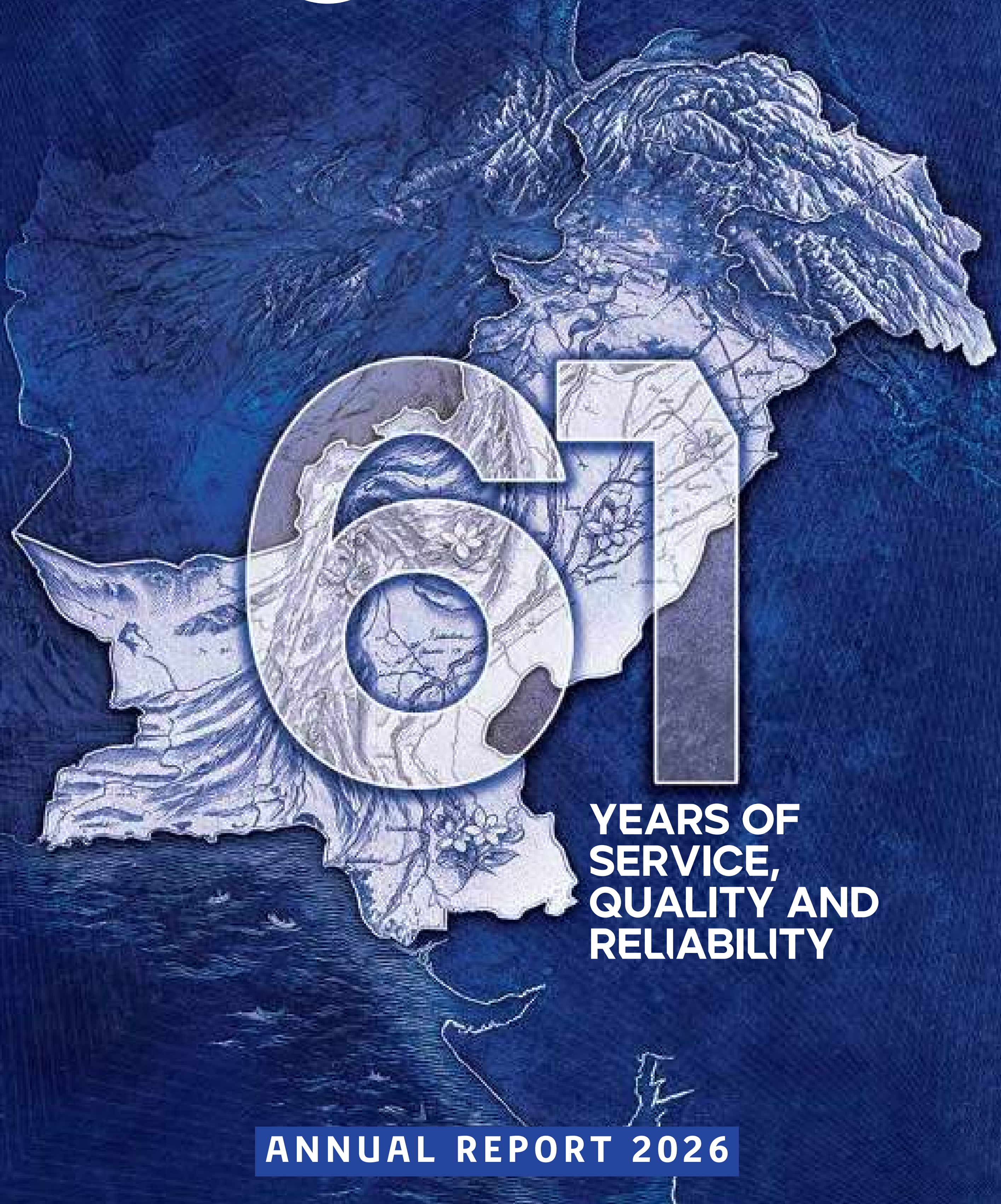
Security Papers
LIMITED



61 YEARS OF SERVICE, QUALITY AND RELIABILITY

ANNUAL REPORT 2026

Security Papers
LIMITED

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

61
YEARS OF
SERVICE,
QUALITY AND
RELIABILITY

ANNUAL REPORT 2026

ABOUT
THE REPORT

The Board of Directors of Security Papers Limited are pleased to present the Annual Report for the financial year ended June 30, 2026. The Company has adopted the International Integrated Reporting Framework in preparation of this Annual Report.

This report contains the following sections:

- Organizational Overview and External Environment
- Chairman's Review
- Directors' Report
- Report of the Board Audit Committee
- Statement of Compliance with 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
- ESG & Sustainability
- Stakeholder Relationship and Engagement

Scope and Boundary

This report is a concise communication about how the Company's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term. This Annual Report covers the period from July 1, 2025 to June 30, 2026 and any material event subsequent to year end have also been explained in various sections of this report. We aim to provide a balanced review of our performance, communicating relevant material information in a concise but comprehensive manner.

This Annual Report has been prepared in accordance with provisions of, directives and notifications issued under the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Rulebook of Pakistan Stock Exchange (PSX).

The financial statements forming part of this Annual Report have been prepared in accordance with the accounting and reporting standards applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards 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
- Provisions of, directives and notifications issued under the Companies Act, 2017

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

Chairman's Review, Directors' Report, Board Audit Committee's Report Statement of Compliance as per COCG and other information contained in this report has been structured in compliance with the requirements of applicable laws, rules and regulations and other local and international 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, 2026.

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

- Product Quality and Innovation
- Water
- Regulatory Compliance
- Emissions
- Economic Performance
- Climate & Energy
- Occupational Health & Safety
- Corporate Governance
- Employee Development
- Corporate Social Responsibility
- Circular Economy

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ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

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 as a 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 Activities

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.

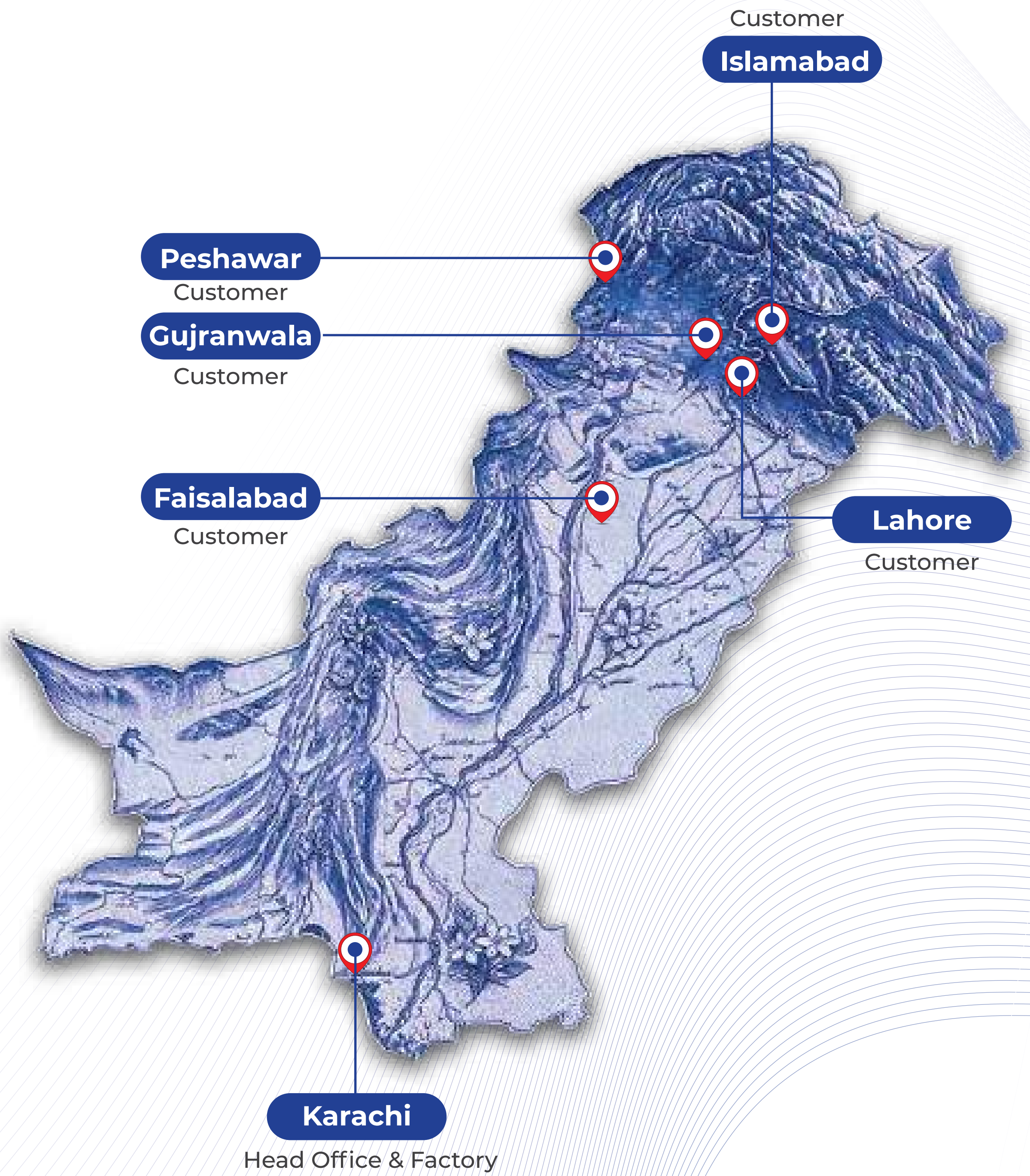
Currently, the Company is operating solely in the territory of Pakistan and has its manufacturing facility and registered office in Karachi.

PRODUCT PORTFOLIO

- Banknote Papers
- Passport Papers
- ECP Ballot Papers
- Certificates for Educational Board
- Prize Bond Papers
- Non-Judicial Stamp Papers
- Parchment Papers
- Cheque Book Papers
- Degree Papers for Universities
- Defense Savings Certificates

GEOGRAPHICAL PRESENCE

- The Company 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

1965 — Incorporation as a Private Limited Company

1966 — Signing of Contract for supply of Paper Machine-1 with Mills Paugh, UK

1967 — Conversion into Public Company listing in the PSX (Erstwhile KSE)

1969 — Commencement of Commercial Production from PM-1

2001 — Signing of Contract for supply of Paper Machine-2 with Voith Paper, Germany

2003 — Commissioning of PM-2

2004 — Formal inauguration of PM-2 by the Prime Minister of Pakistan

2006 — Installation of Reverse Osmosis Plant

2009 — Commissioning of Co-Generation Power Plant

2011 — Modification & Upgradation of Plant

2012 — Installation of Mould Cover manufacturing facility

2014 — Commissioning of Dry Cleaning Plant

2015 — Commissioning of Thread Unwind system

2016 — Production of Passport Paper

2018 — Installation of Beater Breaker Assemblies and stainless chest

2019 — PM-2 capacity enhancement through in-house development

2020 — Highest ever production

2021 — Water recycling plant, Upgradation of Sheeter Machine and 3rd Co Gen plant

2022 — Development of special watermark paper for Ballot printing

2023 — Production & delivery of Ballot paper & Commemorative Bank note paper of Rs 75

2024 — Capacity enhancement of Waste water recovery plant, New RO Plant.

2025 — Underground Storage Tank and Solar Project of 350KW

2026 — PM-2 Upgrade project for new Currency note Series

SIGNIFICANT EVENTS DURING THE YEAR

1. Holding of 1st Corporate Briefing Session (CBS) of FY 2025-26 was held on October 6, 2025.
2. 349th Board Meeting held on October 29, 2025 for approving Q-1 Financial Statements.
3. 350th Board Meeting held January 29, 2026 approving the Q-2 Financial Statements.
4. Holding of 2nd Corporate Briefing Sessions (CBS) of FY 2025-26 was held on 12 June 2026.
5. 352nd Board Meeting held on 29 April, 2026 for approving Q-3 Financial Statements.
6. 353rd Board Meeting held on 17 June 2026 for approving Annual Budget for the FY 2026-27.
7. 354th Board Meeting held on 30 July 2026, for approving the Annual Audited Financial Statements for the FY ended 30 June 2026

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, cast, 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.

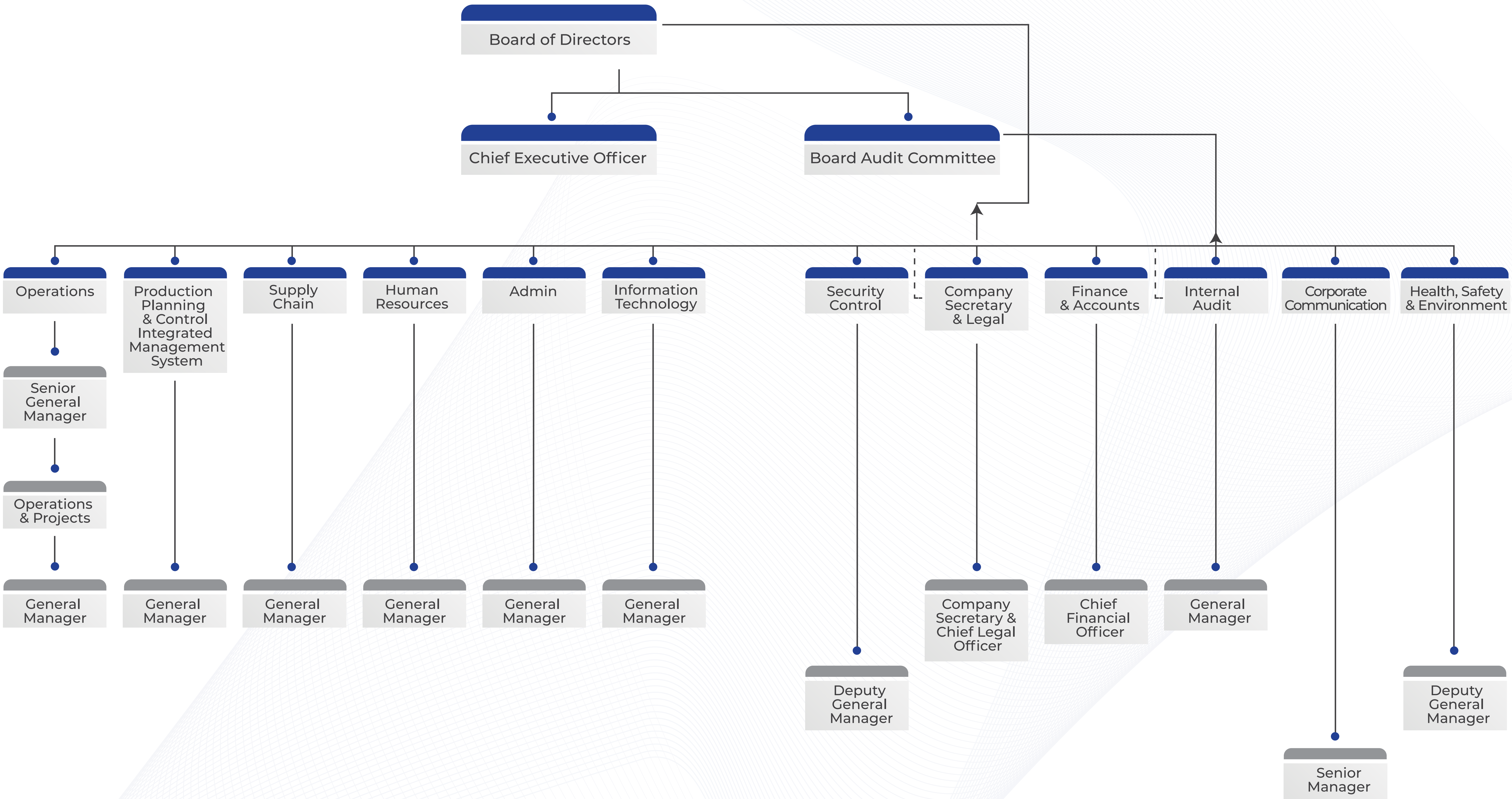
ETHICS & INTEGRITY
Ethics and integrity are core values of SPL, reflecting our commitment to comply with applicable laws and uphold the highest moral standards. Beyond legal compliance, we strive to make ethical choices in areas where the law may be unclear, guided by policies duly approved by our Board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

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

ORGANIZATIONAL CHART



COMPANY INFORMATION

Board of 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
Hafiz Mohammad Yousaf	-	Member
Mr. Shafqaat Ahmed	-	Member
Mr. Hamid Bazargan	-	Member

Board Human Resource, Remuneration & Sustainability Committee (BHRR&SC)

Mr. Munir Ahmed (Independent Director)	-	Chairman
Mr. Mohammad Aftab Manzoor	-	Member
Mr. Arshad Mehmood Bhatti	-	Member
Mrs. Pernur Alaybeyoğlu	-	Member

Board Investment & Risk Management Committee (BIRC)

Mr. Shafqaat Ahmed	-	Chairman
Hafiz Mohammad Yousaf	-	Member
Mrs. Pernur Alaybeyoğlu	-	Member
Mr. Jamal Nasim	-	Member

Board Procurement & Strategic Committee (BP&SC)

Mr. Jamal Nasim	-	Chairman
Mr. Mohammad Aftab Manzoor	-	Member
Mr. Arshad Mehmood Bhatti	-	Member
Mr. Hamid Bazargan	-	Member

COMPANY INFORMATION

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 was appointed as the Secretary to the aforementioned committees.

Executive Committee Members

1	Mr. Imran Qureshi (Chief Executive Officer)	Chairman
2	Mr. Muhammad Asim Jamil (Senior General Manager Operations)	Member
3	*Mr. Yasir Ali Quraishi (Company Secretary & Chief Legal Officer)	Member
4	Mr. Muhammad Noman Farooq (Chief Financial Officer)	Member
5	Ms. Maria Qureshi (General Manager Human Resource)	Member
6	Ms. Sarah Wasti (General Manager Commercial)	Member

Management Committee Members

1	Mr. Imran Qureshi (Chief Executive Officer)	Chairman
2	Mr. Muhammad Asim Jamil (Senior General Manager Operations)	Member
3	*Mr. Yasir Ali Quraishi (Company Secretary & Chief Legal Officer)	Member
4	Mr. Muhammad Noman Farooq (Chief Financial Officer)	Member
5	Ms. Maria Qureshi (General Manager Human Resource)	Member
6	Mr. Arshad Amir (General Manager PP&C, IMS)	Member
7	Mr. Shahbaz Ali (General Manager Administration)	Member
8	Ms. Sarah Wasti (General Manager Commercial)	Member
9	Ms. Aemon Khan (General Manager Internal Audit)	Member
10	Mr. Muhammad Khalid (General Manager IT)	Member
11	Lt. Col. (R) Fayyaz Ahmad (DGM Security Control)	Member
12	Mr. Arsalan Raza (DGM Health, Safety & Environment)	Member
13	Ms. Rabia Zulfiqar (Senior Manager Communications)	Member

**Mr. Yasir Ali Quraishi (Company Secretary & Chief Legal Officer) left the Company effective 12 August 2026.*

COMPANY INFORMATION

Bankers
Bank Al Habib Limited
National Bank of Pakistan
Meezan Bank Limited
Habib Metropolitan Bank Limited
Bank Alfalah Limited
MIB Bank Limited
Khushhali Bank Limited

Auditors
PwC A. F. Ferguson & Co.
Chartered Accountants

Tax Consultants
PwC A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors
Mohsin Tayebaly & Co. (MTC) Law Firm

Registered Office
Jinnah Avenue, Malir Halt,
Karachi-75100.
Tel. No: (+9221) 99248285
Fax No: (+9221) 99248286
E-mail: comsec@security-papers.com
Website: http://www.security-papers.com

Share Registrar
FAMCO Share Registration Services (Pvt.) Ltd.
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.
Tel. No: (+9221) 34380101-5
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Karachi-75100
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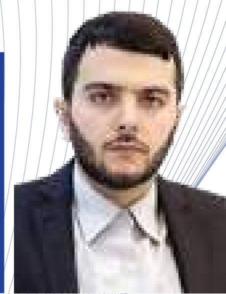
Fax No: (+9221) 99248616

BOARD OF DIRECTORS

Mr. Mohammad Aftab Manzoor
Chairman

Mrs. Pernur Alaybeyoğlu
Non-Executive Director



Mr. Hamid Bazargan
Non-Executive Director

Mr. Jamal Nasim
Non-Executive Director

Mr. Hafiz Mohammad Yousaf
Non-Executive Director

Mr. Shafqaat Ahmed
Non-Executive Director

Mr. Munir Ahmed
Independent Director

Mr. Arshad Mehmood Bhatti
Non-Executive Director

Mr. Imran Qureshi
Chief Executive Officer

DIRECTORS' PROFILE

Mr. Mohammad Aftab Manzoor

Chairman

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 Chairman of the Board of Directors and Board Nomination & Special Committee of Security Papers Limited. He is also a Member of the Board Human Resource & Remuneration & Sustainability Committee, Board Procurement & Strategic 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, chairman at Hellenic Sun (Pvt.) Limited and an independent director at National Investment Trust Limited and Raqami Islamic Digital Limited.

Mrs. Pernur Alaybeyoğlu

Non-Executive Director

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 Human Resources Remuneration & 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. 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 & Strategic 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).

From 2018 to 2025, he served as Vice President of IDRO, where he was responsible for overseeing major projects and high-tech industries. Among his notable achievements was his leadership in the development of Phases 14, 17, and 18 of the South Pars Gas Field projects, collectively valued at approximately USD 15 billion. Under his leadership, these projects achieved a record level of local content manufacturing.

Since 2026, he has taken on the CEO role at Petro Iranian Kupal Company, leading a landmark billion-dollar development of the Kupal oil field through a high-profile joint venture with a renowned Russian partner, positioning him at the forefront of Iran's upstream oil sector.

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

Non-Executive Director

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 & Strategic Committee and is a member of 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 and Saritow Spinning Mills Limited.

DIRECTORS' PROFILE

Mr. Hafiz Mohammad Yousaf
Non-Executive Director

Hafiz Yousaf is a highly qualified professional and has a unique combination of qualifications awarded by the prestigious institutions of the world including Chartered Accountant from Canadian Institute of Chartered Accountants and Institute of Chartered Accountants of Pakistan, Certified Public Accountant from American Institute of Certified Public Accountants, USA and multiple other professional qualifications.

He has been the elected Council Member/Chairman of various important committees of the Institute of Chartered Accountants of Pakistan from 2009 - 2017 as well as its President for 2015-16 term. In this capacity he was responsible for the overall governance and operations of the Institute. During this tenure, he also interacted with multiple federal and provincial ministries, public sectors institutions, foreign donors and international professional bodies including International Federation of Accountants, International Auditing and Assurance Standards Board and International Accounting Standards Board, etc on various matters of professional importance. In the recent years the key areas of his focus and participation were the high-end policy formulation and implementation, strategic directions, oversight of regulations and business operations, governance initiatives and organizational reforms and business decisions making, etc at some of the top institutions and companies in Pakistan

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 Nomination & Special Committee.

Previously, he 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. He also served as Board Member of SAMBA Bank Limited and many other entities.

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

Mr. Yousaf was 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. The seven member PIMCC has an oversight on the functioning of the AAOIFI Accounting Board (AAB) and AAOIFI Governance and Ethics Boards (AGEB) to oversee that public interest is duly served.

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 the Chairman of Board Investment & Risk Management Committee & also a member of Board Audit Committee & Board Nomination & Special 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
Independent Director

Mr. Munir Ahmed has been serving as an Independent and Non-Executive Director on the Board of Security Papers Limited since September 2020. As a seasoned board member, he plays a pivotal role in strengthening the Company's governance framework through his leadership as Chairman of the Board Audit Committee and Chairman of the Board Human Resource, Remuneration & Sustainability Committee. His extensive experience in corporate governance, financial oversight, risk management, and strategic leadership enables him to provide valuable guidance on the Company's long-term objectives and governance priorities.

Mr. Munir is a Certified Director from the Pakistan Institute of Corporate Governance (PICG), reflecting his commitment to the highest standards of corporate governance, ethical leadership, and board effectiveness.

With over 33 years of distinguished experience in Pakistan's banking sector, Mr. Munir has held several senior leadership positions at The Punjab Provincial Cooperative Bank Limited (PPCBL), culminating in his appointment as Acting President / Chief Executive Officer. Throughout his career, he has developed extensive expertise in corporate governance, banking operations, regulatory compliance, enterprise risk management, audit and internal controls, and institutional management.

Mr. Munir holds a Master of Science (M.Sc.) degree in Statistics from Bahauddin Zakariya University, Multan. He has further enhanced his professional capabilities through executive education and specialized training in banking, leadership, corporate governance, and financial management from prestigious institutions, including the National Institute of Banking and Finance (NIBAF), the Institute of Bankers Pakistan (IBP), the Federal Bank for Cooperatives, and the Pakistan Institute of Corporate Governance (PICG).

Drawing upon his extensive executive leadership and governance experience, Mr. Munir continues to make a significant contribution to the Board of Security Papers Limited by providing strategic oversight, fostering a strong culture of accountability and transparency, and supporting sustainable value creation for all stakeholders.

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 Human Resources Remuneration & Sustainability Committee, Board Procurement & Strategic Committee & 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.

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

It gives me great pleasure to present, on behalf of the Board of Directors, the Annual Report of the Company for the financial year ended June 30, 2026.

Economic Environment

During the year under review, Pakistan's economy continued on a path of gradual stabilization, supported by prudent fiscal and monetary management, continued implementation of IMF-supported structural reforms, moderating inflation and relative exchange rate stability. The easing inflationary environment enabled the State Bank of Pakistan to gradually reduce policy rates, while improved external account indicators including stronger foreign exchange reserves, resilient workers' remittances and sustained fiscal discipline contributed to enhanced macroeconomic stability and renewed investor confidence.

The global operating environment, however, remained uncertain due to escalating geopolitical tensions in the Middle East, resulting in volatility in international energy prices, elevated freight costs and disruptions to global supply chains. Despite these external headwinds, Pakistan's improving economic fundamentals and continued policy discipline provided a more stable environment for industrial activity and business growth.

Company's Performance

During the year, the Company produced 3,575 tons of paper compared with 3,810 tons in the preceding year. The modest decline in production was primarily attributable to planned operational adjustments to accommodate customer specifications, preparations for the paper machine upgradation and temporary disruptions caused by unprecedented rainfall in Karachi during August 2025. Through disciplined procurement practices and effective supplier negotiations, management continued to exercise prudent cost control despite a challenging operating environment.

The Company recorded net sales of PKR 7,306 million compared with PKR 7,870 million in the previous year, while profit after tax amounted to PKR 907 million against PKR 1,524 million in the preceding year. Although the financial results reflect the impact of lower production volumes, operational adjustment to meet customer specifications, significant reduction in other income owing to falling interest rates and utilization of invested funds for BMR, the Company maintained a strong financial position while continuing to invest in initiatives that will support sustainable long-term growth.

Strategic Priorities

A defining milestone during the year has been the commencement of our paper machine upgradation project, one of the Company's most significant strategic investments in recent years. To facilitate the execution of this major modernization initiative, plant operations have been temporarily suspended and are expected to resume by mid September 2026.

Upon completion, this investment will significantly strengthen the Company's technological capabilities by enabling the production of banknotes and security papers incorporating enhanced security features that meet the evolving requirements of our customers for the new banknote series. The project will improve Company's competitive position in the years ahead.

Sustainability and Responsible Growth

The Board remains firmly committed to embedding environmental, social and governance (ESG) principles into the Company's long-term strategy. We recognize that sustainable business practices are fundamental to creating enduring value for shareholders while fulfilling our responsibilities towards society and the environment.

During the year, the Company further expanded its Solar power generation capacity as part of our ongoing transition towards cleaner sources of energy. Alongside our environmental initiatives, we continued to strengthen product quality, customer satisfaction, workplace health and safety, diversity and inclusion, responsible waste management and sound governance practices.

Governance and Board Oversight

The Board continued to provide effective leadership and strategic oversight throughout the year, ensuring that management remained focused on delivering the Company's strategic priorities while maintaining the highest standards of integrity, accountability and corporate governance.

In accordance with its fiduciary responsibilities, the Board regularly reviewed the Company's risk management framework, internal control systems and governance processes to ensure their continued effectiveness and alignment with applicable regulatory requirements and evolving business risks. Based on these reviews, the Board is satisfied that the Company's system of internal controls remains adequate and effective in safeguarding the Company's assets, supporting operational resilience and protecting the interests of all stakeholders.

The Board also remained actively engaged in overseeing the successful execution of the Company's strategic investment programme, reinforcing its commitment to sustainable value creation and long-term competitiveness.

Outlook

Looking ahead, we remain confident in the Company's long-term prospects. The successful completion of the paper machine upgradation project will mark the beginning of a new phase by improving our product quality and strengthening our ability to meet the increasingly sophisticated requirements of our customers.

While economic and geopolitical uncertainties may continue to present challenges, the Company's strong financial foundation, disciplined management approach and unwavering focus on innovation, operational excellence and responsible growth position us well to capitalize on emerging opportunities and deliver sustainable value to our shareholders.

Acknowledgements

On behalf of the Board, I extend my sincere appreciation to our shareholders for their continued confidence and trust in the Company. I also thank our valued customers, business partners, financial institutions, regulators and other stakeholders for their continued support.

I wish to acknowledge the invaluable contributions of my fellow Directors for their guidance, commitment and stewardship throughout the year. I also extend my sincere appreciation to our management and every member of our workforce whose professionalism, dedication and resilience have been instrumental in the Company's continued success.

Together, we remain committed to strengthening the Company's leadership position, upholding the highest standards of governance and creating sustainable long-term value for all our stakeholders.

Mohammad Aftab Manzoor
Chairman
Karachi
Dated: July 30, 2026

SURPASSING THE BEST

4th Position Best Corporate Report Award 2024

Best Sustainability Award 2024 (Merit Certificate)

40th Corporate Excellence Award of MAP

22nd Environmental Excellence Award 2025

Women Empowerment and Gender Equality Recognition Award 2025

11th International Environment, Health and Safety Award 2025

15th Fire and Safety Award 2025

11th Employers of the year Award 2025

18th Corporate Social Responsibility (CSR) Award 2025

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors of Security Papers Limited (the Company) are pleased to present their report, together with audited financial statements of the Company, for the year ended June 30, 2026.

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

During the financial year under review, Pakistan's economy continued its gradual stabilization, supported by prudent fiscal and monetary policies, the continued implementation of IMF supported structural reforms, moderating inflation, relative exchange rate stability and improved external account indicators. These developments contributed to enhanced macroeconomic stability and a more conducive operating environment for businesses. Recently, the international rating agency, Standard and Poor's has upgraded Pakistan's sovereign credit rating to B with 'stable' outlook.

Looking ahead, the Government's continued commitment to the IMF is expected to underpin economic growth, with GDP projected to grow by approximately 3.5% in FY2027. Nevertheless, the external environment remains uncertain due to escalating geopolitical tensions in the Middle East, which may result in volatility in energy prices, supply chain disruptions and other external risks that could affect Pakistan's economic outlook.

Company's Performance

During the financial year ended June 30, 2026, the Company operated in a dynamic business environment marked by temporary operational disruptions, changes in paper mill operating dynamics and execution of strategic capital initiatives as the company prepared itself for the upcoming Balancing, Modernization and Replacement (BMR). Despite these challenges, the Company remained focused on operational excellence, prudent cost management and long-term value creation.

The Company recorded sales volume of 3,597 tons of banknote and other security papers compared to 3,814 tons in the preceding year. Net sales amounted to PKR 7.31 billion as against PKR 7.87 billion in the previous year.

The decline in production and revenue was primarily attributable to planned one-off operational adjustments to accommodate customer requirements, inventory alignment for the upcoming launch of the new banknote series, preparations for the BMR project and temporary disruptions caused by unprecedented rainfall in Karachi during August 2025. Notwithstanding these temporary factors, the Company maintained disciplined procurement practices and effective supplier negotiations, enabling management to optimize production costs while continuing to invest in strategic initiatives that will strengthen the Company's long-term competitiveness.

Business and Financial Review

The financial year ended June 30, 2026 was characterized by operational and strategic challenges detailed above. Despite these short-term challenges, the Company maintained a resilient financial position through disciplined operational execution, prudent cost management and a continued focus on long-term value creation.

During the year, the Company recorded net sales of PKR 7.31 billion compared to PKR 7.87 billion in the preceding year. Profit after tax amounted to PKR 907 million against PKR 1,524 million last year, while earnings per share decreased to PKR 15.31 from PKR 25.72 in the previous year. The decline in profitability was due to increase in cost of production, decrease in 'other income' due to lower mark-up rates, utilization of funds to finance ongoing BMR project, adjustment of margin from 28% to 24% attributable to the revised commercial terms under the renewed sale-purchase agreement with the Company's principal customer and certain one-off costs associated with operational optimization and quality alignment to meet agreed product specifications. The identified areas for improvement are to be addressed as part of the upcoming BMR project.

The Company's principal customer continued to be Pakistan Security Printing Corporation (Private) Limited (PSPC), accounting for 99.78% of total sales, primarily comprising banknote papers. The Company is pleased to report that the 3 years trade agreement with PSPC was successfully renewed during the year. The renewed agreement continues to operate under a cost-plus pricing mechanism, providing a transparent and equitable commercial framework. Consistent with the previous agreement, the updated agreement incorporates clearly defined Key Performance Indicators (KPIs) based on the Company's historical operating performance, ensuring a balanced outcome for both parties under varying operating conditions. The KPIs ensure that costs are passed on to the customer in a fair and transparent manner without any adverse impact of operational inefficiencies of the company; similarly, the company will benefit from any improvement brought in through operational efficiencies. While the methodology for determining the applicable margin remains based on benchmarking against comparable international and local listed entities, refinements were made to the pool entities to enhance its relevance and establish a more representative margin percentage.

Investment income amounted to PKR 674 million compared to PKR 889 million in the previous year. The reduction primarily reflects the decline in monetary policy rates together with the planned utilization of investment funds to finance the BMR project. Management continued to proactively optimize the investment portfolio while maintaining adequate liquidity to meet operational and project funding requirements.

The Board continued to closely monitor operational performance and the execution of the Company's strategic investment program. During the year, significant infrastructure enhancements were completed, including the upgrade of the cogeneration power plant, construction of an additional 500,000 gallons water storage tank and installation of new reverse osmosis (RO) bores to strengthen water security and reduce dependence on conventional water sources. The Company also further advanced its sustainability initiatives through the installation of an additional 350 kW solar power system, reinforcing its commitment to cleaner energy, operational efficiency and responsible environmental stewardship.

The Board, together with the Management, continued to oversee the Company's operations, enterprise risk management framework and internal control systems. Regular reviews were undertaken to identify and mitigate strategic, operational, financial and compliance risks, while ensuring that the Company's governance framework remained effective in supporting operational resilience and the successful execution of its long-term strategic objectives.

Profit Appropriation, Dividends and Reserve Transfer

At the beginning of the financial year, the Company's total reserves stood at PKR 8.41 billion. During the year, the Company recorded a profit after tax of PKR 907 million. In accordance with the approval of the shareholders at the Annual General Meeting, a final cash dividend of PKR 533 million in respect of the financial year ended June 30, 2025 was declared.

The Board has approved a transfer of PKR 840 million from retained earnings to revenue reserves for the year ended June 30, 2026. Consequently, the Company's total reserves increased to PKR 8.79 billion as at June 30, 2026, further strengthening its financial position and providing a solid foundation to support future strategic investments and sustainable growth.

Dividend and Subsequent Events

The Board of Directors has recommended a final cash dividend of PKR 9.00 per share for the financial year ended June 30, 2026, subject to the approval of the shareholders at the Annual General Meeting to be held on 25 September 2026.

Subsequent to the reporting date and up to the date of this report, no material events or circumstances have occurred that would require adjustment to, or disclosure in, the accompanying financial statements, other than those disclosed therein.

DIRECTORS' REPORT

Capital Structure

The Company's total equity increased to PKR 9.38 billion as at June 30, 2026 from PKR 9.00 billion as at June 30, 2025, reflecting the continued strengthening of its capital base through retained earnings.

The Company remained entirely debt-free throughout the year, with no long-term or short-term borrowings outstanding as at the reporting date. This prudent capital structure provides significant financial flexibility and supports the Company's ongoing strategic investment program while maintaining a strong and resilient financial position.

Environmental, Social and Governance

The Company remains committed to integrating Environmental, Social and Governance (ESG) principles into its long-term business strategy, recognizing that sustainable business practices are fundamental to creating enduring value for shareholders while fulfilling its responsibilities towards employees, customers, society and the environment.

Given the strategic national importance of its operations, safeguarding the Company's facilities, assets, information and workforce remains a key priority. Alongside maintaining the highest standards of security and operational resilience, the Company continues to promote diversity and inclusion, uphold human rights, strengthen stakeholder engagement, enhance product quality and customer satisfaction, and maintain robust environmental, health and safety practices.

To support operational excellence and continuous improvement, the Company maintains an Integrated Management System (IMS) certified to internationally recognized standards, including ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management) and ISO 45001:2018 (Occupational Health and Safety Management). During the year, the Company further advanced its environmental initiatives through the ongoing expansion of its renewable energy capacity, including the installation of an additional 350 kW solar power system, while continuing to strengthen responsible resource utilization and benefiting from water recycling through upgraded ETP plant.

Awards & Recognition

During 2026, 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 the Company during 2026:

- 4th position in the Best Corporate Report Awards for 2024 by ICAP and ICMAP, in respective category.
- Merit certificate for Best Sustainability Report Award 2024 by ICAP and ICMAP.
- 40th Corporate Excellence Award by Management Association of Pakistan.
- 22nd Annual Environmental Excellence Award 2025 by The National Forum for Environment and Health.
- 15th Fire & Safety Award 2025 by The National Forum for Environment and Health.
- 18th CSR Awards 2026 by The National Forum for Environment and Health.
- 11th Employer of the year Award 2025 from Employer Federation of Pakistan.
- Women Empowerment and Gender Equality Recognition Award 2025 presented by Employer’s Federation of Pakistan.
- 11th International Award on Environment Health & Safety from The Professional Network.

DIRECTORS' REPORT

Corporate Social Responsibility (CSR)

The Company remains committed to creating sustainable value for the communities in which it operates through responsible corporate citizenship and meaningful social investment. Guided by its Corporate Social Responsibility (CSR) Policy, the Company supports initiatives that promote healthcare, education and community development, reflecting its commitment to inclusive and sustainable growth.

In accordance with the Company's CSR Policy, an amount equivalent to 1% of the Company's profit is allocated annually towards community investment. During the financial year 2025–2026, the Company disbursed PKR 8.71 million to support various social welfare initiatives and charitable organizations. In addition, the Company organized a blood donation drive at its premises in collaboration with Indus Hospital & Health Network, demonstrating its continued commitment to improving healthcare access and encouraging employee volunteerism.

The principal beneficiaries of the Company's CSR contributions during the year included:

- Indus Hospital & Health Network
- SOS Children's Villages Pakistan
- Dr. Ruth K. M. Pfau Civil Hospital Karachi

The Board remains committed to supporting initiatives that create a positive and lasting impact on society while reinforcing the Company's broader sustainability and ESG objectives.

Diversity, Equity and Inclusion (DE&I)

The Company 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 (Amendment) Act, 2022.

The Company is an equal opportunity employer with a strong focus on gender diversity and the inclusion of differently abled individuals, implementing rigorous, transparent, non-discriminatory evaluation criteria to ensure gender equality when hiring new employees. Currently, the Company employs five differently abled persons and has increased female representation in management to 18.4% from 7.8% three years back. 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:

- The Company 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, the Company 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.

The Company 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 Health, Safety, Environment (HSE), and Sustainability as core elements of its operational strategy. Following the establishment of a dedicated HSE Department last year, the Company has actively embedded a proactive, safety-first culture across all levels through key initiatives during the current year:

- **Permit to Work (PTW) System:** Standardized job reviews to identify, mitigate, and control high-risk activities prior to execution.
- **Digital Safety Reporting:** Launched an online portal for logging unsafe acts and conditions, driving transparent and immediate hazard identification.
- **Risk Management Framework:** Implemented routine Risk Assessments and Job Safety Analyses (JSA) across all departments to ensure safe operational planning and execution.
- **STOP Card Program:** Introduced to empower all employees to immediately stop any unsafe act, unsafe condition or unsafe job that may cause injury, damage or environmental harm.

Operational guidance on environmental and social responsibilities is driven by an independent Sustainability Council. The Council possesses full authority to consult, inform and execute strategic actions. The Company continues to publish a comprehensive, independently assurance-reviewed Sustainability Report within the Annual Report, covering materiality assessments, risk mitigation strategies, performance metrics and long-term development goals.

Corporate Governance

The Board of Directors is committed to maintaining exemplary standards of corporate governance, transparency and statutory compliance. Our operational framework is supported by a comprehensive Code of Conduct and business practice guidelines applicable to both Directors and employees. This framework ensures ethical decision-making, mitigates potential conflicts of interest and mandates that any unavoidable conflicts be formally disclosed to the Board for resolution. The full Code of Conduct is accessible on the Company's website (www.security-papers.com).

The Board of Directors provides strategic oversight, monitors executive management performance and evaluates key risk parameters to protect stakeholder value. While the Board delegates day-to-day operations and executive management to the Chief Executive Officer (CEO), it maintains active supervision through quarterly review meetings. Members of executive leadership including the CEO, CFO, and Company Secretary regularly attend these meetings alongside Board Committees to report on operational milestones and financial performance. All the meetings of the board and its committees were held in Pakistan.

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 61-64).

Board and Committees Changes

There was no change in the composition of the Board of Directors during the financial year under review. However, the Board reconstituted its committees during the year to enhance governance and oversight. The revised composition of the Board committees is presented on next page in this Report.

Chairman's Review

The Board of Directors endorse the contents of the Chairman's Review annexed (page 34-35).

Composition of the Board
The composition of the Board of Directors complies with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and is set out 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
During the year under review, the Board reviewed the composition of its committees to further strengthen its governance framework and enhance the effectiveness of Board oversight. Accordingly, the composition of the Board committees was reconstituted as follows:

Board Audit Committee

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

Board Human Resource & Remuneration and Sustainability Committee

Mr. Munir Ahmed	Chairman
Mr. Mohammad Aftab Manzoor	Member
Mrs. Pernur Alaybeyoğlu	Member
Mr. Arshad M. Bhatti	Member

Board Investment and Risk Management Committee

Mr. Shafqaat Ahmed	Chairman
Hafiz Mohammad Yousaf	Member
Mrs. Pernur Alaybeyoğlu	Member
Mr. Jamal Nasim	Member

Board Procurement and Strategic Committee

Mr. Jamal Nasim	Chairman
Mr. Mohammad Aftab Manzoor	Member
Mr. Arshad M. Bhatti	Member
Mr. Hamid Bazargan	Member

Board Nomination and Special Committee

Mr. Mohammad Aftab Manzoor	Chairman
Mr. Shafqaat Ahmed	Member
Hafiz Mohammad Yousaf	Member
Mr. Arshad Mehmood Bhatti	Member

DIRECTORS' REPORT

The election of independent directors of Security Papers Limited ("SPL") had to be held in the 8th EOGM scheduled for 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 holding elections of its directors for the third time at the 8th Reconvened EOGM, which was scheduled for 27 March 2025. However, on an application filed by SECP on 25 March 2025 in Miscellaneous Appeal 27/2025, the SHC restrained SPL from holding its elections until the legal status matter in the said appeal 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 and although the said case was fixed for hearing in May 2026 but the hearing did not take place, as the case was discharged and next date of hearing is currently awaited.

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.

During the current financial year, a formal process of Board's own performance, and performance of members of the Board and its committees was undertaken in-house and coordinated by the Company Secretary & Chief Legal Officer, as per the mechanism approved by the Board of Directors which is in accordance with Regulation 28 (6) (ii) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

DIRECTORS' REPORT

Directors' Remuneration

The Board of Directors has approved a formal Directors' Remuneration Policy that provides a transparent framework for determining the remuneration of Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

In accordance with the approved policy, each Non-Executive Director and Independent Director is entitled to an after-tax remuneration of PKR 160,000 for attending each meeting of the Board of Directors or its Sub–Committees.

Details of the remuneration paid to the Directors and the Chief Executive Officer during the financial year are disclosed in Note 30 to the accompanying financial statements.

Directors' Training Program

The Company is fully compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 relating to the Directors' Training Program. All Directors meet the prescribed training requirements through the successful completion of the approved Directors' Training Program or by virtue of the exemptions available under the applicable regulations.

Pattern of Shareholding

The pattern of shareholding of the Company as at June 30, 2026, prepared in accordance with the requirements of Section 227(2)(f) of the Companies Act, 2017, is annexed to this Report.

Business Continuity Plan

The Company maintains a comprehensive Business Continuity Plan (BCP) to ensure the continuity of critical business operations, safeguard its people and assets and minimize the impact of potential disruptions.

Based on the Company's financial position, available resources and future business prospects, the Board is satisfied that the Company has adequate resources to continue its operations for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Changes in Nature of Business

There was no change in the nature of the Company's business during the financial year ended June 30, 2026.

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 Listed Companies (Code of Corporate Governance) Regulations, 2019, all related party transactions were reviewed by the Audit Committee and recommended to the Board of Directors for approval. The Board approved all related party transactions after satisfying itself that such transactions were undertaken on terms that were fair, reasonable and in the best interests of the Company.

DIRECTORS' REPORT

Subsequent Events

There were no material events or commitments occurring between June 30, 2026 and the date of this Report that require adjustment to, or disclosure in, the accompanying financial statements, except as disclosed in this Annual Report.

Internal Financial Controls

The Board remains dedicated to maintaining an effective internal financial control framework that ensures the efficient conduct of operations, protection of corporate assets, statutory compliance, and accurate financial reporting. Designed using risk-based methodologies, the Company's internal control system is anchored in five key pillars: control environment, risk assessment, corporate governance, information and communication and monitoring.

Continuous oversight is provided through an independent Internal Audit function that regularly evaluates control implementation and operational efficiency. Furthermore, the Board's Audit Committee conducts quarterly reviews of both the internal control framework and the financial statements, ensuring proactive management response to any identified control deficiencies or accounting weaknesses

Corporate and Financial Reporting Framework

The Company is committed to maintaining the highest standards of corporate governance and ethical business practices. During the financial year under review, the Company complied with the applicable requirements of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and the Pakistan Stock Exchange (PSX) Rule Book relating to the Corporate and Financial Reporting Framework.

The Directors confirm that:

a) The financial statements prepared by the management of the Company presents 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) IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as applicable in Pakistan and the requirements of the 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, A.F. Fergusons & Co, Chartered Accountants (a member firm of PwC) audited the financial statements of the Company and have issued an unqualified report to the members.

DIRECTORS' REPORT

Risk Management

Risk management is the responsibility of the Board, supported by the Board Investment and Risk Management Committee. 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.

Risk Management Committee is responsible for implementing and maintaining controls. The Company periodically reviews risk registers 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 Board's risk appetite. To further strengthen this framework, the company has appointed a dedicated risk management professional to exclusively oversee and manage risk-related matters.

Auditors

The auditors, A.F. Ferguson & Co, Chartered Accountants (a member firm of PwC), retire at the conclusion of the 61st Annual General Meeting. Being eligible, they have offered themselves for re-appointment at a remuneration of PKR 6.3 million. As suggested by the Board Audit Committee, the Board recommended the appointment of A.F. Ferguson & Co, Chartered Accountants as auditors of the Company for the year 2026-27.

Contribution to the National Exchequer

During the year under review the Company contributed an amount of PKR 2,181 million to the national exchequer on account of direct and indirect taxes and levies as compared to PKR 2,276 million during the corresponding period. In addition, the Company had also made foreign exchange savings of US$ 26.23 million (approx.) through import substitution during the year.

Prospects and Future Outlook

The Company remains fully committed to anticipating industry shifts and proactively addressing operational challenges. The successful shipment and ongoing installation of our upgraded paper-making machine (PM-2) positions SPL to emerge stronger, capturing new market demands with advanced security products. By prioritizing operational excellence, technical innovation, and financial resilience, the Company is well-equipped to navigate this complex macroeconomic landscape and deliver sustainable, long-term value to our shareholders.

Following the shareholder approval of capital investment for the upgradation of our paper-making machine (PM-2), the project has transitioned into its critical execution phase. We are pleased to report that the upgraded machinery from M/s Giesecke+Devrient Currency Technology GmbH, Germany, has been successfully shipped and delivered to the site, where installation work is now actively underway. To facilitate this extensive modernization work, plant operations have been systematically halted and are scheduled to resume by mid-September.

Once completed, this upgrade will equip the Company to produce advanced banknote paper with enhanced security features that align with our key customer's specific demands. This machine upgrade underscores our long-term commitment to operational resilience, quality improvement and sustained shareholder value.

DIRECTORS' REPORT

Acknowledgement

The Board of Directors extends its sincere appreciation to the Company's shareholders, investors, customers, business partners and other stakeholders for their continued confidence and support. The Board also expresses its heartfelt gratitude to the management team and all employees for their dedication, professionalism and unwavering commitment, which continue to contribute significantly to the Company's achievements and long-term success.

On behalf of the Board of Directors

Imran Qureshi Chief Executive Officer	Munir Ahmed Director

Karachi
Dated: July 30, 2026

ڈائریکٹرز رپورٹ

بورڈ کی رسک کی خواہش (risk appetite) کے اندر خطرے کو قابلِ قبول سطح تک کم کرنے کے لیے متعلقہ سرمایہ کاری اور نام اسکیلز کا جائزہ لینے کے لیے وقتاً فوقتاً رسک رجسٹرز کا جائزہ لیتی ہے۔ اس فریم ورک کو مزید مضبوط کرنے کے لیے، کمپنی نے رسک سے متعلقہ معاملات کی خصوصی نگرانی اور انتظام کرنے کے لیے ایک سرشار رسک مینجمنٹ پروفیشنل کا تقرر کیا ہے۔

آڈیٹرز

آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی (CoA.F. Ferguson &)، چارٹرڈ اکاؤنٹنٹس (PwC کی ایک رکن فرم)، 61ویں سالانہ اجلاسِ عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اہل ہونے کی بنا پر، انہوں نے 6.3 ملین روپے کے معاوضے پر دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ بورڈ آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ نے سال 2026-27 کے لیے کمپنی کے آڈیٹرز کے طور پر اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

قومی خزانے میں شراکت

زیرِ جائزہ سال کے دوران کمپنی نے براہِ راست اور بالواسطہ ٹیکسوں اور لیویز کی مد میں قومی خزانے میں 2,181 ملین روپے کا حصہ ڈالا، جبکہ پچھلی اسی مدت کے دوران یہ رقم 2,276 ملین روپے تھی۔ اس کے علاوہ، کمپنی نے سال کے دوران درآمدی متبادل (importsubstitution) کے ذریعے غیر ملکی زرِمبادلہ کی تقریباً 26.23 ملین امریکی ڈالر کی بچت بھی کی ہے۔

امکانات اور مستقبل کا نقطہ نظر

کمپنی صنعت کی تبدیلیوں کی پیشین گوئی کرنے اور آپریشنل چیلنجز سے فعال طور پر نمٹنے کے لیے پوری طرح پرعزم ہے۔ ہماری اپ گریڈ شدہ پیپر میکنگ مشین (2-PM) کی کامیاب ترسیل اور جاری تنصیب SPL کو مزید مضبوط بناتی ہے، تاکہ ایڈوانس سکیورٹی پروڈکٹس کے ساتھ مارکیٹ کے نئے مطالبات کو پورا کیا جا سکے۔ آپریشنل بہتری، تکنیکی جدت طرازی، اور مالیاتی لچک کو ترجیح دے کر، کمپنی اس پیچیدہ میکرو اکنامک منظرنامے کو نیویگیٹ کرنے اور ہمارے شیئر ہولڈرز کو پائیدار، طویل مدتی قدر فراہم کرنے کے لیے پوری طرح لیس ہے۔

ہماری پیپر میکنگ مشین (PM-2) کی اپ گریڈیشن کی سرمایہ کاری کی شیئر ہولڈرز کی منظوری کے بعد، یہ پروجیکٹ اپنے اہم نفاذ کے مرحلے میں داخل ہو گیا ہے۔ ہمیں یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ M/s Giesecke+ Devrient Currency Technology GmbH، جرمنی کی جانب سے اپ گریڈ شدہ مشینری کو کامیابی کے ساتھ بھیج دیا گیا ہے اور سائٹ پر پہنچا دیا گیا ہے، جہاں اب تنصیب کا کام تیزی سے جاری ہے۔ اس وسیع جدید کاری کے کام کو آسان بنانے کے لیے، پلانٹ کے کاموں کو منظم طریقے سے روک دیا گیا ہے اور ستمبر کے وسط تک دوبارہ شروع ہونے کا شیڈول ہے۔

ایک بار مکمل ہونے کے بعد، یہ اپ گریڈ کمپنی کو بہتر حفاظتی خصوصیات کے ساتھ جدید بینک نوٹ پیپر تیار کرنے کے قابل بنائے گا جو ہمارے کلیدی کسٹمر کے مخصوص مطالبات کے مطابق ہیں۔ اس مشین کی اپ گریڈیشن آپریشنل لچک، معیار کی بہتری اور پائیدار شیئر ہولڈر ویلیو کے لیے ہماری طویل مدتی وابستگی کو واضح کرتی ہے۔

ڈائریکٹرز رپورٹ

اعتراف

بورڈ آف ڈائریکٹرز کمپنی کے شیئر ہولڈرز، سرمایہ کاروں، گاہکوں، کاروباری شراکت داروں اور دیگر اسٹیک ہولڈرز کے مسلسل اعتماد اور تعاون کے لیے ان کی دلی تعریف کرتا ہے۔ بورڈ انتظامی ٹیم اور تمام ملازمین کی لگن، پیشہ ورانہ مہارت اور غیر متزلزل وابستگی کے لیے بھی اپنے دلی شکریہ کا اظہار کرتا ہے، جو کمپنی کی کامیابیوں اور طویل مدتی کامیابی میں نمایاں کردار ادا کرتے رہتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

Imran Qureshi

عمران قریشی
چیف ایگزیکٹو آفیسر

منیر احمد
ڈائریکٹر

کراچی
تاریخ: 30 جولائی 2026

ڈائریکٹرز رپورٹ

بورڈ کی کارکردگی کا جائزہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 ("CCG") کی قابل اطلاق دفعات کے مطابق، بورڈ اپنی کارکردگی کا سالانہ جائزہ لیتا ہے۔ بورڈ آف ڈائریکٹرز اس بات کا تعین کرنے میں مسلسل تشخیص کی اہمیت کو تسلیم کرتا ہے کہ بورڈ نے اپنے قائم کردہ مقاصد اور اہداف کے مقابلے میں کتنی مؤثر طریقے سے کارکردگی کا مظاہرہ کیا ہے۔ تشخیص کے بعد، بہتری کے شعبوں کی نشاندہی کی جاتی ہے، اور اصلاحی کارروائی کے منصوبے وضع کرکے ان پر عمل درآمد کیا جاتا ہے۔

موجودہ مالی سال کے دوران، بورڈ کی اپنی کارکردگی، اور بورڈ اور اس کی کمیٹیوں کے ممبران کی کارکردگی کا ایک باقاعدہ عمل اندرونی طور پر شروع کیا گیا جس کو کمپنی سیکرٹری اور چیف لیگل آفیسر نے مربوط کیا، یہ اس طریقہ کار کے مطابق تھا جو بورڈ آف ڈائریکٹرز کے منظور کردہ ہے اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے ریگولیشن 28(6)(ii) کے مطابق ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ایک باقاعدہ ڈائریکٹرز کی ریمونریشن پالیسی کی منظوری دی ہے جو کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق ڈائریکٹرز کے معاوضے کے تعین کے لیے ایک شفاف فریم ورک فراہم کرتی ہے۔

منظور شدہ پالیسی کے مطابق، ہر نان ایگزیکٹو ڈائریکٹر اور انڈیپنڈنٹ ڈائریکٹر بورڈ آف ڈائریکٹرز یا اس کی ذیلی کمیٹیوں کے ہر اجلاس میں شرکت کے لیے 160,000 روپے کے ٹیکس کے بعد معاوضے کا حقدار ہے۔

مالی سال کے دوران ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو ادا کیے گئے معاوضے کی تفصیلات منسلک مالیاتی گوشواروں کے نوٹ 30 میں ظاہر کی گئی ہیں۔

ڈائریکٹرز کا تربیتی پروگرام

کمپنی ڈائریکٹرز کے ٹریننگ پروگرام سے متعلق لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کی مکمل تعمیل کرتی ہے۔ تمام ڈائریکٹرز منظور شدہ ڈائریکٹرز ٹریننگ پروگرام کی کامیاب تکمیل کے ذریعے یا قابل اطلاق ضوابط کے تحت دستیاب استثنیٰ کی وجہ سے تربیت کی مقررہ ضروریات کو پورا کرتے ہیں۔

شیئر ہولڈنگ کا نمونہ

کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) کے تقاضوں کے مطابق تیار کردہ 30 جون 2026 تک کمپنی کے شیئر ہولڈنگ کا نمونہ اس رپورٹ کے ساتھ منسلک ہے۔

کاروباری تسلسل کا منصوبہ

کمپنی اہم کاروباری کاموں کے تسلسل کو یقینی بنانے، اپنے لوگوں اور اثاثوں کی حفاظت کرنے اور ممکنہ رکاوٹوں کے اثرات کو کم کرنے کے لیے ایک جامع بزنس کنٹینیوٹی پلان (BCP) برقرار رکھتی ہے۔

کمپنی کی مالیاتی پوزیشن، دستیاب وسائل اور مستقبل کے کاروباری امکانات کی بنیاد پر، بورڈ اس بات پر مطمئن ہے کہ کمپنی کے پاس مستقبل قریب میں اپنے کام کو جاری رکھنے کے لیے مناسب وسائل موجود ہیں۔ اس کے مطابق، مالیاتی گوشوارے گوئنگ کنسرن (going concern) کی بنیاد پر تیار کیے گئے ہیں۔

کاروبار کی نوعیت میں تبدیلیاں

30 جون 2026 کو ختم ہونے والے مالی سال کے دوران کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی۔

ادائیگیوں، قرض، لون ٹیکسز اور ڈیوٹیز میں ڈیفالٹ

زیر جائزہ مالی سال کے اختتام پر ٹیکس، قرض، ڈیوٹیز اور لیویز کی مد میں کوئی ادائیگی واجب الادا یا بقایا نہیں تھی۔

متعلقہ فریق کے لین دین

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے مطابق، تمام متعلقہ فریقین کے لین دین کا آڈٹ کمیٹی کے ذریعے جائزہ لیا گیا اور منظوری کے لیے بورڈ آف ڈائریکٹرز کو سفارش کی گئی۔ بورڈ نے تمام متعلقہ فریقین کے لین دین کی منظوری اس بات پر اطمینان کے بعد دی کہ اس طرح کے لین دین منصفانہ، معقول اور کمپنی کے بہترین مفاد میں شرائط پر کیے گئے تھے۔

ڈائریکٹرز رپورٹ

بعد کے واقعات

30 جون 2026 اور اس رپورٹ کی تاریخ کے درمیان کوئی ایسے مادی واقعات یا وعدے نہیں ہوئے جن کے لیے منسلک مالیاتی گوشواروں میں ایڈجسٹمنٹ یا انکشاف کی ضرورت ہو سوائے اس کے جو اس سالانہ رپورٹ میں ظاہر کیے گئے ہیں۔

