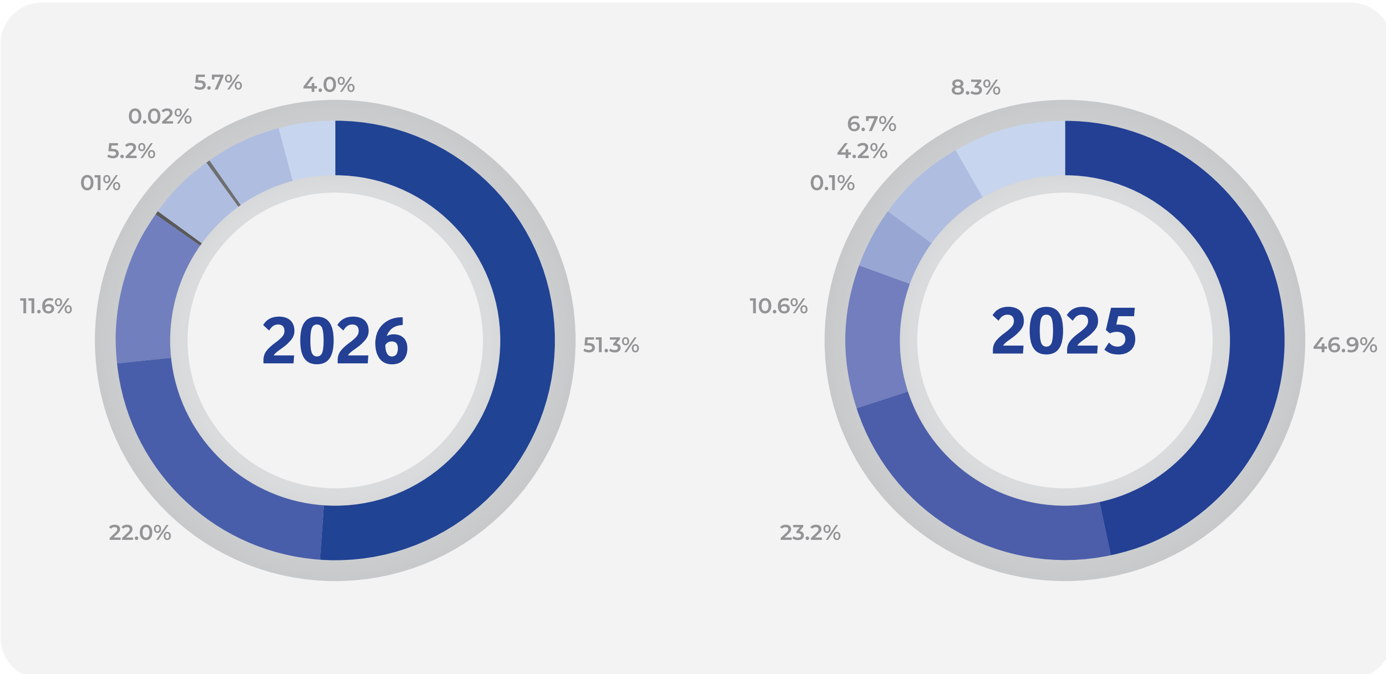
ANALYSIS OF FINANCIAL INFORMATION

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

	2026	2025	2024	2023	2022	2021
ASSETS						
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

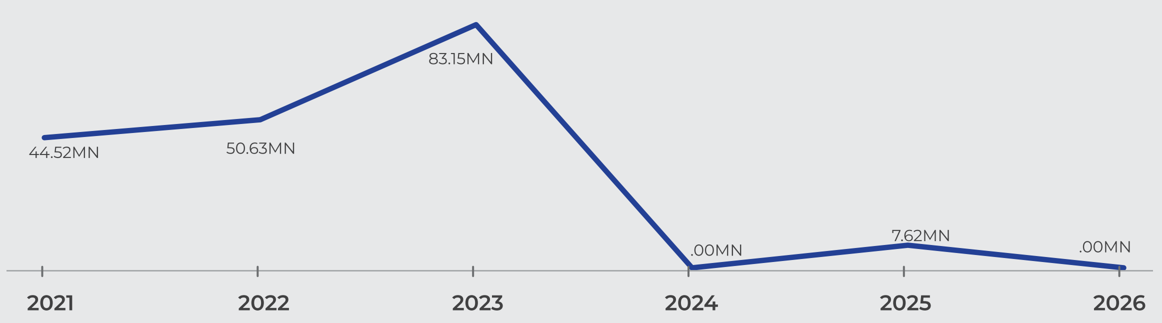
The Company continuously monitors key performance indicators that effectively reflect its operational and financial results. While compiling these indicators, the Company evaluates its market positioning, competitive landscape, and prevailing market conditions. Regular analysis is carried out on sales, 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

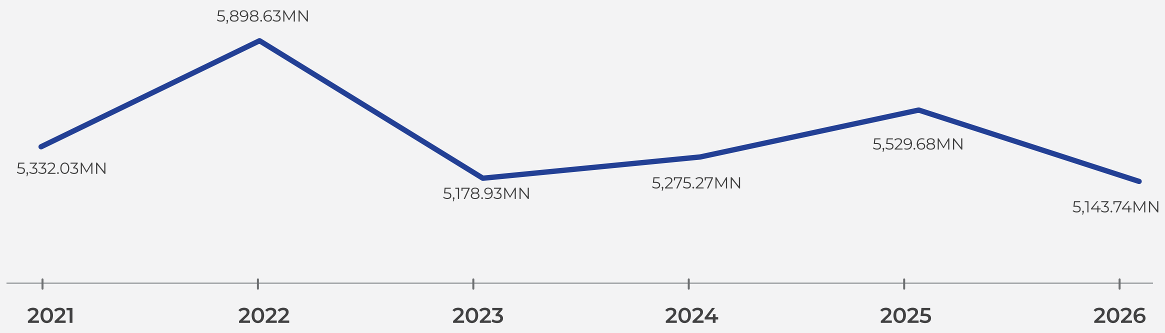
Long term liabilities (Rs.) - Graphical Presentation



