

► Our technology. Your success.

Pumps • Valves • Service



Annual Report 2019

KSB Pumps Company Limited





KSB Pumps Company Limited

1

Corporate Objectives

- 4 Vision
- 4 Mission Statement
- 5 Strategic Objectives
- 6 Values
- 7 Sustainability at KSB
- 8 Quality Guidelines
- 8 Quality, Environment, Occupational Health & Safety Policy

2

Management

- 10 KSB - the brand standing for quality
- 12 Board of Directors
- 14 Chairman's Review
- 16 Management Committee
- 17 Sales Offices
- 18 Company Information
- 19 Notice of Annual General Meeting
- 23 Organization Chart
- 24 Directors' Report to the Shareholders

3

Stakeholders' Information

- 43 Highlights
- 44 Vertical Analysis
- 46 Horizontal Analysis
- 48 Statement of Value Addition
- 49 Key Financial Data for 6 Years
- 50 Key Performance Indicators

4

Corporate Governance

- 52 Pattern of Shareholding
- 53 Statement of Compliance
- 56 Independent Auditor's Review Report

5

Financial Statements

- 58 Auditors' Report to the Members
- 62 Statement of Financial Position
- 64 Statement of Profit or Loss and other Comprehensive Income
- 65 Statement of Changes in Equity
- 66 Statement of Cash Flows
- 67 Notes to and Forming Parts of the Financial Statements
- 119 Dividend Bank Mandate Form Proxy Form
- 123 Chairman Report Urdu
- 124 Directors' Report Urdu

1

CORPORATE OBJECTIVES

4	Vision
4	Mission Statement
5	Strategic Objectives
6	Values
7	Sustainability at KSB
8	Quality Guidelines
8	Quality, Environment, Occupational Health & Safety Policy

Vision

KSB provides the best solutions worldwide.

Mission Statement

We manufacture and market a wide range of standard and engineered pumps and castings of world class quality. Our efforts are directed to have delighted customers in the water, sewage, oil, energy, industry and construction sectors. In line with the Group's strategy, we are committed to develop into a center of excellence in water application pumps and be a strong regional player. We want to market valves, complete system solutions and foundry products including patterns for captive, automotive and other industries. We will develop a world class human resource with highly motivated and empowered employees. The measure of our success is, being a clear market leader, achieving quantum growth and providing attractive returns to stakeholders.



Strategic Objectives

Defend high market share in a growing but competitive sectors.

Continuously expand product & service offerings in order to strengthen the position as the complete solution provider in the market.



Values

Trust

Trust has to be earned. It requires a level of credibility, which each of us should seek to achieve and actively develop through reliability and professionalism in our day - to - day work.

Honesty

The overall interest of the Company has top priority in our work and ranks ahead of departmental and individual interests. What we do therefore should not serve to gain advantage at the expense of others. Integrity and appropriate level of modesty are defining elements of the way we present ourselves.

Responsibility

Responsibility means accepting the consequences of one's actions. This especially applies to each and every one of us in our work. And it also applies to our Company in its business and social relations.

Professionalism

We have a good command of the techniques and methods we need for our work, and seek to continually acquire further knowledge to improve our effectiveness and efficiency. In the search of solutions to problems we apply due care and act with foresight.

Appreciation

We are attentive to others and further our cooperation by showing respect and appreciation. Remaining receptive and open to other people and ideas enables us to learn from each other and develop together.



Sustainability at KSB

KSB makes its customers' plants safer, more energy-efficient and more cost-effective by providing first-class products and excellent service. With this commitment we seek to achieve sustained profitable growth and successfully shape our future.

Our endeavours are guided by a set of common values and behaviours which characterise both work processes at KSB and our relations with our customers and other partners.

We understand sustainability to mean a focus on environmental, economic and social values. As well as the responsible use of resources and the environment, this also includes our responsibility to our employees and our social commitment.

We are continuously improving our products, processes and services to meet the requirements of sustainable development and set new standards.

As a company we focus on

- Delivering enhanced customer value
- Managing for sustainable profitability
- Managing processes effectively
- Fostering and encouraging innovation and creativity
- Developing our employees' skills
- Following the principles of the International Labour Organisation and the United Nations Global Compact
- Using natural resources and energy economically
- Continuously improving the energy efficiency of our products
- Respecting the rules of free competition

To achieve this, we have a comprehensive sustainability management system in place, develop future-oriented products and implement global management systems in line with international standards such as ISO 9001, ISO 14001, ISO 45001 and ISO 26000.

Our sustainability principles including our quality, environmental protection, occupational health and safety guidelines serve as benchmarks which guide our actions. They apply at all locations and for all companies within the KSB Group.



Quality Guidelines

Achieve maximum customer satisfaction

Our customers set the standard for the quality of our products and services. We satisfy their wishes in full and on time.

Promote quality awareness

We ensure that all our employees are highly qualified by providing them with ongoing training and comprehensive information. Each of our managers champions a high-quality mindset.

All employees are focused on their customers

The principle of customer-supplier relations also applies internally: Colleagues further along the work process

are also customers; work completed for them must be impeccable.

Avoid mistakes instead of remedying them

We establish causes so that we can prevent errors and put a stop to them.

Improve quality

The continuous improvement of work processes, methods of work and the work environment secures our leading position in the market.

Involve suppliers

In fair and open partnership we support our suppliers in the pursuit of shared quality objectives.

Environmental Protection, Occupational Health and Safety Guidelines

Publicise environmental relevance

We talk about the environmental relevance of our products, processes and services.

Promote awareness of environmental issues, occupational health and safety

To protect the environment and our employees we implement measures that go beyond what is required by law.

Strengthen our employees' sense of responsibility

Our employees are quick to recognise situations that could harm the environment or jeopardise safety and pass on the appropriate information.

Recognise and avoid risks

We constantly and systematically review the impact of our production processes on people and the environment. By recognising risks, we can take any preventive

action that may be necessary in good time. We review the environmental impact of new production processes and products right from the development stage, and minimise or avoid this as far as technologically and economically feasible. In the process, we take account of both occupational health and safety.

Comply with requirements

Using the procedures defined in the Integrated Management System, we monitor our activities to ensure compliance both with national legislation and our own policies for the environment, occupational health and safety.

Ensure third-party firms meet obligations

We require third-party firms working at our sites to observe country-specific laws in the areas of environmental protection, occupational health and safety, and to comply with our own provisions and specifications.

2

MANAGEMENT

10	KSB - the brand standing for quality
12	Board of Directors
15	Chairman's Review
16	Management Committee
17	Sales Offices
18	Company Information
19	Notice of Annual General Meeting
23	Organization Chart
24	Directors' Report to the Shareholders

KSB - the brand standing for quality, expertise, reliability and a global perspective

KSB is a leading international supplier of pumps, valves and related systems for the Industrial applications, building services, process engineering, energy conversion, water treatment, water transport, solids transport and other areas of application. KSB combines innovative technology and excellent service to provide intelligent solutions. This approach means that KSB employees are close to customers all over the world, providing them with pumps, valves and systems for almost all applications involving the transportation of liquids. A comprehensive range of services rounds off this customer-focused portfolio.

KSB has been growing continuously since it was founded in 1871. Today, the Group has a presence all over the globe with its own sales and marketing companies, manufacturing facilities and service operations. KSB Pumps Company Limited, established in July 1959 in Lahore, Pakistan, is also a proud subsidiary of KSB Group. KSB Pakistan runs the largest state of the art manufacturing facility in the country in Hassanabdal and a full-fledged Foundry. The Company is ISO 9001 certified since 1994 and lately has added ISO-14001 and 45001 certifications for complete Integrated Management System certified by TUV, Germany. A range of global certifications of the company's products and locations is a proof that KSB's work in all areas is in compliance with the very latest quality standards - from energy engineering to building services.



Over the years KSB Pakistan has developed a diversified and motivated pool of human resources and today the Company employs around 300 proficient people and operates through its Sales offices in Lahore, Karachi, Rawalpindi, Hassanabdal and Multan. To enable easy access to its customers, KSB Pakistan has started operating through a Franchise network, KSB Partners, across the country and a widespread dealer network alongside. In addition, the Company has full-fledged Service Department and state of the art service facility comprising qualified and experienced personnel: KSB's comprehensive service includes bespoke solutions for all customer applications, and ensures that pumps and systems are running efficiently. KSB offers professional services under the brand name **KSB SupremeServ** at a global scale, for products by KSB but also other manufacturers. The main advantage in this is our widespread network of easy-to-reach service centre.

KSB pumps are produced strictly in accordance with the design and specifications of KSB SE & Co. KGaA, Germany, in order to maintain standards of the highest quality. Comprehensive inspection and latest test bed facilities are available at Works, Hassanabdal to ensure compliance with the global quality standards. The production facilities are also being regularly modernized and extended to cope with the challenges of new product technology. One among few KSB manufacturing facilities, our plant at Hassanabdal is MbK (Made by KSB) certified. This is the feature that ensure consistent KSB processes and products to its customers not only in Pakistan but around the globe as well. During the last 33 years, the Company has rapidly expanded its product portfolio to include a large number of pumps and valves according to the changing market needs in various segments. KSB believes in continuous innovation; adding new products and business ideas to strengthen the portfolio and help to open up new markets. Keeping in view increasing market demand and modernization requirement, a major project of Foundry expansion has been carried out in year 2017. The newly established fully automated state-of-the-art Foundry, with enhanced capacity, is capable of producing sophisticated automotive parts along with pump & valve castings and is a leading supplier of tractor/ automobile castings in the country.

At KSB Pumps Company Limited, Pakistan, we see Corporate Social Responsibility as the link that joins the Organization, including internal and external stakeholders to a brighter future of Pakistan. Working under the name of KSB Care, our Corporate Social Responsibility program is focused to provide a sustainable infrastructure and basic amenities to underprivileged students at schools in the rural areas of Pakistan. Our commitment towards our Country shines through the efforts we put in our business and our corporate social responsibility.

KSB Pakistan has received Merit Trophies for exports of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and Top Company Award for exemplary payment to the shareholders by Karachi Stock Exchange. Corporate & Environmental Excellence Awards have also been bestowed on the Company.

With a 60 years journey of successful operations in the country, today KSB Pakistan stands as a market leader in its line of business and is a benchmark for new entrants. The Company's products, quality standards, people, business partners and leadership have all contributed to imprint this company's score in the history of Pakistan.

Board of Directors



Dr. Sven Baumgarten

Chairman Board of Directors

Sven Baumgarten joined KSB Aktiengesellschaft (now KSB SE & Co. KGaA) in 1997 and started his career in the R&D division for Engineered Pumps in Frankenthal / Germany. After various management positions in the Global Project Business organization of KSB (Vice President Sales Energy & Desalination, 2010 - 2015), Dr. Baumgarten became Managing Director of KSB Pumps and Valves (Pty) Ltd. in South Africa as well as Vice President Sub-Saharan Africa from 2015 to 2019. Since 2019 he is MD of KSB Middle East FZE in UAE and also in charge of the entire KSB Region Middle East, Africa & Russia as Regional Executive Officer.



Mohammad Masud Akhtar

Managing Director

Mr. Akhtar is the Chief Executive Officer of KSB Pakistan. He is an Electrical Engineer by profession and has a Masters degree in Manufacturing Systems Engineering from Pennsylvania USA. He has an extensive and diversified experience in Sales, Marketing, Operations and Manufacturing areas. He is certified director from PICG, Pakistan. He is Member of Board of Governors of National Management Foundation (LUMS), LEAD Pakistan & GPCCI and Vice President of Foundry Association of Pakistan. He is President of German Pakistan Chamber of Commerce & Industry Punjab Region (GPCCI).



Sajid Mahmood Awan

Director

Mr. Awan is the Director Finance of KSB Pakistan. He is also regional controller for Middle East, Africa and East Europe region. He has more than 26 years of professional experience in multinational environments in Pakistan, Middle East & Africa. He is a fellow member of ICMAP and ICSP, and certified director from PICG, Pakistan.



Dieter Antonius Pott

Director

Mr. Dieter Antonius Pott is member Board of Directors KSB Pakistan and is also member Audit Committee. After various senior positions of Finance & Accounting in different organizations he joined KSB SE & Co. KGaA Germany in 2017 as Global Executive Officer Finance/Accounting.



Hasan Aziz Bilgrami

Director

Mr. Bilgrami is a Director and Member of the HR&R Committee of KSB Pakistan. He previously was President & CEO of Bankislami Pakistan. He has vast experience in the banking field. He has served on Boards and Committees of various Companies.

Board of Directors



Shezada Mazhar

Director

Mr. Shezada Mazhar is a Director & Chairman HR & R Committee & Member Audit Committee of KSB Pakistan. He received his LL.M degree from University of Hull, U.K. He is Ex-Justice of Lahore High Court & Senior Advocate of Supreme Court of Pakistan. He represented in number of High Profile cases in the Superior Courts.



Jamal Nasim

Director

Mr. Jamal Nasim, is a Director & the Chairman of the Audit Committee of KSB Pakistan. He is Managing Director, Industrial Development Bank of Pakistan, has more than 38 years of professional experience with NDFC and IDBP, which includes Commercial Banking, Project Management, Operations, Treasury, Risk Management, Internal Audit and Compliance etc. He also has a substantial experience of serving on the Boards of Directors of different companies in Textile, Sugar and Food sectors. He holds a Masters degree, in Business Administration, from Asian Institute of Management, Manila - Philippines.



Ayesha Aziz

Director

Ms. Aziz has rich and diverse experience in investment banking including Project Finance, Asset Management, Corporate Finance Advisory and Private Equity. She was associated with ANZ Banking Group for over 10 years where she worked in various areas including Treasury, Portfolio Management, Planning and Financial Engineering. Subsequently, she was involved in establishing and managing business operations and subsidiaries of Pak Oman Investment Company, including a microfinance bank and an asset management company, as a member on the board and CEO, respectively. She has been associated with Pak Brunei Investment Company since inception and has helped to position it as a leading Investment Bank in terms of scope and scale of operations as well as quality of assets. She has also overseen establishment of subsidiaries in Asset Management and Modaraba Management over this period. Ms. Aziz is an MBA from the Institute of Business Administration and a qualified Chartered Financial Analyst (CFA). She is a director on the Board of Primus Investment Management and Chairs the Board of Awwal Modaraba Management Ltd. Amongst others, she has served on various Boards and Committees including Sindh Enterprise Development Fund, Overseas Investors Chamber of Commerce, Pakistan Mercantile Exchange and Punjab Board of Investment and Trade.



Faisal Aman Khan

Company Secretary

Mr. Khan, an experienced senior level administration professional holds the office of Company Secretary at KSB Pakistan. He is a law graduate by profession and carries a professional experience of above 22 years in the areas of Industrial Relations, Administration & Corporate Management. Prior to taking up charge as Company Secretary, he was Head of Administration & IR Department at KSB manufacturing site, Hasanabadal.

Dr. Sven Baumgarten
Chairman Board of Directors



Chairman's Review

I am pleased to present my first annual report for the year ended December 31, 2019.

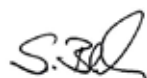
Year 2019 has been marked by economic slowdown in Pakistan. KSB Pakistan, having sizeable business with public sector, has been facing challenging situation since last couple of years. In the year ended December 2019, the company has earned PKR 3.76 billion revenue with profit before tax of PKR 117 million. Overall outlook for the year 2020 is no different than year 2019, however, some good business opportunities related to KSB Pakistan's product line are anticipated.

KSB Pakistan offers wide range of products in Water & Sewage, Industry, Construction and Energy sectors, with the aim to ensure sustainable growth for the company as well as to contribute towards economic and infrastructure development of the country together with fulfilling its social responsibility towards community at large. The product portfolio includes high quality pumps, pump castings, automotive parts, and clean drinking water solutions through Ultra Filtration (UF) & Reverse Osmosis (RO) plants, and is fortified by world-class service facility operating under brand name **KSB SupremeServ**.

KSB Pakistan's board comprises highly qualified professionals, possessing rich experience and necessary skills in areas of business, finance, legal, administration and management. The board members are fully acquainted with their fiduciary duties and effectively perform their role of strategic direction and guidance to the Management in accordance with applicable rules and standards. Most of the board members have acquired certification under Directors' Training Program. Moreover, KSB Pakistan has on its Board, a professional female director who has been actively participating in meetings and discussions with significant value addition.

The board steers the organization towards achievement of sustainable growth in accordance with global strategy and guidelines drawn by its parent company, KSB SE & Co. KGaA, in the best interest of its shareholders. Regular meetings of the board and its committees have been conducted in year 2019. The consent on the matters placed before the board was given after due deliberations. Feedback from independent directors is considered valuable to make decision making process more effective and transparent. Performance of all board members in accordance with Annual Board Performance Evaluation Mechanism remained satisfactory.

I would like to thank all fellow Board Members and other stakeholders for their support and trust.



Dr. Sven Baumgarten
Chairman
Lahore: March 17, 2020

Management Committee



Mohammad Masud Akhtar
Chief Executive Officer /
Managing Director



Sajid Mahmood Awan
Director Finance



Muhammad Imran Malik
Director Sales &
Strategic Marketing



Syed Tariq Ali
Director Operations



Faisal Aman Khan
Company Secretary



Omer Saljouk
GM Customer Services



Matraf Rasul
GM Materials



Shahzad Umer
Head QHSE



Muhammad Omer Siddiqui
Head of Product
Management & TSS



Saeed Hussain
Head of Internal Audit



Shahzad Saleem
Head of Human
Resource

Sales Offices

Lahore

16/2 Sir Aga Khan Road Lahore.
Ph: (042) 111 572 786, 36304173
Fax: (042) 36366192, 36368878
Email: info@ksb.com.pk

Rawalpindi

Racecourse Landmark, 299-A, Main
Peshawar Road, Rawalpindi Cantt
Tel: +92 51 5491481-82 Fax: +92 51 5491237
Email: ksbrwp@ksb.com.pk

Multan

Golden Heights, Nusrat Road, Multan.
Ph: (061) 111 572 786 Fax: (061) 4541784
Email: ksbsmul@ksb.com.pk

Karachi

307 & 308, 3rd Floor Parsa Tower, Block 6,
PECHS Shahrah-e-Faisal, Karachi
Ph: (021) 111 572 786 Fax: (021) 34388302
Email: ksbskhi@ksb.com.pk

Peshawar

3rd Floor, Mall Tower, 35 The Mall, Peshawar Cell: 0345-5385050 Ph: 091-5285679 Fax: 091-5278919
Email: franchise.kpk@ksb.com.pk

KSB Exclusive Partners

Sr.	Channel	City	Location	Status	Province	Partners	Contact#	Office Landline	Fax	Email
1	Dominar Engineers	Lahore	65-A Ferozpur Road, Link Samanabad Road, near LOS	KSB Partners	Punjab	Hammad Malik/ Syed Mehdi	0302-8744449/8	042-37500078	042-37500078	hammad.malik@de.com.pk
2	Industrial Development & Engineering Associates	Karachi	20-C Mezzanine Floor, Indus Center, 14th Com st. PH-II, DHA	KSB Partners	Sindh	Saqib Khawaja	0300-8203077	021-35390481/2	021-35390483	saquib@idea.com.pk
3	Wali Muhammad & Co.	Quetta	Zonkiram Road near millennium Mall	KSB Partners	Balochistan	Wali Muhammad	0300-8387668	081-2829635	081-2829635	gulistanmachinery@yahoo.com
4	Pak Atlantis Pumps	Peshawar	3rd floor, Mall Tower, 35- The Mall, Peshawar Cantt	KSB Partners	KPK	Atif Javed	0345-5555939	091-5285679	091-5278919	pakatlantis@gmail.com
5	B&I Engineering	Lahore	Office # 23, 1st Floor Al-Latif Centre, Main Boulevard, Gulberg	KSB Partners	Punjab	Imran Yousaf Arbab Bilal	0300-4056939	042-32801273	-	imran@biengr.com
6	Modern Technology & Traders	Karachi	4th Floor, Building # 11-C/2, Lane-11 Bukhari Commercial DHA Phase-6, Karachi	KSB Partners	Sindh	Abdul Qayyum	0333-7299905 0311-1000953	021-35156121-4	021-35156125	qayoomshaikh3@gmail.com



Company Information

Board of Directors

Dr. Sven Baumgarten	Chairman
Mohammad Masud Akhtar	Managing Director
Sajid Mahmood Awan	
Dieter Antonius Pott	
Ayesha Aziz	
Hasan Aziz Bilgrami	
Shezada Mazhar	
Jamal Nasim	(Nominee NIT)

Company Secretary

Faisal Aman Khan

Management

Mohammad Masud Akhtar	Chief Executive Officer
Sajid Mahmood Awan	Finance, I.T & Administration
Syed Tariq Ali	Operations
Muhammad Imran Malik	Sales & Strategic Marketing
Faisal Aman Khan	Corporate Affairs & IR

Auditors

A.F. Ferguson & Co.	Chartered Accountants
---------------------	-----------------------

Legal Advisors

Mandviwala & Zafar

Bankers

Allied Bank Limited
BankIslami Pakistan Limited
Bank Alfalah Limited
Deutsche Bank AG
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
United Bank Limited

Audit Committee

Jamal Nasim	Chairman
Dieter Antonius Pott	Member
Shezada Mazhar	Member

Secretary Audit Committee

Saeed Hussain

HR & R Committee

Shezada Mazhar	Chairman
Mohammad Masud Akhtar	Member
Hasan Aziz Bilgrami	Member

Secretary HR & R Committee

Shahzad Saleem

Registered Office

16/2 Sir Aga Khan Road, Lahore - 54000.
Ph: (042) 36304173, 36370969
Fax: (042) 36368878, 36366192
Email: info@ksb.com.pk

Works

Hazara Road, Hassanabdal
Ph: (057) 2520236
Fax: (057) 2520237
Email: info@ksb.com.pk

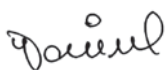
Share Registrar

C DC Share Registrar Services Limited
CDC House, 99-B, Block B, SMCHS
Shahra-e-Faisal, Karachi-74000
Tel: (021) 111-111-500
Fax: (021) 34326053

Notice of Annual General Meeting

Notice is hereby given that the 63rd Annual General Meeting of the members of KSB Pumps Company Limited, will be held on Thursday, the 21st May, 2020, at 11.00 a.m. at the Registered Office of the Company (16/2 Sir Aga Khan Road, Lahore), to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on April 22, 2019.
2. To consider and adopt the audited accounts of the Company for the year ended December 31, 2019 and report of Auditors and Directors thereon.
3. To approve and declare dividend of 15% for the financial year ended December 31, 2019 as recommended by the Directors.
4. To appoint auditors for the year 2020 and fix their remuneration. M/s. A.F. Ferguson & Co., Chartered Accountants, the retiring auditors offer themselves for re-appointment as auditors of the Company.
5. To elect seven (7) Directors as fixed by the Board, in accordance with the provisions of the Companies Act 2017, for a period of three years commencing from April 25, 2020 in place of following retiring Directors.
 - Dr. Sven Baumgarten
 - Mr. Mohammad Masud Akhtar
 - Mr. Sajid Mahmood Awan
 - Ms. Ayesha Aziz
 - Mr. Dieter Antonius Pott
 - Mr. Shezada Mazhar
 - Mr. Hasan Aziz Bilgrami



BY ORDER OF THE BOARD
Faisal Aman Khan
Company Secretary

Lahore : April 29, 2020

Notes

1. A member entitled to attend and vote at this meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received not later than 48 hours before the

time appointed for the meeting. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid. Every proxy shall have the right to attend, speak and vote in place of the member appointing him/her at the meeting.

2. The Share Transfer Books of the Company will remain closed from 14th May, 2020 to 21st May, 2020 (both days inclusive). Transfers received in order at Company's Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74000, by the close of business on 13th May, 2020 will be in time to be passed for payment of dividend to the transferees.
3. The CDC account/sub account holders and/or the persons whose securities are in group account and their registration details are up-loaded as per the regulations, shall for identification purpose have to produce their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

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.

4. Any person who seeks to contest the election of Directors shall file with the Company at its Registered Office not later than fourteen days before the above said meeting, his/her intention to offer himself/herself for the election of the Directors in terms of Section 159(3) of the Companies Act 2017 together with consent in Form 28, detailed profile and relevant declarations as required under the Code of Corporate Governance Regulations 2019.

The selection of Independent Directors will be complied with the requirements of Section 166 of the Companies Act 2017 and Regulation 6 of Listed Companies Code of Corporate Governance's Regulations 2019.

5. Due to current COVID-19 situation and in terms of Circular No. 5/2020 dated March 17, 2020 of SECP, the Company intends to convene the AGM with minimal physical interaction of shareholders while ensuring quorum requirement also requests the members

to manage attendance at AGM through proxies.

The Company has furthermore made arrangements for participation of the shareholders through Video-Link. The Members, who are willing to attend and participate in the AGM through Video-Link, are requested to register themselves by sending an email at companysecretary@ksb.com.pk with subject registration for AGM and by providing the following particulars.

Full Name of Shareholder, CNIC Number, Folio/CDS No. and Number of Shares held. Video-Link details and login credentials will be shared with those Members whose emails containing all the above particulars are received on or before May 19, 2020.

The shareholders, who wish to send comments/suggestions on the agenda of AGM, can email the Company at companysecretary@ksb.com.pk and the same will be discussed in the meeting and made part of the minutes of the meeting.

6. Withholding Tax on dividends

The Government of Pakistan through Finance Act, 2019 has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding Tax on the amount of dividend paid by the companies/banks. These tax rates are as follows:

- | | |
|--|-------|
| (a) For filers of income tax returns | 15.0% |
| (b) For non-filers of income tax returns | 30.0% |

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% all 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 make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

The joint shareholders are requested to provide shareholding proportions of principal shareholders & joint shareholders as withholding tax will be determined separately on Filer/Non-filer status based on their shareholding proportions otherwise it will be assumed that shares are equally held.

The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN Certificate to the Company or Company's Share Registrar, M/s. CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN Certificate, as the case may be, must quote Company name and their respective folio numbers.

For any query/clarification/information, the shareholders may contact the Company, and/or the Share Registrar.

7. UNCLAIMED DIVIDEND/SHARES

Shareholders who could not collect their dividend / physical shares are advised to contact our Share Registrar to collect / enquire



62nd AGM, held on April 22, 2019

about their unclaimed dividend or shares, if any. In compliance with Section 244 of the companies Act 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of three (3) years or more from the date due and payable shall be deposited to the credit of the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP. Notices for unclaimed dividend / physical shares have been dispatched to the shareholders.

8. ELECTRONIC DIVIDEND MANDATE

Under section 242 of the Companies Act 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, CDC House, 99-B, Block 'B', S.M.C.H.S, Main Sharah-e-Faisal, Karachi-74400, in case of physical shares.

In case shares are held in CDC, electronic dividend mandate form must be directly

submitted to shareholder's brokers/participant/CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders till provision of prescribed details.

9. Audited Financial Statement of the Company

SECP through its notification SRO 470(1)/2016 dated May 31, 2016 has allowed the Companies circulations of annual audited accounts to the Members through CD/DVD/USB at their registered addresses. The Company has sent the annual report for the year ended December 31, 2019 in the form of CD. Any member requiring printed copy of the annual report 2019 may send a request using standard request form placed on Company website.

Audited financial statements & reports can be downloaded from the website of the Company www.ksb.com.pk.

The members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission could be downloaded from the Company Website: www.ksb.com.pk.

