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Annual Report 2018

KSB Pumps Company Limited





KSB Pumps Company Limited

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CORPORATE OBJECTIVES

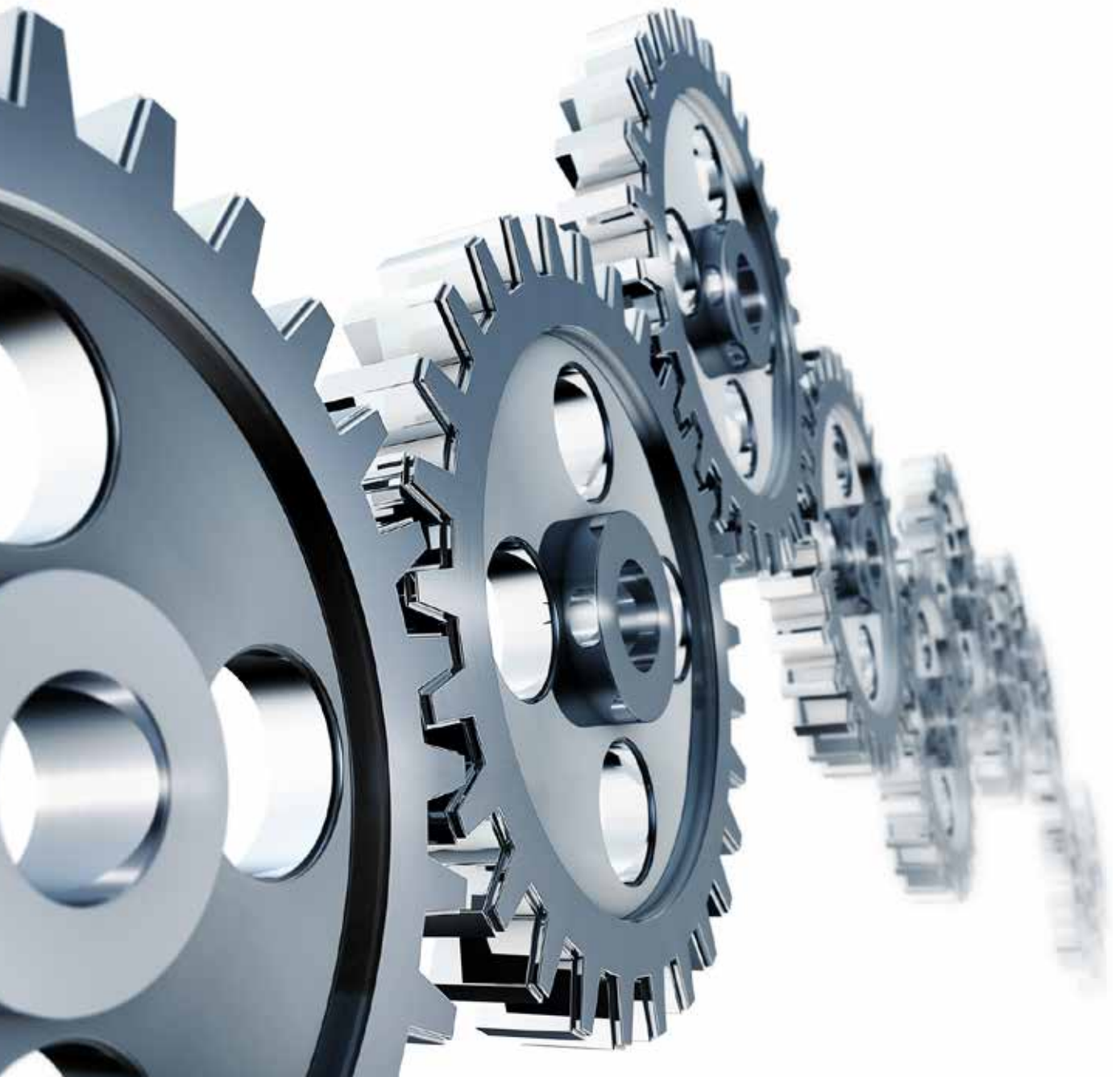
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Vision

KSB provides the best solutions worldwide.

Mission Statement

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



Strategic Objectives

Defend high market share in a growing but competitive sectors.

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



Values

Trust

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

Honesty

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

Responsibility

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

Professionalism

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

Appreciation

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



Sustainability at KSB

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

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

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

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

As a company we focus on

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

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

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



Quality Guidelines

Achieve maximum customer satisfaction

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

Promote quality awareness

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

All employees are focused on their customers

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

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

Avoid mistakes instead of remedying them

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

Improve quality

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

Involve suppliers

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

Environmental Protection, Occupational Health and Safety Guidelines

Publicise environmental relevance

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

Promote awareness of environmental issues, occupational health and safety

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

Strengthen our employees' sense of responsibility

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

Recognise and avoid risks

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

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

Comply with requirements

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

Ensure third-party firms meet obligations

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

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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 18001 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 more than 300 proficient people and operates through its Sales offices in Lahore, Karachi, Rawalpindi, Hassanabdal and Multan. To enable easy access to its customers, KSB Pakistan has started operating through a Franchise network, KSB Partners, across the country and a widespread dealer network alongside. In addition, the Company has full-fledged Service Department and state of the art service facility comprising qualified and experienced personnel: KSB's comprehensive service includes bespoke solutions for all customer applications, and ensures that pumps and systems are running efficiently. KSB offers professional services 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 32 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 59 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



Tonjes Cerovsky

Chairman Board of Directors

Mr. Tonjes Cerovsky has been working for KSB since 38 years. During this time he held different managerial positions in KSB's overseas companies. He has a degree in mechanical engineering from the University of Cologne in Germany and a Masters degree in Business Administration (MBA) from the Business School of the University of Birmingham, UK. He is Senior Vice President Sales - Region Middle East & Africa for KSB and Managing Director KSB Middle East FZE Dubai. He is the Chairman of the Board of Directors of KSB Pakistan.



Mohammad Masud Akhtar

Managing Director

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



Sajid Mahmood Awan

Director

Mr. Awan is the Director Finance of KSB Pakistan. He is also regional controller for Middle East, Africa and East Europe region. He has more than 25 years of professional experience in multinational environments in Pakistan, Middle East & Africa. He is a fellow member of ICMAP and ICSP, and certified director from PICG, Pakistan.



Dr. Matthias Beth

Director

Dr.-Ing. Matthias Beth studied at the University of Darmstadt General Mechanical Engineering and worked then for 5 years as a scientific consultant at the Institute of Production Technology and Forming Machines. Dr. Beth has more than 25 years' experience in KSB and worked in various capacities. From 2010 to 2015 he was as SVP in charge of the Corporate Function Operation of the KSB group. At the moment he is Vice President Production Technology and Systems. Outside of KSB he is a member of the Institute of Production Research Darmstadt and a member of an advisory board of the VDI Düsseldorf.



Hasan Aziz Bilgrami

Director

Mr. Bilgrami is a Director and Member of the HR&R Committee of KSB Pakistan. He is the Advisor of BankIslami Pakistan Limited. His other engagements include Director Shakarganj Foods Limited.

