2021	3-3	Management of material topics	Materiality Assessment				
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Materiality Assessment				
	414-2	Negative social impacts in the supply chain and actions taken	Materiality Assessment				
GRI 3: Material Topics 2021	3-3	Management of material topics	Good Health and Well Being				
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Good Health and Well Being				
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Corporate Governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Governance				
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Corporate Governance				

SDGs Index

SDGs #	SDGs	Page #	GRI Standard disclosure
1	End poverty in all its forms everywhere		203,
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture		415,203,
3	Ensure healthy lives and promote well-being for all at all ages		203-2, 305-1, 305-2, 305-3, 305-6, 305-7,306-1, 306-2, 306-3, 306-4, 403-2, 403-3
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		102-27, 404-1
5	Achieve gender equality and empower all women and girls		102-22, 102-24, 201-1, 202-1, 203-1, 401-1,401-3, 404-1, 404-3, 405-1, 405-2,406-1,414-1, 414-2
6	Ensure availability and sustainable management of water and sanitation for all		303-1, 303-2, 303-3, 306-1, 306-2, 306-3, 306-5
7	Ensure access to affordable, reliable, sustainable and modern energy for all		201-1, 203-1, 302-1, 302-2, 302-3, 302-4, 302-5
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		102-8, 102-41, 201-1, 202-1, 202-2, 203-2,301-1, 301-2, 301-3 302-1, 302-2, 302-3,302-4, 302-5, 303-3, 401-1, 401-2,401-3,402-1,403-1, 403-2, 403-3, 403-4,404-1, 404-2, 404-3,405-1, 405-2, 407-1, 408-1, 409-1, 414-1, 414-2
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		201-1, 203-1
10	Reduce inequality within and among countries		201
11	Make cities and human settlements inclusive, safe, resilient and sustainable		203, 205
12	Ensure sustainable consumption and production patterns		204-1, 301-1, 301-2, 301-3, 302-1, 302-2,302-3, 302-4, 302-5, 303-3, 305-1, 305-2,305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 417-1
13	Take urgent action to combat climate change and its impacts		201-2, 302-1, 302-2, 302-3, 302-4, 302-5,305-1, 305-2, 305-3, 305-4
14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development		303-4,303-5
15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss		205
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels		206-1,205
17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development		413



Stakeholders Engagement and Relationship



285	Stakeholders Engagement and Relationship
292	Pattern of Shareholding
296	Notice of Annual General Meeting
301	Compliance with BCR Criteria
310	Jama Punji
311	Form of Proxy



STAKEHOLDERS ENGAGEMENT AND RELATIONSHIP

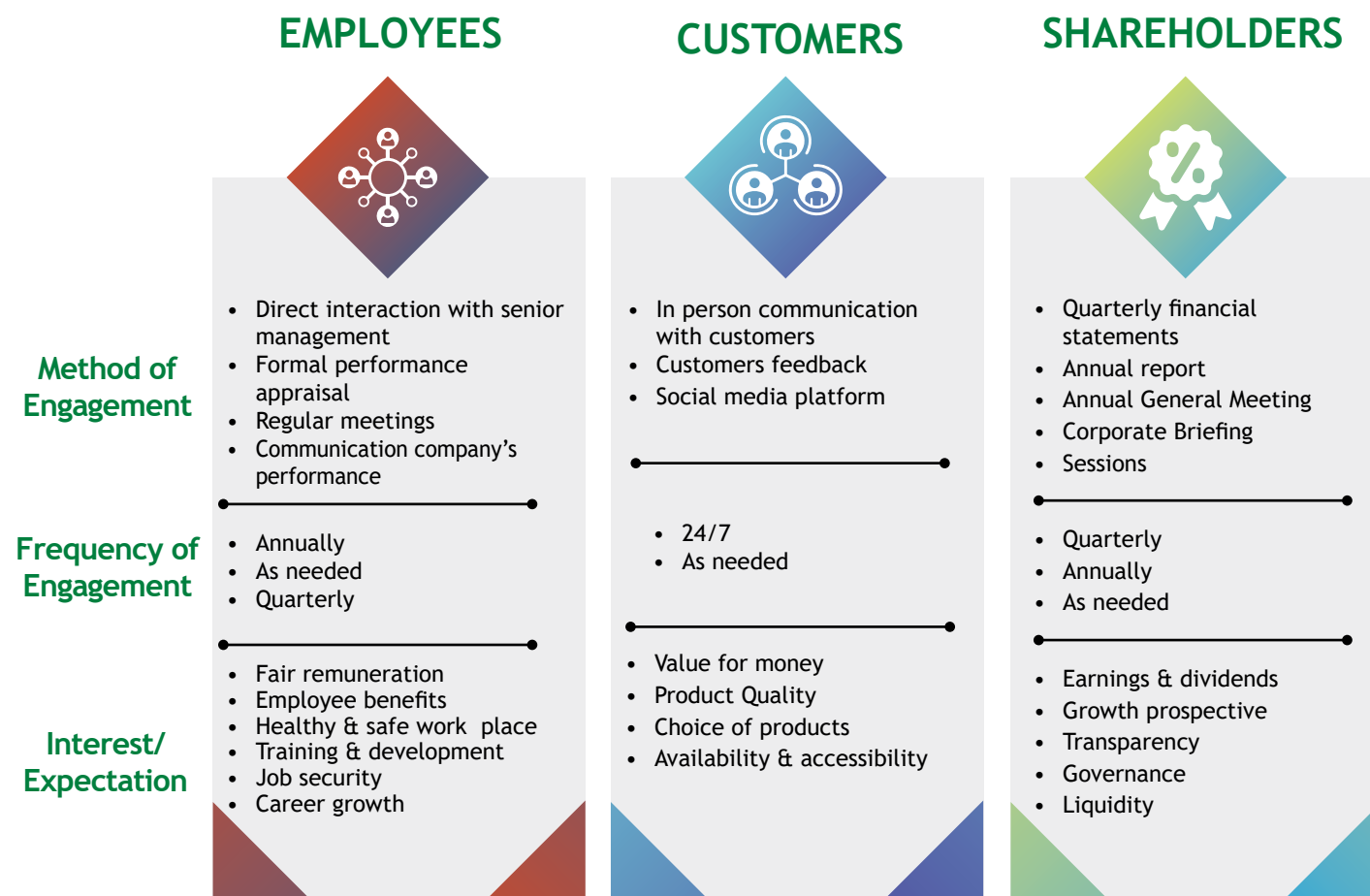
The Board acknowledges that stakeholder engagement helps to proactively consider the needs of our stakeholders, which can foster connections, trust and confidence for organization's key initiatives. The Company is committed towards establishing an effective working relationship with all stakeholders.

