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Security Papers
LIMITED

QUARTERLY REPORT | **2025**
MARCH 31,



Security Papers
LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Mohammad Aftab Manzoor - Non-executive

Directors

Mr. Jamal Nasim - Non-executive
Mr. Hamid Bazargan - Non-executive
Mrs. Pernur Alaybeyoglu - Non-executive
Hafiz Mohammad Yousaf - Non-executive
Mr. Shafqat Ahmed - Non-executive
Mr. Munir Ahmed - Non-executive - Independent
Mr. Arshad Mehmood Bhatti - Non-executive

Chief Executive Officer

Mr. Imran Qureshi - Executive

BOARD AUDIT COMMITTEE

Mr. Munir Ahmed - Chairman
Mr. Jamal Nasim - Member
Mr. Hamid Bazargan - Member
Hafiz Mohammad Yousaf - Member
Mr. Shafqat Ahmed - Member
Mr. Yasir Ali Quraishi - Secretary

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Munir Ahmed - Chairman
Mr. Mohammad Aftab Manzoor - Member
Mr. Jamal Nasim - Member
Mr. Shafqat Ahmed - Member
Mr. Yasir Ali Quraishi - Secretary

CHIEF FINANCIAL OFFICER

Mr. Wasif Sajjad

COMPANY SECRETARY & LEGAL COUNSEL

Mr. Yasir Ali Quraishi

BANKERS

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

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

TAX CONSULTANTS

A. F. Ferguson & Co.
Chartered Accountants



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LEGAL ADVISORS

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

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E-mail: info.shares@famcosrs.com

WEB SITE

<http://www.security-papers.com>



DIRECTORS' REPORT

The Directors are pleased to present the un-audited financial information for nine months period ended March 31, 2025.

BUSINESS AND PERFORMANCE REVIEW

The Company showed stable performance in the current period compared to same period last year despite business challenges.

Despite lower sale volume of 2,839 tons as against 3,070 tons same period last year, where company had a one-off ballot paper order, the Sales stood at Rs. 5,825 million which is 10% higher as compared to Rs. 5,297 million same period last year owing to the efficient commercial mechanism in place with the key customer.

Cost of sales, on the other hand, went up by 11% owing to increased utilities cost combined with annual plant turnaround carried out during the nine months period under review which was performed in Q4 last year. The increase in operational costs was subsided through efficient procurement of key raw material with a 7% reduced average purchase price as compared to the corresponding period last year.

The Company reported gross profit of Rs. 1,599 million as against Rs. 1,483 million in the corresponding period of preceding year recording an increase of 8% (Rs. 116 million).

Other income was reported at Rs.710 million (SPLY: Rs 768 million) at an average return of 15% which is substantially higher than the currently prevailing KIBOR. The reasonably high return on investments was accomplished only through timely prudent investment decisions and efficient monitoring of the Company's investment portfolio.,

The profit before taxation during the period under review stood at Rs. 1,790 million against Rs. 1,756 million during the same period last year which is 2% higher. Profit after taxation stood at Rs. 1,101 million was 2% higher in the same period last year, enabling a consistent growth in the earnings per share to Rs. 18.58 compared to Rs. 18.28 in the same period last year.

The issue of one-third independent directors of Security Papers Limited ("Company / SPL") was to be addressed at the 8th Extraordinary General Meeting for election of directors, which was due to be held on 29 November 2023. However, the said meeting got suspended/adjourned twice owing to company legal status matters followed by three-time extensions by SECP on the petitions of the company owing to impediments being faced by the company related to its legal status. A detailed disclosure note related to the said matter had been provided by the Company in the Directors' Report on Page No. 34 & 35, which is part of the Annual Report 2024.



Subsequently, the Appellate bench then passed an order dated 7 February 2025 in relation to SPL's legal status appeal through which it had upheld the SECP Order dated 26 January 2024 and reiterated that SPL is a listed PSC, based upon the shareholding of certain entities. The Company then challenged the Appellate bench's order in Miscellaneous Appeal No. 27 of 2025 (Security Papers Limited vs Appellate Bench Securities and Exchange Commission of Pakistan and another) before the Sindh High Court (SHC).