Board of Directors



Shezada Mazhar

Director

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



Jamal Nasim

Director

Mr. Jamal Nasim, is a Director & the Chairman of the Audit Committee of KSB Pakistan. He is Managing Director, Industrial Development Bank of Pakistan, has more than 37 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 has also held the position of Executive Director, Equity Participation Fund. He holds a Masters degree, in Business Administration, from Asian Institute of Management, Manila - Philippines.



Ayesha Aziz

Director

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



Faisal Aman Khan

Company Secretary

Mr. Khan, an experienced senior level administration professional holds the office of Company Secretary at KSB Pakistan. He is a law graduate by profession and carries a professional experience of above 21 years in the areas of Industrial Relations, Administration & Corporate Management. Prior to taking up charge as Company Secretary, he was Head of Administration & IR Department at KSB manufacturing site, Hasanabadal.

Mr. Tonjes Cerovsky

Chairman Board of Directors



Chairman's Review

KSB Pakistan despite facing challenging business environment has been able to achieve a turnover of around PKR 4.95 billion and a profit before tax of PKR 251 million in year 2018. The company under direction of Board of Directors is set to achieve its overall objectives in accordance with global strategy and guidelines drawn by its parent company, KSB SE & Co. KGaA, in the best interest of its shareholders.

KSB Pakistan produces a wide range of high quality pumps with its world-class service facility named **KSB SupremeServ**. KSB also provides pump castings and automotive parts with enhanced efficiency and quality after commissioning of its state-of-the-art automatic foundry plant. KSB is among leading companies providing clean drinking water solutions through Ultra Filtration (UF) & Reverse Osmosis (RO) plants. With its excellent products and services, KSB Pakistan aims to contribute towards economic and infrastructure development of the country as well as serve the community as its corporate social responsibility partner.

The board members of KSB Pakistan are highly qualified professionals with rich experience in their relevant fields. The Board has required diversity and necessary mix of skill and experience in different relevant fields of business, finance, legal, administration and management. The board members are well conversant with their fiduciary duties and effectively perform their role of strategic direction and guidance to the Management in accordance with applicable rules and standards. Seven directors have already acquired certification as required under Directors' Training Program.

KSB Pakistan is compliant to the requirement of having a female director on the Board of Directors. Active participation by all Board Members is encouraged and in decision making process the feedback from independent director(s) is duly considered. In year 2018, regular meetings of the board and its committees took place with due deliberations to give their consent on the matters placed before them.

Annual Board Performance Evaluation Mechanism is in place according to which the performance of all board members remained highly satisfactory.

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



Tonjes Cerovsky
Chairman
Lahore: March 14, 2019

Management Committee



Mohammad Masud Akhtar
Chief Executive Officer /
Managing Director



Sajid Mahmood Awan
Director Finance



Muhammad Imran Malik
Director Sales &
Strategic Marketing



Syed Tariq Ali
Director Operations



Faisal Aman Khan
Company Secretary



Mamoon Riaz
Director Special Initiatives



Omer Saljouk
GM Customer Services



Matraf Rasul
GM Materials



Shahzad Umer
Head QHSE



Muhammad Omer Siddiqui
Head of Product
Management & TSS



Saeed Hussain
Head of Internal Audit



Shahzad Saleem
Head of Human
Resource

Sales Offices

Lahore

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

Multan

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

Peshawar

3rd Floor, Mall Tower, 35 The Mall, Peshawar Cell: 0300-5895289 Ph: 091-5285679 Fax: 091-5278919
Email: franchise.kpk@ksb.com.pk

Rawalpindi

309, A3 Peshawar Road, Westridge 1,
Opp. Valley Clinic, Rawalpindi.
Ph: (051) 111 572 786. Fax: (051) 5472612
Email: ksbrwp@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: ksbkhi@ksb.com.pk



Company Information

Board of Directors

Tonjes Cerovsky	Chairman
Mohammad Masud Akhtar	Managing Director
Sajid Mahmood Awan	
Dr. Matthias Beth	
Ayesha Aziz	
Hasan Aziz Bilgrami	
Shezada Mazhar	
Jamal Nasim	(Nominee NIT)

Company Secretary

Faisal Aman Khan

Management

Mohammad Masud Akhtar	Chief Executive Officer
Sajid Mahmood Awan	Finance & Administration
Syed Tariq Ali	Operations
Muhammad Imran Malik	Sales & Strategic Marketing
Mamoon Riaz	Special Initiatives
Faisal Aman Khan	Corporate Affairs & IR

Auditors

A.F. Ferguson & Co. Chartered Accountants

Legal Advisors

Mandviwala & Zafar

Bankers

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

Audit Committee

Jamal Nasim	Chairman
Dr. Matthias Beth	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

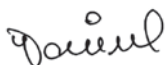
Share Registrar

Central Depository Company of Pakistan 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 62nd Annual General Meeting of the members of KSB Pumps Company Limited, will be held on Monday, the 22nd April, 2019, at 4.00 p.m. at Hotel Hospitality Inn, 25-26 Egerton Road, Lahore, to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on April 19, 2018.
2. To consider and adopt the audited accounts of the Company for the year ended December 31, 2018 and report of Auditors and Directors thereon.
3. To approve and declare dividend of 30 % for the financial year ended December 31, 2018 as recommended by the Directors.
4. To appoint auditors for the year 2019 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 : March 29, 2019

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 12th April, 2019 to 22nd April, 2019 (both days inclusive). Transfers

received in order at Company's Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74000, by the close of business on 11th April, 2019 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. Withholding Tax on dividends

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

(a) For filers of income tax returns	15.0%
(b) For non-filers of income tax returns	20.0%

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 20 % 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 @20 % 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. Central Depository Company of Pakistan 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.

5. 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. Notices for unclaimed dividend / physical shares have been dispatched to the shareholders.

6. 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 alongwith 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.

7 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, 2018 in the form of CD. Any member requiring printed copy of



61st AGM, held on April 19, 2018

the annual report 2018 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.

8. Consent for Video Conference Facility

In accordance with section 132(2) of the Companies Act, 2017, members can avail video conference facility for this Annual General Meeting provided the Company receives consent from the members holding in aggregate 10% or more shareholding, residing at geographical location, at least 07 days prior to date of the meeting.

Subject to fulfillment of the above conditions, members shall be informed of the venue, 5 days before the date of the General meeting along with complete information necessary to access the facility. In this regard please send a duly signed request as per following format at the registered address of the Company 07 days before holding of annual general meeting.

I/We _____ of _____ being a members KSB Pumps Company Limited holder of _____ Ordinary Share(s) as per Registered Folio No./CDC Sub Account No. _____ hereby opt for video conference facility at _____.