Identification of Stakeholder

We value our stakeholders and make every effort to fully understand their requirements. Additionally, we are aware that all of our stakeholders, from investors and customers to employees and suppliers, are interested in knowing how our business is evolving. Since inception, we have engaged with diverse range of stakeholders at various levels to better understand their expectations and to include them as partners in our journey toward sustainable development.

Stakeholders Engagement Process

The Company acknowledges the trust of its investors by providing a steady return on their investment. Stakeholders with similar interests are classified into different categories i.e., employees, shareholders, customers, suppliers, regulators, or nongovernmental organizations. Employees of the Company are considered as important stakeholders as they manufacture, sell and deliver the products of the Company. Stakeholders' primary role is to help the Company meet its strategic objectives by contributing their experiences and providing necessary materials and resources.



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Corporate Briefing Session (CBS)

The Company holds Corporate Briefing Session (CBS) with an objective of providing investors with information about the Company's profile, strategic / operational performance and details of financial information. A question & answer (Q&As) session with the stakeholders of the Company is also held at the CBS. This in turn helps the investor community and other stakeholders in making sound and prudent investment decisions.

The PSX Listing Regulations require Listed Companies to hold at least one corporate briefing session in a year, however, the Company has held two (2) CBS on October 10, 2024 and May 05, 2025. In both the CBS, the Chief Executive Officer, Company Secretary & Chief Legal Officer, Senior General Manager Operations and CFO gave a detailed presentation to the investors. The CBS was attended by the investor community, analysts and shareholders and they all exhibited a keen interest in the Company's performance.



Annual General Meetings

The 60th Annual General Meeting ("AGM") is scheduled to be held on Friday, September 26, 2025, at 10:30 am at the Registered Office of the Company situated at Jinnah Avenue, Malir Halt, Karachi.

The Notices for the General Meetings (i.e. Annual General Meetings or Extraordinary General Meetings) are sent to all shareholders of the Company at least 21 days prior to the meeting date. It is published in the widely circulated national newspapers (in both Urdu and English). Any shareholder, regardless of his/her shareholding, have a right to appoint a proxy in his/her place, they have the right give suggestions, ask questions, to propose, comment, and record their dissent note, if any, during the meeting, and they have the full authority to propose and second any item on the agenda.

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SPL acknowledges and respects the contributions of its shareholders, records their concerns, prepositions, and suggestions in minutes, and keeps them informed of the Company's progress. The Company also takes necessary steps for recording the entire proceedings of the General Meeting(s) by audio and visual means.

Participation of Minority Shareholders

In order to encourage our minority shareholders to attend the General Meetings of the Company, we take the following steps:

- At least 21 days prior to the meeting, notices are sent to all shareholders;
- Notices are published in national English and Urdu newspapers.
- Notices are posted on the Company's website and distributed through PSX to ensure maximum reach to shareholders.
- In order to maximize shareholder’s physical participation in the General Meetings, the Company provides pick and drop transport service for the shareholders.

Investor Relations Section on SPL Website

SPL disseminates information to its investors, shareholders and other stakeholders through its corporate website. The ‘Investor Relations’ section is updated on a regular basis to include all pertinent information that may be required.

The Company has also developed the ‘Investor Information’ section on its website with the following tabs:

- Symbol of the Company • Financials • Financial Highlights • Earnings Per Share • Share Registrar
- Free Float of Shares • Rating of Company & Instrument • Investors' Grievances • SECP Investor Complain
- Online CBS Guidelines

Investor Relation Contacts

Yasir Ali Quraishi
Chief Legal Officer & Company Secretary
Telephone: (+9221) 99248587
Fax: (+9221) 99248286
E-mail: yasir@security-papers.com

Web Reference

The Company maintains a functional website. Annual, Half-yearly and Quarterly Financial Statements are regularly posted at the Company’s website <http://www.security-papers.com>.

Issues raised in the last AGM, decisions taken and their implementation status

During the last Annual General Meeting (AGM) held on September 25, 2024, the Chairman informed the shareholders that each agenda item as stated in the Notice of the AGM would be discussed and a detailed Question & Answers (Q&As) session would be held to the satisfaction of the shareholders (whether present in-person or via video link).

The shareholders congratulated the management on achieving strong financial results for the FY ended 30 June 2024. The shareholders also asked questions regarding the Company’s future plans for digitalization, trade debts,

STAKEHOLDERS ENGAGEMENT AND RELATIONSHIP

investment portfolio of the Company, major factors in achieving healthy profit etc. All such questions were satisfactorily answered by the Chairman, CEO, and the management.

The shareholders also approved Annual Audited Financial Statements for the financial year ended 30 June 2024 along with the Directors and Auditors Report. They also approved the payment of final cash dividend of Rs. 10.00/- per share (100%) which was in addition to the 25% interim cash dividend, which was announced and paid earlier, resulting in a total dividend of Rs. 12.50/- per share (125%) for the financial year ended June 30, 2024, as recommended by the Board of Directors. Lastly, the appointment of the external auditors i.e. M/s. A. F. Fergusons & Co., Chartered Accountants, for the financial year ending on 30 June 2025 was also approved by the shareholders of the Company.



Pakistan Stock Exchange Listing

Security Papers Limited is listed on Pakistan Stock Exchange Limited. The symbol code for dealing in shares of the Company is SEPL.

Security Papers Limited Share Prices 2024-25			
Period	Price in Rupees		
	High	Low	Average
1st Quarter - July - September 2024	148.00	124.02	136.01
2nd Quarter - October - December 2024	175.99	132.00	153.99
3rd Quarter - January - March 2025	190.59	141.20	165.89
4th Quarter - April - June 2025	174.00	136.05	155.02

Shareholders Engagement Policy

The Company’s stakeholders engagement strategy establishes the objectives of stakeholder engagement. The policy of stakeholders engagement includes satisfaction of customers by providing quality products and timely payments to all creditors.

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Moreover, the Company maintains good relationship with its bankers. The Company has provided timely, transparent and fair disclosures throughout the financial year. The purpose of such disclosures was to provide the shareholders / stakeholders with equal and simultaneous information about matters that may influence the share price of the Company.