داخلی مالیاتی کنٹرولز

بورڈ ایک مؤثر اندرونی مالیاتی کنٹرول فریم ورک کو برقرار رکھنے کے لیے وقف ہے جو آپریشنز کے مؤثر طرز عمل، کارپوریٹ اثاثوں کے تحفظ، قانونی تعمیل، اور درست مالیاتی رپورٹنگ کو یقینی بناتا ہے۔ خطرے پر مبنی طریقوں (risk-based methodologies) کا استعمال کرتے ہوئے ڈیزائن کیا گیا، کمپنی کا اندرونی کنٹرول کا نظام پانچ اہم ستونوں پر قائم ہے: ماحول کے کنٹرول، خطرے کی تشخیص، کارپوریٹ گورننس، معلومات اور مواصلات اور نگرانی۔

ایک آزاد انٹرنل آڈٹ فنکشن کے ذریعے مسلسل نگرانی فراہم کی جاتی ہے جو کنٹرول کے نفاذ اور آپریشنل کارکردگی کا باقاعدگی سے جائزہ لیتا ہے۔ مزید برآں، بورڈ کی آڈٹ کمیٹی انٹرنل کنٹرول فریم ورک اور مالیاتی گوشواروں دونوں کا سہ ماہی جائزہ لیتی ہے، اور کسی بھی نشاندہی کی گئی کنٹرول کی خامیوں یا اکاؤنٹنگ کی کمزوریوں پر انتظامیہ کے فعال ردعمل کو یقینی بناتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کارپوریٹ گورننس اور اخلاقی کاروباری طریقوں کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے پرعزم ہے۔ زیر جائزہ مالی سال کے دوران، کمپنی نے کمپنیز ایکٹ 2017، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019، اور کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق پاکستان اسٹاک ایکسچینج (PSX) رول بک کی قابل اطلاق ضروریات کی تعمیل کی۔

ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی حالت، اس کے کام کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی کے کھاتوں کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ (IASB) کی طرف سے جاری کردہ IFRS اکاؤنٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں لاگو ہے اور مالیاتی گوشواروں کی تیاری میں کمپنیز ایکٹ 2017 کے تقاضوں کی پیروی کی گئی ہے؛ اور اس سے کسی بھی انحراف کا مناسب طریقے سے انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور اس پر مؤثر طریقے سے عمل درآمد اور نگرانی کی گئی ہے۔
- ایک جاری کاروبار (going concern) کے طور پر کام جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔

مادی تبدیلیاں اور وابستگیاں

کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے کمپنی کے مالی سال کے اختتام، جس سے بیلنس شیٹ کا تعلق ہے، اور رپورٹ کی تاریخ کے درمیان واقع نہیں ہوئے ہیں۔

مالیاتی گوشوارے

کمپنی کے آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی (A.F. Ferguson & Co)، چارٹرڈ اکاؤنٹنٹس (PwC کی ایک رکن فرم) نے کمپنی کے مالیاتی گوشواروں کا آڈٹ کیا اور ممبران کو ایک غیر مشروط (unqualified) رپورٹ جاری کی ہے۔

رسک مینجمنٹ

رسک مینجمنٹ بورڈ کی ذمہ داری ہے، جسے بورڈ انویسٹمنٹ اور رسک کمیٹی کی معاونت حاصل ہے۔ کمیٹی خطرات کی نشاندہی، تخفیف اور انتظام کرنے میں اہم کردار ادا کرتی ہے۔ بورڈ کمپنی کو درپیش اہم خطرات کا جائزہ لیتا ہے اور اس بات پر غور کرتا ہے کہ آیا وہ قابل قبول سطح کے خطرے کی عکاسی کرتے ہیں۔ جہاں ایسا نہیں ہوتا، بورڈ اس بات پر بھی غور کرتا ہے کہ خطرے کے امکان اور ممکنہ اثرات کو کم کرنے کے لیے کیا ضروری ہے۔

انتظامیہ کنٹرول کے نفاذ اور برقرار رکھنے کے لیے ذمہ دار ہے۔ کمپنی خطرات کی شناخت، ان کے ممکنہ اثرات اور ان کے وقوع پذیر ہونے کے امکانات، ان خطرات کو کم کرنے کے لیے قائم کردہ کلیدی کنٹرولز اور انتظامی عمل، اور

ڈائریکٹرز رپورٹ

رپورٹ میں اگلے صفحہ پر پیش کی گئی ہے۔

چیئرمین کا جائزہ

بورڈ آف ڈائریکٹرز منسلک چیئرمین کے جائزے کے مندرجات کی توثیق کرتے ہیں (صفحہ 34-35)۔

بورڈ کی تشکیل

بورڈ آف ڈائریکٹرز کی تشکیل لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کی تعمیل کرتی ہے اور ذیل میں بیان کی گئی ہے:

ڈائریکٹرز کی کل تعداد

مرد	8
خاتون	1

تشکیل

جناب محمد آفتاب منظور	چیئرمین
جناب منیر احمد	آزاد ڈائریکٹر
جناب جمال نسیم	نان ایگزیکٹو ڈائریکٹر
جناب حامد بزرگان	نان ایگزیکٹو ڈائریکٹر
محترمہ پرنورالا بیگھو	نان ایگزیکٹو ڈائریکٹر
حافظ محمد یوسف	نان ایگزیکٹو ڈائریکٹر
جناب شفقات احمد	نان ایگزیکٹو ڈائریکٹر
جناب ارشد محمود بھٹی	نان ایگزیکٹو ڈائریکٹر
جناب عمران قریشی	چیف ایگزیکٹو آفیسر

بورڈ کی کمیٹیاں

زیر جائزہ سال کے دوران، بورڈ نے اپنے گورننس فریم ورک کو مزید مضبوط کرنے اور بورڈ کی نگرانی کی افادیت کو بڑھانے کے لیے اپنی کمیٹیوں کی تشکیل کا جائزہ لیا۔ اس کے مطابق، بورڈ کمیٹیوں کی تشکیل کو مندرجہ ذیل کی گئی:

بورڈ آڈٹ کمیٹی

جناب منیر احمد	چیئرمین
حافظ محمد یوسف	رکن
جناب شفقات احمد	رکن
جناب حامد بزرگان	رکن

بورڈ ہیومن ریسورس اینڈ ریمونریشن اور سسٹین ایبلٹی کمیٹی

جناب منیر احمد	چیئرمین
جناب محمد آفتاب منظور	رکن
محترمہ پرنورالا بیگھو	رکن
جناب ارشد محمود بھٹی	رکن

بورڈ انویسٹمنٹ اور رسک مینجمنٹ کمیٹی

جناب شفقات احمد	چیئرمین
حافظ محمد یوسف	رکن
محترمہ پرنورالا بیگھو	رکن
جناب جمال نسیم	رکن

بورڈ پروکیورمنٹ اور اسٹریٹجک کمیٹی

جناب جمال نسیم	چیئرمین
جناب محمد آفتاب منظور	رکن
جناب ارشد محمود بھٹی	رکن
جناب حامد بزرگان	رکن

بورڈ نامینیشن اور اسپیشل کمیٹی

جناب محمد آفتاب منظور	چیئرمین
جناب شفقات احمد	رکن
حافظ محمد یوسف	رکن
جناب ارشد محمود بھٹی	رکن

سیکیورٹی پیپرز لمیٹڈ ("SPL") کے آزاد ڈائریکٹرز کا انتخاب 29 نومبر 2023 کو طے شدہ 8ویں EOGM میں ہونا تھا۔ تاہم، کمپنی کی قانونی حیثیت سے متعلق معاملات کی وجہ سے EOGM کو دو بار معطل/ملتوی کیا گیا۔ SECP نے کمپنی اور اس کے بورڈ کو اس کی قانونی حیثیت سے متعلق درپیش رکاوٹوں کے باعث انتخابات کے انعقاد کی مقررہ تاریخ میں تین بار توسیع دی تھی۔ کمپنی نے انہی رکاوٹوں کے باعث چوتھی بار توسیع کے لیے درخواست دی لیکن SECP نے اسے مسترد کر دیا اور چونکہ مقررہ وقت کے اندر EOGM کے انعقاد کی قانونی ضروریات کو پورا کرنا عملی طور پر ناممکن تھا، SPL نے اس معاملے پر رجسٹرار آف کمپنیز، SECP کے پاس اپیل دائر کر دی۔ 19 جون 2025 کو رجسٹرار آف کمپنیز، SECP کے ساتھ ایک سماعت ہوئی جس میں لیگل کونسل اور کمپنی سیکرٹری نے شرکت کی۔ اس کے بعد، SECP نے کمپنی سے درخواست کی کہ وہ انہیں الیکشن کے انعقاد کی مقررہ تاریخ میں توسیع کے مسترد ہونے سے متعلق 12 نومبر 2024 کا CRO آرڈر اور SPL کے قانونی حیثیت کیس کا تاریخی خلاصہ خاکہ فراہم کرے۔ مذکورہ معلومات 23 جون 2025 کو SECP کو فراہم کی گئی تھیں اور تب سے انتخابات کے انعقاد کی مقررہ تاریخ میں توسیع سے متعلق اپیل پر رجسٹرار آف کمپنیز، SECP کی جانب سے کوئی اپ ڈیٹ نہیں آئی ہے۔

مالی سال 25-2024 کے دوران، SECP کے اپیلیٹ بینچ نے SPL کی اپیل پر 7 فروری 2025 کو ایک حکم نامہ جاری کیا جس کے ذریعے اس نے 26 جنوری 2024 کے SECP کے آرڈر کو برقرار رکھا اور اس بات کا اعادہ کیا کہ مخصوص اداروں کی شیئر ہولڈنگ کی بنیاد پر SPL ایک لسٹڈ پبلک سیکٹر کمپنی (PSC) ہے۔ SPL نے سندھ ہائی کورٹ (SHC) کے روبرو متفرق اپیل نمبر 27 آف 2025 میں اپیلیٹ بینچ کے حکم کو چیلنج کیا۔

اپیلیٹ بینچ کے آرڈر سے متعلق اپیل کے زیر التوا رہنے کے دوران، SHC نے ابتدائی دلائل سننے کے بعد، 26 فروری 2025 کو ایک عبوری حکم نامہ جاری کیا، جس کے تحت SECP آرڈر اور اپیلیٹ بینچ کے آرڈر دونوں کے عمل کو معطل کر دیا گیا اور اس طرح، پبلک لسٹڈ کمپنی کے طور پر SPL کی قانونی حیثیت پر جمود برقرار رکھا گیا۔ اس کے بعد، کمپنی نے 8ویں بلائی گئی EOGM میں تیسری بار اپنے ڈائریکٹرز کے انتخابات کرانے کا فیصلہ کیا، جو 27 مارچ 2025 کو ہونا تھی۔ تاہم متفرق اپیل 27/2025 میں 25 مارچ 2025 کو SECP کی طرف سے دائر کی گئی ایک درخواست پر، SHC نے SPL کو اس وقت تک اپنے انتخابات کرانے سے روک دیا جب تک کہ مذکورہ اپیل میں قانونی حیثیت کے معاملے کا فیصلہ نہیں ہو جاتا۔ لہذا، 8ویں EOGM کو 27 مارچ 2025 کو دوبارہ بلایا گیا اور چونکہ معاملہ عدالت میں زیر سماعت تھا، اس لیے انتخابات کے ایجنڈے کو لینے سے پہلے، مذکورہ EOGM انتخابات کے انعقاد کے بغیر ہی اختتام پذیر ہو گئی۔ کمپنی مذکورہ بالا اپیل میں SECP کی درخواست کے جواب میں اپنا جوابی حلف نامہ پہلے ہی دائر کر چکی ہے اور اگرچہ مذکورہ کیس مئی 2026 میں سماعت کے لیے مقرر کیا گیا تھا لیکن سماعت نہیں ہو سکی، کیونکہ کیس ڈسچارج ہو گیا تھا اور سماعت کی اگلی تاریخ کا فی الحال انتظار ہے۔

ڈائریکٹرز رپورٹ

شمولیت کو مزید فروغ دینے کے لیے:

- کمپنی نے آگاہی سیشنز اور ملازمین کی شمولیت کی سرگرمیوں کے ساتھ معذوری کا عالمی دن منایا۔
- خواتین ملازمین کے لیے چھاتی کے کینسر سے آگاہی کا سیشن منعقد کیا گیا، جس میں ابتدائی تشخیص اور روک تھام کی تعلیم شامل تھی، اس کے بعد جہاں ضرورت تھی وہاں جسمانی معائنے اور میموگرافی کی گئی۔

ان کوششوں کے اعتراف میں، کمپنی کو ایمپلائرز فیڈریشن آف پاکستان کی طرف سے ویمن امپاورمنٹ اینڈ جینڈر رائکوالٹی ریکگنیشن ایوارڈ 2025 (گولڈ کیٹیگری) سے نوازا گیا، جو ہماری جامع بہترین کارکردگی کے لیے ہماری لگن کی تصدیق کرتا ہے۔

کمپنی صنفی امتیاز سے پاک کام کی جگہ کو برقرار رکھتی ہے، جہاں جنس کی بنیاد پر تنخواہ میں کوئی فرق نہیں ہے۔ ملازمین کے معاوضے کا تعین معروضی معیار پر کیا جاتا ہے جس میں تجربہ، مدت ملازمت، تعلیم، ملازمت کی ذمہ داریاں، کارکردگی اور مارکیٹ کے بینچ مارکس شامل ہیں۔

پائیداری، صحت، تحفظ اور ماحول

کمپنی اپنی آپریشنل حکمت عملی کے بنیادی عناصر کے طور پر صحت، تحفظ، ماحولیات (HSE) اور پائیداری کو ترجیح دیتی ہے۔ پچھلے سال ایک سرشار HSE ڈیپارٹمنٹ کے قیام کے بعد، کمپنی نے موجودہ سال کے دوران کلیدی اقدامات کے ذریعے فعال طور پر تمام سطحوں پر ایک فعال سیفٹی-فرسٹ کلچر کو سرایت کر دیا ہے:

- پرمٹ ٹو ورک (PTW) سسٹم: عملدرآمد سے قبل زیادہ خطرے والی سرگرمیوں کی نشاندہی، تخفیف اور کنٹرول کرنے کے لیے کام کے معیاری جائزے متعارف کرائے گئے۔
- ڈیجیٹل سیفٹی رپورٹنگ: غیر محفوظ کاموں اور حالات کو لاگ کرنے کے لیے ایک آن لائن پورٹل شروع کیا گیا، جس سے شفاف اور فوری خطرے کی نشاندہی کو فروغ ملتا ہے۔
- رسک مینجمنٹ فریم ورک: محفوظ آپریشنل منصوبہ بندی اور عملدرآمد کو یقینی بنانے کے لیے تمام حلقوں میں معمول کے رسک اسیسمنٹس اور جاب سیفٹی اینالیسز (JSA) کو لاگو کیا گیا۔
- اسٹاپ کارڈ پروگرام (STOP Card Program): تمام ملازمین کو بااختیار بنانے کے لیے متعارف کرایا گیا کہ وہ فوری طور پر کسی بھی غیر محفوظ کام، غیر محفوظ حالت یا غیر محفوظ جاب کو روکیں جو چوٹ، نقصان یا ماحولیاتی نقصان کا سبب بن سکتا ہے۔

ماحولیاتی اور سماجی ذمہ داریوں پر آپریشنل رہنمائی ایک آزاد سسٹین ایبلٹی کونسل کے ذریعے چلائی جاتی ہے۔ کونسل کو مشاورت، اطلاع دینے اور سٹریٹجک اقدامات کو عملی جامہ پہنانے کا مکمل اختیار حاصل ہے۔ کمپنی سالانہ رپورٹ کے اندر ایک جامع، آزادانہ یقین دہانی کے ساتھ جائزہ شدہ سسٹین ایبلٹی رپورٹ شائع کرتی رہتی ہے، جس میں میٹرلٹی کے جائزے، خطرے کی تخفیف کی حکمت عملیاں، کارکردگی کے میٹرکس اور طویل مدتی ترقیاتی اہداف شامل ہیں۔

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز کارپوریٹ گورننس، شفافیت اور قانونی تعمیل کے مثالی معیارات کو برقرار رکھنے کے لیے پرعزم ہے۔ ہمارے آپریشنل فریم ورک کو ایک جامع ضابطہ اخلاق اور ڈائریکٹرز اور ملازمین دونوں پر لاگو کاروباری مشق کے رہنما خطوط کی حمایت حاصل ہے۔ یہ فریم ورک اخلاقی فیصلہ سازی کو یقینی بناتا ہے، مفادات کے ممکنہ تصادم کو کم کرتا ہے اور یہ لازمی قرار دیتا ہے کہ مفادات کے کسی بھی ناگزیر تصادم کو حل کے لیے باقاعدہ طور پر بورڈ کے سامنے ظاہر کیا جائے۔ مکمل ضابطہ اخلاق کمپنی کی ویب سائٹ (www.security-papers.com) پر دستیاب ہے۔

بورڈ آف ڈائریکٹرز سٹریٹجک نگرانی فراہم کرتا ہے، ایگزیکٹو مینجمنٹ کی کارکردگی پر نظر رکھتا ہے اور اسٹیک ہولڈرز کی قدر کی حفاظت کے لیے خطرے کے کلیدی پیرامیٹرز کا جائزہ لیتا ہے۔ جب کہ بورڈ روزمرہ کے کام اور ایگزیکٹو مینجمنٹ چیف ایگزیکٹو افیسر (CEO) کو سونپتا ہے، یہ سہ ماہی جائزہ اجلاسوں کے ذریعے فعال نگرانی کو برقرار رکھتا ہے۔ سی ای او، سی ایف او اور کمپنی سیکرٹری سمیت ایگزیکٹو قیادت کے اراکین بورڈ کمیٹیوں کے ساتھ ان میٹنگز میں باقاعدگی سے شرکت کرتے ہیں تاکہ آپریشنل سنگ میل اور مالیاتی کارکردگی کی رپورٹ دے سکیں۔ بورڈ اور اس کی کمیٹیوں کے تمام اجلاس پاکستان میں منعقد ہوئے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (CCG) کے ساتھ تعمیل کا بیان (Statement of Compliance) منسلک ہے (صفحہ 61-64)۔

بورڈ اور کمیٹیوں میں تبدیلیاں

زیر جائزہ مالی سال کے دوران بورڈ آف ڈائریکٹرز کی تشکیل میں کوئی تبدیلی نہیں ہوئی۔ تاہم، بورڈ نے گورننس اور نگرانی کو بڑھانے کے لیے سال کے دوران اپنی کمیٹیوں کی تشکیل نو کی۔ بورڈ کمیٹیوں کی نظرثانی شدہ تشکیل اس

ڈائریکٹرز رپورٹ

پانی کی ری سائیکلنگ سے فائدہ اٹھانا جاری رکھا۔

ایوارڈز اور اعتراف

سال 2026 کے دوران، کمپنی نے تمام پہلوؤں میں اپنی شاندار کارکردگی کی روایت کو جاری رکھا اور ہماری کوششوں کو کئی مقامی اور بین الاقوامی فورمز پر تسلیم کیا گیا۔ ذیل میں 2026 کے دوران کمپنی کی طرف سے جیتے گئے چند بڑے ایوارڈز دیے گئے ہیں:

- متعلقہ کیٹیگری میں ICAP اور ICMAP کی جانب سے 2024 کے لیے بہترین کارپوریٹ رپورٹ ایوارڈز میں چوتھی پوزیشن حاصل کی۔
- ICAP اور ICMAP کی جانب سے بہترین سسٹین ایبلٹی رپورٹ ایوارڈ 2024 کے لیے میرٹ سرٹیفکیٹ۔
- مینجمنٹ ایسوسی ایشن آف پاکستان کی جانب سے 40واں کارپوریٹ ایکسی لینس ایوارڈ۔
- دی پروفیشنل فورم فار انوائرمنٹ اینڈ ہیلتھ کی جانب سے 22واں سالانہ انوائرمنٹل ایکسی لینس ایوارڈ 2025۔
- دی پروفیشنل فورم فار انوائرمنٹ اینڈ ہیلتھ کی جانب سے 15واں فائر اینڈ سیفٹی ایوارڈ 2025۔
- دی پروفیشنل فورم فار انوائرمنٹ اینڈ ہیلتھ کی جانب سے 18واں CSR ایوارڈز 2026۔
- ایمپلائرز فیڈریشن آف پاکستان کی جانب سے 11واں ایمپلائر آف دی ایئر ایوارڈز 2025۔
- ایمپلائرز فیڈریشن آف پاکستان کی جانب سے ویمن امپاورمنٹ اینڈ جینڈر رائکوالٹی ریکگنیشن ایوارڈ 2025۔
- دی پروفیشنل نیٹ ورک کی جانب سے 11واں انٹرنیشنل ایوارڈ آن انوائرمنٹ ہیلتھ اینڈ سیفٹی حاصل کیا۔

کارپوریٹ سماجی ذمہ داری (CSR)

کمپنی ان کمیونٹیز کے لیے پائیدار قدر پیدا کرنے کے لیے پرعزم ہے جن میں یہ کام کرتی ہے، ایک ذمہ دار کارپوریٹ شہریت اور بامقصد سماجی سرمایہ کاری کے ذریعے۔ اپنی کارپوریٹ سماجی ذمہ داری (CSR) پالیسی کی رہنمائی میں، کمپنی ان اقدامات کی حمایت کرتی ہے جو صحت کی دیکھ بھال، تعلیم اور کمیونٹی کی ترقی کو فروغ دیتے ہیں، جو اس کی جامع اور پائیدار ترقی کی عکاسی کرتا ہے۔

کمپنی کی CSR پالیسی کے مطابق، کمپنی کے منافع کا 1 فیصد سالانہ کمیونٹی کی سرمایہ کاری کے لیے مختص کیا جاتا ہے۔ مالی سال 2025-2026 کے دوران، کمپنی نے سماجی بہبود کے مختلف اقدامات اور خیراتی اداروں کی مدد کے لیے 8.71 ملین روپے تقسیم کیے۔ اس کے علاوہ، کمپنی نے انڈس ہسپتال اور ہیلتھ نیٹ ورک کے تعاون سے اپنے احاطے میں خون کے عطیے کی مہم کا انعقاد کیا، جس سے صحت کی دیکھ بھال تک رسائی کو بہتر بنانے اور ملازمین کی رضاکارانہ خدمات کی حوصلہ افزائی کے لیے اس کے مسلسل عزم کا ثبوت ملتا ہے۔

سال کے دوران کمپنی کے CSR تعاون کے اہم مستفید ہونے والوں میں شامل ہیں:

- انڈس ہسپتال اور ہیلتھ نیٹ ورک
- ایس او ایس چلڈرن ولیجز پاکستان
- ڈاکٹر رتھ کے ایم فاؤ سول ہسپتال کراچی

بورڈ ان اقدامات کی حمایت کرنے کے لیے پرعزم ہے جو معاشرے پر مثبت اور دیرپا اثرات مرتب کرتے ہیں جبکہ کمپنی کی وسیع تر پائیداری اور ESG مقاصد کو تقویت دیتے ہیں۔

تنوع، مساوات اور شمولیت (DE&I)

کمپنی تنظیم کی تمام سطحوں پر تنوع، مساوات اور شمولیت کے کلچر کو فروغ دینے کے لیے پرعزم ہے۔ ہر ملازم کا احترام، قدر اور انہیں بااختیار بنایا جاتا ہے۔ اس عزم کی حمایت کے لیے ایک جامع DE&I پالیسی تیار اور نافذ کی گئی ہے، اس کے ساتھ دیگر اہم پالیسیاں جیسے زچگی کی چھٹی کی پالیسی اور انسداد ہراساں کرنے کی پالیسی، جس کا مقصد ایک جامع اور قابل احترام کام کی جگہ کا ماحول بنانا ہے۔ کمپنی کام کی جگہ پر خواتین کو ہراساں کیے جانے کے خلاف تحفظ (ترمیمی) ایکٹ، 2022 کی سختی سے تعمیل کرتی ہے۔

کمپنی ایک مساوی مواقع فراہم کرنے والا آجر (employer) ہے جس کی مضبوط توجہ صنفی تنوع اور مختلف صلاحیتوں کے حامل افراد کی شمولیت پر ہے۔ نئے ملازمین کی خدمات حاصل کرتے وقت صنفی مساوات کو یقینی بنانے کے لیے سخت، شفاف، غیر امتیازی تشخیصی معیار کو نافذ کرتی ہے۔ فی الحال، کمپنی پانچ مختلف صلاحیتوں کے حامل افراد کو روزگار فراہم کرتی ہے اور انتظامیہ میں خواتین کی نمائندگی تین سال قبل 7.8 فیصد سے بڑھ کر 18.4 فیصد ہو گئی ہے۔ کمپنی ان اعداد و شمار کو مزید بہتر بنانے کے لیے فعال طور پر کام کر رہی ہے اور ایک زیادہ جامع ورک فورس کی حمایت کے لیے اپنی پالیسیوں پر مسلسل نظرثانی کرتی ہے۔

ڈائریکٹرز رپورٹ

سیکیورٹی پیپرز لمیٹڈ (کمپنی) کے ڈائریکٹرز، 30 جون 2026 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔
یہ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق تیار کی گئی ہے۔

میکرو اکنامک جائزہ

زیر جائزہ مالی سال کے دوران، پاکستان کی معیشت نے محتاط مالیاتی اور زری پالیسیوں، آئی ایم ایف کے حمایت یافتہ ساختی اصلاحات کے مسلسل نفاذ، مہنگائی کی شرح میں اعتدال، شرح مبادلہ میں نسبتاً استحکام اور بیرونی کھاتوں کے اشاریوں میں بہتری کی بدولت بتدریج استحکام کا سفر جاری رکھا۔ ان مثبت رجحانات نے میکرو اکنامک استحکام کو بڑھانے اور کاروبار کے لیے زیادہ سازگار آپریٹنگ ماحول میں تعاون کیا۔ حال ہی میں، بین الاقوامی ریٹنگ ایجنسی، اسٹینڈرڈ اینڈ پورز (Standard and Poor's) نے 'مستحکم' آؤٹ لک کے ساتھ پاکستان کی خودمختار کریڈٹ ریٹنگ کو اپ گریڈ کر کے 'B' کر دیا ہے۔

آگے دیکھتے ہوئے، آئی ایم ایف کے ساتھ حکومت کی مسلسل تعاون سے اقتصادی ترقی کو تقویت ملنے کی توقع ہے، جس میں مالی سال 2027 میں جی ڈی پی میں تقریباً 3.5 فیصد اضافے کی پیش گوئی کی گئی ہے۔ اس کے باوجود، مشرق وسطیٰ میں بڑھتی ہوئی جغرافیائی اور سیاسی کشیدگی کی وجہ سے بیرونی ماحول غیر یقینی کا شکار ہے، جس کے نتیجے میں توانائی کی قیمتوں میں اتار چڑھاؤ، سپلائی چین میں رکاوٹیں اور دیگر بیرونی خطرات پیدا ہو سکتے ہیں جو پاکستان کے اقتصادی نقطہ نظر کو متاثر کر سکتے ہیں۔

کمپنی کی کارکردگی

30 جون 2026 کو ختم ہونے والے مالی سال کے دوران، کمپنی نے ایک متحرک کاروباری ماحول میں کام کیا جو عارضی آپریشنل رکاوٹوں، بشمول کے آپریٹنگ ڈائنامکس میں تبدیلیوں اور سٹریٹجک کنٹرول اقدامات کے نفاذ سے نمایاں تھا کیونکہ کمپنی خود کو آئندہ توازن، جدید کاری اور تبدیلی (BMR) کے لیے تیار کر رہی تھی۔ ان چیلنجز کے باوجود، کمپنی نے آپریشنل بہتری، لاگت کے انتظام اور طویل مدتی قدر کی تخلیق پر توجہ مرکوز رکھی۔

کمپنی نے پچھلے سال کے 3,814 ٹن کے مقابلے میں اس سال 3,597 ٹن بینک نوٹ اور دیگر سیکیورٹی پیپرز کی فروخت کا حجم ریکارڈ کیا۔ خالص فروخت 7.31 بلین روپے رہی جبکہ پچھلے سال یہ 7.87 بلین روپے تھی۔

پیداوار اور محصولات میں کمی کی بنیادی وجہ کسٹمر کی ضروریات کو پورا کرنے کے لیے طے شدہ ون-آف (one - off) آپریشنل ایڈجسٹمنٹ، نئے بینک نوٹ سیریز کے آئندہ آغاز کے لیے انوینٹری کی ہم آہنگی، بی ایم آر (BMR) پروجیکٹ کی تیاریاں اور اگست 2025 میں کراچی میں غیر معمولی بارشوں کی وجہ سے ہونے والی عارضی رکاوٹیں تھیں۔ ان عارضی عوامل کے باوجود، کمپنی نے نظم و ضبط پر مبنی خریداری کے طریقوں اور سپلائرز کے ساتھ موثر گفت و شنید کو برقرار رکھا، جس نے انتظامیہ کو اس قابل بنایا کہ وہ سٹریٹجک اقدامات میں سرمایہ کاری جاری رکھتے ہوئے پیداواری لاگت کو بہتر بنائے جو کمپنی کی طویل مدتی مسابقت کو مضبوط کرے گی۔

کاروباری اور مالیاتی جائزہ

30 جون 2026 کو ختم ہونے والا مالی سال اوپر بیان کردہ آپریشنل اور سٹریٹجک چیلنجز کی خصوصیت کا حامل تھا۔ ان قلیل مدتی چیلنجز کے باوجود، کمپنی نے نظم و ضبط کے ساتھ آپریشنل عملدرآمد، لاگت کے انتظام اور طویل مدتی قدر کی تخلیق پر مسلسل توجہ کے ذریعے ایک لچکدار مالیاتی پوزیشن کو برقرار رکھا۔

سال کے دوران، کمپنی نے 7.31 بلین روپے کی خالص فروخت ریکارڈ کی جو پچھلے سال 7.87 بلین روپے تھی۔ ٹیکس کے بعد منافع 907 ملین روپے رہا جبکہ پچھلے سال یہ 1,524 ملین روپے تھا، جبکہ فی شیئر آمدنی پچھلے سال کے 25.72 روپے سے کم ہو کر 15.31 روپے ہو گئی۔ منافع میں کمی کی وجہ پیداواری لاگت میں اضافہ، کم مارک اپ ریٹس کی وجہ سے 'دیگر آمدنی' میں کمی، جاری BMR پروجیکٹ کو فنانس کرنے کے لیے فنڈز کا استعمال، کمپنی کے مرکزی کسٹمر کے ساتھ تجدید شدہ خرید و فروخت کے معاہدے کے تحت نظر ثانی شدہ تجارتی شرائط کی وجہ سے مارجن کی 28 فیصد سے 24 فیصد تک ایڈجسٹمنٹ، اور مخصوص پروڈکٹ کی خصوصیات کو پورا کرنے کے لیے آپریشنل بہتری اور معیاری صف بندی سے وابستہ یکمشت ون-آف (one - off) لاگتیں تھیں۔ بہتری کے نشاندہی کردہ شعبوں کو آئندہ BMR پروجیکٹ کے حصے کے طور پر حل کیا جا رہا ہے۔
کمپنی کا مرکزی کسٹمر پاکستان سیکیورٹی پرنٹنگ کارپوریشن (پرائیویٹ) لمیٹڈ (PSPC) رہا، جس کا کل فروخت میں حصہ 99.78 فیصد تھا، جو بنیادی طور پر بینک نوٹ پیپرز پر مشتمل تھا۔ کمپنی یہ رپورٹ کرتے ہوئے خوشی محسوس کر رہی ہے کہ سال کے دوران PSPC کے ساتھ 3 سالہ تجارتی معاہدے کی کامیابی کے ساتھ تجدید کی گئی۔ تجدید شدہ معاہدہ لاگت پلس پرائسنگ میکانزم (cost- plus pricing mechanism) کے تحت کام کرتا رہے گا، جو ایک شفاف اور مساوی تجارتی فریم ورک فراہم کرتا ہے۔ پچھلے معاہدے سے ہم آہنگ، اپ ڈیٹ شدہ معاہدے میں کمپنی کی تاریخی آپریٹنگ کارکردگی پر مبنی واضح طور پر بیان کردہ کلیدی کارکردگی کے اشاریے (KPIs) شامل ہیں، جو مختلف آپریٹنگ حالات میں دونوں فریقین کے لیے متوازن نتائج کو یقینی بناتے ہیں۔ KPIs اس بات کو یقینی بناتے ہیں کہ کمپنی کی آپریشنل خامیوں کے کسی منفی اثر کے بغیر لاگت منصفانہ اور شفاف طریقے سے کسٹمر کو منتقل کی جائے؛ اسی طرح، کمپنی آپریشنل افادیت کے ذریعے لائی گئی کسی بھی بہتری سے مستفید ہو گی۔ اگرچہ قابل اطلاق مارجن کے تعین کا طریقہ کار موازنہ کے قابل بین الاقوامی اور مقامی اسناد اداروں کی بینچ مارکنگ پر مبنی ہے، لیکن اس کی مطابقت کو بڑھانے اور زیادہ نمائندہ مارجن فیصد قائم کرنے کے لیے پول اداروں (pool entities) میں بہتری لائی گئی۔

سرمایہ کاری کی آمدنی 674 ملین روپے رہی جو پچھلے سال 889 ملین روپے تھی۔ یہ کمی بنیادی طور پر مانیٹری پالیسی کے ریٹس میں کمی کے ساتھ ساتھ BMR پروجیکٹ کی فنانسنگ کے لیے سرمایہ کاری فنڈز کے استعمال کی عکاسی

ڈائریکٹرز رپورٹ

کرتی ہے۔ انتظامیہ نے آپریشنل اور پروجیکٹ فنڈنگ کی ضروریات کو پورا کرنے کے لیے مناسب لیکویڈیٹی کو برقرار رکھتے ہوئے فعال طور پر سرمایہ کاری کے پورٹ فولیو کو بہتر بنانا جاری رکھا۔

بورڈ نے آپریشنل کارکردگی اور کمپنی کے سٹریٹجک انویسٹمنٹ پروگرام کے نفاذ کی کڑی نگرانی جاری رکھی۔ سال کے دوران، بنیادی ڈھانچے میں نمایاں بہتری مکمل کی گئی، جس میں کو جنریشن پاور پلانٹ کی اپ گریڈیشن، 500,000 گیلن پانی کے اضافی سٹوریج ٹینک کی تعمیر اور پانی کی سیکیورٹی کو مضبوط بنانے اور روایتی آبی ذرائع پر انحصار کم کرنے کے لیے نئے ریورس اوسموسس (RO) یونٹس کی تنصیب شامل ہے۔ کمپنی نے 350 کلوواٹ کے اضافی سولر پاور سسٹم کی تنصیب کے ذریعے اپنے پائیداری کے اقدامات کو مزید آگے بڑھایا، جس سے صاف توانائی، آپریشنل کارکردگی اور ماحولیاتی ذمہ داری کے اس عزم کو تقویت ملی۔

بورڈ نے، انتظامیہ کے ساتھ مل کر، کمپنی کے کاموں، انٹرپرائز رسک مینجمنٹ فریم ورک اور داخلی کنٹرول کے نظام کی نگرانی جاری رکھی۔ سٹریٹجک، آپریشنل، مالیاتی اور تعمیل کے خطرات کی نشاندہی اور انہیں کم کرنے کے لیے باقاعدہ جائزے لیے گئے، جبکہ اس بات کو یقینی بنایا گیا کہ کمپنی کا گورننس فریم ورک آپریشنل لچک اور اس کے طویل مدتی سٹریٹجک مقاصد کے کامیاب نفاذ میں معاونت کے لیے موثر رہے۔

منافع کی تخصیص، ڈیویڈنڈز اور ریزرو کی منتقلی

مالی سال کے آغاز پر، کمپنی کے کل ذخائر (reserves) 8.41 بلین روپے تھے۔ سال کے دوران، کمپنی نے ٹیکس کے بعد 907 ملین روپے کا منافع ریکارڈ کیا۔ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری کے مطابق، 30 جون 2025 کو ختم ہونے والے مالی سال کے لیے 533 ملین روپے کے حتمی نقد ڈیویڈنڈ کا اعلان کیا گیا۔

بورڈ نے 30 جون 2026 کو ختم ہونے والے سال کے لیے روکے گئے منافع (retained earnings) سے 840 ملین روپے ریونیو ریزرو میں منتقل کرنے کی منظوری دی ہے۔ نتیجتاً، 30 جون 2026 تک کمپنی کے کل ذخائر بڑھ کر 8.79 بلین روپے ہو گئے، جس سے اس کی مالی پوزیشن مزید مضبوط ہوئی اور مستقبل کی سٹریٹجک سرمایہ کاری اور پائیدار ترقی کے لیے ایک مضبوط بنیاد فراہم ہوئی۔

ڈیویڈنڈ اور بعد کے واقعات

بورڈ آف ڈائریکٹرز نے 30 جون 2026 کو ختم ہونے والے مالی سال کے لیے 9.00 روپے فی شیئر کے حتمی نقد ڈیویڈنڈ کی سفارش کی ہے، جو 25 ستمبر 2026 کو ہونے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔ رپورٹنگ کی تاریخ کے بعد اور اس رپورٹ کی تاریخ تک کوئی ایسے مادی واقعات یا حالات پیش نہیں آئے جن کے لیے متعلقہ مالیاتی گوشواروں میں ایڈجسٹمنٹ یا انکشاف کی ضرورت ہو، سوائے ان کے جو اس میں ظاہر کیے گئے ہیں۔

سرمائے کا ڈھانچہ

کمپنی کی کل ایکویٹی 30 جون 2025 کو 9.00 بلین روپے سے بڑھ کر 30 جون 2026 تک 9.38 بلین روپے ہو گئی، جو روکے گئے منافع (retained earnings) کے ذریعے اس کے سرمائے کی بنیاد کی مسلسل مضبوطی کو ظاہر کرتی ہے۔
کمپنی سال بھر مکمل طور پر قرضوں سے پاک رہی، رپورٹنگ کی تاریخ تک کوئی طویل مدتی یا قلیل مدتی قرضہ بقایا نہیں تھا۔ سرمائے کا یہ ڈھانچہ نمایاں مالی لچک فراہم کرتا ہے اور مضبوط اور لچکدار مالیاتی پوزیشن کو برقرار رکھتے ہوئے کمپنی کے جاری سٹریٹجک انویسٹمنٹ پروگرام کی حمایت کرتا ہے۔

ماحولیاتی، سماجی اور طرز حکمرانی

کمپنی ماحولیاتی، سماجی اور گورننس (ESG) کے اصولوں کو اپنی طویل مدتی کاروباری حکمت عملی میں ضم کرنے کے لیے پرعزم ہے، یہ تسلیم کرتے ہوئے کہ ملازمین، گاہکوں، معاشرے اور ماحول کی اپنی ذمہ داریوں کو پورا کرتے ہوئے شیئر ہولڈرز کے لیے پائیدار قدر پیدا کرنے کے لیے پائیدار کاروباری طرز عمل بنیادی حیثیت رکھتے ہیں۔

اپنے آپریشنز کی سٹریٹجک قومی اہمیت کے پیش نظر، کمپنی کی سہولیات، اثاثوں، معلومات اور ورک فورس کی حفاظت بدستور ایک کلیدی ترجیح ہے۔ سیکیورٹی اور آپریشنل لچک کے اعلیٰ ترین معیارات کو برقرار رکھنے کے ساتھ ساتھ، کمپنی تنوع اور شمولیت کو فروغ دینے، انسانی حقوق کو برقرار رکھنے، اسٹیک ہولڈرز کی شمولیت کو مضبوط بنانے، پروڈکٹ کے معیار اور کسٹمر کے اطمینان کو بڑھانے، اور صحت و سلامتی کے مضبوط ماحولیاتی طریقوں کو برقرار رکھنے کا سلسلہ جاری رکھے ہوئے ہے۔

آپریشنل بہتری اور مسلسل ترقی کو سپورٹ کرنے کے لیے، کمپنی بین الاقوامی طور پر تسلیم شدہ معیارات کے مطابق ایک انٹیگریٹڈ مینجمنٹ سسٹم (IMS) برقرار رکھتی ہے، جس میں ISO 9001:2015 (کوالٹی مینجمنٹ)، ISO 14001:2015 (انوائرنمنٹل مینجمنٹ) اور ISO 45001:2018 (آکوپیشنل ہیلتھ اینڈ سیفٹی مینجمنٹ) شامل ہیں۔ سال کے دوران، کمپنی نے اپنی قابل تجدید توانائی کی صلاحیت میں مسلسل توسیع کے ذریعے اپنے ماحولیاتی اقدامات کو مزید آگے بڑھایا، جس میں 350 کلوواٹ کے اضافی شمسی توانائی کے نظام کی تنصیب شامل ہے، جبکہ ذمہ دارانہ وسائل کے استعمال کو مضبوط بنانے اور اپ گریڈ شدہ ای ٹی پی (ETP) پلانٹ کے ذریعے

CORPORATE AWARD HISTORY

Top Companies Award

Security Papers Limited (SPL) was conferred the "Top 25 Companies Award of Pakistan Stock Exchange" for the year 2023. It secured the 24th position on the basis of the highest score achieved. The Company has the distinction of receiving this prestigious award for the years 2000 to 2007 and 2009 to 2016 and 2018 to 20

Best Corporate Report Award

Security Papers Limited (SPL) secured 4th position in the Best Corporate Report Award for the year 2024 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, 2022 and 2023 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

Security Papers Limited (SPL) has secured certificate of Merit in the Best Sustainability Report Award 2024 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, 2022 and 2023.

Corporate Excellence Award – MAP

Security Papers Limited (SPL) received the 40th 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 (ninth times in a row). The Award recognizes the best managed companies in Pakistan that follow guidelines and principles of the latest management techniques.

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. 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 2024.

Fire and Safety Award

The National Forum for Environment & Health – NFEH conferred the 15th Fire and Safety Award in 2025. The Company has also received this award in 2011, 2012, 2013 and 2024 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).

Corporate Social Responsibility Award

The National Forum for Environment & Health – NFEH conferred the 18th Corporate Social Responsibility Award in 2025 to Security Papers Limited. The Company has also received the 17th Corporate Social Responsibility Award in 2024.

Commitment to Environmental Reporting Award

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

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

* Association of Chartered Certified Accountants - World Wildlife Fund.

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. The Company has also received the 17th Climate Change Adaptation Award in 2022.

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, in the prestigious "Gold Category",
to Security Papers Limited.

Employers of the year Award

The Employers' Federation of Pakistan – EFP conferred the 11th Employers of the year Award 2025 to Security Papers Limited.

International Environment, Health and Safety Awad

Security Papers Limited (SPL) has received the 11th International Environment, Health and Safety Award 2025 from The Professional Network.

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.

ISO Certifications

CERTIFICATION OF INTEGRATED MANAGEMENT SYSTEM (IMS):

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 (19 March 2026 until 15 February 2029)
  Occupational Health and Safety Management System:
- ISO/IEC 27001:2022 (19 December 2025 until 18 December 2028)
  * Certification given by SGS United Kingdom Limited

OUR BUSINESS MODEL

OUR BUSINESS MODEL

INPUTS

1. FINANCIAL CAPITAL
2. HUMAN CAPITAL
3. MANUFACTURED CAPITAL
4. NATURAL CAPITAL
5. INTELLECTUAL CAPITAL
6. SOCIAL & RELATIONSHIP CAPITAL

KEY PROCESS

1. UNDERSTANDING CUSTOMER'S NEEDS
2. EFFICIENT PROCUREMENT
3. PROCESSING OF INPUTS
4. OUTPUT
5. STRONG RELATIONSHIP WITH STAKEHOLDERS

VALUE DISTRIBUTION

1. PAYMENT TO SUPPLIERS
2. DUTIES & TAXES TO GOVERNMENT
3. SALARIES & WAGES TO EMPLOYEES
4. COMMUNITY INVESTMENTS
5. RETURN TO SHAREHOLDERS

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

THREAT OF NEW ENTRANTS
The security paper market has high entry barriers due to its sensitive nature, stringent security requirements, specialized technology, and regulatory controls. Currently, there are no local competitors in Pakistan, making the threat of new entrants relatively low.

THREAT OF SUBSTITUTES
Central Bank Digital Currencies (CBDCs) Digital Identity & Document Wallets Paperless Travel Credentials Introduction of Polymer Substrate in bank note.

BARGAINING POWER OF SUPPLIERS
Concentrated buyers / small customer base.

COMPETITIVE RIVALRY
As of 2026, SPL is the only security paper manufacturer in Pakistan. The highly specialized nature of the industry, stringent security requirements, and government policies further restrict the entry of new players, resulting in very low competitive rivalry in the local market.

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

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

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.

SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT AND THE COMPANY'S RESPONSE

External Factors	Description	Company's Response
POLITICAL	The political environment during the year remains relatively stable with minimal frictions in the form of protests, strikes or rifts among political groups. Major developments concerning the business includes but not limited to; • The IMF Executive Board completed the review of the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF), allowing the authorities to draw about $4.8 billion altogether. This indicates growth prospects in GDP whereas putting pressure on government to reduce subsidies and expand tax net and enhance collections. • The State Bank of Pakistan has acted proactively to maintain an appropriately tight monetary policy stance aimed at keeping inflation expectations anchored continue to carefully monitor potential second-round effects on domestic prices, wages and expectations	The Company continuously monitors political and regulatory developments in Pakistan, including fiscal reforms, changes in taxation system and relevant policy measures. The Company welcomes the political stability observed throughout the fiscal year, which provided much-needed operational continuity. Moving forward, the organization expects positive future outlook with expected GDP growth. Further in light of resulting cost pressures, the Company is accelerating its internal cost efficiency programs, supply chain rationalization and investment in energy-efficient technology (such as solar setups) to mitigate margin erosion.
ECONOMIC	The Company has its presence primarily in Pakistan and any factors that have an impact on economic environment of the country will have repercussion on the way company achieves its strategic financial objectives: Significant events that have an impact on the company include: Geopolitical Instability due to Middle East crises Inflationary implications due to rising fuel and energy prices Higher Insurance Premiums Supply Chain Disruptions	In order to ensure that company carries out effective management of the uncertainty and navigate through challenges sustainably. Further rising cost of doing business continue to pressure profit margins, prompting the company to revisit its cost management strategies. To cater the negative implications, following initiatives are being taken by the Company: 1. Utilities and Raw material optimization study has been carried out in order to reduce operational costs and improve efficiency 2. Technical experts have been engaged to conduct process evaluation of the company's existing operations, focusing on efficiency enhancement and operational improvement. 3. Management also evaluates investing in process automation and resource efficiency to offset inflationary pressures

SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT AND THE COMPANY'S RESPONSE

External Factors	Description	Company's Response
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 promoting a safe, healthy and supportive work environment, with a strong focus on the well-being of its employees and stakeholders. The Company continues to strengthen its culture of health and safety through HSE awareness sessions, dedicated HSE Days, and other safety initiatives. These efforts reflect SPL's commitment to fostering a workplace where safety, health and employee well-being remain key priorities. Through its CSR program, SPL contributes to society across key areas, including healthcare, education, and community development. These initiatives include financial support for hospitals and healthcare institutions, scholarships and educational assistance, as well as motivational and awareness sessions. Through these efforts, SPL continues to support the well-being of communities and contribute positively to society.
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.	
LEGAL	The Company is committed towards operating within legal framework and ensuring compliance of applicable laws, rules and regulations. The Company is 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, Labor Laws and PSX's Listing Regulations. SPL also adheres to the accounting and reporting standards as applicable in Pakistan which comprises of IFRS Accounting 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, ISO 45001:2018 and ISO / IEC 27001:2022 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, ISO 45001:2018 and ISO / IEC 27001:2022 ISMS compliant. The Company complies with Quality, Health, Safety, Environmental and Information Security Management System standards by regularly engaging its employees in training sessions. Tree plantation is ensured regularly in the factory premises for sustainable environment. The Company believes to promote the use of green energy. 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, 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

A — Inbound Logistics

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

B — Operations

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

C — Outbound Logistics

- Secure Guarded Logistics

D — Procurement

- Transparent mechanism of Procurement
- Alternate Supplier Strategy
- Ethical Sourcing

E — Competitive Advantages

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

GOVERNANCE

pwc 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, 2026 in accordance with the requirements of regulation 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, 2026.

Further, we highlight below instance of non-compliance with the requirement of the 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.
Chartered Accountants
Karachi
Dated: August 24, 2026
UDIN: CR202610611DXOrKWpRl

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

Name of Company: SECURITY PAPERS LIMITED

Year Ended: JUNE 30, 2026

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

1. The total number of directors are nine as per the following:

   a. Male: 08
   b. Female: 01

2. The composition of the Board is as follows:

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

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 11 members, one-third works out to 3.67.

*The election of independent directors' matter of Security Papers Limited ("SPL") had to be addressed at the 8th EOGM, which was due to be held on November 29, 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 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 SPL'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.

Regarding the Company legal status matter, during the financial year 25, the Appellate Bench of SECP passed an order dated February 7, 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. 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 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 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 March 27, 2025. However, on an application filed by SECP in Miscellaneous Appeal 27/2025 on 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. Upon adjudication of this matter by the SHC, the election of directors will be held.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. 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.
5. 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 date of approval or updating is maintained by the Company.
6. 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.
7. 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.
8. The Board have a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.
9. All Directors have obtained the prescribed certification through director training programs offered by institutions that meet the criteria and are approved by the Commission. Furthermore, a female executive, Ms. Maria Qureshi and a head of department, Mr. Asim Jamil have completed their directors' training program as of June 30, 2026
10. 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.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed following Committees comprising of members given below:

a) Board Audit Committee (BAC)

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

b) Board Human Resource, Remuneration & Sustainability Committee (BHRR&SC) *

Mr. Munir Ahmed	-	Chairman
Mr. Mohammad Aftab Manzoor	-	Member
Mrs. Pernur Alaybeyoğlu	-	Member
Mr. Arshad Mehmood Bhatti	-	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 & Strategic Committee (BP&SC)**

Mr. Jamal Nasim	-	Chairman
Mr. Mohammad Aftab Manzoor	-	Member
Mr. Arshad Mehmood Bhatti	-	Member
Mr. Hamid Bazargan	-	Member

During the year, the following changes took place to the respective Board Committees:

** The Board Human Resources & Remuneration Committee was merged with the Sustainability Committee.*

***The Board Strategic Committee was merged with the Procurement Committee.*

13. The terms of references of the aforesaid committees have been formed, documented and advised to the committees for compliance. However, the terms of references of the Board Human Resource, Remuneration & Sustainability Committee and Board Procurement & Strategic Committee which have been restructured in this financial year would be approved by the Board.

14. The frequency of meetings of the committee were as per following: -

Board Audit Committee	12 meetings were held during FY 2025-26
Board Human Resource & Remuneration Committee	7 meetings were held during FY 2025-26
Board Investment and Risk Management Committee	4 meetings were held during FY 2025-26
Previous Committees:	
a) Board Procurement Committee	3 meetings were held during FY 2025-26
b) Board Strategic and Sustainability Committee	2 meetings were held during FY 2025-26
New Committee: Board Procurement & Strategic	2 meetings were held during FY 2025-26
Committee	
Board Nomination & Special Committee	1 meeting was held during FY 2025-26

15. The Board has set up an effective internal audit function. During the financial year, the head of internal audit was appointed. The appointee is considered suitably qualified and experienced for the role and is fully conversant with the Company's policies and procedures.
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 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, 2026

REPORT OF THE BOARD AUDIT COMMITTEE

Composition of the Audit Committee

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

The Board Audit Committee ("BAC"), as at June 30, 2026, comprised of four non-executive directors, including one independent director who served as the Chairman of the BAC. The BAC included one member, who qualifies as financially literate in accordance with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 ("COCG"). The Company Secretary appointed as the Secretary to the BAC attended all BAC meetings. The recommendations of the BAC were submitted to the Board of Directors for its consideration and approval.

The Chief Executive Officer and Chief Financial Officer attended the BAC meetings by invitation, whereas the Head of Internal Audit attended all BAC meetings. The External Auditors attended BAC meetings, as required.

Financial statements

The Committee has concluded its annual review of the Company's performance, financial position and cash flows for the financial year ended June 30, 2026, and reports the following:

- The financial statements of the Company for the year ended June 30, 2026 have been prepared on a going concern basis under applicable requirements of the Companies Act 2017, COCG, 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.
- In accordance with Section 232 of the Companies Act, 2017, a Director, Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report has been signed by the Chairman and the Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, ensuring compliance with laws and regulations, and applicable accounting standards, as well as for establishing and maintaining an effective system of internal controls.
- 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 BAC and upon recommendation of the BAC were approved by the Board of Directors.
- The Statement of Compliance with the COCG ("SOC"), has also been reviewed by the BAC and certified by the External Auditors of the Company. Upon recommendation of the BAC, the said statement was duly approved by the Board of Directors.
- The BAC members, management and employees of SPL affirms the compliance of applicable provisions of COCG and the Company's policies. Equitable treatment of shareholders has also been ensured by the Company.

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.
- 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 had direct access to the BAC and BAC 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 (a member firm of PwC), Chartered Accountants, have completed their audit of the Company's financial statements and review of the SOC for the financial year ended June 30, 2026.
- The BAC 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 Auditor's Report on the financial statements as required by the COCG 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 and reaffirmed their willingness to continue as the statutory auditors of the Company for the next financial year ending June 30, 2027.
- The BAC has recommended the re-appointment of M/s. A.F. Ferguson (a member firm of PwC) Chartered Accountants, as external auditors of the Company for the next financial year ending June 30, 2027.

Whistle-blowing oversight

During the financial year ended 30 June 2026, three whistle blow complaints were received by the whistle blow committee, out of which two were investigated and appropriately concluded. Whereas, one remaining complaint was investigated and adequately closed subsequent to the year end. All such complaints are thoroughly investigated and appropriately closed in accordance with the whistle blow policy of the Company.

Self-evaluation of the BAC

The BAC evaluates their own performance on an annual basis and a comprehensive report in relation to results of the said performance is submitted to the Board of Directors annually.

The BAC remains of the firm view that it has carried out its duties to the full, in strict adherence to the Terms of Reference approved by the Board. These responsibilities principally comprise the items noted above, alongside the subsequent actions taken by the BAC in respect of each.

Mr. Munir Ahmed
Chairman Audit Committee

Dated:30-07-2026

CODE OF ETHICS AND BUSINESS PRACTICES

1. **Maintaining integrity.**
2. **Reporting violations.**
3. **Maintaining accurate books and records of the Company.**
4. **Strictly observing the applicable laws of the country.**
5. **To strictly avoiding questionable and improper payments or use of the Company's assets for personal purposes.**
6. **To strictly avoid conflicts of interest.**
7. **To strictly avoid any political contributions.**
8. **Strictly avoiding 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 on the Board. Moreover, the external auditor's role is 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 is also responsible for adopting Environmental, Social and Governance (ESG) framework which is mandated by SECP

Composition of the Board of Directors

The Board composition refers to the number of directors on the Board and their valuable experiences, management skills and technical expertise 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.

The Board size of the Company consists of 11 directors including the CEO. There are currently two vacancies on the Board. Hence, 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 who is the Chief Executive Officer (CEO). 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 27-33.

Independent Director

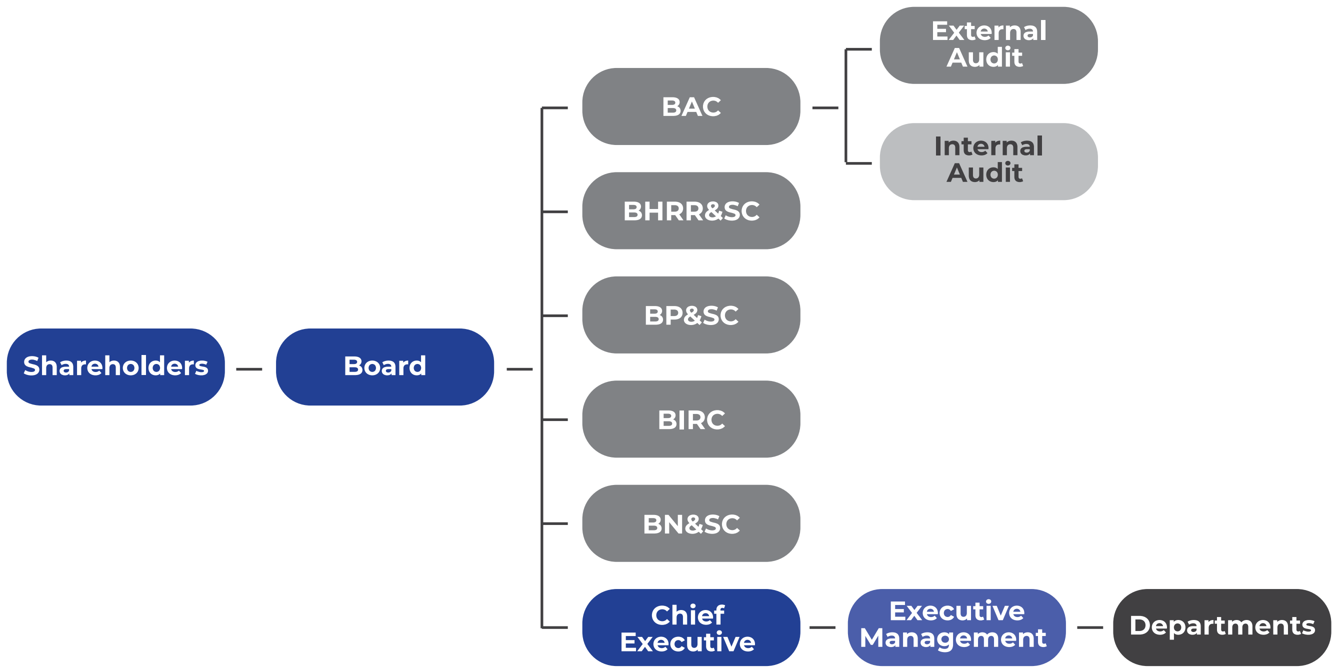
Independent director brings a unique, unbiased and independent perspective on the Board. The term "independent director" is commonly used to denote a director who is not connected or does not have any other relationship with the Company. Currently, Mr. Munir Ahmed is the independent director on the Board of SPL. In accordance with Section 166 of the Companies Act 2017, an independent director is one who 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, Mrs. Pernur Alaybeyoğlu.

Board Sub Committees

The Board has established the 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
BHRR&SC	:	Board Human Resource, Remuneration & Sustainability Committee
BP&SC	:	Board Procurement & Strategic 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 and Board Human Resource and Remuneration 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 (HOIA).

- The Audit Committee comprise of 4 members with the Chairman being an Independent Director. The Company Secretary acts as Secretary of the Committee.
- The Chief Financial Officer (CFO) and the Head of the Internal Audit attends the BAC meetings at which issues relating to accounts and audits are discussed.
- At least once a year, the Committee meets the external auditors without the CFO and HOIA being present.

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 the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("COCG") 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 / retained 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;

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 HOIA 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;
- 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, Remuneration & Sustainability Committee (BHRR&SC)

The purpose of Board Human Resource, Remuneration & Sustainability Committee (BHRR&SC) is to assist the Board to fulfil its oversight responsibilities.

