

Akzo Nobel Pakistan Limited

# Colors of excellence

AkzoNobel



20  
17

Report

AkzoNobel



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PROOF

CRACK  
PROOF

DUST &  
DIRT PROOF



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## A colorful heritage and a shining future

Our commitment to unlocking value, accelerating growth and contributing to the success of our customers becomes stronger by the day. By bringing more value to our customers, investors, employees and society in general, we can better position ourselves for growth and achieve our strategic ambitions.

# Contents

Chairman's review report	2
Chief Executive statement	3
Our strategy	4
Code of Conduct & Leadership behaviors	5
Our passion for people	6
Health, Safety, Environment and Sustainability	9
Creating societal impact	13
To color is to care	14
Business performance	17
Corporate Governance and Compliance	22
Risk management	23
Company information	25
Our Board of Directors	26
Our Executive Management team	28
Report of the Directors	30
Statement of Compliance with CCG	32
Review report on Statement of Compliance with CCG	33
AkzoNobel Pakistan financial statements	F 01
Notice of meeting	
Admission slip	
Form of proxy	
Video Conferencing Facility Form	
Mandate Letter	
Third reminder for IBAN	

# 20 17 Report

# Chairman's review report



## Dear Shareholder,

A key managerial change took place on the Board of AkzoNobel Pakistan as Mr. Jehanzeb Khan retired as the Chief Executive of Akzo Nobel Pakistan Limited with effect from November 20, 2017. The Board thanks Mr. Jehanzeb Khan for his valuable contribution to the Company. After due diligence the Board appointed Mr. Saad Mahmood Rashid as the Chief Executive of Akzo Nobel Pakistan Limited.

The Board of Directors of Akzo Nobel Pakistan Limited in line with the local and global practices has prepared an in-house mechanism for evaluating the performance of the Board as a whole and its committees. Actions identified as a result of board evaluation included gender diversity on

the Board and the need for the Board to exercise greater oversight on the Company's risk management processes.

Finally, on behalf of the Board and myself, I thank you shareholders, for your support and the staff for their hard work and commitment.

A handwritten signature in black ink, appearing to read 'Mueen Afzal', written in a cursive style.

Mueen Afzal  
Chairman



# Chief Executive statement

## Dear Stakeholders,

2017 was a year of excellent financial performance for the company with double digit growth in revenue and profit. Turnover at PKR 8.5 billion was 11% higher than last year, a direct result of our customer focused strategies. After tax profit was 17% higher than last year, reflecting a strong top line performance being translated into even stronger bottom line through operational savings and efficiencies.

The team's performance during the year was all the more remarkable when you consider the unprecedented changes experienced by the company in the global and local context. Globally, our parent company went through some major changes in top management with Thierry Vanlancker replacing Ton Buchner as CEO. This change at the top also led to a changed strategy for the company. The new strategy for Paints and Coatings is designed to accelerate growth and profitability. This means becoming the number one choice for customers. As part of the new strategy, there were changes to our global Executive Committee and the way we operate and work with each other – underpinned by the roll-out of a world class integrated business planning process.



Locally, the company saw our CEO, Jehanzeb Khan, retire after a successful 5 and a half years stint with AkzoNobel Pakistan. Jehanzeb was the first CEO of AkzoNobel Pakistan and he laid down the strong foundations on which this company stands today. Prior to the demerger, he served a very successful 24 years with ICI

Pakistan in different capacities. I feel privileged to have been a part of Jehanzeb's management team and it is an honor to have succeeded him. Subsequent to the leadership succession, the local Executive Management Team was also changed, details of which are given in the following pages. These changes gave us an opportunity to devise our new vision - Establish AkzoNobel Pakistan as the first choice for all our stakeholders.

We have continued successfully on the path of integration with our regional offices in Singapore and Dubai. The exchange of best practices has helped all our businesses to innovate and deliver above market performance in 2017. In Decorative Paints, we continued with our drive to complete our portfolio offering in the Premium Exterior and Premium Interior Segments by launching 'Dulux Weathershield Powerflexx' and 'Dulux EasyCare' respectively. These launches were supported by strong ATL and BTL initiatives throughout the year. On the Performance Coatings side, tractors and protective coatings continued their positive growth trajectory with Vehicle Refinish segment also showing some early signs of recovery. Specialty Chemicals continued successfully on its strategy of expanding its product portfolio along with its customer base.

Our Code of Conduct reflects our core principles – Safety, Integrity and Sustainability. 2017 was another year of these principles in action. The company completed the year without a single reportable injury. This was possible through our extreme focus on HSE and the continuation of our Behavior Based Safety (BBS) program. This program aims to identify and address the underlying unsafe behaviors behind any potential safety lapses. On the sustainability agenda, the site was able to reduce hazardous waste generation by 9% versus last year. This year saw us contribute almost PKR 1.1 billion to the government treasury. We continue with our efforts to lobby the government for providing a level playing field for all players in the industry.

The continued guidance and support by our Board of Directors is a key ingredient of our success. Their wisdom coupled with the trust placed by our shareholders has enabled the management to take the necessary decisions



“2017 was a year of excellent financial performance for the company with double digit growth in revenue and profit.”

required to grow the company. I am thankful for the same and look forward to a continued positive relationship.

In the end, I would like to acknowledge the support of our customers, consumers, suppliers and channel partners, whose belief in our brands has helped us deliver these results. Most of all I wish to extend my gratitude to our employees for delivering another successful year of performance and more importantly to their families for providing the support to make it happen.

Saad Mahmood Rashid  
Chief Executive

# Our strategy

## Our global strategy

Our focused strategy for Paints and Coatings is designed to accelerate growth and profitability. This means becoming the number one choice for customers.

By returning to our paints and coatings roots – established more than two centuries ago – we are adopting a laser sharp focus to achieve 15% return on sales\* by 2020.

Success will be found in streamlining our core capabilities – making and selling paint – and striving for the best efficiency and performance in what we do. We aim to set the standard, be first choice for customers and shape the industry. To help us achieve our ambitions, we have launched a “Winning together” transformation program which will make the most of the focus we now have in our company. The program is based on the following four value drivers:

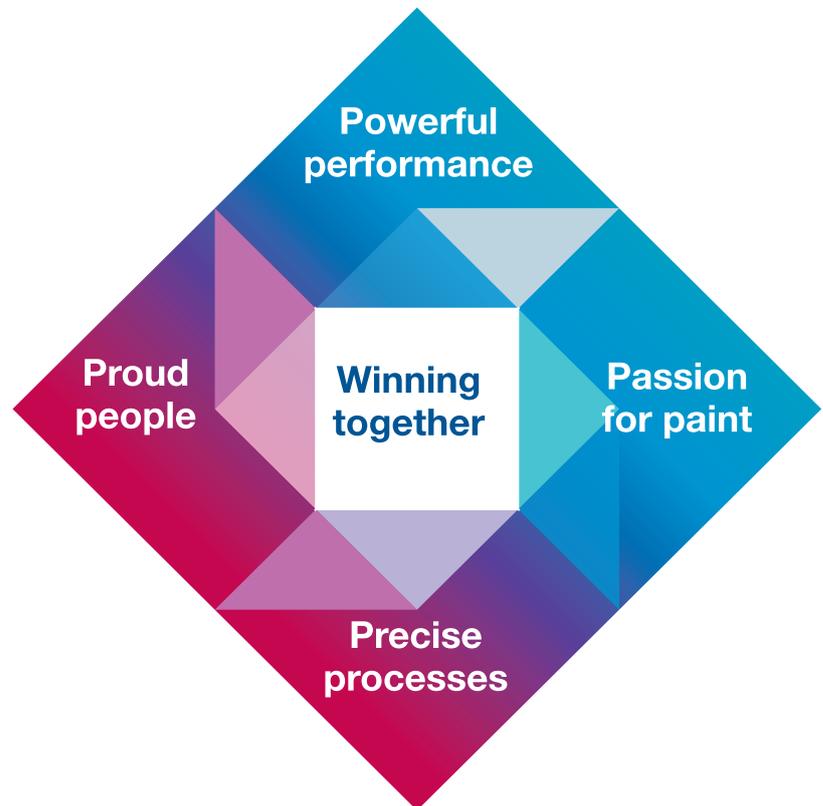
### Passion for paint

We are reigniting our passion for making and selling paint. The pride we take in the products and services we deliver and our deep understanding of customer needs will help us stay ahead of the competition – establishing us as the number one choice.

Putting a world class Integrated Supply Chain organization in place will drive improvements in quality, service and efficiency as we continue to anticipate current and future needs. This will be supported by relevant, focused innovation to ensure everyone benefits from our products and services.

### Precise processes

Integrated Business Planning will be the way we operate. We will get the waste out of our key end-to-end processes – including smooth hand-offs with our Global Business Services (GBS) organization – to ensure we rigorously execute simple and standardized processes. We will leverage a single Enterprise Resource Planning (ERP) and systems platform and use reliable, real-time information for decision-making.



### Proud people

We believe in fostering a trusted workforce with the right values and a winning mindset. We intend to accelerate opportunities for the ample talent we have around the world. We are building a single, strong and diverse global team for a focused, high performing Paints and Coatings company. One which takes pride in living our core principles and being the best at making and selling paint in our chosen segments.

### Powerful performance

We are adopting a laser sharp focus to achieve 15% return on sales\* by 2020. A high performance culture will accelerate our pace of improvement. We will remain focused on margin improvement and will always look to deliver more by consuming less. We will combine our commitment to lowering fixed costs – building on our track record of continuous improvement – with frugal procurement. For every action we will ask ourselves: “Will it speed up the journey towards our 15% ROS\* by 2020?”

\* Excluding unallocated corporate center costs; assumes no significant market disruption.

### Our local strategy

AkzoNobel Pakistan, being a part of the AkzoNobel Group, builds upon the global strategy in the local context. Our vision is to **'Establish AkzoNobel Pakistan as the first choice for all our stakeholders'** through:

#### Focusing on Return on Sales (ROS)

Grow top line, Manage costs,  
Improve efficiencies

#### Driving Performance Culture

Benchmark against best in class

#### Acting with a Sense of Urgency

Operate outside the comfort zone,  
Less talk and more action

While operating in a changing environment, we will be consistent in our values and principles. We will focus on building trust and enhance our engagement across all levels in the company.

# Code of Conduct and Leadership behaviors



We are all defined by the actions we take. They reflect our principles and values and if we are consistent with them, they let people know what they can expect from us. Our Code of Conduct reflects our core principles – Safety, Integrity and Sustainability – and puts them into practice. It explains the expectations and responsibilities within the company and those we do business with. We all must live by it, because it is a condition of working with, and for AkzoNobel.

## A brief overview of our code:

### Safety

- We follow the safety rules and procedures
- We follow the Life-Saving Rules
- We stop work if behavior or conditions are unsafe
- We make and distribute products safely
- We report safety concerns immediately

### Integrity

- We compete in a fair and honest way
- We follow trade restrictions carefully
- We protect personal and confidential information
- We keep a clear line between business and personal interests
- We look after company property and use it appropriately
- We keep records in accordance with company policies
- We are alert to fraud and report suspicious activity
- We communicate in a professional way

### Sustainability

- We recognize human rights and treat people with dignity and respect
- We recruit and manage employees fairly
- We reduce the environmental impact of what we do
- We address the concerns of those affected by our operations
- We give back to communities we operate in
- We work with business partners who share our principles

## Performance leadership

Creates customer value

Drives operational excellence

Leads change

## Organizational leadership

Builds connections

Inspires others

Develops teams

## Personal leadership

Sets the example

Develops self

Engages others

## Our leadership behaviors

Our leadership behaviors add the next defining component to the culture we want to build in AkzoNobel. They set the standard for how we lead in our company. They challenge, inspire and elevate our leaders who endeavor to live them everyday. Because leaders play an essential part in creating that culture of collaboration and community that will help lead our people from good to great performance. We have outlined nine leadership behaviors under 'Performance Leadership', 'Organizational Leadership' & 'Personal Leadership'.

# Our Passion for People

Our people are the key to our success as an organization. We need to ensure that we have a performance-driven culture and the right people with the right capabilities to deliver our strategic objectives.

We know that our business will grow if our people grow too, so we aim to provide a work environment that is conducive to well-being and for the professional and personal development of our people.

The development of skill, competencies and required behavior to cultivate high level performance in their specified role has been a priority for AkzoNobel Pakistan. A rigorous training needs analysis is conducted each year to support growth of our potential talent followed by classroom workshops and ROI analysis.



**The right culture** - Our performance driven culture is supported by our Performance and Development Dialog process (P&DD); a transparent evaluation tool for development planning and performance review in line with our strategy and the new values. P&DD is a mandatory process that promotes active dialog and feedback between employee and manager.

**The right people** - Improved management capability is the key enabler of a high performance culture, a better environment for employees and ultimately our business success. We aim to become a 'talent factory', recognized for development opportunities for our employees that help build strong leadership practices in our people to ultimately benefit our business today and tomorrow.

**The right capabilities** - Continuous learning helps us stay competitive and create a working environment that makes people feel valued and empowered to their own development. In addition to regular training needs identification, the AkzoNobel Academy – an intranet based portal available to AkzoNobel employees globally – helps drive functional and leadership capability as well as access to exceptional learning experiences based on best practices from across AkzoNobel.

**The right mix** - We are a global company serving a large and diverse customer base and we believe a diverse and inclusive workforce is essential to achieve our ambitions. We aim to actively embrace diversity of thought and empower people to challenge each other to be more innovative and deliver better results. Our workforce should reflect the society where we do business. We aim to create an inclusive environment where diversity and differences are valued, and everyone has the opportunity to develop skills and talents consistent with our company's values and ambitions.

**The right potential** - We want to recruit, retain and develop the people we need to create winning teams. Our people – and those with potential looking to join us – can recognize AkzoNobel as a place to grow and develop; so they can make a strong impact on the way we operate.

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myCareer  
Talent &  
Succession

Diversity  
& Inclusion

Academy





	Energy/resource benefits in use			
<b>Sustainable business</b>	Cost savings	Cost savings	Improved revenue and margin	Improved revenue and margin
<b>Resource efficiency</b>	Reduced material and energy use	Reduced material and energy use	Reduced material and energy use in customer processes, application	Reduced material and energy use in product use
<b>Capable, engaged people</b>	Engaged suppliers	Engaged employees	Engaged customers	Engaged customers and users

Foundations: HSE, product stewardship, employee practices, community involvement, Code of Conduct



# HSE and Sustainability

Our business success and that of our customers hinges on our ability to do radically more while using less.

More innovation, less traditional solutions; more renewable energy and materials, less fossil-based; more value chain focus, less introverted thinking.

We are determined to turn what is an obvious challenge into a clear opportunity and bring more value to our customers and society in general.

# Health, Safety and Environment Performance

Increasing stakeholder value through implementation of sustainable processes and solutions is crucial for our success to the extent that sustainable business operations are a prerequisite for meeting our challenging targets.

AkzoNobel's vision for accelerated growth is closely linked with its ambitions to ensure that the growth is sustainable. Over the last few years we have ingrained a strong focus on HSE&S into our regular business operations as a means to achieving our goals, we aim to continuously improve our first class HSE&S performance through corporate leadership, the dedication of our staff and application of the highest professional standards in our work.

**One safety mission:**

**Our vision**

Our vision is ZERO injuries and zero serious incidents

**Our ambition for 2018**

We aim to contribute in a way that company's ambition to be in the top quartile of our peer group in safety performance can be achieved.

**Our beliefs**

- The Value & Values agenda are of equal importance; we do not want one without the other; we cannot achieve one without the other.
- Safety is a permanent value and not a temporary priority.
- Safety starts with me. It's about "us" not about "them", about individual responsibility.
- Nothing we do is worth getting hurt for.
- We have a right and responsibility to ensure our own safety and that of others.
- Safety is an essential springboard for our future success.

**Our commitment**

There is a zero tolerance for not working safely; if we choose not to work safely we should find alternative employment.

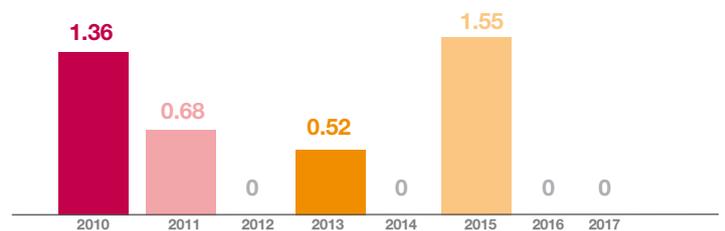
**Take Care because....**

- We want to do all that we can to make sure that colleagues, contractors and others don't get hurt on the job.
- We can only realize our safety goals if we all put our shoulders to the same wheel - when we speak with the same voice and are committed to realizing our vision of zero injuries.
- We want to support our businesses in achieving their safety goals.
- We want to get closer to our vision of zero injuries and serious incidents.
- We want to drive Top Quartile Safety Performance.

**HSE operational excellence**

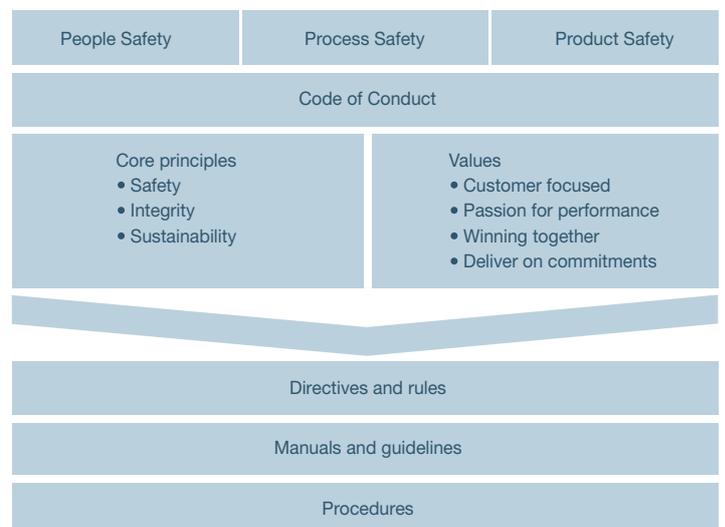
We, AkzoNobel Pakistan, believe in & committed to improve in Health, Safety, Environment, Security and Product Stewardship to achieve sustainable HSE Operational excellence. Three Core Safety Processes; People Safety, Process Safety & Product Safety across the organization is ensured through HSE Management System integrated with the company's organization scheme. Process Safety Management & Behavior Based Safety, are two key components of the core safety processes and we are on track of continuous improvement with focus to achieve & sustain leading levels.

**Total reportable injury rate**



Total Reportable Incidents Per Million Man-hours worked by Employees & Supervised Contractors

**HSE&S management system structure**



**Process Safety Management**

AkzoNobel Pakistan has carried out its self-assessment on the newly launched PSM SAQ (Self-Assessment Questionnaire) by Corporate AkzoNobel in 2017 and has achieved an overall rating of 3.9. The site is targeting to achieve 'integrated level' in the PSM SAQ by year end 2018.



# Achievements during 2017

## Self-Assessment Questionnaire Maturity Assessment (SAQ)

The Self-Assessment Questionnaire (SAQ) is a tool developed and implemented all across AkzoNobel to assess and improve safety standards in a systematic and standardized way. AkzoNobel Pakistan is using this tool on yearly basis to self-assess its safety performance and standards, analyzing gaps and implementing improvements to embed and sustain its safety culture.

In December 2016, AkzoNobel Pakistan performed a SAQ self-assessment and achieved reference level 7.4. Against a target to increase reference level to 7.5 by year 2017, AkzoNobel Pakistan achieved SAQ score of 7.7, exceeding the set target. By end 2018, AkzoNobel Pakistan aims to achieve SAQ reference level 8. AkzoNobel Pakistan was also able to complete all the actions identified during 2016 corporate audit and was able to remove itself from the process safety focus site list with respect to SAQ score in one of the sub-elements by completing hazard studies for site critical areas. Against the LSR (Life Saving Rules) maturity assessment, the site achieved the set target of leading level in November 2017.

## Process Safety Management System (PSM)

Process Safety Management (PSM) is a disciplined framework for managing the integrity of operating systems and processes that handle hazardous substances. It relies on good design principles, engineering, operations and maintenance practices. In recent years, major incidents in industries have highlighted the importance of having these robust processes and systems in place. The PSM framework comprises of 21 building blocks which are categorized under People, Procedures and Plant. These building blocks are deeply inter-connected, driving a cultural transformation. This transformation begins with emphasizing and ensuring management commitment, employee engagement and operational discipline. It then implements and integrates key processes such as stakeholder outreach, safety audits, emergency response planning and safe working practices. Finally, it addresses the safety aspects of machinery and the interactions of personnel with plant equipment.

Due to nature of processes and operations, AkzoNobel Pakistan is a PSM critical site. In 2014, a PSM framework training was conducted by experts to introduce the basic building blocks of PSM. In 2015, a complete PSM scan was carried out by global PSM specialists to assess different plant processes and procedures. This led to the development of a comprehensive

action plan. In 2016, AkzoNobel Pakistan achieved 'Integrated Level' in PSM audit. In 2017, AkzoNobel Corporate launched the PSM SAQ tool and AkzoNobel Pakistan became one of the first site in the SESAME region to complete a self-assessment through this tool.

## Global Safety Day 2017

At AkzoNobel Pakistan, Safety Day is celebrated with enthusiasm and a vision to engage all employees under the umbrella of safe performance and its importance. This year's Safety Day celebrations were around a theme 'Take Care, wherever you are'. The theme revolved around identifying the Risk of the Day today and working to 'Reflect, Select, Monitor and Follow-up to reduce the risk'.

The theme was inspired by the idea that safety is paramount - wherever you are. Even though we've been able to improve our safety performance year on year at AkzoNobel, our employees, temporary workers and contractors are confronted regularly with incidents or near-misses at work. AkzoNobel Pakistan's Safety Day planning and execution team, comprising people from manufacturing as well as non-manufacturing employees, was able to prepare and execute activities revolving around the theme of the event. The highlights included presentations, trainings, quizzes, departmental competitions around hazards identification, pre-safety day drawing competition and skits competition. The activities not only engaged employees but employee family members as well.

The whole population of AkzoNobel Pakistan including the head office, regional offices, warehouses and manufacturing area employees participated and appreciated the company's commitment to the safety of its people. Safety Day 2017 was a successful event that effectively engaged employees, spread awareness and information on hazard recognition and corrective behavior.

## Behavioral Based Safety System Sustainability Review (BBS)

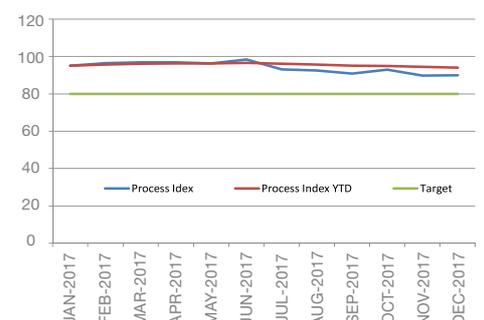
Behavior-based safety is a broad term used to describe everything from basic employee behavior audits and feedback to a comprehensive safety management system designed to change a company's safety culture. Organizations may have effective trainings, appropriate procedures and state-of-the-art safety equipment; however, none of that matters if the people in the organization do not use what they learn in training and do not consistently follow the procedures and/or use safety equipment. From skipping steps in

a confined space entry procedure, to failing to wear PPE (Personal protective Equipment) at the appropriate time, or something even as simple as not drinking enough water to prevent heat stress - getting people to make consistent safe choices is often a challenge. These challenges can be overcome by implementing Behavior-Based Safety (BBS).

AkzoNobel's Behavior Based Safety (BBS) is a safety improvement process inducing changes in the behavior of employees and contractors resulting in fewer exposures to hazards. Key factors of the process are observation and feedback techniques leading to removal of obstructions to safe behavior. AkzoNobel Pakistan has always tried to create a culture of safety in which individuals hold safety as a value and takes responsibility for the safety of their co-workers in addition to themselves.

The implementation of BBS at AkzoNobel started in Q4, 2015. In 2017, AkzoNobel Corporate launched BBS maturity toll for the sites to ensure continuous improvement in the process. The site self-assessed the current process and successfully achieved the targeted level by the year end.

## December 2017 BST Process Index Components



# Sustainability and energy efficiency

Our sustainability and energy efficiency projects reflect the way we operate; we make environmentally conscious decisions and continually improve on our performance. The above projects and many others to follow are all a part of our strategy to build a sustainable future, we embarked on the journey of sustainability years ago and we are steady on the path towards an eco-friendly and greener AkzoNobel.

The global population is increasing at an accelerated rate. It is estimated that by 2050 global population will touch the 9 billion mark. At AkzoNobel Pakistan, we realize the impact of growing population, scarcity of resources and climate change which is why we've adopted a radical approach to sustainability. By doing more with less and working closely with customers and suppliers in our key end-user segments (Buildings and Infrastructure, Transportation, Consumer Goods, and Industrial), we can help to make life more affordable, colorful, healthy and comfortable for the world's ever growing population.

Sustainability is central to our company strategy. We want to become a company that delivers world-class customer service, continuously improves in all areas of its operations and integrates sustainability into the heart of everything we do. Generating maximum positive impact from our products and services, using fewer resources, across the value chain is the essence of our sustainability strategy. Our sustainability strategy takes a full value chain approach. This means we look at our sustainability affects from the extraction of raw materials, all the way through to the end of life and we at AkzoNobel Pakistan are proud of what we have achieved.