Signature of Shareholder

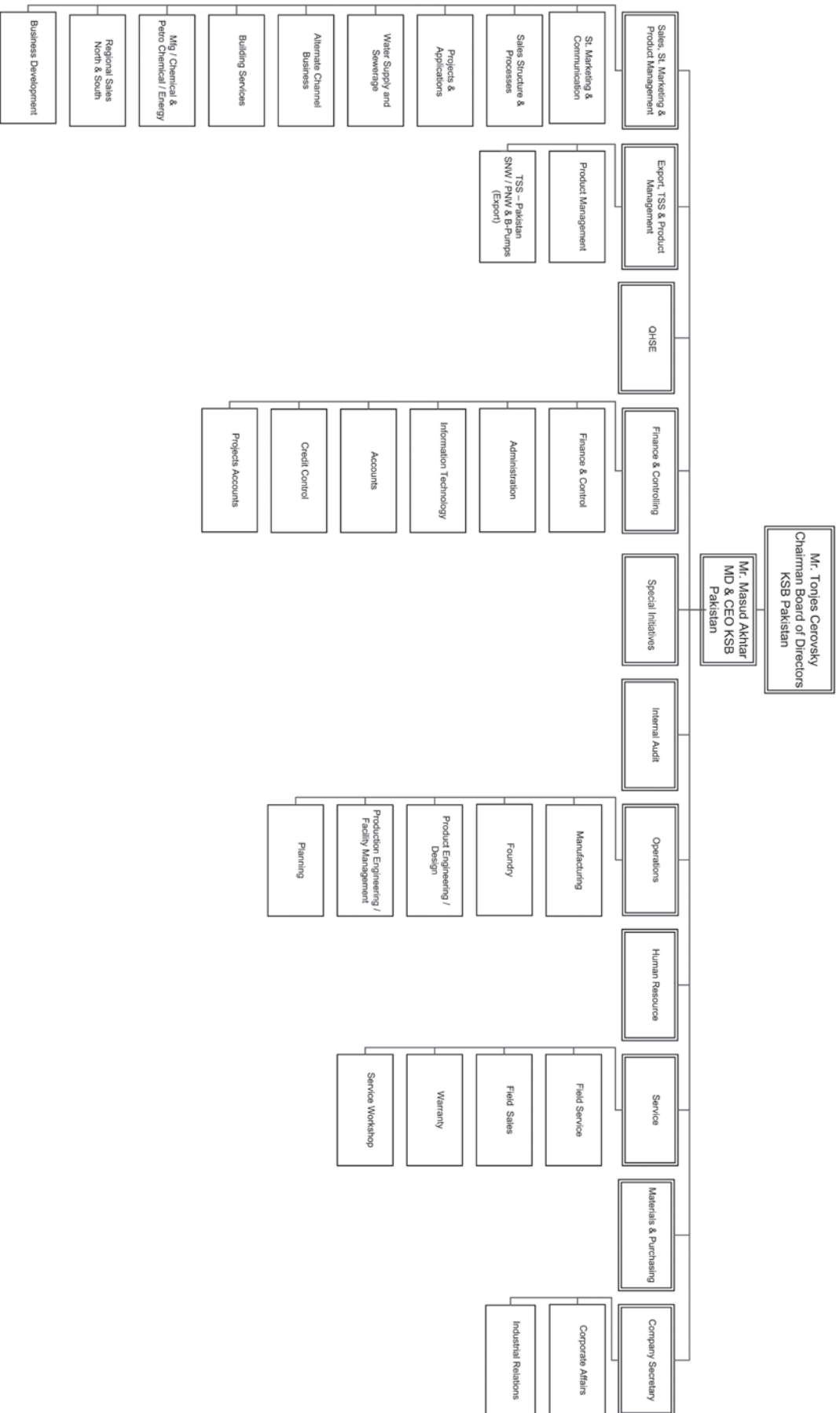


Participants of 61st AGM



Organization Chart

Organization Chart



Mohammad Masud Akhtar

Chief Executive Officer & MD-KSB Pakistan



Directors' Report to the Shareholders

The Directors of KSB Pumps Company Limited are pleased to present the Annual Report along with the Audited Financial Statements for the year ended December 31, 2018 together with Auditor's report thereon.

THE ECONOMY

Global Economy

Global economic performance has weakened and outlook for year 2019 has been revised down to 3.5% in year 2019 with slight improvement to 3.6% expected in year 2020. In Euro area, overall growth would remain moderate in major economies like Germany & Italy on account of low demand and high borrowing costs and in France due to negative impact of street protests. Projected contraction in Turkey in year 2019 affects growth rate in emerging and developing Europe. Prolonged uncertainty about Brexit outcome has cast shadow upon UK's growth forecast. Japanese economy has better than expected growth prospects. US-China tariff hikes have temporarily been postponed which is a good sign, however, risk of reoccurrence exists once the timelines are ended. Among emerging economies, Chinese economy remains under pressure due to financial tightening and tensions with US while Indian economy is likely to grow. In Middle East and Africa region including Pakistan, overall growth rate is expected at 2.4 % in 2019, before anticipated recovery to 3.0% in year 2020, mainly due to weak oil output in Saudi Arabia, tightening financial conditions in Pakistan, US sanctions on Iran and other geo-political tensions. Oil prices remain volatile however prices are expected to remain under control in near term. Multilateral cooperation is needed to resolve trade and geo-political tensions, prevent further deceleration and thus safeguard global growth.

Pakistan's Economy

Having witnessed the highest in 13 years' GDP growth of 5.8% in year 2017-18, Pakistan economy undergoes notable slowdown in the current fiscal year. GDP growth forecast is anticipated to fall below 4.0% against target of 6.2%. All major sectors, namely agriculture, industry and services have shown negative growth. Overall inflation has upward trend as compared to previous year, exceeding 8% in February 2019, however, forecast for the current financial year remains unchanged between 6.5% - 7.5%. Increased fuel prices, power and gas tariffs and currency devaluation were among the contributors towards addition in costs in year 2018. Massive currency devaluation has caused slight increase in exports, however, it is not sufficient to offset substantial import bill. Inward remittances have increased from previous year and target for the year is achievable if trend continues in the remaining part of the financial year. Development funds in public sector were ceased in April 2018. Further, new government in their mini budget put a cut of over 28% on Federal PSDP budget. Annual Development Plan (ADP) of the province Punjab was also reduced by 49% having direct impact on the businesses with major inflow from the government sector. There are strong indications that the trend would continue in remaining part of the current fiscal year. Few opportunities from public sector are expected to materialize in the second half of year 2019 thus giving hope to have orders inflow. Infrastructure and CPEC related activity continues although at a much slower pace. Security and Law & Order conditions in Pakistan remained satisfactory, however, geo-political situation and escalating tensions with neighbouring country may hamper economic activity. Keeping in view the challenging conditions SBP has also raised policy rate which has negatively affected business activity. Global forecast of oil prices to remain under control would have offsetting impact, however, fiscal consolidation policy of new government would lead to slow economic activity. Pakistan has taken some steps to meet FATF requirements but being declared inadequate, another review round shall take place in May. Uncertainty regarding bailout package by IMF package has shaken the confidence of investors. To date it is still not clear whether government will go for IMF program and when. This indecisiveness on part of government has been detrimental to investors' confidence hence adversely affecting Foreign Direct Investment. Political instability remains one of threats to economic performance. The situation warrants immediate and focused actions by Government to cope with uncertainty in business market and to take swift and effective decisions leading to improvement of country's economic growth.

