

**Half Yearly Report (Un-Audited)**  
For the period ended June 30, 2022  
**KSB Pumps Company Limited**



**Y E A R S**

## Contents

Company Information	02
Sales Offices	03
Director's Review	04
Independent Auditor's Review Report	05
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	08
Condensed Interim Statement of Changes in Equity	09
Condensed Interim Statement of Cash Flow	10
Notes to the Condensed Interim Financial Statements	11
Urdu Version of Director's Review	21

# Company Information

## Board of Directors

Dr. Sven Baumgarten	Chairman
Imran Ghani	Chief Executive Officer / MD
Asif Malik	
Dieter Antonius Pott	
Ayesha Aziz	
Hasan Aziz Bilgrami	
Shezada Mazhar	
Jamal Nasim	

## Company Secretary

Faisal Aman Khan

## Management

Imran Ghani	Chief Executive Officer /MD
Muhammad Imran Malik	Director Sales & Strategic Marketing
Fida Hussain	General Manager Operations
Omar Saljouk	General Manager Services
Faryal Zafar	Chief Financial Officer
Imran Ahmed	Head of Finance & Accounts/ General Manager Supply Chain, Business Control
Faisal Aman Khan	Company Secretary

## Auditors

A.F. Ferguson & Co.	Chartered Accountants
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## 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  
Meezan Bank Limited  
Bank Al Habib Limited

## Audit Committee

Jamal Nasim	Chairman
Dieter Antonius Pott	Member
Shezada Mazhar	Member

## Secretary Audit Committee

Saeed Hussain

## HR & R Committee

Shezada Mazhar	Chairman
Imran Ghani	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-74400  
Tel: (021) 111-111-500  
Fax: (021) 34326053

## 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

### Multan

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

## KSB Exclusive Partners

Sr.	Channel	City	Location	Province	Service Partners	Contact No.	Email
1	Dominar Engineers	Lahore	65-A Ferozpur Road Link Samanabad Road, near LOS	Punjab	Hammad Malik/ Syed Mehdi	0302-8744449/8 042-37500078	hammad.malik@dc.com.pk
2	B&I Engineering	Lahore	House # 6-E Skindar Mali Road Gulberg II, Lahore	Punjab	Imran Yousaf	0300-4056939 042-32801273	imran@biengr.com
3	Industrial Development & Engineering Associates	Karachi	20-C Mezzanine Floor, Indus Centre 14th Com st PH-II DHA	Sindh	Saqib Khawaja	0300-8203077 021-35390481/2	saqib@idea.com.pk
4	Modern Technology & Traders	Karachi	4th Floor, Building # 11-C/2 Lane-11 Bukhari Commercial DHA Phase-6	Sindh	Abdul Qayyum	0333-7299905 0311-1000953 021-35156121-4	qayoomshaikh3@gmail.com
5	Wali Muhammad & Co.	Quetta	Zonkiram Road Near Millennium Mall	Balochistan	Wali Muhammad	0300-8387668 081-2829635	gulistanmachinery@yahoo.com

## KSB SupremeServ - AUTHORIZED SERVICE PARTNER

Sr.	Channel	City	Location	Province	Service Partners	Contact No.	Email
1	Faisal Engineering Services	Lahore	140-Block D, Jubilee Town Lahore.	Punjab	Waqas Ahmed	0333-5549156 042-5231151	waqas@faisalengg.com
2	MASTek Associates	Faisalabad	4-A Koh-i-Noor City, Jaranwala Road, Faisalabad.	Punjab	Altam Hussain	0321-7060604 041-5391835	mas@mascorporation.com.pk

## DIRECTORS' REVIEW

I am pleased to present the financial statements of KSB Pumps Company Limited for the first half of the year 2022.

