AkzoNobel

Akzo Nobel Pakistan Limited

A Report 2020

AkzoNobel proudly presents
the Color of the Year 2020:

TRANQUI
DAWN™

A CREATIVE HOM
TO BE EXPRESSIV

This sumptuous palette of ri
shades makes room for cur
provides an atmosphere tha
to explore who we are.

#TranquilDawn
#CF20
#ColoroftheYear
#Let'sColour


AkzoNobel
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Let's Colour

CONTENTS

THE NEXT PHASE OF OUR TRANSFORMATION

Grow & Deliver

Ambitions for 2021-2023

- Revenue growth at least in line with our relevant markets
- Deliver an average 50 basis points ROS* (return on sales) improvement each year

AkzoNobel is a truly global, high-performing paints and coatings company with a proud heritage which can be traced back to 1792. Our world class portfolio of established brands is trusted by customers around the globe and we continue to be guided by a strong set of core values – safety, integrity and sustainability.

Since 2017, our strategic focus has been on delivering our Winning together: 15 by 20 ambition, which has positioned us among other leading players in the industry. Ultimately, our goal is to take our rightful place as a frontrunner, both in terms of size and performance.

This ambition is reflected in our new company purpose – Pioneering a world of possibilities to bring surfaces to life – which was developed with input from a broad range of employees and other stakeholders. As we look to accelerate on the next phase of our journey, our new Grow & Deliver strategy is all about building on the strong foundation we've now established.

From 2021 onwards, we will pivot towards growth, while delivering further profitability improvement. To help us deliver what we want to achieve, we've updated our behaviors framework to guide a new way of working. The fundamentals remain the same – passion for paint, precise processes, powerful performance and proud people. Our key behaviors have now been more clearly defined to help drive further success (see visual below).

With sustainability as one of our core values, we strive to be the leader in our industry by empowering people, reducing our impact on the planet and consistently innovating to deliver the most sustainable solutions for our customers. That's why we call our approach to sustainable business "People. Planet. Paint."

Growth drivers

We're well placed in the €130 billion paints and coatings industry, with a balanced geographic presence and a strong portfolio of brands, with leading positions in most segments. This offers multiple opportunities for growth.

For example, we have a significant presence in Asia Pacific – where we currently generate around 29% of revenue – and all market segments. We're the leader in the fast-growing powder coatings segment, which currently contributes around 13% of revenue. Other segments also offer exciting growth opportunities, such as our decorative paints in South America and – driven by a shift away from single use plastics – packaging coatings.

Strategic mandates – assigned per segment and region – are used to provide clear direction for each of our businesses, including relative priorities for growth and profitability improvement. These strategic mandates, which helped to drive a step-change in performance over the last three years, have been updated for 2021 onwards.

* ROS is calculated as adjusted operating income (operating income excluding identified items) as a percentage of revenue from third parties.

Passion for paint
Be customer focused

Precise processes
Execute with discipline

Powerful performance
Deliver on commitments

Proud people
Take ownership

OUR GLOBAL STRATEGY

We're passionate about customer needs and have a customer service mindset. Commercial excellence is all about putting in place more customer focused, data-driven, commercial processes. This will help to fuel our growth.

Innovation is also fundamental to our success . Having been pioneers since 1792, we know what it means to go beyond when it comes to providing customers with quality solutions – how to understand and anticipate their needs. Our industry -leading Paint the Future innovation ecosystem is a how our pioneering spirit is helping us to continue pushing boundaries.

We have a solid platform for adding to organic growth through targeted acquisitions. Clear capital allocation priorities, and a strong balance sheet, underpin a disciplined approach to conducting value creating acquisitions, aligned with our strategic mandates.

Delivering performance improvement

Several initiatives started during the Winning together: 15 by 20 phase of our journey will also continue in the future, including ERP and application integration, as well as improving end-to-end processes. These initiatives provide the strong foundation on which our Grow & Deliver strategy is built.

The next phase of our strategy requires an evolution of our operating model, moving from functional excellence in silos to driving cross-functional collaboration and becoming even more customer focused.

Margin management demands strong profitability analysis, combined with predictive margin management and pricing excellence. This will ensure we maintain variable margins throughout the cycle.

Creating a world class supply chain requires more efficiency and effectiveness – also in planning processes – to meet customer needs with superior service levels.

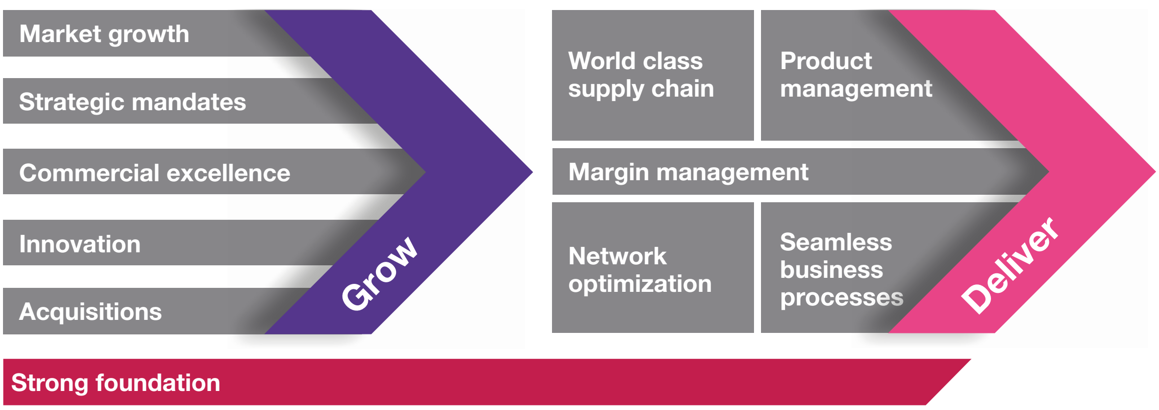
Product management is necessary to deliver the right products to customers and win in the market, at the most competitive cost for the company, with less complexity and increased collaboration with our suppliers.

Optimizing our manufacturing network will be organized around three models to serve customer needs – simple and efficient; managed complexity; agile and adaptive.

Seamless business processes will be effective and cost competitive, allowing greater focus on what matters most.

It's now time for AkzoNobel to become the frontrunner. Our strategy is to Grow & Deliver, as a high-performing organization, pioneering a world of possibilities to bring surfaces to life.

Welcome to our future!



TO COLOR IS TO CARE

Corporate social responsibility practices are embedded at the company's core and we are dedicated to community engagement and responsible business practices. We focus on creating social value by not only helping our employees to develop their skills but also by being active in the communities where we operate. Our people strongly believe in the inspiring call to action that must be taken to foster a positive environment in the community. We aim to bring color not only to the walls but to people's lives as well by re-energizing our communities and doing our part to give Pakistan a better tomorrow.

Doing our part to create a healthy and sustainable society is ingrained into our DNA as employees and as a company. We believe that community investment serves to improve the social conditions of our country and give back to the people who in turn breathe life into the community we call home. Every year we continue to majorly contribute to the positive development of the society and its people in an effort to embody this principle.

Since our early days, we uphold our commitment to country and community by carrying out several focused community development initiatives. As always, our employees actively volunteer personal time and effort along with the beneficiaries and the people directly affected in the areas selected for uplifting.

Contributions to fight COVID-19

• Painter Ration Drive: In Pakistan, large number of painters were adversely affected due to nationwide lockdown. In order to help painters during these unprecedented times, AkzoNobel team, despite safety and accessibility challenges, identified deserving painters across Pakistan and distributed ration packs among 720 deserving painter families. This drive was kicked off on 15th April and closed on 30th April.

• Dulux Protect: To ensure painters get back to work safely and effectively during pandemic, AkzoNobel team launched the "Dulux Protect Program". Personal protective Equipment kits, one on one Safety training calls and video awareness messages were delivered to over 5000 painters throughout the country. Painters appreciated AkzoNobel's commitment to safety and its efforts to promote safe painting practices.

Other CSR Initiatives

As a company, AkzoNobel believes that the Sustainable Development Goals (SDGs) developed by the United Nations are a blueprint for achieving a better and more sustainable future for all. Keeping in focus the UN's SDGs, ANPL took multiple other CSR initiates which are as follows:

• SOS Village Pakistan and AkzoNobel partner to strengthen youth employability with the power of paint
Armed with the power of paint, AkzoNobel together with SOS Children's Villages joined hands to support young people in Pakistan who are at risk of or have lost parental care, to help improve their chances of being employable.

The partnership is aimed at providing professional painter and soft skills training and mentorships through internship opportunities to youth in order to help them transition successfully into respectable jobs, with the greater goal of improving their chances of becoming independent adults who take responsibility not just for themselves but for the communities around them.

Whilst aiming to tackle the youth unemployment in the country, through this partnership AkzoNobel will also paint and renovate the living spaces of nominated SOS Villages Sites across Pakistan and has also donated 15000 Euros to be used for repairs and for uplifting the living space of vulnerable families from the SOS Children Village Lahore. AkzoNobel not only aims at making their homes more enjoyable and livable, but also in creating a happy and safe space where resident children and their families can flourish.

• SOS and TCF visit to Lahore Site:
Educational visits were conducted for school-going children from SOS and TCF at AkzoNobel's Lahore Manufacturing Site. During these visits, the children were given awareness on:
o Clean energy initiatives
o AkzoNobel's People, Planet, Paint, Vision for sustainability
o Paint making processes
o Occupational safety
o Fire safety

• Adding Colors to People Lives:
AkzoNobel Pakistan provided wall paints from its Dulux range for painting the Façade of Dher Pindi, an underprivilege neighborhood facing Lahore airport to help brighten up the local living space and help visitors fall in love with the city and its residents to rekindle their affection. AkzoNobel Pakistan together with the local government, and the people residing in the area, collaborated to successfully add a picturesque view for travelers, while also symbolizing the vibrancy of Lahore city & its people. Through this initiative, around 39000 sq ft area (1300 ft in length), comprising of 30 houses and 40 shops, was painted by using the colors of rainbow, from the Dulux Colour Palette, which is also why it is referred to as 'The rainbow village' by local media and residents.

COMPANY INFORMATION

Board of Directors

MUEEN AFZAL	Chairman (independent)
MUBBASHER OMAR	Chief Executive
OSCAR WEZENBEEK	Non-Executive
AYESHA HAMID	Non-Executive (Independent)
FREDERIC MOREUX	Non-Executive
SEBASTIAN TAN	Non-Executive
HARRIS MAHMOOD	Executive

Human Resource Remuneration Sub Committee

MUEEN AFZAL	Chairman
OSCAR WEZENBEEK	Member
MUBBASHER OMAR	Member
SYEDA INSIA BATOOL SHAH	Secretary

Audit Sub Committee

AYESHA HAMID	Chairperson
MUEEN AFZAL	Member
SEBASTIAN TAN	Member
MUHAMMAD ALI MURTAZA	Secretary

Chief Financial Officer

HARRIS MAHMOOD

Share Transfer Committee

MUBBASHER OMAR	Chief Executive
HARRIS MAHMOOD	Chief Financial Officer
NAIMA AHMED	Company Secretary

Company Secretary

NAIMA AHMED

Head of Internal Audit

MUHAMMAD ALI MURTAZA

Executive Management Team

MUBBASHER OMAR	Chief Executive
FAROOQ AYUB KHAN	Operations Manager
HARRIS MAHMOOD	Chief Financial Officer
SHAHID ISLAM	National Sales Manager, Specialty Coatings
ABDUL REHMAN SHABBIR	Head of Brand & Customer Marketing, Decorative Paints
WAQAS MIR	National Sales Manager, Decorative Paints
SYEDA INSIA BATOOL SHAH	Country HR Manager

Bankers

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

Internal Auditor

ERNST & YOUNG FORD RHODES
CHARTERED ACCOUNTANTS

External Auditor

A.F. FERGUSON AND CO.
CHARTERED ACCOUNTANTS

Registered Office

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

Shares Registrar

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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,
  Plaza No 146 1ST Floor,
  Office No 7 (akzonobel) ,
  Bahria Town Islamabad.
  Tel: (051) 4447968

OUR BOARD OF DIRECTORS

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.

Mueen Afzal (Chairman; independent member)
Appointed to the Board of Directors of Akzo Nobel Pakistan Limited on May 23, 2012, Mueen Afzal is also the Chairman of Akzo Nobel Pakistan Limited.

Mueen joined the Civil Service of Pakistan in 1964 and held important positions, including Finance Secretary in Baluchistan (1981-1984) and in the Punjab (1984-1986). He was also the Economic Minister in the Pakistan Embassy, Washington, DC in the US (1987-1990), Health Secretary to the Government of Pakistan (1995-1996), Finance Secretary to the Government of Pakistan (1996-1998), and Secretary General, Finance and Economic Affairs from 1999-2002. Mueen has been awarded Hilal-e-Imitaz for distinguished public service in 2002.

Additionally, Mueen is the Chairman of the Board of Langlands Endowment Trust and Chairman of the Board of IDEAS, a think tank that deals with public policy issues based in Lahore. Moreover, he currently holds directorships of Murree Brewery Company Limited; Sanjan Nagar Public Education Trust; Pakistan Philanthropy Centre; Beaconhouse National University. He is also a Senior Advisor for Nafa funds in Lahore and member of the advisory committee on South Asian issues at Wolfson College, Oxford University and a member of the advisory committee for the Federal Ombudsman in Islamabad.

Mueen is also a member of the pension committees for the management and staff at the Pakistan Tobacco Company.

Ayesha Hamid (independent member)
Ayesha Hamid holds a Bachelor's degree in Political Science from London School of Economics and a Bachelor of Laws degree from Punjab University Lahore. Ayesha started her career as an advocate in 2008 with Hamid Law Associates. She has a diversified legal experience of over ten years. Her areas of expertise include, but are not limited to: tax, banking, property, contract, trade mark, Constitutional, revenue and environmental law. Ayesha is an associate of Hamid Law Associates and is an Advocate of the Supreme Court of Pakistan.

3. Harris Mahmood (Executive Director and Chief Financial Officer)
Harris Mahmood was appointed to the Board of Directors of Akzo Nobel Pakistan Limited in January of 2015 and is also the Chief Financial Officer (CFO). He has been associated with ICI Pakistan and later Akzo Nobel Pakistan Limited for around 14 years in various roles looking after Finance and Internal Audit.

Harris joined ICI Pakistan Limited in 2006 as Internal Audit Manager at the head office and subsequently worked in business finance functions at Polyester Fibers and Paints before joining the Chemicals and Soda Ash businesses as Finance Manager. In March of 2013, he joined Akzo Nobel Pakistan Limited as Finance Manager and took over as CFO in January 2015.

He received his schooling from Aitchison College, Lahore, became an Associate Chartered Accountant from Institute of Charted Accountants of Pakistan in 2005, and in 2016 was enrolled as a Fellow member by the Institute of Chartered Accountants of Pakistan. He completed his articleship from A F Ferguson & Company (member firm of PWC) and has attended several management development programs including the Advanced Financial Management Program at AkzoNobel in 2011.

4. Frederic Moreux (non-executive member)
Currently Asia Manufacturing Director for AkzoNobel, Frederic Moreux has successfully managed operations in Asia with more than 7,000 employees and 42 leading paints and coatings manufacturing sites across AkzoNobel businesses.

Fred has over 25 years of experience in various multinationals spanning different geographies and industries, and has led successful assignments such as Operations Director and Supply Chain and Manufacturing Director in world class supply FDA and GMP manufacturing environments.