THE COMPANY

Financial Results

Performance of KSB Pakistan has also been affected by sluggish activity in the public sector. However, the company has successfully managed to post revenue number close to year 2017. Profitability was reduced due to multiple factors, like currency devaluation resulting in high cost of material and exchange loss, investment in new foundry adding to expenditure and increase in financial charges due to low collection from government customers. Below shown key indicators as compared to last year 2017 reflect the situation:

	Rupees in '000'	
	2018	2017
Sales	4,952,915	5,115,215
Gross Profit	667,539	1,145,066
Profit before Tax	251,496	539,324
Profit/(Loss) for the year	196,038	396,068
Earnings per share (EPS)	14.85	30.01

Sales

The year 2018 has been a challenging year considering general elections. Restriction on development fund since April, 2018 by the interim government and cap on release of fund in the quarter III & IV has resulted into virtually no activity in the public sector. A remarkable growth in Industry segment has been observed and the sector remained a top contributor however only partially offsetting slowdown in water/waste water segment. Significant business has been materialized from oil marketing companies because of massive infrastructure development in shape of oil depots. Efforts are being made to secure more export orders to lessen the impact of weak business inflow from the local market. Because of ongoing diversification and



product expansion program, the recently launched products in fire sector & API pumps are continuously supporting to increase market share in respective segment.

Projects

KSB Pakistan Projects have recorded a decline in order intake mainly because of virtually no funding in water and waste water segment in the public sector. During last 3 quarters of the fiscal year, one order of water filtration plants has been secured from Public Health Engineering Department, and O&M services against various contracts are in process. Shahshams project in Multan, after a prolonged break due to non-availability of funds by the government, has been restarted and is in the execution phase.

KSB Pakistan led consortium continues to execute work on Dhabeji, a project near Karachi, awarded by Karachi Water and Sewerage Board (KW&SB) for construction of a pump station of 100 MGD capacity. The project is one of the major contributors to the revenue in the year 2018.

Timely and quality execution with a clear focus on cost optimization remained a key driver.

Production

KSB Operations has successfully developed and produced new ETN pumps as per development plan. In order to meet local and international customers' requirements in timely & efficient manner, two new CNC vertical turning lathe machines were inducted in machine shop which ultimately enhance the capacity as well as Quality of the product. New Core Shop and Machine Shop buildings were also completed in year 2018. Infrastructure has been optimized by adding overhead crane in assembly area of large size pumps and shifting some machines to new machine shop building. This step would bring more efficiency in production



of B-pumps & SNW/PNW pumps. The enhancement of storage capacity is also initiated by up-grading the vertical storage. The new Paint Shop is under construction which will improve the capacity and quality of our products particularly to support enhancing our export business. It is planned to be operational in 1st half of year 2019. We continue focusing on employee's skill development as well as on process improvement to keep abreast with changing requirements and updated quality standards.

Foundry

KSB Pakistan achieved a major milestone in year 2018 by putting in operation its newly built state-of-the-art fully automated new foundry plant. New plant, after completion of testing phase, is running successfully. The new foundry plant consists of environment friendly, poka yoke both in quality and safety, high pressure moulding line from HWS Sinto Germany and Sand Plant from Eirich Germany. Fully automated foundry plant with new dual track Induction Furnace has significantly increased moulding and melting capacity. All this enabled KSB Pakistan to improve its product quality, speed, and production capacity to ensure business growth and secure future opportunities in automotive sector and local & international pumps market. The business activity both in automotive sector & public sector pumps remained slow in year 2018 on account of overall economic slowdown. First half of year 2019 also looks lean, but we are ready to produce more parts with enhanced efficiency and quality as the market picks up.





Quality, Environment, Occupational Health and Safety

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

KSB Pumps Company Limited is the first foundry based engineering company in Pakistan certified for the Integrated Management System (ISO 9001, ISO 14001 & OHSAS 18001). As a part of continuous improvement process, our products, processes and services are regularly reviewed and upgraded to meet the requirements of sustainable development and new standards.

KSB Pakistan, in recognition of its policies fully compliant to national and international standards of Health, Safety and environment sustainability, has won 15th Annual Environment Excellence Award, initiated by National Forum for Environment & Health.



KSB Pumps Pakistan received the 15th Annual Environment Excellence Award 2018 from NFEH



KSB SupremeServ

KSB Pakistan Service now branded globally as **KSB SupremeServ** has been able to sustain business despite challenging situation arising from both political scenario and low business activity especially in the public sector in year 2018. There has been increase in overall order intake of all segments, however, orders from public sector reduced by around 15%. However, sales revenue has surpassed the target. Service facility overhauled 23% more pumps than 2017 with enhanced efficiency as compared to the previous year.

Human Resource

KSB Pakistan believes our Human Resource is our greatest asset which has helped us in not only sustaining the competitive edge, but also in growing as an organization with every passing day. We continue to recruit and retain high quality talent in order to build and maintain a successful team of professionals. Employee wellness, engagement & ownership are key areas of focus which have been evident in various HR initiatives that ensured top employee performance & satisfaction. The company invested in more than 320 (domestic & international) training days in year 2018, while Employee Engagement Initiatives continued to support a fun-at-work culture through activities like Birthday celebrations, Orange Party, Independence Day celebrations, Trekking and many others.

The Strategy into Action (SIA) initiative, aimed to achieve the harmony and collaboration needed to meet the Objectives Company has set, continued this year as well. The activity not only helped in ensuring that the deliverables are understood clearly and accurately down the line but also strengthened their ownership of the business objectives.

As part of our Corporate Social Responsibility initiatives and to bridge the gap between the Industry and

Academia, KSB continues to work with educational institutes, providing them industrial visits, internship opportunities and guest speakers / industry experts for grooming of their students and the future of this Nation.

We are aware of the socioeconomic challenges that the future business will pose in years to come and our team is all geared up to take on those challenges. Efforts will continue to be made for maintaining an engaged and forward looking human resource to keep KSB ahead of the competition by creating value for all the stakeholders. We are united under KSB flag; determined to take the organization to new levels of excellence.

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.



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

Corporate Social Responsibility - KSB CARE

The Corporate Social Responsibility (CSR) is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their quality of lives in ways that are good for business and for sustainable development.

Keeping in view the significant importance of education in uplifting a society, we are providing scholarships to meritorious and deserving students enrolled in various schools and colleges situated in the vicinity of our works at Hassan'abdal.

Along with providing scholarships, our focus has been on supporting educational institutions by providing assistance for rehabilitation of infrastructure, construction of class rooms, provision of furniture and fixtures, and drinking water for schools.

The CSR initiatives have made our Company a responsible corporate entity, more conscious towards giving a helping hand to the needy and deserving around us in the community.

KSB's Corporate Social Responsibility (CSR) program works under the banner of KSB Care. 310 high achievers of 22 schools and colleges were awarded scholarships during the year 2018 under the KSB Care Program.

KSB is also contributing by offering internships, apprenticeships, training opportunities, educational visits and study projects to students.

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

FUTURE OUTLOOK

Sales & Projects

Going forward, healthy opportunities are in the pipeline for Pumps & Valves business in standard as well as high-end engineered market for all key segments, namely Industry, Energy, Building Service and Water & Waste Water. Despite a slow start for the Year 2019, we anticipate reasonable focus by the Government on water and wastewater sector in the second half of the year and this should bring better prospects for us, however timely funding will be a decisive factor in this sector. Mega Projects especially in the south region for water treatment up-gradation, waste water disposals like S-III and water supply infrastructure, including K-4, Pipri-Haleji and Jamila Pumping stations are key prospects. We are targeting these opportunities on turnkey basis, considering our specialization and capability in this sector.