The Company communicates with the shareholders, investors, and analyst community (“stakeholders”) through General Meetings (i.e. Annual General Meetings or Extraordinary General Meetings). The Company also uses other medium of communications with its stakeholder through Quarterly, Half Yearly and Annual financial statements, regular and timely disclosure and announcement at PSX and CBS(s). Furthermore, the Company makes available Annual, Half-Yearly and Quarterly Financial Statements, etc. as required by Companies Act, 2017, and other applicable laws on the Company's website for the information of its members and are also transmitted electronically to the SECP and PSX.

Electronic Communication

The Company encourages shareholders to provide e-mail addresses to enable them to receive shareholder materials electronically. Communicating electronically is faster and more cost-effective. However, the Company understands that this does not suit everyone, so the Company also provides hard copy of annual reports to shareholders who wish to receive the same, upon their written requests.

Market Disclosures

By making timely, fair and transparent announcements and disclosures, the Company has fulfilled its obligation of informing Pakistan Stock Exchange and its members about material information related to the Company.

Insider Information Register

In compliance with the regulatory requirements, the Company ensures that it maintains Insider Information Register, which is updated on a regular basis.

Redressal of Investors Complaints

Shareholders may lodge complaints or grievances at the designated area of the Company's website. The link can be accessed via Investors Information Tab. The Company has developed the ‘Investor Relations’ section on its website with the following tabs:

- Notice
- Online Complaint Form

Highlights about the Redressal of Investors' Complaints

The Company ensures timely resolution of shareholders' matters in compliance with applicable laws. During the year, various issues of shareholders relating to unclaimed and undelivered dividends, share transmissions, request for physical copies of Company's Annual Report 2024, updating of shareholder's IBANs & addresses were resolved by the Company Secretariat & Corporate Affairs Department of SPL. All such complaints/issues were resolved within the required timeframe.

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Disclosure of Whistle Blowing Mechanism

Whistle Blowing Policy intends to provide a mechanism where all stakeholders can, without fear of reprisal, report illegal and unethical activities in a confidential manner. The Whistle Blowing Policy is applicable to all employees and stakeholders for the reporting of any illegal or unethical activities that may harm the interests of the company. The whistle blower (WB), who has observed any reportable malpractices, and illegal and/or unethical activities, may report his/her concerns to the Whistle Blowing email along with their identity and contact details. The WB may raise genuine concerns, without fear of repercussions, provided they are made on a factual basis and with good intention. The WB is not allowed to disclose concerns to other members of management except Whistle Blowing Committee (WBC) or if a whistle blower reports against any member of the WBC, the member in question would be replaced on an ad hoc basis, by the Chair BAC in consultation with the CEO. In case the complaint is against the CEO, the matter will be placed before Chair of the Board.

CEO Presentation Video

CEO's presentation regarding SPL's performance, business overview, strategy and outlook is placed on the Company's corporate website and can be accessed through the following link:

<https://security-papers.com/>

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2025

NO. OF SHAREHOLDINGS			
NO OF SHAREHOLDERS	FROM	TO	TOTAL SHARES
786	1	100	21,775
470	101	500	145,297
264	501	1,000	213,001
432	1,001	5,000	1,115,450
107	5,001	10,000	794,411
40	10,001	15,000	501,954
26	15,001	20,000	460,732
14	20,001	25,000	311,794
12	25,001	30,000	335,940
6	30,001	35,000	197,743
7	35,001	40,000	259,564
9	40,001	45,000	385,238
5	45,001	50,000	240,597
1	50,001	55,000	53,501
3	55,001	60,000	174,709
2	60,001	65,000	120,800
2	65,001	70,000	134,570
2	70,001	75,000	146,560
1	75,001	80,000	76,000
1	80,001	85,000	82,000
1	85,001	90,000	87,470
1	90,001	95,000	92,500
1	95,001	100,000	100,000
1	100,001	105,000	101,699
1	105,001	110,000	108,620
1	125,001	130,000	129,128
1	130,001	135,000	130,540
1	140,001	145,000	140,430
1	145,001	150,000	150,000
1	150,001	155,000	153,000
1	155,001	160,000	155,092
1	165,001	170,000	165,347
1	185,001	190,000	189,000
1	235,001	240,000	239,541
1	395,001	400,000	399,367
1	400,001	405,000	403,900
1	445,001	450,000	445,677
1	765,001	770,000	768,703
1	870,001	875,000	870,493
1	925,001	930,000	928,689
1	1,105,001	1,110,000	1,108,962
1	2,580,001	2,585,000	2,582,428
1	4,205,001	4,210,000	4,206,616
1	4,250,001	4,255,000	4,254,280
2	5,925,001	5,930,000	11,851,128
1	23,720,001	23,725,000	23,721,739
2,217			59,255,985

Category Details of Shareholding as at June 30, 2025

Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)

SNO.	FOLIO	NAME	HOLDING
1	03277-68602	JAMAL NASIM	15,000
		TOTAL	15,000

Associated Companies, Undertakings and related Parties (to be confirm by Company)

SNO.	FOLIO	NAME	HOLDING
1	722	SUMER HOLDING A.S.	5,925,564
2	752	INDUSTRIAL DEVELOPMENT & RENOVATION ORGANIZATION OF IRAN	5,925,564
3	03277-17115	PAKISTAN SECURITY PRINTING CORP (PVT) LTD.	23,721,739
		TOTAL	35,572,867

Banks, Development Financial Institutions, Non Banking Financial Institutions

SNO.	FOLIO	NAME	HOLDING
1	769	UNITED BANK LIMITED	231
2	921	MERCANTILE COOPERATIVE FINANCE	35,231
3	03525-105464	INNOVATIVE INVESTMENT BANK LIMITED (UNDER LIQUIDATION)	1,428
4	03525-15030	THE PUNJAB PROVINCIAL COOPERATIVE BANK	4,254,280
5	03889-28	NATIONAL BANK OF PAKISTAN	1,482
6	04127-77	MCB BANK LIMITED - TREASURY	153
		TOTAL	4,292,805

Insurance Companies

SNO.	FOLIO	NAME	HOLDING
1	1174	E F U GENERAL INSURANCE LIMITED	749
2	01826-91793	ASKARI GENERAL INSURANCE COMPANY LIMITED	82,000
3	03277-4255	PAKISTAN REINSURANCE COMPANY LIMITED	928,689
4	12666-2276	IGI GENERAL INSURANCE LIMITED	25,000
		TOTAL	1,036,438