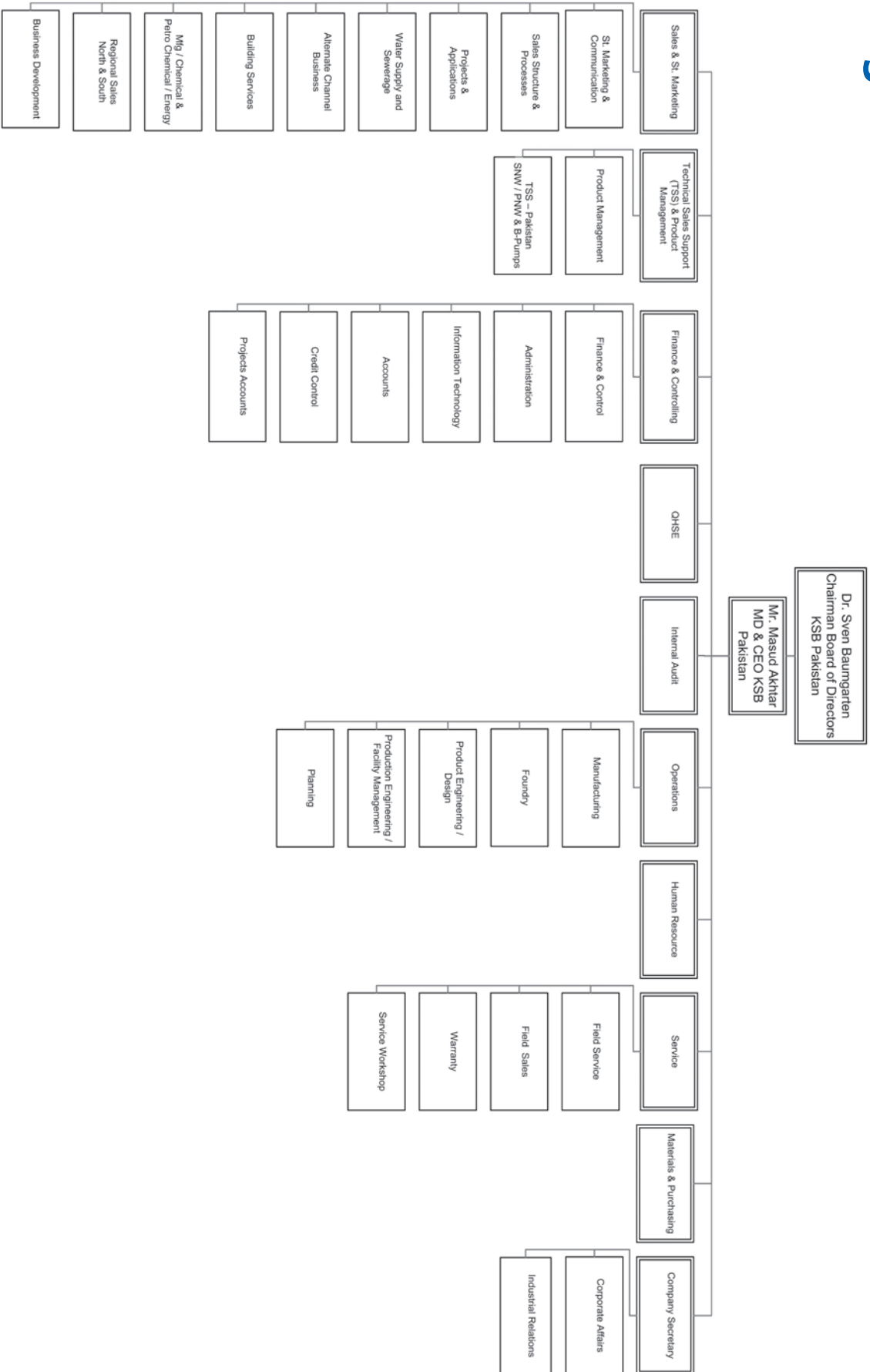


Participants of 62nd AGM



Organization Chart

Organization Chart



Mohammad Masud Akhtar

Chief Executive Officer & MD-KSB Pakistan



Directors' Report to the Shareholders

The Directors of KSB Pumps Company Limited are pleased to present the Annual Report along with the Audited Financial Statements for the year ended December 31, 2019 together with Auditor's report thereon.

THE ECONOMY

Global Economy

Global growth projection has been revised upwards to 3.3% in year 2020 and 3.4% in 2021, against estimated growth of 2.9% in year 2019, however a downward revision by 0.1% and 0.2% respectively from the previous forecast. The downward revision is mainly driven by country-specific problems leading to slowdown in overall economic performance. Negative surprises to economic activity in emerging markets, notably India have affected overall growth projections. Other emerging markets, like Turkey, Russia, & Brazil are also expected to remain stressed. Outlook for advanced economies is stable for year 2020. Japanese economy has better than expected prospects. Some of the positive signs are favourable news on US-China trade relations, diminished fears of no-deal Brexit, and growing market sentiment about improvement in global manufacturing and trade activity. Downside risks however predominate, including possibility of re-escalation of global trade tensions, sharp downturns in major economies, and financial disruptions in emerging market and developing economies (EMDEs). Chinese economy remains under pressure due to financial tightening and recent outbreak of novel coronavirus. Although World Health Organization (WHO) has not declared it pandemic still it has become international emergency since the virus is spreading in other countries as well. Resultantly, oil demand has been suppressed, especially in China, leading to reduction in oil prices. Going forward, depending on its scale and magnitude, the virus tends to pose threats to global growth. In Middle East and Africa region, overall growth rate of 2.8% is expected in 2020 firming up to 3.2% in 2021, mostly due to weaker oil output in Saudi Arabia following the OPEC+ decision to extend supply cuts, tightening financial conditions in Pakistan, US sanctions on Iran and other geo-political tensions. This situation calls for multilateral cooperation and balanced policy mix to reinforce the signs of stabilization and strengthen global growth.

Pakistan's Economy

Year 2019 has been another turbulent year for Pakistan's economy. GDP growth outlook for the current fiscal year has been revised down to 2.4%, considering fiscal consolidation measures taken by the government combined with tight monetary policy by State Bank of Pakistan (SBP). Inflation has touched highest level of 14.6% in January and forecast for the year is around 12 to 13%. Recent food related crisis has created unrest among masses already hit by high inflation. SBP maintains policy rate at 13.25% in its recent monetary policy. Besides, hike in fuel prices, electricity and gas tariff are other factors detrimental to business activity. Although reduction in policy rate is currently under consideration to ease out financial conditions but it would not be much, in view of foreign investments pouring in due to attractive interest rates in Pakistan. Pak rupee has stabilized over the period of past few months and the trend is expected to continue in year 2020. Current account deficit has narrowed mainly due to increase in inward remittance and reduction in imports, however, exports could only nominally grow. In the wake of decreasing demand, oil prices are falling which would have positive impact on country's import bill. There are indications of activity resumption in public sector and the process to release development funds has been initiated, though at a slower pace. Considering Pakistan's steps taken towards fulfilment of IMF requirements, Moody's and Fitch have updated Pakistan's rating from negative to stable which is a positive sign for growth prospects however this seems a slow process and GDP growth is expected to slightly pickup to 3% in year 2021. Pakistan has made satisfactory progress on FATF conditions, still an extension till June has been granted to completely fulfil requirements so as to exit grey list. Novel coronavirus outbreak in China would also delay the progress in infrastructure and CPEC related activity. Geo-political problems in the region may further slowdown economic performance in Pakistan. Security and Law & Order situation remained satisfactory and recent US-Afghan peace deal would have further positive impacts on Pakistan however internal political situation remains one of major threats to stability. In view of current situation, immediate actions should be taken to develop overall positive sentiment, enhance public sector spending and relax financial conditions in order to accelerate economic activity in the country..

THE COMPANY

Financial Results

Slowdown in public sector adversely affected KSB Pakistan's business however the company sustained external pressures and achieved positive results despite sharp decline in orders inflow from public sector. Financial cost, due to hike in interest rate and non-release of funds by government sector, has been one of major reasons of reduction in profit before tax. Below shown key indicators as compared to last year 2018 reflect the situation:

Rupees in '000'

	2019	2018
Sales	3,755,532	4,952,915
Gross Profit	733,543	663,386
Profit Before Interest and Tax	287,454	305,963
Profit Before Tax	116,915	251,496
Profit/(Loss) for the year	87,880	196,038
Earnings per share (EPS)	6.66	14.85

Sales

The year 2019 has been another challenging year considering economic slowdown and drastic cut in development expenditure in public sector hurting KSB Pakistan's business in water and waste water sector. One major project of water supply in Baluchistan has been secured in last quarter of year 2019. A reasonable growth in industry segment has been observed and this sector remained one of the main contributors to our order intake. Significant business has poured in from oil marketing companies as a result of infrastructure



development in shape of oil depots. Export volume significantly picked up in year 2019 partially compensating the impact of reduction in business inflow from the local market. Because of ongoing diversification and product expansion program, our products in fire sector & API pumps are continuously supporting to increase market share in respective segment.

Under our marketing strategy, we continue to have regular marketing campaigns in order to effectively fulfil business needs of our valued customers and explore new business avenues.

Projects

KSB Pakistan Projects was unable to plot growth in order intake because of virtually no funding in water and waste water segment from the public sector. Major order intake was from water filtration plants in WASA Lahore, and ongoing O&M services against various contracts. Shahshams project in Multan, after a prolonged break due to non-availability of funds by the government, has been executed and successfully handed over to WASA Multan.

Execution work continued on KSB Pakistan led consortium on Dhabeji project near Karachi (awarded by Karachi Water and Sewerage Board for construction of pump station of 100 MGD capacity). The project has been successfully commissioned in January 2020 and would be handed over to the customer after completion of trial period.

Completion of jobs in hand in an efficient and cost effective way remained our focus.





Production

KSB Pakistan operations, having future prospects and market demand in view, continued its efforts to improve overall processes. Layout of Assembly shop has been optimized to facilitate assembly and testing of large size pumps B-pumps & SNW/PNW pumps with enhanced efficiency. New paint shop has been constructed not only to increase capacity but to enhance the quality of our products particularly to support growing export business. HSE conditions also improved due to this step since the new paint shop has proper fume collection system and a dedicated area for painting. Skill development of personnel and continuous process improvement in accordance with changing requirements and updated quality standards remained key area of focus.

Foundry

KSB Pakistan achieved a major milestone in year 2018 by putting in operation its state-of-the-art fully automated new foundry plant. In year 2019, hand moulding process was supplemented by installation of Continuous Sand Mixer with Pneumatic Sand Conveying System and Flooding unit. In order to improve the gating feeding system of the moulds Magma software was acquired to enhance casting yield and help control the rejects related to gating feeding. These steps would enable us enhance product quality, speed, and production capacity to ensure business growth and secure future opportunities in local & international pumps market, as well as, in automotive sector.

Overall production activity remained slow in year 2019 in the wake of economic slowdown, however export related production remained healthy. First half of the year 2020 also looks lean with respect to production activity however we are ready to produce more parts with enhanced efficiency and quality as the market picks up.



Quality, Environment, Occupational Health and Safety

“KSB makes its customers’ plants safer, more energy-efficient and more cost-effective by providing first-class products and excellent service. With this commitment we seek to achieve sustained profitable growth and successfully shape our future.”

KSB Pumps Company Limited is certified for the Integrated Management System (ISO 9001, ISO 14001 & ISO 45001). Our products, processes and services are regularly reviewed and upgraded to meet the requirements of sustainable development and new standards.

KSB Pakistan, continues its tradition to secure National Annual Award for Environment in appreciation of its policies fully compliant to national and international standards of Health, Safety and environment sustainability.



KSB Pumps Pakistan received the 16th Annual Environment Excellence Award 2019 from NFEH



KSB SupremeServ

Year 2019 has been a difficult year for SupremeServ in terms of business inflow especially from public sector, followed by a slowdown in private sector as well. Industry sector responded with healthy order intake along with significant growth in Reverse Engineering jobs. This enabled us partially offset the impact of low activity in public sector and close year 2019 with positive results despite decline in overall revenue.

Human Resource

KSB Pakistan's human resource has been aligned to ensure the organization is prepared to the challenges presented by difficult economic and business conditions. Our Human Resource is our greatest asset towards sustaining the competitive edge and the means of sailing through difficult times.

2019 has been a year of introspection that has led to renewed focus on business process re-engineering as well as organization re-design to strengthen the synergies among the teams to meet the changing demands of the business. Team work, commitment and capabilities of our people augment our belief to emerge from the challenging situation.

HR digitization, employee wellness and engagement remained primary areas of focus. KSB Pakistan became one of the first companies in KSB group to successfully implement Workday (a cloud based HR solution), this would enable our transition to agile HR processes and an even better employee experience. KSB Pakistan was rated amongst one of the best in its region on KSB Voice (employee engagement) survey that was held across the KSB global organization.

KSB continued to partner with academia as part of its social responsibility initiatives, where opportunities for internships, projects and industrial tours were provided to the students of leading government and private educational institutions.

We are cognizant of challenges that the future holds for us and aim to maintain an engaged and forward looking workforce to stay ahead of the competition through value creation for all stakeholders.

Enterprise Risk Management

“Risks are potential future developments or events that can lead to damage or loss. They result from the uncertainty of future events. A risk is therefore every condition, situation or state that can, at present and/or in future, prevent the KSB Group or an individual Group company from achieving its business goals and completing its tasks.”

KSB's risk management system is designed to identify and evaluate current and potential threats to the achievement of objectives as early as possible, and prevent or at least limit business losses through adequate measures. The aim is to prevent any threat to the existence of KSB and to create lasting value through improved business decisions.

Financial Risk Factor

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Finance Department under the principles and policies approved by the Board of Directors. The Board provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies under the guidelines provided by the Group Treasury and State Bank of Pakistan.

Market Risk

Market risk includes currency risk, other price risk and interest rate risk.

Foreign exchange 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. 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.

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer,

or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

Credit Risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation. Credit risk arises from deposits with banks and other receivables. Credit risk of the Company arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

Liquidity Risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining financial availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities; monitoring statement of financial position liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

Capital Risk Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves.



Syed Afzaal Ali (Deputy General Manager) handing over Scholarship Awards to students of different schools from Hassanabdal

Corporate Social Responsibility - KSB CARE

Corporate Social Responsibility (CSR) is one of KSB's core values and integral part of the company's overall objectives. We believe in sustainable growth while making positive contribution towards welfare of the community.

Education is an area of utmost importance for development of a nation and KSB Pakistan is cognizant of its responsibility in this regard. Having education as a focal point of our corporate social responsibility, we provide scholarships to meritorious and deserving students enrolled in various schools and colleges situated in the vicinity of our works at Hassanabdal. In addition to that, we have been supporting educational institutions to develop infrastructure by construction of class rooms, provision of furniture and fixtures, and drinking water for schools.

KSB's Corporate Social Responsibility (CSR) program works under the banner of KSB Care. During year 2019, 278 high achievers of 16 schools and colleges were awarded scholarships under the KSB Care Program.

KSB also offers internships, apprenticeships, training opportunities, educational visits and study projects to students.

In previous years, KSB Care provided assistance to numerous hospitals and medical organizations such as Shaukat Khanum, LRBT, Indus Hospital, SIUT etc.

FUTURE OUTLOOK

Sales & Projects

Opportunity pipeline for Pumps & Valves business is promising in the current year, both in standard and high-end engineered market, in our major segments Industry, Energy, Construction and Water & Waste Water. Although 1st half is expected to remain slow, activity in government sector is anticipated to pick up in the second half of the year. It would bring more opportunities for KSB Pakistan especially in water and waste water sector. Timely release of funds would play pivotal role in this sector. Exports business is expected to further grow in year 2020 based on healthy opportunities in hand.

Bigger projects especially in water and waste water sector, such as, Jamila Disposal Station and Chungi No 09 upgradation remain main prospects for us. Considering our specialization in this field, these projects are being targeted on turnkey basis. Work on existing projects will continue with the aim to efficiently complete the jobs with optimal resources.

We aspire to expand KSB Pakistan's market share for sustainable and profitable growth in future.



KSB SupremeServ

Going forward, Industry business including Reverse Engineering remains our main focus to achieve volume growth. Energy and Oil & Gas sectors also look promising. Service contracts in southern region will be targeted with the aim to increase business in this area. A few good opportunities are expected from Public Sector as well, which if materialized would help us achieve our challenging business targets for year 2020.

APPROPRIATION

RESULT FOR THE YEAR

	Rupees '000'
Profit for the year before providing for taxation	116,915
Provision for taxation	<u>(29,035)</u>
Profit after taxation	87,880
Other comprehensive income for the year - Net of Tax	8,065
Un-appropriated profit brought forward	<u>352</u>
Available for appropriation	96,297
Appropriated as under	
- Transfer to general reserve	76,000
- Proposed dividend @ Rs. 1.50 per share	19,800
	95,800
Un appropriated profit carried forward	<u><u>497</u></u>



AUDITORS

The present auditors, A.F. Ferguson & Co., Chartered Accountants, retire and offer themselves for reappointment. As suggested by the Audit Committee the Board of Directors has recommended their reappointment as auditors of the Company for the year ending December 31, 2020.

CODE OF CONDUCT

The Board of Directors has already adopted a Code of Conduct. The compliance with the Code of Conduct is compulsory for all employees at all levels. The Code has also been placed on the Company's website.

MATERIAL CHANGES

There have been no material changes since December 31, 2019 and the company has not entered into any commitment, which would affect its financial position at the balance sheet date.

HOLDING COMPANY

The Company's holding company is KSB SE & Co. KGaA Germany.



BOARD OF DIRECTORS

The Board of Directors presently comprises eight individuals out of which six are non-executive members. The Chairman of the Board is other than the CEO and non-executive Director.

Dr. Sven Baumgarten joined the Board replacing Mr. Tonjes Cerovsky and Mr. Dieter Antonius Pott joined the board replacing Dr. Matthias Beth on their resignation from the directorship of the company.

BOARD OF DIRECTORS MEETING

During the year, four Board Meetings were held and the number of Meetings attended by each Director is given hereunder:

S. No.	Name of Director	No. of Meetings Attended
01.	Mr. Tonjes Cerovsky	3
02.	Dr. Sven Baumgarten	2
03.	Mr. M. Masud Akhtar	4
04.	Mr. Sajid Mahmood Awan	4
05.	Dr. Matthias Beth	4
06.	Ms. Ayesha Aziz	3
07.	Mr. Hasan Aziz Bilgrami	4
08.	Mr. Jamal Nasim	4
09	Mr. Shezada Mazhar	3

Leave of absence was granted to Directors who could not attend the Board Meetings.



AUDIT COMMITTEE

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance which comprises of three non-executive Directors. The Members of the Board Audit Committee and attendance by each member was as follows:

S. No.	Name of Director			No. of Meetings Attended
1.	Mr. Jamal Nasim	- Chairman	Non-Executive Director	4
2.	Dr. Matthias Beth	- Member	Non-Executive Director	4
3.	Mr. Shezada Mazhar	- Member	Non-Executive Director	3

During the year, four meetings of the Committee were held. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the listing regulations.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board of Directors has constituted the Human Resource and Remuneration Committee (HR&R), which comprises of three Directors. The members of the HR&R Committee and attendance by each member was as follows:

S. No.	Name of Director			No. of Meetings Attended
1.	Mr. Shezada Mazhar	-	Chairman	1
2.	Mr. Hasan Aziz Bilgrami	-	Member	1
3.	Mr. Mohammad Masud Akhtar	-	Member	1



Directors' Remuneration Policy-For Attending Meetings of the Board

1. No Director shall determine his own remuneration.
2. Meeting fee of each Director other than regularly paid Managing Director or full time working Director for attending meetings of the Board shall be determined by Board of Directors.
3. Remuneration shall be sufficient to encourage value addition.
4. Remuneration shall be sufficient to attract and retain Directors needed to govern the Company successfully.
5. Remuneration shall not be at a level that could be perceived to compromise their independence.
6. The Directors shall be entitled for travelling, boarding and lodging and other expenses for attending Board Meetings.

CORPORATE AND FINANCE REPORTING FRAME WORK

- The financial statements together with the notes thereon have been drawn up by the Management in conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom 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.
- There has been no departure from the best practices of transfer pricing.
- The key operating and financial data for the last six years is annexed.
- The value of investments including accrued interest based on respective audited accounts of funds are as follows:

1. Provident Fund	31-12-2018	:	Rs: 197.921 Million
2. Gratuity fund	31-12-2018	:	Rs: 144.873 Million
- To the best of our knowledge, no trading of shares of the Company by CEO, Directors, Company Secretary, CFO, their spouses and minor children has been carried out.

PATTERN OF SHAREHOLDING

The statement of pattern of the shareholding of the Company as at December 31, 2019 is annexed with the report.

PERFORMANCE REVIEW OF CHIEF EXECUTIVE OFFICER

The performance of CEO is assessed through the evaluation system developed by the KSB Group. The evaluation is conducted on financial and non-financial parameters including the KSB Values.

ACKNOWLEDGEMENT

The Directors take this opportunity to thank all stakeholders, valued customers, shareholders, bankers, suppliers, and franchise partners and dealers of the Company for their valuable support throughout the year. They are also thankful for the excellent support and guidance provided by our parent Company, M/s. KSB SE & Co. KGaA.

The Board recognises the dedicated efforts and hard work exhibited by the management, officers and staff of the Company.



Mohammad Masud Akhtar
Chief Executive



Sajid Mahmood Awan
Chief Financial Officer

March 17, 2020
Lahore.

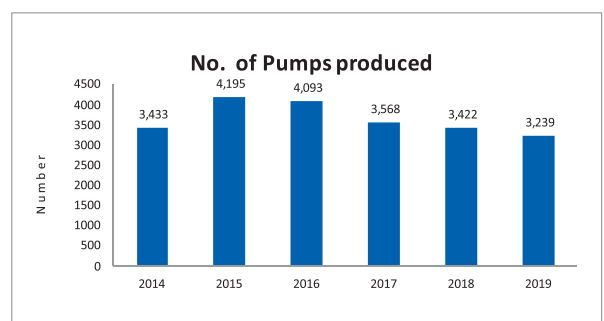
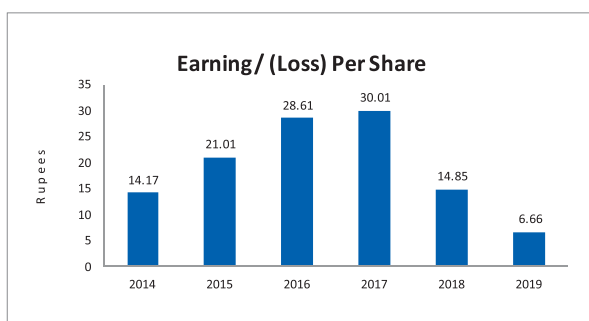
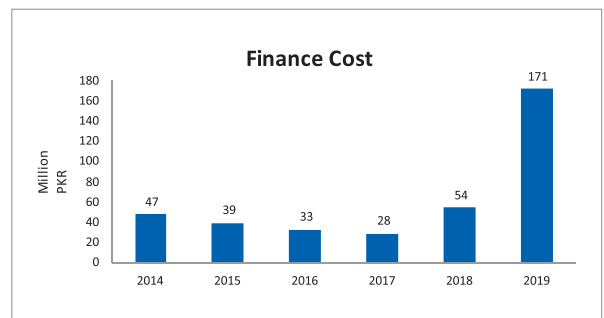
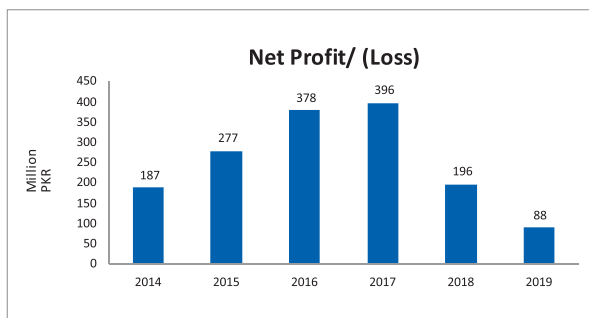
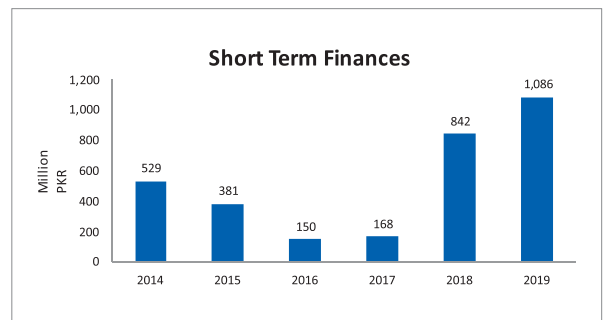
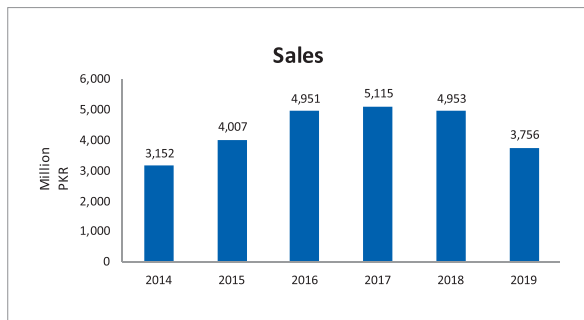
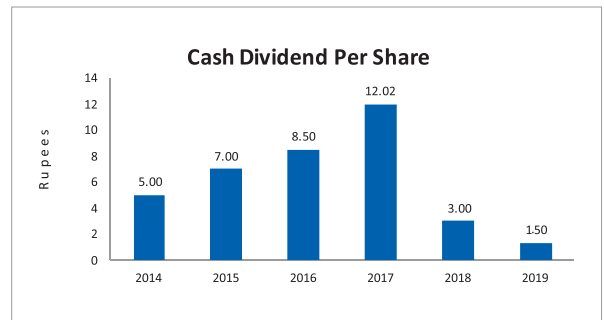
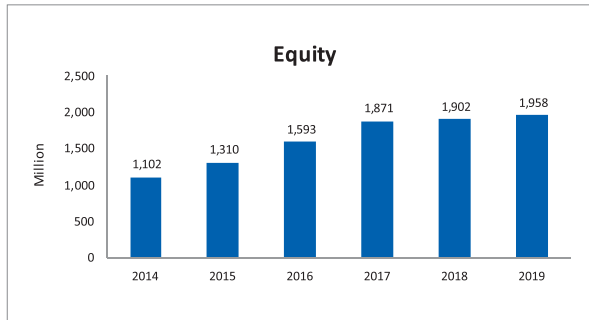
3

STAKEHOLDERS' INFORMATION

43	Highlights
44	Vertical Analysis
46	Horizontal Analysis
48	Statement of Value Addition
49	Key Financial Data for 6 Years
50	Key Performance Indicators



Highlights 6 Years



Vertical Analysis

	2019 Rs. in '000'	%age	2018 Rs. in '000'	%age
Balance Sheet				
Net worth / shareholders equity	1,957,898	39.63%	1,901,553	37.13%
Non current liabilities	273,575	5.54%	433,783	8.47%
Short term running finances/bank borrowings	1,211,456	24.52%	966,760	18.88%
Creditors, accrued and other liabilities	1,497,734	30.31%	1,819,574	35.53%
Total liabilities and equity	4,940,663	100.00%	5,121,670	100.00%
Fixed Assets	1,196,996	24.23%	1,269,796	24.79%
Long Term Loans and Deposits	69,256	1.40%	74,314	1.45%
Deferred Taxation	-	0.00%	-	0.00%
Current Assets	3,674,411	74.37%	3,777,560	73.76%
Total Assets	4,940,663	100.00%	5,121,670	100.00%
Profit and Loss Account				
Sales	3,755,532	100.00%	4,952,915	100.00%
Cost of sales	(3,021,989)	-80.47%	(4,289,529)	-86.61%
Gross Profit / (Loss)	733,543	19.53%	663,386	13.39%
Distribution and marketing costs	(308,778)	-8.22%	(342,263)	-6.91%
Administrative expenses	(223,890)	-5.96%	(222,830)	-4.50%
Other operating expenses	(8,920)	-0.24%	(18,994)	-0.38%
Other operating income	95,498	2.54%	226,665	4.58%
Operating Profit / (Loss)	287,453	7.65%	305,963	6.18%
Finance Cost	(170,538)	-4.54%	(54,467)	-1.10%
Profit / (Loss) before tax	116,915	3.11%	251,496	5.08%
Taxation	(29,035)	-0.77%	(55,459)	-1.12%
Profit / (Loss) for the year	87,880	2.34%	196,037	3.96%

Vertical Analysis

2017 Rs. in '000'	%age	2016 Rs. in '000'	%age	2015 Rs. in '000'	%age	2014 Rs. in '000'	%age
1,871,369	39.10%	1,593,217	43.83%	1,310,250	38.75%	1,101,515	37.89%
413,515	8.64%	137,703	3.79%	83,728	2.48%	79,193	2.72%
269,215	5.62%	150,059	4.13%	381,372	11.28%	529,272	18.20%
2,232,091	46.64%	1,753,672	48.25%	1,605,920	47.49%	1,197,407	41.18%
<u>4,786,190</u>	<u>100.00%</u>	<u>3,634,651</u>	<u>100.00%</u>	<u>3,381,271</u>	<u>100.00%</u>	<u>2,907,387</u>	<u>100.00%</u>
1,245,786	26.03%	486,675	13.39%	417,795	12.36%	364,296	12.53%
13,044	0.27%	16,508	0.45%	15,188	0.45%	12,463	0.43%
-	0.00%	-	0.00%	-	0.00%	-	0.00%
3,527,360	73.70%	3,131,467	86.16%	2,948,287	87.19%	2,530,628	87.04%
<u>4,786,190</u>	<u>100.00%</u>	<u>3,634,651</u>	<u>100.00%</u>	<u>3,381,271</u>	<u>100.00%</u>	<u>2,907,387</u>	<u>100.00%</u>
5,115,215	100.00%	4,950,602	100.00%	4,007,244	100.00%	3,152,062	100.00%
(3,970,150)	-77.61%	(3,902,841)	-78.84%	(3,099,652)	-77.35%	(2,454,451)	-77.87%
1,145,066	22.39%	1,047,762	21.16%	907,592	22.65%	697,611	22.13%
(334,702)	-6.54%	(310,023)	-6.26%	(328,342)	-8.19%	(243,578)	-7.73%
(244,767)	-4.79%	(225,841)	-4.56%	(188,149)	-4.70%	(184,984)	-5.87%
(59,219)	-1.16%	(38,852)	-0.78%	(36,911)	-0.92%	(29,673)	-0.94%
60,854	1.19%	69,061	1.40%	53,644	1.34%	60,158	1.91%
567,231	11.09%	542,106	10.95%	407,834	10.18%	299,535	9.50%
(27,908)	-0.55%	(32,617)	-0.66%	(39,156)	-0.98%	(47,435)	-1.50%
539,324	10.54%	509,489	10.29%	368,678	9.20%	252,099	8.00%
(143,255)	-2.80%	(131,793)	-2.66%	(91,312)	-2.28%	(65,110)	-2.07%
<u>396,068</u>	<u>7.74%</u>	<u>377,696</u>	<u>7.63%</u>	<u>277,366</u>	<u>6.92%</u>	<u>186,989</u>	<u>5.93%</u>