Fred has over 25 years of experience in various multinationals spanning different geographies and industries, and has led successful assignments such as Operations Director and Supply Chain and Manufacturing Director in world class supply FDA and GMP manufacturing environments. Fred joined AkzoNobel in 2017 as the Operations Director Marine Division and was a member of the Global Marine Management Team. Fred went through an International Manufacturing Program, MBA at INSEAD in 2010. He graduated from University of Technology of Compiègne with a Master's in chemical engineering thermal with a major in energy in 2000. He is French and fluent in English, German, Polish, Portuguese and Spanish.

5. Oscar Wezenbeek (non-executive member)
Oscar Wezenbeek is currently the Managing Director for AkzoNobel Decorative Paints in South East and South Asia (SESA). Over the course of his 28-year career with AkzoNobel, he has successfully led various portfolios in the coatings and automobile departments. In his previous role, Oscar managed the global Marine, Protective and Yacht Coatings business. He has had a proven track record in driving growth in market share and profitability, including sales when he was the Sales & Marketing Director of West Europe in the Powder Coatings business. With a key interest in Sustainability, Oscar is actively involved in the ADB DutchCham Sustainable Business Committee.

Oscar went through an Advanced Management Program at INSEAD in 2006 and Global Executive Leadership Program at Yale School of Management in 2016. He graduated from Technical University Eindhoven with a Master's in Business Engineering and Management Sciences in 1988. Oscar was born in the Netherlands, and in addition to speaking English and Dutch, he is also fluent in Spanish, Swedish, German, and French.Sciences in 1988. Oscar was born in the Netherlands, and in addition to speaking English and Dutch, he is also fluent in Spanish, Swedish, German, and French.

6. Mubbasher Omar (Chief Executive)
Mubbasher Omar joined Akzo Nobel Pakistan Limited as the Chief Executive in August 2020 and was subsequently appointed on the Board of Directors. Being a seasoned commercial professional, he comes with 25+ years of diverse experience of working at senior roles with reputed market leading organisations such as Shell Pakistan Limited, Indus Motor Company Limited and Regus Pakistan Limited.

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 done 'Master of Public Administration' (MPA) from University of Punjab.

7. Sebastian Tan (non-executive member)
Sebastian Tan, Regional Head of Finance, Decorative Paints, South East, South Asia and Middle East, was appointed to the Board of Directors of Akzo Nobel Pakistan Limited on October 26, 2016.

Sebastian joined AkzoNobel in 2006. Shortly afterwards, he was appointed the Asia Integration Lead and successfully merged the two reputable companies of the former ICI business and AkzoNobel in Asia, delivering significant synergies. Prior to joining AkzoNobel, he was the Asia Head Pricing and Commercial in Honeywell. He is a certified Six Sigma Black Belt for Leaders. He graduated with an MBA from Imperial College Business School, University of London and a Chartered Accountant (Singapore).

Sebastian is currently on the following boards: Akzo Nobel (Asia Pacific) Pte Limited, Akzo Nobel Singapore Pte Limited, Akzo Nobel Paints Vietnam Limited and Akzo Nobel Malaysia Sdn Bhd. He has extensive multinational manufacturing experience and has been well-exposed to commercial and business finance roles in regional capacity with a deep understanding of various cultures. His commercial experience has been varied, ranging from aviation repair and overhaul, electronics manufacturing and the consumer paints business.

OUR EXECUTIVE MANAGEMENT TEAM

Mubbasher Omar, Harris Mahmood, Syeda Insia Batool Shah, Farooq Ayub Khan, Waqas Mir, Shahid Islam, Abdul Rehman Shabbir,

Mubbasher Omar

Chief Executive

Mubbasher Omar joined Akzo Nobel Pakistan Limited as the Chief Executive in August 2020 and was subsequently appointed on the Board of Directors. Being a seasoned commercial professional, he comes with 25+ years of diverse experience of working at senior roles with reputed market leading organisations such as Shell Pakistan Limited, Indus Motor Company Limited and Regus Pakistan Limited. 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 done 'Master of Public Administration' (MPA) from University of Punjab.

Harris Mahmood

Chief Financial Officer

Harris Mahmood joined ICI Pakistan Limited in 2006 as Internal Audit Manager at the head office and subsequently worked in business finance functions at Polyester Fibers and Paints before joining Chemicals and Soda Ash businesses as Finance Manager. In March 2013, he joined AkzoNobel Pakistan as Finance Manager and took over as CFO of the company in January 2015.
Harris received his schooling from Aitchison College, Lahore and is a fellow member of the Institute of Chartered Accountants of Pakistan since 2016. He completed his articleship from A.F. Ferguson & Co. (member firm of PWC) and has attended several management development programs including the Advanced Financial Management Program at AkzoNobel in 2011.

Abdul Rehman Shabbir

Head of Brand and Customer Marketing, Decorative Paints

Abdul Rehman Shabbir is the Head of Brand and Customer Marketing, Decorative Paints. He joined AkzoNobel as management trainee in June 2012. Over the course of his career, he has done multiple roles across sales and marketing demonstrating high performance levels and playing an instrumental role in helping the paints business deliver its short to long term goals.
He holds a bachelors' degree in Accounting & Finance from Lahore University of Management Sciences (LUMS)".

Farooq Ayub Khan

Operations Manager

Farooq Ayub Khan is the Operations Manager for the Paints and Coatings site in Lahore. He joined AkzoNobel Pakistan as an Engineering Manager in 2015 and since then has led the team in successfully achieving various milestones in re-structuring, process safety and lean manufacturing and sustainability. Prior to AkzoNobel, Farooq worked at Pakistan Tobacco Company in various functions across the supply chain as the Production Manager, Engineering Manager and Secondary Logistics Manager.

Farooq has done his Bachelor's in mechanical engineering from Ghulam Ishaq Khan Institute of Engineering Sciences & Technology. He is married and has three children.

Shahid Islam

National Sales Manager Specialty Coatings

Shahid Islam is currently working as National Sales Manager Specialty Coatings at Akzo Nobel Pakistan Limited. He has over two decades of management experience in various functions and businesses including production management, and supply chain. Shahid has over 31 years of experience, starting with ICI Pakistan in 1987 where he handled various managerial roles in sales and materials management.

Shahid received his Master of Business Administration from the University of the Punjab in 1990 after graduating as a chemical engineer from the same institution. He is married and has three children.

Syeda Insia Batool Shah

Country HR Manager

Insia Shah was appointed Country HR Manager with 17 years of prior experience in multiple industries including banking, engineering and consultancy within several areas of HR such as learning and development, change management and talent management. She has previously worked for Akzo Nobel ICI Pakistan from 2008-2009 as a corporate training and development manager. She holds a Master's degree in HR management from University of Punjab.

Waqas Mir

National Sales Manager Decorative Paints

Waqas Mir is the National Sales Manager, Decorative Paints. He joined AkzoNobel as National Sales Manager, Decorative Paints in January 2020. Previously, he worked as National Sales Manager for ICI Chemicals. Waqas brings with him more than ten years of experience in multiple industries including Oil and Gas, Chemicals and FMCG. Waqas holds a Master's degree in business administration from Lahore School of Economics.

REPORT OF DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2020

The Directors of the Company are pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2020.

Overview

The year 2020 witnessed the worldwide COVID 19 pandemic. Pakistan's first case of COVD 19 was reported in the month of February. With the surge in cases most of the country was in lockdown for 4th week of March. Although the lockdown was eased up from mid-May, economic activity gradually ramped up over Q3, when the cases started to drop down from the first wave of pandemic. In the second wave, only smart lockdowns were implemented, facilitating continuation of economic activity.

Due to the pandemic, the already struggling economy of Pakistan took a hit as PSX dropped to as low as 27,227 by March from 40,735 at start of the year. PKR depreciated by 8% to 166.7 per USD in March. However, in the second half of the year once the lockdown was eased, the currency appreciated and closed at 159.83 while the stock market closed at 43,755 by year end. In order to support economic activity, the government lowered policy rates from 13.25% from start of the year to 7% in the first half, which remained stable in H2. The government also announced various schemes and tax incentives to stimulate the economy.

As a result of the pandemic, the sales of the company dropped by 20% compared to last year, and so did the volumes. However, a strong cost controlling drive to conserve cash and sustain financial pressure, was implemented throughout the year. The cost control drive was targeted mainly towards A&P, travelling and other non-essential costs. This helped the Company to arrest the decline of PAT by 15%.

Financial Performance
PKR million

	2020	2019	Increase / (Decrease)
Turnover	7,133	8,492	-16.0%
Net sales	4,485	5,612	-20.1%
Cost of Sales	2,960	3,579	-17.3%
Gross profit	1,525	2,033	-25.0%
Operating profit	538	749	-28.1%
Profit after taxation	469	549	-14.6%
Earnings per share – Rs	10.09	11.82	-14.6%

Health, Safety and Environment

The Company demonstrated its firm commitment to HSE with only one reportable injury. Behavior Based Safety program, which is about influencing people's behavior to avoid injuries, was further strengthened. Through the application of this program, the Company has been able to improve people and process safety at its site. On the operational eco efficiency side, solar project extension is contemplated to make our operations eco-friendly . COVID-19 pandemic posed a great threat this year to not only operations of the company but also to the people working for the company. Company was able to actively implement COVID-19 prevention protocols as defined by the local authorities and best practices followed by Akzo Nobel worldwide. This approach not only resulted in continuity of critical operations during pandemic but also ensured curtailing the spread through company operations. These developments are a clear demonstration of the Company's resolve to maintain health and safety as a core priority.

Business Performance

Business performance during the year was marred by COVID-19. Post lockdown, the Company took active initiatives such as special trade schemes, trade promotions on selective products and going live back on media campaigns for premium brands. The Government also announced a relief package for construction industry which includes tax amnesty scheme and fixed tax rate for developers and builders in 14 cities across the country. This has helped us to scale up sales volumes in the later part of the year.

The new entrants in passenger car segment and ramp up of demand in tractor and automotive industry has helped sale of Performance Coatings, resulting in decent rebound in second half of the year.

Future Outlook

COVID-19 still poses a significant risk on economic recovery. Although the vaccination process has started, it would still take at least a year for the economy to be back on track. The Company during the pandemic situation has strongly built controls over working capital and efficient P&L management through cost drives, launching professional distributors and strategies to conserve cash. Resultantly, the Company is now better equipped and more agile to handle economic uncertainties.

The Company has been delisted from PSX with effect from 10th August 2020. Subsequent to the start of buyback process, the shareholding of ICI Omicron B.V. has increased from 75.81% to 97.01% as at Dec end.

Corporate Social Responsibility

The Business continued its Let's Colour partnership with SOS Villages Pakistan. Under this partnership umbrella, a combination of enabling initiatives were taken in coordination with the SOS villages over a span of one year. This included free painting of selected SOS Villages across Pakistan, mentoring sessions for youth, annual donations, amongst other agreed activities.

As per the local Government's request for a cheerful new look, Akzonobel Pakistan painted a kilometer long village wall of the Dher Pindi neighborhood, selecting the seven colors of the rainbow. The fresh new look adds a splash of paint to the first thing visitors of Lahore see once they leave the airport, covering 30 houses and 40 shops with 1,280 liters of Dulux paint.

Acknowledgment

The results of the Company reflect the unrelenting commitment and contribution of its people, as well as the trust placed in the Company by its customers, suppliers, service providers and shareholders. The Board would like to thank the entire team for its support during 2020.

Board, Committee and Attendance

IDuring the year, 6 (six) Board of Directors, 4 (four) Audit Committee and 2 (two) HR & Remuneration Committee meetings were held. Attendance by each Director/CFO/Company Secretary was as follows:

	Name of Directors	Board of Directors Attendance	Audit Committee Attendance	HR & Remuneration Committee Attendance
1.	Mr. Mueen Afzal	6	4	2
2.	Mr. Frederic Moreux	4	-	-
3.	Ms. Ayesha Hamid	5	4	-
4.	Mr. Saad Mahmood Rashid Chief Executive Officer	2	-	1
5.	Mr. Mubbasher Omar Chief Executive Officer	2	-	1
6.	Mr. Harris Mahmood Chief Financial Officer / Acting Chief Executive Officer	6	4	2
7.	Mr. Oscar Wezenbeek	6	-	2
8.	Mr. Sebastian Tan	6	4	-
9.	Ms. Zunaira Dar Company Secretary	2	-	-
10.	Ms. Naima Ahmed Company Secretary	2	-	-
11.	Mr. Muhammad Ali Murtaza Acting Company Secretary / Secretary Audit Committee	2	4	-
12.	Ms. Syeda Insia Batool Shah Secretary HR & R Committee	-	-	2
13.	Mr. Usman Ali Jamil Secretary HR & R Committee	-	-	1

During the year, Mr Saad Mehmood Rashid resigned as CE of the Board. Mr Harris Mehmood was elected as interim CE for a brief period, before Mr Mubbasher Omar joined as CE in August 2020.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company along with additional information as at December 31, 2020 appears on page numbers 50 to 51.

Mueen Afzal
Chairman

Mubbasher Omar
Chief Executive

Akzo Nobel Pakistan Limited
Financial Statements

pwc A·F·FERGUSON&Co.

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, 2020, and the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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 profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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.

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Hammad Ali Ahmad.

Chartered Accountants
Lahore
Date: March 10, 2021

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

Amounts in Rs '000

	Note	2020	2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5	**1,000,000**	1,000,000
Issued, subscribed and paid-up capital	5	**464,433**	464,433
Reserves	6	**2,717,197**	2,441,115
Surplus on revaluation of property, plant and equipment	7	**3,616,596**	3,688,599
		6,798,226	6,594,147
NON-CURRENT LIABILITIES			
Deferred liabilities	8	**68,885**	66,538
Lease liabilities against right-of-use assets	9	**12,307**	12,490
		81,192	**79,028**
CURRENT LIABILITIES			
Trade and other payables	10	**1,613,983**	1,652,066
Contract liabilities	11	**72,726**	54,039
Current portion of lease liabilities against right-of-use assets	9	**6,343**	6,381
Unpaid dividend		**3,188**	3,084
Unclaimed dividend		**28,374**	26,899
		1,724,614	1,742,469
CONTINGENCIES AND COMMITMENTS	12	-	-
		8,604,032	8,415,644

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

Amounts in Rs '000

	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	**4,468,125**	4,545,722
Right-of-use assets	14	**21,549**	28,200
Intangible assets	15	**35,520**	-
Long term loans	16	**78,325**	59,874
Long term deposits and prepayments	17	**5,214**	4,223
Deferred tax asset - net	18	**38,487**	17,708
		4,647,220	4,655,727
CURRENT ASSETS			
Stores and spares	19	**27,625**	26,297
Stock in trade	20	**824,484**	683,591
Trade debts	21	**762,032**	830,019
Loans and advances	22	**54,139**	77,810
Trade deposits and short term prepayments	23	**4,931**	2,940
Other receivables	24	**48,503**	53,812
Income tax receivable		**61,810**	82,900
Interest accrued		**3,927**	5,007
Cash and bank balances	25	**2,169,361**	1,997,541
		3,956,812	3,759,917
		8,604,032	8,415,644

The annexed notes 1 to 46 form an integral part of these financial statements.