This year our focus has remained on reduction of hazardous waste, where we were able to improve performance [by 9%]/ [over last year]. Another key indicator is direct CO<sub>2</sub> emissions; over the course of 2017 we improved on last year's performance. In every manner, AkzoNobel Pakistan has strived and succeeded in becoming a greener and eco-friendlier organization in 2017. This performance could only be achieved by focusing our energies year round. A number of initiatives were launched targeting one or more pillars of sustainable operations.

## Installation of LED lights

Lighting contributes significantly to the energy consumed in operations both at manufacturing facilities and in offices. Lighting technologies have advanced significantly over the past decade and we have kept abreast with the latest developments in this field. In 2017, AkzoNobel Pakistan undertook the initiative to replace plant and administration building lights with state of the art LED lights. These new LED lights operate at the highest efficiency, consuming less energy thus reducing the energy and carbon footprint of the organization.

## Waste reduction initiatives

Our sustainability strategy covers the entire value chain, which means we critically control the waste generated in the use of raw materials as well. This year our Supply Chain and Operations teams engaged raw materials suppliers in an effort to reuse metal and plastic waste generated from raw material drums and packaging. The result of these synergies between AkzoNobel Pakistan and its suppliers was a significant reduction of metal and plastic waste. Despite the fact that we executed projects to reduce energy and water consumption, overall efficiency was lower than 2016 because of changes in our manufacturing processes and new requirements. Improvement in eco-efficiency and optimization will be a key focus area for the next year.

## Eco efficiency performance 2017 versus 2016 (per ton of product)

Direct CO <sub>2</sub> ▼ 6%	Fresh Water ▲ 9%
VOC ▲ 2%	Energy ▲ 8%
Waste ▼ 14.3%	NOx ▼ 1%
COD 0%	SOx 0%

# Creating societal impact

AkzoNobel is working on early detection of long-term societal needs which shape our innovation, including resource scarcity. These insights bring new business opportunities, support swift business adaptation and enable first mover advantage.



## The Sustainable Development Goals - UNDP

The Sustainable Development Goals (SDGs) are a new, universal set of goals, targets and indicators that U.N. member states will be expected to use to frame their agendas and political policies over the next 15 years. For AkzoNobel globally, the 7 SDGs listed above will drive the company's sustainable business imperatives through our products, programs, processes and partnerships.

We aim to create continuing value for AkzoNobel stakeholders in social, environmental and economic terms, creating a bridge between the Sustainable Development Goals (SDGs) of the United Nations and our own business imperatives – value selling and resource productivity.

We are innovating to give our customers choice and competitive advantage through product portfolios designed to bring tangible benefits and deliver positive social and environmental impact and we are creating a culture of care for all materials used, eliminating waste and reducing variable cost. Increased resource productivity in our operations and supply chain makes us more competitive and sustainable.

AkzoNobel also contribute to creating positive societal impact through programs such as 'Let's Colour' that connect people and places with the power of color. Color has an impressive transformational power and it can leave a lasting legacy and our community investment brings color and new vitality to not only the communities that we operate in but also to people's lives.

## Dow Jones Sustainability Index (DJSI)

AkzoNobel returned to the top of the influential Dow Jones Sustainability Index (DJSI) to lead the rankings again for the fifth time in six years.

Regarded as the most respected independent sustainability ranking system, the DJSI World Index benchmarks the sustainability performance of leading companies based on environmental, social and economic performance, including forward-looking indicators. It assesses various criteria, including supply chain management, operational eco-efficiency, product stewardship, human capital development, integrity and people, process and product safety.

The latest listing placed the company first in the Chemicals industry group. It represents a quick and successful response from the company after its run of four consecutive years at the top came to an end in 2016.

The company has now featured in the top ten for 12 consecutive years, underlining AkzoNobel's commitment to working with customers to develop sustainable solutions that make a positive impact on the whole value chain. The real value and purpose of the DJSI lies in its effectiveness as a benchmark tool to continue to improve our business. As a leader in sustainability, we are playing a major role in transforming the industries in which we operate. We therefore need to keep improving in order to make the giant leaps required for us to create a more sustainable future.

AkzoNobel is also aiming to become carbon neutral by 2050.



# To color is to care

AkzoNobel creates everyday essentials to make people's lives more livable and inspiring. Our purpose is brought to life in many ways. It is particularly effective in inspiring people to meet the many challenges being faced by cities and communities.

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

in time of need. SOS Children's Village runs more than 25 individual children's homes in their main facility in Lahore. Each home features a 'mother' who cares for a small group of children as they would be cared for as a family.

The homes were in dire need of repair especially the exterior verandas where the children would spend most of their afternoons in the coming summer.

## British Overseas School

Our collaboration with the British Overseas School in Karachi is yet another example that showcases our commitment to help build a better, more educated society. Each year, fundraising activities are carried out by the school and this year, AkzoNobel takes pride in helping them for their good cause. By sponsoring them, we not only helped just one school but the money raised was



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 a number of 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.

## Empowering youth with the power of paint

AkzoNobel held true to its long standing commitment to support SOS Children's Villages year on year by once again being there for our neighbor

AkzoNobel Pakistan was proud to support SOS Children's Village by providing a refreshing coat of paints for all of the homes within the establishment. Over 30 colleagues from AkzoNobel Pakistan volunteered to paint the homes while spending

**We believe in the inspiring call to action that must be taken to foster a positive environment in the community. We bring color not only to the walls but to people's lives as well.**

time with the young residents as well. The activity was thoroughly enjoyed by all who participated, especially the young ones who also got the opportunity to swing a paintbrush on their own walls. We at AkzoNobel Pakistan hold a special place in our heart for SOS Children's Villages and we look forward to continue building on our relationship in the years to come.

given to three other affiliated charities. We take pride in not only providing remedy to the societal issues but also maintain strong relationships with such institutions that work towards the betterment of society in Pakistan.

## Pursakoon Karachi

AkzoNobel Pakistan also became a part of Eduljee Dinshaw Road Project in Karachi with an objective to restore the grandeur of Imperial Custom House and its surrounding buildings. Under the umbrella of Let's Colour, this project aimed at giving a facelift and providing a new identity to the area spanning over half a kilometer including public areas and colonial architecture residential buildings. In the first phase of the project, the Eduljee Dinshaw road and Imperial Custom House were renovated. The second phase of the project took place later in 2017 with the aim of restoration of Pursakoon chowk and select residential buildings in its surrounding. Such initiatives are our commitment to improve, energize and regenerate urban communities.

## Let's Colour Walls of Connection

The most notable activity which demonstrates AkzoNobel's global capability to impact change was the partnership with MasterPeace - an award-winning global grassroots non-profit and non-governmental peace movement, currently

existing in more than 40 countries around the world. It aims to mobilize people around the world to use their talent and energy for peace and togetherness. MasterPeace focuses on actively engaging people around the world in peace-building actions and became the perfect partner for AkzoNobel's mission to bring color to communities particularly as we increasingly see invisible walls creating a sense of detachment in cities.

who otherwise wouldn't have come together. AkzoNobel Pakistan believes that color has the power to create lasting change. All the artworks that have been created around the world are a permanent visual reminder, that people can see every day and be proud of. Our partnership provided an opportunity for our employees to get involved and contribute to the societies in which we operate. Working with MasterPeace was



Our purpose is brought to life in many ways. It is particularly effective in inspiring people to meet the many challenges being faced by cities and communities around the world.



Our initiative with MasterPeace is helping to overcome that barrier. Known as the Walls of Connection, AkzoNobel aimed to paint 100 walls in 40 countries, bringing together neighborhoods, artists and communities to color peace.

AkzoNobel Pakistan was one of the first to take the opportunity to use color to bridge the community. Infact, Pakistan became the first country in Asia to paint a wall as part of this chain. The beauty of the project was that it enabled connections to be made between groups of people

rewarding for all involved. Together, we've helped many people to break down barriers and become connected in a very special way. You could say that walls really did come tumbling down. With social responsibility and sustainability at the heart of AkzoNobel's corporate values, we partnered with various organizations nationally to engage the public for social uplift projects.

In Pakistan, St. Monica's High School in Karachi was the first site to experience the transformative power of color followed by St Francis secondary

High School, St. Jude High School, St. Bernadette High School and Cardinal Cordeiro School. What started off in Rotterdam in the beginning of the 2017 travelled the world over, spreading color and joy and finally concluding in India towards the end of the year. In total, 141 walls were painted in 31 cities globally, helping to make people's lives more livable and inspiring and connecting the hearts of people around the world. We feel proud to be a part this phenomenal project that took AkzoNobel on a colorful journey across countries and continents.



# Business Performance

## Our businesses

### Decorative Paints

Whether our customers are professional decorators or keen DIY-ers, they want great paint that gives a great finish. We supply a huge variety of quality products for every situation and surface, including paints, lacquers and varnishes. We also offer a range of mixing machines, color concepts and training courses for the building and renovation industry, while our specialty coatings for metal, wood and other critical building materials lead the market.

**Brands include:**  
Dulux, Paintex

**Some of our customers:**  
Thousands of paint dealers, contractors and home owners around the country

### Performance Coatings

We're a leading supplier of performance coatings with strong product technologies and brands. Our high quality products are used by customers across the world to protect and enhance everything from vessels, cars, aircraft, yachts and architectural components (structural steel, building products, flooring) to consumer goods (mobile devices, appliances, beverage cans, furniture) and oil and gas platforms.

**Brands include:**  
Sikkens, DynaCoat, International, ICI AutoPaints

**Some of our customers:**  
Millat Tractors, Pakistan Suzuki Motors Company, Al-Ghazi Tractors, Atlas Honda, Indus Motor Company, Descon Engineering

### Specialty Chemicals

As a major producer of specialty chemicals with leadership positions in many markets, we make sure that industries worldwide are supplied with high quality ingredients and process aids for the manufacture of life's essentials.

**Brands include:**  
Bermocoll, Arquad, Dissolvine, Akucell, Alcosperse, Redicote, Perkadox, Berol

**Some of our customers:**  
Unilever, FMC, Colgate-Palmolive, Fospak, Reckitt Benckiser, National Foods

# Decorative Paints

## Overview

AkzoNobel's Decorative paints houses the world's leading premium paint brand, Dulux. The extensive range of high quality products and services offered by Decorative business makes Dulux the innovation leader in the paints industry. Drawing on a keen understanding of our market needs and latest technologies, Dulux aims to improve people's lives by helping them enhance their living spaces. Being the Colour Authority, Dulux is the pioneer of Tinting Systems in Pakistan under the label of Dulux Colour Solutions which offers more than 2,000 shades across Pakistan at designated dealer outlets. Our motto is to 'Let's Colour' and transform the world into a more colorful and livable place.

## Analysis

Competition in Pakistan's paint market remained highly aggressive. As business and economic sentiment remained positive, the business built on its momentum and continued its growth trajectory in 2017. This was made possible through focus on driving innovation and sustainability, strengthening and building brands and establishing long-term relationships by ensuring improved channel and influencer engagement. The impact of this became evident from the positive results these initiatives produced during the year.

## Highlights

### A world of Color & Innovation Weathershield Powerflexx

Due to its superior performance, Dulux Weathershield has been established locally and globally as the ultimate premium exterior emulsion. This has helped our consumers feel secure while inside their home, knowing that their exterior walls are coated with the paint that gives them ultimate protection. Dulux Weathershield is vital to our business. Hence in 2017, it was imperative for us to strengthen our position in the exterior paints category and accelerate our Innovation Drive. The business launched Dulux Weathershield Powerflexx in February, 2017. The launch helped us further establish the Dulux Weathershield franchise as the definitive brand of choice preferred by all customers for exterior walls.

To mark its introduction in the market, the business planned and executed one of the biggest launch events in the company's recent history attended by Pakistan's major architects, retailers, contractors, media and internal staff. To maintain

the momentum gained at the launch, an extensive media campaign was rolled out which was supported by various trade, channel and influencer initiatives. The launch has been successful in creating ripples in the niche elastomeric paints market and translated into promising results for the business.

## EasyCare

As part of our Innovation Drive, the business has always been at the forefront of trying to understand the emerging needs of the homeowners and this led to the introduction of a brand new offering in form of the new Dulux EasyCare with Kidproof+ Technology – first of its kind anti-bacterial stain repellent paint. We understand that consumers today are becoming increasingly

health conscious for their families and as a leader in the space, it is our responsibility to deliver on to the consumer's expectations. Dulux EasyCare, launched in September 2017, has been a successful Dulux variant for AkzoNobel Pakistan. Our confidence in Dulux EasyCare comes from its revolutionary Kidproof+ Technology which not

As business and economic sentiment remained positive, the business built on its momentum and continued its growth trajectory in 2017.



only helps by delaying stains from penetrating further into the walls but also inhibits the growth of harmful bacteria, making cleaning up much simpler than ever before. This gives children freedom to explore, play and learn at home while the walls stay clean and beautiful. Moreover, in order to communicate the superior properties of Dulux EasyCare to our consumers, the product launch was supplemented by a holistic integrated marketing campaign with fresh ideas for conveying the key message to our audience. With encouraging results of the mass communication campaign and the promising volume growth numbers, we expect from Dulux EasyCare to continue delighting our consumers and driving success for AkzoNobel Pakistan in the future as well.



#### Societal Impact: 'Let's Colour' Award

The Decorative paints business, in collaboration with The Institute of Architects Pakistan (IAP) continued its tradition of handing out the 'Let's Colour' Award for use of color in innovative manner by architects. The purpose of this initiative is to support new and upcoming architects and promote the use of colors in designs. This year, the award was handed out to a project by M/s Identity. Ar. Saad Shah and Ar. Ahmed Ali for their exceptional use of color in the interior of "Khan ji" restaurant.

#### Embassy of the Kingdom of the Netherlands

AkzoNobel is a part of the Dutch Business Circle Pakistan and is proud of its Dutch roots. AkzoNobel joined hands with Embassy of the Kingdom of the Netherlands, Islamabad to add



a flurry of colors to revitalize the façade of the embassy using Dulux. The façade was painted with Dulux colors – Blazing Star, O'hara, Subzero Blue, Blazer Blue & Black in a beautiful modern design. The design was inspired by Mondriaan's art style i.e. the Victory Boogie Woogie Painting. The Netherlands celebrated 2017 as the Mondriaan Year to mark the 100th anniversary of De Stijl, a modernist artistic movement founded by Dutch legendary artist, Piet Mondriaan. By deepening our ties with the Dutch community, we tap into opportunities to make lives more colorful and inspiring.

#### Developments

The business will continue to focus on innovation and sustainability, strengthening and building brands and establishing long-term relationships by ensuring improved channel and influencer engagement. The business has embarked upon an Innovation Drive through which not only multiple new products and technologies have been introduced in the recent past, but it has encompassed refreshing our core brands and strengthening of our foundations. This has been made possible through innovative marketing campaigns and driving Colour and Digital Leadership. The busi-

The business has always been at the forefront of trying to understand the emerging needs of homeowners. As a leader in the space, it is our responsibility to deliver on to the consumer's expectations.



ness intends on continuing the same with greater vigor in the near future while keeping sustainability at the heart of its operations; meaning developing more sustainable solutions and processes that create more value from fewer resources. At the same time, the focus will remain on building long lasting relationships with our channel partners and influencers through multi-pronged engagement strategy. The business believes that all these initiatives coupled together will help sustain and build a positive momentum and a bright future outlook for the business in the coming years.

# Performance Coatings



## Overview

The Performance coatings business is the umbrella business unit for four sub segments: Vehicle Refinishes, Protective Coatings, Specialty Coatings and Metal Coatings. The business focuses on forming and maintaining sustainable relationships with its customers, to take innovation further and to be the preferred choice for excellence and expertise amongst the customers.

Specialty coatings form the biggest chunk of the performance coatings portfolio. This segment delivers tailor-made coatings solutions that meet the specific needs of just about any automotive OEM supplier. Specialty coatings products are driven by an unwavering focus on our customers, committed to play important functional roles for various types of vehicles.

The Protective coatings segment delivers anti-corrosive asset protection, fire protection, fouling control technologies and aesthetic solutions. It strives to satisfy the customers' needs by providing technologically advanced products and high quality in-field customer service as per the needs of various industries including Power, Oil & Gas, Manufacturing, Construction etc. The Metal coatings segment accommodates the needs of steel manufacturers through the supplies of coil coatings and of food can manufacturers through packaged coatings and lastly, with the brands Sikkens®, Dynacoat® and Autopaints®, Vehicle Refinishes offers collision repair to passenger cars as well as commercial vehicles.

## Analysis

In 2017, Performance Coatings continued its growth trajectory and closed the year on a high

note. The main growth drivers were the upsurge in tractor segment and increased projects uptake by the Protective coatings team, who won massive projects including ICC Transmission Lines and Maple Leaf Cement. DG Khan Cement project also picked up pace. The Protective coatings business also introduced global product range including Ceilcote floor coats and Interchar fireproofing range for the first time in Pakistan.

## Highlights

The sales saw a remarkable high in specialty and protective coatings segment. Making right decisions at the right time helped to expand track records in the protective coatings segments, whereas our proactive approach helped us in keeping up with the growing demand of the specialty coatings segment.

Specialty coatings have been the highlight of the year 2017. The segment saw a significant growth compared to LY. Major reason of this surge was growth in tractor segment where volumes were significantly higher compared to LY. This substantial increase is due to revised sales tax policy and better yield for farmers which generated incremental demand for tractors. Being the sole supplier of tractor segment, AkzoNobel benefited from increased production at tractor OEMs.

For Protective coatings, 2017 was a notable year as multiple milestones were achieved. The business reached 200,000 liters production mark for nine International product range SKUs which were localized in the beginning of 2016. In addition, Protective Coatings installed the first Chromascan machine in Pakistan which helped the business serve the demand for smaller orders for various shades of Interthane 990 range. Based

on the cost competitiveness and improved lead times achieved through localization, we were able to win some big projects like ICC transmissions line, Burshane Petroleum Internal Tank linings and Maple Leaf Cement. Maple Leaf is the second successful acquisition of a cement project by ANPL after DG Khan Cement. This has helped us strengthen our track record in the Cement industry.

In 2017, Performance Coatings won Packaging Coating business from Pakistan Aluminum Beverage Can (PABC) which is the first can manufacturing plant in Pakistan. This win gave AkzoNobel Pakistan an opportunity to expand its portfolio and introduce more specialized products from the global range to the Pakistani market.

The performance coatings business also took some marketing initiatives to strengthen the Vehicle Refinish segment presence in the market. One of the key initiatives was to increase the focus on promoting the premium range in order to differentiate from competition. Keeping that in mind, Sikkens gift scheme was launched which was received well by the market as well. Other than that, 3 foreign trips (Turkey, Uzbekistan and Sri Lanka) were also executed for the qualifying customers.

## Developments

Performance coating business is all geared up to continue the momentum and give a strong performance in 2018 as well. The business plans to continue to make the customers its first priority and to build long term sustainable partnership with them. To achieve the growth ambition, the business will focus on penetrating new markets, and localizing global range to provide shorter lead times and more competitive pricing to the customer.

# Specialty Chemicals

## Overview

Akzonobel Specialty Chemicals business in Pakistan has shown tremendous progress over the last few years posting exponential growth year on year basis. The Specialty chemicals business has successfully launched products in various industries and captured notable market shares in several segments despite tough market competition.

The same trend was witnessed during 2017 where Specialty Chemicals Pakistan posted a healthy value growth of more than 50% compared to the same period, last year. The business also grew organically by selling 59% additional volumes over last year trading a mix of high margin and high volume products. The key to the business success was its continued strategy to build a sustainable business by successfully commercializing key products with strong technical know-how to established customers with viable market demand.

## Analysis

Within this year, the Specialty Chemicals Pakistan had major global and local challenges. Several key segments of the business were put on product allocation due to limited capacities at manufacturing plants. As a result, there were unusually longer shipping lead times. Moreover due to the bankruptcy of a few major global shipping lines, there was added pressure on remaining shipping companies to complete orders in time. Secondly, in the last quarter of 2017, Pakistan's government issued new SRO imposing additional duties on selected items. This new regulation had a notable negative effect to the entire Surface Chemistry business unit.

Despite all these hurdles the chemicals business of Pakistan posted aggressive growth numbers due to effective management of demand



forecasting and selling complete value added products to the customers along with full after sales technical support.

## Highlights

Even though all segments of the Specialty Chemicals performed well, some contributed more than the others. The company was able to revive its Agro segment where it sold its top dispersing powders to generate an additional 8% business in value. FMCGs played an important role to bring growth to the business and bought 58% of the business volumes during 2017

The successful commercialization of wetting agents in Paint segment during last year concluded to becoming the third biggest contributor to the business by achieving 6x additional volumes over same period, last year. In addition

to this the advent of CPEC in Pakistan boosted the asphalt industry and the business capitalized the opportunity by selling emulsifiers to the big bitumen emulsification manufacturers.

## Developments

In 2018, major company restructuring is expected at a global level as well as within Pakistan. The structural changes will bring along short lived challenges and ambiguities which have to be dealt efficiently. The longer shipping lead times and product availability concerns are expected to continue throughout the next year as projects of debottle-necking and expansion of capacities will require time to execute.

Specialty Chemicals Pakistan business is expected to carry on the growing trend of last years. It plans to achieve this by diversifying its portfolio and entering into new, growing segments of cleaning, feed, building & construction.

The Specialty Chemicals Pakistan business is expected to carry on the growing trend of last years. It plans to achieve that by diversifying its portfolio and entering into new, growing segments of cleaning, feed, building & construction. Moreover, it plans to capture any ad-hoc business opportunity it is able to identify during the course of the year.

# Corporate Governance and compliance

AkzoNobel Pakistan's corporate governance structure is based on the Company's articles of association, statutory, regulatory and other compliance requirements applicable to companies listed on the stock exchange, complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurances on compliance with the applicable laws, regulations and Company's Code of Conduct.

## Corporate Governance Statement

The Board of Directors is responsible for setting the goals, objectives and strategies the Company has to adopt and for formulating the policies and guidelines towards achieving those goals and objectives. The Board is accountable to the shareholders for the discharge of its fiduciary function. The management is responsible for the implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate a smooth running of the day to day affairs of the Company, the Board entrusts the Chief Executive and Chief Financial Officer with necessary powers and responsibilities. The Board is also assisted by a number of sub-committees comprising mainly non-executive directors.

## Code of Conduct and SpeakUp!

Akzo Nobel Pakistan Limited has always held in high esteem the best practices of corporate governance and believes in widely propagating the values and the ethics for strict adherence by all the employees, contractors, suppliers and others while doing business for the Company. In order to apprise the employees of the Code of Conduct, the Company organizes training sessions and induction programs on a regular basis to ensure compliance at all levels. Besides this, every employee and director of the Company is required to sign, on an annual basis, a statement to the effect that he or she understands the Code of Conduct and that he or she abides by it at all times while doing business for the Company. Business partners of the Company such as suppliers, distributors and agents are

expected to comply with the principles laid down in Business Partner Code of Conduct or apply equivalent principles to the business they conduct for the Company. Non-compliance with this Code may lead to measures, including termination of the business relationship. In order to facilitate strict adherence to the Code of Conduct, the employees also have access to a "Speak Up" program whereby any employee can report any unethical dealing by any Company employee on a confidential basis either through telephone or e-mail. Complete anonymity of the person using this facility is assured and all complaints are thoroughly investigated either by the Company internally or by assigning it to the Internal Auditors. Results of the investigation are communicated to the complainant. Whole of this process is being looked after by the Audit Sub Committee of the Board.

## Internal Control

Akzo Nobel Pakistan Limited has a sound system of internal control and risk management. The internal audit function which is mainly responsible for internal controls, has been outsourced to M/s Ernst & Young Ford Rhodes Sidat Hyder and reports directly to the Chairman of the Audit Sub Committee.

## Insider Trading and Competition Law

The Company has a stringent policy on insider trading and securities transactions. The policy paper which is circulated to all the employees of the Company from time to time, divides the employees in certain categories on the basis of their position and involvement in day-to-day decision making process and access to price sensitive information. Certain senior executives and the finance staff are categorized as "Permanent Insiders", while "Executives" (as defined in the Code of Corporate Governance) some of whom may not be "Permanent Insiders", can deal in the Company's shares any time outside the closed period announced by the Company on the eve of the quarterly Board meetings. The "Permanent Insiders" can deal in the Company's shares only during the open period specifically announced

by the Company immediately after the quarterly Board meetings and the announcement of financial results. This open period does not exceed 15 calendar days in each quarter from the date of announcement of the financial results. All such transactions are required to be reported to the Company Secretary within two days of execution of the transaction with relevant details of purchase/sale of shares.

As embodied in our Code of Conduct, AkzoNobel Pakistan supports the principles of free enterprise and fair competition. The Company competes vigorously but fairly with its competitors within the framework of applicable laws - all to provide better and increasingly useful products and more efficient services to our customers. All relevant employees are required to sign an additional declaration of compliance with the Competition Law. The Company continues to regularly hold training sessions, to ensure compliance with competition laws, for relevant employees.

## Material interests of Board Members

Directors are required to disclose, at the time of appointment and on an annual basis the directorships or memberships they hold in other corporations. This is in pursuance with Section 214 of the Companies Ordinance 1984, which also requires them to disclose all material interests. We use this information to help us maintain an updated list of related parties. In case any conflict of interest arises, we refer the matter to the Board's Audit Sub Committee.