After posting a strong growth of 5.6% in fiscal year 2021, GDP outlook for Pakistan is expected to slow down at around 4% in FY 2022 (Source: ADB). Inflation shows upward trend and forecast for the fiscal year 2022 remains elevated at around 11% before contraction in year 2023. Increase in global commodity prices and uncertainty, in the wake of Russia-Ukraine conflict, further weigh on the overall performance of Pakistan economy. Further fuel price and electricity tariff increase is on the cards. Considering the current deteriorating situation, and recent political instability resulting into sharp rupee depreciation, the state bank of Pakistan has raised the policy rate to 15.00% in July, 2022. This will affect overall business activity in the country and have further slowdown impacts.

KSB Pakistan has achieved a turnover of PKR 2,405 million in the 1st half of the year 2022 with an increase of 12% in comparison to year 2021. Profit before tax remained PKR 40 million and profit after tax PKR 18 million, with earning per share of Rs. 1.37.

Going forward, business prospects are very promising in Water and General Industry markets areas with a strong outlook even for intercompany business.

The board would like to acknowledge the dedication and hard work by entire KSB team to achieve positive business results in the 1st half and wish them all the best for the year 2022.



**Imran Ghani**

MD/Chief Executive Officer

23rd August, 2022  
Lahore, Pakistan



A.F.FERGUSON &amp; CO.

# Independent Auditor's Review Report

To the members of KSB Pumps Company Limited

Report on review of Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of KSB Pumps Company Limited as at June 30, 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended June 30, 2022 and June 30, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2022.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

A.F. Ferguson & Co.

Chartered Accountants

Name of engagement partner: Amer Raza Mir

Lahore

Date: August 29, 2022

UDIN: RR2022101184D3hL2oHv

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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*

## Condensed Interim Statement of Financial Position As at June 30, 2022 (Un-audited)

	June 30, 2022 Un-audited	December 31, 2021 Audited
	(Rupees in thousands)	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 15,000,000 (2021: 15,000,000) ordinary shares of Rs 10 each	150,000	150,000
<b>Issued, subscribed and paid up capital</b> 13,200,000 (2021: 13,200,000) ordinary shares of Rs 10 each	132,000	132,000
General Reserves	1,861,439	1,85,4569
Unappropriated profit	1,993,439	1,986,569
<b>NON CURRENT LIABILITIES</b>		
Long term finances - secured	4	-
Deferred grant	5	-
Employees' retirement and other benefits	74,603	76,772
	74,603	76,772
<b>CURRENT LIABILITIES</b>		
Current portion of long term finances - secured	128,834	255,746
Current portion of deferred grant	1,040	4,219
Trade and other payables	6	1,871,992
Contract Liability	4,281	21,615
Unclaimed dividend	10,165	10,111
Short term finances - secured	1,884,847	1,575,741
Due to provident fund	5,727	5,110
Provisions for other liabilities and charges	33,181	70,007
	3,988,928	3,814,541
<b>CONTINGENCIES AND COMMITMENTS</b>	7	
	6,056,970	5,877,882

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive

Chief Financial Officer

	Note	June 30, 2022 Un-audited	December 31, 2021 Audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	899,139	925,374
Intangible assets		2,915	5,534
Capital work-in-progress		70,856	68,467
Long-term loans and deposits		12,936	13,306
Deferred tax assets		38,934	31,899
		1,024,780	1,044,580
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		145,496	119,634
Stock-in-trade		1,526,956	1,444,510
Trade debts	9	1,691,673	1,586,953
Contract Asset		664,854	570,062
Advances, deposits, prepayments and other receivables		882,617	852,616
Cash and bank balances	11	120,594	259,527
		5,032,190	4,833,302
		<u>6,056,970</u>	<u>5,877,882</u>



Chairman



Chief Executive



Chief Financial Officer



## Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the three months and six months period ended June 30, 2022 (Un-audited)

