AkzoNobel

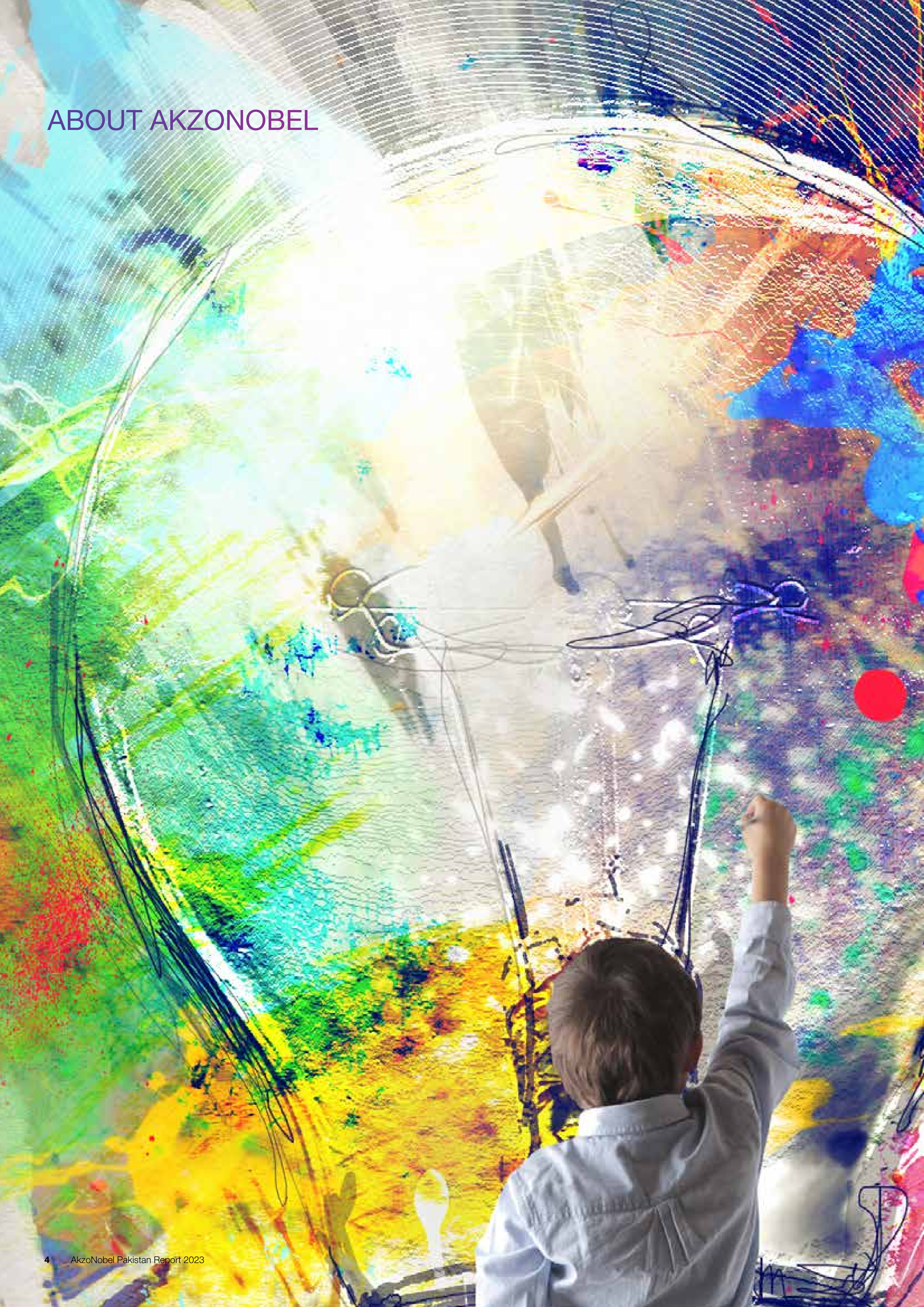
REPORT 2023

Akzo Nobel Pakistan Limited

In September 2023, we revealed Sweet Embrace as our 2024 Color of the Year. The pastel pink shade, identified by our in-house color experts and a team of international design professionals, is perfect for creating the calm and welcoming spaces so many of us crave.

Contents

ABOUT AKZONOBEL



Let’s paint *the future together*

Ever since we first lifted the lid on our paints and coatings in 1792, we’ve been coloring people’s lives and protecting what matters most. From deep underground, to homes, cities, transport and even outer space, we use our expertise and sustainable solutions to enhance and sustain the fabric of everyday life.

For us, every layer tells a story. So we focus on making the things you see and use every day do more than expected. We want to make the ordinary extraordinary, which means our sights are set on opening up a world of possibilities – and seeing potential where others can’t. Because every surface is an opportunity and every challenge sparks our creativity.

It’s about preserving the best of what we have today – and creating an even better tomorrow.

Let’s paint the future together.

Dulux let's colour · International · sikkens

GLOBAL STRATEGY

At AkzoNobel, we operate a global portfolio of Paints and Coatings businesses.

Our strategic approach is therefore focused on the specific requirements of different markets and customers, which results in distinct and effective strategies to outperform in the areas where we're active.

THREE STRATEGIC PILLARS

We've established three overarching strategic pillars across our portfolio of businesses:

- Sustainability-driven innovation
- Growth in focus segments and markets
- Industrial excellence

These pillars will provide the foundation for our sustainable long-term value creation moving forward.

Sustainability-driven innovation

We're committed to capturing the opportunities that sustainability presents as a catalyst for innovation. We recognize that sustainability is driving changes in our industry and believe this aligns with our strengths in innovation and our leadership position in sustainability.

We'll continue to develop sustainable products that differentiate us from competitors, allowing us to gain market share and command higher margins. We'll also focus on accelerating our development efforts and reducing time to market.

Growth in focus segments and markets

Our growth strategy focuses on continued investment in growth markets and where we have differentiated positions, such as in powder, marine and protective and emerging decorative paints end markets.

As well as complementing our leading positions in premium, we also understand the importance of solid positions in our mid-market segments. This enables us to drive growth, increase scale, achieve higher absolute profit and protect the profitability of our premium offerings. Our approach is tailored to the uniqueness of each segment and focuses on existing AkzoNobel brands, while improving asset utilization of our integrated supply chain.

Industrial excellence

We know there's significant value to be gained through improving our operations. We have bottlenecks in business-critical supply chains, under-investment in key sites and low capacity utilization. To help address this challenge, we've launched an industrial excellence program and expect to see the full benefits by 2027. It's focused on reducing complexity, enhancing productivity and optimizing our network through the investment and modernization of our anchor sites. It aims to deliver cost reduction, enhanced efficiency, improved service levels and heightened overall competitiveness.

We also aim to create a seamless experience for both ourcustomers and employees. To achieve this, we'll align the commercial and industrial sides of our business, simplify our operating model and decision-making processes, and foster a culture of end-to-end accountability and efficient execution.

International protects the largest Potable Water Pipeline in Pakistan

Our marine and protective coatings business has secured the Potable Water Pipeline coating project - the largest in the history of Pakistan. This monumental endeavor has already started and is expected to complete by 2025. AkzoNobel will supply its proprietary International range of coatings system including Interseal 670HS and GTA220 system, to protect both the interior and exterior surfaces of the water pipeline.

Funded by the Asian Development Bank (ADB), this initiative is part of the Greater Water Supply Scheme-Mingora Sawat, aimed at enhancing water infrastructure in Khyber Pakhtunkhwa Cities. The Khyber Pakhtunkhwa government will lay 20 kilometres long pipeline to provide drinking water to Mingora town and its adjacent localities in Swat.

Winning accolades in 2023

Recognized by Pakistan's largest tractor company

In 2023, our automotive coatings and services received a strong validation from Millat Tractors Limited (MTL), for whom we are the single source supplier for paints for more than 40 years. We won the prestigious third position among more than 200 Suppliers of MTL. Navigating several challenges, including the manufacturing plant relocation to Faisalabad, AkzoNobel was recognized among the Top 20 Suppliers of Millat Tractors maintaining highest quality products and services.

Millat Tractors Limited (MTL), an affiliate of Massey Ferguson (owned by AGCO Corporation) is the largest tractor manufacturer in Pakistan. With a manufacturing capacity of nearly 40,000 tractors per annum, MTL has nearly 65% market share in the domestic market and is eyeing exports to Afghanistan and African countries.

Preferred supplier for Pakistan's largest motorcycle manufacturer

Another feather in our cap was AkzoNobel Pakistan's winning the coveted 'Preferred Supplier for Paints' award for the year 2023 from Atlas Honda Ltd.

We're proud to deliver our quality coatings to Atlas Honda which is the largest motorcycle manufacturer in Pakistan, leading the two wheeler market successfully for over 50 years.

INVESTING IN PAKISTAN

In February 2024, AkzoNobel Pakistan officially inaugurated its new manufacturing plant in the Allama Iqbal Industrial City of Faisalabad, Pakistan.

Spread over an area of 25 acres with a cumulative investment of 8 billion PKR (approximately USD 28 million), the Faisalabad plant stands tall as AkzoNobel's biggest investment in Pakistan till now.

"Our investment in this greenfield site reaffirms our commitment to grow in Pakistan. Faisalabad site fuels our ambition to diversify with sustainable innovations and enter new segments in the domestic market, while also providing new opportunities to delight customers beyond Pakistan."

Mubbasher Omar
Chief Executive Officer,
AkzoNobel Pakistan Limited.

Built for the future

With agile manufacturing allowing future expansion in production volumes, the integrated facility manufactures decorative paint, wood finishes, automotive and specialty coatings, coil coatings and protective coatings.

The plant meets the growing customer demand across decorative paints and B2B segments such as architecture, automotive, vehicle refinishes, furniture, domestic appliances, construction, power, steel and infrastructure, while unlocking opportunities to diversify in new segments and businesses.

Flagging off the official opening ceremony of AkzoNobel's Faisalabad plant were the guests of honour - **Ms. Henny de Vries** (Hon'ble Ambassador of the Kingdom of the Netherlands to Pakistan) and **Mr. Nadeem Babar** (Chairman, Shams Power) in the presence of key AkzoNobel officials including **Mr. Fred Moreux** (Director - Manufacturing and Supply Chain, South Asia Pacific), **Ms. Marieke Bleyenbergh** (Global Director - Health Safety Environment and Security) and **Mr. Mubbasher Omar** (Chief Executive Officer, AkzoNobel Pakistan Limited).

Safety and Sustainability

With an intention to be more environmentally responsible, the site also employs various environmental measures such as renewable energy generation via solar panels and energy efficient design.

Improved manufacturing practices enhance productivity while prioritizing safety for our personnel employed here. A particularly proud achievement has been the completing more than 2.5 million work hours without an injury.

Powering a Diverse, Inclusive and Equitable tomorrow

The Faisalabad site, which employs nearly 200 people, proudly welcomes female staff for the first time in shop floor in Pakistan.

Adding to this is new Women Inspired Network (WIN) at the new facility. Much more than a physical space, WIN demonstrates our commitment to creating an environment where everyone feels values and empowered.

A forest within the plant - A global first for AkzoNobel!

Our Faisalabad site is home to a forest spanning an area of 5,450 square feet. More than 1,400 native trees and shrubs – planted using the Miyawaki gardening technique – are expected to grow into a flourishing self-sustaining ecosystem over the next two years.

AKZONOBEL CARES FOR PAKISTAN

AkzoNobel Cares

For many years, our various social programs have been demonstrating to the world that AkzoNobel cares.

People and communities all around the globe benefit from the initiatives and programs under our AkzoNobel Cares umbrella, including "Let's Colour".

Our global "Let's Colour" initiative is all about adding color to people's lives. With our passion for paint, we aim to provide opportunities for people who want to learn, grow and flourish.

Let's Colour Pakistan

In 2021, AkzoNobel Pakistan's Let's Colour project added a splash of paint to the first thing visitors see once they leave the Lahore airport - the Dher Pindi village. The 1km long village wall transformed in the rainbow hues, is now popular as the 'Rainbow Village'.

Now, AkzoNobel transforms Mustafabad with the power of paint

Residents of Mustafabad in the Kasur district of Pakistan have embraced the power of paint!

In partnership with Akhuwat Foundation, AkzoNobel carried out the **company's largest ever "Let's Colour" project in Pakistan.**

Pehchaan Ke Rung

Residents of around 1,000 homes in the town of Mustafabad are benefiting from the power of paint.

Our team of 41 AkzoNobel employee volunteers, 16 local painters and 10 mural artists brought alive the colourful transformation of Mustafabad. Homes were repainted with a whopping 8,250 liters of Dulux paints over a period of four months!

Sukoon ke Rung

With average summer temperatures in the region peaking close to 50°C, AkzoNobel specially coated home exteriors with its high-quality Dulux Weathershield.

This high-quality exterior emulsion is powered by the special Keep Cool Technology™ that helps reduce surface temperatures by up to 5°C. As a result, Mustafabad is now figuratively and literally cooler and more liveable too!

“Paint has more power than we think. We’re very proud to see the positive impact and tangible difference this Let’s Colour project has made to the local community. The transformation has instilled a renewed sense of pride and we’re excited to have painted a more vibrant future for Mustafabad.”

Mubbasher Omar
Chief Executive Officer,
AkzoNobel Pakistan Limited.

Umeed ke Rung

AkzoNobel knows that colours can transform entire communities and influence how people experience the world around them.

That’s why, our colour experts handpicked 51 hues from over 2,000 available shades of Dulux paints. From nurturing greens, welcoming yellows, exuberant reds to the tranquil blues - each hue is carefully curated to spark new hope and positivity for the residents.

Raabte ke Rung

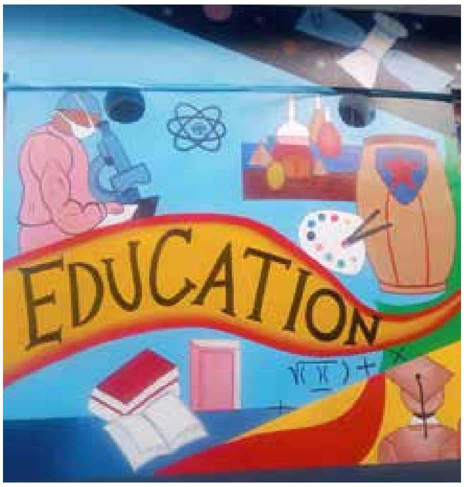
The outdoor murals in particular help to connect the community by celebrating their cultural diversity and shared heritage.

Themes depicted in the murals - including the power of education, the importance of hand sanitation and the wonders of the natural world - serve as powerful reminders to the local community to contribute towards painting a brighter future for the next generation.

Masti ke Rung

The magic of paint has also transformed a previously neglected area of the town into a welcoming evening gathering place.

While exuberant floral motifs on walls provide a welcoming ambience for unwinding, new shops selling tea, snacks and candy create livelihood opportunities for the locals and help create the perfect setting for lively conversations for all age groups.



COMPANY INFORMATION

Board of Directors

TAN TIAN HOCK SEBASTIAN	Chairman / Non-Executive Director
MUBBASHER OMAR	Chief Executive Officer / Executive Director
JAWAIRIA HASHMI	Chief Financial Officer / Executive Director

Share Transfer Committee

MUBBASHER OMAR	Chief Executive Officer
JAWAIRIA HASHMI	Chief Financial Officer
RABIA BAKHTAWAR PIRZADA	Company Secretary

Chief Financial Officer

JAWAIRIA HASHMI

Company Secretary

RABIA BAKHTAWAR PIRZADA

Bankers

CITIBANK N.A.
DEUTSCHE BANK LIMITED A.G
HABIB BANK LIMITED
FAYSAL BANK LIMITED

External Auditor

BDO EBRAHIM & CO.
2ND FLOOR, BLOCK-C
LAKSON SQUARE BUILDING NO. 1,
SARWAR SHAHEED ROAD
KARACHI
74200
PAKISTAN

Registered Office

346, Ferozepur Road, Lahore – 54600
Tel: (042) 111-551-111
Fax: (042) 35835011
www.akzonobel.pk

Production Facility

AkzoNobel Pakistan Limited,
Plot 120 & 121,
Allama Iqbal Industrial City,
Chiniot-Faisalabad Road,
3-km from Sahianwala Interchange,
Tehsil Chak Jhumra, District Faisalabad

Executive Management Team

MUBBASHER OMAR	Chief Executive Officer
JAWAIRIA HASHMI	Chief Financial Officer
FAROOQ AYUB KHAN	ISC manager Pakistan Malaysia Indonesia
SANA SHERAZ	Country HR Manager
ABDUL REHMAN SHABBIR	Head of Marketing, Pakistan & Regional Marketing Manager Premium and Professional - South Asia

Shares Registrar

FAMCO Associates (Pvt)
Ltd, 8-F, Nursery, Block 6,
P.E.C.H.S. Shahrah-e-Faisal,
Karachi – 74000
Tel: (021) 34380101-5
Fax: (021) 34380106

Regional Offices

11th Floor, Tower-A
Technology Park, Street-8,
Sharah-e-Faisal, Karachi
Tel: (021) 32781441-6

E-Square Service Apartments, Civic
Center, Block C,
Office No. 7(AkzoNobel), Bahria
Town Islamabad,
Tel: (051)4447968

The Board of Directors are elected or appointed as representatives of the stockholders to establish corporate management related policies and to make decisions on major company issues

Tan Tian Hock Sebastian
Non-Executive Director / Chairman

Tan Tian Hock Sebastian, Regional Head of Finance at Paints South East and South Asia, was appointed to the Board of Directors of Akzo Nobel Pakistan Limited on January 1, 2024. He is an esteemed member of the Akzo Nobel Pakistan Board of Directors, bringing a wealth of experience and expertise to our organization. His strategic vision, financial acumen, and commitment to excellence have significantly contributed to our success. He graduated with an MBA from Imperial College Business School, University of London, and is a Chartered Accountant from the Institute of Singapore Chartered Association and Chartered Association of UK. He is a certified Six Sigma Black Belt for process improvement methodologies. With 18 years at AkzoNobel, he consistently contributes to our growth. Previously, he served as the Head of Pricing and Commercial at Honeywell Aviation, Asia, gaining valuable business acumen. His dedication and vision continue to propel AkzoNobel toward excellence.

Mubbasher Omar
Executive Director and Chief Executive Officer

Mubbasher Omar joined Akzo Nobel Pakistan Limited as the Chief Executive Officer in August 2020 and was subsequently appointed to the Board of Directors. Being a seasoned commercial professional, he comes with 29 years of diverse experience working in senior roles with reputed market-leading organizations such as Shell Pakistan Limited, Indus Motor Company Limited, and Regus Pakistan Limited. Mubbasher has the ability to set strategic agenda, navigate business through challenging environment, manage nuances of large multi-cultural organization and deliver strong results. At AkzoNobel, Mubbasher is entrusted to lead the company's growth agenda, develop and retain world-class talent, increase market presence, and enhance customer satisfaction through consistent delivery of high-quality products and product innovation. He holds a degree of 'Master of Business Administration' (MBA) from Lahore University of Management Sciences (LUMS) and has also obtained a 'Master of Public Administration' (MPA) from the University of Punjab.