# Risk Management

The Company's documented and regularly reviewed procedures are designed to safeguard our assets, address risks facing the business, and ensure timely reporting to the Board and senior management.

The Board has the overall responsibility of overseeing the risk management processes, which include both risk management and internal control procedures. The Company's processes, which are documented and regularly reviewed, are designed to safeguard assets and address risks that the Businesses might face or that may impact business continuity. These are, in turn, reported to the Board and senior management for timely action where required, to ensure uninterrupted operations.

The Company maintains a clear organizational structure with a well-defined chain of authority. Senior management is responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls. Our risk and control procedures are supported through:

#### **Internal Control Self Assessment**

The Internal Control Self Assessment (ICSA) exercise is carried out by the Company every year which assists in the thorough assessment of controls to ensure a robust control structure. The senior management of the Company leads this annual self assessment exercise. Existing controls are identified, assessed and documented with the help of the online Control Self Assessment Tool (CSAT). Weaknesses highlighted through this exercise are documented through action plans which clearly define the corresponding actions to close the identified weaknesses in the system and processes. Action plans are followed up rigorously to ensure that corrective action is timely taken for the effective functioning of controls.

#### **Enterprise Risk Management**

The Enterprise Risk Management (ERM) methodology is part of AkzoNobel's effort to clearly and structurally prioritize the risks affecting our operations and organizations, in order to focus the efforts on those risks that are not controlled in an acceptable manner. For this purpose, ERM workshops are conducted on a periodic basis. The purpose and goal of the ERM workshops is to identify, assess and develop responses to the main risks that are affecting or could in the future affect the Company in achieving its strategy and objectives (financial & non-financial). A cross-functional Executive Team identifies a detailed list of overall business risk exposures. This exercise is performed by all businesses and functions; and the main outcome of these workshops is the development of a current and complete risk profile upon which necessary action plans are developed to take, treat or transfer (3T's) the identified risks. These action plans are monitored on a regular basis.





# Company Information

## Board of Directors

Mueen Afzal	Chairman (Independent)	Jeremy Rowe	Non-Executive
Saad Mahmood Rashid	Chief Executive	Sebastian Tan	Non-Executive
Bart Kaster	Non-Executive	Harris Mahmood	Executive
Muhammad Zia Ur Rehman	Non-Executive (Independent)		

## Audit Sub Committee

Muhammad Zia Ur Rehman	Chairman
Mueen Afzal	Member
Bart Kaster	Member
Sebastian Tan	Member
Rehan Hamid	Secretary

## Human Resource & Remuneration Sub Committee

Mueen Afzal	Chairman
Jeremy Rowe	Member
Saad Mahmood Rashid	Member
Usman Ali Jamil	Secretary

## Share Transfer Committee

Saad Mahmood Rashid	Chief Executive
Harris Mahmood	Chief Financial Officer
Sara Shah	Company Secretary

## Chief Financial Officer

Harris Mahmood

## Company Secretary

Sara Shah

## Executive Management Team

Saad Mahmood Rashid	Chief Executive	Harris Mahmood	Chief Financial Officer
Syed Ismail Hussain Naqvi	Business Manager, Performance Coatings	Muhammad Rizwan	Supply Chain Manager
Usman Ali	National Sales Manager, Decorative Paints	Farooq Ayub Khan	Operations Manager
Usman Hafaz	Head of Brand and Customer Marketing, Decorative Paints	Usman Ali Jamil	HR Business Partner

## Bankers

Citibank N.A.	Habib Metropolitan Bank Limited
Deutsche Bank Limited A.G.	Habib Bank Limited
United Bank Limited	

## Internal Auditors

Ernst & Young Ford Rhodes Sidat Hyder,  
Chartered Accountants

## External Auditors

A.F. Ferguson & Co.,  
Chartered Accountants

## Registered Office

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

## Regional Office

54-C, Main Khayaban-e-Ittehad,  
Phase VI, D.H.A Karachi  
Tel: (042) 35857883  
Fax: (042) 35854580

## Regional Office

Office No. 203, 2nd Floor  
ISE Tower, Blue Area, Jinnah  
Avenue, Islamabad  
Tel: (051) 2895031-2

## Shares Registrar

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

# 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.

## 1. Mueen Afzal (Chairman; Independent)

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 Afzal 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, USA (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 Afzal has been awarded Hilal-e-Imtiaz for distinguished public service in 2002.

Additionally, Mueen Afzal is the Chairman of Pakistan Tobacco Company Limited and currently holds directorships of Murree Brewery Company Limited Rawalpindi, Sanjan Nagar Public education trust, Pakistan Philanthropy Centre, Islamabad, Beacon house National University, Lahore, Children's Global Network, Islamabad, Karachi Education Initiative, Dawood Centre, Karachi, Green Bean Coffee Company, a private company in Islamabad which roasts and market coffee beans. He is also a Senior Advisor for NAFA funds in Lahore; member of the board of directors of IDEAS, a think tank that deals with public policy issues based 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 Afzal is also a member of the pension committees for the management and staff at the Pakistan Tobacco Company.

## 2. Muhammad Zia Ur Rehman (Independent)

Muhammad Zia Ur Rehman hails from the Civil Service of Pakistan, 1974 batch. He has had a diverse and distinguished career in Public Service, covering District, Provincial and Federal Government assignments. He

served as Deputy Commissioner Vehari and Multan (1985-1989), Commissioner Multan Division (1993), Commissioner Rawalpindi (1996). He remained Secretary Services and Principal Secretary to the Governor, Government of the Punjab. At the Federal Government level, Zia served as Secretary Ports and Shipping (2005-2006), Secretary Planning and Secretary Food, Agriculture & Live stock (2007-2010) and represented Pakistan in the Strategic Dialogue with the Government of United States of America. Zia also worked as chairman of Pakistan Agriculture Storage & Services Corporation. Muhammad Zia Ur Rehman is on the panel of the National Management College, Government of Pakistan. He has served as Chairman Lahore Gymkhana Club thrice. He is an avid golfer and is fond of reading and travelling.

## 3. Jeremy Rowe (Non-Executive)

Jeremy Rowe, Managing Director AkzoNobel Decorative Paints, South East & South Asia, Middle East (SESAME) was appointed to the Board of Akzo Nobel Pakistan Limited on October 27, 2016. He has been with AkzoNobel since 2009, his earlier assignments included Managing Director of Decorative Paints South East Asia & Pacific (SEAP) and South East & South Asia (SESA).

Prior to AkzoNobel, Jeremy Rowe had a long career in Management Consulting, working at Accenture from 1994-2003 in their Strategy and Business Transformation division in London, Kuala Lumpur, Manila and Singapore, where he progressed quickly from Consultant to Partner in the area of business strategy and large scale business transformation programs. From 2003-2005, he worked in a project position for ICI Paints Asia Pacific as Business Transformation Director, and between 2005-2009, worked as a freelance Consultant and Management Development Partner where he worked across many industries as one-on-one, partner to CEO's and Leaders in Asia to help them develop and implement their business strategies and align and shape their organization.



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Jeremy is currently a board member of Akzo Nobel Paints Lanka (Pvt) Ltd, PT ICI Paints Indonesia, AkzoNobel Oman SOAC, Akzo Nobel Decorative Paints LLC, Akzo Nobel (Asia Pacific) Pte Ltd, Akzo Nobel Paints Vietnam Ltd, and Akzo Nobel Paints (Thailand) Limited. Jeremy Rowe has an MBA with distinction from the London Business School specialized in Strategy, Marketing and Finance, and a BSc. (Hons) in Physics from the University of Southampton in the United Kingdom.

#### 4. Bart Kaster (Non-Executive)

Appointed to the Board of Directors of Akzo Nobel Pakistan Limited on May 23, 2012, Bart a graduate of University of Leiden (NL) with a degree in Chemistry, has been associated with the AkzoNobel Group since 1980, during which he has held senior positions in R&D, Marketing and Business Management and fulfilled various business and corporate assignments in Europe and Asia.

Bart is also Director of Akzo Nobel Limited, Akzo Nobel UK Limited, Akzo Nobel Decorative Coatings Limited, ICI Limited, and ICI Chemicals and Polymers Ltd. Bart is also a supervisory Board member of Akzo Nobel GmbH (Germany).

#### 5. Sebastian Tan (Non-Executive)

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 after he was appointed the Asia Integration Lead, and successfully merged the two reputable companies of 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 boards on Akzo Nobel (Asia Pacific) Pte Limited, Akzo Nobel Singapore Pte Limited, Akzo Nobel Paints Vietnam Limited, Akzo Nobel Malaysia Sdn Bhd and Akzo Nobel PNG Limited. He has extensive MNC manufacturing experience, 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 consumer paints business.

#### 6. Saad Mahmood Rashid (Chief Executive)

Saad Mahmood Rashid was appointed to the Board of Directors and Chief Executive Officer of Akzo Nobel Pakistan Limited on November 20, 2017. He also holds the position of General Manager for Decorative Paints in Pakistan. Saad joined Akzo Nobel Pakistan Limited in October 2014 as Business Manager Decorative Paints and under his leadership the business has shown a turnaround performance.

Saad is a seasoned commercial leader with over 19 years of experience in various Blue Chip Multinationals spanning various industries and geographies. Before joining Akzo Nobel Pakistan Limited, Saad was working as Sales Director for Reckitt Benckiser Pakistan. Prior to this role, he has worked in various commercial positions at Reckitt Benckiser South Africa, Pepsi Cola International, Pakistan Tobacco Company (BAT) and Ceylon Tobacco Company (BAT). His rich local and international experience has been a good value addition to the Akzo Nobel Pakistan Limited Management team. Saad has an MBA degree from IBA Karachi and has received his

schooling from ICB, Islamabad and Australia.

#### 7. Harris Mahmood (Executive Director and Chief Financial Officer)

Harris Mahmood was appointed to the Board of Directors of Akzo Nobel Pakistan Limited in January 2015 and is also the Chief Financial Officer of the Company. He has been associated with ICI Pakistan and later Akzo Nobel Pakistan Limited for around 12 years in various roles looking after Finance and Internal Audit.

Harris Mahmood is currently heading the Finance, IT and Legal functions in Akzo Nobel Pakistan Limited. He joined ICI Pakistan Limited in 2006 as Internal Audit Manager at 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 Akzo Nobel Pakistan Limited as Finance Manager and took over as CFO of the Company in January 2015.

He received his schooling from Aitchison College, Lahore and became an Associate Chartered Accountant from Institute of Chartered 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 article-ship 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.

# Our Executive Management Team

## Usman Ali Jamil

HR Business Partner

Usman Ali Jamil joined AkzoNobel Pakistan as the HR Business Partner in 2014. In his role, Usman supports business growth by implementing the right HR strategy.

Usman is a seasoned HR professional with over 15 years of experience spanning various industries. His last role was Human Resource Manager for PepsiCo International. Prior to this, he has worked in key HR roles with Presson Descon International, Metro Cash & Carry, NayaTel Group, and Kaprosoft IT Solutions.

Usman completed his MBA from University of Management Technology, Lahore in 2006 and Bachelors in Computer Sciences from AIOU, Islamabad in 2002. He is married, with two children.

## Syed Ismail Hussain Naqvi

Business Manager, Performance Coatings

Before joining AkzoNobel in December 2015 as the Business Manager for Performance Coatings, Ismail worked with Buhler AG as Country Manager for 4 years and also spent 2 years with Descon Engineering in Business Development. He worked at different technical and management positions at Applied Materials in Santa Clara, California from 1998 to 2008, before he moved back to Pakistan.

Ismail brings diverse B2B experience and has played a key role in establishing and growing different industrial businesses in Pakistan. Ismail completed his Master of Business Administration from Santa Clara University, California in 2007 and Master of Science, Mechanical Engineering from University of Michigan, Ann Arbor in 1998. Ismail is married, with two children.

## Usman Ali

National Sales Manager, Decorative Paints

Usman Ali joined the Company as Regional Sales Manager in the Southern Region in 2015 before recently taking on the role of National Sales Manager, Decorative Paints at AkzoNobel Pakistan.

In his regional role, Usman has been instrumental in the successful turnaround of the business and has proven ability of successful sales and business development. Before joining AkzoNobel, Usman was with Total Parco Pakistan Limited for over 10 years based in different geographies in Pakistan and leaving as the Regional Manager Sales - having won several awards on exceptional sales performance since the beginning of his career from 2005.

Usman has completed his MBA in 2005 from

University of Management & Technology, formerly known as ILM. He is married, with three kids.

## Saad Mahmood Rashid

Chief Executive; General Manager, Decorative Paints

Saad Mahmood Rashid was appointed to the Board of Directors and Chief Executive Officer of Akzo Nobel Pakistan Limited on November 20, 2017. He also holds the position of General Manager for Decorative Paints in Pakistan. Saad joined Akzo Nobel Pakistan Limited in October 2014 as Business Manager Decorative Paints and under his leadership the business has shown a turnaround performance.

Saad is a seasoned commercial leader with over 19 years of experience in various Blue Chip Multinationals spanning various industries and geographies. Before joining Akzo Nobel Pakistan Limited, Saad was working as Sales Director for Reckitt Benckiser Pakistan. Prior to this role, he has worked in various commercial positions at Reckitt Benckiser South Africa, Pepsi Cola International, Pakistan Tobacco Company (BAT) and Ceylon Tobacco Company (BAT). His rich local and international experience has been a good value addition to the Akzo Nobel Pakistan Limited Management team. Saad has an MBA degree from IBA Karachi and has received his schooling from ICB, Islamabad and Australia. Saad is married, with three children.

## Muhammad Rizwan

Supply Chain Manager

Rizwan was working as Senior Manager Logistics & Integrated Supply Chain in Tetra Pak Pakistan Limited before joining AkzoNobel Pakistan as the Supply Chain Manager in 2016. He started his career in 2001 with Honda Atlas Cars Pakistan Limited before moving to Tetra Pak Pakistan Limited in 2005. Rizwan has 17 years of experience in Supply Chain, covering procurement, inbound & outbound logistics, warehousing and distribution. He completed his M.Com from Hailey College of Commerce, University of the Punjab, Lahore in 2001. Rizwan is married, with four children.

## Usman Hafaz

Head of Brand and Customer Marketing,

Decorative Paints

Usman Hafaz is the Head of Brand and Customer Marketing, Decorative Paints. He joined AkzoNobel Pakistan in August 2013 as Brand Manager, Decorative Paints and subsequently took over the role of Marketing Manager, Decorative Paints in April, 2015.

Usman has over 10 years of professional

experience which started off with ICI Pakistan in 2008 as a graduate recruit. Usman has also worked for United Nations in various roles before joining AkzoNobel Pakistan. Usman completed his BSc.(Hons) from Lahore University of Management Sciences (LUMS) in 2004 followed by Masters in Business Administration (MBA) from Judge Business School, University of Cambridge in 2007. He is married, with two children.

## Farooq Ayub Khan

Operations Manager

Farooq Ayub Khan is the Operations Manager for the Paints & 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 Process Safety and Lean Manufacturing. Prior to AkzoNobel, he has worked in Pakistan Tobacco Company in various functions across the Supply Chain as the Production Manager, Engineering Manager and Secondary Logistics Manager.

Farooq has done his Bachelors in Mechanical Engineering from Ghulam Ishaq Khan Institute of Engineering Sciences & Technology. He is married, with three children.

## Harris Mahmood

Chief Financial Officer

Harris Mahmood is heading the Finance, IT and Legal functions in AkzoNobel Pakistan. He joined ICI Pakistan Limited in 2006 as Internal Audit Manager at Head Office and subsequently worked in business finance functions at Polyester Fibres 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.

He received his schooling from Aitchison College, Lahore and became an Associate Chartered Accountant from Institute of Chartered Accountants of Pakistan in 2005. He completed his article-ship 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. Harris is married, with three children.



**The Executive Management Team comprises commercial managers and departmental heads who meet regularly for strategic business planning, decision making and overall management of the Company.**

(left to right)

**Usman Ali Jamil**  
HR Business Partner

**Syed Ismail Hussain Naqvi**  
Business Manager,  
Performance Coatings

**Usman Ali**  
National Sales Manager,  
Decorative Paints

**Saad Mahmood Rashid**  
Chief Executive (*sitting*)

**Muhammad Rizwan**  
Supply Chain Manager

**Usman Hafaz**  
Head of Brand and Customer  
Marketing, Decorative Paints

**Farooq Ayub Khan**  
Operations Manager

**Harris Mahmood**  
Chief Financial Officer

# Report of the Directors

For the year ended December 31, 2017

The Directors of the Company are pleased to present the annual report along with the audited financial statements for the year ended December 31, 2017.

## Overview

Pakistan's economic performance continued to remain strong in 2017 with GDP growth at 5.3% for FY2017 (the highest in the past decade) underpinned by the rebound in agriculture sector, continued growth in the manufacturing sector, and healthy contribution by the services sector. For the first time, the size of the economy surpassed USD300 billion. The economy was supported by a favorable global economic environment, CPEC related investment and an expansionary fiscal and monetary policy.

The year 2017 was a year of value creation for the Company. This included solid operational improvements as well as crystalizing portfolio management choices. Profitability was in line with expectations, as operational savings and efficiencies offset higher commodity costs. The turnover at PKR 8.5 billion was 11% higher than last year. Raw material prices increased during the year on the back of higher crude oil prices. Price increases were announced on selected lines, but gross margins were still impacted. The Company adopted cost saving measures and as a result operating expenses were 6% lower than last year. Accordingly, operating profit of PKR 800 million and earnings per share at PKR 12.34 were higher than last year by 18% and 17% respectively.

The Company contributed PKR 1.125 billion to the national exchequer through taxes, duties and other levies during 2017 (2016: PKR 1.09 billion).

## Financial Performance

PKR million

	2017	2016	Increase (Decrease)
Turnover	8,530	7,684	11%
Net sales	5,691	5,137	11%
Cost of sales	3,461	2,947	17%
Gross profit	2,229	2,190	2%
Operating profit	800	675	18%
Profit after taxation	573	491	17%
Earnings per share - PKR	12.34	10.57	17%

## Dividends

Keeping in view future business prospects and after due consideration of the Company's cash flow requirements, the Board of Directors is pleased to propose a final dividend of PKR 7.00 per ordinary share i.e. 70% for the year ended December 31, 2017.

## Health, Safety and Environment - HSE

The Company continued to demonstrate its firm commitment to HSE, completing the year without a single reportable injury. Our Behavior Based Safety (BBS) program, which is about influencing people's behavior to avoid injuries, gained momentum and through the application of this program, Company has been able to improve safety at its site. On the operational eco efficiency side, there has been a reduction of 9% in hazardous waste generation from last year. These developments are a clear demonstration of the Company's resolve to maintain health and safety as a core priority.

## Business performance

AkzoNobel Pakistan is committed to enhance its product range through innovation: this remains an integral part of the Company's vision to positively enhance the quality of life of consumers. Major new product launches during 2017 were in the premium exterior and premium interior paint categories with the name

of Dulux Weathershield Powerflex and Dulux EasyCare respectively. Media advertisement and trade initiatives continued and helped in achieving higher sales volumes.

The Company took advantage of growth opportunities in the Tractors and Protective Coatings markets, achieving healthy volume growth. Specialty Chemicals portfolio also continued to deliver growth and maintained its focus on expanding product range and adding new customers to this portfolio.

## Future Outlook

The year 2018 is likely to witness political electoral activity with both Senate and National Assembly elections planned during the year. Improving business confidence and rising private sector investment, more adequate power and gas supplies, accelerating progress on CPEC related projects, and an ameliorating security situation are expected to keep the domestic economy and consumption driven model intact. On the negative side the increased current account deficit of the balance of payments is likely to lead to speculation relating to the exchange rate.

The Company aims to maintain its aggressive stance to enhance market share and to continue to invest on brand building initiatives and product promotion to increase awareness of ICI Dulux. New and innovative products will be launched to maintain shelf space in the retail channel and to support topline growth.

Products and customer development in Protective Coatings and Specialty Chemicals will continue to yield good results for the Company in the short to medium term.

## Acknowledgment

In 2017, we continued to strengthen our people processes to sustain an edge over competition. Key focus areas included leadership development, capability enhancement and employee relations management. This helped in building high performance teams to achieve organizational goals while diversity and commitment to compliance continued to remain at the heart of our agenda. The results of the Company are a reflection of the unrelenting commitment and contribution of its people, and the trust placed in the Company by its customers, suppliers, service providers and shareholders.

## Auditors

The present auditors A.F. Ferguson & Co. Chartered Accountants, are retiring and being eligible have offered themselves for reappointment.

## Compliance with the Code of Corporate Governance

As required under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchange in the country, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and deviation if any from these has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.
- Key operating and financial data for the last six years is summarized on page F52 and F53.
- Outstanding taxes and levies are given in the Notes to the Financial Statements.
- The management of the Company is committed to good corporate governance and appropriate steps are taken to comply with best practices.

#### Investment in Retirement Benefits

The value of investments made by the staff retirement funds operated by the trustees of the funds, as per their respective audited financial statements for the year ended December 31, 2016, are as follows:

	Value in PKR million
Akzo Nobel Pakistan Limited Management Staff Provident Fund	262
Akzo Nobel Pakistan Limited Management Staff Gratuity Fund	147
Akzo Nobel Pakistan Limited Management Staff Pension Fund	185
Akzo Nobel Pakistan Limited Management Staff Defined Contribution Superannuation Fund	129
Akzo Nobel Pakistan Limited Non Management Staff Provident Fund	34

#### Directors' attendance

During the year, 4 (four) Board of Directors, 4 (four) Audit Committee and 3 (three) 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
Mr. Mueen Afzal	4	4	3
Mr. Zia Ur Rehman	4	4	-
Mr. Jeremy Rowe	4	-	3
Mr. Bart Kaster	4	4	-
Mr. Jehanzeb Khan * Chief Executive	4	-	3
Mr. Sebastian Tan	4	4	-
Mr. Harris Mahmood Chief Financial Officer	4	4	-
Ms. Sara Shah Company Secretary	4	-	-
Mr. Rehan Hamid Secretary Audit Committee	-	4	-
Mr. Usman Ali Jamil Secretary HR & R Committee	-	-	3

\* Mr. Jehanzeb Khan retired on November 20, 2017 as Chief Executive and Director of the Company and Mr. Saad Mahmood Rashid joined the Board as new Chief Executive and Director of the Company.

#### Director's training

Mr. Saad Mahmood Rashid completed the certification for the Director's Training Program conducted by Pakistan Institute of Corporate Governance (PICG) in 2017. Mr. Mueen Afzal, Mr. Zia Ur Rehman, and Mr. Harris Mahmood had already completed training requirements in previous years.

#### Pattern of shareholding

A statement showing the pattern of shareholding in the Company along with additional information as at December 31, 2017 appears on page numbers F54 to F56.

ICI Omicron B.V. (an AkzoNobel group company) held 75.81% shares, while institutions held 7.46% and individuals and others held the balance 16.73%.

The highest and the lowest market prices during 2017 were PKR 296.64 and PKR 177.00 per share respectively.

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.



Mueen Afzal  
Chairman

Lahore  
February 28, 2018



Saad Mahmood Rashid  
Chief Executive

# Statement of Compliance with the Code of Corporate Governance

for the year ended December 31, 2017

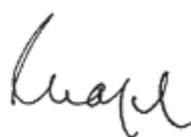
This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No. 5.19.24 of the Listing Regulations of the Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the code in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At December 31, 2017 the Board includes:

Category	Names
Independent Director	Mr. Mueen Afzal (Chairman) Mr. Zia Ur Rehman
Executive Director	Mr. Saad Mahmood Rashid Mr. Harris Mahmood
Non-Executive Director	Mr. Bart Kaster Mr. Jeremy Rowe Mr. Sebastian Tan

**The independent directors meet the criteria of independence under clause 5.19.1 (b) of the Code of Corporate Governance.**

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Akzo Nobel Pakistan Limited.
3. All the resident directors of the Company are registered as tax-payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the board on November 20, 2017 due to the retirement of the Chief Executive Mr. Jehanzeb Khan and was filled within 14 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates in which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other Executive Directors and Non-Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors have been provided with copies of the listing regulations of the Pakistan Stock Exchange Limited, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are all conversant with their duties and responsibilities. During the year one of the directors attended the Corporate Governance Leadership Skill - Director Educational Program by PICG, while three of the directors on the Board have already acquired the training in previous years.
10. The Board has approved the appointment of Mr. Saad Mahmood Rashid as the Chief Executive Officer and Director of Akzo Nobel Pakistan Limited.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board. The half yearly and annual accounts were also initiated by the external auditors before presentation to the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee comprising of four members, all of whom are either non-executive or independent directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee comprising of three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
18. The Board has outsourced the internal audit function to M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Market / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.



Mueen Afzal  
Chairman



Saad Mahmood Rashid  
Chief Executive

Lahore  
February 28, 2018

# Review Report

## to the members on Statement of Compliance with best practices of Code of Corporate Governance

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code.

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Akzo Nobel Pakistan Limited ("the Company") for the year ended December 31, 2017 to comply with the Listing Regulation No. 5.19.24 of the Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited

primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon the recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2017.



