

Annual Report 2020

KSB Pumps Company Limited





KSB Pumps Company Limited

KSB - Technology that makes its mark

Two symbols, three letters: pumps, valves and KSB are all closely connected – thematically and visually. Wherever there are fluids to be transported, controlled or shut off, customers globally rely on our expertise and products. The KSB brand promises them competent advice, excellent quality and to preliability along with guaranteed after sales service that they can count on, worldwide.

In 1959, “The KSB Group” established its first Asian subsidiary in Lahore – Pakistan, while built its first factory in Hassanabdal in 1964. After becoming a Public Limited Company in 1979, KSB Pakistan received its first ISO Certification in 1997, and moved on to become the First Foundry based Engineering Company in Pakistan that was QHSE Certified for ISO 9001, ISO 14001 & ISO 18001 Certifications for complete Integrated Management System Certification by TUV, Germany. Continuing its commitment to quality and excellence, KSB Pakistan has successfully completed its six decades of operations in Pakistan.

KSB Pumps Company Limited is a leading international supplier of pumps, valves and related systems for industrial applications, building services, process engineering, energy conversion, water treatment, water transport, solids transportation and other related applications. KSB combines innovative technology and excellent service to provide intelligent solutions. This approach means that KSB is close to its customers, providing them with pumps, valves and systems for almost all applications involving the transportation of liquids.

Over the years, KSB Pakistan has developed a diversified and motivated pool of human resource and today the Company employs more than 400 proficient people that operates through its sales offices in Lahore, Karachi, Rawalpindi and Multan. To enable easy access to its customers, KSB Pakistan has a nation wide operating network of Franchise & Dealers, also known as KSB Exclusive Partners and KSB Authorized Dealers respectively. In addition to these, the Company also has an efficient Customer Service Department comprising of qualified and experienced personnel: KSB’s comprehensive service includes bespoke solutions for all customer applications which ensures the running of pumps & systems efficiently.



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.

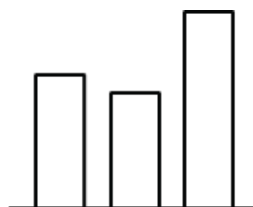
2020 in Figures

Order intake



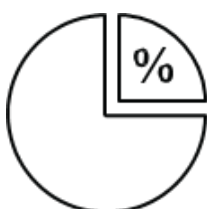
PKR **3,676** million

Sales



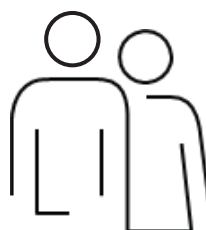
PKR **3,606** million

EBIT



PKR **23.636** million

Employees



310 as on 31st December 2020

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CORPORATE OBJECTIVES

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Vision

KSB provides the best solution worldwide through technology to make its mark.

Mission Statement

We aim to 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 Objective

To defend high market share in a growing but competitive market area & continuously expand product & service offerings in order to strengthen the position as a 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 characterize 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.

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MANAGEMENT

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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 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 34 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 61 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

Dr. 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. Having an extensive and diversified experience in Sales, Marketing, Operations and Manufacturing areas, he is a certified director from PICG, Pakistan & is the Member of Board of Governors of National Management Foundation (LUMS), LEAD Pakistan. He is also member of Board of Management NAVTTC (National Vocational and Technical Training Commission) and the Vice President of Pakistan Foundry Association and President of Punjab Region of GPCCI.



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.



Sajid Mahmood Awan

Director

Mr. Awan is Regional CFO and is responsible to oversee the Financial Management function of MEA and East Europe regions. Having a diversified professional experience of above 27 years in multinational environments, Mr. Awan holds the fellow membership of ICMAP, ICSP and is also the Certified Director from PICG.



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 a vast experience in the banking field and has also served on Boards and Committees of various companies.



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 and has more than 39 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.



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 and is Ex-Justice of Lahore High Court & Senior Advocate of Supreme Court of Pakistan. He has represented in number of High Profile cases in the Superior Courts.



Ayesha Aziz
Director

Ms. Aziz has over 25 years of financial sector experience on senior positions and holds the office of CEO/Managing Director of Joint Venture Pak Brunei Investment Company. She is a qualified Chartered Financial Analyst (CFA) and serving on the board of directors of various financial institutions and industries.

Dr. Sven Baumgarten

Chairman Board of Directors



Chairman's Review

I am pleased to present annual review for the year ended December 31, 2020.

The coronavirus pandemic played havoc with global economic activity. Following the global trends, Pakistan's already struggling economy also posted a negative GDP growth in year 2020. Outlook for 2021 is positive and should bring good business opportunities for KSB Pakistan. Despite facing COVID effects, the company's results remained positive with a total turnover of PKR 3.6 billion and profit before tax of PKR 23 million. During this difficult year, KSB Pakistan's board steered the company in the best interest of its shareholders for sustainable performance.

KSB Pakistan mainly serves Water, Industry, Building Service and Energy sectors, in local as well as in international market, with a wide range of premium products including pumps, pump castings, automotive parts, and clean drinking water solutions through Ultra Filtration (UF) & Reverse Osmosis (RO) plants. The operations are supported by world class after sale service named.


KSB SupremeServ

KSB Pakistan's board is represented by dedicated individuals bringing wealth of experience and expertise in Finance, Legal and Business Management. KSB Pakistan has an inclusive board, compliant with the requirement of female representation. The Board members are fully acquainted with their fiduciary duties and most of the members have acquired certifications under Directors' Training Program as prescribed by SECP.

During year 2020, regular meetings of the board and its committees took place. Due deliberations were carried out before exercising guidance or giving consent on the matters placed before the board. The decision making process involves active participation by board members and valuable contribution by independent directors.

Under Annual Board Performance Evaluation Mechanism, performance of all board members remained highly satisfactory.

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



Dr. Sven Baumgarten
Chairman
Lahore: March 17, 2021

Management Committee



Mohammad Masud Akhtar
Chief Executive Officer /
Managing Director



Faisal Aman Khan
Company Secretary



Syed Tariq Ali
Director Operations



Muhammad Imran Malik
Director Sales &
Strategic Marketing



Faryal Zafar
Chief Financial Officer



Matraf Rasul
GM Materials



Omer Saljouk
GM Services



Muhammad Omer Siddiqui
Head - Product Management &
Leading Application Center



Shahzad Saleem
Head - Human Resource & IT



Saeed Hussain
Head - Internal Audit



Shahzad Umer
Head - QHSE

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	Partners	Contact#	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@de.com.pk
2	Industrial Development & Engineering Associates	Karachi	20-C Mezzanine Floor, Indus Centre 14th Com st PH-II DHA	Sindh	Saqui Khawaja	0300-8203077 021-35390481/2	saquib@idea.com.pk
3	Wali Muhammad & Co.	Quetta	Zonkiram Road Near Millennium Mall	Balochistan	Wali Muhammad	0300-8387668 081-2829635	gulistanmachinery@yahoo.com
4	Pak Atlantis Pumps	Peshawar	3rd Floor, Mall Tower, 35-The Mall, Peshawar Cantt.	KPK	Atif Javed	0345-5555939 091-5285679	pakatlantis@gmail.com
5	B&I Engineering	Lahore	House # 22, Q Block, Main Boulevard, Gulberg II, Near Home Economics College	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	Sindh	Abdul Qayyum	0333-7299905 0311-1000953 021-35156121-4	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	

Company Secretary

Faisal Aman Khan

Management

Mohammad Masud Akhtar	Chief Executive Officer
Muhammad Imran Malik	Sales & Strategic Marketing
Faisal Aman Khan	Corporate Affairs & IR Administration
Syed Tariq Ali	Operations
Faryal Zafar	Finance & Control

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

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

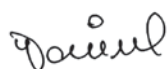
Share Registrar

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 64th Annual General Meeting of the members of KSB Pumps Company Limited, will be held on Tuesday, the 27th April, 2021, at 3.30 p.m. Hotel Four Points Sheraton 25-26 Egerton Road, Lahore, to transact the following business:

1. To confirm the minutes of the 63rd Annual General Meeting held on May 21, 2020.
2. To consider and adopt the audited accounts of the Company for the year ended December 31, 2020 and report of Auditors and Directors thereon.
3. To approve and declare dividend of 5% for the financial year ended December 31, 2020 as recommended by the Directors.
4. To appoint auditors for the year 2021 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.



BY ORDER OF THE BOARD
Faisal Aman Khan
Company Secretary

Lahore : April 01, 2021

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 20th April, 2021 to 27th April, 2021 (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-74400, by the close of business on 19th April, 2021 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. Due to current COVID-19 situation and terms of Circular No. 4/2021 dated February, 15, 2021 of SECP, the Company has 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.

S. No.	Name of the Shareholder	CNIC No.	Folio No.	Mobile	Registered Email Address

Video-Link details and login credentials will be shared with those Members whose emails containing all the above particulars are received on or before April 23, 2021.

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.

5. 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

6. UNCLAIMED DIVIDEND/SHARES

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

7. 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.

8. 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, 2020 in the form of CD. Any member requiring printed copy of the annual report 2020 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.



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, 2020 together with Auditor's report.

THE ECONOMY

Global Economy

Global economy seems emerging from severe recession caused by COVID-19 pandemic. Having contracted by around 4% in year 2020, global economic output is expected to expand at 4% in 2021 and to moderate at 3.8% in 2022. The forecast is improved from previous estimates but is still below pre-crisis level. Most emerging markets and developing economies were severely disrupted by the pandemic effects. Going forward, all markets expect growth however the extent of recovery is dependent on country specific factors. Advanced economies anticipate good recovery due to widespread vaccination and overall policy support. Growth in East Asia and Pacific region is expected to rebound mainly due to strong recovery in Chinese economy. Middle East, North Africa and Sub Sahara regions expect weaker growth. Oil price is increasing and the rising trend is expected to continue based on OPEC+ strategy to manage the supplies. Increase in overall consumption, improvements in trade, and support due to ongoing vaccination would remain key contributions to strengthen the global economic output. Downward risks still predominate including the possibility of recurrent waves of COVID, delays in vaccine procurement and distribution, pandemic effects on investments and human capital, and financial stress triggered by surge in debt levels. Multilateral cooperation in form of relief efforts, vaccine availability for vulnerable population, and policies to provide debt refinancing for poor and debt burdened countries should remain priorities at global level.

Pakistan's Economy

Burdened with monetary and fiscal tightening measures, Pakistan economy was blown off course by COVID-19 pandemic. Fiscal year 2020 was marked with negative growth. In order to soften the impact of deterioration, Government and SBP took various relief measures including reduction in policy rate to 7%, deferment of long term loans, provision of loans against payment of salaries and wages etc. These measures along with other steps to contain the spread of virus had positive impact on overall activity. Resultantly economic conditions began to improve, however, recurring wave of COVID pandemic has slowed down the pace of recovery. Agriculture and Industry, especially Large Scale Manufacturing, picked up. Another major sector, Services, which collapsed under pandemic effects, has shown improvement in post-lockdown period due to increase in mobility of people and delivery in services, however given the future risks it is likely that recovery will be slower than expected. On the back of incentives offered by Government, construction sector is expected to grow, also giving boost to the allied manufacturing industry. Increase in inward remittances contributed towards improvement in current account and forex reserves. Resultantly Pak rupee has also strengthened against dollar. On the other hand, increasing oil prices pose a risk of increase in already rising import bill in the future periods. Recently, there has been uptick in inflation but forecast for the fiscal year remains within a range of 7% to 9%. Public sector activity is expected to resume, and accelerate in the second half of year, however, continued fiscal consolidation measures would have slowdown impact. Geo-political problems in the region prevail. Security and Law & Order situation remained satisfactory. Internal political situation remains unstable being another threat to overall economic activity in the country. The extent of COVID disease is unknown due to limited testing facilities. Moreover, risk of recurrence of disease and delay in availability of vaccine may further affect the economic recovery process. Economic growth for fiscal year is expected to remain positive however subdued - GDP growth outlook ranges from 0.5% to 1.5% based on various sets of projections available for the current fiscal year.

THE COMPANY

Financial Results

KSB Pakistan, amid challenging economic conditions worsened by COVID-19 pandemic, was able to sustain the external pressures in year 2020. Slow start in first quarter was followed by a sharp decline in activity in second quarter of year 2020, owing to lockdown implemented as a result of increase in COVID cases. Operations remained closed for a couple of weeks however later resumed under strict compliance of the SOPs. Thus the production activity continued during the second quarter, and we were able to follow product delivery timelines after the overall activity picked up in third quarter. Negative results in first half were offset by healthy numbers recorded in second half of the year. Overall results remained positive as reflected from the below shown key indicators for the year 2020 in comparison with last year 2019:

	Rupees in '000'	
	2020	2019
Sales	3,606,605	3,755,532
Gross Profit	594,517	731,937
Profit Before Interest and Tax	158,594	287,454
Profit Before Tax	23,636	116,915
Profit/(Loss) for the year	16,382	87,880
Earnings per share (EPS)	1.24	6.66

Pumps & Valves

Year 2020 has been a turbulent year because of the COVID pandemic followed by series of lockdowns. The economic slowdown and sluggish development activity in the public sector was another constant factor hurting KSB Pakistan's business in all major market sectors. Our export business which anticipated significant growth was affected by worldwide business activity and supply chain disruptions. Despite all challenges, the company was able to secure a few major projects from WASA Lahore which helped steering business activity in the water market area, Order intake from General Industry & Petrochemical



markets was hampered owing to sluggish market demand. Thanks to our Alternate Channel Network, through which we managed to sustain our market share and profitable business during the year.

Our robust product diversification and expansion program along with regular marketing and customer focused campaigns continues to support us not only to increase the market share in respective segments but also to explore new business horizons.

KSB Pakistan Projects has been restructured in the overall business approach. There has been a reasonable growth in order intake in water and general industry market areas. Primary order intake was achieved from WASA Lahore against existing and new O&M contracts. The company successfully completed execution of mega project near Karachi (the project awarded by Karachi Water and Sewerage Board for construction of pump station of 100 MGD capacity). This project successfully passed stage 1 of commissioning in 2020 and was handed over to the customer after completion; defect liability period is currently in process. Closure of in-hand projects in an efficient and cost-effective manner will be the prime focus in the current year, in addition to acquiring new projects in water filtration and treatment.



Production

KSB Pakistan operations, in line with global strategy and market demand, has been continuously working on lean projects in order to optimise overall cost while enhancing productivity and efficiency. Special focus remained on process optimisation in machining, assembly, testing and inspection areas, with Value Stream Mapping (VSM) techniques and small Kaizen blitz being basis of improvements. Total Preventive Maintenance (TPM) initiatives resulted in enhanced accuracy, machine availability and productivity levels.

Skill development of personnel and continuous process improvement, in accordance with updated quality standards and changing requirements in dynamic business environment, has been among key priorities for the organization.

2,949
NUMBER OF PUMPS
PRODUCED



Foundry

Foundry business from automotive sector exhibited upward trends in the second half of year 2020 and a healthy revenue was recorded for the period. On production side, cutting cost of non-conformance continued to remain one of major measures by utilising Magma software to improve the gating feeding system. This enabled us to control rejections and achieve enhanced casting yield. Induction of new shot blast machine and expansion in fettling area would further increase efficiency and capacity to meet future business demands. Kaizen teams have been working together to further improve overall product quality and operations capacity both for own castings and automotive business.

Overall production plan for year 2021 shows growth from year 2020, with opportunities in pipeline from local and international market, which will enable us meet our production targets for the current year.

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 site is ‘MbK- Made by KSB’ certified by our principles. The certification means that the product produced in Pakistan meets the criteria and quality as if it was made in Germany.

As a result of being fully compliant to national and international standards of Health, Safety and environment sustainability, KSB Pakistan succeeded to achieve another National Annual Award for Environment Excellence, being 14th consecutive award.



KSB SupremeServ

Service business came to halt as COVID cases increased and lockdown was imposed in the end of first quarter of year 2020. Activity resumed in third quarter although with after-effects of slowdown. Public sector spending remained very low, shifting our focus to Industry and Energy sectors which responded with good order intake in the second half of year 2020. Another focus was to improve profitability by increasing contribution margin and cutting costs.

In year 2020, KSB SupremeServ successfully executed its first export order from KSB Turkey for reverse engineering of parts.

Human Resource

2020 has been a year of unprecedented challenges and uncertainty that further strengthened our belief that capable & committed people of KSB are instrumental in sustaining the organization through even in the most turbulent times. COVID – 19 posed various challenges related to physical as well as mental health, managing deliverables while adopting to remote work arrangements, uncertainties in the market and the stress of all these factors on both the organization as well as its employees.

1,733
TRAINING
MANHOURS

The organization had a comprehensive business continuity strategy in place to adapt the technology infrastructure which not only enabled seamless remote working facilities to our employees but also ensured that our business teams were able to provide the required products, operational support and maintenance service to our clients who were providing essential services. A lot of focus was put on employee wellness and health care where the organization ensured subsidized COVID tests and enhanced medical coverage for any associated cases of infection. Effected employees were offered special paid leaves to deal with COVID symptoms or infection, while continued communication to create awareness and vigilance were conducted.

We expect 2021 to be a year of hope, growth and opportunities with COVID vaccine coming to Pakistan and the 2nd wave going down. We continue to strengthen our leadership pipeline and talent bench strength so that the organization is well prepared to capitalize on opportunities created as a result of economic resurgence.

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). 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.

Corporate Social Responsibility - KSB CARE

Corporate Social Responsibility (CSR) is one of the vital elements of the company's overall objectives. KSB believes in sustainable growth while making effective contribution towards well-being of the community at large.

Working under the banner of KSB Care, we continue to perform our role as a responsible corporate entity contributing towards social welfare mainly in Education and Health sectors. Scholarships are provided to able and deserving students enrolled in various schools and colleges situated in the vicinity of our works at Hassanabdal. KSB also offers internships, apprenticeships, training opportunities, educational visits and study projects to students. By aiding in construction of class rooms, provision of furniture and fixtures and drinking water for schools, we have been supporting educational institutions to develop their infrastructure.

In Health sector, in year 2020, we contributed towards construction of special pathway for disabled persons and provision of wheel chairs in District Attock. Further, food packages were distributed among COVID affectees in Hassanabdal.

FUTURE OUTLOOK

Pumps & Valves

Business prospects for Pumps & Valves seem optimistic both in standard and high-end engineered markets for all major sectors. Though, 1st half is expected to remain with usual business numbers, the government sector activity is anticipated to gear up in the second half of the year bringing in few good opportunities, especially in the water/wastewater market area. However, order intake will depend on timely release of funds. As the pandemic effects subside and availability of vaccine is ensured around the globe, export business is expected to resume in the year 2021 and a healthy turnover is foreseen based on orders in hand and business opportunities to come.

Efforts to secure order intake from bigger projects like Jamila Disposal Station and Chungi No 09 up-gradation, will remain intact in year 2021. Considering our specialization in this field, these projects are being targeted on a turnkey basis. Expansion of KSB Pakistan's market share and achievement of sustainable growth in future remains key focal point.

KSB SupremeServ

KSB SupremeServ aims to achieve volume growth in the current year by targeting business opportunities in Industry sector including Reverse Engineering. Activity in the public sector is expected to resume and we are looking forward to realize reasonable order intake from public sector in year 2021. We are looking forward to revival in oil & gas and energy sectors. Necessary actions will be taken to enhance capabilities in reverse engineering in order for us to benefit from future opportunities in this high potential business segment.



APPROPRIATION

RESULT FOR THE YEAR

	Rupees '000'
Profit for the year before providing for taxation	23,637
Provision for taxation	(7,254)
Profit after taxation	16,383
Other comprehensive income/(loss) for the year - Net of Tax	12,632
Un-appropriated profit brought forward	497
Available for appropriation	29,512
Appropriated as under	
- Transfer to general reserve	22,500
- Proposed dividend @ Rs. 0.50 per share	6,600
	29,100
Un appropriated profit carried forward	412

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, 2021.