	Note	Three months ended		Six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		(Rupees in thousands)		(Rupees in thousands)	
Sales	12	1,211,074	1,221,107	2,405,426	2,150,372
Cost of sales	13	(1,014,638)	(1,019,399)	(2,017,674)	(1,813,602)
<b>Gross profit</b>		196,436	201,708	387,752	336,770
Distribution and marketing expenses		(82,621)	(80,195)	(184,117)	(158,704)
Administrative expenses	14	(54,703)	(49,024)	(102,283)	(109,838)
Other operating expenses		(2,120)	(11,811)	(2,120)	(11,811)
Other operating income		32,926	11,785	47,228	46,002
<b>Profit from operations</b>		89,918	72,463	146,460	102,419
Finance costs		(60,395)	(25,885)	(106,184)	(49,274)
<b>Profit before taxation</b>		29,523	46,578	40,276	53,145
Taxation		(15,315)	(22,026)	(22,186)	(26,365)
<b>Profit after taxation</b>		14,208	24,552	18,090	26,780
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<u>14,208</u>	<u>24,552</u>	<u>18,090</u>	<u>26,780</u>
Earnings per share - basic & diluted Rupees		1.08	1.86	1.37	2.03

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive

Chief Financial Officer

## Condensed Interim Statement of Changes in Equity

For the six months period ended June 30, 2022 (Un-audited)

	Share Capital	General Reserves	Unappropriated Profit	Total
	(Rupees in thousands)			
<b>Balance as at January 1, 2021</b>	132,000	1,805,600	29,512	1,967,112
Final dividend for the year ended December 31, 2020 Rs 0.50 per share	-	-	(6,600)	(6,600)
Transfer to general reserve	-	22,500	(22,500)	-
Total comprehensive income for the period	-	-	26,780	26,780
<b>Balance as at June 30, 2021</b>	<u>132,000</u>	<u>1,828,100</u>	<u>27,192</u>	<u>1,987,292</u>
<b>Balance as at January 01, 2022</b>	132,000	1,828,100	26,469	1,986,569
Final dividend for the year ended December 31, 2021 Rs 0.85 per share	-	-	(11,220)	(11,220)
Transfer to general reserve	-	15,000	(15,000)	-
Total comprehensive income for the period	-	-	18,090	18,090
<b>Balance as at June 30, 2022</b>	<u>132,000</u>	<u>1,843,100</u>	<u>18,339</u>	<u>1,993,439</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

## Condensed Interim Statement of Cash Flows

For the six months period ended June 30, 2022 (Un-audited)

	Note	Six months ended	
		June 30, 2022	June 30, 2021
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	10	(135,849)	240,853
Finance costs paid		(76,925)	(41,358)
Taxes paid		(33,899)	(23,213)
Employees' retirement and other benefits paid		(16,974)	(8,746)
Increase / (decrease) in long term loans and deposits - net		370	(1,728)
<b>Net cash (used in) / generated from operating activities</b>		<b>(263,277)</b>	<b>165,808</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure including capital work in progress		(69,840)	(13,505)
Proceeds from sale of property, plant and equipment		25,948	5,351
<b>Net cash used in investing activities</b>		<b>(43,892)</b>	<b>(8,154)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances-secured		(129,704)	(98,455)
Dividend paid		(11,166)	(6,922)
<b>Net cash used in financing activities</b>		<b>(140,870)</b>	<b>(105,377)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(448,039)</b>	<b>52,277</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(1,316,214)</b>	<b>(604,193)</b>
<b>Cash and cash equivalents at the end of the period</b>	11	<b>(1,764,253)</b>	<b>(551,916)</b>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chairman

Chief Executive

Chief Financial Officer

## Notes to the Condensed Interim Financial Statements For the Three Months and Six Months Period Ended June 30, 2022 (Un-audited)

### 1. Legal status and nature of business

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 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 regional offices located in Lahore, Rawalpindi, Karachi and Multan.