Jawairia Hashmi
Executive Director and Chief Financial Officer

Jawairia Hashmi was appointed to the Board of Directors of Akzo Nobel Pakistan Limited in May 2023 and serves as the Chief Financial Officer. She joined AkzoNobel Pakistan as an ACCA trainee in July 2011 and has been associated with the Company since then. Her experience encompasses Financial Reporting, Planning and Analysis, Integrated Supply Chain, and Commercial Controlling. She has been instrumental in driving engagement and collaboration among various finance pillars. She is a qualified ACCA and holds a BSc (Hons) Degree in Applied Accounting from Oxford Brookes University.

OUR EXECUTIVE MANAGEMENT TEAM

1. Mubbasher Omar
Chief Executive Officer

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2. Jawairia Hashmi
Chief Financial Officer

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3. Abdul Rehman Shabbir
Head of Marketing, Pakistan & Regional Marketing Manager Premium and Professional - South Asia

Abdul Rehman Shabbir joined AkzoNobel as a management trainee in June 2012. Over the course of his career, he has demonstrated exceptional performance and versatility, holding various positions in sales and marketing. His contributions have been instrumental in driving the paints business towards achieving its short to long-term objectives. In his current capacity as the Marketing Head for Pakistan, Mr. Shabbir not only oversees operations in the country but also plays a pivotal role in devising regional strategies for premium wall paints and the professional range across South Asia. He holds a bachelor's degree from the Lahore University of Management Sciences (LUMS).

4. Farooq Ayub Khan
ISC Manager Pakistan Malaysia Indonesia

Farooq Ayub Khan serves as the ISC Manager for Pakistan, Malaysia, and Indonesia at the Paints and Coatings site in Faisalabad, and he is a member of the ISC Leadership Team South Asia. He commenced his journey with AkzoNobel Pakistan as an Engineering Manager in 2015, demonstrating adept leadership by achieving significant milestones in restructuring, process safety, lean manufacturing, and sustainability. Progressing through the ranks, he assumed the role of Hub Manager for Pakistan, Indonesia and Malaysia. Farooq played a pivotal role in the Pakistan ISC Transformation Project, "New Moon," overseeing the seamless transition of the production facility from Lahore to Faisalabad. Prior to his tenure at AkzoNobel, he held various roles at Pakistan Tobacco Company, spanning the supply chain from Production Manager to Engineering Manager and Secondary Logistics Manager. Farooq holds a Bachelor's degree in Mechanical Engineering from Ghulam Ishaq Khan Institute of Engineering Sciences & Technology and enjoys a fulfilling family life with his spouse and three children.

5. Sana Sheraz
Country HR Manager

Sana Sheraz joined AkzoNobel Pakistan in 2022 as Country HR Manager, based at Head Office Lahore. She brings with her 12 years of diverse HR experience across various domains in Manufacturing, Healthcare, and the Tech Industry. Sana is a certified HR Professional from the Chartered Institute of Personnel Development (UK) and holds an MSc in Human Resources & Organizational Analysis from Kings College London. Prior to this, she earned her BSc (Hon) in Economics and Finance from Lahore School of Economics.

At AkzoNobel Pakistan, her prime role is to bring the HR strategy and targets to life by developing and maintaining HR processes and services in line with Global practices, partner with local leadership and business management teams to achieve their agenda and build a culture conducive to growth.

For the year ended December 31, 2023

The Directors of the Company are pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2023.

Financial and Business Performance

Year 2023 has been a challenging year for most of the businesses in Pakistan, due to significant financial vulnerabilities encountered by the country. Economic instability, political uncertainty, currency devaluation, supply constraints linked to the import restrictions, increased policy rates and unprecedented inflation contributed to business insecurity and affected consumer demand. Inflation, which stood at 24.5% in December of the previous year, soared to 29.2% for the year 2023 with the highest marked at 38.0% in May 2023. The central bank raised the policy rate from 16% to 22% during the year, in the efforts to manage economic volatility. Import restrictions continued to generate headwinds for both businesses and consumers until complete withdrawal in June 2023.

Despite the challenging business landscape, your company achieved a notable sales growth of 18.3%. Raw material prices continued an upward trajectory since the start of the year owing to rupee devaluation and inflation, which led cost of sales to increase by 23.7%. The company implemented various cost control measures to combat rising inflationary pressures, despite that operating profit for the year decreased by 27.7%. Additionally, increased investment in capital assets resulted in a higher tax charge, leading to 53.7% reduction in profit after tax for the year.

Financial Performance

			PKR million
	2023	2022	**Increase / Decrease**
Turnover	**14,376**	12,048	19.3%
Net sales	**9,051**	7,650	18.3%
Cost of Sales	**6,835**	5,526	23.7%
Gross profit	**2,216**	2,124	4.3%
Operating profit	**583**	807	-27.7%
Profit after taxation	**175**	378	-53.7%
Earnings per share – Rs	**3.68**	8.13	-54.7%

Health, Safety and Environment

The company demonstrated a strong commitment to Health, Safety and Environment (HSE). AkzoNobel is committed to upholding the six pillars of HSE&S: Health, People, Process, Product Safety, Environment & Security to attain industry leading standards. In 2023, AkzoNobel successfully relocated its manufacturing facility from Lahore to Faisalabad, commencing operations in December 2023 without any reported injuries.

Future Outlook

With the formation of a new coalition government following the February 2024 general elections, there is optimism for an enhancement in Pakistan's economic prospects in the upcoming year. Continued governmental instability could exacerbate economic challenges, potentially affecting businesses nationwide. Nonetheless, your company remains prepared to implement necessary measures to sustain and further expand its business in a stable manner.

Corporate Social Responsibility

At AkzoNobel, sustainability is ingrained in every facet of our operations. We are committed to leading our industry by minimizing our ecological footprint and continuously innovating to provide the most environmentally friendly paint and coatings solutions for our customers. Our sustainability goals for the planet are in line with the Paris Agreement's objectives to mitigate global warming.

Continuing our partnership with SOS Children's Villages Pakistan, our Let's Colour initiative is leveraging the power of paint to enrich education and foster youth employability. As part of this initiative, AkzoNobel Pakistan has contributed 4.5 Million Rupees and 1,122 liters of Dulux paint for the refurbishment of SOS Children's Villages. Additionally, AkzoNobel donated 2,361 liters of paint to the Al-Biruni Education System, enhancing the learning environment of a school located in the rural Abbotabad district, which caters to underprivileged communities by providing free education.

Furthermore, AkzoNobel Pakistan collaborated with Akhuwat, a local NGO, to aid in the transformation of Mustafabad, an underdeveloped town near Kasur, into a model community. A donation of 8,250 liters of paint was made to paint 1,000 homes and 2 schools, positively impacting the lives of over 6,000 individuals.

Board, Committee and Attendance

During the year 2023, 4 (four) Board of Directors meetings were held. Attendance by each Director/CFO/Company Secretary was as follows:

	Name of Directors	Board of Directors attendance
1	**Mubbasher Omar** Chief Executive Officer	4
2	**Rabia Bakhtawar Pirzada** Company Secretary	4
3	**Oscar Wezenbeek*** Ex-Chairman	4
4	**Harris Mahmood *** Ex-Chief Financial Officer	2
5	**Jawairia Hashmi **** Chief Financial Officer	3
6	**Sebastian Tan ***** Chairman	0

* left in 2023 | ** Joined in 2023 | *** Joined in 2024

Share buy-back

During the post-delisting buyback period lasting until June 18, 2023, ICI Omicron B.V. extended an offer to purchase shares from its shareholders. This period was subsequently extended for an additional month, spanning from September 25, 2023, to October 25, 2023, resulting in an augmented percentage of ownership for the holding company.

Equity injection

The Board of Directors, resolved to increase the paid-up capital of the Company by issuance of a further 1,804,843 ordinary shares of Rs. 10/- each at the issue price of Rs. 270/- each (inclusive of a premium of Rs. 260/-) as a rights issue by offering them to the existing shareholders of the Company in proportion to their existing shareholding in the Company. Share buyback exercise and Equity injection increased the percentage of holding from 98.08% to 98.27%.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company along with additional information at December 31, 2023 appears on page numbers F59.

Sebastian Tan
Chairman

Mubbasher Omar
Chief Executive Officer

Akzo Nobel Pakistan Limited
Financial Statements

AkzoNobel

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AKZO NOBEL PAKISTAN LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of AKZO NOBEL PAKISTAN LIMITED (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of material accounting policies 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, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 December 31, 2023 and of the profit and other comprehensive income, its cash flows and the changes in equity 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.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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.

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 cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Imran.

BDO Ebrahim & Co.

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

Lahore
Date: 29 March 2024
UDIN: AR202310131G0FphP4rT

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

Amounts in Rs '000

	Note	2023	2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6.1	**1,000,000**	1,000,000
Issued, subscribed and paid-up capital	6.2	**482,481**	464,433
Capital reserves			
Share premium	7	**625,265**	156,006
Capital and other receipts	7	**8,036**	196
		633,301	156,202
Revenue reserves			
Unappropriated profit	7	**3,970,531**	3,665,683
Surplus on revaluation of property, plant and equipment	8	**3,387,216**	3,465,503
		8,473,529	7,751,821
NON-CURRENT LIABILITIES			
Deferred liabilities	9	**80,261**	72,005
Long term financing	10	**-**	300,000
Payable against purchase of land	11	**39,951**	77,804
Lease liabilities against right-of-use assets	12	**23,257**	2,932
		143,469	452,741
CURRENT LIABILITIES			
Trade and other payables	13	**4,095,768**	3,220,659
Contract liabilities	14	**41,045**	33,407
Current portion of long term liabilities	15	**1,355,785**	51,908
Accrued markup	16	**43,078**	4,893
Unpaid dividend		**3,188**	3,188
Unclaimed dividend		**26,253**	26,645
		5,565,117	3,340,700
CONTINGENCIES AND COMMITMENTS	17	-	-
		14,182,115	11,545,262

Mubbasher Omar
Chief Executive

Jawairia Hashmi
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

Amounts in Rs '000

	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	**8,646,357**	6,873,615
Right-of-use assets	20	**28,798**	6,303
Intangible assets	21	**58,691**	21,641
Long term loans	22	**74,549**	77,444
Long term deposits and prepayments	23	**4,850**	5,470
Deferred tax asset - net	24	**71,104**	147,707
		8,884,349	7,132,180
CURRENT ASSETS			
Stores and spares	25	**54,192**	39,424
Stock in trade	26	**2,488,274**	1,809,099
Trade debts	27	**1,362,045**	1,263,672
Loans and advances	28	**55,447**	61,478
Trade deposits and short term prepayments	29	**2,415**	39,964
Other receivables	30	**76,938**	90,872
Taxation - net	31	**283,571**	8,307
Cash and bank balances	32	**974,884**	1,100,266
		5,297,766	4,413,082
TOTAL ASSETS		**14,182,115**	11,545,262

The annexed notes 1 to 60 form an integral part of these financial statements.

Mubbasher Omar
Chief Executive

Jawairia Hashmi
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

	Note	2023	2022
Revenue	33	**14,375,740**	12,048,208
Sales tax and discounts	33	**(5,324,630)**	(4,398,306)
Net revenue		**9,051,110**	7,649,902
Cost of sales	34	**(6,835,393)**	(5,526,009)
Gross profit		**2,215,717**	2,123,893
Selling and distribution expenses	35	**(1,096,465)**	(963,309)
Administrative and general expenses	36	**(509,306)**	(317,023)
Net impairment losses on financial assets	37	**(26,668)**	(36,626)
Operating profit		**583,278**	806,935
Finance cost	38	**(43,425)**	(52,564)
Other charges	39	**(164,018)**	(209,649)
Other income	40	**31,355**	88,227
Profit before taxation		**407,190**	632,949
Taxation	41	**(232,176)**	(255,353)
Profit for the year		**175,014**	377,596
Earnings per share - Basic and diluted (Rupees)	45	**3.68**	8.13

The annexed notes 1 to 60 form an integral part of these financial statements.

Mubbasher Omar
Chief Executive

Jawairia Hashmi
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

	Note	2023	2022
Profit for the year		**175,014**	377,596
Other comprehensive income			
Items that may not be reclassified subsequently to the profit or loss			
Remeasurement of defined benefit liability	9.3	**72,601**	19,031
Related tax impact		**(21,054)**	(6,280)
		51,547	12,751
Items that may be reclassified subsequently to the profit or loss		**-**	-
Total comprehensive income for the year		**226,561**	390,347

The annexed notes 1 to 60 form an integral part of these financial statements.

Mubbasher Omar
Chief Executive

Jawairia Hashmi
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

	Note	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserve	Surplus on revaluation of property, plant and equipment	Total
			Share premium	Capital and other receipts	Unappropriated profit		
Balance as at January 01, 2022		464,433	156,006	196	3,229,334	3,511,505	7,361,474
Total comprehensive income for the year							
Profit for the year		-	-	-	377,596	-	377,596
Other comprehensive income		-	-	-	12,751	-	12,751
					390,347	-	390,347
Incremental depreciation charge during the year - net of deferred tax		-	-	-	46,002	(46,002)	-
Balance as at December 31, 2022		464,433	156,006	196	3,665,683	3,465,503	7,751,821
Total comprehensive income for the year							
Profit for the year		-	-	-	175,014	-	175,014
Other comprehensive income		-	-	-	51,547	-	51,547
		-	-	-	226,561	-	226,561
Incremental depreciation charge during the year - net of deferred tax		-	-	-	78,287	(78,287)	-
Transactions with the owners of the Company							
Increase in share capital due to right shares issued during the year	6.5	18,048	-	-	-	-	18,048
Increase in share premium due to right shares issued during the year	7.1	-	469,259	-	-	-	469,259
Contribution received	7.2	-	-	7,840	-	-	7,840
		18,048	469,259	7,840	78,287	(78,287)	495,147
Balance as at December 31, 2023		**482,481**	**625,265**	**8,036**	**3,970,531**	**3,387,216**	**8,473,529**

The annexed notes 1 to 60 form an integral part of these financial statements.

Mubbasher Omar
Chief Executive

Jawairia Hashmi
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from operating activities before working capital changes	42	**955,060**	1,005,429
(Increase) / decrease in current assets:			
Stores and spares		**(14,768)**	(7,521)
Stock-in-trade		**(758,159)**	(578,917)
Trade debts		**(125,041)**	(384,981)
Loans and advances		**6,031**	(8,988)
Trade deposits and short term prepayments		**37,549**	(31,361)
Other receivables		**38,385**	(49,267)
		(816,003)	(1,061,035)
(Decrease) / increase in current liabilities:			
Trade and other payables, excluding employee benefits		**793,608**	1,443,732
Contract liabilities		**7,638**	23,406
Net cash generated from operations		**940,303**	1,411,532
Decrease in long term loans		**2,895**	6,805
Decrease in long term deposits and prepayments		**620**	1,286
Employee benefits paid		**(33,607)**	(69,675)
Taxes paid		**(451,891)**	(351,456)
Interest paid		**(158,897)**	(857)
Net cash generated from operating activities		**299,423**	997,635
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		**(1,830,555)**	(2,827,100)
Addition to intangible assets		**(46,713)**	-
Payments against purchase of land		**(50,469)**	(50,469)
Proceeds from disposal of asset held for sale		**-**	179,897
Interest received		**17,631**	52,647
Net cash used in investing activities		**(1,910,106)**	(2,645,025)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(392)**	(1,187)
Long term loan received		**1,000,000**	300,000
Receipt against right shares issued		**487,307**	-
Contribution received		**7,840**	-
Payment principal portion of lease liability against right-of-use assets		**(9,454)**	(7,936)
Net cash generated from financing activities		**1,485,301**	290,877
Net decrease in cash and cash equivalents		**(125,382)**	(1,356,513)
Cash and cash equivalents at the beginning of the year		**1,100,266**	2,456,779
Cash and cash equivalents at the end of the year	32	**974,884**	1,100,266

The annexed notes 1 to 60 form an integral part of these financial statements.

Mubbasher Omar
Chief Executive

Jawairia Hashmi
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

Akzo Nobel Pakistan Limited (“the Company”) is a public limited Company registered under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company is primarily involved in the manufacturing and sale of paints and coatings. The Company is a subsidiary of ICI Omicron B.V. which is a wholly owned subsidiary of Akzo Nobel N.V.

The Company was listed on the Pakistan Stock Exchange (PSX) up to August 9, 2020, and with effect from August 10, 2020 is an unlisted public limited Company.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 346, Ferozepur Road, Lahore. The manufacturing facility/factory of the Company is located at the Faisalabad Industrial Estate Development and Management Company. The Company has other regional offices at Karachi and Islamabad as well.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold land and plant and machinery) that are stated at revalued amounts, certain foreign currency translation adjustments and defined benefit asset / liability at fair value of plan asset less present value of defined benefit obligation.

3.3 Critical accounting estimates and judgements

The Company’s material accounting policies are stated in note 5. Not all of these material policies require the management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgement of estimation involved in their application and their impact on these financial statements. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgements involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to these financial statements are as follows:

a) Defined benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 9.11 to these financial statements for present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

b) Property, plant and equipment and Intangible assets

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuations performed by an external professional valuation expert after every five years or earlier if necessary and on recommendations of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives of property, plant and equipment and intangible assets. Further, the Company reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

c) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's views differ from the view taken by income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The tax period of the Company is the same as its accounting year. The income tax assessments of the Company up to and including tax year 2023 have been completed under the provisions of section 120 of the Income Tax Ordinance, 2001 except for the cases as mentioned in note 17.1.1 to 17.1.12.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and tax credits to the extent that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The recoverability of deferred tax assets are analyzed at each reporting period end and adjusted if considered necessary with a corresponding effect on deferred tax charge/income for the period.

d) Stock-in-trade and stores and spares

The net realizable value of stock-in-trade and stores and spares are assessed for any diminution in their respective values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with the corresponding effect of the impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

e) Impairment of trade debts and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

f) Provision for discounts

The Company offers various forms of discounts to its customers based on approved promotion schemes. In this regard, the Company maintains a provision for discounts based on the sales that satisfy the promotion criteria at the reporting date. Adjustment of the same is made upon claim by the respective customers. Charges and reversal thereof are recognized in the statement of profit or loss account.

g) Lease term of right-of-use asset and lease liability

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.4 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policy information (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 'Insurance Contracts'	January 01, 2026

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

IFRS 1 standard has been issued by IASB effective from 01, July 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However, SECP has notified the timeframe for the adoption of IFRS 17 which will be adopted by January 01, 2026.

5 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements.

5.1 Stores and spares

Stores and spares are stated at the lower of cost and net realizable value. Cost is determined using weighted average method. Items in transit are valued at a cost, comprising invoice value plus other charges invoiced thereon up to the reporting date.

5.2 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and estimated net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials	Weighted average cost.
Work-in-process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and estimated costs necessary to make the sale.

Stock-in-transit is valued at a cost, comprising invoice value plus other charges invoiced thereon.

5.3 Property, plant and equipment

Property, plant and equipment (except freehold land, buildings on freehold land and plant and machinery) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount, buildings on freehold land and plant and machinery are stated at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Cost of certain property, plant and equipment comprises historical cost, exchange differences recognized, cost of exchange risk cover in respect of foreign currency loans obtained, if any, for the acquisition of property, plant and equipment up to the commencement of commercial production and borrowing cost.

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to the statement of profit or loss account over its estimated useful life after taking into account the residual value, if material. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month preceding the disposal. The rate of depreciation is specified in note 18 to these financial statements.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred tax) is transferred directly to unappropriated profit, in the statement of changes in equity.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Subsequent improvements to the assets are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

Gains and losses on disposal of assets are taken to the statement of profit or loss, and the related surplus/deficit on revaluation of property, plant and equipment is transferred directly to retained earnings (unappropriated profits) through the statement of changes in equity.