Mueen Afzal Chairman	**Mubbasher Omar** Chief Executive	**Harris Mahmood** Chief Financial Officer

STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

	Note	2020	2019
Revenue	26	**7,133,049**	8,492,146
Sales tax and discounts	26	**(2,648,073)**	(2,880,605)
Net revenue		**4,484,976**	5,611,541
Cost of sales	27	**(2,960,470)**	(3,578,784)
Gross profit		**1,524,506**	2,032,757
Selling and distribution expenses	28	**(714,999)**	(946,952)
Administrative and general expenses	29	**(271,105)**	(332,555)
Net impairment losses on financial assets	30	**-**	(4,333)
		538,402	748,917
Finance cost	31	**(2,407)**	(10,820)
Other charges	32	**(93,572)**	(121,155)
		(95,979)	(131,975)
Other income	33	**222,474**	167,872
Profit before taxation		**664,897**	784,814
Taxation	34	**(196,234)**	(235,921)
Profit for the year		**468,663**	548,893
Earnings per share - Basic and diluted (Rupees)	35	**10.09**	11.82

The annexed notes 1 to 46 form an integral part of these financial statements.

Mueen Afzal
Chairman

Mubbasher Omar
Chief Executive

Harris Mahmood
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

	Note	**2020**	2019
Profit for the year		**468,663**	548,893
Other comprehensive income			
Items that may not be reclassified to the profit or loss			
Remeasurement of defined benefit liability	8.3	**19,826**	(5,001)
Related tax impact		**(5,750)**	1,450
		14,076	(3,551)
Items that may be reclassified to the profit or loss			
Revaluation surplus for the year		-	2,553,940
Related tax impact		-	(91,009)
	7	-	2,462,931
Total comprehensive income for the year		**482,739**	3,008,273

The annexed notes 1 to 46 form an integral part of these financial statements.

Mueen Afzal	**Mubbasher Omar**	**Harris Mahmood**
Chairman	Chief Executive	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

	Note	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Capital receipts	Revenue reserve: Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
Balance as at December 31, 2018		464,433	156,006	196	1,974,430	1,264,962	3,860,027
Impact of initial adoption - IFRS 15		-	-	-	(41,936)	-	(41,936)
Balance as on January 1, 2019		464,433	156,006	196	1,932,494	1,264,962	3,818,091
Total comprehensive income for the year ended December 31, 2019							
Profit for the year		-	-	-	548,893	-	548,893
Other comprehensive (loss) / income		-	-	-	(3,551)	2,462,931	2,459,380
Total comprehensive income for the year		-	-	-	545,342	2,462,931	3,008,273
Incremental depreciation charge during the year - net of deferred tax	7	-	-	-	39,294	(39,294)	-
Transactions with owners recognized directly in equity							
Final dividend for the year ended December 31, 2018 @ Rs. 5.00 per share		-	-	-	(232,217)	-	(232,217)
Balance as at December 31, 2019		**464,433**	**156,006**	**196**	**2,284,913**	**3,688,599**	**6,594,147**
Total comprehensive income for the year ended December 31, 2020							
Profit for the year		-	-	-	468,663	-	468,663
Other comprehensive income		-	-	-	14,076	-	14,076
Total comprehensive income for the year		-	-	-	482,739	-	482,739
Incremental depreciation charge during the year - net of deferred tax	7	-	-	-	69,538	(69,538)	-
Transfer of revaluation surplus relating to assets disposed off - net of deferred tax	7	-	-	-	2,465	(2,465)	-
Transactions with owners recognized directly in equity							
Final dividend for the year ended December 31, 2019 @ Rs. 6.00 per share		-	-	-	(278,660)	-	(278,660)
Balance as at December 31, 2020		**464,433**	**156,006**	**196**	**2,560,995**	**3,616,596**	**6,798,226**

The annexed notes 1 to 46 form an integral part of these financial statements.

Mueen Afzal	**Mubbasher Omar**	**Harris Mahmood**
Chairman	Chief Executive	Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

	Note	2020	2019
Cash flows from operating activities			
Profit before taxation		**664,897**	784,814
Adjustments for:			
Depreciation and amortization		**173,417**	130,414
Depreciation on right-of-use assets	14	**13,600**	28,125
Gain on disposal of property, plant and equipment	33	**(14,377)**	(801)
Gain on disposal of right-of-use assets	33	**-**	(331)
Provision for employee benefits obligation	8.2	**39,313**	35,296
Net impairment (reversals)/ losses on financial assets	30	**(25,389)**	4,333
Impairment of property, plant and equipment		**25,000**	-
Reversal of provision no longer required	33	**(38,727)**	(19,789)
Provision for slow moving and obsolete stock		**14,200**	12,938
Provision for obsolete stores and spares	19.1	**-**	1,306
Interest income	33	**(117,530)**	(129,609)
Interest expense on right-of-use assets	31	**2,032**	3,597
		71,539	65,479
Profit before working capital changes		**736,436**	850,293
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		**(1,328)**	(4,942)
Stock in trade		**(155,093)**	(27,646)
Trade debts		**93,376**	(92,514)
Loans and advances		**23,671**	17,588
Trade deposits and short term prepayments		**(1,991)**	1,412
Other receivables		**5,309**	(32,331)
		(36,056)	(138,433)
(Decrease) / increase in current liabilities:			
Trade and other payables, excluding employee benefits		**(14,171)**	(17,186)
Contract liabilities		**18,687**	4,064
Net cash generated from operations		**704,896**	698,738
(Increase) / decrease in long term loans		**(18,451)**	6,873
(Increase) / decrease in long term deposits and prepayments		**(991)**	1,490
Employee benefits paid		**(32,722)**	(40,780)
Taxes paid		**(201,674)**	(249,443)
Interest paid		**(2,032)**	(3,597)
Net cash generated from operating activities		**449,026**	413,281
Cash flows from investing activities			
Payments for capital expenditure		**(132,717)**	(224,649)
Reimbursement for software development costs		**-**	37,668
Proceeds from disposal of property, plant and equipment		**21,152**	1,077
Interest received		**118,610**	131,743
Net cash generated / (used) in investing activities		**7,045**	(54,161)
Cash flows from financing activities			
Dividend paid		**(277,081)**	(231,832)
Payment principal portion of lease liability against right-of-use assets		**(7,170)**	(24,874)
Net cash used in financing activities		**(284,251)**	(256,706)
Increase in cash and cash equivalents		**171,820**	102,414
Cash and cash equivalents at the beginning of the year		**1,997,541**	1,895,127
Cash and cash equivalents at the end of the year	25	**2,169,361**	1,997,541

The annexed notes 1 to 46 form an integral part of these financial statements.

Mueen Afzal	**Mubbasher Omar**	**Harris Mahmood**
Chairman	Chief Executive	Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 registered office of the Company and the factory is situated at 346, Ferozepur Road, Lahore. 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.

1.1 Impact of COVID-19 on the financial statements

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations till April 14, 2020 after which chemical industries were allowed to operate with essential staff. Accordingly, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, i.e. screening of employees, the Company resumed its operations. The lockdown was later eased from mid of May, as retail shops started operating with limited working days.

Further, the Company believes that their current liquidity availability provides them with sufficient financial resources to meet their anticipated working capital requirements and obligations as they come due. Potential valuation adjustments to our asset base, as a result of the possible impact of COVID-19 on our future profitability and cash flow generation, were assessed and no significant adjustments were required except for the changes in accounting estimates disclosed in note 2.3.

2 Basis of preparation

2.1 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.

2.2 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, defined benefit asset / liability at fair value of plan asset less present value of defined benefit obligation and derivative financial instruments.

2.3 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in note 3. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

a) Defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 8.11 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.

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 2020 have been completed under the provisions of section 120 of the Income Tax Ordinance, 2001 except for the cases as mentioned in note 12.1.1 to 12.1.7.

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 and 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).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

2.3.1 Change in accounting estimate - provision for slow moving inventory

The Company has revised its estimates to account for provision for slow moving inventory based on forecasted sales in addition to historic consumption as a best estimate. The impact of this change in accounting estimate on these financial statements is immaterial.

2.4 Functional and presentation currency

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

2.5 Initial application of new standards, interpretations or amendments to existing standards and forthcoming requirements

The following amendments to existing standards have been published that are / will be applicable to the Company's financial statements covering annual periods, beginning on or after the dates mentioned in the sub-notes.

2.5.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year and are relevant

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2020 but are considered not to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates but the Company has not early adopted them.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements

	Effective date (period beginning on or after)
- IAS 16, Property, Plant and Equipment (Amendments)	January 1, 2022
- IAS 37, Onerous contracts (Amendments)	January 1, 2022
- IAS 1, Presentation of financial statements', definition of materiality & classification of liabilities	January 1, 2023

2.5.3 Standards, amendments and interpretations to existing standards not yet effective and not applicable / relevant to the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for as stated in note 4 to these financial statements.

3.1 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 there on up to the reporting date.

3.2 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 there on.

3.3 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 and 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 13.1 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 and loss account 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 and loss account, 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 is stated at cost less any identified impairment loss.

3.4 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 and 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 and 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 15.1 to these financial statements.

3.5 Financial instruments

3.5.1 Financial assets

3.5.1.1 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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.

3.5.1.2 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.

3.5.1.3 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 and 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:

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 and loss account 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 and 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 and loss account. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss account 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 and loss account 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 and loss account following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of profit and loss account as other income when the Company's right to receive payments is established.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Changes in the fair value of financial assets at FVPL are recognised in other income/(other charges) in the statement of profit and loss account, 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.

3.5.1.4 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.

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

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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

- 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.

The Company recognizes an impairment gain or loss in the statement of profit and 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.

3.5.2 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 and 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

3.5.3 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 and 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 and loss account, or the statement of financial position at the same time as the hedged item.

3.6 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.

3.7 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.

3.8 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 and loss account.

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.

3.9 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.

3.10 Staff retirement benefits

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

3.11 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 and 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 and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.12 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.

3.13 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.

3.14 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

3.15 Revenue recognition

3.15.1 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.

3.15.2 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 other 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) Others

- 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.

3.16 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.

3.17 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 and loss account on a straight-line basis over the period of the lease.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

3.18 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.

3.19 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 and loss account.

3.20 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit and 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 and 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.

3.21 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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

3.22 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.

3.23 Related party transactions

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

4 Changes in accounting policies

4.1 Initial adoption of the 5th Schedule to Companies Act, 2017

As mentioned in note 1 to the financial statements, the Company has been delisted from Pakistan Stock Exchange with effect from August 10, 2020 and is a public unlisted company at reporting date. As a result the Company has opted to prepare these financial statements in accordance with the requirements of 5th Schedule to the Companies Act, 2017, resulting in the removal of following disclosures made under 4th Schedule to the Companies Act, 2017;

1. Particulars of company's immovable fixed assets, including location and area of land;
2. Disclosure for all shares Islamic index; and
3. The outstanding trade debts in relation to the export sales made during the year.

In addition to the above there are other enhanced disclosure requirements under the 4th schedule to the Companies Act, 2017 but not applicable under the 5th schedule to the Companies Act, 2017. However these have not be mentioned since they were not relevant to the Company at the reporting dates.

5 Share capital

5.1 Authorized share capital

2020	2019		**2020**	2019
(Number of shares)				
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	**1,000,000**	1,000,000

5.2 Issued, subscribed and paid-up capital

2020	2019		**2020**	2019
(Number of shares)				
46,443,320	46,443,320	Ordinary shares of Rs. 10/- each issued as fully paid shares for consideration other than cash	**464,433**	464,433

5.2.1 ICI Omicron B.V. (which is a wholly owned subsidiary of Akzo Nobel N.V.) holds 44,940,074 (2019: 35,209,665) ordinary shares of Rs. 10/- each representing 97.01% (2019: 75.81%) of the share capital of the Company.

During the year ICI Omicorn 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 Omicorn 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.

6 Reserves

	Note	**2020**	2019
Capital reserves			
- Share premium	6.1	**156,006**	156,006
- Capital receipts	6.2	**196**	196
		156,202	156,202
Revenue reserve			
- Unappropriated profit		**2,560,995**	2,284,913
		2,717,197	2,441,115

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

6.1 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.

6.2 Capital receipts represent the 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.

7 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.

	2020	2019
Balance at beginning of the year	**3,688,599**	1,264,962
Revaluation surplus for the year - net of deferred tax	**-**	2,462,931
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	**(69,538)**	(39,294)
Transfer of revaluation surplus relating to assets disposed off - net of deferred tax	**(2,465)**	-
Balance at end of the year	**3,616,596**	3,688,599

8 Deferred liabilities

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

Non-current liabilities

Unfunded - recognized in deferred liability

	2020	2019
- Gratuity fund - non-management	**10,879**	10,016
- Post retirement medical benefits	**58,006**	56,522
	68,885	66,538

Current liabilities

Funded - payable to employee retirement benefit fund:

	2020	2019
- Pension fund - management	**77,790**	70,561
- Gratuity fund - management	**19,853**	42,664
	97,643	113,225
	166,528	179,763

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

	2020					2019				
	Funded			Unfunded	Total	Funded			Unfunded	Total
	Pension	Gratuity	Subtotal			Pension	Gratuity	Subtotal		
8.2 The amounts recognized in the profit and loss account against defined benefit schemes are as follows:										
Current service cost	4,314	13,503	17,817	1,779	19,596	4,042	13,760	17,802	1,682	19,484
Contribution by associates	-	-	-	-	-	-	(360)	(360)	-	(360)
Interest cost	23,852	19,837	43,689	7,951	51,640	18,739	16,204	34,943	6,046	40,989
Expected return on plan assets	(16,109)	(15,814)	(31,923)	-	(31,923)	(12,005)	(12,812)	(24,817)	-	(24,817)
Net charge for the year	12,057	17,526	29,583	9,730	39,313	10,776	16,792	27,568	7,728	35,296
8.3 Included in other comprehensive income:										
Actuarial (loss) / gain on remeasurement of plan obligation from:										
- Change in demographic assumptions	(20,353)	(110)	(20,463)	(1,713)	(22,176)	-	-	-	-	-
- Change in financial assumptions	(89)	(144)	(233)	580	347	1,759	118	1,877	26	1,903
- Experience adjustments	11,419	21,578	32,997	7,765	40,762	3,272	13,813	17,085	(643)	16,442
Return on plan assets, excluding interest income	716	177	893	-	893	(8,231)	(15,115)	(23,346)	-	(23,346)
Net (loss) / gain for the year	(8,307)	21,501	13,194	6,632	19,826	(3,200)	(1,184)	(4,384)	(617)	(5,001)
8.4 Movement in the net liability recognized in the statement of financial position are as follows:										
Balance at beginning of the year	70,561	42,664	113,225	66,538	179,763	75,829	42,849	118,678	61,568	180,246
Net charge for the year	12,057	17,526	29,583	9,730	39,313	10,776	16,792	27,568	7,728	35,296
Contributions / payments during the year	(13,135)	(18,836)	(31,971)	(751)	(32,722)	(19,244)	(18,161)	(37,405)	(3,375)	(40,780)
Actuarial loss charged to / (gain) recognized in other comprehensive income	8,307	(21,501)	(13,194)	(6,632)	(19,826)	3,200	1,184	4,384	617	5,001
Balance at end of the year	77,790	19,853	97,643	68,885	166,528	70,561	42,664	113,225	66,538	179,763
8.5 The amounts recognized in the statement of financial position are as follows:										
Fair value of plan assets	(152,824)	(155,444)	(308,268)	-	(308,268)	(129,711)	(126,543)	(256,254)	-	(256,254)
Present value of defined benefit obligation	230,614	175,297	405,911	68,885	474,796	200,272	169,207	369,479	66,538	436,017
Liability recognized	77,790	19,853	97,643	68,885	166,528	70,561	42,664	113,225	66,538	179,763
8.6 Movement in the present value of defined benefit obligation:										
Balance at beginning of the year	200,272	169,207	369,479	66,538	436,017	188,476	162,165	350,641	61,568	412,209
Current service cost	4,314	13,503	17,817	1,779	19,596	4,042	13,760	17,802	1,682	19,484
Interest cost	23,852	19,837	43,689	7,951	51,640	18,739	16,204	34,943	6,046	40,989
Benefits paid	(6,847)	(5,926)	(12,773)	(751)	(13,524)	(5,954)	(8,991)	(14,945)	(3,375)	(18,320)
Actuarial (gain) / loss on remeasurement of plan obligation	9,023	(21,324)	(12,301)	(6,632)	(18,933)	(5,031)	(13,931)	(18,962)	617	(18,345)
Balance at end of the year	230,614	175,297	405,911	68,885	474,796	200,272	169,207	369,479	66,538	436,017
8.7 Movement in the fair value of plan assets:										
Balance at beginning of the year	129,711	126,543	256,254	-	256,254	112,647	119,316	231,963	-	231,963
Expected return	16,109	15,814	31,923	-	31,923	12,005	12,812	24,817	-	24,817
Contributions by the Company	13,135	18,836	31,971	-	31,971	19,244	18,161	37,405	-	37,405
Contributions by associates	-	-	-	-	-	-	360	360	-	360
Benefits paid	(6,847)	(5,926)	(12,773)	-	(12,773)	(5,954)	(8,991)	(14,945)	-	(14,945)
Return on plan assets, excluding interest income	716	177	893	-	893	(8,231)	(15,115)	(23,346)	-	(23,346)
Balance at end of the year	152,824	155,444	308,268	-	308,268	129,711	126,543	256,254	-	256,254
8.8 Plan assets comprise:										
Government bonds	94,901	97,775	192,676	-	192,676	83,772	83,299	167,071	-	167,071
Corporate bonds	5,061	3,615	8,676	-	8,676	11,255	8,742	19,997	-	19,997
Mutual funds – debt	41,641	40,366	82,007	-	82,007	920	27	947	-	947
Equity instruments	3,456	4,067	7,523	-	7,523	21,145	20,931	42,076	-	42,076
Cash	7,765	9,621	17,386	-	17,386	12,619	13,544	26,163	-	26,163
	152,824	155,444	308,268	-	308,268	129,711	126,543	256,254	-	256,254