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, 2020 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 three are independent and 4 are non- executive members.

The Chairman of the Board is other than the CEO and non-executive Director.

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 A t t e n d e d
01.	Dr. Sven Baumgarten	4
02.	Mr. M. Masud Akhtar	4
03.	Mr. Sajid Mahmood Awan	4
04.	Mr. Dieter Antonius Pott	4
05.	Ms. Ayesha Aziz	1
06.	Mr. Hasan Aziz Bilgrami	3
07.	Mr. Jamal Nasim	4
08.	Mr. Shezada Mazhar	4

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 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	Independent Director	4
2.	Mr. Dieter Antonius Pott	- Member	Non-Executive Director	4
3.	Mr. Shezada Mazhar	- Member	Independent Director	4

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 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 there from 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 31.12.2019	:	Rs. 226.42Million.
2. Gratuity Fund 31.12.2019	:	Rs.168.87Million.
- 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, 2020 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, 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 the parent Company, M/s. KSB SE & Co. KGaA.

The Board expresses gratitude to entire KSB team for its resilience and hard work especially during this difficult year.

On behalf of the Board

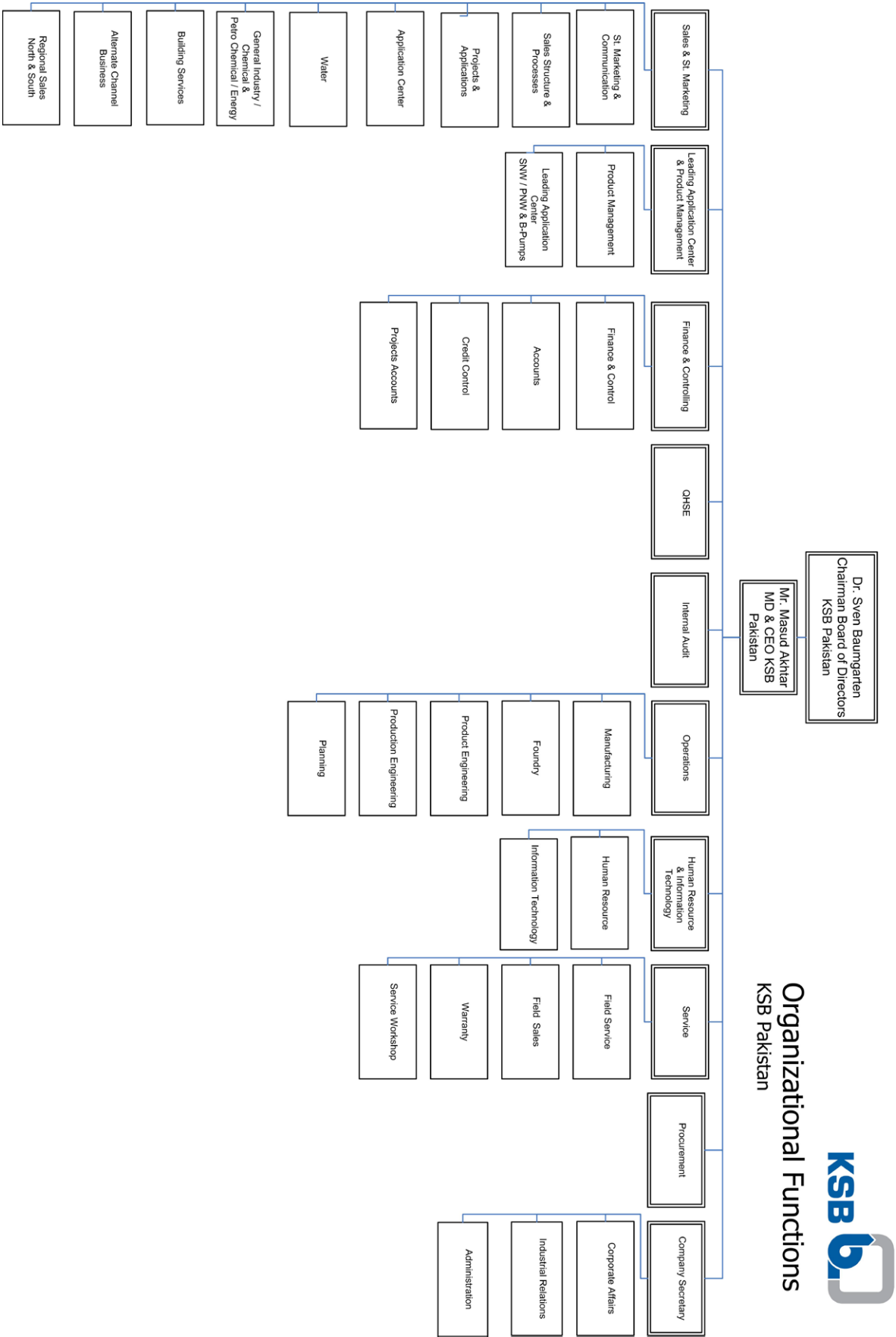


Mohammad Masud Akhtar
Chief Executive



Shezada Mazhar
Director

March 17, 2021
Lahore.



3

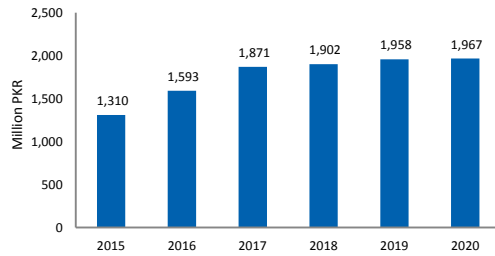
STAKEHOLDERS' INFORMATION

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44	Statement of Value Addition
45	Key Financial Data for 6 Years
46	Key Performance Indicators

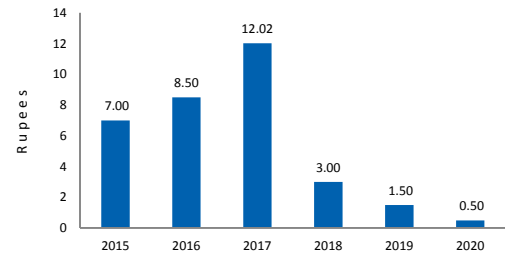


6 Years Highlights

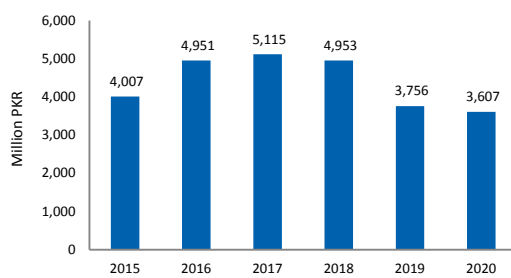
Equity



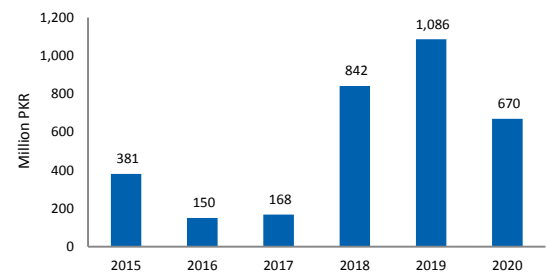
Cash Dividend Per Share



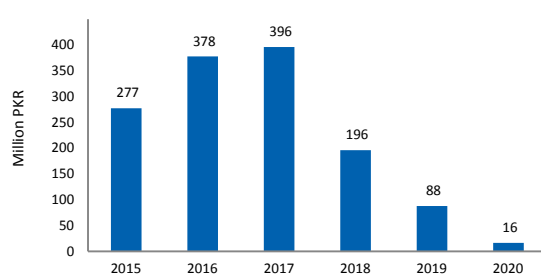
Sales



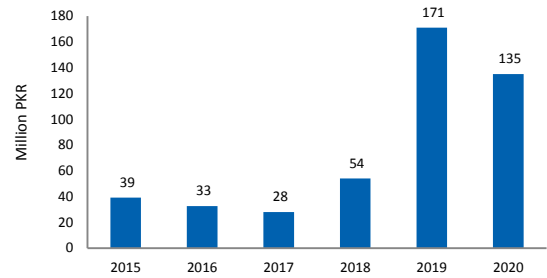
Short Term Finances



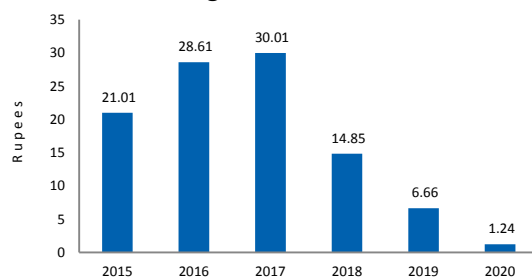
Net Profit



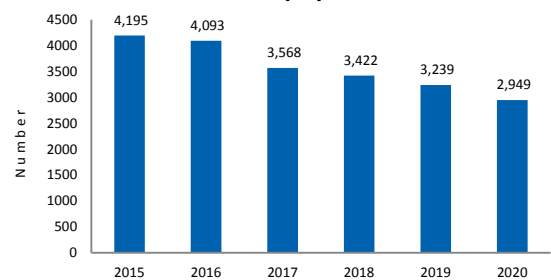
Finance Cost



Earning Per Share



No. of Pumps produced



Vertical Analysis

	2020 Rs. in '000'	%age	2019 Rs. in '000'	%age
Balance Sheet				
Net worth / shareholders equity	1,967,112	41.91%	1,957,898	39.63%
Non current liabilities	344,785	7.35%	273,575	5.54%
Short term running finances/bank borrowings	904,448	19.27%	1,211,456	24.52%
Creditors, accrued and other liabilities	1,476,941	31.47%	1,497,734	30.31%
Total liabilities and equity	4,693,286	100.00%	4,940,663	100.00%
Fixed Assets	1,088,677	23.20%	1,196,996	24.23%
Long Term Loans and Deposits	70,909	1.51%	69,256	1.40%
Deferred Taxation	-	0.00%	-	0.00%
Current Assets	3,533,700	75.29%	3,674,411	74.37%
Total Assets	4,693,286	100.00%	4,940,663	100.00%
Profit and Loss Account				
Sales	3,606,605	100.00%	3,755,532	100.00%
Cost of sales	(3,012,089)	-83.52%	(3,021,989)	-80.47%
Gross Profit / (Loss)	594,516	16.48%	733,543	19.53%
Distribution and marketing costs	(303,269)	-8.41%	(308,778)	-8.22%
Administrative expenses	(205,732)	-5.70%	(223,890)	-5.96%
Other operating expenses	(11,771)	-0.33%	(8,920)	-0.24%
Other operating income	84,849	2.35%	95,498	2.54%
Operating Profit / (Loss)	158,593	4.40%	287,453	7.65%
Finance Cost	(134,957)	-3.74%	(170,538)	-4.54%
Profit / (Loss) before tax	23,636	0.66%	116,915	3.11%
Taxation	(7,254)	-0.20%	(29,035)	-0.77%
Profit / (Loss) for the year	16,382	0.45%	87,880	2.34%

2018 Rs. in '000'	%age	2017 Rs. in '000'	%age	2016 Rs. in '000'	%age	2015 Rs. in '000'	%age
1,901,553	37.13%	1,871,369	39.10%	1,593,217	43.83%	1,310,250	38.75%
433,783	8.47%	413,515	8.64%	137,703	3.79%	83,728	2.48%
966,760	18.88%	269,215	5.62%	150,059	4.13%	381,372	11.28%
1,819,574	35.53%	2,232,091	46.64%	1,753,672	48.25%	1,605,920	47.49%
5,121,670	100.00%	4,786,190	100.00%	3,634,651	100.00%	3,381,271	100.00%
1,269,796	24.79%	1,245,786	26.03%	486,675	13.39%	417,795	12.36%
74,314	1.45%	13,044	0.27%	16,508	0.45%	15,188	0.45%
-	0.00%	-	0.00%	-	0.00%	-	0.00%
3,777,560	73.76%	3,527,360	73.70%	3,131,467	86.16%	2,948,287	87.19%
5,121,670	100.00%	4,786,190	100.00%	3,634,651	100.00%	3,381,271	100.00%
4,952,915	100.00%	5,115,215	100.00%	4,950,602	100.00%	4,007,244	100.00%
(4,289,529)	-86.61%	(3,970,150)	-77.61%	(3,902,841)	-78.84%	(3,099,652)	-77.35%
663,386	13.39%	1,145,066	22.39%	1,047,762	21.16%	907,592	22.65%
(342,263)	-6.91%	(334,702)	-6.54%	(310,023)	-6.26%	(328,342)	-8.19%
(222,830)	-4.50%	(244,767)	-4.79%	(225,841)	-4.56%	(188,149)	-4.70%
(18,994)	-0.38%	(59,219)	-1.16%	(38,852)	-0.78%	(36,911)	-0.92%
226,665	4.58%	60,854	1.19%	69,061	1.40%	53,644	1.34%
305,963	6.18%	567,231	11.09%	542,106	10.95%	407,834	10.18%
(54,467)	-1.10%	(27,908)	-0.55%	(32,617)	-0.66%	(39,156)	-0.98%
251,496	5.08%	539,324	10.54%	509,489	10.29%	368,678	9.20%
(55,459)	-1.12%	(143,255)	-2.80%	(131,793)	-2.66%	(91,312)	-2.28%
196,037	3.96%	396,068	7.74%	377,696	7.63%	277,366	6.92%

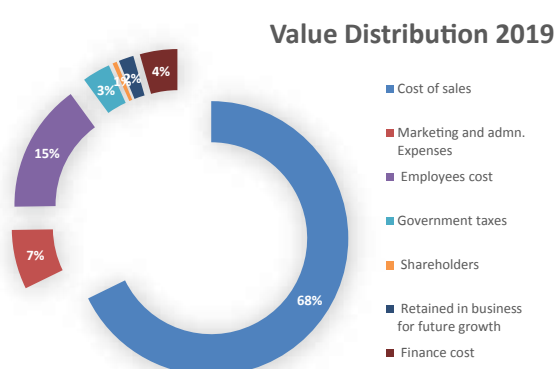
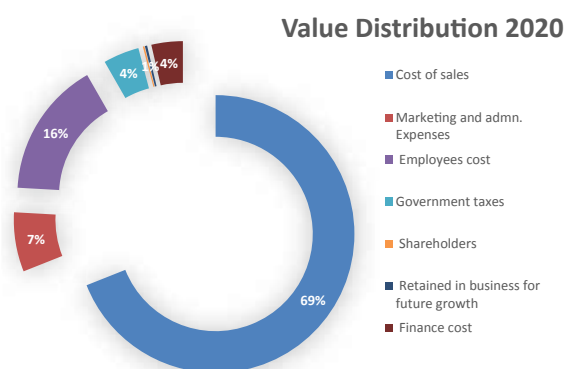
Horizontal Analysis

	2020	2019	Change	2019	2018	Change	2018
	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000
Balance Sheet							
Net worth / shareholders equity	1,967,112	1,957,898	0.47%	1,957,898	1,901,553	2.96%	1,901,553
Non current liabilities	344,785	273,575	26.03%	273,575	433,783	-36.93%	433,783
Short term running finances/bank borrowings	904,448	1,211,456	-25.34%	1,211,456	966,760	25.31%	966,760
Creditors, accrued and other liabilities	1,476,941	1,497,734	-1.39%	1,497,734	1,819,574	-17.69%	1,819,574
Total liabilities and equity	4,693,286	4,940,663	-5.01%	4,940,663	5,121,670	-3.53%	5,121,670
Fixed Assets	1,088,677	1,196,996	-9.05%	1,196,996	1,269,796	-5.73%	1,269,796
Long Term Loans and Deposits	70,909	69,256	2.39%	69,256	74,314	-6.81%	74,314
Deferred Taxation	-	-	0%	-	-	0%	-
Current Assets	3,533,700	3,674,411	-3.83%	3,674,411	3,777,560	-2.73%	3,777,560
Total Assets	4,693,286	4,940,663	-5.01%	4,940,663	5,121,670	-3.53%	5,121,670
Profit and Loss Account							
Sales	3,606,605	3,755,532	-3.97%	3,755,532	4,952,915	-24.18%	4,952,915
Cost of sales	(3,012,089)	(3,021,989)	-0.33%	(3,021,989)	(4,289,529)	-29.55%	(4,289,529)
Gross Profit / (Loss)	594,516	733,543	-18.95%	733,543	663,386	10.58%	663,386
Distribution and marketing costs	(303,269)	(308,778)	-1.78%	(308,778)	(342,263)	-9.78%	(342,263)
Administrative expenses	(205,732)	(223,890)	-8.11%	(223,890)	(222,830)	0.48%	(222,830)
Other operating expenses	(11,771)	(8,920)	31.96%	(8,920)	(18,994)	-53.04%	(18,994)
Other operating income	84,849	95,498	-11.15%	95,498	226,665	-57.87%	226,665
Operating Profit / (Loss)	158,593	287,453	-44.83%	287,453	305,963	-6.05%	305,963
Finance Cost	(134,957)	(170,538)	-20.86%	(170,538)	(54,467)	213.11%	(54,467)
Profit / (Loss) before tax	23,636	116,915	-79.78%	116,915	251,496	-53.51%	251,496
Taxation	(7,254)	(29,035)	-75.02%	(29,035)	(55,459)	-47.65%	(55,459)
Profit / (Loss) for the year	16,382	87,880	-81.36%	87,880	196,037	-55.17%	196,037

2017	Change	2017	2016	Change	2016	2015	Change	2015	2014	Change
Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%
1,871,369	1.61%	1,871,369	1,593,217	17.46%	1,593,217	1,310,250	21.60%	1,310,250	1,101,515	18.95%
413,515	4.90%	413,515	137,703	200.30%	137,703	83,728	64.46%	83,728	79,193	5.73%
269,215	259.10%	269,215	150,059	79.41%	150,059	381,372	-60.65%	381,372	529,272	-27.94%
2,232,091	-18.48%	2,232,091	1,753,672	27.28%	1,753,672	1,605,920	9.20%	1,605,920	1,197,407	34.12%
4,786,190	7.01%	4,786,190	3,634,651	31.68%	3,634,651	3,381,271	7.49%	3,381,271	2,907,387	16.30%
1,245,786	1.93%	1,245,786	486,675	155.98%	486,675	417,795	16.49%	417,795	364,296	14.69%
13,044	469.71%	13,044	16,508	-20.98%	16,508	15,188	8.69%	15,188	12,463	21.87%
-	0%	-	-	0%	-	-	0%	-	-	0%
3,527,360	7.09%	3,527,360	3,131,467	12.64%	3,131,467	2,948,287	6.21%	2,948,287	2,530,628	16.50%
4,786,190	7.01%	4,786,190	3,634,651	31.68%	3,634,651	3,381,271	7.49%	3,381,271	2,907,387	16.30%
5,115,215	-3.17%	5,115,215	4,950,602	3.33%	4,950,602	4,007,244	23.54%	4,007,244	3,152,062	27.13%
(3,970,150)	8.04%	(3,970,150)	(3,902,841)	1.72%	(3,902,841)	(3,099,652)	25.91%	(3,099,652)	(2,454,451)	26.29%
1,145,066	-42.07%	1,145,066	1,047,762	9.29%	1,047,762	907,592	15.44%	907,592	697,611	30.10%
(334,702)	2.26%	(334,702)	(310,023)	7.96%	(310,023)	(328,342)	-5.58%	(328,342)	(243,578)	34.80%
(244,767)	-8.96%	(244,767)	(225,841)	8.38%	(225,841)	(188,149)	20.03%	(188,149)	(184,984)	1.71%
(59,219)	-67.93%	(59,219)	(38,852)	52.42%	(38,852)	(36,911)	5.26%	(36,911)	(29,673)	24.39%
60,854	272.47%	60,854	69,061	-11.88%	69,061	53,644	28.74%	53,644	60,158	-10.83%
567,231	-46.06%	567,231	542,106	4.63%	542,106	407,834	32.92%	407,834	299,535	36.16%
(27,908)	95.17%	(27,908)	(32,617)	-14.44%	(32,617)	(39,156)	-16.70%	(39,156)	(47,435)	-17.45%
539,324	-53.37%	539,324	509,489	5.86%	509,489	368,678	38.19%	368,678	252,099	46.24%
(143,255)	-61.29%	(143,255)	(131,793)	8.70%	(131,793)	(91,312)	44.33%	(91,312)	(65,110)	40.24%
396,068	-50.50%	396,068	377,696	4.86%	377,696	277,366	36.17%	277,366	186,989	48.33%