Capital work-in-progress

Capital work-in-progress are stated at cost less impairment losses, if any, and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5.4 Intangible assets

Intangible assets with a finite useful life, such as certain software, licenses (including software licenses, etc.) and property rights, are capitalized initially at cost and subsequently stated at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the statement of profit or loss account as incurred.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in the statement of profit or loss account on a straight-line basis over the estimated useful lives of intangible assets. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. The rate of amortization is specified in note 21 to these financial statements.

5.5 Financial instruments

5.5.1 Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- at fair value through profit or loss (“FVPL”),

- at fair value through other comprehensive income (“FVOCI”), or

- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

For assets measured at fair value, gains and losses will either be recorded in profit or loss, or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date i.e. the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in statement of profit or loss account.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are Solely Payment of Principal and Interest (SPPI).

a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

i) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and presented in other income/(other charges), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss account, if significant. The Company measures its trade debts and other receivables at amortised cost because it meets the criteria of the SPPI test.

ii) At FVOCI

Assets that are held for both collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss and recognised in other income/(other charges). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(other charges).

iii) At FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in statement of profit or loss and presented net within other income/(other charges) in the period in which it arises.

b) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss account following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income/(other charges) in the statement of profit or loss, as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value and are recognised in the statement of comprehensive income.

5.6 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables while general 3-stage approach for loans, deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

- actual or expected significant changes in the operating results of the debtor;

- significant increase in credit risk on other financial instruments of the same debtor; and

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 360 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for that financial asset because of financial difficulties.

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; and

- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the nature of financial instruments; past-due status; nature, size and industry of debtors; and external credit ratings where available. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS
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The Company recognizes an impairment gain or loss in the statement of profit or loss account for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position. The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor’s sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

5.7 Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the obligation specified in the contract is discharged, cancelled or expired. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss account.

All financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial liabilities are subsequently measured at FVPL or at amortised cost, as the case may be. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVPL. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Where management has opted to recognise a financial liability at FVPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVPL.

5.8 Derivative financial instruments

Derivative financial instruments are recognized at fair value on the statement of financial position. Fair values are derived from market prices and quotes from dealers and brokers, or are estimated using observable market inputs. When determining fair values, credit risk for our contract party, as well as for the Company, is taken into account. Changes in the fair value are recognized in the statement of profit or loss account, unless cash flow hedge accounting or net investment hedge accounting is applied. In those cases, the effective part of the fair value changes is deferred in the statement of other comprehensive income and released to the related specific lines in the statement of profit or loss account, or the statement of financial position at the same time as the hedged item.

5.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents are stated at cost and comprise of cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

5.10 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

5.11 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. 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 assessment 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 (the “cash-generating unit, or CGU”).

The Company’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the profit or loss account.

NOTES TO THE FINANCIAL STATEMENTS
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Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates that are used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.12 Share capital (ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

5.13 Staff retirement benefits

The Company’s retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

5.14 Defined benefit plans

The Company operates a funded pension scheme and a funded gratuity scheme for management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Company also operates gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The pensioners' medical plan reimburses actual medical expenses to pensioners as per entitlement. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

All past service costs are recognized at earlier of when the amendment or curtailment occurs and when the Company has recognized related restructuring or termination benefits.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the statement of profit or loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit or loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

5.15 Defined contribution plans

The Company operates two registered contributory provident funds for its permanent staff and a registered defined contribution superannuation fund for its management staff, who have either opted for this fund by July 31, 2004 or have joined the Company after April 30, 2004. The said funds were transferred from ICI Pakistan Limited pursuant to the Scheme of demerger in 2011. In addition to this, the Company also provides group insurance to all its employees.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

5.16 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5.17 Contingent liabilities

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

- there is 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.

5.18 Revenue recognition

Revenue from contract with customers primarily includes sale of paints and coatings. Revenue is recognized when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

i) Identify the contract with a customer.

ii) Identify the performance obligation in the contract.

iii) Determine the transaction price of the contract.

iv) Allocate the transaction price to each of the separate performance obligations in the contract.

v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

(a) Sale of goods

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer (i.e. after obtaining customer acknowledgment at the time of delivery of goods). Although the transfer of risks and rewards is not the only criterion to be considered to determine whether control over the goods has transferred, it is in most situations considered to be the main indicator of the customer's ability to direct the use of and obtain the benefits from the asset and largely also coincides with the physical transfer of the goods and the obligation of the customer to pay. In case of expected returns, no revenue is recognized for such products.

Variable considerations, including among others rebates and discounts are accrued for as performance obligations are satisfied and revenue is recognized. Variable considerations are only recognized when it is highly probable that it is not subject to significant reversal.

Revenue is measured at the fair value of the consideration received or receivable for the goods sold, net of returns, discounts and sales tax.

(b) Equipment provided to customers

The Company at times also provides tinting machines to its customers at the start of a paint delivery contract.

Under IFRS 15, the delivery of such assets qualifies as a separate performance obligation. Revenue can only be recognized at the moment of transfer of such assets, when there is an agreed sales price or when there is a binding take-or-pay commitment for a minimum quantity of paint to be acquired by the customer.

(c) Other

- Profit on short-term bank deposits is accounted for on a time-apportioned basis using the effective interest rate method.

- Financial income on funds invested, mark-up / interest income on lendings made by the Company and amortization gains on interest free loans given to staff is accounted for using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5.19 Financial expenses

Financial expenses are recognized using the effective interest rate method and comprise of mark-up / interest expense on borrowings, along with amortization losses on interest free loans given to staff.

5.20 Operating lease / Ijarah contracts

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset i.e. retained by the lessor, are classified as operating leases. Payments made under operating leases / ijarah contracts (net of any incentives received from the lessor) are charged to the statement of profit or loss account on a straight-line basis over the period of the lease.

5.21 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

5.22 Foreign currency translation

Transactions denominated in foreign currencies are translated into Pak Rupees, at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences i.e. gains / losses, are taken to the statement of profit or loss account.

5.23 Taxation

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

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted or substantially enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in these financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss account, except in the case of items credited or charged to equity in which case it is included in equity.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, the Company recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

5.24 Earnings per share

The Company presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5.25 Dividend and other appropriations

Dividend is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

5.26 Related party transactions

Transactions with related parties are carried out on mutually agreed terms and conditions.

5.27 Leases

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing at each reporting date.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

To calculate the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of its assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

5.28 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

5.29 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

6 SHARE CAPITAL

6.1 Authorized share capital

2023	2022		2023	2022
(Number of shares)				
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	**1,000,000**	1,000,000

6.2 Issued, subscribed and paid-up capital

2023	2022		2023	2022
(Number of shares)				
48,248,163	46,443,320	Ordinary shares of Rs. 10/- each issued as fully paid shares for consideration other than cash	**482,481**	464,433

6.3 ICI Omicron B.V. (which is a wholly owned subsidiary of Akzo Nobel N.V.) holds 47,411,395 (2022: 45,553,145) ordinary shares of Rs. 10/- each representing 98.27% (2022: 98.08%) of the share capital of the Company.

In the year 2020 ICI Omicron B.V. initiated the process of buying the shares from the market to comply with requirements of delisting regulations. After the requisite shareholding was purchased by ICI Omicron B.V and in accordance with the notice: PSX(N-866) dated July 29, 2020 from Pakistan Stock Exchange (PSX), the Company has been delisted from PSX with effect from August 10, 2020.

ICI Omicron B.V. offered to buy back shares from minority shareholders during the post delisting buy back period which lasted till June 18, 2023. The period was further extended for one month from September 25, 2023 till October 25, 2023.

6.4 There is no shareholder agreement for voting rights, board selection, rights of first refusal and block voting.

6.5 Movement of share capital is as follows:

	Note	2023	2022
Opening balance		**464,433**	464,433
Right shares issued during the year	6.6	**18,048**	-
Closing balance		**482,481**	464,433

6.6 The Company has issued right shares, having a face value of Rs. 10, at a price of Rs. 270/- (including premium) per share, as approved by the Board of Directors of the Company vide its resolution dated March 24, 2023.

7 RESERVES

	Note	2023	2022
Capital reserves			
- Share premium	7.1	**625,265**	156,006
- Capital receipts	7.2	**8,036**	196
		633,301	156,202
Revenue reserve			
- Unappropriated profit		**3,970,531**	3,665,683
		4,603,832	3,821,885

7.1 Movement of capital and other receipts is as follows:

	Note	2023	2022
Opening balance	7.1.1	**156,006**	156,006
Right shares issued during the year	6.6	**469,259**	-
Closing balance		**625,265**	156,006

7.1.1 This amount has been allocated and transferred to the Company pursuant to the Scheme of demerger. This reserve can be utilized by the Company only for the purposes specified in section 81(2) of the Companies Act, 2017.

7.2

	Note	2023	2022
Opening balance	7.2.1	**196**	196
Right shares issued during the year	7.2.2	**7,840**	-
Closing balance		**8,036**	196

7.2.1 This represent amount received from various Akzo Nobel companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments. The amount has been allocated and transferred to the Company pursuant to the Scheme of demerger.

NOTES TO THE FINANCIAL STATEMENTS
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Amounts in Rs '000

	2023	2022

7.2.2 This represents amount at the end of the share buyback process which was in excess from deposit received by the broker from our parent company in order to carry out shares buyback process. This amount was returned by the broker to the Company after mutual understanding with parent company and the parent company has waived off its rights.

8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus arising on revaluation of freehold land, buildings on freehold land and plant and machinery.

	2023	2022
Balance at beginning of the year	**3,465,503**	3,511,505
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	**(78,287)**	(46,002)
Balance at end of the year	**3,387,216**	3,465,503

8.1 The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

8.2 Freehold land, buildings on freehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the values as disclosed. The valuations are conducted by an independent valuation expert appointed by the Company. The valuation expert used a market based approach to arrive at the fair value of the Company's land and buildings. The valuation was determined by reference to current market value of the similar properties / assets. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery respectively. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements. Reconciliation of level three has been disclosed in relevant note and there is no transfer between fair value hierarchy.

9 DEFERRED LIABILITIES

9.1 The amounts recognized in the statement of financial position are:

	Note	2023	2022
Non-current liabilities			
Unfunded - recognized in deferred liability:			
- Gratuity fund - non-management		**12,007**	9,853
- Post retirement medical benefits		**68,254**	62,152
		80,261	72,005
Current liabilities			
Funded - payable to employee retirement benefit fund:			
- Pension fund - management		**19,966**	63,642
- Gratuity fund - management		**-**	7,095
		19,966	70,737
		100,227	142,742
Current assets			
Funded - receivable from employee retirement benefit fund:			
- Gratuity fund - management	9.1.1	**24,451**	-

9.1.1 The closing balance of funded gratuity fund management has resulted into asset and has been shown under other receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

	2023					2022				
	Funded			Unfunded	Total	Funded			Unfunded	Total
	Pension	Gratuity	Subtotal			Pension	Gratuity	Subtotal		
9.2 The amounts recognized in the profit or loss account against defined benefit schemes are as follows:										
Current service cost	5,121	16,398	21,519	1,717	23,236	4,753	14,238	18,991	1,570	20,561
Contribution by associates	-	(524)	(524)	-	(524)	-	-	-	-	-
Interest cost	30,745	23,528	54,273	8,956	63,229	23,604	18,600	42,204	6,235	48,439
Expected return on plan assets	(23,464)	(23,235)	(46,699)	-	(46,699)	(15,718)	(17,060)	(32,778)	-	(32,778)
Net charge for the year	12,402	16,167	28,569	10,673	39,242	12,639	15,778	28,417	7,805	36,222
9.3 Included in other comprehensive income:										
Actuarial (loss) / gain on remeasurement of plan obligation from:										
- Change in demographic assumptions	-	-	-	-	-	-	-	-	-	-
- Change in financial assumptions	14,855	251	15,106	660	15,766	(889)	154	(735)	(936)	(1,671)
- Experience adjustments	12,856	8,351	21,207	(1,000)	20,207	5,533	828	6,361	(5,464)	897
Return on plan assets, excluding interest income	15,290	21,338	36,628	-	36,628	11,910	7,895	19,805	-	19,805
Net (loss) / gain for the year	43,001	29,940	72,941	(340)	72,601	16,554	8,877	25,431	(6,400)	19,031
9.4 Movement in the net liability recognized in the statement of financial position are as follows:										
Balance at beginning of the year	63,643	7,093	70,736	72,005	142,741	82,642	29,137	111,779	61,793	173,572
Net charge for the year	12,402	16,167	28,569	10,673	39,242	12,639	15,778	28,417	7,805	36,222
Contributions / payments during the year	(13,078)	(17,246)	(30,324)	(2,757)	(33,081)	(15,084)	(28,945)	(44,029)	(3,993)	(48,022)
Contributions by associates	-	(524)	(524)	-	(524)	-	-	-	-	-
Actuarial loss charged to / (gain) recognized in other comprehensive income	(43,001)	(29,940)	(72,941)	340	(72,601)	(16,554)	(8,877)	(25,431)	6,400	(19,031)
Balance at end of the year	19,966	(24,450)	(4,484)	80,261	75,777	63,643	7,093	70,736	72,005	142,741
9.5 The amounts recognized in the statement of financial position are as follows:										
Fair value of plan assets	(196,962)	(222,782)	(419,744)	-	(419,744)	(181,249)	(179,951)	(361,200)	-	(361,200)
Present value of defined benefit obligation	216,928	198,332	415,260	80,261	495,521	244,891	187,046	431,937	72,005	503,942
Liability recognized	19,966	(24,450)	(4,484)	80,261	75,777	63,642	7,095	70,737	72,005	142,742
9.6 Movement in the present value of defined benefit obligation:										
Balance at beginning of the year	244,891	187,046	431,937	72,005	503,942	228,304	189,160	417,464	61,793	479,257
Current service cost	5,121	16,398	21,519	1,717	23,236	4,753	14,238	18,991	1,570	20,561
Interest cost	30,745	23,528	54,273	8,956	63,229	23,604	18,600	42,204	6,235	48,439
Benefits paid	(36,118)	(20,038)	(56,156)	(2,757)	(58,913)	(7,126)	(33,970)	(41,096)	(3,993)	(45,089)
Actuarial (gain) / loss on remeasurement of plan obligation	(27,711)	(8,602)	(36,313)	340	(35,973)	(4,644)	(982)	(5,626)	6,400	774
Balance at end of the year	216,928	198,332	415,260	80,261	495,521	244,891	187,046	431,937	72,005	503,942
9.7 Movement in the fair value of plan assets:										
Balance at beginning of the year	181,249	179,951	361,200	-	361,200	145,662	160,023	305,685	-	305,685
Expected return	23,464	23,759	47,223	-	47,223	15,718	17,060	32,778	-	32,778
Contributions by the Company	13,077	17,248	30,325	-	30,325	15,084	28,945	44,029	-	44,029
Contributions by associates	-	524	524	-	524	-	-	-	-	-
Benefits paid	(36,118)	(20,038)	(56,156)	-	(56,156)	(7,125)	(33,972)	(41,097)	-	(41,097)
Return on plan assets, excluding interest income	15,290	21,338	36,628	-	36,628	11,910	7,895	19,805	-	19,805
Balance at end of the year	196,962	222,782	419,744	-	419,744	181,249	179,951	361,200	-	361,200
9.8 Plan assets comprise:										
Government bonds	124,007	141,890	265,897	-	265,897	107,643	96,118	203,761	-	203,761
Corporate bonds	5,303	5,303	10,606	-	10,606	5,013	3,644	8,657	-	8,657
Mutual funds – debt	7,813	5,736	13,549	-	13,549	15,013	22,917	37,930	-	37,930
Equity instruments	57,741	67,838	125,579	-	125,579	51,022	52,613	103,635	-	103,635
Cash	2,098	2,015	4,113	-	4,113	2,557	4,944	7,501	-	7,501
	196,962	222,782	419,744	-	419,744	181,248	180,236	361,484	-	361,484

9.9 The expected charge in statement of profit or loss pertaining to pension fund, gratuity fund and unfunded schemes for the year ending December 31, 2024 is Rs. 12.40 million, Rs. 16.16 million and Rs. 10.67 million, respectively.

9.10 Government bonds, mutual funds and shares are valued at quoted market prices and are level 1. Cash is also level 1. Corporate bonds are valued at market prices and are level 2. The funds do not have any investment in the securities issued by the Company or any associated companies. The Gratuity Fund and Pension Fund are invested through approved trust funds.

NOTES TO THE FINANCIAL STATEMENTS
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9.11 The principal actuarial assumptions at the reporting date were as follows:

	2023	2022
Discount rate	**16.50%**	12.80%
Expected return on plan assets	**10.50%**	10.50%
Future salary increases - Management staff	**17.00%**	13.30%
Future salary increases - Non-management staff	**14.25%**	10.50%
Future pension increases	**12.00%**	8.30%
Medical cost trend	**11.00%**	7.50%

As at December 31, 2023, the weighted average duration of the defined benefit obligation was 8.7 years (2022: 8.5 years).

Plan duration of defined benefit obligation:

Pension	**6.6 years**	6.4 years
Gratuity - Management staff	**9.1 years**	9.4 years
Gratuity - Non-management staff	**3.3 years**	4.1 years
Pensioners' medical plan	**15.0 years**	14.5 years

9.12 The plans expose the Company to the actuarial risks such as:

Salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experiences are different. The effect depends upon beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

9.13 In case of the funded plans, it is ensured that the long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage its risks has not been changed from previous periods. Investments are well diversified and composition of the plan assets is disclosed in note 9.8 to the financial statements.

9.14 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected return on equity investments reflect long term real rates of return experienced in the market.

9.15 Normal retirement age is 60 years for non-management staff. Normal retirement age for management staff depends on date of joining. If joining date is before February 1988, normal retirement age is 58 years for men and 55 years for women. If joining date falls between February 1, 1988 and February 24, 2013, it is 60 years extendable to 62 years by the mutual consent of employee and Company. If joining date is February 25, 2013 or later, normal retirement age is 62 years.

Currently the Company has the following plans:

a) Pension

Pension scheme entitles the members to pension, subject to the conditions laid down in the rules, on reaching the normal retirement age, disability, early retirement or death in which case the surviving spouse and the children under the age of 25 shall be entitled.

Retirement benefit is a pension of 1.25% of final gross salary for each year of service less actuarial equivalent of any gratuity, if service is at least 10 years. Members may commute up to one-half of pension and the trustees may commute the balance.

The Trustees increase pensions in payment on an ad-hoc basis to provide some relief against inflation. The plan guarantees a minimum annual increase of 6%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

b) Gratuity

Gratuity scheme entitles the members to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service Rules. The Company maintains a separate gratuity fund for management and non-management staff.

Gratuity is based on the last month's basic salary for each year of service.

c) Pensioners' medical plan

The pensioners' medical plan reimburses medical expense to retirees, their wives and widows and widows of management staff employees who died in service. Benefits are limited to a maximum amount depending on grade at retirement.

9.16 The Pension and Gratuity management plans are fully funded. The funds are legally separate from the Company and are recognized by the Commissioner of Income Tax under Income Tax Rules, 2002. Members do not contribute to the pension and gratuity funds. The Company contributes at rates advised by the actuary. The contributions are equal to current service cost with adjustment for any deficit. If there is a surplus, the Company takes a contribution holiday.