8.9 The expected charge in statement of profit and loss account pertaining to pension fund, gratuity fund and unfunded schemes for the year ending December 31, 2021 is Rs. 11.86 million, Rs. 13.53 million and Rs. 8.3 million, respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

8.10 Government bonds, mutual funds and shares are valued at quoted market prices and are level 1. Cash includes notional accrual of interest and is therefore level 2. 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.

8.11 The principal actuarial assumptions at the reporting date were as follows:

	2020	2019
Discount rate	**9.75%**	12.10%
Expected return on plan assets	**9.75%**	12.10%
Future salary increases - Management staff	**10.25%**	12.60%
Future salary increases - Non-management staff	**7.50%**	9.90%
Future pension increases	**5.25%**	7.50%
Medical cost trend	**4.50%**	6.80%

As at December 31, 2020, the weighted average duration of the defined benefit obligation was 9.1 years (2019: 9.4 years).

Plan duration of defined benefit obligation:

Pension	**7.2 years**	8 years
Gratuity - Management staff	**9.5 years**	8.9 years
Gratuity - Non-management staff	**4.7 years**	5.5 years
Pensioners' medical plan	**16.2 years**	16.3 years

8.12 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.

8.13 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 8.8 to the financial statements.

8.14 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.

8.15 Normal retirement age is 60 years for Non-Management Staff. Normal retirement age for Management Staff depends on date of joining of Management Staff. 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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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.

8.16 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.

8.17 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%	(16,194)	20,786
Salary growth rate	0.50%	11,282	(7,628)
Pension growth rate	0.50%	5,244	(4,856)
Medical cost trend rate	0.50%	4,582	(4,135)

If life expectancy increases by 1 year, the obligation decreases by Rs. 6.51 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.

8.18 The Company contributed Rs. 21.29 million (2019: Rs. 19.80 million) and Rs. 9.12 million (2019: Rs. 10.10 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

8.19 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.

		2020	2019
9	**Lease liabilities against right-of-use assets**		
	Lease liabilities against right-of-use assets at year end	**18,650**	18,871
	Less: current portion of lease liabilities against right-of-use assets	**(6,343)**	(6,381)
	Non current lease liabilities against right-of-use assets	**12,307**	12,490

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

	2020	2019
Payable not later than one year	**8,180**	8,015
Payable later than one year but not later than five years	**13,212**	13,960
	21,392	21,975
Future finance cost	**(2,742)**	(3,104)
Total lease liabilities against right-of-use assets	**18,650**	18,871

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
10	**Trade and other payables**			
	Creditors:			
	- Related parties	10.1	**263,390**	216,339
	- Others		**799,105**	800,523
			1,062,495	1,016,862
	Royalty and technical service fee	10.2	**166,209**	175,785
	Accrued liabilities		**156,214**	211,417
	Sales tax, excise and custom duties		**44,661**	64,826
	Workers' Profit Participation Fund	10.3	**34,204**	40,517
	Workers' Welfare Fund	10.4	**6,274**	4,815
	Payable for capital expenditure		**941**	7,544
	Withholding tax payable to Government		**12,845**	11,384
	Payable to employee retirement benefit funds	8.1	**97,643**	113,225
	Security deposits	10.5	**29,905**	3,581
	Others		**2,592**	2,110
			551,488	635,204
			1,613,983	1,652,066

10.1 This includes balances due to following related parties:

	2020	2019
Akzo Nobel Car Refinishes B.V	**5,580**	14,861
Akzo Nobel N.V.	**187,375**	70,194
ICI Omicron B.V.	**4,370**	20,754
Pinturas Inca SA	**12,756**	-
Akzo Nobel Paints Singapore Pte Limited	**39,182**	94,524
Akzo Nobel Packaging Coatings Limited	**3,256**	3,243
International Paint (Nederland) B.V.	**6,228**	9,138
Akzo Nobel Saudi Arabia Limited	**893**	-
Akzo Nobel Decorative Coatings	**3,750**	3,625
	263,390	216,339

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

	2020	2019
Akzo Nobel Coatings International B.V.	**160,521**	169,027
	160,521	169,027

10.3 Workers' Profit Participation Fund

	Note	2020	2019
Balance at beginning of the year		**40,517**	31,240
Allocation for the year	32	**34,994**	41,307
Interest on funds	31	**231**	514
Payments made to the fund during the year		**(41,538)**	(32,544)
Balance at end of the year		**34,204**	40,517

10.4 Workers' Welfare Fund

	Note	2020	2019
Balance at beginning of the year		**4,815**	3,246
Allocation for the year	32	**14,580**	15,696
Provision written back		**-**	-
Payments made during the year		**(13,121)**	(14,127)
Balance at end of the year		**6,274**	4,815

10.5 These represent security deposits received from customers which, by virtue of agreement, are interest free. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

11 Contract liabilities

Advances received from customer are recognised as revenue when performance obligation in accordance with the policy as described in note 3.15 is satisifed. Following is a movement in the balance with respect to contract liabilities during the year:

	2020	2019
Balance at beginning of the year	**54,039**	49,975
Advances received during the year	**292,178**	249,822
Revenue recognised during the year	**(273,491)**	(245,758)
Balance at end of the year	**72,726**	54,039

12 Contingencies and commitments

12.1 Contingencies

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

12.1.1 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. 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.

12.1.2 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.

12.1.3 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 demands of Rs. 747.48 million. The tax demands 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

12.1.4 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 demands of Rs. 454.48 million. The tax demands mainly pertain to disallowance of advertisement and publicity; discounts and commission; and expenses on account of gratuity, provident and pension funds. The Company has filed appeals before the CIR (A), which are currently 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.

12.1.5 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 demands of Rs. 355.56 million. The tax demands 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), which are currently 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.

12.1.6 The Income Tax Department, during the current 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.

12.1.7 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. An appeal has been filed by the Collector of Sales Tax & Central Excise, Lahore before the Honourable 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.

		2020	2019
12.2	**Commitments**		
12.2.1	Commitments in respect of capital expenditure	**-**	28,705

12.2.2 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	2020	2019
2020	**-**	26,000
2021	**30,706**	21,749
2022	**27,066**	17,277
2023	**16,944**	5,305
2024	**10,167**	459
2025	**788**	-
	85,671	70,790
Payable not later than one year	**30,706**	26,000
Payable later than one year but not later than five years	**54,965**	44,790
	85,671	70,790

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

12.2.3 Commitments in respect of outstanding letters of credit and outstanding letter of guarantee at the reporting date have been disclosed in note 25.3 of these financial statements.

12.2.4 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 (2019: Rs. 1,583 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

	Note	2020	2019
13 Property, plant and equipment			
Property, plant and equipment	13.1	**4,329,251**	4,428,157
Capital work-in-progress	13.2	**138,874**	117,565
		4,468,125	4,545,722

13.1 Property, plant and equipment

	Note	Freehold land	Buildings on Freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Vehicles	Total
Net carrying value basis								
Year ended December 31, 2020								
Opening Net Book Value (NBV)		**3,566,300**	**159,305**	**680,000**	**19,627**	**2,271**	**654**	**4,428,157**
Additions (at cost)		**-**	**4,166**	**104,373**	**253**	**925**	**-**	**109,717**
Disposals and write offs (at NBV)	13.1.1	**-**	**(1,758)**	**(4,861)**	**(156)**	**-**	**-**	**(6,775)**
Adjustments during the year		**-**	**-**	**(4,911)**	**-**	**-**	**-**	**(4,911)**
Depreciation charge for the year	13.1.2	**-**	**(32,782)**	**(129,838)**	**(6,248)**	**(2,589)**	**(480)**	**(171,937)**
Impairment charged during the year	13.1.3	**(25,000)**	**-**	**-**	**-**	**-**	**-**	**(25,000)**
Closing NBV		**3,541,300**	**128,931**	**644,763**	**13,476**	**607**	**174**	**4,329,251**
Gross carrying value basis								
As at December 31, 2020								
Cost / revalued amount		**3,566,300**	**161,713**	**774,601**	**120,568**	**21,236**	**2,281**	**4,646,699**
Accumulated depreciation and impairment losses		**(25,000)**	**(32,782)**	**(129,838)**	**(107,092)**	**(20,629)**	**(2,107)**	**(317,448)**
NBV		**3,541,300**	**128,931**	**644,763**	**13,476**	**607**	**174**	**4,329,251**
Depreciation rate (% per annum)		**-**	**4 - 20**	**5 - 33.33**	**10 - 33.33**	**10 - 33.33**	**25 - 33.3**	
Net carrying value basis								
Year ended December 31, 2019								
Opening net book value (NBV)		1,348,361	95,879	421,805	21,295	7,264	1,303	1,895,907
Impact of initial adoption - IFRS 15		-	-	(48,198)	-	-	-	(48,198)
Net book value (NBV) on January 1, 2019		1,348,361	95,879	373,607	21,295	7,264	1,303	1,847,709
Additions (at cost)		-	9,319	143,432	1,251	3,196	-	157,198
Revaluation during the year		2,217,939	81,460	254,541	-	-	-	2,553,940
Disposals (at NBV)		-	-	(276)	-	-	-	(276)
Adjustments during the year		-	-	-	-	-	-	-
Depreciation charge for the year	13.1.2	-	(27,353)	(91,304)	(2,919)	(8,189)	(649)	(130,414)
Closing NBV		3,566,300	159,305	680,000	19,627	2,271	654	4,428,157
Gross carrying value basis								
As at December 31, 2019								
Cost / revalued amount		3,566,300	159,305	680,000	120,471	20,313	2,281	4,548,670
Accumulated depreciation		-	-	-	(100,844)	(18,042)	(1,627)	(120,513)
Net book value (NBV)		3,566,300	159,305	680,000	19,627	2,271	654	4,428,157
Depreciation rate (% per annum)		-	4 - 20	5 - 33.33	10 - 33.33	10 - 33.33	25 - 33.3	

13.1.1 The aggregate book value of assets disposed by the Company during the current year and prior year does not exceed five million rupees.

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		Note	2020	2019
13.1.2	The depreciation charged during the year has been allocated as follows:			
	Cost of sales	27	**119,154**	94,795
	Selling and distribution expenses	28	**34,863**	19,992
	Administrative and general expenses	29	**17,920**	15,627
			171,937	130,414

Depreciation for the year includes incremental depreciation due to revaluation, amounting to Rs. 98 million (2019: Rs. 55.2 million).

13.1.3 This represents impairment recognized by the Company, being the difference between the recoverable value and cost of land located at Rachna Industrial Park, Sheikhupura, Pakistan. The land was previously purchased by the Company for future capacity expansion. However, due to delayed development in the industrial park / zone the Company has not been unable to initiate the project. Consequently, at the current reporting date the Company's management is in the process of negotiation with the National Industrial Parks Development & Management Company for the sale back of this land.

However, since the terms of sale back are not yet finalized, the land has not been classified as "Non-current asset held for sale" in these financial statements since the precondition for classification under "International Financial Reporting Standard (IFRS) 5; Non-current Assets Held for Sale and Discontinued Operations", have not yet been satisfied.

13.1.4 Subsequent to transfer of property, plant and equipment (along with net revaluation surplus of Rs. 526.56 million) from ICI Pakistan Limited on the effective date (July 01, 2011) of the Scheme of demerger, specific classes of property, plant and equipment (i.e. freehold land, buildings on freehold land and plant and machinery) of the Company were revalued by an independent valuation expert during 2011 which resulted into a revaluation surplus of Rs. 371.02 million. According to Company's policy to revalue property, plant and equipment i.e. after every five year or earlier if fair value of the same is determined to differ materially from its carrying amount at the reporting date, specific classes of operating assets (freehold land, buildings on freehold land and plant and machinery) of the Company were revalued by an independent valuation expert which resulted in a surplus of Rs. 587.92 million during August 2016 and Rs. 2,553.94 million during January 2020 respectively. Valuations for buildings on freehold land and plant and machinery are based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, conditions and obsolescence. Land was valued on the basis of fair market value. The fair value measurement of the assets are categorized as Level 3.

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

		2020	2019
	Freehold land	**195,819**	220,819
	Buildings on freehold land	**33,904**	37,813
	Plant and machinery	**361,961**	318,973
		591,684	577,605

13.1.6 The forced sale value of revalued property, plant and machinery as per latest available revaluation reports are as follows;

Particulars	Date of inspection	Revaluation report dates	Forced Sales Value
Freehold land			
-346 Ferozpur Road, Lahore, Pakistan	December 12, 2019	January 20, 2020	2,561,132
-Rachna Industrial Estate, Sheikhupura, Pakistan	December 19, 2019	January 20, 2020	212,000
-Port Qasim, Karachi, Pakistan	December 24, 2019	January 20, 2020	80,365
			2,853,497
Buildings on freehold land			
-346 Ferozpur 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
			3,525,000

		2020	2019
13.2	**Capital work-in-progress**		
	Civil works and buildings	**23,116**	9,565
	Plant and machinery	**107,732**	100,101
	Equipment	**8,026**	7,899
		138,874	117,565
14	**Right-of-use assets**		
	Opening net book value	**28,200**	-
	Impact of initial adoption - IFRS 16	**-**	61,072
	Additions during the year	**6,949**	-
	Disposals / adjustments made during the year	**-**	(4,747)
	Depreciation charged during the year	**(13,600)**	(28,125)
	Closing net book value	**21,549**	28,200

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
15	**Intangible assets**			
	Additions	15.1	**37,000**	-
	Amortization charged during the year		**(1,480)**	-
	Closing net book value		**35,520**	-

15.1 During the year company has recongized costs incurred on implementation of SAP saturn as intangible assets. The asset will be amortized over the useful life of 5 years.