It is pertinent to mention that during the pendency of the appeal related to the elections, 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. Therefore, in light of the said order, the Company decided to proceed with holding its elections for the third time at the 8th Reconvened EOGM of the Company which was scheduled for 27 March, 2025. However, on an urgent application filed by SECP in Miscellaneous Appeal 27/2025 on 25 March 2025, the SHC restrained the Company from holding its elections until the legal status matter is adjudicated upon.

Therefore, 8th EOGM was reconvened on 27 March 2025 at 9:00 a.m. and as the matter was subjudice, before taking up the agenda for elections, the said EOGM was concluded and the Company informed the shareholders that the election of directors cannot be held until the legal matter is resolved and resultantly the 8th Reconvened EOGM stood concluded. Also, it was informed that a fresh notice for elections would be issued to shareholders by the Company, once this matter is adjudicated upon by SHC. An appropriate ordinary resolution was passed by majority of the shareholders to this effect.

FUTURE PROSPECTS

In pursuance to the announcement by the State Bank of Pakistan of its plans to introduce new banknote series with enhanced security features in line with international trends, the Company has signed a contract for upgradation and modernizing of existing paper making machine which would enable the Company to produce bank note paper with more modern security features as per key customer's demand.

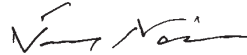
The Company remains fully committed towards managing challenges and delivering sustainable profitable growth capitalizing on our strengths.

The directors of your Company take this opportunity to express their gratitude to all the stakeholders for their encouragement and support.

On behalf of the Board of Directors



Imran Qureshi
Chief Executive Officer



Jamal Nasim
Director

Karachi
Dated: April 29, 2025



Condensed Interim Statement of Financial Position

As at March 31, 2025

		March 31, 2025 (Unaudited)	June 30, 2024 Audited
ASSETS			
	Note	----- (Rupees in '000) -----	
Non-current assets			
Property, plant and equipment	5	2,010,012	1,828,287
Intangible assets		14,245	11,991
Long-term investments	6	3,668,230	3,294,550
Staff retirement benefits		1,469	90
		<u>5,693,956</u>	<u>5,134,918</u>
Current assets			
Stores, spares and loose tools		330,523	299,871
Stock-in-trade		950,511	880,786
Trade debts - considered good		1,094,550	1,320,036
Loans, advances, deposits, prepayments and other receivables		43,498	137,130
Interest accrued		102,868	128,523
Short-term investments	7	2,186,767	2,163,380
Cash and bank balances		406,897	476,936
		<u>5,115,614</u>	<u>5,406,662</u>
TOTAL ASSETS		<u>10,809,570</u>	<u>10,541,580</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 70,000,000 (June 30, 2024: 70,000,000) ordinary shares of Rs. 10 each		<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital 59,255,985 ordinary shares of Rs.10 each		<u>592,559</u>	<u>592,559</u>
Revenue reserves			
General reserves		7,035,181	6,246,411
Unappropriated profits		952,652	1,381,328
		<u>7,987,833</u>	<u>7,627,739</u>
Total shareholders' equity		<u>8,580,392</u>	<u>8,220,298</u>
Non-current liabilities			
Deferred taxation - net		288,877	289,172
Current liabilities			
Trade and other payables		1,080,504	1,320,570
Accrued mark-up		-	486
Unclaimed dividend		18,643	4,762
Unpaid dividend		601,772	546,408
Taxation - net		239,382	159,884
		<u>1,940,301</u>	<u>2,032,110</u>
Total liabilities		<u>2,229,178</u>	<u>2,321,282</u>
TOTAL EQUITY AND LIABILITIES		<u>10,809,570</u>	<u>10,541,580</u>
Contingencies and commitments	8		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Wasif Sajjad

WASIF SAJJAD
Chief Financial Officer

Jamal Nasim

JAMAL NASIM
Director

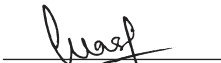


Condensed Interim Statement of Profit or Loss (Unaudited)
For the nine months ended March 31, 2025