9.17 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	(17,048)	18,663
Salary growth rate	0.50%	9,059	(8,582)
Pension growth rate	0.50%	5,199	(4,863)
Medical cost trend rate	0.50%	4,726	(4,307)

If life expectancy increases by 1 year, the obligation increases by Rs. 15.828 million.

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different sets of assumptions. The impact of increase in longevity has been calculated on the aggregate for each class of employees.

9.18 The Company contributed Rs. 24.26 million (2022: Rs. 23.52 million) and Rs. 7.97 million (2022: Rs. 8.23 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

9.19 Investments out of fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	Note	2023	2022
10 LONG TERM FINANCING			
Secured:			
Banking Companies			
Citibank N.A			
Principal	10.1	**1,300,000**	300,000
Less: Current portion shown under current liabilities	15	**(1,300,000)**	-
		-	300,000

10.1 The Company has obtained this loan under long term finance facility from Citibank N.A, Karachi with the limit of Rs. 2,250 million. This finance is secured against SBLC from the parent company covering 100% of the facility amount. Akzo Nobel N.V has issued unconditionally and irrevocably guarantees by way of an own and independent obligation and not as surety or joint and several to and in favour of Citibank Europe Plc, Netherlands Branch for maximum amount of Rs. 2,250 million against term finance facility availed by the Company. The finance is obtained to meet the long term funding requirements of the Company. It carries mark up at the rate 3 months KIBOR plus 0.75% per annum payable quarterly. The loan will be payable in lumpsum basis on December 15, 2024.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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		Note	2023	2022
11	**PAYABLE AGAINST PURCHASE OF LAND**			
	Balance as at 01 January		**128,273**	161,923
	Unwinding of discount		**12,616**	16,819
	Payment during the year		**(50,469)**	(50,469)
			(37,853)	(33,650)
		11.1	**90,420**	128,273
	Less: current portion of liabilities against purchase of land at year end	15	**(50,469)**	(50,469)
	Non-current liabilities against purchase of land at year end		**39,951**	77,804

11.1 The Company has shifted its manufacturing plant from Lahore to Faisalabad. For that purpose, the Company had acquired land of 25 acres amounting to Rs. 237.646 million from Faisalabad Industrial Estate Development and Management Company (FIEDMC). Down payment of Rs. 35.656 million was paid by the Company and the remaining amount of Rs. 201.875 million was to be paid in 16 equal interest free quarterly installments which has been started from February 2022. The payable has been recognized at amortized cost using effective interest rate of 11.90%.

		Note	2023	2022
12	**LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS**			
	Lease liabilities as at January 01,		**4,371**	12,307
	Addition during the year		**30,301**	-
	Interest expense during the year		**3,355**	857
	Payment during the year		**(9,454)**	(8,793)
			28,573	4,371
	Less: Current portion of lease liabilities against right-of-use assets	15	**(5,316)**	(1,439)
	Non-current lease liabilities against right-of-use assets		**23,257**	2,932

12.1 Commitments in relation to leases recognised under IFRS 16 against right-of-use assets are payable as follows:

	2023	2022
Payable not later than one year	**10,163**	1,439
Payable later than one year but not later than five years	**29,962**	2,979
	40,125	4,418
Future finance cost	**(11,552)**	(47)
Total lease liabilities against right-of-use assets	**28,573**	4,371

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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		Note	2023	2022
13	**TRADE AND OTHER PAYABLES**			
	Creditors:			
	- Related parties	13.1	**1,140,277**	587,825
	- Others		**1,407,059**	1,544,358
			2,547,336	2,132,183
	Royalty and technical service fee	13.2	**571,686**	463,296
	Accrued liabilities		**338,250**	133,353
	Retention money		**352,645**	237,432
	Workers' Profit Participation Fund	13.3	**19,754**	32,169
	Workers' Welfare Fund	13.4	**54,176**	45,419
	Withholding tax payable to Government		**19,134**	13,425
	Payable to employee retirement benefit funds	9.1	**19,966**	70,737
	Security deposits	13.5	**155,850**	87,480
	Others		**16,971**	5,165
			1,548,432	1,088,476
			4,095,768	3,220,659

13.1 This includes balances due to following related parties:

	2023	2022
Akzo Nobel Car Refinishes B.V.	**-**	7,284
Akzo Nobel N.V.	**645,134**	360,832
ICI Omicron B.V.	**4,370**	4,370
Pinturas Inca SA	**143,682**	29,903
Akzo Nobel Packaging Coatings	**-**	3,123
International Paint Netherlands	**28,583**	21,970
Akzo Nobel Saudi Arabia	**8,508**	4,937
Akzo Nobel UAE Paints LLC	**757**	7,910
Akzo Nobel Paints Vietnam	**2,023**	8,796
Akzo Nobel Paints Malaysia	**1,606**	1,305
Akzo Nobel Singapore Pte Ltd	**151,407**	95,181
Akzo Nobel Decorative Coatings	**6,528**	4,438
Akzo Nobel Industrial Coatings	**113,877**	12,055
International Paints LLC	**-**	2,063
Akzo Nobel Paints (Thailand) Limited	**5,516**	23,658
PT Akzo Nobel Car Refinishes Indonesia	**28,006**	-
International Farg AB	**280**	-
	1,140,277	587,825

13.2 Royalty and technical service fee

This includes royalty and technical service fee payable to the following related parties:

	Note	2023	2022
Akzo Nobel Coatings International B.V.	13.2.1	**544,879**	434,432

13.2.1 The Company was unable to pay royalty and technical service fee due to foreign payment restriction by the State Bank of Pakistan in previous year. However, due to ease in restrictions, the Company was able to make one payment during the year, and the rest will be paid in subsequent period.

13.3 Workers' Profit Participation Fund

	2023	2022
Balance at beginning of the year	**32,169**	45,612
Allocation for the year	**21,892**	34,298
Interest on funds	**335**	184
Payments made to the fund during the year	**(34,642)**	(47,925)
Balance at end of the year	**19,754**	32,169

13.4 Workers' Welfare Fund

	Note	2023	2022
Balance at beginning of the year		**45,419**	8,317
Allocation for the year		**8,757**	18,715
Adjustment made during the year	13.4.1	**-**	18,387
Balance at end of the year		**54,176**	45,419

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13.4.1 This represents reversal of adjustment of Workers' Welfare Fund liability made last year against advance income tax, as the Company was unable to adjust the same in tax portal. The Company has made payment against WWF to the FBR subsequently to reporting period.

13.5 These represent security deposits received from customers. These are repayable on cancellation of distribution contracts with customers and cannot be utilized for the purpose of the business. These have been kept in separate bank account in accordance with the requirements of the section 217 of the Companies Act, 2017.

14 CONTRACT LIABILITIES

Advances received from customer are recognised as revenue when performance obligation in accordance with the policy as described in note 5.18 is satisfied. Following is a movement in the balance with respect to contract liabilities during the year:

	Note	2023	2022
Unsecured			
Balance at beginning of the year		**33,407**	10,001
Advances received during the year		**41,045**	33,407
Revenue recognised during the year		**(33,407)**	(10,001)
Balance at end of the year		**41,045**	33,407

14.1. Contract balances primarily comprises of contract liabilities, representing advance consideration received from customers for the purchase of products. The movement of last year has been revised based on factual numbers.

15 CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2023	2022
Current portion of long term financing	10	**1,300,000**	-
Current portion of payable against purchase of land	11	**50,469**	50,469
Current portion of lease liabilities	12	**5,316**	1,439
		1,355,785	51,908

16 ACCRUED MARKUP

	Note	2023	2022
Long term financing			
Mark-up payable	10	**43,078**	4,893

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

Claims against the Company not acknowledged as debts are as follows:

17.1.1 For the tax year 2012, the Additional Commissioner Inland Revenue (Audit) ['ACIR'], Zone-II, Large Taxpayers Unit, Lahore through order dated January 31, 2014 raised additional tax demand of Rs. 89.49 million. The tax demand pertains to disallowance of deductions from income for technical fee, advertisement and publicity, bad debts written off and stock-in-trade written off. Further, there was disagreement over the tax treatment of certain matters including calculation of Workers' Welfare Fund, claim for tax credit and apportionment of other income.

The Company filed an appeal before Commissioner Inland Revenue (Appeals) ['CIR (A)'] against the aforesaid order, which was disposed through the appellate order dated May 5, 2014 wherein the CIR (A) remanded majority of the issues back to the assessing officer. The remaining issues of 'apportionment of other income' and 'disallowance of tax credit' have been contested by the Company with the Appellate Tribunal Inland Revenue ('ATIR') whereas the tax department has also contested the issue of 'Workers' Welfare Fund' and 'amortization of advertisement expense' with the ATIR. The Additional Commissioner Inland Revenue (Audit) ['ACIR'], Zone-II, Large Taxpayers Unit, Lahore, through notice dated June 8, 2015 initiated the proceedings under section 124 of the Ordinance and confronted the issues remanded by the CIR (A) to the Company, which have been duly replied to. However, the respective order had not been finalized. Some issues were also remanded back to the assessing officer who passed the appeal effect order dated June 30, 2015 and created a demand of Rs. 5.6 million which was adjusted against the refunds of Tax Year 2014.

NOTES TO THE FINANCIAL STATEMENTS
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Appeal had been filed against the appeal effect order before CIR(A) who confirmed the demand of Rs. 5.6 million. The Company has preferred appeal before ATIR which is pending adjudication. The Company in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

17.1.2 For the tax year 2013, the ACIR through assessment order dated April 30, 2014 passed under section 122(5A) of the Income Tax Ordinance, amended the taxable income of the Company and raised additional tax demand of Rs. 15.53 million. The tax demand pertains to disallowance of deductions from income for bad debts written off, exchange losses, write-off of property, plant and equipment, advertisement and publicity expenses. Further, there was disagreement over the tax treatment of certain matters including calculation of Workers' Welfare Fund and claim for tax credit.

The Company filed an appeal before the CIR (A), which was disposed through the appellate order dated October 27, 2014 wherein the CIR (A) decided some of the issues in favour of the Company. The remaining issues have been contested by the Company with the ATIR. The department has also filed an appeal with the ATIR on the issues decided in favour of the Company. The Company had partially paid the demand raised through the amendment order and as a consequence of the aforementioned appellate order, an amount of Rs. 4.6 million becomes refundable if the appeal effect is given by the department. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

The Company has paid 12.8 million under protest and filed an appeal before the CIR (A), which was disposed through the appellate order dated October 27, 2014 wherein the CIR (A) decided some of the issues in favour of the Company. The remaining issues have been contested by the Company with the ATIR. The department has also filed an appeal with the ATIR on the issues decided in favour of the Company. The case has been decided where most of the points were decided in company's favour.

17.1.3 For the tax year 2014, the CIR through assessment orders dated March 1, 2018 passed under section 122(5A) of the Income Tax Ordinance, amended the taxable income of the Company and raised additional tax demand of Rs. 747.48 million. The tax demand mainly pertain to disallowance of advertisement and publicity; discounts and commission; service expenses due to non-deduction of withholding tax and expenses on account of gratuity, provident and pension funds. The Company had filed appeals before the CIR (A) who annulled the impugned demand and remanded back the case to the assessing officer with directions of re-examination. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

17.1.4 For the tax year 2016, the CIR through assessment orders dated March 31, 2018 passed under section 122(5A) of the Income Tax Ordinance, amended the taxable income of the Company and raised additional tax demand of Rs. 454.48 million, respectively. The tax demand mainly pertain to disallowance of advertisement and publicity; discounts and commission; and expenses on account of gratuity, provident and pension funds. An appeal was filed before the CIR(A) against the order, which has been decided in Company's favor. The department has challenged the matter which is pending for adjudication and the Company is expecting a favourable outcome.

17.1.5 For the tax year 2019, the ACIR through assessment orders dated December 02, 2020 passed under section 122(5A) of the Income Tax Ordinance, amended the taxable income of the Company and raised additional tax demand of Rs. 355.56 million. The tax demand mainly pertain to disallowance of royalty and technical fee expense; initial allowance and depreciation on fixed assets, discounts and commission; advertisement and publicity fee expenses; tax credit under section 65(B) and expenses on account of stocks written off. The Company has filed appeals before the CIR(A), out of which most of the issues were decided in company's favour while some points raised by the department were confirmed having tax demand of Rs. 896,417 against which company filed an appeal with Appellate Tribunal Inland Revenue against the order of CIR(A) which has been heard and the order is still pending. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

17.1.6 The Income Tax Department, during the last reporting period, passed an order under section 161/205 of the Income Tax Ordinance, 2001, creating a demand of Rs. 102.3 million on account of non-deduction/withholding of tax on payments under various heads. The matter was appealed by the Company before the CIR(A) who annulled the impugned demand and remanded back the case to the assessing officer with directions of re-examination. The management, in consultation with their tax advisor, is of the view that all withholding tax deductions have been made and the tax matter will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

17.1.7 A show cause notice for alleged contravention of Section 36-A of the Central Excise Act, 1944 was served upon the Company on December 21, 2000 by the Collector of Sales Tax & Central Excise, Lahore. The Company contested the matter before the Collector of Customs, Central Excise & Sales Tax (Adjudication) who issued an order on April 21, 2001 in favour of the show cause notice. The Company was thereby ordered to pay an amount of Rs. 40.61 million. The Company preferred an appeal before the Customs, Excise & Sales Tax Appellate Tribunal which was accepted in total through order dated March 29, 2002.

NOTES TO THE FINANCIAL STATEMENTS
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An appeal has been filed by the Collector of Sales Tax & Central Excise, Lahore before the Honorable Lahore High Court, Lahore. The appeal is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

17.1.8 The department issued order dated December 29, 2017 creating a demand of Rs. 13.18 million in respect of sales tax for the period from July 2013 to June 2014. The order was challenged before CIR(A) who, vide his order dated April 30, 2018, gave partial relief to the Company and confirmed the impugned demand amounting to Rs. 7.87 million. The Company preferred an appeal before the ATIR against the decision of CIR(A), which upheld the order of CIR(A) vide its order dated September 09, 2019. Being aggrieved, the Company has filed reference before the Honorable Lahore High Court against the decision of ATIR, which is yet to be fixed for hearing.

17.1.9 The Company's declared taxable income and tax liability for tax year 2020 was amended by the Taxation Officer in March 2022 and raised a further demand of Rs. 743.309 million against the Company. This order was challenged by the Company with the CIR(A), who decided most of the issues in department's favour. The Company has filed appeal with ATIR against the order of CIR(A) which is yet to be fixed for hearing. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.

17.1.10 The Company's declared taxable income and tax liability for tax year 2021 was amended by the Taxation Officer in December 2022 and raised a further demand of Rs. 704.374 million against the Company. This order has been challenged by the Company with the CIR(A) which decided most of the issues in the favor of the company vide order dated May 31, 2023, whereas some points raised by the department were confirmed and remanded back having a tax demand of Rs. 703.125 million. The Company has filed appeal with Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) which is pending adjudication. The Company is expecting a favourable outcome.

17.1.11 The Company’s declared taxable income and tax liability for the tax year 2017 was amended by the Taxation Officer in June 2023 and further demand of Rs. 1,748.908 million was raised against the Company. This order was challenged by the Company with the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided most of the issues in company’s favor vide order dated September 25, 2023, while some points raised by the department were remanded back and confirmed against the Company. The Company has filed appeal with Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) which is pending adjudication. The Company is expecting a favourable outcome.

17.1.12 The department has passed an order dated September 01, 2023 under section 11(2) of the Sales Tax Act, 1990, creating an unlawful demand of Rs. 0.661 million and penalty thus levying amounting to Rs. 0.033 million by alleging that the Company has not disallowed the input tax adjustment on exempt supplies for tax periods July 2021 to March 2023. The Company preferred an appeal before CIR(A) for which case has been heard and order is awaited.

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		Note	2023	2022
17.2	**Commitments**			
17.2.1	Commitments in respect of capital expenditure		**96,761**	1,277,928

17.2.2 The commitments of future payments with respect to leases and Ijarah financing contracts in the year in which these payments shall become due are as follows:

Year	2023	2022
2023	**-**	43,178
2024	**49,891**	41,693
2025	**43,955**	31,216
2026	**38,082**	25,345
2027	**24,421**	14,326
2028	**433**	995
	156,782	156,753
Payable not later than one year	**49,891**	43,178
Payable later than one year but not later than five years	**106,891**	113,575
	156,782	156,753

Contracts under Ijarah agreements have been accounted for under IFAS-2, and accordingly classified as operating leases.

17.2.3 Commitments in respect of outstanding letters of credit and outstanding letter of guarantee at the reporting date have been disclosed in note 32.4 of these financial statements.

17.2.4 The Company has a commitment in respect of indemnity agreement signed with ICI Pakistan Limited to cover the possible outcome of the tax issues of ICI Pakistan Limited prior to demerger up to the extent of Rs. 1,583 million (2022: Rs. 1,583 million).

NOTES TO THE FINANCIAL STATEMENTS
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	Note	2023	2022
18 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	18.1	**7,890,754**	4,203,918
Capital work-in-progress	19	**755,603**	2,669,697
		8,646,357	6,873,615

18.1 Operating fixed assets

The following is the statement of property, plant and equipment:

	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
Net carrying value basis							
Year ended December 31, 2023							
Opening net book value (NBV)	**3,497,404**	**104,070**	**544,473**	**32,838**	**24,751**	**382**	**4,203,918**
Additions (at cost)	**2,860**	**1,457,368**	**2,478,403**	**6,482**	**-**	**-**	**3,945,113**
Disposals and write offs (at NBV)	**-**	**-**	**(894)**	**-**	**-**	**-**	**(894)**
Depreciation charge for the year (Note 18.4)	**-**	**(86,024)**	**(151,573)**	**(10,741)**	**(5,539)**	**(124)**	**(254,001)**
Adjustments during the year (Note 18.1.1)	**-**	**(1,103)**	**(1,712)**	**(484)**	**-**	**(83)**	**(3,382)**
Closing net book value	**3,500,264**	**1,474,311**	**2,868,697**	**28,095**	**19,212**	**175**	**7,890,754**
Gross carrying value basis							
Year ended December 31, 2023							
Cost / revalued amount	**3,500,264**	**1,647,468**	**3,388,764**	**160,220**	**48,988**	**2,707**	**8,748,411**
Accumulated depreciation	**-**	**(173,157)**	**(520,067)**	**(132,125)**	**(29,776)**	**(2,532)**	**(857,657)**
Net book value (NBV)	**3,500,264**	**1,474,311**	**2,868,697**	**28,095**	**19,212**	**175**	**7,890,754**
Net carrying value basis							
Year ended December 31, 2022							
Opening net book value (NBV)	3,497,289	133,942	617,762	10,917	-	338	4,260,248
Additions (at cost)	115	-	44,161	29,928	27,752	171	102,127
Disposals and write offs (at NBV)	-	-	-	-	-	-	-
Depreciation charge for the year	-	(29,872)	(117,450)	(8,007)	(3,001)	(127)	(158,457)
Closing net book value	3,497,404	104,070	544,473	32,838	24,751	382	4,203,918
Gross carrying value basis							
Year ended December 31, 2022							
Cost / revalued amount	3,497,404	191,203	912,967	154,222	48,988	2,790	4,807,574
Accumulated depreciation	-	(87,133)	(368,494)	(121,384)	(24,237)	(2,408)	(603,656)
Net book value (NBV)	3,497,404	104,070	544,473	32,838	24,751	382	4,203,918
Depreciation rate (% per annum)	-	4 - 20	5 - 33.33	10 - 33.33	10 - 33.33	25 - 33.3	

18.1.1 Adjustment represents the reconciliation amount that has resulted due to the reconciliation of books of accounts.

18.2 The Company's land, situated at 346 Ferozepur Road, Lahore, with an assessed value of Rs. 3,349 million as per M/s. Joseph Lobo (Private) Limited latest valuation report, is not currently listed under the Company's name in the LDA records. The same is listed in the name of the Company's predecessor in LDA's records. The honourable Sindh High Court has decreed the merger/amalgamation of the Company, pursuant to which the records of LDA ought to be amended accordingly. The Company is in the process of getting amended the records of LDA so as to reflect the Company being the owner of the land in its name. It is however important to note that the Company holds exclusive possession and control rights over the land.