Statement of Value Addition

	2020 Rs. in '000'	%age	2019 Rs. in '000'	%age
Value Addition				
Net sales	3,606,605	97.70	3,755,532	97.52
Other income	84,849	2.30	95,498	2.48
	3,691,454	100.00	3,851,030	100.00
Value Distribution				
Cost of sales (excluding employees' cost)	2,546,279	68.98	2,609,487	67.76
Marketing, admin. & other expenses (excluding employees' cost)	255,367	6.92	270,212	7.02
Employees cost				
- Salaries, wages, amenities and staff welfare	582,879	15.79	578,474	15.02
- Workers' profit participation fund	1,244	0.03	6,279	0.16
	584,123	15.82	3,851,030	15.18
Government				
- Taxes & Duties	154,345	4.18	125,774	3.27
- Workers' welfare fund	-	0.00	2,386	0.06
	154,345	4.18	128,160	3.33
Shareholders				
- Dividend	6,600	0.18	19,800	0.51
- Bonus shares	-	0.00	-	0.00
	6,600	0.18	19,800	0.51
Retained in business for future growth				
- Retained profit	9,783	0.27	68,080	1.77
Finance cost	134,957	3.66	170,538	4.43
	3,691,454	100.00	3,851,030	100.00



Key Financial Data for 6 Years

	Rupees in '000'					
	2020	2019	2018	2017	2016	2015
Balance sheet						
Paid up capital	132,000	132,000	132,000	132,000	132,000	132,000
Reserves	1,835,112	1,825,898	1,769,553	1,739,369	1,461,217	1,178,250
Net worth / shareholders equity	1,967,112	1,957,898	1,901,553	1,871,369	1,593,217	1,310,250
Non current liabilities	344,785	273,575	433,783	413,515	137,703	83,728
Short term running finances/ bank borrowings	904,447	1,211,456	966,760	269,215	150,059	381,372
Creditors, accrued & other liabilities	1,476,942	1,497,734	1,819,574	2,232,091	1,753,672	1,605,920
Current liabilities	2,381,389	2,709,190	2,786,335	2,501,306	1,903,731	1,987,292
Total liabilities	2,726,174	2,982,765	3,220,117	2,914,821	2,041,434	2,071,021
Total Liabilities & Equity	4,693,286	4,940,663	5,121,670	4,786,190	3,634,651	3,381,271
Fixed assets	1,088,677	1,196,996	1,269,796	1,245,786	486,675	417,795
Long term loans and deposits	70,909	69,256	74,314	13,044	16,508	15,188
Deferred taxation	-	-	-	-	-	-
Current assets	3,533,700	3,674,411	3,777,560	3,527,360	3,131,467	2,948,287
Total assets	4,693,286	4,940,663	5,121,670	4,786,190	3,634,651	3,381,271
Inventory	792,327	867,928	1,068,061	1,030,607	886,432	767,402
Trade debts and contract assets	2,088,249	2,119,541	1,987,700	1,632,115	1,557,229	1,437,371
Trade and other payables and contract liabilities	1,396,106	1,411,207	1,728,239	2,153,288	1,681,134	1,542,692
Material consumption	1,895,940	1,889,247	2,927,693	2,529,740	2,652,496	1,896,068
Profit and loss						
Sales	3,606,605	3,755,532	4,952,915	5,115,215	4,950,602	4,007,244
Cost of goods sold	(3,012,089)	(3,021,989)	(4,289,529)	(3,970,150)	(3,902,841)	(3,099,652)
Gross Profit	594,516	733,543	663,386	1,145,066	1,047,762	907,592
Distribution and marketing cost	(303,269)	(308,778)	(342,263)	(334,702)	(310,023)	(328,342)
Administrative expenses	(205,732)	(223,890)	(222,830)	(244,767)	(225,841)	(188,149)
Other operating expenses	(11,771)	(8,920)	(18,994)	(59,219)	(38,852)	(36,911)
Other operating income	84,849	95,498	226,665	60,854	69,061	53,644
Operating Profit	158,593	287,453	305,963	567,231	542,106	407,834
Finance Cost	(134,957)	(170,538)	(54,467)	(27,908)	(32,617)	(39,156)
Profit before tax	23,636	116,915	251,496	539,324	509,489	368,678
Taxation	(7,254)	(29,035)	(55,459)	(143,255)	(131,793)	(91,312)
Net Profit	16,382	87,880	196,037	396,068	377,696	277,366

Key Performance Indicators

		2020	2019	2018	2017	2016	2015
Gross Margin	%	16.48	19.53	13.39	22.39	21.16	22.65
Net profit to Sales	%	0.45	2.34	3.96	7.74	7.63	6.92
Return on equity	%	0.83	4.49	10.31	21.16	23.71	21.17
Return on capital employed	%	6.86	12.88	13.10	24.83	31.32	29.26
Return on assets	%	0.35	1.78	3.83	8.28	10.39	8.20
EBITDA	Rupees in '000	317,942	446,482	432,375	644,838	610,421	471,536
EBITDA margin	%	8.82	11.89	8.73	12.61	12.33	11.77
Inventroy turnover ratio	Times	2.39	2.18	2.74	2.45	2.99	2.47
Inventory turnover in number of days	Days	153	168	133	149	122	148
Debtor Turnover ratio	Times	1.73	1.77	2.49	3.13	3.18	2.79
Collection period (Days)	Days	211	206	146	116	115	131
Creditor turnover	Times	2.16	2.14	2.48	1.84	2.32	2.01
Credit turnover in number of days	Days	169	170	147	198	157	182
Opreating cycle	Days	195	203	133	67	80	97
Total assets turnover ratio	Times	0.77	0.76	0.97	1.07	1.36	1.19
Fixed assets turnover ratio	Times	3.31	3.14	3.90	4.11	10.17	9.59
Price earning ratio	Times	313	25.53	12.36	10.20	14.27	12.16
Cash dividend per share	Rupees	0.5	1.50	3.00	12.02	8.50	7.00
Dividend yield ratio	Times	0.00	0.01	0.02	0.04	0.02	0.03
Dividend pay out ratio	Times	0.40	0.23	0.20	0.40	0.30	0.33
Dividend cover ratio	Times	2.48	4.44	4.95	2.50	3.37	3.00
Earnings Per Share	Rupees	1.24	6.66	14.85	30.01	28.61	21.01
Number of Shares	Number	13,200	13,200	13,200	13,200	13,200	13,200
Debt Equity Ratio		0.59 : 1	0.70 : 1	0.65 : 1	0.31 : 1	0.12 : 1	0.29 : 1
Interest Cover ratio	Times	1.18	1.69	5.62	20.33	16.62	10.42
Current Ratio	Times	1.48	1.36	1.36	1.41	1.64	1.48
Acid test ratio	Times	1.15	1.04	0.97	1.00	1.18	1.10
Break up value per share	Rupees	149.02	148.33	144.06	141.77	120.70	99.26
Market Value of shares - year end	Rupees	388.45	169.96	183.58	306.00	408.25	255.47
Market Value of shares - high	Rupees	410.00	182.97	415.00	474.90	409.41	264.90
Market Value of shares - low	Rupees	108.00	85.00	177.50	266.50	192.19	127.58
Summary of cash flow statement							
Operating activities	Rupees in '000	127,114	12,972	(630,000)	765,492	493,411	142,454
Investing activities	Rupees in '000	(45,362)	(82,895)	(148,948)	(832,959)	(136,170)	(112,687)
Financing Activities	Rupees in '000	217,906	(163,610)	(188,013)	254,837	(49,101)	(65,395)
Cash and cash equivalent-closing balance	Rupees in '000	(604,194)	(903,852)	(670,319)	296,642	109,272	(198,868)

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CORPORATE GOVERNANCE

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Pattern of Shareholding

As at December 31, 2020

Number of Shareholders	Shareholding	Total Shares Held
367	1 to 100	10,898
172	101 to 500	47,086
200	501 to 1000	120,410
123	1001 to 5000	291,236
15	5001 to 10000	112,675
5	10001 to 15000	64,700
2	15001 to 20000	36,500
4	20001 to 25000	94,349
1	25001 to 30000	30,000
2	30001 to 35000	64,703
2	35001 to 40000	78,700
1	40001 to 45000	45,000
1	50001 to 55000	54,000
2	55001 to 60000	110,392
2	95001 to 100000	195,400
1	105001 to 110000	110,000
1	110001 to 115000	110,393
2	135001 to 140000	274,288
1	140001 to 145000	143,863
1	270001 to 275000	272,373
1	295001 to 300000	300,000
1	335001 to 340000	339,000
1	550001 to 555000	550,400
1	855001 to 860000	858,100
1	1110001 to 1115000	1,112,559
1	7770001 to 7775000	7,772,975
911		13,200,000

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Nil	-	-	-
Associated Companies, undertakings and related parties			
M/S. KSB SE & CO. KGaA	1	7,772,975	58.89
NIT and ICP	1	1,112,559	8.43
Banks Development Financial Institutions, Non-Banking Financial Institutions, Joint Stock Companies	16	680,659	5.15
Insurance Companies	1	272,373	2.06
Modarabas and Mutual Funds	4	99,700	0.76
General Public			
a. Local	882	3,084,126	23.36
b. Foreign	1	1000	0.01
Foreign Companies	-	-	-
Others	5	176,608	1.34
- Trustees Mohammad Amin Wakf Estate (31, 703)			
- Trustees NBP Employees Pension Fund (137, 288)			
- Trustees NNP Emp Benevolent Fund Trust (4, 817)			
- CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund (800)			
- Prudential Discount & Guarantee House Limited (2,000)			
Total	911	13,200,000	100

Shareholders Holding 5% or more Voting Interest	Shareholders	Percentage
KSB SE & Co. KGaA, Germany	7,772,975	58.89
NIT and ICP	1,112,559	8.43

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

KSB Pumps Company Limited

For the Year Ended December 31, 2020

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 Ms. Ayesha Aziz
Other Non-Executive Directors	Dr. Sven Baumgarten Mr. Dieter Antonius Pott Mr. Hasan Aziz Bilgrami Mr. Sajid Mahmood Awan
Executive Directors	Mr. Mohammad Masud Akhtar
Female Director	Ms. Ayesha Aziz

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 Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of 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 Act and these Regulations;

9. The Board remained fully compliant with the provisions regarding 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 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 / Independent Director |
| • Mr. Dieter Antonius Pott | Member / Non-Executive Director |
| • Mr. Shezada Mazhar | Member / Independent Director |
| • Mr. Saeed Hussain | Secretary / Head of Internal Audit |

b) **HR and Remuneration Committee**

- | | |
|---------------------------|----------------------------------|
| • Mr. Shezada Mazhar | Chairman / Independent Director |
| • Mr. Hasan Aziz Bilgrami | Member / Non-Executive Director |
| • Mohammad Masud Akhtar | Member / Chief Executive Officer |
| • Mr. Shahzad Saleem | Secretary / Head of HR |

13. The 'Terms of Reference' of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings 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 who 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 Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that 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 executive officer, chief financial 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 Companies Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with.

For and on behalf of the Board

March 17, 2021
Lahore.



Mohammad Masud Akhtar
Chief Executive



Shezada Mazhar
Director



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, 2020 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 Director's 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. 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.

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, 2020.

A.F.Ferguson & Co.
Chartered Accountants
Name of engagement partner: Amer Raza Mir
Lahore
Date: March 26, 2021

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FINANCIAL STATEMENTS

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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, 2020, 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, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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.

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Following is the key audit matter:

Sr. No	Key audit matter	How the matter was addressed in our audit
1	<p>Revenue Recognition of Projects</p> <p>(Refer to note 28 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, 2020, the Company recognized an amount of Rs. 325 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 revaluated 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 the 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 - Assessed 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



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Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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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.F.Ferguson & Co.
Chartered Accountants

Name of engagement partner: Mr. Amer Raza Mir.

Lahore

Date: March 26, 2021

Statement of Financial Position

As at December 31, 2020

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 15,000,000 (2019: 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	1,835,112,034	1,825,898,096
		1,967,112,034	1,957,898,096
NON CURRENT LIABILITIES			
Long term finances - secured	7	250,231,042	125,000,000
Deferred grant	8	4,368,548	-
Employees' retirement and other benefits	9	72,223,521	90,691,148
Deferred tax liabilities	10	17,962,164	57,884,316
		344,785,275	273,575,464
CURRENT LIABILITIES			
Current portion of long term finances - secured	7	221,946,967	125,000,000
Current portion of deferred grant	8	12,200,537	-
Short term finances - secured	11	670,300,329	1,086,456,479
Trade and other payables	12	1,393,225,998	1,402,720,697
Contract Liability	13	2,879,982	8,486,428
Unclaimed dividend		10,083,405	9,945,891
Due to provident fund	14	4,308,801	4,389,980
Provisions for other liabilities and charges	15	66,442,933	72,189,948
		2,381,388,952	2,709,189,423
CONTINGENCIES AND COMMITMENTS			
	16	4,693,286,261	4,940,662,983

The annexed notes 1 to 49 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

ASSETS**NON-CURRENT ASSETS**

	Note	2020 Rupees	2019 Rupees
Property, plant and equipment	17	1,050,901,999	1,162,474,078
Investment property	18	-	-
Intangible assets	19	14,083,051	17,651,049
Capital work-in-progress	20	23,691,863	16,871,033
Long-term loans and deposits	21	70,909,142	69,256,113
		1,159,586,055	1,266,252,273

CURRENT ASSETS

Stores, spares and loose tools	22	115,804,122	73,912,997
Stock-in-trade	23	676,523,227	794,014,705
Trade debts	24	1,396,912,186	1,305,532,619
Contract Asset	25	691,336,694	814,008,093
Advances, deposits, prepayments and other receivables	26	587,017,447	504,338,057
Cash and bank balances	27	66,106,530	182,604,239
		3,533,700,206	3,674,410,710
		4,693,286,261	4,940,662,983



Chairman



Chief Executive



Chief Financial Officer

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
Sales	28	3,606,605,276	3,755,531,542
Cost of sales	29	(3,012,088,716)	(3,023,594,868)
Gross profit		594,516,560	731,936,674
Distribution and marketing expenses	30	(303,268,908)	(311,084,949)
Administrative expenses	31	(205,732,123)	(219,975,809)
Other operating expenses	32	(11,771,211)	(8,920,042)
Other operating income	33	84,849,517	95,497,880
Finance costs	34	(134,957,259)	(170,538,489)
Profit before taxation		23,636,576	116,915,265
Taxation	35	(7,254,334)	(29,034,913)
Profit after taxation		16,382,242	87,880,352
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans - net of tax		12,631,696	8,065,135
Items that may be reclassified subsequently to profit or loss		-	-
		12,631,696	8,065,135
Total comprehensive income for the year		29,013,938	95,945,487
Earnings per share - basic & diluted Rupees	36	1.24	6.66

The annexed notes 1 to 49 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, 2020

	Share Capital Rupees	Revenue Reserve		Total Rupees
		General Reserves Rupees	Unappropriated Profit Rupees	
Balance as at January 1, 2019	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 loss 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
Transfer to general reserve	-	76,000,000	(76,000,000)	-
Profit for the year ended December 31, 2020	-	-	16,382,242	16,382,242
Other comprehensive income for the year	-	-	12,631,696	12,631,696
Total comprehensive income for the year	-	-	29,013,938	29,013,938
Transactions with owners in their capacity as owners:				
Final dividend for the year ended December 31, 2019 Rs 1.5 per share	-	-	(19,800,000)	(19,800,000)
Balance as at December 31, 2020	132,000,000	1,805,600,000	29,512,034	1,967,112,034

The annexed notes 1 to 49 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

Statement of Cash Flows

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	388,944,987	306,654,464
Finance costs paid		(146,668,624)	(150,805,429)
Taxes paid		(91,085,205)	(117,163,046)
Employees' retirement and other benefits paid		(22,423,935)	(30,771,368)
Decrease / (increase) in long term loans and deposits - net		(1,653,029)	5,057,387
		(261,830,793)	(293,682,456)
Net cash generated from operating activities		127,114,194	12,972,008
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure including capital work in progress		(59,838,230)	(93,898,632)
Expenditure incurred on acquisition of intangibles		(5,358,768)	(19,112,946)
Proceeds from sale of property, plant and equipment		19,834,885	30,116,743
Net cash used in investing activities		(45,362,113)	(82,894,835)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term finances-secured		268,818,846	(125,000,000)
Repayment of long term finances-secured		(31,250,000)	-
Dividend paid		(19,662,486)	(38,610,752)
Net cash generated from/ (used in) financing activities		217,906,360	(163,610,752)
Net increase / (decrease) in cash and cash equivalents		299,658,441	(233,533,579)
Cash and cash equivalents at the beginning of the year		(903,852,240)	(670,318,661)
Cash and cash equivalents at the end of the year	38	(604,193,799)	(903,852,240)

The annexed notes 1 to 49 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, 2020

1. Legal status and nature of business

- 1.1** KSB Pumps Company Limited (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 four regional offices. These regional offices are located in Lahore, Rawalpindi, Karachi and Multan.

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:

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

ii) 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, 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 1, 2020 but are considered not to be relevant to 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:

-Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' regarding the definition of materiality. This was effective for accounting periods beginning on or after January 1, 2020. This amendment does not have a material impact on the Company's financial statements.

- Revised Conceptual Framework for Financial Reporting which inter alia, has revised the definition of asset and liability, reinstated prudence as a component of neutrality and added guidance on different measurement basis. This was effective for accounting periods beginning on or after January 1, 2020. The applicability of the revised Conceptual Framework does not have a material impact on the Company's financial statements.

- Amendments to IFRS 16 'Leases' - COVID - 19 related rent concessions. As a result of the COVID-19 pandemic, rent concessions have been granted to lessees which might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. This amendment was applicable for accounting periods beginning on or after June 1, 2020. This amendment does not have a material impact on the Company's financial statements.

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, 2021 but are considered not to be relevant or material to the Company's operations and are, therefore, not detailed in these financial statements. Except for:

- The Securities and Exchange Commission of Pakistan ('SECP') through SRO 229(I)/2019 dated February 14, 2019 notified that the standard IFRS 9, 'Financial Instruments' would be effective for reporting period / year ending on or after June 30, 2019. However, SECP through SRO 985 (I)/ 2019 dated September 30, 2019 granted exemption from applying Expected credit loss based impairment model to financial assets due from the Government till June 30, 2021. The management of the Company believes that the application of this standard subsequent to June 30, 2021 will not have any material impact on the Company.

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 of Property, plant and equipment

The Company reviews the useful lives, residual values and indicators for impairment of Property, plant and equipment on 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 to reflect current circumstances. 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 realizable value) is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable 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 or other comprehensive income, in which case it is recognized in equity or other comprehensive income as the case may be.

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 18.35 million (2019: Rs 19.98 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, 2020. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

	2020	2019
Discount rate per annum	9.75%	11.25%
Expected rate of increase in salary level per annum	8.75%	10.25%
Expected rate of return per annum	9.75%	11.25%
Average duration of the defined benefit obligation	5 years	5 years
	SLIC 2001 -	- SLIC 2001 -
Basis of mortality rates used	2005 Setback	2005 Setback
	1 Year	1 Year

The Company is expected to contribute Rs 17.04 million to the gratuity fund for the year ending December 31, 2021.