Existing projects will be paced steadily for satisfactory and timely completion, with optimized resources as a result of improved operational and strategic agility.

Moderate growth in newly established business line of Reverse Osmosis/Sewerage Treatment Plants is foreseen in coming years considering the price challenges and legal requirements especially in the industrial sector.

Pumps and Valves will continue its endeavour as a major contributor for profitable business with a clear focus on expanding and enhancing market share for sustainable growth. However, government spending is key to this initiative.

We maintain active communication & continue to have marketing programs aimed to timely and effectively cater to the business needs of our valued customers and tap into new business avenues. Due to synergy in the two lines of business, Pumps & Projects have been merged into a single entity.

KSB SupremeServ

We have a good number of orders in hand to convert into revenue in year 2019. Slowdown in the public sector poses challenges and there is not much activity on horizon where **KSB SupremeServ** can bag mentionable orders. We are focusing on increasing order intake in various other segments to offset business reduction from public sector.



Further, opportunities in Oil & Gas and Energy sectors shall be our prime focus in 2019. In this connection, we have recently secured a big order from an Oil and Gas sector for supply of spare parts for two years.

APPROPRIATION

RESULT FOR THE YEAR

	Rupees '000'
Profit for the year before providing for taxation	251,496
Provision for taxation	(55,459)
Profit after taxation	<u>196,037</u>
Other comprehensive income/(loss) for the year - Net of Tax	(7,189)
Un-appropriated profit brought forward	<u>104</u>
Available for appropriation	188,952
Appropriated as under	
- Transfer to general reserve	<u>149,000</u>
- Proposed dividend @ Rs. 3.00 per share	<u>39,600</u>
	<u>188,600</u>
Un appropriated profit carried forward	<u><u>352</u></u>



AUDITORS

The present auditors, A.F. Ferguson & Co., Chartered Accountants, retire and offer themselves for reappointment. As suggested by the Audit Committee the Board of Directors has recommended their reappointment as auditors of the Company for the year ending December 31, 2019.

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, 2018 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 of eight individuals out of which six are non-executive. The Chairman of the Board is other than the CEO and non-executive Director.

Mr. Shezada Mazhar joined the board replacing Ms. Rahat Kaunain and Ms. Ayesha Aziz joined the board replacing Syed Hyder Ali on their resignation from the directorship in the company.



BOARD OF DIRECTORS MEETING

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

S. No.	Name of Director	No. of Meetings Attended
01.	Mr. Tonjes Cerovsky	5
02.	Mr. M. Masud Akhtar	3
03.	Mr. Sajid Mahmood Awan	5
04.	Dr. Matthias Beth	5
05.	Ms. Rahat Kaunain Hassan (Resigned)	1
06.	Mr. Hasan Aziz Bilgrami	5
07.	Mr. Jamal Nasim	5
08.	Syed Hyder Ali (Resigned)	1
09.	Mr. Shezada Mazhar	2

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



AUDIT COMMITTEE

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

S. No.	Name of Director			No. of Meetings Attended
1.	Mr. Jamal Nasim	- Chairman	Non-Executive Director	4
2.	Mr. Hasan Aziz Bilgrami	- Member	Non-Executive Director	3
3.	Dr. Matthias Beth	- Member	Non-Executive Director	4
4.	Syed Hyder Ali (Resigned)	- Member	Non-Executive Director	1
5.	Ms. Rahat Kaunain Hassan (Resigned)	- Member	Non-Executive Director -Independent Director	1
4.	Shezada Mazhar	- Member	Non-Executive Director	2

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

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

Directors' Remuneration Policy-For Attending Meetings of the Board

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

CORPORATE AND FINANCE REPORTING FRAME WORK

- The financial statements together with the notes thereon have been drawn up by the Management in conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations.
- There has been no departure from the best practices of transfer pricing.
- The key operating and financial data for the last six years is annexed.
- The value of investments including accrued interest based on respective audited accounts of funds are as follows:
 1. Provident Fund 31.12.2017 : Rs. 191.51 Million.
 2. Gratuity Fund 31.12.2017 : Rs. 122.91 Million.
- To the best of our knowledge, no trading of shares of the Company by CEO, Directors, Company Secretary, CFO, their spouses and minor children has been carried out.

PATTERN OF SHAREHOLDING

The statement of pattern of the shareholding of the Company as at December 31, 2018 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 Board of Directors would like to thank all of their stakeholders, valued customers, shareholders, bankers, suppliers, franchise partners and dealers of the Company for providing their valuable support throughout the year. The Board also recognize the excellent support and guidance provided by our parent Company, M/s. KSB SE & Co. KGaA.

The Board wishes to place on record its appreciation for the hard work and dedication of the management, officers and staff of the Company.



Mohammad Masud Akhtar
Chief Executive



Sajid Mahmood Awan
Chief Financial Officer

March 14, 2019
Lahore.