		Note	2020	2019
16	**Long term loans**			
	Secured - considered good			
	- Executives	16.1	**33,440**	20,824
	- Other employees		**68,400**	59,629
			101,840	80,453
	Less: Receivable within one year	22	**(23,515)**	(20,579)
			78,325	59,874
16.1	Reconciliation of the carrying amount of loans to executives:			
	Balance at beginning of the year		**20,824**	19,661
	Disbursements - gross		**14,877**	12,701
	Repayments / adjustments		**(2,261)**	(11,538)
	Balance at end of the year	16.2 & 16.3	**33,440**	20,824

16.2 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.

16.3 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.

16.4 The maximum aggregate gross amount of long term loans due from the executives at the end of any month during the year was Rs. 44.17 million (2019: Rs. 26.49 million).

		Note	2020	2019
17	**Long term deposits and prepayments**			
	Deposits		**4,752**	3,715
	Prepayments		**462**	508
			5,214	4,223
18	**Deferred tax asset - net**			
18.1	The balance comprises of the following temporary differences:			
	Deductible temporary differences			
	Provisions		**145,445**	159,124
	Property, plant and equipment		**3,048**	4,136
	Lease liabilities against right-of-use assets		**5,052**	5,111
		18.2	**153,545**	168,371
	Taxable temporary differences			
	Property, plant and equipment		**(109,221)**	(143,025)
	Right-of-use assets		**(5,837)**	(7,638)
		18.3	**(115,058)**	(150,663)
	Net deferred tax asset		**38,487**	17,708

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
18.2	**Changes in deductible temporary differences**			
	Opening balance		**168,371**	207,962
	Impact of initial adoption - IFRS 15		**-**	13,027
	Charged during the year in statement of profit and loss account		**(14,826)**	(52,618)
	Closing balance		**153,545**	168,371
18.3	**Changes in taxable temporary differences**			
	Opening balance		**150,663**	60,640
	(Credited) / charged during the year in			
	-statement of profit and loss account		**(35,605)**	(986)
	-statement of other comprehensive income		**-**	91,009
			115,058	150,663
19	**Stores and spares**			
	Stores		**5,605**	4,739
	Spares		**22,101**	21,639
			27,706	26,378
	Less: Provision for slow moving and obsolete stores and spares - net	19.1	**(81)**	(81)
			27,625	26,297
19.1	**Provision for slow moving and obsolete stores and spares**			
	Balance at beginning of the year		**81**	81
	Provision charged during the year		**-**	1,306
	Stores written-off against provision		**-**	(1,306)
	Balance at end of the year		**81**	81

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

		Note	2020	2019
20	**Stock in trade**			
	Raw and packing material including stock in transit amounting to Rs. 139.75 million (2019: Rs. 110.54 million)		**525,265**	437,342
	Work-in-process	27	**11,990**	11,336
	Finished goods		**299,345**	231,108
	Goods purchased for resale		**66,858**	79,850
			903,458	759,636
	Provision for slow moving and obsolete stock in trade:			
	- Raw material		**(32,875)**	(27,082)
	- Finished goods		**(46,099)**	(48,963)
		20.1	**(78,974)**	(76,045)
			824,484	683,591

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
20.1	**Provision for slow moving and obsolete stock-in-trade**			
	Balance at beginning of the year		**76,045**	76,266
	Provision charged during the year		**14,200**	12,054
	Stock written-off against provision		**(11,271)**	(12,275)
	Balance at end of the year		**78,974**	76,045

20.2 Out of the total carrying value of inventory Rs. 3.4 million (2019: Rs. 0.83 million) is measured at net realizable value. As at December 31, 2020 stock has been written down by Rs. 2.4 million (2019: Rs. 0.10 million) to arrive at its net realizable value.

		Note	2020	2019
21	**Trade debts**			
	Considered good			
	- Secured	21.1	**142,393**	51,936
	- Unsecured		**986,873**	1,117,370
			1,129,266	1,169,306
	Considered doubtful		**90,685**	172,068
			1,219,951	1,341,374
	Less: allowances and provisions			
	- allowances for impairment of trade debts	30	**(90,685)**	(172,068)
	- provision for discounts	21.3	**(367,234)**	(339,287)
			(457,919)	(511,355)
			762,032	830,019

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

21.2 Trade debts include balances due from the following related party:

	Note	2020	2019
Akzo Nobel UAE Paints L.L.C	21.2.1	**33**	33
		33	33

21.2.1 Ageing analysis of amounts due from related parties, included in trade debts, are as follows:

	2020	2019
Neither past due nor impaired (1 - 30 days)	**-**	-
Past due but not impaired (31 - 90 days)	**-**	-
Past due and impaired (91 - 120 days)	**-**	-
Past due and impaired (More than 120 days)	**33**	33
As at December 31	**33**	33

21.2.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs. 33 thousand (2019: Rs. 3.37 Million).

		2020	2019
21.3	**Provision for discounts**		
	Balance at beginning of the year	**339,287**	475,772
	Charge for the year - net	**637,251**	633,206
	Discounts paid during the year	**(609,304)**	(769,691)
	Balance at end of the year	**367,234**	339,287

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
22	**Loans and advances**			
	Secured - considered good			
	Current portion of long term loans to:			
	- Executives		**8,081**	5,103
	- Other employees		**15,434**	15,476
		16	**23,515**	20,579
	Unsecured - considered good			
	Advances to contractors and suppliers		**30,624**	57,231
			54,139	77,810
23	**Trade deposits and short term prepayments**			
	Trade deposits		**-**	921
	Short term prepayments		**4,931**	2019
			4,931	2,940
24	**Other receivables**			
	Unsecured - considered good			
	Due from related parties	24.1	**40,069**	47,647
	Others		**8,434**	6,165
			48,503	53,812
24.1	These represent receivable from following related parties:			
	Akzo Nobel UAE Paints L.L.C		**-**	38
	Akzo Nobel N.V.		**15,952**	27,218
	ICI Swire Paints (Shanghai) Limited		**-**	161
	Akzo Nobel Netherland B.V.		**1,322**	-
	Akzo Nobel ME Coatings FZE		**4,062**	-
	Akzo Nobel Saudi Arabia		**987**	365
	Akzo Nobel Paints Singapore Pte Limited		**11,639**	4,191
	Akzo Nobel (China) Investment Co. Ltd		**3,044**	-
	Akzo Nobel Paints Vietnam Limited		**805**	476
	Akzo Nobel Car Refinishes SL		**-**	12,500
	Marshall Boya Ve Vernik Sanayi		**1,118**	1,081
	Akzo Nobel Paints Thailand Limited		**-**	477
	International Farbenwerke GmbH		**1,140**	1,140
			40,069	47,647

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
24.1.1	Ageing analysis of amounts due from related parties, included in other receivables, are as follows:			
	Neither past due nor impaired (1 - 30 days)		**33,267**	36,104
	Past due but not impaired (31 - 90 days)		**3,739**	9,839
	Past due and not impaired (91 - 120 days)		**-**	47
	Past due and not impaired (More than 120 days)		**3,063**	1,657
	As at December 31, 2020		**40,069**	47,647
25	**Cash and bank balances**			
	Cash in hand		**4,960**	8,093
	Cash at bank - current accounts	25.1	**271,690**	276,166
	Cash at bank - saving accounts		**62,711**	3,282
	Short term deposits	25.2	**1,830,000**	1,710,000
			2,169,361	1,997,541

25.1 Cash and bank balances include cheques in hand amounting to Rs. 8.4 million (2019: Rs. 212.37 million) and US Dollars amounting to US$ 332 (2019: US$ 332).

25.2 These represents Term Deposit Receipts placed with commercial banks, having maturity period ranging from 29 to 33 days (2019: 14 to 32 days). The mark-up on these deposits ranges between 6.25% to 6.50% (2019: 12.55% to 12.63%) per annum.

25.3 Particulars of credit facilities available to the Company

25.3.1

2020

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	**Bank Guarantee**	**1 Month KIBOR + 1%**	**Quarterly**	**N/A**	**35,000**	**4,957**
Deutsche Bank	**Letters of Credit (LC)**	**0.10%**	**Upon LC issuance**	**N/A**	**280,000**	**35,644**
Deutsche Bank	**Short-term running finance**	**0.20%**	**Calendar quarter basis**	**N/A**	**35,000**	**-**

2019

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	Bank Guarantee	0.20%	Quarterly	N/A	38,000	2,476
Deutsche Bank	Letters of Credit (LC)	0.10%	Upon LC issuance	N/A	315,000	33,446
Deutsche Bank	Short-term running finance	1 Month KIBOR + 1% per annum	Calendar quarter basis	N/A	38,000	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
25.3.2	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 (2019: Rs. 210 million), demand promissory note and counter guarantee / indemnity duly signed and stamped by the Company.			
25.4	Cash and bank balances represents the cash and cash equivalents for the purpose of cash flow statement.			
26	**Revenue**			
	Export sales		**-**	5,976
	Local sales and commission income		**7,133,049**	8,486,170
			7,133,049	8,492,146
	Less:			
	Sales tax		**1,038,836**	1,232,618
	Discounts		**1,609,237**	1,647,987
			2,648,073	2,880,605
			4,484,976	5,611,541
27	**Cost of sales**			
	Raw and packing materials consumed	27.1	**2,401,398**	2,845,621
	Salaries, wages and benefits	27.2	**130,840**	118,630
	Fuel and power expenses		**30,287**	28,717
	Stores and spares consumed		**14,250**	14,920
	Insurance expenses		**510**	573
	Repairs and maintenance expenses		**15,766**	17,039
	Royalties and technical assistance	27.3	**168,281**	207,515
	Depreciation	13.1.2	**119,154**	94,795
	Communication, printing and stationery expenses		**911**	1,280
	Contractual services expenses		**47,135**	50,602
	Security, safety, health and environment expenses		**12,562**	12,438
	Provision for obsolete stocks - raw material		**6,243**	-
	Provision for obsolete stores and spares		**-**	1,306
	Other expenses		**8,891**	16,312
			554,830	564,127
	Opening work-in-process		**11,336**	9,312
	Closing work-in-process	20	**(11,990)**	(11,336)
	Cost of goods manufactured		**2,955,574**	3,407,724
	Opening finished goods		**261,995**	250,360
	Finished goods purchased		**63,005**	182,695
	Closing finished goods		**(320,104)**	(261,995)
			2,960,470	3,578,784
27.1	**Raw and packing materials consumed**			
	Opening stock		**410,260**	409,210
	Add: Purchases		**2,483,528**	2,846,671
	Less: Closing stock		**(492,390)**	(410,260)
			2,401,398	2,845,621

27.2 Salaries, wages and benefits include Rs. 4.25 million (2019: Rs. 4.01 million) in respect of provident fund contribution, Rs. 6.84 million (2019: Rs. 3.14 million) in respect of pensions, Rs. 8.76 million (2019: Rs. 4.44 million) in respect of gratuity and Rs. 1.62 million (2019: Rs. Nil) in respect of pensioners' medical plan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019

27.3 Royalties and technical assistance includes expenses against royalties and technical services obtained from the related parties; Akzo Nobel Coatings International B.V. Rs. 162.63 million (2019: Rs. 199.49 million).

27.4 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	2020	2019
28	**Selling and distribution expenses**			
	Salaries and benefits	28.1	**250,098**	271,807
	Advertising and publicity expenses		**164,041**	320,362
	Outward freight and handling		**104,144**	142,075
	Fuel and power		**4,138**	4,206
	Rent, rates and taxes		**17,262**	7,857
	Repairs and maintenance		**2,226**	1,790
	Depreciation	13.1.2	**34,863**	19,992
	Depreciation on right-of-use assets		**7,367**	21,892
	Travelling expenses		**18,091**	30,597
	Communication, printing and stationery expenses		**5,234**	4,901
	Contractual services		**58,289**	72,917
	Training and recruitment		**-**	438
	Security, safety, health and environment		**6,260**	6,704
	Provision for obsolete stocks - finished goods		**7,957**	12,938
	Other expenses		**35,029**	28,476
			714,999	946,952

28.1 Salaries, wages and benefits include Rs. 11.86 million (2019: Rs. 10.89 million) in respect of provident fund contribution, Rs. 6.91 million (2019: Rs. 6.43 million) in respect of pensions, Rs. 8.83 million (2019: Rs. 11.37 million) in respect of gratuity and Rs. 2.94 million (2019: Rs. Nil) in respect of pensioners' medical plan.

		Note	2020	2019
29	**Administrative and general expenses**			
	Salaries and benefits	29.1	**128,393**	164,795
	Fuel and power		**7,103**	6,923
	Rent, rates and taxes		**3,795**	1,977
	Insurance		**7,875**	8,509
	Repairs and maintenance		**6,905**	5,783
	Depreciation	13.1.2	**17,920**	15,627
	Depreciation on right-of-use assets		**6,233**	6,233
	Amortization		**1,480**	-
	Travelling expenses		**871**	4,497
	Communication, printing and stationery expenses		**1,214**	1,487
	Auditors' remuneration	29.2	**2,518**	2,255
	IT services		**55,262**	62,862
	Contractual services		**11,138**	12,074
	Training and recruitment		**393**	740
	Other expenses		**20,005**	38,793
			271,105	332,555

29.1 Salaries, wages and benefits include Rs. 5.18 million (2019: Rs. 5.46 million) in respect of provident fund contribution, Rs. 5.52 million (2019: Rs. 10.65 million) in respect of pensions, Rs. 5.42 million (2019: Rs. 6.50 million) in respect of gratuity and Rs. 3.60 million (2019: Rs. 2.11 million) in respect of pensioners' medical plan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
29.2	**Auditors' remuneration**			
	Statutory audit		**1,484**	1,414
	Half yearly review		**364**	346
	Other assurances and certifications		**381**	220
	Out of pocket expenses		**289**	275
			2,518	2,255
30	**Allowance for impairment of trade debts**			
	The reconciliation of loss allowance is as follows:			
	Balance at beginning of the year	30.1	**172,068**	203,712
	Movement in net allowance during the year:			
	(Reversal) / charge	33	**(25,389)**	4,333
	Debts written-off against allowance		**(55,994)**	(35,977)
			(81,383)	(31,644)
	Balance at end of the year		**90,685**	172,068

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

		Note	2020	2019
31	**Finance cost**			
	Amortization of loans to staff		**-**	6,027
	Interest on Workers' Profit Participation Fund	10.3	**231**	514
	Bank charges		**144**	682
	Interest expense on right-of-use assets		**2,032**	3,597
			2,407	10,820
32	**Other charges**			
	Workers' Profit Participation Fund	10.3	**34,994**	41,307
	Workers' Welfare Fund	10.4	**14,580**	15,696
	Exchange loss		**18,998**	64,152
	Impairment of property, plant and equipment	13.1.3	**25,000**	-
			93,572	121,155
33	**Other Income**			
	Income from financial assets			
	Profit on short-term and call deposits		**117,530**	129,609
	Amortization gain on staff loans		**12,290**	-
	Reversal in loss allowance for impairment of trade debts	30	**25,389**	-
	Income from non-financial assets			
	Scrap sales		**14,161**	9,792
	Provisions no longer required written back		**38,727**	19,789
	Miscellaneous income		**-**	7,550
	Profit on disposal of property, plant and equipment		**14,377**	801
	Profit on disposal of right-of-use assets		**-**	331
			222,474	167,872