A.F. Ferguson & Co.,  
Chartered Accountants  
(Hammad Ali Ahmad)

# HEART WOOD

Color of the Year 2018



Visit our website to learn  
more about AkzoNobel  
Pakistan and what  
we can do for you

[www.akzonobel.pk](http://www.akzonobel.pk)



or call at our helpline:  
0800-38589 (DULUX)

For answers to your paint related queries,  
please feel free to contact our experts

E: [customer.contact.centre@akzonobel.com](mailto:customer.contact.centre@akzonobel.com)

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# **Akzo Nobel Pakistan Limited Financial Statements**

Akzo Nobel Pakistan Limited





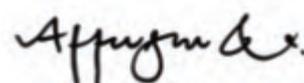
## Auditors' Report to the Members

We have audited the annexed balance sheet of Akzo Nobel Pakistan Limited ("the Company") as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



**Lahore**  
**Date:** February 28, 2018

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**(Hammad Ali Ahmad)**

## Balance Sheet

### As at December 31, 2017

Amounts in Rs '000			
	Note	2017	2016
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital	5	1,000,000	1,000,000
Issued, subscribed and paid-up capital	5	464,433	464,433
Reserves	6		
- Capital reserves		156,202	156,202
- Revenue reserve		1,862,301	1,590,787
		<b>2,482,936</b>	2,211,422
Surplus on revaluation of property, plant and equipment	7	1,306,613	1,347,799
<b>Non-current liabilities</b>			
Deferred liabilities	8	58,062	57,210
<b>Current liabilities</b>			
Trade and other payables	9	1,901,597	1,470,505
<b>Contingencies and commitments</b>	10		
		<b>5,749,208</b>	5,086,936

## Balance Sheet

### As at December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,983,914	1,840,208
Intangible assets	12	9	674
Long term loans	13	85,553	87,040
Long term deposits and prepayments	14	6,240	4,658
Deferred tax asset - net	15	132,164	135,690
		<b>2,207,880</b>	<b>2,068,270</b>
<b>Current assets</b>			
Stores and spares	16	25,568	18,603
Stock-in-trade	17	587,044	468,549
Trade debts	18	739,593	493,199
Loans and advances	19	62,603	62,529
Trade deposits and short term prepayments	20	14,033	20,775
Other receivables	21	44,486	20,944
Income tax receivable		16,172	1,729
Interest accrued		4,496	4,754
Cash and bank balances	22	2,047,333	1,927,584
		<b>3,541,328</b>	<b>3,018,666</b>
		<b>5,749,208</b>	<b>5,086,936</b>

The annexed notes 1 to 41 form an integral part of these financial statements.



**Mueen Afzal**  
Chairman



**Saad Mahmood Rashid**  
Chief Executive



**Harris Mahmood**  
Chief Financial Officer

## Profit and Loss Account

### For the year ended December 31, 2017

Amounts in Rs '000			
	Note	2017	2016
Turnover	23	8,529,637	7,684,222
Sales tax, excise duty and discounts	23	(2,839,060)	(2,547,261)
<b>Net sales</b>		<b>5,690,577</b>	5,136,961
Cost of sales	24	(3,461,452)	(2,947,355)
<b>Gross profit</b>		<b>2,229,125</b>	2,189,606
Selling and distribution expenses	25	(1,115,667)	(1,145,357)
Administrative and general expenses	26	(313,782)	(369,355)
<b>Operating profit</b>		<b>799,676</b>	674,894
Finance cost	27	(2,053)	(6,173)
Other charges	28	(77,715)	(62,273)
		<b>(79,768)</b>	(68,446)
Other income	29	133,623	165,483
<b>Profit before taxation</b>		<b>853,531</b>	771,931
Taxation	30	(280,525)	(281,194)
<b>Profit for the year</b>		<b>573,006</b>	490,737
<b>Earnings per share - Basic and diluted - Rupees</b>	31	<b>12.34</b>	10.57

The annexed notes 1 to 41 form an integral part of these financial statements.



**Mueen Afzal**  
Chairman



**Saad Mahmood Rashid**  
Chief Executive

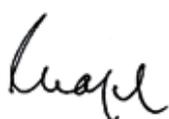


**Harris Mahmood**  
Chief Financial Officer

## Statement of Comprehensive Income For the year ended December 31, 2017

Amounts in Rs '000			
	Note	2017	2016
<b>Profit for the year</b>		573,006	490,737
<b>Other comprehensive (loss) / income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement of defined benefit liability	8.3	(58,277)	3,094
Related tax impact		17,483	(959)
		(40,794)	2,135
<i>Items that may be reclassified to profit or loss</i>			
		-	-
<b>Total comprehensive income for the year</b>		532,212	492,872

The annexed notes 1 to 41 form an integral part of these financial statements.



**Mueen Afzal**  
Chairman



**Saad Mahmood Rashid**  
Chief Executive



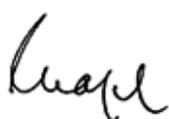
**Harris Mahmood**  
Chief Financial Officer

## Statement of Changes in Equity For the year ended December 31, 2017

Amounts in Rs '000

	Note	Share capital	Capital reserves		Revenue reserve	Share capital and reserves
			Share premium	Capital receipts	Unappropriated profit	
<b>Balance as at December 31, 2015</b>		464,433	156,006	196	1,383,041	2,003,676
<b>Total comprehensive income for the year ended December 31, 2016</b>						
Profit for the year		-	-	-	490,737	490,737
Other comprehensive income		-	-	-	2,135	2,135
<b>Total comprehensive income for the year</b>		-	-	-	492,872	492,872
Incremental depreciation charge during the year - net of deferred tax	7	-	-	-	16,758	16,758
<b>Transactions with owners recognized directly in equity</b>						
Final dividend for the year ended December 31, 2015 @ Rs. 6.50 per share		-	-	-	(301,884)	(301,884)
<b>Balance as at December 31, 2016</b>		<b>464,433</b>	<b>156,006</b>	<b>196</b>	<b>1,590,787</b>	<b>2,211,422</b>
<b>Total comprehensive income for the year ended December 31, 2017</b>						
Profit for the year		-	-	-	573,006	573,006
Other comprehensive loss		-	-	-	(40,794)	(40,794)
<b>Total comprehensive income for the year</b>		-	-	-	532,212	532,212
Incremental depreciation charge during the year - net of deferred tax	7	-	-	-	41,186	41,186
<b>Transactions with owners recognized directly in equity</b>						
Final dividend for the year ended December 31, 2016 @ Rs. 6.50 per share		-	-	-	(301,884)	(301,884)
<b>Balance as at December 31, 2017</b>		<b>464,433</b>	<b>156,006</b>	<b>196</b>	<b>1,862,301</b>	<b>2,482,936</b>

The annexed notes 1 to 41 form an integral part of these financial statements.



**Mueen Afzal**  
Chairman



**Saad Mahmood Rashid**  
Chief Executive



**Harris Mahmood**  
Chief Financial Officer

## Cash Flow Statement

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>Cash flows from operating activities</b>			
Profit before taxation		853,531	771,931
Adjustments for:			
Depreciation and amortization		140,050	113,241
Gain on disposal of property, plant and equipment		(1,926)	(317)
Provision for employee benefits obligation		33,657	35,289
Reversal of provision for doubtful debts		(14,389)	(20,238)
Reversal of provision no longer required		(36,870)	(46,062)
Provision for slow moving and obsolete stock		25,085	9,011
Interest income		(70,027)	(76,701)
		75,580	14,223
Profit before working capital changes		929,111	786,154
<b>Effect on cash flow due to working capital changes:</b>			
<b>Decrease / (increase) in current assets:</b>			
Stores and spares		(6,965)	148
Stock-in-trade		(143,580)	(116,079)
Trade debts		(232,005)	(13,879)
Loans and advances		(74)	(32,551)
Trade deposits and short term prepayments		6,742	(1,971)
Other receivables		(23,542)	(4,731)
		(399,424)	(169,063)
<b>Increase in current liabilities:</b>			
Trade and other payables		424,229	229,919
Net cash generated from operations		953,916	847,010
Decrease / (increase) in long term loans		1,487	(8,718)
(Increase) / decrease in long term deposits and prepayments		(1,582)	756
Employee benefits paid		(50,314)	(24,573)
Taxes paid		(273,959)	(298,360)
Net cash generated from operating activities		629,548	516,115
<b>Cash flows from investing activities</b>			
Payments for capital expenditure		(280,454)	(133,180)
Proceeds from disposal of property, plant and equipment		2,091	420
Interest received		70,285	75,180
Net cash used in investing activities		(208,078)	(57,580)
<b>Cash flows from financing activities</b>			
Dividend paid		(301,721)	(301,722)
Net cash used in financing activities		(301,721)	(301,722)
Increase in cash and cash equivalents		119,749	156,813
Cash and cash equivalents at the beginning of the year		1,927,584	1,770,771
<b>Cash and cash equivalents at the end of the year</b>	22	<b>2,047,333</b>	<b>1,927,584</b>

The annexed notes 1 to 41 form an integral part of these financial statements.



**Mueen Afzal**  
Chairman



**Saad Mahmood Rashid**  
Chief Executive



**Harris Mahmood**  
Chief Financial Officer

## Notes to the Financial Statements

### For the year ended December 31, 2017

#### 1 Legal status and nature of business

Akzo Nobel Pakistan Limited (“the Company”) is a public limited company listed on the Pakistan Stock Exchange. 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, and trading of specialty chemicals.

#### 2 Basis of preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. 23, reference CLD/CCD/PR(11) / 2017, dated October 04, 2017 issued by Securities and Exchange Commission of Pakistan (SECP), companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, and provisions of, and directives issued under, the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives issued under, the Companies Ordinance, 1984 shall prevail.

#### 2.2 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 applicable to the Company’s financial statements covering annual periods, beginning on or after the dates mentioned in the sub-notes.

##### 2.2.1 Standards, amendments or interpretations which became effective during the year

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The amendments and interpretations which became effective during the year are considered not to be relevant to the Company’s operations and therefore are not detailed in these financial statements except for the amendments as explained below.

Amendments to IAS 7, ‘Statement of cash flows’ on the disclosure initiative is applicable on annual periods beginning on or after January 01, 2017. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. The objective of the amendment is that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to IAS 12, ‘Income Taxes’ in relation to recognition of deferred tax assets for unrealized losses are applicable on accounting periods beginning on or after January 01, 2017. International Accounting Standards Board (IASB) has clarified that unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use. Furthermore, the estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

The application of aforementioned amendments has no material impact on the Company’s financial statements.

##### 2.2.2 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. They are not expected to have a material impact on Company’s financial statements.

## Notes to the Financial Statements

### For the year ended December 31, 2017

#### Effective date (accounting periods beginning on or after)

- Annual improvements 2014-2016	January 1, 2018
- IFRS 9 - 'Financial instruments'	January 1, 2018
- IFRS 15 - 'Revenue from contracts with customers'	January 1, 2018
- IFRIC 22 - 'Foreign currency transactions and advance consideration'	January 1, 2018
- IFRIC 23 - 'Uncertainty over income tax'	January 1, 2019
- IFRS 16 - 'Leases'	January 1, 2019

#### 2.2.3 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, 2018 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 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.

The Company's significant accounting policies are stated in note 4. 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.

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

#### a) Defined benefit obligation

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

## Notes to the Financial Statements

### For the year ended December 31, 2017

#### c) Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. In determination of deferred taxes, estimates of the Company's future taxable profit are taken into consideration.

The tax year of the Company is the same as its accounting year. The income tax assessments of the Company up to and including tax year 2017 have been completed under the provisions of section 120 of the Income Tax Ordinance, 2001 except for the cases as mentioned in note 10.1.1 and 10.1.2.

#### 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) Trade debts, advances and other receivables

The recoverability of trade debts, advances and other receivables are reviewed at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

#### 4 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, unless otherwise stated.

##### 4.1 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 balance sheet date.

##### 4.2 Stock-in-trade

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

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

Raw materials

Weighted average cost

Work-in-process and finished goods

Cost of direct materials, labour and appropriate manufacturing overheads

Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

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

##### 4.3 Property, plant and equipment

Property, plant and equipment (except freehold land, buildings on freehold land and plant and machinery) are stated

## Notes to the Financial Statements

### For the year ended December 31, 2017

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 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 11.1 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 balance sheet 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.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Improvements 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 profit and loss account, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to retained earnings (unappropriated profits).

Capital work-in-progress is stated at cost less any identified impairment loss.

#### 4.4 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 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 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 profit and loss 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.

#### 4.5 Financial instruments

##### 4.5.1 Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies non-derivative financial assets into financial assets at fair value through profit or loss; held-to-maturity financial assets; loans and receivables; and available-for-sale financial assets.

As at December 31, 2017 no financial assets of the Company are classified as financial assets at fair value through profit or loss; available-for-sale financial assets; and held-to-maturity financial assets.

## Notes to the Financial Statements

### For the year ended December 31, 2017

#### 4.5.1.1 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Loans and receivables include loans, deposits, trade debts, interest accrued, other receivables and cash and bank balances of the Company.

#### 4.5.1.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

#### 4.5.2 Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

#### 4.5.3 Derivative financial instruments

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit and loss account.

#### 4.5.4 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.

#### 4.6 Impairment

##### 4.6.1 Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is an objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

## Notes to the Financial Statements

### For the year ended December 31, 2017

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

#### 4.6.2 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 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.

#### 4.7 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.

#### 4.8 Staff retirement benefits

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

##### 4.8.1 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.

## Notes to the Financial Statements

### For the year ended December 31, 2017

Re-measurement 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 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 profit and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### 4.8.2 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.

#### 4.9 Provisions

A provision is recognized in the balance sheet 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.

#### 4.10 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.

#### 4.11 Revenue recognition

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), recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured reliably.

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

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

#### 4.12 Financial expenses and financial income

Financial expenses are recognized using the effective interest rate method and comprise foreign currency losses and mark-up / interest expense on borrowings.

Financial income comprises interest income on funds invested and foreign currency gains. Mark-up / interest income is recognized as it accrues in profit and loss account, using the effective interest rate method.

## Notes to the Financial Statements

### For the year ended December 31, 2017

#### 4.13 Operating lease / Ijarah contracts

Leases in which a significant portion of the risks and rewards of ownership are 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 profit and loss account on a straight-line basis over the period of the lease.

#### 4.14 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.

#### 4.15 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 balance sheet date. Exchange differences are taken to the profit and loss account.

#### 4.16 Taxation

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

##### 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.

Through the Finance Act, 2017, an amendment has been made to section 5A of the Income Tax Ordinance, 2001 whereby 'tax on undistributed reserves' has been substituted by 'tax on undistributed profits'. As per the amended provision, income tax at the rate of 7.5% of accounting profit before tax for tax year 2017 and onwards is applicable where the Company does not distribute at least 40% of its after tax profits, whether in the form of cash or bonus shares, within nine months of the end of tax year 2017, i.e. September 30, 2017, and within six months of the end of tax year 2018 and onwards. Liability in respect of such income tax, if any, is recognized when the prescribed time period for distribution expires. The Company has already distributed 40% of its after tax profits for the tax year 2017.

##### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the 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 balance sheet date. Deferred tax is charged or credited in the 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.

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

#### 4.17 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.

#### 4.18 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.

#### 4.19 Related party transactions

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

#### 4.20 Functional and presentation currency

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

### 5 Share capital

	2017	2016	Note	2017	2016
<b>5.1 Authorized share capital</b>					
	<u>Number of shares</u>				
	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

	2017	2016		2017	2016
	<u>Number of shares</u>				
	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 35,209,665 ordinary shares of Rs. 10/- each representing 75.81% of the share capital of the Company.

### 6 Reserves

Capital reserves:

- Share premium	6.1	156,006	156,006
- Capital receipts	6.2	196	196
		<b>156,202</b>	156,202
Revenue reserve - Unappropriated profit		<b>1,862,301</b>	1,590,787
		<b>2,018,503</b>	1,746,989

## Notes to the Financial Statements

### For the year ended December 31, 2017

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 carried out during the year.

	2017	2016
Balance at beginning of the year	1,347,799	877,136
Revaluation surplus for the year - net of deferred tax	-	487,421
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	(41,186)	(16,758)
<b>Balance at end of the year</b>	<b>1,306,613</b>	<b>1,347,799</b>

#### **8 Deferred liabilities**

##### **8.1 The amounts recognized in the balance sheet are:**

##### **Non-current liabilities**

Unfunded - recognized in deferred liability 58,062 57,210

##### **Current liabilities**

Payable to employee retirement benefit fund:

- Pension fund	87,877	54,698
- Gratuity fund	59,216	51,627
	<b>147,093</b>	<b>106,325</b>
	<b>205,155</b>	<b>163,535</b>

	2017					2016				
	Funded			Unfunded	Total	Funded			Unfunded	Total
	Pension	Gratuity	Sub Total			Pension	Gratuity	Sub Total		

##### **8.2 The amounts recognized in the profit and loss account against defined benefit schemes are as follows:**

Current service cost	8,822	12,322	21,144	1,746	22,890	8,905	12,231	21,136	1,673	22,809
Interest cost	18,177	14,738	32,915	4,012	36,927	20,339	17,036	37,375	4,165	41,540
Expected return on plan assets	(14,880)	(11,280)	(26,160)	-	(26,160)	(16,708)	(12,352)	(29,060)	-	(29,060)
<b>Net charge for the year</b>	<b>12,119</b>	<b>15,780</b>	<b>27,899</b>	<b>5,758</b>	<b>33,657</b>	<b>12,536</b>	<b>16,915</b>	<b>29,451</b>	<b>5,838</b>	<b>35,289</b>

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	2017					2016						
	Note	Funded			Unfunded	Total	Funded			Unfunded	Total	
		Pension	Gratuity	Sub Total			Pension	Gratuity	Sub Total			
<b>8.3</b>	<b>Included in other comprehensive income:</b>											
	Actuarial (loss) / gain on remeasurement of plan obligation from:											
-		Change in financial assumptions	(14,694)	-	(14,694)	-	(14,694)	(12,173)	-	(12,173)	-	(12,173)
-		Experience adjustments	(21,497)	(6,583)	(28,080)	3,412	(24,668)	(43)	3,117	3,074	(3,841)	(767)
	Return on plan assets, excluding interest income											
			(7,461)	(11,454)	(18,915)	-	(18,915)	4,897	11,137	16,034	-	16,034
			(43,652)	(18,037)	(61,689)	3,412	(58,277)	(7,319)	14,254	6,935	(3,841)	3,094
<b>8.4</b>	<b>Movement in the net liability recognized in the balance sheet are as follows:</b>											
		Balance at beginning of the year	(54,698)	(51,627)	(106,325)	(57,210)	(163,535)	(48,154)	(59,319)	(107,473)	(48,440)	(155,913)
	8.2	Net charge for the year	(12,119)	(15,780)	(27,899)	(5,758)	(33,657)	(12,536)	(16,915)	(29,451)	(5,838)	(35,289)
		Contributions / payments during the year	22,592	26,228	48,820	1,494	50,314	13,311	10,353	23,664	909	24,573
	Actuarial (loss) charged to / gain recognized in other comprehensive income											
	8.3		(43,652)	(18,037)	(61,689)	3,412	(58,277)	(7,319)	14,254	6,935	(3,841)	3,094
		Balance at end of the year	(87,877)	(59,216)	(147,093)	(58,062)	(205,155)	(54,698)	(51,627)	(106,325)	(57,210)	(163,535)
<b>8.5</b>	<b>The amounts recognized in the balance sheet are as follows:</b>											
		Fair value of plan assets	133,169	118,608	251,777	-	251,777	214,645	162,162	376,807	-	376,807
		Present value of defined benefit obligation	(221,046)	(177,824)	(398,870)	(58,062)	(456,932)	(269,343)	(213,789)	(483,132)	(57,210)	(540,342)
		Liability recognized	(87,877)	(59,216)	(147,093)	(58,062)	(205,155)	(54,698)	(51,627)	(106,325)	(57,210)	(163,535)
<b>8.6</b>	<b>Movement in the present value of defined benefit obligation:</b>											
		Balance at beginning of the year	269,343	213,789	483,132	57,210	540,342	237,005	202,975	439,980	48,440	488,420
		Current service cost	9,102	13,260	22,362	1,746	24,108	8,905	13,452	22,357	1,673	24,030
		Interest cost	18,177	14,738	32,915	4,012	36,927	20,339	17,036	37,375	4,165	41,540
		Benefits paid	(111,768)	(70,546)	(182,314)	(1,494)	(183,808)	(9,122)	(16,557)	(25,679)	(909)	(26,588)
	Actuarial (gain) / loss on remeasurement of plan obligation											
			36,192	6,583	42,775	(3,412)	39,363	12,216	(3,117)	9,099	3,841	12,940
		Balance at end of the year	221,046	177,824	398,870	58,062	456,932	269,343	213,789	483,132	57,210	540,342

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	2017					2016					
	Funded			Unfunded	Total	Funded			Unfunded	Total	
	Note	Pension	Gratuity			Sub Total	Pension	Gratuity			Sub Total
<b>8.7 Movement in the fair value of plan assets:</b>											
Balance at beginning of the year		214,645	162,162	376,807	-	376,807	188,851	143,656	332,507	-	332,507
Expected return	8.2	14,880	11,280	26,160	-	26,160	16,708	12,352	29,060	-	29,060
Contributions		22,873	27,166	50,039	-	50,039	13,311	11,574	24,885	-	24,885
Benefits paid		(111,768)	(70,546)	(182,314)	-	(182,314)	(9,122)	(16,557)	(25,679)	-	(25,679)
Return on plan assets, excluding interest income		(7,461)	(11,454)	(18,915)	-	(18,915)	4,897	11,137	16,034	-	16,034
<b>Balance at end of the year</b>		<b>133,169</b>	<b>118,608</b>	<b>251,777</b>	<b>-</b>	<b>251,777</b>	<b>214,645</b>	<b>162,162</b>	<b>376,807</b>	<b>-</b>	<b>376,807</b>
<b>8.8 Plan assets comprise:</b>											
Government bonds		-	-	-	-	-	53,651	49,207	102,858	-	102,858
Corporate bonds		7,054	5,039	12,093	-	12,093	-	-	-	-	-
Mutual funds - debt		713	25	738	-	738	740	22	762	-	762
Equity instruments		30,516	25,295	55,811	-	55,811	66,740	50,992	117,732	-	117,732
Cash		94,886	88,249	183,135	-	183,135	93,514	61,941	155,455	-	155,455
		<b>133,169</b>	<b>118,608</b>	<b>251,777</b>	<b>-</b>	<b>251,777</b>	<b>214,645</b>	<b>162,162</b>	<b>376,807</b>	<b>-</b>	<b>376,807</b>

**8.9** The expected charge pertaining to pension fund, gratuity fund and unfunded schemes for the year ending December 31, 2018 is Rs. 11.08 million, Rs. 17.50 million and Rs. 5.98 million respectively.

**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 within the limits specified by the regulations governing investment of approved retirement funds in Pakistan.

2017 2016

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

Discount rate	7.50%	7.20%
Expected return on plan assets	7.50%	8.10%
Future salary increases - Management	8.00%	7.70%
Future salary increases - Non-management	5.40%	5.10%
Future pension increases	3.00%	-
Medical cost trend	2.40%	2.10%

As at December 31, 2017, the weighted average duration of the defined benefit obligation was 9.4 years (2016: 6.3 years).

## Notes to the Financial Statements

### For the year ended December 31, 2017

	2017	2016
Plan duration of defined benefit obligation:		
Pension	<b>8.1 years</b>	3.2 years
Gratuity - Management	<b>9.0 years</b>	7.3 years
Gratuity - Non-management	<b>6.1 years</b>	6.8 years
Pensioners' medical plan	<b>17.2 years</b>	17.7 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 is 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 a large portion of the plan assets in 2017 consist of cash and equity instruments.

**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 balance sheet 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. 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:

##### 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 age of 25 shall be entitled.

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

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%.

#### 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.

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

#### 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%	(18,639)	20,147
Salary growth rate	0.50%	11,061	(10,519)
Pension growth rate	0.50%	5,184	(4,771)
Medical cost trend rate	0.50%	4,190	(3,757)

If life expectancy increases by 1 year, the obligation decreases by Rs. 0.24 million.

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different sets of assumptions.

**8.18** The Company contributed Rs. 21.46 million (2016: Rs. 20.08 million) and Rs. 11.14 million (2016: Rs. 11.08 million) to the provident fund and the defined contribution superannuation fund respectively during the year.