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, 2020. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

	2020	2019
Discount rate per annum	9.75%	11.25%
Expected rate of increase in salary level per annum	8.75%	10.25%
Expected rate of return per annum	9.75%	11.25%
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. 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 statement of profit or loss. 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, 2020. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

	2020	2019
Discount rate per annum	9.75%	11.25%
Expected rate of increase in salary level per annum	8.75%	10.25%
Expected rate of return per annum	9.75%	11.25%
Average duration of the defined benefit obligation	1 year	1 year
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 17 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, 2020 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. If the expected net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. 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.

The 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.

4.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

5. Share Capital

5.1 Authorised Share capital

2020 (Number of shares)	2019 (Number of shares)		2020 (Rupees)	2019
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

2020 (Number of shares)	2019 (Number of shares)		2020 (Rupees)	2019
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, 2020, the holding company KSB SE & Co. KGaA, having its registered office at 67227 Johann-Klein-Street 09, Frankenthal, Germany, held 7,772,975 (2019: 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, 2020.

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, 2020

6. Revenue reserves

	Note	2020 Rupees	2019 Rupees
General Reserve:			
Opening balance		1,729,600,000	1,580,600,000
Transfer from unappropriated profit		76,000,000	149,000,000
		1,805,600,000	1,729,600,000
Unappropriated profit		29,512,034	96,298,096
		1,835,112,034	1,825,898,096

7. Long Term Finance- Secured

Long term loan

-Diminishing Musharika - BankIslami Pakistan Limited	7.1	218,750,000	250,000,000
-Loan for wages and salaries - Allied Bank Limited	7.2	253,428,009	-
		472,178,009	250,000,000
Less: Current portion shown under current liabilities		(221,946,967)	(125,000,000)
		250,231,042	125,000,000

- 7.1** During the prior years, the long term finance was obtained in the form of Diminishing Musharika from BankIslami 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 10.05% per annum (2019: 11.95% per annum). The amount is secured by way of exclusive charge over specific plant and machinery amounting to Rs 500 million. As at December 31,2020 the Company has repaid an amount of Rs 281.25 million (2019: 250.00 million).
- 7.2** 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 bulidings situated at KSB Pumps Company Limited headoffice 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 anum. The effective rate of interest used for discounting of the loan is 7.7% per annum (2019: Nil).

	Note	2020 Rupees	2019 Rupees
7.3 The reconciliation of the carrying amount is as follows:			
Opening balance		250,000,000	375,000,000
Loan received during the year		268,818,846	-
Repayments during the year		(31,250,000)	(125,000,000)
		<u>487,568,846</u>	<u>250,000,000</u>
Discounting adjustment - deferred grant	8	(21,414,595)	-
Interest charged using the effective rate of interest		8,460,727	-
Interest payments paid during the year		(2,436,969)	-
Closing balance		<u>472,178,009</u>	<u>250,000,000</u>

8 Deferred Grant

This represents Government grant recognised 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 effecting 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:

	Note	2020 Rupees	2019 Rupees
Opening balance		-	-
Deferred grant recognised during the period/year	33	21,414,595	-
Credited to profit or loss		(4,845,510)	-
		16,569,085	-
Current portion shown under current liabilities		(12,200,537)	-
Closing balance		4,368,548	-
9 Employees' retirement and other benefits			
These are composed of:			
Ex-gratia	9.1	33,728,668	31,603,291
Gratuity	9.2	9,790,775	22,477,333
Accumulated compensated absences	9.3	28,704,078	36,610,524
		72,223,521	90,691,148
9.1 Ex-gratia			
The amounts recognized in Statement of Financial Position is as follows:			
Present value of defined benefit obligation	9.1.1	33,728,668	31,603,291
Closing net liability		33,728,668	31,603,291
9.1.1 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		31,603,291	31,602,113
Current Service Cost		1,026,471	1,076,313
Interest cost		3,340,025	3,925,042
Benefits paid		(3,828,371)	(3,958,316)
Actuarial gain from changes in financial assumptions		(8,502)	(12,634)
Experience Adjustment		1,595,754	(1,029,227)
Present value of defined benefit obligation as at year end		33,728,668	31,603,291
The amounts recognized in the statement of profit or loss are as follows:			
Current service cost		1,026,471	1,076,313
Net Interest cost for the year		3,340,025	3,925,042
Total included in salaries, wages and amenities		4,366,496	5,001,355
The amounts recognized in the other comprehensive income are as follows:			
Actuarial gain from changes in financial assumptions		(8,502)	(12,634)
Experience adjustments		1,595,754	(1,029,227)
Total remeasurements chargeable in other comprehensive income		1,587,252	(1,041,861)

	Note	2020 Rupees	2019 Rupees
Present value of defined benefit obligation as at start of the year		31,603,291	31,602,113
Expense chargeable to P&L		4,366,496	5,001,355
Remeasurements chargeable in other comprehensive income		1,587,252	(1,041,861)
Benefits paid		(3,828,371)	(3,958,316)
Benefits payable transferred to short term liability		-	-
Present value of defined benefit obligation as at the end of year		33,728,668	31,603,291

9.1.2 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.

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)	(Rupees)
Discount Rate	1%	33,118,264	34,368,321
Salary Rate	1%	34,368,321	33,107,198

9.1.3 Risk exposure

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

	Note	2020 Rupees	2019 Rupees
9.2 Gratuity			
Present value of defined benefit obligation	9.2.1	183,507,387	197,213,194
Fair value of plan assets	9.2.2	(173,716,612)	(174,735,861)
Liability as at December 31		9,790,775	22,477,333
Liability as at January 1		22,477,333	35,360,142
Charged to statement of profit or loss		20,332,858	21,478,160
Contribution by the Company		(13,641,043)	(24,043,484)
Remeasurement loss chargeable in other comprehensive income		(19,378,373)	(10,317,485)
Liability as at December 31		9,790,775	22,477,333

	Note	2020 Rupees	2019 Rupees
9.2.1	The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at start of the year		197,213,194	188,260,714
Current Service Cost		18,571,467	18,385,824
Interest cost		20,329,744	23,474,377
Benefits paid		(33,008,715)	(22,191,216)
Actuarial gain from changes in financial assumptions		(481,317)	(646,061)
Experience Adjustment		(19,116,986)	(10,070,444)
Present value as at year end		183,507,387	197,213,194
9.2.2	The movement in fair value of plan assets is as follows:		
Balance of Defined Benefit Obligation as at December 31,2019		174,735,861	152,900,574
Total Company's Contribution during the year		13,641,043	24,043,484
Interest income during the period		18,568,353	20,382,039
Benefits paid		(33,008,715)	(22,191,216)
Return on plan assets, excluding interest income		(219,930)	(399,020)
Balance of Defined Benefit Obligation as at December 31,2020		173,716,612	174,735,861
The amounts recognized in the statement of profit or loss are as follows:			
Current service cost		18,571,467	18,385,824
Interest cost on defined benefit obligation		20,329,744	23,474,377
Less: Interest income on plan assets		(18,568,353)	(20,382,039)
Total included in salaries, wages and amenities		20,332,858	21,478,162
Total remeasurement chargeable to Other Comprehensive Income			
Actuarial gain from changes in demographic assumptions		-	-
Actuarial gain from changes in financial assumptions		(481,317)	(646,061)
Experience Adjustments		(19,116,986)	(10,070,444)
		(19,598,303)	(10,716,505)
Return on plan asset, excluding interest income		219,930	399,020
Total remeasurement chargeable to Other Comprehensive Income		(19,378,373)	(10,317,485)
9.2.2.1	Plan assets are comprised of as follows:		
Debt (Investments)		164,011,610	168,689,428
Balance at bank		9,705,002	6,046,433
		173,716,612	174,735,861

- 9.2.3** 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				
	2020	2019	2018	2017	2016
As at December 31					
Present value of defined benefit obligation	183,507,387	197,213,194	188,260,714	155,380,686	129,492,307
Less:					
Fair value of plan assets	173,716,612	174,735,861	152,900,572	133,454,100	115,598,716
Deficit	9,790,775	22,477,333	35,360,142	21,926,586	13,893,591
Experience adjustment on obligation	-10%	5%	4%	4%	1%
Experience adjustment on plan assets	0.13%	0.23%	-1.00%	1.00%	-3.00%

9.2.4 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.

	Impact on defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		(Rupees)	(Rupees)
Discount Rate	1%	174,671,775	193,520,933
Salary Rate	1%	193,767,783	174,291,292

9.2.5 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.

	Note	2020 Rupees	2019 Rupees
9.3 Accumulated compensated absences			
The amounts recognized in Statement of Financial Position is as follows:			
Present value of defined benefit obligation	9.3.1	28,704,078	36,610,524
Closing net liability		28,704,078	36,610,524
9.3.1 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		36,610,524	33,890,537
Current Service Cost		824,411	949,687
Interest cost		3,839,992	4,307,011
Benefits paid		(4,954,521)	(2,769,568)
Actuarial gain from changes in financial assumptions		(26,587)	(42,990)
Actuarial gain on Experience Adjustment		(7,589,741)	275,847
Present value of defined benefit obligation as at year end		28,704,078	36,610,524
The amounts recognized in the statement of profit or loss are as follows:			
Current service cost		824,411	949,687
Net Interest cost for the year		3,839,992	4,307,011
Actuarial gain from changes in financial assumptions		(26,587)	(42,990)
Actuarial gain on Experience Adjustment		(7,589,741)	275,847
Total included in salaries, wages and amenities		(2,951,925)	5,489,555
Present value of defined benefit obligation as at start of the year		36,610,524	33,890,537
Expense chargeable to P&L		(2,951,925)	5,489,555
Benefits paid		(4,954,521)	(2,769,568)
Benefits payable transferred to short term liability		-	-
Present value of defined benefit obligation as at year end		28,704,078	36,610,524

9.3.2 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)	(Rupees)
Discount Rate	1%	26,871,046	30,789,688
Salary Rate	1%	30,789,688	26,839,158

9.3.3 Risk exposure

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

	Note	2020 Rupees	2019 Rupees
10 Deferred tax liabilities			
The liabilities for deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation		90,202,800	98,225,800
Accumulated compensated absences		(7,371,948)	(9,578,000)
Ex-gratia		(9,122,654)	(7,663,820)
Unused tax Losses		(55,746,034)	(23,099,664)
Net deferred tax liability at the year end		17,962,164	57,884,316
The gross movement in net deferred tax liability during the year is as follows:			
Opening Balance		57,884,316	82,929,982
(Charged) / Credited to statement of profit or loss		(45,081,577)	(25,294,324)
Credited to other comprehensive income		5,159,425	248,658
Closing balance		17,962,164	57,884,316

- 10.1** The Company has not recognized deferred tax asset amounting to Rs 89.12 million(2019: 44.85)in respect of minimum tax under section 113 of the Incum Tax Ordinance, 2001 as sufficient taxable profits may not be available to set off before these are set to expire in the year 2025.

11 Short term finances - secured

The credit facilities available to the Company from various commercial banks aggregate to Rs 3,191.44 million (2019: Rs 3,370.00 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 (2019: 168.00 million) has also been obtained. Moreover, as at December 31, 2020 the Company has unutilized credit facilities amounting to Rs 1,305.53 million (2019: Rs 1,258.03 million).

Mark up on cash finance ranges from 3% to 15.16% (2019: 3% to 15.3%) per annum as per agreements with banks. While mark up on export finance is charged at SBP rate plus 1.00% (2019: 1.00%) 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 (2019: Rs 3,747 million) and the guidance limit is secured by way of ranking charge amounting to Rs. 556.00 million (2019: Rs. 556.00 million).

	Note	2020 Rupees	2019 Rupees
12 Trade & Other Payables			
Trade creditors	12.1	701,388,697	619,436,790
Accrued liabilities	12.2	342,417,211	342,380,928
Advances from customers		241,147,895	320,229,129
Workers' profit participation fund	12.3	1,325,091	6,345,709
Workers' welfare fund	12.4	2,386,026	16,611,220
Rent received in advance		1,224,109	3,770,992
Accrued finance cost		18,154,767	35,889,890
Other liabilities		85,182,202	58,056,039
		<u>1,393,225,998</u>	<u>1,402,720,697</u>

12.1 Trade creditors include amount due to holding company of Rs 153.02 million (2019: Rs 124.55 million) and associated undertakings of Rs 68.85 million (2019: Rs 61.33 million).

12.2 Accrued liabilities include amount due to holding company of Rs 27.35 million (2019: Rs 31.06 million) and associated undertakings of Rs 11.67 million (2019: Rs 10.97 million).

	Note	2020 Rupees	2019 Rupees
12.3 Workers' profit participation fund			
Balance at beginning of the year		6,345,709	13,880,828
Allocation for the period	32	1,244,030	6,279,016
Interest payable on funds utilized by the company		81,061	66,693
		<u>7,670,800</u>	<u>20,226,537</u>
Less: Amount paid during the period		(6,345,709)	(13,880,828)
Balance at the end of the period		<u>1,325,091</u>	<u>6,345,709</u>
12.4 Workers' Welfare Fund			
Balance at beginning of the year		16,611,220	42,880,930
Provision for the year		-	2,386,026
		<u>16,611,220</u>	<u>45,266,956</u>
Less: Amount adjusted during the year		(14,225,194)	(28,655,736)
Balance at the end of the year		<u>2,386,026</u>	<u>16,611,220</u>
13 Contract Liabilities			
Opening contract liability		8,486,428	20,164,000
Revenue recognised that was included in the contract liability balance at the beginning of the period		6,650,570	11,677,572
Contract liability arising during the year		1,044,124	-
Closing contract liability	13.1	<u>2,879,982</u>	<u>8,486,428</u>

13.1 This represents contract liability related to long term projects

	Note	2020 Rupees	2019 Rupees
14 Due to provident fund			
Balance at beginning of the year		4,389,980	4,168,394
Contribution Due		49,448,960	53,307,967
Less: Amount paid during the year		(49,530,139)	(53,086,381)
Balance at the end of the year	14.1	4,308,801	4,389,980

14.1 Disclosure related to provident fund

Size of the fund	14.2	223,253,573	242,126,111
Cost of investments made		176,000,000	191,000,000
Percentage of investments made		79%	79%
Fair value of investments		209,741,193	228,659,227

	2020 %	2019 %	2020 Rupees	2019 Rupees
14.2 Breakup of investments				
Defence Savings Certificates	0%	5%	-	10,000,000
Term Deposit Receipts	31%	29%	55,000,000	55,000,000
Mutual Funds	69%	66%	121,000,000	126,000,000
			176,000,000	191,000,000

14.3 The figures for 2020 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	2020 Rupees	2019 Rupees
15 Provision for other liabilities & charges			
Bonus to employees	15.2	43,000,000	47,778,980
Sales incentive scheme	15.3	23,442,933	24,410,968
		66,442,933	72,189,948

15.1 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, 2020	47,778,980	24,410,968	72,189,948
Provisions made during the year	43,000,000	23,442,933	66,442,933
Less: payments/adjustments made during the year	(47,778,980)	(24,410,968)	(72,189,948)
Balance as at December 31, 2020	43,000,000	23,442,933	66,442,933

15.2 Bonus to employees

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

15.3 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, 2020 are expected to be utilized in the next financial year.

16 Contingencies and commitments

16.1 Contingencies

16.1.1 The Company has issued guarantees of Rs 829.28 million (2019: Rs 853.94 million) against the performance of various contracts.

16.1.2 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 these financial statements.

16.1.3 During the 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.

16.1.4 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, which has been decided in favour of the Company on certain issues and certain issues have been remanded back vide order dated November 27, 2020 and January 29, 2021 relating to tax year 2016 and 2015 respectively. The management and the taxation expert of the Company believes that there are meritorious ground available to defend the foregoing demand. Consequently, no provision has been recorded in these financial statements.

16.1.5 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 22.36 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. The management and the taxation expert

of the Company believes that there are meritorious ground available to defend the foregoing demand. Consequently, no provision has been recorded in these financial statements.

- 16.1.6** Subsequent to the year ended December 31, 2020, the additional Commissioner Inland Revenue raised demand of Rs. 350.8 million vide order dated January 12, 2021 in respect of Tax year 2015 under section 122 of ITO 2001 on account of disallowances of certain expenditures and proration of expenses. Being aggrieved the Company filed an appeal before Commissioner Inland Revenue (Appeals), which is pending hearing. The management and the taxation expert of the Company believe that there are meritorious ground available to defend the foregoing demand. Consequently, no provision has been recorded in these financial statements.

16.2 Commitments

Letters of credit other than for capital expenditure approximately Rs 116.73 million (2019: Rs 171.53 million).

17. Property, plant and equipment

	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
Rupees										
Net carrying value basis										
Period ended December 31, 2020										
Opening 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
Additions (at cost)	-	-	9,873,441	-	22,544,525	3,035,532	-	11,370,426	6,193,476	53,017,400
Disposals (at NBV)	-	-	(550,111)	-	-	-	-	(18,266)	(13,598,818)	(14,167,195)
Depreciation charge	-	(8,777,834)	(82,415,868)	(1,453,885)	(12,383,084)	(19,986,404)	(3,049,291)	(7,654,580)	(14,701,338)	(150,422,284)
Closing net book value (NBV)	1,372,520	216,892,056	587,712,286	6,196,936	55,965,925	88,750,445	7,700,243	20,058,384	66,253,204	1,050,901,999
Gross carrying value basis										
As at December 31, 2020										
Cost	1,372,520	282,886,506	984,831,432	59,539,947	180,286,700	203,094,597	32,353,245	89,402,172	125,077,257	1,958,844,376
Accumulated depreciation	-	(65,994,450)	(397,119,146)	(53,343,011)	(124,320,775)	(114,344,152)	(24,653,002)	(69,343,788)	(58,824,053)	(907,942,377)
Net book value (NBV)	1,372,520	216,892,056	587,712,286	6,196,936	55,965,925	88,750,445	7,700,243	20,058,384	66,253,204	1,050,901,999
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, 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	8,617,851	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	

17.1 The cost of fully depreciated property, plant and equipment which are still in use as at December 31, 2020 is Rs 362.696 million (2019: Rs 405.357 million).

	Note	2020 Rupees	2019 Rupees
17.2	The depreciation charge for the year has been allocated as follows:		
Cost of sales	29	137,430,464	141,368,746
Distribution and marketing expenses	30	4,317,078	8,364,550
Administration expenses	31	8,674,741	5,221,983
		<u>150,422,283</u>	<u>154,955,279</u>

17.3 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.