Responsibilities

- Human Resources Policies & Remuneration, Compliance, Governance & Performance Evaluation
- 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.
- Recommendation to the Board for consideration and approval of a policy framework for determining remuneration of directors (both executive and non-executive directors and members of Executive Committee).
- Once in three years, the Committee will assess comparative market remuneration by engaging well-reputed, independent human resource and remuneration consultants.
- Recommending the selection, evaluation, development, and compensation of the CEO, Chief Financial Officer, Company Secretary, and HOIA to the Board.
- Considering and approving hiring recommendations made by the CEO for positions reporting directly to the CEO.
- Reviewing, at least once a year in consultation with the CEO, the Company's management succession planning for Ex-Com positions, alongside developmental programs for potential successors.
- Overseeing management compliance with all applicable labour laws, employment regulations, and corporate governance code with respect to compensation and human resource matters.
- Undertaking, annually, a formal process for the evaluation of the performance of the Board as a whole, its committees, and individual Directors, either directly or by engaging an external independent consultant (as mandated under the Code of Corporate Governance).
- Ensuring that the CEO, if a member, does not participate in the proceedings or decision-making of the Committee on matters that directly relate to his own performance, compensation and benefits.
- The committee will consider appeals by any officer reporting directly to the CEO and seek his/her assistance for resolving relevant matter.
- Where human resource and remuneration consultants are appointed, they shall disclose to the committee their credentials and as to whether they have any other connection with the company.

Sustainability, Diversity, and ESG Oversight

- Committee will recommend to the Board regarding undertaking projects for long term sustainability of the Company after review of associated risks & opportunities.
- BHRR&SC will review and recommend, the sustainability report to the Board of Directors for approval.
- The committee will ensure that DE&I (Diversity, Equity and Inclusion) practices are in effect at all levels of the company.
- The committee shall submit its report to the board at least once a year on embedding sustainability principles into the organization's strategy and operations to increase corporate value.
- To monitor and review, and recommend to the Board, appropriate measures to proactively understand and address the principal as well as emerging sustainability risks and opportunities relevant to the Company and its business, including climate-related risks and opportunities, assess their potential financial and operational impacts, and oversee the implementation of strategies for their management and mitigation.

- Reviewing metrics, targets, and strategies to ensure appropriate representation of women and minority groups across all organizational levels, particularly at executive and senior management levels.
- Reviewing and ensuring the effective implementation of a robust, confidential, and non-retaliatory anti-harassment, non-discrimination, and grievance resolution policy.
- Collaborating with the management to track and disclose human capital-related ESG metrics (e.g., employee turnover, training hours, injury rates, and gender pay equality) required for annual disclosures.
- To consider and recommend to the Board, policies to promote diversity, equity and inclusion (DE&I) in order to encourage gender mainstreaming, gender equality and the participation of women on the Board, management and workforce of the company.
- To effectively monitor and review compliance of relevant laws pertaining to relevant sustainability related considerations.

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 CEO of the Company may be included as a member of the Committee. The Company Secretary has been appointed by the Board to act as the Secretary of the Committee. The Chairman and the members of the Committee shall be appointed by the Board.

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) provide guidelines for making investment decisions, supervising and monitoring the investment portfolio, evaluating the performance of investments and achieving optimum competitive returns through prudent investment practices. The Committee also oversees the Company's risk management framework to ensure that key risks are identified, assessed, monitored and appropriately mitigated within the approved risk appetite and policies.

Responsibilities

The Board Investment and Risk Management Committee regularly performs its functions relating to Investment and Portfolio Management and Risk Management, including oversight of the risk management framework and monitoring of significant risks that may affect the Company's operations, financial position and objectives.

Board of Directors' and Board's Committee Meetings

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

Board of Directors	7 meetings were held during FY 2025-26
Board Audit Committee	12 meetings were held during FY 2025-26
Board HR and Remuneration Committee	7 meetings were held during FY 2025-26
Board Investment and Risk Management Committee	4 meetings were held during FY 2025-26
Previous Committees: a) Board Procurement Committee b) Board Strategic and Sustainability Committee New Committee: Board Procurement & Strategic Committee	 3 meetings were held during FY 2025-26 2 meetings were held during FY 2025-26 2 meetings were held during FY 2025-26
Board Nomination & Special Committee	1 meeting was held during FY 2025-26

Attendance of Board and Board's Committee Meetings

S. No.	Name of Directors	BOARD	BAC	BHR&RC	BPC	BP&SC	BIRC	BS&SC	BN&SC
1	Mr. Mohammad Aftab Manzoor	7	0	7	3	2	1	2	1
2	Mr. Jamal Nasim	7	7	7	3	2	4	1	0
3	Mrs. Pernur Alaybeyoğlu	6	0	1	0	0	3	2	0
4	Mr. Hamid Bazargan	7	12	0	3	2	0	1	0
5	Hafiz Mohammad Yousaf	6	12	0	1	0	4	2	1
6	Mr. Shafqaat Ahmed	7	8	7	3	0	4	2	1
7	Mr. Munir Ahmed	7	8	7	0	0	0	1	0
8	Mr. Arshad Mehmood Bhatti	7	0	7	0	2	0	2	1
9	Mr. Imran Qureshi, CEO	7	8	7	3	2	4	2	1

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 2025-26, no Board of Directors meetings were held outside 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 34-35 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.
- 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 COCG, 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 contribute 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 presents and updates, 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.

During the financial year 2025-26, the Company also organized a refresher workshop for Directors through Pakistan Institute of Corporate Governance (PICG), which was attended by all the directors. The said workshop was spearheaded by a qualified professional trainer i:e Mr. Badar Vellani, Senior Advocate, and was related to corporate governance framework, the Board's role, Director's duties and liabilities, Board Evaluation and Board Leadership etc.

Directors' Training Program

The Company is compliant in respect of certification of all the directors under the Director's Training program. Additionally, a head of department and a female executive of the Company have completed their Directors' Training Program in FY 2025-26.

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.

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 the applicable provisions of the Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019, Rulebook of Pakistan Stock Exchange (PSX) 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, the Sales Tax Act, 1990, the Income Tax Ordinance, 2001, various labour laws, laws relating to protection of environment, Rulebook of PSX and the Listed Companies (Code of Corporate Governance) Regulations 2019. As a matter of policy, the Company is required to ensure complete compliance with all relevant laws to avert the risks arising from due to breach of any law.

Compliances with Best Corporate Practices

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 CEO and Auditors Report thereon form part of this Report and are stated on page numbers 77-79, 73-76, & 72.

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 31 on page No. 207-208 of the Financial Statements, including the name, basis of the relationship, percentage holding, nature, and amount.

Investors Grievance

The Company has a Communication and Investors/Shareholders Relations 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

IT procedures are in place to regulate quality assurance, information security, data and system ownership and responsibility segregation. The IT Steering Committee ensures 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 for pre-emptive remedial measures. The Whistleblowing Policy encourages to report any illegal or unethical activity that could endanger the interests of SPL or any stakeholder or external agency dealing with the Company.

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

Security Papers Limited (SPL) is committed to fostering a diverse, equitable, and inclusive workplace where every employee is respected, valued, and empowered to contribute and grow. To reinforce this commitment, a comprehensive Diversity, Equity & Inclusion (DE&I) Plan has been implemented across the organization, supported by a robust DE&I Policy and key frameworks such as the Maternity Leave Policy and Anti-Harassment Policy. These initiatives promote a safe, respectful and inclusive work environment while ensuring equal opportunities for all employees.

SPL also complies with the Protection Against Harassment of Women at the Workplace (Amendment) Act, 2022, reaffirming its commitment to maintaining dignity, equality and fairness across the organization.

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 7% to 18 % in last 3 years. Moreover, women also constitute 23% of the management leadership team. The Company is actively working to further improve these figures and continually revisits its policies to support a more inclusive workforce.

To further promote DE&I culture:

- HR Department & Executive Committee members facilitated and conducted various DE&I awareness sessions.
- The Company launched a DEI Champion award, to strengthen its culture of diversity, equity and inclusion and celebrate employees who actively promote inclusive behaviors and contribute to building a respectful, equitable, and supportive workplace.
- SPL celebrated the International Women's Day by hosting an insightful session titled "Financial Empowerment for women: building wealth through smart investments."
- SPL, in collaboration with the Indus Hospital & Health Network (IHHN), organized a breast cancer awareness session. The session provided valuable insights on prevention, early detection, conducted their physical checkups and available treatments, encouraging participants to take proactive steps toward their health.
- SPL was represented by its General Manager –Human Resources, as a distinguished panelist at the International Conference on Female Empowerment & Financial Inclusion, organized by the Professionals' Network. The panel discussion emphasized on "Female Financial Literacy: A Solution to Pakistan's Economic Crisis," where SPL's valuable insights on the role of financial literacy in empowering women, promoting financial inclusion and contributing to sustainable economic growth in Pakistan was shared.
- SPL upholds a workplace free from gender discrimination. 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

SPL 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 30 June 2026

I. Mean Gender Pay Gap :-39%
II. Median Gender Pay Gap: -22%
III. Any Other data / details as deemed relevant: None

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:** SPL's Performance Management Policy provides a structured and transparent framework for evaluating employee performance and linking rewards and recognition to individual performance. The policy supports the Company's objective of fostering a high-performance culture built on accountability, continuous improvement and growth. Annual salary reviews are based on performance appraisal outcomes while ensuring fairness, equity and freedom from bias. SPL remains committed to transparent pay practices and equal opportunities for all employees.
- **Recruitment & Talent Management:** SPL is an equal opportunity employer committed to fostering diverse and inclusive workplace, implementing rigorous, transparent, non-discriminatory evaluation criteria to ensure merit-based hiring of new employees without any biasness or favoritism; and must be compliant with all applicable laws and ethical standards. SPL is devoted to establishing a 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 and behavioral tendencies across all levels.
- **Capacity Building and Training:** SPL is committed to continuous learning and employee development through structured training programs, workshops and professional development initiatives. To ensure targeted capability development, the Company has assessed competency gaps for all management employees based on its established Competency Framework. The identified development needs form the basis of the annual training plan, enabling focused learning interventions that enhance employee capabilities, strengthen leadership potential and align individual development with the Company's strategic objectives. To strengthen ethical conduct and foster an inclusive workplace culture, SPL periodically conducted a series of training and awareness sessions for all employees on Diversity, Equity & Inclusion (DE&I), the Whistleblowing Policy, the Anti-Harassment Policy, Code of Conduct and other employee related policies.

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, monthly birthday celebrations and town halls are held to boost the morale of employees, and encourage open, two-way communication. These initiatives contribute to a positive work culture where employees feel valued and engaged.
- Flexible Working Hours: For eligible roles, flexible work schedules are available, supporting work-life balance and improving overall productivity and job satisfaction.
- Employee Well-being: SPL is committed to promoting employee well-being through health and wellness initiatives. The Company observed World Diabetes Day by organizing a Diabetes Screening Camp and awareness session, and World Health Day through activities aimed at promoting health awareness among employees. These initiatives reflect SPL's commitment to fostering a healthier and more productive 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". An Inquiry Committee comprising of senior executives of the Company has been approved by the Board on recommendation of Board Human Resources, Remuneration & Sustainability Committee for inquiring into the complaints related to harassment.

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, staff 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 conflicts of interests whenever possible. A conflict of interest occurs when an employee's personal interests i.e. 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 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

SPL 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 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 Framework

SPL 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. This framework 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 207-208).

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.
- 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 IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as applicable in Pakistan and the requirements of the Companies Act, 2017 , 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 CEO

SPL strongly believes that the separation of the Chairman and CEO 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.

Role 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 CEO and management successfully execute the plans and policies decided by the Board.

Role and Responsibilities of CEO

The 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 29, 2025
Second Quarter	January 29, 2026
Third Quarter	April 29, 2026
Annual Accounts	July 30, 2026

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 26, 2025.

Sustainable Development and ESG

SPL recognizes that sustainable business growth requires responsible management of its environmental, social, operational and governance responsibilities. As the country's strategic manufacturer of banknote paper and other security papers, the Company places particular emphasis on the security and reliability of its products, manufacturing facilities and operations, the safety and well-being of its people, environmental stewardship, product quality, regulatory compliance and effective engagement with stakeholders.

The Company's approach to sustainable development considers relevant aspects of its organizational context, including employee relations, diversity and equal opportunity, human rights, customer and consumer considerations, relationships with internal and external interested parties, environmental protection, climate-related considerations, operational resilience and continual improvement.

SPL has established an Integrated Management System (IMS) comprising:

- Quality Management System based on ISO 9001:2015;
- Environmental Management System based on ISO 14001:2015; and
- Occupational Health and Safety Management System based on ISO 45001:2018.

The IMS provides a structured framework for managing operational risks, meeting applicable legal and regulatory requirements, improving performance, protecting employees and the environment, maintaining product quality, and responding to the needs and expectations of relevant interested parties.

Detailed information on the Company's sustainability performance, material topics, Sustainable Development Goals (SDGs) contributions, Environment and Social Governance (ESG) initiatives and sustainability-related targets is presented separately in the Sustainability Report, which forms part of this Annual Report 2026.

Occupational Health and Safety Management System

The health, safety and well-being of employees, contractors, visitors and other persons under the Company's control remain key priorities for SPL. The Occupational Health and Safety Management System (OHSMS), certified to ISO 45001:2018, forms an integral part of the Company's risk management and operational control framework.

The Company's key objectives are to prevent occupational injuries and ill health, provide safe and healthy working conditions, fulfill applicable legal and other requirements, and continually improve occupational health and safety performance.

During FY2025–26, SPL completed the re-certification of its ISO 45001:2018 Occupational Health and Safety Management System through SGS Pakistan Limited. The certification was renewed for a three-year period, effective from 19 March 2026 to 15 February 2029.

The Company continued to strengthen occupational health and safety through:

- Hazard Identification, Risk Assessment and Control (HIRAC);
- Regular review of workplace hazards and operational risks;
- Incident and accident reporting, investigation and corrective action;
- Provision and structured mapping of appropriate Personal Protective Equipment (PPE);
- Workplace safety inspections and Management Safety Audits;
- Emergency preparedness and response arrangements;
- Fire prevention and firefighting systems;
- Safety awareness, toolbox talks and competency development;
- Contractor safety management; and
- Continual monitoring and review of health and safety performance.

A review of HIRAC is regularly undertaken through the Company's established health and safety governance arrangements.

Environmental Management System

SPL is committed to managing the environmental impacts associated with its manufacturing activities through its Environmental Management System certified to ISO 14001:2015.

The Environmental Management System provides a systematic framework for identifying environmental aspects and risks, establishing operational controls, monitoring environmental performance, fulfilling applicable environmental requirements, and pursuing continual improvement.

The Company's environmental management activities include:

- Monitoring and control of significant environmental aspects;
- Responsible use of water, electricity, gas, fuel and other natural resources;
- Waste minimization, segregation, recycling and recovery;
- Responsible management of hazardous and non-hazardous waste;
- Wastewater and effluent management;
- Pollution prevention and control;
- Environmental monitoring and compliance evaluation;
- Employee environmental awareness and training; and
- Continual improvement of environmental performance.

Environmental performance data is monitored, reviewed and reported through established management processes and relevant IMS controls.

Quality Management System

Maintaining consistently high product quality is fundamental to SPL's operations and customer commitments. The Company's Quality Management System is certified to ISO 9001:2015 and provides a structured framework for maintaining product quality, meeting customer requirements, managing operational processes and pursuing continual improvement.

The Quality Management System supports:

- Consistent product quality and conformity;
- Compliance with customer and regulatory requirements;
- Process control and operational monitoring;
- Risk-based process management and corrective action;
- Continual improvement of processes;
- Customer feedback and complaint management;
- Competency and awareness of personnel; and
- Effective management of internal and external interested-party requirements.

Customer feedback is obtained from key customers periodically and is used to identify opportunities for improvement. Customer complaints are managed through established procedures, with appropriate investigation and corrective actions undertaken to address identified issues and prevent recurrence.

The Company's ISO 9001:2015 certification demonstrates its continued commitment to maintaining a structured and internationally recognized quality management framework.

Continual Improvement and Operational Excellence

SPL promotes continual improvement through structured management systems, operational controls, employee participation, performance monitoring and improvement programmes.

The Company has continued its 5S workplace management system to support housekeeping, workplace safety, productivity, resource efficiency, waste reduction and employee ownership of workplace standards.

The Company continues to strengthen the integration of environmental, social, quality, occupational health and safety, governance and resilience considerations into its operational and strategic decision-making.

Detailed sustainability disclosures for FY2025–26 are presented in the Sustainability Report, which forms part of this Annual Report.

INFORMATION TECHNOLOGY

1. Information Technology

The IT Department continues to support SPL's operations by providing secure, reliable, and efficient technology services. During the year, the Department remained focused on strengthening cybersecurity, improving infrastructure resilience, and implementing technology initiatives aligned with the Company's business requirements.

The Company continued to enhance its technology environment through initiatives aimed at improving security, operational efficiency and availability of IT services.

IT Governance and Cybersecurity

The Company continues to enhance its IT Governance and Cybersecurity framework in accordance with ISO/IEC 27001 requirements. Improvement areas identified through recent audits have been incorporated to further strengthen security controls, risk management practices, and overall IT maturity. The Company remains committed to maintaining confidentiality, integrity, and availability of information systems through effective governance practices and continuous improvement.

Contingency and disaster recovery plan

The Board of Directors of the Company has approved the Business Continuity Plan (BCP). The Company has established IT policies and procedures covering business continuity, disaster recovery, backup, incident management and emergency response. Offsite data backup and storage arrangements are maintained, while critical records and resources are protected to support recovery in the event of a disruption. Relevant personnel are familiar with the procedures to be followed during emergencies.

Business Continuity Planning forms an integral part of the Company's overall risk management and operational resilience strategy.

Business Continuity Plan

The core objectives of the Business Continuity Plan (BCP), in the event of incidents such as fire, natural disasters, utility/power failure, hazardous chemical spills, civil unrest, sabotage, cyber incidents, or other major disruptions, include:

- Protection of human life and the safety of all personnel.
- Minimization of business disruption and operational impact.
- Minimization of financial and operational losses resulting from a disruption.
- Documentation of procedures required to recover critical facilities, systems, and infrastructure.
- Identification of key personnel responsible for specific recovery and restoration activities.
- Identification of alternate resources to reduce dependency on specific individuals or groups.
- Timely restoration of critical business functions within defined recovery objectives.

Disaster Recovery Plan

A comprehensive Disaster Recovery Plan (DRP) is maintained as an integral component of the Business Continuity Plan. The DRP covers business impact considerations, preventive measures, recovery strategies, action plans and defined roles and responsibilities.

The Company's IT policy, which is currently under review, also include provisions for incident management and response to technology-related emergencies. Appropriate backup, recovery, and alternate resource arrangements are maintained to support the restoration of critical IT systems, applications, data, and infrastructure. The IT Department conducts periodic disaster recovery and recovery-readiness exercises to assess preparedness and validate the effectiveness of recovery procedures.

Cyber Insurance

Cybersecurity insurance is an evolving area, with organizations increasingly considering insurance coverage as part of their broader approach to managing technology and cybersecurity-related risks. Due to the dynamic nature of cyber threats, organizations continue to evaluate appropriate insurance coverage in line with their risk exposure and business requirements.

The Company maintains insurance coverage for its IT equipment and technology assets as part of its overall risk management framework. In addition, comprehensive Disaster Recovery (DR) and Business Continuity (BC) arrangements are in place to address potential technology-related incidents, including cyberattacks, system failures, theft, and disasters.

These arrangements include appropriate security controls, backup and recovery mechanisms, and procedures for the timely restoration of critical systems, data and IT infrastructure. This integrated approach strengthens the Company's resilience and supports the continuity of critical business operations.

Information Security Enhancements

During the year, various initiatives were implemented to further strengthen information security. BitLocker encryption was deployed on Company laptops to enhance data protection.

Secure VPN access provided to enable controlled remote connectivity, while Single Sign-On (SSO) was implemented across key applications including Outlook, laptops, MIS and VMS, providing centralized authentication, improved access management, and enhanced user experience.

Cybersecurity Risk Management

The Company continued its proactive approach towards cybersecurity risk management. A phishing simulation exercise was conducted to assess user awareness, followed by awareness session to strengthen employees' understanding of cyber threats and secure practices.

Vulnerability Assessment and Penetration Testing (VAPT) is also underway to identify potential vulnerabilities and further enhance the Company's security posture.

IT Infrastructure Resilience and Network Improvements

The Company continued to strengthen its IT infrastructure resilience through implementation of CIR-based internet connectivity with redundant wired and wireless links, improving network availability and business continuity.

Implementation of a Fiber Optic Ring Network is underway to enhance network reliability and redundancy across Company facilities.

A pilot implementation of Zero Client technology is also underway, which is expected to reduce power consumption, simplify IT management, lower hardware complexity, and enhance centralized control and operational efficiency.

IT Strategy and Future Roadmap

The IT Department, in collaboration with an external IT Consultant, is developing a comprehensive three-year IT Strategy and Roadmap to align technology initiatives with the Company's future objectives. The roadmap incorporates recent audit observations and focuses on strengthening cybersecurity maturity, IT governance, and infrastructure capabilities. As part of this roadmap, a standard ERP solution best suited to the Company's requirements is being planned, supported by necessary infrastructure enhancements and controls to establish a resilient and future-ready IT environment.

User Awareness and Training Initiatives

The IT Department continues to promote cybersecurity awareness through regular training sessions and communications. These initiatives focus on enhancing user awareness regarding information security, emerging cyber threats and responsible use of technology resources.v

OUR PEOPLE

Security Papers Limited (SPL) recognizes its people as its most valuable asset and the driving force behind its continued success. The Company is committed to fostering a workplace where employees are respected, empowered, and provided with opportunities to perform at their best. To achieve this, SPL is committed to:

- Providing a safe, healthy, and inclusive work environment that safeguards human rights and promotes employee well-being, engagement, and satisfaction.
- Maintaining an open, transparent, and supportive work culture through an open-door policy, while ensuring compliance with all applicable laws and regulatory requirements.
- Investing in employee development by focusing on key areas such as employee relations, learning and development, workplace security, equal opportunity, employee welfare, and occupational health and safety.
- Recognizing and rewarding employee contributions through structured recognition and award programs, while fostering a culture of continuous learning, innovation, and professional growth.

STRATEGY AND RESOURCE ALLOCATION

STRATEGIC PLANNING PROCESS

Strategic Planning

At SPL, strategic planning is a continuous and collaborative process that brings together key stakeholders to assess current realities, 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 priorities and remain well-positioned for sustainable growth.

Company's Strategic Management Process

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

Our strategy follows these steps:

Environmental Scanning

- Conducting a thorough SWOT analysis
- Allocating resources for future objectives
- Identifying emerging risks and opportunities
- Analyzing internal capabilities and external factors

Strategy Formulation

- Setting measurable goals
- Aligning targets with SPL's ambition and long-term vision
- Developing a roadmap for implementation

Strategy Implementation

- Allocating budget
- Regular reviews of progress and performance

Strategy Evaluation and Control

- Setting KPIs
- Evaluating if progress aligns with set goals

Technological changes

The integration of evolving and new technology and continuous upgrade is vital to our operations. We are committed to bring operational efficiency in our existing manufacturing facility with the use new technology and adoption of best practices of the industry.

To effectively incorporate technology in our processes, the Company has embraced an agile approach that allows flexibility and responsiveness to emerging technological advancements.

Environmental Changes

Environmental considerations play a significant role in SPL's future planning and strategies. We are committed to playing our part in protecting the environment through both awareness campaigns and practical initiatives aimed at reducing our carbon footprint.

The Company is actively pursuing projects focused on generating electricity from renewable energy sources and recycling wastewater to reduce environmental impact.

Further projects are in the pipeline to drive sustainable growth and environmental stewardship.

Societal Changes

SPL is committed to fostering a workplace that prioritizes employee development, well-being and inclusion.

The Company offers a diverse range of capacity-building and training programs designed to equip employees with future-ready skills and exposure to emerging technologies. Health and safety are integral to SPL's operations, supported by a dedicated health center and comprehensive safety initiatives.

Beyond the workplace, SPL is dedicated to creating a meaningful impact in the communities where it operates.

In line with its Corporate Social Responsibility (CSR) policy, the Company supports initiatives focused on education, healthcare and overall community well-being.

Resource Shortages:

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

While this increased water costs, the impact is expected to reduce significantly going forward with the capacity enhancement of the ETP plant, operational since June 2025, and the addition of new storage capacity of 500,000 gallons delivered in Q3 2025-26.

KEY PERFORMANCE INDICATORS

Operational KPIs

- Prompt Completion of the Customer's Order on Time
- Reduction in Production Losses
- Waste Recycling
- Optimize the Production Costs
- Forecast Market Demand
- Forecast Faults Before Failure
- Improve Production Efficiency of Plants

Sustainability KPIs

- Reduction in Natural Gas Consumption
- Implementation of Sustainability Assessment Criteria
- Reduction in Total Losses
- Reduction in Total Downtime
- Improve Energy Efficiency

Financial KPIs

- Timely Financial Reporting
- Effective Inventory and Working Capital Management
- Operational Cash Flow Management
- Higher Gross / Net Profit Margin
- 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 Job Safety Analysis (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 updated 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

SPL 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.

OUR GOALS:

Short-term goals:

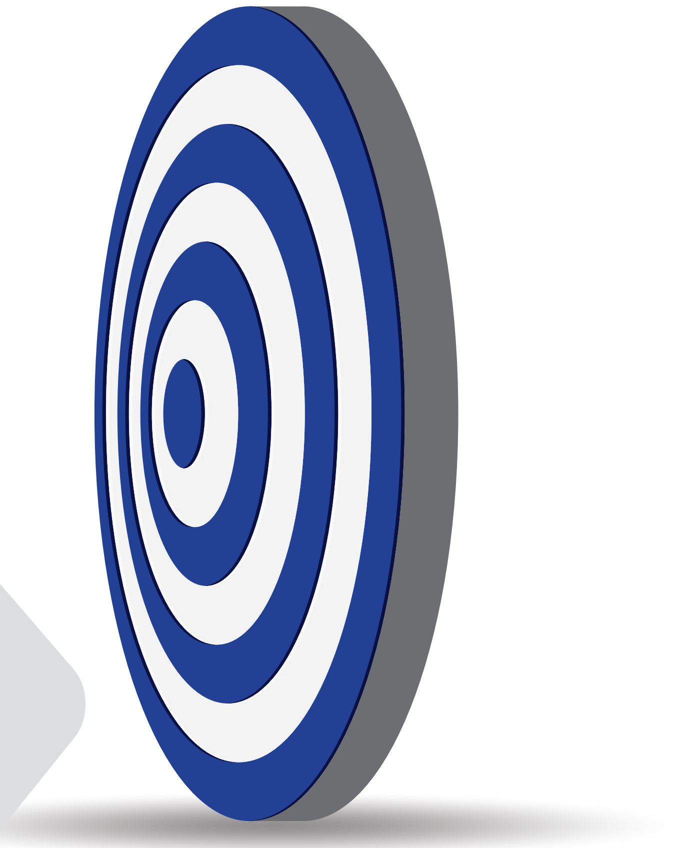
- Plant Upgradation
- Employee Development & Safety Initiatives
- Enhanced Quality Control Systems
- Efficiency Improvement Initiatives
- Cost Reduction Programs

Medium-term goals:

- Customer Base Expansion
- Product Diversification
- Strengthening International Market Presence
- Innovation in Products & Processes
- Automation and Technology Integration
- Reputation & Brand Building

Long-Term Objectives

- Manufacturing Excellence
- Sustainability and Full Modernization
- Deliver High Return on Investment (ROI)
- Perform Beyond Shareholder Expectations
- Establish Regional Leadership
- Build Strategic Alliances



KEY STRATEGIC GOALS

Goals & Strategy in Place	Key Indicators
Customer Satisfaction: Deliver high-quality products to meet our customers' demands	Quality assurance and quality audits International certifications to meet quality standards Timely delivery Customer feedback
Employees: Introduce initiatives to promote employee empowerment	Encourage ideas from all levels Succession planning Job rotation Career development opportunities Learning and education programs Reduced employee turnover ratio
Risk Management: Enterprise Risk Management	Identification of high risks areas. 1. **Refresh the enterprise-wide risk inventory** to align identified risk exposures with the company's strategic objectives and evolving business priorities. 2. **Enhance leadership visibility into risk related opportunities**, ensuring emerging risks are translated into actionable insights for strategic decision making. 3. **Define and formalize risk appetite criteria** to guide consistent, informed risk-taking across the organization
Business Continuity Planning	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

Goals & Strategy in Place	Key Indicators
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 Market price per share Dividend per share
Corporate Social Responsibility Promote sustainable social development by implementing the Board-approved CSR Policy through initiatives focused on healthcare, education, community development and motivational and awareness programs, while encouraging employee engagement and volunteerism.	Board-approved CSR Policy implementation • Number of CSR initiatives undertaken annually • CSR expenditure against the approved annual CSR budget • Number of beneficiaries reached through healthcare, education, and community development initiatives • Number of community outreach, motivational, and awareness sessions conducted • Employee participation in CSR and volunteer activities

RESOURCE ALLOCATION PLANS

Financial capital

SPL'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. To safeguard against potential operational losses, the management has implemented a conservative cash strategy, diversified banking relationships and robust working capital management practices to ensure uninterrupted business operations.

Human capital

At SPL, 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

SPL reported fixed assets valued at Rs 4.47 billion, with total inventory amounting to Rs 1.08 billion as at the end of FY2025-26. 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 of 350kW is currently in progress. Additionally, to conserve natural water resources, a wastewater recycling plant capacity has been increased from 165,000 gallons per day to 350,000 gallons per day. These projects reflect SPL's commitment 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.

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.

SPL's 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.

The Company engaged an external firm to conduct an IT Gap Analysis. Based on the identified gaps and recommendations, management is developing an IT strategy to address key vulnerabilities and strengthen overall system resilience.

RISK MANAGEMENT

RISK MANAGEMENT GOVERNANCE & FRAMEWORK

Introduction and Background

During the year Enterprise Risk Management Framework (ERM Framework) has been updated and subsequently endorsed by Board Investment and Risk Management Committee (BIRC). The ERM Framework comprises of company's philosophy to manage principal business risks, tap opportunities from those risks and enhance shareholders' value.

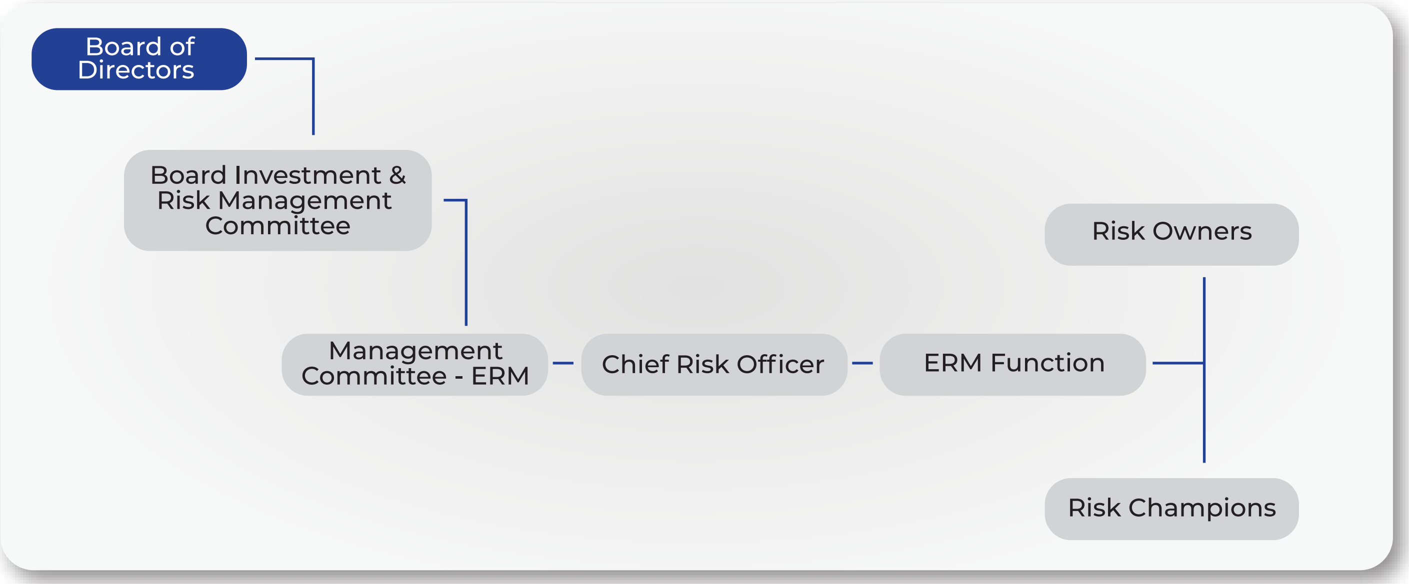
Risk Management Policy Statement

"Security Papers Limited is committed to a systematic and enterprise-wide approach to risk management that is embedded in our corporate culture, business processes and decision-making. We strive to ensure that risk management practices support the achievement of business objectives, enhance resilience and create long-term stakeholder value."

Governance Structure:

To ensure ERM is embedded into the Company's culture and every business decision, a Board Sub Committee, the BIRC, has been established with the overall oversight from Board of Directors. The BIRC oversees the overall risk governance mechanism and ensures alignment with the organization's strategic objectives.

The governance is cascaded down into the management team via below structure:



Three Lines of Defense Model

In today's emerging business environment, effective risk management requires clear accountability and monitoring. The Company has implemented The Three Lines of Defense model which provides organization with a structured approach to risk governance, ensuring that business and operational teams together with oversight functions work collaboratively but at the same time independently to safeguard the Company's long-term objectives.

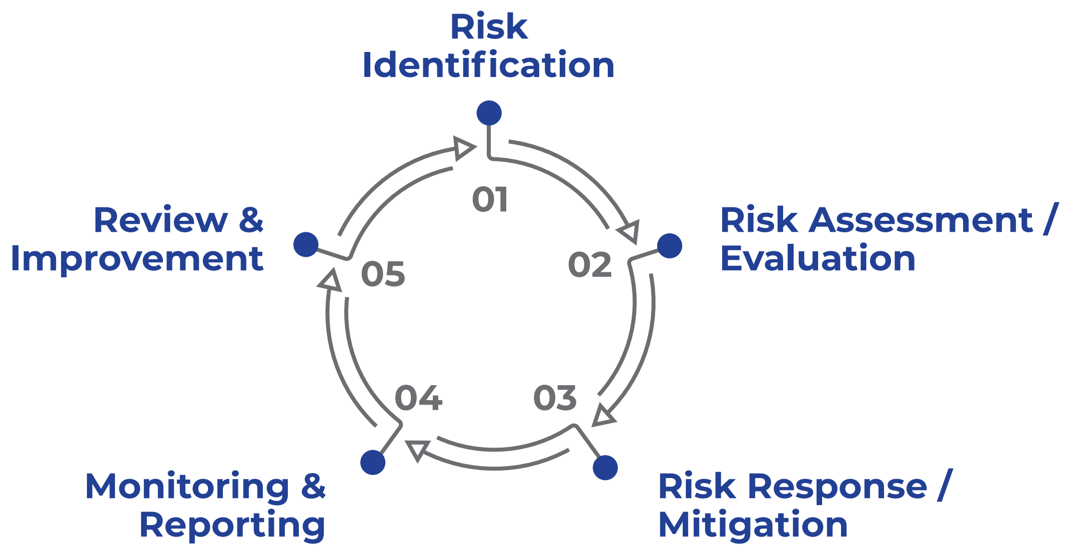
The Three Lines of Defense (3LoD) model provides a clear and structured approach to assigning roles and responsibilities for managing risk and ensuring effective internal control across the organization.

Line	Function	Responsibility
First Line	Business Operations / Line Management	Own and manage risks. Identify, assess, control, and mitigate risks within their day-to-day activities. Ensure compliance with company framework and policies.
Second Line	Risk Management, Legal, Cyber Security	Develop risk management policies and frameworks, monitor risks, provide guidance and assistance to risk owners, follow up on planned mitigations and report on risk exposures. Assess whether risk evaluation is appropriate in the circumstances
Third Line	Internal Audit	Provide independent assurance to the Board Audit Committee on the adequacy and effectiveness of governance, processes and internal control systems.

RISK MANAGEMENT METHODOLOGY & PROCESS

Integration with strategy setting and performance management, risk isn't a standalone exercise but embedded into how the organization sets and achieves objectives and the methodology with which it achieves.

The Company follows industry best practices along with applicable frameworks as a method to identify, evaluate and report significant business risks.



Risk Identification:

Business heads with the assistance of nominated risk champions and in collaboration with risk management function are responsible for identifying, assessing, managing, monitoring and reporting risks within their areas of accountability.

Emerging risks are identified dynamically as and when new circumstances, events or developments give rise to potential exposures with uncertainty with respect to their occurrence.

Risk Assessment / Evaluation:

Risk Assessment is carried out on the basis of underlying impact (both financial and non financial) and likelihood.

The Company has developed an assessment matrix comprising of resultant of impact and likelihood which has been reviewed and endorsed by the BIRC. Reporting of risks to the Management / BIRC is done on the basis of risk assessment and underlying ratings which reflects the significance and possible impact on the Company.

Risk Response / Mitigation:

Risk response is determined by management's risk appetite which is established based on both financial and non-financial thresholds. Risk appetite reflects the type and level of risk the organization is willing to accept in pursuit of its objectives. Accordingly, risks with high impact and high likelihood are addressed immediately as a priority whereas risks of lower significance are managed with a more measured response.

Risk Monitoring and Reporting:

Industry best practices and applicable ERM framework requires continuous monitoring of reported risks and an update on the management's action plan to enable achievement of business objectives and overcome barriers proactively.

Review & Continuous Improvement:

Effective implementation of ERM requires designing and implementing an adequate review process and mechanism in relation to ERM activities. ERM function at the Company reviews the risk registers and identify and report company level risks of high exposure to the Management Committee-ERM and then to the BIRC with continuous monitoring of any change in external environment leading to emerging risks.

PRINCIPAL BUSINESS RISKS & OPPORTUNITIES

In alignment with the Company's long term business objectives and to preserve shareholders' value, risk assessment is carried out using multiple factors affecting company's objectives and targets.

Among other risks, below are the relevant business risks that have been assessed and are being reported to leadership and management to ensure that it has been made part of strategic decision making.

	Financial Capital	Manufacture Capital	Intellectual Capital	Human Capital	Social & Relationship Capital	Natural Capital
Legends						

Risk Type & Source	Risk Description	Mitigation Strategies	Potential Business Opportunities	Capital Impacted	Time Horizon
Financial / Operational EXTERNAL	**Risks due to Geopolitical Uncertainty** **Inflationary Impact:** Geopolitical conflict pushing up energy / fuel commodity prices → cost risk to operations **Energy Management:** Middle East gas supply disruption risks SSGC shortages → downtime risk + costlier alternative energy sources **War Risk Premium Insurance & Freight Costs:** Rising war risk premiums on imports via conflict zones + higher freight charges → increased landed cost, financial implications	Underlying risk implications for the Company are assessed as significant and to mitigate the potential impact, following mitigations have been taken: 1. Engaged external consultants for Utilities & Raw Material OptimizationStudy 2. Developed gas-availability contingency scenarios (partial shortage to full cessation) with response strategies 3. Sourcing multiple quotes to secure optimal pricing	While managing key risks proactively, following business opportunities can be explored: • Improve operational efficiency and cost optimization initiatives • Invest in process automation and resource efficiency to offset inflationary pressures • Diversification into other energy sources can be explored which will give reliable and economical solution for the Company • Increase reliance on local procurement via localization	 	Medium to Long Term
Governance / Regulatory EXTERNAL	**Compliance risk with respect to the provisions of the Companies Act 2017, Code of Corporate Governance Regulations, 2019 (COCG) and other applicable laws and Regulations** • Default in complying with any of the provisions of the Companies Act 2017, COCG or any Notification / SRO of the SECP. • Exposes Company to regulatory and reputational risk	1. Holding of General Meetings of shareholders as per regulatory requirements. 2. To remain updated with the changes in regulatory requirements, the Company has subscribed to super law updating services. 3. Regular consultations with expert legal advisor related to any corporate queries or clarifications	The Company can further strengthen its governance structure through continued alignment with applicable regulatory requirements.		Short to Medium Term

Risk Type & Source	Risk Description	Mitigation Strategies	Potential Business Opportunities	Capital Impacted	Time Horizon
Health & Safety INTERNAL	• Health, Safety and Environment (HSE) is top priority for manufacturing operations with direct workforce machine interaction and it is integral to safety culture • Elevated fire risk due to nature of raw materials / chemicals used in production • Potential for serious injuries / fatalities and operational disruption in case of an incident	1. HIRAC (Hazard Identification, Risk Assessment & Control) framework established 2. SOPs in place for safe handling of equipment & hazardous chemicals 3. Incident reporting & investigation procedures in place 4. Regular HSE training on work permits, basic firefighting, & hot job handling and fire drills. 5. Enhanced work permit system to assess job-specific risks before execution 6. Activity-specific PPE requirements defined 7. Fire alarm, suppression system installed 8. Fire extinguishers available in fire hazard areas	By proactively carrying out initiatives and bringing cultural interventions to enhance HSE environment at the Company, early warning system can be implemented in areas prone to higher safety incidents, thereby reducing safety and operational implications.		Short to long Term
Environmental EXTERNAL	**Heatwave (Extreme Heat)** Rising temperatures and heatwaves may impair workforce health and productivity, increase energy and operational costs, compromise the integrity of temperature-sensitive materials and heighten physical climate risks	1. HSE led awareness sessions, training & targeted communications on heat safety precautions 2. Shaded rest areas, fans, hydration points & lime water provided at outdoor work locations 3. Regular rest breaks during peak heat hours, breathable clothing issued to production and outdoor staff 4. Temperature sensitive materials stored in temperature-controlled environment	Introduction of heat safety protocols, flexible working hours, and improved workplace ventilation can enhance employee wellbeing, productivity, and retention strengthening the employer brand and talent attraction.		Short to Long Term

Risk Type & Source	Risk Description	Mitigation Strategies	Potential Business Opportunities	Capital Impacted	Time Horizon
Operational INTERNAL	**Extended Plant Shut Down / Risk of Water Shortage** • Paper manufacturing is water-intensive process and water consumed at every production stage • Over-reliance on single water source for critical operations • Interruption / reduction in water availability may cause operational downtime, failure to meet contractual obligations and increased operational costs	To mitigate the risk, following projects have been implemented during the year: 1. Additional storage tank was added to increase storage capacity at site 2. Effluent treatment plant capacity enhancement 3. New RO bores have been developed at site 4. Installation of dedicated on site RO treatment plants to ensure a self-sufficient and quality-controlled water supply. 5. Preventive maintenance plan is being followed 6. Arrangements with international security paper manufacturers for supply of banknote paper and other security papers in case of operational downtime.	**Resource Efficiency** • Investment in water recycling and treatment systems (e.g., effluent treatment plants **Resilience & Diversification** • Development of alternative / supplementary water sources, such as on-site bore, reduces single source dependency on KWSB and strengthens operational continuity. • Installation of adequate water storage / reservoir capacity provides buffer against supply interruptions, enhancing business continuity.		Long Term
Strategic INTERNAL	**Dependence on Single Customer** • Over-reliance on a single customer for revenue • Potential shift toward polymer-based banknotes & demonetization of certain denominations • Resultant impact in significant loss of business volume → reduced revenue & profitability impact	In order to secure the Company's revenue, following strategic initiatives are being taken: 1. Diversifying into related security-featured product lines under long-term strategic plan; multiple options under evaluation 2. BMR (Balancing, Modernization & Replacement) of paper manufacturing machine to align with market requirements 3. Exploring export opportunities for security paper (cheque paper, other security-featured products)	Company can strengthen its profitability and improve market presence by diversifying into related products. The Company can utilize its manufacturing capacity to manufacture products to increase profitability. Bringing efficiency in existing manufacturing process		Long Term

Risk Type & Source	Risk Description	Mitigation Strategies	Potential Business Opportunities	Capital Impacted	Time Horizon
Reputational & Regulatory INTERNAL / EXTERNAL	**Pilferage & Security Risk** • Finished products & raw materials carry A1 security status, tied to national interest • Exposure to risk of sabotage, theft, suicide attack, or forced entry • Potential compromise of national security • Severe reputational damage & regulatory implications	1. Standard operating procedures are implemented for monitoring through CCTV. 2. Continued monitoring / surveillance and reporting observations. 3. Use of Electronics Devices (UVSS), Road Blocker System, DSF and Security Guards standoff distance. 4. Security guards are also deputed at the entry and exit points of paper store and finishing area, PM-2 entry to mitigate the risk of any pilferage.	Proactive monitoring of security incidents, if any and implement effective corrective measures Strengthen physical and electronic security systems to enhance protection of critical assets		Long Term
Technological Risk INTERNAL	**Disruption of IT Services due to Disaster** • Weak access / security controls over firewalls, networks, databases, ERP & email • Coupled with hardware / software malfunction risk • Compromised IT systems → service disruption & loss of critical business data	1. An approved Business Continuity Plan is in place 2. Fire suppression system in IT Data Centre and fire extinguisher 3. Dual Power sources 4. Onsite and Offsite Backups 5. Disaster Recovery Drills. 6. Centralized Antivirus System 7. Next Generation Hardware Firewall. 8. End-to-end Secure Socket Layer (SSL) / Transport Layer Security (TLS) Website data encryption. 9. Implemented Security Management System (ISO/IEC 27001).	**Improve IT governance** by implementing industry best practices for identity, access, and vulnerability management **Strengthen cybersecurity resilience** through enhanced access controls, network security, and continuous monitoring	RS	Short to Long Term
Supply Chain Disruptions due to Geopolitical and ESG Incidents EXTERNAL	**Geopolitical Stability & Transit Route Risk** • Middle East tensions & marine route threats pose global shipping disruption risk • Company's imports (limited raw material and few chemicals) sourced from non-conflict regions posing minimal direct supply chain impact • Therefore, physical supply continuity remains secure However, global logistics adjustments (war risk premiums, fuel rate shifts, extended transit routes) may increase inbound freight costs creating financial impact	In order to keep the supply chain disruptions minimal and maintain operational continuity, the Company has adopted following mitigating actions: 1. Localized procurement strategy hence limited reliance on imports and importing from non-conflict regions 2. Flexible logistics arrangements enabling alternate shipping routes or air freight when needed. 3. Safety stock buffers maintained for critical imported inputs to absorb transit delays	Continued investment in local sourcing reduces exposure to global shipping volatility and can lower long-term logistics costs, while also supporting local supplier development and potentially qualifying for local-content incentives. Refining safety stock levels and buffer strategies can improve working capital efficiency while still safeguarding continuity, turning a risk mitigation measure into a cost/efficiency opportunity	RS	Medium to Long Term

ENTERPRISE RISK MANAGEMENT CULTURE & AWARENESS

ERM is about building a resilient culture across the organization. The Company aims to embed risk management into our day-to-day processes, making it an integral part of how the Company operate.

A strong ERM culture is grounded in ethical leadership and integrity, set at the top and embedded throughout the organization. It ensures that applicable standards, best practices and regulatory requirements are implemented consistently both in letter and in spirit.

As ERM Framework has been updated during the year, enterprise-wide training session for risk champion was conducted to create awareness about the ERM Framework and embed risk management practices into day-to-day operations and decision making.

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

Adherence to the accounting and reporting standards as applicable in Pakistan

The Company strictly adheres with all the financial accounting and reporting standards applicable in Pakistan. which comprise of:

- IFRS Accounting Standards, issued by the IASB, as notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under, the Companies Act, 2017,

including the disclosure requirements of the Fourth Schedule, as adopted by the SECP.
Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards and IFAS, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

This adherence is central to the fair preparation and presentation of the Company's financial information. Compliance with IFRS Accounting Standards ensures adequate disclosures in the financial statements, supporting stakeholders in making well-informed decisions.

Adoption and statement of adherence with the International Integrated Reporting Framework

SPL's Annual Report 2026 draws on the guidelines of the International Integrated Reporting (IIR) Framework, which emphasizes the connectivity between strategy, governance, performance, and sustainability-related disclosures. This report incorporates all eight core content elements of the Framework and integrates the following sections to provide stakeholders with a comprehensive view of the Company's operations and performance:

Organizational overview and external environment

This section provides an understanding of SPL's identity, core activities, and the environment in which it operates. It includes details of the Company's vision, mission, values, ownership structure, and its business of manufacturing security featured paper for Banknotes and other Security Paper products. It also covers the effect of the external environment and market dynamics that influence SPL's strategy and performance, giving stakeholders a clear view of the context in which the Company operates.

Governance

This section offers an in-depth explanation of SPL's governance structure and practices, ensuring transparency and accountability. The Governance section provides a clear view of the Board and its Committees, describing the composition of the Board of Directors, the roles and responsibilities of the Chairman, CEO, and Board Committees, and the governance mechanisms that guide decision-making. It also includes statements on compliance with the applicable Corporate Governance frameworks.

Business model

The Business Model, mapped within the Organizational Overview and External Environment section, provides a clear explanation of how the Company creates value by converting inputs such as financial, human, and natural resources into outputs, through understanding customers' needs, maintaining strong relationships with stakeholders, and ensuring efficient procurement in its production activities.

Risks management and opportunities

The Risks and Opportunities section identifies the key risks and emerging opportunities that could influence SPL's ability to deliver sustainable value. It explains the potential impact of these risks on the Company's capitals, along with the mitigation strategies adopted to manage them.

Strategy and resource allocation

The Strategy and Resource Allocation section covers the Company's strategic planning process. It outlines the Company's strategic priorities in the short, medium, and long term, along with key indicators and the strategies adopted to achieve its goals. It also covers the linkage of these strategic objectives with the Company's overall mission, vision, and objectives.

Financial performance analysis

This section covers comprehensive disclosures on the Company's financial and operational performance, including an analysis of revenue, profitability, value addition to the economy, and ratio analysis, along with a detailed overview of the Company's financial position and overall performance.

Future outlook

This section presents a comprehensive overview of SPL's future prospects. It includes forward-looking statements on the upgradation of its Paper Making Machine (PM2), along with the Company's strategic priorities. It also addresses the Company's performance against the forward-looking disclosures made in the previous year, the status of projects disclosed at that time, and the sources of information used for projections, as these form the basis of the Company's formal plans and resource allocation. The report further covers the Company's preparedness to address potential challenges and uncertainties while capturing opportunities to sustain growth.

Basis of preparation & presentation

This Annual Report has been prepared in alignment with the International Integrated Reporting Framework issued by the IFRS Foundation. It integrates financial and non-financial disclosures to provide stakeholders with a clear, concise, and connected view of SPL's value creation process, disclosing both qualitative and quantitative information on matters that are material to SPL and that can substantively affect its ability to create value for stakeholders in the short, medium, and long term.

Further details of sustainability-related disclosures are also included as part of the Sustainability and Corporate Social Responsibility chapter of the Annual Report.

Shariah Advisor Report

The Company is not required to maintain a Shariah Advisory Board; accordingly, no Shariah Advisory report has been issued for FY 2025-26.

Disclosure Beyond BCR Criteria

In addition to the criteria prescribed under the Best Corporate Report (BCR) framework by ICAP and ICMAP, the Company has mapped its report against the following additional disclosure frameworks to further strengthen transparency, consistency, comparability, and the overall presentation of information for its stakeholders:

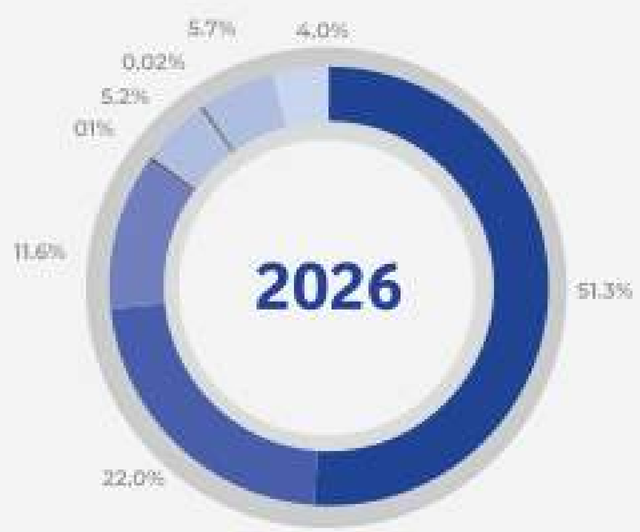
- GRI Standards: Core option
- United Nations Sustainable Development Goals (SDGs)

ANALYSIS OF FINANCIAL INFORMATION

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2026	%	2025	%
	(Rupees in '000)			
VALUE ADDITION				
Revenue from contracts including sales tax	8,621,458	92.6%	9,287,426	91.0%
Other Operating Income	688,027	7.4%	915,829	9.0%
	9,309,485	100%	10,203,255	100%
VALUE DISTRIBUTION				
Materials and services providers	4,779,805	51.3%	4,786,688	46.9%
Government taxes and duties	2,050,580	22.0%	2,364,914	23.2%
Employees remuneration, benefits & others	1,079,140	11.6%	1,084,479	10.6%
Society welfare	8,707	0.1%	14,137	0.1%
Operating and other costs	481,768	5.2%	426,521	4.2%
Finance cost	2,323	0.02%	2,723	0.0%
Dividends *	533,303	5.7%	681,443	6.7%
Retained within the business	373,858	4.0%	842,350	8.3%
	9,309,485	100%	10,203,255	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 2026.