## Notes to the Financial Statements

### For the year ended December 31, 2017

		Amounts in Rs '000	
	Note	2017	2016
<b>9</b>	<b>Trade and other payables</b>		
	Creditors:		
	- Related parties - associated companies	9.1 <b>186,789</b>	122,265
	- Others	<b>929,323</b>	648,203
		<b>1,116,112</b>	770,468
	Royalty and technical service fee	9.2 <b>171,966</b>	147,137
	Accrued liabilities	<b>272,032</b>	261,979
	Advances from customers	<b>35,617</b>	32,526
	Sales tax, excise and custom duties	<b>68,934</b>	73,429
	Workers' Profit Participation Fund	9.3 <b>44,923</b>	40,628
	Workers' Welfare Fund	9.4 <b>8,909</b>	7,385
	Payable for capital expenditure	<b>15,907</b>	13,105
	Withholding tax payable to Government	<b>7,863</b>	8,346
	Unpaid dividend	<b>2,811</b>	2,648
	Payable to employee retirement benefit funds	8.1 <b>147,093</b>	106,325
	Others	<b>9,430</b>	6,529
		<b>785,485</b>	700,037
		<b>1,901,597</b>	1,470,505
<b>9.1</b>	This includes balances due to following related parties:		
	Akzo Nobel N.V.	<b>27,190</b>	10,506
	Akzo Nobel Car Refinishes B.V.	<b>47,378</b>	36,511
	Akzo Nobel Chemicals (Ningbo) Company Limited	<b>15,343</b>	18,304
	Akzo Nobel Saudi Arabia	<b>5,777</b>	4,761
	Akzo Nobel UAE Paints LLC	<b>1,487</b>	2,023
	Akzo Nobel Surface Chemistry A.B.	<b>5,554</b>	14,252
	International Paints Netherlands	<b>9,504</b>	5,233
	Akzo Nobel Middle East FZE	<b>21,718</b>	9,609
	Akzo Nobel Coatings S.P.A.	<b>192</b>	-
	ICI Omicron B.V.	<b>20,754</b>	20,754
	Akzo Nobel Hilden Packaging GMBH	<b>202</b>	-
	Akzo Nobel India Limited	<b>3,893</b>	-
	Akzo Nobel Chemicals A.G.	<b>5,630</b>	-
	Akzo Nobel Functional Chemicals	<b>411</b>	-
	Akzo Nobel Packaging Coatings	<b>10,155</b>	-
	Akzo Nobel Singapore Pte Limited	<b>11,601</b>	312
		<b>186,789</b>	122,265

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>9.2</b>	This includes royalty and technical service fee payable to following related parties:		
	Akzo Nobel Coatings International B.V.	<b>165,674</b>	141,940
	Akzo Nobel Chemicals International B.V.	<b>3,275</b>	2,099
		<b>168,949</b>	144,039
<b>9.3</b>	<b>Workers' Profit Participation Fund</b>		
	Balance at beginning of the year	<b>40,628</b>	42,321
	Allocation for the year	28 <b>44,923</b>	40,628
	Interest on funds utilized in the Company's business	27 <b>283</b>	257
	Payments made to the fund during the year	<b>(40,911)</b>	(42,578)
	Balance at end of the year	<b>44,923</b>	40,628
<b>9.4</b>	<b>Workers' Welfare Fund</b>		
	Balance at beginning of the year	<b>7,385</b>	8,907
	Allocation for the year	28 <b>15,236</b>	16,583
	Payments made during the year	<b>(13,712)</b>	(18,105)
	Balance at end of the year	<b>8,909</b>	7,385

## 10 Contingencies and commitments

### 10.1 Contingencies

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

- 10.1.1** 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 a tax demand of Rs. 89.49 million in addition to the original assessment of Rs. 151.91 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.

## Notes to the Financial Statements

### For the year ended December 31, 2017

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. There are meritorious grounds to defend the tax demand and consequently, no provision for the claim has been made in these financial statements.

- 10.1.2** 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 a tax demand of Rs. 15.53 million, in addition to original assessment of Rs. 44.73 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, amortization 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. There are meritorious grounds to defend the tax demand and consequently, no provision for the claim has been made in these financial statements.

- 10.1.3** 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 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. There are meritorious grounds to defend the tax demand and consequently, no provision for the claim has been made in these financial statements.
- 10.1.4** A recovery suit amounting to Rs. 10 million is pending against the Company. It pertains to recovery of compensation for work done and services rendered. It has been alleged that the Company has breached terms of contract. The matter is being adjudicated before the Lahore High Court and is at the argument stage. There are meritorious grounds to defend the suit and consequently, no provision for the claim has been made in these financial statements.

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

		Note	2017	2016
<b>10.2</b>	<b>Commitments</b>			
<b>10.2.1</b>	Commitments in respect of capital expenditure		<b>11,681</b>	140,438
<b>10.2.2</b>	Commitments in respect of forward exchange contracts		<b>11,227</b>	32,561
<b>10.2.3</b>	The commitments of future payments under operating leases / ijarah financing contracts in respect of vehicles in the year in which these payments shall become due are as follows:			
	<b>Year</b>			
	<b>2017</b>		-	14,581
	<b>2018</b>		<b>12,964</b>	8,663
	<b>2019</b>		<b>12,240</b>	6,575
	<b>2020</b>		<b>10,906</b>	4,109
	<b>2021</b>		<b>6,126</b>	1,775
	<b>2022</b>		<b>298</b>	-
			<b>42,534</b>	35,703
	Payable not later than one year		<b>12,964</b>	14,581
	Payable later than one year but not later than five years		<b>29,570</b>	21,122
			<b>42,534</b>	35,703
<b>11</b>	<b>Property, plant and equipment</b>			
	Property, plant and equipment	11.1	<b>1,919,453</b>	1,712,717
	Capital work-in-progress	11.2	<b>64,461</b>	127,491
			<b>1,983,914</b>	1,840,208

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

#### 11.1 Property, plant and equipment

	Note	Buildings		Plant and machinery	Furniture and fixture	Office equipment	Vehicles	Total
		Freehold land	on freehold land					
<b>Net carrying value basis</b>								
<b>Year ended December 31, 2017</b>								
Opening net book value (NBV)		1,133,800	136,271	426,026	11,568	4,144	908	1,712,717
Additions (at cost)		214,561	10,053	102,368	15,295	4,009	-	346,286
Disposals / write-off (at NBV)		-	-	(63)	(95)	(7)	-	(165)
Depreciation charge for the year	11.1.1	-	(31,683)	(96,727)	(7,721)	(2,873)	(381)	(139,385)
<b>Closing net book value (NBV)</b>		<b>1,348,361</b>	<b>114,641</b>	<b>431,604</b>	<b>19,047</b>	<b>5,273</b>	<b>527</b>	<b>1,919,453</b>
<b>Gross carrying value basis</b>								
<b>As at December 31, 2017</b>								
Cost / revalued amount		1,348,361	372,198	1,308,860	114,201	28,246	1,270	3,173,136
Accumulated depreciation		-	(257,557)	(877,256)	(95,154)	(22,973)	(743)	(1,253,683)
<b>Net book value (NBV)</b>		<b>1,348,361</b>	<b>114,641</b>	<b>431,604</b>	<b>19,047</b>	<b>5,273</b>	<b>527</b>	<b>1,919,453</b>
<b>Depreciation rate (% per annum)</b>		-	4 - 33.3	5 - 33.3	10 - 50	10 - 33.3	25 - 33.3	
<b>Net carrying value basis</b>								
<b>Year ended December 31, 2016</b>								
Opening net book value (NBV)		878,960	60,843	251,609	13,742	4,110	225	1,209,489
Additions (at cost)		-	698	16,648	6,300	2,876	1,058	27,580
Revaluation during the year		254,840	98,990	234,091	-	-	-	587,921
Disposals / write-off (at NBV)		-	(788)	(101)	(73)	(27)	-	(989)
Depreciation charge for the year	11.1.1	-	(23,472)	(76,221)	(8,401)	(2,815)	(375)	(111,284)
<b>Closing net book value (NBV)</b>		<b>1,133,800</b>	<b>136,271</b>	<b>426,026</b>	<b>11,568</b>	<b>4,144</b>	<b>908</b>	<b>1,712,717</b>
<b>Gross carrying value basis</b>								
<b>As at December 31, 2016</b>								
Cost / revalued amount		1,133,800	362,144	1,207,160	105,474	25,311	4,494	2,838,383
Accumulated depreciation		-	(225,873)	(781,134)	(93,906)	(21,167)	(3,586)	(1,125,666)
<b>Net book value (NBV)</b>		<b>1,133,800</b>	<b>136,271</b>	<b>426,026</b>	<b>11,568</b>	<b>4,144</b>	<b>908</b>	<b>1,712,717</b>
<b>Depreciation rate (% per annum)</b>		-	5 - 10	3.33 - 10	10 - 33.3	10 - 33.3	25 - 33.3	

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
11.1.1	The depreciation charged during the year has been allocated as follows:		
Cost of sales	24	99,131	79,497
Selling and distribution expenses	25	24,136	16,505
Administrative and general expenses	26	16,118	15,282
		<b>139,385</b>	111,284

11.1.2 Depreciation for the year includes incremental depreciation due to revaluation, amounting to Rs. 58.8 million (2016: Rs. 25.6 million).

11.1.3 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. During August 2016, 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 has resulted in a surplus of Rs. 587.92 million. Valuations for buildings on freehold land and plant and machinery were 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 a Level 3 fair value based on the inputs to revaluation technique used, as stated above.

11.1.4 Following assets were disposed-off during the year:

Particulars of assets	Sold to	Mode of disposal	Cost	2017		
				Accumulated depreciation	Net book value	Sale proceeds
<b>Plant and machinery</b>						
Post ancillaries	-	Write-off	117	60	57	-
<b>Office equipment</b>						
Laptop	-	Insurance Claim	99	30	69	79
<b>Others</b>						
Other assets with book value less than Rs. 50,000	Bismillah Traders, Safdar Ali, Jamshed Khan	Write-off/ Mutual Negotiation	11,319	11,280	39	2,012
			<b>11,535</b>	<b>11,370</b>	<b>165</b>	<b>2,091</b>

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

Particulars of assets	Sold to	Mode of disposal	Cost	2016		Sale proceeds
				Accumulated depreciation	Net book value	
<b>Buildings on freehold land</b>						
Warehouse	-	Write-off	788	-	788	-
<b>Plant and machinery</b>						
Water tank and equipment	-	Write-off	98	-	98	-
<b>Office equipment</b>						
Mobile phone	Jehanzeb Khan	As per Company Policy	80	7	73	73
<b>Others</b>						
Other assets with book value less than Rs. 50,000	Bismillah Traders, Al-Hamad Traders, Link Target Enterprises	Mutual Negotiation	10,276	10,246	30	347
			11,242	10,253	989	420

2017

2016

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

Freehold land	220,819	6,259
Buildings on freehold land	38,101	41,247
Plant and machinery	251,654	205,723
	510,574	253,229

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

		2017	2016
<b>11.2</b>	<b>Capital work-in-progress</b>		
	Civil works and buildings	-	3,017
	Plant and machinery	<b>60,123</b>	33,021
	Equipments	<b>4,338</b>	165
	Advance paid for purchase of land	-	91,288
		<b>64,461</b>	127,491
		<b>Note</b>	<b>Software</b>
			<b>Licenses</b>
			<b>Total</b>
<b>12</b>	<b>Intangible assets</b>		
	<b>Net carrying value basis</b>		
	<b>Year ended December 31, 2017</b>		
	Opening net book value (NBV)	<b>66</b>	<b>608</b>
	Additions (at cost)	-	-
	Disposals (at NBV)	-	-
	Amortization charge	12.1	<b>(57)</b>
	<b>Closing net book value (NBV)</b>	<b>9</b>	<b>(608)</b>
	<b>Gross carrying value basis</b>		
	<b>As at December 31, 2017</b>		
	Cost	<b>1,207</b>	<b>96,555</b>
	Accumulated amortization	<b>(1,198)</b>	<b>(96,555)</b>
	<b>Net book value (NBV)</b>	<b>9</b>	<b>-</b>
	<b>Amortization rate (% per annum)</b>	<b>33.3</b>	<b>33.3</b>
	<b>Net carrying value basis</b>		
	<b>Year ended December 31, 2016</b>		
	Opening net book value (NBV)	373	2,258
	Additions (at cost)	-	-
	Disposals (at NBV)	-	-
	Amortization charge	12.1	<b>(307)</b>
	<b>Closing net book value (NBV)</b>	<b>66</b>	<b>608</b>
	<b>Gross carrying value basis</b>		
	<b>As at December 31, 2016</b>		
	Cost	1,207	96,555
	Accumulated amortization	<b>(1,141)</b>	<b>(95,947)</b>
	<b>Net book value (NBV)</b>	<b>66</b>	<b>608</b>
	<b>Amortization rate (% per annum)</b>	<b>33.3</b>	<b>33.3</b>

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>12.1</b>	The amortization charged during the year has been allocated as follows:		
Cost of sales	24	16	16
Selling and distribution expenses	25	-	48
Administrative and general expenses	26	649	1,893
		<b>665</b>	1,957
<b>13</b>	<b>Long term loans</b>		
	Secured - considered good		
- Executives	13.1	87,014	74,242
- Other employees		24,333	36,188
	13.2	111,347	110,430
Less: Receivable within one year	19	(25,794)	(23,390)
		<b>85,553</b>	87,040
<b>13.1</b>	Reconciliation of the carrying amount of loans to Executives:		
Balance at beginning of the year		74,242	67,519
Disbursements		35,595	32,508
Repayments / adjustments		(22,823)	(25,785)
Balance at end of the year	13.4	87,014	74,242
<b>13.2</b>	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.		
<b>13.3</b>	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.		
<b>13.4</b>	The maximum aggregate amount of long term loans due from the Executives at the end of any month during the year was Rs. 87.87 million (2016: Rs. 78.24 million).		
<b>14</b>	<b>Long term deposits and prepayments</b>		
Deposits		4,266	4,008
Prepayments		1,974	650
		<b>6,240</b>	4,658

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>15</b>	<b>Deferred tax asset - net</b>		
	<b>Deductible temporary differences</b>		
	The balance comprises temporary differences attributable to:		
	Provisions	206,699	226,410
	Property, plant and equipment	110	5,381
	Others	-	14
		<b>206,809</b>	<b>231,805</b>
	<b>Taxable temporary differences</b>		
	The balance comprises temporary differences attributable to:		
	Property, plant and equipment	(74,645)	(96,115)
	Net deferred tax asset	<b>132,164</b>	<b>135,690</b>
	<b>Deductible temporary differences</b>		
	Opening balance	231,805	253,666
	Charged to profit and loss	(24,996)	(21,861)
	Closing balance	<b>206,809</b>	<b>231,805</b>
	<b>Taxable temporary differences</b>		
	Opening balance	96,115	21,806
	Credited to profit and loss	(21,470)	(25,305)
	Attributable to revaluation surplus	-	99,924
	Adjustments for change in estimate	-	(310)
		<b>74,645</b>	<b>96,115</b>
<b>16</b>	<b>Stores and spares</b>		
	Stores	4,030	4,133
	Spares	21,668	14,600
		<b>25,698</b>	<b>18,733</b>
	Less: Provision for slow moving and obsolete stores and spares	16.1 (130)	(130)
		<b>25,568</b>	<b>18,603</b>
<b>16.1</b>	<b>Provision for slow moving and obsolete stores and spares</b>		
	Balance at beginning of the year	130	130
	Stores written-off against provision	-	-
	Balance at end of the year	<b>130</b>	<b>130</b>

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

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>17 Stock-in-trade</b>			
Raw and packing material including in transit amounting to Rs. 106.53 million (2016: Rs. 82.59 million)		358,049	224,026
Work-in-process		12,217	11,873
Finished goods		176,746	163,657
Goods purchased for resale including in transit amounting to Rs. 25.54 million (2016: Rs. 10.87 million)		91,648	97,397
		<b>638,660</b>	496,953
Provision for slow moving and obsolete stock-in-trade:			
- Raw material		(16,552)	(8,859)
- Finished goods		(35,064)	(19,545)
	17.1	<b>(51,616)</b>	(28,404)
		<b>587,044</b>	468,549
<b>17.1 Provision for stock-in-trade</b>			
Balance at beginning of the year		28,404	21,245
Stock written-off against provision		(1,873)	(1,852)
Provision charged during the year		25,085	9,011
Balance at end of the year		<b>51,616</b>	28,404
<b>17.2</b>			
Out of the total carrying value of inventory, no stock (December 31, 2016: Rs. 0.73 million) has been measured at net realizable value. As at December 31, 2017 no stock has been written down (December 31, 2016: Rs. 0.33 million).			
<b>18 Trade debts</b>			
<b>Considered good</b>			
- Secured	18.1	50,261	12,744
- Unsecured		1,165,195	1,006,915
		<b>1,215,456</b>	1,019,659
<b>Considered doubtful</b>		<b>211,659</b>	249,523
		<b>1,427,115</b>	1,269,182
Provision for:			
- Doubtful debts	18.2	(211,659)	(249,523)
- Discounts	18.3	(475,863)	(526,460)
		<b>(687,522)</b>	(775,983)
		<b>739,593</b>	493,199

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>18.1</b>	These debts are secured against letters of credit.		
<b>18.2</b>	<b>Provision for doubtful debts</b>		
	Balance at beginning of the year	249,523	294,282
	Provision written back during the year	29 (14,389)	(20,238)
	Adjustments during the year	-	(500)
	Debts written-off against provision	(23,475)	(24,021)
	Balance at end of the year	211,659	249,523
<b>18.3</b>	<b>Provision for discounts</b>		
	Balance at beginning of the year	526,460	503,216
	Charge for the year	974,817	1,017,205
	Discounts paid during the year	(1,025,414)	(993,961)
	Balance at end of the year	475,863	526,460
<b>19</b>	<b>Loans and advances</b>		
	<b>Secured - considered good</b>		
	Current portion of loans to:		
	- Executives	21,361	15,975
	- Other employees	4,433	7,415
		13 25,794	23,390
	Advances to:		
	- Executives	19.1 -	964
	- Other employees	-	530
		-	1,494
	<b>Unsecured - considered good</b>		
	Advances to contractors and suppliers	36,809	37,645
		62,603	62,529
<b>19.1</b>	These are advances to Executives in respect of travelling expenses. The maximum aggregate amount of advances due from the Executives at the end of any month during the year was Rs. 0.74 million (2016: Rs. 1.65 million).		
<b>20</b>	<b>Trade deposits and short term prepayments</b>		
	Trade deposits	1,348	4,178
	Short term prepayments	12,685	16,597
		14,033	20,775

## Notes to the Financial Statements

### For the year ended December 31, 2017

		Amounts in Rs '000		
		Note	2017	2016
<b>21</b>	<b>Other receivables</b>			
	<b>Unsecured - considered good</b>			
	Due from related parties	21.1	32,548	19,393
	Others		11,938	1,551
			<b>44,486</b>	<b>20,944</b>
<b>21.1</b>	These represent receivable from following related parties:			
	Akzo Nobel UAE Paints LLC		2,557	7,350
	Akzo Nobel N.V.		26,179	925
	Akzo Nobel Chemicals (Ningbo) Company Limited		800	4,694
	Akzo Nobel Functional Chemicals LLC		-	262
	Akzo Nobel Saudi Arabia		-	5,364
	ICI Swire Paints (Shanghai) Limited		115	109
	Akzo Nobel Chemicals A.G.		-	137
	Akzo Nobel Middle East FZE		247	413
	Akzo Nobel Functional Chemicals		167	139
	Akzo Nobel Singapore Pte Limited		92	-
	Akzo Nobel Packaging Coatings		2,391	-
			<b>32,548</b>	<b>19,393</b>
	Aging of receivables from related parties is as follows:			
	1 - 30 days		27,139	2,347
	31 - 90 days		2,745	810
	91 - 120 days		151	1,138
	More than 120 days		2,513	15,098
			<b>32,548</b>	<b>19,393</b>
<b>22</b>	<b>Cash and bank balances</b>			
	Cash in hand		17,501	14,092
	Cash at bank - current accounts		265,532	95,942
	Short term deposits	22.2	1,764,300	1,817,550
			<b>2,047,333</b>	<b>1,927,584</b>
<b>22.1</b>	Cash and bank balances include cheques in hand amounting to Rs. 209.23 million (2016: Rs. 148.24 million) and US Dollars amounting to USD 6,239 (2016: USD 3,730).			
<b>22.2</b>	These represent term deposit receipts placed with commercial banks under mark-up arrangements, having maturity period ranging from 14 to 33 days (2016: 5 to 33 days). The mark-up on these deposits ranges between 5.25% to 5.31% (2016: 5% to 5.20%) per annum.			

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

**22.3** The facility for running finance and issuance of letters of credit is available from Deutsche Bank A.G. amounting to Rs. 391 million (2016: Rs. 391 million). The facility carries mark-up rate of 1 month KIBOR plus 1% per annum (2016: 1 month KIBOR plus 1% per annum) and is secured by parental guarantee from Akzo Nobel N.V. first pari passu hypothecation charge over the current assets of the Company amounting to Rs. 210 million and demand promissory note and counter guarantee / indemnity duly signed and stamped by the Company.

	Note	2017	2016
<b>23</b>	<b>Turnover</b>		
Export sales		7,499	16,676
Local sales and commission income		8,522,138	7,667,546
		<b>8,529,637</b>	7,684,222
Less: Sales tax and excise duty		1,279,790	1,170,877
Discounts		1,559,270	1,376,384
		<b>2,839,060</b>	2,547,261
		<b>5,690,577</b>	5,136,961
<b>24</b>	<b>Cost of sales</b>		
Raw and packing materials consumed	24.1	2,617,250	2,281,530
Salaries, wages and benefits	24.2	118,153	120,161
Fuel and power		22,922	22,755
Stores and spares consumed		19,194	17,893
Insurance		640	351
Repairs and maintenance		19,751	22,769
Royalties and technical assistance	24.3	223,154	192,337
Depreciation	11.1.1	99,131	79,497
Amortization	12.1	16	16
Communication, printing and stationery expenses		3,449	2,910
Contractual services		47,577	39,620
Security, safety, health and environment		14,637	15,804
Provision for obsolete stocks - raw material		7,694	3,872
Other expenses		16,443	17,976
		<b>592,761</b>	535,961
Opening work-in-process		11,873	11,863
Closing work-in-process	17	(12,217)	(11,873)
Cost of goods manufactured		<b>3,209,667</b>	2,817,481
Opening finished goods		241,509	162,753
Finished goods purchased		243,607	208,630
Closing finished goods	17	(233,331)	(241,509)
		<b>3,461,452</b>	2,947,355

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016	
<b>24.1</b>	<b>Raw and packing materials consumed</b>			
	Opening Stock	215,167	186,865	
	Add: Purchases	2,743,580	2,309,832	
	Less: Closing Stock	(341,497)	(215,167)	
		<b>2,617,250</b>	<b>2,281,530</b>	
<b>24.2</b>	Salaries, wages and benefits include Rs. 3.93 million (2016: Rs. 3.59 million) in respect of provident fund contribution, Rs. 3.98 million (2016: Rs. 5.16 million) in respect of pensions, Rs. 3.55 million (2016: Rs. 3.88 million) in respect of gratuity and Rs. 0.85 million (2016: Rs. 0.87 million) in respect of pensioners' medical plan.			
<b>24.3</b>	Royalties and technical assistance includes expenses against royalties and technical services obtained from the related parties; Akzo Nobel Coatings International B.V. Rs. 212.41 million (2016: Rs. 183.40 million) and Akzo Nobel Chemicals International B.V. Rs. 4.24 million (2016: Rs. 2.74 million).			
<b>25</b>	<b>Selling and distribution expenses</b>			
	Salaries and benefits	25.1	325,351	320,995
	Advertising and publicity expenses		443,553	521,199
	Outward freight and handling		156,694	150,564
	Fuel and power		3,874	4,064
	Rent, rates and taxes		28,411	26,852
	Repairs and maintenance		3,141	2,433
	Depreciation	11.1.1	24,136	16,505
	Amortization	12.1	-	48
	Travelling expenses		37,117	36,317
	Communication, printing and stationery expenses		9,261	10,769
	Contractual services		29,006	28,660
	Training and recruitment		2,200	1,001
	Security, safety, health and environment		10,728	9,162
	Provision for obsolete stocks - finished goods		17,391	5,139
	Other expenses		24,804	11,649
			<b>1,115,667</b>	<b>1,145,357</b>
<b>25.1</b>	Salaries, wages and benefits include Rs. 11.98 million (2016: Rs. 11.03 million) in respect of provident fund contribution, Rs. 8.86 million (2016: Rs. 9.35 million) in respect of pensions, Rs. 8.03 million (2016: Rs. 8.59 million) in respect of gratuity and Rs. 2.47 million (2016: Rs. 2.48 million) in respect of pensioners' medical plan.			

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>26</b>	<b>Administrative and general expenses</b>		
Salaries and benefits	26.1	169,392	172,066
Fuel and power		6,825	5,529
Rent, rates and taxes		14,546	13,544
Insurance		8,178	9,317
Repairs and maintenance		19,793	17,307
Depreciation	11.1.1	16,118	15,282
Amortization	12.1	649	1,893
Travelling expenses		3,826	6,547
Communication, printing and stationery expenses		8,531	16,119
Auditors' remuneration	26.2	1,900	1,900
IT services		13,895	28,945
Contractual services		20,080	18,713
Training and recruitment		1,256	6,100
Other expenses		28,793	56,093
		<b>313,782</b>	<b>369,355</b>
<b>26.1</b>	Salaries, wages and benefits include Rs. 6.01 million (2016: Rs. 5.46 million) in respect of provident fund contribution, Rs. 10.36 million (2016: Rs. 9.12 million) in respect of pensions, Rs. 4.93 million (2016: Rs. 5.40 million) in respect of gratuity and Rs. 1.50 million (2016: Rs. 1.54 million) in respect of pensioners' medical plan.		
<b>26.2</b>	<b>Auditors' remuneration</b>		
Statutory audit		1,200	1,200
Half yearly review		300	300
Other assurances and certifications		150	150
Out of pocket expenses		250	250
		<b>1,900</b>	<b>1,900</b>
<b>27</b>	<b>Finance cost</b>		
Discounting charges on receivables		-	3,879
Interest on Workers' Profit Participation Fund	9.3	283	257
Bank charges		1,770	2,037
		<b>2,053</b>	<b>6,173</b>

## Notes to the Financial Statements

### For the year ended December 31, 2017

		Amounts in Rs '000		
		Note	2017	2016
<b>28</b>	<b>Other charges</b>			
	Workers' Profit Participation Fund	9.3	44,923	40,628
	Workers' Welfare Fund	9.4	15,236	16,583
	Exchange loss		17,556	4,712
	Donations	28.1	-	350
			<b>77,715</b>	<b>62,273</b>
<b>28.1</b>	None of the Directors and their spouses had any interest in any of the donees during the year.			
<b>29</b>	<b>Other Income</b>			
	<b>Income from financial assets</b>			
	Profit on short-term and call deposits		70,027	76,701
	<b>Income from non-financial assets</b>			
	Scrap sales		5,985	11,530
	Provisions no longer required written back:			
	- Doubtful debts	18.2	14,389	20,238
	- Others		36,870	46,062
	Miscellaneous income		4,426	10,635
	Profit on disposal of property, plant and equipment		1,926	317
			<b>133,623</b>	<b>165,483</b>
<b>30</b>	<b>Taxation</b>			
	Current year		250,764	253,185
	Prior year		26,235	31,453
	Deferred	15	3,526	(3,444)
			<b>280,525</b>	<b>281,194</b>
<b>30.1</b>	<b>Tax charge reconciliation</b>			
	Profit before taxation		853,531	771,931
	Tax using domestic rates	30.2	256,059	239,299
	Effect of prior year charge		26,235	31,453
	Tax impact on income under presumptive tax regime of the current year		(591)	1,193
	Others		(1,178)	9,249
			<b>280,525</b>	<b>281,194</b>
<b>Average effective tax rate</b>			<b>32.87%</b>	<b>36.43%</b>

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

**30.2** The Federal Government of Pakistan through an amendment vide Finance Act, 2015 reduced the rate of tax for the tax year 2018 from 31% to 30%. The current tax expense has been computed using the tax rate enacted for the tax year 2018.