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

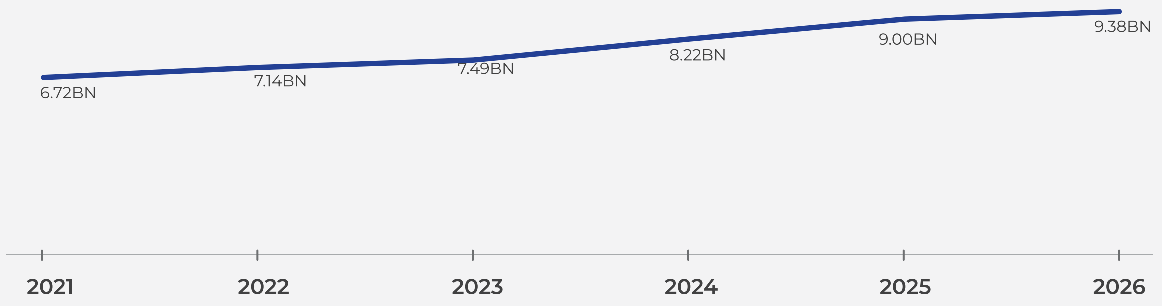


Comments

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

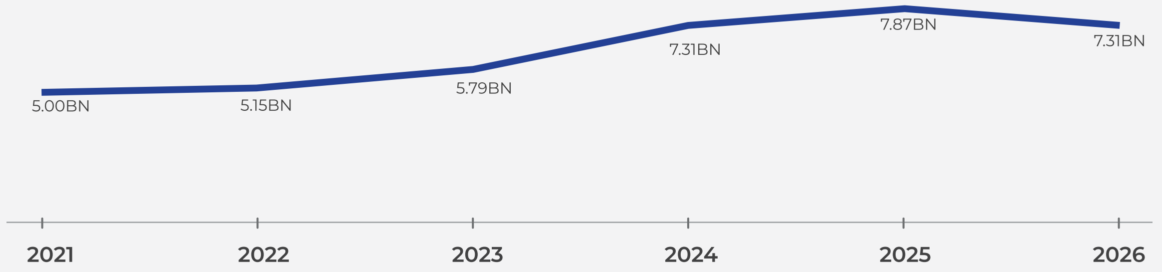
Shareholders' Equity (Rs.) - Graphical Presentation



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

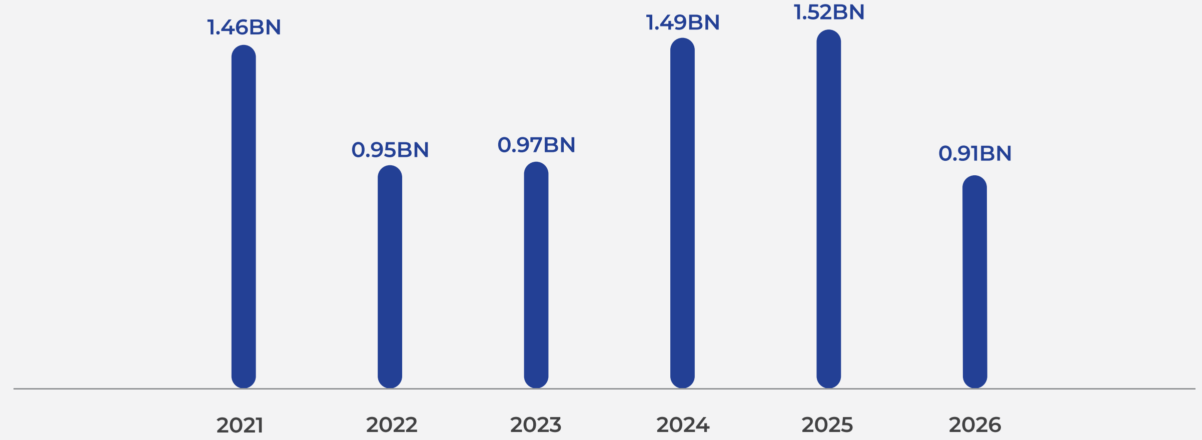


Comments

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

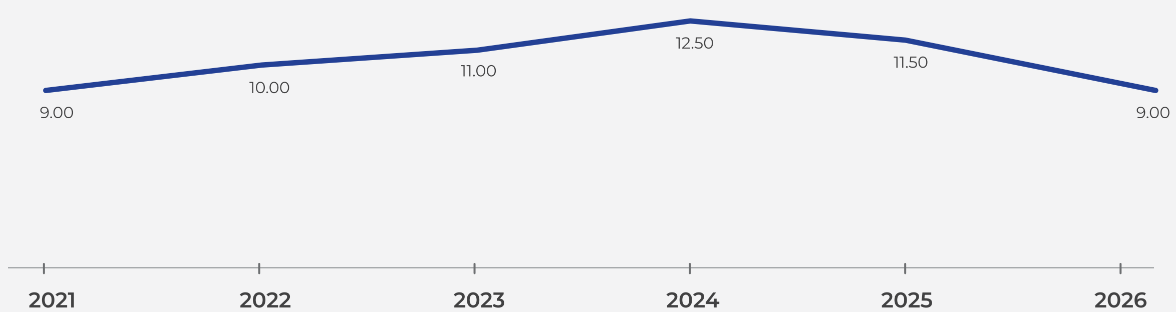
Profit after tax (Rs.) - Graphical Presentation



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.