Modarabas and Mutual Funds

SNO.	FOLIO	NAME	HOLDING
1	07377-26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	870,493
2	11056-28	CDC - TRUSTEE HBL MULTI - ASSET FUND	8,400
3	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	11,975
4	14472-25	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	35,500
5	14860-27	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	48,027
6	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,582,428
		TOTAL	3,556,823

Others

SNO.	FOLIO	NAME	HOLDING
1	1365	AZEEM SERVICES (PVT.) LTD.	1
2	1366	N. H. SECURITIES (PVT.) LIMITED	26
3	1706	NON-CDC UN-PAID 5% TAX SHAREHOLDERS	8,477
4	1707	CDC PLAINTIF (PAID & UN-PAID) 5% TAX SHAREHOLDERS	2,232
5	00521-8117	TRUSTEE-ANPL MAN STAFF DEFINED CONTRIBUTION SUPERANNUATION FD	2,300
6	00521-8125	TRUSTEE-ANPL MANAGEMENT STAFF PENSION FUND	2,800
7	00521-8133	TRUSTEE-ANPL MANAGEMENT STAFF GRATUITY FUND	2,800
8	00521-8141	TRUSTEE-ANPL MANAGEMENT STAFF PROVIDENT FUND	3,300
9	01917-33	PRUDENTIAL SECURITIES LIMITED	53
10	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	102
11	03277-101266	A.M.MANSUR LLP	260
12	03277-1048	MILLWALA SONS (PRIVATE) LIMITED	64
13	03277-105116	AVIATION ENCLAVE (PVT.) LIMITED	43,700
14	03277-26842	TRUSTEES AL-BADER WELFARE TRUST	58,809
15	03277-50590	TECHNOLOGY LINKS (PVT.) LIMITED	7,000
16	03277-60921	TRUSTEES OF UBL STAFF PENSION FUND TRUST	4,206,616
17	03277-62672	TRUSTEES OF UBL FUND MNGRS LTD AND ASSOCIATED COYS E.G.FUND	1,500
18	03277-64371	DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	399,367
19	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	239,541
20	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	8,404
21	03277-89780	GLOBE MANagements (PRIVATE) LIMITED	7,000
22	03277-94268	AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	1,000
23	03277-96529	FIKREE DEVELOPMENTS CORPORATION (PRIVATE) LIMITED	5,578
24	03277-99448	CENTRAL FACILITATION AGENCY (PVT.) LIMITED	15,500
25	03293-38	S.H. BUKHARI SECURITIES (PVT) LIMITED	921
26	03525-28788	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	108,620
27	03525-63416	H M INVESTMENTS (PVT) LIMITED	393
28	03525-63817	NH SECURITIES (PVT) LIMITED.	3,704
29	03525-67537	SHAMALIK BROTHERS (PVT) LTD	1,000
30	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
31	04002-22	MEMON SECURITIES (PVT.) LIMITED	189
32	04705-87224	FEDERAL BOARD OF REVENUE	46,468
33	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED	250
34	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	101,699
35	05868-28	CLIKTRADE LIMITED	1
36	05884-25205	CRESCENT COTTON MILLS LIMITED	522
37	06502-5986	UNITED TOWEL EXPORTERS (PVT.) LIMITED	5,000

SNO.	FOLIO	NAME	HOLDING
38	07419-18493	ALI ASGHAR TEXTILE MILLS LIMITED	500
39	07450-1040	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEES P.FUND	1,000
40	07450-24620	BRR FINANCIAL SERVICES (PVT.) LIMITED	6,500
41	07450-521	B.R.R. GUARDIAN LIMITED	30,300
42	11353-30	NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND	768,703
43	12666-1138	Pakistan Human Development Fund	2,500
44	12666-1559	ISPI CORPORATION (PRIVATE) LIMITED	10,549
45	12666-1724	HONDA SOUTH (PRIVATE) LIMITED	3,000
46	12666-2193	NOVARTIS PHARMA PAKISTAN LIMITED SENIOR PROVIDENT FUND	3,800
47	12690-1192	WELLCOME PAKISTAN LIMITED PROVIDENT FUND	60,700
48	12690-1200	Bristol-Myers Squibb Pak (Pvt) Ltd Emp Prov Fund	4,500
49	12690-1218	ENGRO FOODS LIMITED EMPLOYEES GRATUITY FUND	15,300
50	12690-1424	ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND	4,900
51	12690-1796	AGRIAUTO INDUSTRIES LIMITED EMPLOYEES PROVIDENT FUND	7,800
52	12690-2174	ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PENSION FUND	92,500
53	12690-2182	ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PROVIDENT FUND	18,500
54	12690-2604	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	189,000
55	12690-2620	TRUSTEE PAK PETROLEUM EXEC. STAFF PEN FUND DC CONVENTIONAL	19,500
56	12690-2638	TRUSTEE PAKISTAN PETROLEUM JUNIOR PROVIDENT FUND	30,300
57	12690-2646	TRUSTEE PAKISTAN PETROLEUM SENIOR PROVIDENT FUND	76,000
58	12690-2653	TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF GRATUITY FUND	19,000
59	12690-2661	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND	14,300
60	12690-2679	TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF PENSION FUND	60,100
61	12690-889	ENGRO CORP LTD MPT EMPLOYEES DEF CONTR PENSION FUND	2,400
62	13748-667	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	66,257
63	14019-2686	Pearl Capital Management (Private) Limited	9
64	14241-22	FIKREES (PRIVATE) LIMITED	1,037
65	15180-29	R.T. SECURITIES (PVT) LIMITED	1,400
66	15198-28	INSIGHT SECURITIES (PVT.) LTD	140,430
67	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	17,800
68	18432-88285	AYUB CHAUDHRY INVESTMENTS (PVT.) LIMITED	3,998
		TOTAL	6,957,781

NOTICE OF 60th ANNUAL GENERAL MEETING

Notice is hereby given that the 60th Annual General Meeting of Security Papers Limited (the “Company”) will be held on 26 September 2025, at 10:30 am at the Registered Office of the Company situated at Jinnah Avenue, Malir Halt, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the financial year ended June 30, 2025, together with the Directors’ and Auditors’ Reports, thereon.