### 2. Basis of preparation

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

- International accounting standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of (IAS) 34, the provisions and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is un-audited and is being submitted to the members of the Company as required by Section 237 of the Companies Act, 2017 (the "Act").

The condensed interim financial statements do not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2021.

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2021.

Furthermore, the basis of significant estimates are same as those that were applied to the financial statements for the year ended December 31, 2021

### 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 published standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after January 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

### 3 Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

### 4 Long term finances - secured

		June 30, 2022 Unaudited (Rupees in thousands)	December 31, 2021 Audited
Diminishing Musharika - BankIslami Pakistan Limited	4.1	62,500	125,000
Loan for wages and salaries - Allied Bank Limited	4.2	66,334	130,746
		128,834	255,746
Less: Current portion shown under current liabilities		(128,834)	(255,746)
		-	-

**4.1** During the prior years, the long term finance was obtained in the form of Diminishing Musharika from Bank Islami Pakistan Limited 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. During the year ended December 31, 2020, pursuant to State Bank of Pakistan circular No 13 dated March 26, 2020 the Company has obtained one year deferment of repayment of principal amount from Bank Islami Pakistan Limited. 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 11.48% per annum (2021: 7.73% per annum). The amount is secured by way of exclusive charge over specific plant and machinery amounting to Rs 500.00 million. As at June 30, 2022 the Company has repaid an amount of Rs 437.50 million (December 31, 2021: 375.00 million).

**4.2** During the year ended December 31, 2020, the Company availed the State Bank of Pakistan Refinance Scheme for payment of salaries and wages from Allied Bank Limited with a limit of Rs 271.00 million. The loan is repayable in 8 equal quarterly installments starting from February 3, 2021 with a grace period of six months. The finance is secured by exclusive equitable mortgage charge over land and buildings situated at KSB Pumps Company Limited head office upto an amount of Rs 213.00 million and the remaining short fall is covered temporarily through a stop gap arrangement by reducing the running finance facility until any other security is furnished to the bank. Subsequent to the approval of the State Bank of Pakistan, the facility carried interest rate of 1% per annum. The effective rate of interest used for discounting of the loan is 7.7% per annum (2021: 7.7% per annum). As at June 30, 2022, the Company has repaid an amount of Rs 201.61 million (December 31, 2021: 134.41 million).

#### 4.3 The reconciliation of the carrying amount is as follows:

	June 30, 2022 Unaudited	December 31, 2021 Audited
	(Rupees in thousands)	
Opening balance	255,746	472,178
Repayments during the period	(129,705)	(228,159)
	<u>126,041</u>	<u>244,019</u>
Interest charged using the effective rate of interest	3,594	14,661
Interest payments paid during the period	(802)	(2,934)
Closing balance	<u><u>128,833</u></u>	<u><u>255,746</u></u>

#### 5 Deferred Grant

This represents Government grant recognized against the loan obtained from SBP Refinance Scheme for payment of salaries and wages in respect of below market interest rate payable on the following facility:

Long term financing facility availed from Allied Bank Limited under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'), amounting to Rs 268.82 million. The total facility available amounts to Rs 271.00 million. The interest rate applicable on this facility during the period is 1% per annum.

There are no unfulfilled conditions or contingencies attached to this grant affecting its recognition at the reporting date.

The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The reconciliation of the carrying amount is as follows:

	June 30, 2022 Unaudited	December 31, 2021 Audited
	(Rupees in thousand)	
Opening balance	4,219	16,569
Credited to profit or loss	(3,179)	(12,350)
	<u>1,040</u>	<u>4,219</u>
Current portion shown under current liabilities	(1,040)	(4,219)
Closing balance	<u><u>-</u></u>	<u><u>-</u></u>

## 6 Trade and other payables

Trade creditors and accrued liabilities include amount due to holding company of Rs 315.14 million (December 2021: Rs 289.43 million) and associated undertakings of Rs 126.25 million (December 2021: Rs. 59.24 million). Further, it includes amount of Rs 581.55 million (December 31, 2021: Rs 431.10 million) as advance received from customers other than projects.