Cash Dividend per share (Rs.) - Graphical Presentation

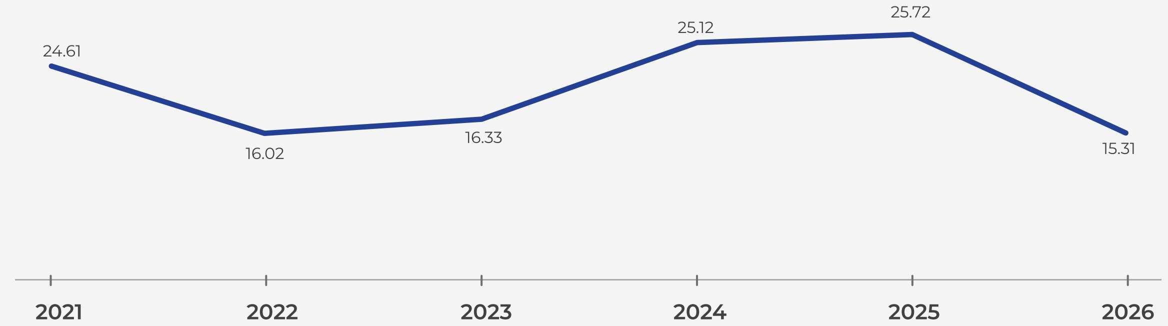


Comments

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

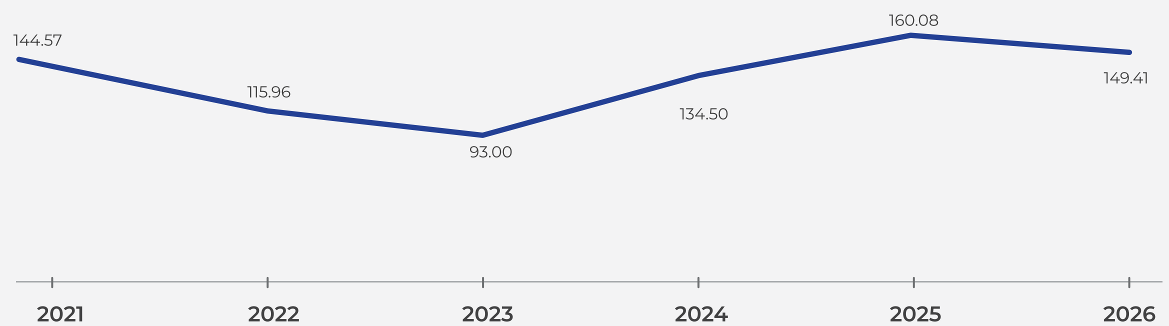
Earning per share - (Rs.) - Graphical Presentation



Comments

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

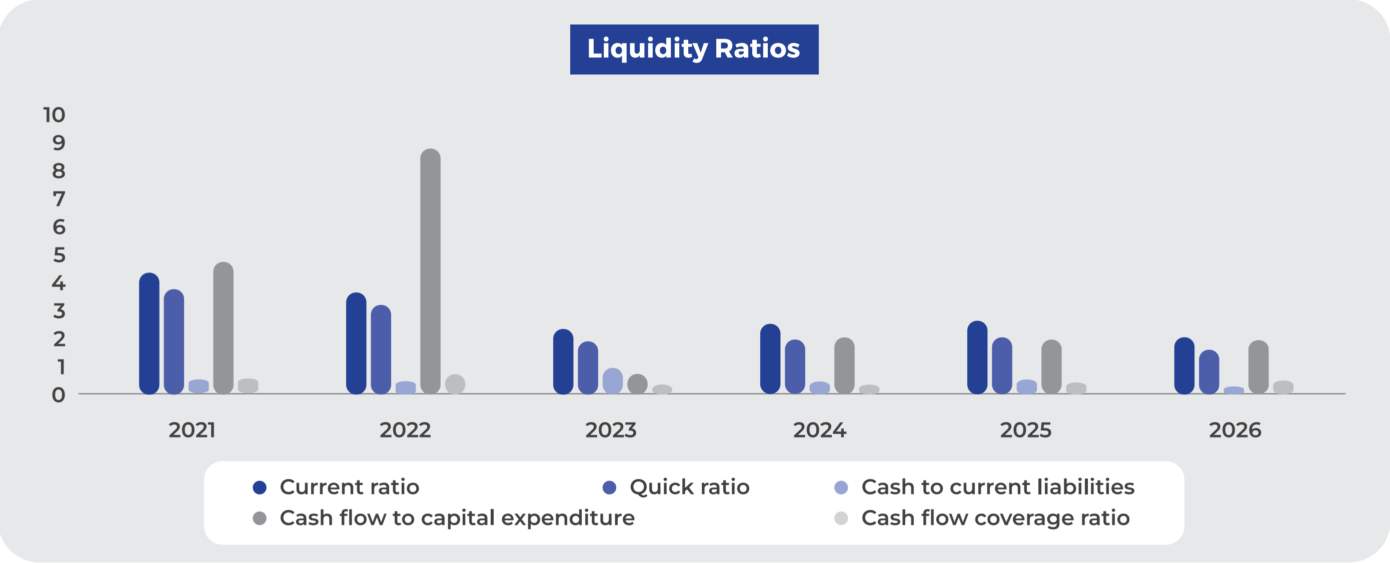
Share price at year end - (Rs.) - Graphical Presentation