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
34	**Taxation expense / (income)**			
	Current year		**207,515**	178,441
	Prior year		**9,499**	5,848
	Deferred	18	**(20,780)**	51,632
			196,234	235,921
34.1	**Tax charge reconciliation**			
	Profit before taxation		**664,897**	784,814
	Tax using domestic rates		**192,820**	227,596
	Effect of prior year charge		**9,499**	5,848
	Tax impact on income under presumptive tax regime of the current year		**-**	7,640
	Others		**(6,085)**	(5,163)
	Net tax charged		**196,234**	235,921
	Average effective tax rate		**29.51%**	30.06%

35 Earnings per share

35.1 Basic earnings per share

Profit for the year (after tax)	**468,663**	548,893
	(Number of shares)	
Weighted average number of ordinary shares	**46,443,320**	46,443,320
	(Rupees)	
Earnings per share	**10.09**	11.82

35.2 Diluted earnings per share

There is no dilutive effect as the Company does not have any convertible instruments in issue as at December 31, 2020 and December 31, 2019, which would have any effect on the earnings per share if the option to convert was exercised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

36 **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	
	2020	2019	**2020**	2019	**2020**	2019
Fee - note 36.4	**-**	**-**	**3,275**	2,175	**-**	-
Managerial remuneration	**11,153**	11,312	**10,047**	9,060	**134,864**	133,807
Bonus and sales incentives - note 36.2	**3,530**	2,080	**2,002**	1,296	**10,418**	8,584
Contribution to retirement benefits	**2,400**	3,727	**3,185**	2,882	**42,666**	37,243
Group insurance	**47**	52	**28**	31	**971**	1,102
Rent and house maintenance	**1,296**	3,985	**3,400**	3,342	**44,819**	39,304
Utilities	**252**	996	**756**	743	**11,115**	9,708
Medical expenses	**589**	105	**37**	43	**8,040**	17,788
	19,267	**22,257**	**22,730**	19,572	**252,893**	247,536
Number of person(s)	**2***	1	**6**	6	**58**	55

36.1 The Chief Executive and the Executive Director hold 10 shares each of the Company.

36.2 Out of the bonus and sales incentives recognized for 2019, payment of Rs.3.53 million (2019: Rs.2.08 million) and Rs. 12.42 million (2019: Rs.9.88 million) were made to Chief Executive and Executives respectively.

During the year an amount of Rs.35.74 million (2019: Rs. 32.36 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 2021 after verification of achievement against target.

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

36.4 Fee represents payments made to the Chairman and an Independent Director for attending board and other meetings. The total Non- Executive Directors of the Company as at December 31, 2020 are 5 (December 31, 2019: 5).

*This includes compensation provided to Mr. Saad Mahmood Rashid till March 31, 2020 and Mr. Mubbasher Omar from August 03, 2020.

37 **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

		2020	2019
Associated companies	Purchase of goods, materials and services	**220,673**	199,593
	Sale of goods and services	**-**	1,001
	Reimbursement of expenses	**69,466**	100,106
	Royalty paid	**169,015**	168,056
	Reimbursement of development costs	**-**	37,668
Retirement benefit plan	Contributions made to retirement funds / plans	**87,844**	94,347
Key management personnel	Remuneration of key management personnel	**67,161**	81,906
	Sale of goods and services	**531**	1,525

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

37.2 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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Basis of association	Name of the related party	Country of incorporation	Aggregate % of shareholding*
Outside Pakistan:			
Parent company	ICI Omicron B.V.	Netherlands	97.01%
Group / associated company	Akzonobel Car Refinishes B.V.	Netherlands	-
	Akzonobel N.V	Netherlands	-
	AkzoNobel Saudi Arabia Ltd.	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.Ltd	China	-
	Akzo Nobel Netherland B.V.	Netherlands	-
	Akzo Nobel Packaging Coatings Limited	United Kingdom	-
	International Paint (Nederland) 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	-
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		-
	Akzo Nobel Pakistan Limited Management Staff Gratuity Fund		-
	Akzo Nobel Pakistan Limited Management Staff Pension Fund		-
	Akzo Nobel Pakistan Limited Management Staff Defined Contribution Superannuation Fund		-
	Akzo Nobel Pakistan Limited Provident Fund		-

* This represents aggregate % of shareholding, including shareholding through other companies or entities.

38 Financial instruments - Fair values and risk management

38.1 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy, which has the following levels:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

	Carrying amount			Fair value			
December 31, 2020	**Amortised cost**	**Other (FVPL / FVOCI)**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Measured at fair value	-	-	-	-	-	-	-
Not measured at fair value							
Long term loans	**78,325**	-	**78,325**	-	-	-	-
Long term deposits	**4,752**	-	**4,752**	-	-	-	-
Trade debts	**762,032**	-	**762,032**	-	-	-	-
Loans and advances	**23,515**	-	**23,515**	-	-	-	-
Short term trade deposits	-	-	-	-	-	-	-
Other receivables	**48,503**	-	**48,503**	-	-	-	-
Interest accrued	**3,927**	-	**3,927**	-	-	-	-
Cash and bank balances	**2,164,401**	-	**2,164,401**	-	-	-	-
	3,085,455	-	**3,085,455**	-	-	-	-
Financial liabilities							
Measured at fair value	-	-	-	-	-	-	-
Not measured at fair value							
Deferred liabilities	**68,885**	-	**68,885**	-	-	-	-
Trade and other payables	**1,556,477**	-	**1,556,477**	-	-	-	-
Lease liabilities	**18,650**	-	**18,650**	-	-	-	-
Unpaid dividend	**3,188**	-	**3,188**	-	-	-	-
Unclaimed dividend	**28,374**	-	**28,374**	-	-	-	-
	1,675,574	-	**1,675,574**	-	-	-	-
December 31, 2019							
Financial assets							
Measured at fair value	-	-	-	-	-	-	-
Not measured at fair value							
Long term loans	59,874	-	59,874	-	-	-	-
Long term deposits	3,715	-	3,715	-	-	-	-
Trade debts	830,019	-	830,019	-	-	-	-
Loans and advances	20,579	-	20,579	-	-	-	-
Short term trade deposits	921	-	921	-	-	-	-
Other receivables	53,812	-	53,812	-	-	-	-
Interest accrued	5,007	-	5,007	-	-	-	-
Cash and bank balances	1,989,448	-	1,989,448	-	-	-	-
	2,963,375	-	2,963,375	-	-	-	-
Financial liabilities							
Measured at fair value	-	-	-	-	-	-	-
Not measured at fair value							
Deferred liabilities	66,538	-	66,538	-	-	-	-
Trade and other payables	1,575,856	-	1,575,856	-	-	-	-
Lease liabilities	18,871	-	18,871	-	-	-	-
Unpaid dividend	3,084	-	3,084	-	-	-	-
Unclaimed dividend	26,899	-	26,899	-	-	-	-
	1,691,248	-	1,691,248	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

38.2 Financial risk management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and price risk.

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

38.3 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 through the Audit Committee.

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 Audit Committee 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.

38.4 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.

38.4.1 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	2020	2019
Long term loans	16	**78,325**	59,874
Long term deposits	17	**4,752**	3,715
Trade debts	21	**762,032**	830,019
Loans and advances	22	**23,515**	20,579
Trade deposits	23	**-**	921
Other receivables	24	**48,503**	53,812
Interest accrued		**3,927**	5,007
Bank balances and short term deposits	25	**2,164,401**	1,989,448
		3,085,455	2,963,375
Secured			
Long term loans	16	**78,325**	59,874
Trade debts	21	**142,393**	51,936
Loans and advances	22	**23,515**	20,579
		244,233	132,389
Unsecured		**2,841,222**	2,830,986
		3,085,455	2,963,375

38.4.1.1 Movement / reconciliation of loss allowances for trade debts has been detailed in note 30 to these financial statements.

38.4.2 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
38.4.2.1	**Bank balances and accrued interest on short term deposits**			
	Bank balances and short term deposits	25	**2,164,401**	1,989,448
	Interest accrued		**3,927**	5,007
			2,168,328	1,994,455

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	**100,817**	217,191
Citi Bank N.A.	P-1	Aa3	Moody's	**1,053,733**	1,219,601
Deutsche Bank A.G.	A-2	BBB+	S&P	**985,404**	530,614
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	**-**	150
Faysal Bank Limited	A-1+	AA	JCR-VIS	**28,374**	26,899
				2,168,328	1,994,455

38.4.2.2 Trade debts

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:

	Note	2020	2019
Neither past due nor impaired		**981,286**	986,101
Past due			
1 - 30 days		**68,782**	110,287
31 - 90 days		**36,617**	67,168
91 - 120 days		**9,930**	13,021
More than 120 days		**123,336**	164,797
		238,665	355,273
		1,219,951	1,341,374
Allowance for impairment of trade debts	30	**(90,685)**	(172,068)
Provision for discounts	21.3	**(367,234)**	(339,287)
		762,032	830,019

The above mentioned ageing includes outstanding balances of related parties as disclosed in note 21.2 to these financial statements.

The maximum exposure to credit risk for past due and impaired at the reporting date by type of counter party is:

	Note	2020	2019
Distributors / wholesale customers		**34,730**	64,826
Retail customers		**119,238**	213,926
End-user customers		**84,697**	76,521
		238,665	355,273
Allowance for impairment of trade debts	30	**(90,685)**	(172,068)
		147,980	183,205

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

38.4.2.3 **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:

	2020					
	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, 2020
Expected credit loss rate (%)	**0.19%**	**0.08%**	**2.02%**	**5.98%**	**34.14%**	
Gross carrying value of trade debts (Rs.)	**981,286**	**68,782**	**36,617**	**9,930**	**123,336**	**1,219,951**
General allowance (Rs.)	**1,871**	**55**	**740**	**594**	**42,101**	**45,361**
Specific allowance (Rs.)	**-**	**-**	**-**	**-**	**45,324**	**45,324**
Loss allowance (Rs.)	**1,871**	**55**	**740**	**594**	**87,425**	**90,685**

	2019					
	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, 2019
Expected credit loss rate (%)	0.25%	0.09%	2.47%	8.71%	79.67%	
Gross carrying value of trade debts (Rs.)	986,101	110,287	67,168	13,021	164,797	1,341,374
General allowance (Rs.)	2,465	99	1,659	1,134	131,294	136,651
Specific allowance (Rs.)	-	-	-	1,914	33,503	35,417
Loss allowance (Rs.)	2,465	99	1,659	3,048	164,797	172,068

38.4.2.4 **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.

38.4.3 **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.

	2020	2019
Textile	**1,055**	2,132
Paper and board	**225**	476
Chemicals	**1,734**	34,056
Pharmaceuticals	**336**	4,205
Construction	**47,093**	34,810
Transport	**18,870**	29,192
Dealers	**1,017,093**	1,097,062
Banks	**2,168,328**	1,994,455
Employees	**101,840**	80,453
Others	**186,800**	197,889
	3,543,374	3,474,730
Allowance for impairment of trade debts	**(90,685)**	(172,068)
Provision for discounts	**(367,234)**	(339,287)
	(457,919)	(511,355)
	3,085,455	2,963,375

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

38.5 **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;

	2020			
	Carrying amount	**Contractual cash flows**	**Up to one year or less**	**More than one year**
Non-derivative financial liabilities				
Deferred liabilities	**68,885**	**68,885**	**-**	**68,885**
Trade and other payables	**1,556,477**	**1,556,477**	**1,556,477**	**-**
Lease liabilities	**18,650**	**18,650**	**6,343**	**12,307**
Unpaid dividend	**3,188**	**3,188**	**3,188**	**-**
Unclaimed dividend	**28,374**	**28,374**	**28,374**	**-**
	1,675,574	**1,675,574**	**1,594,382**	**81,192**

	2019			
	Carrying amount	**Contractual cash flows**	**Up to one year or less**	**More than one year**
Non-derivative financial liabilities				
Deferred liabilities	66,538	66,538	-	66,538
Trade and other payables	1,575,856	1,575,856	1,575,856	-
Lease liabilities	18,871	18,871	6,381	12,490
Unpaid dividend	3,084	3,084	3,084	-
Unclaimed dividend	26,899	26,899	26,899	-
	1,691,248	1,691,248	1,612,220	79,028

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

38.6 **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.

38.6.1 **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	**2020**	2019	**2020**	2019
Fixed rate instruments					
Financial assets					
Short term deposits	25.2	**6.25% to 6.50%**	12.55% to 12.63%	**1,830,000**	1,710,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '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 profit and loss account.

38.6.2 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. To hedge this risk, the Company has entered into forward foreign exchange contracts in accordance with instructions of State Bank of Pakistan and the Company's treasury policy. The policy allows the Company to take currency exposure within predefined limits while open exposures are rigorously monitored.

38.6.2.1 Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at December 31	
	2020	2019	**2020**	2019
	Rupee per FCY			
AED	**42.84**	39.98	**43.51**	42.16
JPY	**1.49**	1.35	**1.55**	1.43
SGD	**118.02**	108.48	**121.00**	115.04
EUR	**185.11**	166.21	**196.64**	173.58
USD	**157.34**	146.86	**159.83**	154.85
GBP	**210.95**	190.18	**218.45**	203.45

38.6.2.2 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:-

	2020							
	Note	**AED**	**JPY**	**SGD**	**EUR**	**USD**	**GBP**	**Total**
Financial assets								
Due from related parties	24.1	**-**	**-**	**-**	**29,306**	**9,624**	**-**	**38,930**
Cash and bank balances	25.1	**-**	**-**	**-**	**-**	**53**	**-**	**53**
		-	**-**	**-**	**29,306**	**9,677**	**-**	**38,983**
Financial liabilities								
Trade and other payables		**-**	**13,955**	**4,101**	**24,796**	**121,427**	**4,391**	**168,670**
Due to related parties	10.1 & 10.2	**-**	**-**	**39,182**	**45,799**	**22,791**	**4,092**	**111,864**
		-	**13,955**	**43,283**	**70,595**	**144,218**	**8,483**	**280,534**
		-	**(13,955)**	**(43,283)**	**(41,289)**	**(134,541)**	**(8,483)**	**(241,551)**

	2019							
	Note	AED	JPY	SGD	EUR	USD	GBP	Total
Financial assets								
Due from related parties	24.1	-	-	-	44,322	3,325	-	47,647
Cash and bank balances		-	-	-	-	51	-	51
		-	-	-	44,322	3,376	-	47,698
Financial liabilities								
Trade and other payables		-	-	3,101	18,584	87,404	16,411	125,500
Due to related parties		-	-	44,776	46,482	12,762	3,243	107,263
		-	-	47,877	65,066	100,166	19,654	232,763
		-	-	(47,877)	(20,744)	(96,790)	(19,654)	(185,065)

38.6.2.3 Sensitivity 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.1.72 million (2019: Rs. 1.85 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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

38.7 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.