17.4 Disposal of certain items of property, plant and equipment

Year ended December 31, 2020		Rupees				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(Loss) on disposal
Fixed assets sold having book value greater than Rs 500,000						
Toyota Fortuner LE 15 707	Directors Saji Mahmood Awan	5,400,894	4,590,760	810,134	1,669,000	858,866
Employees:						
Toyota Corolla Altis RI-571	shriaq Ahmad	2,245,605	584,793	1,660,812	1,948,298	287,486
Toyota Corolla GLI LEB-15-1141	Taimoor Rai	1,845,500	922,750	922,750	1,391,780	469,030
Toyota Corolla GLI 1300CC RIA-16-536	Shahzad umer	1,830,740	915,370	915,370	971,000	55,630
Toyota Corolla 1800CC RIE-16-53	Ashraf Sohail	2,487,285	1,140,006	1,347,279	2,076,771	729,492
Honda BRV 1500CC LEB-5416	Javed Umer	2,395,727	773,620	1,622,107	2,171,986	549,879
Honda City Manual KHI BFB-576	Ali asad	1,554,525	777,263	777,263	1,074,160	296,897
Toyota Corolla GLI 1300CC LEC-16-3904	Uzair Sajid	1,903,293	951,647	951,647	1,405,480	453,833
Suzuki Swift 1328CC LEH-16-7004	Zia Ullah	1,363,523	681,762	681,762	742,860	61,098
Corolla Altis Grande LEB-16-2389	Faryal Zafar	2,493,500	1,246,750	1,246,750	1,578,750	332,000
Suzuki Swift 1328CC RIE-16-98	Ali Raza Shah	1,503,243	751,622	751,622	895,180	143,558
Honda City 1300CC LE-17-1224	Adeel Ali Siddiqi	1,562,740	781,370	781,370	966,860	185,490
Fixed assets sold having book value less than Rs 500,000						
Laptop Sony Vaio	Directors Saji Mahmood Awan	199,000	199,000	-	-	20,000
Employees:						
Dell Laptop	Mamoon Riaz	100,000	100,000	-	-	-
Laptop Dell Inspiron 5537	Afzaal Ali	78,400	78,400	-	11,760	11,760
Outsiders:						
Moulding Macine Bmm	Match Engineering PVT Ltd	1,254,478	1,066,306	188,172	400,000	211,828
Moulding Macine Bmm	Match Engineering PVT Ltd	653,121	555,153	97,968	400,000	302,032
Faw X-pv Dual Ac Efi	Mr. Salman Bashir Third Party	908,150	454,075	454,075	505,000	50,925
Suzuki Cultus Ayl-556	Insurance Claim Received	990,000	495,000	495,000	875,000	380,000
Other items sold having book value less than Rs 500,000						
		81,840,091	81,376,977	463,114	731,000	267,886
		<u>112,609,815</u>	<u>98,442,624</u>	<u>14,167,195</u>	<u>19,834,885</u>	<u>5,667,690</u>

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 less than Rs 500,000							
Employees:							
Yamaha Motor Cycle	Imran Ali	54,500	27,250	27,250	6,500	(20,750)	Company Policy
Honda CD 70	Syed Tariq Rasheed	67,385	11,231	56,154	50,000	(6,154)	Company Policy
Yamaha Motor Cycle	Khuram Shehzad	54,500	27,250	27,250	8,100	(19,150)	Company Policy
Outsiders							
Honda Cd 70	Munir Masih	69,465	34,733	34,732	17,000	(17,732)	Company Policy
FAW X-PV	Imran Ilyas	908,150	454,075	454,075	426,000	(28,075)	Company Policy
Suzuki Cultus Vsr	Zohaib Khan	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:							
MFAW 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	1,327,000	414,687	912,313	912,313	-	As per terms of contract
Cultus 1000cc	Transfer to Karachi water and sewerage Board	1,129,000	341,052	787,948	787,948	-	As per terms of contract
Swift (DLX) 1300cc	Transfer to Karachi water and sewerage Board	1,327,000	400,865	926,135	926,135	-	As per terms of contract
Swift (DLX) 1300cc	Transfer to Karachi water and sewerage Board	1,327,000	400,865	926,135	926,135	-	As per terms of contract
Cultus 1000cc	Transfer to Karachi water and sewerage Board	1,129,000	329,292	799,708	799,708	-	As per terms of contract
Cultus 1000cc	Transfer to Karachi water and sewerage Board	1,129,000	329,292	799,708	799,708	-	As per terms of contract
Swift (DLX) 1300cc	Transfer to Karachi water and sewerage Board	1,327,000	387,042	939,958	939,958	-	As per terms of contract
Toyota REVO 4x4	Transfer to Karachi water and sewerage Board	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	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
		46,070,709	19,288,197	26,782,512	30,116,743	3,334,231	

18 Investment property

Net carrying value basis

Year ended December 31, 2020

Opening net book value (NBV)

Additions (at cost)

Disposals (at NBV)

Depreciation charge

Closing net book value (NBV)

Rupees

		Rupees
Gross Carrying value		
As at December 31, 2020		
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, 2019		
Opening net book value (NBV)		159,912
Additions (at cost)		-
Disposals (at NBV)		-
Depreciation charge		(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%
18.1	The fair value of investment property amounts to Rs 64.79 million (2019: Rs 50.48 million) as per valuation carried out by independent valuer at the reporting date.	
19	Intangible Assets	Note
Net carrying value basis		Rupees
Year ended December 31, 2020		
Opening net book value (NBV)		17,651,049
Additions (at cost)		5,358,768
Disposals (at NBV)		-
Amortisation charge	19.1	(8,926,766)
Closing net book value (NBV)		14,083,051
Gross carrying value basis		
As at December 31, 2020		
Cost		42,057,302
Accumulated amortisation		(27,974,251)
Net book value (NBV)		14,083,051
Amortization Rate % per annum		33.33%

Net carrying value basis**As at December 31, 2019**

Opening net book value (NBV)	2,451,988
Additions (at cost)	19,112,946
Disposals (at NBV)	-
Amortisation charge	(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%****19.1** The amortization charge for the year has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Cost of sales	29	4,855,609	1,606,403
Distribution and marketing	30	4,003,415	2,307,482
Administration expenses	31	67,742	-
		8,926,766	3,913,885

19.2 The cost of fully amortised software which are still in use as at December 31, 2020 is Rs 15.844 million (2019: Rs 13.848 million).**20** **Capital work in progress**

	Note	2020 Rupees	2019 Rupees
Advance for land		229,800	229,800
Building		14,797,484	-
Plant & Machinery		511,528	6,669,000
Others		8,153,051	9,972,233
	20.1	23,691,863	16,871,033

20.1 **Reconciliation of the carrying amount of capital work in progress to:**

	2020		
	Balance as at December 31,2019	Additions	Balance as at December 31,2020
	Rupees	Rupees	Rupees
Advance for land	229,800	-	229,800
Building	-	14,797,483	14,797,483
Plant & Machinery	6,669,000	511,528	511,528
Advance for vehicles	-	5,980,942	-
Others	9,972,233	23,587,925	8,153,052
Balance as at December 31	16,871,033	44,877,878	23,691,863

	2019		
	Balance as at December 31, 2018	Additions	Transfers
	Rupees	Rupees	Rupees
Advance for land	229,800	-	-
Building	11,464,012	7,886,207	(19,350,219)
Plant & Machinery	4,598,356	12,669,000	(10,598,356)
Advance for vehicles	1,535,000	-	(1,535,000)
Others	11,384,647	33,141,672	(34,554,086)
Balance as at December 31	29,211,815	53,696,879	(66,037,661)

21 Long term loans and deposits

Loans to employees - considered good

	Note	2020 Rupees	2019 Rupees
Directors	21.1	-	83,302
Executives	21.1	888,405	2,208,120
Others		2,013,130	2,848,987
		2,901,535	5,140,409
Less: Receivable within one year	26	(1,559,337)	(3,020,864)
		1,342,198	2,119,545
Security deposits	21.2	69,566,944	67,136,568
		70,909,142	69,256,113

21.1 Reconciliation of the carrying amount of loans to:

	Director		Executives	
	2020	2019	2020	2019
	Rupees			
Balance as at January 1	83,302	1,083,310	2,210,120	4,399,733
Transfers to executives during the year	-	-	-	-
Disbursements during the year	-	-	-	-
Less: Repayments during the year	(83,302)	(1,000,008)	(1,321,715)	(2,189,613)
Balance as at December 31	-	83,302	888,405	2,210,120

21.1.1 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 (2019: 24 to 36 months).

21.1.2 The maximum aggregate amount due from Director and Executives at any time during the year was Rs 0.08 Million (2019: Rs 1.08 million) and Rs 2.21 million (2019: Rs 2.20 million) respectively.

21.2 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.

	Note	2020 Rupees	2019 Rupees
22 Stores, spares and loose tools			
Stores, spares and loose tools	22.1	115,804,122	73,912,997
		<u>115,804,122</u>	<u>73,912,997</u>

22.1 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.

	Note	2020 Rupees	2019 Rupees
23 Stock in trade			
Raw Materials	23.1	423,189,241	512,784,241
Work in process		241,578,479	277,209,525
Finished goods		<u>56,711,510</u>	<u>56,752,430</u>
		721,479,230	846,746,196
Provision for obsolescence	23.2	(44,956,003)	(52,731,491)
		<u>676,523,227</u>	<u>794,014,705</u>

23.1 This includes stock in transit amounting to Rs 38.38 million (2019: Rs 86.19 million).

	Note	2020 Rupees	2019 Rupees
23.2 Provision for obsolescence			
Opening provision		52,731,491	52,900,000
Provision for the year		-	9,409,271
Less: reversal of specific provision	23.2.1	(7,775,488)	(9,577,780)
Closing provision		<u>44,956,003</u>	<u>52,731,491</u>

23.2.1 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.

	Note	2020 Rupees	2019 Rupees
24 Trade debts			
Considered good			
Related parties - KSB group companies	24.1 & 24.2	161,513,743	274,853,129
Related parties - common directorship	24.1 & 24.2	4,147,971	419,891
Others		<u>1,231,250,472</u>	<u>1,030,259,599</u>
		1,396,912,186	1,305,532,619
Considered doubtful		<u>98,650,981</u>	<u>129,490,357</u>
		1,495,563,167	1,435,022,976
Less: Loss allowance	24.3	(98,650,981)	(129,490,357)
		<u>1,396,912,186</u>	<u>1,305,532,619</u>

24.1 Due from Related Parties - Considered good

Related parties - KSB group companies

	2020 Rupees	2019 Rupees
KSB Pumps And Valves (Pty), South Africa	29,786,279	32,316,218
KSB Taiwan Co., Limited	26,970,339	467,603
KSB Australia	19,615,433	21,765
KSB Italia	18,134,530	3,372,393
KSB Pompa, Armatür Sanayi, Turkey	12,150,283	-
KSB Sverige AB, Sweden	11,260,878	-
KSB ZAMBIA LIMITED	7,591,117	-
KSB Service LLC	7,187,283	7,661,075
KSB ITUR, Spain	6,883,941	15,183,077
PT KSB Indonesia	5,544,704	11,822,135
KSB Service GmbH	4,167,788	10,929,028
KSB Pumps and valves Limited, Slovenia	3,162,134	5,549,723
KSB SE & Co. KGaA, Germany	2,978,436	4,542,900
KSB Singapore (Asia Pacific), Singapore	3,764,950	35,115,158
KSB Pumpy Armatuary s.r.o., concern, Czech Republic	943,895	-
KSB Polska Sp.	531,234	13,848,639
KSB Chile S.A.	548,541	14,625,892
PT. KSB Sales Indonesia	279,158	270,620
KSB Malaysia Pumps & Valves Sdn Bhd	12,820	1,615,640
KSB Pumps Arabia Ltd. Saudi Arabia	-	87,168,749
KSB Finland Oy	-	10,719,150
KSB Inc.	-	8,932,625
KSB Pumps Inc. Canada	-	7,059,104
KSB Service Belgium S.A./N.V.	-	3,413,972
KSB Philippines, Inc.	-	203,681
KSB Limited	-	13,982
	161,513,743	274,853,129
Related parties - common directorship		
Security Papers Limited	4,147,971	419,891
	4,147,971	419,891
	165,661,714	275,273,020

24.1.1 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs 325.39 million (2019: Rs 327.42 million). No interest has been charged on the amounts due from related parties.

24.2 These customers have no history of default.

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

	Note	2020 Rupees	2019 Rupees
Opening as at January 1		129,490,357	119,927,555
Increase during the year		23,518,930	12,413,269
Less: Write offs during the year		(4,358,306)	-
Less: Specific provision written back during the year	24.3.1	(50,000,000)	(2,850,467)
Closing as at December 31		98,650,981	129,490,357

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

24.3.2 For age analysis of trade debts refer to note 43.1.2.1.1

24.4 Included in trade debts is an amount of Rs 101.20 million (2019: Rs 101.20 million) receivable from Punjab Saaf Pani Company. The Company has filed writ petition in the Honorable Lahore High Court on September 16, 2020 for recovery of the outstanding balances from the aforementioned company.

25	Contract Assets	Note	2020 Rupees	2019 Rupees
	Current contract assets		735,882,090	815,049,887
	Less: Loss allowance	25.1	(44,545,396)	(1,041,794)
			<u>691,336,694</u>	<u>814,008,093</u>

25.1 The closing loss allowances for contract assets as at December 31, 2020 reconcile to the opening loss allowances as follows:

	Note	2020 Rupees	2019 Rupees
Opening loss allowance as at January 1		1,041,794	1,815,156
Increase / (Decrease) in loss allowance recognised in profit or loss during the year		43,503,602	(773,362)
Closing loss allowance as at December 31		<u>44,545,396</u>	<u>1,041,794</u>

26 Advances, deposits, prepayments and other receivables

	Note	2020 Rupees	2019 Rupees
Current portion of long term loans to employees	21	1,559,337	3,020,864
Short term advances to employees- considered good	26.1 & 26.2	12,310,877	11,589,642
Advances to suppliers and contractors			
Considered good		67,452,536	47,789,569
Considered doubtful		681,339	482,723
		<u>68,133,875</u>	<u>48,272,292</u>
Due from related parties	26.3	6,002,343	2,483,631
Trade deposits and prepayments			
Considered good		87,362,700	69,397,790
Considered doubtful		22,420,199	20,758,815
		<u>109,782,899</u>	<u>90,156,605</u>
Letters of credit, deposits and opening charges		1,060,160	13,433,454
Claims Recoverable from Government			
Sales tax receivable		57,828,165	44,355,536
Income tax receivable		347,243,488	308,494,194
		<u>405,071,653</u>	<u>352,849,730</u>
Other receivables			
Considered good		6,197,841	3,773,377
Considered doubtful		275,000	275,000
		<u>6,472,841</u>	<u>4,048,377</u>
		<u>610,393,985</u>	<u>525,854,595</u>
Less: Provision for doubtful amounts	26.4	(23,376,538)	(21,516,538)
		<u>587,017,447</u>	<u>504,338,057</u>

26.1 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(2019: Rs 2.99 million) and Mr. Imran Siddique Rs 0.884 million (2019: Rs 1.3 million).

26.2 Short term advances to employees includes the amount due from executives of Rs 6.65 million (2019: Rs 5.07 million).

	Note	2020 Rupees	2019 Rupees
26.3 Due from related parties			
Holding company			
KSB SE & Co. KGaA, Germany		5,788,233	1,661,398
Associated undertakings			
KSB Middle East FZE, UAE		214,110	673,769
DP Industries BV		-	148,464
		214,110	822,233
		6,002,343	2,483,631
26.4 Provision for doubtful advances			
Opening balance		21,516,538	19,656,538
Provision made during the year		1,860,000	1,860,000
		23,376,538	21,516,538
Less: Amount written off against provision		-	-
Closing balance		23,376,538	21,516,538
27 Cash and bank balances			
At banks	27.1	37,140,764	169,902,794
Saving accounts		28,519,060	11,510,286
Current accounts		65,659,824	181,413,080
Cash in hand		446,706	1,191,159
		66,106,530	182,604,239

27.1 The balances in saving accounts bear mark-up which ranges from 5.5% to 11.25% (2019: 8% to 11.25%) per annum.

	Note	2020 Rupees	2019 Rupees
28 Sales			
Local Sales			
Product Sales		3,081,049,185	3,026,363,184
Project Sales		384,887,20	463,831,856
		3,465,936,385	3,490,195,040
Less: Sales Tax		(510,368,010)	(451,325,997)
		2,955,568,375	3,038,869,043
Export sales		651,036,901	716,662,499
	28.1	3,606,605,276	3,755,531,542

28.1 Disaggregation of revenue

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

	Export sales via confirmed LC		Export sales via contract		Total	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Foreign jurisdiction wise sales						
Asia	26,773,750	-	82,871,282	350,941,010	109,645,032	350,941,010
Australia	-	-	54,740,437	22,476,093	54,740,437	22,476,093
Africa	-	-	66,284,922	117,863,262	66,284,922	117,863,262
Europe	-	-	404,930,941	195,966,073	404,930,941	195,966,073
South America	-	-	9,200,575	18,756,159	9,200,575	18,756,159
North America	-	-	6,234,994	10,659,902	6,234,994	10,659,902
	26,773,750	-	624,263,151	716,662,499	651,036,901	716,662,499

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

	2020 Rupees	2019 Rupees
Revenue recognized at a point in time	3,281,589,657	3,309,179,291
Revenue recognized over time	325,015,619	446,352,251
	3,606,605,276	3,755,531,542
28.1.3 The Company's net revenue disaggregated by pattern of revenue recognition is as follows:		
Product Sales		
Pumps and valves	2,376,226,833	2,420,746,557
Castings	539,076,874	425,601,770
	2,915,303,707	2,846,348,327
Services	366,285,950	462,830,964
Project Sales	325,015,619	446,352,251
	3,606,605,276	3,755,531,542

28.2 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, 2020:

	2021 Rupees	2022 Rupees	2023 Rupees	Total Rupees
Revenue expected to be recognised	200,000,000	125,000,000	46,000,000	371,000,000

29 Cost of goods sold

	Note	2020 Rupees	2019 Rupees
Raw material consumed		1,657,350,481	1,443,632,288
Salaries, wages, amenities and staff welfare	29.2	318,574,272	315,193,850
Staff training		144,440	568,924
Electricity and power		145,042,209	141,235,488
Stores and spares consumed		202,918,327	306,391,120
Insurance		6,627,685	6,550,931
Travelling and conveyance		26,762,756	47,067,467
Postage and telephone		8,427,818	8,775,640
Printing and stationery		1,466,710	2,988,435
Rent, rates and taxes		3,665,834	4,057,419
Repairs and maintenance		11,047,851	13,217,055
Legal & Professional charges		4,288,179	667,833
SAP user licence fee & other IT services		35,636,061	36,657,315
Packing expenses		33,462,998	31,432,764
Outside services		332,071,103	359,663,064
Depreciation on Property, plant and equipment	17.2	137,430,464	141,368,746
Amortization of Intangible assets	19.1	4,855,609	1,606,403
Warranties		37,205,396	16,561,225
Other expenses		9,438,557	6,735,387
		<u>2,976,416,750</u>	<u>2,884,371,354</u>
Opening work-in-process		277,209,525	399,058,980
Less: Closing work-in-process		(241,578,479)	(277,209,525)
Less: Decrease in work in process		35,631,046	121,849,455
Cost of goods manufactured		<u>3,012,047,796</u>	<u>3,006,220,809</u>
Opening stock of finished goods		56,752,430	74,126,489
Less: Closing stock of finished goods		(56,711,510)	(56,752,430)
Less: decrease in finished goods		40,920	17,374,059
		<u>3,012,088,716</u>	<u>3,023,594,868</u>

29.1 Cost of sales includes contract cost amounting to Rs 330.58 million (2019: Rs 381.07 million).

29.2 Salaries, wages, amenities and staff welfare

	2020 Rupees	2019 Rupees
Gratuity fund		
Current service cost	8,954,151	8,641,338
Interest cost	9,801,896	11,032,957
Expected return on plan assets	(8,952,649)	(9,579,558)
	<u>9,803,398</u>	<u>10,094,737</u>
Ex-gratia		
Current service cost	1,026,471	1,076,313
Interest cost	3,340,025	3,925,042
	<u>4,366,496</u>	<u>5,001,355</u>

Accumulated Compensated Absences

	2020 Rupees	2019 Rupees
Current service cost	397,486	446,353
Interest cost	1,851,435	2,024,295
Loss arising on present value of defined benefit obligation	(3,672,179)	109,443
	<u>(1,423,258)</u>	<u>2,580,091</u>

29.2.1 In addition to above, salaries, wages, amenities and staff welfare include Rs 10.94 million (2019: Rs 11.57 million) in respect of provident fund contribution by the Company.