## 7 Contingencies and commitments

### 7.1 Contingencies

There is no significant change in contingencies since the date of preceding published annual financial statements, except for the following

(i) The Company has obtained guarantees of Rs. 592.61million (December 2021: Rs 784.04 million) against the performance of various contracts.

(ii) The Deputy Commissioner Inland Revenue ('DCIR') issued order under section 161 for the tax year 2018 vide order dated November 26, 2021 and raised demand of Rs 69.18 million, including default surcharge aggregating to Rs 18.30 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. The Company filed an appeal with the Commissioner Inland Revenue Appeals ('CIR-A'), which was remanded back to the Tax Department. Being aggrieved, the Company filed an appeal on May 16, 2022 with Appellate Tribunal Inland Revenue ('ATIR'), which are yet to be initiated. The management and the taxation expert of the Company believe that there are meritorious grounds available to defend the foregoing demand. Consequently, no provision has been recorded in these interim financial statements.

### 7.2 Commitments

Letters of credit other than for capital expenditure approximately Rs. 400.11 million (December 2021: Rs. 307.30 million).

8 Property, plant and equipment	Note	June 30, 2022 Unaudited	December 31, 2021 Audited
(Rupees in thousands)			
Opening book value		925,374	1,050,902
<b>Add:</b> Additions during the period	8.1	67,127	44,722
		992,501	1,095,624
<b>Less:</b> Disposals during the period (at book value)		(20,293)	(22,274)
Depreciation charged during the period		(73,069)	(147,976)
		(93,362)	(170,250)
		899,139	925,374

**8.1 Additions**

Buildings
Plant and machinery
Tools, jigs and attachments
Other equipment
Furniture and fixtures
Office machines and appliances
Vehicles

June 30, 2022 Unaudited (Rupees in thousands)	December 31, 2021 Audited
18,420	-
-	12,534
-	421
12,032	13,408
1,201	4,200
5,567	11,603
29,907	2,556
<u>67,127</u>	<u>44,722</u>

**9 Trade debts**

Trade debts
Less: Loss allowance

June 30, 2022 Unaudited (Rupees in thousands)	December 31, 2021 Audited
1,804,431	1,700,063
(112,758)	(113,109)
<u>1,691,673</u>	<u>1,586,954</u>

**10 Cash generated from operations**

Profit before taxation
Adjustment of non-cash items:
Depreciation on property, plant and equipment
Amortization on intangible assets
Profit on sale of property, plant and equipment
Employees' retirement and other benefits
Provision / (reversals) for doubtful debts and receivables
Amortization of deferred government grant
Provision for slow moving stock
Finance cost
Provisions no longer considered necessary and unclaimed balances written back
Exchange (gain) / loss

Six month ended	
June 30, 2022 (Un -Audited) (Rupees in thousand)	June 30, 2021
40,276	53,145
73,069	74,398
2,943	4,358
(5,655)	(1,062)
14,805	12,111
7,337	(335)
(3,179)	(6,993)
3,000	3,000
106,184	49,274
-	(22,148)
(21,642)	8,904
<u>217,138</u>	<u>174,652</u>

**Profit before working capital changes**



**Effect on cash flow due to working capital changes  
(Increase) / decrease in current assets:**

Stores, spares and loose tools	
Stock-in-trade	
Trade debts	
Contract asset	
Advances, deposits, prepayments and other receivables	

**June 30,  
2022**                      **June 30,  
2021**  
(Un-Audited)  
(Rupees in thousands)

(25,862)	5,468
(85,446)	(170,547)
(36,933)	(28,574)
(100,966)	(94,061)
(26,253)	(26,848)
(275,460)	(314,562)

**Increase / (decrease) in current liabilities:**

Trade and other payables	
Contract liability	
Due to provident fund	
Provisions for other liabilities and charges	