38.8 Capital risk management

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

39 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:

	2020	2019
Size of the fund - fund assets	**231,774**	241,442

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

	2020 (Un-audited)			2019 (Audited)		
	Cost	**Fair Value**	**Percentage**	Cost	Fair Value	Percentage
Government securities	**109,449**	**109,449**	**47.22%**	104,273	102,951	42.64%
Listed securities	**58,108**	**59,206**	**25.54%**	51,891	52,057	21.56%
	167,557	**168,655**		156,164	155,008	

39.1 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 Companies Act, 2017 and the rules formulated for this purpose.

40 Plant capacity and annual production

Annual production - litres in thousand	**15,973**	18,515

The capacity of the plant is indeterminable because this is a multi-product plant involving varying processes of manufacturing.
Annual production has decreased due to reasons explained in note 1.1

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts in Rs '000

		Note	2020	2019
41	**Number of employees**			
	Number of employees as at December 31,		**204**	217
	Average number of employees during the year		**212**	227

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

42 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	Note	2020	2019
Cost of sales	27	**4,138**	**2,654**
Selling and distribution expenses	28	**11,693**	**5,617**
Administrative and general expenses	29	**5,306**	**9,100**

Disclosures other than above are not applicable to the Company.

43 Non adjusting event after reporting date

The Board of Directors of the Company in its meeting held on February 24, 2021, has proposed a final dividend of Rs. Zero per share. These financial statements of the Company for the year ended December 31, 2020 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

44 Date of authorization

These financial statements were authorized for issue in the meeting of the Board of Directors held on February 24, 2021.

45 General

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

46 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 ending December 31, 2020

Mueen Afzal	**Mubbasher Omar**	**Harris Mahmood**
Chairman	Chief Executive	Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2020

NO OF SHAREHOLDERS	NO. OF SHARESHOLDINGS		Total Shares
	FROM	TO	
6,608	1	100	174,339
1,483	101	500	342,723
280	501	1,000	204,998
191	1,001	5,000	380,955
13	5,001	10,000	96,313
7	10,001	15,000	79,835
1	15,001	20,000	18,027
2	20,001	25,000	46,574
2	35,001	40,000	74,673
1	45,000,000	45,100,000	45,024,883
8,588			**46,443,320**

Categories Of Shareholding
As At December 31, 2020

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)	7	70	0.00
2	Associated Companies, Undertakings and related Parties	1	45,024,883	97.01
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	17	6,868	0.01
5	Insurance Companies	6	459	0.00
6	Modarabas and Mutual Funds	7	291	0.00
7	Share holders holding 10%	1	45,042,883	97.01
8	General Public : a. Local b .Foreign	 8,547 0	 1,381,745 0	 2.98 -
9	Others	3	29,004	-
	Total (excluding : share holders holding 10%)	**8,588**	**46,443,320**	**100.00**

Akzo Nobel Pakistan Limited

NOTICE OF 10th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 10th Annual General Meeting of Akzo Nobel Pakistan Limited (the “Company”) will be held on 20th April 2021, at 10:30 a.m. at Pearl Continental Hotel Lahore, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 9th Annual General Meeting held on April 30th, 2020, and extra ordinary General Meeting on April 13th, 2020.

2. To receive, consider and adopt the audited accounts of Akzo Nobel Pakistan Limited, for the year ended December 2020, 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 20th , 2021. The number of directors to be elected has been fixed at three by the Board of Directors. Names of the retiring directors who are eligible for re-election are: Mr. Oscar Wezenbeek, Mr. Harris Mahmood, Mr. Mubbasher Omar, Mr. Mueen Afzal, Ms. Ayesha Hamid, Mr. Sebastian Tan and Mr. Fred Moreux.

   SPECIAL BUSINESS

5. To consider and, if thought fit, with or without modifications, pass a special resolution to adopt a new set of Articles of Association of the Company in order to reflect the Company’s delisting from the Pakistan Stock Exchange and in compliance with the new Companies Act, 2017 and other applicable laws, regulations and rules.
   “RESOLVED THAT the approval of shareholders be and is hereby accorded for making suitable alterations in the Articles of Association of the Company in order to reflect the Company’s delisting from the Pakistan Stock Exchange and in compliance with the new Companies Act, 2017 and other applicable laws, regulations and rules.

   FURTHER RESOLVED THAT the Chief Executive Officer Mubbasher Omar and Naima Ahmed, Company Secretary of the Company be and are hereby jointly authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution, as well as carry out any other act or step which may be ancillary and/or incidental to do the above and necessary to fully achieve the object of the aforesaid resolution.”

   Any other business with the permission of the Chairman

Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017.

29th March, 2021
Lahore

By Order of the Board

Naima Ahmed
Company Secretary

NOTES:

1. **Closure of share Transfer Books:**

   The Share Transfer Books of the Company will remain closed from April 14, 2021 to April 20th, 2021 (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 13, 2021.

2. **Participation in the Annual General Meeting:**

   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 needs to be a member of the Company. A corporate entity, being a member, may appoint any person, regardless 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. The proxy holders are requested to produce their national CNICs or original passports at the time of the meeting.

3. **Form of Proxy**

   In order to be effective, duly completed and signed proxy forms must be received at the company's registered at 346 Ferozepur Road, Lahore at least 48 hours before the time of the meeting. Form of Proxy is attached with the AGM Notice and should be witnessed by two persons whose names, addresses and CNIC Numbers must be mentioned on the forms.

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 Shares Registrar. In the absence of a shareholder's valid CNIC or passport number, the Company is constrained to withhold payment of dividend to such shareholders.

5. **Dispatch of Audited Financial Statements Through CD/DVD/USB:**

   SECP through its Notification SRO 470(I)/2016 dated May 31, 2016, has allowed the circulation of Audited Financial Statements to the Members of the Company through CD / DVD /USB. Therefore, all Members who wish to receive the hard copy of Annual Report are requested to send their addresses. The Company shall provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

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 Shares 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/Stock Brokers.

7. **Payment of Past E-Dividend:**

   Shareholders who have not yet submitted their 24 digits International Bank Account Number (IBAN) are requested to fill in 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 it Circular 1 of January 26, 2000.

9. **E voting**

   Members can exercise their right to poll subject to meeting of requirements of Section 143 – 145 of the Companies Act 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

Statement of Material Facts under Section 134(3) of the Companies Act, 2017

Item Number 6 of the Notice: Adoption of New Set of Articles of Association

Due to the Company's recent delisting from the Pakistan Stock Exchange and the recent enactment of the new Companies Act, 2017 and requirements of other applicable laws and regulations, changes have been necessitated in the Articles of Association of the Company. A draft of the amended Articles of Association identifying the changes proposed in these documents, bearing the initials of the Company Secretary for the purpose of identification is available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, up to the last working day before the date appointed for the Annual General Meeting. A draft copy of the amended Articles of Association will also be available for inspection by the members at the Annual General Meeting.

FORM OF PROXY
10th 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 10th Annual General Meeting of the Company to be at Pearl Continental, Lahore, Pakistan, on Tuesday, April 20, 2021, at 10.30 a.m., and at any adjournment thereof.

As witness my/our hand(s) this _________ day of __________ 2021.

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.

AFFIX
CORRECT
POSTAGE

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

(۹) ای ووٹنگ رائٹس

اراکین کمپنیز ایکٹ 2017 کے سیکشن 143-145 کے ساتھ ساتھ کمپنیز پوسٹل بیلٹ ریگولیشن 2018 کی مد میں پول کا مطالبہ کرنے کا حق رکھتے ہیں۔

کمپنیز ایکٹ 2017ء کی دفعہ (3) 134 کے تحت مادی حقائق کا بیان۔

نوٹس کا آئٹم نمبر چھ۔ نئے آرٹیکل ایسوسی ایشن کو اپنانا۔

پاکستان اسٹاک ایکسچینج سے حالیہ کمپنی کی فہرست سے اخراج اور حالیہ کمپنیوں کے ایکٹ، 2017 کی نفاذ اور دیگر قابل اطلاق قوانین اور ضوابط کی تقاضوں کی وجہ سے، کمپنی کے آرٹیکلز میں تبدیلیوں کی ضرورت ہوگئی ہے۔ ان دستاویزات میں تجویز کردہ تبدیلیوں کی نشاندہی کرنے والے ترمیم شدہ آرٹیکلز آف ایسوسی ایشن کا ایک مسودہ، جس میں شناخت کے مقصد کے لئے کمپنی سکریٹری کے پاس موجود ہے، کمپنی کے رجسٹرڈ آفس میں صبح 9.00 بجے سے شام 5.00 بجے تک معائنہ کے لئے دستیاب ہیں۔ کسی بھی کام کے دن پر، سالانہ جنرل اجلاس کے لئے مقرر کردہ تاریخ سے پہلے آخری کاروباری دن تک۔ سالانہ عمومی اجلاس میں ممبروں کے ذریعہ ترمیم شدہ آرٹیکلز آف ایسوسی ایشن کی ایک مسودہ کا پی بھی معائنہ کے لئے دستیاب ہوگی۔

نوٹس:

(۱) شیئرز ٹرانسفر بکس کی بندش

کمپنی کی شیئرز ٹرانسفر بکس 14 اپریل 2021ء سے 20 اپریل 2021ء کے دوران بند رہے گی (بشمول دونوں دنوں کے) قوائد کے مطابق کاروبار کے اختتام سے قبل 13 اپریل 2021ء تک شیئرز رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، ایف ۔8، نز د ہوٹل فاران نرسری، بلاک ۔6، پی ۔ای ۔سی ۔ایچ ۔ایس، شاہراہ فیصل، کراچی میں موصول ہونے والی ٹرانسفرز کو شامل کیا جائے گا۔

(۲) سالانہ عمومی اجلاس میں شرکت

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 کر سکتا ہے ۔ پراکسی کے لئے ضروری ہے کہ وہ کمپنی کا رکن ہو۔ایک کارپوریٹ شناخت، باحیثیت رکن، اس بات قطع نظر کسی بھی شخص کو اپنا پراکسی مقرر کر سکتا ہے چاہے وہ رکن ہے یا نہیں۔کارپوریٹ شخصیات کی صورت میں بورڈ آف ڈائیریکٹر یا پھر پاور آف اٹارنی کے لئے نامزد پراکسیکیلئے نامزد فارم کے ہمراہ جمع کروائی جا سکتی ہے جس پر نمائندگی کیلئے نامزد کردہ شخص کے دستخط ہوں اور یہ بھی درج ہونا چاہیئے کہ وہ کارپوریٹ شناخت کی طرف سے ووٹنگ میں حصہ لے گا۔ پراکسی یافتگان کو اجلاس کے موقع پر اپنا کمپیوٹرائزڈ شناختی کارڈ یا پھر اپنا پاسپورٹ پیش کرنا ہوگا

(۳) پراکسی فارم

اجلاس میں شرکت کیلئے ضرور 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 وصول ہونا ضروری ہیں۔ پراکسی کیلئے فارم اے جی ایم نوٹس کے ساتھ منسلک ہے اور اس پر دو گواہوں کے دستخط ہونے چاہیئے اور ساتھ ہی ان کا پتہ اور کمپیوٹرائزڈ شناختی کارڈ نمبر بھی درج ہونا چاہیئے ۔جن کے نام پتہ اور سی این آئی سی نمبروں کا ذکر فارمز پر ہونا ضروری ہے۔

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

تمام شیئرز ہولڈرز جن کے پاس فیزیکل شیئرز موجود ہیں اور جنہوں نے ابھی تک اپنے شناختی کارڈ (جن کی میعاد ختم نہیں ہوئی) جمع نہیں کروائے، ان سے درخواست ہے کہ اپنے شناختی کارڈ کی تصدیق شدہ کاپی بمعہ اپنے فولیو نمبر کمپنی کے، شیئرز رجسٹرار کو بھجوادیں۔شیئرز ہولڈرز کے شناختی کارڈ کی غیر موجودگی کمپنی میں متعلقہ شیئرز ہولڈرز کو ڈیویڈنڈ کی ترسیل روک دے گی۔

(۵) آڈٹ شدہ فنانشل سٹیٹمنٹس کی ترسیل بذریعہ یو ایس بی یا سی ڈی یا ڈی وی ڈی

ایس ای سی پی نے 31 مئی 2016ء کو اپنے نوٹیفیکیشن SRO 470 (i)/2016 کو توسط سے کمپنی کے ممبرز کو سی ڈی یا ڈی وی ڈی یا یو ایس بی کے ذریعہ آڈٹ شدہ سٹیٹمنٹس کی ترسیل کی اجازت دی ہے۔تاہم ایسے تمام ممبران جو سالانہ رپورٹ کی کتاب کی کاپی وصول کرنا چاہتے ہیں ان سے درخواست ہے کہ اپنے پتے فراہم کردیں۔کمپنی اس طرح کی درخواست موصول ہونے کے 7 دن کے اندر اپنے حصص یافتگان کو بغیر کسی قیمت کے آڈٹ شدہ فنانشل سٹیٹمنٹس مفت فراہم کردے گی۔

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

فزیکل شیئرز ہولڈرز سے درخواست ہے کہ پتے کی تبدیلی کی صورت میں فوراً اطلاع کریں اور (اگر اطلاق ہوتا ہے اور پہلے فراہم نہیں کیا تو) زکوٰۃ کی کٹوتی روکنے کا ڈیکلریشن فارم کمپنی شیئرز 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 اطلاق ہوتا ہے اور پہلے فراہم نہیں کیا تو) زکوٰۃ 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

فزیکل شیئرز ہولڈرز جنہوں نے ابھی تک اپنے 24 ہندسوں کے 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 حصص سی ڈی سی میں رکھے ہوئے ہیں تو الیکٹرانک کریڈٹ مینڈیٹ فارم براہ راست حصص یافتگان کے بروکر/شریک/سی ڈی سی اکاؤنٹ میں جمع کروانا ہوگا۔IBAN اور بینک اکاؤنٹ کی تفصیلات کی فراہمیسے کمپنی اس قابل ہو جائے گی کہ حصص یافتگان کے بینک کھاتے میں براہ راست ماضی کے منافع کی ادائیگی کر سکے۔

(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 تعمیل کرنا ہوگی جو سیکیورٹیز اینڈ ایکسچینج کمشن آف پاکستان نے اپنے سرکلر 1 مورخہ 26 جنوری 2000 کے ذریعے وضع کی ہیں۔

دسویں سالانہ اجلاس عام کی اطلاع

مطلع کیا جاتا ہے کہ ایکزونوبل پاکستان لمیٹڈ کا دسواں سالانہ اجلاس عام مورخہ 20 اپریل 2021ء بوقت صبح 10:30 بجے بمقام پرل کانٹی نینٹل ہوٹل لاہور منعقد ہوگا۔جس میں مندرجہ ذیل امور اور خصوصی کاروائی عمل میں لائی جائے گی۔

عمومی کاروائی:۔

۱۔ 30 اپریل 2020ء کو منعقدہ نویں سالانہ عمومی اجلاس کے منٹس کی توثیق۔غیر معمولی اجلاس 13 اپریل 2020ء کو منعقد ہوا۔

۲۔ ایکزونوبل پاکستان لمیٹڈ کے دسمبر 2020ء کو مکمل ہونے والے سال کے موصول شدہ حسابات (اکاؤنٹس) بشمول آڈیٹرز رپورٹ اور ڈائریکٹرز صاحبان کی رپورٹس کی وصولی اور ان پر غوروخوض اور منظوری۔