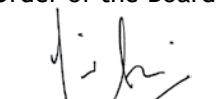
In accordance with Section 223 of the Companies Act, 2017 and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Company can be accessed through the following weblink and QR enabled code:

<http://security-papers.com/wp-content/uploads/2025/08/SPL-AnnualReport-2025.pdf>



2. To consider and approve, the payment of Rs.9.00 per share (90%) as the final cash dividend in addition to the Rs. 2.50 per share (25%) interim cash dividend announced and already paid, making a total dividend of Rs. 11.50 per share (115%) for the financial year ended June 30, 2025, as recommended by the Board of Directors. The final cash dividend will be payable to the members, whose names appear in the register of the members by close of business hours on September 19, 2025.
3. To appoint the External Auditors for the Financial Year ending 30 June 2026 and to fix their remuneration. The Board of Directors, on the recommendation of the Board Audit Committee of the Company, has proposed re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, who are eligible and they have provided their consent to be re-appointed as statutory auditors of the Company.
4. To transact any other ordinary business of the Company with the permission of the Chairman.

By Order of the Board


Yasir Ali Quraishi

Company Secretary & Chief Legal Officer

Karachi,
3 September 2025

Notes:

1. Closure of Share Transfer Books

- (i) The Share Transfer Books of the Company will remain closed from September 20, 2025 to September 26, 2025 (both days inclusive). Transfers received in order at the office of Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahr-e-Faisal, Karachi by the close of business on September 19, 2025 will be considered in time to determine the above-mentioned entitlement and to attend and vote at the Meeting.

2. Participation in the Annual General Meeting electronically and appointing proxies

- (i) Members whose names are appearing in the register of members as of September 19, 2025, are entitled to attend and vote at the AGM.
- (ii) The shareholders who wish to attend the AGM proceedings online are requested to get themselves registered by sending their particulars at the designated email address: yasir@security-papers.com, giving particulars as per below table by the close of business hours (5:00 PM) on September 25, 2025.

NOTICE OF 60th ANNUAL GENERAL MEETING

Name of Shareholder	CNIC No./NTN NO.	CDC Participant ID/Folio No.	Cell No.	Email address

- (iii) The zoom link would be provided to the registered shareholders/proxies who have provided all the requested information. The shareholders are also encouraged to send their comments/suggestions related to the agenda items of the AGM on the above-mentioned email address by the close of business hours (5:00 PM) on September 25, 2025.
- (iv) A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his/her behalf. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in their own right. For appointing proxies, the scanned/hard copy of the proxy form appearing below duly executed and witnessed, along with the relevant supporting documents and the e-mail address of the proxy must be sent to the Company Secretary at yasir@security-papers.com at least 48 hours before the time of the Meeting.
- (v) The proxy form should be witnessed by two persons whose names, addresses, and CNIC numbers shall be mentioned on the form.
- (vi) Where possible, attested copies of the CNIC or the identification pages of the passport of the beneficial owners and the proxy should be enclosed with the e-mailed Proxy Form.
- (vii) In the case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature should be submitted along with Proxy Form to the Company.
- (viii) CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular No.1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan.

3. Consent for Video Link Facility.

- (i) Further to SECP S.R.O. No.1027/(I)2014 dated 13th November 2014 clause 1(b) “The Company may provide video link facility to its members for attending the general meeting at places other than the town in which the general meeting is taking place after considering the geographical dispersal of its members:
- (ii) Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video link at least 10 days prior to the date of meeting, the Company shall arrange video link facility in that city subject to availability of such facility in that city”.
- (iii) The Company will intimate members regarding venue of video link facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.
- (iv) I/We, _____ of _____, being a member of the Security Papers Limited, holder of _____ Ordinary Share(s) as per Register CDC/Folio No. _____ hereby opt for video link facility at _____.

4. Notice to Shareholders who have not provided their IBAN

- (i) In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, the shareholders are requested to provide their bank details by filling up the Electronic Credit Mandate Form available at: <https://famcosrs.com/downloads> and send the duly filled form along with a copy of CNIC to Company’s Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited.

NOTICE OF ANNUAL GENERAL MEETING

Explanation _ For the purpose of these regulations identification number includes the Computerized National Identity Card Number (CNIC) of the registered shareholder or the authorized person, child registration certificate number or juvenile card number in case of a minor, where applicable and registration number or national tax number of the shareholder is a person other than a natural person.

- (ii) In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of a non-availability copy of a valid CNIC (for individuals) and National Tax Number (for a corporate entity).
- (iii) Accordingly, shareholders who have not yet submitted a copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or its Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited.

5. Updation of shareholder addresses / other particulars

- (i) Members holding shares in physical form are requested to promptly notify Share Registrar, M/s FAMCO Share Registration Services (Pvt.) Limited of the Company of any change in their addresses or any other particulars. Shareholders maintaining their shares in electronic form should have their address or any other particulars updated with their participant or CDC Investor Accounts Service.
- (ii) Further, to comply with requirements of section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all CDC and physical shareholders are requested to have their email address and cell phone numbers incorporated / updated in their physical folio or CDC account, as the case may be.

6. Deduction of Income Tax from Dividends under Section 150 of the Income Tax Ordinance, 2001 (Mandatory)

- (i) The rates of deduction of Withholding Income Tax from dividend payments under the Income Tax Ordinance, 2001 shall be as follows:
 - Persons appearing in Active Taxpayers List (ATL) ---- 15%.
 - Persons not appearing in Active Taxpayers (ATL) ----- 30%.
- (ii) To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers' List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.
- (iii) **Persons not appearing in the Active Taxpayers' List:** The rate of tax required to be deducted/collected, as the case may be, is increased by 100% (as specified in the Tenth Schedule to the Income Tax Ordinance, 2001).
- (iv) Withholding Tax will be determined separately on 'person names appearing on ATL/person names not appearing on ATL' status of Principal Shareholder as well as Joint holder(s) based on their shareholding proportions, in case of joint accounts.
- (v) In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and Joint holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

NOTICE OF ANNUAL GENERAL MEETING

- (vi) The required information must reach our Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by the Principal Shareholder and Joint Holder(s).
- (vii) As per FBR Circulars C. No. 1 (29) WHT/2006 dated 30 June 2010 and C. No. 1 (43) DG (WHT)/2008- Vol. II -66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of part - IV of Second Schedule is available. The shareholders who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide a valid Tax Exemption Certificate to our Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.
- (viii) For any query/problem/information, the investors may contact the Company Secretary at 021-99248285 and email address yasir@security-papers.com and/or M/s. FAMCO Share Registration Services (Pvt.) Limited at the contact number 021-34380101-5 and email address: info.shares@famcosrs.com.
- (ix) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or M/s. FAMCO Share Registration Services (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

7. Intimation for Non-Resident Individual Shareholders

- (i) Non-Resident individual shareholders shall submit a declaration of undertaking with a copy of a valid passport under the definition contained in Section 82 of the Income Tax Ordinance, 2001 for determination of residential status for the purposes of tax deduction on dividends to the Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited at 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, or email at info.shares@famcosrs.com at the latest by September 19, 2025. A copy of the declaration form can be downloaded at the Share Registrar website: <https://famcosrs.com/downloads>.