Horizontal Analysis

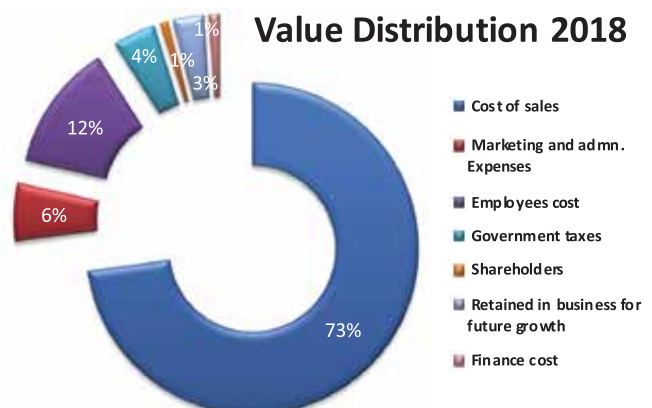
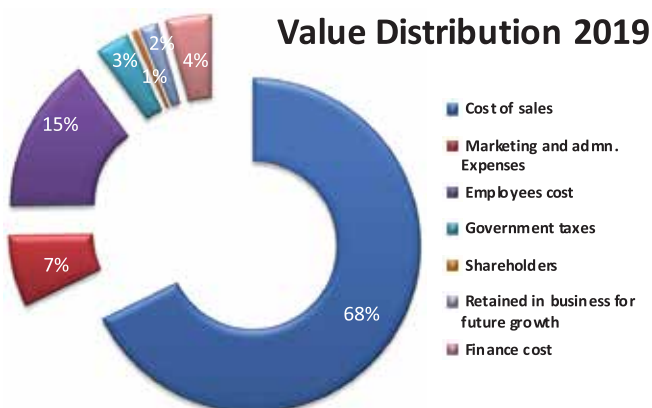
	2019	2018	Change	2018	2017	Change	2017
	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000
Balance Sheet							
Net worth / shareholders equity	1,957,898	1,901,553	2.96%	1,901,553	1,871,369	1.61%	1,871,369
Non current liabilities	273,575	433,783	-36.93%	433,783	413,515	4.90%	413,515
Short term running finances/bank borrowings	1,211,456	966,760	25.31%	966,760	269,215	259.10%	269,215
Creditors, accrued and other liabilities	1,497,734	1,819,574	-17.69%	1,819,574	2,232,091	-18.48%	2,232,091
Total liabilities and equity	4,940,663	5,121,670	-3.53%	5,121,670	4,786,190	7.01%	4,786,190
Fixed Assets	1,196,996	1,269,796	-5.73%	1,269,796	1,245,786	1.93%	1,245,786
Long Term Loans and Deposits	69,256	74,314	-6.81%	74,314	13,044	469.71%	13,044
Deferred Taxation	-	-	0%	-	-	0%	-
Current Assets	3,674,411	3,777,560	-2.73%	3,777,560	3,527,360	7.09%	3,527,360
Total Assets	4,940,663	5,121,670	-3.53%	5,121,670	4,786,190	7.01%	4,786,190
Profit and Loss Account							
Sales	3,755,532	4,952,915	-24.18%	4,952,915	5,115,215	-3.17%	5,115,215
Cost of sales	(3,021,989)	(4,289,529)	-29.55%	(4,289,529)	(3,970,150)	8.04%	(3,970,150)
Gross Profit / (Loss)	733,543	663,386	10.58%	663,386	1,145,066	-42.07%	1,145,066
Distribution and marketing costs	(308,778)	(342,263)	-9.78%	(342,263)	(334,702)	2.26%	(334,702)
Administrative expenses	(223,890)	(222,830)	0.48%	(222,830)	(244,767)	-8.96%	(244,767)
Other operating expenses	(8,920)	(18,994)	-53.04%	(18,994)	(59,219)	-67.93%	(59,219)
Other operating income	95,498	226,665	-57.87%	226,665	60,854	272.47%	60,854
Operating Profit / (Loss)	287,453	305,963	-6.05%	305,963	567,231	-46.06%	567,231
Finance Cost	(170,538)	(54,467)	213.11%	(54,467)	(27,908)	95.17%	(27,908)
Profit / (Loss) before tax	116,915	251,496	-53.51%	251,496	539,324	-53.37%	539,324
Taxation	(29,035)	(55,459)	-47.65%	(55,459)	(143,255)	-61.29%	(143,255)
Profit / (Loss) for the year	87,880	196,037	-55.17%	196,037	396,068	-50.50%	396,068

Horizontal Analysis

2016	Change	2016	2015	Change	2015	2014	Change	2014	2013	Change
Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%
1,593,217	17.46%	1,593,217	1,310,250	21.60%	1,310,250	1,101,515	18.95%	1,101,515	973,149	13.19%
137,703	200.30%	137,703	83,728	64.46%	83,728	79,193	5.73%	79,193	43,860	80.56%
150,059	79.41%	150,059	381,372	-60.65%	381,372	529,272	-27.94%	529,272	177,841	197.61%
1,753,672	27.28%	1,753,672	1,605,920	9.20%	1,605,920	1,197,407	34.12%	1,197,407	1,129,858	5.98%
3,634,651	31.68%	3,634,651	3,381,271	7.49%	3,381,271	2,907,387	16.30%	2,907,387	2,324,707	25.06%
486,675	155.98%	486,675	417,795	16.49%	417,795	364,296	14.69%	364,296	306,942	18.69%
16,508	-20.98%	16,508	15,188	8.69%	15,188	12,463	21.87%	12,463	15,645	-20.34%
-	0%	-	-	0%	-	-	0%	-	14,734	-100.00%
3,131,467	12.64%	3,131,467	2,948,287	6.21%	2,948,287	2,530,628	16.50%	2,530,628	1,987,387	27.33%
3,634,651	31.68%	3,634,651	3,381,271	7.49%	3,381,271	2,907,387	16.30%	2,907,387	2,324,707	25.06%
4,950,602	3.33%	4,950,602	4,007,244	23.54%	4,007,244	3,152,062	27.13%	3,152,062	2,577,686	22.28%
(3,902,841)	1.72%	(3,902,841)	(3,099,652)	25.91%	(3,099,652)	(2,454,451)	26.29%	(2,454,451)	(1,982,697)	23.79%
1,047,762	9.29%	1,047,762	907,592	15.44%	907,592	697,611	30.10%	697,611	594,990	17.25%
(310,023)	7.96%	(310,023)	(328,342)	-5.58%	(328,342)	(243,578)	34.80%	(243,578)	(223,911)	8.78%
(225,841)	8.38%	(225,841)	(188,149)	20.03%	(188,149)	(184,984)	1.71%	(184,984)	(168,678)	9.67%
(38,852)	52.42%	(38,852)	(36,911)	5.26%	(36,911)	(29,673)	24.39%	(29,673)	(33,886)	-12.43%
69,061	-11.88%	69,061	53,644	28.74%	53,644	60,158	-10.83%	60,158	55,721	7.96%
542,106	4.63%	542,106	407,834	32.92%	407,834	299,535	36.16%	299,535	224,236	33.58%
(32,617)	-14.44%	(32,617)	(39,156)	-16.70%	(39,156)	(47,435)	-17.45%	(47,435)	(23,274)	103.81%
509,489	5.86%	509,489	368,678	38.19%	368,678	252,099	46.24%	252,099	200,962	25.45%
(131,793)	8.70%	(131,793)	(91,312)	44.33%	(91,312)	(65,110)	40.24%	(65,110)	(42,951)	51.59%
377,696	4.86%	377,696	277,366	36.17%	277,366	186,989	48.33%	186,989	158,011	18.34%

Statement of Value Addition

	2019 Rs. in '000'	%age	2018 Rs. in '000'	%age
Value Addition				
Net sales	3,755,532	97.52	4,952,915	95.62
Other income	95,498	2.48	226,665	4.38
	3,851,030	100.00	5,179,580	100.00
Value Distribution				
Cost of sales (excluding employees' cost)	2,609,487	67.76	3,773,441	72.85
Marketing, admin. & other expenses (excluding employees' cost)	270,212	7.02	296,987	5.73
Extraordinary Expenses (SAP, ERP System)	-	-	-	-
Employees cost				
- Salaries, wages, amenities and staff welfare	578,474	15.02	628,868	12.14
- Workers' profit participation fund	6,279	0.16	13,507	0.26
	584,753	15.18	642,375	12.40
Government				
- Taxes & Duties	125,774	3.27	211,140	4.08
- Workers' welfare fund	2,386	0.06	5,132	0.10
	128,160	3.33	216,272	4.18
Shareholders				
- Dividend	19,800	0.51	39,600	0.76
- Bonus shares	-	-	-	-
	19,800	0.51	39,600	0.76
Retained in business for future growth				
- Retained profit	68,080	1.77	156,438	3.02
Finance cost	170,538	4.43	54,467	1.05
	3,851,030	100.00	5,179,580	100.00



Key Financial Data for 6 Years

	Rupees in '000'					
	2019	2018	2017	2016	2015	2014
Balance sheet						
Paid up capital	132,000	132,000	132,000	132,000	132,000	132,000
Reserves	1,825,898	1,769,553	1,739,369	1,461,217	1,178,250	969,515
Net worth / shareholders equity	1,957,898	1,901,553	1,871,369	1,593,217	1,310,250	1,101,515
Non current liabilities	273,575	433,783	413,515	137,703	83,728	79,193
Short term running finances/ bank borrowings	1,211,456	966,760	269,215	150,059	381,372	529,272
Creditors, accrued & other liabilities	1,497,734	1,819,574	2,232,091	1,753,672	1,605,920	1,197,407
Current liabilities	2,709,190	2,786,335	2,501,306	1,903,731	1,987,292	1,726,680
Total liabilities	2,982,765	3,220,117	2,914,821	2,041,434	2,071,021	1,805,873
Total Liabilities & Equity	4,940,663	5,121,670	4,786,190	3,634,651	3,381,271	2,907,387
Fixed assets	1,196,996	1,269,796	1,245,786	486,675	417,795	364,296
Long term loans and deposits	69,256	74,314	13,044	16,508	15,188	12,463
Deferred taxation	-	-	-	-	-	-
Current assets	3,674,411	3,777,560	3,527,360	3,131,467	2,948,287	2,530,628
Total assets	4,940,663	5,121,670	4,786,190	3,634,651	3,381,271	2,907,387
Inventory	867,928	1,068,061	1,030,607	886,432	767,402	538,350
Trade debts and contract assets	2,119,541	1,987,700	1,632,115	1,557,229	1,437,371	1,216,728
Trade and other payables and contract liabilities	1,411,207	1,728,239	2,153,288	1,681,134	1,542,692	1,130,307
Material consumption	1,889,247	2,927,693	2,529,740	2,652,496	1,896,068	1,348,153
Profit and loss						
Sales	3,755,532	4,952,915	5,115,215	4,950,602	4,007,244	3,152,062
Cost of goods sold	(3,021,989)	(4,289,529)	(3,970,150)	(3,902,841)	(3,099,652)	(2,454,451)
Gross Profit	733,543	663,386	1,145,066	1,047,762	907,592	697,611
Distribution and marketing cost	(308,778)	(342,263)	(334,702)	(310,023)	(328,342)	(243,578)
Administrative expenses	(223,890)	(222,830)	(244,767)	(225,841)	(188,149)	(184,984)
Other operating expenses	(8,920)	(18,994)	(59,219)	(38,852)	(36,911)	(29,673)
Other operating income	95,498	226,665	60,854	69,061	53,644	60,158
Operating Profit	287,453	305,963	567,231	542,106	407,834	299,535
Finance Cost	(170,538)	(54,467)	(27,908)	(32,617)	(39,156)	(47,435)
Profit before tax	116,915	251,496	539,324	509,489	368,678	252,099
Taxation	(29,035)	(55,459)	(143,255)	(131,793)	(91,312)	(65,110)
Net Profit	87,880	196,037	396,068	377,696	277,366	186,989

Key Performance Indicators

		2019	2018	2017	2016	2015	2014
Gross Margin	%	19.53	13.39	22.39	21.16	22.65	22.13
Net profit to Sales	%	2.34	3.96	7.74	7.63	6.92	5.93
Return on equity	%	4.49	10.31	21.16	23.71	21.17	16.98
Return on capital employed	%	12.88	13.10	24.83	31.32	29.26	25.37
Return on assets	%	1.78	3.83	8.28	10.39	8.20	6.43
EBITDA	Rupees in '000	446,482	432,375	644,838	610,421	471,536	359,488
EBITDA margin	%	11.89	8.73	12.61	12.33	11.77	11.40
Inventroy turnover ratio	Times	2.18	2.74	2.45	2.99	2.47	2.50
Inventory turnover in number of days	Days	168	133	149	122	148	146
Debtor Turnover ratio	Times	1.77	2.49	3.13	3.18	2.79	2.59
Collection period (Days)	Days	206	146	116	115	131	141
Creditor turnover	Times	2.14	2.48	1.84	2.32	2.01	2.17
Credit turnover in number of days	Days	170	147	198	157	182	168
Opreating cycle	Days	203	133	67	80	97	119
Total assets trunover ratio	Times	0.76	0.97	1.07	1.36	1.19	1.08
Fixed assets turnover ratio	Times	3.14	3.90	4.11	10.17	9.59	8.65
Price earning ratio	Times	25.53	12.36	10.20	14.27	12.16	10.81
Cash dividend per share	Rupees	1.50	3.00	12.02	8.50	7.00	5.00
Bonus shares	%	-	-	-	-	-	-
Dividend yield ratio	Times	0.01	0.02	0.04	0.02	0.03	0.03
Dividend pay out ratio	Times	0.23	0.20	0.40	0.30	0.33	0.35
Dividend cover ratio	Times	4.44	4.95	2.50	3.37	3.00	2.83
Earnings Per Share	Rupees	6.66	14.85	30.01	28.61	21.01	14.17
Number of Shares	Number	13,200	13,200	13,200	13,200	13,200	13,200
Debt Equity Ratio		1.52 : 1	1.69 : 1	1.56 : 1	1.28 : 1	1.58 : 1	1.64 : 1
Interest Cover ratio	Times	1.69	5.62	20.33	16.62	10.42	6.31
Current Ratio	Times	1.36	1.36	1.41	1.64	1.48	1.47
Acid test ratio	Times	1.04	0.97	1.00	1.18	1.10	1.15
Break up value per share	Rupees	148.33	144.06	141.77	120.70	99.26	83.45
Market Value of shares - year end	Rupees	169.96	183.58	306.00	408.25	255.47	153.14
Market Value of shares - high	Rupees	182.97	415.00	474.90	409.41	264.90	172.44
Market Value of shares - low	Rupees	85.00	177.50	266.50	192.19	127.58	73.20
Summary of cash flow statement							
Operating activities	Rupees in '000	12,972	(630,000)	765,492	493,411	142,454	103,678
Investing activities	Rupees in '000	(82,895)	(148,948)	(832,959)	(136,170)	(112,687)	(115,213)
Financing Activities	Rupees in '000	(163,610)	(188,013)	254,837	(49,101)	(65,395)	(52,392)
Cash and cash equivalent- closing balance	Rupees in '000	(903,852)	(670,319)	296,642	109,272	(198,868)	(163,239)

4

CORPORATE GOVERNANCE

52	Pattern of Shareholding
53	Statement of Compliance
56	Independent Auditor's Review Report

Pattern of Shareholding

As at December 31, 2019

Number of Shareholders		Shareholding		Total Shares Held
404	1	to	100	13,510
207	101	to	500	57,937
227	501	to	1000	143,662
167	1001	to	5000	407,372
24	5001	to	10000	170,707
8	10001	to	15000	106,524
5	15001	to	20000	91,400
5	20001	to	25000	115,849
1	25001	to	30000	30,000
4	30001	to	35000	134,303
3	35001	to	40000	116,100
2	40001	to	45000	83,500
1	45001	to	50000	50,000
1	50001	to	55000	51,000
2	55001	to	60000	110,392
1	60001	to	65000	63,900
1	70001	to	75000	73,800
2	75001	to	80000	159,900
3	95001	to	100000	291,300
1	105001	to	110000	105,393
2	110001	to	115000	222,893
2	135001	to	140000	274,288
1	140001	to	145000	143,863
1	155001	to	160000	155,400
1	270001	to	275000	272,373
1	295001	to	300000	300,000
1	550001	to	555000	550,400
1	1130001	to	1135000	1,131,259
1	7770001	to	7775000	7,772,975
<u>1,080</u>				<u>13,200,000</u>

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Associated Companies	1	7,772,975	58.89
Modarabas & Mutual Funds	6	172,500	1.31
Public Sector Companies	5	824,099	6.24
Directors, CEO, their spouse & minor children	-	-	-
Trustee National Investment (Unit) Trust	1	1,131,259	8.57
Investment Corporation of Pakistan	-	-	-
Banks Development Financial Institutions, NBFIs, Joint Stock Companies	18	245,933	1.86
General Public	1,042	2,803,026	21.23
(a) Local	1,041		
(b) Foreign	1		
Others:			
- Trustees Mohammed Amin Wakf Estate - 31,703	7	250,208	1.90
- Trustees NBP Employees Benevolent Fund - 4,817			
- Trustees NBP Employees Pension Fund - 137,288			
- Dawood Family Takful Ltd. (7,100+3,400) - 10,500			
- M/s. Prudential Discount & Guarantee House Ltd. - 2,000			
- CDC Meezan Tahafuz Pension Fund Equity Sub Fund - 63,900			
Total	<u>1,080</u>	<u>13,200,000</u>	<u>100.00</u>

Shareholders Holding 5% or more Voting Interest	Number of Shareholders	Number of Shares Held	Percentage
KSB SE & Co. KGaA, Germany	1	7,772,975	58.89
Trustee National Investment (UNIT) Trust	1	1,131,259	8.57

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 KSB Pumps Company Limited For the Year Ended December 31, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 as per the following:
 - a. Male : 7
 - b. Female : 1
2. Composition of Board of Directors (the Board) is as follows:

Category	Names
Independent Director	Mr. Shezada Mazhar Mr. Jamal Nasim
Other Non-Executive Directors	Dr. Sven Baumgarten Mr. Dieter Antonius Pott Mr. Hasan Aziz Bilgrami
Executive Directors	Mr. Mohammad Masud Akhtar Mr. Sajid Mahmood Awan
Female Director	Ms. Ayesha Aziz (Independent Director)

3. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company;
4. 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;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and these Regulations;
7. All the meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Companies Act 2017 and these Regulations;

9. The Board remained fully compliant with the provisions with regard to their Directors Training Program. Five Directors have already acquired certification under Directors Training Program. Company provided information on the Code of Corporate Governance to foreign Directors and other Directors regarding their duties and responsibilities;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:
 - a) **Audit Committee**
 - Mr. Jamal Nasim Chairman
 - Dr. Matthias Beth Member (Resigned w.e.f 31.12.2019)
 - Mr. Shezada Mazhar Member
 - b) **HR and Remuneration Committee**
 - Mr. Shezada Mazhar Chairman
 - Mr. Hasan Aziz Bilgrami Member
 - Mohammad Masud Akhtar Member
13. The terms of reference of the committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
 - a) **Audit Committee**

The meetings of Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company.
 - b) **HR and Remuneration Committee**

One meeting of HR&R Committee was held during the year.
15. The Board has set up an effective internal audit function which is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
16. 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 Accountant of

Pakistan and registered with Audit Oversight Board of Pakistan, that they and all partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountant of Pakistan and they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Financial Officer, Chief Executive Officer, head of internal audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with;
19. Explanation for non-compliance with requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is given below:

EXPLANATION

It is required under the Code of Corporate Governance 2019 Regulations clause 10(5) that

“Quote

The Chairman of the Board Shall, at the beginning of term of each director issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with Act and the Company's Articles of Association, their remuneration and entitlement. Unquote”

The listed Companies (Code of Corporate Governance) Regulations, 2019 is effective from September 25th, 2019 and under the Code the letter is required to be written by the Chairman at the beginning of the term of each Director. Consequently, the requirement shall be complied with upon next Election of Directors, which is due on April 25th, 2020.

For and on behalf of the Board

March 14, 2020
Lahore.



Mohammad Masud Akhtar
Chief Executive



A.F.FERGUSON & CO.

Independent Auditor's Review Report To the Members of KSB Pumps Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of KSB Pumps Company Limited for the year ended December 31, 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price 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 requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

A.F.Ferguson & Co.
Chartered Accountants

Name of engagement partner: Mr. Amer Raza Mir.
Lahore
Date: March 20, 2020

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
Tel: +92 (42) 3571 5868-71 / 3577 5747-50 Fax: +92 (42) 3577 5754 www.pwc.com/pk

■ KARACHI ■ LAHORE ■ ISLAMABAD

5

FINANCIAL STATEMENTS

58	Auditors' Report to the Members
62	Statement of Financial Position
64	Statement of Profit or Loss and other Comprehensive Income
65	Statement of Cash Flows
66	Statement of Changes in Equity
67	Notes to and Forming Parts of the Financial Statements
125	Dividend Bank Mandate Form Proxy Form
129	Directors' Report Urdu



A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KSB PUMPS COMPANY LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of KSB Pumps Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
Tel: +92 (42) 3571 5868-71 / 3577 5747-50 Fax: +92 (42) 3577 5754 www.pwc.com/pk*

■ KARACHI ■ LAHORE ■ ISLAMABAD



Following is the key audit matter:

Sr. No	Key audit matter	How the matter was addressed in our audit
1	<p>Revenue Recognition</p> <p>(Refer note 27 to the annexed financial statements)</p> <p>The Company generates a portion of its revenue from long term projects. Revenue from such projects is recognized over a period of time by measuring progress towards complete satisfaction of the performance obligation. The extent of progress towards completion is measured by using the input method whereby actual cost incurred to date is compared with the total estimated cost of the project.</p> <p>During the year ended December 31, 2019, the Company recognized an amount of Rs. 446 million as revenue from such projects. The application of the input method requires significant management judgement when estimating the total cost to complete the project. This estimate is re-evaluated at the end of each reporting date to reflect current circumstances.</p> <p>We considered revenue from projects as a key audit matter due to significant management judgement and estimation involved.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Obtained understanding of the internal processes used to record actual cost incurred; - Obtained understanding of the cost estimation process and techniques adopted by the management for determination of estimated total cost to complete the project; - Assessed the reliability of management's estimates by comparing the actual results of delivered projects to previous estimates; - Performed test of detail procedures over actual cost incurred during the year; - Recalculated the percentage of completion and the revenue based on the extent of progress towards completion of the project. Checked extent of progress towards completion by comparing actual costs as per the Company's accounting records to the estimated total costs of the projects; and - Reviewed the adequacy of related disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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



A•F•FERGUSON&Co.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



A.F.FERGUSON & CO.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Amer Raza Mir.

A handwritten signature in black ink, appearing to read 'Amer Raza Mir', with a small flourish at the end.

A.F.Ferguson & Co.
Chartered Accountants

Name of engagement partner: Mr. Amer Raza Mir.

Lahore
Date: March 20, 2020

Statement of Financial Position

As at December 31, 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 15,000,000 (2018: 15,000,000) ordinary shares of Rs 10 each		150,000,000	150,000,000
Issued, subscribed and paid up capital	5	132,000,000	132,000,000
Revenue reserves	6	1,825,898,096	1,769,552,609
		1,957,898,096	1,901,552,609
NON CURRENT LIABILITIES			
Long term finances - secured	7	125,000,000	250,000,000
Employees' retirement and other benefits	8	90,691,148	100,852,792
Deferred liabilities	9	57,884,316	82,929,982
		273,575,464	433,782,774
CURRENT LIABILITIES			
Current portion of long term finances - secured		125,000,000	125,000,000
Short term finances - secured	10	1,086,456,479	841,760,397
Trade and other payables	11	1,402,720,697	1,708,075,045
Contract Liability	12	8,486,428	20,164,000
Unclaimed dividend		9,945,891	8,956,643
Due to provident fund	13	4,389,980	4,168,394
Provisions for other liabilities and charges	14	72,189,948	78,210,201
		2,709,189,423	2,786,334,680
CONTINGENCIES AND COMMITMENTS			
	15		
		4,940,662,983	5,121,670,063

The annexed notes 1 to 47 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,162,474,078	1,237,972,455
Investment property	17	-	159,912
Intangible assets	18	17,651,049	2,451,988
Capital work-in-progress	19	16,871,033	29,211,815
Long-term loans and deposits	20	69,256,113	74,313,500
		1,266,252,273	1,344,109,670
CURRENT ASSETS			
Stores, spares and loose tools	21	73,912,997	112,574,493
Stock-in-trade	22	794,014,705	955,486,260
Trade debts	23	1,305,532,619	1,319,209,772
Contract Asset	24	814,008,093	668,489,844
Advances, deposits, prepayments and other receivables	25	504,338,057	550,358,288
Cash and bank balances	26	182,604,239	171,441,736
		3,674,410,710	3,777,560,393
		4,940,662,983	5,121,670,063



Chairman



Chief Executive



Chief Financial Officer

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2019

	Note	2019 Rupees	2018 Rupees
Sales	27	3,755,531,542	4,952,915,312
Cost of sales	28	(3,021,988,465)	(4,289,529,013)
Gross profit		733,543,077	663,386,299
Distribution and marketing expenses	29	(308,777,467)	(342,263,092)
Administrative expenses	30	(223,889,694)	(222,830,265)
Other operating expenses	31	(8,920,042)	(18,994,367)
Other operating income	32	95,497,880	226,664,520
Finance costs	33	(170,538,489)	(54,466,707)
Profit before taxation		116,915,265	251,496,388
Taxation	34	(29,034,913)	(55,458,811)
Profit after taxation		87,880,352	196,037,577
Other comprehensive income / (loss):			
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans - net of tax		8,065,135	(7,189,498)
Items that may be reclassified subsequently to profit or loss		-	-
		8,065,135	(7,189,498)
Total comprehensive income for the year		95,945,487	188,848,079
Earnings per share - basic & diluted Rupees	35	6.66	14.85

The annexed notes 1 to 47 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

Statement of Changes in Equity

For the year ended December 31, 2019

	Share Capital Rupees	Revenue Reserve		Total Rupees
		General Reserves Rupees	Unappropriated Profit Rupees	
Balance as at January 1, 2018	132,000,000	1,348,600,000	390,768,530	1,871,368,530
Transfer to general reserve	-	232,000,000	(232,000,000)	-
Profit for the year ended December 31, 2018	-	-	196,037,577	196,037,577
Other comprehensive loss for the year	-	-	(7,189,498)	(7,189,498)
Total comprehensive income for the year	-	-	188,848,079	188,848,079
Transactions with owners in their capacity as owners:				
Final dividend for the year ended December 31, 2017 Rs 12.02 per share	-	-	(158,664,000)	(158,664,000)
Balance as at December 31, 2018	132,000,000	1,580,600,000	188,952,609	1,901,552,609
Transfer to general reserve	-	149,000,000	(149,000,000)	-
Profit for the year ended December 31, 2019	-	-	87,880,352	87,880,352
Other comprehensive income for the year	-	-	8,065,135	8,065,135
Total comprehensive income for the year	-	-	95,945,487	95,945,487
Transactions with owners in their capacity as owners:				
Final dividend for the year ended December 31, 2018 Rs 3.00 per share	-	-	(39,600,000)	(39,600,000)
Balance as at December 31, 2019	132,000,000	1,729,600,000	96,298,096	1,957,898,096

The annexed notes 1 to 47 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

Statement of Cash Flows

For the year ended December 31, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	36	306,654,464	(343,232,573)
Finance costs paid		(150,805,429)	(42,080,784)
Taxes paid		(117,163,046)	(166,615,841)
Employees' retirement and other benefits paid		(30,771,368)	(16,801,361)
Decrease / (increase) in long term loans and deposits - net		5,057,387	(61,269,339)
		(293,682,456)	(286,767,325)
Net cash generated from / (used in) operating activities		12,972,008	(629,999,898)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure including capital work in progress		(93,898,632)	(158,334,079)
Expenditure incurred on acquisition of intangibles		(19,112,946)	(1,741,523)
Proceeds from sale of property, plant and equipment		30,116,743	11,128,082
Net cash used in investing activities		(82,894,835)	(148,947,520)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances-secured		(125,000,000)	(30,377,690)
Dividend paid		(38,610,752)	(157,635,779)
Net cash used in financing activities		(163,610,752)	(188,013,469)
Net decrease in cash and cash equivalents		(233,533,579)	(966,960,887)
Cash and cash equivalents at the beginning of the year		(670,318,661)	296,642,226
Cash and cash equivalents at the end of the year	37	(903,852,240)	(670,318,661)

The annexed notes 1 to 47 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

Notes to the Financial Statements

For the year ended December 31, 2019

1. Legal status and nature of business

- 1.1** KSB Pumps Company Limited (a KSB group company) 'The Company' was incorporated in Pakistan on July 18, 1959 under the Companies Act, 1913 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company is a subsidiary of KSB SE & Co. KGaA and principally engaged in the manufacture and sale of industrial pumps, valves, castings and related parts and provision of after market services. The registered office of the Company is situated at KSB Building, 16/2 Sir Agha Khan road, Lahore. The factory of the Company is situated at Hazara Road, Hassanabdal. The Company also has five regional offices. These regional offices are located in Lahore, Rawalpindi, Karachi, Multan and Peshawar.