(23,984)	397,389
(17,334)	764
617	1,905
(36,826)	(19,295)
(77,527)	380,763
(135,849)	240,853

**11 Cash and cash equivalents**

Cash and cash equivalents comprise the following items:  
Cash and bank balances  
Short term finances

**June 30,  
2022**                      **June 30,  
2021**  
(Un-Audited)  
(Rupees in thousands)

120,594	116,151
(1,884,847)	(668,067)
(1,764,253)	(551,916)

**12 Sales**

Local sales				
Export Sales				
Less: Sales tax				

<u>Three month ended</u>		<u>Six month ended</u>	
<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
(Un-Audited)			
(Rupees in thousands)			
1,140,529	1,190,821	2,260,324	2,141,498
234,226	191,215	456,887	302,432
1,374,755	1,382,036	2,717,211	2,443,930
(163,681)	(160,929)	(311,785)	(293,558)
<u>1,211,074</u>	<u>1,221,107</u>	<u>2,405,426</u>	<u>2,150,372</u>

**13 Cost of goods sold**

Raw material consumed				
Salaries, wages, amenities and staff welfare				
Electricity and power				
Stores and spares consumed				
Insurance				
Travelling and conveyance				

<u>Three months ended</u>		<u>Six month ended</u>	
<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
(Un-Audited)			
(Rupees in thousands)			
588,309	617,581	1,158,983	1,103,746
84,249	83,895	173,067	154,403
46,813	44,608	102,227	86,011
78,599	76,493	139,033	155,175
1,727	1,726	3,441	3,421
10,535	6,275	21,012	12,021

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Un-Audited) (Rupees in thousands)			
Postage and telephone	1,676	2,096	4,178	4,115
Printing and stationery	4,211	328	4,561	791
Rent, rates and taxes	861	921	1,887	2,216
Repairs and maintenance	3,156	6,906	9,950	14,083
Legal and professional charges	4,250	(1,673)	4,250	2,467
SAP user license fee and other IT services	13,791	9,387	20,978	19,485
Packing expenses	13,072	9,450	26,818	15,898
Outside services	58,186	150,080	190,684	220,677
Depreciation on property, plant and equipment	34,206	34,289	67,839	68,722
Amortization of Intangible assets	1,016	1,150	2,032	2,311
Provision for obsolete stores and stocks	1,500	1,500	3,000	3,000
Warranties	1,864	5,496	6,340	9,816
Other expenses	(137)	2,383	2,515	3,868
	947,884	1,052,891	1,942,795	1,882,226
Opening work-in-process	656,080	276,198	648,779	241,578
Less: Closing work-in-process	577,720	315,411	577,720	315,411
Decrease / (Increase) in work in process	78,360	(39,213)	71,059	(73,833)
Cost of goods manufactured	1,026,244	1,013,678	2,013,854	1,808,393
Opening stock of finished goods	114,646	57,224	130,072	56,712
Less: Closing stock of finished goods	126,252	51,503	126,252	51,503
(Increase) / decrease in finished goods	(11,606)	5,721	3,820	5,209
	1,014,638	1,019,399	2,017,674	1,813,602

#### 14 Administrative expenses

Included in administrative expenses is the salaries, wages, amenities and staff welfare amounting to Rs. 57.59 million (June 2021: 63.61 million).

#### 15 Transaction with related parties

Relationship with the Company	Nature of transaction	Three month ended		Six month ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		(Un-Audited) (Rupees in thousands)			
i. Associated Undertaking	Purchase of goods and services	106,663	159,802	218,130	228,159
	Sale of goods and services	229,213	186,923	443,412	302,431
	Commission income	1,255	4,313	1,587	5,490
	Commission expense	21,617	17,633	41,437	26,359
	Royalty and trademark	(3,804)	3,970	7,812	7,905
	SAP user license fee	23,737	16,157	36,107	33,538
ii. Post retirement benefit plans	Expense charged	15,749	17,488	23,943	23,544
iii. Key management personnel	Compensation	90,463	76,781	172,226	140,663

<b>Period end Balances</b>	<b>June 30, 2022 Unaudited (Rupees in thousands)</b>	<b>December 31, 2021 Audited</b>
Receivable from related parties	403,775	226,993
Payable to related parties	441,386	348,669

## 16 Financial risk management

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.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2021.