30 Distribution and marketing expenses**Note**

		2020 Rupees	2019 Rupees
Salaries, wages, amenities and staff welfare	30.1	136,077,788	131,942,819
Staff training		462,259	437,356
Insurance		505,100	509,517
Travelling, conveyance and representations		10,030,762	17,046,177
Rent, rates and taxes		4,510,988	4,091,184
Publicity charges		3,050,764	1,581,362
Electricity, gas and water		2,006,140	2,932,442
Postage and telephone		3,651,372	3,732,023
Printing and stationery		649,341	838,972
Repairs and maintenance		1,204,838	1,566,805
Legal and professional charges		2,010,000	550,000
SAP user license fee and other IT services		15,333,933	15,773,370
Contract services		3,330,455	4,384,806
Forwarding expenses		39,070,823	38,181,099
Commission expenses		36,307,433	43,259,472
Loss allowance	30.3	18,882,532	13,499,903
Depreciation on property, plant and equipment	17.2	4,317,078	8,364,550
Amortization of Intangible assets	19.1	4,003,415	2,307,482
Royalty and Trademark	30.2	14,259,910	16,463,406
Other expenses		3,603,977	3,622,204
		<u>303,268,908</u>	<u>311,084,949</u>

30.1 Salaries, wages, amenities and staff welfare

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

Gratuity fund

	2020 Rupees	2019 Rupees
Current service cost	5,322,769	4,596,456
Interest cost	5,826,709	5,868,594
Expected return on plan asset	(5,321,877)	(5,095,510)
	<u>5,827,601</u>	<u>5,369,540</u>

		Note	2020 Rupees	2019 Rupees
Accumulated Compensated Absences				
	Current service cost		236,284	237,422
	Interest cost		1,100,580	1,076,753
	Loss arising on present value of defined benefit obligation		(2,182,916)	58,214
			(846,052)	1,372,389
30.1.1	In addition to above, salaries, wages, amenities and staff welfare include Rs 5.839 million (2019: Rs 5.99 million) in respect of provident fund contribution by the Company.			
30.2	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.			
			2020 Rupees	2019 Rupees
30.3	This represents:			
	Reversal of loss allowance on debtors- net of provision		(26,481,070)	12,413,265
	Loss allowance on contract asset		43,503,602	(773,362)
	Loss allowance on advance, deposits, prepayments and other receivables		1,860,000	1,860,000
			18,882,532	13,499,903
31	Administration expenses		2020 Rupees	2019 Rupees
	Salaries, wages, amenities and staff welfare	31.1	127,620,427	130,331,373
	Insurance		714,846	724,798
	Travelling, conveyance and representations		10,059,434	18,469,870
	Rent, rates and taxes		7,013,237	6,633,599
	Electricity, gas and water		3,076,466	3,075,252
	Postage and telephone		3,440,644	5,706,514
	Printing and stationery		1,772,835	2,075,066
	Repairs and maintenance		4,479,575	4,241,860
	Contract services		8,295,250	9,052,813
	Professional services	31.2	6,156,372	9,775,561
	SAP user licence fee & other IT services		10,365,739	10,662,799
	Depreciation on property, plant and equipment	17.2	8,674,741	5,221,983
	Amortization of Intangible assets	19.1	67,743	-
	Depreciation on investment property		-	159,912
	Other expenses		13,994,814	13,844,409
			205,732,123	219,975,809
31.1	Salaries, wages, amenities and staff welfare			
Salaries, wages, amenities and staff welfare include following in respect of retirement and other benefits:				

	2020 Rupees	2019 Rupees
Gratuity fund		
Current service cost	4,294,547	5,148,030
Interest cost	4,701,139	6,572,826
Expected return on plan assets	(4,293,827)	(5,706,971)
	<u>4,701,859</u>	<u>6,013,885</u>
Accumulated Compensated Absences		
Current service cost	190,640	265,912
Interest cost	887,977	1,205,963
Loss arising on present value of defined benefit obligation	(1,761,233)	65,200
	<u>(682,616)</u>	<u>1,537,075</u>

31.1.1 In addition to above, salaries, wages, amenities and staff welfare include Rs 6.136 million (2019: Rs 6.52 million) in respect of provident fund contribution by the Company.

	2020 Rupees	2019 Rupees
31.2 Audit and taxation services		
The professional services include the following amounts relating to audit and taxation services:		
Statutory audit	842,625	787,500
Review of half yearly financial statements	256,800	240,000
Audit of funds, consolidation forms and sundry services	1,025,000	652,050
Taxation services	1,015,893	1,297,555
Out of pocket expenses	475,000	400,000
	<u>3,615,318</u>	<u>3,377,105</u>
32 Other operating expenses		
Workers' profit participation fund	1,244,030	6,279,016
Workers' welfare fund	-	2,386,026
Donations	-	255,000
Exchange Loss	10,527,181	-
	<u>11,771,211</u>	<u>8,920,042</u>

33	Other operating income	Note	2020 Rupees	2019 Rupees
	Income from financial assets:			
	Profit on bank accounts		7,006,354	5,875,737
	Exchange gain		-	39,797,933
			7,006,354	45,673,670
	Income from non-financial assets:			
	Commission		7,419,142	15,913,130
	Rental income on investment property		4,832,151	5,034,804
	Sale of scrap		7,035,562	7,892,753
	Profit on sale of property, plant and equipment		5,667,690	3,334,231
	Recognition of deferred government grant	8	4,845,510	-
	Reversal of provision for worker welfare fund		14,225,194	-
	Recovery of trade debts previously written off		-	2,850,467
	Reversal of provision for obsolete and slow moving stock - net of provision		7,775,488	168,509
	Provisions no longer considered necessary and unclaimed balances written back		23,613,607	-
	Sundry income		2,428,819	14,630,316
			77,843,163	49,824,210
			84,849,517	95,497,880
34	Finance cost	Note	2020 Rupees	2019 Rupees
	Mark-up on short term finances - secured	34.1	93,960,841	126,315,530
	Mark-up on long term loan - secured	34.2	23,642,530	36,052,509
	Mark-up on long term loan - secured	34.3	8,460,727	-
	Bank and other charges		8,812,100	8,103,757
	Interest payable on funds utilized by the Company		81,061	66,693
			134,957,259	170,538,489

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

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

34.3 This represents mark-up charged using the effective rate of interest of 7.7% (2019:Nil) on SBP loan received for salaries and wages.

	2020 Rupees	2019 Rupees
35 Taxation		
Current tax		
- Current year	52,335,911	54,382,719
- Prior year	-	-
	52,335,911	54,382,719
Deferred tax	(45,081,577)	(25,347,806)
	7,254,334	29,034,913

	2020 %	2019 %
35.1 Relationship between tax expense and accounting profit		
Applicable tax rate	29.00%	29.00%
Tax effect under presumptive tax regime and others	-171.49%	-22.32%
Effect of deferred tax not recognized on Minimum Tax	187.56%	38.99%
Effect of utilization of Tax Credits	0.00%	-0.62%
Permanent differences	19.48%	-0.82%
Effect of previously unrecognized deferred tax asset	-38.00%	-19.76%
Effect of change in tax rates due to proration between FTR and NTR	3.77%	0.00%
Others	0.37%	0.36%
Average effective tax rate charged to statement of profit or loss	30.69%	24.83%

	Note	2020 Rupees	2019 Rupees
36 Earnings per share			
36.1 Basic earnings per share			
Profit for the year	Rupees	16,382,242	87,880,352
Weighted average number of ordinary shares	Numbers	13,200,000	13,200,000
Earnings per share	Rupees	1.24	6.66

36.2 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, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2020 Rupees	2019 Rupees
37 Cash generated from operations			
Profit before taxation		23,636,576	116,915,265
Adjustment for:			
Depreciation of Property, plant and equipment	17.2	150,422,284	154,955,279
Depreciation of Investment property	18	-	159,912
Amortization of Intangible assets	19	8,926,766	3,913,885
Loss allowance	30	18,882,532	13,499,903
Reversal of loss allowance upon recovery of debts	33	-	(2,850,467)
Profit on sale of property, plant and equipment	33	(5,667,690)	(3,334,231)
Recognition of deferred government grant	33	(4,845,510)	-
Reversal of provision for worker welfare fund	33	(14,225,194)	-
Reversal of provision for obsolete and slow moving stock	33	(7,775,488)	(168,509)
Reversal of provisions no longer considered necessary and unclaimed balances written back	33	(23,613,607)	-
Exchange (gain) / loss	32	10,527,181	(39,797,933)
Finance cost	34	134,957,259	170,538,489
Provision for employees' retirement and other benefits	9	21,747,429	31,969,072
Working capital changes	37.1	75,972,449	(139,146,201)
		<u>388,944,987</u>	<u>306,654,464</u>
37.1 Working capital changes			
(Increase)/decrease in current assets:			
Stores, spares and loose tools		(41,891,125)	38,661,496
Stock-in-trade		125,266,966	161,640,064
Trade debts		(66,081,618)	59,191,414
Contract asset		79,167,797	(144,744,887)
Advances, deposits, prepayments and other receivables		(45,790,096)	75,292,751
		<u>50,671,924</u>	<u>190,040,838</u>
Increase/(decrease) in current liabilities:			
Trade and other payables		36,735,165	(311,710,800)
Contract liability		(5,606,446)	(11,677,572)
Due to provident fund		(81,179)	221,586
Provisions for other liabilities and charges		(5,747,015)	(6,020,253)
		<u>25,300,525</u>	<u>(329,187,039)</u>
		<u>75,972,449</u>	<u>(139,146,201)</u>

38	Cash and cash equivalents	Note	2020 Rupees	2019 Rupees
	Short term finances - secured		(670,300,329)	(1,086,456,479)
	Cash and bank balances		66,106,530	182,604,239
			<u>(604,193,799)</u>	<u>(903,852,240)</u>

39 Plant capacity and production

Capacity		Actual production	
2020	2019	2020	2019
6,000	6,000	2,949	3,239

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

40 Operating segments

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

40.2 All non-current assets of the Company as at December 31, 2020 are located in Pakistan.

41 Reconciliation of liabilities arising from financing activities

	December 31, 2019	Cash flows	Non-Cash Changes			December 31, 2020
			Acquisition	Fair Value Changes	Reclassification of current portion	
Long term finances - secured	125,000,000	268,818,846	-	(15,390,837)	(128,196,967)	250,231,042
Current portion of long term finances- secured	125,000,000	(31,250,000)	-	-	128,196,967	221,946,967
Short term finances - secured	1,086,456,479	(416,156,150)	-	-	-	670,300,329
	<u>1,336,456,479</u>	<u>(178,587,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,142,478,338</u>

	December 31, 2018	Cash flows	Non-Cash Changes			December 31, 2019
			Acquisition	Fair Value Changes	Reclassification of current portion	
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)	-	-	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>

42 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 17.4. Amounts due from directors and key management personnel are shown under remuneration of directors and key management personnel is disclosed in note 43. Other significant transactions with related parties are as follows:

42.1 Transactions with related parties

Relationship with the Company	Nature of Transactions	Note	2020 Rupees	2019 Rupees
Holding Company	Sale of products		167,430,157	58,810,140
	Purchase of products		276,217,825	295,187,230
	Commission income		7,063,635	8,636,912
	Royalty and Trademark		14,259,910	16,463,406
	SAP user fee		61,335,733	63,093,485
	Dividend Paid		11,659,462	23,318,925
Associated Companies	Sale of products		446,612,342	630,861,693
	Purchase of products		190,509,589	134,196,142
	Commission income		355,505	7,276,218
	Commission expense		22,887,553	38,346,110
Staff retirement benefits	Expense charged in respect of			
	Ex-gratia scheme	9.1	4,366,496	5,001,355
	Gratuity fund	9.2	20,332,858	21,478,162
	Accumulated compensated absences	9.3	(2,951,925)	5,489,555
	Provident fund		22,924,020	24,092,948

42.2 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:

42.2.1 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 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 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 Armatura 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

Name of Company	Country of incorporation	Basis of Association	Aggregate percentage of shareholding
KSB SAS	France	Common Control	Nil
KSB De Mexico, S.A. De C.V.	Mexico	Common Control	Nil
KSB-Pumpy+Armatury 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'l	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
KSB Finland Oy	Finland	Common Control	Nil
KSB Hungary Kft.	Hungary	Common Control	Nil
KSB Tech Private Limited	India	Common Control	Nil
KSB BRASIL LTDA.	Brazil	Common Control	Nil
KSB ZAMBIA LIMITED	Zambia	Common Control	Nil
KSB Vietnam Co., Ltd.	Vietnam	Common Control	Nil
OOO "KSB"	Russian Fed.	Common Control	Nil
DP PUMPS, Holland	Holland	Common Control	Nil
KSB Compania Sudamrecina Buniou Aires	Argentina	Common Control	Nil

43 Remuneration of Chief Executive, Directors and Executives

43.1 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:

	Chief Executive		Director		Executives	
	2020	2019	2020	2019	2020	2019
Short term employee benefits						
Managerial remuneration	29,400,792	29,400,792	4,762,720	7,144,080	91,226,256	100,728,072
Bonus / sales incentive	7,500,000	7,350,198	-	1,786,020	26,303,921	27,584,035
House rent	4,339,399	4,218,792	2,143,224	3,214,836	41,051,815	45,327,632
Utilities	1,392,669	1,362,158	476,272	714,408	9,122,626	10,072,807
Medical and other expenses	1,514,283	1,396,448	213,333	320,000	11,451,168	12,697,991
	44,147,143	43,728,388	7,595,549	13,179,344	179,155,786	196,410,537
Post employment benefits						
Contribution to gratuity and provident fund	5,390,145	5,390,145	952,544	1,309,748	18,288,420	18,466,813
	49,537,288	49,118,533	8,548,093	14,489,092	197,444,206	214,877,350
Number of persons	1	1	1	1	46	50

- 43.2** 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 1 Executives have also been provided with rent free accommodation
- 43.3** Bonus paid to the Chief Executive Officer and Director during the year ended December 31, 2020 amounts to Rs.8.44 million (2019: Rs. 6.42 million) and Rs. 1.16 million (2019: Rs. 1.01 million) respectively. Bonus for the year ended December 31,2020 is subject to approval of Board of Directors.
- 43.4** Aggregate amount charged in the financial statements for the year for fee to 4 directors (2019: 4 directors) was Rs.0.65 million (2019: Rs 0.7 million).

44 Financial risk management

44.1 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.

44.1.1 Market risk

44.1.1.1 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.

Note	2020 Rupees	2019 Rupees
Advances deposits and other receivables - AED	-	-
Trade debts - AED	-	-
Trade and other payables - AED	(20,054)	(18,629)
Net exposure - AED	(20,054)	(18,629)
Advances deposits and other receivables - AUD	-	-
Trade debts - AUD	32,520	200
Trade and other payables - AUD	(1,772)	(1,772)
Net exposure - AUD	30,748	(1,572)
Advances deposits and other receivables - USD	34,668	3,371
Trade debts - USD	940,326	1,590,568
Trade and other payables - USD	(793,429)	(777,036)
Net exposure - USD	181,565	816,903

	2020 Rupees	2019 Rupees
Advances deposits and other receivables - CNY	-	-
Trade debts - CNY	-	-
Trade and other payables - CNY	(6,306)	-
Net exposure - CNY	(6,306)	(6,306)
Advances deposits and other receivables - EURO	2,272	11,261
Trade debts - EURO	172,006	161,092
Trade and other payables - EURO	(646,374)	(527,436)
Net exposure - EURO	(472,096)	(355,083)
Advances deposits and other receivables - GBP	-	-
Trade debts - GBP	-	-
Trade and other payables - GBP	-	(606)
Net exposure - GBP	-	(606)

The following significant exchange rates were applied during the year:

	2020 Rupees	2019 Rupees
Rupees per AED		
Average rate	42.83	41.07
Reporting date rate	43.51	42.15

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 0.043 million (2019: Rs 0.039) 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.

	2020 Rupees	2019 Rupees
Rupees per AUD		
Average rate	115.88	104.98
Reporting date rate	123.29	108.46

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 0.189 million (2019: Rs 0.01) 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.

	2020 Rupees	2019 Rupees
Rupees per USD		
Average rate	157.34	151.06
Reporting date rate	159.83	154.85

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 1.45 million (2019: Rs 6.23 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.

	2020 Rupees	2019 Rupees
Rupees per CNY		
Average rate	23.46	21.73
Reporting date rate	24.51	22.24

If the functional currency, at reporting date, had fluctuated by 5% against the CNY with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.01 million (2019: Rs 0 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.

	2020 Rupees	2019 Rupees
Rupees per EURO		
Average rate	185.06	168.98
Reporting date rate	196.64	173.48

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 4.64 million (2019: Rs 3.08 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.

	2020 Rupees	2019 Rupees
Rupees per GBP		
Average rate	210.88	192.67
Reporting date rate	218.45	203.30

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 million (2019: 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.

44.1.1.2 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.

44.1.1.3 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:

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Term Deposit Receipt	20,000,000	20,000,000
Floating rate instruments		
Financial assets		
Bank balances - savings	37,140,764	169,902,794
Financial liabilities		
Short term finances - secured	670,300,329	1,086,456,479
Long term finances - secured	250,231,042	125,000,000
Current portion of long term finances- secured	221,946,967	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 6.7 million (2019: Rs 10.86 million) higher/ lower, mainly as a result of higher/ lower interest expense on floating rate borrowings

44.1.2 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.

44.1.2.1 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:

	2020 Rupees	2019 Rupees
Long term loans and deposits	70,909,142	69,256,113
Trade debts	1,495,563,167	1,435,022,976
Contract assets	735,882,090	815,049,887
Loans, advances, deposits, prepayments and other receivables	130,515,955	117,105,313
Balances with banks	65,659,824	181,413,080
	<u>2,498,530,178</u>	<u>2,617,847,369</u>

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

The loss allowance for trade debts from Government was determined as follows:

	2020			2019		
	Expected loss rate	Gross carrying amount	Loss Allowance	Expected loss rate	Gross carrying amount	Loss Allowance
	%	Rupees	Rupees	%	Rupees	Rupees
Impaired and not overdue	6.05%	28,323,994	1,714,546	3.30%	19,303,640	637,020
0 - 30 days	6.05%	46,426,888	2,810,374	3.30%	73,079,726	2,411,631
31 - 90 days	6.05%	16,192,225	980,169	3.30%	103,441,200	3,413,560
91 - 180 days	6.05%	49,250,333	2,981,287	3.30%	81,598,991	2,692,767
181 - 360 days	6.05%	35,078,488	2,123,418	3.30%	110,770,537	3,655,426
over 360 days	15.52%	435,986,430	67,664,013	26.23%	362,290,857	95,034,708
		<u>611,258,358</u>	<u>78,273,807</u>		<u>750,484,951</u>	<u>107,845,112</u>

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

	2020			2019		
	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%	304,618,407	232,251	0.00%	111,140,159	-
0 - 30 days	0.48%	65,712,623	106,484	0.23%	83,803,484	196,721
31 - 90 days	0.40%	134,522,422	268,165	0.31%	71,597,035	222,758
91 - 180 days	0.45%	73,921,667	220,769	0.43%	30,117,328	129,659
181 - 360 days	0.39%	30,240,593	125,552	0.53%	38,099,631	200,503
over 360 days	17.91%	109,627,383	19,423,953	28.05%	74,507,368	20,895,604
		<u>718,643,095</u>	<u>20,377,174</u>		<u>409,265,005</u>	<u>21,645,245</u>

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

	2020 Gross carrying amount Rupees	2019 Gross carrying amount Rupees
Impaired and not overdue	69,629,943	149,075,827
0 - 30 days	60,086,790	17,195,094
31 - 90 days	14,591,737	6,995,521
91 - 180 days	13,108,578	99,806,341
181 - 360 days	4,754,349	2,145,721
over 360 days	3,490,317	54,516
	<u>165,661,714</u>	<u>275,273,020</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

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

	2020 Rupees	2019 Rupees
The age of loans, advances, deposits, prepayments and other receivables		
- Not past due	-	-
- Past due 0 - 180 days	29,104,912	22,554,038
- Past due 181 - 365 days	29,705,205	22,715,860
- Over 365 days	71,705,838	63,545,591
	130,515,955	108,815,489
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	22,695,199	21,033,815
	22,695,199	21,033,815
The age of loans, advances, deposits, prepayments and other receivables from related parties		
- Not past due	-	-
- Past due 0 - 180 days	5,798,144	2,318,057
- Past due 181 - 365 days	-	-
- Over 365 days	204,199	165,574
	6,002,343	2,483,631
44.1.2.1.3 The age of long term loans and deposits at statement of financial position date is as follows:		
The age of loans, advances, deposits, prepayments and other receivables from related parties		
- Not past due	-	-
- Past due 0 - 180 days	404,910	563,253
- Past due 181 - 365 days	2,582,626	1,102,802
- Over 365 days	67,921,585	67,590,058
	70,909,121	69,256,113

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

Note

The age of contract assets

- Not past due
- Past due 0 - 180 days
- Past due 181 - 365 days
- Over 365 days

2020 Rupees	2019 Rupees
735,882,090	815,049,887
-	-
-	-
-	-
735,882,090	815,049,887

The loss allowance for contract assets was determined as follows:

	2020			2019		
	Expected loss rate	Gross carrying amount	Loss Allowance	Expected loss rate	Gross carrying amount	Loss Allowance
	%	Rupees	Rupees	%	Rupees	Rupees
Impaired and not overdue	6.05%	735,882,090	44,545,396	0.13%	815,049,887	1,041,794
0 - 30 days	-	-	-	-	-	-
31 - 90 days	-	-	-	-	-	-
91 - 180 days	-	-	-	-	-	-
181 - 360 days	-	-	-	-	-	-
over 360 days	-	-	-	-	-	-
		735,882,090	44,545,396		815,049,887	1,041,794

The loss allowance for contract assets was determined as follows:

44.1.2.1.5 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	2020	2019
	Short term	Long term		Rupees	Rupees
National Bank of Pakistan	A1+	AAA	JCR-VIS	3,513,957	8,912,285
MCB Bank Limited	A1+	AAA	PACRA	16,397,936	39,236,022
United Bank Limited	A1+	AAA	JCR-VIS	1,429,020	290,978
Deutsche Bank A.G.	A2	BBB+	Fitch	162,590	744,634
Habib Bank Limited	A1+	AAA	JCR-VIS	20,375,262	110,807,981
BankIslami Limited	A1	A+	PACRA	23,781,059	21,421,180
				65,659,824	181,413,080

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.