	2017	2016
<b>31 Earnings per share</b>		
<b>31.1 Basic earnings per share</b>		
Profit after taxation	573,006	490,737
	<b>Number of shares</b>	
Weighted average number of ordinary shares	46,443,320	46,443,320
	<b>Rupees</b>	
Earnings per share	12.34	10.57

**31.2 Diluted earnings per share**

There is no dilutive effect as the Company does not have any convertible instruments in issue as at December 31, 2017 and December 31, 2016, which would have any effect on the earnings per share if the option to convert was exercised.

**32 Operating segments**

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

**32.2** Revenue from sale of paints and coatings represents 97.22% (2016: 97.88%) of the total revenue of the Company.

**32.3** 99.87% (2016: 99.68%) sales of the Company relates to customers in Pakistan.

**32.4** All non-current assets of the Company as at December 31, 2017 are located in Pakistan.

**33 Remuneration of Chief Executive, Director and Executives**

The aggregate amounts charged 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:

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	Chief Executive		Executive Director		Executives	
		2017	2016	2017	2016	2017	2016
Managerial remuneration		19,745	18,703	7,586	6,593	222,122	190,984
Retirement benefits		6,777	6,918	2,141	1,708	55,013	47,274
Group insurance		47	1	35	1	1,630	34
Rent and house maintenance		6,844	6,650	2,754	2,359	57,067	50,561
Utilities		1,711	1,663	612	524	14,347	12,744
Medical expenses		349	253	81	123	14,099	10,883
		<b>35,473</b>	<b>34,188</b>	<b>13,209</b>	<b>11,308</b>	<b>364,278</b>	<b>312,480</b>
Number of persons as at December 31	<b>33.6</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>156</b>	<b>132</b>

**33.1** The Executive Director holds 10 shares of the Company.

**33.2** In addition to above, an amount of Rs. 76.02 million (2016: Rs. 76.99 million) on account of variable pay to employees has been recognized in the current year. This is payable in the year 2018 after verification of achievements against target.

Out of variable pay recognized for 2016, payment of Rs. 8.89 million (2016: Rs. 8.24 million), and Rs. 56.16 million (2016: Rs. 42.41 million) were made to Chief Executive and Executives respectively.

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

**33.4** Fees paid to Chairman and Non-Executive Director amounted to Rs. 1.98 million (2016: Rs. 2.40 million) for attending board and other meetings. The total Non-Executive Directors of the Company as at December 31, 2017 are 5 (2016: 5).

**33.5** Executives are employees whose basic salaries exceed Rs. 500,000 in a financial year.

**33.6** Mr. Saad Mahmood Rashid has been appointed as the new Chief Executive of ANPL in November 2017.

#### **34 Transactions with related parties**

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

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	2017	2016
<b>Holding Company</b>		
Dividend paid - net of tax	205,977	205,977
<b>Associates</b>		
Purchase of goods, materials and services	336,503	211,677
Indenting commission income	13,215	22,720
Sale of goods and services	525	487
Reimbursement of expenses	18,957	13,415
Royalty	168,949	154,488
Contribution to retirement funds	106,203	87,960
Remuneration of key management personnel	120,529	114,160

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

### **35 Financial instruments - Fair values and risk management**

#### **35.1 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

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

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>December 31, 2017</b>							
<b>Financial assets</b>							
<b>Measured at fair value</b>							
	-	-	-	-	-	-	-
<b>Not measured at fair value</b>							
Long term loans	85,553	-	85,553	-	-	-	-
Long term deposits	4,266	-	4,266	-	-	-	-
Trade debts	739,593	-	739,593	-	-	-	-
Loans and advances	25,794	-	25,794	-	-	-	-
Short term trade deposits	1,348	-	1,348	-	-	-	-
Other receivables	44,486	-	44,486	-	-	-	-
Interest accrued	4,496	-	4,496	-	-	-	-
Income tax receivable	16,172	-	16,172	-	-	-	-
Cash and bank balances	2,047,333	-	2,047,333	-	-	-	-
	2,969,041	-	2,969,041	-	-	-	-
<b>Financial liabilities</b>							
<b>Measured at fair value</b>							
Forward exchange contract	-	433	433	-	433	-	433
<b>Not measured at fair value</b>							
Trade and other payables	1,788,750	-	1,788,750	-	-	-	-
	1,788,750	-	1,788,750	-	-	-	-
<b>December 31, 2016</b>							
<b>Financial assets</b>							
<b>Measured at fair value</b>							
	-	-	-	-	-	-	-
<b>Not measured at fair value</b>							
Long term loans	87,040	-	87,040	-	-	-	-
Long term deposits	4,008	-	4,008	-	-	-	-
Trade debts	493,199	-	493,199	-	-	-	-
Loans and advances	24,884	-	24,884	-	-	-	-
Short term trade deposits	4,178	-	4,178	-	-	-	-
Other receivables	20,944	-	20,944	-	-	-	-
Interest accrued	4,754	-	4,754	-	-	-	-
Income tax receivable	1,729	-	1,729	-	-	-	-
Cash and bank balances	1,927,584	-	1,927,584	-	-	-	-
	2,568,320	-	2,568,320	-	-	-	-
<b>Financial liabilities</b>							
<b>Measured at fair value</b>							
Forward exchange contract	-	346	346	-	346	-	346
<b>Not Measured at fair value</b>							
Trade and other payables	1,355,858	-	1,355,858	-	-	-	-
	1,355,858	-	1,355,858	-	-	-	-

## Notes to the Financial Statements

### For the year ended December 31, 2017

#### 35.2 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.

#### 35.3 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight 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.

#### 35.4 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, bank guarantees and insurance guarantees.

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>35.4.1 Exposure to credit risk</b>			
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:			
Long term loans	13	85,553	87,040
Long term deposits	14	4,266	4,008
Trade debts	18	739,593	493,199
Loans and advances	19	25,794	24,884
Short term trade deposits	20	1,348	4,178
Other receivables	21	44,486	20,944
Interest accrued		4,496	4,754
Bank balances and short term deposits	22	2,029,832	1,913,492
		<b>2,935,368</b>	2,552,499
<b>Secured</b>			
Long term loans	13	85,553	87,040
Trade debts	18	50,261	12,744
Loans and advances	19	25,794	24,884
		<b>161,608</b>	124,668
<b>Unsecured</b>		<b>2,773,760</b>	2,427,831
		<b>2,935,368</b>	2,552,499

#### 35.4.2 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.

##### 35.4.2.1 Bank balances and accrued interest on short term deposits

Bank balances and short term deposits	22	2,029,832	1,913,492
Interest accrued		4,496	4,754
		<b>2,034,328</b>	1,918,246

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

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

	Credit Ratings		Rating	2017	2016
	Short term	Long term	Agency		
Habib Bank Limited	A-1+	AAA	JCR-VIS	624,268	511,452
United Bank Limited	A-1+	AAA	JCR-VIS	2,168	73,008
Citi Bank N.A.	P-1	A1	Moody's	5,199	6,467
Deutsche Bank A.G.	P-2	Baa2	Moody's	1,402,643	1,327,269
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	50	50
				<b>2,034,328</b>	<b>1,918,246</b>

#### 35.4.2.2 Trade debts

The trade debts as at the balance sheet date are classified in Pak Rupees. The aging of trade debts which are past due at the reporting date is as follows:

<b>Neither past due nor impaired</b>		<b>965,569</b>	<b>845,280</b>
<b>Past due</b>			
1 - 30 days		143,083	143,444
31 - 90 days		69,079	52,519
91 - 120 days		34,314	12,453
More than 120 days		215,070	215,486
		<b>461,546</b>	<b>423,902</b>
		<b>1,427,115</b>	<b>1,269,182</b>
Provision for doubtful debts	18.2	(211,659)	(249,523)
Provision for discounts	18.3	(475,863)	(526,460)
		<b>739,593</b>	<b>493,199</b>

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

Wholesale customers		113,549	84,378
Retail customers		283,826	280,117
End-user customers		64,171	59,407
		<b>461,546</b>	<b>423,902</b>
Provision for doubtful debts	18.2	(211,659)	(249,523)
		<b>249,887</b>	<b>174,379</b>

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

The approach for provision is to assess the top layer (covering 50%) of trade receivables on an individual basis and apply, dynamic approach to the remainder of receivables. The procedure introduces a company-standard for dynamic provisioning. This involves providing impairment loss for 50% of the outstanding receivables when overdue for more than 90 days and providing an impairment loss for 100% when the receivables are overdue for more than 120 days.

#### 35.4.2.3 Other receivables and deposits

Other receivables include balance of Rs. 32.55 million (2016: Rs. 19.39 million) receivable from related parties as mentioned in Note 21.1. The remaining other receivables and deposits mainly pertain to balances due from related parties and employees which are expected to be received in due course. Based on past experience the credit risk related to these financial assets is not material.

#### 35.4.3 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 creditworthy counterparties thereby mitigating any significant concentrations of credit risk.

	2017	2016
Textile	3,478	1,902
Paper and board	1,200	1,162
Chemicals	12,074	4,915
Pharmaceuticals	49	211
Construction	16,849	17,524
Transport	25,996	24,436
Dealers	1,204,166	1,089,343
Banks	2,034,328	1,918,246
Employees	111,347	111,924
Others	213,404	158,818
	<b>3,622,891</b>	<b>3,328,481</b>
Provision for doubtful debts	<b>(211,659)</b>	<b>(249,523)</b>
Provision for discounts	<b>(475,863)</b>	<b>(526,460)</b>
	<b>(687,522)</b>	<b>(775,983)</b>
	<b>2,935,369</b>	<b>2,552,498</b>

#### 35.5 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.

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date. The following are contractual maturities of financial liabilities at December 31, 2017:

	Carrying amount	Contractual cash flows	Up to one year or less
<b>Non-derivative financial liabilities</b>			
Trade and other payables	1,788,750	1,788,750	1,788,750
<b>Derivative financial liabilities</b>			
Forward foreign exchange contracts	433	11,227	11,227
	<b>1,789,183</b>	<b>1,799,977</b>	<b>1,799,977</b>

The following are contractual maturities of financial liabilities at December 31, 2016:

	Carrying amount	Contractual cash flows	Up to one year or less
<b>Non-derivative financial liabilities</b>			
Trade and other payables	1,355,858	1,355,858	1,355,858
<b>Derivative financial liabilities</b>			
Forward foreign exchange contracts	346	32,265	32,265
	<b>1,356,204</b>	<b>1,388,123</b>	<b>1,388,123</b>

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

#### 35.6 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.

##### 35.6.1 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:

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000					
	Note	Effective rate		Carrying amount	
		2017	2016	2017	2016
<b>Fixed rate instruments</b>					
Financial assets	22.2	5.25% to 5.31%	5.00% to 5.20%	1,764,300	1,817,550

#### 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.

#### 35.6.2 Foreign currency risk

Foreign currency 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.

##### 35.6.2.1 Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at December 31,	
	2017	2016	2017	2016
AED	28.73	28.53	30.06	28.47
JPY	0.94	0.96	0.98	0.89
SGD	76.73	75.85	82.65	72.42
EUR	119.75	115.67	132.25	110.59
USD	105.53	104.79	110.42	104.59
GBP	136.96	140.91	149.09	128.57

##### 35.6.2.2 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:

	Note	2017						
		AED	JPY	SGD	EUR	USD	GBP	Total
<b>Financial assets</b>								
Due from related parties	21.1	2,347	-	-	9,494	3,741	-	15,582
Cash and bank balances		-	-	-	-	655	-	655
		2,347	-	-	9,494	4,396	-	16,237
<b>Financial liabilities</b>								
Trade and other payables		-	-	6,475	14,766	159,165	10,073	190,479
Due to related parties	9.1	-	-	11,601	55,630	63,226	11,963	142,420
		-	-	18,076	70,396	222,391	22,036	332,899
<b>Gross balance sheet exposure</b>		2,347	-	(18,076)	(60,902)	(217,995)	(22,036)	(316,662)
Forward foreign exchange contracts		-	-	-	28	405	-	433
		2,347	-	(18,076)	(60,874)	(217,590)	(22,036)	(316,229)

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2016						Total
		AED	JPY	SGD	EUR	USD	GBP	
<b>Financial assets</b>								
Due from related parties	21.1	7,157	-	-	1,063	11,173	-	19,393
Cash and bank balances		-	-	-		391	-	391
		7,157	-	-	1,063	11,564	-	19,784
<b>Financial liabilities</b>								
Trade and other payables		338	2,107	5	10,391	79,210	8,001	100,052
Due to related parties	9.1	618	-	311	50,365	50,216	-	101,510
		956	2,107	316	60,756	129,426	8,001	201,562
Gross balance sheet exposure		6,201	(2,107)	(316)	(59,693)	(117,862)	(8,001)	(181,778)
Forward foreign exchange contracts		-	-	-	-	(346)	-	(346)
		6,201	(2,107)	(316)	(59,693)	(118,208)	(8,001)	(182,124)

#### 35.6.2.3 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. 3.17 million (2016: Rs. 1.82 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.

#### 35.7 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 behaviour. 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
- risk mitigation, including insurance where this is effective

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

#### 35.8 Capital risk management

The Company's objective when managing capital is to safeguard 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.

	2017	2016
<b>36 Employee Provident Fund</b>		
Size of the fund - fund assets	<b>256,699</b>	315,707

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

	2017 (Un-audited)		
	Cost	Fair Value	Percentage
Government securities	16,414	16,250	6.33%
Listed securities	49,799	52,447	20.43%
	<b>66,213</b>	<b>68,697</b>	
	2016 (Audited)		
	Cost	Fair Value	Percentage
Government securities	95,237	95,822	30.35%
Listed securities	66,832	85,998	27.24%
	162,069	181,820	

The Company has complied with all the requirements set out by the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2017	2016
<b>37 Plant capacity and annual production</b>		
Annual production - <i>thousands of liters</i>	<b>22,071</b>	21,388

The capacity of the plant is indeterminable because this is a multi-product plant.

## Notes to the Financial Statements

### For the year ended December 31, 2017

Amounts in Rs '000

	Note	2017	2016
<b>38</b>	<b>Number of employees</b>		
	Number of employees as at December 31,	<b>255</b>	248
	Average number of employees	<b>251</b>	251

### 39 Disclosure for all shares Islamic index

#### 39.1 Description

#### Explanation

Loans and advances	Non-interest bearing
Deposits	Non-interest bearing
Income on bank deposits including income accrued as at reporting date	Placed under mark-up arrangement
All sources of other income	Disclosed in note 29
Exchange loss	Loss incurred on actual currency amounting to Rs. 18.34 million and gain incurred on forward contracts amounting to Rs. 0.78 million

#### 39.2 Ijarah Rentals

The company is engaged in a Shariah compliant arrangement with Orix Modaraba in respect of vehicles under operating lease / ijarah contracts. Rentals in respect of aforementioned contracts included in financial statements are as under:

Description			
Cost of sales	24	<b>2,087</b>	1,856
Selling and distribution expenses	25	<b>4,912</b>	4,434
Administrative and general expenses	26	<b>5,572</b>	5,608

Disclosures other than above are not applicable to the Company.

### 40 Non-adjusting event after reporting date

The Board of Directors of the Company in its meeting held on February 28, 2018 has proposed a final dividend of Rs. 7.00 per share. The financial statements of the Company for the year ended December 31, 2017 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

### 41 General

These financial statements were authorized for issue in the meeting of the Board of Directors held on February 28, 2018.

#### 41.1 Corresponding figures

Corresponding figures where necessary, have been rearranged for the purposes of comparison. However, no significant rearrangement or reclassification has been made during the year ended December 31, 2017.



**Mueen Afzal**  
Chairman



**Saad Mahmood Rashid**  
Chief Executive



**Harris Mahmood**  
Chief Financial Officer

## Comparison of Results

### For the year ended December 31, 2017

	Amounts in Rs '000					
	2017	2016	2015	2014	2013	2012
<b>Balance Sheet</b>						
Equity and revaluation reserve	3,789,549	3,559,221	2,880,812	2,594,261	2,878,346	5,992,518
Non-current liabilities	58,062	57,210	48,440	44,227	34,817	46,549
Current liabilities	1,901,597	1,470,505	1,286,581	1,334,879	1,335,467	1,322,898
<b>Total equity and liabilities</b>	<b>5,749,208</b>	<b>5,086,936</b>	<b>4,215,833</b>	<b>3,973,367</b>	<b>4,248,630</b>	<b>7,361,965</b>
Non-current assets	2,207,880	2,068,270	1,537,520	1,538,314	1,573,918	1,741,987
Current assets	3,541,328	3,018,666	2,678,313	2,435,053	2,674,712	5,619,978
<b>Total assets</b>	<b>5,749,208</b>	<b>5,086,936</b>	<b>4,215,833</b>	<b>3,973,367</b>	<b>4,248,630</b>	<b>7,361,965</b>
<b>Profit and Loss Account</b>						
Turnover	8,529,637	7,684,222	7,170,924	6,915,474	7,124,812	6,335,301
Net sales	5,690,577	5,136,961	4,927,235	4,901,791	5,265,144	4,764,191
Cost of sales	3,461,452	2,947,355	2,909,340	3,129,630	3,326,178	3,189,510
Gross profit	2,229,125	2,189,606	2,017,895	1,772,161	1,938,966	1,574,681
Operating profit	799,676	674,894	647,616	554,918	644,445	259,818
Profit before taxation	853,531	771,931	804,222	678,499	936,935	522,268
Profit after taxation	573,006	490,737	539,311	458,856	605,726	376,123
<b>Summary of Cash Flows</b>						
Cash generated from operations	953,916	847,010	901,506	1,101,634	689,798	4,529,779
Net cash generated from operating activities	629,548	516,115	509,397	821,713	340,979	4,354,469
Net cash generated from / (used in) investing activities	(208,078)	(57,580)	13,545	19,610	151,507	(16,925)
Net cash used in financing activities	(301,721)	(301,722)	(232,093)	(765,907)	(3,648,699)	-
Cash and cash equivalents at 31 December	2,047,333	1,927,584	1,770,771	1,479,922	1,404,506	4,560,719
<b>Ratios</b>						
<b>Profitability Ratios</b>						
Gross margin	39.17%	42.62%	40.95%	36.15%	36.83%	33.05%
Gross profit turnover	26.13%	28.49%	28.14%	25.63%	27.21%	24.86%
Operating profit margin	14.05%	13.14%	13.14%	11.32%	12.24%	5.45%
Net profit margin	10.07%	9.55%	10.95%	9.36%	11.50%	7.89%
Profit markup	64.40%	74.29%	69.36%	56.63%	58.29%	49.37%
Profit before tax margin	15.00%	15.03%	16.32%	13.84%	17.80%	10.96%
Return on equity	23.08%	22.19%	26.92%	26.77%	30.36%	7.37%
Return on capital employed	22.18%	21.35%	27.45%	25.72%	32.16%	8.65%
Return on assets	9.97%	9.65%	12.79%	11.55%	14.26%	5.11%
Return on fixed assets	28.88%	26.66%	44.14%	35.74%	43.86%	25.59%

## Comparison of Results

### For the year ended December 31, 2017

		Amounts in Rs '000					
		2017	2016	2015	2014	2013	2012
<b>Efficiency Ratios</b>							
Asset turnover	Times	<b>0.99</b>	1.01	1.17	1.23	1.24	0.65
Fixed asset turnover	Times	<b>2.87</b>	2.79	4.03	3.82	3.81	3.24
Inventory turnover	Times	<b>6.29</b>	6.80	7.66	6.28	5.62	4.69
Current asset turnover	Times	<b>1.61</b>	1.70	1.84	2.01	1.97	0.85
Capital employed turnover	Times	<b>1.48</b>	1.42	1.68	1.86	1.81	0.79
Debtor turnover ratio	Days	<b>40</b>	34	36	39	31	23
Creditor turnover ratio	Days	<b>178</b>	170	160	152	144	122
Inventory turnover ratio	Days	<b>58</b>	54	48	58	65	78
Operating cycle	Days	<b>(80)</b>	(82)	(77)	(55)	(48)	(21)
Revenue per employee	Rs. '000	<b>3,347</b>	3,113	3,154	2,600	3,470	1,978
Net income per employee	Rs. '000	<b>2,247</b>	1,979	2,115	1,758	2,243	1,425
<b>Cost Ratios</b>							
Operating costs (as % of sales)		<b>25.12%</b>	29.49%	27.81%	24.83%	24.59%	27.60%
Administration costs (as % of sales)		<b>5.51%</b>	7.19%	7.27%	8.10%	7.28%	10.32%
Selling costs (as % of sales)		<b>19.61%</b>	22.30%	20.54%	16.74%	17.31%	17.28%
<b>Equity Ratios</b>							
Price-earning ratio	Times	<b>17.26</b>	22.14	18.69	36.19	9.56	10.68
Earnings per share	Rs.	<b>12.34</b>	10.57	11.61	9.88	13.04	8.10
Dividend per share	Rs.	<b>7.00</b>	6.50	6.50	19.00	2.50	78.60
Dividend cover	Times	<b>1.76</b>	1.63	1.79	0.52	5.22	0.10
Dividend yield		<b>3.29%</b>	2.78%	3.00%	5.31%	2.00%	90.86%
Market value per share	Rs.	<b>213.00</b>	234.02	216.95	357.53	124.69	86.51
Break-up value per share with surplus on revaluation	Rs.	<b>81.60</b>	76.64	62.03	55.86	61.98	129.03
Break-up value per share excluding surplus on revaluation	Rs.	<b>53.46</b>	47.62	43.14	36.91	42.96	109.95
<b>Liquidity Ratios</b>							
Current ratio	Ratio	<b>1.86:1</b>	2.05:1	2.08:1	1.82:1	2.00:1	4.25:1
Quick ratio	Ratio	<b>1.54:1</b>	1.72:1	1.79:1	1.54:1	1.54:1	3.82:1
Cash ratio	Ratio	<b>1.08:1</b>	1.31:1	1.38:1	1.11:1	1.05:1	3.45:1
<b>Leverage Ratios</b>							
Total debt to capital ratio	Ratio	<b>0:100</b>	0:100	0:100	0:100	0:100	0:100

## Pattern of Shareholding As at December 31, 2017

No. of Shareholders	Categories		No. of Shares
	From	To	
7,226	1	100	204,710
2,048	101	500	506,192
500	501	1,000	384,664
449	1,001	5,000	1,007,780
71	5,001	10,000	529,816
19	10,001	15,000	224,954
13	15,001	20,000	241,857
13	20,001	25,000	300,371
6	25,001	30,000	165,495
4	30,001	35,000	134,500
4	35,001	40,000	150,649
3	40,001	45,000	129,200
7	45,001	50,000	339,773
1	50,001	55,000	53,000
1	55,001	60,000	57,372
1	60,001	65,000	60,185
1	65,001	70,000	67,000
1	70,001	75,000	71,300
1	85,001	90,000	86,169
1	105,001	110,000	109,300
1	150,001	155,000	154,518
1	185,001	190,000	187,900
2	190,001	195,000	385,695
1	200,000	205,000	200,000
1	270,001	275,000	273,682
1	360,001	365,000	362,200
1	850,001	855,000	852,800
1	945,001	950,000	946,600
1	1,070,001	1,075,000	1,070,673
1	1,975,001	1,980,000	1,975,300
1	35,205,001	35,210,000	35,209,665
<b>10,382</b>			<b>46,443,320</b>

## Pattern of Shareholding As at December 31, 2017

Information as required under Code of Corporate Governance

Shareholder's category	Number of shareholders	Number of shares held
<b>i. Associated Companies, Undertakings and Related Parties (name wise details)</b>		
ICI OMICRON B.V.	1	35,209,665
<b>TOTAL</b>	<b>1</b>	<b>35,209,665</b>
<b>ii. Mutual Funds (name wise details)</b>		
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	6,200
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	29,900
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	27,800
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	273,682
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	191,795
CONFIDENCE MUTUAL FUND LTD	1	3
DOMINION STOCK FUND LIMITED	1	85
GOLDEN ARROW SELECTED STOCKS FUND	1	3
SAFEWAY MUTUAL FUND LIMITED	1	128
SECURITY STOCK FUND LIMITED	1	18
<b>TOTAL</b>	<b>10</b>	<b>529,614</b>
<b>iii. Directors and their spouse</b>		
MR. MUEEN AFZAL	1	10
MR. MUHAMMAD ZIA UR REHMAN	1	10
MR. BART KASTER	1	10
MR. JEREMY ROWE	1	10
MR. SEBASTIAN TAN	1	10
MR. HARRIS MAHMOOD	1	10
<b>TOTAL</b>	<b>6</b>	<b>60</b>
<b>iv. Executives</b>		
<b>TOTAL</b>	<b>11</b>	<b>586</b>
<b>v. Public Sector Companies and Corporations</b>		
<b>TOTAL</b>	<b>2</b>	<b>1,070,812</b>
<b>vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds</b>		
<b>TOTAL</b>	<b>42</b>	<b>1,992,447</b>
<b>vii. Shareholders holding five percent or more voting rights in the Listed Company (name wise details)</b>		
ICI OMICRON B.V.	1	35,209,665
<b>TOTAL</b>	<b>1</b>	<b>35,209,665</b>

## Categories of Shareholding As at December 31, 2017

Sr No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	6	60	0.00
2	Associated Companies, Undertakings and Related Parties	1	35,209,665	75.81
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	21	1,509,712	3.25
5	Insurance Companies	14	1,411,881	3.04
6	Modarabas and Mutual Funds	14	540,768	1.16
7	Shareholders holding 10%	1	35,209,665	75.81
8	General Public :			
	a. Local	10,187	3,699,174	7.96
	b. Foreign	-	-	-
9	Others	139	4,072,060	8.77
<b>Total (excluding : shareholders holding 10%)</b>		<b>10,382</b>	<b>46,443,320</b>	<b>100.00</b>

Akzo Nobel Pakistan Limited



## NOTICE OF 7<sup>th</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 7<sup>th</sup> Annual General Meeting of Akzo Nobel Pakistan Limited will be held on Wednesday, April 25, 2018, at 10:30 a.m. at PC Hotel, Shahrah-e-Quaid-e-Azam, Lahore, 54000 to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the 6<sup>th</sup> Annual General Meeting held on April 25, 2017.
2. To receive, consider and adopt the accounts of Akzo Nobel Pakistan Limited, for the year ended December 31, 2017, together with the Auditors' Report and the Directors' Report thereon.
3. To declare and approve final cash dividend @ 70% i.e. Rs. 7.00 per ordinary share of Rs. 10/- each for the year ended December 31, 2017, as recommended by the Directors, payable to the Members whose names appear in the Register of Members as at April 18, 2018.
4. To appoint the External Auditors of the Company and to fix their remuneration.
5. To elect seven Directors as fixed by the Board with the provisions of the Companies Act, 2017 for a period of three years commencing from the date of the election. The retiring directors are Mr. Mueen Afzal, Mr. Zia Ur Rehman, Mr. Jeremy Rowe, Mr. Bart Kaster, Mr. Saad Mahmood Rashid, Mr. Sebastian Tan & Mr. Harris Mahmood.
6. Any other business with the permission of the Chairman.