STATEMENT OF FINANCIAL POSITION

Horizontal Analysis-Last Six Years

	2026	2025	2024	2023	2022	2021
ASSETS						
Non-current assets						
Property, plant and equipment	123.49%	9.33%	6.40%	(3.75%)	(4.43%)	8.66%
Right of use assets	-	-	(100.00%)	51.79%	2.62%	(16.44%)
Intangible assets	(8.14%)	12.75%	(13.86%)	(12.20%)	(12.56%)	(10.26%)
Long term investments	(34.86%)	11.14%	17.98%	145.88%	32.31%	(31.33%)
Staff retirement benefits	100.00%	(100.00%)	100.00%	-	-	-
Long term deposits	-	-	(100.00%)	54.94%	3.48%	7.00%
Current assets						
Stores, spares and loose tools	(6.72%)	30.60%	41.83%	(1.48%)	6.77%	1.91%
Stock-in-trade	(16.48%)	(2.24%)	9.95%	42.85%	1.24%	4.69%
Trade debts	(58.33%)	(1.55%)	(15.67%)	86.92%	3.11%	125.06%
Loans, advances, deposits, prepayments and other receivables	951.24%	(62.18%)	(31.72%)	33.58%	35.63%	3.59%
Short term Investments	2.96%	25.99%	8.21%	(40.88%)	12.50%	47.43%
Cash and bank balances	(16.47%)	(57.33%)	18.19%	(46.77%)	16.27%	(4.65%)
TOTAL ASSETS	6.67%	7.67%	6.95%	10.65%	9.47%	16.51%
LIABILITIES						
Current liabilities						
Trade and other payables	37.00%	(6.67%)	(9.31%)	35.50%	52.63%	9.39%
Unpaid dividend	15.44%	12.73%	18.94%	13.61%	13.69%	37.56%
Unclaimed dividend	9.08%	(26.02%)	5.59%	9.10%	5.16%	158.11%
Taxation - net	(73.40%)	8.75%	(26.44%)	202.93%	(36.29%)	(1.28%)
Accrued mark-up	-	-	(100.00%)	(92.59%)	272.41%	(91.92%)
Current portion of lease liabilities	-	-	(100.00%)	(3.10%)	5.31%	4.12%
Non-current liabilities						
Deferred taxation - net	(11.81%)	8.89%	113.03%	(13.35%)	(16.78%)	56.23%
Staff retirement benefits	(100.00%)	100.00%	(100.00%)	62.11%	35.68%	(12.44%)
Lease liabilities	-	-	(100.00%)	68.68%	(14.90%)	(1.50%)
TOTAL LIABILITIES	16.14%	1.18%	(1.82%)	33.55%	24.97%	18.62%
NET ASSETS	4.20%	9.50%	9.72%	4.97%	6.20%	16.08%
Issued, subscribed and paid-up capital	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General reserves	11.94%	12.63%	4.96%	6.37%	19.96%	10.57%
Unappropriated profit	(33.66%)	(0.57%)	45.68%	(0.21%)	(35.11%)	49.54%
TOTAL EQUITY	4.20%	9.50%	9.72%	4.97%	6.20%	16.08%
TOTAL LIABILITIES & TOTAL EQUITY	6.67%	7.67%	6.95%	10.65%	9.47%	16.51%

STATEMENT OF FINANCIAL POSITION

Vertical Analysis-Last Six Years

ASSETS	2026	2025	2024	2023	2022	2021
Non-current assets						
Property, plant and equipment	**36.90%**	17.61%	17.34%	17.43%	20.04%	22.96%
Right of use assets	**-**	-	-	0.34%	0.25%	0.27%
Intangible assets	**0.10%**	0.12%	0.11%	0.14%	0.18%	0.22%
Long term investments	**20.49%**	33.55%	32.50%	29.46%	13.26%	10.97%
Staff retirement benefits	**0.02%**	-	0.001%	-	-	-
Long term deposits	**-**	-	-	0.08%	0.06%	0.06%
Current assets						
Stores, spares and loose tools	**3.02%**	3.45%	2.84%	2.15%	2.41%	2.47%
Stock-in-trade	**5.94%**	7.59%	8.36%	8.13%	6.30%	6.81%
Trade debts	**4.47%**	11.45%	12.52%	15.88%	9.40%	9.98%
Loans, advances, deposits, prepayments and other receivables	**4.50%**	0.46%	1.30%	2.04%	1.69%	1.36%
Short term investments	**23.15%**	23.98%	20.50%	20.26%	37.91%	36.89%
Cash and bank balances	**1.40%**	1.79%	4.52%	4.09%	8.51%	8.01%
TOTAL ASSETS	**100%**	100%	100%	100%	100%	100%
LIABILITIES						
Current liabilities						
Trade and other payables	**13.95%**	10.86%	12.53%	14.78%	12.07%	8.66%
Unpaid dividend	**5.87%**	5.43%	5.18%	4.66%	4.54%	4.37%
Unclaimed dividend	**0.03%**	0.03%	0.05%	0.05%	0.05%	0.05%
Taxation - net	**0.38%**	1.53%	1.52%	2.21%	0.81%	1.38%
Accrued mark-up	**0.00%**	0.00%	0.00%	0.0001%	0.0012%	0.0004%
Current portion of lease liabilities	**0.00%**	0.00%	0.00%	0.08%	0.09%	0.09%
Non-current liabilities						
Deferred taxation - net	**2.29%**	2.77%	2.74%	1.38%	1.76%	2.31%
Staff retirement benefits	**-**	0.07%	-	0.57%	0.39%	0.32%
Lease liabilities	**-**	-	-	0.28%	0.18%	0.24%
TOTAL LIABILITIES	**22.53%**	20.69%	22.02%	23.99%	19.87%	17.41%
NET ASSETS	**77.47%**	79.31%	77.98%	76.01%	80.13%	82.59%
Issued, subscribed and paid-up capital	**4.89%**	5.22%	5.62%	6.01%	6.65%	7.28%
General & Capital reserves	**65.05%**	61.98%	59.25%	60.38%	62.81%	57.31%
Unappropriated profit	**7.53%**	12.10%	13.10%	9.62%	10.67%	18.00%
TOTAL EQUITY	**77.47%**	79.31%	77.98%	76.01%	80.13%	82.59%
TOTAL LIABILITIES & TOTAL EQUITY	**100%**	100%	100%	100%	100%	100%

STATEMENT OF PROFIT OR LOSS

Horizontal Analysis-Last Six Years

	2026	2025	2024	2023	2022	2021
Revenue from contracts with customers	**(7.17%)**	7.64%	26.18%	12.58%	2.91%	2.05%
Cost of sales	**0.96%**	7.64%	23.11%	22.27%	12.10%	3.83%
Gross profit	**(28.07%)**	7.64%	34.84%	(7.97%)	(12.32%)	(0.78%)
Administrative expenses	**5.01%**	5.33%	19.86%	12.68%	10.80%	5.79%
Other income	**(24.87%)**	(9.58%)	49.31%	81.39%	(36.62%)	63.87%
Other expenses	**(28.79%)**	8.10%	(24.74%)	(7.27%)	73.97%	2.70%
Operating profit	**(33.61%)**	0.79%	54.66%	10.58%	(29.88%)	10.73%
Finance costs	**100.77%**	(44.81%)	(12.19%)	54.69%	24.99%	(17.03%)
Profit before taxation	**(33.79%)**	0.90%	54.96%	10.44%	(29.98%)	10.80%
Taxation - net	**(22.37%)**	(1.49%)	56.77%	28.42%	(16.55%)	2.35%
Profit for the year	**(40.47%)**	2.36%	53.89%	1.94%	(34.93%)	14.28%

Vertical Analysis-Last Six Years

	2026	2025	2024	2023	2022	2021
Revenue from contracts with customers	**100.00%**	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	**78.30%**	72.00%	72.00%	73.80%	67.95%	62.38%
Gross profit	**21.70%**	28.00%	28.00%	26.20%	32.05%	37.62%
Administrative expenses	**7.15%**	6.32%	6.46%	6.80%	6.79%	6.31%
Other income	**9.42%**	11.64%	13.85%	11.71%	7.27%	11.80%
Other expenses	**2.00%**	2.61%	2.59%	4.35%	5.28%	3.12%
Operating profits	**21.96%**	30.71%	32.80%	26.76%	27.24%	39.98%
Finance costs	**0.09%**	0.04%	0.08%	0.12%	0.09%	0.07%
Profit before taxation	**21.87%**	30.67%	32.72%	26.64%	27.16%	39.91%
Taxation - net	**9.46%**	11.31%	12.36%	9.95%	8.72%	10.75%
Profit after taxation	**12.42%**	19.36%	20.36%	16.69%	18.44%	29.16%

RATIO ANALYSIS

	2026	2025	2024	2023	2022	2021
Financial Position						
Property plant and equipement	**4,467,352**	1,998,938	1,828,287	1,718,372	1,785,402	1,868,242
Right to use assets	**-**	-	-	33,689	22,194	21,628
Intangible assets	**12,419**	13,520	11,991	13,920	15,855	18,133
Investments	**2,480,427**	3,807,752	3,425,945	2,903,729	1,180,955	892,543
Staff retirement benefits	**2,953**	-	90	-	-	-
Lease deposits	**-**	-	-	7,648	4,936	4,770
	6,963,151	5,820,210	5,266,313	4,677,358	3,009,342	2,805,316
Current assets	**5,143,742**	5,529,675	5,275,267	5,178,928	5,898,625	5,332,033
Current liabilities	**2,450,209**	2,026,242	2,032,110	2,145,392	1,563,087	1,183,904
Working capital	**2,693,533**	3,503,433	3,243,157	3,033,536	4,335,538	4,148,129
Less : Long term liabilities	**-**	7,620	-	83,149	50,625	44,515
Less: Deferred liabilities	**277,703**	314,875	289,172	135,743	156,652	188,230
Net Assets	**9,378,982**	9,001,148	8,220,298	7,492,002	7,137,603	6,720,700
Paid-up-capital	**592,559**	592,559	592,559	592,559	592,559	592,559
Reserves	**8,786,423**	8,408,589	7,627,739	6,899,443	6,545,044	6,128,141
Shareholders' Equity	**9,378,982**	9,001,148	8,220,298	7,492,002	7,137,603	6,720,700
Profit or Loss						
Revenue from customers - net of taxes	**7,306,320**	7,870,700	7,311,732	5,794,593	5,147,258	5,001,692
Cost of sales	**5,721,168**	5,666,905	5,264,443	4,276,304	3,497,559	3,118,847
Gross profit	**1,585,152**	2,203,795	2,047,289	1,518,289	1,649,699	1,882,845
Administrative expenses	**522,364**	497,450	472,266	394,019	349,673	316,901
Profit after admin expenses	**1,062,788**	1,706,345	1,575,023	1,124,270	1,300,026	1,565,944
Other income	**688,027**	915,829	1,012,900	678,391	373,994	590,051
Other charges	**146,011**	205,041	189,677	252,042	271,795	156,234
Finance cost	**6,746**	3,360	6,088	6,933	4,482	3,586
Profit before tax	**1,598,058**	2,413,773	2,392,158	1,543,686	1,397,743	1,996,175
Taxation	**690,898**	889,980	903,474	576,306	448,754	537,730
Profit after tax	**907,160**	1,523,793	1,488,684	967,380	948,989	1,458,445
Investors Information						
Dividend **						
Cash - Value	**533,303**	681,443	740,699	651,815	592,559	533,304
Cash - %	**90%**	115%	125%	110%	100%	90.0%
Profit retained in Business - Value	**373,857**	842,350	747,985	315,565	356,430	925,141
Retention - %	**41.21%**	55.28%	50.24%	32.62%	37.56%	63.43%
Profitability Ratios						
Gross profit to sales %	**21.70%**	28.00%	28.00%	26.20%	32.05%	37.64%
EBITDA before other income (Rs '000)	**1,196,998**	1,752,076	1,605,569	1,082,654	1,258,462	1,611,125
EBITDA (Rs '000)	**1,885,025**	2,667,905	2,618,469	1,761,045	1,632,456	2,201,176
EBITDA margin to sales - %	**25.80%**	33.90%	35.81%	30.39%	31.72%	44.01%
Profit before tax to sales - %	**21.87%**	30.67%	32.72%	26.64%	27.16%	39.91%
Profit after tax to sales - %	**12.42%**	19.36%	20.36%	16.69%	18.44%	29.16%
Operating leverage ratio - %	**143.93%**	3.38%	55.87%	22.92%	(410.49%)	193.04%
Return on equity - before tax - %	**17.04%**	26.82%	29.10%	20.60%	19.58%	29.70%
Return on equity - after tax - %	**9.67%**	16.93%	18.11%	12.91%	13.30%	21.70%
Return on capital employed - %	**9.67%**	16.91%	18.11%	12.77%	13.20%	21.56%
Return on investment - %	**20.10%**	29.61%	31.85%	23.25%	22.71%	32.54%
Total shareholder return - Rs.	**(1.67)**	37.08	54.00	(11.96)	(18.61)	11.62
Liquidity Ratios						
Current ratio	**2.10:1**	2.73:1	2.60:1	2.41:1	3.77:1	4.50:1
Quick ratio	**1.65:1**	2.11:1	2.01:1	1.94:1	3.28:1	3.87:1
Cash to current liabilities	**0.31:1**	0.57:1	0.41:1	0.98:1	0.49:1	0.55:1
Cash flow from operations to sales	**0.17:1**	0.11:1	0.10:1	0.02:1	0.23:1	0.14:1
Cash flow to capital expenditure	**0.45:1**	2.03:1	2.12:1	0.75:1	9.03:1	4.88:1
Cash flow coverage ratio	**0.51:1**	0.43:1	0.34:1	0.05:1	0.76:1	0.59:1

RATIO ANALYSIS

	2026	2025	2024	2023	2022	2021
Market Ratios						
No. of shares in issue - No.	**59,256**	59,256	59,256	59,256	59,256	59,256
Price to book ratio - times	**0.94**	1.05	0.97	0.74	0.96	1.27
Cash dividend per share (Rs.)	**9.00**	11.50	12.50	11.00	10.00	9.00
Earning per share - before tax (Rs.)	**26.97**	40.73	40.37	26.05	23.59	33.69
Earning per share - after tax (Rs.)	**15.31**	25.72	25.12	16.33	16.02	24.61
Break-up value per share (Rs) :						
- Without surplus on revaluation on fixed assets - With surplus on revaluation on fixed assets	**158.28**	151.90	138.73	126.43	120.45	113.42
Price earning ratio - Year end price (Rs.)	**9.76**	6.23	5.35	5.70	7.24	5.87
Earning yield - Year end price - %	**10.25%**	16.06%	18.68%	17.55%	13.81%	17.02%
Dividend Payout - %	**59%**	45%	50%	67%	62%	37%
Dividend yield - Year end price - %	**6.02%**	7.18%	9.29%	11.83%	8.62%	6.23%
Dividend cover - times	**1.70**	2.24	2.01	1.48	1.60	2.73
Capital Structure Ratios						
Financial leverage ratio	**4.44:1**	4.83:1	4.54:1	4.17:1	5.03:1	5.74:1
Long term debt to equity	**0.00:1**	0.00:1	0.00:1	0.01:1	0.01:1	0.01:1
Long term debt to asset	**0.00:1**	0.00:1	0.00:1	0.01:1	0.01:1	0.01:1
Debt equity ratio	**0.00:1**	0.00:1	0.00:1	0.01:1	0.01:1	0.01:1
Net assets per share	**158.28**	151.90	138.73	126.43	120.45	113.42
Interest cover ratio	**942,513:1**	60,634:1	987:1	314:1	659:1	828:1
Weighted average cost of debt	**-**	-	15.06%	18.84%	9.73%	10.0%
Turnover Ratios						
Return on assets - before tax - %	**13.20%**	21.27%	22.69%	15.66%	15.69%	24.53%
Return on assets - after tax - %	**7.49%**	13.43%	14.12%	9.81%	10.65%	17.92%
Fixed assets turnover ratio	**1.63:1**	3.91:1	3.97:1	3.28:1	2.82:1	2.62:1
Total assets turnover - %	**60.00%**	69.00%	69.00%	59.00%	58.00%	61.00%
Stock turnover - (In Times)	**7.24**	6.51	6.26	6.28	6.28	5.76
Number of days in inventory	**50**	56	58	58	58	64
Number of days in receivables	**39**	51	69	69	50	37
Number of days in payables	**40**	44	43	42	31	26
Operating cycle	**49**	63	84	85	77	75
Employee productivity ratios						
Production per employee (tons)	**12.81**	13.32	14.25	13.52	13.51	12.35
Revenue per employee (avg) - (Rs in mn)	**26.19**	27.52	25.39	19.38	16.60	14.93
Staff turnover ratio (including retirement)	**9.19%**	6.99%	7.99%	7.02%	6.45%	11.94%
Non Financial ratios / Others						
Plant availability - %	**98.78%**	98.96%	98.96%	98.93%	98.53%	99.20%
Spares inventory as % of assets cost	**6.36%**	7.21%	5.88%	4.41%	4.55%	4.52%
Maintenance cost as % of operating expenses	**1.30%**	1.51%	1.50%	1.39%	1.41%	1.45%
Customer satisfaction index	**97%**	92%	89%	73%	54%	62%
Customer retention ratio	**100%**	100%	75%	60%	100%	80%
SHARE PERFORMANCE						
Share price - highest (Rs.)	**227.89**	190.59	157.45	126.90	172.00	248.50
Share price - lowest (Rs.)	**128.05**	124.02	92.05	81.55	106.25	122.00
Share price - average (Rs.)	**177.97**	136.10	124.75	104.23	139.13	185.25
Share price - at year end (Rs.)	**149.41**	160.08	134.50	93.00	115.96	144.57
Market capitalization - year end Price - (Rs '000)	**8,853,418**	9,485,678	7,969,913	5,510,795	6,871,310	8,566,620
Turnover of shares	**17,406,436**	20,589,196	5,478,374	1,760,800	7,667,805	8,064,300
PRODUCTION (Ton)						
Banknote paper	**3,288**	3,560	3,220	3,037	3,575	3,527
Non-Banknote paper	**287**	250	884	1,006	612	611
Total	**3,575**	3,810	4,104	4,043	4,187	4,138
SALES (Ton)						
Banknote paper	**3,313**	3,557	3,198	3,042	3,567	3,534
Non-Banknote paper	**284**	257	873	1,006	609	629
Total	**3,597**	3,814	4,071	4,048	4,176	4,163

RATIO ANALYSIS

	2026	2025	2024	2023	2022	2021
SUMMARY OF CASH FLOWS						
Cash flows from operating activities	1,239,577	862,383	698,413	98,978	1,185,211	695,287
Net cash used in investing activities	(1,184,557)	120,390	(1,233,751)	1,793,054	(584,202)	(283,872)
Net cash used in financing activities	(437,885)	(672,394)	(717,376)	(554,667)	(494,930)	(443,251)
Cash and cash equivalents at beginning of the year	1,153,212	842,833	2,095,547	758,182	652,103	683,939
Cash and cash equivalents at end of the year	770,347	1,153,212	842,833	2,095,547	758,182	652,103

* 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 2026 as referred in note 39 of the financial statements.

COMMENTS ON RATIO ANALYSIS

PROFITABILITY RATIOS

The Company recorded a 7% year-over-year decline in sales revenue. This planned reduction reflects operational adjustments and the execution of strategic capital initiatives designed to prepare our facility for the upcoming Balancing, Modernization, and Replacement (BMR) phase.

LIQUIDITY RATIOS

Cash and cash equivalents stood at Rs. 770 MN reflecting the strong financial position of the Company. The amount includes short term investment in reverse repo transaction of Rs 600 MN. Current ratio and quick ratio remains strong despite funding the BMR project through own funds.

TURNOVER RATIOS

Receivables turnover ratio is improved from 51 days to 39 days, the payables days also decrease from 44 days to 40 days as compared to prior years. Further, inventory ratio also improved resulting in overall improvement in operating cycle which is comes down to 49 days from 63 days from last year.

CAPITAL STRUCTURE RATIOS

Company had no outstanding debt as at year end.

MARKET RATIOS

Average price of the share during the year stands at Rs. 177.97 as against Rs. 136.10 showing shareholder confidence on long term objectives of the Company.

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, Employee productivity ratios showed declining trend due to lower production during the year.

NON FINANCIAL RATIOS

Customer retention ratio is showing confidence on our products. The Company timely delivered paper to all the customers as per their requirements. Maintenance cost of the plant remain in control.

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 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 stability in share price during the period despite of current geopolitical situation 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.

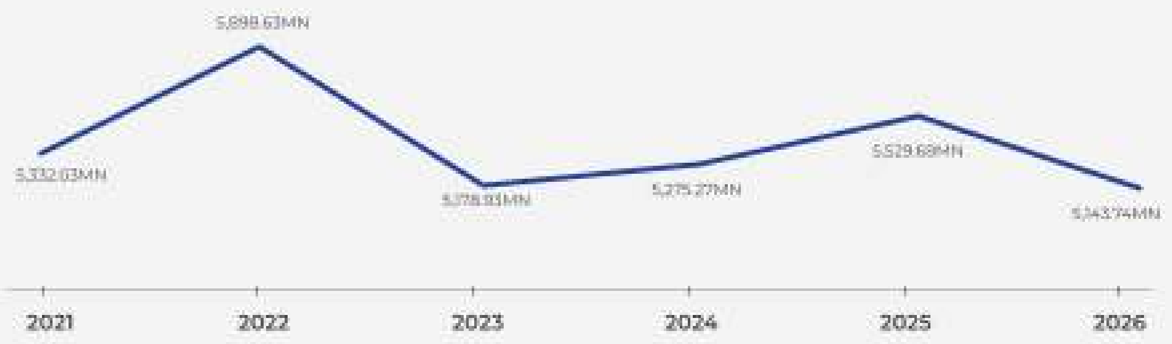
GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

Long term liabilities (Rs.) - Graphical Presentation

Comments

Long-term liabilities increased due to the recognition of staff retirement benefits into asset, which were previously recorded as a liability.

Current assets (Rs.) - Graphical Presentation

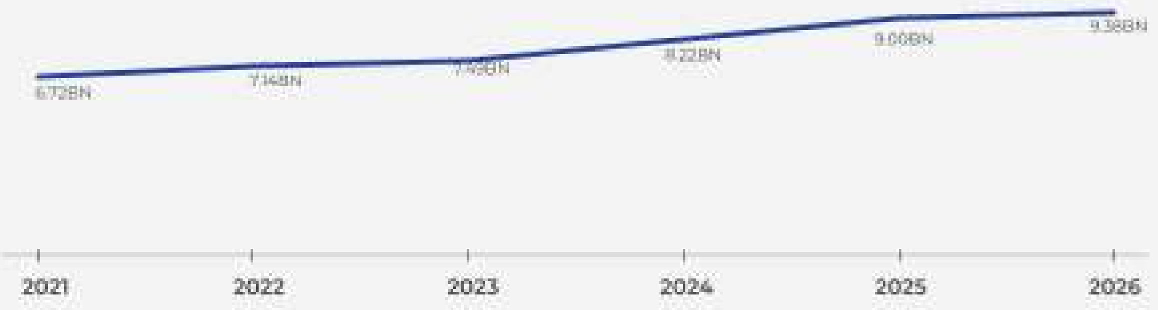


Comments

Current assets decreased by Rs. 0.38 billion, mainly due to the reduction of trade debt by 58% as timely payment is made by the customer during the period. This decrease was partially offset by increase in sales tax input paid on plant upgradation BMR project.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

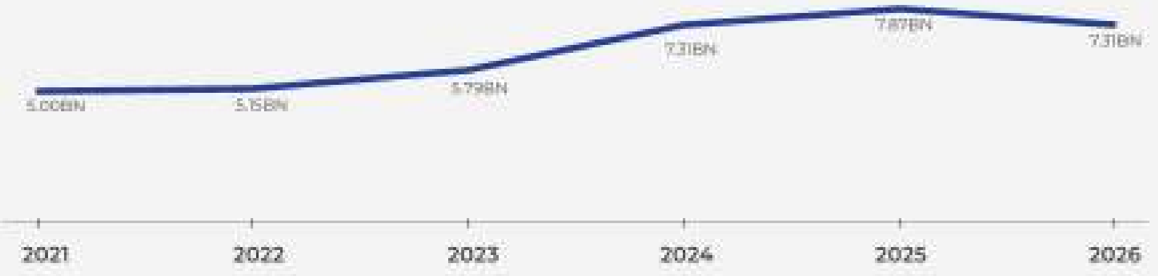
Shareholders' Equity (Rs.) - Graphical Presentation



Comments

Shareholders' Equity increased by 4% to Rs. 9.4 BN in current year, mainly driven by profit for the year of Rs. 907 MN and net of tax dividend payments of Rs. 0.533 BN for FY 2025-26.

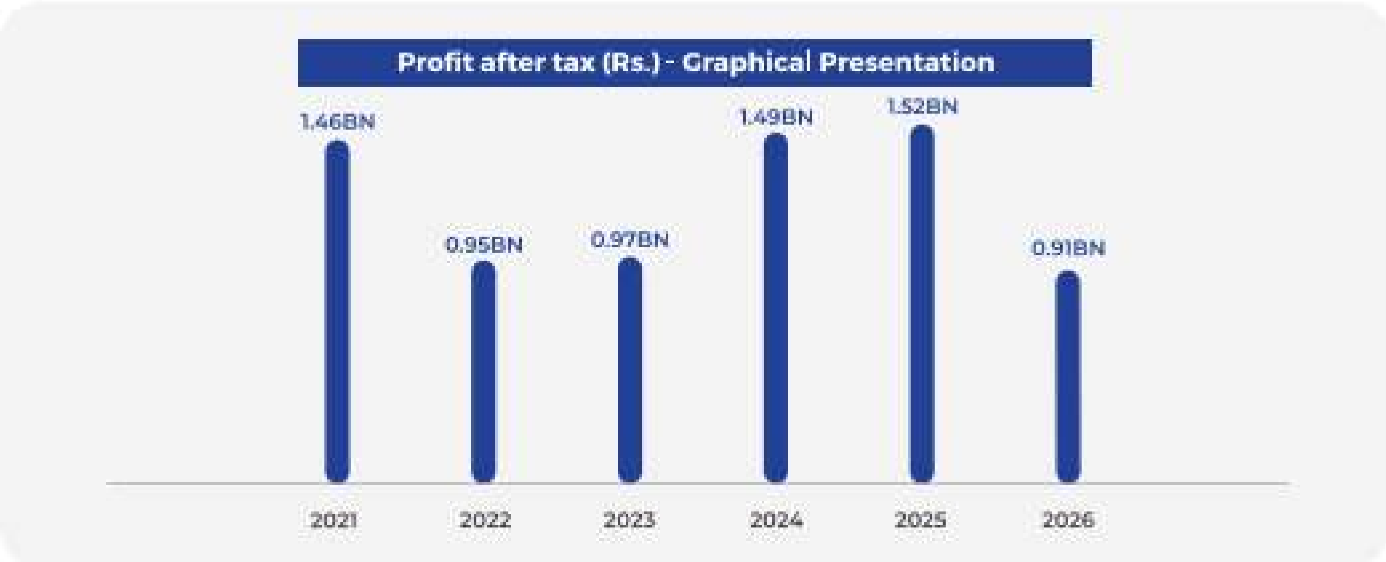
Sales (Rs.) - Graphical Presentation



Comments

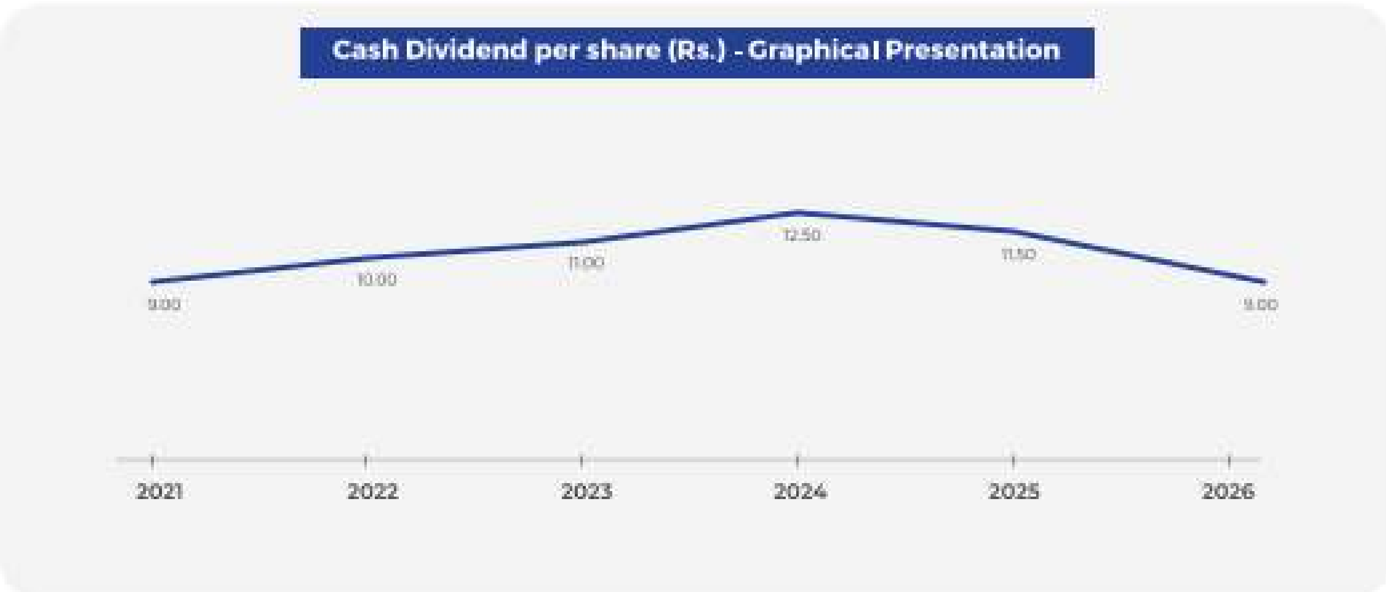
Sales revenue down by 7% to Rs. 7.31 BN, driven by planned one-off operational adjustments to accommodate customer requirements and inventory alignment for the upcoming launch of the new banknote series.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS



Comments

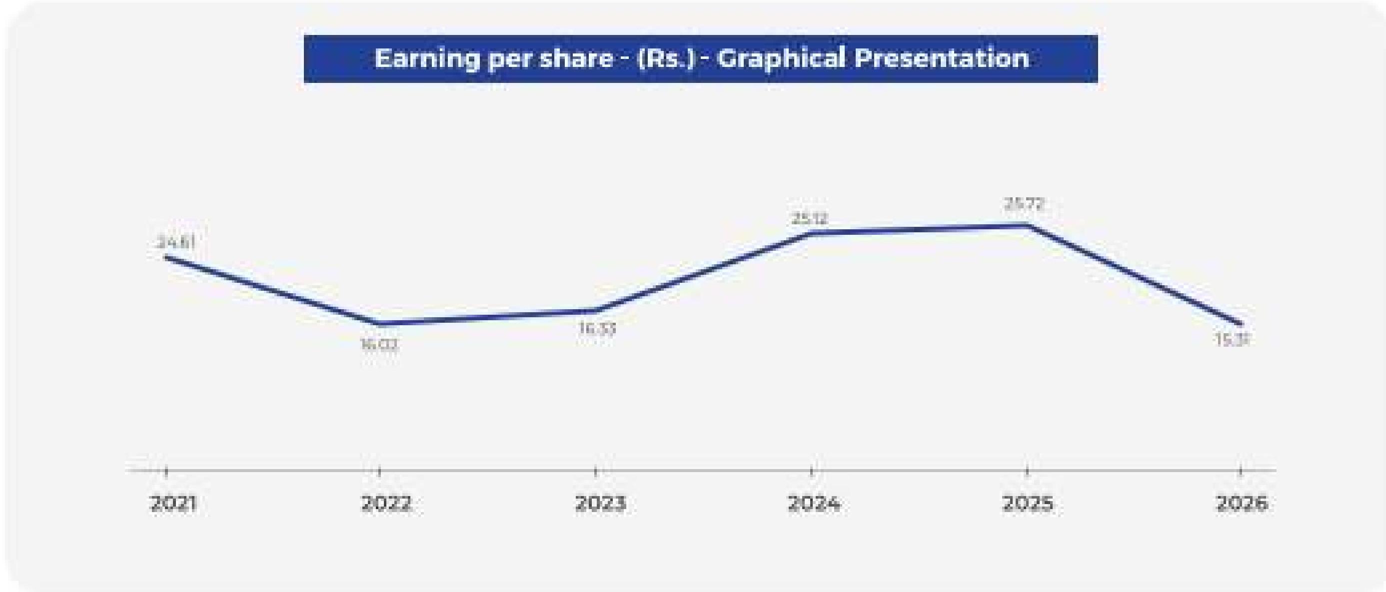
During the year, the Company recorded net sales of PKR 7.31 billion compared to PKR 7.87 billion in the preceding year. Profit after tax amounted to PKR 907 million against PKR 1,524 million last year, while earnings per share decreased to PKR 15.31 from PKR 25.72 in the previous year. The decline in profitability was due to increase in cost of production, decrease in 'other income' due to lower mark-up rates, utilization of funds to finance ongoing BMR project, adjustment of margin from 28% to 24% attributable to the revised commercial terms under the renewed sale-purchase agreement with the Company's principal customer and certain one-off costs associated with operational optimization and quality alignment to meet agreed product specifications. The identified areas for improvement are to be addressed as part of the upcoming BMR project.



Comments

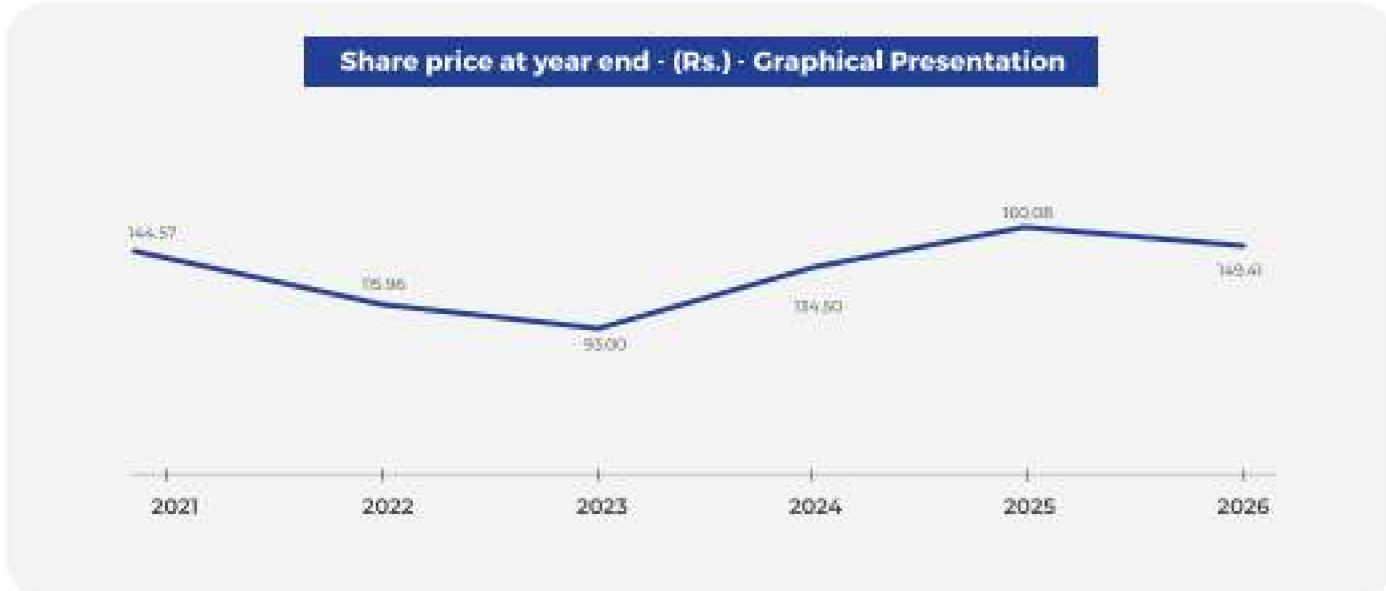
Cash dividend per share of last five years reflecting a balanced approach between shareholder returns and future growth needs.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS



Comments

Earnings per share stood at Rs. 15.31 in 2026, reflecting the Company's ability to maintain profitability in a challenging operating environment.



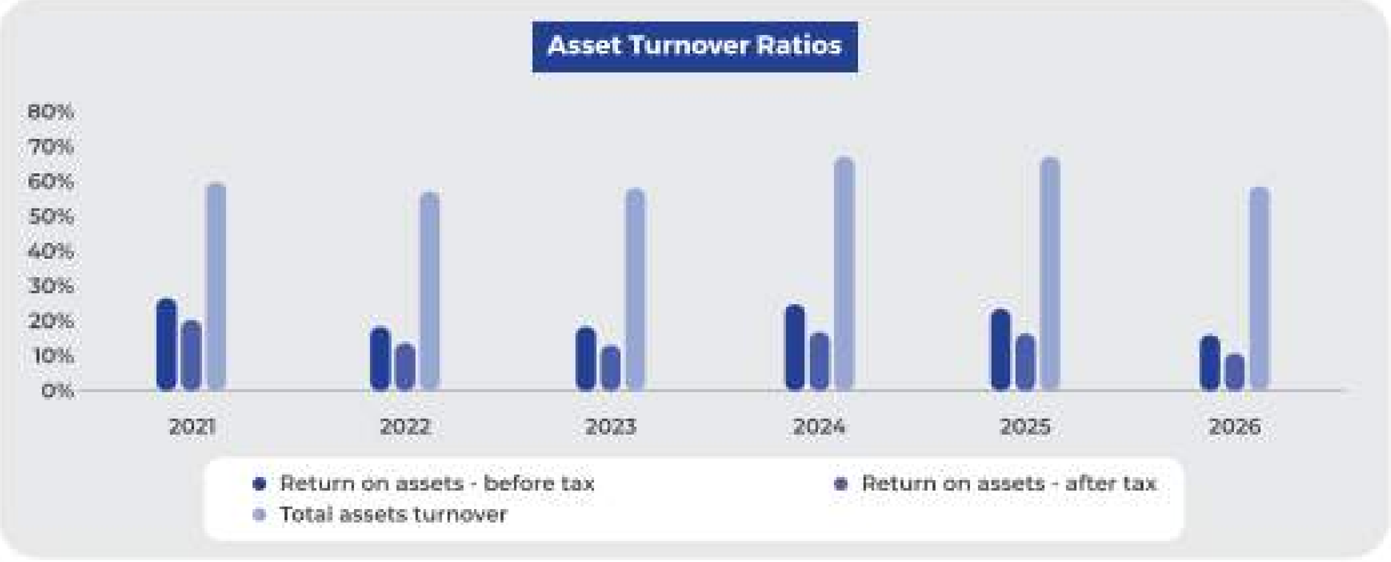
Comments

The Company's share price closed at Rs. 149.41 in 2026 depsite of geopolitical tensions, reflecting investor confidence.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

Comments

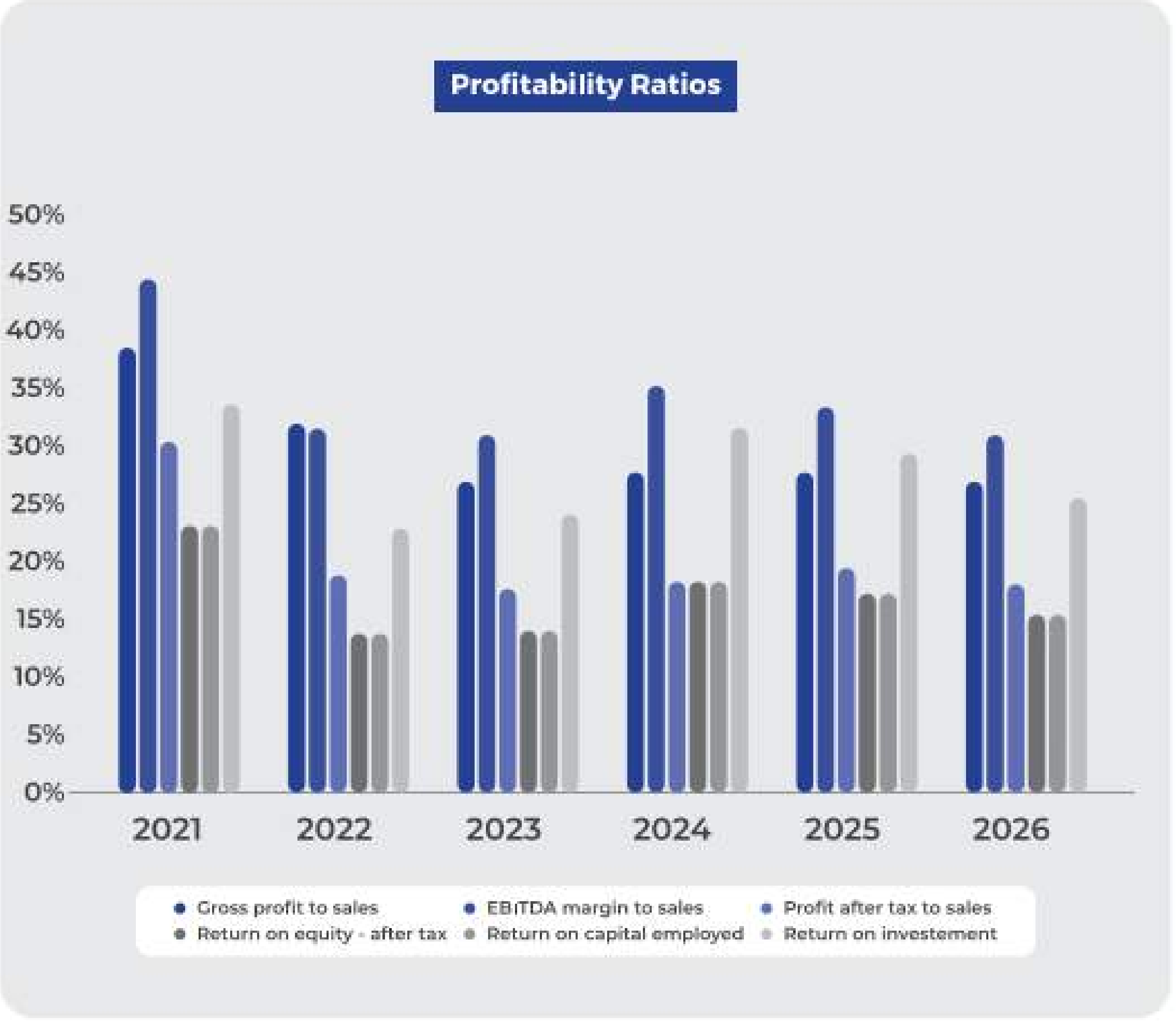
The Company's consistent favorable liquidity position over the years is indicative of its ability to comfortably meet its working capital requirements and short term obligation.



Comments

Positive Asset Turnover Ratio over the years reflect effective utilization of assets to generate revenue by the company.

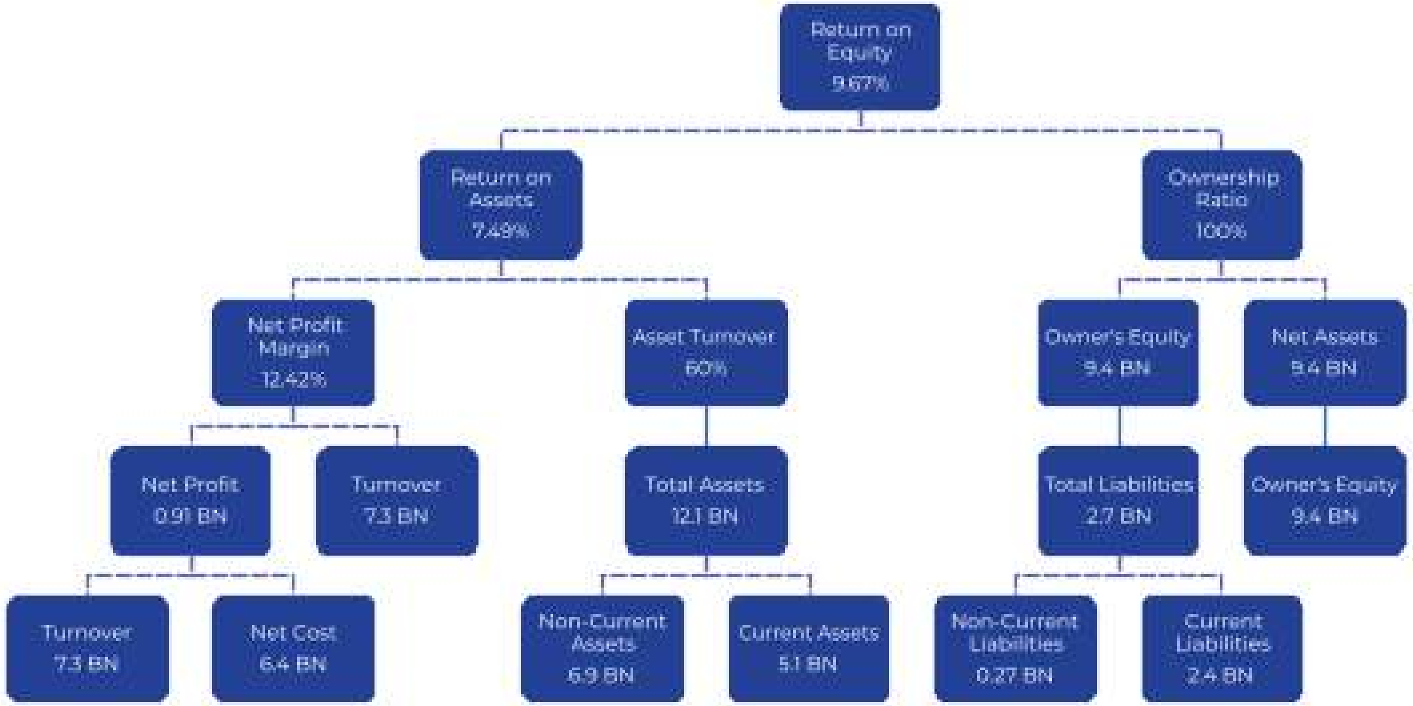
GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS



Comments

Stable profitability margins of the company over the year indicate efficient operations and sustainable earnings.

DUPONT ANALYSIS & CHARTS WITH COMMENTS



The main highlights of Dupont Analysis

Turnover of the Company arrived to Rs. 7.3 BN whereas Net Profit Margin of the Company is 12.42% in 2026.

Equity multiplier measures the extent to which a company's asset base is financed by equity Vs debt.

As the company carries zero long term debt, and is un-geared. It's equity multiplier stood at approximately 1, which reflects that its assets are solely financed through a shareholders' equity.

Interest cover ratio remained healthy and stood at 942.5K:1 in 2026 as compared to 60.6K:1 in 2025.

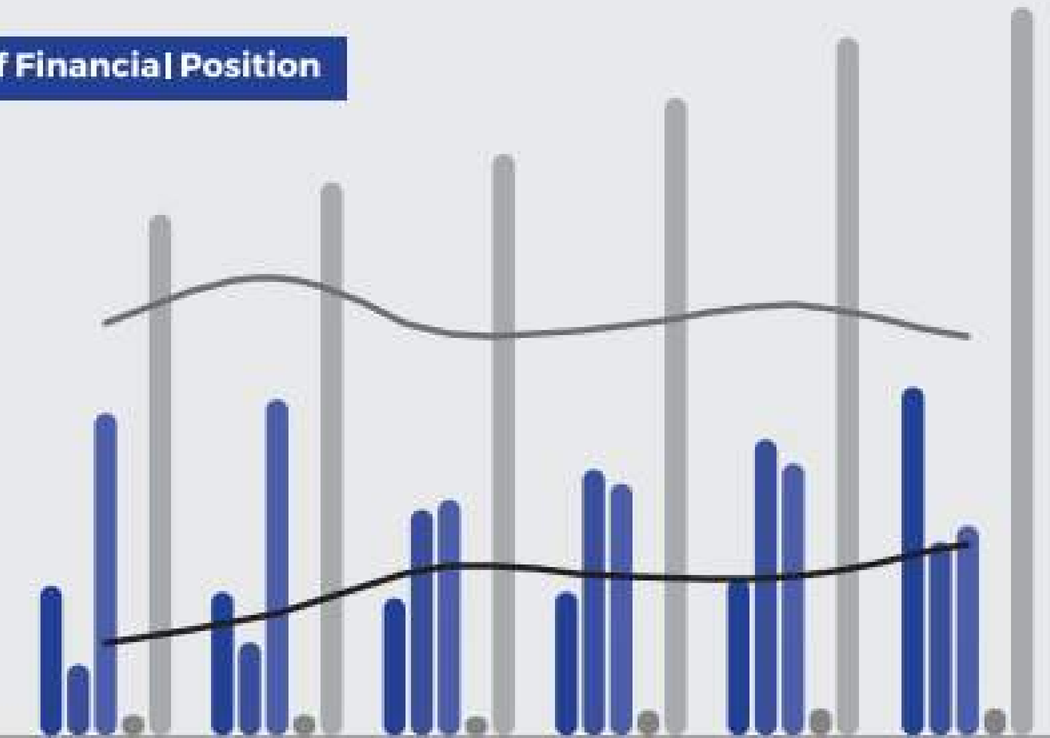
Tax efficiency ratio stood at 43.2% as against 36.8% in previous year.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

Rs in MN	2021	2022	2023	2024	2025	2026
Sales	5,002	5,147	5,795	7,312	7,871	7,306
Gross Profit	1,883	1,650	1,518	2,047	2,204	1,585
Operating Profits	1,566	1,300	1,124	1,575	1,706	1,063
Profit Before Tax	1,996	1,398	1,544	2,392	2,414	1,598
Profit After Tax	1,458	949	967	1,489	1,524	907

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

Statement of Financial Position



Rs in MN	2021	2022	2023	2024	2025	2026
Fixed Assets	1,913	1,828	1,774	1,840	2,012	4,483
Investments	893	1,181	2,904	3,426	3,808	2,480
Working Capital	4,148	4,336	3,034	3,243	3,503	2,694
Long Term Liabilities	233	207	219	289	322	278
Shareholders' Equity	6,721	7,138	7,492	8,220	9,001	9,379
Current Assets	5,332	5,899	5,179	5,275	5,530	5,144
Current Liabilities	1,184	1,563	2,145	2,032	2,026	2,450

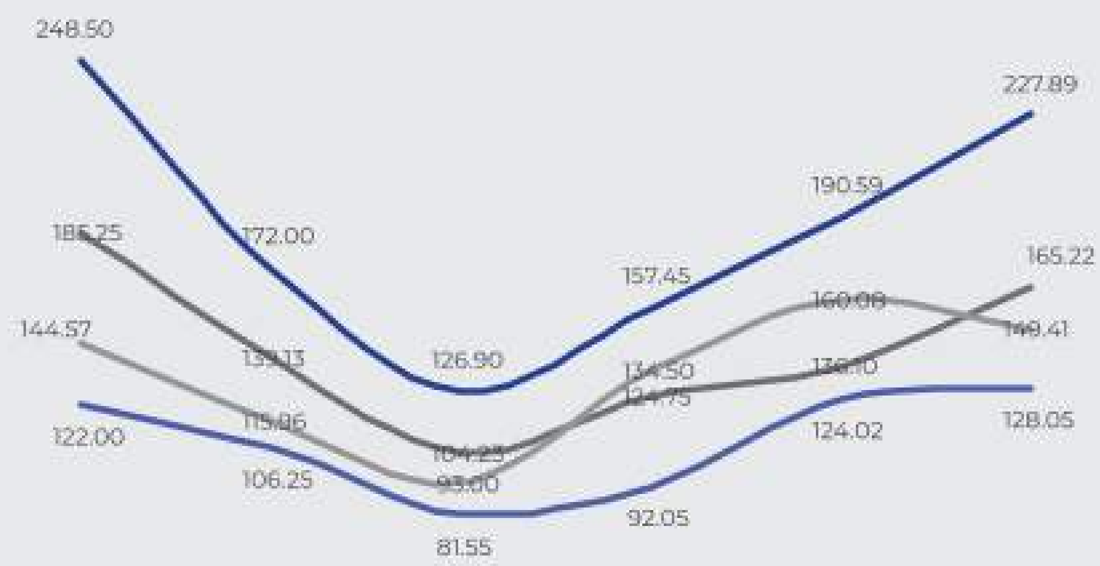
GRAPHICAL PRESENTATION OF CASH FLOW

Cash Flows

Rs in MN	2021	2022	2023	2024	2025	2026
Opening Cash & Cash Equiv:	683,939	652,103	758,182	2,095,547	842,833	1,153,212
Closing Cash & Cash Equiv:	652,103	758,182	2,095,547	842,833	1,153,212	770,347
Investing Activities	(283,872)	(584,202)	1,793,054	(1,233,751)	120,390	(1,184,557)
Operating Activities	695,287	1,185,211	98,978	698,413	862,383	1,239,577
Financing Activities	(443,251)	(494,930)	(554,667)	(717,376)	(672,394)	(437,885)

GRAPHICAL PRESENTATION OF SHARE PERFORMANCE

SHARE PERFORMANCE



Rs. per share	2021	2022	2023	2024	2025	2026
Share Price - Highest (Rs.)	248.50	172.00	126.90	157.45	190.59	227.89
Share Price - Lowest (Rs.)	122.00	106.25	81.55	92.05	124.02	128.05
Share Price - Average (Rs.)	185.25	139.13	104.23	124.75	136.10	177.97
Share Price - At year end (Rs.)	144.57	115.96	93.00	134.50	160.08	149.41

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 cost of Rs. 3.4 billion.

The Company has completed various upgradation project such as Cogen power plant. The company has also increased water storage capacity by 500K gallons. The upgradation of mould making machine is in progress and would be completed within first quarter of upcoming financial year.

During the year, the Human Resources department prioritized long-term talent development through an enhanced performance measurement system, leveraging Key Performance Indicators (KPIs) to track progress toward our strategic goals.

Additionally, the company maintained a robust customer complaint management to systematically log, investigate, and resolve issues while implementing preventive measures. This commitment to continuous service and quality improvement resulted in a reduction of customer complaints.

Performance against Target and Budget

During the year, the Company achieved net sales of Rs. 7,306 million, reflecting a 7% decrease compared to the previous year. Although all customer orders were delivered satisfactorily, turnover fell short of the budgeted target. The gross profit margin stood at 22%, while administrative and other operating expenses were kept well below budget through strict cost discipline. Other income met budgeted expectations, driven by effective resource utilization and returns that significantly outperformed the prevailing monetary policy rate. Looking ahead, management remains focused on driving volume growth, expanding into new markets, diversifying operations, and sustaining cost efficiency to enhance profitability and create long-term shareholder value.

QUARTERLY PERFORMANCE ANALYSIS

	Sep-25	Dec-25	Mar-26	Jun-26	Total
		(Rupees in '000)			
Revenue from contract with customers	1,842,823	1,898,146	1,574,561	1,990,790	**7,306,320**
Cost of sales	(1,368,625)	(1,528,326)	(1,252,891)	(1,571,326)	**(5,721,168)**
Gross profit	474,198	369,820	321,670	419,464	**1,585,152**
Administrative expense	(135,280)	(139,753)	(135,107)	(112,224)	**(522,364)**
Other income	178,921	153,465	170,679	184,962	**688,027**
Other expenses	(38,219)	(28,139)	(26,295)	(53,358)	**(146,011)**
Operating profit	479,620	355,393	330,947	438,844	**1,604,804**
Finance cost	(1,200)	(544)	(4,756)	(246)	**(6,746)**
Profit before taxation	478,420	354,849	326,191	438,598	**1,598,058**
Taxation	(189,937)	(141,566)	(196,549)	(162,846)	**(690,898)**
Profit for the year	288,483	213,283	129,642	275,752	**907,160**

SUMMARY OF FREE CASH FLOWS- LAST SIX YEARS

	2021	2022	2023	2024	2025	2026
			(Rupees in '000)			
Profit before tax	1,996,175	1,397,743	1,543,686	2,392,158	2,413,773	**1,598,058**
Adjustment for non-cash items	(347,287)	46,300	(399,357)	(724,934)	(603,454)	**(320,195)**
Taxes Paid	(471,438)	(521,193)	(451,618)	(807,503)	(849,737)	**(856,361)**
Working capital changes	(453,166)	284,542	(556,133)	(108,071)	(53,961)	**873,612**
Net cash generated from operational activities	724,284	1,207,392	136,578	751,650	906,621	**1,295,114**
Capital expenditure	(337,197)	(142,371)	(131,242)	(329,820)	(425,660)	**(2,764,433)**
Free cash flows	387,087	1,065,021	5,336	421,830	480,961	**(1,469,319)**

STATEMENT OF CASH FLOWS- DIRECT METHOD

	2026	2025
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from Customers	9,371,958	9,307,947
Cash paid to suppliers and employees	7,220,483	7,551,589
Cash generated from operations	2,151,475	1,756,358
Net income tax paid	(856,361)	(849,737)
Staff retirement benefits paid	(48,791)	(40,392)
Finance costs paid	(6,746)	(3,846)
Net Cash generated from operating activities	1,239,577	862,383
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(2,764,433)	(425,660)
Purchase of intangible assets	(2,751)	(5,309)
Proceeds from sale of operating fixed assets	11,880	21,965
Investment made during the year	(3,197,291)	(2,052,461)
Investment matured during the year	4,222,831	1,975,490
Capital Gain realised on Government securities	18,419	73,388
Mark-up received	526,788	532,977
Net cash used in investing activities	(1,184,557)	120,390
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(437,885)	(672,394)
Net cash used in financing activities	(437,885)	(672,394)
Net increase in cash and cash equivalents	(382,865)	310,379
Cash and cash equivalents at beginning of the year	1,153,212	842,833
Cash and cash equivalents at end of the year	770,347	1,153,212

ECONOMIC VALUE ADDED

	2026	2025
	(Rupees in '000)	
Net Operating Profit after Tax	913,906	1,527,153
Cost of Capital	(1,641,636)	(1,721,144)
Economic Value Added	(727,730)	(193,991)
Total Assets	12,106,894	11,349,885
Current Liabilities	(2,450,209)	(2,026,242)
Invested Capital	9,656,685	9,323,643
WACC	17.00%	18.46%
Cost of Capital	1,641,636	1,721,144

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.

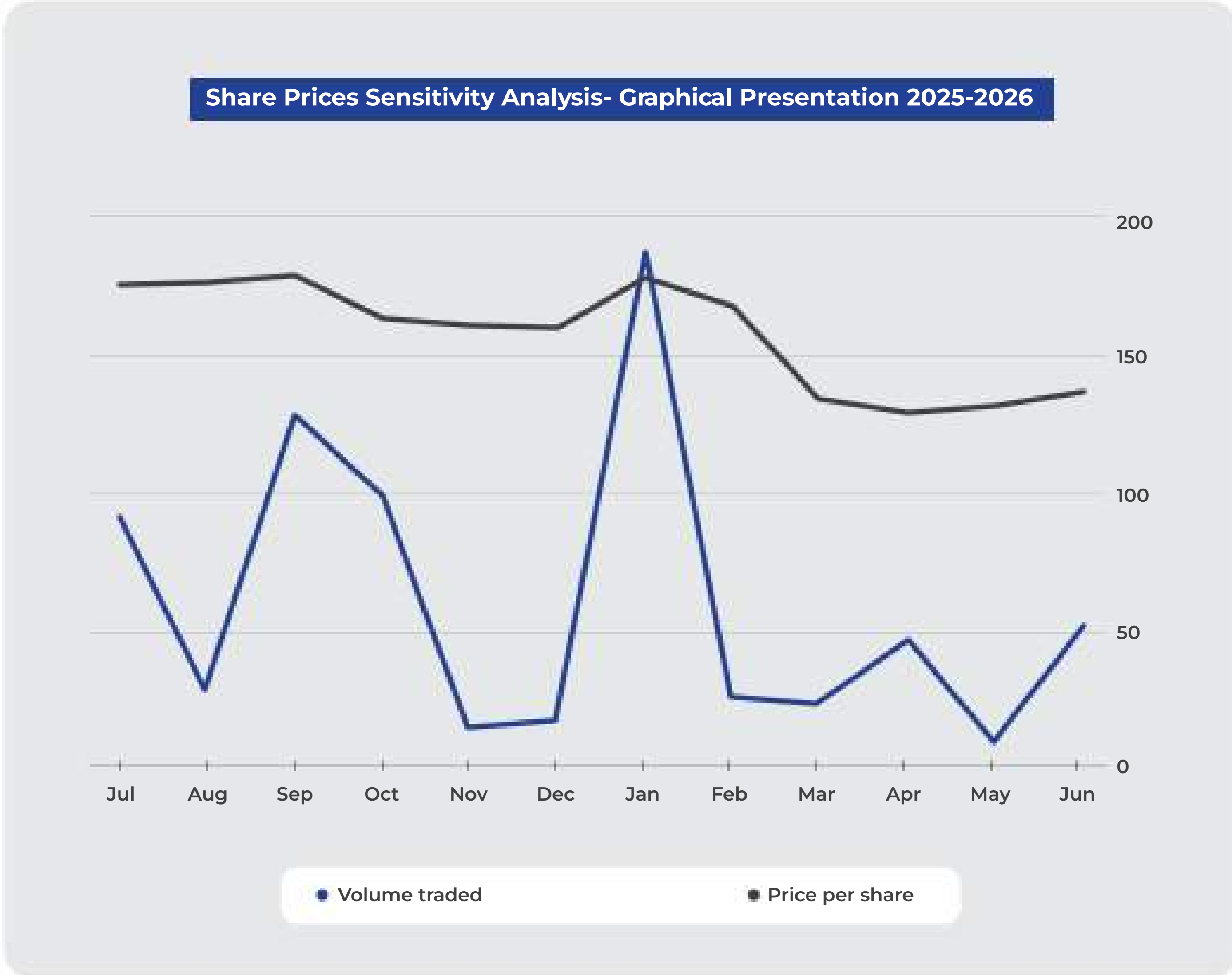
Online Payment Solutions

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, 2026, and the statement of profit or loss, 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, 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, 2026 and of the profit and other comprehensive income, 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 from contracts with customers (Refer notes 3.19 and 19 to the annexed financial statements)	
The principal activity of the Company is the manufacturing and sale of specialised paper for banknote and non-banknote security documents. Revenue is recognised when Company's contractual 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.	Our audit procedures in respect of recognition of revenue, amongst other, included the following: • Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of the policy with accounting and reporting standards as applicable in Pakistan.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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Key audit matter	How the matter was addressed in our audit
We considered revenue recognition as a key audit matter as it is an area of significant audit risk as part of the audit process.	• Obtained an understanding of and tested the design and operating effectiveness of certain controls related to revenue transactions. • 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.

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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.

- 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

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(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

A. F. Ferguson & Co
Chartered Accountants
Karachi
Date: August 24, 2026
UDIN: AR202610611kV5ug7Smx

STATEMENT OF FINANCIAL POSITION

As at June 30, 2026

	Note	2026	2025
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,467,352	1,998,938
Intangible assets	5	12,419	13,520
Long term investments	6	2,480,427	3,807,752
Staff retirement benefits	15	2,953	-
Total non-current assets		6,963,151	5,820,210
Current assets			
Stores, spare parts and loose tools	7	365,318	391,641
Stock-in-trade	8	719,136	861,084
Trade debts	9	541,510	1,299,514
Loans, advances, deposits, prepayments and other receivables	10	545,194	51,862
Short term investments	11	2,802,611	2,722,086
Cash and bank balances	12	169,974	203,488
Total current assets		5,143,743	5,529,675
TOTAL ASSETS		12,106,894	11,349,885
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised share capital	13.1	700,000	700,000
Share Capital			
Issued, subscribed and paid-up capital	13.2	592,559	592,559
Revenue reserves			
General reserves		7,875,291	7,035,181
Unappropriated profit		911,132	1,373,408
		8,786,423	8,408,589
Total equity		9,378,982	9,001,148
Non-current liabilities			
Deferred tax liability - net	14	277,703	314,875
Staff retirement benefits	15	-	7,620
Total non-current liabilities		277,703	322,495
Current liabilities			
Trade and other payables	16	1,689,069	1,232,887
Unpaid dividend		711,050	615,952
Unclaimed dividend		3,843	3,523
Taxation - net		46,247	173,880
Total current liabilities		2,450,209	2,026,242
Total liabilities		2,727,912	2,348,737
Contingencies and commitments	17		
TOTAL EQUITY AND LIABILITIES		12,106,894	11,349,885

The annexed notes from 1 to 40 form an integral part of these financial statements.