8. Unclaimed / Unpaid Shares and Dividends

- (i) In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall give ninety days notices to the shareholders to file claim if no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed or unpaid Shares / Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017.
- (ii) In this regard, a Notice dated December 28, 2017, was sent by Registered Post acknowledgment due on the last known addresses of the shareholders to submit their claims within 90 days to the Company. In compliance with Section 244(1)(b) of the Companies Act, 2017 a Final Notice had also been published on March 30, 2018, in two daily newspapers i.e. (i) Business Recorder and (ii) Daily Jang in English and Urdu respectively.
- (iii) In case no claim is received within the given period from the aforesaid Notice, the Company shall proceed to deposit the unclaimed/unpaid amounts with the Federal Government (as and when the account detail is provided) pursuant to the provisions of sub-section (2) of Section 244 of the Companies Act, 2017.

9. Conversion of Shares from Physical Form to Book-Entry-Form

- (i) The Securities and Exchange Commission of Pakistan (SECP) has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, addressed to all listed companies referring their attention towards the provision

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of Section 72 of the Companies Act, 2017 (Act) which requires all the then-existing companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.

- (ii) In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

10.Placement of Financial Statements on the Website

- (i) The Financial Statements of the Company for the year ended June 30, 2025 along with reports have been placed on the website of the Company: <https://security-papers.com/> which can also be downloaded through the link below and/or QR enabled code.
- (ii) <https://security-papers.com/annual/>

11.Zakat Exemption

- (i) To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form “CZ-50” on NJSP of Rs. 200/- to the Share Registrar, before the first day of book closure.

12.Electronic Transmission of Annual Report 2025:

- (i) In compliance with section 223(6) of the Companies Act, 2017, and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023 the Company has electronically transmitted the Annual Report 2025 through weblink, QR enabled code and through email to Members whose email addresses are available with the Company’s Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited. However, in cases, where email addresses are not available with the Company’s Share Registrar, printed copies of the notices of AGM along-with the QR enabled code/weblink to download the Annual Report 2025 (containing the financial statements), have been dispatched.
- (ii) Notwithstanding the above, the Company will provide hard copies of the Annual Report 2025, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request. Further, Members are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited if the Member holds shares in physical form or, to the Member’s respective Participant/Investor Account Services, if shares are held in book entry form.

BEST CORPORATE REPORT (BCR) CRITERIA

1.	Organizational Overview and External Environment	Page No.
1.01	Mission, vision, code of conduct, ethical, principal and core values.	12-17
1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	05-06
1.03	Geographical location and address of all business units including sales units and plants.	07
1.04	The legislative and regulatory environment in which the company operates.	76
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	292-295
1.06	Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	-
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	81, 292-295
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	18-19
1.09	A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.	34-40
1.10	Description of the performance of the various activities / product(s) / service(s) / segment(s) of the entity and its group entities during the period under review.	34-40
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	57
1.12	a) Explanation of significant factors affecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization’s response. b) The effect of seasonality on business in terms of production and sales.	54-56 56
1.13	The legitimate needs, interests of key stakeholders and industry trends.	56
1.14	SWOT Analysis of the company.	53
1.15	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	51
1.16	History of major events.	08-09
1.17	Details of significant events occurred during the year and after the reporting period.	10-11
2.	Strategy and Resource Allocation	Page No.
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve objectives.	96, 97
2.02	Resource allocation plans to implement the strategy. Resource mean ‘Capitals’ including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital and f) Natural Capital.	98

BEST CORPORATE REPORT (BCR) CRITERIA

2.03	The capabilities and resources of the company that provide sustainable competitive advantage, resulting in value creation by the company.	99
2.04	Company's strategy on market development, product and service development.	40, 196, 197
2.05	The effects of the given factors on the company strategy and resource allocation: a) Technological Changes; b) Sustainability reporting and challenges; c) Initiatives taken by the company in promoting and enabling innovation; and d) Resource shortages (if any).	93, 94, 97
2.06	Key Performance Indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	95
2.07	The linkage of strategic objectives with company's overall mission, vision and objectives.	96
2.08	Board's statement on the internal controls including IT controls of the company.	99
2.08	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	40, 196, 197
2.09	a) Information about defaults in payment of any debt with reasons and its repayment plan; b) Board strategy to overcome liquidity problems and plans to meet operational losses.	39 98
3.	Risks and Opportunities	Page No.
3.01	Key risks and opportunities (internal and external), including sustainability-related risks and opportunities, affecting availability, quality, and affordability of Capitals.	105-107
3.02	Company's robust assessment of the principal risks and uncertainties being faced, including those that would threaten the business model, future performance and solvency or liquidity. This may include operational risk, IT risk, regulatory risk, legal risk, political risk, strategic risk, and credit risk etc.	105-108
3.03	Risk Management Framework covering principal risks and uncertainties facing by the company, risk methodology, risk appetite and risk reporting.	102-104
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	105-107
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (if any).	108
4.	Sustainability Reporting and Corporate Social Responsibility (CSR)	Page No.
4.01	Disclosure of the role of the Board to address the company's sustainability risks and opportunities, as required under the recent amendments of the SECP 'Listed Companies (Code of Corporate Governance) Regulations, 2019, SECP SRO 920/2024 dated June 12, 2024 for the following: a) Disclosures of company specific sustainability-related risks and opportunities (climate-related risks and opportunities) and their impact on the financial performance in the short, medium, and long term and how these are managed or mitigated; b) Disclosures about four-pillars core content (Governance, Strategy, Risk Management and Metrics and Targets), together with the specific metrics designed by the company to demonstrate the performance and progress of the company. c) Disclosure of company's sustainability and DE&I related strategies, priorities and targets, the measures taken to promote in the company as well as performance against these targets are periodically reviewed and monitored. d) Boards are encouraged to adopt of the SECP's ESG Disclosure Guidelines (https://www.secp.gov.pk/document/secp-esg-disclosure-guidelines-for-listed-companies/)	92, 200, 216 102, 204, 208-209, 217-218 92, 209, 222, 272 35, 83, 208