2. Statement of compliance

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

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

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

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

2.2 Initial application of standards, amendments or an interpretation to existing standards

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 following dates:

2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year and applicable / relevant to the Company's operations

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on or after January 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

2.2.1.1 IFRS 16, 'Leases'

Effective January 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make future lease payments. An exemption exists for short term and low value leases. The accounting for lessors will not significantly change i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to company's right of use asset and lease liability are disclosed in note 4.19.

The Company has applied IFRS 16 using the simplified approach for transition. This approach requires entities to recognize the cumulative effect of applying the standard as an adjustment to the opening balance of un-appropriated profit at the date of initial application. Comparative prior periods would not be adjusted. The cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application does not have any impact since the Company has applied the practical expedient to account for leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases.

The Company has multiple lease agreements relating to buildings occupied at different locations across the country. However, these lease agreements are considered as short-term leases since the lease term is less than 12 months. Consequently, the changes laid down by the standard do not have any material impact on the financial statements of the Company.

2.2.1.2 Exemption relating to application of Expected Credit Loss method under IFRS 9

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019, which was early adopted by the Company during the year ended December 31, 2018. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the Company has changed its accounting policies regarding impairment of receivables from Government entities. The impact of this change does not have any material impact on the financial statements of the Company.

2.2.1.3 IFRIC 23, 'Uncertainty over Income Tax Treatments'

This interpretation was notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. The IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. In particular, it explains that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information. The IFRIC further explains that the entity should reflect the effect of the uncertainty in its income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment using either the most likely amount or the amount determined using the expected value method. The application of the interpretation does not have any material impact on the amounts recognized in the financial statements of the Company.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant to the company's operations and are, therefore, not detailed in these financial statements, except for the following:

Standards or interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' regarding the definition of materiality	January 1, 2020
Revised Conceptual Framework for Financial Reporting	January 1, 2020

The above amendments are not expected to have a material impact on the Company's financial statements when they become effective.

3. Basis of preparation

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee retirement benefits on the basis mentioned in note 4.2.

3.1.1 Significant accounting judgements, estimates and assumptions

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:

3.1.1.1 Employees' retirement and other benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The Company also reviews for any indicators for impairment of property, plant and equipment on a regular basis. The valuation is based on assumptions as mentioned in note 4.2. Any changes in these assumptions in future years might affect gains and losses in those years.

3.1.1.2 Provision for taxation

Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty as explained in note 4.1

3.1.1.3 Useful lives, residual values and impairment

The Company reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.1.1.4 Cost to complete the projects

For project revenue recognition, the Company uses the input method for determining progress against performance obligations. Under this method, the cost incurred up to reporting date is divided by the total estimated costs of the project and the resultant ratio is applied to total revenue to determine the cumulative revenue to be recognized. This method requires management judgement and estimation in determining the total estimated cost of the projects. The total cost estimates are based on the prices of materials and services applicable at each reporting date adjusted by taking impact of forecasted increases and expected completion date. Such estimates are reviewed at each reporting date. Any subsequent increases or decreases in total estimated cost are reflected in profit or loss in the period in which they occur.

3.1.1.5 Stock-in-trade

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

If the expected sale price less completion costs and costs to execute sales (net realisable value) is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management estimate.

3.1.1.6 Impairment of financial assets

The Company applied IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade debts except for government receivables. At each reporting date, the Company assesses the forward-looking basis for computation of the expected credit losses associated with the trade debts. For government receivables, the Company applied the requirements

of IAS 39 by reviewing the recoverability of debts to assess likely amount of bad debts and provision required thereon on an annual basis.

3.2 Functional and presentation currency

The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4. Summary of 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 Taxation

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

4.1.1 Current tax

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 after taking into account tax credits, rebates and exemptions, if any. 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. Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty. Such Judgements are reassessed whenever circumstances have changed or there is new information that affects the judgement. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Company considers that the most likely outcome will be in favor of the Company, the amounts are shown as contingent liabilities.

4.1.2 Deferred tax

Deferred tax is accounted for using the 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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items charged or credited to equity in which case it is included in the statement of changes in equity.

4.2 Employees' retirement and other benefits

The main features of the schemes operated by the Company for its employees are as follows:

4.2.1 Defined benefit plans

- 4.2.1.1** The supervisory and managerial staff with minimum five years of continuous service with the Company are entitled to participate in an approved funded gratuity scheme. The actual return on the plan assets was Rs 19.98 million (2018: Rs 9.81 million). The actual return on plan assets represent the difference between the fair value of plan assets at beginning and end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

The latest actuarial valuation for the approved funded gratuity scheme was carried out as at December 31, 2019. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

	2019	2018
Discount rate per annum	11.25%	13.25%
Expected rate of increase in salary level per annum	10.25%	12.25%
Expected rate of return per annum	11.25%	13.25%
Average duration of the defined benefit obligation	5 years	5 years
Basis of mortality rates used	SLIC 2001 2005 Setback 1 Year	- SLIC 2001 - 2005 Setback 1 Year

The Company is expected to contribute Rs 19.75 million to the gratuity fund for the year ended December 31, 2020.

- 4.2.1.2** The Company operates an un-funded benefit scheme (ex-gratia) for its unionized staff. Under the scheme, members who have completed prescribed years of service with the Company are entitled to receive 20 days last drawn basic pay for each completed year of service. Provision has been made to cover the obligation on the basis of actuarial valuation. The amount recognized in the statement of financial position represents the present value of defined benefit obligation adjusted for unrecognized actuarial gains and losses.

The latest actuarial valuation for the un-funded gratuity scheme (ex-gratia) was carried out as at December 31, 2019. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

	2019	2018
Discount rate per annum	11.25%	13.25%
Expected rate of increase in salary level per annum	10.25%	12.25%
Expected rate of return per annum	11.25%	13.25%
Average duration of the defined benefit obligation	2 years	2 years
Basis of mortality rates used	SLIC 2001 2005 Setback 1 Year	- SLIC 2001 - 2005 Setback 1 Year

- 4.2.1.3** The Company provides for the expected cost of accumulated compensated absences, when the employee renders the service that increases the entitlement to future compensated absences. Provision has been made to cover the obligation on the basis of actuarial valuation and charged to statement of profit or loss currently. The amount recognized in the statement of financial position represents the present value of defined benefit obligation. Actuarial gains/losses are recognized immediately under IAS 19 "Employee benefits" in other comprehensive income. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

The latest actuarial valuation was carried out as at December 31, 2019. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

	2019	2018
Discount rate per annum	11.25%	13.25%
Expected rate of increase in salary level per annum	10.25%	12.25%
Expected rate of return per annum	11.25%	13.25%
Average duration of the defined benefit obligation	7 years	7 years
Basis of mortality rates used	SLIC 2001 2005 Setback 1 Year	- SLIC 2001 - 2005 Setback 1 Year

4.2.2 Defined contribution plans

The Company operates an approved contributory provident fund for all employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10% of basic salary. Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land and leasehold land with superstructure are stated at cost less accumulated depreciation and any identified accumulated impairment loss. Freehold land leasehold land with superstructure is stated at cost less any identified impairment loss. Cost in relation to Company's manufactured assets includes direct cost of materials, labour and applicable manufacturing overheads.

Depreciation on property, plant and equipment is charged to the statement of profit or loss using the straight line method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates mentioned in note 16 after taking into account their residual values.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets as at December 31, 2019 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off or retired from active use

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in the statement of profit or loss and other comprehensive income.

4.4 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the entity and that the cost of such an asset can also be measured reliably. Intangible assets are stated at cost less accumulated amortization and any identified accumulated impairment loss.

Amortization is charged to statement of profit or loss on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged at the annual rate of 33.33 %.

Useful lives of intangible operating assets are reviewed, at each date of statement of financial position and adjusted if the impact of amortization is significant.

The Company assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period and/or in transit are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use. Capital work in progress is stated at cost, less any identified impairment loss.

4.6 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. The investment property of the Company comprises building and is valued using the cost method i.e. at cost less accumulated depreciation and identified accumulated impairment loss.

Depreciation on building is charged to statement of profit or loss on the straight line method so as to write off the depreciable amount of a building over its estimated useful life. Investment property is being depreciated at an effective rate of 4.85% per annum. Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each statement of financial position date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense.

4.7 Stores, spares and loose tools

Stores, spares and loose tools are valued at the lower of moving weighted average cost and net realizable value. Items in transit are valued at cost comprising invoice value plus any other charges associated with buying the inventory for its intended use.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessarily to be incurred to make the sale. Provision is made in the financial statements for obsolete and slow moving stores, spares and loose tools based on management's estimate.

4.8 Stock-in-trade

Stock of raw materials except for those in transit, work-in-process and finished goods are valued principally at the lower of moving weighted average cost and net realizable value. Cost of work-in-process and finished goods comprise cost of direct materials, labour and appropriate manufacturing overheads. Materials in transit are stated at cost comprising invoice value and other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's estimate.

4.9 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances, cheques in hand, deposits held at call with banks, and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term finances.

4.11 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

4.12 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4.13 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and/or services received, whether or not billed to the Company.

4.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.15 Financial instruments

4.15.1 Financial assets

In accordance with the requirements of IFRS 9, the Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at the time of initial recognition.

4.15.1.1 Financial assets at amortized cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of profit or loss.

4.15.1.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4.15.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in statement of profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in statement of profit or loss. Dividends from such investments continue to be recognised in statement of profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

4.15.1.4 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The Company computes historical loss rates using the historical credit losses which are then adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. For trade debts other than Government, the Company applied the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company recognises in statement of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date. Impairment testing of trade debts relating to Government owned entities, the Company applied the incurred loss method in accordance with the requirements of IAS 39 'Financial Instruments - Recognition and Measurement' based on exemption provided by SECP for application of IFRS 9 'Financial Instruments' on trade debts relating to Government owned entities.

4.15.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.16 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.17 Foreign currency transactions and translation

Foreign currency transactions are translated into Pakistan Rupees (functional and presentation currency) using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translation are recognised in the statement of profit or loss. All non-monetary items are translated into Pakistan Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.18 Revenue recognition

Revenue is recognised either at a point in time or over time, when the Company satisfies performance obligations by transferring the promised goods or services to its customers. Revenue is measured at fair value of the consideration received or receivable excluding discounts allowed to customers. A contract liability is recorded for advances received from customers against which performance obligations have not been satisfied.

Revenue is earned from sale of products and provision of after market services. Revenue associated with such transactions is recognized at a point in time upon satisfaction of the performance obligation by transfer of control of goods or when services are rendered to the customers. Sales of products include industrial pumps, valves, castings and related parts.

Revenue from projects is recognized over time using the input method to determine the stage of completion of the project and the appropriate amount of revenue to be recognized at each reporting date. The stage of completion is measured by reference to the project costs incurred up to the reporting date as a percentage of total estimated costs for each project. The resultant percentage is then applied to estimated revenue from each project to determine the accumulated revenue upto the reporting date.

Project costs are recognized when incurred. When the outcome of a project cannot be estimated reliably, project revenue is recognized only to the extent of project costs incurred that are likely to be recoverable. When the outcome of a project can be estimated reliably and it is probable that the contract will be profitable, project revenue is recognized over time. When it is probable that total project costs will exceed total project revenue, the expected loss is recognized as an expense immediately in statement of profit or loss.

Where the consideration received or the unconditional right to receive the consideration is in excess of the amount of performance obligations satisfied, the differential is recognized as "contract liabilities". In case the performance obligations are satisfied before the consideration is received or the right to consideration is established, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Company provides only standard-type warranties, accounted for under IAS 37. Extended-type warranties, which treated as separate performance obligations under IFRS 15, are not provided. When determining the nature of warranty-related promises, the Company considers:

- whether the customer has the option to separately purchase the warranty; and
- whether all or part of the warranty provides the customer with an additional service beyond the basic assurance that it will perform in accordance with published specifications.

Return on bank deposits is accrued on a time proportion basis, by reference to the principal outstanding, at the applicable rate of return.

4.19 Leases

4.19.1 Lessee Accounting

At inception of a contract, the company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases having lease term of less than 12 months are accounted for as short-term leases and the expense charged to profit or loss on straight line basis over the lease term.

From January 1, 2019, lessee at the commencement of lease term shall recognize right of use asset and a lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.19.2 Lessor Accounting

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

4.20 Contingencies and commitments

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.

4.21 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

5. Share Capital

5.1 Authorised Share capital

2019 (Number of shares)	2018		2019 (Rupees)	2018
15,000,000	15,000,000	Ordinary shares of Rs 10 each fully paid in cash	150,000,000	150,000,000

5.2 Issued subscribed and paid up capital

2019 (Number of shares)	2018		2019 (Rupees)	2018
973,100	973,100	Ordinary shares of Rs 10 each fully paid in cash	9,731,000	9,731,000
8,000	8,000	Ordinary shares of Rs 10 each issued for consideration other than cash	80,000	80,000
12,218,900	12,218,900	Ordinary shares of Rs 10 each issued as fully paid bonus shares	122,189,000	122,189,000
13,200,000	13,200,000		132,000,000	132,000,000

5.2.1 As at December 31, 2019, the holding company KSB SE & Co. KGaA, having its registered office at 67227 Johann-Klein-Street 09, Frankenthal, Germany, held 7,772,975 (2018: 7,772,975) shares of the Company of Rs 10 each representing 58.89% of the issued, subscribed and paid up share capital of the Company. The Chief Executive Officer of KSB SE & Co. KGaA is Dr.-Ing. Stephan Timmermann and holding company is operational as at December 31, 2019

5.2.2 Shares issued for consideration other than cash were issued against property

5.3 There has been no movement in ordinary share capital issued subscribed and paid up during the year ended December 31, 2019

6. Revenue reserves

	2019 Rupees	2018 Rupees
General Reserve:		
Opening balance	1,580,600,000	1,348,600,000
Transfer from unappropriated profit	149,000,000	232,000,000
	1,729,600,000	1,580,600,000
Unappropriated profit	96,298,096	188,952,609
	1,825,898,096	1,769,552,609

7. Long Term Finance- Secured

Long term loan	7.1	250,000,000	375,000,000
Less: Current portion shown under current liabilities		(125,000,000)	(125,000,000)
		125,000,000	250,000,000

7.1 During the prior year ended December 31, 2016, the long term finance was obtained in the form of Diminishing Musharika from BankIslami for the purpose of expansion of foundry amounting to Rs 500 million. Under the arrangement, principal amount of Rs 500 million is repayable in 16 equal quarterly instalments beginning on February 16, 2018. Interest is payable quarterly in arrears at the rate of 3 months KIBOR plus 0.10 percent per annum. The average effective rate of markup charged during the year is 11.95% per annum (2018: 6.23% per annum). The amount is secured by way of exclusive charge over specific plant and machinery amounting to Rs 500 million. Amount of Rs 250 million have been repaid upto December 31, 2019.

	Note	2019 Rupees	2018 Rupees
8. Employees' retirement and other benefits			
These are composed of:			
Ex-gratia	8.1	31,603,291	31,602,113
Gratuity	8.2	22,477,333	35,360,142
Accumulated compensated absences	8.3	36,610,524	33,890,537
		90,691,148	100,852,792
8.1 Ex-gratia			
The amounts recognized in Statement of Financial Position is as follows:			
Present value of defined benefit obligation	8.1.1	31,603,291	31,602,113
Closing net liability		31,603,291	31,602,113
8.1.1 The movement in the Present Value of the Defined Benefit Obligation is as follows:			
Present value of defined benefit obligation as at start of the year		31,602,113	30,733,291
Current Service Cost		1,076,313	1,029,581
Interest cost		3,925,042	2,435,988
Benefits paid		(3,958,316)	(2,412,327)
Actuarial gain from changes in financial assumptions		(12,634)	-
Experience Adjustment		(1,029,227)	(184,420)
Present value of defined benefit obligation as at year end		31,603,291	31,602,113
The amounts recognized in the statement of profit or loss are as follows:			
Current service cost		1,076,313	1,029,581
Net Interest cost for the year		3,925,042	2,435,988
Total included in salaries, wages and amenities		5,001,355	3,465,569
The amounts recognized in the other comprehensive income are as follows:			
Actuarial gain from changes in financial assumptions		(12,634)	38,887
Experience adjustments		(1,029,227)	(223,305)
Total remeasurements chargeable in other comprehensive income		(1,041,861)	(184,418)
Present value of defined benefit obligation as at start of the year		31,602,113	30,733,291
Expense chargeable to P&L		5,001,355	3,465,569
Remeasurements chargeable in other comprehensive income		(1,041,861)	(184,420)
Benefits paid		(3,958,316)	(2,412,327)
Benefits payable transferred to short term liability		-	-
Present value of defined benefit obligation as at the end of year		31,603,291	31,602,113

8.1.2 Sensitivity analysis

Significant assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2019 Rupees	2018 Rupees
Total remeasurement chargeable to Other Comprehensive Income		
Actuarial (gain) / losses from changes in demographic assumptions	-	-
Actuarial (gain) / losses from changes in financial assumptions	(646,061)	1,548,443
Experience Adjustments	(10,070,444)	7,160,806
	(10,716,505)	8,709,249
Return on plan asset, excluding interest income	399,020	1,601,223
Total remeasurement chargeable to Other Comprehensive Income	(10,317,485)	10,310,472
8.2.2.1 Plan assets are comprised of as follows:		
Debt (Investments)	168,689,428	142,971,870
Balance at bank	6,046,433	9,928,704
	174,735,861	152,900,574

8.2.3 The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	Rupees				
	2019	2018	2017	2016	2015
As at December 31					
Present value of defined benefit obligation	197,213,194	188,260,714	155,380,686	129,492,307	117,811,077
Less:					
Fair value of plan assets	174,735,861	152,900,572	133,454,100	115,598,716	104,222,737
Deficit	22,477,333	35,360,142	21,926,586	13,893,591	13,588,340
Experience adjustment on obligation	5%	4%	4%	1%	3%
Experience adjustment on plan assets	0.23%	-1.00%	1.00%	-3.00%	1.00%

8.2.4 Sensitivity analysis gratuity

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase as disclosed in note 4.2.1. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

8.2.5 Risk exposure

Through its defined benefit gratuity scheme, the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in market yields on Government bonds - The discount rate used to compute the plan liabilities is based on the Government bond yields. A decrease in Government bond yields will increase the plan liabilities.

Inflation risk - The Company's gratuity obligation is linked to the salary of the members of the scheme. Therefore, increases in the salaries due to higher inflation will increase the plan liabilities.

Employee turnover - The plan obligations are to provide benefits for the period of employment of the members. Therefore, lower employee turnover will increase the plan liabilities.

Life expectancy - The plan obligations are to provide benefits for the period of employment of the members, so increases in life expectancy will result in an increase in plan liabilities.

Year end sensitivity analysis (\pm 100 bps) on defined benefit obligation

		Impact on defined benefit obligation		
		Change in Assumption	Increase in Assumption	Decrease in Assumption
		(Rupees in Thousands)		
			2019 Rupees	2018 Rupees
Discount Rate	1%		188,140	207,431
Salary Rate	1%		207,680	187,754
		Note		
8.3 Accumulated compensated absence				
The amounts recognized in Statement of Financial Position is as follows:				
Present value of defined benefit obligation	8.3.1		36,610,524	33,890,537
Closing net liability			36,610,524	33,890,537
8.3.1	The movement in the Present Value of the Defined Benefit Obligation is as follows:			
Present value of defined benefit obligation as at start of the year			33,890,537	29,404,514
Current Service Cost			949,687	945,125
Interest cost			4,307,011	2,387,325
Benefits paid			(2,769,568)	(934,490)
Actuarial (gain) / loss from changes in financial assumptions			(42,990)	103,757
Experience Adjustment			275,847	1,984,306
Present value of defined benefit obligation as at year end			36,610,524	33,890,537
The amounts recognized in the statement of profit or loss are as follows:				
Current service cost			949,687	945,125
Net Interest cost for the year			4,307,011	2,387,325
Actuarial (gain) / loss from changes in financial assumptions			(42,990)	103,757
Experience Adjustment			275,847	1,984,306
Total included in salaries, wages and amenities			5,489,555	5,420,513
Present value of defined benefit obligation as at start of the year			33,890,537	29,404,514
Expense chargeable to P&L			5,489,555	5,420,513
Benefits paid			(2,769,568)	(934,490)
Benefits payable transferred to short term liability			-	-
Present value of defined benefit obligation as at year end			36,610,524	33,890,537
8.3.2 Sensitivity Analysis				

Significant assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Year end sensitivity analysis (\pm 100 bps) on defined benefit obligation

	Impact on defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
	(Rupees in Thousands)		
Discount Rate	1%	34,345	39,182
Salary Rate	1%	39,182	34,306

8.3.3 Risk exposure

The risk exposure of the scheme is same as the risk exposure to the company

	Note	2019 Rupees	2018 Rupees
9. Deferred tax liabilities - net			
The liabilities for deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation		98,225,800	100,167,200
Accumulated compensated absences		(9,578,000)	(16,264,689)
Ex-gratia		(7,663,820)	(972,529)
Unused tax Losses		(23,099,664)	-
Net deferred tax liability at the year end		57,884,316	82,929,982
The gross movement in net deferred tax liability during the year is as follows:			
Opening Balance		82,929,982	27,417,689
(Charged) / Credited to statement of profit or loss		(25,294,324)	55,458,811
Credited to other comprehensive income		248,658	53,482
Closing balance		57,884,316	82,929,982

- 9.1** The Company has not recognized deferred tax asset amounting to Rs 44.85 million (2018: Nil) in respect of minimum tax under section 113 of the Income Tax Ordinance, 2001 as sufficient taxable profits may not be available to set off before these are set to expire in the year 2025.

10. Short term finances - secured

The credit facilities available to the Company from various commercial banks aggregate to Rs 3,370 million (2018: Rs 2,754 million). These include letters of guarantee, letters of credit, and cash finance facilities, which can be used interchangeably. Furthermore, guidance limit amounting to Rs 168.00 million (2018: 500.00 million) has also been obtained. Moreover, as at December 31, 2019 the Company has unutilized credit facilities amounting to Rs 1,258.03 million (2018: Rs 1,501.47).

Mark up on cash finance ranges from 3% to 15.3% (2018: 3% to 11.4%) per annum as per agreements with banks. While mark up on export finance is charged at SBP rate plus 1.00% (2018: 3.00%) per annum.

The credit facilities are secured by way of first pari passu charge over all present and future current assets of the Company amounting to Rs 3,747 million (2018: Rs 3,340 million) and the guidance limit is secured by way of ranking charge amounting to Rs 556.00 million (2018: 556.00 million).

	Note	2019 Rupees	2018 Rupees
11. Trade and other payables			
Trade creditors	11.1	619,436,790	777,759,223
Accrued liabilities	11.2	342,380,928	399,821,996
Advances from customers - other than projects		320,229,129	384,074,799
Workers' Profit Participation Fund	11.3	6,345,709	13,880,828
Workers' Welfare Fund	11.4	16,611,220	42,880,930
Rent received in advance		3,770,992	3,836,120
Accrued finance cost		35,889,890	16,156,828
Other liabilities		58,056,039	69,664,321
		<u>1,402,720,697</u>	<u>1,708,075,045</u>
11.1	Trade creditors include amount due to holding company of Rs 124.55 million (2018: Rs 181.13 million) and associated undertakings of Rs 61.33 million (2018: Rs 38.57 million).		
11.2	Accrued liabilities include amount due to holding company of Rs 31.06 million (2018: Rs 22.86 million) and associated undertakings of Rs 10.97 million (2018: Rs 18.38 million).		
11.3 Workers' Profit Participation Fund	Note	2019 Rupees	2018 Rupees
Balance at beginning of the year		13,880,828	29,317,240
Allocation for the year	31	6,279,016	13,506,788
Interest payable on funds utilized by the company		66,693	374,040
		<u>20,226,537</u>	<u>43,198,068</u>
Less: Amount paid during the year		(13,880,828)	(29,317,240)
Balance at the end of the year		<u>6,345,709</u>	<u>13,880,828</u>
11.4 Workers' Welfare Fund			
Balance at beginning of the year		42,880,930	37,748,351
Provision for the year	31	2,386,026	5,132,579
Less: Amount adjusted during the year		(28,655,736)	-
Balance at the end of the year		<u>16,611,220</u>	<u>42,880,930</u>
12. Contract Liabilities			
Opening contract liability		20,164,000	63,456,000
Revenue recognised that was included in the contract liability balance at the beginning of the period		11,677,572	43,292,000
Closing contract liability	12.1	<u>8,486,428</u>	<u>20,164,000</u>
12.1	This represents contract liability related to long term projects		
13. Due to provident fund			
Balance at beginning of the year		4,168,394	3,828,345
Contribution Due		53,307,967	49,405,648
Less: Amount paid during the year		(53,086,381)	(49,065,599)
Balance at the end of the year	13.1	<u>4,389,980</u>	<u>4,168,394</u>

	Note	2019 Rupees	2018 Rupees
13.1 Disclosure related to provident fund			
Size of the fund		242,126,111	230,509,221
Cost of investments made	13.2	191,000,000	180,000,000
Percentage of investments made		79%	78%
Fair value of investments		228,659,227	196,675,903

	2019 %	2018 %	2019 Rupees	2018 Rupees
13.2 Breakup of investments				
Defence Savings Certificates	5%	6%	10,000,000	10,000,000
Term Deposit Receipts	29%	94%	55,000,000	170,000,000
Mutual Funds	66%	0%	126,000,000	-
			191,000,000	180,000,000

13.3 The figures for 2019 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	Note	2019 Rupees	2018 Rupees
14. Provision for other liabilities & charges			
Bonus to employees	14.2	47,778,980	45,922,968
Sales incentive scheme	14.3	24,410,968	32,287,233
		72,189,948	78,210,201

14.1 Movement in provisions for other liabilities and charges during the year is as follows:

	Bonus to employees	Sales incentive scheme	Total
	Rupees	Rupees	Rupees
Balance as at January 1, 2019	45,922,968	32,287,233	78,210,201
Provisions made during the year	37,759,800	9,428,793	47,188,593
Less: payments adjustments during the year	(35,903,788)	(17,305,058)	(53,208,846)
Balance as at December 31, 2019	47,778,980	24,410,968	72,189,948

14.2 Bonus to employees

This provision represents bonus to unionized and management staff as approved by the Board of Directors.

14.3 Sales incentive scheme

The sales incentive is payable to staff in consideration of achieving specific target in a stipulated time period. All provisions as at December 31, 2019 are expected to be utilized in the next financial year.

15. Contingencies and commitments

15.1 Contingencies

15.1.1 The company has issued guarantees of Rs 853.94 million (2018: Rs 1,116.99 million) against the performance of various contracts.

15.1.2 The Finance Act, 2017 has amended Section 5A of the Income Tax Ordinance, 2001 and introduced tax on every public company retrospectively from Tax Year 2017 at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company, which distributes at least 40% of its after tax profits within six (6) months of the end of the tax year through cash or bonus shares.