Comments

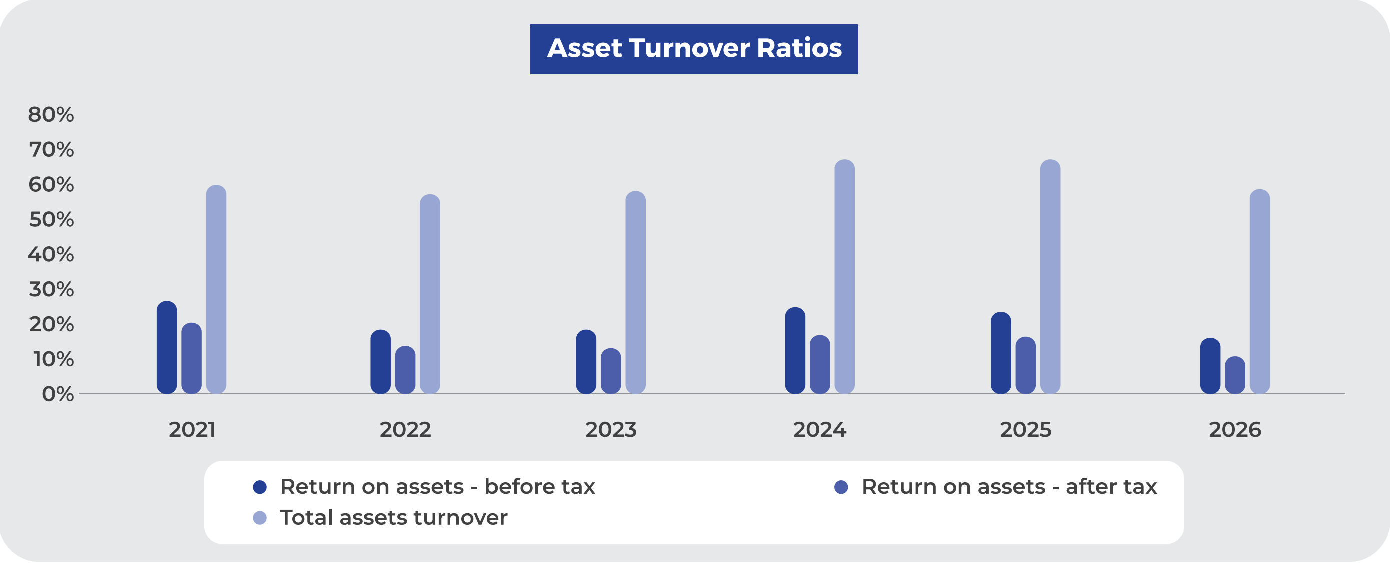
The Company's share price closed at Rs. 149.41 in 2026 depsite of geopolitical tensions, reflecting investor confidence.

GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS



Comments

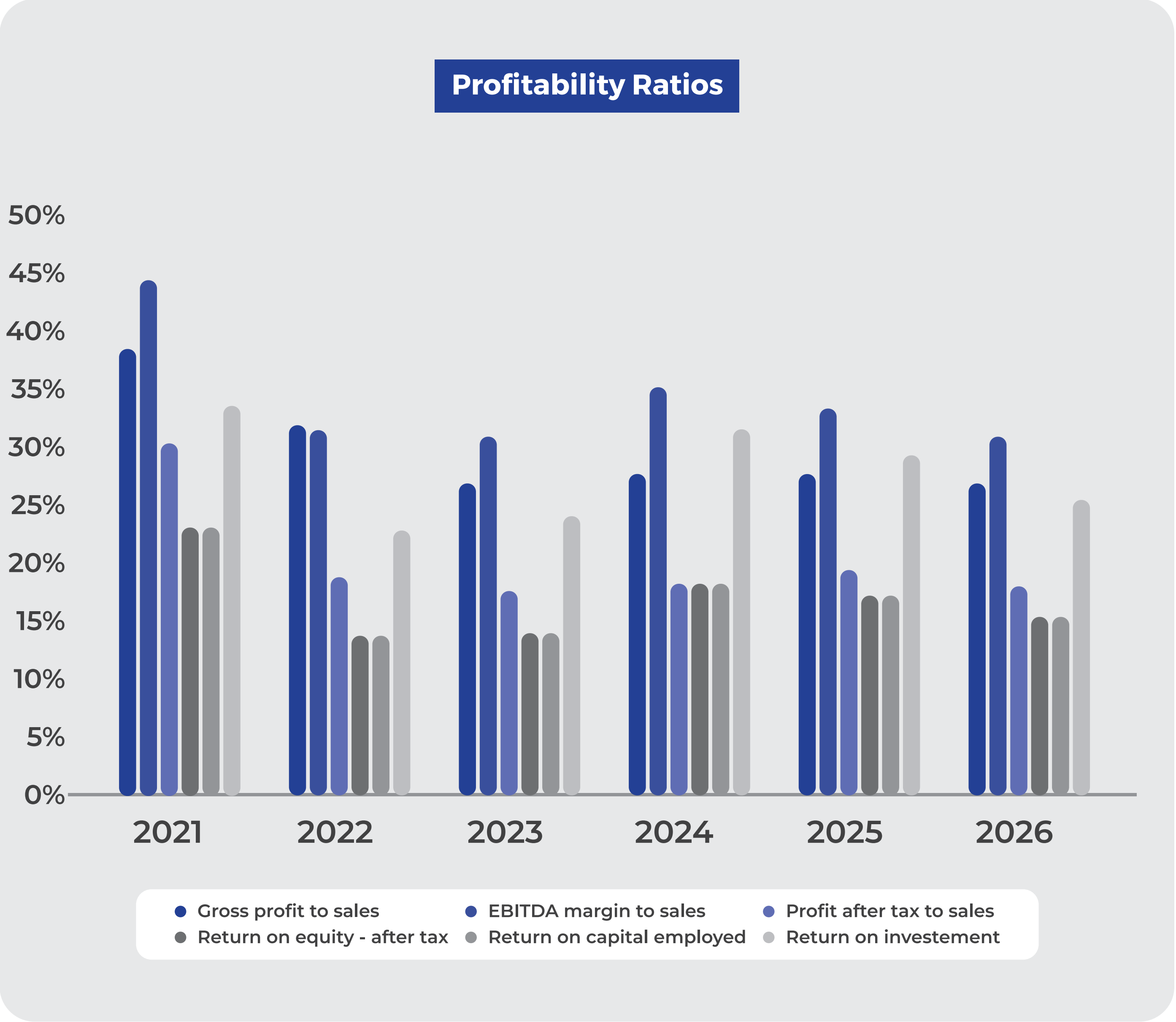
The Company's consistent favorable liquidity position over the years is indicative of its ability to comfortably meet its working capital requirements and short term obligation.