There have been no changes in the risk management policies since the year end.

## 17 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).

As of reporting date, there are no Level 1, 2 or 3 financial assets or financial liabilities during the current period.

## 18 Date of authorization for issue

These condensed interim financial statements were authorized for issue on 23rd August, 2022 by the Board of Directors of the Company.

## 19 Events after balance sheet date

No material events have occurred subsequent to period ended June 30, 2022.

## 20 Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Chairman



Chief Executive



Chief Financial Officer



## مجلس نظماء کا جائزہ

مجھے سال 2022 کی پہلی ششماہی کے لیے KSB بکس کمپنی لمیٹڈ کے مالی گوشوارے پیش کرتے ہوئے خوشی ہو رہی ہے۔

مالی سال 2021 میں 5.6 فیصد کی مستحکم نمو کے بعد، مالی سال 2022 میں پاکستان کے لیے جی ڈی پی نقطہ نظر تقریباً 4 فیصد تک کم ہونے کی توقع ہے (ماخذ: ADB)۔ افراط زر کی شرح میں اضافے کا رجحان ظاہر ہوتا ہے اور مالی سال 2022 کے لیے پیشن گوئی سال 2023 میں سکڑاؤ سے پہلے تقریباً 11 فیصد پر برقرار رہے گی۔ روس اور یوکرین تنازع کے تناظر میں اشیاء کی عالمی قیمتوں میں اضافہ اور غیر یقینی صورتحال، پاکستان کی معیشت کی مجموعی کارکردگی پر مزید اثر ڈالتی ہے۔ مزید ایندھن کی قیمت اور بجلی کے نرخوں میں اضافہ کارڈز پر ہے۔ موجودہ بگڑتی ہوئی صورتحال، اور حالیہ سیاسی عدم استحکام کے نتیجے میں روپے کی قدر میں تیزی سے کمی کو دیکھتے ہوئے، اسٹیٹ بینک آف پاکستان نے جولائی 2022 میں پالیسی شرح کو بڑھا کر 15.00 فیصد کر دیا ہے۔ اس سے ملک میں مجموعی کاروباری سرگرمیاں متاثر ہوں گی اور مزید سست روی کے اثرات مرتب ہوں گے۔

KSB پاکستان نے سال 2021 کے موازنہ میں 12 فیصد کے اضافہ کے ساتھ سال 2022 کی پہلی ششماہی میں 2,405 ملین روپے کا ٹرن اور دراصل کیا ہے۔ ٹیکس سے پہلے منافع 40 ملین روپے اور بعد از ٹیکس منافع 18 ملین روپے، فی حصص آمدنی 1.37 روپے رہی ہے۔

آگے بڑھتے ہوئے، واٹر اینڈ جنرل انڈسٹری مارکیٹس ایریاز میں کاروباری امکانات بہت امید افزا ہیں، یہاں تک کہ انٹرنیشنل کاروبار کے لیے نقطہ نظر بھی مضبوط ہے۔

بورڈ پہلی ششماہی میں مثبت کاروباری نتائج حاصل کرنے کے لیے KSB کی پوری ٹیم کی لگن اور سخت محنت کو سراہتا ہے اور سال 2022 میں ان کے لیے نیک خواہشات کا اظہار کرتا ہے۔

*M. Mansoor*

عمران غنی

ایم ڈی / چیف ایگزیکٹو آفیسر

23 اگست 2022

لاہور، پاکستان

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