The Board of Directors of the Company in their meeting dated March 21, 2017 proposed a final cash dividend of Rs 112.20 million (i.e. 29.71% of after tax profits) for the financial year ended December 31, 2016, approved by the shareholders of the Company in the Annual General Meeting held on April 25, 2017 prior to the aforementioned enactment, which is lower than the minimum distribution rate.

The Company has filed Constitutional Petition (CP) before Lahore High Court (LHC) during the year 2018, to challenge the vires of Section 5A of the Income Tax Ordinance, 2001 and management believes that it has meritorious grounds to file this writ petition and is confident of its outcome in the Company's favour. Accordingly, no provision has been made against the same in the financial statements.

15.1.3 During the prior year ended December 31, 2018, National Accountability Bureau (NAB) initiated an inquiry related to the project undertaken with Punjab Saaf Pani Company (PSPC) by the Company for supply of 116 filtration plants in year ended December 2015. The Company filed a writ petition in the Lahore High Court and furnished the required deposit of Rs 60 million till completion of further inquiry. The matter is pending adjudication at Accountability Court, Lahore. Management, in consultation with their legal advisor, is confident that no financial liability is expected in this regard. Consequently, no provision in this regard has been made in these financial statements.

15.1.4 The Deputy Commissioner Inland Revenue ('DCIR') has issued various orders relating to tax year 2015, 2016 and raised demands, including default surcharge aggregating to Rs 18.24 million against the Company under sections 161 of Income Tax Ordinance 2001 ('ITO 2001') on account of non-withholding of taxes while making certain payments. Being aggrieved the Company filed appeals with the Commissioner Inland Revenue Appeals. Appeal for the tax year 2015 and 2016 against the relevant orders is pending adjudication before Commissioner Inland Revenue Appeals. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

15.1.5 The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated April 30, 2012 in respect of tax year 2011, raised a demand of Rs 25.37 million on account of disallowance of certain expenditures and tax credit. Being aggrieved, the Company filed appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in Company's favour vide order dated November 8, 2012. Being aggrieved the Company filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR'), which was decided in Company's favour on February 19, 2019 and remanded back the amount of Rs 6.80 million. The remand back proceedings have not yet been initiated. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

15.2 Commitments

Letters of credit other than for capital expenditure approximately Rs 171.53 million (2018: Rs 135.54 million).

16. Property, plant and equipment	Rupees									
	Freehold land	Buildings on freehold land	Plant and machinery	Tools, jigs and attachments	Patterns	Other equipment	Furniture and fixtures	Office machines and appliances	Vehicles	Total
Net carrying value basis										
Period ended December 31, 2019										
Opening net book value (NBV)	1,372,520	208,508,230	697,981,832	6,935,443	35,413,784	117,313,608	12,055,637	24,293,524	134,097,877	1,237,972,455
Additions (at cost)	-	25,690,146	45,043,763	2,152,715	21,315,746	8,617,831	1,856,693	27,500	1,535,000	106,239,414
Disposals (at NBV)	-	-	-	-	-	-	-	-	(26,782,512)	(26,782,512)
Depreciation charge	-	(8,528,486)	(82,220,771)	(1,437,337)	(10,925,046)	(20,230,142)	(3,162,796)	(7,960,220)	(20,490,481)	(154,955,279)
Closing net book value (NBV)	1,372,520	225,669,890	660,804,824	7,650,821	45,804,484	105,701,317	10,749,534	16,360,804	88,359,884	1,162,474,078
Gross carrying value basis										
As at December 31, 2019										
Cost	1,372,520	282,886,506	993,808,842	59,539,947	157,742,176	232,463,735	38,145,982	101,852,702	150,624,348	2,018,436,758
Accumulated depreciation	-	(57,216,616)	(333,004,018)	(51,889,126)	(111,937,692)	(126,762,418)	(27,396,448)	(85,491,898)	(62,264,464)	(855,962,680)
Net book value (NBV)	1,372,520	225,669,890	660,804,824	7,650,821	45,804,484	105,701,317	10,749,534	16,360,804	88,359,884	1,162,474,078
Depreciation rate % per annum	-	3.33	6.67 - 10.00	10.00	16.67	12.50	12.50	20.00	25.00	
Net carrying value basis										
Year ended December 31, 2018										
Opening net book value (NBV)	1,372,520	91,140,956	123,282,878	8,446,909	36,278,702	58,210,945	14,927,383	19,296,619	131,099,523	484,056,435
Additions (at cost)	-	123,532,196	627,935,453	395,468	9,162,046	77,350,643	399,094	14,167,020	35,743,832	888,685,752
Disposals (at NBV)	-	-	-	-	-	-	-	-	(9,653,748)	(9,653,748)
Depreciation charge	-	(6,164,922)	(53,236,499)	(1,906,934)	(10,026,964)	(18,247,980)	(3,270,840)	(9,170,115)	(23,091,730)	(125,115,984)
Closing net book value (NBV)	1,372,520	208,508,230	697,981,832	6,935,443	35,413,784	117,313,608	12,055,637	24,293,524	134,097,877	1,237,972,455
Gross carrying value basis										
As at December 31, 2018										
Cost	1,372,520	257,196,361	948,765,079	57,387,235	136,426,429	223,845,885	36,308,990	102,878,419	194,715,860	1,958,896,778
Accumulated depreciation	-	(48,688,131)	(250,783,247)	(50,451,792)	(101,012,645)	(106,532,277)	(24,253,353)	(78,584,895)	(60,617,983)	(720,924,323)
Net book value (NBV)	1,372,520	208,508,230	697,981,832	6,935,443	35,413,784	117,313,608	12,055,637	24,293,524	134,097,877	1,237,972,455
Depreciation rate % per annum		3.33	6.67 - 10.00	10.00	16.67	12.50	12.50	20.00	25.00	

16.1 The cost of fully depreciated property, plant and equipment which are still in use as at December 31, 2019 is Rs 405.357 million (2018: Rs 419.42 million).

	Note	2019 Rupees	2018 Rupees
16.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	28	141,368,746	108,404,052
Distribution and marketing expenses	29	8,364,550	7,680,575
Administration expenses	30	5,221,983	9,031,357
		<u>154,955,279</u>	<u>125,115,984</u>

16.3 Freehold land and building on owned land represents 89,157 square meters of factory land situated at Hazara Road, Hassanabdal and 1,163 square meters of head office situated at 16/2 Sir Agha Khan Road, Lahore.

16.4 Disposal of certain items of property, plant and equipment

Year ended December 31, 2019		Rupees					
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(Loss) on disposal	Mode of disposal
Fixed assets sold having book value greater than Rs 500,000							
Yamaha Motor Cycle Honda CD 70	Imran Ali Company Employee Syed Tariq Rasheed	54,500	27,250	27,250	6,500	(20,750)	Company Policy
Yamaha Motor Cycle	Company Employee Khurram Shehzad	67,385	11,231	56,154	50,000	(6,154)	Company Policy
		54,500	27,250	27,250	8,100	(19,150)	Company Policy
Outsiders							
Honda Cd 70	Munir Masih Third party	69,465	34,733	34,732	17,000	(17,732)	Company Policy
FAW X-PV	Imran Ilyas Third party	908,150	454,075	454,075	426,000	(28,075)	Company Policy
Suzuki Cultus Vxr	Zohaib Khan Third Party	854,165	478,332	375,833	565,000	189,167	Company Policy
Fixed assets sold having book value greater than Rs 500,000							
Employees:							
Toyota Corolla GLI	Mudassar Ali	1,770,500	885,250	885,250	1,307,780	422,530	Company Policy
Suzuki Swift DLX	Kamil Masood	1,325,040	662,520	662,520	760,660	98,140	Company Policy
Toyota Corolla XLI	Saad bin Emaad	1,752,500	876,250	876,250	1,287,620	411,370	Company Policy
Toyota Corolla GLI	Attique Ahmed	1,770,500	885,250	885,250	1,307,780	422,530	Company Policy
Toyota Corolla GLI	Sher Nadeem	1,815,890	718,789	1,097,101	1,550,847	453,746	Company Policy
Toyota Corolla GLI Automatic	Khalid Yousfi	1,824,000	912,000	912,000	1,037,769	125,769	Company Policy
Toyota Corolla GLI	Khalid Yousfi	1,439,065	791,485	647,580	706,320	58,740	Company Policy
Suzuki Cultus	Tauseef Babar	1,066,601	533,301	533,300	507,500	(25,800)	Company Policy
Suzuki Swift 1328 CC	Najam Saqib	1,282,000	641,000	641,000	794,760	153,760	Company Policy
Honda City Aspire 1500 CC	Alam Syed	1,662,000	831,000	831,000	1,220,360	389,360	Company Policy
Honda City 1300CC	Hasan Bilal	1,549,865	774,932	774,933	1,052,360	277,427	Company Policy
Honda City Aspire 1300 CC	Ghulam Rasul	1,691,750	845,875	845,875	1,206,920	361,045	Company Policy
Toyota Corolla GLI 1600CC	Matraf Rasul	2,025,090	1,012,545	1,012,545	1,049,759	37,214	Company Policy
BMW SDRIVE 18i	Mamoon Riaz	4,820,233	2,304,674	2,515,559	2,515,559	-	Company Policy
Outsiders:							
FAW Car	Salman Aslam	1,093,810	546,904	546,906	555,000	8,094	Company Policy
Swift (DLX) 1300cc	Transfer to Karachi water and sewerage Board as Per BOQ	1,327,000	414,687	912,313	912,313	-	As per terms of contract
Cultus 1000cc	Transfer to Karachi water and sewerage Board as Per BOQ	1,129,000	341,052	787,948	787,948	-	As per terms of contract
Swift (DLX) 1300cc	Transfer to Karachi water and sewerage Board as Per BOQ	1,327,000	400,865	926,135	926,135	-	As per terms of contract
Swift (DLX) 1300cc	Transfer to Karachi water and sewerage Board as Per BOQ	1,327,000	400,865	926,135	926,135	-	As per terms of contract
Cultus 1000cc	Transfer to Karachi water and sewerage Board as Per BOQ	1,129,000	329,292	799,708	799,708	-	As per terms of contract
Cultus 1000cc	Transfer to Karachi water and sewerage Board as Per BOQ	1,129,000	329,292	799,708	799,708	-	As per terms of contract
Swift (DLX) 1300cc	Transfer to Karachi water and sewerage Board as Per BOQ	1,327,000	387,042	939,958	939,958	-	As per terms of contract
Toyota REVO 4x4	Transfer to Karachi water and sewerage Board as Per BOQ	4,225,000	1,232,292	2,992,708	2,992,708	-	As per terms of contract
Toyota Hiace 2500cc	Transfer to Karachi water and sewerage Board as Per BOQ	3,809,500	753,964	3,055,536	3,055,536	-	As per terms of contract
Other items sold having book value less than Rs 500,000							
		444,200	444,200	-	43,000	43,000	Company Policy
		<u>46,070,709</u>	<u>19,288,197</u>	<u>26,782,512</u>	<u>30,116,743</u>	<u>3,334,231</u>	

Year ended December 31, 2018		Rupees					
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(Loss) on disposal	Mode of disposal
Fixed assets sold having book value greater than Rs 500,000							
Mercedes Benz	Director/ Chief Executive Masud Akhtar	12,803,325	10,882,825	1,920,500	1,920,500	-	Company Policy
Employees:							
Suzuki Swift	Tahir Sarwer	1,282,000	641,000	641,000	760,660	119,660	Company Policy
Honda City	Syed Tariq Mehmood	1,559,700	779,850	779,850	1,027,220	247,370	Company Policy
Suzuki Swift	Saeed Hussain	1,282,000	641,000	641,000	760,660	119,660	Company Policy
Honda City	Adeel Ehsan	1,547,700	773,850	773,850	1,027,220	253,370	Company Policy
Honda City	Asim Nawab	1,547,850	773,925	773,925	758,200	(15,725)	Company Policy
Honda City	Umair Subzwari	1,522,000	761,000	761,000	1,029,460	268,460	Company Policy
Toyota Corolla	Adan Sultan	2,149,000	1,074,500	1,074,500	1,731,700	657,200	Company Policy
Suzuki Cultus	Irfan Bashir	1,071,740	535,870	535,870	517,000	(18,870)	Company Policy
Fixed assets sold having book value less than Rs 500,000							
Outsiders:							
FAW Van	Khawar Mahmood Butt	928,090	386,702	541,388	375,000	(166,388)	Tender
Suzuki Bolan	Muhammad Sohail Iqbal	540,564	275,689	264,875	430,000	165,125	Tender
FAW X-PV	Muhammad Amir	908,150	435,155	472,995	375,000	(97,995)	Tender
FAW X-PV	Muhammad Shakeel	908,150	435,155	472,995	380,000	(92,995)	Tender
Other items sold having book value less than Rs 500,000		227,700	227,700	-	35,462	35,462	Company Policy
Total		28,277,969	18,624,221	9,653,748	11,128,082	1,474,334	

Note

17. Investment property

Net carrying value basis

Year ended December 31, 2019

Opening net book value (NBV)	159,912
Additions (at cost)	-
Disposals (at NBV)	-
Depreciation charge	17.1 (159,912)
Closing net book value (NBV)	-

Gross Carrying value

As at December 31, 2019

Cost	4,400,000
Accumulated depreciation	(4,400,000)
Net book value (NBV)	-

Depreciation Rate % per annum

4.85%

Net carrying value basis

Year ended December 31, 2018

Opening net book value (NBV)	373,125
Additions (at cost)	-
Disposals (at NBV)	-
Depreciation charge	17.1 (213,213)
Closing net book value (NBV)	159,912

Gross Carrying value

As at December 31, 2018

Cost	4,400,000
Accumulated depreciation	(4,240,088)
Net book value (NBV)	159,912

Depreciation Rate % per annum

4.85%

17.1 Depreciation charge for the year has been allocated to administration expenses.

17.2 The fair value of investment property amounts to Rs 50.48 million (2018: Rs 62.63 million) as per valuation carried out by independent valuer at the reporting date.

	Note	Rupees
18. Intangible Assets		
Net carrying value basis		
Year ended December 31, 2019		
Opening net book value (NBV)		2,451,988
Additions (at cost)		19,112,946
Disposals (at NBV)		-
Amortisation charge	18.1	(3,913,885)
Closing net book value (NBV)		17,651,049
Gross carrying value basis		
As at December 31, 2019		
Cost		36,698,534
Accumulated amortisation		(19,047,485)
Net book value (NBV)		17,651,049
Amortization Rate % per annum		33.33
Net carrying value basis		
Year ended December 31, 2018		
Opening net book value (NBV)		1,792,745
Additions (at cost)		1,741,523
Disposals (at NBV)		-
Amortisation charge		(1,082,280)
Closing net book value (NBV)		2,451,988
Gross carrying value basis		
As at December 31, 2018		
Cost		17,585,588
Accumulated amortisation		(15,133,600)
Net book value (NBV)		2,451,988
Amortization Rate % per annum		33.33

18.1 The amortization charge for the year has been allocated as follows:

	Note	2019 Rupees	2018 Rupees
Cost of sales	28	-	188,407
Administration expenses	30	3,913,885	893,873
		3,913,885	1,082,280

18.2 The cost of fully amortised software which are still in use as at December 31, 2019 is Rs 13.848 million (2018: Rs 12.611 million).

	Note	2019 Rupees	2018 Rupees
19. Capital work in progress			
Advance for land		229,800	229,800
Building		-	11,464,012
Plant and machinery		6,669,000	4,598,356
Advance for vehicles		-	1,535,000
Others		9,972,233	11,384,647
		16,871,033	29,211,815
20. Long term loans and deposits			
Loans to employees - considered good			
Directors	20.1	83,302	1,083,310
Executives	20.1	2,210,120	4,399,733
Others		2,846,987	5,262,088
		5,140,409	10,745,131
Less: Receivable within one year	25	(3,020,864)	(5,240,771)
		2,119,545	5,504,360
Security deposits	20.2	67,136,568	68,809,140
		69,256,113	74,313,500

20.1 Reconciliation of the carrying amount of loans to:

	Director		Executives	
	2019	2018	2019	2018
	R u p e e s			
Balance as at January 1	1,083,310	2,083,318	4,399,733	3,421,161
Transfers to executives during the year	-	-	-	-
Disbursements during the year	-	-	-	3,000,000
Less: Repayments during the year	(1,000,008)	(1,000,008)	(2,189,613)	(2,021,428)
Balance as at December 31	83,302	1,083,310	2,210,120	4,399,733

20.1.1 These represent interest free loans to Executives and Director. Loan to Director, comprises of loan to Chief Financial Officer, which has been made in compliance with the requirements of the Companies Act 2017. Loans are given for house building, purchase of vehicles and for use in marriages of employees and their dependents. These are repayable in monthly installments over a period of 24 to 36 months (2018: 24 to 36 months).

20.1.2 The maximum aggregate amount due from Director and Executives at any time during the year was Rs 1.08 million (2018: Rs 1.08 million) and Rs 2.20 million (2018: Rs 4.40 million) respectively.

20.2 Security deposits includes Rs 60 million deposited with Lahore High Court on account of an inquiry initiated by the National Accountability Bureau (NAB) for supply of filtration plants to Punjab Saaf Pani Company (PSPC) by the Company, as detailed in note 15.1.3.

	Note	2019 Rupees	2018 Rupees
21. Stores, spares and loose tools			
Stores, spares and loose tools	21.1	73,912,997	112,574,493
		<u>73,912,997</u>	<u>112,574,493</u>
21.1	Most of the items of stores, spare parts and loose tools are of inter-changeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practical to distinguish stores from spares until their actual usage.		
22. Stock in trade	Note	2019 Rupees	2018 Rupees
Raw Materials	22.1	512,784,241	535,200,791
Work in process		277,209,525	399,058,980
Finished goods		56,752,430	74,126,489
		<u>846,746,196</u>	<u>1,008,386,260</u>
Less: Provision for obsolescence	22.2	(52,731,491)	(52,900,000)
		<u>794,014,705</u>	<u>955,486,260</u>
22.1	This includes stock in transit amounting to Rs 86.19 million (2018: Rs 37.10 million).		
22.2 Provision for obsolescence		2019 Rupees	2018 Rupees
Opening provision		52,900,000	34,500,000
Provision for the year		9,409,271	18,400,000
Less: reversal of specific provision		(9,577,780)	-
		<u>52,731,491</u>	<u>52,900,000</u>
Less: Stocks written-off		-	-
Closing provision		<u>52,731,491</u>	<u>52,900,000</u>
22.2.1	The reversal of provision pertains to those specific provision against items in Work In Process which have either been sold or consumed during the year.		
23. Trade debts	Note	2019 Rupees	2018 Rupees
Considered good			
Related parties - KSB group companies	23.1	274,853,129	244,370,200
Related parties - common directorship	23.1	419,891	13,725,860
Others	23.2	1,030,259,599	1,061,113,712
		<u>1,305,532,619</u>	<u>1,319,209,772</u>
Considered doubtful		129,490,357	119,927,555
		<u>1,435,022,976</u>	<u>1,439,137,327</u>
Less: Loss allowance	23.3	(129,490,357)	(119,927,555)
		<u>1,305,532,619</u>	<u>1,319,209,772</u>

23.1 Due from related parties - considered good	Note	2019 Rupees	2018 Rupees
Related parties - KSB group companies			
KSB Pumps Arabia Ltd. Saudi Arabia		87,168,749	13,488,526
KSB Singapore (Asia Pacific), Singapore		35,115,158	10,895,564
KSB Pumps And Valves (Pty), South Africa		32,316,218	9,415,123
KSB ITUR ,Spain		15,183,077	1,018,240
KSB Chile S.A.		14,625,892	8,797,380
KSB Polska Sp.		13,848,639	-
PT KSB Indonesia		11,822,135	408,954
KSB Service GmbH		10,929,028	-
KSB Finland Oy		10,719,150	-
KSB Inc.		8,932,625	-
KSB Service LLC		7,661,075	-
KSB Pumps Inc. Canada		7,059,104	10,015,200
KSB Pumps and valves Limited, Slovenia		5,549,723	57,103,749
KSB SE & Co. KGaA, Germany		4,542,900	31,303,481
KSB Service Belgium S.A./N.V.		3,413,972	-
KSB Italia Spa		3,372,393	-
KSB Malaysia Pumps & Valves Sdn Bhd		1,615,640	9,679,969
KSB Taiwan Co., Limited		467,603	-
PT. KSB Sales Indonesia		270,620	-
KSB Philippines, Inc.		203,681	11,232,325
KSB Australia		21,765	9,840,630
KSB Limited		13,982	-
DP Industries BV		-	208,650
KSB Bombas e Válvulas, SA, Portugal		-	-
KSB Brasil LTDA.		-	1,072,739
KSB France SAS		-	1,011,953
KSB Limited, United Kingdom		-	9,597,900
KSB Middle East FZE		-	-
KSB N.V. Belgium		-	893,983
KSB Norge AS		-	12,468,924
KSB Pompa, Armatür Sanayi, Turkey		-	5,143,918
KSB Pumps Co. Ltd. Thailand		-	26,442,910
KSB Pumpy Armatury s.r.o., concern, Czech Republic		-	-
KSB Sverige AB,Sweden		-	14,330,082
		274,853,129	244,370,200
Related parties - common directorship			
Security Papers Limited		419,891	468,243
Tri Pack Films Limited	23.1.1	-	373,057
Tetra Pak Pakistan Limited	23.1.1	-	29,061
Nestlé Pakistan Limited	23.1.1	-	9,955,048
Packages Limited	23.1.1	-	40,538
Packages Construction (Private) Limited	23.1.1	-	917,976
Bulleh Shah Packaging (Private) Limited	23.1.1	-	1,941,937
		419,891	13,725,860
		275,273,020	258,096,060

23.1.1 As at December 31, 2019, these companies are no longer related parties of the Company.

23.1.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs 327.42 million (2018: Rs 258.10 million). No interest has been charged on the amounts due from related parties.

23.2 These customers have no history of default.

23.3 Movement of loss allowance recognized in profit or loss during the year is as follows:

	Note	2019 Rupees	2018 Rupees
Opening as at January 1		119,927,555	99,419,052
Increase during the year		12,413,269	23,831,879
Less: Specific provision written back during the year	23.3.1	(2,850,467)	-
Less: Receivables written off during the year		-	(3,323,376)
Closing as at December 31		<u>129,490,357</u>	<u>119,927,555</u>

23.3.1 The write back of provision pertains to reversal of specific provision made in prior period.

23.3.2 For age analysis of trade debts refer to note 43.1.2.1.1.

24. Contract Assets	Note	2019 Rupees	2018 Rupees
Current contract assets		815,049,887	670,305,000
Less: Loss allowance	24.1	(1,041,794)	(1,815,156)
		<u>814,008,093</u>	<u>668,489,844</u>

24.1 The closing loss allowances for contract assets as at December 31, 2019 reconcile to the opening loss allowances as follows:

	2019 Rupees	2018 Rupees
Opening loss allowance as at January 1	1,815,156	-
(Decrease) / Increase in loss allowance recognised in profit or loss during the year	(773,362)	1,815,156
Closing loss allowance as at December 31	<u>1,041,794</u>	<u>1,815,156</u>

	Note	2019 Rupees	2018 Rupees
25. Advances, deposits, prepayments and other receivables			
Current portion of long term loans to employees	20	3,020,864	5,240,771
Short term advances to employees- considered good	25.1 & 25.2	11,589,642	14,393,954
Advances to suppliers and contractors			
Considered good		47,789,569	48,899,745
Considered doubtful		482,723	493,937
		48,272,292	49,393,682
Due from related parties	25.3	2,483,631	17,143,293
Trade deposits and prepayments			
Considered good		69,397,790	69,287,435
Considered doubtful		20,758,815	18,887,601
		90,156,605	88,175,036
Letters of credit, deposits and opening charges		13,433,454	35,116,481
Claims recoverable from Government			
Sales tax receivable		44,355,536	78,261,427
Income tax receivable		308,494,194	277,361,674
		352,849,730	355,623,101
Other receivables			
Considered good		3,773,377	4,653,508
Considered doubtful		275,000	275,000
		4,048,377	4,928,508
		525,854,595	570,014,826
Less: Provision for doubtful advances	25.4	(21,516,538)	(19,656,538)
		504,338,057	550,358,288

25.1 Short term advances to employees are given without any collateral security. These represent interest free advances to employees for the purpose of the site expenses, local travels and foreign tours . Advances to employees exceeding rupees one million includes advances to Mr. Khalid Yousifi Rs 2.99 million (2018: Rs 2.76 million) and Mr. Imran Siddique Rs 1.3 million (2018: Rs 1.55 million).

25.2 Short term advances to employees includes the amount due from executives of Rs 5.07 million (2018: Rs 7.10 million)..

	2019 Rupees	2018 Rupees
25.3 Due from related parties		
Holding company		
KSB SE & Co. KGaA, Germany	1,661,398	14,769,901
Associated undertakings		
KSB SAS, France	-	-
KSB Middle East FZE, UAE	673,769	1,071,974
KSB Brasil Ltd	-	792,756
DP Industries BV	148,464	508,662
	822,233	2,373,392
	2,483,631	17,143,293

	Note	2019 Rupees	2018 Rupees
25.4 Provision for doubtful amounts			
Opening balance		19,656,538	17,796,538
Provision made during the year		1,860,000	1,860,000
		21,516,538	19,656,538
Less: Amount written off against provision		-	-
Closing balance		21,516,538	19,656,538
26. Cash and bank balances			
At banks			
Saving accounts	26.1	169,902,794	140,049,580
Current accounts		11,510,286	29,756,746
		181,413,080	169,806,326
Cash in hand		1,191,159	1,635,410
		182,604,239	171,441,736

26.1 The balances in saving accounts bear mark-up which ranges from 8% to 11.25% (2018: 3.75% to 4.55%) per annum.

	Note	2019 Rupees	2018 Rupees
27. Sales			
Local Sales			
Product Sales		3,026,363,184	4,294,012,896
Project Sales		463,831,856	892,653,854
		3,490,195,040	5,186,666,750
Less: Sales tax		(451,325,997)	(675,683,453)
		3,038,869,043	4,510,983,297
Export sales	27.1	716,662,499	441,932,015
		3,755,531,542	4,952,915,312

27.1 Disaggregation of revenue

27.1.1 The details of export sales made in each foreign jurisdiction along with break up into significant categories are as follows:

	Export sales via confirmed LC		Export sales via contract		Total	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Foreign jurisdiction wise sales						
Asia	-	4,948,310	350,941,010	124,915,798	350,941,010	129,864,108
Australia	-	-	22,476,093	10,204,533	22,476,093	10,204,533
Africa	-	19,676,515	117,863,262	31,045,505	117,863,262	50,722,020
Europe	-	-	195,966,073	194,501,617	195,966,073	194,501,617
South America	-	-	18,756,159	10,385,997	18,756,159	10,385,997
North America	-	-	10,659,902	46,253,740	10,659,902	46,253,740
	-	24,624,825	716,662,499	417,307,190	716,662,499	441,932,015

27.1.2 The Company's net revenue disaggregated by pattern of revenue recognition is as follows:

	2019 Rupees	2018 Rupees
Revenue recognized at a point in time	3,309,179,291	4,136,085,032
Revenue recognized over time	446,352,251	816,830,280
	<u>3,755,531,542</u>	<u>4,952,915,312</u>
27.1.3 The Company's net revenue disaggregated by major product lines is as follows:		
Product Sales		
Pumps and valves	2,420,746,557	2,883,345,710
Castings	425,601,770	514,481,542
	<u>2,846,348,327</u>	<u>3,397,827,252</u>
Services	462,830,964	738,257,780
Project Sales	446,352,251	816,830,280
	<u>3,755,531,542</u>	<u>4,952,915,312</u>

27.2 The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at December 31, 2019:

	2020 Rupees	2021 Rupees	Total Rupees
Revenue expected to be recognised	325,000,000	50,000,000	375,000,000

	Note	2019 Rupees	2018 Rupees
28. Cost of sales			
Raw material consumed		1,443,632,288	2,557,777,323
Salaries, wages, amenities and staff welfare	28.2	315,193,850	355,690,488
Staff training		568,924	563,625
Electricity and power		141,235,488	138,630,153
Stores and spares consumed		306,391,120	297,122,281
Insurance		6,550,931	6,300,437
Travelling and conveyance		47,067,467	57,963,812
Postage and telephone		8,775,640	9,362,904
Printing and stationery		2,988,435	3,849,764
Rent, rates and taxes		4,057,419	7,170,011
Repairs and maintenance		13,217,055	33,463,141
Legal and professional charges		667,833	1,026,667
SAP user license fee & other IT services		36,657,315	23,273,543
Packing expenses		31,432,764	40,648,882
Outside services		359,663,064	517,862,054
Depreciation on property, plant and equipment	16.2	141,368,746	108,404,052
Amortization of intangible assets	18.1	-	188,407
Provision for obsolete stores & stocks		-	18,400,000
Warranties		16,561,225	26,680,344
Other expenses		6,735,387	12,357,978
		<u>2,882,764,951</u>	<u>4,216,735,866</u>
Opening work-in-process		399,058,980	465,442,200
Less: Closing work-in-process		(277,209,525)	(399,058,980)
Decrease in work in process		<u>121,849,455</u>	<u>66,383,220</u>
Cost of goods manufactured		<u>3,004,614,406</u>	<u>4,283,119,086</u>
Opening stock of finished goods		74,126,489	80,536,416
Less: Closing stock of finished goods		(56,752,430)	(74,126,489)
Decrease in finished goods		<u>17,374,059</u>	<u>6,409,927</u>
		<u>3,021,988,465</u>	<u>4,289,529,013</u>

28.1 Cost of sales includes contract cost amounting to Rs 381.07 million (2018: Rs 764.77 million).

28.2 Salaries, wages, amenities and staff welfare

Salaries, wages, amenities and staff welfare include following in respect of retirement and other benefits:

	2019 Rupees	2018 Rupees
Gratuity fund		
Current service cost	8,641,338	7,159,225
Interest cost	11,032,957	5,915,481
Expected return on plan assets	(9,579,558)	(5,329,639)
	<u>10,094,737</u>	<u>7,745,067</u>
Ex-gratia		
Current service cost	1,076,313	1,029,581
Interest cost	3,925,042	2,435,988
	<u>5,001,355</u>	<u>3,465,569</u>
Accumulated Compensated Absences		
Current service cost	446,353	421,526
Interest cost	2,024,295	1,064,747
Loss arising on present value of defined benefit obligation	109,443	931,276
	<u>2,580,091</u>	<u>2,417,549</u>

28.2.1 In addition to above, salaries, wages, amenities and staff welfare include Rs 11.57 million (2018: Rs 12.14 million) in respect of provident fund contribution by the Company.