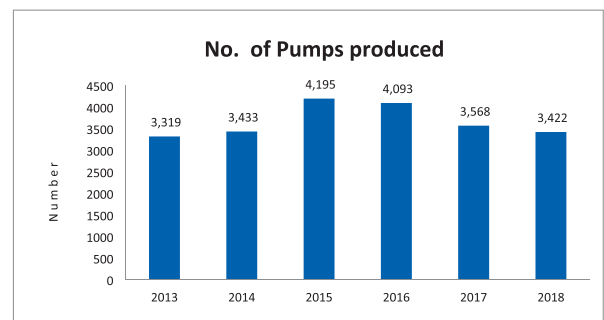
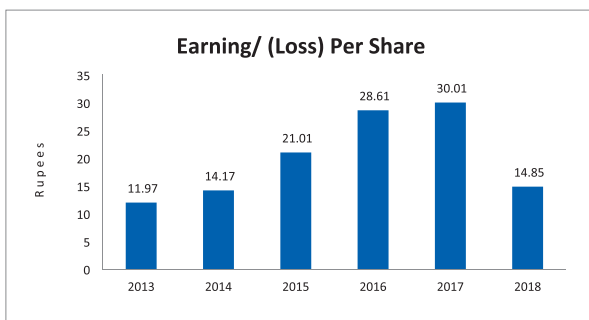
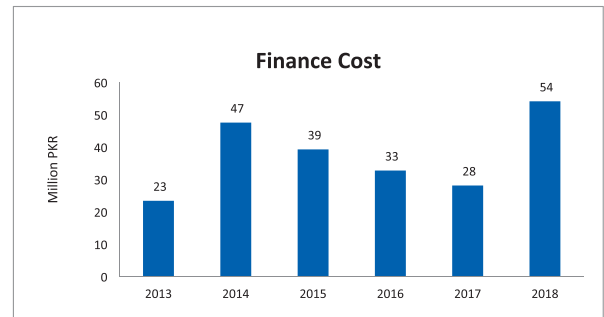
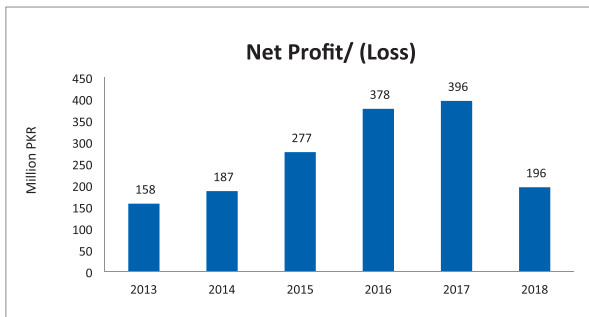
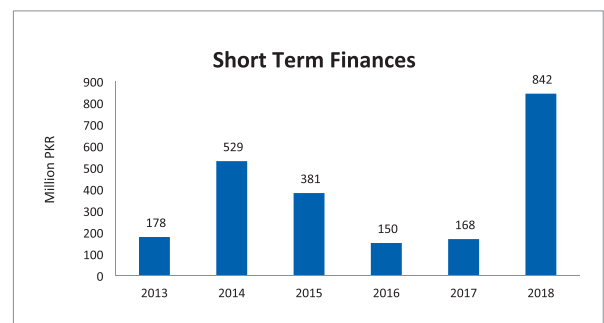
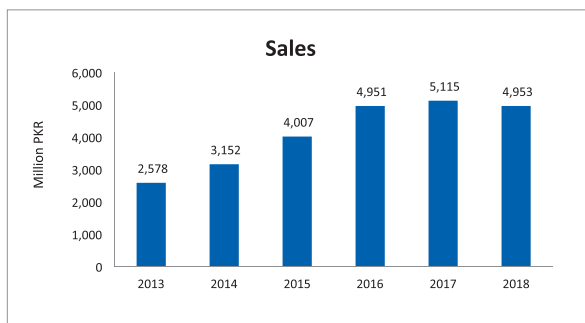
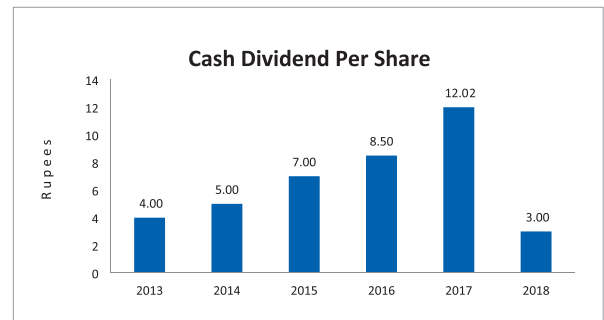
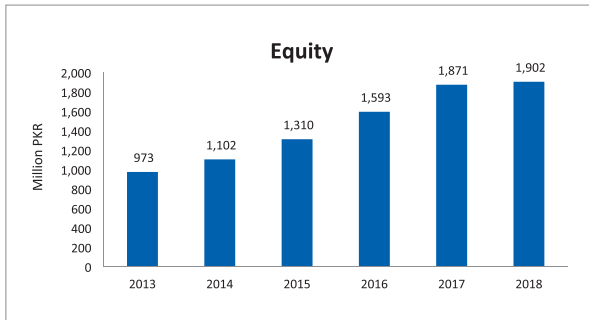
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Highlights 6 Years



Vertical Analysis

	2018 Rs. in '000'	%age	2017 Rs. in '000'	%age
Balance Sheet				
Net worth / shareholders equity	1,901,553	37.13%	1,871,369	39.10%
Non current liabilities	433,783	8.47%	413,515	8.64%
Short term running finances/bank borrowings	966,760	18.88%	269,215	5.62%
Creditors, accrued and other liabilities	1,819,574	35.53%	2,232,091	46.64%
Total liabilities and equity	5,121,670	100.00%	4,786,190	100.00%
Fixed Assets	1,269,796	24.79%	1,245,786	26.03%
Long Term Loans and Deposits	74,314	1.45%	13,044	0.27%
Deferred Taxation	-	0.00%	-	0.00%
Current Assets	3,777,560	73.76%	3,527,360	73.70%
Total Assets	5,121,670	100.00%	4,786,190	100.00%
Profit and Loss Account				
Sales	4,952,915	100.00%	5,115,215	100.00%
Cost of sales	(4,285,376)	-86.52%	(3,970,150)	-77.61%
Gross Profit / (Loss)	667,539	13.48%	1,145,066	22.39%
Distribution and marketing costs	(346,416)	-6.99%	(334,702)	-6.54%
Administrative expenses	(222,830)	-4.50%	(244,767)	-4.79%
Other operating expenses	(18,994)	-0.38%	(59,219)	-1.16%
Other operating income	226,665	4.58%	60,854	1.19%
Operating Profit / (Loss)	305,963	6.18%	567,231	11.09%
Finance Cost	(54,467)	-1.10%	(27,908)	-0.55%
Profit / (Loss) before tax	251,496	5.08%	539,324	10.54%
Taxation	(55,459)	-1.12%	(143,255)	-2.80%
Profit / (Loss) for the year	196,037	3.96%	396,068	7.74%

Vertical Analysis

2016 Rs. in '000'	%age	2015 Rs. in '000'	%age	2014 Rs. in '000'	%age	2013 Rs. in '000'	%age
1,593,217	43.83%	1,310,250	38.75%	1,101,515	37.89%	973,149	41.86%
137,703	3.79%	83,728	2.48%	79,193	2.72%	43,860	1.89%
150,059	4.13%	381,372	11.28%	529,272	18.20%	177,841	7.65%
1,753,672	48.25%	1,605,920	47.49%	1,197,407	41.18%	1,129,858	48.60%
<u>3,634,651</u>	<u>100.00%</u>	<u>3,381,271</u>	<u>100.00%</u>	<u>2,907,387</u>	<u>100.00%</u>	<u>2,324,707</u>	<u>100.00%</u>
486,675	13.39%	417,795	12.36%	364,296	12.53%	306,942	13.20%
16,508	0.45%	15,188	0.45%	12,463	0.43%	15,645	0.67%
-	0.00%	-	0.00%	-	0.00%	14,734	0.63%
3,131,467	86.16%	2,948,287	87.19%	2,530,628	87.04%	1,987,387	85.49%
<u>3,634,651</u>	<u>100.00%</u>	<u>3,381,271</u>	<u>100.00%</u>	<u>2,907,387</u>	<u>100.00%</u>	<u>2,324,707</u>	<u>100.00%</u>
4,950,602	100.00%	4,007,244	100.00%	3,152,062	100.00%	2,577,686	100.00%
(3,902,841)	-78.84%	(3,099,652)	-77.35%	(2,454,451)	-77.87%	(1,982,697)	-76.92%
1,047,762	21.16%	907,592	22.65%	697,611	22.13%	594,990	23.08%
(310,023)	-6.26%	(328,342)	-8.19%	(243,578)	-7.73%	(223,911)	-8.69%
(225,841)	-4.56%	(188,149)	-4.70%	(184,984)	-5.87%	(168,678)	-6.54%
(38,852)	-0.78%	(36,911)	-0.92%	(29,673)	-0.94%	(33,886)	-1.31%
69,061	1.40%	53,644	1.34%	60,158	1.91%	55,721	2.16%
542,106	10.95%	407,834	10.18%	299,535	9.50%	224,236	8.70%
(32,617)	-0.66%	(39,156)	-0.98%	(47,435)	-1.50%	(23,274)	-0.90%
509,489	10.29%	368,678	9.20%	252,099	8.00%	200,962	7.80%
(131,793)	-2.66%	(91,312)	-2.28%	(65,110)	-2.07%	(42,951)	-1.67%
<u>377,696</u>	<u>7.63%</u>	<u>277,366</u>	<u>6.92%</u>	<u>186,989</u>	<u>5.93%</u>	<u>158,011</u>	<u>6.13%</u>