Comments

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

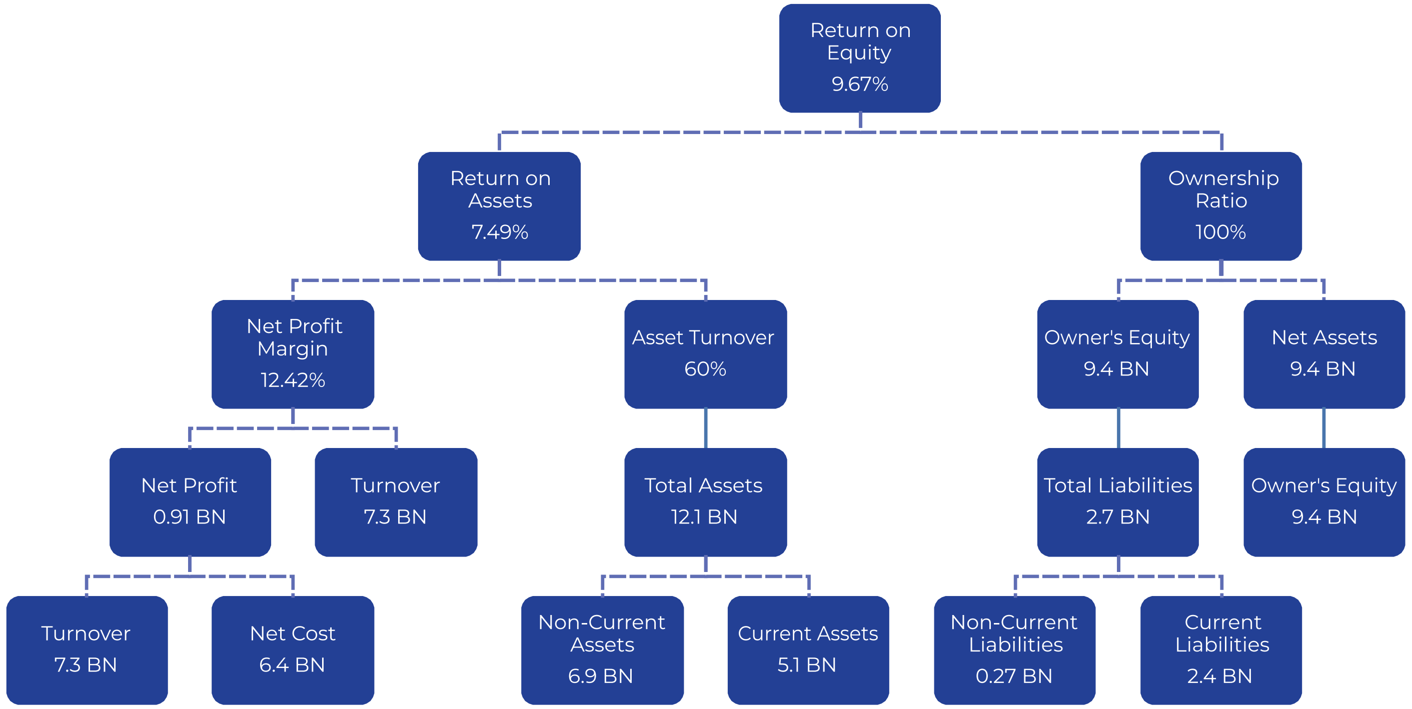
GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS



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.