April 04, 2018  
Lahore

By order of the Board

Sara Shah  
Company Secretary

## NOTES

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

The Share Transfer Books of the Company will remain closed from April 19, 2018 to April 25, 2018 (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 18, 2018, will be treated in time for payment of the final dividend to the transferees.

**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 the completed proxy form. The proxy holders are requested to produce their CNICs or original passport 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 office at 346, Ferozepur Road, Lahore, at least 48 hours before the time of the meeting. Form of Proxy is attached with the Notice of AGM sent to the members and should be witnessed by two persons whose names, addresses and CNIC numbers are mentioned on the forms.

**4. Mandatory Notice to Shareholders who have not provided their CNICs:**

All shareholders holding physical shares who have not submitted their valid CNICs are requested to send attested copies of their valid CNICs along with their folio number to the Company's Shares Registrar. In the absence of a shareholder's valid CNIC, the Company will withhold transfer of dividend to such shareholders.

**5. Deduction of Income Tax from Dividend:**

The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

**(a) Rate of tax deduction for filer of income tax return 15%**

**(b) Rate of tax deduction for non-filers of income tax return 20%**

- (i) To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately (and latest by the first day of book closure) make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.
- (ii) Withholding tax exemption from the dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt) Ltd., by the first day of book closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint shareholder(s) based on their shareholding proportions, in case of joint accounts.

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

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

The required information must reach our Shares Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

- (iv) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

For any query/problem/information, the investors may contact the Company Secretary at phone: 042-111-551-111: and email address: sara.shah@akzonobel.com and/or FAMCO Associates (Pvt.) Ltd. at phone 021-34380101-5 and email address: info.shares@famco.com.pk

**6. MANDATORY Payment of Dividend Electronically (E-Mandate):**

In order to enable a more efficient method of cash dividend, pursuant to SRO 1145(I)2017 SECP has announced an e-dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorizing the Company to do so. All shareholders are **MANDATORILY** required to provide their bank account details by April 18, 2018.

Accordingly, all non-CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders, who hold shares with CDC or Participants/Stock Brokers, are advised to provide the mandate to CDC or their Participants/Stock Brokers.

In the absence of valid bank account details by April 18, 2018 the company will be constrained to withhold transfer of dividend to such persons.

**7. Audited Financial Statements Through E-Mail/CD/DVD/USB:**

SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the Members of the Company through e-mail/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.

The Company shall place the financial statements and reports on the Company's website, at least twenty one (21) days prior to the date of the Annual General Meeting in terms of SRO 634(1)/2014 dated July 10, 2014 issued by the SECP.

**8. Change of Address and Non-Deduction of Zakat Declaration Form:**

Physical 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.

**9. Video Conference Facility:**

Members can also avail video conference facility in Karachi and Islamabad. In this regard, please fill the form attached with the Notice of AGM sent to the members and submit to registered address of the Company 10 days before the Annual General Meeting. The video conferencing facility will be provided only if the company receives consent from members holding in aggregate 10% or more shareholding residing at Karachi or Islamabad.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access the facility.

**10. Guidelines for CDC Account Holders:**

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

**11. E-Voting**

Members can exercise their right to poll subject to meeting of requirement of section 143-145 of Companies Act 2017 and applicable clauses of Companies postal ballot regulations of 2018.



## Admission Slip

The 7<sup>th</sup> Annual General Meeting of Akzo Nobel Pakistan Limited will be held on Wednesday, April 25, 2018, at 10:30 a.m. at PC Hotel, Shahrah-e-Quaid-e-Azam, Lahore

Kindly bring this slip duly signed by you for attending the Meeting.

### Company Secretary

Name: \_\_\_\_\_

Holding: \_\_\_\_\_

Shareholder No: \_\_\_\_\_

Signature: \_\_\_\_\_

### Note:

- i) The signature of the shareholder must tally with the specimen on the Company's record.
- ii) Shareholders are requested to hand over duly completed admission slips at the counter before the Meeting premises.

### CDC Account Holders/Proxies/Corporate Entities:

- a) The CDC Account Holder/Proxy shall authenticate his identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- b) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting (unless it has been provided earlier).

**This Admission Slip is Not Transferable**



**FORM OF PROXY  
7<sup>th</sup> ANNUAL GENERAL MEETING**

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(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 7<sup>th</sup> Annual General Meeting of the Company to be held at PC Hotel, Shahrah-e-Quaid-e-Azam Lahore, 54000, on Wednesday, April 25, 2018, at 10:30 a.m. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

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

**For CDC Account Holders/Corporate Entities:**

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

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- (iv) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**AkzoNobel** 

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AFFIX  
CORRECT  
POSTAGE

Akzo Nobel Pakistan Limited  
346, Ferozpur Road  
Lahore - 54600  
Tel: (042) 111-551-111  
Fax: (042) 35835011  
[www.akzonobel.pk](http://www.akzonobel.pk)

## REQUEST FOR VIDEO CONFERENCING FACILITY FORM

Members can also avail the video conference facility in Karachi and Islamabad if the Company receives consent at least 10 days prior to the date of the meeting, from members holding in aggregate 10% or more shareholding and residing at either Karachi and/or Islamabad to participate in the meeting through video conference.

The company will intimate members regarding the venue of video conferencing facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access the facility.

In this regard, please fill up the following form and submit it to the registered address of the Company 10 days before holding of the Annual General Meeting.

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of Akzo Nobel Pakistan Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No./CDC A/c No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member/Shareholder

Date: \_\_\_\_\_

**AkzoNobel** 

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Akzo Nobel Pakistan Limited  
346, Ferozpur Road  
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Tel: (042) 111-551-111  
Fax: (042) 35835011  
[www.akzonobel.pk](http://www.akzonobel.pk)

**Mandate Letter**

Dear Shareholder,

**SUBMISSION OF COPY OF CNIC (Mandatory)**

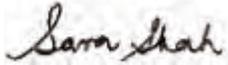
Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on members register and other statutory returns. You are therefore requested to submit a copy of your CNIC (if not already provided) to Akzo Nobel Pakistan Limited, 346, Ferozepur Road, Lahore or FAMCO Associates (Pvt) Ltd., 8-F, near Hotel Faran Nursery, Block 6, P.E.C.H.S. Shahrah-e-Faisal Karachi.

**DIVIDEND MANDATE (Mandatory)**

We wish to inform you that according to the provisions of the Companies Act, 2017, shareholders are MANDATORILY required to provide their bank account details to receive their dividends by way of direct credit or electronic transfer to their bank accounts instead of receiving them through dividend warrants (crossed as A/c Payee only).

CDC shareholders are requested to submit their dividend mandate and CNIC directly to their broker (participant) CDC.

Yours faithfully



Sara Shah  
Company Secretary

**SHAREHOLDER'S SECTION**

I hereby wish to communicate my desire to receive my future dividends directly in my bank account as detailed below:

Name of Shareholder : .....

Folio Number : .....

Contact Number of Shareholder : .....

Bank Account No. : .....

Title of Account : .....

Name of Bank and Address : .....

Contact No. of the Bank : .....

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in the future.

\_\_\_\_\_  
Shareholder's signature

CNIC No: \_\_\_\_\_  
(copy attached)



**3<sup>rd</sup> Reminder for Electronic Transfer of Dividend**

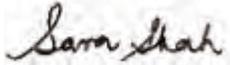
Dear Shareholder,

We wish to inform you that in accordance with the provisions of Section 242 of the **Companies Act, 2017**, it is mandatory for a listed company to pay cash dividend to its shareholders **only** through electronic mode by remitting directly into the bank account designated by the entitled shareholders ("the Bank Account").

In order to receive your dividends directly into your bank account, please complete the particulars as mentioned below and return this letter duly signed **along with a copy of your valid CNIC** to the registered office of the Company.

If you are additionally maintaining CDC account(s) then you are also requested to submit your E-Dividend Mandate directly to your broker (participant)/CDC, with whom the account is being maintained. If you have already updated your account details then no further action is required as there is no need to file separate mandate form for each Company for the CDC accounts. No dividend will be transferred to shareholders accounts who have not submitted their **CNIC number** and **IBAN** details.

Yours faithfully,



Sara Shah  
Company Secretary

**SHAREHOLDERS'S SECTION:**

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Name of shareholder : -----

Folio Number(s)/CDC Account Nos. : -----

Contact number of shareholder : -----

Title of Bank Account : -----

IBAN Number (see note below) : -----

Name of Bank : -----

Bank branch & full mailing address : -----

: -----

CNIC No./Passport Number (in case of foreign shareholder)-copy attached: -----

NTN (in case of corporate entity) : -----

It is stated that the above particulars given by me are correct and to the best of my knowledge, I shall keep the Company informed in case of any changes in the said particulars in future.

**Shareholder's signature**

Note: Please provide complete IBAN Number (24 digits), after checking with your concerned branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed based on the bank account number alone. The Company is entitled to rely on the account number as per your instructions. The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations here under which is caused by incorrect payment instructions and / or due to any event beyond the control of the Company.



**AkzoNobel** 

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Akzo Nobel Pakistan Limited  
346, Ferozpur Road  
Lahore - 54600  
Tel: (042) 111-551-111  
Fax: (042) 35835011  
[www.akzonobel.pk](http://www.akzonobel.pk)

## ویڈیو کانفرنس کی سہولت فراہم کرنے کے لیے درخواست فارم

اجلاس سے 10 روز قبل کراچی اور اسلام آباد میں رہائش پذیر اوسطاً 10 فیصد یا پھر اس سے زیادہ شیئر ہولڈرز کی جانب سے درخواست موصول ہونے پر کمپنی کی جانب سے کراچی اور اسلام آباد میں ویڈیو کانفرنس کی سہولت فراہم کی جاسکتی ہے تاکہ یہ ارکان اجلاس میں بذریعہ ویڈیو کانفرنس شرکت کر سکیں۔

سالانہ عمومی اجلاس سے پانچ روز قبل، کمپنی کی جانب سے ممبران کو ویڈیو کانفرنس کے وقت اور مقام کے متعلق مطلع کیا جائے گا اور ساتھ ہی انہیں ضروری معلومات بھی فراہم کی جائیں گی تاکہ وہ اس سہولت سے استفادہ کر سکیں۔

اس ضمن میں مندرجہ ذیل فارم پُر کر کے کمپنی کے رجسٹرڈ دفتر میں سالانہ عمومی اجلاس کے انعقاد سے 10 روز قبل جمع کرائیں۔

میں/ہم \_\_\_\_\_ کا تعلق \_\_\_\_\_

سے ہے اور ایکروفونبل پاکستان لمیٹڈ کے شیئر ہولڈر کی حیثیت سے \_\_\_\_\_ عمومی شیئرز کے حامل ہیں اور ہمارا رجسٹرڈ فوئیو نمبر اسی ڈی سی

اکاؤنٹ نمبر \_\_\_\_\_ ہے۔ ہم \_\_\_\_\_ شہر میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتے ہیں۔

دستخط رکن/شیئر ہولڈر \_\_\_\_\_

تاریخ: \_\_\_\_\_

**AkzoNobel** 

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## ساتویں سالانہ عمومی اجلاس میں شرکت کے لئے

### پراکسی فارم

میں / ہم \_\_\_\_\_ کا تعلق \_\_\_\_\_

سے ہے اور ہم ایک ونوبل پاکستان لمیٹڈ کے رکن کی حیثیت سے \_\_\_\_\_ عمومی شیئرز کے حامل ہیں۔ ہم \_\_\_\_\_ کو یا ان کی غیر حاضری کی صورت میں \_\_\_\_\_ کو جو خود بھی ایک ونوبل پاکستان لمیٹڈ کے رکن ہیں، کو میری / اپنی جانب سے بحیثیت پراکسی مقرر کرتے ہیں جو میری غیر حاضری میں میری جگہ پر ساتویں سالانہ عمومی اجلاس میں شرکت کرے گا اور ہماری جانب سے ووٹنگ میں حصہ لے گا۔ یہ اجلاس پریل کانٹینینٹل ہوٹل شاہراہ قائد اعظم، لاہور بروز بدھ مورخہ 25 اپریل 2018 کو صبح ساڑھے دس بجے منعقد ہونے جا رہا ہے۔

گواہوں کی موجودگی میں، میں / ہم یہ دستخط کرتے ہیں:

مورخہ: \_\_\_\_\_ 2018ء

مندرجہ ذیل کی موجودگی میں دستخط کیے گئے:

گواہ نمبر دوم کے دستخط:

گواہ نمبر اول کے دستخط:

گواہ کا نام:

گواہ کا نام:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

(دستخط مناسب قیمت کے ریونیو اسٹامپ پر کیے جائیں گے)

(دستخط مناسب قیمت کے ریونیو اسٹامپ پر کیے جائیں گے)

### دستخط کنندہ

شیئرز ہولڈر کا فوٹیو / سی ڈی سی اکاؤنٹ نمبر

(یہ دستخط کمپنی کے پاس موجود دستخط کے نمونے کے عین مطابق ہونا چاہئے)

### ضروری ہدایات:

- ۱- یہ پراکسی فارم مکمل طور پر پُر اور دستخط کر کے اجلاس سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس 346، فیروز پور روڈ لاہور بھیجا جائے۔
- ۲- کوئی بھی شخص اس وقت بطور پراکسی خدمات انجام نہ دے جب تک وہ کمپنی کا رکن نہ ہو، ماسوائے کوئی کارپوریشن کسی ایسے شخص کو مقرر کرے جو کمپنی کا رکن نہیں۔
- ۳- اگر کوئی رکن ایک سے زائد پراکسی مقرر کرتا ہے اور ممبر کی جانب سے کمپنی میں پراکسی کا ایک سے زائد انسٹرومنٹ جمع کرایا جاتا ہے تو ایسی صورت میں پراکسی کے تمام انسٹرومنٹ غیر مجاز تصور کئے جائیں گے۔
- ۴- پراکسی انسٹرومنٹ میں کسی طرح کی تبدیلی کی صورت میں اس پر دستخط کرنے والے کے دستخط بھی ہونا چاہیے۔
- ۵- مشترکہ ہولڈرز کی صورت میں کوئی ایک بذات خود یا پھر پراکسی کے ذریعے ووٹنگ میں حصہ لے سکتا ہے لیکن اگر ایک سے زائد مشترکہ ہولڈرز اجلاس میں موجود ہوں تو وہ خود یا بذریعہ پراکسی جو ان مشترکہ ہولڈرز کی جانب سے مقرر کردہ ہوگا اور جس کا نام ممبرز رجسٹر کے پاس درج ہوگا، صرف وہی ووٹ دینے کا مجاز ہوگا۔

سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ شناخت رکھنے والوں کے لیے ہدایات:

مذکورہ بالا ہدایات کے علاوہ درج ذیل باتوں کا بھی خیال رکھنا ہوگا۔

- ۱- پراکسی فارم پر ایسے دو گواہوں کے دستخط ہوں گے جن کے نام، پتہ اور کمپیوٹرائزڈ شناختی کارڈ اس فارم میں درج ہوں گے۔
- ۲- بینیفیشل اونرز کے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ منسلک کی جائیں گی۔
- ۳- اجلاس کے موقع پر پراکسی کو اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا پھر اصل پاسپورٹ پیش کرنا ہوگا۔
- ۴- کارپوریٹ شناخت کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بشمول دستخط کا نمونہ جمع کرانا ہوگا (تا وقتیکہ یہ پہلے ہی فراہم کیا جا چکا ہو) اور ساتھ ہی کمپنی میں پراکسی فارم جمع کرانا ہوگا۔



(۴) ایسے کارپوریٹ شیئر ہولڈرز جن کے سی ڈی سی اکاؤنٹ ہیں، ان کے لیے ضروری ہے کہ اپنے شراکت داروں کے حوالے سے این ٹی این نمبر اپ ڈیٹ کریں جبکہ وہ کارپوریٹ شیئر ہولڈرز جو فریکل شیئر ہولڈرز ہیں اپنے این ٹی این کی کاپی کمپنی کو یا پھر فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بھجوائیں۔ این ٹی این یا این ٹی این سرٹیفکیٹ (جو بھی صورت ہو) بھجواتے وقت یاد سے کمپنی کا نام اور مخصوص فوئیو نمبر ضرور درج کریں۔

کسی بھی مسئلے/سوال/معلومات کی صورت میں سرمایہ کار حضرات کمپنی سیکریٹری کوفون 111-551-111-042 یا ایمیل sara.shah@akzonobel.com پر رابطہ کریں یا پھر فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کوفون 5-34380101-021 یا پھرایمیل info.shares@famco.com پر رابطہ کریں۔

## ۶۔ لازمی منافع الیکٹرانک ادائیگی (ای۔مینیڈیٹ)

کمپنی ڈیویڈنڈ منافع کے حوالے سے زیادہ موثر طریقہ کا اختیار کرنے کے لئے ایس ای سی پی نے 2017 (I) SRO 1145 کے ذریعے ای۔ڈیویڈنڈ کے نظام کا اعلان کیا ہے۔ جس کے تحت شیئر ہولڈرز کمپنی کو اختیار دیتے ہیں کہ وہ منافع کو الیکٹرانک طریقے کے بینک اکاؤنٹ میں منتقل کر دے۔ تمام شیئر ہولڈرز اپنے بینک اکاؤنٹ کی تفصیل 18 اپریل، 2018 تک لازمی فراہم کر دیں۔ اسی طرح، تمام نان سی ڈی سی شیئر ہولڈرز اپنے بینک اکاؤنٹ کی تفصیل کمپنی کے رجسٹرار تک پہنچادیں۔ ایسے شیئر ہولڈرز جو اپنے سی ڈی سی اکاؤنٹ یا شراکت داروں/اسٹاک بروکرز کے پاس اپنے شیئر رکھتے ہیں، انہیں ہدایت کی جاتی ہے کہ مطلوبہ معلومات اختیار سی ڈی سی یا اپنے شراکت داروں/اسٹاک بروکرز کو فراہم کر دیں۔ بینک اکاؤنٹ کی مکمل تفصیلات کی غیر موجودگی میں کمپنی متعلقہ شیئر ہولڈرز کو کوڈیویڈنڈ کی ترسیل روک دے گی۔

## ۷۔ آڈٹ شدہ فنانشل سٹیٹمنٹس بذریعہ ای میل/سی ڈی ڈی/ای او ایس پی

ایس ای سی پی نے اپنے نوٹیفیکیشن SRO 787 (I) 2014 مورخہ 08 ستمبر، 2014، کے تحت آڈٹ شدہ فنانشل سٹیٹمنٹس اور سالانہ جنرل میٹنگ کا نوٹس کمپنی ممبران میں بذریعہ ای میل/سی ڈی ڈی/ای او ایس پی کی اجازت دی ہے۔ تاہم، ایسے تمام ممبران جو سالانہ رپورٹ کی بارڈ کاپی حاصل کرنا چاہتے ہیں، ان سے درخواست ہے کہ اپنے ایڈریس فراہم کر دیں۔

کمپنی اپنے شیئر ہولڈرز کی درخواست کے مطابق درخواست کی تاریخ سے سات روز کے اندر اندر آڈٹ شدہ فنانشل سٹیٹمنٹس کی بارڈ کاپی فراہم کر دے گی۔ ایس ای سی پی کے SRO 634 (I) /2014 مورخہ 10 جولائی، 2014 کے قواعد کے مطابق کمپنی اپنی فنانشل سٹیٹمنٹس اور رپورٹس سالانہ جنرل میٹنگ سے 21 روز قبل کمپنی کی ویب سائٹ پر فراہم کر دے گی۔

## ۸۔ پتے کی تبدیلی اور زکوٰۃ کی کٹوتی روکنے کا ڈیکلریشن فارم

فریکل شیئر 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 شیئر رجسٹرار کو بھجوا دیں۔ مزید برآں، وہ ممبر 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 اپنے شراکت دار/اسٹاک بروکر کو فراہم کریں۔

## ۹۔ وڈیو کانفرنس کی سہولت

ممبرز کراچی اور اسلام آباد میں وڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں۔ اس ضمن میں متعلقہ فارم بھر کے کمپنی کے رجسٹرار پتے پر سالانہ جنرل میٹنگ سے دس روز قبل جمع کروادیں۔ وڈیو کانفرنسنگ کی سہولت صرف اس صورت میں فراہم کی جائے گی اگر کمپنی کو وصول ہونے والی تمام درخواستیں مجموعی طور پر کم از کم شیئرز کے دس فیصد یا زائد کے حامل افراد کی جانب سے بھجوائی جائیں گی جو کہ کراچی اور اسلام آباد کے رہائشی ہیں۔ یہ درخواستیں سالانہ جنرل میٹنگ سے پانچ روز قبل وصول ہونا ضروری ہیں۔

کمپنی اپنے ان ممبران کو سالانہ جنرل میٹنگ سے کم از کم پانچ روز قبل وڈیو کانفرنس کی سہولت سے متعلق معلومات فراہم کر دے گی تاکہ وہ اس سہولت سے مستفید ہو سکیں۔

## ۱۰۔ سی ڈی سی اکاؤنٹ ہولڈرز کے لیے ہدایات

سی ڈی سی اکاؤنٹ ہولڈرز کو میٹنگ میں شامل ہونے کے لیے یا پراسیز کی تعیناتی کے لیے ان ہدایات کی تعمیل کرنا ہوگی جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر 1، مورخہ 26 جنوری 2000 کے ذریعے وضع کی ہیں۔

## ۱۱۔ 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۔

## 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 ووٹنگ میں حصہ لینے کے کسی پر کسی کو نامزد کر سکتا ہے۔ پر کسی کے لئے ضروری ہے کہ وہ کمپنی کا رکن ہو۔ ایک کارپوریٹ شناخت، بحیثیت رکن، اس بات قطع نظر کسی بھی شخص کو اپنا پر کسی مقرر کر سکتا ہے چاہے وہ رکن ہے یا نہیں۔ کارپوریٹ شخصیات کی صورت میں کمپنی میں بورڈ آف ڈائریکٹرز یا پھر پاور آف اٹارنی پر کسی کے لئے نامزدگی فارم کے ہمراہ جمع کروائی جاسکتی ہے جس پر نمائندگی کے لئے نامزد کردہ شخص کے دستخط موجود ہوں اور یہ بھی درج ہونا چاہیے کہ وہ کارپوریٹ شناخت کی طرف سے ووٹنگ میں حصہ لے گا۔ پر کسی حضرات کو اجلاس کے موقع پر اپنا کمپیوٹرائزڈ شناختی کارڈ یا پھر اپنا پاسپورٹ پیش کرنا ہوگا۔