	Note	2019 Rupees	2018 Rupees
29. Distribution and marketing expenses			
Salaries, wages, amenities and staff welfare	29.1	131,942,819	135,412,750
Staff training		437,356	369,008
Insurance		509,517	490,034
Travelling, conveyance and representations		17,046,177	24,114,838
Rent, rates and taxes		4,091,184	3,550,069
Publicity charges		1,581,362	5,097,939
Electricity, gas and water		2,932,442	2,743,528
Postage and telephone		3,732,023	4,015,682
Printing and stationery		838,972	1,186,883
Repairs and maintenance		1,566,805	1,566,287
Legal and professional charges		550,000	-
SAP user license fee and other IT services		15,773,370	10,014,433
Contract services		4,384,806	3,771,064
Forwarding expenses		38,181,099	42,975,409
Commission expenses		43,259,472	46,710,386
Loss allowance		13,499,903	27,507,034
Depreciation on property, plant and equipment	16.2	8,364,550	7,680,575
Royalty and trademark	29.2	16,463,406	22,527,154
Other expenses		3,622,204	2,530,019
		<u>308,777,467</u>	<u>342,263,092</u>

29.1 Salaries, wages, amenities and staff welfare

Salaries, wages, amenities and staff welfare include following in respect of retirement and other benefits:

	2019 Rupees	2018 Rupees
Gratuity fund		
Current service cost	4,596,456	3,905,015
Interest cost	5,868,594	3,226,612
Expected return on plan assets	(5,095,510)	(2,907,063)
	5,369,540	4,224,564
Accumulated compensated absences		
Current service cost	237,422	250,429
Interest cost	1,076,753	632,569
Loss arising on present value of defined benefit obligation	58,214	553,273
	1,372,389	1,436,271

29.1.1 In addition to above, salaries, wages, amenities and staff welfare include Rs 5.99 million (2018: Rs 5.24 million) in respect of provident fund contribution by the Company.

29.2 This represents amount due to KSB SE & Co. KGaA, having its registered office situated at 67227 Johann-Klein-Street 09, Frankenthal, Germany, on account of royalty and trademark fee. Under the trademark agreement KSB SE & Co. KGaA grants exclusive rights to the Company for use of its brand name with certain terms and conditions.

	Note	2019 Rupees	2018 Rupees
30. Administration expenses			
Salaries, wages, amenities and staff welfare	30.1	130,331,373	136,491,474
Staff training		-	341,046
Insurance		724,798	706,512
Travelling, conveyance and representations		18,469,870	18,841,418
Rent, rates and taxes		6,633,599	6,192,519
Electricity, gas and water		3,075,252	4,046,931
Postage and telephone		5,706,514	6,171,564
Printing and stationery		2,075,066	3,184,577
Repairs and maintenance		4,241,860	4,513,077
Contract services		9,052,813	10,007,633
Professional services	30.2	9,775,561	8,702,739
SAP user license fee and other IT services		10,662,799	6,769,757
Depreciation on property, plant and equipment	16.2	5,221,983	9,031,357
Depreciation on investment property	17.1	159,912	213,213
Amortization of Intangible assets	18.1	3,913,885	893,873
Other expenses		13,844,409	6,722,575
		223,889,694	222,830,265

30.1 Salaries, wages, amenities and staff welfare

Salaries, wages, amenities and staff welfare include following in respect of retirement and other benefits:

	2019 Rupees	2018 Rupees
Gratuity fund		
Current service cost	5,148,030	4,259,026
Interest cost	6,572,826	3,519,122
Expected return on plan assets	(5,706,971)	(3,170,605)
	6,013,885	4,607,543
Accumulated compensated absences		
Current service cost	265,912	273,150
Interest cost	1,205,963	689,959
Loss arising on present value of defined benefit obligation	65,200	603,469
	1,537,075	1,566,578

30.1.1 In addition to above, salaries, wages, amenities and staff welfare include Rs 6.52 million (2018: Rs 6.00 million) in respect of provident fund contribution by the Company.

30.2 Audit and taxation services

	2019 Rupees	2018 Rupees
The charges for professional services include audit and taxation services as following:		
Statutory audit	787,500	750,000
Review of half yearly financial statements	240,000	228,570
Audit of funds, consolidation forms and sundry services	652,050	585,525
Taxation services	1,297,555	1,647,530
Out of pocket expenses	400,000	400,000
	3,377,105	3,611,625

31. Other operating expenses

Workers' profit participation fund		6,279,016	13,506,788
Workers' welfare fund		2,386,026	5,132,579
Donations	31.1	255,000	355,000
		8,920,042	18,994,367

31.1 None of the directors and their spouses had any interest in any of the donees during the year.

	Note	2019 Rupees	2018 Rupees
32. Other operating income			
Income from financial assets			
Profit on bank accounts		5,875,737	6,667,959
Exchange Gain		39,797,933	45,575,755
		45,673,670	52,243,714
Income from non-financial assets			
Commission		15,913,130	21,035,792
Rental income on investment property		5,034,804	5,015,496
Sale of scrap		7,892,753	3,424,617
Profit on sale of property, plant and equipment		3,334,231	1,474,334
Recovery of trade debts previously written off		2,850,467	-
Provisions no longer considered necessary and unclaimed balances written back	32.1	-	33,447,567
Sundry income	32.2	14,798,825	110,023,000
		49,824,210	174,420,806
		95,497,880	226,664,520

32.1 During the prior year ended December 31, 2018, provision related to group service cost amounting to Rs 33.45 million recorded in prior years was reversed. There was an agreement between the Company and KSB SE & Co. KGaA, Germany related to the provision of sales, procurement, marketing, accounting, training and technical support services by the KSB SE & Co. KGaA. KSB SE & Co. KGaA advised all group companies to maintain a monthly provision for group service from the year 2014. However, the Company reversed the provision on the instructions received by KSB SE & Co. KGaA, as KSB SE & Co. KGaA, decided to derecognize the receivable from the Company.

32.2 During the prior year ended December 31, 2018, group service costs amounting to Rs 96.59 million payable KSB SE & Co. KGaA was reversed. There was an agreement between the Company and KSB SE & Co. KGaA, Germany related to the provision of sales, procurement, marketing, accounting, training and technical support services and KSB SE & Co. KGaA invoiced the Company. However, the Company reversed the payable on the instructions received by KSB SE & Co. KGaA, as KSB SE & Co. KGaA, decided to derecognize the receivable from the Company.

	Note	2019 Rupees	2018 Rupees
33. Finance cost			
Mark-up on short term finances - secured	33.1	126,315,530	37,026,061
Mark-up on long term loan - secured	33.2	36,052,509	8,223,193
Bank and other charges		8,103,757	8,843,413
Interest payable on funds utilized by the Company		66,693	374,040
		170,538,489	54,466,707

33.1 This represents mark-up paid under conventional mode of financing arrangements.

33.2 This represents mark-up paid under islamic mode of financing arrangements.

34. Taxation	Note	2019 Rupees	2018 Rupees
Current tax			
- Current year	34.1	54,382,719	-
- Prior year		-	-
		54,382,719	-
Deferred tax		(25,347,806)	55,458,811
		29,034,913	55,458,811

34.1 Section 5A of the Income Tax Ordinance, 2001 imposed income tax at the rate of 5% on accounting profit before tax where the Company derives profit for a tax year but does not distribute at least twenty percent of its after tax profits within six months of the end of the tax year through cash. The Company has distributed the requisite amount of dividend during the year through interim dividend and accordingly, no provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 has been recognized in these financial statements for the year ended December 31, 2019.

34.2 Relationship between tax expense and accounting profit	2019 %	2018 %
Applicable tax rate	29.00%	29.00%
Chargable to tax under different rates	(22.32%)	(11.11%)
Effect of deferred tax not recognized on Minimum Tax	38.99%	0.00%
Effect of utilization of Tax Credits	(0.62%)	(2.63%)
Effect of change in tax rate	0.00%	(1.47%)
Effect of previously unrecognized deferred tax asset	(19.76%)	0.00%
Effect of unrecognized tax losses	0.00%	8.99%
Not chargeable to tax	0.05%	0.03%
Others	(0.51%)	(0.74%)
Average effective tax rate charged to statement of profit or loss	24.83%	22.07%

35. Earnings per share	Note	2019	2018
35.1 Basic earnings per share			
Profit for the year		87,880,352	196,037,577
Weighted average number of ordinary shares	5.2	13,200,000	13,200,000
Earnings per share		6.66	14.85
35.2 Diluted earnings per share			

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2019 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2019 Rupees	2018 Rupees
36. Cash generated from operations			
Profit before taxation		116,915,265	251,496,388
Adjustment for:			
Depreciation of property, plant and equipment	16	154,955,279	125,115,984
Depreciation of Investment property	17	159,912	213,213
Amortization of Intangible assets	18	3,913,885	1,082,280
Provision for obsolescence of stock	22	-	18,400,000
Loss allowance	29	13,499,903	27,507,034
Reversal of loss allowance	32	(2,850,467)	-
Profit on sale of property, plant and equipment	32	(3,334,231)	(1,474,334)
Provision no longer consider necessary and unclaimed balances written back	32	-	(33,447,567)
Exchange gain	32	(39,797,933)	(45,575,755)
Finance cost	33	170,538,489	54,466,707
Provision for employees' retirement and other benefits	8	31,969,072	25,463,708
Working capital changes	36.1	(139,314,710)	(766,480,231)
		<u>306,654,464</u>	<u>(343,232,573)</u>
36.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		38,661,496	(34,995,672)
Stock-in-trade		161,471,555	(20,857,583)
Trade debts		59,191,414	(158,276,560)
Contract asset		(144,744,887)	(177,533,844)
Advances, deposits, prepayments and other receivables		75,292,751	17,666,937
		189,872,329	(373,996,722)
Increase / (decrease) in current liabilities:			
Trade and other payables		(311,710,800)	(352,709,922)
Contract liability		(11,677,572)	(43,292,000)
Due to provident fund		221,586	340,049
Provisions for other liabilities and charges		(6,020,253)	3,178,364
		(329,187,039)	(392,483,509)
		<u>(139,314,710)</u>	<u>(766,480,231)</u>
37. Cash and cash equivalents			
Short term finances - secured	10	(1,086,456,479)	(841,760,397)
Cash and bank balances	26	182,604,239	171,441,736
		<u>(903,852,240)</u>	<u>(670,318,661)</u>

38. Plant capacity and production

Capacity		Actual production	
2019	2018	2019	2018
6,000	6,000	3,239	3,422

38.1 The variance of actual production from capacity is due to product mix.

39. Operating segments

39.1 These financial statements have been prepared on the basis of a single reportable segment.

39.2 All non-current assets of the Company as at December 31, 2019 are located in Pakistan.

40. Reconciliation of liabilities arising from financing activities

	December 31, 2018	Cash flows	Non-Cash Changes			December 31, 2019
			Acquisition	Foreign Exchange Movement	Fair Value Changes	
Long term finances - secured	250,000,000	(125,000,000)	-	-	-	125,000,000
Current portion of long term finances- secured	125,000,000	-	-	-	-	125,000,000
Short term finances - secured	841,760,397	244,696,082	-	-	-	1,086,456,479
	<u>1,216,760,397</u>	<u>119,696,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,336,456,479</u>

	December 31, 2017	Cash flows	Non-Cash Changes			December 31, 2018
			Acquisition	Foreign Exchange Movement	Fair Value Changes	
Long term finances - secured	304,033,268	(54,033,268)	-	-	-	250,000,000
Current portion of long term finances- secured	101,344,422	23,655,578	-	-	-	125,000,000
Short term finances - secured	167,870,289	673,890,108	-	-	-	841,760,397
	<u>573,247,979</u>	<u>643,512,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,216,760,397</u>

41. Related party transactions

Related parties comprise of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Amounts due from and to related parties are shown under respective notes to the financial statements. Amounts of assets sold during the year are mentioned in note 16.4. Amounts due from directors and key management personnel are shown under trade debts and remuneration of directors and key management personnel is disclosed in note 42. Other significant transactions with related parties are as follows:

41.1 Transactions with related parties

Relationship with the Company	Nature of Transactions	Note	2019 Rupees	2018 Rupees
Holding Company	Sale of products		58,810,140	68,669,659
	Purchase of products		295,187,230	596,721,515
	Commission income		8,636,912	5,261,827
	Royalty and Trademark		16,463,406	22,527,154
	SAP user fee		63,093,485	40,057,733
	Dividend Paid		23,318,925	93,431,160
Associated Companies	Sale of products		630,861,693	299,417,656
	Purchase of products		134,196,142	123,594,908
	Commission income		7,276,218	15,773,965
	Commission expense		38,346,110	34,124,635
Staff retirement benefits	Expense charged in respect of Ex-gratia scheme	8.1	5,001,355	3,465,569
	Gratuity fund	8.2	21,478,162	16,577,626
	Accumulated compensated absences	8.3	5,489,555	5,420,513
	Provident fund		24,092,948	21,751,591

41.2 Related parties incorporated outside Pakistan

Information about the related parties incorporated outside Pakistan with whom the Company had entered into transactions during the year is as follows:

41.2.1 Associated Companies

Name of Company	Country of incorporation	Basis of Association	Aggregate percentage of shareholding
KSB SE & Co. KGaA	Germany	Holding Company	58.89%
KSB Pumps And Valves Ltd.	Slovenia	Common Control	Nil
KSB Pumps Inc.	Canada	Common Control	Nil
KSB Singapore (Asia Pacific) Pte Ltd	Singapore	Common Control	Nil
KSB Pumps Co. Ltd.	Thailand	Common Control	Nil
KSB Pumps And Valves (Pty) Ltd.	South Africa	Common Control	Nil
KSB Pumps Arabia Ltd.	Saudi Arabia	Common Control	Nil
KSB Norge AS	Norway	Common Control	Nil
KSB Italia S.P.A.	Italy	Common Control	Nil
KSB Philippines, Inc.	Philippines	Common Control	Nil
KSB Sverige Ab	Sweden	Common Control	Nil
KSB Australia Pty Ltd	Australia	Common Control	Nil
KSB Malaysia Pumps & Valves Sdn Bhd	Malaysia	Common Control	Nil
KSB Chile S.A.	Chile	Common Control	Nil
KSB Limited	United Kingdom	Common Control	Nil
KSB-Pompa, Armatür Sanayi	Turkey	Common Control	Nil
KSB Service Gmbh	Germany	Common Control	Nil
KSB Pompy I Armatúra Sp. z o.o	Poland	Common Control	Nil
Pt. KSB Indonesia	Indonesia	Common Control	Nil
KSB Colombia SAS	Colombia	Common Control	Nil
KSB Itur Spain Sa	Spain	Common Control	Nil
KSB SAS	France	Common Control	Nil
N.V. KSB Belgium S.A.	Belgium	Common Control	Nil
KSB De Mexico, S.A. De C.V.	Mexico	Common Control	Nil
KSB Bombas E Válvulas, Sa	Portugal	Common Control	Nil
KSB-Pumpy+Armaturny s.r.o., Koncern	Czech Republic	Common Control	Nil
KSB Taiwan Co., Ltd.	Taiwan	Common Control	Nil
KSB, Inc. - Western Division	United States of America	Common Control	Nil
KSB Middle East FZE	United Arab Emirates	Common Control	Nil
KSB New Zealand Limited	New Zealand	Common Control	Nil
KSB Bombas Hidraulicas S.A.	Brazil	Common Control	Nil
KSB Shanghai Pump Co., Ltd	China	Common Control	Nil
Dalian KSB Amr'I	China	Common Control	Nil
KSB Valves (Changzhou) Co.,Ltd.	China	Common Control	Nil
KSB BV	Netherlands	Common Control	Nil
KSB Service LLC	United Arab Emirates	Common Control	Nil
KSB Service Belgium S.A./N.V.	Belgium	Common Control	Nil

Name of Company	Country of incorporation	Basis of Association	Aggregate percentage of shareholding
KSB Finland Oy	Finland	Common Control	Nil
KSB Hungary Kft.	Hungary	Common Control	Nil
KSB Limited	Hongkong (SAR)	Common Control	Nil
KSB Vietnam Co., Ltd.	Vietnam	Common Control	Nil
OOO "KSB"	Russian Fed.	Common Control	Nil
PT. KSB Sales Indonesia	Indonesia	Common Control	Nil
DP PUMPS, Holland	Holland	Common Control	Nil
KSB Compania Sudamrecina Bunious Aires	Argentina	Common Control	Nil

42. Remuneration of Chief Executive, Directors and Executives

42.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working Director and Executives of the Company is as follows:

	Rupees					
	Chief Executive		Director		Executives	
	2019	2018	2019	2018	2019	2018
Short term employee benefits						
Managerial remuneration	29,400,792	27,222,960	7,144,080	6,666,576	100,728,072	96,536,796
Bonus / sales incentive	7,350,198	7,200,000	1,786,020	1,666,644	27,584,035	27,549,640
House rent	4,218,792	3,924,462	3,214,836	2,999,964	45,327,632	43,441,558
Utilities	1,362,158	886,005	714,408	666,660	10,072,807	9,653,680
Medical and other expenses	1,396,448	1,060,197	320,000	320,000	12,697,991	12,949,404
	43,728,388	40,293,624	13,179,344	12,319,844	196,410,537	190,131,078
Post employment benefits						
Contribution to gratuity and provident fund	5,390,145	4,382,136	1,309,748	1,163,561	18,466,813	17,236,076
	49,118,533	44,675,760	14,489,092	13,483,405	214,877,350	207,367,154
Number of persons	1	1	1	1	50	47

42.2 The Company also provides its Chief Executive, Directors and some of its Executives, company maintained cars and mobile phones. In addition, the house rent of Chief Executive mentioned above includes furnished accommodation and 2 Executives have also been provided with rent free accommodation

42.3 Bonus paid to the Chief Executive Officer and Director during the year ended December 31, 2019 amounts to Rs 6.42 million (2018: Rs 8.40 million) and Rs 1.01 million (2018: Rs 1.65 million) respectively. Bonus for the year ended December 31, 2019 is subject to approval of Board of Directors.

42.4 Aggregate amount charged in the financial statements for the year for fee to 4 directors (2018: 4 directors) was Rs 0.70 million (2018: Rs 0.65 million).

43. Financial risk management

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the finance department under the principles and policies approved by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

43.1.1 Market risk

43.1.1.1 Foreign exchange risk

Foreign exchange 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.

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.

	2019	2018
Advances deposits and other receivables - AED	-	-
Trade debts - AED	-	-
Trade and other payables - AED	18,629	-
Net exposure - AED	18,629	-
Advances deposits and other receivables - AUD	-	-
Trade debts - AUD	200	-
Trade and other payables - AUD	(1,772)	-
Net exposure - AUD	(1,572)	-
Advances deposits and other receivables - USD	3,371	4,794
Trade debts - USD	1,590,568	1,759,383
Trade and other payables - USD	(777,036)	(1,135,491)
Net exposure - USD	816,903	628,686
Advances deposits and other receivables - EURO	11,261	1,509
Trade debts - EURO	161,092	13,751
Trade and other payables - EURO	(527,436)	(832,656)
Net exposure - EURO	(355,083)	(817,396)
Advances deposits and other receivables - GBP	-	-
Trade debts - GBP	-	-
Trade and other payables - GBP	(606)	(1,131)
Net exposure - GBP	(606)	(1,131)
The following significant exchange rates were applied during the year:		
Rupees per AED		
Average rate	41.07	33.31
Reporting date rate	42.15	37.73

If the functional currency, at reporting date, had fluctuated by 5% against the AED with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.039 million (2018: Rs 0) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

	2019 Rupees	2018 Rupees
The following significant exchange rates were applied during the year:		
Rupees per AUD		
Average rate	104.98	90.84
Reporting date rate	108.46	97.84

If the functional currency, at reporting date, had fluctuated by 5% against the AUD with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.01 million (2018: Rs 0) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

	2019 Rupees	2018 Rupees
Rupees per USD		
Average rate	151.06	122.18
Reporting date rate	154.85	138.60

If the functional currency, at reporting date, had fluctuated by 5% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs 6.23 million (2018: Rs 4.36 million) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

	2019 Rupees	2018 Rupees
Rupees per EURO		
Average rate	168.98	144.14
Reporting date rate	173.48	159.10

If the functional currency, at reporting date, had fluctuated by 5% against the Euro with all other variables held constant, the impact on profit before taxation for the year would have been Rs 3.08 million (2018: Rs 6.5 million) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

	2019 Rupees	2018 Rupees
Rupees per GBP		
Average rate	192.67	162.47
Reporting date rate	203.30	176.51

If the functional currency, at reporting date, had fluctuated by 5% against the GBP with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.01 million (2018: Rs 0.01 million) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

43.1.1.2 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

43.1.1.3 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest-bearing assets. The Company's interest rate risk arises from long term and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the statement of financial position date, the interest rate profile of the Company's interest bearing financial instruments was:

	2019 Rupees	2018 Rupees
Fixed rate instruments		
Term Deposit Receipt	20,000,000	-
Floating rate instruments		
Financial assets		
Bank balances - savings	169,902,794	140,049,580
Financial liabilities		
Short term finances - secured	1,086,456,479	841,760,397
Long term finances - secured	125,000,000	250,000,000
Current portion of long term finances- secured	125,000,000	125,000,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore, a change in interest rate at the statement of financial position date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for floating rate instruments

If interest rates on short term running finance, at the year end date, fluctuate by 1% higher/ lower with all other variables held constant, profit before taxation for the year would have been Rs 10.86 million (2018: Rs 8.42 million) higher/ lower, mainly as a result of higher/ lower interest expense on floating rate borrowings.

43.1.2 Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation. Credit risk arises from deposits with banks and other receivables.

Credit risk of the Company arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

45.1.2.1 Exposure to credit risk

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

	2019 Rupees	2018 Rupees
Long term loans and deposits	69,256,113	74,313,500
Trade debts	1,435,022,976	1,439,137,327
Contract assets	814,008,093	668,489,844
Loans, advances, deposits, prepayments and other receivables	117,105,313	156,867,399
Balances with banks	181,413,080	169,806,326
	<u>2,616,805,575</u>	<u>2,508,614,396</u>

43.12.1.1 The age of trade debts and related impairment loss at statement of financial position date is as follows:

	2019 Rupees	2018 Rupees
The age of trade debts		
Trade debts - government		
Neither past due nor impaired	19,303,640	67,504,615
Past due but not impaired		
0 - 30 days	70,668,095	67,616,364
31 - 90 days	100,027,641	113,193,866
91 - 180 days	78,906,224	56,933,894
181 - 360 days	107,115,110	180,660,049
over 360 days	266,619,129	237,727,153
	623,336,198	656,131,326
Past due and impaired		
0 - 30 days	2,411,631	1,442,045
31 - 90 days	3,413,560	2,398,881
91 - 180 days	2,692,767	915,083
181 - 360 days	3,655,428	2,500,261
over 360 days	95,671,728	89,215,805
	107,845,113	96,472,075
Trade debts - other than government		
Neither past due nor impaired	260,215,986	245,762,841
Past due but not impaired		
0 - 30 days	100,801,857	96,892,948
31 - 90 days	78,369,797	143,587,912
91 - 180 days	129,794,010	25,300,928
181 - 360 days	40,044,849	27,914,469
over 360 days	53,666,281	56,114,733
	402,676,794	349,810,990
Past due and impaired		
0 - 30 days	196,721	131,746
31 - 90 days	222,758	305,786
91 - 180 days	129,659	153,237
181 - 360 days	200,503	500,261
over 360 days	20,895,604	22,364,450
	21,645,245	23,455,480

The loss allowance for trade debts other than Government and exclusive of related parties was determined as follows:

	2019			2018		
	Expected loss rate	Gross carrying amount	Loss Allowance	Expected loss rate	Gross carrying amount	Loss Allowance
	%	Rupees	Rupees	%	Rupees	Rupees
Impaired and not overdue	0.00%	111,140,159	-	0.00%	108,415,758	-
0 - 30 days	0.23%	83,803,484	196,721	0.29%	45,415,993	131,746
31 - 90 days	0.31%	71,597,035	222,758	0.36%	84,512,993	305,786
91 - 180 days	0.43%	30,117,328	129,659	0.82%	18,793,966	153,237
181 - 360 days	0.53%	38,099,631	200,503	1.76%	28,367,981	500,261
over 360 days	28.05%	74,507,368	20,895,604	29.65%	75,426,561	22,364,450
		<u>409,265,005</u>	<u>21,645,245</u>		<u>360,933,252</u>	<u>23,455,480</u>

The loss allowance for trade debts pertaining to related parties was determined as follows:

	2019	2018
	Gross carrying amount Rupees	Gross carrying amount Rupees
Impaired and not overdue	149,075,827	137,347,083
0 - 30 days	17,195,094	51,608,701
31 - 90 days	6,995,521	59,380,705
91 - 180 days	99,806,341	6,660,199
181 - 360 days	2,145,721	46,749
over 360 days	54,516	3,052,623
	<u>275,273,020</u>	<u>258,096,060</u>

The related party balances have not been impaired since these are expected to be recovered within next six months and there is no history of default against these balances

43.12.12 The age of loans, advances, deposits, prepayments and other receivables and related impairment loss at statement of financial position date is as follows:

	2019 Rupees	2018 Rupees
The age of loans, advances, deposits, prepayments and other receivables		
- Not past due	-	-
- Past due 0 - 180 days	34,034,507	68,844,297
- Past due 181 - 365 days	19,359,641	35,508,238
- Over 365 days	63,711,165	52,514,864
	<u>117,105,313</u>	<u>156,867,399</u>
The age of impairment loss against loans, advances, deposits, prepayments and other receivables		
- Not past due	-	-
- Past due 0 - 180 days	-	-
- Past due 181 - 365 days	-	-
- Over 365 days	21,516,538	19,162,601
	<u>21,516,538</u>	<u>19,162,601</u>

The age of loans, advances, deposits, prepayments and other receivables from related parties

	2019 Rupees	2018 Rupees
- Not past due	-	-
- Past due 0 - 180 days	2,318,057	14,126,760
- Past due 181 - 365 days	-	347,326
- Over 365 days	165,574	1,643,708
	<u>2,483,631</u>	<u>16,117,794</u>

43.1.2.1.3 The age of long term loans and deposits at statement of financial position date is as follows:

The age of long term loans and deposits

	2019	2018
- Not past due	-	-
- Past due 0 - 180 days	563,253	60,556,077
- Past due 181 - 365 days	1,102,802	890,401
- Over 365 days	67,590,058	12,867,022
	<u>69,256,113</u>	<u>74,313,500</u>

43.1.2.1.4 The age of contract assets at statement of financial position date is as follows:

The age of contract assets

- Not past due	814,008,093	668,489,844
- Past due 0 - 180 days	-	-
- Past due 181 - 365 days	-	-
- Over 365 days	-	-
	<u>814,008,093</u>	<u>668,489,844</u>

The loss allowance for contract assets was determined as follows:

	2019			2018		
	Expected loss rate %	Gross carrying amount Rupees	Loss Allowance Rupees	Expected loss rate %	Gross carrying amount Rupees	Loss Allowance Rupees
Impaired and not overdue	0.13%	815,049,887	1,041,794	0.27%	670,305,000	1,815,156
0 - 30 days	-	-	-	-	-	-
31 - 90 days	-	-	-	-	-	-
91 - 180 days	-	-	-	-	-	-
181 - 360 days	-	-	-	-	-	-
over 360 days	-	-	-	-	-	-
		<u>815,049,887</u>	<u>1,041,794</u>		<u>670,305,000</u>	<u>1,815,156</u>

43.1.2.1.5 Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2019	2018
	Short term	Long term		Rupees	Rupees
National Bank of Pakistan	A1+	AAA	JCR-VIS	8,912,285	1,491,399
MCB Bank Limited	A1+	AAA	PACRA	39,236,022	108,025,601
United Bank Limited	A1+	AAA	JCR-VIS	290,978	267,480
Deutsche Bank A.G.	A-2	BBB+	Fitch	744,634	2,063,090
Habib Bank Limited	A1+	AAA	JCR-VIS	110,807,981	46,046,058
BankIslami Limited	A1	A+	PACRA	21,421,180	11,912,698
				181,413,080	169,806,326

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

43.1.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities; monitoring statement of financial position liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

The following are the contractual maturities of financial liabilities as at December 31, 2019.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Trade and other payables	1,402,720,697	1,402,720,697	-	-
Unclaimed dividends	9,945,891	9,945,891	-	-
Short term finances - secured	1,086,456,479	1,086,456,479	-	-
Long term finances - secured	250,000,000	125,000,000	125,000,000	-
	<u>2,749,123,067</u>	<u>2,624,123,067</u>	<u>125,000,000</u>	<u>-</u>

The following are the contractual maturities of financial liabilities as at December 31, 2018.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Trade and other payables	1,077,974,296	1,077,974,296	-	-
Unclaimed dividends	8,956,643	8,956,643	-	-
Short term finances - secured	841,760,397	841,760,397	-	-
Long term finances - secured	375,000,000	125,000,000	250,000,000	-
	<u>2,303,691,336</u>	<u>2,053,691,336</u>	<u>250,000,000</u>	<u>-</u>

43.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

43.3 Financial instruments by categories

	Financial assets at amortised cost	
	2019 Rupees	2018 Rupees
Assets as per statement of financial position		
Long term loans and deposits	69,256,113	74,313,500
Trade debts	1,305,532,619	1,319,209,772
Loans, advances, deposits, prepayments and other receivables	525,854,595	570,014,826
Cash and bank balances	182,604,239	171,441,736
	<u>2,083,247,566</u>	<u>2,134,979,834</u>
	Financial liabilities at amortised cost	
	2019 Rupees	2018 Rupees
Liabilities as per statement of financial position		
Trade and other payables	1,431,376,433	1,077,974,296
Unclaimed dividends	9,945,891	8,956,643
Short term finances - secured	1,086,456,479	841,760,397
Long term finances-secured	250,000,000	375,000,000
	<u>2,777,778,803</u>	<u>2,303,691,336</u>

43.4 Fair Value Estimation

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.