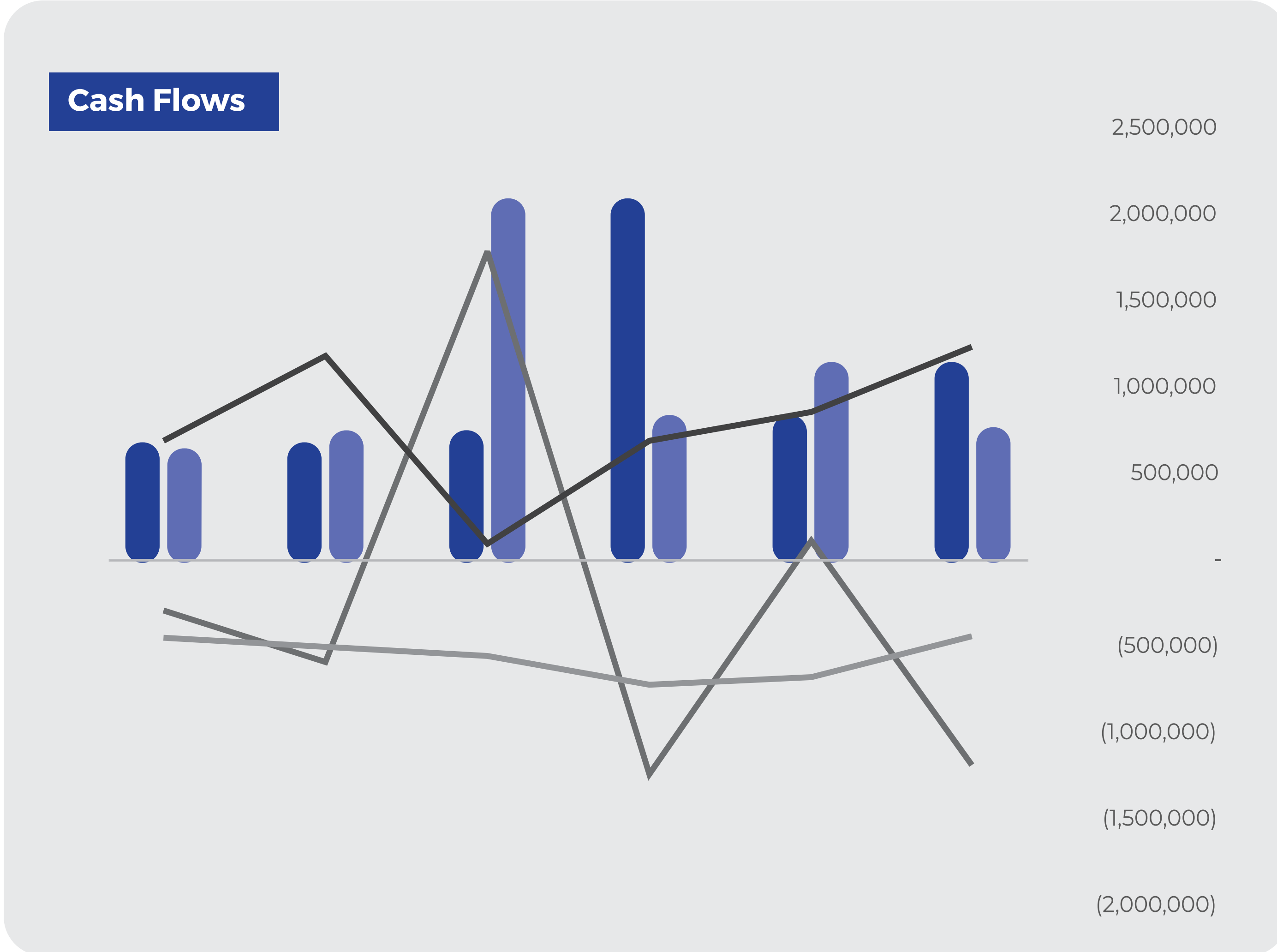
GRAPHICAL PRESENTATION OF ANALYSIS OF FINANCIAL STATEMENTS

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

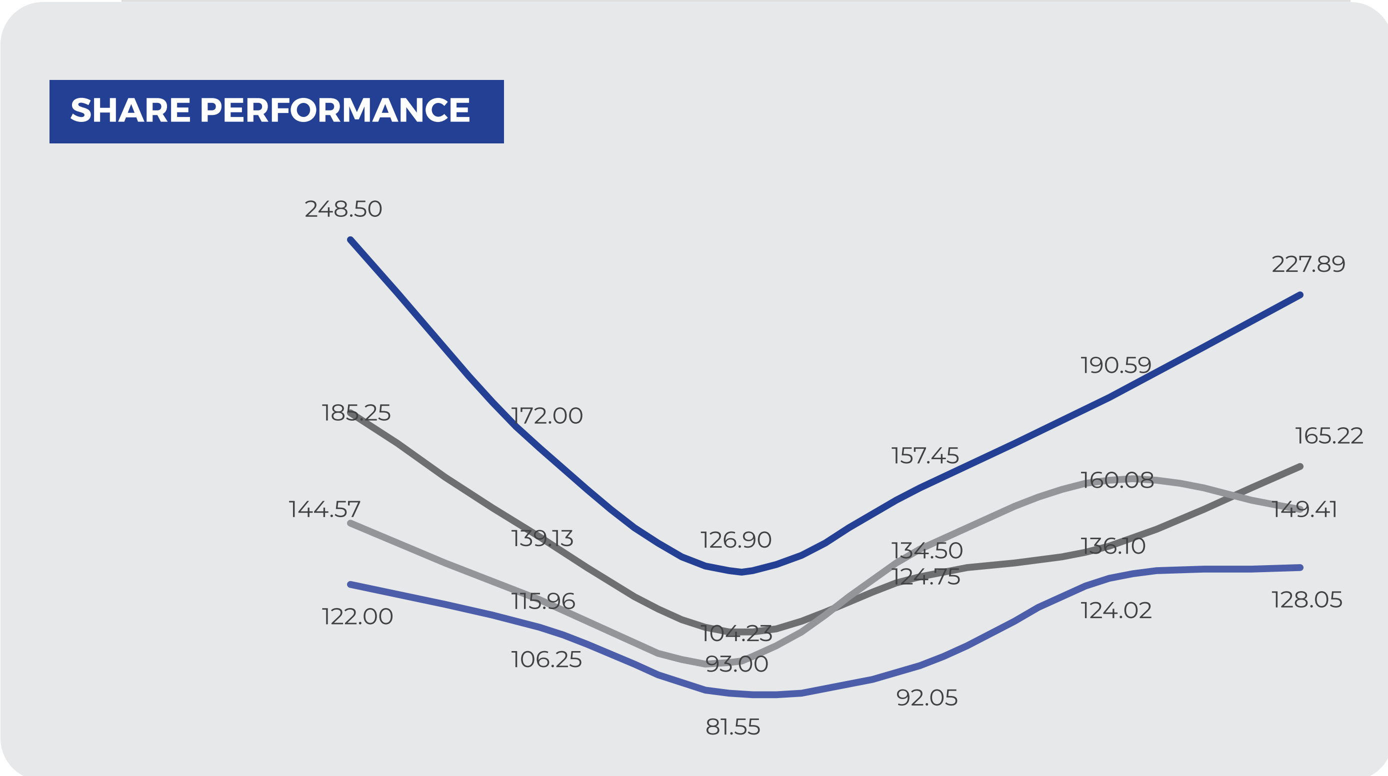
Rs in MN	2021	2022	2023	2024	2025	2026
Fixed Assets	1,913	1,828	1,774	1,840	2,012	4,483
Investments	893	1,181	2,904	3,426	3,808	2,480
Working Capital	4,148	4,336	3,034	3,243	3,503	2,694
Long Term Liabilities	233	207	219	289	322	278
Shareholders' Equity	6,721	7,138	7,492	8,220	9,001	9,379
Current Assets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



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



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.