Imran Qureshi
Chief Executive Officer

Muhammad Noman Farooq
Chief Financial Officer

Munir Ahmed
Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		(Rupees in '000)	
Revenue from contracts with customers	19	7,306,320	7,870,700
Cost of sales	20	(5,721,168)	(5,666,905)
Gross profit		1,585,152	2,203,795
Administrative expenses	21	(522,364)	(497,450)
Other income	22	688,027	915,829
Other expenses	23	(146,011)	(205,041)
Finance costs	24	(6,746)	(3,360)
Profit before taxation		1,598,058	2,413,773
Taxation - net	25	(690,898)	(889,980)
Profit for the year		907,160	1,523,793
		(Rupees)	
Earnings per share - basic and diluted	26	15.31	25.72

The annexed notes from 1 to 40 form an integral part of these financial statements.

Imran Qureshi
Chief Executive Officer

Muhammad Noman Farooq
Chief Financial Officer

Munir Ahmed
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	(Rupees in '000)	
Profit for the year	907,160	1,523,793
Other comprehensive income / (loss)		
Item that will not be reclassified to profit or loss		
Remeasurement gain / (loss) on staff retirement benefits	4,880	(2,787)
Tax effect on re-measurement of staff retirement benefits	(903)	543
Total comprehensive income for the year	911,137	1,521,549

The annexed notes from 1 to 40 form an integral part of these financial statements.

Imran Qureshi
Chief Executive Officer

Muhammad Noman Farooq
Chief Financial Officer

Munir Ahmed
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Share Capital	Revenue reserves		Total equity
	Issued, subscribed and paid-up share capital	General reserves	Unappropriated profit	
	(Rupees in '000)			
Balance as at July 1, 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
Total comprehensive income for the year ended June 30, 2026				
Profit for the year	-	-	907,160	907,160
Other comprehensive income	-	-	3,977	3,977
	-	-	911,137	911,137
Transactions with owners:				
Final cash dividend @ Rs. 9.00 per ordinary share for the year ended June 30, 2025	-	-	(533,303)	(533,303)
Transfer to general reserves	-	840,110	(840,110)	-
Balance as at June 30, 2026	592,559	7,875,291	911,132	9,378,982

The annexed notes from 1 to 40 form an integral part of these financial statements.

Imran Qureshi
Chief Executive Officer

Muhammad Noman Farooq
Chief Financial Officer

Munir Ahmed
Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33.1	2,151,475	1,756,358
Taxes paid		(856,361)	(849,737)
Staff retirement benefits paid		(48,791)	(40,392)
Finance costs paid		(6,746)	(3,846)
Net cash generated from operating activities		1,239,577	862,383
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property, plant and equipment		(2,764,433)	(425,660)
Payment for acquisition of intangible assets		(2,751)	(5,309)
Proceeds from sale of property, plant and equipment	4.1.4	11,880	21,965
Investments made during the year		(3,197,291)	(2,052,461)
Investments matured / redeemed during the year		4,222,831	1,975,490
Income received on reverse repo transactions		18,419	73,388
Mark-up received		526,788	532,977
Net cash (used in) / generated from investing activities		(1,184,557)	120,390
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(437,885)	(672,394)
Net cash used in financing activities		(437,885)	(672,394)
Net (decrease) / increase in cash and cash equivalents		(382,865)	310,379
Cash and cash equivalent at beginning of the year		1,153,212	842,833
Cash and cash equivalents at end of the year	34	770,347	1,153,212

The annexed notes from 1 to 40 form an integral part of these financial statements.

Imran Qureshi	Muhammad Noman Farooq	Munir Ahmed
Chief Executive Officer	Chief Financial Officer	Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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.

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 SECP Order, read with the said directions, created uncertainty as to the applicable provisions of law to be followed for the purposes of election of directors and composition of the Board. The Company contested this adjudication and had challenged the determination in Appeal No. 14 of 2024, before the Appellate bench of SECP. The Appellate Bench passed an Order dated February 7, 2025 on the said appeal whereby, it had upheld the SECP Order and reiterated that the Company is a listed PSC, based upon the shareholding of certain entities. The Company had challenged the Order of the Appellate Bench in Miscellaneous Appeal No. 27 of 2025 before the Honourable Sindh High Court (SHC).

During the pendency of Misc. Appeal No. 27 of 2025, the SHC after hearing the preliminary arguments, passed an Ad-Interim order dated February 26, 2025, whereby the operation of both i.e. SECP order and Appellate Bench order were suspended thereby, maintaining status-quo on the legal status of the Company as Public Listed Company. The Company then decided to proceed with the elections of directors for the third time at the 8th Reconvened Extraordinary General Meeting (EOGM), which was scheduled for March 27, 2025. However, on an application dated March 25, 2025 filed by SECP in Misc. Appeal No. 27, the SHC restrained the Company from holding its elections until the legal status matter is adjudicated upon and the 8th EOGM was concluded without the election being held, accordingly. The Company has already filed its counter affidavit in response to SECP's application in the said appeal and although the said case was fixed for hearing in May 2026 but the hearing did not take place, as the case was discharged and next date of hearing is currently awaited.

As mentioned above, the issue of one-third independent directors on the Board of the Company had to be addressed at the 8th EOGM 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, on the grounds of the same impediments but the same was rejected by the SECP. The Company appealed the rejection with the Registrar of Companies, SECP. An online hearing was held on June 19, 2025 with the Registrar SECP and SECP had requested the Company to provide CRO Order dated November 12, 2024, related to the rejection of extension and a chronological synopsis of the Company's legal status case. This information was provided to SECP and since then there has been no update, in this respect.

A Constitutional Petition No. 4504 of 2024 was filed by a few shareholders before the Sindh High Court (SHC) on September 19, 2024, thereby seeking enforcement of the SOE Act. During the year, this petition was disposed of in favour of the Company by SHC vide order dated April 1, 2026, on the basis that the Company's shareholding has changed and it was beyond the scope of a State-Owned Enterprise in terms of the SOE Act. 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. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications 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 specified in respective notes to the financial statement.

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

There were certain new interpretations and amendments that become mandatory for the Company's accounting period that began on July 1, 2025 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.5 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective

There is a new standard and certain interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2026 but are considered not to be relevant or will not have any significant effect on the Company's operations and therefore are not disclosed in these financial statements except for the following:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

- The new standard - IFRS 18 'Presentation and Disclosure in Financial Statements' (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 already adopted and applicable shall impact the presentation of 'statement of profit or loss' and 'statement of comprehensive income' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial assets and financial liabilities.

The management is in the process of assessing the impact of the new standard and amendments and interpretations on the financial statements of the Company.

2.6 Significant accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect 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 property, plant and equipment and amortisation method of intangibles (notes 3.1, 3.2, 4 and 5);
- provision for taxation and deferred tax (notes 3.20, 14 and 25);
- estimation in writing down items to their net realisable value and provision against slow moving and obsolete of the following:
  - stock-in-trade (notes 3.13 and 8); and
  - stores, spare parts and loose tools (notes 3.12 and 7);
- present value of defined benefit obligation and fair value of plan assets in relation to employee retirement benefits (notes 3.17 and 15);
- provisions and contingencies (notes 3.15 and 17).

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.

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 amortisation and impairment losses, if any. However, Intangible assets having indefinite life are stated at cost less impairment losses, if any.

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

Amortisation 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. Amortisation 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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.

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 amortised 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

Financial assets at FVOCI	These assets are subsequently measured at fair value. Mark-up calculated using the effective interest method and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised 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 recognised in the statement of profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Mark-up income and impairment are recognised 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.

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 amortised 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 amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, losses and impairment are recognised in the statement of profit or loss.

3.5 Advances, prepayment, loans, deposits and other receivables except financial asset

These are stated at cost less accumulated impairment losses, if any.

3.6 Trade Debt

A receivable is recognised when an amount of consideration that is unconditional is due from a customer, i.e., only the passage of time is required before payment of the consideration is due. Refer to the accounting policy for financial assets disclosed in note 3.7 to these financial statements.

3.7 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 individually 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.

3.7.1 Derecognition

Financial assets are derecognised 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.

3.8.1 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.

3.8.2 Derecognition

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 statement of profit or loss.

3.9 Trade and other payables

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

3.10 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract i.e., transfers control of the related goods or services to the customer.

3.11 Mark up bearing borrowings and borrowing costs

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

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.

3.12 Stores, spare parts 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.

3.13 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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.

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.

3.14 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.

3.15 Provisions, contingent assets and contingent liabilities

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.

A contingent asset is disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until the inflow of economic benefits is virtually certain.

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

3.16 Commitments

Commitments for capital expenditure contracted for but not incurred are disclosed in the financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at committed amounts.

3.17 Staff retirement benefits

3.17.1 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 recognised 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.

3.17.2 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.

3.18 Employees' compensated absences

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

3.19 Revenue recognition

- Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognised 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 contractual 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.
- Gain from sale of property, plant and equipment and scrap sales is recognised when significant risks and rewards of ownership have been transferred to the buyer and the control belongs to the customer.
- Other income is recognized on accural basis.

3.20 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 realisation 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised 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 utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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.

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.

Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.21 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.

3.22 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 recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

3.23 Current versus non current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or

- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

3.24 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.

3.25 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.

3.26 General reserve

The purpose of general reserves includes, but not limited to, fulfilling various business needs like meeting contingencies, enhancing the working capital, etc.

	Note	2026	2025
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,938,365	1,856,624
Capital work-in-progress	4.2	2,528,987	142,314
		4,467,352	1,998,938

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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

	2026												
	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 accessorie	Motor vehicles owned	Total
	Lease-hold	Free-hold	Lease-hold land	Free-hold land									
	(Rupees in '000)												
At July 1, 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)
Opening 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
During the year													
Additions	-	-	-	506	4,317	54,967	366	1,034	12,213	2,250	9,982	19,015	104,650
Transfers from CWIP	-	-	-	54,914	118,121	1,065	-	57	72,679	12,138	-	14,136	273,110
	-	-	-	55,420	122,438	56,032	366	1,091	84,892	14,388	9,982	33,151	377,760
Disposals / write off													
Cost	-	-	-	(1,939)	(2,917)	(20,074)	(206)	(1,626)	(14,207)	(2,454)	(184)	(17,025)	(60,632)
Depreciation	-	-	-	1,939	2,325	20,071	204	1,159	11,328	2,450	184	8,066	47,726
	-	-	-	-	(592)	(3)	(2)	(467)	(2,879)	(4)	-	(8,959)	(12,906)
Depreciation charge for the year	-	-	-	(7,180)	(161,601)	(33,962)	(6,447)	(3,828)	(23,210)	(9,334)	(6,021)	(31,530)	(283,113)
Closing net book value	417	293	3	273,359	1,131,594	92,578	30,574	8,070	258,355	32,849	13,445	96,828	1,938,365
At June 30, 2026													
Cost	417	293	1,015	368,893	4,188,131	256,495	88,502	21,882	480,439	114,916	49,654	175,413	5,746,050
Accumulated depreciation	-	-	(1,012)	(95,534)	(3,056,537)	(163,917)	(57,928)	(13,812)	(222,084)	(82,067)	(36,209)	(78,585)	(3,807,685)
Closing net book value	417	293	3	273,359	1,131,594	92,578	30,574	8,070	258,355	32,849	13,445	96,828	1,938,365
Depreciation rate % per annum	-	-	2.5%-20%	2.5% - 33.33%	6% - 50%	25%	8% - 50%	10%	6% - 50%	15%	25%	20%	

	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 accessorie	Motor vehicles owned	Total
	Lease-hold	Free-hold	Lease-hold land	Free-hold land									
	(Rupees in '000)												
At July 1, 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)
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)	(250,306)
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	39,656	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%	

	Note	2026	2025
		(Rupees in '000)	

4.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2026	2025
Cost of sales	20	258,760	229,226
Administrative expenses	21	24,353	21,082
		283,113	250,308

4.1.2 Operating fixed assets include assets costing Rs. 963.94 million (2025: Rs. 776.88 million), which are fully depreciated.

4.1.3 Free hold 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 lease-hold 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 of during the year are as follows:

	Note	Cost	Accumulated depreciation	Net book value	Sales proceeds	(Loss) / gain	Mode of disposal	Particulars of buyers
		(Rupees in '000)						
Vehicles								
Haval Jolion,		9,388	1,252	8,136	9,598	1,462	Buy back as per Company's policy	Mr. Wasif Sajjad (Ex-CFO, KMP)
Suzuki Cultus		2,754	1,928	826	1,243	417	Buy back as per Company's policy	Mr. Shahid Athar
Others	4.1.4.1	48,490	44,546	3,944	1,039	(2,905)	Various	Various
2026		60,632	47,726	12,906	11,880	(1,026)		
2025		79,805	75,104	4,701	21,965	17,264		

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.

4.2 Capital work-in-progress

	2026	2025
	(Rupees in '000)	
- Building on freehold land	8,524	38,246
- Plant and machinery	2,513,316	73,924
- Spare parts and stand-by equipment	2,444	-
- Furniture & fittings	3,528	57
- Electric, water and gas installations	1,175	30,087
	2,528,987	142,314

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	Note	2026	2025
		(Rupees in '000)	
The movement in capital work-in-progress is as follows:			
Balance at the beginning of the year		142,314	128,136
Additions made during the year:			
- Building on freehold land		29,206	44,771
- Plant and machinery		2,553,499	206,611
- Spare parts and stand-by equipment		3,509	-
- Furniture & fittings		3,528	57
- Electric, water and gas installations		43,767	35,846
- Computers & computer accessories		-	1,233
- Office and security equipments		12,138	-
- Motor vehicles		14,136	-
		2,659,783	288,518
Transfer to operating fixed assets:			
- Building on freehold land		(54,914)	(6,524)
- Plant and machinery		(118,121)	(231,528)
- Spare parts and stand-by equipment		(1,065)	-
- Furniture & fittings		(57)	(3,186)
- Electric, water and gas installations		(72,679)	(13,304)
- Computers & computer accessories		-	(3,380)
- Office and security equipments		(12,138)	-
- Motor vehicles		(14,136)	(16,418)
		(273,110)	(274,340)
Balance at the end of the year		2,528,987	142,314

5. INTANGIBLE ASSETS

	2026	2025
Cost	32,831	30,080
Accumulated amortisation	(20,412)	(16,560)
Net book value	12,419	13,520
Net book value as at July 1,	13,520	11,991
Additions	2,751	5,309
Amortisation	(3,852)	(3,780)
Net book value as at June 30,	12,419	13,520
Amortisation rate (% per annum)	10% - 50%	10% - 50%

6. LONG TERM INVESTMENTS

	Note	2026	2025
Amortised cost			
Pakistan Investment Bonds (PIBs)	6.1	3,840,978	5,025,498
Less: PIBs with current maturity	11	(1,360,551)	(1,217,746)
		2,480,427	3,807,752

6.1 These represent investments in Pakistan Investment Bonds (PIBs) carrying effective interest at the rates ranging from 10.85% to 16.45% (2025: 11.78% to 16.51%) per annum with maturities ranging from February 2027 to September 2034 (2025: August 2025 to September 2034). The profit payments are made semi annually. This includes mark-up receivable of Rs. 117.91 million (2025: Rs. 224.27 million).

7. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2026	2025
		(Rupees in '000)	
Stores		23,497	18,911
Spare parts - in hand		346,660	307,988
- in transit		6,307	74,903
Loose tools		97	1,082
		376,561	402,884
Provision for slow moving stores, spare parts and loose tools	7.1	(11,243)	(11,243)
		365,318	391,641

7.1 Provision for slow moving stores, spare parts and loose tools

	2026	2025
Opening balance	11,243	11,243
Closing balance	11,243	11,243

8. STOCK-IN-TRADE

	Note	2026	2025
Raw materials - in hand		553,194	645,407
- in transit		33,578	46,708
		586,772	692,115
Work-in-process		64,357	73,968
Finished goods		75,135	102,129
Provision for slow moving stock-in-trade	8.1	(7,128)	(7,128)
		719,136	861,084

8.1 Provision for slow moving stock-in-trade

	2026	2025
Opening balance	7,128	7,128
Provision made during the year	15,513	-
Written-off during the year	(15,513)	-
Closing balance	7,128	7,128

9. TRADE DEBTS

	Note	2026	2025
Unsecured - considered good:			
Due from related party			
Pakistan Security Printing Corporation (Private) Limited	9.1 & 9.2	541,382	1,267,916
National Security Printing Company (Private) Limited	9.1 & 9.2	-	27,075
Due from others	9.3	128	4,523
		541,510	1,299,514

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9.1 The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 2,495.72 million (2025: Rs 1,716.16 million).

	Note	2026	2025
		(Rupees in '000)	
9.2 The aging of trade debts due from related party as at June 30 is as follows:			
Not yet due		476,740	882,775
Past due but not impaired			
31-60 days		-	385,141
61-90 days		-	27,075
91-120 days		64,642	-
		541,382	1,294,991
9.3 The aging of trade debts due from others as at June 30 is as follows:			
More than 120 days		128	4,523
		128	4,523

10. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2026	2025
Advance to suppliers - unsecured, considered good		7,193	19,477
Security deposits	10.1	83,363	16,670
Income tax	25.2	5,966	5,966
Prepayments		6,124	4,862
Loan to employees - considered good		65	90
Margin against shipping guarantees		31,750	-
Sales tax-net		393,332	-
Workers' profit participation fund	16.1	6,404	-
Others		10,997	4,797
		545,194	51,862

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

11. SHORT TERM INVESTMENTS

	Note	2026	2025
		(Rupees in '000)	
Amortised cost			
Government securities - Treasury Bills	11.1	841,687	552,883
Reverse repo transactions	11.2	600,373	951,457
Pakistan Investment Bonds - current maturity	6.1	1,360,551	1,217,746
		2,802,611	2,722,086

11.1 Investments in treasury bills carry yield ranging from 10.35% to 10.90% (2025: 11.60%) per annum with maturities ranging from August 2026 to February 2027 (2025: July 2025 to January 2026).

11.2 Reverse repo transactions in government securities carry profit at the rate of 11.55% (2025: 11.00%) per annum having maturity in July 2026 (2025: July 2025).

12. CASH AND BANK BALANCES

	Note	2026	2025
		(Rupees in '000)	
Cash at banks:			
- Current accounts		5,672	875
- Dividend accounts		36,433	35,870
- Savings accounts	12.1	127,847	166,606
		169,952	203,351
Cash in hand		22	137
		169,974	203,488

12.1 Savings accounts carry profit rates ranging from 2.47% to 10% (2025: 7.5% to 11.5%) per annum. This includes mark-up receivable of Rs. 0.01 million (2025: Rs. 0.035 million).

13. SHARE CAPITAL

13.1 Authorised share capital

2026	2025		2026	2025
(Number of shares)			(Rupees in '000)	
70,000,000	70,000,000	Ordinary shares of Rs. 10 each	700,000	700,000

13.2 Issued, subscribed and paid-up capital

2026	2025		2026	2025
(Number of shares)			(Rupees in '000)	
1,250,000	1,250,000	Ordinary shares of Rs. 10 each fully paid in cash	12,500	12,500
58,005,985	58,005,985	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	580,059	580,059
59,255,985	59,255,985		592,559	592,559

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

Name of related party	2026 Shares held	2026 Percentage	2025 Shares held	2025 Percentage
Pakistan Security Printing Corporation (Private) Limited	23,721,739	40.03%	23,721,739	40.03%
Sumer Holding A.S., Turkey	5,925,564	10.00%	5,925,564	10.00%
Industrial Development & Renovation Organisation of Iran	5,925,564	10.00%	5,925,564	10.00%
Jamal Nasim	15,000	0.03%	15,000	0.03%

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

14. DEFERRED TAX LIABILITY - NET

	2026	2025
	(Rupees in '000)	
Deferred tax liabilities on taxable temporary differences:		
Accelerated tax depreciation	282,943	300,372
Staff retirement benefit	546	-
Amortisation of Pakistan Investment Bonds	20,453	42,222
	303,942	342,594
Deferred tax asset on deductible temporary differences:		
Provisions	(26,239)	(27,719)
	277,703	314,875

14.1 Movement of deferred taxation during the year

2026	As at July 1, 2025	Recognised in the statement of profit or loss	Recognised in other comprehensive income	As at June 30, 2026
	(Rupees in '000)			
Deferred tax liability arising due to:				
Accelerated tax depreciation	300,372	(17,429)	-	282,943
Staff retirement benefit	-	1,449	(903)	546
Amortisation of Pakistan Investment Bonds	42,222	(21,769)	-	20,453
	342,594	(37,749)	(903)	303,942
Deferred tax asset arising in respect of:				
Provisions	(27,719)	1,480	-	(26,239)
	314,875	(36,269)	(903)	277,703

2025	As at July 1, 2024	Recognised in the statement of profit or loss	Recognised in other comprehensive income	As at June 30, 2025
	(Rupees in '000)			
Deferred tax liability arising due to:				
Accelerated tax depreciation	284,538	15,834	-	300,372
Amortisation of Pakistan Investment Bonds	34,453	7,769	-	42,222
	318,991	23,603	-	342,594
Deferred tax asset arising in respect of:				
Provisions	(26,666)	(1,053)	-	(27,719)
Loss on redemption of mutual funds	(3,153)	3,153	-	-
	(29,819)	2,100	-	(27,719)
	289,172	25,703	-	314,875

14.2 Deferred tax assets and liabilities arising from temporary differences have been measured at 37% (2025: 39%), reflecting the tax rate enacted at the reporting date.

	2026	2025
	(Rupees in '000)	

15. STAFF RETIREMENT BENEFITS

	2026	2025
Staff Retirement Benefit (Funded Scheme)	2,953	(7,620)

Staff Retirement Benefit (Funded Scheme)

The Company operates an approved gratuity fund for its eligible employees. Actuarial valuation is carried out on an annual basis and the latest valuation was carried out at June 30, 2026 using the projected unit credit method.The following significant assumptions have been used for the actuarial valuations:

Actuarial assumptions	2026	2025
a) Discount rate	11.75%	12.50%
b) Salary Increase Rate	11.75%	12.25%
c) Interest Credit Rate	11.75%	12.25%
d) Expected return on plan assets	11.75%	12.25%
e) Mortality Rates	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

Amounts recognised in the statement of financial position are as follows:	2026	2025
	(Rupees in '000)	
Present value of defined benefit obligations	530,448	504,993
Fair value of plan assets	(533,401)	(497,373)
Net (asset) / liability recognised as at June 30	(2,953)	7,620
Movement in net liability / (asset) recognised:		
Opening net liability / (asset)	7,620	(90)
Expense recognized during the year	43,098	45,315
Remeasurement (gain) / loss recognised in OCI	(4,880)	2,787
Contributions and benefits paid on behalf of the fund	(48,791)	(40,392)
Closing net (asset) / liability	(2,953)	7,620
Movement in present value of defined benefit obligations		
Opening present value of obligation	504,993	423,057
Current service cost	12,838	10,406
Interest cost	30,260	34,909
Benefits paid	(76,458)	(24,262)
Remeasurement loss due to financial assumptions	7,283	12,013
Experience adjustments	(8,910)	(11,500)
Income distributed among the members	60,442	60,370
Closing present value of obligation	530,448	504,993

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	2026	2025
	(Rupees in '000)	
Movement in the fair value of plan assets		
Opening fair value of plan assets	497,373	423,147
Expected return on plan assets	60,442	60,370
Remeasurement gain / (loss) on plan assets	3,253	(2,274)
Benefits paid	(76,458)	(24,262)
Contribution by the Company	48,791	40,392
Closing fair value of plan assets	533,401	497,373
Expense recognised in the statement of profit or loss		
Current service cost	12,838	10,406
Net interest income	(30,182)	(25,461)
Income distributed among members	60,442	60,370
Cost for the year	43,098	45,315
Actuarial gain or losses recognised in the statement of comprehensive income		
Remeasurement gain / (loss) due to		
- changes in financial assumptions - loss	(4,030)	(14,287)
- experience adjustments - gain	8,910	11,500
Total remeasurement gain / (loss) recognised in other comprehensive income	4,880	(2,787)
Return on plan assets is as follows:		
Return on plan assets	60,442	60,370
Plan assets comprised of following:		
Pakistan Investment Bonds (PIBs)	86%	79%
Treasury Bills (T-bills)	13%	14%
Bank account and short-term deposits	1%	7%
	100%	100%

Deficit on the plan assets	2026	2025	2024	2023	2022
	(Rupees in '000)				
Present value of defined benefit obligation	(530,448)	(504,993)	(423,057)	(401,142)	(355,242)
Fair value of plan assets	533,401	497,373	423,147	347,790	329,986
Surplus / (deficit)	2,953	(7,620)	90	(53,352)	(25,256)
5 years data on experience adjustments					
(Gain) / loss on obligation	(1,627)	513	-	10,070	(4,270)
(Loss) / gain on plan assets	3,253	(2,274)	26,334	(10,352)	(3,052)

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, 2026.

Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 47.610 million in the financial statements for the year ending June 30, 2027.

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.

	2026	2025
	(Rupees in '000)	
Present value of obligations		
Increase in discount rate by 1%	(37,134)	(32,091)
Decrease in discount rate by 1%	42,012	36,054
Increase in salary by 1%	46,892	39,385
Decrease in salary by 1%	(42,439)	(35,567)
	Number of years	
Weighted average duration of the defined benefit obligations	13.68	7.31

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.

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	Note	2026	2025
		(Rupees in '000)	
16. TRADE AND OTHER PAYABLES			
Payable against purchase of operating fixed assets		843,616	52,954
Accrued expenses		296,595	318,970
Trade creditors		136,492	243,617
Withholding tax payable		138,125	131,160
Payable to workers' profit participation fund	16.1	-	130,074
Sales tax payable		-	103,469
Payable to workers' welfare fund	16.2	48,089	62,515
Payable to a related party - Pakistan Security Printing Corporation (Private) Limited		46,142	38,781
Payable to contractors		58,115	51,235
Provision for fire tax	16.3	37,023	37,023
Deposits repayable on demand	16.4	17,262	12,288
Payable to provident fund		6,402	5,366
Retention money payable		13,336	2,628
Contract liabilities		1,530	1,554
Other liabilities		46,342	41,253
		1,689,069	1,232,887

16.1 Workers' profit participation fund

	Note	2026	2025
Opening balance		130,074	128,695
Allocation for the year	23	86,139	129,653
Interest on Worker's profit participation fund		4,423	637
Payments during the year		(227,040)	(128,911)
Closing balance		(6,404)	130,074

16.2 Payable to workers' welfare fund

	Note	2026	2025
Opening balance		62,515	61,317
Provision for the year	23	34,456	48,997
Payments during the year		(48,882)	(47,799)
Closing balance		48,089	62,515

16.3 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.

16.4 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. 0.101 million (2025: Rs. 0.09 million) has been kept in a separate bank account.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 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.

17.1.2 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 advise of the legal counsel, 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.

17.1.3 Security Papers Limited (SPL) 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 the company should purchase the RO Plant. AIL then unilaterally decided to shut down the RO plant on March 2018 and therefore,the Company took over the plant to continue its operations in accordance with provisions of the agreement.The Company 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 the Company not to allow AIL to dismantle the RO Plant.

AIL filed a civil suit before the Honourable Sindh High Court (SHC) against the Company for recovery of Rs. 177.88 million in respect of RO Plant. AIL moved an application to restrain the Company from utilising or operating the RO Plant. As the matter was under adjudication, SHC decided that this matter should be referred to a mediation however, the mediation did not succeed and the case was referred back. This case was transferred to District Court, Malir and the Court had allowed AIL's application for inspection of dismantled RO Plant in the premises of SPL. The inspection of RO Plant was carried out by the Nazir of the Court and his team along with Plaintiff's counsel on September 23, 2025.The compliance report of the Nazir was submitted in Court on November 24, 2025, which stated that inspection and examination of the RO plant was carried out, which was in a non-functional condition. Thereafter, both the parties filed their proposed issues and the said issues were then settled by the Court. The parties then filed their respective lists of witnesses and documents, the evidence of plaintiff has been concluded and the matter is fixed for the evidence of defendant and hearing of pending applications.

Based on the advise of the legal counsel, 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.

17.1.4 The Suits No. 814 and 815 have been filed by two ex-employees of the Company 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 two ex-employees filed an appeal before the Divisional Bench of SHC, which were also dismissed in favour of the Company. These cases have been transferred to the District & Sessions Court, Malir. The proposed issues filed in the Court have been settled and both the Company and the two ex-employees have submitted their respective lists of documents and witnesses. The case is currently at the evidence stage and is fixed for the cross examination of plaintiff as well as hearing of application of plaintiffs for late submission of documentary evidence in civil suits.

Both the ex-employees had also filed an appeal before the Supreme Court of Pakistan, in which they have challenged the orders of the SHC dated October 9, 2023 and October 23, 2023, in respect of termination under the simplicitor rule. This appeal was fixed for hearing on December 15, 2025, before the Supreme Court, Karachi Registry. However, the said appeal was not taken up for hearing by the Division Bench due to possible conflict of interest and it was directed that this appeal should be re-fixed for hearing before a different bench of the Supreme Court, Karachi Registry and the matter was adjourned, accordingly. The matter is not fixed before Supreme Court till this date.

The Company's legal counsel is confident that, based on the merits of the case, both the suits and the appeal would be decided in favour of the Company. Accordingly, no provision has been recognised in these financial statements.

17.1.5 An ex-employee had filed Civil Suit No. 1123 of 2024, dated July 8, 2024 in the Civil Court, Karachi challenging his termination, which was as per simplicitor rules. The ex-employee had prayed for reinstatement to service and damages worth Rs. 40 million. This matter was adjourned several times due to the non-appearance of the ex-employee. Despite repeated instructions by the Court, the ex-employee on multiple hearings failed to appear before the Court and also did not comply with the Court's order for submission of Court fees. The Court vide its order dated November 25, 2025, dismissed the said suit in favour of the Company.

17.1.6 An ex-employee of the Company filed a grievance application before the Labour Court challenging the termination of his employment. The applicant claimed that he was a "worker" within the meaning of the applicable labour laws and contended that his termination was unlawful. He sought reinstatement in service along with all consequential back benefits. The Company contested the claim, submitting that the applicant did not fall within the definition of a "worker" and that his employment had been terminated strictly in accordance with the terms and conditions of his employment contract. The Labour Court, vide its order dated May 18, 2026, allowed the grievance application and directed the Company to reinstate the applicant along with payment of back benefits. Aggrieved by the said order, the Company filed an appeal before the Appellate Labour Court and also moved an application seeking suspension of the operation of the Labour Court's order dated May 18, 2026. The Appellate Labour Court, vide its order dated May 25, 2026, suspended the operation of the Labour Court's order, subject to deposition of the amount of back benefits awarded by the Labour

Court to Applicant. In compliance with the Appellate Court's directions, the Company deposited a pay order amounting to Rs. 2.231 million with the Court as security, pending the final adjudication of the appeal. The matter is currently pending for hearing of the Company's application before the Appellate Labour Court.

The grant of interim relief by the Appellate Labour Court is a positive development. While the final outcome will depend upon the evidence and legal arguments presented, the Legal Advisor remains confident regarding the Company's prospects of success in the appeal. Accordingly, no provision has been recognised in these financial statements.

17.1.7 An ex-employee of the Company filed a grievance application before the Labour Court challenging the termination of his employment. The applicant has sought reinstatement in service along with payment of back benefits. The matter is currently pending before the Labour Court for framing of issues and filing of the applicant's affidavit in evidence.

The Company's legal counsel is confident that, based on the merits of the case, the application would be decided in favour of the Company. Accordingly, no provision has been recognised in these financial statements.

17.1.8 Income tax contingencies are disclosed in note 25.2 to these financial statements.

	Note	2026	2025
		(Rupees in '000)	
17.2 Commitments			
Commitments against letters of credit	17.2.1	1,163,610	2,836,619
Capital commitments		114,950	10,015

17.2.1 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 (2025: Rs. 200 million). The arrangement from NBP is secured by lien on documents of title of goods drawn under letter of credit. The facility remained unutilised as at June 30, 2026 (2025: Rs. 0.87 million).

The Company has facilities from Bank Al Habib Limited (BAHL) relating to import letters of credit amounting to Rs. 200 million (2025: 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. 48.33 million as at June 30, 2026 (2025: Rs. 98.71 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 1,100.70 million as at June 30, 2026 (2025: Rs 2,727.54 million).

The Musharakah facility from Meezan Bank Limited is also available to be used for import letter of credit amounting to Rs. 200 million (2025: 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. 14.58 million as at June 30, 2026 (2025: Rs. 9.49 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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18. BANKING FACILITIES

18.1 Letter of guarantee facility

As at June 30, 2026, 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:

	2026		2025	
	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	30,000
Utilisation as at June 30	175,351	30,000	169,675	30,000

*This is the sub limit of letter of credit facility.

18.2 Running finance

The Company has a running finance facility from Bank Al Habib Limited (BAHL) amounting to Rs. 200 million (2025: Rs. 200 million) valid till December 31, 2026. The arrangement from BAHL is secured by lien over PIBs/T-bills. 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, 2026.

The Company has another running finance facility from National Bank of Pakistan (NBP) amounting to Rs. 75 million (2025: Rs 75 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 27, 2027. 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 (2025: one month's KIBOR plus 125 basis points). The facility remained unutilised as at June 30, 2026.

18.3 Running Musharakah

The Company has arrangement of running musharakah facility of Rs. 200 million from Meezan Bank Limited (2025: Rs. 200 million). The arrangement is secured by first pari passu hypothecation charge created over stocks and receivables of the Company till September 30, 2026. Under the musharakah arrangement, profit would be determined on the basis of audited / interim accounts where provisional profit would be paid quarterly using 1 month KIBOR of first working day / first disbursement date. The facility remained unutilised as at June 30, 2026.

	2026	2025
	(Rupees in '000)	
19. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Banknote paper	7,888,676	8,610,805
Non-banknote paper	732,782	676,621
	8,621,458	9,287,426
Less: Sales tax	(1,315,138)	(1,416,726)
	7,306,320	7,870,700

20. COST OF SALES

	Note	2026	2025
		(Rupees in '000)	
Opening stock of raw materials		692,115	659,194
Add: Purchases - net		2,789,878	2,966,189
		3,481,993	3,625,383
Closing stock of raw materials	8	(586,772)	(692,115)
Raw materials consumed		2,895,221	2,933,268
Utilities		1,067,911	1,088,274
Salaries, wages and benefits	20.1	601,395	590,671
Manufacturing services		321,444	287,811
Stores, spares and loose tools consumed		290,356	261,125
Depreciation	4.1.1	258,760	229,226
Repairs and maintenance		74,540	85,444
Defence security force		93,728	79,622
Insurance		12,215	12,554
Rent, rates and taxes		11,136	10,640
Raw material written off		15,513	-
Others		42,344	31,586
		5,684,563	5,610,221
Opening stock of work-in-process		73,968	139,041
Closing stock of work-in-process	8	(64,357)	(73,968)
Cost of goods manufactured		5,694,174	5,675,294
Opening stock of finished goods		102,129	93,740
Closing stock of finished goods	8	(75,135)	(102,129)
		5,721,168	5,666,905

20.1 Salaries, wages and benefits include Rs. 52.49 million (2025: Rs. 52.74 million) in respect of employee retirement benefits.

21. ADMINISTRATIVE EXPENSES

	Note	2026	2025
		(Rupees in '000)	
Salaries, wages and benefits	21.1	387,183	363,518
Legal and professional		22,770	29,359
Depreciation	4.1.1	24,353	21,082
Travelling expenses	21.2	15,620	15,737
Utilities		8,315	8,027
Repairs and maintenance		4,593	7,301
Printing and stationery		3,011	5,512
Advertisement		3,687	4,912
Security service		2,582	4,884
Transportation		4,560	4,140
Insurance		4,137	3,901
Information services		4,712	3,821
Others		36,841	25,256
		522,364	497,450

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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21.1 Salaries, wages and benefits include Rs. 23.62 million (2025: Rs. 22.99 million) in respect of employee retirement benefits.

21.2 Travelling expense includes directors travelling expense amounting to Rs. 5.02 million (2025: Rs. 7.68 million).

22. OTHER INCOME

	Note	2026	2025
		(Rupees in '000)	
Income from financial assets			
Mark-up on:			
- Pakistan Investment Bonds	22.1	474,225	569,534
- Treasury Bills		143,632	217,395
- Bank deposits and savings accounts		38,808	39,847
- Loan to employees		2	3
Income from reverse repo transactions		16,876	62,174
		673,543	888,953
Income from non-financial assets			
Gain on sale of property, plant and equipment	4.1.4	-	17,264
Scrap sales		12,916	5,086
Others		1,568	4,526
		14,484	26,876
		688,027	915,829

22.1 It includes amortisation on Pakistan Investment Bonds amounting to Rs. 42.73 million (2025: Rs. 30.41 million).

23. OTHER EXPENSES

	Note	2026	2025
		(Rupees in '000)	
Workers' profit participation fund	16.1	86,139	129,653
Workers' welfare fund	16.2	34,456	48,997
Donations	23.1	8,707	14,137
Auditors' remuneration	23.2	15,350	10,062
Loss on sale of property, plant and equipment	4.1.4	1,026	-
Exchange loss		333	2,192
		146,011	205,041

23.1 During the year, the Company has made following CSR activities exceeding Rs. 0.5 million (2025: Rs. 0.5 million).

Name of Donee	Note	2026	2025
		(Rupees in '000)	
Indus Hospital & Health Network		2,700	5,880
SOS Children's Village		2,496	3,174
Dr. Ruth K. M. Pfau, Civil Hospital Karachi		3,500	2,815
The Citizens Foundation		-	2,250

None of the directors or their spouses had any interest in any of the donee.

23.2 Auditors' remuneration

	2026	2025
Audit of the annual financial statements	3,780	3,078
Review of half-yearly financial statements	1,890	1,540
Special certification, Code of Corporate Governance and other services	724	866
Tax consultancy services	8,351	4,091
Out of pocket expenses	605	487
	15,350	10,062

24. FINANCE COSTS

	2026	2025
Bank charges	2,321	2,679
Mark-up on:		
- workers' profit participation fund	4,423	637
- short-term running finance	2	44
	6,746	3,360

25. TAXATION - NET

	Note	2026	2025
Current			
- for the year		659,729	933,670
- prior year		67,438	(69,393)
		727,167	864,277
Deferred	14.1	(36,269)	25,703
		690,898	889,980

25.1 Reconciliation between tax expense and accounting profit

	2026	2025
	(Rupees in '000)	
Accounting profit before taxation	1,598,058	2,413,773
Tax on accounting profit at 29% (2025: 29%)	463,437	699,994
Super Tax under Section 4C 10% (2025: 10%)	159,806	241,377
Tax effect of permanent differences	11,422	11,589
Tax effect of prior year	67,438	(69,393)
Others	(11,205)	6,413
	690,898	889,980
Effective rate of tax	43.23%	36.87%

25.2 Income tax assessments of the Company have been finalised up to and including tax year 2025. 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 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 filling. 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 Honourable

Sindh High Court, which is currently pending. Based on the discussion with the tax advisor, management is of the view that the issues involved in the appeal will be decided in favour of the company, accordingly, no provision in respect of the aforementioned demand has been made in the financial statements.

(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 Honourable 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. Based on the discussion with the tax advisor, management is of the view that the issues involved in the appeal will be decided in favour of the company, accordingly, no provision in respect of the aforementioned demand has been made in the financial statements.

(d) The Company e-filed return of income for the tax year 2019 on December 31, 2019. Subsequently, the DCIR issued the notice dated October 19, 2020 under rule 44(4) of the Income Tax Rules, 2002 read with section 176 relating to monitoring of withholding taxes. The Company submitted required reconciliations, details and supporting evidence against said notice. The DCIR 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 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 filed an appeal on July 17, 2025 before Commissioner(Appeals) against the order of the DCIR which is currently pending for hearing. Based on the discussion with the tax advisor, management is of the view that the issues involved in the appeal will be decided in favour of the Company, accordingly, no provision in respect of the aforementioned demand raised by DCIR has been made in these financial statements.

(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. Based on the discussion with the tax advisor, management is of the view that the issues involved in the appeal will be decided in favour of the Company, accordingly, no provision in respect of the aforementioned demand raised by ATIR has been made in these financial statements.

(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 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 with ATIR against the order of Commissioner (Appeals) to the extent of the apportionment of common expenses to FTR and NTR incomes.

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 Income Tax Ordinance, 2001. An Information Document Request (IDR) was issued on January 31, 2019, in response to which the Company submitted the required information and supporting details to the Deputy Commissioner Inland Revenue (DCIR).

Subsequently, the DCIR issued a show cause notice dated June 10, 2024, which was duly responded to by the Company. Thereafter, vide order dated June 30, 2024, the DCIR raised a demand of Rs. 172.87 million, mainly relating to inadmissibility of expenses and allocation of expenses between Normal Tax Regime (NTR) and Final Tax Regime (FTR) income.

The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). The ATIR vide order dated October 27, 2025, remanded back the proceedings to the tax authorities for verification and reconsideration except initial allowance and depreciation, on which the company and its tax advisor are of the view that it is a matter of timing difference only. The Company has submitted the response in respect of the remanded back matters, which is currently pending with the DCIR.

Based on the order of the ATIR and the advice of tax advisors, management believes that the matter has been appropriately addressed. Accordingly, no provision has been recognized in these financial statements.

(h) Through the Finance Act, 2023, the rate of Super Tax applicable for Tax Year 2023 was increased retrospectively from 4% to 10%. The retrospective enhancement was challenged before various High Courts on the grounds that it applied to past and closed transactions. The Islamabad High Court, vide its judgment dated March 15, 2024, decided the matter in favour of the petitioners. Subsequently, the Federal Board of Revenue (FBR) filed an intra-court appeal before the larger bench of the Islamabad High Court. The Divisional Bench of the Islamabad High Court, vide its order dated April 8, 2024, clarified that the judgment dated March 15, 2024 remained operative and its operation had not been suspended.

Subsequently, on January 27, 2026, the Federal Constitutional Court took up the cases from the Supreme Court and after various hearings, upheld the constitutional validity of the enhanced rate of Super Tax, thereby overturning the decisions of the High Courts. Pursuant to the said judgment, the Company received a notice from the tax authorities dated January 31, 2026 requiring explanation which was duly responded by the tax consultant containing the details along with the fact that Company had already paid Rs 46.01 million with the return. Subsequently, the company Rs 69.06 million were also paid against the order. On February 12, 2026 the Company received an order under section 4C of the Income Tax Ordinance, 2001, raising further demand of Rs. 36.539 million wherein the adjustment of capital losses was not considered by the DCIR while computing the income liable to Super Tax. The Company filed an appeal against the said order before the Commissioner Inland Revenue Appeals). The Commissioner Inland Revenue (Appeals), vide order dated April 14, 2026, decided the matter in favour of the Company and held that adjustment of capital losses was allowable while computing the income liable to Super Tax. Subsequently, the FBR filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the Commissioner Inland Revenue (Appeals). The appeal is currently pending adjudication.

Based on the favourable appellate order and the advice of the tax consultants, management believes that the Company's position is sustainable under the applicable provisions of the Income Tax Ordinance, 2001. Accordingly, no additional provision has been recognized in these financial statements.

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 in respect of our matters.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

26. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2026	2025
		(Rupees in '000)	
Profit after taxation		907,160	1,523,793
		(Number of shares)	
Weighted average number of ordinary shares	13.2	59,255,985	59,255,985
		(Rupees)	
Earnings per share - basic and diluted		15.31	25.72

26.1 There were no convertible dilutive potential ordinary shares in issue as at year end.

27. FINANCING STRUCTURE / MODE

	2026	2025
	(Rupees in '000)	
Conventional mode:		
Assets		
Long term investments	2,480,427	3,807,752
Short term investments	2,802,611	2,722,086
Cash and bank balances	149,122	202,476
	5,432,160	6,732,314
Shariah compliant mode:		
Assets		
Cash and bank balances	20,852	1,012

28. SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

	2026	2025
	(Rupees in '000)	
Statement of financial position - Liability Side		
i) Short-term financing as per Islamic mode	-	-
ii) Lease financing as per Islamic mode	-	-
iii) Long-term financing as per Islamic mode	-	-
ii) Long-term financing as per Islamic mode		
iv) Mark-up accrued on conventional loan	-	-
Statement of financial position - Asset Side		
i) Long term shariah compliant investments	-	-
ii) Short term shariah compliant investments	-	-
iii) Shariah-compliant bank balances	20,831	875

	Note	2026	2025
		(Rupees in '000)	
Statement of Profit or Loss			
i) Revenue earned from Shariah-compliant business segment	19	7,306,320	7,870,700
ii) Break-up of late payments and liquidated damages		-	-
iii) Gain or loss or dividend earned on Shariah compliant investments		-	-
iv) Profit earned from Shariah-compliant bank balances		120	91
v) Markup earned from conventional bank balances		38,688	39,756
vi) Exchange gain earned from actual currency		-	-
vii) Exchange gains earned using conventional derivative financial instruments		-	-
viii) Profit paid on Islamic mode of financing		-	-
ix) Total interest earned on any conventional loan or advance		-	-
Break-up of other income excluding profits on bank deposits			
Shariah compliant income			
Scrap sales	22	12,916	5,086
Gain on sale of property, plant and equipment	22	-	17,264
Others	22	1,067	4,479
Shariah non-compliant income			
Mark-up on:			
- Pakistan Investment Bonds	22	474,225	569,534
- Treasury Bills	22	143,632	217,395
- Loan to employees	22	2	3
Others	22	501	47
Income from reverse repo transactions	22	16,876	62,174

28.1 Other Disclosures

Relationship with Shariah-compliant financial institution Relationship

Meezan Bank Limited	Bank deposit and running musharakah facility
MCB Islamic Bank Limited	Bank deposit
Jubilee General Insurance	Window takaful operaters

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

29. 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, 2026 is Rs. 33.02 million (2025: Rs 30.41 million).

The following information is based on the un-audited financial statements of the Fund for the years ended June 30, 2026 and 2025.

	2026	2025
	(Rupees in '000)	
Size of the fund - net assets	641,781	608,268
Fair value / cost of investments made	455,771	481,386
	---------- Percentage ----------	
Investments made as a percentage of net assets	71.02%	79.14%

Breakup of investment	2026 Un-audited		2025 Un-audited	
	Investment (Rupees in '000)	Investment as percentage of total investments	Investment (Rupees in '000)	Investment as percentage of total investments
Pakistan Investment Bonds	326,918	71.73%	408,954	84.95%
Treasury Bills	127,636	28.00%	71,661	14.89%
Mutual Fund	1,217	0.27%	771	0.16%
	455,771	100.00%	481,386	100.00%

30. 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:

	2026			2025		
	Chief Executive	Non-Executive Directors	Executives	Chief Executive	Non-Executive Directors	Executives
	(Rupees in '000)					
Directors' fee	-	38,600	-	-	38,000	-
Managerial remuneration, utilities, housing perquisites etc. (including bonus)	55,935	-	315,641	51,840	-	300,167
Retirement benefits	5,916	-	22,132	5,478	-	20,544
Medical	2,198	-	14,300	2,255	-	14,864
Total	64,049	38,600	352,073	59,573	38,000	335,575
Number of persons	1	8	63	1	8	60

30.1 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.

30.2 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 accommodations (against agreed monthly rentals).

30.3 'Executive' means an employee other than the chief executive and directors, whose basic salary exceeds Rs 1,200,000 in a financial year.

31. 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 / balance	2026	2025
				(Rupees in '000)	
Pakistan Security Printing Corporation (Private) Limited	31.1	Associated undertaking	Sales - net	7,290,533	7,297,292
			Purchases	1,587	6,118
			Shared expenses allocated to the Company	93,653	79,547
			Dividend paid	181,471	252,043
			Trade debts	541,382	1,267,916
			Other payable	46,142	38,781
National Security Printing Company *		Common directorship	Sales - net	-	548,679
			Trade debts	-	27,075
Sumer Holdings, A.S.		Director on board of Company	Dividend paid	-	62,959
			Dividend payable	57,922	12,592
Industrial Development & Renovation Organisation of Iran		Director on board of Company	Dividend payable	595,140	549,809
Ellcot Spinning Mills Limited		Common directorship	Purchases	279,480	103,355
Jamal Nasim		Non- Executive Director	Dividend Paid	115	159
Staff retirement funds	31.3	Other related party	Contribution made	76,120	75,726
			Payable to the funds - net	3,449	12,986
Key management personnel		Key management	Remuneration and benefits	223,198	226,528

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*The Pakistan Security Printing Corporation (Private) Limited (PSPC) has merged its subsidiary, the National Security Printing Company (Private) Limited (NSPC), into PSPC. This merger took effect at the start of business on July 1, 2025.

31.1 All sales transactions with Pakistan Security Printing Corporation (Private) Limited are carried out by the Company using the "Cost Plus Mark-up Method" as agreed under the contract. Other expenses are reimbursements of shared expenses.

31.2 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.

31.3 Contributions to the staff retirement benefit funds are made in accordance with the terms of staff retirement benefit schemes and actuarial advice.

31.4 Key management personnal are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company.

32. PRODUCTION CAPACITY

	Note	2026	2025
		(Tonnes)	
Total installed capacity - on three shift basis		4,500	4,500
Available installed capacity - based on available three shift working days		4,445	4,453
Actual production	32.1	3,575	3,810

32.1 Actual production is in line with the customers' demand.

33. CASH GENERATED FROM OPERATIONS AND FINANCING ACTIVITIES

33.1 Cash generated from operations

	Note	2026	2025
		(Rupees in '000)	
Profit before taxation		1,598,058	2,413,773
Adjustments for:			
Depreciation on property, plant and equipment	4.1.1	283,113	250,308
Provision against staff retirement benefits	15	43,098	45,315
Amortisation of intangible assets	5	3,852	3,780
Finance costs	24	6,746	3,360
Raw material written off	20	15,513	-
Mark-up on investments in Government securities	22	(617,857)	(786,929)
Mark-up on bank deposits and saving accounts	22	(38,808)	(39,847)
Mark-up on loans to employees	22	(2)	(3)
Income from reverse repo transactions	22	(16,876)	(62,174)
Loss / (gain) on sale of property, plant and equipment		1,026	(17,264)
Changes in:			
- Stores, spare parts and loose tools		26,323	(91,770)
- Stock-in-trade		126,435	19,702
- Trade debts		758,004	20,522
- Loans, advances, deposits, prepayments and other receivables		(493,332)	85,268
- Trade and other payables		456,182	(87,683)
		2,151,475	1,756,358

33.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2026	2025
Opening balance as at July 1	619,475	551,170
Dividend declared	533,303	740,699
Dividend paid	(437,885)	(672,394)
Closing balance as at June 30	714,893	619,475

34 CASH AND CASH EQUIVALENTS

	Note	2026	2025
Short term investment in reverse repo transactions	11	600,373	949,724
Cash and bank balances	12	169,974	203,488
		770,347	1,153,212

35 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.

35.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties fail to perform as contracted / discharge an obligation / commitment that it has entered into with the Company.

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 8.85% (2025: 15.74%) 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	2026	2025
		(Rupees in '000)	
Trade debts	9	541,510	1,299,514
Loans, deposits and other receivables	35.1.1	126,175	21,557
Bank balances	12	169,952	203,351
		837,637	1,524,422

35.1.1 Loans, deposits and other receivables includes Rs. 61.77 million from custom authorities and margin against shipping guarantees Rs. 31.75 million.

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:

	2026		2025	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Neither past due nor impaired				
Past due but not impaired	476,740	-	882,775	-
- 31 - 60	-	-	385,141	-
- 61 - 90	-	-	27,075	-
- 90 and above	64,770	-	4,523	-
	541,510	-	1,299,514	-

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.

35.1.2 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	2026	2025
			(Rupees in '000)	
National Bank of Pakistan	PACRA	A1+	40,982	36,185
MCB Islamic Bank Limited	PACRA	A1	217	211
Bank Al Habib Limited	PACRA	A1+	105,422	166,007
Meezan Bank Limited	JCR - VIS	A1+	20,613	664
Khushali Microfinance Bank Limited	JCR - VIS	A-2	18	17
Habib Metropolitan Bank Limited	PACRA	A1+	172	164
Bank Alfalah Limited	PACRA	A1+	2,528	103
			169,952	203,351

35.1.3 The Company has provided security deposits as per the contractual terms with counter parties as security and does not expect material loss against those deposits retention money.

35.2 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 / musharakah 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:

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	2026					
	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	1,457,900	(1,457,900)	(1,379,504)	(78,396)	-	-
Unclaimed dividend	711,050	(711,050)	(711,050)	-	-	-
Unpaid dividend	3,843	(3,843)	(3,843)	-	-	-
	2,172,793	(2,172,793)	(2,094,397)	(78,396)	-	-

	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	761,726	(761,726)	(761,726)	-	-	-
Unclaimed dividend	615,952	(615,952)	(615,952)	-	-	-
Unpaid dividend	3,523	(3,523)	(3,523)	-	-	-
	1,381,201	(1,381,201)	(1,381,201)	-	-	-

35.3 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.

35.3.1 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.

The Company's exposure to foreign currency risk is as follows:

	2026	
	USD	Euro
Trade creditors	-	18,337
Payable against purchase of operating fixed assets	18,203	2,634,066
Total exposure	18,203	2,652,403

	2025	
	USD	Euro
Trade creditors	19,402	15,239
Payable against purchase of operating fixed assets	47,529	120,000
Net exposure	66,931	135,239

The following significant exchange rates have been applied:	2026	2025
	(Rupees)	
USD to PKR	278.55	284.10
Euro to PKR	317.52	332.83

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.

	2026	2025
	(Rupees in '000)	
Effect on profit		
USD		
Increase	309	1,160
Decrease	(309)	(1,160)
Euro		
Increase	51,374	2,746
Decrease	(51,374)	(2,746)

35.3.2 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, short term running finance, Treasury Bills. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

Description	2026							
	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						
Financial assets								
Investments	10.85% - 16.45%	2,802,611	2,480,427	5,283,038	-	-	-	5,283,038
Trade debts		-	-	-	541,510	-	541,510	541,510
Loans, deposits, and other receivables		-	-	-	126,175	-	126,175	126,175
Bank balances		-	-	-	169,952	-	169,952	169,952
		2,802,611	2,480,427	5,283,038	837,637	-	837,637	6,120,675
Financial liabilities								
Trade and other payables		-	-	-	1,457,900	-	1,457,900	1,457,900
Unclaimed dividend		-	-	-	711,050	-	711,050	711,050
Unpaid dividend		-	-	-	3,843	-	3,843	3,843
		-	-	-	2,172,793	-	2,172,793	2,172,793
On balance sheet gap		2,802,611	2,480,427	5,283,038	3,010,430	-	3,010,430	8,293,468
Off-balance sheet financial instruments								
Commitments against letters of credit		-	-	-	1,163,610	-	1,163,610	1,163,610
Capital commitments		-	-	-	114,950	-	114,950	114,950
		-	-	-	1,278,560	-	1,278,560	1,278,560
Off-balance sheet gap		-	-	-	(1,278,560)	-	(1,278,560)	(1,278,560)
Total interest rate sensitivity gap		2,802,611	2,480,427	5,283,038	1,731,870	-	1,731,870	7,014,908
Cumulative interest rate sensitivity gap		2,802,611	5,283,038					

Description	2025							
	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						
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, deposits, 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		-	-	-	761,726	-	761,726	761,726
Unpaid dividend		-	-	-	615,952	-	615,952	615,952
Unclaimed dividend		-	-	-	3,523	-	3,523	3,523
		-	-	-	1,381,201	-	1,381,201	1,381,201
		2,722,086	3,807,752	6,529,838	2,905,623	-	2,905,623	9,435,461
On balance sheet gap								
Off-balance sheet financial instruments		-	-	-	2,836,619	-	2,836,619	2,836,619
Commitments against letters of credit		-	-	-	10,015	-	10,015	10,015
Capital commitments		-	-	-	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	58,989	-	58,989	6,588,827
Cumulative interest rate sensitivity gap		2,722,086	6,529,838					

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 and loss	
	100 bps increase	100 bps decrease
	(Rupees in '000)	
As at June 30, 2026		
Cash flow sensitivity - Variable rate instruments	8,000	(8,000)
As at June 30, 2025		
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.

35.3.3 Capital risk management

The Company's objective when managing capital is to safe guard 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. As of June 30, 2026, the Company had no short-term or long-term borrowings; accordingly, the gearing ratio was nil.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

36.1 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 levels of the fair value hierarchy during the year.

36.2 Financial instruments by category

	2026							
	Carrying amount				Fair value			
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
Financial assets not measured at fair value								
Investments								
- Pakistan Investment Bonds	-	3,840,978	-	3,840,978	-	3,878,464	-	3,878,464
- Reverse repo transactions	-	600,373	-	600,373	-	-	-	-
- Treasury Bills	-	841,687	-	841,687	-	838,298	-	838,298
Loans, deposits and other								-
receivables	-	126,175	-	126,175	-	-	-	-
Trade debts	-	541,510	-	541,510	-	-	-	-
Bank balances	-	169,952	-	169,952	-	-	-	-
	-	6,120,675	-	6,120,675	-	4,716,762	-	4,716,762
Financial liabilities not measured at fair value								
Trade and other payables	-	-	1,457,900	1,457,900	-	-	-	-
Unpaid dividend	-	-	711,050	711,050	-	-	-	-
Unclaimed dividend	-	-	3,843	3,843	-	-	-	-
	-	-	2,172,793	2,172,793	-	-	-	-

	2025							
	Carrying amount				Fair value			
	Fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
Financial assets not measured at fair value								
Investments								
- Pakistan Investment Bonds	-	5,025,498	-	5,025,498	-	4,945,383	-	4,945,383
- Reverse repo transactions	-	951,457	-	951,457	-	-	-	-
- Treasury bills	-	552,883	-	552,883	-	554,379	-	554,379
Loans, deposite and other								-
receivables	-	21,557	-	21,557	-	-	-	-
Trade debts	-	1,299,514	-	1,299,514	-	-	-	-
Bank balances	-	203,351	-	203,351	-	-	-	-
	-	8,054,260	-	8,054,260	-	5,499,762	-	5,499,762
Financial liabilities not measured at fair value								
Trade and other payables	-	-	761,726	761,726	-	-	-	-
Unpaid dividend	-	-	615,952	615,952	-	-	-	-
Unclaimed dividend	-	-	3,523	3,523	-	-	-	-
	-	-	1,381,201	1,381,201	-	-	-	-

36.3 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.

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Government Securities - Pakistan Investment Bonds (PIBs) and Treasury Bills (MTBs)	The fair value of PIBs and MTBs are derived using PKRV rates. Floating rate PIBs are revalued using PKFRV rates.

The fair values of financial assets which are not measured at fair value have been disclosed in note 36.2 of these financial statements using level 2 basis.

37. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

37.1 Revenue from banknote paper represents 91.50% (2025: 92.71%) of the total revenue of the Company.

37.2 All the sales of the Company are made to customers located in Pakistan.

37.3 All non-current assets of the Company at June 30, 2026 are located in Pakistan.

37.4 One customer (PSPC) of the Company accounts for 99.78% (2025: 92.71%) of total revenue of the Company for the year.

	2026	2025
	(Numbers)	
At year end	277	283
Average employees during the year	279	286
Factory employees	200	201

38. NUMBER OF EMPLOYEES

The number of employees including contractual employees of the Company are as follows:

38.1 During the year, the Company made expenditure of Rs. 6.421 million (2025: Rs. 2.52 million) in respect of staff recruitment, selection, hiring, rewarding, utilisation, training and development of the human assets.