	Note	Nine Months Ended		Three Months Ended	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
		----- (Rupees in '000) -----			
Sales - net	9	5,825,203	5,297,307	1,656,958	1,810,488
Cost of sales		<u>(4,226,356)</u>	<u>(3,814,060)</u>	<u>(1,225,220)</u>	<u>(1,303,551)</u>
Gross profit		1,598,847	1,483,247	431,738	506,937
Administrative expenses		(380,041)	(359,069)	(135,008)	(131,353)
Other income		710,264	768,017	201,801	244,024
Other expenses		(137,938)	(131,470)	(36,615)	(43,702)
Finance costs		(1,610)	(4,346)	(459)	(1,015)
Profit before taxation		1,789,522	1,756,379	461,457	574,891
Taxation					
- Current		(692,359)	(583,185)	(183,004)	(195,706)
- Prior		3,334	49,111	-	-
- Deferred		295	(139,254)	20,217	(42,248)
		(688,730)	(673,328)	(162,787)	(237,954)
Profit after taxation		1,100,792	1,083,051	298,670	336,937
		----- Rupees -----			
Earnings per share - basic and diluted		18.58	18.28	5.04	5.69

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.


IMRAN QURESHI
Chief Executive Officer


WASIF SAJJAD
Chief Financial Officer


JAMAL NASIM
Director



**Condensed Interim Statement of
Comprehensive Income (Unaudited)**
For the nine months ended March 31, 2025

	Nine Months Ended		Three Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	----- (Rupees in '000) -----			
Profit for the period	1,100,792	1,083,051	298,670	336,937
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,100,792</u>	<u>1,083,051</u>	<u>298,670</u>	<u>336,937</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

IMRAN QURESHI
Chief Executive Officer

WASIF SAJJAD
Chief Financial Officer

JAMAL NASIM
Director



Condensed Interim Statement of Changes in Equity
For the nine months ended March 31, 2025

	Issued subscribed and paid-up share capital	Revenue Reserves			Total equity
		General reserves	Unappropriated Profit	Total reserves	
----- Rupees in '000 -----					
Balance as at June 30, 2023 (Audited)	592,559	5,951,267	948,176	6,899,443	7,492,002
Total comprehensive income for the period					
Profit after taxation	-	-	1,083,051	1,083,051	1,083,051
Transactions with owners					
Final cash dividend @ Rs.11 per ordinary share for the year ended June 30, 2023	-	-	(651,816)	(651,816)	(651,816)
Interim cash dividend for the period ended December 31, 2023 at the rate of Rs. 2.50 per share	-	-	(148,140)	(148,140)	(148,140)
Transfer to general reserves	-	295,144	(295,144)	-	-
Balance as at March 31, 2024 (Unaudited)	592,559	6,246,411	936,127	7,182,538	7,775,097
Balance as at June 30, 2024 (Audited)	592,559	6,246,411	1,381,328	7,627,739	8,220,298
Total comprehensive income for the period					
Profit after taxation	-	-	1,100,792	1,100,792	1,100,792
Transactions with owners					
Final cash dividend for the year ended June 30, 2024 at the rate of Rs. 10 per share	-	-	(592,558)	(592,558)	(592,558)
Interim cash dividend for the period ended December 31, 2024 at the rate of Rs. 2.50 per share	-	-	(148,140)	(148,140)	(148,140)
Transfer to general reserves	-	788,770	(788,770)	-	-
Balance as at March 31, 2025 (Unaudited)	592,559	7,035,181	952,652	7,987,833	8,580,392

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Wasif Sajjad

WASIF SAJJAD
Chief Financial Officer

Jamal Nasim

JAMAL NASIM
Director



Condensed Interim Statement of Cash Flows (Unaudited)
For the nine months ended March 31, 2025

	Note	Nine Months Ended	
		March 31, 2025	March 31, 2024
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	1,286,699	803,952
Lease deposits recovered		-	7,648
Taxes paid		(609,527)	(558,971)
Finance cost paid		(2,096)	(4,323)
Staff retirement benefits paid		(31,673)	-
Net cash generated from operating activities		643,403	248,306
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(371,880)	(178,687)
Acquisition of intangible assets		(5,084)	(509)
Proceeds from sale of property, plant and equipment		21,960	2,157
Mark-up received		457,953	366,905
Gain realised on reverse repo transactions		56,806	299,924
Investments made during the period		(2,052,461)	(1,159,959)
Investments matured during the period		1,975,490	288,000
Net cash generated from / (used in) investing activities		82,784	(382,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		-	(4,845)
Dividend paid		(671,453)	(703,949)
Net cash used in financing activities		(671,453)	(708,794)
Net increase / (decrease) in cash and cash equivalents during the period		54,734	(842,657)
Cash and cash equivalents at beginning of the period		842,829	2,095,547
Cash and cash equivalents at end of the period	11	897,563	1,252,890

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Imran Qureshi

IMRAN QURESHI
Chief Executive Officer

Wasif Sajjad

WASIF SAJJAD
Chief Financial Officer

Jamal Nasim

JAMAL NASIM
Director



**Notes to and Forming Part of the
Condensed Interim Financial Statements
For the nine months ended March 31, 2025**

1 THE COMPANY AND ITS OPERATION

- 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 Pakistan Stock Exchange Limited.