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4.02	Highlights of the company's performance, policies, initiatives, and plans in place relating to the various aspects of sustainability: • Social initiatives - financial inclusion, research and development, employment generation, community health and education, and health and safety of staff etc.; • Environmental initiatives - climate change mitigation etc. by focusing on 3R's (Reduce, Reuse & Recycle), how does the company reduce pollution, depletion, and degradation of natural resources; and indirect like investment/financing in green /Sustainable project. • Technological innovation - use of advanced technology, innovative ideas leading to sustainability practices like energy-efficient processes or eco-friendly product designs; • Information on consumption and management of materials, energy, water, emissions, and waste.	98, 197, 224-267
4.03	a) Has the board established a dedicated sustainability committee, having at least one female director, or assign additional responsibilities to an existing board committee. b) Has the committee submitted to the board a report, at least once a year, on embedding sustainability principles into the organization's strategy and operations to increase corporate value.	34-40, 63-64, 69 209
4.04	Board's statement for the adoption of CSR best practices including Board's commitment to promote CSR and how the company's sustainable practices can affect the financial performance of the company.	34-40, 54, 80, 97, 214
4.05	Highlights of the company's performance, policies, initiatives for CSR.	34-40, 54, 80, 97, 214
5.	Governance	Page No.
5.01	Board composition: a) Leadership structure of those charged with governance; b) Name of independent directors indicating justification for their independence; c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience; d) Profile of each director including education, experience and engagement in other entities as CEO, Director FA or Trustee etc.; e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	20, 23, 61 20, 27, 61, 68 20, 23-29 24-29 24-29, 76
5.02	A brief description about role of the Chairman and the CEO.	82
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	68
5.04	Chairman's Review Report on the overall performance of the board including: a) Effectiveness of the role played by the board in achieving the company's objectives; b) Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year'; c) Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.	31
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company.	80, 67
5.06	Annual evaluation of performance, along with a description of criteria used for the members of the board, including CEO, Chairman, and board's committees.	38, 72,75
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	75
5.08	Details of formal orientation courses for directors.	75

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5.09	Directors' Training Program (DTP) attended by directors, female executives, and head of departments from the institutes approved by the SECP, along with names of those who availed exemptions during the year.	75, 38
5.10	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	39, 64-66, 70, 71
5.11	Disclosure about related party transactions:	
	a) Approved policy for related party transactions;	77
	b) Details of all related party transactions, along with the basis of relationship describing common directorship and percentage of shareholding;	77, 183
	c) Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement;	183
	d) Disclosure of director's interest in related party transactions;	183
	e) In case of conflict, disclosure of how conflicts are managed and monitored by the board.	80, 36
5.12	Disclosure of Board's Policy on the following significant matters:	
	a) Risk Management and internal control policies.	81, 39
	b) Disclosure of director's interest in significant contracts and arrangements.	75
	c) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	76
	d) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	76
	e) Security clearance of foreign directors.	76
	f) Board meetings held outside Pakistan.	74
	g) Human resource management including:	
	• Preparation of succession plan;	80
	• Merit based recruitment;	79
	• Performance based appraisal system;	79
	• Promotion, reward and motivation;	79
	• Training and development;	79
	• Diversity Equity and inclusion (DE&I) Policy; and	78
	• Employee engagement /feedback.	79
	h) Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions.	31, 35, 56, 80
	i) Communication with stakeholders.	81
	j) Dividend policy.	35
	k) Investors' relationship and grievances.	77
	l) Employee's health, safety and protection.	81
	m) Whistle blowing policy	77
	n) Anti harassment policy to safeguard the right and well being of employees.	79
	o) Safety of records of the company.	77

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5.13	Board statement of the organization's business continuity plan or disaster recovery plan.	39, 88
5.14	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	60-64, 77
5.15	Disclosure about: a) Shares held by Sponsors / Directors / Executives; b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors / Executives or close family member of Directors / Executives etc.) or foreign shareholding (if any).	292-295
5.16	Details about Board meetings and its attendance.	74
5.17	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	69-73
5.18	Timely Communication: Date of authorization of financial statements by the board of directors: Within 40 days - 6 marks Within 50 days - 6 marks (in case of holding company who has listed subsidiary /subsidiaries) Within 60 days - 3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	82
5.19	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as "financially literate" and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Committee's overall role in discharging its responsibilities for the significant issues related to the financial statements, and how these issues were addressed. c) Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit in risk management and internal control, and the approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance. e) Review of arrangements for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters, and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company's position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance. j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	65-66
5.20	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.	82

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5.21	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: (GM IT) a) How it is designed to manage and integrate the functions of core business processes / modules like finance, HR, supply chain and inventory management in a single system; b) Management support in the effective implementation and continuous updation; c) Details about user training of ERP software; d) How the company manages risks or control risk factors on ERP projects; e) How the company assesses system security, access to sensitive data and segregation of duties.	86-89
5.22	Disclosure about the Government of Pakistan policies related to company's business / sector in Directors' Report and their impact on the company business and performance.	40, 54
5.23	Information on company's contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)	40
6.	Analysis of the Financial Information	Page No.
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators, showing linkage between: a) Past and current performance; b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred, as well as prospects of profits.	118-133, 134, 135
6.02	a) Analysis of financial ratios (Annexure I) with graphical presentation and disclosure of methods and assumptions used in compiling the indicators. b) Explanation of negative change in the performance as compared to last year.	118-129 N/A
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years. Weightage to be given to graphical presentation.	115-117, 136, 130- 133
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	137
6.05	a) Information about business segment and non-business segment; and b) Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	193
6.06	Disclosure of market share of the company and share price sensitivity analysis	133, 139
6.07	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	114