18.3 During the year assets have been disposed by the Company and in prior year the aggregate book value of the assets disposed does not exceed five million rupees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

		Note	2023	2022
18.4	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	34	**186,446**	111,783
	Selling and distribution expenses	35	**52,623**	39,898
	General and administrative expenses	36	**14,932**	6,776
			254,001	158,457

Depreciation for the year includes incremental depreciation due to revaluation, amounting to Rs. 110.263 million (2022: Rs. 64.791 million).

18.5 Plant and machinery includes POST (Point of Sale Tinting) machines and VR mixing machines having a net book value of Rs. 154.86 million and Rs. 10.86 million respectively which are located at the premises of the customers. These assets are placed at dealer shops as per agreed terms however, the ownership rights remain with the company.

18.6 'Had there been no revaluation, the net book value of specific classes of property, plant and equipment would have amounted to:

	2023	2022
Freehold land	**9,119**	6,259
Buildings on freehold land	**1,476,275**	51,200
Plant and machinery	**2,780,023**	400,958
	4,265,417	458,417

18.7 The forced sale value of revalued property, plant and machinery as per latest available revaluation, conducted in December 2020 are as follows;

Particulars	Date of inspection	Revaluation report dates	Forced Sales Value
Freehold land			
-346 Ferozepur Road, Lahore, Pakistan	December 12, 2019	January 20, 2020	2,561,132
-Port Qasim, Karachi, Pakistan	December 24, 2019	January 20, 2020	80,365
			2,641,497
Buildings on freehold land			
-346 Ferozepur Road, Lahore, Pakistan	December 12, 2019	January 20, 2020	119,848
-Port Qasim, Karachi, Pakistan	December 24, 2019	January 20, 2020	7,635
			127,483
Plant and machinery	December 12, 2019	January 20, 2020	544,020
			3,313,000

18.8 The Company also holds a freehold land located at Faisalabad Industrial Estate Development and Management Company based on provisional allotment letter.

18.9 Fair value measurement of freehold land, building and plant and machinery are based on the valuations carried out by an independent valuer M/s. Joseph Lobo (Private) Limited as at December 31, 2020 on the basis of market value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

		Note	2023	2022
19	**CAPITAL WORK-IN-PROGRESS**			
	This comprises of:			
	Civil works and buildings	19.1	**287,714**	1,720,279
	Plant and machinery	19.1	**466,054**	949,418
	Equipment	19.1	**1,835**	-
			755,603	2,669,697

19.1 Movement of carrying amount

	Civil works and buildings	Plant and machinery	Equipment	Total
Year ended December 31, 2023				
Opening balance	**1,720,279**	**949,418**	**-**	**2,669,697**
Additions	**44,354**	**1,969,200**	**1,835**	**2,015,389**
Transferred to operating fixed assets	**(1,476,919)**	**(2,451,358)**	**-**	**(3,928,277)**
Charged to P&L during the year	**-**	**(1,206)**	**-**	**(1,206)**
Closing balance	**287,714**	**466,054**	**1,835**	**755,603**
Year ended December 31, 2022				
Opening balance	18,244	83,982	9,549	111,775
Additions	1,715,340	914,798	-	2,630,138
Adjustment	(9,969)	(45,705)	(6,521)	(62,195)
Transferred to operating fixed assets	(3,336)	(3,657)	(3,028)	(10,021)
Closing balance	1,720,279	949,418	-	2,669,697

19.2 Civil works & buildings and plant and machinery includes borrowing cost capitalised during the year amounting to Rs. 1.97 million (2022: 0.04 million) and Rs. 195.25 million (2022: Rs. 4.84 million), respectively at the rate of ranging from 17.51% to 23.01% (2022: 17.51%) per annum.

19.3 During the year, the Company has transferred the relocation of factory project based on completion. However, partial civil work and building and plant and machinery are still under the construction phase, and the Company expects to complete this work by the next financial year.

19.4 The movement of last year has been revised based on factual numbers.

20 RIGHT-OF-USE ASSETS

Building

	Note	2023	2022
Year ended December 31, Net carrying value basis			
Opening net book value (January 01,)		**6,303**	13,926
Additions during the year	20.1	**30,301**	-
Depreciation charge	35 & 36	**(7,806)**	(7,623)
Closing net book value		**28,798**	6,303
Gross carrying value basis			
Cost		**91,373**	61,072
Accumulated depreciation		**(62,575)**	(54,769)
Net book value		**28,798**	6,303
Depreciation rate (% per annum)		**20%**	20%

20.1 This represents renewal of rental agreement of five years at Karachi for regional office.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

		Note	2023	2022
21	**INTANGIBLE ASSETS**			
	Cost			
	Balance as at Jan 01,		**38,160**	38,160
	Additions for the year	21.1	**46,713**	-
	Balance as at Dec 31,		**84,873**	38,160
	Amortization			
	Balance as at Jan 01,		**(16,519)**	(8,887)
	Charge for the year		**(9,663)**	(7,632)
	Balance as at Dec 31,		**(26,182)**	(16,519)
	Carrying value		**58,691**	21,641
	Amortization rate (% per annum)		**20%**	20%

21.1 This represents cost incurred for changes to the SAP for plant located at Faisalabad Industrial Estate Development and Management Company.

		Note	2023	2022
22	**LONG TERM LOANS**			
	Secured - considered good			
	- Executives	22.1	**52,827**	39,805
	- Other employees		**52,741**	66,401
			105,568	106,206
	Less: Receivable within one year	28	**(31,019)**	(28,762)
			74,549	77,444

22.1 Reconciliation of the carrying amount of loans to executives:

	2023	2022
Balance at beginning of the year	**39,805**	28,068
Disbursements - gross	**53,127**	21,161
Repayments / adjustments	**(40,105)**	(9,424)
Balance at end of the year	**52,827**	39,805

22.2 Loans to employees are provided for purchase of motorcycle, motor car and construction of house. Vehicle loans are secured against registration documents of vehicles and house building loans are secured against provident fund, gratuity, pension or any other dues payable to the employees.

22.3 Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest-free and granted to the employees including executives of the Company in accordance with their terms of employment. The Company is entitled to recover from the employee's salary and other dues in case of default. These loans are recognized at amortized cost using the effective interest rate prevailing at reporting date.

22.4 The maximum aggregate gross amount of long term loans due from the executives at the end of any month during the year was Rs. 70.60 million (2022: Rs. 42.047 million).

		Note	2023	2022
23	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Deposits	23.1	**3,082**	3,082
	Prepayments		**1,768**	2,388
			4,850	5,470

23.1 These deposits do not carry any interest or mark-up and are not recoverable within one year. IFRS 9 requires long-term non interest bearing financial assets to be discounted at average borrowing rate of the Company. The impact of discounting is immaterial hence these are not remeasured.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

		Note	2023	2022
24	**DEFERRED TAX ASSET - NET**			
24.1	The balance comprises of the following temporary differences:			
	Deductible temporary differences			
	Provisions		**246,517**	239,116
	Lease liability against right-of-use asset		**8,286**	1,442
	Taxable losses	24.5	**109,689**	-
	Remeasurement of defined benefit liability		**(21,054)**	(6,280)
	Minimum turnover tax		**36,540**	-
			379,978	234,278
	Taxable temporary differences			
	Property, plant and equipment		**(300,523)**	(84,491)
	Right-of-use asset		**(8,351)**	(2,080)
			(308,874)	(86,571)
			71,104	147,707
24.2	**Changes in deductible temporary differences**			
	Opening balance		**234,278**	163,094
	Charge / (credit) during the year			
	-statement of profit or loss account		**166,754**	77,464
	-statement of other comprehensive income		**(21,054)**	(6,280)
	Closing balance		**379,978**	234,278
24.3	**Changes in taxable temporary differences**			
	Opening balance		**86,571**	97,212
	Charge / (credit) during the year			
	-statement of profit or loss account		**222,303**	(10,641)
			308,874	86,571

24.4 Owing to uncertainty relating to future taxable profits, against which the Company can utilize its deferred tax asset, the Company has not recognized a deferred tax asset related to minimum tax credits amounting to Rs. 75.832 million (December 2022: Nil). Expiry of taxable minimum tax credits are carried forward upto next three years.

24.5 The deferred tax asset on taxable loss has been recognized on the basis of future projections indicating the quantum of profits available for utilization of losses carried forward. In the event that future profits are not available, the tax losses would not be utilized and may lapse. Under these circumstances, the deferred tax asset would need to be adjusted and recognized as a tax charge.

		Note	2023	2022
25	**STORES AND SPARES**			
	Stores		**14,370**	14,136
	Spares		**39,903**	25,369
			54,273	39,505
	Less: Provision for slow moving and obsolete stores and spares - net	25.1	**(81)**	(81)
			54,192	39,424
25.1	**Provision for slow moving and obsolete stores and spares**			
	Balance at beginning of the year		**81**	81
	Provision charged during the year		**-**	-
	Stores written-off against provision		**-**	-
	Balance at end of the year		**81**	81

25.2 Stores and spares do not include any item that has been purchased for the purpose of capital expenditure.

25.3 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

26	STOCK IN TRADE	Note	2023	2022
	Raw materials:			
	- in hand		**1,104,523**	1,104,577
	- in transit		**375,224**	123,210
			1,479,747	1,227,787
	Work-in-process		**43,711**	25,016
	Finished goods		**999,095**	504,892
	Goods purchased for resale		**31,488**	127,265
			2,554,041	1,884,960
	Provision for slow moving and obsolete stock in trade:	26.1		
	- Raw material		**(23,182)**	(37,355)
	- Finished goods		**(42,585)**	(38,506)
			(65,767)	(75,861)
			2,488,274	1,809,099

26.1	Provision for slow moving and obsolete stock-in-trade			
	Balance at beginning of the year		**75,861**	80,500
	Adjustment during the year			
	Provision charged during the year	34 & 35	**78,984**	19,510
	Provision reversed during the year	40	**-**	(15,255)
			78,984	4,255
	Stock written-off against provision		**(89,078)**	(8,894)
	Balance at end of the year	26.1.1	**65,767**	75,861

26.1.1 Out of the total carrying value of inventory Nil (2022: Rs. 12.75 million) is measured at net realizable value. As at December 31, 2023 stock has been written down by Nil (2022: Rs. 1.6 million) to arrive at its net realizable value.

27	TRADE DEBTS			
	Considered good			
	- Secured	27.1	**476,156**	303,990
	- Unsecured		**1,593,144**	1,527,777
			2,069,300	1,831,767
	Considered doubtful		**76,954**	80,558
			2,146,254	1,912,325
	Less: allowances and provisions			
	- allowances for impairment of trade debts	27.2	**(76,954)**	(80,558)
	- provision for discounts	27.3	**(707,255)**	(568,095)
			(784,209)	(648,653)
			1,362,045	1,263,672

27.1 These trade debts are secured against letters of credit, bank guarantees and security deposits.

27.2	Allowances for impairment of trade debts			
	Balance at beginning of the year		**80,558**	60,570
	Adjustment on account of:			
	Charge	37	**26,668**	36,626
	Debts written-off against allowance		**(30,272)**	(16,638)
	Net adjustment		**(3,604)**	19,988
	Balance at end of the year		**76,954**	80,558

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

		Note	2023	2022
27.3	**Provision for discounts**			
	Balance at beginning of the year		**568,095**	419,024
	Charge for the year - net		**1,374,746**	966,881
	Discounts paid during the year		**(1,235,586)**	(817,810)
	Balance at end of the year		**707,255**	568,095
28	**LOANS AND ADVANCES**			
	Secured - considered good			
	Current portion of long term loans to:			
	- Executives		**16,205**	11,710
	- Other employees		**14,814**	17,052
		22	**31,019**	28,762
	Unsecured - considered good			
	Advances to contractors and suppliers		**24,428**	32,716
			55,447	61,478
29	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Trade deposits		**-**	37,471
	Short term prepayments		**2,415**	2,493
			2,415	39,964
30	**OTHER RECEIVABLES**			
	Unsecured - considered good			
	Due from related parties	30.1	**51,081**	47,687
	Others		**1,198**	794
	Sales tax adjustable	30.4	**208**	42,391
	Receivable from employee retirement benefit funds	9.1.1	**24,451**	-
			76,938	90,872

30.1 These represent receivable from following related parties:

	2023	2022
Akzo Nobel Decorative Coatings	**2,630**	-
Akzo Nobel N.V.	**13,370**	7,314
Akzo Nobel Netherland B.V.	**4,630**	5,612
Akzo Nobel ME Coatings FZE	**-**	2,745
Akzo Nobel Paints Singapore Pte Limited	**6,178**	11,264
Akzo Nobel (China) Investment Co. Limited	**-**	4,853
Akzo Nobel Coating Vietnam Limited	**1,402**	1,140
Marshall Boya Ve Vernik Sanayi	**1,946**	1,582
Akzo Nobel Car Refinishes PO	**9,608**	7,523
AkzoNobel Oman SAOC	**-**	766
PT ICI Paints Indonesia	**-**	2,332
ICI Omicron B.V.	**2,500**	2,000
AkzoNobel Paints Malaysia	**710**	556
Akzo Nobel Coatings Dongguan Co. Ltd.	**1,675**	-
Akzo Nobel Performance Coatings Shanghai Co. Ltd.	**1,484**	-
Akzo Nobel Limited	**1,997**	-
Akzo Nobel Industrial Coatings	**2,951**	-
	51,081	47,687

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

		Note	2023	2022
30.2	Ageing analysis of amounts due from related parties, included in trade debts, are as follows:			
	Neither past due nor impaired (1 - 30 days)		**4,029**	10,900
	Past due but not impaired (31 - 90 days)		**4,435**	18,865
	Past due but not impaired (More than 120 days)		**42,617**	17,922
	As at December 31, 2023		**51,081**	47,687

30.3 The minimum and maximum aggregate amount of other receivable from related parties at the end of any month during the year was Rs. 44.51 million and Rs. 58 million (2022: Rs. 14.09 million and Rs. 40.04 million).

30.4 This represents sales tax receivable which was claimed/adjusted subsequent to the year end.

		Note	2023	2022
31	**TAXATION - NET**			
	Income tax - net	31.1	**283,571**	8,307
31.1	Opening balance		**8,307**	309
	Addition: advance taxes and taxes withheld		**451,891**	351,456
	Provision for the year	41	**(176,627)**	(343,458)
	Closing balance		**283,571**	8,307
32	**CASH AND BANK BALANCES**			
	Cash in hand		**17,259**	2,942
	Cash at bank - current accounts	32.1	**774,879**	975,136
	Cash at bank - saving accounts	32.2	**97,746**	82,188
	Short term deposits	32.3	**85,000**	40,000
			974,884	1,100,266

32.1 Cash and bank balances include cheques in hand amounting to Rs. 264.99 million (2022: Rs. 146.30 million) and foreign currency amounting to US$ 0.75 million (2022: US$ Nil)

32.2 These carry mark-up at the rates ranging from 14.50% to 20.30 % per annum.

32.3 This represents Term Deposit Receipt placed with commercial bank, having maturity period of 32 days (2022: 32 days). The mark-up on this deposit is 19.25 % (2022: 13.90%) per annum.

32.4 **Particulars of credit facilities available to the Company**

2023

Bank	Nature of facility	Mark up rate / Commission	Frequency of mark-up / commission payment	Facility expiry date	Facility limit	Facility utilized at year end
Deutsche Bank, AG	**Bank Guarantee**	**1 Month KIBOR + 1%**	**Quarterly**	**N/A**	**35,000**	**416**
Deutsche Bank, AG	**Letter of credits (LC)**	**0.30%**	**Upon LC issuance**	**N/A**	**280,000**	**277,428**
Deutsche Bank, AG	**Short-term running finance**	**0.20%**	**Calendar quarter basis**	**N/A**	**35,000**	**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2022

Bank	Nature of facility	Mark up rate / Commission	Frequency of mark-up / commission payment	Facility expiry date	Facility limit	Facility utilized at year end
Deutsche Bank, AG	Bank Guarantee	1 Month KIBOR + 1%	Quarterly	N/A	35,000	416
Deutsche Bank, AG	Letters of Credit (LC)	0.10%	Upon LC issuance	N/A	280,000	82,719
Deutsche Bank, AG	Short-term running finance	0.20%	Calendar quarter basis	N/A	35,000	-

32.5 The abovementioned facilities are secured by parental guarantee from Akzo Nobel N.V. along with first pari passu hypothecation charge over the current assets amounting to Rs. 210 million (2022: Rs. 210 million), demand promissory note and counter guarantee / indemnity duly signed and stamped by the Company.

32.6 Cash and bank balances represents the cash and cash equivalents for the purpose of cash flow statement.

Amounts in Rs '000

		Note	2023	2022
33	**REVENUE**			
	Export sales		**3,352**	-
	Local sales		**14,372,388**	12,048,208
			14,375,740	12,048,208
	Less:			
	Sales tax		**2,176,178**	1,755,950
	Discounts		**3,148,452**	2,642,356
			5,324,630	4,398,306
			9,051,110	7,649,902
33.1	**Timing of revenue recognition - net**			
	Goods and services transferred at a point in time		**9,051,110**	7,649,902
33.2	**Geographical location**			
	Pakistan		**9,047,758**	7,649,902
	Malaysia		**3,352**	-
			9,051,110	7,649,902

Amounts in Rs '000

		Note	2023	2022
34	**COST OF SALES**			
	Raw and packing materials consumed	34.1	**5,500,960**	4,540,517
	Salaries, wages and benefits	34.2 & 50	**205,492**	154,722
	Fuel and power expenses		**66,914**	58,458
	Stores and spares consumed		**16,708**	14,517
	Insurance expenses		**16,247**	2,361
	Repairs and maintenance expenses		**19,720**	21,073
	Royalties and technical assistance	34.3	**369,106**	301,710
	Depreciation	18.4	**186,446**	111,783
	Communication, printing and stationery expenses		**1,641**	1,187
	Contractual services expenses		**98,741**	74,618
	Security, safety, health and environment expenses		**18,659**	29,992
	Provision for obsolete stocks - raw material	26	**52,697**	19,510
	Other expenses		**50,163**	15,910
			1,102,534	805,841
	Opening work-in-process	26	**25,016**	20,993
	Closing work-in-process		**(43,711)**	(25,016)
	Cost of goods manufactured		**6,584,799**	5,342,335
	Opening finished goods		**593,651**	619,545
	Finished goods purchased		**644,941**	157,780
	Closing finished goods		**(987,998)**	(593,651)
			6,835,393	5,526,009
34.1	**Raw and packing materials consumed**			
	Opening stock		**1,190,432**	609,155
	Add: Purchases		**5,767,093**	5,121,794
	Less: Closing stock		**(1,456,565)**	(1,190,432)
			5,500,960	4,540,517

34.2 Salaries, wages and benefits include Rs. 7.24 million (2022: Rs. 6.83 million) in respect of provident fund contribution, Rs. 10.71 million (2022: Rs. 10.78 million) in respect of pensions, Rs. 6.67 million (2022: Rs. 6.28 million) in respect of gratuity and Rs. 2.96 (2022: Rs. 2.02 million) in respect of pensioners' medical plan.