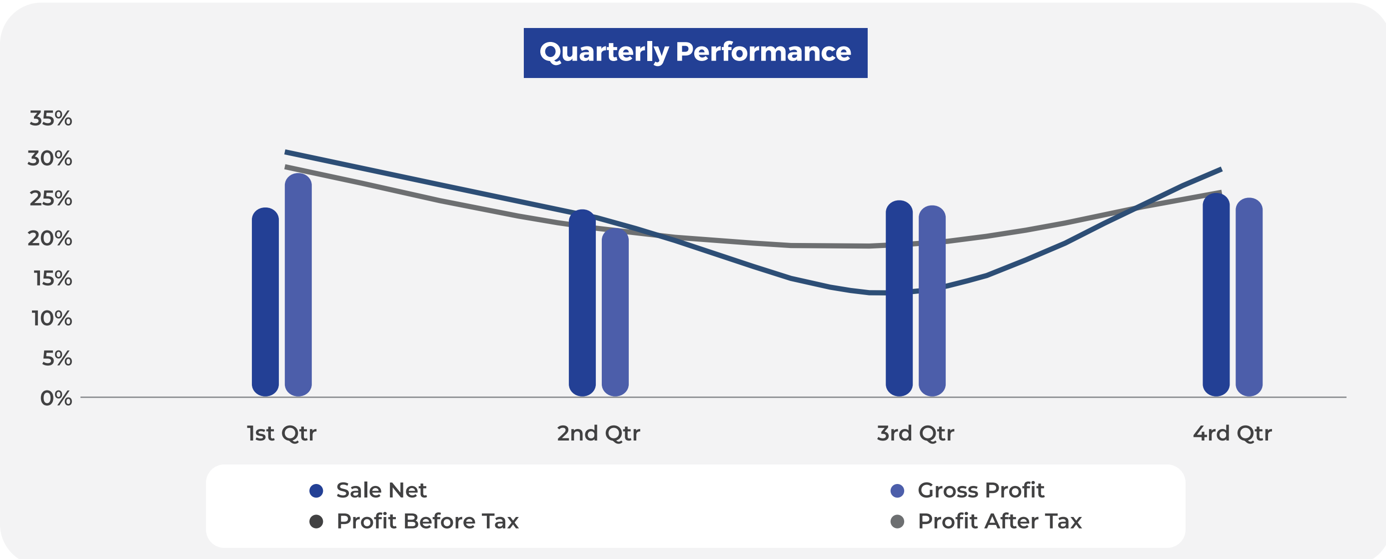
Additionally, the company maintained a robust customer complaint management to systematically log, investigate, and resolve issues while implementing preventive measures. This commitment to continuous service and quality improvement resulted in a reduction of customer complaints.

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.