39 DIVIDEND AND APPROPRIATIONS

The Board of Directors in their meeting held on July 30, 2026 have proposed a final cash dividend of Rs. 9 per share amounting to Rs. 533.3 million (2025: Rs.9 per share amounting to Rs. 533.3 million) for approval of the members at the Annual General Meeting to be held on September 25, 2026 and approved the transfer of Rs. 377.83 million from unappropriated profits to general reserves (2025: Rs. 840.11 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 ending June 30, 2027.

40. GENERAL

40.1 Date of authorisation

These financial statements were authorised for issue on July 30, 2026 by the Board of Directors of the Company.

Imran Qureshi	Muhammad Noman Farooq	Munir Ahmed
Chief Executive Officer	Chief Financial Officer	Director

FUTURE OUTLOOK

FUTURE OUTLOOK

Forward looking statement

Security Papers Limited (SPL) enters FY 2026–27 from a position of financial strength and operational resilience. Guided by its core values, the Company remains committed to creating sustainable long-term value for all stakeholders through innovation, operational excellence, prudent financial management, and customer-focused solutions.

SPL is committed to deliver positive growth to all its stakeholders, as we leverage our world-class assets and market expertise to produce high-quality security 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 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 upgrade of its paper machine, PM 2 in 2025. This upgrade of paper machine will enable the Company to produce banknote paper for the new series announced by the State Bank of Pakistan. Under its Clean Note Policy, the central bank regularly 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.

To further strengthen supply chain resilience, SPL continues to pursue increased localization and indigenous sourcing of raw materials wherever commercially and technically feasible. These initiatives are expected to enhance operational sustainability, improve cost competitiveness, and support national economic development.

External environment

SPL continuously monitors the external business environment through a structured PESTLE (Political, Economic, Social, Technological, Legal and Environmental) assessment. The Company evaluates macroeconomic conditions, inflationary trends, foreign exchange volatility, geopolitical developments, regulatory changes, technological advancements, environmental requirements, and supply chain dynamics to proactively manage business risks and opportunities.

The Company closely monitors fluctuations in the availability and pricing of critical raw materials, utilities and imported inputs to ensure effective procurement planning and uninterrupted operations. Market intelligence, customer engagement and regulatory developments are regularly assessed to support timely decision-making and strategic planning.

The growing emphasis on secure identity solutions, document authentication, financial inclusion and regional security printing requirements presents new opportunities for specialized security paper products. At the same time, increasing sustainability expectations and localization initiatives continue to shape procurement, manufacturing and investment decisions.

Company performance against forward-looking disclosures made last year

During the financial year ended June 30, 2026, the Company operated in a dynamic business environment marked by temporary operational disruptions, changes in paper mill operating dynamics and strategic preparations for the upcoming Balancing, Modernization and Replacement (BMR) project. Despite these challenges, the Company remained focused on operational excellence, prudent cost management and long-term value creation.

The Company recorded sales volume of **3,597 tons** of banknote and other security papers, compared to **3,810 tons** in the preceding year. Net sales amounted to **PKR 7.31 billion**, compared to **PKR 7.87 billion** in the previous year.

The decline in production volume and revenue was primarily attributable to planned one-off operational adjustments to accommodate customer requirements, inventory alignment for the launch of the new banknote series, preparations for the BMR project and temporary disruptions caused by unprecedented rainfall in Karachi during August 2025.

Despite these temporary factors, the Company maintained disciplined procurement practices and effective supplier negotiations, helping optimize production costs while continuing to invest in strategic initiatives to strengthen its long-term competitiveness.

Future plans for AI adoption

Following the advancement and digitalization trend in manufacturing industry worldwide, SPL is also focusing on the areas to implement the concept of Industry 4.0, where effective use of AI (Artificial Intelligence) can make significant contribution.

Status of the projects disclosed in the previous year

During the year, SPL successfully completed several projects aimed at enhancing operational efficiency, environmental sustainability and infrastructure reliability. Investments in renewable energy, wastewater recycling, production equipment and utility infrastructure have strengthened the Company's manufacturing capabilities while supporting its sustainability objectives.

The Company continues to progress on key strategic projects, including the upgradation of Paper Machine-2 (PM-2), expansion of renewable energy capacity, enhancement of water management infrastructure, modernization of machine and equipment, and improvement of plant safety systems.

Company's Future Research and Development Initiatives

SPL continues to promote innovation through improvements in manufacturing processes, product quality, operational efficiency, and responsiveness to customer requirements as already disclosed in Forward Looking Statement and for further details, please refer to page 273.

Sources of information used for projections

To effectively manage dynamic business situation and navigate to 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, industry reports and market studies, 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 SPL remains confident in its long-term strategy and growth prospects, the Company recognizes that the operating environment continues to evolve rapidly. Macroeconomic uncertainty, inflationary pressures, foreign exchange fluctuations, changing customer requirements, supply chain disruptions, utility cost increases and geopolitical developments may influence future business performance.

The Company remains committed to proactively managing these risks through prudent financial management, operational excellence, continuous innovation, supply chain diversification, sustainability initiatives and strategic investment in technology and human capital.

ESG & SUSTAINABILITY

ABOUT THIS SUSTAINABILITY REPORT

Security Papers Limited (SPL) is pleased to present its Sustainability Report 2026, covering the Company's Environmental, Social, Governance (ESG), and economic performance for the fiscal year 1 July 2025 to 30 June 2026.

This report reflects SPL's commitment to transparent, balanced, and reliable sustainability reporting. It communicates the Company's approach to sustainability, key environmental, social, governance and economic matters, material sustainability topics, performance, initiatives and areas for continued improvement.

The report has been prepared to provide stakeholders with a comprehensive understanding of the Company's sustainability performance, material sustainability-related risks and opportunities, management approach, achievements, challenges, and future commitments.

During the reporting period, SPL continued to develop its sustainability reporting practices through coordination among relevant functions and consolidation of available environmental, social, governance and economic information. The Company recognizes opportunities to further strengthen sustainability data management, governance processes and reporting controls in future reporting cycles.

This report presents the Company's approach and ongoing efforts relating to responsible manufacturing, environmental stewardship, employee well-being, ethical business conduct, operational performance and sustainable value creation.

Reporting Objective

The primary objectives of this report are to:

- Communicate SPL's sustainability performance in a transparent and balanced manner.
- Report on the Company's identified material environmental, social, governance, and economic topics and related impacts.
- Enhance accountability to shareholders and other stakeholders.
- Support informed decision-making by investors, regulators, customers, employees, suppliers, and financial institutions.
- Support sustainability disclosures with reference to internationally recognized reporting standards and applicable regulatory guidance.
- Demonstrate the Company's commitment to continuous improvement and long-term value creation.

Reporting Period

Reporting Period	**1 July 2025 – 30 June 2026**
Fiscal Year	FY2025–26
Date of Publication	September 2026
Reporting Frequency	Annual

Reporting Scope

The Sustainability Report 2026 covers the Company's principal operations and activities within its operational control during the reporting period 1 July 2025 to 30 June 2026. The report includes all significant operations and activities under the Company's operational control and presents information relevant to its material sustainability topics, business strategy, stakeholders, and regulatory obligations.

The report draws on information from relevant Company functions, including manufacturing operations, utilities, engineering, production planning, quality management, environmental management, occupational health & safety, human resources, finance, administration, legal and corporate governance, procurement and supply chain management, information technology, research and development, corporate communications and community-related activities, as applicable.

Unless otherwise stated, all quantitative information presented in this report relates to the reporting period from **1 July 2025 to 30 June 2026** and covers operations under the Company's operational control. Financial information is consistent with the **Company's Annual Report 2026**. Where quantitative data is not available or not applicable, qualitative disclosures have been provided based on available Company records, approved policies, management systems and operational practices. Where data has been estimated, aggregated or presented using a specific methodology, the relevant basis or methodology is identified where applicable.

Organizational Coverage

The Sustainability Report covers Security Papers Limited as a single reporting entity. The organizational coverage below identifies the principal Company functions and operational areas from which sustainability-related information has been considered for this report.

Business Function	Reporting Boundary
Manufacturing Operations	Paper Machine, Pulp Mill, Finishing House and supporting production facilities
Engineering	Mechanical, Electrical, Instrumentation, Civil, Boilers, Cogeneration Plant, Utilities, Water Supply, RO and Effluent Treatment Plant
Production Planning & Control	Production planning, scheduling, capacity utilization and performance monitoring
Quality Assurance & Research	Product quality assurance, laboratory testing and product development
Supply Chain & Commercial	Procurement, inventory management, logistics, supplier management and commercial operations
Human Resources	Employment, training, employee welfare, diversity and performance management
Administration	Medical Centre, Canteen, Housekeeping, Horticulture, Transport, Waste Handling and General Administration
Health, Safety & Environment	Occupational Health & Safety, Environmental Compliance, Incident Management, and Emergency Preparedness
Finance	Financial performance, investments and economic disclosures
Information Technology	Information systems, cybersecurity and digital transformation
Company Secretary & Legal Affairs	Corporate Governance, Board Affairs, Regulatory Compliance, Legal Matters and CSR Governance
Corporate Communications	Internal and external communications, corporate branding and public relations, stakeholder engagement, CSR, website, and corporate publications

Material Topic Boundary

The reporting coverage of material topics has been considered based on the Company's activities, operations, stakeholder expectations, applicable requirements and the potential significance of related environmental, social, economic and governance impacts.

ESG Pillar	Material Topic	Relevant Stakeholders / Impact Areas
Environmental	Water Management	SPL operations and surrounding local community
Environmental	Energy Efficiency and Reliable Energy Supply	SPL operations, energy suppliers and local community
Environmental	Greenhouse Gas Emissions (Scope 1 & Scope 2)	Security Papers Limited operations
Environmental	Waste Management, Recycling and Resource Recovery	Security Papers Limited operations, waste management contractors and local community
Environmental	Environmental Compliance	Security Papers Limited, regulatory authorities and neighboring community
Social	Occupational Health, Safety and Employee Well-being	Employees, contractors and service providers working under the Company's operational control
Social	Employee Training and Competency Development	Employees and management
Social	Diversity, Equal Opportunity and Non-discrimination	Employees and prospective employees
Social	Employee Engagement and Succession Planning	Employees and management
Social	Community Investment and CSR	Local communities, hospitals, NGOs, educational institutes and other beneficiaries
Governance	Corporate Governance and Business Ethics	Board and management oversight
Governance	Legal and Regulatory Compliance	Security Papers Limited and regulatory authorities
Governance	Responsible Procurement and Supplier Management	Security Papers Limited, suppliers and contractors
Economic	Product Quality and Customer Satisfaction	Customers and end users
Economic	Operational Efficiency and Resource Utilization	Security Papers Limited, customers and shareholders
Economic	Capacity Enhancement and Business Growth	Security Papers Limited, customers and investors

Reporting Frameworks

Framework	Purpose	Status
GRI Standards (2021)	Sustainability reporting	Reported with reference to
PSX Sustainability Disclosure Guidelines	Listed company sustainability disclosure	Considered where applicable
UN Sustainable Development Goals (SDGs)	Alignment of sustainability initiatives and contributions	Referenced / Aligned
IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2)	Sustainability- and climate-related financial disclosures	Considered as a reference for progressive alignment; full application is not claimed for FY2025–26

Reporting Basis and Limitations

This report has been prepared using information and data available from relevant Company functions and records for the reporting period. The report is intended to provide a balanced overview of SPL's sustainability-related activities, performance and management practices. Where a specific disclosure, quantitative indicator or reporting requirement is not applicable, not available, or not yet fully developed, this has been addressed through an appropriate qualitative disclosure or identified for future reporting enhancement. The Company continues to strengthen its sustainability data, governance and reporting processes progressively.

Most Recent Previous Report

The most recent Sustainability Report published by Security Papers Limited (SPL) prior to this report was included in the **Annual Report 2025** and covered the fiscal year 2024–25.

SUSTAINABILITY HIGHLIGHTS

	People	Total Employees	277
	Diversity	Female Employees	24
	People	Employee Training	1,280 Man-Hrs.
	Energy	K-Electricity Consumption	7,746,492 kWh
	Energy	Natural Gas Consumption	5,901,943 SM³
	Water	Water Consumption	230,401,131 IG
	Water Security	Water Storage Capacity Enhanced	Up to 500,000 IG
	Environment	Recycled Water Used	71,773,900 IG
	Climate & Energy	Renewable Energy Generated / Consumed	187,758 kWh
	Climate & Energy	Renewable Energy Capacity Project in Progress	350 kW
	Biodiversity	Trees Planted	250
	Safety	LTI-Free Days	414
	Community	CSR Investment	PKR 8.696 million
	Management Systems	ISO Certifications Maintained	ISO 9001, ISO 14001, ISO 45001 & ISO/IEC 27001

CORPORATE AWARDS & RECOGNITION

Security Papers Limited received and continued to be recognized through various awards and recognitions during the reporting period and the preceding award cycles. These recognitions reflect the Company's efforts in environmental stewardship, occupational health & safety, corporate governance, sustainability reporting, employee welfare, and responsible business practices.

Award	Awarding Organization	Year	Area of Recognition
22nd Environment Excellence Award	National Forum for Environment & Health (NFEH)	2025	Environmental Performance & Compliance
Women Empowerment and Gender Equality Recognition Award (Gold Category)	Employers' Federation of Pakistan (EFP)	2025	Diversity, Equity & Inclusion
11th International Environment, Health and Safety Award	The Professionals Network	2025	Occupational Health, Safety & Environment
15th Fire and Safety Award	National Forum for Environment & Health (NFEH)	2025	Fire Prevention & Emergency Preparedness
Best Corporate Report Award (in respective category)	ICAP & ICMA Joint Committee	2024	Corporate Reporting Excellence
Best Sustainability Report Certificate	ICAP & ICMA Joint Committee	2024	Sustainability Reporting Excellence
40th Corporate Excellence Award	Management Association of Pakistan (MAP)	2025	Corporate Governance & Management Excellence
11th Employers of the Year Award	Employers' Federation of Pakistan (EFP)	2025	Human Resource Management
18th Corporate Social Responsibility Award	National Forum for Environment & Health (NFEH)	2025	Corporate Social Responsibility

Management Systems and Certifications

Security Papers Limited maintains an Integrated Management System (IMS) that combines internationally recognized management standards to support operational excellence, regulatory compliance, continual improvement, and sustainable business practices.

The IMS provides a structured framework for managing quality, environmental performance, occupational health and safety, and information security. It also supports risk-based thinking, process improvement, legal compliance, stakeholder satisfaction, and organizational resilience.

During FY2025–26, the Company continued strengthening its management systems through internal audits, management reviews, corrective and preventive actions, employee awareness programmes, and surveillance audits conducted by accredited certification bodies.

Standard	Scope	Certification Body	Status	Valid upto
ISO 9001:2015	Quality Management System	SGS Pakistan (Pvt.) Ltd.	Certified	April 2024 to April 2027
ISO 14001:2015	Environmental Management System	SGS Pakistan (Pvt.) Ltd.	Certified	April 2024 to April 2027
ISO 45001:2018	Occupational Health & Safety Management System	SGS Pakistan (Pvt.) Ltd.	Certified	March 2026 to February 2029
ISO/IEC 27001: 2022	Information Security Management System	SGS Pakistan (Pvt.) Ltd.	Certified	December 2025 to December 2028

Integrated Management System Framework

Our Integrated Management System supports continual improvement through the Plan-Do-Check-Act (PDCA) methodology and integrates quality, environmental management, occupational health and safety, information security, risk management, legal compliance, internal audits, management reviews, and stakeholder feedback into a unified business management framework.

SUSTAINABILITY RISK MANAGEMENT

Why Sustainability Matters to Security Papers Limited

Security Papers Limited operates in a strategically important sector that supports Pakistan's financial infrastructure through the manufacture of high-security paper products. As a resource-intensive manufacturing organization, the Company recognizes its responsibility to manage environmental impacts, protect the health and safety of its workforce, promote ethical business conduct, maintain operational resilience, and create long-term value for customers, employees, shareholders and other stakeholders.

Sustainability considerations are therefore relevant to business planning, operational management, risk management, compliance, business continuity and continual improvement.

Sustainability Risk Management Approach

Security Papers Limited considers sustainability-related risks within its established business and risk management processes. Such risks may arise from environmental, social, governance, operational, financial, regulatory, technological and other business factors that may affect business continuity, operational resilience, financial performance, compliance or stakeholder confidence.

During FY2025–26, sustainability-related risks and opportunities were considered through existing business risk management processes, departmental risk assessments, the Integrated Management System, occupational health & safety processes, environmental management controls, information security controls, financial management processes and Business Continuity Planning arrangements.

Subsequent Development: Enterprise Risk Management Framework

Following the end of the FY2025–26 reporting period, the Company's Enterprise Risk Management (ERM) Framework has been developed to strengthen and formalize the Company's enterprise-wide approach to identifying, assessing, responding to, monitoring and reporting risks. The proposed ERM Framework covers strategic, operational, financial, legal, regulatory, technological, environmental and reputational risk areas and is subject to the Company's applicable review and approval process.

The development of the ERM Framework represents a strengthening and formalization of the Company's enterprise-wide risk governance arrangements. Its implementation and related governance arrangements will be progressed following completion of the applicable review and approval process.

Risk Governance

The following governance structure reflects the Company's existing risk management responsibilities and the proposed governance arrangements under the Enterprise Risk Management Framework. Risk-related matters are currently managed through the Company's existing business, departmental, Integrated Management System, compliance, financial, HSE and Business Continuity Planning processes.

Governance Level	Role in Risk Management
Board of Directors	Overall oversight of risk register and approval of the ERM Framework and risk appetite, based on the recommendation of BIRC
Board Investment & Risk Management Committee (BIRC)	Oversight of significant risk exposures, review of enterprise risk matters and monitoring of risk management and control effectiveness.
Management Committee on Enterprise Risk Management (MC-ERM)	Review of key strategic, operational, financial and emerging risks and monitoring of mitigation actions

Governance Level	Role in Risk Management
CRO and ERM Function	Coordination of the risk management function, risk policies, procedures, tools, risk reporting and consolidation of risk information
Business / Functional Departments	Identification, assessment, management and monitoring of risks within their respective areas
Internal Audit	Independent assurance over governance, risk management and internal control processes

The Company's risk management approach is supported by the Three Lines of Defense model, under which business and operational functions own and manage risks, relevant oversight functions provide risk management guidance and monitoring, and Internal Audit provides independent assurance over governance, risk management and internal controls.

Sustainability governance remains supported by the Sustainability Council, which coordinates sustainability-related priorities, performance monitoring, continual improvement and sustainability reporting across the organization.

Sustainability-Related Risk Considerations

The following table presents selected sustainability-related risk considerations identified from relevant business activities, departmental assessments, management systems, materiality assessment and established operational controls. It is provided for sustainability disclosure purposes and does not constitute a separate or independently approved Sustainability Risk Register or an approved ERM risk register.

Risk Category	Sustainability-Related Risk	Potential Impact	Mitigation Strategy	Responsible / Lead Function
Strategic	Market demand and business concentration	Reduced capacity utilization and potential impact on long-term business resilience	Product diversification, development of value-added security products	Business Development / Relevant Management Function
Operational	Operational continuity	Production interruption and potential financial and customer impact	Preventive maintenance, BCP, inventory planning	Production / Engineering
Supply Chain	Critical material availability	Manufacturing disruption and increased operating costs	Multiple approved suppliers, safety stock, long-term contracts	Supply Chain/ Commercial
Financial	Foreign exchange and input cost volatility	Increased production and procurement costs	Long-term procurement contracts, financial planning & monitoring	Finance
Environmental	Water availability and resource security	Reduced production capacity and environmental performance	Water management, water storage, RO facilities, wastewater treatment and resource-efficiency measures	Engineering
Environmental	Energy supply and reliability	Production downtime	Cogeneration facilities, backup power arrangements and energy-efficiency initiatives	Engineering
Climate	Extreme weather and other climate-related physical events	Operational disruption and potential damage to infrastructure	BCP and emergency preparedness arrangements, infrastructure resilience and monitoring of risks	Engineering / HSE/ Relevant Management Function
Climate	Climate-related regulatory and transition requirements	Increased compliance obligations, reporting requirements and associated costs	Environmental monitoring, energy-efficiency initiatives, emissions data management and regulatory compliance review	IMS / Engineering
Social	Occupational health & safety risks	Employee harm, operational disruption and potential legal or reputational consequences	ISO 45001:2018, HIRAC, safety programmes, PPE, training, inspections and emergency preparedness	HSE

Risk Category	Sustainability-Related Risk	Potential Impact	Mitigation Strategy	Responsible / Lead Function
Social / Human Capital	Workforce availability, critical skills and employee capability	Loss or shortage of skilled and experienced personnel may affect operational continuity, productivity, knowledge retention, succession readiness and the Company's ability to meet evolving technical and business requirements	Workforce planning, competency assessment, technical and functional training, employee development programmes, succession planning for critical positions, and employee engagement and retention measures	HR / Relevant Functional Departments
Reputational	Stakeholder perception and reputation	Negative stakeholder perception, loss of trust or adverse reputational impact	Transparent reporting and stakeholder engagement	Corporate Communications/ Relevant Management Function
Governance	Regulatory and compliance risk	Legal, financial and reputational consequences	Legal and regulatory compliance monitoring, established policies, internal controls and management review	Company Secretary
Information Security	Information security and cyber risks	Operational disruption, data loss and potential stakeholder impact	ISO/IEC 27001:2022 controls, cybersecurity measures, access controls, backups and disaster recovery measures	IT

The sustainability-related risk considerations presented above form part of the broader business risk landscape considered by the Company. Further information on the Company's principal business risks, risk management arrangements, developments relating to the Enterprise Risk Management Framework, governance and risk management methodology is provided in the Risk Management section of the **Annual Report 2026.**

Sustainability Improvement Opportunities

Security Papers Limited also considers opportunities to improve environmental, social, operational and governance performance. These opportunities are pursued through existing business planning, departmental objectives, management systems and continual improvement processes.

Opportunity	Strategic Benefit	Lead Department / Function
Improve energy efficiency across manufacturing operations	Reduce energy consumption and operating costs	Engineering
Expand water recycling and conservation initiatives	Enhance water security and reduce freshwater dependency	Engineering
Strengthen sustainable procurement practices	Improve supply chain reliability and responsible sourcing	Supply Chain/ Commercial
Explore digitalization of ESG and sustainability data management	Improve data accuracy, reporting efficiency, and traceability	IMS / IT
Explore opportunities to diversify the security paper and value-added product portfolio.	Expand market opportunities and optimize production capacity	Business Development / Supply Chain
Improve production efficiency and reduce spoilage	Increase resource efficiency and reduce waste	Production / PPC
Enhance employee training and technical competency	Improve productivity, innovation, and operational excellence	HR
Strengthen stakeholder engagement and sustainability communication	Enhance corporate reputation and stakeholder confidence	Corporate Communications / Company Secretary

Business Continuity Plan (BCP)

Security Papers Limited maintains a Business Continuity Plan (BCP) framework to support preparedness, response, recovery and restoration of critical business functions following significant disruptions. To strengthen preparedness against potential disruptions, the Company has established and implemented a comprehensive Business Continuity Plan (BCP) Manual that provides a structured framework for managing and recovering from significant business interruptions.

The BCP outlines the Company's approach to preparedness, emergency response, business recovery, and restoration of critical operations following disruptive events. The plan is periodically reviewed and updated to reflect changes in business processes, operational risks, organizational structure, and external conditions.

The Business Continuity Plan applies to critical business functions and addresses a range of potential disruption scenarios, including:

- Fire and explosion
- Natural disasters (floods, earthquakes, extreme weather events)
- Utility interruptions (electricity, natural gas and water supply failures)
- Information technology and communication system failures
- Cybersecurity incidents affecting critical operations
- Hazardous chemical spills and environmental emergencies
- Industrial accidents and major occupational incidents
- Supply chain disruptions and critical raw material shortages
- Civil disturbances, sabotage, terrorism, or other security-related incidents
- Pandemic or public health emergencies

Business Continuity Improvement Initiatives during FY2025–26

During the reporting period, Security Papers Limited further strengthened its business continuity arrangements through:

- Review and continued development of Business Continuity Planning arrangements.
- Identification of critical business processes and supporting infrastructure.
- Review of departmental roles and responsibilities for emergency situations.
- Review of emergency response and recovery arrangements.
- Strengthening of critical supplier and utility contingency arrangements.
- Continued enhancement of organizational preparedness through awareness.

BCP Objectives

- Protect employees and contractors
- Safeguard critical infrastructure
- Maintain production continuity
- Minimize operational disruptions
- Support continuity of customer requirements
- Restore critical business functions
- Minimize financial and reputational losses
- Strengthen organizational resilience

Future BCP Enhancements

To further strengthen organizational resilience, the Company intends to:

- Periodically review and update the BCP arrangements, as required, to reflect changes in business processes, operational risks, organizational structure, and external conditions.
- Enhance digital resilience and cybersecurity preparedness.
- Continue strengthening supplier resilience and critical resource planning.
- Improve monitoring of emerging business and climate-related operational risks.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

Security Papers Limited recognizes that sustainable business success depends upon responsible governance, operational excellence, environmental stewardship, employee well-being, and long-term value creation for all stakeholders.

As a specialized manufacturer of banknote paper and other security papers in Pakistan, the Company operates in a sector of strategic national importance where product integrity, operational reliability, regulatory compliance, information security, and responsible business practices are fundamental to sustaining stakeholder confidence.

Sustainability principles are considered within the Company's business planning, operational processes, Integrated Management System (IMS), existing risk management processes and arrangements, and decision-making processes. The Company continues to strengthen its Environmental, Social & Governance (ESG) practices through continual improvement, effective stakeholder engagement, responsible resource management, and compliance with applicable legal and regulatory requirements.

The Company's sustainability approach is guided by:

— GRI Standards (2021)
— Pakistan Stock Exchange Sustainability Disclosure Guidelines
— United Nations Sustainable Development Goals (SDGs)
— ISO 9001:2015 Quality Management System
— ISO 14001:2015 Environmental Management System
— ISO 45001:2018 Occupational Health & Safety Management System
— ISO/IEC 27001:2022 Information Security Management System

How Sustainability is Organized in Security Papers Limited

Security Papers Limited is strengthening its Sustainability Framework to support the integration of sustainability considerations into business planning, operational management, risk management and continual improvement.

The framework provides a structured basis for responsible economic growth while supporting efficient utilization of natural resources, protection of the environment, employee well-being, ethical business conduct and sustainable value creation.

The Company's sustainability activities are supported through its Management Committees, the existing management systems and departmental responsibilities. Sustainability-related performance is monitored through relevant departmental objectives, key performance indicators, internal audits, management review processes, and annual sustainability reporting.

Strategic Pillar	Focus Area	Lead Functions
Sustainable Governance	Corporate governance, ethics, compliance, risk management, business continuity	Board, Company Secretary, IMS
Sustainable Operations	Product quality, operational efficiency, innovation, productivity	Production, PPC, QA/R&D
Environmental Stewardship	Energy, water, emissions, waste management, environmental compliance	Engineering, HSE
People & Workplace	Occupational health & safety, employee development, diversity, employee welfare	HR, HSE
Responsible Value Chain	Sustainable procurement, supplier engagement, customer satisfaction	Supply Chain, QA, Business Development

Sustainability Strategy

Security Papers Limited's sustainability strategy is designed to create long-term value by integrating sustainability into business operations while supporting responsible economic growth and operational resilience.

The strategy focuses on continual improvement through efficient resource utilization, strong governance, employee development, customer satisfaction, environmental protection, responsible procurement, established risk management processes, and operational resilience.

Performance against relevant sustainability objectives is assessed using departmental Key Performance Indicators (KPIs), available operational data, internal audit findings, management review processes, and annual performance evaluations, as applicable.

Sustainability Governance

The **Board of Directors** provides overall oversight of the Company's governance framework and long-term strategic direction.

Sustainability-related matters fall within the Company's existing governance and management framework. Where applicable, relevant sustainability matters may be presented to the appropriate **Board Committee (Board HR&R and Sustainability Committee)** and management forums in accordance with their respective responsibilities and applicable terms of reference.

The **Sustainability Council** provides a cross-functional governance and coordination mechanism for sustainability-related matters within the Company's management framework, as applicable. Sustainability activities are coordinated through the Company's existing management and cross-functional arrangements, with relevant functions contributing to sustainability data, initiatives, performance monitoring and reporting, as applicable.

The **IMS** function coordinates sustainability-related reporting and facilitates the collection and consolidation of information from relevant functional departments.

Sustainability Governance Structure

Governance Level	Key Responsibilities
Board of Directors	Overall governance, strategic oversight and accountability for the Company's affairs and long-term value creation
Board HR&R and Sustainability Committee	Consideration of matters falling within the Committee's approved terms of reference, including sustainability-related matters where applicable
Chief Executive Officer (CEO)	Overall executive leadership and oversight in accordance with the Company's governance framework
Sustainability Council	Cross-functional coordination of sustainability-related matters, as applicable, within the Company's existing management arrangements
Integrated Management System (IMS)	Coordination of sustainability-related information, KPI monitoring, reporting and continual improvement activities
Functional Departments	Implementation of relevant sustainability initiatives, maintenance of records and provision of performance data

Sustainability Coordination

The Sustainability Council is chaired by the Chief Executive Officer and comprises members of the Executive Management Team, with the General Manager (IMS/PPC) serving as Secretary. The Council provides a cross-functional mechanism for coordination of sustainability-related matters within the Company's existing management arrangements, as applicable.

During FY2025–26, sustainability-related activities were undertaken through the Company's existing management systems, departmental responsibilities, operational objectives, compliance processes and other established management arrangements. The Sustainability Council's coordination role and responsibilities are described below within the Company's sustainability governance arrangements.

Sustainability performance is consolidated for reporting purposes and may be reviewed through appropriate management forums, internal review processes and the Company's annual reporting process, as applicable.

Composition of the Sustainability Council

Position	Representation
Chairman	Chief Executive Officer (CEO)
Members	Executive Management Team
Secretary	General Manager (IMS/PPC)

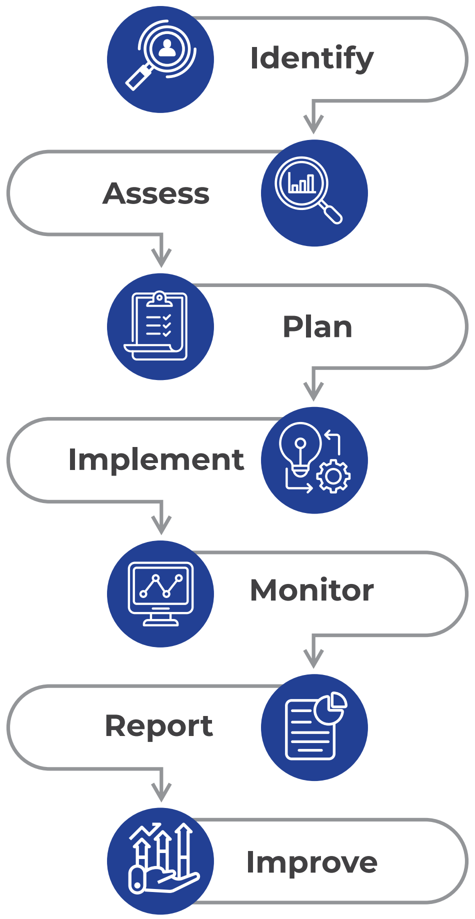
Key Responsibilities / Management Responsibilities

The Sustainability Council's key responsibilities include, as applicable:

- Supporting the development and periodic review of the Company's Sustainability Framework and Strategy.
- Supporting monitoring of progress against annual sustainability objectives and key performance indicators.
- Supporting consideration of Sustainable Development Goals (SDGs) relevant to the Company.
- Promoting the integration of sustainability considerations into departmental objectives and business planning.
- Supporting consideration of material sustainability issues and appropriate actions.
- Facilitating sustainability coordination across relevant business operations and functional departments.
- Supporting stakeholder engagement and sustainability awareness initiatives, as applicable.
- Supporting coordination of environmental, social and governance initiatives.
- Supporting the review and coordination of sustainability information for reporting purposes, as applicable.
- Recommending continual improvement opportunities, as applicable.

Sustainability Management Process

Identification of material sustainability topics and relevant sustainability-related risks and opportunities → Planning & Target Setting → Implementation through responsible functions → Data Collection & Monitoring → Management Review and Reporting → Continual Improvement.



Monitoring and Continual Improvement

Sustainability performance and relevant improvement initiatives are monitored through the Company's established departmental and management processes, including departmental reports, operational performance indicators, internal audits, legal compliance evaluations, management review processes and stakeholder feedback, as applicable.

Sustainability-related information and the draft Sustainability Report are circulated to relevant members of the Sustainability Council and appropriate management representatives for review and content validation, as applicable. Feedback received through the review process is considered for incorporation into the report and for future sustainability planning and improvement initiatives.

Where improvement opportunities are identified, appropriate corrective actions and future sustainability objectives may be established through the Company's existing management and planning processes.

The Company intends to further strengthen the Sustainability Council's role in periodic review, coordination and monitoring of sustainability performance and reporting in future reporting periods.

Strategic Sustainability Focus FY2025–26

The following areas represent key sustainability-related priorities reflected in the Company's existing business objectives, management systems, departmental activities and operational priorities during FY2025–26. These areas should not be interpreted as a separate set of Sustainability Council-approved targets unless specifically approved through the Company's formal objective-setting process.

Strategic Priority	Objective	Responsible Department
Product Quality	Deliver high-quality security paper products meeting customer requirements	Production / QA
Operational Excellence	Improve manufacturing efficiency and reduce process losses	Production / PPC
Resource Efficiency	Improve the efficient use of energy, water and other key resources, where practicable.	Engineering
Environmental Protection	Minimize environmental impacts and ensure legal compliance	HSE / IMS
Occupational Health & Safety	Maintain a safe and healthy workplace	HSE
Employee Development	Enhance competencies through training and career development	HR
Sustainable Procurement	Strengthen supplier performance monitoring and responsible procurement practices.	Supply Chain
Business Continuity	Enhance organizational resilience and emergency preparedness	HSE / BCP Committee
Sustainability Reporting	Strengthen ESG data collection, consistency and sustainability reporting	IMS

MATERIALITY ASSESSMENT

Purpose and Approach

Materiality Assessment is a fundamental element of Security Papers Limited's sustainability reporting process. It enables the Company to identify, evaluate and prioritize sustainability topics that are significant to the Company's impacts, business operations and relevant stakeholders.

The assessment provides a basis for identifying sustainability topics considered relevant to the Company's operations, stakeholders and reporting priorities. The identified topics are considered in determining sustainability objectives, performance indicators and disclosures presented in this report. It supports sustainability reporting focused on matters that are significant to the Company's impacts, long-term business resilience, stakeholder confidence and sustainable development priorities.

The materiality assessment considered the Company's activities and business relationships, actual and potential impacts on the economy, environment, people and human rights, relevant stakeholder perspectives, business and risk considerations, legal and regulatory requirements, Integrated Management System (IMS), and sustainability mattersrelevant to the Company's sector and operating context.

The results of the assessment were considered through relevant management and functional processes in determining sustainability priorities, annual objectives, performance indicators and disclosures presented in this report.

Objectives of the Materiality Assessment

The Materiality Assessment aims to:

- Identify sustainability topics that are significant to Security Papers Limited and its relevant stakeholders.
- Support strategic decision-making and long-term business planning.
- Identify and prioritize relevant sustainability-related impacts, risks and opportunities.
- Align sustainability objectives with business strategy and operational priorities.
- Improve transparency and accountability in sustainability reporting.
- Support continual improvement through periodic review and stakeholder feedback.
- Enhance communication with stakeholders on significant sustainability matters.

Materiality Governance

Activity	Responsibility
Identification of Topics	Relevant Functional Departments
Stakeholder Inputs	Relevant Functional Departments / Stakeholder Engagement Channels
Impact and Materiality Evaluation	Relevant Functional Departments, with inputs from Risk Management / IMS and other relevant functions
Management Review	Relevant Management Functions
Sustainability Reporting Review	Relevant Management Functions / Sustainability Council, as applicable

The materiality assessment is supported by relevant functional departments and management processes. The assessment does not imply that a separate materiality approval process was established outside the Company's existing governance arrangements.

Materiality Assessment Methodology

Security Papers Limited adopts a structured and systematic approach to determine material sustainability topics. The assessment considers the Company's impacts on the economy, environment, people and human rights, together with sustainability-related risks and opportunities relevant to the Company's activities, business relationships and operating context.

The assessment considers actual and potential, positive and negative impacts associated with the Company's activities and business relationships, including impacts on the economy, environment, people and human rights.

The assessment process incorporates:

- Internal Business Priorities.
- Enterprise Risk Assessment.
- Environmental Aspects Evaluation.
- Occupational Health & Safety Risk Assessments.
- Customer requirements.
- Legal and regulatory obligations.
- Internal and external audits.
- Stakeholder feedback.
- Industry best practices.
- Previous sustainability reporting experience.

The identified material topics are reviewed periodically to assess their continued relevance in light of changes to business operations, stakeholder expectations, emerging sustainability issues and regulatory developments.

Inputs Considered for Materiality Assessment

Assessment Input	Description
Business Strategy	Corporate objectives, business plans and long-term growth strategy
Enterprise Risk Assessment	Strategic, operational, environmental and business risks
Integrated Management System	ISO 9001, ISO 14001 and ISO 45001 management systems
Customer Requirements	Customer expectations, product quality and service requirements
Stakeholder Engagement	Feedback received from key stakeholder groups
Legal & Regulatory Requirements	Applicable laws, regulations and compliance obligations
Internal & External Audits	Audit findings and improvement opportunities
Environmental Performance	Resource consumption, emissions, waste and compliance
Occupational Health & Safety	Workplace risks, incidents and employee well-being
Industry Best Practices	Sustainability trends and sector-specific developments

Impact Identification and Prioritization

The Company considered actual and potential positive and negative impacts arising from its activities and business relationships. Identified impacts were reviewed in relation to their significance, including their scale, scope and, where applicable, the likelihood of potential impacts. The assessment also considered relevant stakeholder perspectives, regulatory requirements and the Company's operating context.

Materiality Threshold: Following the identification and assessment of relevant impacts, the Company prioritized the most significant impacts associated with its activities and business relationships. Topics associated with impacts meeting the Company's materiality threshold were included in the material topics identified for reporting.

Materiality Determination Criteria

Material topics were prioritized considering the following criteria:

Evaluation Criterion	Consideration
Impact Significance	Significance of actual or potential impacts on the economy, environment and people
Scale	Magnitude or severity of the impact
Scope	How widespread the impact may be
Likelihood	Likelihood of potential impacts occurring
Nature of Impact	Positive or negative; actual or potential
Stakeholder & Expert Input	Stakeholder & Relevant Expertise
Business & Operating Context	Activities, products, services and business relationships relevant to the identified impacts
Regulatory & Other Requirements	Government, Regulators & Other Requirements

Stakeholder Engagement

Security Papers Limited recognizes the importance of stakeholder engagement in understanding stakeholder expectations, concerns and areas of interest relevant to its activities and sustainability reporting. The Company engages with relevant stakeholders through formal and informal communication channels, as appropriate to the stakeholder group and nature of the engagement.

The stakeholder identification process considers groups whose interests may be affected by the Company's activities or business relationships, whether or not the Company has a direct contractual or commercial relationship with them.

Stakeholder engagement is undertaken through both formal and informal communication channels throughout the year. Stakeholder perspectives and feedback obtained through the Company's established engagement and communication channels are considered, where relevant, in management reviews, operational improvements, sustainability objectives and future planning. Stakeholder engagement supports informed decision-making, continual improvement and transparent sustainability reporting.

Stakeholder Engagement Matrix

Stakeholder Group	Key Expectations	Relevant Engagement Channels	Frequency	Responsible Department
Shareholders	Financial performance, governance, transparency	AGM, Corporate Briefing Session, Annual Report, PSX disclosures	Annual / As required	Company Secretary / Finance
Customers	Product quality, timely delivery, security, complaint resolution	Meetings, customer visits, complaint handling	Throughout the year	QA / Production
Employees	Safe workplace, career development, welfare	Meetings, surveys, trainings, Performance appraisal	Throughout the year	HR / HSE
Suppliers	Fair procurement, timely payments, long-term relationships	Supplier meetings, evaluations	Throughout the year	Supply Chain / Commercial
Government & Regulators	Legal compliance, statutory reporting	Regulatory inspections, submissions	As required	Company Secretary / IMS
Certification Bodies	Compliance with ISO standards	Surveillance & recertification audits	Annual	IMS
Local Community	Environmental protection, CSR, employment	CSR activities, community engagement	As required	HR / Corporate Communications
Financial Institutions	Financial stability and compliance	Meetings, financial reporting	As required	Finance
Media	Corporate communications	Press releases, website, social media	As required	Corporate Communications
Contractors & Service Providers	Safe working conditions and contract compliance	Site meetings, inductions	Throughout the year	HSE / Admin

Key Stakeholder Expectations and Areas of Interest

Stakeholder	Major Concerns & Areas of Interest	SPL Response
Shareholders	Sustainable growth, profitability	Strong governance, transparent reporting
Customers	Product quality and timely delivery	Robust Quality Management System
Employees	Health, safety, training and welfare	ISO 45001, training and welfare programs
Suppliers	Transparent procurement	Fair supplier evaluation and engagement
Government & Regulators	Legal compliance	Compliance monitoring and internal audits
Community	Environmental responsibility	Environmental controls and CSR initiatives

Review Frequency

The materiality assessment is reviewed at least annually or whenever significant changes occur in the Company's operations, business strategy, stakeholder expectations, legal requirements or sustainability priorities.

Material topics may also be reassessed following major business developments, organizational changes, significant environmental or social events, or regulatory updates.

MATERIALITY TOPICS

Identification of Material Topics

Based on the materiality assessment, stakeholder engagement, business strategy, existing risk management processes, legal and regulatory requirements, and operational priorities, Security Papers Limited identified the following material topics as having the most significant impacts relevant to the Company's activities and business relationships and its stakeholders.

These material topics form the basis of the Company's sustainability objectives, performance monitoring, key performance indicators (KPIs), and disclosures presented in this report.

Material Topics Summary

ESG Pillar	Material Topic	Importance for SPL	Primary Stakeholders	Lead Department
Governance	Corporate Governance & Ethics	Ensures transparency, accountability and stakeholder confidence	Shareholders, Regulators	Company Secretary & Legal
Governance	Legal & Regulatory Compliance	Compliance with applicable laws and standards	Regulators, Board	Company Secretary & Legal
Governance	Risk Management & Business Continuity	Supports organizational resilience and operational continuity	Board, Management	Risk Management Function
Governance	Information Security	Protects business-critical information and systems	Customers, Regulators	IT
Economic	Product Quality & Customer Satisfaction	Core business success and customer confidence	Customers	QA / Production
Economic	Operational Excellence	Improves productivity and manufacturing efficiency	Customers, Shareholders	Production / PPC
Economic	Sustainable Procurement	Responsible sourcing and supply continuity	Suppliers, Customers	Supply Chain
Economic	Innovation & Product Development	Supports long-term competitiveness	Customers Society,	QA / Production
Environmental	Energy Management	Reduces operational costs and environmental impacts	Regulators Community,	Engineering
Environmental	Water Management	Conserves water resources and support operational continuity	Regulators	Engineering
Environmental	Emissions Management	Controls environmental impacts and regulatory compliance	Regulators	HSE / Engineering
Environmental	Waste Management & Resource Recovery	Promotes resource efficiency and waste reduction	Community	HSE
Environmental	Environmental Compliance	Compliance with environmental legislation	Regulators	IMS / HSE
Social	Occupational Health & Safety	Protects employees and contractors	Employees	HSE
Social	Employee Development & Well-being	Builds organizational capability and retention	Employees	HR
Social	Diversity, Equity & Inclusion	Promotes a fair and respectful workplace	Employees	HR
Social	Community Engagement	Supports responsible corporate citizenship	Community	HR / Corporate Communications

Material Topic Prioritization Matrix

The following matrix presents the relative prioritization of identified material topics based on the significance of impacts, stakeholder relevance, and the Company's operating context. It is intended as a visual representation of the prioritization process and does not replace the impact assessment described above.

SIGNIFICANCE OF IMPACT			
	HIGH		• Corporate Governance & Ethics • Legal & Regulatory Compliance • Risk Management & Business Continuity • Product Quality & Customer Satisfaction • Sustainable Procurement • Energy Management • Water Management • Environmental Compliance • Occupational Health & Safety
	MODERATE	• Innovation & Product Development • Employee Development & Well-being • Community Engagement	• Diversity, Equity & Inclusion • Operational Excellence • Waste Management & Resource Recovery • Information Security • Emissions Management
		MODERATE	HIGH
		STAKEHOLDER & BUSINESS RELEVANCE	

Material Topics Boundary

The material topics identified in this report primarily relate to the Company's own operations and management activities. Certain topics may also involve impacts or considerations arising through the Company's business relationships, including suppliers, customers, contractors, communities and regulatory stakeholders.

The following table provides an overview of the principal areas associated with the identified material topics. The boundary is provided for reporting purposes and does not imply operational control or direct responsibility over external parties.

Material Topic	Primary Area of Relevance
Corporate Governance & Ethics	Primary Area of Relevance
Legal & Regulatory Compliance	Within SPL / Regulators / Shareholders
Risk Management & Business Continuity	Within SPL / Regulators
Information Security	Within SPL / Critical Business Relationships
Product Quality & Customer Satisfaction	Within SPL / Customers / Regulators
Operational Excellence	Within SPL / Customers
Sustainable Procurement	Within SPL / Customers
Innovation & Product Development	Within SPL / Supply Chain
Energy Management	Within SPL / Customers
Water Management	Within SPL / Community / Regulators
Emissions Management	Within SPL / Community / Regulators
Waste Management & Resource	Within SPL / Community / Regulators
Recovery	Within SPL / Supply Chain / Community / Regulators
Environmental Compliance	Within SPL / Community / Regulators
Occupational Health & Safety	Within SPL / Employees / Contractors
Employee Development & Well-being	Within SPL / Employees
Diversity, Equity & Inclusion	Within SPL / Employees
Community Engagement	Within SPL / Community

Sustainability-Linked Capital Projects and Investments

Security Papers Limited continues to undertake capital projects aimed at strengthening operational resilience, improving resource efficiency, enhancing environmental performance, supporting workplace safety, and upgrading manufacturing capabilities. During FY2025–26, a number of projects were completed or remained in progress that have direct or indirect relevance to the Company's sustainability priorities.

These investments support areas including water security, renewable energy, energy efficiency, waste management, operational reliability, technological development and workplace safety. The Company also maintains a forward-looking project pipeline for FY2026–27, subject to applicable approvals, budgeting and project implementation requirements.

The following table presents selected capital projects undertaken or in progress during FY2025–26 based on information provided by the relevant function.

Projects	Cost (PKR million)	Completion	Sustainability / Business Relevance
Development of RO Bores	44.00	February 2026	Development of two additional bores to enhance the availability of RO-treated water and strengthen water-resource security.
Water Storage Tank	65.00	January 2026	Expansion of water storage capacity up to 500,000 gallons to improve water availability and support operational continuity.
Automatic Fire Incinerator	12.13	2025	Improvement of the existing waste-paper burner facility to enhance waste-management efficiency.
Replacement of Engine for Co-generation Plant	98.00	February 2026	Replacement of the co-generation engine block to improve electrical efficiency, enabling higher power generation with lower fuel consumption compared with the previous engine block, thereby supporting reduction in associated CO_2 emissions.

Total investment in projects completed during FY2025–26: **PKR 219.13 million.**

Projects Continuing After FY2025–26

Projects	Cost / Approved Value (PKR million)	Status at 30 June 2026	Sustainability / Business Relevance
Upgradation of Mould Embossing Machine	205.00	In Progress	Technological upgrade aimed at strengthening manufacturing capability, process performance and operational efficiency.
Solar Powered System – 350 kW	40.00 Approximately	In Progress	Expansion of renewable-energy capacity to increase the Company's use of renewable energy resources.
Upgradation of Paper Machine for New Banknote Series	2,570	In Progress	Technological upgrade to support future banknote-series requirements and strengthen manufacturing capability and operational readiness.

Future Projects Planned for FY2026–27

Planned Project	Budgeted Cost (PKR million)	Status	Sustainability / Business Relevance
Replacement of Cargo Lift, 1.5 Ton Capacity, Pulp Mill	26.695	Planned	To enhance safety and operational reliability during the stock-feeding process at the Pulp Mill.
Upgradation of Thread Universal System	40.00	Planned	Technological upgrade to support manufacturing capability and process performance.
Upgradation of Broke Repulping Plant	15.00	Planned	Technological upgrade to improve process capability and operational efficiency.
Modification of Main Power Cables for Breaker/Beater Units	30.00	Planned	To improve electrical-system reliability and support uninterrupted operations.
Replacement of Main Fresh Water Line	301.00	Planned	To improve the reliability of the fresh-water distribution system and support operational continuity.
Replacement of Air Handling Units of Finishing	15.00	Planned	To improve efficiency, reliability and operating conditions within the Finishing area.

Changes from Previous Reporting Period

The material topics for FY2025–26 remain broadly consistent with those reported for the previous reporting period. The Company has refined certain topic descriptions and classifications to better reflect its operating context; stakeholder considerations and the terminology used in the GRI Standards 2021. Based on the review performed for the current reporting period, no material changes to the Company's principal sustainability impacts were identified.

Management Review and Reporting Basis

The material topics presented in this report were considered during the preparation and review of the sustainability disclosures by relevant functional departments and management. These topics provide the basis for the Company's sustainability objectives, ESG performance monitoring, departmental KPIs and disclosures contained in the Sustainability Report 2026.

CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The Company's sustainability reporting has been developed with reference to the Global Reporting Initiative (GRI) Standards 2021 and considers applicable Pakistan Stock Exchange sustainability disclosure requirements and the United Nations Sustainable Development Goals (SDGs). Relevant GRI disclosures and SDG linkages are identified throughout this report.

Our Commitment to the Sustainable Development Goals

Security Papers Limited recognizes that sustainable business growth is closely linked with responsible environmental, social, and economic development. The Company supports the United Nations Sustainable Development Goals (SDGs) by integrating sustainability considerations into its business strategy, governance framework, operational activities, Integrated Management System, and stakeholder engagement processes.

Although all seventeen Sustainable Development Goals are relevant to sustainable development, the Company focuses its efforts on those goals where its operations, products, services, and management systems can create the greatest positive impact.

The Company's sustainability objectives, departmental initiatives, and ESG performance indicators are aligned with applicable SDGs to support responsible business practices, continual improvement, and long-term value creation.

SDG PRIORITY MATRIX AND CONTRIBUTION TO THE SDGS

SDG	Priority Level	SPL Contribution	Lead in SPL
SDG 1 – No Poverty	Supporting	Employee welfare, medical support, financial assistance and CSR initiatives.	Lead in SPL HR / HSE / Corporate Communications
SDG 2 – Zero Hunger	Supporting	Community welfare initiatives	HR / HSE / Corporate Communications
SDG 3 – Good Health & Well-being	Secondary	Occupational health & safety, medical facilities, employee wellness programmes	HR / HSE / Corporate Communications
SDG 4 – Quality Education	Secondary	Employee training, technical development and competency enhancement	HR
SDG 5 – Gender Equality	Primary	Equal employment opportunity and non-discrimination	HR / Communication
SDG 6 – Clean Water & Sanitation	Primary	Water conservation, wastewater treatment and monitoring	Engineering / HSE / IMS
SDG 7 – Affordable & Clean Energy	Primary	Energy efficiency, cogeneration, optimization of electricity and natural gas consumption, and evaluation of cleaner energy technologies.	Engineering
SDG 8 – Decent Work & Economic Growth	Primary	Employment generation, safe workplace and skills development	HR
SDG 9 – Industry, Innovation & Infrastructure	Primary	Modern manufacturing technology and process improvement	Operations (Production / Engineering)
SDG 10 – Reduced Inequalities	Secondary	Fair employment practices and equal opportunities	HR
SDG 11 – Sustainable Cities & Communities	Supporting	Community support and environmental responsibility	HR / Communication
SDG 12 – Responsible Consumption & Production	Primary	Resource efficiency, waste reduction and recycling	Production / HSE
SDG 13 – Climate Action	Secondary	Energy management, emissions monitoring and resource efficiency	Engineering / HSE / IMS
SDG 14 – Life Below Water	Supporting	Compliance with wastewater discharge requirements to protect receiving water bodies	Engineering
SDG 15 – Life on Land	Secondary	Environmental compliance and tree plantation initiatives	Administration / HSE / Corporate Communications
SDG 16 – Peace, Justice & Strong Institutions	Secondary	Corporate governance, ethics and compliance	Company Secretary
SDG 17 – Partnerships for the Goals	Supporting	Collaboration with suppliers, regulators and other bodies providing services	Supply Chain & Commercial

Basis of Prioritization: The identification of priority SDGs has been informed by the applicable PSX sustainability disclosure guidance and considered in conjunction with SPL's business activities, material sustainability topics, operational impacts, stakeholder considerations and existing sustainability initiatives. "Primary" SDGs represent areas of relatively higher relevance to SPL's sustainability impacts and disclosure priorities, while "Secondary" and "Supporting" SDGs represent areas where SPL makes meaningful or supporting contributions.

MATERIAL ISSUES

PERFORMANCE FOR FY2025-26

Material Topic / KPIs	Unit	Target (A)	Actual (B)	Variance C = (B-A)	Variance (%) (C/A)	Status
Gas: 0.5% reduction in direct (Boilers) & indirect (Co- generation) gas consumptions for FY 2025-26 as compared to FY2024-25.	(Direct) SM3	2,228,640	2,348,370	119,730	5.4	Not Achieved
	(Indirect) SM3	4,018,937	3,553,573	(465,364)	(11.58)	Achieved
Electricity: 2% decrease in reliance on local power supply (K-electric) through self-generation for FY 2025-26 as compared to FY2024-25.	kWh	11,661,510	10,944,695	(716,815)	(6.2)	Achieved
Downtime: Maintain the established downtime level for FY2025-26 based on the Company's reported total downtime for FY2024-25.	Hrs.	1,570.4	1,290.5	(279.9)	(17.8)	Achieved
Customer Complaints: 4% reduction in Genuine Customer complaints for FY 2025-26 as compared to FY2024-25.	No.	3	6	3	100	Not Achieved
Efficient Utilization of resources & Waste Reduction: Achieve a 1% relative reduction in total reported losses from the FY2024–25 baseline during FY2025–26.	%	16.85	18.11	1.26	7.48	Not Achieved
Climate Action: 5% increase in tree plantation for FY 2025-26 as compared to FY2024-25.	No.	210	250	40	19.1	Achieved
Trainings & Development: Achieve at least 1,500 employee training man-hours during FY2025-26.	Man Hours	≥ 1,500	1,280	(216)	(14.4)	Not Achieved
Employee Safety: Maintain an accident-free environment and strengthen safety culture through continual improvement initiatives.	No. of LTI	0	0	N/A	N/A	Achieved

Management reviewed the performance against each material topic and established improvement initiatives and targets for FY2026–27. Performance was evaluated through departmental reports, KPI monitoring, internal audits, management reviews, and operational performance indicators.

Note: For clarification of the target-setting methodology, KPI measurement basis and terminology, refer to **"KPI Measurement Basis and Terminology Clarification"** following the Sustainability Objectives Performance Comparison table.

SUSTAINABILITY OBJECTIVES

PERFORMANCE COMPARISON FY2025-26 VS FY2024-25

Performance Indicator (KPIs)	Unit	FY2025–26 (A)	FY2024–25 (B)	Variance (C=A-B)	Variance (%) (D=C/B%)	Favorable / Unfavorable
Gas: 0.5% reduction in direct (Boilers) & indirect (Co- generation) gas consumptions for FY 2025-26 as compared to FY2024-25.	(Direct) SM3	2,348,370	2,239,839	108,531	4.84	Not Achieved
	(Indirect) SM3	3,553,573	4,018,937	(465,364)	(11.58)	Achieved
Electricity: 2% decrease in reliance on local power supply (K-electric) through self-generation for FY 2025-26 as compared to FY2024-25.	kWh	10,944,695	11,899,500	(954,805)	(8.02)	Favorable
Downtime: Maintain the established downtime level for FY2025-26 based on the Company's reported total downtime for FY2024-25.	Hrs.	1,290.5	1570.4	(279.9)	(17.82)	Favorable
Customer Complaints: 4% reduction in Genuine Customer complaints for FY 2025-26 as compared to FY2024-25.	No.	6	3	3	100	Unfavorable
Efficient Utilization of resources & Waste Reduction: Achieve a 1% relative reduction in total reported losses from the FY2024–25 baseline during FY2025–26.	%	18.11	17.02	0.91	5.29	Unfavorable
Climate Action: 5% increase in tree plantation for FY 2025-26 as compared to FY2024-25.	No.	250	200	50	25	Favorable
Trainings & Development: Achieve at least 1,500 employee training man-hours during FY2025-26.	Man Hours	1,280	1330.5	-45.5	(3.49)	Unfavorable
Employee Safety: Maintain an accident-free environment and strengthen safety culture through continual improvement initiatives.	No. of LTI	0	0	N/A	N/A	Favorable

KPI Measurement Basis and Terminology Clarification

For clarity, the FY2025-26 targets presented in the "Material Issues – Performance for FY2025-26" table represent the absolute numerical targets derived from the respective percentage-based objectives using the FY2024-25 reported performance as the baseline. Accordingly, a percentage-based reduction objective does not represent the numerical target itself. For example, the 1% relative reduction objective for total reported losses was applied to the FY2024-25 baseline of 17.02%, resulting in a FY2025-26 target of 16.85%.

The "Sustainability Objectives – Performance Comparison FY2025-26 vs FY2024-25" table presents the actual reported performance for the two respective reporting periods and is intended to show year-on-year movement.

For certain indicators, the KPI descriptions have also been refined to more accurately reflect the underlying measurement basis and departmental data available for FY2025-26. In particular, the downtime indicator is reported on the basis of total reported downtime, and the resource utilization and waste reduction indicator is reported on the basis of total reported losses. These refinements clarify the KPI terminology and measurement basis. The underlying FY2024-25 and FY2025-26 operational figures presented in the comparative table have not been changed.

FUTURE SUSTAINABILITY PRIORITIES FY2026–27

Based on the Company's sustainability priorities, material topics, operational requirements and continual improvement approach, SPL has identified the following areas of focus for FY2026–27. Specific targets and performance indicators may be further refined and approved through the Company's normal planning and management processes.