34.3 Royalties and technical assistance includes expenses against royalties and technical services obtained from the related parties; Akzo Nobel Coatings International B.V. Rs. 357.51 million (2022: Rs. 283.77 million).

34.4 Details of royalties and technical assistance paid to companies / entities / individuals during the year are as follows:

Name	Registered address	Relationship with Company
Akzo Nobel Coatings International B.V.	Velperweg 76 Arnhem, Netherlands	Associate
Nihon Parkerizing Co. Ltd	1-15-1, Nihonbashi, Chuo-ku, Tokyo, Japan	N/A

		Note	2023	2022
35	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries and benefits	35.1 & 50	**347,576**	311,610
	Advertising and publicity expenses		**266,151**	279,152
	Outward freight and handling		**119,539**	132,671
	Fuel and power		**7,760**	3,671
	Rent, rates and taxes		**5,946**	13,906
	Repairs and maintenance		**31,639**	13,756
	Depreciation	18.4	**52,623**	39,898
	Depreciation on right-of-use assets	20	**7,806**	1,390
	Travelling expenses		**35,496**	27,412
	Communication, printing and stationery expenses		**5,145**	10,229
	Contractual services		**84,787**	66,713
	Security, safety, health and environment		**7,052**	5,926
	Provision for obsolete stocks - finished goods		**26,287**	-
	Other expenses		**98,658**	56,975
			1,096,465	963,309

35.1 Salaries, wages and benefits include Rs. 11.63 million (2022: Rs. 10.93 million) in respect of provident fund contribution, Rs. 4 million (2022: Rs. 3.93 million) in respect of pensions, Rs. 6.47 million (2022: Rs. 6.35 million) in respect of gratuity and Rs. 3.68 million (2022: 2.60) in respect of pensioners' medical plan.

NOTES TO THE FINANCIAL STATEMENTS
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Amounts in Rs '000

		Note	2023	2022
36	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and benefits	36.1 & 50	**126,086**	112,047
	Global business services cost	36.2	**103,886**	27,795
	Fuel and power		**31**	-
	Rent, rates and taxes		**155**	143
	Insurance		**10,624**	8,895
	Repairs and maintenance		**24**	125
	Depreciation	18.4	**14,932**	6,776
	Depreciation on right-of-use assets	20	**-**	6,233
	Amortization		**9,663**	7,632
	Travelling expenses		**229**	90
	Communication, printing and stationery expenses		**1,679**	553
	Auditors' remuneration	36.4	**2,305**	2,294
	IT services	36.3	**226,139**	123,846
	Contractual services		**1,009**	2,406
	Other expenses		**12,544**	18,188
			509,306	317,023

36.1 Salaries, wages and benefits include Rs. 5.39 million (2022: Rs. 5.76 million) in respect of provident fund contribution, Rs. 5.66 million (2022: Rs. 6.17 million) in respect of pensions, Rs. 3.98 million (2022: Rs. 6.17 million) in respect of gratuity and Rs. 2.26 million (2022: Rs. 6.98 million) in respect of pensioners' medical plan.

36.2 This represents services received from global business delivery organization with regional hubs serving the business.

36.3 This includes cost against IT services amounting to Rs. 193.53 million (2022: Rs. 105.14 million) received from Akzo Nobel N.V.

		Note	2023	2022
36.4	**Auditors' remuneration**			
	Statutory audit		**1,392**	1,392
	Other assurances and certifications		**137**	130
	Taxation services		**480**	476
	Out of pocket expenses		**296**	296
			2,305	2,294
37	**NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS**			
	Impairment loss	27.2	**26,668**	36,626

37.1 The impairment of trade debts is based on the expected credit losses model following the simplified approach under IFRS 9.

		Note	2023	2022
38	**FINANCE COST**			
	Amortization of loans to staff	22.3	**23,881**	30,755
	Interest on Workers' Profit Participation Fund	13.3	**335**	184
	Bank charges		**3,238**	3,949
	Interest expense on right-of-use assets		**3,355**	857
	Interest expense on payable against land		**12,616**	16,819
			43,425	52,564
39	**OTHER CHARGES**			
	Workers' Profit Participation Fund	13.3	**21,892**	34,298
	Workers' Welfare Fund	13.4	**8,757**	18,715
	Exchange loss		**132,272**	156,636
	Loss on assets written off	18.1	**894**	-
	Donations	39.1	**203**	-
			164,018	209,649

39.1 This represents donations provided by the Company to Akhuwat Foundation in respect of flood relief fund and none of the directors have any interest in donee.

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		Note	2023	2022
40	**OTHER INCOME**			
	Income from financial assets			
	Profit on short-term deposits		**17,631**	52,647
	Income from non-financial assets			
	Scrap sales		**13,724**	14,887
	Provisions no longer required written back		**-**	15,255
	Miscellaneous income		**-**	5,438
			31,355	88,227
41	**TAXATION**			
	Current year	41.1	**116,765**	302,615
	Prior year		**59,862**	40,843
	Deferred	24	**55,549**	(88,105)
			232,176	255,353
41.1	**Tax charge reconciliation**			
	Profit before taxation		**407,190**	632,949
	Tax using domestic at normal rates		**118,085**	183,555
	Impact of super tax		**-**	25,318
	Effect of prior year charge		**59,862**	40,843
	Impact of finance cost - land		**12,616**	16,819
	Minimum tax		**116,765**	-
	Others		**(75,152)**	(11,182)
	Net tax charged		**232,176**	255,353
	Average effective tax rate		**57.02%**	40.34%

41.2 As at December 31, 2023, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

41.3 As the current tax charge represents minimum and final tax under the income Tax Ordinance, 2001, therefore, numerical reconciliation between the average effective tax rate and the applicable tax rate is not required, though prepared and presented for comparison purposes only.

		Note	2023	2022
42	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before taxation		**407,190**	632,949
	Adjustments for:			
	Depreciation on property, plant and equipment	18.4	**254,001**	158,457
	Amortization on intangible assets	21	**9,663**	7,632
	Depreciation on right-of-use assets	20	**7,806**	7,623
	Provision for employee benefits obligation	9.2	**39,242**	36,222
	Net impairment losses on financial assets	37	**26,668**	36,626
	Reversal of provision no longer required	40	**-**	(15,255)
	Provision for slow moving and obsolete stock	34 & 35	**78,984**	19,510
	Interest income	40	**(17,631)**	(52,647)
	Interest expense on right-of-use assets	38	**3,355**	857
	Interest expense on payable against land	38	**12,616**	16,819
	Loss on assets written off	39	**894**	-
	Exchange loss	39	**132,272**	156,636
			547,870	372,480
	Net cash flows from operating activities before working capital changes		**955,060**	1,005,429

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		2023	2022

43 **TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of the parent Company (ICI Omicron B.V.), the ultimate parent Company (Akzo Nobel N.V.), related group companies, staff retirement funds, companies where Directors also hold directorship, Directors and key management personnel of the Company, and their close family members. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		2023	2022
Associated and parent companies	Purchase of goods, materials and services	**304,470**	333,188
	Sale of goods and services	**3,352**	-
	Reimbursement of expenses	**33,660**	30,676
	Royalty paid	**189,018**	-
	IT services	**197,541**	123,846
	GBS services	**103,886**	27,795
Retirement benefit plan	Contributions made to retirement funds / plans	**93,879**	102,724
Key management personnel	Remuneration of key management personnel	**78,427**	81,032

43.1 The above transactions with related parties are carried out on mutually agreed terms and conditions.

43.2 Following are the details of related parties incorporated within / outside Pakistan with whom the Company had entered into transactions or had agreements and / or arrangements in place during the financial year:

Basis of association	Name of the related party	Country of incorporation	Aggregate % of shareholding*
Outside Pakistan:			
Parent company	ICI Omicron B.V.	Netherlands	98.27%
Group / associated company	Akzo Nobel Car Refinishes B.V.	Netherlands	-
	Akzo Nobel N.V.	Netherlands	-
	Akzo Nobel Saudi Arabia Limited	Saudi Arabia	-
	International Paints	Netherlands	-
	Pinturas Inca SA	Uruguay	-
	ICI Swire Paints (Shanghai) Limited	China	-
	Akzo Nobel Coatings Int. B.V.	Netherlands	-
	Akzo Nobel Middle East FZE	UAE	-
	Akzo Nobel (China) Investment Co. Limited.	China	-
	Akzo Nobel Netherland B.V.	Netherlands	-
	Akzo Nobel Packaging Coatings Limited	United Kingdom	-
	International Paint (Netherlands) B.V.	Netherlands	-
	International Farbenwerke GmbH	Germany	-
	Akzo Nobel Decorative Coatings	Netherlands	-
	Akzo Nobel Car Refinishes SL	Spain	-
	Akzo Nobel UAE Paints L.L.C	UAE	-
	Akzo Nobel ME Coatings FZE	UAE	-
	Marshall Boya Ve Vernik Sanayi	Turkey	-
	Akzo Nobel Paints Malaysia	Malaysia	-
	International Paint Singapore	Singapore	-
	International Paint Indonesia	Indonesia	-
	Akzo Nobel Industrial Coatings	United Kingdom	-
	International Paints LLC	USA	-
	Akzo Nobel Paints (Thailand) Limited	Thailand	-
	Akzo Nobel Oman SAOC	Oman	-
	PT ICI Paints Indonesia	Indonesia	-
Associated company / common directorship	Akzo Nobel Paints Singapore Pte Limited	Singapore	-
	Akzo Nobel Paints Vietnam Limited	Vietnam	-
Within Pakistan:			
Retirement benefit plan	Akzo Nobel Pakistan Limited Management Staff Provident Fund	Pakistan	-
	Akzo Nobel Pakistan Limited Management Staff Gratuity Fund	Pakistan	-
	Akzo Nobel Pakistan Limited Management Staff Pension Fund	Pakistan	-
	Akzo Nobel Pakistan Limited Management Staff Defined Contribution Superannuation Fund	Pakistan	-
	Akzo Nobel Pakistan Limited Non-Management Staff Provident Fund	Pakistan	-

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FOR THE YEAR ENDED DECEMBER 31, 2023

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43.3 The closing balances have been disclosed under the relevant notes of these financial statements.

44 RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and over sight of the Company's risk management framework. The Executive Management Team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors. Risk management systems are reviewed regularly by the Executive Management Team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

		2023	2022
45	**EARNINGS PER SHARE**		
	Basic earnings per share		
	Profit for the year (after tax)	**175,014**	377,596
		(Number of shares)	
	Weighted average number of ordinary shares	**47,496,145**	46,443,320
		(Rupees)	
	Earnings per share	**3.68**	8.13

45.1 EPS of last year has not been restated as the Company believes that there is no bonus element due to the unavailability of fair market value. Exercise price is considered as a fair value price.

45.2 Diluted earnings per share

There is no dilutive effect as the Company does not have any convertible instruments in issue as at December 31, 2023 and December 31, 2022, which would have any effect on the earnings per share if the option to convert was exercised.

46 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Company which are measured at fair value as of December 31, 2023 and December 31, 2022.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs ‘000

47 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Carrying amount			Fair value			
		Amortised cost	Other (FVPL / FVOCI)	Total	Level 1	Level 2	Level 3	Total
On-Balance sheet financial instruments								
As at December 31, 2023								
Financial Assets at FV or amortised cost								
Long term loans	22	**74,549**	-	**74,549**	-	-	-	-
Long term deposits	23	**3,082**	-	**3,082**	-	-	-	-
Trade debts	27	**1,362,045**	-	**1,362,045**	-	-	-	-
Loans and advances	28	**31,019**	-	**31,019**	-	-	-	-
Other receivables	30	**76,938**	-	**76,938**	-	-	-	-
Cash and bank balances	32	**957,625**	-	**957,625**	-	-	-	-
		2,505,258	-	**2,505,258**	-	-	-	-
Financial liabilities at FV or amortised cost								
Long term financing	10	**1,300,000**	-	**1,300,000**	-	-	-	-
Accrued markup	16	**43,078**	-	**43,078**	-	-	-	-
Deferred liabilities	9	**80,261**	-	**80,261**	-	-	-	-
Lease liabilities	11 & 12	**118,993**	-	**118,993**	-	-	-	-
Trade and other payables	13	**4,076,634**	-	**4,076,634**	-	-	-	-
Unpaid dividend		**3,188**	-	**3,188**	-	-	-	-
Unclaimed dividend		**26,253**	-	**26,253**	-	-	-	-
		5,648,407	-	**5,648,407**	-	-	-	-
On-Balance sheet financial instruments								
As at December 31, 2022								
Financial Assets at FV or amortised cost								
Long term loans	22	77,444	-	77,444	-	-	-	-
Long term deposits	23	3,082	-	3,082	-	-	-	-
Trade debts	27	1,263,672	-	1,263,672	-	-	-	-
Loans and advances	28	28,762	-	28,762	-	-	-	-
Short term trade deposits	29	37,471	-	37,471	-	-	-	-
Other receivables	30	90,872	-	90,872	-	-	-	-
Cash and bank balances	32	1,097,324	-	1,097,324	-	-	-	-
		2,598,627	-	2,598,627	-	-	-	-
Financial liabilities at FV or amortised cost								
Long term financing	10	300,000	-	300,000	-	-	-	-
Accrued markup	16	4,893	-	4,893	-	-	-	-
Deferred liabilities	9	72,005	-	72,005	-	-	-	-
Lease liabilities	11 & 12	132,644	-	132,644	-	-	-	-
Trade and other payables	13	3,207,234	-	3,207,234	-	-	-	-
Unpaid dividend		3,188	-	3,188	-	-	-	-
Unclaimed dividend		26,645	-	26,645	-	-	-	-
		3,746,609	-	3,746,609	-	-	-	-

47.1 The Company has valued free hold land, building and plant and machinery at fair value and classified under property, plant and equipment. The carrying value and level of fair value of these non - financial assets have been disclosed in the relevant note to the financial statements.

47.2 Due to the Company’s long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

NOTES TO THE FINANCIAL STATEMENTS
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48 FINANCIAL INSTRUMENTS - FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

48.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted, without taking into account the fair value of any collateral. The Company does not have significant exposure to any individual counter party. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit and bank guarantees.

a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	Note	2023	2022
Long term loans	22	**74,549**	77,444
Long term deposits	23	**3,082**	3,082
Trade debts	27	**1,362,045**	1,263,672
Loans and advances	28	**31,019**	28,762
Trade deposits	29	**-**	37,471
Other receivables	30	**76,938**	90,872
Bank balances and short term deposits	32	**957,625**	1,097,324
		2,505,258	2,598,627
Secured			
Long term loans	22	**74,549**	77,444
Trade debts	27	**476,156**	303,990
Loans and advances	28	**31,019**	28,762
		581,724	410,196
Unsecured		**1,923,534**	2,188,431
		2,505,258	2,598,627

Movement / reconciliation of loss allowances for trade debts has been detailed in note 27.2 to these financial statements.

b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

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		Note	2023	2022
c)	**Bank balances and accrued interest on short term deposits**			
	Bank balances and short term deposits		**957,625**	1,097,324

The Company's exposure to credit risk against balances with various commercial banks is as follows:

	Credit Ratings		Rating		
	Short term	Long term	Agency		
Habib Bank Limited	A-1+	AAA	JCR-VIS	**537,616**	229,429
Citi Bank N.A.	P-1	Aa3	Moody's	**39,070**	27,028
Deutsche Bank A.G.	A-1+	A+	S&P	**350,449**	812,024
Faysal Bank Limited	A-1+	AA	PACRA	**30,490**	28,843
				957,625	1,097,324

d) Trade debts

The Company makes sales against advances as well as on credit terms. In case of credit sales, payment is generally due within 30 to 90 days from the date of delivery of goods. The trade debts as at the reporting date are classified in Pak Rupees. The aging of trade debts which are past due at the reporting date is as follows:

	2023	2022
Neither past due nor impaired	**1,888,812**	1,630,142
Past due		
1 - 30 days	**52,728**	66,342
31 - 90 days	**55,607**	55,696
91 - 120 days	**26,007**	25,374
More than 120 days	**123,100**	134,771
	257,442	282,183
	2,146,254	1,912,325
Allowance for impairment of trade debts	**(76,954)**	(80,558)
Provision for discounts	**(707,255)**	(568,095)
	1,362,045	1,263,672

The maximum exposure to credit risk for past due not impaired at the reporting date by type of counter party is:

	2023	2022
Distributors / wholesale customers	**49,246**	58,870
Retail customers	**167,198**	155,753
End-user customers	**4,076**	15,862
	220,520	230,485
Allowance for impairment of trade debts	**(76,954)**	(80,558)
	143,566	149,927

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e) Loss allowance for trade debts

The Company determines the loss allowances for trade debts based on the following ageing under the expected credit loss model:

	2023					
	Neither past due nor impaired	**Past but not impaired (1 - 30 days)**	**Past but not impaired (31 - 90 days)**	**Past and impaired (91 - 120 days)**	**Past and impaired (More than 120 days)**	**As at December 31, 2023**
Expected credit loss rate (%)	**0.00%**	**0.24%**	**0.27%**	**1.67%**	**14.25%**	
Gross carrying value of						
Trade debts	**1,888,812**	**52,728**	**55,607**	**26,007**	**123,100**	**2,146,254**
General allowance	**-**	**125**	**151**	**435**	**17,538**	**18,249**
Specific allowance	**-**	**-**	**-**	**-**	**58,705**	**58,705**
Loss allowance	**-**	**125**	**151**	**435**	**76,243**	**76,954**

	2022					
	Neither past due nor impaired	**Past but not impaired (1 - 30 days)**	**Past but not impaired (31 - 90 days)**	**Past and impaired (91 - 120 days)**	**Past and impaired (More than 120 days)**	**As at December 31, 2022**
Expected credit loss rate (%)	0.00%	0.21%	0.25%	2.19%	29.35%	
Gross carrying value of						
trade debts	1,630,142	66,342	55,696	25,374	134,771	1,912,325
General allowance	-	139	137	555	39,549	40,380
Specific allowancea	-	-	-	-	40,178	40,178
Loss allowance (Rupees in thousand)	-	139	137	555	79,727	80,558

f) Other financial assets

The remaining financial assets mainly pertain to balances due from related parties, employees or are otherwise secured. These are expected to be recovered in due course and based on past experience the credit risk related to these financial assets is not material.

g) Concentration risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all other transactions are entered into with credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

	2023	2022
Construction	**100,598**	73,957
Transport	**256,897**	223,965
Dealers	**1,438,889**	1,547,832
Banks	**957,625**	1,097,324
Others	**40,131**	10,468
	2,794,140	2,953,546
Allowance for impairment of trade debts	**(76,954)**	(80,558)
Provision for discounts	**(707,255)**	(568,095)
	(784,209)	(648,653)
	2,009,931	2,304,893