Horizontal Analysis

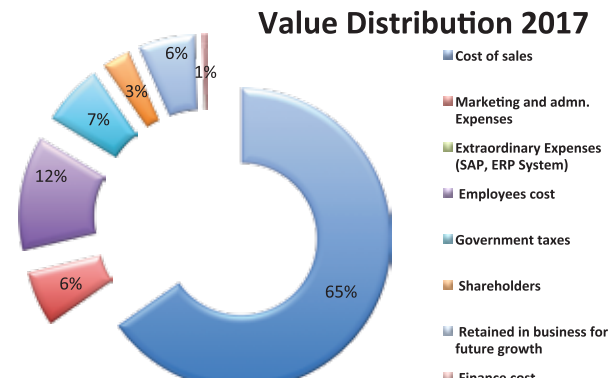
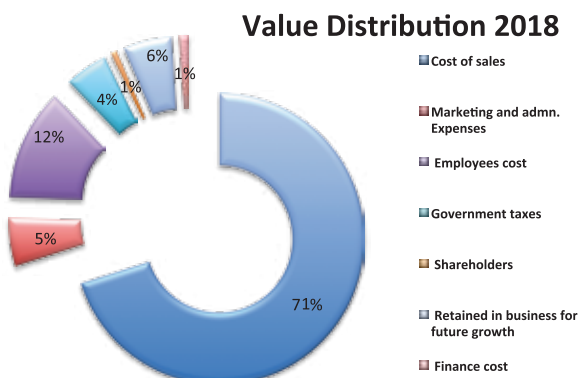
	2018	2017	Change	2017	2016	Change	2016
	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000
Balance Sheet							
Net worth / shareholders equity	1,901,553	1,871,369	1.61%	1,871,369	1,593,217	17.46%	1,593,217
Non current liabilities	433,783	413,515	4.90%	413,515	137,703	200.30%	137,703
Short term running finances/ bank borrowings	966,760	269,215	259.10%	269,215	150,059	79.41%	150,059
Creditors, accrued and other liabilities	1,819,574	2,232,091	-18.48%	2,232,091	1,753,672	27.28%	1,753,672
Total liabilities and equity	5,121,670	4,786,190	7.01%	4,786,190	3,634,651	31.68%	3,634,651
Fixed Assets	1,269,796	1,245,786	1.93%	1,245,786	486,675	155.98%	486,675
Long Term Loans and Deposits	74,314	13,044	469.71%	13,044	16,508	-20.98%	16,508
Deferred Taxation	-	-	0%	-	-	0%	-
Current Assets	3,777,560	3,527,360	7.09%	3,527,360	3,131,467	12.64%	3,131,467
Total Assets	5,121,670	4,786,190	7.01%	4,786,190	3,634,651	31.68%	3,634,651
Profit and Loss Account							
Sales	4,952,915	5,115,215	-3.17%	5,115,215	4,950,602	3.33%	4,950,602
Cost of sales	(4,285,376)	(3,970,150)	7.94%	(3,970,150)	(3,902,841)	1.72%	(3,902,841)
Gross Profit / (Loss)	667,539	1,145,066	-41.70%	1,145,066	1,047,762	9.29%	1,047,762
Distribution and marketing costs	(346,416)	(334,702)	3.50%	(334,702)	(310,023)	7.96%	(310,023)
Administrative expenses	(222,830)	(244,767)	-8.96%	(244,767)	(225,841)	8.38%	(225,841)
Other operating expenses	(18,994)	(59,219)	-67.93%	(59,219)	(38,852)	52.42%	(38,852)
Other operating income	226,665	60,854	272.47%	60,854	69,061	-11.88%	69,061
Operating Profit / (Loss)	305,963	567,231	-46.06%	567,231	542,106	4.63%	542,106
Finance Cost	(54,467)	(27,908)	95.17%	(27,908)	(32,617)	-14.44%	(32,617)
Profit / (Loss) before tax	251,496	539,324	-53.37%	539,324	509,489	5.86%	509,489
Taxation	(55,459)	(143,255)	-61.29%	(143,255)	(131,793)	8.70%	(131,793)
Profit / (Loss) for the year	196,037	396,068	-50.50%	396,068	377,696	4.86%	377,696

Horizontal Analysis

2015	Change	2015	2014	Change	2014	2013	Change	2013	2012	Change
Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%
1,310,250	21.60%	1,310,250	1,101,515	18.95%	1,101,515	973,149	13.19%	973,149	874,364	11.30%
83,728	64.46%	83,728	79,193	5.73%	79,193	43,860	80.56%	43,860	24,825	76.67%
381,372	-60.65%	381,372	529,272	-27.94%	529,272	177,841	197.61%	177,841	233,370	-23.79%
1,605,920	9.20%	1,605,920	1,197,407	34.12%	1,197,407	1,129,858	5.98%	1,129,858	1,133,858	-0.35%
3,381,271	7.49%	3,381,271	2,907,387	16.30%	2,907,387	2,324,707	25.06%	2,324,707	2,266,417	2.57%
417,795	16.49%	417,795	364,296	14.69%	364,296	306,942	18.69%	306,942	311,014	-1.31%
15,188	8.69%	15,188	12,463	21.87%	12,463	15,645	-20.34%	15,645	10,552	48.26%
-	0%	-	-	0%	-	14,734	-100.00%	14,734	23,022	-36.00%
2,948,287	6.21%	2,948,287	2,530,628	16.50%	2,530,628	1,987,387	27.33%	1,987,387	1,921,828	3.41%
3,381,271	7.49%	3,381,271	2,907,387	16.30%	2,907,387	2,324,707	25.06%	2,324,707	2,266,417	2.57%
4,007,244	23.54%	4,007,244	3,152,062	27.13%	3,152,062	2,577,686	22.28%	2,577,686	2,630,402	-2.00%
(3,099,652)	25.91%	(3,099,652)	(2,454,451)	26.29%	(2,454,451)	(1,982,697)	23.79%	(1,982,697)	(2,087,813)	-5.03%
907,592	15.44%	907,592	697,611	30.10%	697,611	594,990	17.25%	594,990	542,589	9.66%
(328,342)	-5.58%	(328,342)	(243,578)	34.80%	(243,578)	(223,911)	8.78%	(223,911)	(222,183)	0.78%
(188,149)	20.03%	(188,149)	(184,984)	1.71%	(184,984)	(168,678)	9.67%	(168,678)	(133,479)	26.37%
(36,911)	5.26%	(36,911)	(29,673)	24.39%	(29,673)	(33,886)	-12.43%	(33,886)	(22,952)	47.63%
53,644	28.74%	53,644	60,158	-10.83%	60,158	55,721	7.96%	55,721	68,089	-18.16%
407,834	32.92%	407,834	299,535	36.16%	299,535	224,236	33.58%	224,236	232,063	3.37%
(39,156)	-16.70%	(39,156)	(47,435)	-17.45%	(47,435)	(23,274)	103.81%	(23,274)	(30,405)	-23.45%
368,678	38.19%	368,678	252,099	46.24%	252,099	200,962	25.45%	200,962	201,658	0.35%
(91,312)	44.33%	(91,312)	(65,110)	40.24%	(65,110)	(42,951)	51.59%	(42,951)	(39,094)	9.87%
277,366	36.17%	277,366	186,989	48.33%	186,989	158,011	18.34%	158,011	162,564	2.80%