The principal activity of the Company is manufacturing of specialised paper for banknote and non-banknote 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 SOE Act 2023. The said order of the SECP, read with the aforesaid directions, had created uncertainty as to the applicable provisions of law to be followed for the purposes, inter alia, of election of directors and composition of the Board. The Company contested the adjudication and had challenged the determination in Appeal No. 14 of 2024, before the Appellate bench of SECP. Also, a Constitutional Petition No. D-953 of 2024 was filed by the Company before the Sindh High Court ("SHC") and the same was disposed of, with the direction that Respondent No. 3 (i.e. SECP) shall not to take any adverse action against the Company pursuant to SECP Order, until such time that the said appeal is adjudicated.

Further, the aforesaid appeal was fixed for hearing by the Appellate Bench on April 25, 2024 and the Company argued that certain institutions should be impleaded as necessary & proper parties, as the nature of their shareholding were taken into account for determining the Company's legal status, as a PSC. The Appellate Bench vide its Order dated May 2, 2024 held that Director/HOD, Adjudication-I (SECP) is the sole party, whose presence is required for the efficient implementation of the order that the Appellate Bench would pass in the said appeal.

Being aggrieved by the Order dated May 5, 2024 of the Appellate Bench, the Company filed a Misc. Appeal No. 94 of 2024 before the SHC and it was directed vide Court Order dated May 16, 2024 that the Appellate Bench shall not conclude the said appeal without calling for required information from Pakistan Security Printing Corporation (Pvt.) Limited (PSPC), State Life Insurance Corporation (SLIC), Punjab Provincial Cooperative Bank Limited (PPCBL), National Investment Trust (NIT), Pakistan Reinsurance Company Limited (PRCL), as the Company has been determined as a PSC on the basis of their shareholding. The SHC passed an Order on October 13, 2024, whereby this appeal was disposed of on the grounds that the Appellate Bench has complied with the spirit of the interim order, whereby it had asked for responses to be provided by NIT and PPCBL.

On the next hearing date i.e. May 30, 2024, the Company's legal counsel highlighted to the Appellate Bench that the aforesaid institutions need to be heard and their comments should be sought before proceeding with the said appeal. Upon the request of the Appellate Bench, the Company's legal counsel also provided the said bench with a list of requisite questions on May 6, 2024 that needed to be answered by the said institutions. However, the Appellate Bench, issued an Order dated May 30, 2024, thereby directing that only NIT and PPCBL needs to submit responses to the requisite questions. A review of the Appellate Bench's Order dated May 30, 2024, was filed by the Company and the hearing of the said review was fixed on November 15, 2024, before the Appellate bench. Further to the arguments provided by the legal counsel of SPL, the Appellate bench directed that comments would also be sought from PSPC, SLIC and PRCL, in addition to comments already submitted by NIT and PPCBL. The requisite comments were provided by PSPC and PRCL, accordingly but not SLIC and Appeal No. 14 of 2024, was



then fixed for a final hearing on December 4, 2024. The legal counsel of SPL provided his final arguments and also, filed written arguments on the last hearing date however, a final order of the Appellate bench in the said appeal is currently awaited.

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

A Constitutional Petition No. 4504/2024 was also filed by a few shareholders of the Company, holding 1.426% shares as on September 18, 2024, before the SHC on September 19, 2024, whereby it was prayed that the Court should direct the Respondent No. 5 (i.e. SPL) to implement & enforce SOE Act, 2023 and to appoint independent directors as per Sections 11 & 12 of the said Act. The set petition is currently pending adjudication and there was no interim relief granted to the Petitioners. The Company has already filed its reply to this petition.