## ۳۔ پر کسی فارم

اجلاس میں شرکت کے لئے ضروری ہے کہ پر کسی فارم مکمل پُر کر کے کمپنی کے رجسٹرڈ دفتر 346 فیروز پور روڈ لاہور میں اجلاس کے انعقاد سے 48 گھنٹے قبل جمع کروانا ضروری ہے۔ پر کسی کے لئے فارم اے جی ایم نوٹس کے ساتھ منسلک ہے اور اس پر دو گواہوں کے دستخط ہونا چاہیے اور ساتھ ہی ان کا پتہ اور کمپیوٹرائزڈ شناختی کارڈ نمبر بھی درج ہونا چاہیے۔

## ۴۔ لازمی نوٹس، اُن شیئرز ہولڈرز کے لیے جنہوں نے اپنے شناختی کارڈ فراہم نہیں کیے

تمام شیئر ہولڈرز جن کے پاس فزیکل شیئرز موجود ہیں اور جنہوں نے ابھی تک اپنے شناختی کارڈ (جن کی معیاد ختم نہیں ہوئی) جمع نہیں کروائے، ان سے درخواست ہے کہ اپنے شناختی کارڈ کی تصدیق شدہ کاپی بمعہ اپنے فوٹو نمبر کمپنی کے، شیئرز رجسٹر اور کبھی جوائنٹ شیئر ہولڈرز کو ڈیوٹیڈ ٹیکس کی ترسیل روک دے گی۔

## ۵۔ ڈیوٹیڈ (منافع) سے آگم ٹیکس کی کٹوتی

حکومت پاکستان نے فنانس ایکٹ 2017 کے تحت آگم ٹیکس آرڈیننس 2011 کے سیکشن 150 میں کچھ مخصوص ترامیم کی ہیں، جہاں اب کمپنیز کے منافع کی ادائیگیوں پر ودھ ہولڈنگ ٹیکس کی کٹوتی کے مختلف ریٹ درج ہیں:

(الف) آگم ٹیکس فائلر کے لیے ٹیکس کٹوتی 15 فیصد

(ب) آگم ٹیکس نان فائلر کے لیے ٹیکس کٹوتی 20 فیصد

(1) ایسے تمام شیئر ہولڈرز جن کے نام ایف بی آر کی ویب سائٹ پر موجود کیلنڈر ٹیکس پیئر زلسٹ (ATL) میں باوجود آگم ٹیکس فائلر ہونے کے، شامل نہیں، ان کو ہدایت کی جاتی ہے کہ فی الفور (کتب کی بندش کے پہلے روز تک) اپنے ناموں کا ATL میں اندراج ممکن بنائیں بصورت دیگر ان کے کیش منافع پر 15 فیصد کی بجائے 20 فیصد ٹیکس کی کٹوتی عمل میں لائی جائے گی۔

(2) منافع کی رقم سے ودھ ہولڈنگ ٹیکس کی کٹوتی سے استثنیٰ صرف اس صورت میں دیا جائے گا، اگر درست Tax Exemption Certificate کی کاپی، کتب کی بندش کے پہلے روز تک فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹیڈ تک پہنچا دیا جائے گا۔

(3) مزید برآں مشترکہ کھاتوں / اکاؤنٹس کی صورت میں، ایف بی آر کی وضاحت کے مطابق ودھ ہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈرز دونوں کے الگ الگ فائلر / نان فائلر سٹیٹس اور شیئر ہولڈنگ کی حصہ داری کے مطابق ہوگا۔

اس حوالے سے وہ تمام شیئر ہولڈرز جن کے مشترکہ کھاتے / اکاؤنٹس ہیں (اور جنہوں نے ابھی تک تفصیل فراہم نہیں کی)، ان سے درخواست کی جاتی ہے کہ اپنے اپنے پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کی حصہ دار شیئرز کی تفصیل، درج ذیل فارمیٹ میں تحریری صورت میں ہمارے شیئرز رجسٹر تک پہنچائیں۔

کمپنی کا نام	فولیو / CDS اکاؤنٹ نمبر	شیئرز کی کل تعداد	اصل پرنسپل شیئر ہولڈرز		مشترکہ (جوائنٹ) شیئر ہولڈرز	
			نام اور شناختی کارڈ نمبر (شیئرز کی تعداد)	شیئرز کا تناسب اور نام اور شناختی کارڈ نمبر (شیئرز کی تعداد)	شیئرز کا تناسب اور (شیئرز کی تعداد)	نام اور شناختی کارڈ نمبر (شیئرز کی تعداد)

یہ معلومات ہمارے شیئرز رجسٹر تک اس نوٹس کے جاری ہونے کے دس روز کے اندر اندر پہنچ جانی چاہئیں۔ بصورت دیگر یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈرز شیئرز کی برابر تعداد کے مالک ہیں۔

# ایگزونوبل پاکستان لمیٹڈ

## نوٹس برائے ساتویں سالانہ جنرل میٹنگ

ایگزونوبل پاکستان لمیٹڈ کی جانب سے ساتویں سالانہ جنرل میٹنگ کا نوٹس پیش کیا جا رہا ہے، جو کہ مورخہ 25 اپریل 2018 بروز بدھ، ساڑھے دس بجے، بمقام پرل کونٹینینٹل ہوٹل، شاہراہ قائد اعظم، لاہور میں منعقد ہوگا۔ جس میں درج دیل نکات کی منظوری دی جائے گی۔

عمومی کاروائی:

- ۱۔ 25 اپریل 2017، کو منعقدہ چھٹے سالانہ عمومی اجلاس کے منٹس کی توثیق۔
- ۲۔ ایگزونوبل پاکستان لمیٹڈ کے 31 دسمبر 2017 کو مکمل ہونے والے سال کے موصول شدہ حسابات (اکاؤنٹس)، بشمول آڈیٹرز رپورٹ اور ڈائریکٹرز رصاحبان کی رپورٹس کی وصولی اور ان پر غور و خوض اور منظوری
- ۳۔ ڈائریکٹرز کی تجویز کے مطابق 31 دسمبر 2017 کو مکمل ہونے والے سال کے فائنل کیش ڈیویڈنڈ کا اعلان اور منظوری دی جائے گی، جو کہ 70 فیصد کے حساب سے یعنی 10 روپے کے ہر عام شیئر پر 7.00 روپے ہوگا۔ جس کی ادائیگی اُن ممبران کو کی جائے گی جن کا نام 18 اپریل، 2018 کو رجسٹر آف ممبرز پر موجود ہوگا۔
- ۴۔ کمپنی کے ایکسٹرنل آڈیٹرز کا تقرر اور اُن کے معاوضے کا تعین۔
- ۵۔ کمپنیز ایکٹ 2017 کے تحت اور بورڈ کے طے شدہ قواعد کے مطابق، الیکشن کی تاریخ سے تین سال کی مدت کے لیے سات ڈائریکٹرز کا انتخاب کیا جائے گا۔ ریٹائر ہونے والے ڈائریکٹرز کے نام آگے درج ہیں، جناب معین افضل، جناب ضیاء الرحمن، جناب جیری رو، جناب بارٹ کاسٹر، جناب سعد محمود راشد، جناب سہیس ٹین ٹین، جناب حارث محمود۔
- ۶۔ چیئرمین کی اجازت سے کوئی بھی دیگر متعلقہ کاروباری معاملات زیر بحث لائے جائیں گے۔

بحوالہ آرڈر آف بورڈ،

04 اپریل، 2018

لاہور

*Sara Shah*

سارہ شاہ

کمپنی سیکریٹری

نوٹس:

۱۔ شیئر ٹرانسفر بکس کی تکمیل

کمپنی کی شیئر ٹرانسفر بکس 19 اپریل 2018 سے 25 اپریل 2018 کے دوران بند رہیں گی (بشمول دونوں دنوں کے) تو اُن کے مطابق کاروبار کے اختتام سے قبل 18 اپریل 2018 تک شیئر ز رجسٹرار میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، ایف-8، نزد ہوٹل فاران نرسری، بلاک-6، پی-ای-سی-ایچ-ایس، شاہراہ فیصل، کراچی میں موصول ہونے والی ٹرانسفرز کو ٹرانسفریز کے ڈیویڈنڈ کی ادائیگی کے لیے شامل کیا جائے گا۔

شیر ہولڈنگ کا پیٹرن:

کمپنی میں شیر ہولڈنگ کا پیٹرن بمعاضی معلومات برائے تکمیلی سال 31 دسمبر 2017، صفحہ نمبر 54 تا 56 پر درج ہے۔

ICI Omircron B.V. (جو کہ ایکز ونوبل گروپ کی ایک کمپنی ہے)، 75.81 فیصد شیرز کی مالک ہے، جبکہ انسٹی ٹیوشنز کے پاس 7.46 فیصد اور افراد و دیگر کے پاس 16.73 فیصد شیر ہیلنس رہا۔ فی شیر بلند ترین اور پست ترین مارکیٹ کی قیمت سال 2017 کے دوران بالترتیب 296.64 روپے اور 177.00 روپے رہی۔

ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کے شریک حیات اور بچوں نے سال کے دوران کمپنی میں موجود اپنے اپنے حصے کے شیرز کا کوئی لین دین نہیں کیا۔



سعد محمود راشد  
(چیف ایکزیکیوٹو)



معین افضل  
(چیرمین)

- گزشتہ چھ سال کے اہم عملی و مالیاتی ڈیٹا کی سری صفحہ نمبر 52 اور 53 پر درج ہے۔
- قابل ادائیگی ٹیکس اور لیویز، فنانشل سٹیٹمنٹس کے نوٹس میں درج ہیں۔
- کمپنی کی انتظامیہ اچھے کارپوریٹ انتظام کے لیے پُر عزم ہے اور اس ضمن میں مناسب اقدامات کر رہی ہے تاکہ بہترین معیار پر پورا اتر جاسکے۔

ریٹائرمنٹ بینیفٹس میں سرمایہ کاری:

تکمیلی سال 31 دسمبر 2016 کی آڈٹ شدہ فنانشل سٹیٹمنٹس کے مطابق اسٹاف کے ریٹائرمنٹ فنڈز سے سرمایہ کاری کی رقم کی تفصیل درج ذیل ہے۔ یہ نظام ٹرسٹیز آف فنڈز کے زیر اہتمام چلایا جاتا ہے۔

1	ایگز و نوئل پاکستان لیمیٹڈ مینجمنٹ اسٹاف پرائیونٹ فنڈ	262 ملین روپے
2	ایگز و نوئل پاکستان لیمیٹڈ مینجمنٹ گریجویٹ فنڈ	147 ملین روپے
3	ایگز و نوئل پاکستان لیمیٹڈ مینجمنٹ اسٹاف پنشن فنڈ	185 ملین روپے
4	ایگز و نوئل پاکستان لیمیٹڈ مینجمنٹ اسٹاف طے شدہ برائے ریٹائرمنٹ فنڈ	129 ملین روپے
5	ایگز و نوئل پاکستان لیمیٹڈ مینجمنٹ اسٹاف فنڈ	34 ملین روپے

ڈائریکٹرز کی حاضری:

سال کے دوران چار عدد بورڈ آف ڈائریکٹرز میٹنگز، چار آڈٹ کمیٹی کی میٹنگز اور تین ایچ آر اور اجرت و معاوضہ کمیٹی کی میٹنگز منعقد ہوئیں۔ ہر ڈائریکٹر اسی ایف او/کمپنی سیکریٹری کی حاضری کی تفصیل درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کی حاضری	آڈٹ کمیٹی کی حاضری	ایچ آر اور ایجوکیشن کمیٹی کی حاضری
1	مسٹر معین افضل	4	4	3
2	مسٹر ضیاء الرحمن	4	4	-
3	مسٹر چیرمبی روڈ	4	-	3
4	مسٹر بارٹ کاسٹر	4	4	-
5	مسٹر جہانزیب خان (چیف ایگزیکٹو آفیسر)	4	-	3
6	مسٹر سبیس ٹین ٹین	4	4	-
7	مسٹر حارث محمود (چیف فنانشل آفیسر)	4	4	-
8	مس سارہ شاہ (کمپنی سیکریٹری)	4	-	-
9	مسٹر سبحان حامد (سیکرٹری آڈٹ کمیٹی)	-	4	-
10	مسٹر عثمان علی جمیل (سیکرٹری ایچ آر اینڈ آر کمیٹی)	-	-	3

جناب جہانزیب خان 20 نومبر 2017 کو بطور کمپنی چیف ایگزیکٹو اور ڈائریکٹر بنا ہو گئے، جبکہ جناب سعد محمود راشد نے بورڈ کو بطور نئے کمپنی چیف ایگزیکٹو اور ڈائریکٹر جوائن کیا۔

ڈائریکٹرز ٹریننگ:

جناب سعد محمود راشد نے ڈائریکٹرز ٹریننگ پروگرام کی سرٹیفیکیشن، سال 2017 میں پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) سے حاصل کی۔ جناب معین افضل، جناب ضیاء الرحمن اور جناب حارث محمود گزشتہ برسوں کے دوران اپنی اپنی ٹریننگ کی ضروریات تکمیل کر چکے ہیں۔

کاروباری کارکردگی:

ایگزونوبل پاکستان اس بات کا بھرپور عزم رکھتا ہے کہ نئی ایجادات اور ترقی کی بدولت مصنوعات میں تنوع پیدا کیا جائے۔ یہ کمپنی کے اس وژن کا لازمی جزو ہے کہ جہاں کمپنی اپنے معزز صارفین کے لیے بہتر معیار زندگی کے حصول میں کردار ادا کرنا چاہتی ہے۔ سال 2017 میں کئی اہم نئی مصنوعات پیش کی گئیں جو کہ اعلیٰ ترین اندرونی اور بیرونی پینٹ کیٹیگریز سے تعلق رکھتی تھیں، جن کا نام Dulux EasyCare اور Dulux Weathershield Powerflex ہے۔ میڈیا پبلسٹیٹی اور تجارتی و کاروباری اقدامات کی بدولت سیلز کی بلند مقدار حاصل کرنے میں بہت سہولت رہی۔ کمپنی نے آگے بڑھتی مارکیٹس میں کام کر کے ترقی کے مواقع سے بھرپور فائدہ اٹھایا، ان مارکیٹس میں ڈیکوریٹو اور حفاظتی کوٹنگ کے سیکٹرز شامل ہیں۔ خاص کر کیمیکل پورٹ فولیو بھی مستقل ترقی کا مستحکم ذریعہ رہا، جس میں نئی مصنوعات متعارف کروانا اور نئے صارفین کو پورٹ فولیو پر لانا اہمیت کا حامل ہے۔

مستقبل کا جائزہ:

سال 2018 کے دوران پاکستان میں سیاسی و انتخابی سرگرمیوں میں تیزی کا امکان ہے جس میں سینٹ اور قومی اسمبلی کے انتخابات متوقع ہیں۔ وقت کے ساتھ ساتھ کاروباری بھروسے میں بہتری، پرائیویٹ سیکٹر میں بڑھتی سرمایہ کاری، بجلی اور گیس کی فراہمی میں بہتری، سی پیک سے متعلقہ منصوبوں میں تیز رفتاری، سیکورٹی کی بہتر ہوتی صورتحال جیسے عوامل کے باعث اس بات کی توقع کی جاسکتی ہے کہ ملکی معیشت بھی مستحکم رہے گی اور ایشیا کی کھپت سے مضبوط ہونے والا بہتر معاشی ماڈل بھی قائم رہے گا۔ جبکہ منفی پہلو دیکھا جائے تو امکان یہ ہے کہ ادائیگیوں کے توازن میں بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ شرح تبادلہ میں قیاس آرائیوں کو فروغ دے گا۔

کمپنی کا ہدف اپنے مارکیٹ شیئر کو بڑھانے کے لیے جارحانہ کاروباری موقف کو برقرار رکھنا ہے اور اس ضمن میں برینڈ کو بہتر سے بہتر بنانے کے لیے سرمایہ کاری میں اضافہ اور اپنی مصنوعات کی تشہیر پر زور دینے کے حوالے سے کام جاری ہے تاکہ خریداروں میں ICI Dulux کے حوالے سے آگاہی میں مزید اضافہ ہو۔ نئی اور جدید مصنوعات متعارف کرائی جائیں گی تاکہ ریٹیل مارکیٹ میں اپنی موجودگی کو مضبوطی سے برقرار رکھا جائے اور کمپنی کے مجموعی کاروباری حجم میں اس کی بدولت مثبت رجحان قائم رکھا جائے۔

مختصر اور درمیانی مدت کے منصوبوں کے مطابق Protective Coatings اور Specialty Chemicals کے شعبے میں مصنوعات اور خریدار کو تیار کرنا اور اس ضمن میں مثبت حکمت عملی اپنانا، کمپنی کے لیے بہتر نتائج فراہم کرتا رہے گا۔

اعتراف:

سال 2017 میں ہم نے اپنے افرادی عوامل کو مضبوط بنانے کی جانب سفر جاری رکھا تاکہ مقابلہ کی صورتحال میں برتری کو برقرار رکھا جائے۔ اہم ترین نکات جن پر بھرپور توجہ دی گئی ان میں لیڈرشپ کی تیاری، صلاحیت میں اضافہ اور ایسپلائز کے معاملات و تعلقات کا انتظام شامل ہیں۔ ہمیں اس سب کی بدولت ایک ایسی ٹیم تیار کرنے میں مدد ملی جو ادارے کے اعلیٰ ترین نتائج کے حصول پر کام کرتی ہے۔ جبکہ تنوع اور نتائج کے حصول کا عزم ہمارے ایجنڈے میں قلب کی حیثیت رکھتے ہیں۔ کمپنی کے کاروباری نتائج ہم سب کے بھرپور عزم اور محنت کے مظہر ہیں، جس میں ہمارے صارفین، سپلائرز، خدمات فراہم کرنے والے اور شیئر ہولڈرز کا ہم پر اٹوٹ بھروسہ بھی شامل ہے۔

آڈیٹرز:

موجودہ آڈیٹرز، A.F. Ferguson & Co. Chartered Accountants کی مدت مکمل ہو رہی ہے، چنانچہ اہلیت کی بنیاد پر انہوں نے دوبارہ تقرری کی خواہش کا اظہار کیا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

جیسا کہ ہماری ملکی سٹاک مارکیٹ کے Listing Rules میں موجود کوڈ آف کارپوریٹ گورننس تقاضا کرتا ہے، اس کے عین مطابق ڈائریکٹرز نہایت مسرت سے بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی تیار کردہ فنانشل سٹیٹمنٹس واضح طور پر کمپنی کے عملی معاملات، نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کو ظاہر کرتی ہیں۔
- کمپنی کی باقاعدہ اکاؤنٹس بکس کو اہتمام سے برقرار رکھا جا رہا ہے۔
- مناسب اکاؤنٹنگ پالیسیوں کو فنانشل سٹیٹمنٹس کی تیاری میں مستقل بنیادوں پر لاگو رکھا جاتا ہے، اور مالیاتی تخمینے محتاط تجزیوں پر مبنی ہوتے ہیں۔
- مالیاتی رپورٹنگ کے جن بین الاقوامی قواعد کا اطلاق پاکستان میں ہوتا ہے، وہ تمام فنانشل سٹیٹمنٹس کی تیاری میں استعمال کیے جاتے ہیں۔ اس ضمن میں کسی قسم کی تبدیلی کو مناسب طریقے سے واضح طور پر بیان کر دیا گیا ہے۔
- انٹرنل کنٹرول کا نظام مضبوط بنیادوں پر تشکیل دیا گیا ہے، اس کا اطلاق پُراثر ہے اور اس کی بھرپور نگرانی کی جاتی ہے۔
- کمپنی کی قابلیت بطور کاروباری ادارہ مستحکم ہے اور اس ضمن میں کسی قسم کا کوئی شک موجود نہیں ہے۔
- لسٹنگ ریگولیشنز کے مطابق بہترین کارپوریٹ گورننس کو ممکن بنایا گیا ہے جس کی بدولت نظام سے کسی قسم کا انحراف یا خلاف ورزی وقوع پذیر نہیں ہوئی۔

## ڈائریکٹرز رپورٹ

برائے سال، تکمیل شدہ 31 دسمبر 2017

کمپنی ہذا کے ڈائریکٹرز نہایت مسرت سے سالانہ رپورٹ بمعہ آڈٹ شدہ فنانشل سٹیٹمنٹس برائے سال، تکمیل شدہ 31 دسمبر، 2017 پیش کرتے ہیں۔

جائزہ:

پاکستان کی معاشی کارکردگی 2017 میں مضبوطی کی جانب گامزن رہی، خاص کر مالی سال 2017 میں جی ڈی پی میں 5.3% کا اضافہ دیکھا گیا (جو کہ گزشتہ دہائی میں سب سے زیادہ ہے)۔ زرعی شعبے کی بحالی اس دوران سب سے اہم عنصر تھا، مینوفیکچرنگ سیکٹر میں ترقی بڑھتی رہی، اس کے ساتھ ساتھ سروسز سیکٹر نے بھی خاطر خواہ رجحان دکھایا۔ تاریخ میں پہلی مرتبہ معیشت کا حجم 300 ارب امریکی ڈالرز سے تجاوز کر گیا۔ معیشت کو بین الاقوامی کاروباری حالات نے بہت سہارا دیا، اور اس کے ساتھ ساتھ سی پیک سے متعلقہ سرمایہ کاری اور پھیلاؤ کے رجحان والی مالیاتی پالیسی نہایت اہمیت کی حامل رہیں۔

سال 2017 کمپنی کی قدر میں اضافے کا سال تھا۔ جس میں مضبوط عملیاتی، بہتری اور شفاف پورٹ فولیو مینجمنٹ کا انتخاب، اہم ترین تھے۔ منافع توقعات کے عین مطابق تھا، عملیاتی پختوں اور کارکردگی نے اشیاء کے بڑھے اخراجات کو متوازن کیا۔ ٹرن اور 8.5 ارب روپے رہا جو کہ پچھلے سال کی نسبت 11 فیصد زیادہ ہے۔ خام مال کی قیمتیں، خام تیل کی بڑھتی قیمتوں کے رجحان کے باعث زیادہ رہیں۔ قیمتوں میں اضافے کا اعلان منتخب پروڈکٹ لائنز میں کیا گیا مگر عمومی مارجن پر اس رجحان کا اثر ضرور پڑا۔ کمپنی نے اخراجات میں پخت کے اقدامات کیے، جس کے نتیجے میں آپریٹنگ اخراجات پچھلے سال کی نسبت 6 فیصد کم رہے۔ لہذا آپریٹنگ منافع 800 ملین روپے رہا، اور فی شیئر کمائی 12.34 روپے رہی، جو کہ پچھلے سال کی نسبت بالترتیب 18% اور 17% زیادہ ہے۔ کمپنی نے سال 2017 میں ٹیکسز اور دیگر لیویز کی مد میں قومی خزانے میں 1.125 ارب روپے کا حصہ ڈالا۔ (جو کہ سال 2016 میں 1.09 ارب روپے تھا)

مالیاتی کارکردگی (ملین روپے میں)	2017	2016	اضافہ / (کمی)
ٹرن اور	8,530	7,684	11 فیصد
نیٹ سیلز	5,691	5,137	11 فیصد
سیلز کے اخراجات	3,461	2,947	17 فیصد
مجموعی منافع	2,229	2,190	2 فیصد
آپریٹنگ منافع	800	675	18 فیصد
ٹیکس کی کٹوتی کے بعد منافع	573	491	17 فیصد
فی شیئر کمائی۔ روپوں میں	12.34	10.57	17 فیصد

منافع جات:

مستقبل کے کاروباری مواقع کو مد نظر رکھتے ہوئے اور کمپنی کے کیش فلوی کی ضروریات کو دیکھتے ہوئے، بورڈ آف ڈائریکٹرز نہایت مسرت سے یہ تجویز کرتے ہیں کہ 7.00 روپے فی عمومی شیئر (یعنی کہ 70%) برائے تکمیل شدہ سال 31 دسمبر، 2017، حتمی منافع کے طور پر جاری کیا جائے گا۔

صحت، حفاظت اور ماحول (HSE):

کمپنی نے ایچ ایس ای (HSE) کے حوالے سے اپنے عزم کو برقرار رکھا اور اس سال کو بغیر کسی حادثے کے مکمل کیا۔ رویہ کی بنیاد پر حفاظتی پروگرام (BBS)، جس کا مقصد افراد کے رویوں کو بدلنا ہے تاکہ حادثوں سے بچا جاسکے، اس سال زیادہ عزم اور ارادے سے جاری رہا جس کی عملداری کی بدولت کمپنی نے اپنی سائٹ پر حفاظتی نظام کو مزید بہتر بنایا۔ دوسری جانب عملی ماحولیاتی کارکردگی کی مد میں پچھلے سال کی نسبت اس سال نقصان وہ صنعتی فضلہ کے اخراج میں 9 فیصد کمی کی گئی۔ یہ تمام اقدامات کمپنی کے اس ارادے کا مظہر ہیں کہ صحت اور حفاظت کو ترجیحی بنیادوں پر دیکھا جائے گا۔

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