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48.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 substantially 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 obtained running finance facilities from Deutsche Bank A.G. to meet any deficit, if required, to meet the short term liquidity commitments.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the maturity date. The following are contractual maturities of financial liabilities at the reporting dates:

	2023			
	Carrying amount	**Contractual**	**Up to one year**	**More than one year**
Non-derivative financial liabilities				
Long term financing	**1,300,000**	**1,600,300**	**1,600,300**	**-**
Accrued markup	**43,078**	**43,078**	**43,078**	**-**
Deferred liabilities	**80,261**	**80,261**	**-**	**80,261**
Lease liabilities	**118,993**	**118,993**	**55,785**	**63,208**
Trade and other payables	**4,076,634**	**4,076,634**	**4,076,634**	**-**
Unpaid dividend	**3,188**	**3,188**	**3,188**	**-**
Unclaimed dividend	**26,253**	**26,253**	**26,253**	**-**
	5,648,407	**5,948,707**	**5,805,238**	**143,469**

	2022			
	Carrying amount	Contractual	Up to one year	More than one year
Non-derivative financial liabilities				
Long term financing	300,000	352,500	-	352,500
Accrued markup	4,893	4,893	-	4,893
Deferred liabilities	72,005	72,005	-	72,005
Lease liabilities	132,644	132,644	51,908	80,736
Trade and other payables	3,207,234	3,207,234	3,207,234	-
Unpaid dividend	3,188	3,188	3,188	-
Unclaimed dividend	26,645	26,645	26,645	-
	3,746,609	3,799,109	3,288,975	510,134

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

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48.3 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 interest rate risk, currency risk and other price risk.

a) Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of Company's interest-bearing financial instruments were:

		Effective rate		Carrying amount	
	Note	**2023**	2022	**2023**	2022
Fixed rate instruments					
Financial assets					
Short term deposits	32.3	**19.25%**	13.90%	**85,000**	40,000
Variable rate instruments					
Financial liability					
Long term financing	10	**17.51% - 23.10%**	17.51%	**1,300,000**	300,000

Sensitivity analysis for fixed rate instruments

The Company does not account for the fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect statement of profit or loss other than variable instruments which is as follows;

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

	Profit Or Loss	
As at December 31, 2023	**100 bp increase**	**100 bp decrease**
Cash flow sensitivity - Variable rate financial liabilities	13,000	3,000
As at December 31, 2022		
Cash flow sensitivity - Variable rate financial liabilities	3,000	-

b) Foreign currency risk

Foreign currency (FCY) risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is exposed to foreign currency risk on sales and purchases, which are entered in a currency other than Pak Rupees.

i) Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at December 31	
	2023	2022	**2023**	2022
	Rupee per FCY			
AED	**69.42**	55.30	**76.74**	62.09
SAR	**67.72**	53.86	**75.16**	60.28
JPY	**1.85**	1.63	**1.99**	1.70
SGD	**190.96**	149.97	**213.48**	168.43
EUR	**276.65**	221.83	**311.50**	241.80
USD	**254.13**	202.29	**281.86**	226.40
GBP	**315.62**	255.80	**358.60**	272.63

ii) The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities as given below:-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

					2023						
	Note	**AED**	**SAR**	**SGD**	**EUR**	**USD**	**GBP**	**VND**	**JPY**	**THB**	**Total**
Financial assets											
Due from related parties	**30**	-	-	-	**46,763**	**1,818**	-	-	-	-	**48,581**
Cash and bank balances	**32.1**	-	-	-	**-**	**208,167**	-	-	-	-	**208,167**
		-	-	-	**46,763**	**209,985**	-	-	-	-	**256,748**
Financial liabilities											
Trade and other payables		**-**	**-**	**-**	**-**	**1,671**	-	-	-	**-**	**1,671**
Due to related parties	**13.1**	**757**	**587**	**109,742**	**161,587**	**328,270**	-	-	-	**4,119**	**605,062**
		757	**587**	**109,742**	**161,587**	**329,941**	-	-	-	**4,119**	**606,733**
		(757)	**(587)**	**(109,742)**	**(114,824)**	**(119,956)**	-	-	-	**(4,119)**	**(349,985)**

					2022						
	Note	**AED**	**SAR**	**SGD**	**EUR**	**USD**	**GBP**	**VND**	**JPY**	**THB**	**Total**
Financial assets											
Due from related parties	30	-	-	-	35,771	9,914	-	-	-	-	45,685
Cash and bank balances	32.1	-	-	-	-	-	-	-	-	-	-
		-	-	-	35,771	9,914	-				45,685
Financial liabilities											
Trade and other payables		-	-	-	-	320	-	181	13,654	-	14,155
Due to related parties	13.1	615	476	63,575	73,780	115,245	4,071	-		3,316	261,078
		615	476	63,575	73,780	115,565	4,071	181	13,654	3,316	275,233
		(615)	(476)	(63,575)	(38,009)	(105,651)	(4,071)	181	13,654	3,316	(229,548)

iii) **Sensitiviy analysis**

Every 1% increase or decrease in exchange rate, with all other variables held constant, will increase or decrease profit after tax for the year by Rs. 3.459 million (2022: Rs. 2.295 million). The weakening of the Pak Rupees against foreign currencies would have had an equal but opposite impact on the post tax profit. The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

48.4 OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

49 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital using a gearing ratio, which is net debt divided by total capital employed. Net debt is calculated as long term financing. Total capital employed signifies equity as shown in statement of financial position plus net debt.

The proportion of debt to equity at the year end was:

	2023	2022
Long term finances	**1,300,000**	300,000
Net debt	**1,300,000**	300,000
Share capital	**482,481**	464,433
Reserves	**7,991,048**	7,287,388
Total equity	**8,473,529**	7,751,821
Total capital employed	**9,773,529**	8,051,821
Gearing Ratio	**13%**	4%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

50 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amounts in these financial statements during the year for remuneration, including certain benefits, to the Chief Executive, Executive Director, Non-Executive Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2023	2022	**2023**	2022	**2023**	2022
Meeting fee	**-**	-	**-**	-	**-**	-
Managerial remuneration	**17,429**	14,984	**8,220**	13,109	**239,855**	202,669
Bonus and sales incentives - note 50.2	**1,810**	2,900	**1,328**	2,190	**10,452**	14,080
Contribution to retirement benefits	**3,506**	3,529	**1,731**	2,974	**48,805**	45,500
Group insurance	**60**	72	**35**	43	**1,285**	1,439
Rent and house maintenance	**700**	700	**780**	1,000	**28,196**	27,665
Utilities	**-**	-	**-**	-	**-**	-
Medical expenses	**919**	155	**62**	255	**10,394**	13,181
	24,424	22,340	**12,156**	19,571	**338,987**	304,534
Number of person(s)	**1**	1	**1**	6	**75**	66

50.1 The Chairman and Executive Directors hold 30 and 20 shares each of the Company respectively.

50.2 Out of the bonus and sales incentives recognized for 2022, payment of Rs. 1.81 million (2021: Rs.2.90 million) and Rs. 11.78 million (2021: Rs. 16.27 million) were made to Chief Executive and Executives respectively. During the year an amount of Rs. 38.35 million (2022: Rs. 49.69 million) on account of bonus and sales incentives to management employees has been recognized as expense in the current year. This is payable in the year 2024 after verification of achievement against target.

50.3 The Chief Executive, one Director and certain Executives are provided with free use of Company maintained cars in accordance with their entitlement.

51 EMPLOYEE PROVIDENT FUND

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder. Details regarding investments of the provident fund trust are as follows:

	2023	2022
Size of the fund - fund assets	**274,379**	225,146

Break-up of investments made by the fund are as follows:

	2023 (Un-Audited)			2022 (Audited)		
	Cost	**Fair value**	**%**	Cost	Fair value	%
Government securities	**142,000**	**136,786**	**49.85%**	116,862	115,429	51.27%
Listed securities	**49,677**	**65,168**	**23.75%**	51,373	48,614	21.59%
	191,677	**201,954**		168,235	164,043	

51.1 The Comparative figures have been corrected based on audited accounts for the year ended December 31, 2022.

52 PLANT CAPACITY AND ANNUAL PRODUCTION

	2023	2022
Annual production - liters in thousands	**17,217**	18,688

The capacity of the plant is indeterminable because this is a multi-product plant involving varying processes of manufacturing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts in Rs '000

53 **RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

	Liabilities and equity				
	Transactions with the owners	**Long term Financing**	**Lease liability**	**Dividend**	**Total**
Balance as at January 1, 2023	-	300,000	4,371	26,645	331,016
Borrowings from banking companies	-	1,000,000	-	-	1,000,000
Right shares issued	487,307	-	-	-	487,307
Contribution received	7,840	-	-	-	7,840
Payment of dividend	-	-	-	(392)	(392)
Payment of lease liability	-	-	(9,454)	-	(9,454)
Addition of lease liability	-	-	30,301	-	30,301
Interest expense on right of use assets	-	-	3,355	-	3,355
Balance as at December 31, 2023	495,147	1,300,000	28,573	26,253	1,849,973

53.1 Addition of lease liability and interest expense on right of use of asset represents non cash items.

	Note	2023	2022
54 NUMBER OF EMPLOYEES			
Number of employees as at December 31,			
Head office		**135**	139
Factory workers		**50**	49
Average number of employees during the year			
Head office		**137**	140
Factory workers		**50**	48

54.1 The number of employees mentioned above does not include third party contractual employees.

55 **IJARAH RENTALS**

The Company is engaged in a shariah compliant arrangement with Orix Modaraba and Meezan Bank in respect of vehicles under operating lease / Ijarah contracts. Rentals in respect of aforementioned contracts included in financial statements are as under:

Description			
Cost of sales	34	**8,488**	1,433
Selling and distribution expenses	35	**23,636**	15,599
Administrative and general expenses	36	**6,852**	4,764

Disclosures other than above are not applicable to the Company.

56 **NON-ADJUSTING EVENT AFTER REPORTING DATE**

No significant event has occurred subsequent to December 31, 2023 other than those mentioned elsewhere in these financial statements.

57 **SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS**

All significant transactions and events that have affected the Company's financial position and performance during the period have been adequately disclosed in the notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

58 **CORRESPONDING FIGURES**

Corresponding figures where necessary, have been rearranged for the purpose of comparison. However no significant rearrangement or reclassification has been made during the year ended December 31, 2022 except as follows for more appropriate presentation.

Item description	From	To	Amounts in Rs '000
Trade debts	Trade debts	Cash and bank balances	174,120
Trade and other payables	Trade and other payables-creditors	Cash and bank balances	39,732

This reclassification has also resulted in a change amounting to Rs. 134.388 million in cash and cash equivalents from the prior year.

59 **DATE OF AUTHORIZATION**

These financial statements were authorized for issue in the meeting of the Board of Directors held on March 12, 2024.

60 **GENERAL**

Figures in these financial statements have been rounded off to the nearest thousand rupees unless stated otherwise.

Mubbasher Omar
Chief Executive

Jawairia Hashmi
Chief Financial Officer

AKZO NOBEL PAKISTAN LIMITED
PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2023

NO OF SHAREHOLDERS	NO. OF SHARESHOLDINGS		Total Shares
	FROM	TO	
6,035	1	100	147,547
1,078	101	500	231,722
138	501	1,000	97,827
106	1,001	5,000	207,865
8	5,001	10,000	65,895
2	10,001	15,000	22,579
2	20,001	25,000	46,574
1	40,001	45,000	40,504
1	47,380,002	48,000,000	47,387,650
7,371			**48,248,163**

AKZO NOBEL PAKISTAN LIMITED
CATEGORIES OF SHAREHOLDING
AS AT DECEMBER 31, 2023

Sr No.	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)	3	70	0.00
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	1	47,387,650	98.22
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions	16	8,760	0.02
5	Insurance Companies	5	405	0.00
6	Modarabas and Mutual Funds	6	273	0.00
7	Share holders holding 10%	1	47,387,650	98.22
8	General Public : a. Local b .Foreign	 7,272 -	 827,104 -	 1.71 -
9	Others	68	23,901	0.05
	Total (excluding : share holders holding 10%)	**7,371**	**48,248,163**	**100.00**

Akzo Nobel Pakistan Limited **AkzoNobel**

NOTICE OF 13th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 13th Annual General Meeting (the "Meeting") of Akzo Nobel Pakistan Limited (the "**Company**") will be held on 30th April 2024, at 10:30 a.m. Virtually to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 12th Annual General Meeting held on May 12th, 2023.
2. To receive, consider and adopt the audited accounts of Akzo Nobel Pakistan Limited, for the year ended December 31, 2023, together with the Auditors Report and the Directors Report thereon.
3. To appoint the External Auditors of the Company and to fix their remuneration.
4. To elect directors of the Company in accordance with provisions of Section 159 of the Companies Act, 2017 for a term of three years commencing from April 30th, 2024. The number of directors to be elected has been fixed at three by the Board of Directors. The Names of the retiring directors who are eligible for re-election are: Mr. Tan Tian Hock Sebastian, Mr. Mubbasher Omar and Ms. Jawairia Hashmi.
5. Any other business with the permission of the Chairman.

08 April 2024
Lahore

By Order of the Board

Rabia Bakhtawar Pirzada
Company Secretary

NOTES:

1. **Closure of Share Transfer Books:**
   The Share Transfer Books of the Company will remain closed from April 24, 2024 to 30 April, 2024 (both days inclusive). Transfers received in order at the office of our Shares Registrar, Messrs. FAMCO Associates (Pvt) Ltd. 8-F, near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, by the close of business on April 23, 2024 will be in time to be entitled to participate and vote in the meeting.

2. **Participation in the Annual General Meeting:**
   The members and proxy holders will be able to log in, to participate and vote in proceedings of AGM, through smart phones or computer devices from any convenient location after completing attendance formalities. Members are requested to forward their name, CNIC (both sides scanned copies), folio / CDC account number, cell phone number and email address. with subject '**Registration for AKZO's AGM'** at saimahaq.nawaz@akzonobel.com by the deadline of 26th April 2024. Video link will be shared with only those Members whose emails is received at given email address before 1300hrs on 26 April, 2024.

   All Members entitled to attend and vote at the Meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy must be a member of the Company. A corporate entity, being a member, may appoint any person, regardless of whether they are a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors/Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted to the Company along with a completed proxy form.

3. **Form of Proxy**
   In order to be effective, duly completed and signed proxy forms must be received at the Company's registered office at 346, Ferozepur Road, Lahore at least 48 hours (excluding holidays) before the time of the meeting. Form of Proxy is attached to the AGM Notice and can also be downloaded from the Company's website: http://www.akzonobel.pk Proxy form should be witnessed by two persons whose names, addresses and CNIC Numbers must be mentioned on the form.

4. **Mandatory Notice to Shareholders who have not provided their CNICs**
   All shareholders holding physical shares who have not submitted a copy of their valid CNICs, or passport are requested to send attested copies of their valid CNICs or passport along with their folio number to the Company's Share Registrar. In the absence of a shareholder's valid CNIC or passport number, the Company is constrained to withhold payment of any dividend to such shareholders.

5. **Electronic transmission of Annual Report 2023**
   In compliance with section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2023 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of AGM along-with the QR enabled code/weblink to download the said financial statements have been dispatched. However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.
   Further, shareholders 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 Associates (Private) 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.

   https://akzonobel.pk/investor-information/anpl-annual-reports/

6. **Change of Address and Non-Deduction of Zakat Declaration Form:**
   Non-CDC shareholders are requested to notify any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form to the Company's Share Registrar if not provided earlier. Furthermore, members holding shares in CDC/Participants accounts are also requested to update their addresses and if applicable, to provide their non-deduction of Zakat Declaration Form to CDC or their Participants/Stockbrokers.

7. **Payment of Past E-Dividends**
   Shareholders who have not yet submitted their 24 digits International Bank Account Number (IBAN) are requested to fill Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. Provision of IBAN and bank account details will enable the Company to make payment of past e-dividends through direct credit to shareholder's bank account.

8. **Guidelines for CDC Account Holders:**
   CDC account holders will have to follow the guidelines with respect to attending the Meeting and appointing of Proxies as issued by the Securities Exchange Commission of Pakistan through its Circular 1 of January 26, 2000.

9. **UNCLAIMED DIVIDEND / SHARES U/S 244 OF THE COMPANIES ACT, 2017:**
   An updated list for unclaimed dividend/shares of the Company, which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable, is available on the Company's website: http://www.akzonobel.pk

   Claims can be lodged by shareholders on Claim Form as is available on the Company's website. Claim Forms must be submitted to the Company's Share Registrar for receipt of dividend/ shares.

FORM OF PROXY
13th ANNUAL GENERAL MEETING

I/We ____ of ____ being members(s) of Akzo Nobel Pakistan Limited holding _______________ ordinary shares hereby appoint ____________________ or failing him/her____________________________ of ___________________ who is/are also members(s) of Akzo Nobel Pakistan Limited as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 13th Annual General Meeting of the Company to be held virtually, on Tuesday, April 30, 2024, at 10.30 a.m., and at any adjournment thereof.

As witness my/our hand(s) this ________ day of _________ 2024.

Signed in the presence of:

____
(Signature of Witness 1)
Name of Witness:
CNIC No.:
Address:

____
(Signature of Witness 2)
Name of Witness:
CNIC No.:
Address:

Signature across Revenue Stamp of appropriate value

Signed by

____
Shareholder's Folio No/CDC Account No

This signature should agree with the specimen registered with the Company

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, at 346, Ferozepur Road, Lahore, not less than 48 hours before the time of holding the Meeting.

2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.

3. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

4. Any alteration made in this instrument of proxy should be initialed by the person who signs it.

5. In the case of joint holders any one may vote either personally or by proxy but if more than one of such joint holders be present either personally or by proxy that one of the said joint holders whose name stands first on the Register of Members in respect of such share shall alone be entitled to vote.

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

(i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iii) The proxy shall produce his original CNIC or original passport at the time of the Meeting.

(iv) In case of a 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.