The Company had applied to the CRO Karachi, SECP on multiple times to provide extension in the due date for holding its election of directors on the basis of the impediments being faced by the Company and the same were granted, accordingly. As a consequence, thereof, SPL filed an application dated November 4, 2024, thereby requesting for extension of time for holding its elections which were due to be held on December 3, 2024. However, CRO Karachi, SECP vide its Order dated November 12, 2024, refused to grant any further extension for holding of elections. As it was not practically possible to comply with the legal requirements for holding an Extraordinary General Meeting for the purpose of election of directors within the prescribed timeframe and being aggrieved by the said order, SPL filed an appeal before Registrar of Companies, SECP, under Section 480(A) of the Companies Act, 2017, for rejection of the said application and a hearing date in relation to this appeal is currently awaited.

Based on the advice of the Company's legal counsel, the Company believes that there are reasonable arguments that the Company is not a PSC and expect a favourable outcome.

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 AND STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the nine months period ended March 31, 2025 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 , "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.



These condensed interim financial statements of the Company do not include all of the information required for annual audited financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

- 2.3 These condensed interim financial statements are presented in Pakistani rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.
- 2.4 The comparative statement of financial position presented in these condensed interim financial statements as at June 30, 2024 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2024, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine months period ended March 31, 2024 have been extracted from the unaudited condensed interim financial statements of the Company for the period ended March 31, 2024.
- 2.5 These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

3 MATERIAL ACCOUNTING POLICY INFORMATION

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited annual financial statements of the Company for the year ended June 30, 2024.

3.2 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current period

There are certain new and amended standards, interpretations and amendments that became mandatory for the Company during the current accounting period but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2024 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore have not been detailed in these condensed interim financial statements.

4 USE OF JUDGEMENTS AND ESTIMATES

- 4.1 In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

- 4.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those described in the audited annual financial statements of the Company for the year ended June 30, 2024.



		March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets	5.1 1,757,622	1,700,151
	Capital work-in-progress	5.4 252,390	128,136
		<u>2,010,012</u>	<u>1,828,287</u>
5.1	Operating assets		
	Opening book value	1,700,151	1,624,885
	Direct addition to operating assets	5.2.1 117,687	140,158
	Transfer from capital work-in-progress	5.2.2 129,939	119,655
	Disposals during the period / year	5.3 (4,696)	(1,642)
	Transferred from right of use assets to owned	-	35,358
	Depreciation charged during the period / year	(185,459)	(218,263)
		<u>1,757,622</u>	<u>1,700,151</u>
5.2	Additions during the period		
		March 31, 2025 (Unaudited)	March 31, 2024 (Audited)
		----- (Rupees in '000) -----	
5.2.1	Direct addition to operating assets		
	Plant and machinery	15,838	6,790
	Electric, water and gas installations	6,078	9,707
	Laboratory equipment	9,400	10,225
	Building on free hold land	152	-
	Computers and accessories	315	6,513
	Office and security equipment	1,085	2,093
	Furniture and fixtures	42	1,943
	Motor vehicles- owned	57,943	4,584
	Motor vehicles- leased	-	4,802
	Spare parts and stand by equipment	26,834	35,153
		<u>117,687</u>	<u>81,810</u>
5.2.2	Transfer from capital work-in-progress		
	Building on free hold land	1,331	62,544
	Plant and machinery	92,044	23,267
	Electric, water and gas installations	13,230	16,658
	Computers and accessories	3,379	-
	Office and security equipment	-	332
	Furniture and fixtures	2,953	-
	Motor vehicles - owned	16,418	-
	Spare parts and stand by equipment	584	-
		<u>129,939</u>	<u>102,801</u>