FY2026–27 Area of Focus / Target	Lead Department	Related to
Reduce natural gas consumption intensity by 0.5% per ton of paper produced compared to FY2025-26.	Engineering	SDG 7, 13
Improve energy efficiency and optimize self-generation / cogeneration utilization, subject to operational requirements.	Engineering	SDG 7
Reduce freshwater consumption intensity by 1% per ton of paper produced through water conservation initiatives.	Engineering / Production	SDG 6
Maintain Engineering downtime at ≤3.5% of Actual Run Time.	Engineering	SDG 9
Reduce genuine customer complaints by 3% compared to FY2025-26.	QA/R&D	SDG 9
Reduce process losses by 0.25% compared to FY2025-26.	Production	SDG 12
Increase paper recycling rate by 0.5% over FY2025-26.	Production	SDG 12
Increase tree plantation by 5% over FY2025-26, subject to site requirements and availability, and continue maintenance of existing green areas.	Admin / HSE	SDG 15
Develop a Scope 1 and Scope 2 GHG inventory and establish a baseline, subject to data availability and applicable reporting requirements.	Engineering / IMS	SDG 13
Maintain zero fatalities and continue initiatives to prevent and reduce the risk of Lost Time Injuries (LTIs) through proactive safety management.	HSE	SDG 3
Deliver at least 1,500 training man-hours covering technical, HSE, sustainability and other relevant employee development programmes.	HR	SDG 4
Achieve 100% completion of annual performance appraisal and succession planning.	HR	SDG 8
Develop and progressively implement sustainability and compliance assessment criteria for critical suppliers.	Supply Chain	SDG 17

SECURITY PAPERS LIMITED CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SDG 5 – GENDER EQUALITY

Framework Alignment:
GRI 2 (General Disclosures), GRI 3 (Material Topics), GRI 401 (Employment), GRI 405 (Diversity and Equal Opportunity), GRI 406 (Non-discrimination)

Objective
Security Papers Limited is committed to providing an equitable, inclusive, respectful, and discrimination-free workplace where all employees are treated fairly regardless of gender. The Company promotes equal employment opportunities, safeguards employee rights, and maintains a work environment free from discrimination, harassment, and unfair treatment.

Why It Matters to Security Papers Limited
People are one of Security Papers Limited's most valuable assets. A diverse and inclusive workforce enhances organizational performance, strengthens decision-making, encourages innovation, and contributes to long-term business sustainability. SPL recognizes that gender equality is fundamental to responsible corporate governance, employee well-being, and sustainable organizational growth.

The Company is committed to maintaining fair employment practices, ensuring equal opportunities in recruitment, career development, training & development, compensation, and performance management while fostering a workplace based on dignity, respect, and mutual trust.

Management Approach
Responsibility for promoting gender equality rests with the Human Resources Department under the oversight of Executive Management. Progress is monitored through recruitment statistics, workforce diversity, employee development programmes, grievance handling mechanisms, and compliance with applicable labor laws and Company policies.

The Company monitors gender equality and non-discrimination through workforce composition, recruitment and promotion practices, employee development, grievance mechanisms and relevant workplace policies. Where specific gender-related indicators are not separately measured, the Company will strengthen data collection and monitoring in future reporting cycles.

During FY2025–26, SPL continued to strengthen its commitment towards:

- Equal employment opportunities.
- Fair recruitment and promotion practices.
- Equal access to training and professional development.
- Prevention of workplace discrimination and harassment.
- Protection of employee rights.
- Transparent grievance handling mechanisms.
- Compliance with applicable labor laws and regulations.

Policies Supporting SDG 5 are already implemented in SPL:

- Diversity, Equity & Inclusion Policy
- Recruitment & Placement Policy
- Code of Conduct for Employees
- Sexual Harassment Policy
- Performance Management Policy
- Training & Development Policy

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Performance / Status
Total Employees (No.)	277	283	Workforce decreased
Female Employees (No.)	24	22	Increased
Female Workforce (%)	8.66%	7.77%	Increased
Women in Managerial Positions (No.)	19	15	Increased
Women on Board (No.)	1	1	Maintained
Female Representation on the Board (%)	12.5%	12.5%	Maintained
Employees Receiving Equal Opportunity Training	Yes	Yes	Maintained

PSX Minimum Indicators

PSX Minimum Indicator	FY2025–26	Status / Remarks
Policy promoting gender equality and non-discrimination	Yes	Diversity, Equity & Inclusion Policy and related HR policies implemented
Policy enforcing gender equality and non-discrimination	Yes	Covered through applicable Company policies and Code of Conduct
Mechanism to monitor gender equality and non-discrimination	Yes	Monitored through HR processes, workforce statistics and grievance mechanisms
Sexual harassment policy	Yes	Sexual Harassment Policy implemented
Physical harassment policy	Yes	Report according to applicable Company policy
Psychological harassment policy	Yes	Report according to applicable Company policy
Grievance mechanism for sexual, physical and psychological harassment	Yes	Established employee grievance mechanisms
Female employees subjected to physical/sexual/psychological violence	03	All cases are closed
Women in managerial positions	19	Increased from 15 in FY2024–25
Women in workforce (%)	8.66%	Increased from 7.77%
Women on Board	1	Maintained
Board seats held by women (%)	12.5%	Maintained

Key Initiatives During FY2025–26

- Implementation of equal employment opportunity practices.
- Equal access to learning and development programmes.
- Fair performance evaluation and promotion processes.
- Employee awareness on workplace ethics and professional conduct, Diversity, Equity and Inclusion Policy.
- Timely resolution of employee grievances through established mechanisms.
- Compliance with applicable labor and employment regulations.

Future Focus FY2026–27

- Increase female workforce participation through fair and merit-based recruitment practices.
- Promote women's career development and professional growth opportunities.
- Encourage equitable access to training and professional development programmes.
- Continue promoting a workplace free from discrimination, harassment and gender-based unfair treatment.
- Strengthen employee awareness of Diversity, Equity & Inclusion and workplace ethics.
- Maintain effective grievance handling and timely resolution of gender-related concerns.
- Continue compliance with applicable labour laws and Company policies relating to equal opportunity and non-discrimination

SDG 6 – CLEAN WATER AND SANITATION

Framework Alignment:
GRI 303 (Water and Effluents)

Objective

Security Papers Limited is committed to the responsible use and sustainable management of water resources throughout its operations. The Company continuously strives to improve water efficiency, reduce freshwater consumption, enhance wastewater treatment, and comply with all applicable environmental regulations to minimize its environmental footprint and ensure the long-term sustainability of its manufacturing operations.

Why It Matters to Security Papers Limited

Water is one of the most critical raw materials used in the manufacturing of banknote paper and other security paper products. Reliable availability and efficient utilization of water are essential for maintaining product quality, operational continuity, and environmental stewardship.

Considering the recurring challenges associated with fresh water (from KWSB) availability, SPL continues to strengthen its water management practices through process optimization, water conservation initiatives, wastewater treatment, and recycling opportunities. These initiatives support operational resilience while reducing dependence on freshwater resources.

Management Approach

Water management is overseen by the Engineering Department in coordination with the HSE and IMS functions. Water consumption, treatment performance, and regulatory compliance are monitored regularly through operational records, laboratory testing, and management reviews to identify opportunities for continual improvement.

Water management practices include:

- Monitoring freshwater consumption from all available sources.
- Optimizing process water usage across manufacturing operations.
- Operation and maintenance of the Effluent Treatment Plant (ETP).
- Monitoring wastewater quality to ensure compliance with regulatory requirements.
- Identification and implementation of water conservation opportunities.
- Periodic review of water-related operational risks.

Water performance is regularly monitored through Engineering functions and reviewed during Operations Meetings.

Water Management Strategy

The Company's water management strategy is based on the following principles:

- Efficient utilization of freshwater resources.
- Reduction of process water losses.
- Continuous monitoring of water consumption.
- Effective treatment and responsible discharge of industrial effluent.
- Compliance with environmental legislation.
- Exploration of water recycling and reuse opportunities.

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Freshwater Consumption (ÌG)	230,401,131	254,744,401	Reduced
Water Intensity (IG/ton of paper produced)	64,440	66,868	Improved
Water Received from KWSB (IG)	101,258,851	117,829,141	Reduced
Water Received through Tankers (IG)	34,852,140	54,728,780	Reduced
Water from RO Plants (IG)	22,516,240	22,590,480	Reduced
Total Water (KWSB + Tankers + RO) (IG)	158,627,231	195,148,401	Reduced
Recycled / Reused Water (IG)	71,773,900	59,596,000	Increased
Water Reuse Rate (%)	31.15	23.39	Improved
Water related Operational Downtime (Hrs.)	130	595.7	Reduced

Data Note: Water data has been compiled from Engineering records based on available metering and operational records. Water withdrawal, reuse/recycling and consumption are reported according to the applicable definitions and measurement methodology. Where estimates or calculated values are used, the basis of calculation is described in the relevant data methodology.

PSX Minimum Indicators

PSX Minimum Indicator	FY2025–26	FY2024–25	Remarks
Fresh water consumed per employee (IG/Employee)	572,661	689,570	Reduced
Freshwater consumed per output (IG/ton of paper produced)	64,440	66,868	Improved

Key Initiatives During FY2025–26

During the reporting period, the Company continued to strengthen its water management programme through the following initiatives:

- Continuous monitoring of freshwater consumption across operations.
- Continuous monitoring of water intensity to improve resource efficiency.
- Optimization of water usage in paper manufacturing processes.
- Operation and maintenance of the Effluent Treatment Plant.
- Regular monitoring of treated effluent quality through laboratory testing.
- Preventive maintenance of water supply infrastructure.
- Monitoring of incoming water from KWSB and tanker supplies.
- Identification of water-saving opportunities through engineering improvements.
- Employee awareness programmes on water conservation and responsible water use.
- Compliance monitoring with applicable environmental regulations.

Future Focus FY2026–27

- Increase water recycling and reuse opportunities.
- Improve water use efficiency through engineering optimization.
- Strengthen monitoring of water intensity and freshwater dependency.
- Continue enhancing wastewater treatment performance and regulatory compliance.
- Evaluate new technologies to reduce freshwater consumption.

SDG 7 – AFFORDABLE AND CLEAN ENERGY

Framework Alignment:
GRI 3: Material Topics 2021 and GRI 302: Energy 2016

Objective

Security Papers Limited is committed to improving energy efficiency, optimizing energy consumption, enhancing operational reliability, and reducing the environmental impacts associated with energy consumption. The Company continuously works to improve energy performance through efficient technologies, process optimization, preventive maintenance, and responsible management of electricity and fuel resources.

Why It Matters to Security Papers Limited

Paper manufacturing is an energy-intensive process that requires a reliable and efficient supply of electricity, steam, and thermal energy. Efficient energy management directly influences production continuity, product quality, operating costs, and environmental performance.

SPL utilizes multiple energy sources, including electricity supplied by K-Electric, captive cogeneration facilities powered primarily by natural gas, diesel generators (emergency use), and natural gas-fired utility systems. The Company continually evaluates opportunities to improve energy efficiency, optimize fuel utilization, and strengthen energy resilience while supporting responsible environmental management.

Efficient energy management not only improves operational efficiency and cost competitiveness but also contributes to reducing greenhouse gas (GHG) emissions associated with manufacturing operations. The Company therefore continues to integrate energy efficiency initiatives into its environmental and climate management programmes.

Management Approach

Energy management is integrated into the Company's operational planning, maintenance programmes, and continual improvement initiatives. Key elements of the Company's energy management approach include:

- Monitoring electricity and natural gas consumption.
- Optimizing cogeneration plant performance.
- Improving boiler and steam system efficiency.
- Preventive maintenance of energy-consuming equipment.
- Monitoring energy consumption against production output.
- Identifying opportunities for energy conservation.
- Evaluating energy-efficient technologies during capital projects.
- Promoting employee awareness regarding energy conservation.

Energy performance is reviewed regularly through Engineering, Production, IMS, and Management Review Meetings.

Energy Management Strategy

The Company's energy strategy focuses on:

- Improving overall energy efficiency.
- Reducing energy intensity per tonne of production.
- Maximizing efficient operation of cogeneration facilities.
- Improving steam and boiler efficiency.
- Minimizing energy losses.
- Supporting business continuity through reliable energy infrastructure.
- Evaluating opportunities for cleaner and more efficient energy technologies.

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Total Electricity Consumption (kWh) sources: [KE + Cogen + Renewable (Solar)]	18,878,945	19,445,857	Reduced
Electricity Intensity (kWh/ton)	5,280	5,104	Increased
Natural Gas Consumption-Direct (Boilers) (SM3)	2,348,370	2,239,839	Increased
Natural Gas Consumption-Indirect (Co-Gen) (SM3)	3,553,573	4,018,937	Reduced
Natural Gas Consumption (Direct + Indirect) (SM3)	5,901,943	6,258,776	Reduced
Gas Intensity (SM3/ton of Finished Production)	1,651	1,643	Increased
Electricity Generated through Cogeneration (kWh)	10,944,695	11,899,500	Reduced
Electricity Purchased from K-Electric (kWh)	7,746,492	7,373,887	Increased
Diesel Consumption for Generators (Liters)	2,390	3,695	Reduced
Cogeneration Plant Efficiency (%)	57.97	61.19	Reduced
Renewable (Solar) Energy share (kWh)	187,758	172,470	Improved

PSX Minimum Indicators

PSX Minimum Indicator	FY2025–26	FY2024–25	Remarks
Renewable energy share in total final energy consumption (%)	1.0	0.89	Improved
Value of investment to enhance energy efficiency (PKR- Millions)	40	9.4	FY2025-26: Solar Powered System – 350 kW while FY2024-25: Solar of 110 kW was completed

Key Initiatives During FY2025–26

During the reporting period, the Company continued to strengthen energy management through:

- Continuous monitoring of electricity and natural gas consumption.
- Optimization of cogeneration plant performance.
- Preventive maintenance of boilers, turbines, generators, and electrical systems.
- Monitoring energy consumption against production output.
- Process optimization to reduce unnecessary energy losses.
- Review of electrical distribution systems to improve reliability.
- Employee awareness programmes on responsible energy use.
- Evaluation of energy-efficient equipment during maintenance and capital projects.

Future Focus FY2026–27

Security Papers Limited will continue to:

- Improve energy efficiency across manufacturing operations.
- Reduce electricity and natural gas consumption per ton of production.
- Optimize cogeneration plant performance and electricity generation efficiency.
- Improve boiler and steam-system efficiency through operational controls and preventive maintenance.
- Monitor electricity and natural gas intensity against production output.
- Evaluate technically and economically feasible opportunities for cleaner and more efficient energy technologies.
- Strengthen energy data collection and establish a consistent methodology for total energy consumption and energy intensity reporting.

SDG 8 – DECENT WORK AND ECONOMIC GROWTH

Framework Alignment:
GRI 2 (General Disclosures), GRI 401 (Employment), GRI 403 (Occupational Health & Safety), GRI 404 (Training & Education), GRI 405 (Diversity & Equal Opportunity)

Objective
Security Papers Limited is committed to promoting sustainable economic growth by providing productive employment, ensuring fair labour practices, maintaining a safe and healthy workplace, investing in employee development, and creating opportunities for continuous professional growth. The Company recognizes that a competent, motivated, and protected workforce is essential for operational excellence, business resilience, and long-term value creation.

Why It Matters to Security Papers Limited
As a specialized manufacturer of banknote paper and other security papers in Pakistan, SPL's success depends upon the knowledge, commitment, well-being, and technical competence of its employees. Maintaining a safe, inclusive, and productive working environment enables the Company to achieve operational efficiency, product quality, innovation, and sustainable business growth.

The Company is committed to compliance with applicable labour laws, promotion of employee rights, fair compensation practices, capacity building, occupational health & safety, and equal employment opportunities.

Management Approach
Human Resource Management is responsible for implementing employment, competency development and employee welfare programmes, while the HSE Department oversees occupational health & safety. Performance is monitored through workforce statistics, training records, safety indicators, employee feedback and periodic management reviews. The Company's employment philosophy focuses on:

- Providing equal employment opportunities.
- Maintaining fair and transparent recruitment practices.
- Promoting employee competency through structured training.
- Protecting employee health, safety, and well-being.
- Maintaining compliance with labor legislation.
- Encouraging employee engagement and career development.
- Creating a respectful and inclusive workplace.

Performance relating to employment, safety, competency development, and employee welfare is regularly reviewed by Management through departmental KPIs, Operations Meetings, Management Review Meetings, and Internal Audits.

Employment Profile

Employment Indicator	FY2025–26	FY2024–25
Total Employees (No.)	277	283
Permanent Employees (No.)	275	282
Contract Employees (No.)	2	1
Male Employees (No.)	253	261
Female Employees (No.)	24	22
Employees with Disabilities (No.)	5	5
New Employees Hired (No.)	19	22
Employee Turnover (%)	2.2	3.9

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Employee Retention Rate (%)	97.8	96.1	Increased
Total Training Hours	1,280	1,331	Decreased
Average Training Hours per Employee [Hrs.]	4.62	4.70	Decreased
Lost Time Injury Free Days	414	1,067	(*)
Reportable Occupational Accidents	2	3	(**)
Employee Performance Appraisal Completion (%)	100	100	Maintained
Employees Covered under Performance Review (%)	100	100	Maintained
Training Coverage (% of Employees Invited)	100	100	Maintained

(*) (**) The reduction in LTI-free days from 1,067 to 414 reflects a non-LTI recordable incident that occurred during FY2025–26, which reset the safety counter per the Company's established safety management protocol. Importantly, SPL maintained its record of zero Lost Time Injuries (LTIs) throughout both FY2024–25 and FY2025–26, thereby fully achieving the annual safety KPI target.

PSX Minimum Indicators

PSX Minimum Indicator	FY2025–26	Remarks
Average earnings of managerial employees by gender (Male)	2,247	Hourly Rate - PKR
Average earnings of managerial employees by gender (Female)	2,300	Hourly Rate - PKR
Average earnings of non-managerial employees by gender (Male)	995	Hourly Rate - PKR
Average earnings of non-managerial employees by gender (Female)	734	Hourly Rate - PKR
Average earnings of employees with disabilities	1,125	Hourly Rate - PKR
Compliance with minimum wage legislation	100%	
Employees with disabilities (%)	1.8%	5 employees out of 277
Compliance with Federal Labor Laws (%)	100%	
Compliance with Provincial Labor Laws (%)	100%	
Employee Retention Rate (%)	97.8%	
Internal Promotion Rate (%)	0%	
Average Training Hours per Employee (Hrs.)	4.62	
Training Investment per Employee (PKR)	6,738	Based on Employee attended

Employee Development

SPL continues to strengthen employee capability through structured training and competency development programmes covering technical skills, quality management, occupational health & safety, environmental awareness, leadership, supervisory development, and behavioral competencies.

Training requirements are identified through competency assessments, departmental needs, performance evaluations, audit findings, and technological developments. Training effectiveness is periodically reviewed to support continual improvement and organizational capability.

Employee Welfare

The Company remains committed to supporting employee well-being through various welfare initiatives, including:

- Medical and occupational healthcare facilities.
- Employee insurance and applicable statutory benefits.
- Canteen and transportation facilities.
- Employee engagement and welfare activities.
- Performance management and career development.
- Learning and development opportunities.
- Employee recognition initiatives.
- DEI Champion Award

Key Initiatives During FY2025–26

- Conducted technical, behavioral, HSE, and sustainability training programmes.
- Continued implementation of the annual performance appraisal system.
- Strengthened occupational health & safety (OHS) awareness.
- Conducted emergency response and firefighting training.
- Continued employee competency development through internal and external training.
- Monitored compliance with labour legislation and company policies.
- Promoted employee engagement and communication initiatives.

Future Focus FY2026–27

- Continue strengthening employee competency through structured learning programmes.
- Maintain a safe and healthy workplace through proactive HSE management.
- Strengthen employee engagement, welfare and development initiatives.
- Enhance leadership development and succession planning.
- Continue compliance monitoring against applicable labour legislation and recognized management system requirements.

SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE

Framework Alignment:
GRI 3 (Material Topics 2021), GRI 203 (Indirect Economic Impacts), GRI 302 (Energy), GRI 403 (Occupational Health & Safety), and relevant entity-specific operational and infrastructure indicators, as applicable.

Objective

Security Papers Limited is committed to promoting sustainable economic growth by providing productive employment, ensuring fair labour practices, maintaining a safe and healthy workplace, investing in employee development, and creating opportunities for continuous professional growth. The Company recognizes that a competent, motivated, and protected workforce is essential for operational excellence, business resilience, and long-term value creation.

Why It Matters to Security Papers Limited

As Pakistan's only manufacturer of banknote paper and other security papers, SPL operates highly specialized manufacturing facilities that require continuous modernization, reliable infrastructure, skilled technical resources, and robust quality systems.

The Company continually invests in plant reliability, process improvements, engineering projects, maintenance excellence, digital systems, and quality enhancement to ensure uninterrupted production of high-security paper products that meet customer and regulatory requirements.

Strong infrastructure and innovation capabilities also improve resource efficiency, reduce operational risks, enhance product quality, and strengthen the Company's competitive position.

Management Approach

SPL promotes industrial sustainability through continual improvement across manufacturing operations, engineering systems, quality management, production planning, maintenance practices, and technology adoption.

The Company's management approach includes:

- Modernization of manufacturing facilities.
- Preventive and predictive maintenance.
- Process optimization and continual improvement.
- Product quality enhancement.
- Investment in engineering and utility infrastructure.
- Digitalization of business and manufacturing processes.
- Risk-based project management.
- Research and product development.
- Operational performance monitoring through KPIs.
- Business Continuity Planning (BCP) to improve operational resilience.

Performance is monitored through departmental KPIs, production reviews, management review meetings, internal audits, engineering reports, and capital project evaluations.

Governance of Industrial Development and Innovation:

Innovation and infrastructure investments are planned through the Company's annual business planning and capital expenditure (CAPEX) process. Major engineering projects are evaluated based on operational requirements, business continuity, resource efficiency, product quality, safety, and expected long-term business value. Project implementation and performance are monitored by the respective departments through established governance and management review mechanisms.

The Company's industrial development strategy focuses on:

- Improving manufacturing reliability.
- Modernizing production facilities.
- Strengthening engineering infrastructure.
- Improving equipment availability.
- Supporting digital transformation.
- Enhancing process efficiency.
- Increasing operational resilience.
- Promoting continual innovation.

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Total Production - Finished (Tons)	3,575.404	3,809.66	Operational Indicator
Engineering Downtime (Hrs.)	264.8	218.2	Increased
Machine Availability (%)	86.17	84.35	Improved
New Engineering Projects Completed (No.)	4	5	Decreased
Product Development Projects (No.) Cheque Paper, Watermark, Bangladesh Paper	3	Nil	New project for Business Development
Business Continuity Drills Conducted	01	01	Maintained

PSX Minimum Indicators

PSX Indicator	FY2025–26 Status and Remarks
CO_2 emissions per ton of output	Not Reported – Organizational Scope 1 and Scope 2 GHG inventory and baseline methodology are being established, with baseline development planned for FY2026–27.
Investment in infrastructure	PKR 219.13 million invested in completed infrastructure and engineering projects during FY2025–26, including water infrastructure, waste-management and co-generation efficiency improvements.
Manufacturing process improvement initiatives	Manufacturing process improvement initiatives included mould embossing upgrades, co-generation engine replacement and Paper Machine modification/upgrade activities associated with the new banknote series.
Innovation and modernization initiatives	Technology upgrades to manufacturing equipment and processes, including Mould Embossing Machine and Paper Machine modernization.

Key Initiatives During FY2025–26

During the reporting period, the Company continued to enhance its industrial capability through:

- Modernization of production facilities.
- Preventive and predictive maintenance programmes.
- Optimization of manufacturing processes.
- Continuous monitoring of production efficiency.
- Business Continuity Planning implementation.
- Digitalization of selected operational and reporting processes.
- Improvement of utility infrastructure to support uninterrupted production.

Research and Innovation

SPL continues to promote innovation through improvements in manufacturing processes, product quality, operational efficiency, and customer requirements. Product innovation activities are undertaken in response to customer requirements, emerging security features, process improvements, and changing market expectations while maintaining product integrity and regulatory compliance. Scope of innovation activities include:

- Development and evaluation of security paper products and related process improvements.
- Product quality enhancement.
- Evaluation of new manufacturing technologies.
- Laboratory research and product trials.
- Process optimization initiatives.

Future Focus FY2026–27

Security Papers Limited intends to continue strengthening its industrial development and innovation capabilities through the following areas of focus:

- Improve product quality, production efficiency and equipment reliability.
- Strengthen infrastructure resilience and operational continuity.
- Continue modernization of manufacturing facilities and utilities.
- Promote process innovation and operational excellence.
- Improve digitalization of operational and reporting systems.
- Enhance preventive and predictive maintenance practices.
- Increase productivity while maintaining product quality and environmental performance.

SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

Framework Alignment:
GRI 301 (Materials), GRI 306 (Waste), GRI 308 (Supplier Environmental Assessment)

Objective

Security Papers Limited is committed to promoting sustainable production and responsible resource management by improving material efficiency, minimizing process losses, reducing waste generation, enhancing recycling practices, and optimizing the use of natural resources throughout its manufacturing operations.

The Company continuously strives to improve operational efficiency while maintaining product quality, environmental compliance, and responsible use of raw materials, energy, water, and other production resources.

Why It Matters to Security Papers Limited

The manufacture of security papers requires significant quantities of cotton fibre, specialty chemicals, water, energy, packaging materials, and other production inputs. Responsible management of these resources improves operational efficiency, reduces environmental impacts, lowers production costs, and supports long-term business sustainability.

SPL integrates responsible consumption principles into its manufacturing processes through continual monitoring of resource utilization, process optimization, waste reduction initiatives, quality control, recycling practices, preventive maintenance, and supplier engagement.

Management Approach

Responsible production is embedded within the Company's Integrated Management System (IMS), Environmental Management System (ISO 14001:2015), Quality Management System (ISO 9001:2015), production planning processes, and operational controls.

The Company's approach focuses on:

- Efficient utilization of raw materials.
- Reduction of process losses.
- Waste minimization.
- Recycling and reuse of materials wherever technically feasible.
- Hazardous waste management.
- Efficient procurement practices.
- Quality assurance.
- Continuous monitoring of material consumption.
- Compliance with environmental regulations.

Performance is monitored through production reports, material balance analyses, waste records, quality reports, internal audits, and management review meetings.

Resource Efficiency Strategy

The Company's responsible production strategy emphasizes:

- Improving raw material utilization.
- Reducing production spoilage.
- Minimizing manufacturing waste.
- Increasing recycling and recovery.
- Improving production yields.
- Enhancing supplier quality.
- Promoting cleaner production practices.

FY2025–26 Performance

Circular Practice	Security Papers Limited's Approach
Reduce	Process optimization, improved material utilization and reduction of production losses
Reuse	Internal reuse of materials and process resources where technically feasible
Recycle	Recovery and recycling of paper waste and other recyclable materials
Recover	Recovery of usable materials from production and maintenance activities where practical
Dispose	Safe and compliant disposal of residual and hazardous waste through approved service providers

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Raw Material Consumption (Tons)	4,910	5,260	Reduced
Paper Manufactured (Tons)	4,009	4,170	Operational Output
Material Consumption per Tons of Paper (Ratio)	1.22	1.26	Improved
Total Losses (%)	18.11	17.02	Increased
Process Losses (%)	7.23	7.40	Reduced
Finished Product Yield (%)	89.12	90.38	Decreased
Total Waste Generated (Kgs)	100,110	33,800	Increased(*)
Waste Generated (No.)	1,258	269	Increased(*)
Hazardous Waste Generated (No.)	529	392	Increased
Hazardous Waste Generated (Kgs.)	2,400	0	Increased
Hazardous Waste Generated (Liters)	4,830	0	Increased
Hazardous Waste Safely Disposed	Yes	Yes	Maintained
Paper Recycling (Tons)	195.7	193.5	Improved
Paper Recycling Rate (%)	4.88	4.64	Improved

Waste Generation by Category

Waste Category	Type	Unit	FY2025–26	FY2024–25
(A) Non-Hazardous Items				
Iron Wires	Recyclable	Kgs.	43,930	20,000
Plastic Bobbins	Recyclable	Kgs.	2,700	2,000
Cotton Wrapping Cut Pieces	Recyclable	Kgs.	4,020	3,800
Misc. iron scrap	Recyclable	Kgs.	16,040	8,000
Mix Plastic Rubber scrap	Recyclable	Kgs.	840	Not Measured
Wooden Scrap Miscellaneous	Recyclable/ Recoverable	Kgs.	27,730	Not Measured
Paper Machine Synthetic Fabric Felt	Recoverable	Kgs.	1,850	Not Measured
Cotton Wrapping Cut Pieces	Waste	Kgs.	3,000	Not Measured
Total Waste Generated (Kgs.)			**100,110**	**33,800**
Walk Through Gate (Un-serviceable)	Scrap	Nos.	2	0
Plastic drums (Different Sizes)	Recyclable	Nos.	1,006	260
Iron drums (Different Sizes)	Recyclable	Nos.	125	9
Gas Cylinders	Recoverable	Nos.	74	Not Measured
Refiner Filling	Recoverable	Nos.	24	Not Measured
Used 'Vehicle-Tyres'	Recoverable	Nos.	27	Not Measured
Waste Generated (No.)			**1,258**	**269**

Waste Category	Type	Unit	FY2025–26	FY2024–25
(B) Hazardous Items				
Liquid Batteries (different types)	Hazardous	Nos.	5	55
Dry Batteries	Hazardous	Nos.	24	141
Empty Cans/Drums (Chemicals + Oil)	Hazardous	Nos.	500	196
Used Oil	Hazardous	Liter	4,830	0
Electric Scrap	Hazardous	Kgs.	2,400	0

(*) Note: The increase in reported waste generation in FY2025-26 is primarily attributable to improved identification, segregation, weighing and recording of waste streams. In FY2024-25, certain waste categories were not practically measurable or were not routinely weighed due to the nature of the material and/or the applicability of weighing at the point of generation. During FY2025-26, these previously unmeasured waste streams were quantified and incorporated into the reported waste data.

PSX Minimum Indicators

PSX Indicator	FY2025–26
Amount/quantity of hazardous waste generated	2,400 kg + 4,830 Liters used oil + 529 Miscellaneous items
Hazardous waste managed in accordance with applicable regulations	Yes
Total waste generated (Kg)	100,110
Paper Waste recycled (Tons)	195.7
Sustainability Report published	Published/issued with Annual Report FY2026, as applicable.
SDGs reported in the Sustainability report	Applicable PSX minimum SDGs and indicators addressed.

Sustainable Procurement

SPL encourages suppliers to comply with applicable quality, environmental, occupational health & safety, and legal requirements. Supplier performance is periodically evaluated to support responsible sourcing, supply continuity, and continual improvement across the value chain. The Company encourages responsible procurement practices through:

- Supplier qualification procedures.
- Quality assurance requirements.
- Technical evaluations.
- Supplier performance monitoring.
- Compliance with contractual and regulatory requirements.
- Long-term supplier relationships.
- Procurement of quality raw materials to minimize operational losses.

Waste Management

SPL continues to implement systematic waste management practices that support regulatory compliance and continual environmental improvement.

Key initiatives include:

- Waste minimization at source.
- Segregation of hazardous and non-hazardous waste.
- Authorized transportation and Regulatory disposal through approved service providers.
- Monitoring of waste generation.
- Recycling of recoverable materials where feasible.
- Proper storage and handling of hazardous waste.
- Compliance with applicable environmental legislation.

Resource Recovery Management

The Company promotes responsible use of resources by:

- Reusing process materials where technically feasible.
- Optimizing raw material utilization.
- Reducing production spoilage.
- Recycling paper waste.
- Monitoring water reuse initiatives.
- Improving production planning to minimize waste.
- Supporting continual process improvements.

Key Initiatives During FY2025–26

During the reporting period, the Company continued to strengthen responsible production through:

- Monitoring raw material utilization.
- Reduction of production process losses.
- Improvement of product quality.
- Monitoring customer complaints.
- Hazardous waste management.
- Waste segregation initiatives.
- Recycling of recoverable materials.
- Supplier quality improvement initiatives.
- Continuous monitoring of production efficiency.
- Implementation of preventive maintenance to reduce production losses.

Future Focus FY2026–27

Security Papers Limited will continue to:

- Improve raw material utilization.
- Reduce production spoilage.
- Minimize process losses.
- Increase recycling opportunities.
- Reduce hazardous waste generation.
- Improve supplier quality performance.
- Promote sustainable procurement.
- Enhance cleaner production initiatives.
- Strengthen waste management practices.

SDG 3 – GOOD HEALTH AND WELL-BEING

Framework Alignment:
GRI 403 (Occupational Health & Safety), particularly GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7 and 403-9, as applicable.

3 GOOD HEALTH AND WELL-BEING

Objective

Security Papers Limited is committed to providing a safe, healthy, and secure working environment for all employees, contractors, visitors, and other interested parties. The Company promotes occupational health, workplace safety, employee well-being, and continual improvement in health and safety performance through proactive risk management, employee participation, regulatory compliance, and implementation of internationally recognized management systems.

Why It Matters to Security Papers Limited

The manufacturing of security papers involves complex industrial processes, heavy machinery, steam systems, chemicals, electrical installations, confined spaces, and material handling activities. Protecting employees from occupational injuries and illnesses is therefore a fundamental business responsibility and an essential component of sustainable operations.

SPL integrates occupational health & safety into all operational activities to minimize workplace risks, improve employee well-being, enhance operational reliability, and maintain compliance with applicable legal and regulatory requirements.

Management Approach

Occupational Health & Safety is governed through the Company's Integrated Management System (IMS) and certified ISO 45001:2018 Occupational Health & Safety Management System. Safety objectives are established annually and performance is monitored through departmental KPIs, workplace inspections, incident investigations, internal audits, Management Safety Audits (MSAs), Management Review Meetings and Top Management oversight. Employees are encouraged to actively participate in hazard identification, reporting of unsafe conditions and continual improvement initiatives. The Company's health and safety management approach includes:

- Hazard Identification, Risk Assessment and Control (HIRAC).
- Legal compliance monitoring.
- Incident reporting and investigation.
- Near-miss reporting.
- Management safety Audits (MSA).
- Toolbox talks and safety awareness sessions.
- Emergency preparedness and response planning.
- Fire prevention and firefighting systems.
- Medical surveillance where applicable.
- Continual monitoring of safety performance indicators.

Safety performance is reviewed regularly through management meetings, internal audits, Operations meetings, and management review processes.

Occupational Health & Safety Performance

KPI	FY2025–26	Status / Remarks
ISO 45001 Certification	Yes	Maintained
Lost Time Injury Frequency Rate (LTIFR)	Zero	-
Lost Time Injury Free Days	414	-
Total Recordable Injuries	2	-
Fatalities	zero	-
Near Miss Reports	2	Increase Reporting
Safety Observations Conducted	938 observations recorded	Increased
HSE Training Hours	509 manhours	Planned
Toolbox Talks Conducted	Daily	Daily
Management Safety Audits	Being conducted as per schedule compliance	Planned Schedule
Fire Drills Conducted	As per schedule	Planned Schedule
Emergency Response Exercises	As per schedule	Planned Schedule
Total Recordable Injury Rate (TRIR)	<0.20	
PPE Compliance Rate (%)	<94%	

Occupational Health Programmes

During FY2025–26, the Company continued to promote employee health and well-being through:

- Occupational health awareness programmes.
- Medical facilities and first aid services.
- Health awareness campaigns.
- Periodic medical support for employees.
- Occupational health screening and medical surveillance, where applicable.
- Emergency response preparedness.
- Fire prevention and firefighting training.
- Safety communication and awareness campaigns.
- Safe work practices.
- Personal Protective Equipment (PPE) management.

Safety Risk Management

SPL manages occupational risks through a structured risk management processes that includes:

- Hazard Identification, Risk Assessment and Control (HIRAC).
- Job Safety Analysis (JSA), where applicable.
- Permit-to-Work systems.
- Safe Operating Procedures (SOPs).
- Contractor safety requirements.
- Incident and near-miss investigations, root-cause analysis and corrective actions.
- Periodic workplace inspections.
- Safety observations and behavioral safety initiatives.

Emergency Preparedness

The Company maintains emergency preparedness arrangements to respond effectively to potential emergencies, including:

- Fire emergencies.
- Chemical spills.
- Medical emergencies.
- Utility failures.
- Natural disasters.
- Security incidents.

Emergency preparedness activities include:

- Fire drills.
- Emergency response training.
- Evacuation exercises.
- Firefighting equipment inspections.
- Emergency communication systems.
- Mock drills and coordination with relevant external emergency response agencies, where applicable.

Employee Well-being

The Company promotes employee well-being through:

- Medical Center
- Safe Drinking Water
- Hygienic Facilities
- Canteen
- Housekeeping
- Employee Welfare (EOBI, Insurance, Parent's Medical & Medical Pool)

Safety Culture

Security Papers Limited promotes a proactive safety culture by encouraging employee participation, leadership engagement, workplace observations, near-miss reporting, behavioral safety practices, and continual safety awareness programmes. Every employee shares responsibility for maintaining a safe workplace and preventing incidents through compliance with established procedures and timely reporting of unsafe conditions.

During FY2025–26, Security Papers Limited continued to receive external recognition for its commitment to occupational health & safety, including national HSE and Fire Safety awards (Ref: Awards & Recognitions). These recognitions reflect the Company's sustained efforts to strengthen workplace safety, employee well-being, emergency preparedness and continual improvement.

Key Initiatives During FY2025–26

- Organized toolbox talks across operational departments.
- Performed regular workplace safety inspections.
- Conducted management safety audits.
- Implemented corrective actions from incident investigations.
- Continued hazard identification and risk assessment reviews.
- Provided PPE based on job-specific risk assessments.
- Conducted firefighting and emergency response training.
- Strengthened contractor safety monitoring.
- Initiate digitalization of HSE reporting and incident management.

Future Focus FY2026–27

Security Papers Limited will continue to:

- Strengthen leading safety performance indicators and proactive risk management.
- Increase employee participation in safety improvement initiatives.
- Maintain compliance with ISO 45001:2018 requirements.
- Reduce occupational injuries and strengthen controls for high-risk activities.
- Improve near-miss reporting and timely implementation of corrective actions.
- Strengthen contractor safety management.
- Continue emergency preparedness, firefighting and response training.
- Strengthen occupational health monitoring and employee wellness initiatives.
- Improve HSE data collection, analysis and reporting through digitalization.
- Continue workplace inspections, Management Safety Audits and HIRAC reviews.

SDG 4 – QUALITY EDUCATION

Framework Alignment:
GRI 404 (Training and Education)

Objective

Security Papers Limited is committed to promoting quality education and lifelong learning by developing a competent, skilled, and future-ready workforce through structured learning, technical training, leadership development, and continual professional growth. The Company also supports educational opportunities for employees' families through its Merit Scholarship Programme, thereby contributing to broader human capital development and educational advancement.

Why It Matters to Security Papers Limited

The production of security papers requires specialized technical knowledge, strict quality control, effective operational planning, and compliance with regulatory and management system requirements. Continuous learning enables employees to adapt to technological advancements, improve operational performance, strengthen leadership capabilities, and support the Company's sustainability objectives.

SPL therefore promotes a culture of learning by providing technical, managerial, HSE, quality, and sustainability-related training across all levels of the organization.

Management Approach

Employee learning and development are managed through the Human Resources Department in collaboration with departmental heads. Annual training needs are identified through competency assessments, performance appraisals, operational requirements, audit findings, technological changes, and business priorities. Training programmes include:

- Leadership, technical and supervisory skills development.
- Quality and environmental management systems.
- Occupational health & safety.
- Sustainability awareness.
- Information security awareness.
- Emergency preparedness.
- Soft skills and behavioral development.
- Regulatory and legal compliance training.

Training effectiveness is evaluated through participant feedback, competency assessments, post-training evaluations, workplace performance, and, where applicable, departmental performance indicators. Identified competency gaps are incorporated into subsequent training and development plans.

In addition to employee learning and development, SPL supports educational development beyond the workplace through its Merit Scholarship Programme for employees' children. The programme provides financial assistance to students demonstrating academic excellence, covering education from Matriculation to PhD level. During FY2025–26, the Company continued this programme as part of its broader commitment to education, employee welfare, and long-term human capital development.

Learning and Development Framework

SPL's employee development framework includes:

- Annual Training Needs Assessment (TNA).
- Approved Annual Training Plan.
- Internal and external training programmes.
- On-the-job training.
- Coaching and mentoring.
- Cross-functional learning.
- Job rotation where applicable.
- Professional certification programmes.
- Merit Scholarship Programme for employees' children.

FY2025–26 Performance Highlights

KPI	FY2025–26	FY2024–25	Status
Total Training Hours	1,280	1,331	Decreased
Average Training Hours per Employee [Hrs.]	4.62	4.70	Decreased
HSE Training Hours	509	316	Increased
Technical Training Programmes Conducted	20	18	Increased
Employees Trained (%)	100%	100%	Maintained
External Professional Certifications	3	1	Increased
Merit Scholarships Awarded to Employees' Children	Yes	Yes	Maintained
Training Coverage (% of employees' attendance)	100%	100%	Maintained
Technical Training Hours	891	550	Increased
Leadership Training Hours	389	781	Decreased
Employee Participation Rate in Training (%)	99%	99%	Maintained

PSX Indicators

PSX Indicator	FY2025–26 Status	Remarks
Average training hours per employee [Hrs.]	4.62	Based on participants
Employees Trained (%)	100%	Based on invited employees
Training expenditure per employee (PKR)	6,738	
Employee development programmes.	Yes	Technical, HSE, Sustainability, leadership, quality and other competency-development programmes
Merit scholarship / education support	Yes	Support provided to employees' children

Employee Development Initiatives

During FY2025–26, the Company continued to strengthen employee competencies through:

- Technical skills development programmes.
- Sustainability and ESG awareness sessions.
- Occupational health & safety training.
- Firefighting and emergency response training.
- Quality assurance and laboratory training.
- Engineering and maintenance training.
- Leadership and supervisory development.
- Information security awareness.
- Behavioral and soft skills programmes.
- Continued the Merit Scholarship Programme to recognize and support the academic achievements of employees' children.

Competency Development

The Company promotes continual competency development by:

- Identifying critical skill requirements.
- Addressing competency gaps.
- Supporting knowledge transfer.
- Encouraging cross-functional collaboration.
- Developing future leaders.
- Enhancing technical expertise.
- Improving operational capabilities.
- Strengthening succession planning.
- Encouraging a culture of lifelong learning by recognizing academic excellence through the Merit Scholarship Programme for employees' children.
- Development of future technical specialists and leaders.

Knowledge Sharing and Organizational Learning

Knowledge sharing is encouraged through:

- Departmental meetings.
- Internal workshops and sessions.
- Technical presentations.
- Lessons learned from audits, incidents and operational experiences.
- Sharing of technical knowledge through experienced employees and subject-matter experts.

Future Focus FY2026–27

Security Papers Limited will continue to:

- Increase employee learning opportunities.
- Strengthen technical competency programmes.
- Expand sustainability-related training.
- Enhance leadership development initiatives.
- Improve digital learning opportunities where feasible.
- Strengthen succession planning.
- Promote continual professional development.
- Continue and strengthen the Merit Scholarship Programme to encourage higher education and academic excellence among employees' families.
- Improve employee competency across all operational areas.

SDG 16 – PEACE, JUSTICE AND STRONG INSTITUTIONS

Framework Alignment:
GRI 2 (General Disclosures), GRI 205 (Anti-corruption), GRI 206 (Anti-competitive Behavior), and GRI 418 (Customer Privacy)

Objective
Security Papers Limited is committed to maintaining strong corporate governance, ethical business conduct, transparency, accountability, regulatory compliance, and effective risk management. Through sound governance practices and responsible leadership, the Company seeks to create long-term value while protecting the interests of shareholders, employees, customers, suppliers, regulators, and other stakeholders.

Why It Matters to Security Papers Limited
As Pakistan's only manufacturer of banknote paper and other security papers, SPL operates in a highly regulated and strategically important industry. Strong governance is therefore fundamental to maintaining stakeholder confidence, ensuring operational integrity, safeguarding national interests, and supporting long-term business resilience and sustainable growth.

The Company has established governance systems that promote ethical behavior, compliance with applicable laws and regulations, transparent decision-making, effective internal controls, and continual improvement across all business functions.

Management Approach
Corporate governance is overseen by the Board of Directors and supported by the relevant Board Committees, Executive Management, the Sustainability Council, Company Secretary, Internal Audit, Integrated Management System (IMS), and functional departments. Governance effectiveness is monitored through Board and Committee meetings, internal and external audits, compliance monitoring, enterprise risk management, management review meetings, and established performance monitoring mechanisms.

The Company continually reviews and strengthens its governance framework to ensure accountability, operational effectiveness, and responsible business conduct. Key governance practices include:

- Board oversight of strategic matters
- Board HR&R and Sustainability Committee
- Audit Committee oversight
- Risk management and internal controls
- Code of Conduct and Business Ethics
- Regulatory compliance monitoring
- Internal and external audits
- Policy management and periodic reviews
- Management Review Meetings
- Whistleblowing and grievance mechanisms
- Business Continuity Planning
- Information security governance.

Governance Framework
The Company's governance framework is built around the following principles:

- Accountability.
- Transparency.
- Ethical business conduct.
- Regulatory compliance.
- Responsible decision-making.
- Risk-based management.
- Stakeholder engagement.
- Continuous improvement.

Governance responsibilities are distributed among the Board of Directors, Board Committees, Executive Management, Departmental Heads, Internal Audit, and Company Secretary.

FY2025–26 Governance Performance

KPI	FY2025–26	FY2024–25	Status
Board Meetings Held (No.)	07	09	As Planned
Board HR&R and Sustainability Committee (No.)	02	04	As Planned
Board Strategic and Sustainability Committee (No.)	0	02	As Planned
Regulatory Non-Compliance Cases (No.)	0	0	Maintained
Confirmed Corruption/ Fraud Incidents (No.)	0	0	Maintained
Whistleblower Complaints Received (No.)	3	Zero	Increased
Whistleblower Complaints Resolved (%.)	100	0	Maintained
Significant Compliance Breaches (No.)	No	No	Maintained

Ethics and Business Conduct
The Company promotes a culture of integrity through:

- Code of Conduct.
- Conflict of Interest Policy.
- Anti-bribery and anti-corruption practices.
- Fair procurement procedures.
- Confidentiality obligations.
- Compliance with legal and regulatory requirements.
- Respectful workplace behavior.
- Protection of stakeholder interests.
- Whistleblowing mechanism and confidential reporting.
- Declaration and management of conflicts of interest.
- Awareness on anti-corruption and ethical conduct.

Employees are expected to uphold these principles in all business activities. Employees are encouraged to report suspected unethical conduct, conflicts of interest, regulatory violations, or other concerns through established reporting and grievance mechanisms.

Compliance and Risk Management

SPL maintains structured systems to identify, evaluate, and manage business risks.

These include:

- Enterprise Risk Management
- Business Continuity Planning
- Internal Control Systems
- Internal Audit Programme
- Legal Compliance Register
- ISO Management Systems
- Information Security Controls
- Operational Risk Assessments
- Departmental KPI Monitoring.

Significant risks are periodically reviewed by Management and the Board Committees.

Stakeholder Confidence

The Company strengthens stakeholder confidence through:

- Transparent corporate reporting.
- Timely statutory disclosures.
- Regulatory compliance.
- Ethical business practices.
- Customer engagement.
- Employee engagement and consultation.
- Responsible supplier relationships.
- Community engagement.
- Sustainability reporting.

Key Initiatives During FY2025–26

During the reporting period, the Company continued to strengthen governance by:

- Conducting Board and Board Committee meetings.
- Monitoring compliance with statutory and regulatory requirements.
- Reviewing and monitoring sustainability-related risks through established governance mechanisms.
- Continued monitoring of ESG performance and sustainability reporting through relevant management forums.
- Conducting internal IMS audits.
- Reviewing organizational risks through Management Review Meetings.
- Strengthening Business Continuity Planning arrangements.
- Updating corporate policies and procedures where required.
- Enhancing information security governance.
- Strengthening stakeholder communication and disclosures.

Future Focus FY2026–27

Security Papers Limited will continue to:

- Strengthen Board-level oversight of sustainability and ESG matters.
- Enhance ESG data governance and reporting systems.
- Strengthen enterprise risk management and governance controls.
- Maintain regulatory and legal compliance.
- Promote ethical business conduct and anti-corruption awareness.
- Improve policy management and periodic policy review.
- Strengthen internal control systems.
- Enhance governance-related training and awareness.
- Strengthen whistleblowing, grievance and confidential reporting mechanisms.
- Continue improving organizational transparency and accountability.
- Strengthen governance oversight of sustainability-related risks and opportunities.

SDG 15 – LIFE ON LAND

Framework Alignment:
GRI Standards – Biodiversity-related disclosures; GRI 304 where applicable

Objective

Security Papers Limited is committed to minimizing the environmental impacts of its operations through responsible land stewardship, tree plantation, maintenance of green areas, pollution prevention, proper waste management, and compliance with applicable environmental laws and regulations. The Company seeks to enhance the environmental quality of its premises and contribute to biodiversity conservation through practical environmental initiatives.

Why It Matters to Security Papers Limited

Although SPL operates within an industrial area and does not operate a biodiversity-intensive business, the Company recognizes its responsibility to minimize environmental impacts associated with its operations, maintain green areas within its premises, prevent land contamination, and support local environmental improvement through plantation and awareness initiatives.

Management Approach

SPL addresses environmental aspects associated with its operations through its Environmental Management System (ISO 14001:2015). Relevant aspects such as land use, waste management, emissions, hazardous materials and environmental conditions within the Company's premises are monitored and managed to minimize potential environmental impacts. Tree plantation, maintenance of green areas, environmental awareness initiatives and responsible waste management support the Company's contribution to environmental protection. SPL promotes biodiversity conservation by:

- Tree plantation campaigns.
- Maintenance of landscaped green areas.
- Environmental awareness programmes.
- Prevention of land contamination.
- Proper handling and disposal of hazardous waste.
- Compliance with environmental regulations.

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Trees Planted	250	200	Increased
Green Area Maintained (m^2)	34,300	33,000	Increased
Environmental Campaigns	Yes	Yes	Maintained
Hazardous Waste Properly Managed (%)	100	100	Maintained

Key Initiatives FY2025-26

- Tree plantation drives.
- Maintained landscaped and green areas within the Company's premises.
- Conducted environmental awareness activities for employees.
- Continued proper segregation, handling and disposal of waste.
- Monitored environmental aspects associated with Company operations.
- Continued preventive measures to minimize potential soil and land contamination.
- Maintained compliance with applicable environmental requirements under the Company's Environmental Management System.

Future Focus FY2026–27

- Improve biodiversity awareness among employees.
- Continue strengthening hazardous waste management.
- Expand plantation and green landscaping initiatives.
- Increase monitoring of environmental aspects affecting land resources.
- Enhance green area maintenance within Company premises.
- Continue compliance with environmental regulations and ISO 14001 requirements.

SDG 17 – PARTNERSHIPS FOR THE GOALS

Framework Alignment:
GRI 2 (General Disclosures for Stakeholder Engagement), GRI 204 (Procurement Practices)

Objective

Security Papers Limited recognizes that sustainable development requires effective collaboration across its value chain and stakeholder network. The Company is committed to building transparent, mutually beneficial relationships with customers, suppliers, regulators, shareholders, employees, certification bodies, financial institutions, government organizations, local communities, and other stakeholders to strengthen business resilience, responsible practices, innovation, and long-term value creation.

Why It Matters to Security Papers Limited

The manufacture of banknote paper and other security papers requires close coordination across a complex value chain involving specialized raw material suppliers, technology providers, certification bodies, regulatory authorities, and customers. Strong partnerships improve supply chain resilience, product quality, operational efficiency, compliance, innovation, and sustainability performance.

Stakeholder engagement enables SPL to understand stakeholder expectations, identify emerging risks and opportunities, strengthen relationships, improve decision-making, and continuously enhance its sustainability performance.

Management Approach

Stakeholder engagement is integrated into the Company's governance framework and business planning processes. Engagement activities are coordinated through various departments depending on the stakeholder group and are supported by regular communication, meetings, audits, consultations, feedback mechanisms, and collaborative initiatives. The Company engages with stakeholders through:

- Customer meetings and technical discussions.
- Supplier evaluations and performance reviews.
- Regulatory inspections and compliance reporting.
- Board and shareholder meetings.
- Internal communication and employee engagement.
- Sustainability and HSE awareness programmes.
- Internal and external audits.
- Community and CSR initiatives.
- Certification and surveillance audits.

Key Stakeholder Groups

Stakeholder Group	Key Interests / Expectations	Engagement Methods
Customers	Product quality, delivery, technical support	Meetings, feedback, complaint resolution, audits
Suppliers	Sustainable procurement, supply continuity	Vendor evaluations, contracts, performance reviews
Employees	Communication, engagement, development	Meetings, training, surveys, appraisals
Shareholders	Business performance and governance	AGM, Annual Report, PSX disclosures
Regulators	Legal and regulatory compliance	Reports, inspections, statutory submissions
Certification Bodies	Management-system conformity	External audits, surveillance audits
Financial Institutions	Banking and Investments	Meetings, financial reporting
Local Community	Social and environmental contribution	Community programmes, awareness activities
Government Authorities	Regulatory coordination and national requirements	Official correspondence, inspections

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Customer Satisfaction (%)	99%	92%	Improved
Supplier Evaluations Completed (%)	100%	100%	Maintained
New Supplier Qualifications	100%	100%	Maintained
External Certification Audits	04	04	Maintained
Local Procurement Ratio (%)	96%	70%	Increased(*)
Supplier On-Time Delivery (%)	76%	78%	Decreased

(*) Increased due to increased sourcing of locally available raw materials and chemicals from qualified local vendors, including substitution of certain previously imported materials where suitable local alternatives were available.

Sustainable Supply Chain

SPL promotes responsible procurement and supply-chain resilience through:

- Supplier qualification and periodic performance evaluation.
- Maintenance of approved and registered supplier lists.
- Risk-based supplier selection.
- Quality and technical evaluation of critical suppliers.
- Compliance with contractual, legal, environmental, ethical and occupational requirements.
- Long-term relationships with strategic suppliers.
- Development of alternate/backup suppliers for critical materials where feasible.
- Monitoring supplier performance to support quality, continuity and responsible sourcing.

Collaboration and Stakeholder Engagement

During FY2025–26, the Company continued to engage with stakeholders through:

- Customer coordination meetings.
- Supplier performance evaluations.
- Certification body surveillance audits.
- Regulatory inspections.
- Shareholder communication.
- Internal employee engagement programmes.
- Community support initiatives.
- Professional training and knowledge-sharing sessions.

Value Chain Collaboration

The Company continued to strengthen collaboration across its value chain by:

- Improving coordination with strategic suppliers.
- Strengthening coordination with suppliers to support timely availability of critical raw materials and reduce supply-chain disruption risks.
- Enhancing communication with customers.
- Working with regulatory authorities to ensure compliance.
- Maintaining effective relationships with financial institutions.
- Collaborating with certification bodies to maintain management system certifications.

Future Focus FY2026–27

Security Papers Limited will continue to:

- Strengthen stakeholder engagement mechanisms and feedback processes.
- Improve supplier collaboration and performance monitoring.
- Strengthen customer engagement and satisfaction.
- Promote responsible and sustainable procurement practices.
- Enhance sustainability awareness and ESG expectations among relevant suppliers and business partners.
- Strengthen collaboration with regulators, certification bodies and other institutional stakeholders.
- Improve communication and transparency with shareholders and employees.
- Continue community engagement and CSR initiatives.
- Strengthen value-chain resilience through effective supplier collaboration and contingency planning.
- Improve ESG data collection and information sharing with relevant stakeholders.

SDG 14 – LIFE BELOW WATER

Framework Alignment:
GRI 303 (Water and Effluents), GRI 306 (Waste), ISO 14001:2015 Environmental Management System, and applicable PSX sustainability disclosure requirements.

Objective

Security Papers Limited is committed to minimizing the potential impact of its operations on water resources through responsible wastewater management, pollution prevention, efficient water use, regulatory compliance, and continual improvement in environmental performance. Through these practices, the Company seeks to reduce risks to receiving water bodies and contribute to responsible water resource management.

Why It Matters to Security Papers Limited

Although SPL does not directly operate in marine environments, its manufacturing activities generate industrial effluent that requires appropriate treatment and management. Effective wastewater treatment, monitoring, and pollution prevention help reduce potential impacts on receiving water bodies, support regulatory compliance, and minimize risks to aquatic ecosystems.

Management Approach

SPL manages wastewater and water-related environmental impacts through its ISO 14001:2015 Environmental Management System and established operational controls. The Company monitors wastewater generation, treatment, and discharge quality against applicable regulatory requirements while seeking opportunities to improve water efficiency and reduce pollution risks. SPL manages its water-related environmental impacts by:

- Operating and monitoring the Effluent Treatment Plant (ETP).
- Regular testing of wastewater quality through approved laboratories.
- Monitoring discharge parameters in accordance with applicable regulatory requirements.
- Preventing contamination of surface and groundwater.
- Reducing water pollution through continual process improvements.
- Promoting efficient water use and identifying opportunities for water recycling and reuse.

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Treated Effluent Monitoring	Yes	Yes	Maintained
Water Quality Tests Conducted	Yes	Yes	As Planned
Environmental Non-Compliance Cases (No.)	Zero	Zero	Maintained

Key Initiatives FY2025-26

- Routine monitoring of wastewater quality through laboratory testing.
- Operation and preventive maintenance of the Effluent Treatment Plant (ETP).
- Monitoring compliance with applicable discharge standards and environmental permits.
- Continuous monitoring of key wastewater quality parameters.
- Identification of opportunities for wastewater recycling and reuse.
- Monitoring water consumption and process-water use to identify opportunities for reducing wastewater generation.

Future Focus FY2026–27

- Continue achieving 100% compliance with applicable wastewater discharge requirements.
- Improve wastewater recycling and reuse opportunities.
- Strengthen monitoring of wastewater quality parameters.
- Enhance operational efficiency of the Effluent Treatment Plant.
- Provide effective employee awareness on pollution prevention.
- Identify engineering initiatives to reduce wastewater generation.

SDG 11 – SUSTAINABLE CITIES AND COMMUNITIES

Framework Alignment:
GRI 413 (Local Communities)

Objective

Security Papers Limited is committed to contributing to sustainable and resilient communities through responsible corporate citizenship, community engagement, environmental protection, occupational safety, emergency preparedness, and targeted community development initiatives.

The Company seeks to conduct its operations responsibly while supporting the well-being of surrounding communities and minimizing potential environmental, health, and safety impacts associated with its operations.

Why It Matters to Security Papers Limited

As a responsible corporate organization, SPL recognizes that sustainable business success is linked with the well-being and resilience of surrounding communities. The Company seeks to support community welfare, environmental awareness, emergency preparedness, and responsible corporate citizenship while maintaining compliance with applicable legal, environmental, and occupational health & safety requirements.

SPL also recognizes the importance of understanding community needs and maintaining appropriate channels for communication and engagement with relevant stakeholders.

Management Approach

SPL integrates community considerations into its sustainability approach through Corporate Social Responsibility (CSR) programmes, environmental management, occupational health & safety, emergency preparedness, and stakeholder engagement.

Community-related initiatives are coordinated and monitored by the relevant functions through established departmental processes.

SPL contributes to sustainable communities through:

- Corporate Social Responsibility (CSR) activities.
- Environmental awareness and protection programmes.
- Emergency response and fire safety preparedness.
- Safe workplace management.
- Compliance with environmental and occupational safety requirements.
- Employee participation in community initiatives, where applicable.
- Engagement with relevant stakeholders to understand community needs and concerns.
- Community-related performance and initiatives are reviewed through relevant management processes and departmental reporting mechanisms.