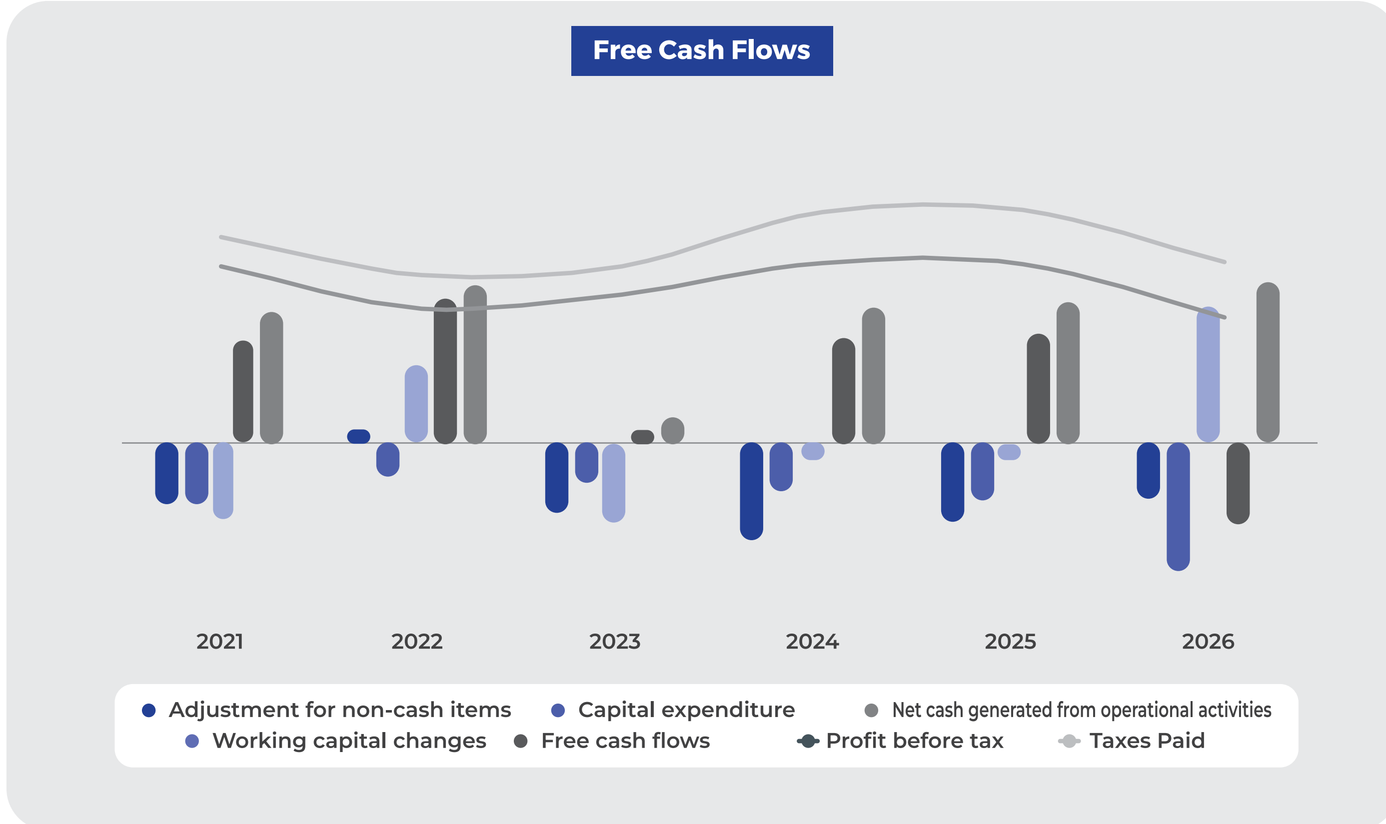
QUARTERLY PERFORMANCE ANALYSIS

	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)**

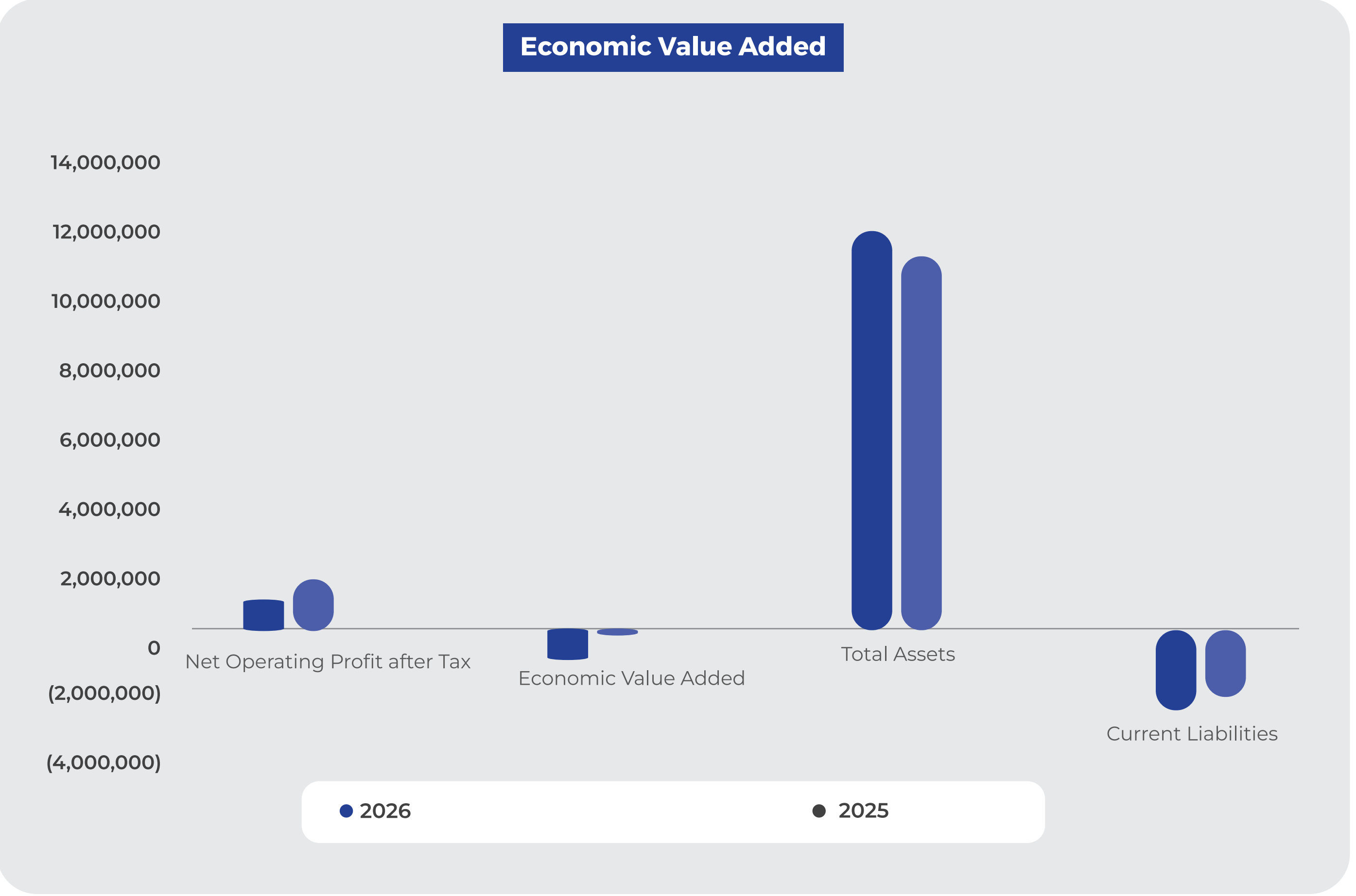


STATEMENT OF CASH FLOWS- DIRECT METHOD

	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