	March 31, 2025	March 31, 2024
	(Unaudited)	
	----- (Rupees in '000) -----	
5.3 Disposals during the period		
Motor vehicles	<u>4,696</u>	<u>5</u>
	<u>4,696</u>	<u>5</u>
	March 31, 2025	June 30, 2024
	(Unaudited) (Audited)	
	----- (Rupees in '000) -----	
5.4 Capital work-in-progress		
Opening balance	128,136	93,487
Additions during the period / year	254,193	154,304
Transferred to operating assets	<u>(129,939)</u>	<u>(119,655)</u>
	<u>252,390</u>	<u>128,136</u>
6 LONG-TERM INVESTMENTS		
Pakistan Investment Bonds	6.1 4,826,393	3,394,023
Less: Current maturity	<u>(1,158,163)</u>	<u>(99,473)</u>
	<u>3,668,230</u>	<u>3,294,550</u>
6.1	These represent investments in Pakistan Investment Bonds (PIBs) carried at amortised cost having face value of Rs. 4,941.8 million (June 30, 2024: Rs. 3,617.8 million) and market value of Rs. 4,876.5 million (June 30, 2024: Rs. 3,254.89 million), carrying floating and fixed profit at the rates ranging from 11.8% to 16.5% (June 30, 2024: 12.38% to 23.21%) with maturities ranging from February 2027 to September 2034. The profit payments are made on semi-annual basis.	
	March 31, 2025	June 30, 2024
	(Unaudited) (Audited)	
	----- (Rupees in '000) -----	
7 SHORT-TERM INVESTMENTS		
At amortised cost		
Government securities - Treasury Bills	537,938	1,685,067
Reverse repo transactions	490,666	378,840
Pakistan Investment Bonds - current maturity	<u>1,158,163</u>	<u>99,473</u>
	<u>2,186,767</u>	<u>2,163,380</u>



8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There have been no changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2024, except for the following:

8.1.1 A former employee of SPL has filed a lawsuit (Suit No. 1123 of 2024) dated July 8, 2024 in the Civil Court challenging his termination, which was on the simplicitor rules. He has asked the Court for reinstatement and has also filed a stay application. The Company has submitted its comments / response in this case before the Court. However, following the demise of the previous judge, the court has remained vacant.

8.1.2 The case with Aquatech Infrastructure Limited is still ongoing and no order has been passed by court on it, earlier, the Sindh High Court decided that the matter should be referred to a mediator to try to settle it outside of court. The case was referred for mediation with the mediator in Musaliha International Centre for Arbitration and Dispute Resolution (MICADR). However, the mediation did not succeed, as Aquatech Infrastructure Limited did not agree to the settlement terms proposed by the Mediator. The said case has been once again referred back to the Sindh High Court for adjudication. On the direction of High Court the case was transferred to the District Court. As advised by legal counsel, the next date of hearing is awaited and will be communicated once fixed by the Court.

8.1.3 The Company has filed an appeal before ITAT against the order of DCIR for Tax Year 2018 which has been explained in note 27.3(c) of the annual audited financial statements for the year ended June 30, 2024. The case is reserved for order.

8.1.4 Suits No. 814 and 815 were filed by two employees of the Company, seeking a declaration against their suspension. The Court, through its order, upheld their termination in accordance with the applicable simpliciter rules. They have filed applications for the release of their alleged service benefits from the Company for the remainder of their term had they not been terminated. The legal counsel for the defendant filed a counter affidavit to the said applications, and the plaintiffs sought time to review the same. On the last date of hearing, the Court refused to entertain the pending applications especially the application for injunction on the cars that were given to them during their time in service. The matters are now fixed for settlement of proposed issues.

Further, upon enactment of the Sindh Civil Court (Amendment) Act 2025, the cases have been transferred to the District & Sessions Court, Karachi. As advised by MTC Law Firm, the next date of hearing is awaited and will be communicated once fixed by the Court. Legal counsel is optimistic that, based on the merits of the case, it will be decided in favour of the Company in respect of the financial compensation claimed by the plaintiffs. Accordingly, no provision has been recognised in these condensed interim financial statements.



	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
	----- (Rupees in '000) -----	
8.2 Commitments		
Capital expenditure contracted for but not incurred	<u>2,650,842</u>	<u>96,731</u>
Commitments against letters of credit	<u>110,888</u>	<u>143,538</u>

9 SALES - NET

	Nine months ended		Three Months ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	----- (Unaudited) -----			
	----- (Rupees in '000) -----			
Banknote paper	6,493,466	5,099,728	1,955,210	2,117,927
Non-banknote paper				
- Commercial paper	10,739	518,983	-	6,037
- Others	369,534	632,111	-	12,412
	<u>6,873,739</u>	<u>6,250,822</u>	<u>1,955,210</u>	<u>2,136,376</u>
Sales tax	(1,048,536)	(953,515)	(298,252)	(325,888)
	<u>5,825,203</u>	<u>5,297,307</u>	<u>1,656,958</u>	<u>1,810,488</u>

9.1 Pakistan is the primary geographical market of the Company. Revenue is disaggregated by major product lines and timing of revenue recognition for each product line is at a point in time when risk and reward is transferred to the customer.