Specific valuation techniques used to value financial instruments include:

- 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 or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following is categorization of assets if disclosed at fair value at December 31, 2019:

Assets:	Level 1	Level 2	Level 3	Total
Investment property	-	-	50,480,650	50,480,650

Valuation techniques used to measure level 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on December 31, 2019 by an independent professionally qualified valuer, M/s Tahseen Fazal Associates (Private) Limited. Level 3 fair value of building on freehold land has been determined using a depreciated market replacement cost approach whereby, replacement cost of the building has been adjusted using a suitable depreciation rate to arrive at present replacement cost. Any changes in fair values and/ or movement in the same is analysed at each reporting date.

Valuation inputs and relationship to fair value

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See paragraph above for the valuation techniques adopted.

Description	Fair Value at		Significant Unobservable inputs	Quantitative Data / Range and relationship to the fair value
	Dec 31, 2019	Dec 31, 2018		
Investment Property	50,480,650	62,628,400	Suitable depreciation rate to arrive at depreciated market replacement cost.	The market value has been determined by using a unit rate of ground floor based on depreciated cost of construction. Higher the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

43.5 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves.

The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus debt. Debt is calculated as total loans and borrowings including any finance cost thereon. Capital signifies equity as shown in the statement of financial position.

	2019 Rupees	2018 Rupees
Short term finances - secured	1,086,456,479	841,760,397
Long term loan - secured	125,000,000	250,000,000
Current maturity of long term finances - secured	125,000,000	125,000,000
Accrued finance cost	35,889,890	16,156,828
Total Debt	1,372,346,369	1,232,917,225
Share Capital	132,000,000	132,000,000
Reserves	1,825,898,096	1,769,552,609
Total Equity	1,957,898,096	1,901,552,609
Total equity and liability	3,330,244,465	3,134,469,834
Gearing ratio	41%	39%

44. Number of employees

	2019	2018
Number of employees as at December 31, 2019	295	327
Average number of employees during the year	302	329

45. Subsequent events

- 45.1** The Board of Directors have proposed a final dividend for the year ended December 31, 2019 of Rs 1.5 (2018: Rs 3) per share, amounting to Rs 19.8 million (2018: Rs 39.6 million) at their meeting held on March 17, 2020 for approval of members at the Annual General Meeting to be held on May 21, 2020. The board has also proposed transfer of Rs 76 million (2018: Rs 149 million) to general reserve from unappropriated profit. These financial statements do not reflect this dividend payable and other appropriations.

46. Date of authorization for issue

These financial statements were authorized for issue on March 17, 2020 by the Board of Directors of the Company.

47. General

47.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. During the year the following major reclassifications were made:

Reclassification from component		Reclassification to component		2019 Rupees	2018 Rupees
Description	Note	Description	Note		
Cost of sales - Royalty and trademark	28	Distribution and marketing expenses - Royalty and trademark	29	16,463,406	22,527,154
Distribution and marketing expenses - Warranties	29	Cost of sales - Warranties	28	16,561,225	26,680,344


Chairman


Chief Executive


Chief Financial Officer

Dividend Bank Mandate Form

I, Mr. / Mrs. / Ms. _____ s/o., w/o., d/o. _____ hereby authorize KSB Pumps Company Limited to directly credit cash dividend declared by it, if any, in the below mentioned bank account:

i) Personal Information

Name of Shareholder	
Folio No./CDC Participant ID A/c. No.	
CNIC No.	
Passport No. (in case of foreign shareholder)	
Land Line Phone Number	
Cell Number	
Email Address	

ii) Bank Details

Title of Bank Account	
Name of Bank	
Branch Name & Address	
IBAN	
ISO Country Code	
IBAN Check Digit	
BBAN	
Bank Identifier	
Account Number	
SEPA Member	

Signature of shareholder

Date _____

**Financial
Statements**

Form of Proxy

The Company Secretary
KSB Pumps Company Limited
16/2, Sir Aga Khan Road
Lahore-54000.

I/We _____

of _____

in the district of _____ being member(s) of KSB

Pumps Co. Ltd. and holder(s) of _____ shares as per Share Register folio number
(No. of Shares)

_____ and/or CDC participant I.D. _____ and sub account No.

_____ hereby appoint _____

of _____ as my/our proxy

to attend and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Thursday, the 21st May, 2020 at 11.00 a.m. at Registered Office 16/2 Sir Aga Khan Road, Lahore, and at any adjournment thereof.

Signed this _____ day _____ of 2020.

Witness

Signature _____

Name _____

Address _____

NIC No. _____

Signature on
Rs 5.00
Revenue
Stamp

Note:

A member of the company entitled to vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxy must be received at the Registered Office of the company not later than 48 hours before the time of meeting.

The instrument appointing a Proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a corporation, its common seal should be affixed to the instrument.

The shareholders of the company through Central Depository Company or their proxies are requested to bring with them copies of their Computerized National Identity Card or Passport along with the participant’s ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

پراکسی فارم

کینی سیکریٹری
کے ایس بی پیمپس کینی لیشیڈ

16/2 سر آغا خان روڈ، لاہور-54000

میں مسٹی اسماء _____ ساکن _____

ضلع _____ بحیثیت ممبر کے ایس بی پیمپس کینی لیشیڈ، حاصل _____ شیر ذبیطابق شیر ذبیطر فولیو نمبر _____

اور ایسی ڈی سی پارٹنر شپ آئی ڈی نمبر _____ اور سب لکائنٹ نمبر _____

مسٹی اسماء _____ ساکن _____

کو بلور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کینی کے سالانہ اجلاس عام جو تاریخ 21 مئی 2020ء بروز جمعرات منعقد ہو رہا ہے میں اور اس کے کسی ملتی شدہ اجلاس میں ووٹ ڈالے۔

تاریخ _____

دستخط _____

نام _____

ایڈریس _____

شناختی کارڈ نمبر _____

پانچ روپے کی
ریونیو سٹیپ پ
دستخط

نوٹ:

- 1 ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم بینک سے کم از کم 48 گھنٹے قبل کینی کے رجسٹرڈ آفس میں موصول ہو جانا چاہئے۔
- 2 اگر کوئی ممبر ایکٹ سے زائد پراکسی نامزد کرتا ہے اور ایکٹ سے زیادہ انشورمنٹس آف پراکسی جمع کرتا ہے تو اس صورت میں تمام انشورمنٹ آف پراکسی کا عدم قرار دینے جائیں گے۔
- 3 سی ڈی سی لکائنٹ رکھنے والے پراکسی اور سب لکائنٹ کے حوالہ سے
حیث برآں درج ذیل شرائط کو پورا کیا جائے گا۔
(i) پراکسی فارم کے حوالہ سالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ انکوپل بھی فراہم کی جائیں۔
(ii) پراکسی کے حاصل کو اپنا اصل شناختی کارڈ یا پاسپورٹ بینک کے وقت دکھانا ہوگا۔
(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد اور آف ایگریمنٹ مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کینی میں پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

چیئر مین کی جائزہ رپورٹ

میں 31 دسمبر 2019 کو ختم ہونے والے سال کی اپنی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

پاکستان میں سال 2019 اقتصادی سست روی کا سال رہا۔ پبلک سیکٹر میں قابل ذکر کاروبار کے حامل KSB پاکستان کو گزشتہ دو سالوں سے چیلنجنگ حالات کا مقابلہ کرنا پڑا ہے۔ سال 2019 میں، کمپنی نے 3.76 بلین پاکستانی روپے سیل اور 117 بلین پاکستانی روپے کا منافع قبل از ٹیکس کمایا ہے۔ سال 2020 کا مجموعی نقطہ نظر سال 2019 سے مختلف نہیں ہے تاہم، KSB پاکستان کی مصنوعات لاکھوں سے متعلقہ چندا جیسے کاروباری مواقع متوقع ہیں۔

KSB پاکستان واٹر اینڈ سیوریج، صنعت، تعمیرات اور توانائی کے شعبوں میں وسیع پیمانے پر مصنوعات کی پیش کش کرتا ہے، جس کا مقصد کمپنی کی پائیدار ترقی کو یقینی بنانا اور ساتھ ہی ساتھ بڑے پیمانے پر معاشرے میں اپنی معاشرتی ذمہ داری کو پورا کرنے کے ساتھ ملک کی معاشی اور بنیادی ڈھانچے کی ترقی میں بھی حصہ ڈالنا ہے۔ پروڈکٹ پورٹ فولیو میں انٹراکٹو ٹیکنالوجی (ایو ایف) اور ریورس اوسوسس (آر او) پائپس کے ذریعے اعلیٰ معیار کے پمپ، پمپ کا سٹنگ، آٹوموٹو پارٹس، اور پینے کے صاف پانی کے حل شامل ہیں، اور اسے براؤن ٹائم KSB پمپ سروس کے تحت کام کرنے والی ورلڈ کلاس سروس سہولت سے محفوظ بنایا گیا ہے۔

KSB پاکستان کے بورڈ میں اعلیٰ تعلیم یافتہ پیشہ ور افراد شامل ہیں، جن میں کاروبار، مالیات، قانونی، انتظامی اور انتظامات کے شعبوں میں بھرپور تجربہ اور ضروری مہارتیں موجود ہیں۔ بورڈ کے ارکان اپنے فرائض صحیح فرائض سے پوری طرح واقف ہیں اور قابل عمل قواعد و معیارات کے مطابق انتظامیہ کو اسٹریٹجک سمت اور رہنمائی کے اپنے کردار کو مؤثر طریقے سے انجام دیتے ہیں۔ بورڈ کے چیئر ارکان نے ڈائریکٹرز ٹریننگ پروگرام کے تحت سند حاصل کی ہوئی ہے۔ مزید یہ کہ، KSB پاکستان کے بورڈ میں پیشہ ور خاتون ڈائریکٹرز بھی ہے جو نمایاں ویلیو ایڈیشن کے ساتھ اجلاسوں اور مباحثوں میں فعال طور پر حصہ لیتی ہیں۔

بورڈ اپنے حصص یافتگان کے بہترین مفاد میں اپنی جہت کمپنی KSB SE & Co. KGaA کی تیار کردہ عالمی حکمت عملی اور گائیڈ لائنز کے مطابق پائیدار ترقی کے حصول کی طرف تنظیم کی رہنمائی کرتا ہے۔ سال 2019 میں بورڈ اور اس کی کمیٹیوں کے باقاعدہ اجلاس منعقد ہوئے ہیں۔ بورڈ کے سامنے رکھے جانے والے معاملات پر مناسب غور و خوض کے بعد رضامندی دی گئی۔ فیصلہ سازی کے عمل کو زیادہ مؤثر اور شفاف بنانے کے لئے آزاد ڈائریکٹرز کی رائے کو یقینی سمجھا گیا ہے۔ سالانہ بورڈ پر فارمنس اوپلیو ایٹیشن میکانزم کے مطابق بورڈ کے تمام ممبران کی کارکردگی اچھائی تسلیم کر رہی۔

میں بورڈ کے تمام ممبران اور دیگر اسٹیک ہولڈرز کی حمایت اور اعتماد کے لئے ان کا شکریہ ادا کرتا ہوں۔



Sven Baumgarten

چیئر مین

لاہور: 17 مارچ 2020ء

تحصص داران کے لئے ڈائریکٹرز کی رپورٹ

KSB پیس کمپنی لیٹڈ کے نظماً 31 دسمبر 2019 کو ختم ہونے والے سال کی سالانہ رپورٹ مع نظر ثانی شدہ مالیاتی کھاتوں اور اس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادیات مالی معیشت

عالمی شرح نمو کو سال 2020 میں بڑھا کر 3.3 فیصد اور 2021 میں 3.4 فیصد کر دیا گیا ہے، جبکہ سال 2019 میں شرح نمو کا تخمینہ 2.9 فیصد لگایا گیا جبکہ گزشتہ پیش گوئی کے مطابق بالترتیب 0.1 فیصد اور 0.2 فیصد بالترتیب کی ہوئی ہے۔ یہ کی بنیادی طور پر مجموعی اقتصادی کارکردگی میں کمی کی وجہ سے ملکی سوسائٹی کے مسائل کے باعث ہوئی ہے۔ بھارتی ہوئی منڈیوں میں معاشی سرگرمی کی ترقی پریشانیوں، خاص طور پر ہندوستان نے مجموعی طور پر نمو کے اعزاز کو مستحق کیا ہے۔ دیگر بھارتی ہوئی مارکیٹیں، جیسے کہ ترکی، روس، اور برازیل میں بھی وبا کا روبرو رہنے کی توقع ہے۔ سال 2020 کے لئے اعلیٰ درجے کی معیشتوں کا نقطہ نظر مستحکم ہے۔ جاپانی معیشت متوقع امکانات سے بہتر ہے۔ کچھ مثبت علامات امریکہ اور چین کے تجارتی تعلقات، بریگزٹ ڈیل کے خدشات کی کمی اور عالمی سطح پر تجارتی اور تجارتی سرگرمیوں میں بہتری کے بارے میں بڑھتے ہوئے مارکیٹ کے جذبات سے متعلق اچھی خبریں ہیں۔ البتہ سب سے بڑی خطرہ خطرناک ہیں، جس میں عالمی تجارتی کشیدگی میں دوبارہ اضافے کا امکان، بڑی معیشتوں میں تیزی سے مندی اور بھارتی ہوئی مارکیٹ اور ترقی پزیر معیشتوں (EMDEs) میں مالی رکاوٹیں شامل ہیں۔ مالی ترقی اور حالیہ کورونا وائرس کے پھیلنے کی وجہ سے چینی معیشت واپس آ رہی ہے۔ اگرچہ ورلڈ ہیلتھ آرگنائزیشن (WHO) نے اس کو ابھی واپس جاری کا اعلان نہیں کیا ہے لیکن پھر بھی یہ بین الاقوامی ہیلتھ کی صورت حال بن گئی ہے کیونکہ یہ وائرس دوسرے ممالک میں بھی پھیل رہا ہے۔ نتیجے کے طور پر، تیل کی طلب کم ہوگی، خاص طور پر چین میں، تیل کی قیمتوں میں کمی کا باعث بنی ہے۔ آگے بڑھتے ہوئے، اس کے پیمانے اور وسعت پر مبنی وائرس کی بدولت عالمی ترقی کو خطرہ لاحق ہے۔ مشرق وسطیٰ اور افریقہ کے خطے میں، 2020 میں مجموعی طور پر 2.8 فیصد کی شرح نمو متوقع ہے جو 2021 میں 3.2 فیصد تک بڑھ جائے گی، جس کی زیادہ تر وجہ سپلائی کی کمی کو بڑھانے کے OPEC+ فیصلے کے بعد سعودی عرب میں تیل کی قیمتیں کم ہونے اور ایران پر امریکی پابندیوں اور دیگر جغرافیائی سیاسی تناؤ ہے۔ اس صورتحال میں استحکام کی علامات کو تقویت دینے اور عالمی ترقی کو مضبوط بنانے کے لئے کثیرالجہتی تعاون اور متوازن پالیسیوں کی اشد ضرورت ہے۔

پاکستان کی معیشت

سال 2019 پاکستان کی معیشت کا ایک اور پریشان کن سال رہا ہے۔ اسٹیٹ بینک آف پاکستان (SBP) کی سخت مالیاتی پالیسی کے ساتھ حکومت کی طرف سے اٹھائے گئے مالی استحکام کے اقدامات پر غور کرتے ہوئے رواں مالی سال کے لئے جی ڈی پی نمو نقطہ نظر کو کم کر کے 2.4 فیصد کر دیا گیا ہے۔ افراط زر جنوری میں سب سے زیادہ 14.6 فیصد کی سطح پر پہنچ گیا ہے اور اس سال میں 12 سے 13 فیصد کی پیش گوئی ہے۔ خوراک سے متعلق حالیہ بحران نے پہلے ہی اعلیٰ افراط زر سے مہم میں بدامنی پیدا کر دی ہے۔ اسٹیٹ بینک نے اپنی حالیہ مالیاتی پالیسی میں پالیسی کی شرح 13.25 فیصد برقرار رکھی ہے۔ اس کے علاوہ، ایڈمنسٹریٹو قیمتوں، بجلی اور گیس کے نرخ میں اضافے دیگر کاروباری سرگرمیوں کے لئے نقصان دہ ہیں۔ اگرچہ مالیاتی حالات کو آسانی فراہم کرنے کے لئے فی الحال پالیسی کی شرح میں کمی پر غور کیا جا رہا ہے لیکن پاکستان میں پرکشش شرح سود کی وجہ سے غیر ملکی سرمایہ کاری میں اضافے کے پیش نظر، یہ زیادہ کم نہیں ہوگی۔ گزشتہ چند مہینوں کے دوران پاکستانی روپیہ مستحکم ہوا ہے اور سال 2020 میں بھی سبکی رحمان برقرار رہنے کی توقع ہے۔ اندرونی تریبل زر میں اضافہ اور درآمدات میں کمی واقع ہونے کی وجہ سے کرنٹ اکاؤنٹ خسارہ کم ہوا ہے، تاہم، برآمدات صرف برائے نام ہی بڑھ سکی ہیں۔ طلب میں کمی کے نتیجے میں، تیل کی قیمتیں کم ہو رہی ہیں، جس کا ملک کے درآمدی بل پر مثبت اثر پڑنے کا امکان ہے۔ سرکاری شعبے میں سرگرمیاں بحال ہونے کے اشارے مل رہے ہیں اور ترقیاتی فنڈز کو جاری کرنے کا عمل شروع کیا گیا ہے، حالانکہ اس کی رفتار کم ہے۔ آئی ایم ایف کے تقاضوں کی تکمیل کی طرف اٹھائے گئے پاکستان کے اقدامات پر غور کرتے ہوئے، موڈیز اور سٹینڈارڈ اینڈ پوئرس نے پاکستان کی درجہ بندی کو منفی سے مستحکم تک اپ ڈیٹ کیا ہے جو ترقی کے امکانات کی ایک مثبت علامت ہے تاہم یہ ایک سست عمل لگتا ہے اور سال 2021 میں جی ڈی پی کی نمو میں قدرے اضافے کی توقع ہے۔ پاکستان نے فیٹن کی شرائط پر اطمینان بخش پیشرفت کی ہے، ابھی بھی ملکی ضروریات کو پورا کرنے کے لئے جون تک کاموقع دیا گیا ہے تاکہ پاکستان گریٹ سٹ سے باہر ہو سکے۔ چین میں ڈال کو روٹا وائرس پھیلنے سے بنیادی ڈھانچے اور سی پیک سے متعلق سرگرمی میں ہونے والی پیشرفت میں بھی تاخیر ہوگی۔ خطے میں جغرافیائی سیاسی مسائل کی وجہ سے پاکستان میں معاشی کارکردگی مزید سست ہو سکتی ہے۔ سلامتی اور امن و امان کی صورتحال تسلی بخش رہی اور حالیہ امریکہ-افغان امن معاہدے کے پاکستان پر مزید مثبت اثرات مرتب ہوں گے تاہم داخلی سیاسی صورتحال استحکام کے لئے سب سے بڑا خطرہ ہے۔ موجودہ صورتحال کے پیش نظر، ملک میں معاشی سرگرمی تیز کرنے کے لئے مجموعی طور پر مثبت جذبات پیدا کرنے، سرکاری شعبے کے اخراجات بڑھانے اور مالی حالات میں ترقی لانے کے لئے فوری اقدامات اٹھائے جانے چاہئیں۔

کمپنی مالیاتی نتائج

سرکاری شعبے میں سست روی نے KSB پاکستان کے کاروبار کو بُری طرح متاثر کیا تاہم کمپنی نے بیرونی دباؤ برداشت کیا اور سرکاری شعبے کے آرڈر میں بہت زیادہ کمی کے باوجود مثبت نتائج حاصل کئے۔ شرح سود میں اضافے اور سرکاری شعبے کی طرف سے فنڈز جاری نہ ہونے کے باعث مالی لاگت ٹیکس سے قبل منافع میں کمی کی ایک بڑی وجہ ہے۔ پچھلے سال 2018 کے مقابلہ میں ذیل میں کلیدی اشارے جو صورتحال کی عکاسی کرتے ہیں:

سال 2019 روپے، 000 میں	سال 2018 روپے، 000 میں	
3,755,532	4,952,915	فروخت
733,543	663,386	مجموعی منافع
287,454	305,963	قبل از انٹرسٹ اور ٹیکس منافع
116,915	251,496	قبل از ٹیکس منافع
87,880	196,038	سالانہ منافع (تقصان)
6.66	14.85	فی شیئر آمدنی (EPS)

فروخت

پانی اور گندے پانی کے شعبے میں KSB پاکستان کے کاروبار کو نقصان پہنچانے والے سرکاری شعبے میں معاشی سست روی اور ترقیاتی اخراجات میں زبردستی کی پر غور کرتے ہوئے سال 2019 ایک اور چیلنجنگ سال رہا۔ سال 2019 کی آخری سہ ماہی میں بلوچستان میں پانی کی فراہمی کا ایک بڑا منصوبہ محفوظ کیا گیا۔ انڈسٹری سیکٹور میں ایک معقول نمو ہوئی ہے اور یہ شعبہ ہمارے آرڈر میں اہم کردار ادا کر رہا ہے۔ آئل ڈپوزیٹس میں بنیادی ڈھانچے کی ترقی کے نتیجے میں آئل مارکیٹنگ کمپنیوں کے ذریعہ اہم کاروبار میں اضافہ ہوا ہے۔ برآمدی حجم میں نمایاں طور پر سال 2019 میں اضافہ ہوا جو جزوی طور پر مقامی مارکیٹ سے کاروباری رہاؤ میں کمی کے اثرات کی خلاف ورزی کرتا ہے۔ جاری تنوع اور مصنوعات کی توسیع کے پروگرام کی وجہ سے، فائبر ٹیکسٹائل اور API میٹس میں ہماری مصنوعات متعلقہ شعبے میں مارکیٹ شیئر بڑھانے کے لئے مستقل تعاون کر رہی ہیں۔ ہماری مارکیٹنگ کی حکمت عملی کے تحت، ہمارے گراں قدر صارفین کی کاروباری ضروریات کو مؤثر طریقے سے پورا کرنے اور کاروبار کی نئی راہیں تلاش کرنے کے لئے، ہم باقاعدگی سے مارکیٹنگ مہم چلاتے رہتے ہیں۔

منصوبے

KSB پاکستان منصوبوں نے پیپک سیکٹر سے واٹر اینڈ ویسٹ واٹر ٹیکنیکل میں کوئی فنڈنگ نہ ہونے کی بنیادی وجہ سے آرڈر اینڈنگ میں نمودار کرنے کے قابل نہیں تھے۔ بڑے آرڈر میں سے واسالا ہور میں واٹر فلٹریشن پلانٹس سے اور مختلف معاہدوں پر جاری O&M سروسز ہیں۔ ملتان میں شاہ شمس منصوبہ، حکومت کی طرف سے فنڈز کی عدم دستیابی کی وجہ سے طویل وقفے کے بعد مکمل کیا گیا اور کامیابی سے واسالا ملتان کے سپر ڈکریٹا گیا ہے۔ کراچی کے قریب ڈھانچے منصوبے (100MGD صلاحیت کے پمپ اسٹیشن کی تعمیر کے لئے کراچی واٹر اینڈ سیوریج بورڈ کے ذریعہ اجارہ) پر KSB پاکستان کے زیر قیادت کنسورشیم پرائیویزیشن کا کام جاری ہے۔ یہ منصوبہ جنوری 2020 میں کامیابی کے ساتھ شروع کیا گیا اور آزمائشی مدت کی تکمیل کے بعد اسے صارف کے حوالے کر دیا جائے گا۔ مؤثر اور کم خرچ طریقے سے کاموں کی تکمیل ہماری توجہ کا مرکز ہے۔

پیداوار

KSB پاکستان آپریشنز، مستقبل کے امکانات اور مارکیٹ کی طلب کو مد نظر رکھتے ہوئے، مجموعی عوامل کو بہتر بنانے کے لئے اپنی کوششیں جاری رکھے ہوئے ہیں۔ آسٹریلیا کے نئی پینٹ شاپ نے آڈٹ بہتر کارکردگی کے ساتھ بڑے سائز کے بیس B بیس اور SNW/PNW بیس کی آسٹریلیا اور نیٹنگ سہولت کے لئے بہتر بنایا گیا ہے۔ نئی پینٹ شاپ نہ

صرف استعداد کو بڑھانے کے لئے بلکہ ہماری مصنوعات کے معیار کو بڑھانے خصوصاً برآمدی کاروبار میں اضافے کے لئے بنائی گئی ہے۔ اس اقدام کی بدولت HSE کے حالات میں بھی بہتری آئی ہے کیونکہ نئی پینٹ شاپ میں مناسب فیمو جمع کرنے کا نظام اور پینٹنگ کے لئے مخصوص علاقہ ہے۔ اہلکاروں کی مہارت کی بہتری اور بدلے ہوئے تقاضوں اور جدید معیار کے مطابق عمل میں مستقل بہتری زیادہ توجہ کا مرکز بنی رہی۔