44.1.3 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 a

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, 2020

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Trade and other payables	1,393,225,998	1,393,225,998	-	-
Unclaimed dividends	10,083,405	10,083,405	-	-
Short term finances - secured	670,300,329	670,300,329	-	-
Long term finances - secured	472,178,009	221,946,967	250,231,042	-
	<u>2,545,787,741</u>	<u>2,295,556,699</u>	<u>250,231,042</u>	<u>-</u>

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>

44.2 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.

44.3 Financial instruments by categories

	Financial assets at amortised cost	
	2020 Rupees	2019 Rupees
Assets as per statement of financial position		
Long term loans and deposits	70,909,142	69,256,113
Trade debts	1,396,912,186	1,305,532,619
Loans, advances, deposits, prepayments and other receivables	587,017,447	504,338,057
Cash and bank balances	66,106,530	182,604,239
	<u>2,120,945,305</u>	<u>2,061,731,028</u>
	Financial liabilities at amortised cost	
	2020 Rupees	2019 Rupees
Liabilities as per statement of financial position		
Trade and other payables	1,393,225,998	1,402,720,697
Unclaimed dividends	10,083,405	9,945,891
Short term finances - secured	670,300,329	1,086,456,479
Long term finances-secured	472,178,009	250,000,000
	<u>2,545,787,741</u>	<u>2,749,123,067</u>

44.4 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 which are disclosed at fair value as at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets:				
Investment property	-	-	64,788,000	64,788,000

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, 2020 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, 2020	Dec 31, 2019		
Investment Property	64,788,000	50,480,650	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.

44.5 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.

	2020 Rupees	2019 Rupees
Short term finances - secured	670,300,329	1,086,456,479
Long term loan - secured	250,231,042	125,000,000
Current maturity of long term finances - secured	221,946,967	125,000,000
Accrued finance cost	18,154,767	35,889,890
Total Debt	1,160,633,105	1,372,346,369
Share Capital	132,000,000	132,000,000
Reserves	1,835,112,034	1,825,898,096
Total Equity	1,967,112,034	1,957,898,096
Total equity and liability	3,127,745,139	3,330,244,465
Gearing ratio	37%	41%

45 Number of employees

	2020	2019
Number of employees as at December 31, 2019	310	295
Average number of employees during the year	294	302

46 Summary of significant events and transactions

The pandemic COVID-19 that rapidly spread all across the world which has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19 including lockdown of businesses, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various businesses. The Government of Pakistan and State Bank of Pakistan also announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of the COVID-19.

Complying with the lockdown, the Company temporarily suspended its operations from March 23, 2020. In our Company's case, the lockdown was subsequently relaxed from April 06, 2020. After implementing all the necessary standard operating procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all the necessary steps to ensure smooth and adequate continuation of

its business in order to maintain business performance despite slowed down economic activity.

The lockdown caused disruptions in supply and distribution chain affecting the sales of the products and services of the Company resulting in decrease in sales of the Company's products services and projects. In order to mitigate the effects of COVID-19, the management has adopted several measures comprising of product diversification, cost reductions, utilization of State Bank of Pakistan Refinance Scheme relating to Salaries and Wages and deferment of principal payment of long term loan relating to BankIslami Pakistan Limited for a period of one year for managing working capital requirements. The management has also assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- the estimated cost to complete the project under IFRS 15 'Revenue from Contract with Customers';
- Provision for taxation in accordance with IAS 12, 'Income taxes'
- provisions and contingent liabilities under IAS 37, including onerous contracts; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

47 Subsequent events after reporting date

- 47.1** The Board of Directors have proposed a final dividend for the year ended December 31, 2020 of Rs. 0.5 (2019: Rs. 1.5) per share, amounting to Rs. 6.6 million (2019: Rs. 19.8 million) at their meeting held on March 17, 2021 for approval of members at the Annual General Meeting to be held on April 27, 2021. The board has also proposed transfer of Rs. 22.5 million (2019: Rs 76 million) to general reserve from unappropriated profit. These financial statements do not reflect this dividend payable and other appropriations.
- 47.2** Furthermore, there are no other significant events that have occurred subsequent to the reporting date, other than those mentioned elsewhere in these financial statements.

48 Date of authorization for issue

These financial statements were authorized for issue on March 17, 2021 by the Board of Directors of the Company.

49 General

- 49.1** 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		
Description	Note	Description	Note	2019 Rupees
Administration expenses - Amortization of intangible assets	31	Distribution and marketing expenses - Amortization of intangible assets	30	2,307,482
Administration expenses - Amortization of intangible assets	31	Cost of sales - Amortization of intangible assets	29	1,606,403


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_____

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 Tuesday 27th April 2021, at 3:30 p.m. at Hotel Four Points Sheraton 25 - 26 Egerton Road, Lahore, to transact and at any

Signed this _____ day _____ of 2021.

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

کمپنی سیکریٹری
کے ایس بی پیمپس کمپنی لمیٹڈ

16/2 سر آغا خان روڈ، لاہور-54000

میں مسٹی اسماء _____ ساکن _____

ضلع _____ بحیثیت ممبر کے ایس بی پیمپس کمپنی لمیٹڈ، حاصل _____ شیر ذر مطابق شیر ذر جسٹ فولیو نمبر _____

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

مسٹی اسماء _____ ساکن _____

کو بلور عتقد (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو تاریخ 27 اپریل 2021 بروز منگل 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 پر
دستخط

نوٹ:

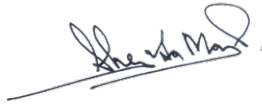
- 1 ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم بینک سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونا چاہئے۔
- 2 اگر کوئی ممبر ایکٹ سے زائد پراکسی نامزد کرتا ہے اور ایکٹ سے زیادہ انشروٹنس آف پراکسی جمع کر رہا ہے تو اس صورت میں تمام انشروٹنس آف پراکسی کا عدم قرار دینے چاہئیں گے۔
- 3 کی ڈی سی لکاوٹ رکھنے والے ہمارے ریٹ اور سے
حیدر آس درج ذیل شرائط کو پورا کیا جائے گا۔
(i) پراکسی فارم کے ہر دو سالگان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں۔
(ii) پراکسی کے حامل کو اپنا اصل شناختی کارڈ یا پاسپورٹ بینک کے وقت دکھانا ہوگا۔
(iii) کارڈ ریٹ اور سے کی صورت میں بورڈ آف ڈائریکٹرز کی قراردادوں پر آف ایڈاریٹی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کروائی ہوگی۔

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 پیرنٹ کمپنی میسرز KSB SE & Co. KGaA کی طرف سے بہترین حمایت اور رہنمائی فراہم کرنے کا بھی شکریہ ادا کرتے ہیں۔

بورڈ خاص طور اس مشکل سال کے دوران تمام KSB ٹیم کی صلاحیت اور سخت محنت کو بھی سراہتا ہے۔

منجانب بورڈ



شہزادہ منظر
ڈائریکٹر



محمد مسعود اختر
چیف ایگزیکٹو

لاہور 17 مارچ 2021ء

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ نے مالی حسابات اور ان کی وضاحت کمپنیز ایکٹ 2017 کی توثیق میں تیار کئے ہیں۔ یہ حسابات کمپنی کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی 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 دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی 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 موثر 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۔
- گذشتہ 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 2019 : 226.42	ملین روپے
2-	گریجویٹ فنڈ 31 دسمبر 2019 : 168.87	ملین روپے

- ہمارے بہترین علم کے مطابق، سی ای او، ڈائریکٹرز، کمپنی سیکرٹری، سی ایف او اور ان کے زوج اور نابالغ بچوں کی طرف سے کمپنی کے حصص کی کوئی ٹریڈنگ نہیں کی گئی ہے۔

نمونہ حصص داری

31 دسمبر 2020ء 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۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے ضابطہء 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	تعداد حاضری
1	جناب جمال نسیم - چیئرمین آزاد ڈائریکٹر	4
2	Mr. Dieter Antonius Pott - رکن نان ایگزیکٹو ڈائریکٹر	4
3	جناب شہزادہ مظہر - رکن آزاد ڈائریکٹر	4

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 ریفرنس 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	تعداد حاضری
1	جناب شہزادہ مظہر - چیئرمین آزاد ڈائریکٹر	1
2	جناب حسن عزیز بلگرامی - رکن نان ایگزیکٹو ڈائریکٹر	1
3	جناب محمد مسعود اختر - رکن چیف ایگزیکٹو آفیسر	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 مینجنگ ڈائریکٹر یا کل وقتی کام کرنے والے ڈائریکٹر کے علاوہ ہر ایک ڈائریکٹر کی اجلاس فیس بورڈ آف ڈائریکٹرز کی طرف سے متعین کی جائے گی۔
- 3۔ مشاہرہ ویلیو ایڈیشن کی حوصلہ افزائی کے لئے کافی ہوگا۔
- 4۔ مشاہرہ کمپنی 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۔ ڈائریکٹر اجلاس میں شرکت کے لئے سفری، بورڈنگ اور رہائشی اور دیگر اخراجات کے حقدار ہونگے۔

ضابطہء اخلاق

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

مادی تبدیلیاں

31 دسمبر 2020 کے بعد کوئی مادی تبدیلیاں نہیں ہوئی ہیں اور کمپنی کسی بھی وعدہ میں داخل نہیں ہوئی، جو بیلنس شیٹ کی تاریخ تک اس کی مالی پوزیشن کو متاثر کرے گا۔

ہولڈنگ کمپنی

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

مجلسِ نظام

موجودہ مجلسِ نظام آٹھ افراد پر مشتمل ہے جس میں سے سات نان ایگزیکٹو ہیں۔
بورڈ کے چیئرمین، سی ای او اور نان ایگزیکٹو ڈائریکٹر کے علاوہ ہیں۔

مجلسِ نظام 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	Dr. Sven Baumgarten	4
2	جناب محمد مسعود اختر	4
3	جناب ساجد محمود اعوان	4
4	Mr. Dieter Antonius Pott	4
5	محترمہ عائشہ عزیز	1
6	جناب حسن عزیز بلگرامی	4
7	جناب جمال نسیم	4
8	جناب شہزادہ مظہر	4

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

کاروباری اعداد کے مساوی رہنے کی توقع ہے، سال کی دوسری ششماہی میں پبلک شعبے میں سرگرمی بڑھنے کا امکان ہے۔ اس سے KSB پاکستان کو خاص طور پر وائر اور ویسٹ واٹر کے شعبے میں مزید اچھے 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۔ چونکہ وبائی بیماری کے اثرات کم ہو رہے ہیں اور دنیا بھر میں ویکسین کی دستیابی کو یقینی بنایا گیا ہے، توقع ہے کہ سال 2021 میں برآمدی کاروبار دوبارہ شروع ہوگا اور زیر دست آرڈروں اور کاروباری مواقع کی بنا پر صحت مند کاروبار کی پیش گوئی کی جارہی ہے۔

سال 2021 میں جیلڈ سپوزل اسٹیشن اور چوکنی نمبر 09 اپ گریڈیشن جیسے بڑے منصوبوں سے آرڈرائٹیک حاصل کرنے کی کوششیں برقرار رہیں گی۔ اس شعبے میں ہماری مہارت کو مد نظر رکھتے ہوئے، ان منصوبوں کو ٹرکی بنیاد پر ہدف بنایا جا رہا ہے۔ KSB پاکستان کے مارکیٹ شیئر میں توسیع اور مستقبل میں پائیدار نمو کا حصول کلیدی نقطہ نظر ہے۔

KSB سپریم سرو

KSB سپریم سرو کا مقصد موجودہ سال میں حجم کی نمو حاصل کرنا ہے جس میں ریورس انجینئرنگ سمیت انڈسٹری کے شعبے میں کاروبار کے مواقع کو ہدف بنایا جا رہا ہے۔ توقع ہے کہ پبلک شعبے میں سرگرمی دوبارہ شروع ہوگی اور ہم سال 2021 میں پبلک شعبے سے مناسب آرڈر کی فراہمی حاصل ہونے کے منتظر ہیں۔ ہم تیل اور گیس اور توانائی کے شعبوں میں بحالی کے منتظر ہیں۔ ریورس انجینئرنگ میں صلاحیتوں کو بڑھانے کے لئے ضروری اقدامات اٹھائے جائیں گے تاکہ ہم اس اعلیٰ ممکنہ کاروباری سیگمنٹ میں مستقبل کے مواقع سے فائدہ اٹھا سکیں۔

تصرفات

روپے، 000، میں	سالانہ نتائج
23,637	قبل از ٹیکس سالانہ منافع
(7,254)	ٹیکس کی فراہمی
16,383	بعد از ٹیکس منافع
12,632	گیجر مجموعی سالانہ آمدن / (نقصان)۔ ٹیکس کے بغیر
497	غیر تصرفاتی منافع جو آگے آیا
29,512	تصرفات کی دستیابی
	تصرف
22,500	عام ریزرو کے لئے منتقل
6,600	تجویز کردہ منافع منقسمہ بشرح 0.50 روپے فی شیئر
29,100	
412	غیر موزوں 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 2021 کو ختم ہونے والے سال کے لئے کمپنی کے محاسب کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے۔

ہیں۔ بینکوں اور مالی اداروں کے لئے ایک مضبوط کریڈٹ ریٹنگ کے ساتھ صرف آزادانہ شرح کی پارٹیوں کو قبول کر رہے ہیں۔

لیکویڈیٹی رسک

لیکویڈیٹی رسک نمائندگی کرتا ہے کہ کمپنی مالی واجبات سے وابستہ ذمہ داریوں کو پورا کرنے میں مشکلات کا سامنا کرے گی۔ محتاط لیکویڈیٹی رسک مینجمنٹ تفویض کریڈٹ کی سہولیات کی کافی رقم کے ذریعے فنڈز کی دستیابی، کافی نقدی کی برقراری پر عمل کرتی ہے۔ کمپنی کے کاروبار کی متحرک نوعیت کی وجہ سے، کمپنی کا فنانس ڈیپارٹمنٹ تفویض کریڈٹ لائسنز کے تحت مالی دستیابی کو برقرار رکھ کر فنڈز کی فراہمی میں لچک پذیری کو برقرار رکھتا ہے۔

مینجمنٹ متوقع نقد بہاؤ کی بنیاد پر کمپنی کے کیش اور نقدی کے مساوی کی پیشن گوئی پر نظر رکھتی ہے۔ یہ عام طور پر کمپنی کی پریکٹس اور حدود کے مطابق کیا جاتا ہے۔ یہ حدود مل وقوع کی مارکیٹ کی لیکویڈیٹی کے لئے مختلف ہوتی ہیں۔ اس کے علاوہ، کمپنی کی سیالیت کے انتظام کی پالیسی ہر سہ ماہی میں نقد بہاؤ کو شامل اور اس کے واجبات کو پورا کرنے کے لئے ضروری سیال اثاثوں کی سطح پر غور، داخلی اور خارجی انضباطی تقاضوں کے خلاف بیلنس شیٹ لیکویڈیٹی تناسب کی نگرانی، اور قرض فنانسنگ منصوبوں کو برقرار رکھتی ہے۔

کیپٹل رسک مینجمنٹ

کمپنی کے کیپٹل رسک مینجمنٹ 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۔ کمپنی 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) کمپنی کے مجموعی مقاصد کا لازمی حصہ اور KSB کی بنیادی اقدار میں سے ایک ہے۔ KSB بڑے پیمانے پر کمیونٹی کی بھلائی میں مؤثر شرکت داری کرتے ہوئے پائیدار نمونے یقین رکھتی ہے۔

KSB کیئر کے تحت کام کرتے ہوئے، ہم سماجی فلاح خاص طور پر تعلیم اور صحت کے شعبوں میں شرکت کرتے ہوئے ایک ذمہ دار کارپوریٹ ادارہ کی حیثیت سے اپنا کردار ادا کرتے ہیں۔ حسن ابدال میں اپنے کاموں کے ارد گرد واقع مختلف اسکولوں اور کالجوں میں داخل متعدد دلائق اور مستحق طالب علموں کو اسکا لرشپ فراہم کی گئی ہیں۔

KSB طلباء کو انٹرنشپ، اپرنٹس شپ، ٹریننگ کے مواقع، تعلیمی دوروں اور مطالعاتی منصوبوں کی بھی پیشکش کرتی ہے۔ اسکولوں کے لئے کلاس رومز کی تعمیر، فرنیچر اور فیکچر کی فراہمی، اور پینے کے پانی کے لئے مدد فراہم کرنے کے ذریعے، ہم تعلیمی اداروں کے انفراسٹرکچر کو ترقی دینے کے لئے ان کی حمایت کر رہے ہیں۔

سال 2020 کے دوران، شعبہ صحت میں، ہم نے ضلع انک میں معذور افراد کے لئے خصوصی راستہ کی تعمیر اور وہیل چیئرز کی فراہمی میں حصہ شامل کیا۔ اس کے علاوہ، حسن ابدال میں COVID کے متاثرین کے درمیان خوراک کے چیکر تقسیم کئے گئے۔

مستقبل کا نقطہ نظر

فروخت اور منصوبے

پیمس اور والوز کے کاروبار کے امکانات، تمام اہم شعبوں کے لئے معیاری اور اعلیٰ انجینئرڈ مارکیٹ دونوں میں پُر امید ہیں۔ اگرچہ پہلی ششماہی معمول 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 عنصر

کمپنی کی سرگرمیاں متعدد قسم کے مالی خطرات مارکیٹ رسک (بشمول کرنسی رسک، دیگر پرائس رسک اور سود کی شرح کا رسک)، کریڈٹ رسک اور لیکویڈیٹی رسک کو اجاگر 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، سود کی 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 پیرامیٹرز کے اندر اندر کیا جاتا ہے۔