	Note	Nine months ended	
		March 31, 2025 ----- (Unaudited) ----- ----- (Rupees in '000) -----	March 31, 2024
10 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,789,522	1,756,379
Adjustments for:			
Depreciation on property, plant and equipment and ROUA	5.1	185,459	163,833
Amortization of intangible assets		2,830	2,057
Gain on disposal of property, plant and equipment		(17,264)	(1,618)
Provision against staff retirement benefits		30,294	25,427
Gain on redemption of investment in mutual fund		-	(2,158)
Amortization of discount on Pakistan Investment Bonds		(5,818)	(55,679)
Amortization of discount on treasury bills		(202,452)	(36,181)
Mark up on investments in Pakistan Investment Bonds		(399,912)	(317,112)
Mark up on bank deposits		(32,386)	(36,886)
Income from reverse repo transactions		(43,859)	(317,391)
Capital gain on redemption of Pakistan investment bonds		-	(1)
Finance costs		1,610	4,346
Changes in:			
- Stores, spare parts and loose tools		(30,652)	(61,649)
- Stock-in-trade		(69,725)	(329,196)
- Trade debts		225,486	319,337
- Loans, advances, deposits, prepayments and other receivables		93,632	(9,467)
- Trade and other payables		(240,066)	(300,090)
		<u>1,286,699</u>	<u>803,952</u>
11 CASH AND CASH EQUIVALENTS			
Reverse repo having maturity of less than 3 months		490,666	1,160,160
Cash and bank balances		406,897	92,730
		<u>897,563</u>	<u>1,252,890</u>
12 TRANSACTIONS WITH RELATED PARTIES			

Related parties comprise of associated company, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds.

The principal activity of the Company is manufacturing and sale of banknote and prize bond paper for Pakistan Security Printing Corporation (Private) Limited (PSPC), an associated company. All sales transactions with PSPC are carried out by the company using the " Cost plus mark up method". Other expenses are reimbursements of shared expenses.



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.

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

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

The significant transactions with related parties carried out during the nine months period ended March 31, 2025 and the balances outstanding as at March 31, 2025 are as follows:

Name of related party	Basis of relationship	Nature of transactions / balances	Nine months ended	
			March 31, 2025	March 31, 2024
			----- (Unaudited) -----	
			----- (Rupees in '000) -----	
Pakistan Security Printing Corporation (Private) Limited	Associated undertaking	Sales - net	<u>5,502,937</u>	<u>4,321,803</u>
		Purchases	<u>4,622</u>	<u>5,285</u>
		Shared expenses charged by associate	<u>56,987</u>	<u>45,271</u>
		Dividend paid	<u>252,043</u>	<u>272,206</u>
		Trade debts	<u>1,090,026</u>	<u>1,239,865</u>
		Payables	<u>37,226</u>	<u>32,045</u>
Summer Holdings, Turkey	Director on Board of Company	Dividend paid	<u>62,959</u>	<u>55,403</u>
		Dividend payable	<u>12,592</u>	<u>12,592</u>
Industrial Development & Renovation Organisation, Iran	Director on Board of Company	Dividend payable	<u>549,809</u>	<u>487,338</u>
KSB Pumps Limited	Common directorship	Purchases	<u>4,047</u>	<u>4,047</u>
Elcott Spinning Mills Limited	Common directorship	Purchases	<u>59,159</u>	<u>108,297</u>
Employees retirement funds	Employees benefit fund	Contributions made	<u>52,903</u>	<u>46,444</u>
		Payable to the fund	<u>4,618</u>	<u>86,658</u>
Key management personnel	Executives	Remuneration and benefits	<u>333,759</u>	<u>243,361</u>



13 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.