AkzoNobel

AFFIX
CORRECT
POSTAGE

Akzo Nobel Pakistan Limited
346, Ferozepur Road
Lahore - 54600
Tel: (042) 111-551-111
Fax: (042) 35835011
www.akzonobel.pk

(۳) پراکسی فارم

اجلاس میں شرکت کیلئے ضروری ہے کہ پراکسی فارم مکمل پر کر کے کمپنی کے رجسٹرڈ دفتر 346 فیروز پور روڈ لاہور میں اجلاس کے انعقاد سے 48 گھنٹے قبل (علاوہ تعطیل) وصول ہونا ضروری ہیں۔ پراکسی کیلئے فارم اے جی ایم نوٹس کے ساتھ منسلک ہے علاوہ ازیں کمپنی کی ویب سائٹ www.akzonobel.pk سے بھی ڈاؤن لوڈ کیا جا سکتا ہے۔ پراکسی فارم پر دو گواہوں کے دستخط کے ساتھ ان کا پتہ اور کمپیوٹرائزڈ شناختی کارڈ نمبر بھی درج ہونا چاہیئے۔

(۴) اُن شیئرز ہولڈرز کیلئے لازمی نوٹس جنہوں نے اپنے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ فراہم نہیں کیے

تمام شیئر ہولڈرز جن کے پاس فیزیکل شیئرز موجود ہیں اور مگر جنہوں نے ابھی تک اپنے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ جمع نہیں کروائے، ان سے درخواست ہے کہ اپنے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی بمعہ اپنے فولیو نمبر کمپنی کے شیئر رجسٹرار کو بھجوا دیں۔ شیئر ہولڈرز کے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی غیر موجودگی کی صورت میں کمپنی متعلقہ شیئر ہولڈرز کو ڈیویڈنڈ کی ترسیل روک دے گی۔

(۵) سالانہ رپورٹ 2023 کی الیکٹرانک ٹرانسمیشن

کمپنیز ایکٹ 2017 کے سیکشن 223(6) کی تعمیل کرتے ہوئے کمپنی نے الیکٹرانک طور پر سالانہ رپورٹ 2023 کو ای میل کے ذریعے ان شیئر ہولڈرز تک پہنچا دی ہے جن کے ای میل ایڈریس کمپنی کے شیئر رجسٹرار، MS FAMCO ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس دستیاب تھے۔ ان صورتوں میں، جہاں کمپنی کے شیئر رجسٹرار کے پاس ای میل ایڈریس دستیاب نہیں ہیں، ایسے میں AGM کے پرنٹ شدہ نوٹس اور مذکورہ مالیاتی گوشواروں کو ڈاؤن لوڈ کرنے کے لیے QR فعال/ ویب لنک مہیا کیا گیا ہے۔

https://akzonobel.pk/investor-information/anpl-annual-reports/

(۶) پتے کی تبدیلی اور زکوۃ کی کٹوتی روکنے کا ڈیکلریشن فارم

فزیکل شیئر ہولڈرز سے درخواست ہے کہ پتے کی تبدیلی کی صورت میں فوراً اطلاع کریں اور (اگر پہلے فراہم نہیں کیا تو) زکوۃ کی کٹوتی روکنے کا ڈیکلریشن فارم کمپنی شیئر رجسٹرار کو بھجوا دیں۔ مزید برآں وہ ممبرز جن کے شیئرز سی ڈی سی/شراکتی اکاؤنٹس میں ہیں ان سے بھی درخواست ہے کہ اپنے پتے کی درستگی کی تصدیق کے ضمن میں تازہ معلومات فراہم کریں اور (اگر پہلے فراہم نہیں کی تو) زکوۃ کی کٹوتی سے روکنے کا ڈیکلریشن فارم سی ڈی سی یا اپنے شراکت دار/ سٹاک بروکرز کو فراہم کریں۔

(۷) ماضی کے منافع کی ادائیگی

وہ شیئر ہولڈرز جنہوں نے ابھی تک اپنے 24 ہندسوں والا بین الاقوامی بینک اکاؤنٹ نمبر (IBAN) جمع نہیں کروایا ہے ان سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرانک کریڈٹ مینڈیٹ فارم پر کریں اور سی این آئی سی کی ایک نقل کیساتھ کمپنی کے رجسٹرار کو ارسال کریں۔ اگر شئیر سی ڈی سی میں رکھے ہوئے ہیں تو الیکٹرانک کریڈٹ مینڈٹ فارم براہ راست شئیر ہولڈرز کے بروکر/شریک/سی ڈی سی اکاؤنٹ میں جمع کروائیں۔ IBAN اور بینک اکاؤنٹ کی تفصیلات کی فراہمی سے کمپنی اس قابل ہو جائے گی کہ شئیر ہولڈرز کے بینک کھاتے میں ماضی کے منافع کی براہ راست ادائیگی کر سکے گی۔

(۸) سی ڈی سی اکاؤنٹ ہولڈرز کے لئے ہدایات

سی ڈی سی اکاؤنٹ ہولڈرز کو میٹنگ میں شامل ہونے کے لئے یا پراکسیز کی تعیناتی کے لئے ان ہدایات کی پیروی کرنا ہوگی جو سیکیورٹیز اینڈ ایکسچینج کمشن آف پاکستان نے اپنے سرکلر نمبر 1 مورخہ 26 جنوری 2000ء کے ذریعے جاری کی ہیں۔

(۹) کمپنیز ایکٹ 2017 کی دفعہ 244 کے مطابق غیر دعوی شدہ ڈیویڈنڈ/شئیر

کمپنی کے وہ غیر دعویٰ شدہ ڈیویڈنڈ/شئیر جو کہ واجب الادا اور قابل ادائیگی ہونے کی تاریخ سے تین سال کی مدت تک غیر دعویدار یا ادا نہیں ہوئے، ان کی ایک تازہ ترین فہرست کمپنی کی ویب سائٹ www.akzonobel.pk پر دستیاب ہے۔ کمپنی کی ویب سائٹ پر موجود کلیم فارمز کو پر کر کے شئیر ہولڈرز کمپنی کے رجسٹرار کو جمع کرائیں تاکہ اپنے ڈیویڈنڈ یا شئیر وصول کر سکیں۔

ایکزونوبل پاکستان لمیٹڈ

تیرہواں سالانہ اجلاس عام کی اطلاع

مطلع کیا جاتا ہے کہ ایکزونوبل پاکستان لمیٹڈ ("کمپنی") کا تیرہواں سالانہ اجلاس عام ("اجلاس") مورخہ 30 اپریل 2024ء بوقت صبح 10:30 بجے منعقد ہوگا۔ جس میں مندرجہ ذیل امور پر عملدرآمد کیا جائے گا۔

عمومی کاروائی:۔

1۔ 12 مئی 2023ء کو منعقدہ بارہواں سالانہ عمومی اجلاس کے منٹس کی توثیق۔

2۔ کمپنی کے دسمبر 2023ء کو مکمل ہونے والے سال کے موصول شدہ حسابات (اکاؤنٹس) بشمول آڈیٹرز رپورٹ اور ڈائریکٹرز صاحبان کی رپورٹس کی وصولی اور ان پر غور وخوض اور منظوری۔

3۔ کمپنی کے ایکسٹرنل آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین۔

4۔ کمپنیز ایکٹ 2017ء کے سیکشن 159 کی دفعات کے تحت 30 اپریل 2024ء سے شروع ہوئے تین سال کی مدت کیلئے کمپنی کے ڈائریکٹرز کا انتخاب کرنا۔ بورڈ آف ڈائریکٹرز کی طرف سے تین ڈائریکٹرز نامزد کیئے جائیں گے۔ ریٹائر ہونے والے ڈائریکٹرز جو کہ دوبارہ الیکشن کیلئے اہل ہیں ان کے نام یہ ہیں جناب ٹین ٹیان ہاک سیبیسٹین صاحب، جناب مبشر عمر صاحب اور محترمہ جویریہ ہاشمی صاحبہ۔

5۔ چیئرمین کی اجازت سے کوئی بھی اور امور۔

8 اپریل 2024ء

لاہور

بحوالہ آرڈر آف بورڈ

رابعہ بختاور پیرزادہ

کمپنی سیکریٹری

نوٹس:۔

(۱) شیئرٹرانسفر بکس کی بندش

کمپنی کی شیئرٹرانسفر بکس 24 اپریل 2024ء سے 30 اپریل 2024ء کے دوران بند رہے گی (بشمول دونوں دنوں کے) قواعد کے مطابق 23 اپریل 2024ء کاروبار کے اختتام سے قبل تک شیئرز رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، ایف۔8، نزد ہوٹل فاران نرسری، بلاک۔6، پی۔ای۔سی۔ایچ۔ایس، شاہراہ فیصل، کراچی میں موصول ہونے والے ٹرانسفرز اجلاس میں حصہ لینے اور ووٹ ڈالنے کے حقدار ہوں گے۔

(۲) سالانہ عمومی اجلاس میں شرکت

اراکین اور پراکسی یافتگان میٹنگ میں شرکت کی رسمی کارروائیوں کو مکمل کرنے کے بعد کسی بھی مناسب جگہ سے اپنے اسمارٹ فونز یا کمپیوٹر آلات کے ذریعہ اجلاس کی کارروائی میں شامل ہونے، حصہ لینے اور ووٹ ڈالنے کے قابل ہوسکیں گے۔ اس مقصد کیلئے 26 اپریل 2024ء تک اپنا نام، قومی شناختی کارڈ کی دونوں اطراف کی اسکین کاپی، فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر، موبائل فون نمبر اور ای میل ایڈریس "Registration for AKZO's AGM" کے عنوان کے ساتھ "saimahaq.nawaz@akzonobel.com" پر ای میل کریں۔ ویڈیو لنک صرف وہ ممبران حاصل کر پائیں گے جن کی تمام مطلوبہ تفصیلات دیے گئے ای میل ایڈریس پر 26 اپریل، 2024 کو دوپہر 1:00 بجے یا اس سے پہلے موصول ہوں گی۔

تمام ارکان سالانہ عمومی اجلاس میں شرکت اور ووٹ دینے کا حق رکھتے ہیں۔ ایک ممبر جو اجلاس میں شرکت، اظہار خیال اور ووٹ دینے کا حق رکھتا ہے وہ اپنی جانب سے اجلاس میں شرکت، اظہار خیال اور ووٹنگ میں حصہ لینے کیلئے کسی پراکسی کو نامزد کرسکتا ہے۔ پراکسی کے لئے ضروری ہے کہ وہ کمپنی کا ممبر ہو۔ ایک کارپوریٹ ہستی/ادارہ، باحیثیت رکن، کسی بھی شخص کو اپنا پراکسی مقرر کرسکتا ہے چاہے وہ ممبر ہے یا نہیں۔ کارپوریٹ اداروں کو پراکسی کی نامزدگی کیلئے اس ادارے کی جانب سے نمائندگی کرنے اور ووٹ دینے کیلئے نامزد شخص کے حق میں بورڈ آف ڈائریکٹر کی قرارداد یا پھر پاور آف آٹارنی اس نامزد شخص کے دستخط کے نمونے اور ایک مکمل طور پر پر پراکسی فارم کو کمپنی میں جمع کرانا ہوگا۔

کررہی ہے۔اس اقدام کے ایک حصے کے طور پر، ایکزونوبل پاکستان نے 4.5 ملین کا تعاون کیا اور SOS Children Villages کی تزئین وآرائش کے لیے 1,122 لیٹرڈیولکس پینٹ عطیہ کیا۔اس کے علاوہ، ایکزونوبل نے البیرونی ایجوکیشن سسٹم کو 2,361 لیٹر پینٹ عطیہ کیا۔جس سے ایبٹ آباد ضلع کے دیہی علاقے میں واقع ایک سکول کے تعلیمی ماحول کو بہتر بنایا گیا جو پسماندہ طبقات کو مفت تعلیم فراہم کرتا ہے۔ مزید براں ایکزونوبل پاکستان نے ایک مقامی این جی او اخوت کے ساتھ مل کر قصور کے قریب ایک پسماندہ شہر مصطفیٰ آباد کو ایک ماڈل کمیونٹی میں تبدیل کرنے میں مدد کی۔ 1000 گھروں اور 2 اسکولوں کو 8,250 لیٹر پینٹ کا عطیہ دیا گیا، جس سے 6,000 سے زیادہ افراد کی زندگیوں پر مثبت اثر پڑا۔

بورڈ کمیٹی حاضری

سال کے دوران 4 بورڈ آف ڈائریکٹرز کے اجلاس منعقد ہوئے۔ ہر ڈائریکٹر/سی ایف او/کمپنی سیکریٹری کی حاضری مندرجہ ذیل ہے۔

شمار	ڈائریکٹرز کے نام	بورڈ آف ڈائریکٹرز کی حاضری
1	محترم مبشر عمر چیف ایگزیکٹیو آفیسر	4
2	محترمہ رابعہ بختاور پیرزادہ کمپنی سیکریٹری	4
3	محترم آسکر ویزن بیک * سابقہ چیئرمین	4
4	محترم حارث محمود * سابقہ چیف فائینینشل آفیسر	2
5	محترمہ جویریہ ہاشمی ** چیف فائینینشل آفیسر	3
6	محترم سبسٹین ٹین *** چیئرمین	0

* جنہوں نے 2023 میں کمپنی سے لاتعلقی اختیار کرلی ** جنہوں نے کمپنی میں شمولیت 2023ء میں اختیار کرلی ** جنہوں نے کمپنی میں شمولیت 2024ء میں اختیار کرلی

شیئرز Buy-back

ڈی لسٹنگ کے بعد خریداری والی مدت جو 18 جون، 2023 تک رہی، آئی سی آئی اومیکرون بی. وی. نے اپنے شیئرہولڈرز سے شیئر خریدنے کی پیشکش دی۔اس مدت کو مزید ایک مہینے کے لیے توسیع دی گئی، جو 25 ستمبر، 2023 سے 25 اکتوبر، 2023 تک تھی، جس نے ہولڈنگ کمپنی کے لئے زیادہ شیئرز کی فیصلہ کاری کا امکان فراہم کیا۔

ایکویٹی انجکشن

بورڈ آف ڈائریکٹرز نے کمپنی کی اداشدہ سرمایہ کو بڑھانے کا فیصلہ کیا جس کے لئے مزید 1,804,843 عام شیئرز جاری کئے گئے۔شیئرز کی اجرائی قیمت 270 روپے مقرر کی گئی ہے (جس میں 260 روپے کا پریمیم شامل ہے)، اور یہ شیئرز کمپنی کے موجودہ شیئر ہولڈرز کو ان کی موجودہ شیئر ہولڈنگ کے تناسب سے پیش کئے گئے۔شیئرز بائی بیک کی مشق اور ایکویٹی انجیکشن سے ہولڈنگ کا تناسب 98.08% سے بڑھ کر 98.27% ہو گیا ہے۔

شیئر ہولڈنگ کا پیٹرن

31 دسمبر 2023 تک کمپنی میں شیئر ہولڈنگ کا پیٹرن اور اضافی معلومات کا مفصل بیان صفحہ نمبر **F56** پر درج ہے۔

ڈائریکٹرز رپورٹ

برائے تکمیل شدہ سال 31 دسمبر 2023

کمپنی کے ڈائریکٹرز نہایت مسرت سے سالانہ رپورٹ بمعہ آڈٹ شدہ فنانشل سٹیٹمنٹس برائے سال مکمل شدہ 31 دسمبر 2023 پیش کرتے ہیں۔

جائزہ

ملک کو درپیش اہم مالیاتی خطرات کے باعث سال 2023ء پاکستان میں متعدد کاروباروں کیلئے ایک کٹھن سال رہا۔ معاشی عدم استحکام، سیاسی غیر یقینی، کرنسی کی قدر میں گراوٹ، درآمدی پابندیوں سے منسلک رسد کی رکاوٹیں، پالیسی کی شرح میں اضافہ اور بے مثال مہنگائی نے کاروباری عدم تحفظ اور صارفین کی طلب کو متاثر کرنے میں نہایت اہم کردار ادا کیا۔ مہنگائی کی شرح جو پچھلے سال دسمبر میں 24.5% پر تھی، سال 2023ء میں بڑھ کر 29.2% ہوگئی جو مئی 2023ء میں سب سے زیادہ 38.0% پر تھی۔ مرکزی بینک نے معاشی اتار چڑھاو کو منظم رکھنے کے لیے سال کے دوران پالیسی ریٹ 16% سے بڑھا کر 22% تک کر دیا۔ درآمدی پابندیاں جن کا نفاذ جون 2023ء میں مکمل اختتام تک کاروبار اور صارفین دونوں کے لیے مشکلات پیدا کرتی رہیں۔

مشکل کاروباری منظر نامے کے باوجود آپ کی کمپنی نے نیٹ سیلز میں 18.3% کا نمایاں اضافہ حاصل کیا۔ روپے کی قدر میں کمی اور مہنگائی کی وجہ سے سال کے آغاز سے ہی خام مال کی قیمتوں میں اضافے کا رجحان جاری رہا۔ جس کی وجہ سے فروخت کی لاگت میں 23.7% کا اضافہ ہوا۔ کمپنی نے مختلف لاگت کنٹرول کے اقدامات کو عمل میں لاتے ہوئے بڑھتی مہنگائی کی دباؤ کا مقابلہ کیا، اس کے باوجود سال بھر کا کمپنی منافع 27.7% کم ہوا۔ مزید برآں سرمائے کے اثاثوں میں بڑھتی ہوی سرمایہ کاری کے نتیجے میں زیادہ ٹیکس لگا جس کی ادائیگی کے بعد منافع میں 53.7% کی کمی واقع ہوئی۔

مالیاتی کارکردگی

ملین روپے میں

	2023	2022	اضافہ / کمی
ٹرن اوور	14,376	12,048	19.3%
نیٹ سیلز	9,051	7,650	18.3%
سیلز کے اخراجات	6,835	5,526	23.7%
مجموعی منافع	2,216	2,124	4.3%
آپریٹنگ منافع	583	807	-27.7%
ٹیکس کی کٹوتی کے بعد منافع	175	378	-53.7%
فی شیئر کمائی روپوں میں	3.68	8.13	-54.7%

صحت حفاظت اور ماحولیات:

کمپنی نے صحت، حفاظت اور ماحول (HSE) کے لیے مظبوط وابستگی کا اظہار کیا۔ ایکزونوبل (HSE) کے چھ ستونوں : صحت، لوگ، عمل، مصنوعات کی حفاظت، ماحولیات اور سلامتی صنعت کے اہم معیارات حاصل کرنے کے لیے پرعزم ہے۔ 2023ء میں ایکزونوبل نے کامیابی کے ساتھ اپنی مینوفیکچرنگ سہولت کو لاہور سے فیصل آباد منتقل کر دیا، دسمبر 2023ء میں کسی بھی چوٹ کے بغیر کام شروع کیا۔

مستقبل کا نظریہ

فروری 2024ء کے عام انتخابات کے بعد ایک نئی مخلوط حکومت کے قیام کے ساتھ آنے والے سال میں پاکستان کے معاشی خوشحالی میں اضافے کی امید ہے۔ مسلسل حکومتی عدم استحکام معاشی مشکلات کو بڑھا سکتا ہے، ممکنہ طور پر ملک بھر میں کاروبار کو متاثر کرسکتی ہے۔ باوجود اس آپ کی کمپنی اپنے کاروبار کو مستحکم انداز میں برقرار رکھنے اور مزید اضافہ کرنے کے لیے ضروری اقدامات کو نافذ کرنے کے لیے تیار ہے۔

کارپوریٹ سماجی ذمہ داری

ایکزونوبل میں، پائیداری ہمارے کاموں کے ہر پہلو میں جڑی ہوئی ہے۔ ۔ہم اپنی صنعت کی قیادت کرتے ہوئے اور مسلسل جدت لاتے ہوئے ماحولیاتی اثرات کو کم سے کم کرکے اور اپنے صارفین کے لیے انتہائی ماحول دوست پینٹ اور کوٹنگز کا حل فراہم کرنے کے لیے پرعزم ہیں۔ ہمارے کرہ ارض کے لیے پائیداری کے اہداف پیرس معاہدے کے مقاصد کے مطابق ہیں جو گلوبل وارمنگ کو کم کرنے کے لیے ہیں۔

Let's Colour Initiative ہمارے SOS Children Villages پاکستان کے ساتھ ہماری شراکت داری کو جاری رکھتے ہوئے ہمارے پینٹ کی طاقت سے تعلیم کو بڑھانے اور نوجوانوں کو روزگار کے مواقع فراہم

NOTES

AkzoNobel

Since 1792, we've been supplying the innovative paints and coatings that help to color people's lives and protect what matters most. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. We're active in more than 150 countries and use our expertise to sustain and enhance the fabric of everyday life. Because we believe every surface is an opportunity. It's what you'd expect from a pioneering and long-established paints company that's dedicated to providing sustainable solutions and preserving the best of what we have today – while creating an even better tomorrow. Let's paint the future together.

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