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

۴۔ کمپنیز ایکٹ 2017ء کی شق 159 کے لازمی قواعد وضوابط کے مطابق بورڈ کے نامزد کردہ ڈائریکٹرز کا انتخاب جو کہ 20 اپریل 2021ء سے آئندہ تین سال تک اپنے فرائض منصبی سرانجام دیں گے جبکہ سبکدوش ہونے والے ڈائریکٹرز جو دوبارہ انتخابات کے اہل ہیں کہ نام مندرجہ ذیل ہیں

محترم آسکر ویزن بیک، محترم حارث محمود، محترم مبشر عمر، محترم معین افضل، محترمہ عائشہ حامد، محترم سبسٹین ٹین اور محترم فریڈ موریکس۔

خصوصی کاروائی

۵۔ کمپنی کو پاکستان اسٹاک ایکسچینج سے خارج کرنے کی عکاسی کمپنیز ایکٹ 2017 اور دیگر نافذ العمل قوانین پر عملدرآمد کیلئے ایک خصوصی قرارداد پر غوروخوض اور درست پانے کی صورت میں اس کی ترمیم یا بلا ترمیم منظوری۔

قرار طے پایا کہ کمپنی کے آرٹیکل آف ایسوسی ایشن میں مناسب تبدیلیاں کرنے کے لئے اور کمپنی کو پاکستان اسٹاک ایکسچینج سے خارج ہونے اور نئے کمپنیوں ایکٹ، 2017 اور دیگر قابل اطلاق قوانین اور قواعد وضوابط کی تعمیل کیلئے حصص یافتگان کی منظوری لی جائے۔

مزید قرار طے پایا کہ چیف ایگزیکیٹیو مبشر عمر اور سیکریٹری نائمہ احمد کو مشترکہ طور پر کسی بھی کارپوریٹ و دیگر قانونی تقاضوں اور دیگر متعلقہ کاروائیوں کو پورا کرنے کی کلی طور پر مجاز ہونگے اور ضروری دستاویزات حلف نامے بیانئے جو کہ اس قرارداد کہ تقاضوں کے عین مطابق ہونگے کہ اندراج کیلئے بھی کلی طور پر مجاز تصور ہونگے۔

۶۔ چیرمین کی اجازت سے کوئی بھی اور امور۔

بحوالہ آرڈر آف بورڈ
نائمہ احمد
کمپنی سیکرٹری

29 مارچ 2021، لاہور

کمپنیز ایکٹ 2017ء کے سیکشن (3)134 کے تحت نوٹس ہذا کے ساتھ مادی حقائق کا بیان بھی منسلک ہے جو مذکورہ بالا خصوصی کاروبار کا احاطہ کرتا ہے۔

شیئرہولڈنگ کا نمونہ:

31 دسمبر 2020 تک کمپنی میں حصص یافتگی اور اضافی معلومات کا مفصل بیان صفحہ نمبر۔۔۔ پر درج ہے۔

بورڈ کمیٹی حاضری:

سال کے دوران چھ بورڈ آف ڈایئرکٹرز، چار آڈٹ کمیٹی اور دو ایچ آر و معاوضہ کمیٹی کے اجلاس منعقد ہوئے۔ ہر ڈائرکٹر/سی ایف او/کمپنی سیکریٹری کی حاضری مندرجہ ذیل ہے۔

شمار	ڈائریکٹروں کے نام	بورڈ آف ڈائریکٹروں کی حاضری	آڈٹ کمیٹی کی حاضری	ایچ آر اینڈ آر کمیٹی کی حاضری
1	محترم معین افضل	6	4	2
2	محترم فریڈرک موریکس	4	-	-
3	محترمہ عائشہ حامد	5	4	-
4	محترم سعد محمود راشد * چیف ایگزیکیٹو آفیسر	2	-	1
5	محترم مبشر عمر * چیف ایگزیکیٹو آفیسر	2	-	1
6	محترم حارث محمود چیف فائننشل آفیسر / ایکٹنگ چیف ایگزیکیٹو آفیسر	6	4	2
7	محترم آسکر ویزن بیک	6	-	2
8	محترم سیبسٹین ٹین	6	4	-
9	محترمہ زنیرہ ڈار * کمپنی سیکریٹری	2	-	-
10	محترمہ ناعمہ احمد ** کمپنی سیکریٹری	2	-	-
11	محترم محمد علی مرتضیٰ ایکٹنگ کمپنی سیکریٹری / سیکریٹری آڈٹ کمیٹی	2	4	-
12	محترمہ سیدہ انسیاء بتول شاہ ** سیکریٹری ایچ آر اینڈ آر کمیٹی	-	-	2
13	محترم عثمان علی جمیل * سیکریٹری ایچ آر اینڈ آر کمیٹی	-	-	1

* *چھوڑ گئے 2020ء میں*   ** *حصہ بنے 2020ء میں*

ایک سال کے دوران جناب سعد محمود راشد صاحب نے بورڈ کے سی ای کی حیثیت سے استعفیٰ دے دیا۔ جناب مبشر عمر صاحب کے اگست 2020 میں سی ای کی حیثیت میں شامل ہونے سے قبل جناب حارث محمود صاحب کو مختصر مدت کے لیئے عبوری سی ای کے طور پر منتخب کرلیا تھا۔

کیلئے حکومتی سطح پر بتائے گئے قواعدوضوابط پر بھرپور طریقے سے عمل درآمد یقینی بنایا گیا جس کو ایکزونوبل نے پوری دنیا میں نافذالعمل کیا۔ اس نقطہ نظر کے نتیجے میں نا صرف وبائی امراض کے دوران اہم کاروائیوں کا تسلسل جاری رہا بلکہ کمپنی کے کاموں کے ذریعے وبائی مرض کے پھیلاؤ کو روکنے کو بھی یقینی بنایا گیا۔ یہ پیشرفت صحت اور حفاظت کو بنیادی ترجیح کے طور پر برقرار رکھنے کے کمپنی کے عزم کا واضح مظہر ہے۔

کاروباری کارکردگی:

COVID-19 نے امسال کاروباری کارکردگی کو بری طرح متاثر کیا تھا تاہم لاک ڈاون کے بعد کمپنی نے خصوصی تجارتی سکیموں، منتخب مصنوعات پر تجارتی پروموشنز اور پریمیم برانڈز کی میڈیا مہموں کا دوبارہ آغاز کرنا جیسے اقدامات کیئے۔ حکومت نے تعمیراتی صنعت کیلئے امدادی پیکج کا بھی اعلان کیا جس میں ملک بھر کے 14 شہروں میں ڈویلپرز اور بلڈروں کیلئے ٹیکس ایمنسٹی اسکیم اور مقررہ ٹیکس کی شرح شامل ہے۔ اس سے ہمیں سال کے آخر حصے میں فروخت کا حجم بڑھانے میں مدد ملی۔

ٹریکٹر اور آٹو انڈسٹری میں مسافر کار طبقہ اور مانگ میں اضافے سے پرفارمنس کوٹنگز کی فروخت میں مدد ملی ہے، جس کے نتیجے میں سال کے دوسرے نصف حصے میں معقول حد تک رکوری واقع ہوگئی۔

مستقبل کا نظریہ:

COVID-19 معاشی بحالی پر اب خطرے کے بادل کی طرح مسلط ہے۔ اگرچہ ویکسی نیشن کا عمل شروع ہو چکا ہے، لیکن پھر بھی معیشت کو راہِ راست پر آنے میں کم از کم ایک سال کا وقت لگ سکتا ہے۔ وبائی صورتحال کے دوران کمپنی نے اپنی اسکیموں کے ذریعے ورکنگ سرمایہ اور موثر P&L مینجمنٹ پر مضبوطی سے کنٹرول قائم کیا ہے جس سے نقدرقم کے تحفظ کیلئے پیشہ ورانہ تقسیم کاروں اور حکمت عملیوں کا آغاز کیا جا سکا۔ نتیجہ کے طور پر، کمپنی معاشی غیر یقینی صورتحال سے نپٹنے کیلئے اب بہتر لیس اور چاق و چوبند ہے۔

کمپنی کو پاکستان اسٹاک ایکسچینج سے 10 اگست 2020ء سے خارج کیا گیا ہے۔ خریداری کے عمل کے آغاز کے بعد، ICI OMICRON B.V کی شیئر ہولڈنگ دسمبر کے آخر تک 75.81% سے بڑھ کر 97.01% ہوگئی ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی نے SOS VILLAGES کیساتھ اپنی Let's Colour شراکت داری برقرار رکھی۔ اس شراکت داری کی چھتری تلے ان تمام منصوبوں کو پایہ تکمیل تک پہنچایا گیا جس کا وعدہ SOS VILLAGES کے ساتھ ایک سال میں کیا گیا تھا جن کے مطابق پاکستان بھر میں منتخب SOS VILLAGES کو مفت پینٹ، نوجونوں کی سرپرستی، سالانہ عطیہ جات و دیگر متفقہ سرگرمیاں شامل تھیں۔

مقامی حکومت کی درخواست تھی کہ ایکزونوبل پاکستان قوسِ قزاح کے رنگوں سے بھرپور، ایک کلومیٹر کے دیہاتی علاقے کو سات مختلف رنگوں کو پینٹ کر کے ایک ''خوشگوار'' شکل میں تبدیل کردے۔ اس خوشگوار تبدیلی کا احساس ان زائرین کو حیرت زدہ کر دیتا ہے جب وہ لاہور ائیرپورٹ سے نکلتے ہی 30 مکانات اور 40 دکانوں کو 1280 لیٹر ڈیولکس پینٹ لگا دیکھتے ہیں۔

اعتراف:

کمپنی کے نتائج ہمارے لوگوں کے بھرپور عزم، مضبوط شراکت داری، کمپنی کے صارفین، سپلائرز کنندہ گان اور شیئر ہولڈرز کے ذریعہ اس پر اعتماد کی عکاسی دار ہیں۔ بورڈ 2020 کے دوران تعاون کرنے پر ساری ٹیم کا شکریہ ادا کرتا ہے۔

ڈائریکٹرز رپورٹ

برائے تکمیل شدہ سال 31 دسمبر 2020ء

کمپنی کے ڈائریکٹرز نہایت مسرت سے سالانہ رپورٹ بمعہ آڈٹ شدہ فنانشل سٹیٹمنٹس برائے سال مکمل شدہ 31 دسمبر 2020ء پیش کرتے ہیں۔

جائزہ

سال 2020ء کو COVID-19 وبائی وائرس نے اپنی لپیٹ میں لئے رکھا جس کی وجہ سے پوری دنیا میں سال 2020ء کو ایک غیر معمولی سال کے طور پر جانا گیا۔ یہ اتنا خطرناک وائرس تھا کہ تقریباً تمام ممالک لاک ڈاؤن لگانے پر مجبور ہوگئے تاکہ اس موذی وائرس پر قابو پایا جا سکے۔

پاکستان میں COVID-19 کا پہلا کیس فروری کے مہینے میں سامنے آیا تھا۔ تاہم کیسز میں تسلسل کے ساتھ اضافے کی وجہ سے ملک کے بیشتر علاقوں میں مارچ کے چوتھے ہفتے سے مکمل لاک ڈاؤن کا نفاذ عمل میں لایا گیا۔ لاک ڈاؤن میں نرمی مئی کے وسط میں ہی نظر آ گئی تھی لیکن COVID-19 کی اس پہلی لہر میں معاشی سرگرمیوں میں قابل قدر اضافہ تیسری سہ ماہی میں ظہور پزیر ہوا۔ COVID-19 کی دوسری لہر میں صرف سمارٹ لاک ڈاؤن کا نفاذ ہوا جس کی وجہ سے معاشی سرگرمیاں جاری و ساری رہیں۔ اس وبائی مرض کی وجہ سے پاکستان کی پہلے سے جدوجہد کرتی معیشت کو شدید دھچکا لگا جس سے پاکستان اسٹاک ایکسچینج سال کے آغاز میں 40,735 سے مارچ تک 27,227 پوائنٹس تک گر گئی مارچ کے مہینے تک پاکستانی روپیہ کی قدر میں 8% تک کمی دیکھی گئی جس سے ڈالر 166.7 پاکستانی روپے کا ہو گیا لیکن صورتحال میں بہتری سال کے دوسرے وسط میں اس وقت دیکھی گئی جب لاک ڈاؤن میں نرمی برتی گئی تو ڈالر 159.83 کا ہو گیا اور سال کے آخر تک پاکستان اسٹاک ایکسچینج 43,755 پوائنٹس پر اختتام پزیر ہوئی۔ حکومت نے معیشت کے استحکام کیلئے اپنی سرپرستی جاری رکھی اور پالیسی شرح جو سال کے آغاز میں 13.25% تھی اس کی شرح سال کے پہلے نصف میں 7 % کر دی گئی جو کہ سال کے دوسرے حصے میں تبدیل نہ ہوئی۔ حکومت نے معیشت کو مستحکم کرنے کیلئے مختلف اسکیموں اور ٹیکس مراعات کا بھی اعلان کیا۔

اس وبا کے پھیلاؤ کے نتیجے میں کمپنی کی فروخت میں گزشتہ سال کے مقابلے میں 20% تک کمی واقع ہوئی اور حجم میں بھی کمی کا رجحان ہی رہا لیکن ان حالات میں بھی پورے سال ''کم خرچ بالانشین'' کی مثال کے مطابق عمل کرتے ہوئے مالی دباؤ میں خاطر خواہ اضافہ نقد رقم کے تحفظ سے پوری کی۔ کم خرچ اسکیم کا بنیادی حدف A&P، سفری اور دیگر اہم اخراجات تھا جس کی وجہ سے کمپنی کو PAT کی کمی محض 15% تک روکنے میں مدد ملی

مالیاتی کارکردگی (ملین روپے میں)	2020	2019	اضافہ / (کمی)
ٹرن اوور	7,133	8,492	-16.0%
نیٹ سیلز	4,485	5,612	-20.1%
سیلز کے اخراجات	2,960	3,579	-17.3%
مجموعی منافع	1,525	2,003	-25.0%
آپریٹنگ منافع	538	749	-28.1%
ٹیکس کی کٹوتی کے بعد منافع	469	549	-14.6%
فی شیئر کمائی روپوں میں	10.09	11.82	-14.6%

صحت حفاظت اور ماحولیات:

کمپنی نے صرف ایک اطلاع دہندگی سے ہونے والی چوٹ کے ساتھ HSE سے اپنی پختہ وابستگی کا عملی مظاہرہ کیا۔ اس پروگرام کے اطلاق کے ذریعے سلوک پر مبنی حفاظتی پروگرام کو تقویت ملی جو زخموں سے بچنے کیلئے لوگوں کے طرز عمل کو متاثر کرتا ہے۔ اس پروگرام کی وجہ سے کمپنی اپنی سائٹ پر لوگوں کو بہتر بنانے اور حفاظت کے عمل میں مزید بہتری لانے میں کامیاب رہی۔ دوسری طرف آپریشنل ماحولیاتی کارکردگی میں شمسی توانائی کے منصوبوں میں توسیع ہمارے کاموں کو زیادہ ماحول دوست بنانے میں معاون ثابت ہوگی۔ COVID-19 نے اس سال نا صرف کمپنی کے کاموں میں بلکہ وہ لوگ جو کمپنی کیلئے کام کرتے ہیں ان کیلئے بھی خطرہ لاحق کر دیا تھا۔ COVID-19 سے بچاؤ

NOTES

NOTES

AkzoNobel has a passion for paint. We're experts in the proud craft of making paints and coatings, setting the standard in color and protection since 1792. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. Headquartered in the Netherlands, we are active in over 150 countries and employ around 34,000 talented people who are passionate about delivering the high-performance products and services our customers expect.

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