13.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify 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 that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

On-balance sheet financial instruments

		March 31, 2025 (Unaudited)							
		Carrying amount			Fair value				
Note		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in '000)									
On-balance sheet financial instruments									
Financial assets not measured at fair value									
Investments									
		-	-	4,826,393	4,826,393	-	4,876,490	-	4,876,490
-	Reverse repo transactions	13.2	-	490,666	490,666	-	-	-	-
-	Government securities - T Bill		-	537,938	537,938	-	536,753	-	536,753
Loans, deposits and other									
	receivables	13.2	-	37,532	37,532	-	-	-	-
	Interest accrued	13.2	-	102,868	102,868	-	-	-	-
	Trade debts	13.2	-	1,094,550	1,094,550	-	-	-	-
	Cash and bank balances	13.2	-	406,897	406,897	-	-	-	-
			-	7,496,844	7,496,844	-	5,413,243	-	5,413,243
Financial liabilities not measured at fair value									
	Trade and other payables	13.2	-	731,071	731,071	-	-	-	-
	Mark-up accrued	13.2	-	-	-	-	-	-	-
	Unclaimed dividend	13.2	-	18,643	18,643	-	-	-	-
	Unpaid dividend	13.2	-	601,772	601,772	-	-	-	-
			-	1,351,486	1,351,486	-	-	-	-



On-balance sheet financial instruments

		June 30, 2024 (Audited)							
Note	Carrying amount		Amortised cost	Other financial liabilities	Total	Fair value			
	Fair value through profit or loss	Fair value through other comprehensive income				Level 1	Level 2	Level 3	
(Rupees in '000)									
Financial assets not measured at fair value									
Investments									
		-	-	3,394,023	3,394,023	-	3,254,890	-	3,254,890
	-	-	-	378,840	378,840	-	-	-	-
	-	-	-	1,685,067	1,685,067	-	1,688,553	-	1,688,553
Loans, deposits and other receivables									
	-	-	-	133,323	133,323	-	-	-	-
	-	-	-	128,523	128,523	-	-	-	-
	-	-	-	1,320,036	1,320,036	-	-	-	-
	-	-	-	476,936	476,936	-	-	-	-
	-	-	-	7,516,748	7,516,748	-	4,943,443	-	4,943,443
Financial liabilities not measured at fair value									
	-	-	-	791,208	791,208	-	-	-	-
	-	-	-	486	486	-	-	-	-
	-	-	-	546,408	546,408	-	-	-	-
	-	-	-	4,762	4,762	-	-	-	-
	-	-	-	1,342,864	1,342,864	-	-	-	-

13.2 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

14 GENERAL

14.1 The Board of Directors in its meeting held on January 30, 2025 has approved an interim cash dividend of Rs 2.50 per share for the period ended December 31, 2024, amounting to Rs 148.15 million. These condensed interim financial statements include the effect of the said interim dividend.

14.2 Corresponding figures

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison. There were no significant reclassifications or adjustments during the current period.

15 DATE OF AUTHORISATION

These condensed interim financial statements were authorised and approved by the Board of Directors of the Company on April 29, 2025.

IMRAN QURESHI
Chief Executive Officer

WASIF SAJJAD
Chief Financial Officer

JAMAL NASIM
Director



ATTENTION SHAREHOLDERS

Attention of shareholders is invited to the following legal requirements:

1. Notice to Shareholders who have not provided their IBAN

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.

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).

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.

2. Deduction of Income Tax from Dividends under Section 150 of the Income Tax Ordinance, 2001 (Mandatory)

The rates of deduction of Withholding Income Tax from dividend payments under the Income Tax Ordinance, 2001 shall be as follows:

- Persons appearing in Active Taxpayers List (ATL) ---- 15%.
- Persons not appearing in Active Taxpayers (ATL) ----- 30%.

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%.

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).



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.

In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and Joint holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

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).

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.

For any query/problem/information, the investors may contact the Company Secretary at phone: 021-99248285 and email address yasir@security-papers.com and/or M/s. FAMCO Share Registration Services (Pvt.) Limited at phone 021-34380101-5 and email address: info.shares@famcosrs.com.

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.



3. Unclaimed / Unpaid Shares and Dividends

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.

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.

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.

4. Conversion of Shares from Physical Form to Book-Entry-Form

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.

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.

5. Placement of Financial Accounts on Website

Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial statements of the Company have been placed on Company's website: <http://www.security-papers.com>.



6. Updation of shareholder addresses / other particulars

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.

Further, to comply with requirements of section 119 of the Companies Act, 2017 and Regulation 47 of the Companies Regulations, 2024, 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.

Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Company / Share Registrar.

Karachi
April 29, 2025

Yasir Ali Quraishi
Company Secretary & Legal Counsel



Security Papers
LIMITED

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

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