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6.08	Statement of Economic value added (EVA) [EVA = NOPAT - WACC x TC, where NOPAT is Net Operating Profit After Tax, WACC is Weighted Average Cost of Capital, and TC is Total Invested Capital]	138
6.09	CEO presentation video on the company's business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in the company's annual report).	291
7.	Business Model	Page No.
7.01	Describe the business model including inputs, business activities, outputs and outcomes as per international applicable framework.	52
7.02	Explanation of any material changes in the entity's business model during the year.	39
8.1	Disclosures on IT Governance and Cybersecurity	Page No.
8.01	The Board responsibility statement on the IT system/ controls and AI strategy of the company including compliance of legal and regulatory requirements regarding data privacy and cyber security and how the board is engaging with management in case of any breaches.	87, 99
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	86-89
8.03	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	87
8.04	Disclosure about company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	88, 261
8.05	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	88
8.06	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.	88, 89
8.07	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (Artificial Intelligence (AI), RPA, Data Analytics, Block Chain, Cloud Computing etc.) to improve transparency and governance, value creation and reporting.	89, 247
8.08	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	89
9.	Future Outlook	Page No.
9.01	Forward-looking statement in narrative and quantitative form, including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.	196-197
9.02	Status of the projects in progress and those disclosed in the forward-looking statement in the previous year and whether the performance of the company is aligned with the forward- looking statement.	197

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9.03	Disclosures about the company's future plans for AI adoption and its potential impact on the company's long-term strategy.	196
9.04	Disclosures about the company's future Research and Development initiatives.	197
9.05	Sources of information and assumptions used for projections / forecasts in the forward- looking statement, and any assistance taken by any external consultant.	197
10.	Stakeholders Relationship and Engagement	Page No.
10.01	Stakeholder's engagement policy of the company and how the company has identified its stakeholders.	286, 289
10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how the relationship is likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; g) Analysts.	286
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	288
10.04	Investors' Relations section on the corporate website with all relevant information including audited annual reports are available in the section.	288
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	288-289
10.06	a) Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions; and b) Disclosure of brief summary of Analyst briefing conducted during the year.	287
10.07	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	290
10.08	Details about corporate benefits to shareholders like value appreciation, dividend etc.	35
10.09	Discloser of whistle blowing mechanism to receive and handle complains in a fair and transparent manner, and provide protection to the complainant against victimization and reporting in the Audit Committee's report.	291
11.	Striving for Excellence in Corporate Reporting	Page No.
11.01	Board's responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	110-111
11.02	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company's website).	301-309
12.	Specific Disclosures of the Financial Statements	Page No.
12.01	Fair value of Property, Plant and Equipment.	152-153
12.02	Of significant / material assets and immovable property including location and area of land.	162

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12.03	Capacity of an industrial unit, actual production, and the reasons for shortfall.	184
12.04	Specific disclosures required for shariah compliant companies / companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	N/A
12.05	Disclosure requirements for common control transactions as specified under the Accounting Standard on 'Accounting for common control transactions' developed by ICAP and notified by SECP (through SECP S.R.O. 53(I)/2022 dated January 12, 2022)	N/A
12.06	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	194
12.07	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A

FORM OF PROXY

I/We _____ of _____
 _____ being member(s) of Security Papers Limited (the "Company") and holder of
 _____ Ordinary Shares as per Share Register Folio/CDC Account No. _____
 hereby appoint _____ Folio/CDC Account No. _____ of _____ CNIC No. or
 Passport No: _____ or failing whom _____ Folio/CDC Account No. _____
 of _____ CNIC No. or Passport No. _____ who is also a member of the Company as
 my/our proxy to attend and vote for me/us and on my/our behalf at the 60th Annual General Meeting of the Company to
 be held on Friday, September 26, 2025 at 10:30 a.m. and / or at any adjournment thereof.

Signed this _____ day of _____ 2025

Witnesses: 1. Signature _____

Name: _____

Address: _____

CNIC or Passport No. _____

2. Signature _____

Name: _____

Address: _____

CNIC or Passport No. _____

Signature _____

(Signature should agree
with the specimen signature
registered with the Company).

CNIC or Passport No. _____

**Rs 5/-
Revenue
Stamp**

IMPORTANT

1. This form of proxy, duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours before the Meeting.
2. This form should be signed by the member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. A member entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is not a member.

For CDC Account Holders/Corporate Entities:

In addition to the above, following requirements have to be met:

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC or Passport Numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce his/her original CNIC or original Passport at the time of the Meeting.
- (iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier), along with proxy form to the Company.

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پروکسی فارم

میں/ہم.....از.....بحیثیت سیکورٹی پیپر زلیڈٹ کے ممبر اور حامل.....عدد عام حصص بمطابق شیئر رجسٹر فلیو/ سی ڈی سی اکاؤنٹ نمبر.....بذریعہ ہذا جناب /محترمہ.....فلیو/ سی ڈی سی اکاؤنٹ نمبر.....حامل سی این آئی سی نمبر یا پاسپورٹ نمبر.....یا بصورت دیگر.....فلیو/ سی ڈی سی اکاؤنٹ نمبر.....حامل سی این آئی سی نمبر یا پاسپورٹ نمبر.....جو کمپنی کے /کی ممبر بھی ہیں، بروز جمعہ 26 ستمبر 2025 کو صبح 10.30 بجے یا کسی ملتوی شدہ تاریخ کو منعقد ہونے والے 60 ویں سالانہ اجلاس میں اپنی جانب سے شرکت اور رائے دہی کے لئے اپنا پروکسی مقرر کرتا ہوں /کرتے ہیں۔

دستخط.....تاریخ.....2025

گواہ 1:

1. دستخط

.....

نام

.....

پتہ

.....

سی این آئی سی یا پاسپورٹ نمبر

.....

گواہ 2:

2. دستخط

.....

نام

.....

پتہ

.....

سی این آئی سی یا پاسپورٹ نمبر

.....

دستخط.....

(دستخط کمپنی کے پاس رجسٹرڈ دستخط کے نمونے کے مطابق ہوں)

سی این آئی سی /پاسپورٹ نمبر.....

اہم:

1- پروکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں جمع کرا دیا جائے۔

2- فارم پر ممبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کرے گا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔

3- اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے اور رائے دہی کے لئے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پروکسی مقرر کر سکتی ہے۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز /کارپوریشن ادارے

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا:

(i) پروکسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام، پتے اور سی این آئی سی یا پاسپورٹ نمبر فارم میں درج ہوں۔

(ii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کے تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔

(iii) پروکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی ای اصل پاسپورٹ پیش کرنا ہوگا۔

(iv) کارپوریٹ ادارے کی صورت میں دائریکٹرز کی قرارداد /پاور آف اٹارنی مع نامزدہ فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پروکسی فارم کے

ہمراہ کمپنی کو پیش کرنے ہوں گے۔



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