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
CSR Activities Conducted	Yes	Yes	Maintained
CSR Beneficiaries (No.)	3	5	Decreased
Emergency Drills Conducted	Yes	Yes	As Planned
CSR Investment (PKR)	8,696,000	14,137,000	Decreased

Key Initiatives FY2025-26

During the reporting period, SPL continued to support sustainable communities through:

- Community welfare and CSR activities.
- Fire and emergency response drills.
- Environmental awareness programmes.
- Support for identified community and social needs through CSR initiatives, where appropriate.
- Maintenance of workplace safety and emergency preparedness arrangements.
- Employee participation in community-related activities, where applicable.
- Participation in national and environmental days.

Future Focus FY2026–27

Security Papers Limited will continue to:

- Expand community engagement programmes.
- Continue supporting environmental awareness initiatives.
- Strengthen emergency preparedness and community resilience.
- Enhance CSR planning based on stakeholder needs.

SDG 10 – REDUCED INEQUALITIES

Framework Alignment:
GRI 401 (Employment), GRI 405 (Diversity and Equal Opportunity), GRI 406 (Non-discrimination), PSX Sustainability Disclosure Guidelines.

Objective

Security Papers Limited is committed to promoting an inclusive, respectful, and equitable workplace by providing equal employment opportunities, fair treatment, non-discrimination, employee welfare, accessibility, and merit-based career development for all employees.

The Company seeks to ensure that employment decisions are based on merit, competence, qualifications, experience, and business requirements while respecting the dignity, rights, and equal treatment of employees.

Why It Matters to Security Papers Limited

SPL recognizes that a diverse, inclusive, and equitable workforce contributes to employee engagement, organizational effectiveness, operational performance, and sustainable business growth.

The Company is committed to providing equal opportunities in recruitment, training, career development, performance evaluation, and employee benefits without discrimination based on gender, disability, age, religion, or other characteristics protected under applicable laws and Company policies.

Promoting equality and inclusion also supports a respectful workplace culture in which employees can contribute effectively and develop their capabilities.

Management Approach

SPL promotes equality and inclusion through transparent human resource practices, objective performance management, employee welfare programmes, and established grievance-handling mechanisms.

Employment and career decisions are based on merit, competence, qualifications, performance, and organizational requirements, subject to applicable labour laws and Company policies.

SPL promotes workplace equality through:

- Equal employment opportunity.
- Merit-based recruitment and promotion.
- Non-discrimination and respectful workplace practices.
- Fair compensation and employee benefits.
- Equal access to training and development opportunities.
- Employee grievance.
- Support for employees with disabilities, where applicable.
- Compliance with applicable labour laws and Company policies.
- Employee awareness regarding respectful and inclusive workplace practices.

The Company monitors relevant workforce and employee relations indicators through Human Resources records, performance management processes, grievance mechanisms, and management review.

Diversity and Inclusion

SPL recognizes the importance of maintaining a workplace where employees are treated fairly and respectfully and have equitable access to employment, development, and career opportunities.

The Company continues to monitor workforce diversity, including gender representation and employment of persons with disabilities, while seeking to improve opportunities for underrepresented groups where feasible and consistent with business requirements.

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Total Employees (No.)	277	283	Reduced
Female Employees (No.)	24	22	Increased
Female Employees (%)	8.66	7.77	Improved
Employees with Disabilities (No.)	5	5	Maintained
Grievances Resolved (%)	0	0	Maintained

Key Initiatives FY2025-26

- Equal employment practices.
- Employee welfare programmes.
- Performance appraisal system.
- Training and career development.
- Employee engagement initiatives.
- Grievance resolution mechanism.

Future Focus FY2026–27

- Continue promoting equal employment opportunities.
- Strengthen diversity and inclusion awareness.
- Improve accessibility and workplace inclusion where feasible.
- Maintain transparent grievance handling processes.
- Continue monitoring equality-related performance indicators

SDG 1 & SDG 2
NO POVERTY AND ZERO HUNGER

Framework Alignment:
GRI 2 (General Disclosures), GRI 202 (Market Presence), GRI 401 (Employment), GRI 413 (Local Communities), and PSX Sustainability Disclosure Guidelines

Objective

Security Papers Limited contributes to poverty reduction and community well-being by providing stable employment, fair remuneration, comprehensive employee welfare programmes, and responsible corporate social responsibility (CSR) initiatives that support vulnerable communities through financial assistance, welfare activities, and humanitarian support where appropriate.

Why It Matters to Security Papers Limited

Security Papers Limited recognizes that sustainable economic growth extends beyond business performance. By creating quality employment opportunities, ensuring fair compensation, investing in employee welfare, and supporting community development initiatives, the Company contributes to improved living standards for employees, their families, and surrounding communities.

Although SPL is not engaged in food production, the Company supports humanitarian and community welfare initiatives whenever appropriate through CSR activities, employee assistance programmes, and collaborations with charitable organizations.

Management Approach

SPL contributes:

- Fair compensation and employee benefits.
- Employee welfare programmes and medical facilities
- Provident Fund, Gratuity and other employee benefits
- Capacity building and career development
- CSR and community welfare initiatives
- Emergency relief assistance where appropriate
- Collaboration with charitable organizations
- Compliance with labor laws and social protection requirements

FY2025–26 Performance

KPI	FY2025–26	FY2024–25	Status
Total Employees	277	283	Reduced
Employees Covered by Welfare Benefits (%)	30%	28%	Increased
CSR Welfare Activities	Maintained	Maintained	Maintained
CSR Expenditure (PKR)	8,696,000	14,137,000	Decreased

Key Initiatives FY2025-26

- Continued employee welfare and financial support programmes.
- Medical facilities and healthcare assistance for employees.
- Provident Fund, Gratuity and statutory employee benefits.
- Employee training and career development initiatives.
- Community welfare and CSR activities.
- Humanitarian assistance where appropriate.
- Compliance with labor laws and social protection requirements.

Future Focus FY2026–27

Security Papers Limited will continue to:

- Continued employee welfare and financial support programmes.
- Enhance community engagement through CSR initiatives.
- Promote fair employment practices and equal opportunities.
- Expand employee development and financial well-being initiatives.
- Continue supporting humanitarian and community assistance programmes where appropriate.
- Improve measurement and reporting of social investment performance.

SUSTAINABILITY IN ACTION
PHOTO GALLERY
FY2025–26









PEOPLE, DIVERSITY & EMPLOYEE DEVELOPMENT

Building an inclusive, diverse and capable workforce through equal opportunities, continuous learning, employee engagement and professional development. (SDG 3 | SDG 4 | SDG 5 | SDG 8 | SDG 10)

Mango Festival at SPL – Fostering employee camaraderie and work-life balance through recreational team-building activities.

International Women's Day Celebration – Reinforcing our commitment to gender equality.a

Quaid-e-Azam Day Commemoration – Paying tribute to the nation's founder, reinforcing national pride and organizational unity.

Women's Day Celebration - Honoring the invaluable contributions of female employees

Mango Festival at SPL – Fostering employee camaraderie and work-life balance through recreational team-building activities.

Independence Day Celebration – Strengthening team spirit and patriotic values across the SPL workforce.

Training Session – Enhancing professional skills through structured learning programmes.

Employee Engagement & Milestone Celebrations - Celebrating employee milestones through team engagement activities, and employee well-being.

Anti-Harassment & Whistleblowing Policy Session – Promoting transparency, ethical conduct, and safe reporting mechanisms for all employees.

Diversity, Equity & Inclusion (DEI) Policy Awareness Session – Educating employees on fostering a respectful, equitable, and inclusive workplace culture.

Employee Recognition and Appreciation – Acknowledging outstanding performance and dedication to reinforce a culture of merit and excellence.

Leadership & Management Team of SPL – Strategic oversight ensuring sustainable business growth and governance excellence.

HEALTH, SAFETY & EMPLOYEE WELL-BEING

Promoting a strong safety culture through proactive risk management, emergency preparedness, occupational health programmes and employee well-being initiatives. (SDG 3 | SDG 8 | SDG 11)


Daytime Firefighting Drill – Reinforcing emergency preparedness and rapid response capabilities during operational hours.


Night-time Firefighting Drill – Ensuring 24/7 safety readiness and effective response across all shifts.


Emergency Preparedness Training – Equipping employees with critical skills to handle industrial emergencies.


Fire & Medical Emergency Drill – Integrated mock drills to ensure coordinated response to on-site incidents.


Emergency Evacuation Drill – Practicing safe and orderly evacuation procedures to protect all personnel.


Fire Safety Equipment – Regular maintenance and checks of firefighting assets to ensure operational reliability.


Session on Fire Equipment & their Usage - Training on firefighting equipment, equipping employees with critical emergency response skills


Toolbox Talk Awareness Session – On-site safety briefings to reinforce hazard awareness and safe work practices.


On-site Medical Centre – Providing immediate occupational healthcare and first-response medical support to employees.

Emergency Ambulance Service – Ensuring rapid medical transport capability for critical health emergencies.


World Diabetes Day Medical Camp – Promoting employee health through medical screenings and awareness campaigns.


Pink Day & Breast Cancer Awareness Session – Educating employees on early detection, prevention, and overall health well-being.

Hygienic Canteen – Providing nutritious, high-quality meals to support employee health and productivity.

Canteen Facilities – Support employee health and productivity.

WATER STEWARDSHIP

Managing water responsibly through conservation, wastewater treatment, regulatory compliance and continual improvement in water resource efficiency. (SDG 6 | SDG 14)

Effluent Treatment Plant (ETP) – Treating industrial wastewater to ensure compliance with stringent environmental discharge standards.

ETP Treatment Process – Multi-stage effluent treatment ensuring safe water return to the environment.

Water Storage Tanks (500,000 IG) – Expanded storage capacity to enhance water security and operational continuity.

Reverse Osmosis (RO) Plant – Producing high-quality process water while reducing dependency on external freshwater sources.

ENERGY EFFICIENCY & CLIMATE ACTION

Enhancing energy efficiency, optimizing resource utilization and strengthening climate resilience through sustainable utility management. (SDG 7 | SDG 13)

350 kW Solar Power Project (In Progress) – Expanding renewable energy capacity to reduce carbon footprint and grid dependency.

WASTE MANAGEMENT & ENVIRONMENTAL STEWARDSHIP

Managing water responsibly through conservation, wastewater treatment, regulatory compliance and continual improvement in water resource efficiency. (SDG 6 | SDG 14)

Waste Segregation Area – Implementing source segregation to maximize recycling, resource recovery, and safe disposal.

Waste Storage Yard – Ensuring safe, compliant, and organized storage of recyclable and non-recyclable waste materials.

BIODIVERSITY & GREEN ENVIRONMENT

Supporting biodiversity conservation and environmental stewardship through tree plantation, green landscaping and responsible environmental management. (SDG 13 | SDG 15)

Tree Plantation Drive – Planted trees during FY2025-26 to enhance on-site biodiversity and carbon sequestration.

Landscaped Green Areas – Maintaining about 33,000 m^2 of green spaces to improve the local micro-environment.

World Environment Day – Engaging employees in environmental stewardship and climate action initiatives

World Environment Day – CEO addressing employees, reinforcing SPL's top-down commitment to environmental stewardship, and climate action.

Painting Competition on Environment – Encouraging creative expression and awareness on sustainability, with prize distribution to winners.

Green Areas – Maintaining green areas and tree plantation zones within SPL's premises for healthier working environment.

CORPORATE GOVERNANCE & BUSINESS EXCELLENCE

Strengthening transparency, accountability and ethical business practices through sound governance, stakeholder engagement and corporate excellence. (SDG 16)

Annual General Meeting (AGM) – Transparent engagement with shareholders to discuss strategic direction and financial performance.

Corporate Briefing Session – Providing stakeholders with comprehensive insights into operational and sustainability performance.

Corporate Briefing Session – Q&A – Fostering open dialogue and accountability with the investment community.

Best Corporate & Sustainability Report Awards 2024 – Recognition of SPL's commitment to transparent and high-quality sustainability reporting.

40th Corporate Excellence Award 2025 - GM (IMS), Mr. Arshad Amir, receiving the 40th Corporate Excellence Award 2025 on behalf of Security Papers Limited (SPL), organized by the Management Association of Pakistan (MAP)

PARTNERSHIPS & COMMUNITY ENGAGEMENT

Building trusted partnerships with customers, suppliers, regulators and communities to create shared value and support sustainable development. (SDG 1 | SDG 2 | SDG 11 | SDG 17)

CSR Initiative at Dr. Ruth K.M. Pfau Civil Hospital – Extending community support through healthcare donations and welfare assistance.

CSR Engagement – Community Support – Strengthening ties with local communities through targeted social investment and charitable initiatives.

ISO MANAGEMENT SYSTEM CERTIFICATIONS

Our Commitment to International Management Standards

ISO 9001:2015 – Quality Management System Certification; Demonstrating SPL's commitment to quality, customer satisfaction, and continual improvement.

ISO 14001:2015 – Environmental Management System Certification; Supporting systematic environmental management, compliance, pollution prevention, and continual improvement.

ISO 45001:2018 – Occupational Health & Safety Management System Certification; Supporting effective management of occupational health and safety risks and a safe working environment.

ISO/IEC 27001:2022 – Information Security Management System Certification; Strengthening the systematic management and protection of information security risks and information assets.

INDEPENDENT ASSURANCE STATEMENT

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

INDEPENDENT LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT TO THE MANAGEMENT OF SECURITY PAPERS LIMITED

We have been engaged to perform a limited assurance engagement on the sustainability report of Security Papers Limited ("the Company") for the year ended June 30, 2026.

Our scope of review is limited only to the selected areas presented and disclosed in the Sustainability Report of the Company (the Sustainability Report), which has been prepared with reference to the Global Reporting Initiative ("GRI") Standards and with consideration of the applicable 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 and presentation of the Sustainability Report with reference to the GRI sustainability reporting standards ("GRI Standards") issued in 2021 by GRI and the other applicable reporting criteria identified by Management.

The management is responsible for the identification of material topics and the completeness and accuracy of the disclosures.

The management is also responsible for such internal control as it determines is necessary to enable the preparation of the Sustainability Report that is free from material misstatement whether due to fraud or error or unintentional behavior or event.

The management is additionally responsible for defining the sustainability objectives, reporting the results achieved against such objectives, identifying relevant stakeholders and determining the significant matters and disclosures to be included in the Sustainability 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.

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OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD
A member of Kreston Global

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Our Responsibility

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, on whether anything has come to our attention that causes us to believe that the selected information within the Sustainability Report has not been 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. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ISAE 3000 (Revised)'), issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires us to plan and perform procedures to obtain limited assurance about whether the selected information within 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 limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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 the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected information within the Sustainability Report for the year ended June 30, 2026, has not been 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 applicable law, we do not accept or assume responsibility, and expressly disclaim any liability, to any party other than the Company in respect of our work, this independent limited assurance report, or the conclusions expressed herein.

Kreston Hyder Bhimji & Co.

Kreston Hyder Bhimji & Co.
Chartered Accountants
Karachi: 31 August 2026

SDGS INDEX

SDG	Sustainable Development Goal	Page No.	GRI Disclosure(s) 2021
SDG 1	No Poverty	299	GRI 202-1, 202-2, 401-1, 401-2, 413-1
SDG 2	Zero Hunger	299	GRI 413-1, 413-2
SDG 3	Good Health & Well-being	277	GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
SDG 4	Quality Education	281	GRI 404-1, 404-2, 404-3
SDG 5	Gender Equality	258	GRI 2-7, 405-1, 405-2, 406-1
SDG 6	Clean Water & Sanitation	261	GRI 303-1, 303-2, 303-3, 303-4, 303-5
SDG 7	Affordable & Clean Energy	263	GRI 302-1, 302-3, 302-4, 302-5
SDG 8	Decent Work & Economic Growth	266	GRI 201-1, 202-2, 401-1, 401-2, 403-9, 404-1
SDG 9	Industry, Innovation & Infrastructure	269	GRI 203-1, 203-2, 416-1, 416-2
SDG 10	Reduced Inequalities	297	GRI 405-1, 405-2, 406-1
SDG 11	Sustainable Cities & Communities	295	GRI 413-1, 413-2
SDG 12	Responsible Consumption & Production	272	GRI 301-1, 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5
SDG 13	Climate Action	Note (a) of P/322	GRI 302-1, 302-3, 305-1, 305-2, 305-4, 307-1
SDG 14	Life Below Water	293	GRI 303-2, 303-4, 306-1, 306-2
SDG 15	Life on Land	288	GRI 304-2, 304-3
SDG 16	Peace, Justice & Strong Institutions	284	GRI 2-9 to 2-30, 205-1, 205-2, 205-3, 206-1, 418-1
SDG 17	Partnerships for the Goals	290	GRI 2-28, 2-29, 204-1, 308-1

GRI CONTENT INDEX (GRI STANDARDS 2021)

Statement of Use

Security Papers Limited has prepared the Sustainability Report 2026 with reference to the Global Reporting Initiative (GRI) Standards 2021, while considering the Pakistan Stock Exchange (PSX) Sustainability Disclosure Guidelines, the United Nations Sustainable Development Goals (SDGs), and the Company's material sustainability topics.

GRI Standard	Disclosure	Description	SDG	ESG Pillar	Report Section
GRI 2: General Disclosures					
GRI 2	2-1	Organizational details	—	Governance	Company Profile
GRI 2	2-2	Entities included in the organization's sustainability reporting	—	Governance	Reporting Boundary
GRI 2	2-3	Reporting period, frequency and contact point	—	Governance	Reporting Framework
GRI 2	2-4	Restatements of information	—	Governance	Reporting Framework
GRI 2	2-5	External assurance	—	Governance	Assurance Statement
GRI 2	2-6	Activities, value chain and other business relationships	SDG 9,17	Governance	Business Overview & Value Chain
GRI 2	2-7	Employees	SDG 8	Social	Human Capital
GRI 2	2-8	Workers who are not employees	SDG 8	Social	Human Capital
GRI 2	2-9	Governance structure and composition	SDG 16	Governance	Corporate Governance
GRI 2	2-10	Nomination and selection of the highest governance body	SDG 16	Governance	Corporate Governance
GRI 2	2-11	Chair of the highest governance body	SDG 16	Governance	Corporate Governance
GRI 2	2-12	Role of the highest governance body in overseeing impacts	SDG 16	Governance	Sustainability Governance
GRI 2	2-13	Delegation of responsibility for managing impacts	SDG 16	Governance	Governance Framework
GRI 2	2-14	Role of the highest governance body in sustainability reporting	SDG 16	Governance	Sustainability Governance
GRI 2	2-15	Conflicts of interest	SDG 16	Governance	Ethics & Compliance

GRI Standard	Disclosure	Description	SDG	ESG Pillar	Report Section
GRI 2	2-16	Communication of critical concerns	SDG 16	Governance	Risk Management
GRI 2	2-17	Collective knowledge of the highest governance body	SDG 16	Governance	Corporate Governance
GRI 2	2-18	Evaluation of the performance of the highest governance body	SDG 16	Governance	Corporate Governance
GRI 2	2-22	Statement on sustainable development strategy	SDG 17	Governance	Chairman / CEO Message
GRI 2	2-23	Policy commitments	SDG 16	Governance	Policies & Commitments
GRI 2	2-24	Embedding policy commitments	SDG 16	Governance	Integrated Management System
GRI 2	2-25	Processes to remediate negative impacts	SDG 16	Governance	Ethics & Grievance Mechanisms
GRI 2	2-26	Mechanisms for seeking advice and raising concerns	SDG 16	Governance	Whistleblowing & Ethics
GRI 2	2-27	Compliance with laws and regulations	SDG 16	Governance	Compliance Management
GRI 2	2-28	Membership associations	SDG 17	Governance	Stakeholder Engagement
GRI 2	2-29	Approach to stakeholder engagement	SDG 17	Governance	Stakeholder Engagement
GRI 2	2-30	Collective bargaining agreements	SDG 8	Social	Human Capital
GRI 3: Material Topics					
GRI 3	3-1	Process to determine material topics	All SDGs	Governance	Materiality Assessment
GRI 3	3-2	List of material topics	All SDGs	Governance	Material Topics
GRI 3	3-3	Management of material topics	All SDGs	Governance	Management Approach
GRI 201: Economic Performance					
GRI 201	201-1	Direct economic value generated and distributed	SDG 8	Economic	Economic Performance
GRI 201	201-2	Financial implications and other risks and opportunities due to climate change	SDG 13	Economic	Climate Risk & Opportunities
GRI 201	201-3	Defined benefit plan obligations and other retirement plans	SDG 8	Social	Employee Benefits

GRI Standard	Disclosure	Description	SDG	ESG Pillar	Report Section
GRI 201	2201-4	Financial assistance received from government	SDG 8	Economic	Financial Performance (if applicable)
GRI 202: Market Presence					
GRI 202	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SDG 1,5,8	Social	Employment Practices
GRI 202	202-2	Proportion of senior management hired from the local community	SDG 8,11	Social	Human Capital
GRI 203: Indirect Economic Impacts					
GRI 203	203-1	Infrastructure investments and services supported	SDG 9	Economic	Community & Infrastructure
GRI 203	203-2	Significant indirect economic impacts	SDG 8,9	Economic	Economic Contribution
GRI 204: Procurement Practices					
GRI 204	204-1	Proportion of spending on local suppliers	SDG 17	Governance	Sustainable Procurement
GRI 205: Anti-corruption					
GRI 205	205-1	Operations assessed for corruption risks	SDG 16	Governance	Ethics & Compliance
GRI 205	205-2	Communication and training about anti-corruption policies	SDG 16	Governance	Ethics Training
GRI 205	205-3	Confirmed incidents of corruption and actions taken	SDG 16	Governance	Governance Performance
GRI 206: Anti-competitive Behavior					
GRI 206	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	SDG 16	Governance	Legal Compliance
GRI 301: Materials					
GRI 301	301-1	Materials used by weight or volume	SDG 12	Environment	Resource Management

GRI Standard	Disclosure	Description	SDG	ESG Pillar	Report Section
GRI 301	301-2	Recycled input materials used	SDG 12	Environment	Resource Recovery
GRI 301	301-3	Reclaimed products and packaging materials	SDG 12	Environment	Resource Recovery
GRI 302: Energy					
GRI 302	302-1	Energy consumption within the organization	SDG 7,13	Environment	Energy Management
GRI 302	302-3	Energy intensity	SDG 7	Environment	Energy Performance
GRI 302	302-4	Reduction of energy consumption	SDG 7,13	Environment	Energy Efficiency
GRI 303: Water and Effluents					
GRI 303	303-1	Interactions with water as a shared resource	SDG 6	Environment	Water Management
GRI 303	303-2	Management of water discharge-related impacts	SDG 6,14	Environment	Effluent Management
GRI 303	303-3	Water withdrawal	SDG 6	Environment	Water Performance
GRI 303	303-4	Water discharge	SDG 6,14	Environment	Effluent Performance
GRI 303	303-5	Water consumption	SDG 6	Environment	Water Performance
GRI 304: Biodiversity					
GRI 304	304-2	Significant impacts of activities on biodiversity	SDG 15	Environment	Biodiversity
GRI 304	304-3	Habitats protected or restored	SDG 15	Environment	Tree Plantation
GRI 305: Emissions					
GRI 305	305-1	Direct (Scope 1) GHG emissions	SDG 13	Environment	Climate Action
GRI 305	305-2	Energy indirect (Scope 2) GHG emissions	SDG 13	Environment	Climate Action
GRI 305	305-4	GHG emissions intensity	SDG 13	Environment	Climate Performance
GRI 305	305-5	Reduction of GHG emissions	SDG 13	Environment	Emissions Reduction
GRI 306: Waste					
GRI 306	306-1	Waste generation and waste-related impacts	SDG 12	Environment	Waste Management

GRI Standard	Disclosure	Description	SDG	ESG Pillar	Report Section
GRI 306	306-2	Management of significant waste-related impacts	SDG 12	Environment	Waste Management
GRI 306	306-3	Waste generated	SDG 12	Environment	Waste Performance
GRI 306	306-4	Waste diverted from disposal	SDG 12	Environment	Recycling
GRI 306	306-5	Waste directed to disposal	SDG 12	Environment	Hazardous Waste Management
GRI 307: Environmental Compliance					
GRI 307	307-1	Non-compliance with environmental laws and regulations	SDG 13	Environment	Environmental Compliance
GRI 308: Supplier Environmental Assessment					
GRI 308	308-1	New suppliers screened using environmental criteria	SDG 17	Governance	Sustainable Procurement
GRI 308	308-2	Negative environmental impacts in the supply chain and actions taken	SDG 17	Governance	Supply Chain Management
GRI 401: Employment					
GRI 401	401-1	New employee hires and employee turnover	SDG 8	Social	Human Capital
GRI 401	401-2	Benefits provided to full-time employees	SDG 1,8	Social	Employee Welfare
GRI 401	401-3	Parental leave	SDG 5	Social	Human Capital
GRI 403: Occupational Health & Safety					
GRI 403	403-1	Occupational health & safety management system	SDG 3	Social	Occupational Health & Safety
GRI 403	403-2	Hazard identification, risk assessment and incident investigation	SDG 3	Social	HSE
GRI 403	403-3	Occupational health services	SDG 3	Social	Medical Centre
GRI 403	403-4	Worker participation, consultation and communication	SDG 3	Social	HSE
GRI 403	403-5	Worker training on occupational health & safety	SDG 3	Social	HSE Training
GRI 403	403-6	Promotion of worker health	SDG 3	Social	Employee Well-being
GRI 403	403-7	Prevention and mitigation of occupational health & safety impacts	SDG 3	Social	Contractor Safety
GRI 403	403-9	Work-related injuries	SDG 3	Social	Safety Performance
GRI 403	403-10	Work-related ill health	SDG 3	Social	Occupational Health
GRI 404: Training and Education					
GRI 404	404-1	Average hours of training per employee	SDG 4	Social	Learning & Development
GRI 404	404-2	Programs for upgrading employee skills and transition assistance	SDG 4	Social	Employee Development
GRI 404	404-3	Percentage of employees receiving performance and career development reviews	SDG 4	Social	Performance Management
GRI 405: Diversity & Equal Opportunity					
GRI 405	405-1	Diversity of governance bodies and employees	SDG 5	Social	Diversity & Inclusion
GRI 405	405-2	Ratio of basic salary and remuneration of women to men	SDG 5	Social	Human Capital
GRI 406: Non-discrimination					
GRI 406	406-1	Incidents of discrimination and corrective actions taken	SDG 10	Social	Equal Opportunity
GRI 413: Local Communities					
GRI 413 GRI 413	413-1	Operations with local community engagement, impact assessments and development programmes	SDG 11,17	Social	Community Engagement
	413-2	Operations with significant actual and potential negative impacts on local communities	SDG 11	Social	Community Impact

GRI Standard	Disclosure	Description	SDG	ESG Pillar	Report Section
GRI 416: Customer Health & Safety					
GRI 416	416-1	Assessment of the health and safety impacts of product and service categories	SDG 9	Economic	Product Quality
GRI 416	416-2	Incidents of non-compliance concerning health and safety impacts of products and services	SDG 9	Economic	Customer Satisfaction
GRI 418: Customer Privacy					
GRI 418	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SDG 16	Governance	Information Security

Notes:

(a) Security Papers Limited is currently establishing its baseline year for Scope 1 and Scope 2 GHG emissions. Accordingly, data for GRI 305-1, 305-2, 305-4, and 305-5 is not reported in this cycle. The inventory system and data collection processes are under development, with reporting expected to commence in the next reporting period.

(b) The economic value generated and distributed (GRI 201-1) is disclosed in the Company's Annual Report (Part 1), which forms an integral part of this integrated reporting package. The data is not duplicated in the Sustainability Report section to avoid repetition.

SDG–GRI–PSX CROSS-REFERENCE MATRIX

SDG	Relevant GRI Standard(s) & Disclosure(s)	PSX ESG Area	Material Topic	Related Report Chapter	Page No.
SDG 1	GRI 202-1, 202-2, GRI 401-1, 401-2, GRI 413-1	Social	Employee Welfare & Community Support	SDG 1 & SDG 2 – Employee Welfare and Community Development	299
SDG 2	GRI 413-1, GRI 413-2	Social	CSR & Community Support	SDG 1 & SDG 2 – Employee Welfare and Community Development	299
SDG 3	GRI 403-1 to 403-10	Social	Occupational Health & Safety	SDG 3 – Occupational Health & Safety	277
SDG 4	GRI 404-1, 404-2, 404-3	Social	Learning & Development	SDG 4 – Quality Education	281
SDG 5	GRI 405-1, 405-2, GRI 406-1	Social	Diversity, Equity & Inclusion	Human Capital / Diversity & Inclusion	258
SDG 6	GRI 303-1, 303-2, 303-3, 303-4, 303-5	Environment	Water Stewardship	SDG 6 – Water Management	261
SDG 7	GRI 302-1, 302-2, 302-3, 302-4, 302-5	Environment	Energy Management	SDG 7 – Energy Management	263
SDG 8	GRI 201-1, GRI 202-2, GRI 401-1, GRI 403-1 to 403-10, GRI 404-1 to 404-3	Social / Economic	Human Capital Development	SDG 8 – Decent Work & Economic Growth	266
SDG 9	GRI 203-1, 203-2, GRI 416-1, 416-2	Economic	Operational Excellence & Product Quality	SDG 9 – Innovation & Infrastructure	269
SDG 10	GRI 405-1, 405-2, GRI 406-1	Social	Equal Opportunity	Human Capital / Diversity & Inclusion	297
SDG 11	GRI 413-1, 413-2	Social	Community Engagement	SDG 11 – Sustainable Communities	295
SDG 12	GRI 301-1, 301-2, 301-3, GRI 306-1, 306-2, 306-3, 306-4, 306-5	Environment	Resource Efficiency & Waste Management	SDG 12 – Resource Efficiency & Waste	272
SDG 13	GRI 302-1 to 302-5, GRI 305-1, 305-2, 305-3, 305-4, 305-5, GRI 307-1	Environment	Energy, Emissions & Climate	SDG 13 – Climate Action	Not Reported
SDG 14	GRI 303-2, 303-4, 303-5, GRI 306-1, 306-2	Environment	Effluent & Water Protection	SDG 14 – Life Below Water	293
SDG 15	GRI 304-1, 304-2, 304-3	Environment	Biodiversity & Green Belt	SDG 15 – Life on Land	288
SDG 16	GRI 2-9 to 2-30, GRI 205-1, 205-2, 205-3, GRI 206-1, GRI 418-1	Governance	Corporate Governance, Ethics & Compliance	SDG 16 – Governance	284
SDG 17	GRI 2-28, 2-29, GRI 204-1, GRI 308-1, 308-2	Governance	Stakeholder Engagement & Sustainable Procurement	SDG 17 – Partnerships	290

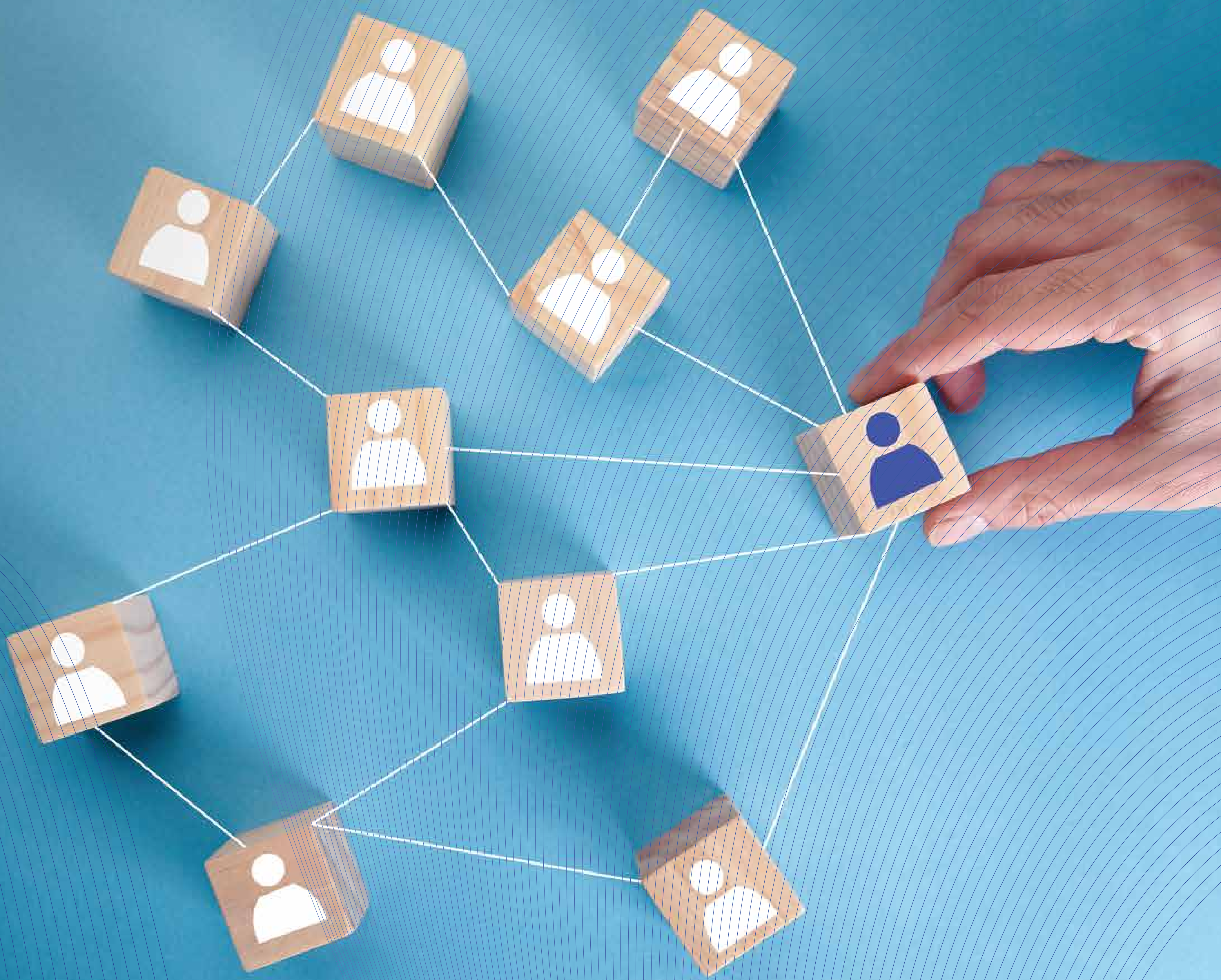
DEFINITIONS AND ABBREVIATIONS

AGMs	·	Annual General Meetings-
BMR	·	Balancing, Modernization and Replacement.
BTU	·	British Thermal Unit
CEO	·	Chief Executive Officer
CFO	·	Chief Financial Officer
CSR	·	Corporate Social Responsibility
ERM	·	Enterprise Risk Management
ESG	·	Economic, Social, and Governance goals
ETP	·	Effluent Treatment Plant
FY	·	Fiscal Year
GM	·	General Manager
GHG	·	Green House Gases
GMP	·	Good Manufacturing Practices
GPD	·	Gallons Per Day
GRI	·	Global Reporting Initiatives
&	·	And
HR	·	Human Resources
HSE	·	Health, Safety and Environment
ICAP	·	Institute of Chartered Accountants of Pakistan
IMS	·	Integrated Management System
ISO	·	International Organization for Standardization

DEFINITIONS AND ABBREVIATIONS

KE	·	Karachi Electric
KPI	·	Key Performance Indicator
KWSB	·	Karachi Water Supply Board
KW	·	Kilo-watt
kWh	·	Kilo-watt hour
LED	·	Light Emitting Diode
MAP	·	Management Association of Pakistan
MIS	·	Management Information System
MRC	·	Management Review Council
MW	·	Mega watt
NEQS	·	National Environmental Quality Standards
SEQs	·	Sindh Environmental Quality Standards
PPEs	·	Personal Protective Equipment
PSPC	·	Pakistan Security Printing Corporation (Pvt.) Limited
PSX	·	Pakistan Stock Exchange
RO	·	Reverse Osmosis Plant
SDGs	·	Sustainable Development Goals
SECP	·	Security Exchange Commission of Pakistan
SEPA	·	Sindh Environmental Protection Agency
CRO	·	Chief Risk Officer
IG	·	Imperial Gallons

STAKEHOLDERS ENGAGEMENT AND RELATIONSHIP



STAKEHOLDER ENGAGEMENT AND RELATIONSHIP

The Board acknowledges that stakeholder engagement helps to proactively consider the needs 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 the 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.

	01 EMPLOYEES	02 CUSTOMERS	03 SHAREHOLDER
Method of Engagement	• Direct interaction with senior management • Formal performance appraisal • Regular meetings • Communication • Company's performance	• In person communication with customers • Customers feedback • Social media platform	• Quarterly financial statements • Annual report • Annual General Meeting • Corporate Briefing Sessions
Frequency of Engagement	• Annually • As needed • Regularly • Quarterly	• Regularly • 24/7 • Annually • As needed	• Quarterly • Annually • As needed
Interest / Expectation	• Fair remuneration • Employee benefits • Healthy & safe work place • Training & development • Job security • Career growth	• Value for money • Product Quality • Choice of products • Availability & Accessibility	• Earnings & dividends • Growth perspective • Transparency • Governance • Liquidity

Corporate Briefing Session (CBS)

The Company holds Corporate Briefing Sessions (CBS) twice in a financial year with the objective to provide investors with information about the Company's profile, strategic / operational performance and details of financial information. A detailed Questions & Answers (Q&As) Session 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, as per the PSX criteria for selection of top 25 Companies Awards, more than one CBS should be held during the financial year. The Company had held its CBS twice i.e. on October 6, 2025 and June 12, 2026. 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. Investors from diverse backgrounds attended the CBS and exhibited a keen interest in the Company's performance.

Annual General Meetings

The Annual General Meeting ("AGM") will be held on Friday, September 25, 2026.

The notices for the General Meeting are sent out to all shareholders 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 shareholding, have right to appoint a proxy in his/her place, they have the right give suggestions, ask questions, to propose, comment, and record their reservations / dissent note during the meeting, and they have the full authority to propose and second any item on the agenda.

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 the shareholders 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 website is maintained in both English and Urdu languages in order to comply with the requirements of the applicable regulatory framework and to better serve the needs of the various stakeholder groups. The Company's website can be reached on http:// www.security-papers.com.

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
- Investors' Grievances
- SECP Investor Complain
- Online CBS Guidelines
- CBS video recording tab
- A dedicated tab for feedback on CBS by all stakeholders

Investor Relation Contacts

Company Secretariat Office
Telephone: (+9221) 99248587
Fax: (+9221) 99248286
E-mail: comsec@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 Annual General Meeting (AGM) held on September 26, 2025, the esteemed shareholders attended the meeting in person and virtually via video link.

Shareholders appreciated the Company's overall operational performance and improvement in its core business, particularly the increase in revenue and gross profit during the year.

Shareholders also raised queries regarding the Company's future expansion and modernization plans and the BMR project. In response, management informed the shareholders that the Company is undertaking a BMR project to modernize its existing plant and enhance its capabilities in line with the requirements of the new banknote series announced by the State Bank of Pakistan. The project, having a total approved cost of PKR 3.4 billion, was approved by the shareholders at an Extraordinary General Meeting. The Company had made a payment equivalent to 56% of the project cost to the international supplier, with the remaining payments to be made in accordance with the project milestones during current financial year.

Management further explained that the BMR project is a strategic initiative aimed at improving operational efficiency, strengthening the Company's long-term competitiveness and ensuring business continuity and sustainability. The modernization of the plant is expected to enable the Company to meet enhanced security requirements for the new banknote series and support future revenue generation. The shareholders were also informed about the Company's ongoing initiatives for improving water efficiency and upgrading the effluent treatment plant, which are expected to contribute towards operational efficiencies and cost savings. All queries raised by the shareholders were duly addressed.

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 2025-26			
Period	Price in Rupees		
	High	Low	Average
1st Quarter – July - September 2025	227.89	160.20	194.04
2nd Quarter – October - December 2025	200.00	156.50	178.25
3rd Quarter – January - March 2026	223.25	128.05	176.65
4th Quarter – April - June 2026	156.45	132.60	144.52

Shareholders Engagement Policy

The Company's stakeholder's 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.

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 its investors through General Meetings with the shareholders, Quarterly, Half Yearly and Annual financial statements, regular and timely disclosures of material information related to the Company, 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 Complains

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 2026, 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.

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 intension. 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/about-us/

PATTERN OF SHAREHOLDING

As at June 30, 2026

NO. OF SHAREHOLDINGS			
NO OF SHAREHOLDERS	FROM	TO	TOTAL SHARES
1,070	1	100	29,797
629	101	500	186,624
328	501	1,000	266,910
531	1,001	5,000	1,350,695
118	5,001	10,000	876,710
39	10,001	15,000	503,519
20	15,001	20,000	351,878
15	20,001	25,000	335,486
10	25,001	30,000	276,463
6	30,001	35,000	197,663
8	35,001	40,000	304,339
11	40,001	45,000	473,368
12	45,001	50,000	579,569
3	50,001	55,000	156,391
2	55,001	60,000	117,609
1	60,001	65,000	63,590
1	65,001	70,000	68,313
2	70,001	75,000	146,560
1	75,001	80,000	76,700
1	85,001	90,000	87,470
3	95,001	100,000	298,255
1	100,001	105,000	105,000
1	105,001	110,000	108,620
1	110,001	115,000	114,911
1	130,001	135,000	133,282
1	140,001	145,000	145,000
1	150,001	155,000	153,000
1	165,001	170,000	165,347
1	190,001	195,000	190,975
1	195,001	200,000	200,000
1	235,001	240,000	239,541
1	295,001	300,000	299,128
1	395,001	400,000	399,367
1	400,001	405,000	403,900
1	535,001	540,000	536,422
1	765,001	770,000	768,703
1	925,001	930,000	928,689
1	995,001	1,000,000	1,000,000
2	1,325,001	1,330,000	2,654,280
1	2,580,001	2,585,000	2,582,428
1	5,805,001	5,810,000	5,806,616
2	5,925,001	5,930,000	11,851,128
1	23,720,001	23,725,000	23,721,739
2,835			**59,255,985**

CATEGORIES OF SHAREHOLDING

As at June 30, 2026

SNO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	1	15,000	0.03
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	3	35,572,867	60.03
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	5	38,525	0.07
5	Insurance Companies	4	1,610,860	2.72
6	Modarabas and Mutual Funds	3	2,871,658	4.85
7	Share holders holding 10%	1	23,721,739	40.03
8	General Public :			
	a. local	2,756	8,365,454	14.12
	b .Foreign			
9	Others	63	10,781,621	18.19
	Total (excluding : share holders holding 10%)	**2,835**	**59,255,985**	**100.00**

CATEGORIES OF SHAREHOLDING

As at June 30, 2026

Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)

SNO.	FOLIO	NAME	HOLDING
1	05264-37577	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	03889-28	NATIONAL BANK OF PAKISTAN	1,482
5	04127-77	MCB BANK LIMITED - TREASURY	153
		TOTAL	**38,525**

Insurance Companies

SNO.	FOLIO	NAME	HOLDING
1	1174	E F U GENERAL INSURANCE LIMITED	749
2	03277-4255	PAKISTAN REINSURANCE COMPANY LIMITED	928,689
3	18200-22	E. F. U. GENERAL INSURANCE LIMITED	536,422
4	20487-26	ASKARI GENERAL INSURANCE COMPANY LIMITED	145,000
		TOTAL	**1,610,860**

Modarabas and Mutual Funds

SNO.	FOLIO	NAME	HOLDING
1	12310-25	CDC - TRUSTEE AL HABIB STOCK FUND	190,975
2	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,582,428
3	17277-26	CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	98,255
		TOTAL	**2,871,658**

CATEGORIES OF SHAREHOLDING

As at June 30, 2026

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	00307-151443	CRESCENT BAHUMAN LIMITED EMPLOYEES PROVIDENT FUND	105,000
6	00513-24404	HIGHNOON EMPLOYEES WELFARE TRUST	21,500
7	00620-75346	BHAYANI ENTERPRISES (PRIVATE) LIMITED	15,000
8	01917-33	PRUDENTIAL SECURITIES LIMITED	53
9	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	102
10	03277-101266	A.M.MANSUR LLP	300
11	03277-1048	MILLWALA SONS (PRIVATE) LIMITED	64
12	03277-105116	AVIATION ENCLAVE (PVT.) LIMITED	43,700
13	03277-26842	TRUSTEES AL-BADER WELFARE TRUST	58,809
14	03277-50590	TECHNOLOGY LINKS (PVT.) LIMITED	7,000
15	03277-60921	TRUSTEES OF UBL STAFF PENSION FUND TRUST	5,806,616
16	03277-60925	TRUSTEES OF UBL OFFICERS/NON OFFICERS BENEVOLENT FUND TRUST	1,327,140
17	03277-60926	TRUSTEES OF UBL EMPLOYEE GRATUITY FUND TRUST	1,327,140
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	03277-96529	FIKREE DEVELOPMENTS CORPORATION (PRIVATE) LIMITED	5,578
23	03277-99448	CENTRAL FACILITATION AGENCY (PVT.) LIMITED	10,500
24	03293-38	S.H. BUKHARI SECURITIES (PVT) LIMITED	921
25	03525-28788	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	108,620
26	03525-63416	H M INVESTMENTS (PVT) LIMITED	393
27	03525-63817	NH SECURITIES (PVT) LIMITED.	3,704
28	03525-67537	SHAMALIK BROTHERS (PVT) LTD	1,000
29	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
30	04705-87224	FEDERAL BOARD OF REVENUE	46,468
31	04804-55797	M. A. OILS (PVT.) LIMITED	5,000
32	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	51,050
33	05868-28	CLIKTRADE LIMITED	1
34	05884-25205	CRESCENT COTTON MILLS LIMITED	522

CATEGORIES OF SHAREHOLDING

As at June 30, 2026

Others

SNO.	FOLIO	NAME	HOLDING
35	06502-5986	UNITED TOWEL EXPORTERS (PVT.) LIMITED	5,000
36	07450-1040	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEES P.FUND	1,000
37	07450-521	B.R.R. GUARDIAN LIMITED	45,800
38	11353-30	NATIONAL INVESTMENT TRUST LIMITED - ADMINISTRATION FUND	768,703
39	11387-29	GHANI OSMAN SECURITIES (PRIVATE) LIMITED	10,000
40	12690-1192	WELLCOME PAKISTAN LIMITED PROVIDENT FUND	19,500
41	12690-1200	BRISTOL-MYERS SQUIBB PAK (PVT) LTD EMP PROV FUND	1,844
42	12690-2174	ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PENSION FUND	9,462
43	12690-2182	ABBOTT LABORATORIES (PAKISTAN) LIMITED STAFF PROVIDENT FUND	3,000
44	12690-2604	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	46,286
45	12690-2620	TRUSTEE PAK PETROLEUM EXEC. STAFF PEN FUND DC CONVENTIONAL	5,200
46	12690-2638	TRUSTEE PAKISTAN PETROLEUM JUNIOR PROVIDENT FUND	8,500
47	12690-2646	TRUSTEE PAKISTAN PETROLEUM SENIOR PROVIDENT FUND	20,100
48	12690-2653	TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF GRATUITY FUND	4,900
49	12690-2661	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND	3,900
50	12690-2679	TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF PENSION FUND	15,700
51	12690-566	THAL LIMITED EMPLOYEES RETIREMENT BENEFIT FUND	600
52	12690-574	THAL LIMITED EMPLOYEES PROVIDENT FUND	5,100
53	13748-667	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	23,257
54	13912-21	INTEGRATED EQUITIES LIMITED	2,000
55	14019-2686	PEARL CAPITAL MANAGEMENT (PRIVATE) LIMITED	9
56	14241-22	FIKREES (PRIVATE) LIMITED	1,037
57	15198-28	INSIGHT SECURITIES (PVT.) LTD	133,282
58	16857-26	MRA SECURITIES LIMITED - MF	4,999
59	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	5,000
60	17509-26	TRUST SECURITIES & BROKERAGE LIMITED - MF	2,000
61	18432-88285	AYUB CHAUDHRY INVESTMENTS (PVT.) LIMITED	3,998
62	18929-25	CDC - TRUSTEE AL HABIB PENSION FUND-EQUITY SUB FUND	20,000
63	19943-22	RAFI SECURITIES (PRIVATE) LIMITED - MF	214
		TOTAL	**10,781,621**

NOTICE OF 61ST ANNUAL GENERAL MEETING

Notice is hereby given that the 61st Annual General Meeting of Security Papers Limited, (the "Company") will be held on 25 September 2026, at 9:00 a.m. at the Registered Office of the Company situated at Main Jinnah Avenue Malir Halt, Karachi.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2026, 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:

   https://security-papers.com/wp-content/uploads/2026/08/AnnualReport2026.pdf

2. To covnsider and approve the payment of Rs.9.00 per share 90% as the final cash dividend for the financial year ended June 30, 2026, as recommended by the Board of Directors. The dividend will be payable to the Members whose names appear in the Register of the Members by close of business on September 18, 2026.
3. To appoint the External Auditors for the Financial Year 2026-27 and to fix their remuneration. The Board of Directors, on the recommendation of the Board Audit Committee, 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 with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

By Order of the Board

Chief Financial Officer

Karachi
3 September 2026

NOTES:

1. Closure of Share Transfer Books

(i) The Share Transfer Books of the Company will remain closed from September 19, 2026 to September 25, 2026 (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., Shahrah-e-Faisal, Karachi by the close of business on September 18, 2026, 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 appear in the register of members as of September 18, 2026, 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: (comsec@security-papers.com), giving particulars as per below table by the close of business hours (5:00 PM) on September 24, 2026.

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/suggestion related to the agenda items of the AGM on the above-mentioned email address by the close of business hours (5:00 p.m.) on September 24, 2026.

(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 Chief Financial Officer at (comsec@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.

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 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 List (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 No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

(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 Chief Financial Officer at 021-99248586 and email address (comsec@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, 2026. 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 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, 2026, 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 2026:

(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 2026 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 2026 (containing the financial statements), have been dispatched.

(ii) Notwithstanding the above, the Company will provide hard copies of the Annual Report 2026, 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

No.	BEST CORPORATE REPORT (BCR) CRITERIA	Page No.
1	**Organizational Overview and External Environment**	
1.01	Mission, vision, code of conduct, ethical, principal and core values.	16-21
1.02	Profile of the company including principal business activities, markets (local and international), key brands, products and services.	08-10
1.03	Geographical location and address of all business units including sales units and plants.	11
1.04	The legislative and regulatory environment in which the company operates.	90
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.	335-339
1.06	Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	N/A
1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	96, 333-337
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	22-23
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.	38, 49
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.	38, 49
1.11	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	69
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.	66-68
	b) The effect of seasonality on business in terms of production and sales.	68
1.13	The legitimate needs, interests of key stakeholders and industry trends.	68
1.14	SWOT Analysis of the company.	65
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).	64
1.16	History of major events.	12-13
1.17	Details of significant events occurred during the year and after the reporting period.	14-15
2	**Strategy and Resource Allocation**	
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve objectives.	110
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;	113, 114

No.	BEST CORPORATE REPORT (BCR) CRITERIA	Page No.
2.03	The capabilities and resources of the company that provide sustainable competitive advantage, resulting in value creation by the company.	114
2.04	Company's strategy on market development, product and service development.	39, 220, 221
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)."	107, 111
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.	109
2.07	The linkage of strategic objectives with company's overall mission, vision and objectives.	110
2.08	Board's statement on the internal controls including IT controls of the company.	113, 114
2.09	Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	39, 220, 221
2.10	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.	46 113
3 3.01	**Risks and Opportunities** Key risks and opportunities (internal and external), including Sustainability-related risks and opportunities affecting availability, quality and affordability of Capitals.	120-124
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. "	120-124
3.03	Risk Management Framework covering principal risks and uncertainties facing by the company, risk methodology, risk appetite and risk reporting.	118-120, 125
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.	120-124
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).	125
4 4.01	**Sustainability Reporting and Corporate Social Responsibility (CSR)** 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;	231, 240-243, 284, 290

No.	BEST CORPORATE REPORT (BCR) CRITERIA	Page No.
	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-listedcompanies/)	231, 237, 254-258, 299
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.	226-228 237-241 247-266 269-271 254-255
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.	24, 44, 75, 85, 87, 238
	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.	85
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.	42, 60, 95, 229, 295 299
4.05	Highlights of the company's performance, policies, initiatives for CSR.	34-40, 54, 80, 97, 213
5 5.01	**Governance** 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 CFO or Trustee etc.; e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	24, 25, 27, 73 24, 31 24, 25, 27, 33 27-33 73-81 27-33, 39
5.02	A brief description about role of the Chairman and the CEO.	97
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.	81

No.	BEST CORPORATE REPORT (BCR) CRITERIA	Page No.
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.	34, 35
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company.	73-79
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.	45, 88
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	88
5.08	Details of formal orientation courses for directors.	88
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.	89, 46
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.	47, 77-79, 83, 84
5.11	Disclosure about related party transactions: a) Approved policy for related party transactions;"	90
	b) Details of all related party transactions, along with the basis of relationship describing common directorship and percentage of shareholding;	206, 207, 334
	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;	89, 206-207
	d) Disclosure of director's interest in related party transactions;	207
	e) In case of conflict, disclosure of how conflicts are managed and monitored by the board.	43, 95
5.12	Disclosure of Board's Policy on the following significant matters:	
	a) Risk Management and internal control policies."	96, 47-48
	b) Disclosure of director's interest in significant contracts and arrangements.	46, 89
	c) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	89
	d) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	89
	e) Security clearance of foreign directors.	89
	f) Board meetings held outside Pakistan.	87

No.	BEST CORPORATE REPORT (BCR) CRITERIA	Page No.
	g) Human resource management including: · Preparation of succession plan; · Merit based recruitment; · Performance based appraisal system; · Promotion, reward and motivation; · Training and development; · Diversity, Equity & Inclusion (DE&I) policy; and · Employee engagement /feedback.	94, 93, 91-92, 42
	h) Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions.	95, 35, 41, 42, 66, 68
	i) Communication with stakeholders.	90, 96
	j) Dividend policy.	40
	k) Investors' relationship and grievances.	90
	l) Employee's health, safety and protection.	91
	m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner, and provide protection to the complainant against victimization and reporting in Audit Committee's report.	84, 332
	n) anti-harassment policy to safeguard the rights and well-being of employees.	42, 94
	o) Safety of records of the company.	90
5.13	Board statement of the organization's business continuity plan or disaster recovery plan.	46, 100
5.14	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	96
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).	333-337
5.16	Details about Board meetings and its attendance.	87
5.17	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	82-87
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)."	97
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.	77-79

No.	BEST CORPORATE REPORT (BCR) CRITERIA	Page No.
	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.	
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.	97
5.21	Board disclosure on Company's use of Enterprise Resource Planning (ERP) software including: 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.	100, 102
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.	48, 66
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.)	48
6 6.01	**Analysis of the Financial Information** 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	136-151

No.	BEST CORPORATE REPORT (BCR) CRITERIA	Page No.
	The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred, as well as future prospects of profits.	
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.	136-147 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.	133
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	154
6.05 6.06	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. Disclosure of market share of the company and share price sensitivity analysis.	217
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.	132
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]	155
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).	334
7 7.01	**Business Model** Describe the business model including inputs, business activities, outputs and outcomes as per international applicable framework.	62, 63
7.02	Explanation of any material changes in the entity's business model during the year.	46
8 8.01	**Disclosures on IT Governance and Cybersecurity** 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.	100-114
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	100-101
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.	100
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.	100

No.	BEST CORPORATE REPORT (BCR) CRITERIA	Page No.
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.	100
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.	100, 101
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.	101, 271
8.08	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks. **Explanatory Note**	100, 101
9 9.01	**Future Outlook** 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.	220-221
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 forwardlooking statement.	221
9.03	Disclosures about the company's future plans for AI adoption and its potential impact on the company's long-term strategy.	221
9.04	Disclosure about company's future Research & Development initiatives.	221, 271
9.05	Sources of information and assumptions used for projections / forecasts in the forward-looking statement, and any assistance taken by any external consultant.	221
10 10.01	**Stakeholders Relationship and Engagement** Stakeholder's engagement policy of the company and how the company has identified its stakeholders.	328, 331
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; and g) Analysts.	328
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	329
10.04	Investors' Relations section on the corporate website with all relevant information including audited annual reports are available in the section.	329, 330

No.	BEST CORPORATE REPORT (BCR) CRITERIA	Page No.
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	330
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.	329
10.07	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	329, 330
10.08	Details about corporate benefits to shareholders like value appreciation, dividend etc.	40
10.09	Disclosure 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.	332
11 11.01	**Striving for Excellence in Corporate Reporting** 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)).	128-129
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).	343-351
12 12.01	**Specific Disclosures of the Financial Statements** Fair value of Property, Plant and Equipment	172
12.02	Of significant / material assets and immovable property including location and area of land.	182
12.03	Capacity of an industrial unit, actual production, and the reasons for shortfall.	203
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).	217
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 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 61ST ANNUAL GENERAL MEETING of the Company to be held on Friday, September 25, 2026 at 9:00 am and at any adjournment thereof.

Signed this____________ day of ___________ 2026

Witnesses: 1. Signature ______________________
Name: ______________________
Address: ______________________
CNIC or Passport No: ______________

Rs 5/- Revenue Stamp

Witnesses: 2. Signature ______________________
Name: ______________________
Address: ______________________
CNIC or Passport No: ______________

Signature ______________________
(Signature should agree with the specimen signature registered with the Company).

CNIC or Passport No:______________

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.

پراکسی فارم

میں/ہم .... از .... بحیثیت سکیورٹی پیپرز لمیٹڈ کے ممبر اور حامل .... عدد عام حصص بمطابق شیئر رجسٹر فولیو سی ڈی سی اکاؤنٹ نمبر .... بذریعہ جناب/محترمہ .... فولیو سی ڈی سی اکاؤنٹ نمبر .... حامل .... سی این آئی سی نمبر یا پاسپورٹ نمبر .... یا بصورت دیگر .... فولیو سی ڈی سی اکاؤنٹ نمبر .... حامل .... سی این آئی سی نمبر یا پاسپورٹ نمبر .... جو کمپنی کے/کی ممبر بھی ہیں، بروز جمعہ 25 ستمبر 2026 کو صبح 9.00 بجے یا کسی ملتوی شدہ تاریخ کو منعقد ہونے والے 61ویں سالانہ اجلاس میں اپنی جانب سے شرکت اور رائے دہی کے لیے پروکسی مقرر کرتا ہوں/کرتے ہیں۔

5/- روپے کا محصول اسٹامپ

دستخط .... بتاریخ 2026

گواہ 1:

دستخط ....

نام ....

پتہ ....

سی این آئی سی/پاسپورٹ نمبر ....

گواہ 2:

دستخط ....

نام ....

پتہ ....

سی این آئی سی/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 ازکم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں جمع کرا دیا جائے۔ کسی اجلاس میں شرکت اور رائے دہی کے لیے

2۔ فارم پر ممبر یا اس کا تحریراً مقرر کردہ اتارنی دستخط کرے گا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم ثبت کرنی ہوگی۔

3۔ اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے اور رائے دہی کے لیے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے۔ تاہم کارپوریشن کسی غیر ممبر کو بھی 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 چاہیے 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) پراکسی کو اجلاس کے وقت اپنا اصلی سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

(iv) کارپوریٹ ادارے کی صورت میں ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔

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