فاؤڈری

KSB پاکستان نے اپنے نئے تعمیر کردہ ایک جدید خود کار سٹے فاؤڈری پلانٹ کے آپریشن میں سرمایہ کاری کے ذریعے سال 2018 میں ایک اہم سگب میل حاصل کیا ہے۔ سال 2019 میں، وینڈر مولڈنگ پرائس کو نیوٹیک ریت پہنچانے والے نظام کے ساتھ لگاؤ تاریت مکر اور فلڈنگ یونٹ کی تنصیب کے ذریعے مکمل کیا گیا ہے۔ سانچوں کے گینٹنگ فیڈنگ سسٹم کو بہتر بنانے کے لئے میکسا سوٹ ویز کا سٹنگ کی پیداوار کو بڑھانے اور گینٹنگ فیڈنگ سے متعلقہ ریٹیکٹس کو کنٹرول کرنے کے لئے حاصل کیا گیا۔ یہ اقدامات ہمیں آٹوموٹیو شعبے میں مقامی اور بین الاقوامی پیس مارکیٹ میں مستقل کے مواقع محفوظ اور کاروباری نمو کو یقینی بنانے کے لئے KSB پاکستان کی مصنوعات کے معیار، رفتار اور پیداواری صلاحیت بہتر بنانے کے قابل بنائیں گے۔

معاشی ست روی کے بعد سال 2019 میں پیداواری سرگرمی مجموعی طور پر ست روی، تاہم برآمد سے وابستہ پیداوار صحت مند رہی۔ سال 2020 کی پہلی ششماہی بھی پیداواری سرگرمیوں کے سلسلے میں کمزور دکھائی دیتی ہے تاہم ہم مارکیٹ میں اضافے کے مطابق بہتر کارکردگی اور معیار کے ساتھ زیادہ پائرس بنانے کے لئے تیار ہیں۔

معیار، ماحولیات، پیشہ ورانہ صحت اور تحفظ

"KSB پاکستان اول درجہ کی مصنوعات اور شامہ ارضیات فراہم کر کے اپنے صارفین کے پائرس کو محفوظ، زیادہ بجلی کی بچت اور لاگت کم کرنے کی کوشش کرتی ہے۔ اس عہد کے ساتھ ہم محکمہ منافع بخش مواد اور اپنے مستقبل کی کامیاب صورت حاصل کرنے کی کوشش کرتے ہیں۔

KSB پیس کینی لینڈ انٹیکریٹڈ منجمنٹ سسٹم (ISO 9001, ISO 14001 & ISO 45001) کے لئے سرٹیفیکیشن ہے۔ پائرس اور ڈولپمنٹ اور نئے معیارات کی ضروریات کو پورا کرنے کے لئے ہماری مصنوعات، ماحول اور خدشات کا باقاعدگی سے جائزہ اور اپ گریڈ کیا جاتا ہے۔

KSB پاکستان نے صحت، تحفظ اور ماحول کی پائیداری کے قومی اور بین الاقوامی معیارات کی مکمل تعمیل کی اپنی پالیسیوں کی تسلیم میں قومی سالانہ ماحولیات ایوارڈ جیتنے کی روایت کو برقرار رکھا ہے۔

KSB سپریم سروس

سال 2019 خاص طور پر سرکاری شعبے سے کاروباری اظہار و فحش شعبے میں ست روی کی بدولت سپریم سروس کے لئے مشکل سال رہا۔ ریورس انجینئرنگ کاموں میں نمایاں نمو کے ساتھ انٹرنیٹ سیکٹور میں صحت مند آرڈر حاصل کئے ہیں۔ جس سے ہم پیپل سیکٹر میں کم سرگرمی کے اثرات کو جزوی کم کرنے کے قابل ہوئے اور مجموعی محصولات میں کمی کے باوجود مثبت نتائج کے ساتھ سال 2019 کا اختتام ہوا۔

انسانی وسائل

KSB پاکستان کے انسانی وسائل کو یہ یقینی بنانے کے لئے یکجا کیا گیا ہے کہ آرگنائزیشن مشکل معاشی اور کاروباری حالات کے چیلنجز کے لئے تیار ہے۔ ہمارا ہیومن ریورس مسابقتی برتری کو برقرار رکھنے اور مشکل اوقات پر قابو پانے کے لئے ہمارا سب سے بڑا اثاثہ ہے۔

2019 انٹرنیٹ سیکٹور کا ایک سال رہا ہے جس سے کاروبار کے بدلے ہوئے تقاضوں کو پورا کرنے کے لئے ٹیموں کے مابین ہم آہنگی کو تقویت بخشنے کے کاروباری عمل کو دوبارہ انجینئرنگ کے ساتھ ساتھ تنظیم کے ڈیزائن پر بھی از سر نو توجہ مرکوز کرنا پڑی ہے۔ ٹیم ورک، ہمارے لوگوں کے عزم اور صلاحیتیں ہمارے اعتماد کو چیلنجنگ صورتحال سے نمٹنے کے لئے تقویت دیتی ہیں۔

HR (تعلیم، ترقی، ملازمت کی فلاح و بہبود اور مشغولیت بنیادی توجہ کا مرکز رہی۔ KSB پاکستان ورک ڈے (کمزور ڈیپنڈنٹس) کو کامیابی کے ساتھ نافذ کرنے والے KSB گروپ میں پہلی کمپنیوں میں شامل ہوئی، یہ ہمارا ایچ آر پریس میں تبدیلی اور بہتر ایمپلائی تجربہ ہوگا۔ KSB پاکستان کو KSB واکس (ملازمت کی انجمنٹ)

سروے میں اپنے خطے کا بہترین درجہ دیا گیا جو KSB گلوبل آرگنائزیشن میں منعقد کیا گیا تھا۔
KSB نے اپنی معاشرتی ذمہ داری کے اقدامات کے حصہ کے طور پر تعلیمی اداروں کے ساتھ شراکت جاری رکھی، جہاں سرکاری اور نجی تعلیمی اداروں کے طلباء کو انٹرنشپ، منصوبوں اور مصدقہ دوروں کے مواقع فراہم کیے گئے۔
ہم ان چیلنجوں سے بخوبی واقف ہیں جو ہمارے مستقبل کو بہتر بنانے کا اور جس کا مقصد تمام اسٹیک ہولڈرز کے لئے دلچسپ تعلیق کے ذریعہ مقابلہ میں سب سے آگے رہنے والی ایک مصروف اور آگے کی سوچ رکھنے والی ورک فورس تیار کرنا ہے۔

کاروباری انتظامات کے خطرات

"خطرات ممکنہ مستقبل کی پیش رفت یا واقعات جو نقصان دہ یا نقصان کا باعث بن سکتے ہیں۔ وہ مستقبل کے واقعات کی غیر یقینی صورتحال کا نتیجہ ہیں۔ ایک خطرہ کی وجہ سے ہر حالت، صورت حال یا ریاست جو اس وقت اور یا مستقبل میں، اپنے کاروباری مقاصد کو حاصل کرنے اور اپنے کاموں کو مکمل کرنے سے KSB گروپ یا انفرادی گروپ کی کمپنی کو روک سکتی ہے۔"
KSB کارسک مینجمنٹ نظام جتنی جلدی ممکن ہو مقاصد کے حصول کے لئے موجودہ اور ممکنہ خطرات کی شناخت اور اندازہ لگانے اور مناسب اقدامات کے ذریعے کم از کم کاروباری حد میں نقصان کو روکنے کے لئے ڈیزائن کیا گیا ہے۔ جس کا مقصد KSB کے وجود کو کسی خطرہ کو روکنا اور بہتر کاروباری فیصلے کے ذریعے پائیدار قدر پیدا کرنا ہے۔

مالی خطرات کا خلاصہ

کمپنی کی سرگرمیاں متعدد قسم کے مالی خطرات مارکیٹ رسک (شمول کرنسی رسک، دیگر پرائس رسک اور سودی شرح کارسک)، کریڈٹ رسک اور لیکویڈیٹی رسک کو جاگیر کرتی ہیں۔ کمپنی کا مجموعی رسک مینجمنٹ پروگرام مالی منڈیوں کے اتار چڑھاؤ پر توجہ مرکوز اور مالی کارکردگی پر ممکنہ منفی اثرات کو کم سے کم کرنے کی کوشش کرتا ہے۔
رسک مینجمنٹ بورڈ آف ڈائریکٹرز کی طرف سے منظور کردہ اصولوں اور پالیسیوں کے تحت فنانس ڈیپارٹمنٹ چلاتا ہے۔ بورڈ غیر ملکی کرنسی رسک، سودی شرح کا خطرہ، کریڈٹ رسک اور اضافی لیکویڈیٹی کی سرمایہ کاری کی طرح کے مخصوص شعبوں کو سنبھالنے کی پالیسیوں کے ساتھ ساتھ مجموعی رسک مینجمنٹ کے اصولوں کا تعین کرتا ہے۔ ٹریڈری سے متعلق تمام لین دین گروپ ٹریڈری اور اسٹیٹ بینک آف پاکستان کی طرف سے فراہم کردہ ہدایات کے تحت پالیسیوں کے بیرونی میٹرز کے اندر اندر کیا جاتا ہے۔

مارکیٹ رسک

مارکیٹ رسک میں کرنسی رسک، دیگر پرائس رسک اور سودی شرح کارسک شامل ہے۔
فارن ایکسچینج رسک ایک خطرہ ہے کہ مالی آمد کی مناسب قدر یا مستقبل کے نقدی کے بہاؤ میں غیر ملکی زر مبادلہ کی شرح میں تبدیلی کی وجہ سے اتار چڑھاؤ آئے گا۔ کمپنی بین الاقوامی سطح پر چلتی ہے اور بنیادی طور پر امریکی ڈالر اور یورو کے ساتھ مختلف کرنسی کی سرمایہ کاری سے پیدا ہونے والے زر مبادلہ کے خطرے کا سامنا کرتی ہے۔ فارن ایکسچینج رسک مستقبل کے تہارتی لین دین اور تسلیم شدہ اثاثوں اور واجبات سے پیدا ہوتا ہے۔
دیگر پرائس رسک خطرہ ظاہر کرتے ہیں کہ مالی آمد کی مناسب قدر یا مستقبل کا نقدی کا بہاؤ مارکیٹ کی قیمتوں میں تبدیلی (سودی شرح کے خطرے یا کرنسی خطرے سے پیدا ہونے والے کے مقابلے میں دیگر) آیا کہ یہ تبدیلیاں انفرادی مالی آمد یا اس کے جاری کرنے والے، یا مارکیٹ میں ٹریڈ کئے جانے والے تمام اسی طرح کے مالی آلات کو متاثر کرنے والے عوامل کے باعث ہوں گی وجہ سے اتار چڑھاؤ آئے گا۔ اب تک کمپنی کو ایکویٹی قیمت کا کوئی خطرہ پیش نہیں آیا ہے لہذا ایکویٹی سیکورٹیز میں کوئی سرمایہ کاری نہیں کی گئی ہے۔ کمپنی کو اب تک اشیاء کی قیمت کا بھی کوئی خطرہ پیش نہیں آیا ہے اس لئے یہ کمویڈٹی سپلائرز کی ایک متنوع پورٹ فولیو رکھتا ہے۔
سودی شرح کا خطرہ مالی آمد کے مناسب قدر یا مستقبل کا نقدی کا بہاؤ مارکیٹ کی شرح سود میں تبدیلی کے باعث تبدیلی کے خطرے کی نمائندگی کرتا ہے۔ کمپنی کوئی اہم طویل مدتی انٹریسٹ بیئرنگ اثاثہ نہیں رکھتی ہے۔ کمپنی کو شرح سود کا خطرہ طویل مدتی اور قلیل مدتی قرض سے پیدا ہوتا ہے۔ حقیقی شرح پر قرض کا حاصل کرنا کمپنی کے نقد بہاؤ شرح سود کے خطرے کو بے نقاب کرتا ہے۔

قرض کا خطرہ

قرض کا خطرہ نمائندگی کرتا ہے کہ اگر کاؤنٹر پارٹی اپنی ذمہ داری پوری کرنے میں ناکام رہتی ہے تو مالی نقصان کا خطرہ موجود رہے گا۔ کریڈٹ رسک بینکوں اور دیگر وصولی کے ذخائر سے پیدا ہوتا ہے۔ کچھ کریڈٹ رسک بینکوں اور مالی اداروں کے پاس نقد رقم اور نقدی کے مساوی اور ذخائر، کے ساتھ ساتھ صارفین کے لئے کریڈٹ کی سرمایہ کاری، سمیت ہتھیار وصولی اور مخصوص لین دین سے پیدا ہوتا ہے۔ انتظامیہ، صارفین کے کریڈٹ کے معیار کی جانچ پڑتال، اکاؤنٹ میں ان کی مالی پوزیشن، ماضی کے تجربات اور دوسرے عوامل کا تخمینہ لگاتی ہے۔ انفرادی خطرے کی حدود بورڈ کی مقررہ حدود کے مطابق اندرونی یا بیرونی درجہ بندی کی بنیاد قائم کر رہے ہیں۔ کریڈٹ حدود کے استعمال کی باقاعدگی سے نگرانی کی جاتی ہے اور خوردہ گاہکوں کو بڑے سکیلر نقد میں پیش کر رہے ہیں۔ بینکوں اور مالی اداروں کے لئے ایک مضبوط کریڈٹ ریٹنگ کے ساتھ صرف آزادانہ شرح کی پارٹیوں کو قبول کر رہے ہیں۔

لیویڈی ریٹس

لیویڈی ریٹس نمائندگی کرتا ہے کہ کچھ مالی واجبات سے وابستہ ذمہ داریوں کو پورا کرنے میں مشکلات کا سامنا کرے گی۔ جتنا لیویڈی ریٹس منجمنٹ تفویض کریڈٹ کی سہولیات کی کافی رقم کے ذریعے فنڈز کی دستیابی، کافی نقدی کی برقراری پر عمل کرتی ہے۔ کچھ کے کاروبار کی متحرک نوعیت کی وجہ سے، کچھ کا فنانس ڈیپارٹمنٹ تفویض کریڈٹ لائسنز کے تحت مالی دستیابی کو برقرار رکھ کر فنڈز کی فراہمی میں چلک پڑی ہو کر برقرار رکھتا ہے۔ منجمنٹ متوقع نقد بہاؤ کی بنیاد پر کچھ کے کیش اور نقدی کے مساوی کی پیش گوئی پر نظر رکھتی ہے۔ یہ عام طور پر کچھ کی پیکس اور حدود کے مطابق کیا جاتا ہے۔ یہ حدود عمل وقوع کی مارکیٹ کی ہستی کے لئے مختلف ہوتی ہیں۔ اس کے علاوہ، کچھ کی سیالیت کے انتظام کی پالیسی ہر سرمایہ میں نقد بہاؤ کو شامل اور اس کے واجبات کو پورا کرنے کے لئے ضروری سیال اثاثوں کی سطح پر غور، داخلی اور خارجی انضمامی تقاضوں کے خلاف بیلنس شیٹ لیویڈی ریٹس کی تناسب کی نگرانی، اور قرض خانہ سنگ منصوبوں کو برقرار رکھتی ہے۔

کیپٹل رسک منجمنٹ

کچھ کے کیپٹل رسک منجمنٹ کا بنیادی مقصد یہ یقینی بنانا ہے کہ یہ اپنے کاروبار کی حمایت اور حصص یافتگان کی قدر کو زیادہ سے زیادہ کرنے کے لئے ایک مضبوط کریڈٹ ریٹنگ اور صحت مند سرمایہ کے تناسب کو برقرار رکھتی ہے۔ کچھ اپنے بنیادی ڈھانچہ کو منظم اور اقتصادی حالات میں تبدیلی کی روشنی میں اس پر تصفیہ کرتی ہے۔ کیپٹل میں عام شیئر کیپٹل اور ذخائر بھی شامل ہیں۔

کارپوریٹ سوشل ذمہ داری - KSB کیئر

کارپوریٹ سماجی ذمہ داری (سی ایس آر) کچھ کے مجموعی مقاصد کا لازمی حصہ اور KSB کی بنیادی اقدار میں سے ایک ہے۔ ہم کیونٹی کی بھلائی میں مثبت شراکت داری کرتے ہوئے پائیدار موموں میں یقین رکھتے ہیں۔

قوم کی ترقی کے لئے تعلیم کی بہت زیادہ اہمیت ہے اور اس سلسلہ میں KSB پاکستان اپنی ذمہ داری کو پکچاتی ہے۔ معاشرہ کو فروغ دینے میں تعلیم کی اہمیت کو دیکھتے ہوئے، ہم صن ابدال میں اپنے کاموں کے ارد گرد مختلف اسکولوں اور کالجوں میں داخلہ دہندگان اور مستحق طالب علموں کو اسکالرشپ فراہم کرتے ہیں۔

اسکالرشپ فراہم کرنے کے ساتھ ساتھ، ہماری توجہ بنیادی ڈھانچے کی بحالی، کلاس رومز کی تعمیر، فرنیچر اور فیکٹری، اور اسکولوں کے لئے پینے کے پانی کے لئے مدد فراہم کرنے کے ذریعے تعلیمی اداروں کی حمایت کرنے پر مرکوز ہے۔

KSB کارپوریٹ سماجی ذمہ داری (سی ایس آر) پروگرام KSB کیئر کے بیئر کے تحت کام کرتا ہے۔ KSB کیئر پروگرام کے تحت سال 2019 کے دوران اسکولوں اور کالجوں کے اعلیٰ نمبر حاصل کرنے والوں کو اسکالرشپ سے نوازا گیا۔

KSB طالب علموں کو انٹرن شپس، اپرنٹس شپس، تربیتی مواقع، تعلیمی دوروں اور مطالعہ کے منصوبوں کی پیشکش بھی کرتا ہے۔

گزشتہ سالوں میں، KSB کیئر نے کئی اسپتالوں اور طبی اداروں مثلاً شوکت خانم ہسپتال، ایل آر بی ٹی، ایٹس ہسپتال، اور SIUT وغیرہ کی مدد بھی کی ہے۔

مستقبل کا نقطہ نظر

فروخت اور منصوبے

بیس اور والوز کے کاروبار کے پائپ لائن موائے موجودہ سال میں، معیاری اور اعلیٰ انجینئرڈ مارکیٹ دونوں میں، ہماری اہم سیکٹس صنعت، توانائی، تعمیرات اور واٹر اور ویسٹ واٹر میں بڑی امید ہیں۔ اگرچہ پہلی ششماہی کی رفتار سست رہنے کی توقع ہے، لیکن سال کی دوسری ششماہی میں سرکاری شعبے میں سرگرمی بڑھنے کا امکان ہے۔ اس سے KSB پاکستان کو خاص طور پر واٹر اور ویسٹ واٹر کے شعبے میں مزید مواقع میسر آئیں گے۔ بروقت فنڈز کا اجراء اس شعبے میں اہم کردار ادا کرے گا۔ توقع ہے کہ سال 2020 میں صحت مند مواقع کی بنیاد پر برآمدی کاروبار میں مزید اضافہ ہوگا۔

خاص طور پر واٹر اور ویسٹ واٹر کے شعبے میں بڑے منصوبے، جیسے کہ جمیلڈ سپورڈل اسٹیشن اور چوگلی نمبر 09 کی اپ گریڈیشن ہمارے لئے بڑے منصوبے ہیں۔ اس شعبہ میں ہماری سیکھنا سیکھنا کو مد نظر رکھتے ہوئے، ان منصوبوں کو لگائی بنیاد پر ہدف بنایا جا رہا ہے۔ موجودہ منصوبوں پر کام زیادہ سے زیادہ وسائل سے موثر انداز میں جاری رکھنے کے مقصد کے ساتھ جاری رہے گا۔

ہم مستقبل میں پائیدار اور منافع بخش نمو کے لئے KSB پاکستان کے مارکیٹ شیئر کو بڑھانا چاہتے ہیں۔

KSB پر ہم سروس

آگے بڑھتے ہوئے، صنعت کا کاروبار بشمول ریورس انجینئرنگ حجم میں اضافے کے حصول کے لئے ہماری بنیادی توجہ بنا ہوا ہے۔ توانائی، ٹیل اور گیس کے شعبے بھی امید افزا نظر آتے ہیں۔ جنوبی خطے میں کاروبار بڑھانے کے مقصد سے اس علاقہ میں خدمات کے معاہدوں کو ہدف بنایا جائے گا۔ پبلک سیکٹر سے بھی کچھ اچھے مواقعوں کی توقعات ہیں، جن کی منظوری ملنے سے سال 2020 کے لئے ہمارے چیلنجنگ کاروباری اہداف حاصل کرنے میں مدد ملے گی۔

تصرفات

سالانہ نتائج

روپے، 000.000 میں

116,915	تخلی از گیس سالانہ منافع
(29,035)	گیس کی فراہمی
87,880	بعد از گیس منافع
8,065	دیگر مجموعی سالانہ آمدن (انقصان)۔ خالص گیس
352	غیر تصرفاتی منافع جو آگے آیا
96,297	تصرفات کی دستیابی
	تصرف
76,000	عام ریور کے لئے منتقل
19,800	تجویز کردہ منافع منقسمہ بشرح 1.5 روپے فی شیئر
95,800	
497	غیر مزدوں منافع جو آگے گیا

محاسب

موجودہ محاسب، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی کی تجویز کے مطابق بورڈ آف ڈائریکٹرز نے 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے کمیٹی کے محاسب کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے۔

ضابطہ اخلاق

بورڈ آف ڈائریکٹرز پہلے ہی ضابطہ اخلاق پر عمل کرتے ہیں۔ ہر سطح پر تمام ملازمین کے لئے ضابطہ اخلاق کی تعمیل لازمی ہے۔ ضابطہ اخلاق کمپنی کی ویب سائٹ پر بھی رکھ دیا گیا ہے۔

مادی تبدیلیاں

31 دسمبر 2019 کے بعد کوئی مادی تبدیلیاں نہیں ہوئی ہیں اور کمپنی کسی بھی وعدہ میں داخل نہیں ہوئی، جو پبلک سٹیٹ کی تاریخ تک اس کی مالی پوزیشن کو متاثر کرے گا۔

ہولڈنگ کمپنی

کمپنی کی ہولڈنگ کمپنی KSB SE & Co. KGaA جرمنی ہے۔

مجلس نصاب

موجودہ مجلس نصاب آٹھ افراد پر مشتمل ہے جس میں سے چھ تان ایگزیکٹو ہیں۔

بورڈ کے چیئرمین، سی ای او اور تان ایگزیکٹو ڈائریکٹر کے علاوہ ہیں۔

کمپنی کی ڈائریکٹرز شپ سے مستعفی ہونے پر Mr. Tonjes Cerovsky کی جگہ Dr. Matthias Beth اور Dr. Sven Baumgarten کی جگہ

Mr. Dieter Antonius بورڈ میں شامل ہوئے۔

مجلس نصاب کے اجلاس

سال کے دوران، بورڈ کے چار اجلاس منعقد ہوئے اور ہر ایک ڈائریکٹر کی شرکت کی تعداد حسب ذیل میں دی گئی ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	Mr. Tonjes Cerovsky	3
2	Dr. Sven Baumgarten	2
3	جناب ایم مسعود اختر	4
4	جناب ساجد محمود اعوان	4
5	Dr. Matthias Beth	4
6	مختصر مدعا نکتہ عزیز	3
7	جناب حسن عزیز بگرامی	4
8	جناب جمال نسیم	4
9	جناب شہزادہ مظہر	3

ڈائریکٹرز جو بورڈ کے اجلاس میں شرکت نہیں کر سکے کو غیر حاضری کی رخصت عطا کی گئی۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے ضابطہ اخلاق کے نفاذ کے تحت بورڈ کی آڈٹ کمیٹی تشکیل دی گئی جو تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ بورڈ کی آڈٹ کمیٹی کے ارکان اور ہر رکن کی حاضری حسب ذیل تھی:

نمبر شمار	نام ڈائریکٹر	حاضری کی تعداد
1	جناب جمال نسیم - چیئر مین نان ایگزیکٹو ڈائریکٹر	4
2	Dr. Matthias Beth - رکن نان ایگزیکٹو ڈائریکٹر	4
3	جناب شہزادہ مظہر - رکن نان ایگزیکٹو ڈائریکٹر	3

سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔ کمیٹی نے فہرستی قواعد و ضوابط میں فراہم کی گئی ہدایات کے مطابق بورڈ آف ڈائریکٹرز کی طرف سے مقرر ریٹرنس کی شرائط کا تعین کیا۔

انسانی وسائل اور معاوضے کی کمیٹی

بورڈ آف ڈائریکٹرز نے انسانی وسائل اور معاوضہ کمیٹی (ایچ آر & آر) تشکیل دی ہے، جو تین ڈائریکٹرز پر مشتمل ہے۔ HR&R کمیٹی کے ارکان اور ہر رکن کی حاضری حسب ذیل تھی:

نمبر شمار	نام ڈائریکٹر	حاضری کی تعداد
1	جناب شہزادہ مظہر - چیئر مین	1
2	جناب حسن عزیز بگڑی - رکن	1
3	جناب محمد مسعود اختر - رکن	1

بورڈ کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز کی معاوضہ پالیسی

- 1۔ کوئی ڈائریکٹر اپنا خود کا مشاہرہ تعین نہیں کرے گا۔
- 2۔ بورڈ کے اجلاسوں میں شرکت کے لئے باقاعدہ پیڈ مینیجنگ ڈائریکٹر یا کل وقتی کام کرنے والے ڈائریکٹر کے علاوہ ہر ایک ڈائریکٹر کی اجلاس فیس بورڈ آف ڈائریکٹر کی طرف سے تعین کی جائے گی۔
- 3۔ مشاہرہ ویلجیو ایڈیشن کی حوصلہ افزائی کے لئے کافی ہوگا۔
- 4۔ مشاہرہ کمیٹی کو کامیابی سے چلانے کے لئے ضروری ڈائریکٹرز کو اپنی طرف متوجہ کرنے اور برقرار رکھنے کے لئے کافی ہوگا۔
- 5۔ مشاہرہ ایسی سطح پر نہیں ہوگا جو ان کی آزادی کو سلب کرنے کے قابل تصور کیا جاسکے۔
- 6۔ ڈائریکٹرز اجلاس میں شرکت کے لئے سفری، بورڈ ٹک اور ہاؤس اور دیگر اخراجات کے حقدار ہوں گے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمیٹی کی انتظامیہ نے مالی حسابات اور ان کی وضاحت کمپنیز ایکٹ 2017 کی توثیق میں تیار کئے ہیں۔ یہ حسابات کمپنی کے امور، آپریٹنگ نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمیٹی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور آشنیدار فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی بیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- فہرستی قواعد و ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عوامل سے کوئی مادی انحراف نہیں ہے۔
- قیمت کی منتقلی کے بہترین عوامل سے کوئی انحراف نہیں ہے۔
- گزشتہ چھ سالوں کا کلیدی اور مالی اعداد و شمار رپورٹ کے ہمراہ منسلک ہے۔
- فنڈز سے متعلقہ نظر ثانی شدہ حسابات پر مبنی مجموعی سود سمیت سرمایہ کاری کی قدر حسب ذیل ہے:

1- پراویڈنٹ فنڈ 31 دسمبر 2018 : 197.921 ملین روپے

2- گریجویٹ فنڈ 31 دسمبر 2018 : 144.873 ملین روپے

- ہمارے بہترین علم کے مطابق، سی ای او، ڈائریکٹرز، کمپنی سیکرٹری، سی ایف او اور ان کے ذریعہ اور تابعین کی طرف سے کمپنی کے حصص کی کوئی خرید و تک نہیں کی گئی ہے۔

—

نمونہ حصص داری

31 دسمبر 2019ء کو کمپنی کے نمونہ حصص داری کی وضاحت رپورٹ کے ہمراہ منسلک ہے۔


چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ


سی ای او کی کارکردگی کا تعین KSB گروپ کی طرف سے جدید تشخیصی نظام کے ذریعے کیا جاتا ہے۔ تشخیص KSB اقتدار سمیت مالی اور غیر مالی پیرامیٹرز پر کی جاتی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے تمام اسٹیک ہولڈرز، قابل قدر صارفین، حصص یافتگان، بینکاروں، سپلائرز، فرنیچائز پارٹنرز اور ڈیلرز کا کمپنی کی سال بھر قابل قدر حمایت فراہم کرنے کا شکریہ ادا کرتے ہیں۔ بورڈ اپنی اصل کمپنی میسرز KSB SE & Co. KGaA کی طرف سے بہترین حمایت اور ہنرمندی فراہم کرنے کا بھی شکر گزار ہے۔ بورڈ کمپنی کی انتظامیہ، آفیسرز اور عملہ کی سخت محنت اور لگن کو بھی سراہتا ہے۔

منجانب بورڈ


ساجد محمود اعوان
چیف نیشنل آفیسر


محمد مسعود اختر
چیف ایگزیکٹو

17 مارچ 2020ء

لاہور



KSB Pumps Company Limited
Head Office: 16/2, Sir Aga Khan Road, Lahore
UAN: +92-42-111-572-786, Tel: +92-42-36304173-74
Fax: +92-42-36366192, 36368878
Email: info@ksb.com.pk • www.ksb.com.pk