مارکیٹ رسک

مارکیٹ رسک میں کرنسی رسک، دیگر پرائس رسک اور سود کی شرح کا رسک شامل ہے۔

فارن ایکسچینج رسک ایک خطرہ ہے کہ مالی آلہ کی مناسب قدر یا مستقبل کے نقدی کے بہاؤ میں غیر ملکی زرمبادلہ 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 زرمبادلہ کے خطرے کا سامنا کرتی ہے۔ فارن ایکسچینج رسک مستقبل کے تجارتی لین دین اور تسلیم شدہ اثاثوں اور واجبات سے پیدا ہوتا ہے۔

دیگر پرائس رسک خطرہ ظاہر کرتے ہیں کہ مالی آلہ کی مناسب قدر یا مستقبل کا نقدی کا بہاؤ مارکیٹ کی قیمتوں میں تبدیلی (سود کی شرح کے خطرے یا کرنسی خطرے سے پیدا ہونے والے کے مقابلے میں دیگر) آیا کہ یہ تبدیلیاں انفرادی مالی آلہ 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 کی 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 کموڈٹیز سپلائیرز کی ایک متنوع پورٹ فولیو رکھتا ہے۔

سود کی شرح کا خطرہ مالی آلہ 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 بینرنگ اثاثہ نہیں رکھتی ہے۔ کمپنی کو شرح سود کا خطرہ طویل مدتی اور قلیل مدتی قرض سے پیدا ہوتا ہے۔ متغیر 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۔ کمپنی کا 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 بقایا 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 سیلر نقد میں پیش کر رہے

مارکیٹ شیئر بڑھانے کے لئے بلکہ نئے کاروباری افق کو بھی تلاش کرنے کے لئے ہماری مدد کر رہے ہیں۔

منصوبے

مجموعی کاروباری نقطہ نظر میں KSB پاکستان پروجیکٹس کی تنظیم نو کی گئی ہے۔ واٹر/ویسٹ واٹر اور جنرل انڈسٹری مارکیٹ شعبوں میں آرڈر کی مقدار میں معقول اضافہ ہوا ہے۔ موجودہ اور نئے O&M معاہدوں کے مقابل واسا لاہور سے پرائمری آرڈر انٹیک حاصل کیا گیا۔ کمپنی نے کراچی کے قریب (100MGD) گنجائش کے پمپ اسٹیشن کی تعمیر کے لئے کراچی واٹر اینڈ سیوریج بورڈ کی طرف سے دیا گیا پروجیکٹ (میگا پروجیکٹ) کی کامیابی سے مکمل کر لیا ہے۔ یہ منصوبہ 2020 میں کامیابی کے ساتھ شروع کیا گیا اور آزمائشی مدت کی تکمیل کے بعد اسے صارف کے حوالے کر دیا گیا۔ defect liability مدت فی الحال جاری ہے۔ موجودہ سال میں واٹر فلٹریشن اور ٹریٹمنٹ کے نئے منصوبوں کے حصول کے علاوہ، زیر دست منصوبوں کی موثر اور کم خرچ طریقے سے تکمیل ہماری توجہ کا مرکز ہوگی۔

پیداوار

عالمی حکمت عملی اور مارکیٹ طلب کے مطابق KSB پاکستان آپریشنز، پیداوار اور استعداد کار کو بڑھانے کے ساتھ ساتھ مجموعی لاگت کو بہتر بنانے کے لئے چھوٹے منصوبوں پر مستقل کام کر رہے ہیں۔ ویلیو اسٹریم میننگ (VSM) تکنیک اور سال Kaizen blitz بہتری کی بنیاد ہونے کے ساتھ مشینی، اسمبلی، ٹیسٹنگ اور انسپکشن شعبوں کے عمل کی اصلاح پر خصوصی توجہ مرکوز رہی۔ مجموعی احتیاطی بحالی (TPM) اقدامات کے نتیجے میں درستگی، مشین کی دستیابی اور پیداوری سطح میں اضافہ ہوا۔

اہلکاروں کی ہنرمندی کی بہتری اور متحرک کاروباری ماحول میں جدید کوالٹی معیار اور بدلتی ہوئی ضروریات کے مطابق، عمل کی مستقل بہتری، تنظیم کی کلیدی ترجیحات میں شامل رہی ہے۔

فاؤنڈری

سال 2020 کی دوسری ششماہی میں آٹوموٹو سیکٹر سے فاؤنڈری کاروبار میں اضافے کے رجحانات ظاہر ہوئے اور اس عرصے کے لئے صحت مند آمدنی درج کی گئی۔ پیداوار کے لحاظ سے، عدم مطابقت کی لاگت کم کرتے ہوئے گینگ فیڈنگ سسٹم کو بہتر بنانے کے لئے میگما سافٹ ویئر کا استعمال ایک اہم اقدام رہا۔ اس نے ہمیں استرداد پر قابو پانے اور کاسٹنگ کی بہتر پیداوار حاصل کرنے کے قابل کیا۔ نئی شاٹ بلاسٹ مشین کو شامل کرنا اور fettling ایریا میں توسیع سے مستقبل کے کاروباری تقاضوں کو پورا کرنے کی استعداد اور صلاحیت میں مزید اضافہ ہوگا۔ Kaizen ٹیمیں اپنے کاسٹنگ اور آٹوموٹو کاروبار دونوں کے لئے مصنوعات کے مجموعی معیار اور کاروباری صلاحیت کو مزید بہتر بنانے کے لئے مل کر کام کر رہی ہیں۔

سال 2021 کا مجموعی پیداواری منصوبہ سال 2020 سے نمونہ کر رہا ہے، جس میں مقامی اور بین الاقوامی مارکیٹ سے مواقع پائپ لائن میں ہیں، جو ہمیں رواں سال کے لئے اپنے پیداواری اہداف کو پورا کرنے کے قابل بنائیں گے۔

معیار، ماحولیات، پیشہ ورانہ صحت اور تحفظ

"KSB پاکستان اول درجہ کی مصنوعات اور شاندار خدمات فراہم کر کے اپنے صارفین کے پلائس کو محفوظ، زیادہ بجلی کی بچت اور لاگت کم کرنے کی کوشش کرتی ہے۔ اس عہد کے ساتھ ہم مستحکم منافع بخش نمو اور اپنے مستقبل کی کامیاب صورت حاصل کرنے کی کوشش کرتے ہیں۔

KSB پیمس کمپنی لمیٹڈ انٹیکریٹڈ مینجمنٹ سسٹم (ISO 9001, ISO 14001 & OHSAS 1800) کے لئے سرٹیفائیڈ ہے۔ پائیدار ڈویلپمنٹ اور نئے معیارات کی ضروریات کو پورا کرنے کے لئے ہماری مصنوعات، عموماً اور خدمات کا باقاعدگی سے جائزہ اور اپ گریڈ کیا جاتا ہے۔

KSB پاکستان سائٹ ہمارے پرنسپلز سے مصدقہ "KSB کی ساختہ MbK" ہے۔ تصدیق کا مطلب یہ ہے کہ پاکستان میں تیار کی جانے والی مصنوعات

سرگرمی دوبارہ شروع ہو جائے گی، اور سال کی دوسری ششماہی میں اس میں تیزی آئے گی، تاہم، مالی استحکام کے جاری اقدامات سے سست روی کا اثر پڑے گا۔ خطے میں علاقائی سیاسی مسائل غالب ہیں۔ سیکورٹی اور امن و امان کی صورتحال تسلی بخش رہی۔ اندرونی سیاسی صورتحال غیر مستحکم ہے جو ملک میں مجموعی معاشی سرگرمی کے لئے ایک اور خطرہ ہے۔ محدود ڈیسٹنگ سہولیات کی وجہ سے کوویڈ بیماری کی حد معلوم نہیں ہے۔ مزید یہ کہ بیماری کے دوبارہ پھیلنے کا خطرہ اور ویکسین کی دستیابی میں تاخیر معاشی بحالی کے عمل کو مزید متاثر کر سکتی ہے۔ مالی سال کے لئے معاشی نمو مثبت رہنے کی توقع کی جارہی ہے تاہم یہ رواں مالی سال کے لئے دستیاب مختلف تخمینوں کی بنیاد پر جی ڈی پی کی شرح نمو 0.5 فیصد سے 1.5 فیصد تک محدود ہے۔

کمپنی

مالیاتی نتائج

کوویڈ 19 وبائی بیماری کی وجہ سے خراب ہونے والے چیلنجنگ معاشی حالات کے دوران، KSB پاکستان سال 2020 میں بیرونی وباؤ کو برداشت کرنے میں کامیاب رہی۔ پہلی سہ ماہی میں سست آغاز کے بعد COVID کیسز میں اضافہ کے نتیجے میں لاک ڈاؤن نافذ ہونے کی وجہ سے سال 2020 کی دوسری سہ ماہی میں سرگرمی میں زبردست کمی آئی۔ کاروبار کچھ ہفتوں تک بند رہے تاہم بعد ازاں ایس او پیز کی سخت پابندی کے بعد دوبارہ کام شروع کیا گیا۔ اس طرح پیداواری سرگرمی دوسری سہ ماہی کے دوران جاری رہی، اور ہم تیسری سہ ماہی میں مجموعی سرگرمی میں اضافے کے بعد مصنوعات کی بروقت ترسیل کرنے میں کامیاب ہوئے۔ پہلی ششماہی میں منفی نتائج سال کی دوسری ششماہی میں درج شدہ صحتمند منافع کے اعداد سے ختم ہو گئے۔ مجموعی نتائج مثبت رہے جیسا کہ پچھلے سال 2019 کے مقابلے میں سال 2020 کے لئے درج ذیل کلیدی اشاروں سے ظاہر ہوتا ہے:-

سال 2020 روپے، 000، میں	سال 2019 روپے، 000، میں
فروخت	3,606,605
مجموعی منافع	594,517
سود اور ٹیکس سے پہلے منافع	158,594
ٹیکس سے پہلے منافع	23,636
سالانہ منافع / (نقصان)	16,382
نی شیئر آمدنی (EPS)	1.24
	6.66

فروخت

COVID وبائی بیماری کے بعد مسلسل لاک ڈاؤن کی وجہ سے سال 2020 ایک مشکل ترین سال رہا ہے۔ تمام اہم مارکیٹ سیکٹرز میں KSB پاکستان کے کاروبار کو نقصان پہنچانے والا دیگر مسلسل عنصر پبلک سیکٹر میں معاشی سست روی اور سست ترقیاتی سرگرمی تھا۔ ہمارا براآمدی کاروبار جس نے نمونے نمایاں شرکت کی عالمی کاروباری سرگرمی اور سپلائی چین کی تعطیلی کے باعث متاثر ہوا۔ تمام مشکلات کے باوجود، واسالاہور سے چند اہم منصوبے حاصل کرنے کے قابل تھی جس نے واٹر / واٹر سیوریج مارکیٹ شعبہ میں کاروباری سرگرمی کو بحال کرنے میں مدد کی۔ مارکیٹ کی سست طلب کی وجہ سے جنرل انڈسٹری اور پیٹر ویکمیکل مارکیٹس سے آرڈر کی مقدار میں کمی ہوئی۔ ہمارے متبادل چینل نیٹ ورک کا شکریہ جس کے ذریعے ہم سال کے دوران اپنا مارکیٹ شیئر اور منافع بخش کاروبار برقرار رکھنے میں کامیاب رہے۔

باقاعدہ مارکیٹنگ اور صارفین کی توجہ حاصل کرنے کی مہمات کے ساتھ ساتھ ہماری مضبوط پراڈکٹ تنوع اور توسیعی پروگرام نہ صرف متعلقہ شعبوں میں

حصص داران کے لئے مجلس نصاب کی رپورٹ

KSB بکس کمپنی لمیٹڈ کے نصاب 31 دسمبر 2020 کو ختم ہونے والے سال کی سالانہ رپورٹ معہ نظر ثانی شدہ مالیاتی کھاتوں اور اس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادیات

عالمی معیشت

عالمی معیشت کو ویڈیو 19 وبائی بیماری کی وجہ سے شدید کساد بازاری سے نکل رہی ہے۔ عالمی معاشی پیداوار سال 2020 میں تقریباً 4 فیصد کم ہونے کے بعد، سال 2021 میں 4 فیصد تک بڑھنے اور 2022 میں اوسطاً 3.8 فیصد رہنے کی توقع کی جارہی ہے۔ گذشتہ تین سالوں سے بہتری کی پیش گوئی کی گئی ہے لیکن ابھی بھی بحران سے قبل کی سطح سے کم ہے۔ اکثر ابھرتی ہوئی مارکیٹیں اور ترقی پذیر معیشتیں وبائی بیماری کے اثرات سے شدید متاثر ہوئیں۔ آگے بڑھتے ہوئے، تمام منڈیوں میں ترقی کی توقع ہے تاہم بحالی کی حد ملک کے مخصوص عوامل پر منحصر ہے۔ اعلیٰ درجے کی معیشتیں وسیع پیمانے پر ویکسی نیشن اور مجموعی طور پر پالیسی تعاون کی وجہ سے اچھی بحالی کی توقع کر رہی ہیں۔ توقع ہے کہ مشرقی ایشیاء اور بحر الکاہل کے خطے میں نمو کی شرح بنیادی طور پر چینی معیشت میں مضبوط بحالی کی بدولت بہتر ہوگی۔ مشرق وسطیٰ، شمالی افریقہ اور سب صحارا کے خطوں میں نمو کم ہونے کی توقع ہے۔ تیل کی قیمت میں اضافہ ہو رہا ہے اور اوپیک + سپلائی کو منظم کرنے کی حکمت عملی کی بنیاد پر رجحان بڑھنے کی توقع کی جارہی ہے۔ مجموعی کھپت میں اضافہ، تجارت میں بہتری، اور ویکسینیشن کے باعث امداد عالمی معاشی پیداوار کو مضبوط بنانے میں کلیدی شراکت دار ہوگی۔ کم ہوتے خطرات ابھی بھی موجود ہیں جن میں COVID کی لہریں آنے کے امکانات، ویکسین کی خریداری اور تقسیم میں تاخیر، سرمایہ کاری اور انسانی سرمائے پر وبائی بیماری کے اثرات، اور قرضوں کی سطح میں اضافے کے سبب پیدا ہونے والے مالی دباؤ شامل ہیں۔ امدادی کوششوں کی شکل میں کثیرالجہتی تعاون، کمزور طبقات کیلئے ویکسین کی دستیابی، اور غریب اور قرضوں کے بوجھ والے ممالک کے لئے قرضوں کی مالی اعانت فراہم کرنے کی پالیسیاں عالمی سطح پر ترجیحات میں رہیں۔

پاکستان کی معیشت

مانیٹری اور مالی سخت اقدامات کے بوجھ تلے دبی ہوئی، پاکستان کی معیشت کو ویڈیو 19 وبائی بیماری نے تباہ کر دیا۔ مالی سال 2020 میں منفی نمو ظاہر کی گئی۔ خرابی کے اثرات کم کرنے کے لئے، حکومت اور اسٹیٹ بینک پاکستان نے مختلف امدادی اقدامات اٹھائے جن میں پالیسی کی شرح 7 فیصد تک کم، طویل مدتی قرضوں کا التواء، تنخواہوں اور اجرتوں کی ادائیگی کے لئے قرضوں کی فراہمی وغیرہ شامل ہیں۔ وائرس کے پھیلاؤ کو کم کرنے کے دیگر اقدامات کے ساتھ ان اقدامات نے مجموعی سرگرمی پر مثبت اثر ڈالا۔ نتیجتاً معاشی حالات میں بہتری آنے لگی، تاہم COVID وبائی بیماری کی دوسری لہر نے بحالی کی رفتار کو کم کر دیا ہے۔ زراعت اور صنعت، خاص طور پر بڑے پیمانے کی مینوفیکچرنگ نے رفتار پکڑ لی ہے۔ ایک اور اہم شعبہ، خدمات، جو وبائی بیماری کے نتیجے میں منہدم ہو گئے ہیں، لوگوں کی نقل و حرکت میں اضافے اور خدمات کی فراہمی کی وجہ سے لاک ڈاؤن کے بعد کے عرصہ میں بہتر ہوا ہے، تاہم مستقبل کے خطرات کے پیش نظر امکان ہے کہ بحالی توقع سے کہیں کم ہوگی۔ حکومت کی طرف سے پیش کردہ مراعات کی بناء پر تعمیراتی شعبے میں ترقی کی توقع کی جارہی ہے، جس سے متعلقہ مینوفیکچرنگ انڈسٹری کو بھی فروغ ملے گا۔ اندرونی ترسیلات زر میں اضافے سے کرنٹ اکاؤنٹ اور غیر ملکی کرنسی ذخائر میں بہتری آئی ہے۔ جس کے نتیجے ڈالر کے مقابلے میں پاکستانی روپیہ بھی مضبوط ہوا ہے۔ دوسری طرف، تیل کی بڑھتی قیمتوں سے مستقبل میں پہلے ہی زیادہ درآمدی بل میں اضافے کا خطرہ ہے۔ حال ہی میں، افراط زر میں اضافے کا رجحان رہا لیکن مالی سال کے لئے 7 سے 9 فیصد تک رہنے کی پیش گوئی کی گئی ہے۔ توقع ہے کہ عوامی شعبے کی

چیئر مین کی جائزہ رپورٹ

میں 31 دسمبر 2020 کو ختم ہونے والے سال کی اپنی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

کورونا وائرس وبائی بیماری نے عالمی معاشی سرگرمی کو تباہ کر دیا۔ عالمی رجحانات کے بعد، پاکستان کی پہلے ہی کشمکش کی شکار معیشت نے سال 2020 میں جی ڈی پی کی منفی نمو درج کرائی۔ 2021 کا نقطہ نظر مثبت ہے اور KSB پاکستان کے لئے اچھے کاروباری مواقع لانے چاہئیں۔ COVID اثرات کا سامنا کرنے کے باوجود، کمپنی کے نتائج 3.6 بلین پاکستانی روپے کے مجموعی کاروبار اور ٹیکس سے پہلے 23 بلین پاکستانی روپے منافع کے ساتھ مثبت رہے۔ اس مشکل سال کے دوران، KSB پاکستان کے بورڈ نے پائیدار کارکردگی کے لئے کمپنی کو اپنے حصص یافتگان کے بہترین مفاد میں محرک کیا۔

KSB پاکستان بنیادی طور پر واٹر، صنعت، تعمیراتی سروس اور توانائی کے شعبوں، مقامی اور بین الاقوامی مارکیٹ میں وسیع پیمانے پر مصنوعات کی پیش کش کرتا ہے، جس میں پمپس، پمپ کاسٹنگز، آٹوموٹو پارٹس، اور الٹرا فلٹریشن (UF) اور ریرس اوسموسس (RO) پلانٹس کے ذریعے پینے کے صاف پانی کا حل شامل ہیں۔ آپریشنز کو براؤنڈ نام KSB سپریم سروس کے تحت کام کرنے والی ورلڈ کلاس آفٹر سیل سروس سہولت سے محفوظ بنایا گیا ہے۔

KSB پاکستان کے بورڈ کی نمائندگی فنڈز، لیگل، اور بزنس مینجمنٹ میں تجربہ اور مہارت کی دولت لانے والے سرشار افراد کے ذریعہ کی گئی ہے۔ KSB پاکستان کے بورڈ میں تقاضوں کے مطابق خواتین کی نمائندگی کی گئی ہے۔ بورڈ کے ارکان اپنے فرائض منصبی سے پوری طرح واقف ہیں اور بیشتر ارکان نے SECP کے مروجہ ڈائریکٹرز ٹریننگ پروگرام کے تحت سند حاصل کی ہوئی ہے۔

سال 2020 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 قیمتی سمجھا گیا ہے۔

سالانہ بورڈ پر فارمنس اویلیویشن میکانزم کے مطابق بورڈ کے تمام ممبران کی کارکردگی انتہائی تسلی بخش رہی۔

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



Dr. Sven Baumgarten

چیئر مین

لاہور: 17 مارچ 2021ء



KSB Pumps Company Limited



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