Statement of Value Addition

	2018 Rs. in '000'	%age	2017 Rs. in '000'	%age
Value Addition				
Net sales	4,952,915	95.62	5,115,215	98.82
Other income	226,665	4.38	60,854	1.18
	5,179,580	100.00	5,176,070	100.00
Value Distribution				
Cost of sales (excluding employees' cost & Depreciation/Amortization)	3,664,848	70.76	3,380,667	65.31
Marketing, admin. & other expenses (excluding employees' cost & Depreciation/Amortization)	279,168	5.39	308,725	5.96
Employees cost				
- Salaries, wages, amenities and staff welfare	628,868	12.14	609,939	11.78
- Workers' profit participation fund	13,507	0.26	32,080	0.62
	642,375	12.40	642,019	12.40
Government				
- Taxes & Duties	211,140	4.08	332,069	6.42
- Workers' welfare fund	5,133	0.10	11,007	0.21
	216,272	4.18	343,076	6.63
Shareholders				
- Dividend	39,600	0.76	158,664	3.07
- Bonus shares	-	0.00	-	0.00
	39,600	0.76	158,664	3.07
Retained in business for future growth				
- Depreciation & Amortization	126,411	2.44	77,606	1.50
- Retained profit	156,438	3.02	237,404	4.59
	282,849	5.46	315,011	6.09
Finance cost	54,467	1.05	27,908	0.54
	5,179,580	100.00	5,176,070	100.00



Key Financial Data

Key Financial Data for 6 Years

Rupees in '000'

	2018	2017	2016	2015	2014	2013
Balance sheet						
Paid up capital	132,000	132,000	132,000	132,000	132,000	132,000
Reserves	1,769,553	1,739,369	1,461,217	1,178,250	969,515	841,149
Net worth / shareholders equity	1,901,553	1,871,369	1,593,217	1,310,250	1,101,515	973,149
Non current liabilities	433,783	413,515	137,703	83,728	79,193	43,860
Short term running finances/ bank borrowings	966,760	269,215	150,059	381,372	529,272	177,841
Creditors, accrued & other liabilities	1,819,574	2,232,091	1,753,672	1,605,920	1,197,407	1,129,858
Current liabilities	2,786,335	2,501,306	1,903,731	1,987,292	1,726,680	1,307,699
Total liabilities	3,220,117	2,914,821	2,041,434	2,071,021	1,805,873	1,351,559
Total Liabilities & Equity	5,121,670	4,786,190	3,634,651	3,381,271	2,907,387	2,324,707
Fixed assets	1,269,796	1,245,786	486,675	417,795	364,296	306,942
Long term loans and deposits	74,314	13,044	16,508	15,188	12,463	15,645
Deferred taxation	-	-	-	-	-	14,734
Current assets	3,777,560	3,527,360	3,131,467	2,948,287	2,530,628	1,987,387
Total assets	5,121,670	4,786,190	3,634,651	3,381,271	2,907,387	2,324,707
Inventory	1,068,061	1,030,607	886,432	767,402	538,350	505,291
Trade debts and contract assets	1,987,700	1,632,115	1,557,229	1,437,371	1,216,728	1,037,397
Trade and other payables and contract liabilities	1,728,239	2,153,288	1,681,134	1,542,692	1,130,307	1,077,216
Material consumption	2,927,693	2,529,740	2,652,496	1,896,068	1,348,153	1,246,883
Profit and loss						
Sales	4,952,915	5,115,215	4,950,602	4,007,244	3,152,062	2,577,686
Cost of goods sold	(4,285,376)	(3,970,150)	(3,902,841)	(3,099,652)	(2,454,451)	(1,982,697)
Gross Profit	667,539	1,145,066	1,047,762	907,592	697,611	594,990
Distribution and marketing cost	(346,416)	(334,702)	(310,023)	(328,342)	(243,578)	(223,911)
Administrative expenses	(222,830)	(244,767)	(225,841)	(188,149)	(184,984)	(168,678)
Other operating expenses	(18,994)	(59,219)	(38,852)	(36,911)	(29,673)	(33,886)
Other operating income	226,665	60,854	69,061	53,644	60,158	55,721
Operating Profit	305,963	567,231	542,106	407,834	299,535	224,236
Finance Cost	(54,467)	(27,908)	(32,617)	(39,156)	(47,435)	(23,274)
Profit before tax	251,496	539,324	509,489	368,678	252,099	200,962
Taxation	(55,459)	(143,255)	(131,793)	(91,312)	(65,110)	(42,951)
Net Profit	196,037	396,068	377,696	277,366	186,989	158,011

Key Performance Indicators

		2018	2017	2016	2015	2014	2013
Gross Margin	%	13.48	22.39	21.16	22.65	22.13	23.08
Net profit to Sales	%	3.96	7.74	7.63	6.92	5.93	6.13
Return on equity	%	10.31	21.16	23.71	21.17	16.98	16.24
Return on capital employed	%	13.10	24.83	31.32	29.26	25.37	22.05
Return on assets	%	3.83	8.28	10.39	8.20	6.43	6.80
EBITDA	Rupees in '000	432,375	644,838	610,421	471,536	359,488	272,393
EBITDA margin	%	8.73	12.61	12.33	11.77	11.40	10.57
Inventory turnover ratio	Times	2.74	2.45	2.99	2.47	2.50	2.47
Inventory turnover in number of days	Days	133	149	122	148	146	148
Debtor Turnover ratio	Times	2.49	3.13	3.18	2.79	2.59	2.48
Collection period (Days)	Days	146	116	115	131	141	147
Creditor turnover	Times	2.48	1.84	2.32	2.01	2.17	1.84
Credit turnover in number of days	Days	147	198	157	182	168	198
Operating cycle	Days	132	67	80	97	119	97
Total assets turnover ratio	Times	0.97	1.07	1.36	1.19	1.08	1.11
Fixed assets turnover ratio	Times	3.90	4.11	10.17	9.59	8.65	8.40
Price earning ratio	Times	12.36	10.20	14.27	12.16	10.81	7.55
Cash dividend per share	Rupees	3.00	12.02	8.50	7.00	5.00	4.00
Dividend yield ratio	Times	0.02	0.04	0.02	0.03	0.03	0.04
Dividend pay out ratio	Times	0.20	0.40	0.30	0.33	0.35	0.33
Dividend cover ratio	Times	4.95	2.50	3.37	3.00	2.83	2.99
Earnings Per Share	Rupees	14.85	30.01	28.61	21.01	14.17	11.97
Number of Shares	Number	13,200	13,200	13,200	13,200	13,200	13,200
Debt Equity Ratio		1.69 : 1	1.56 : 1	1.28 : 1	1.58 : 1	1.64 : 1	1.39 : 1
Interest Cover ratio	Times	5.62	20.33	16.62	10.42	6.31	9.63
Current Ratio	Times	1.36	1.41	1.64	1.48	1.47	1.52
Acid test ratio	Times	0.97	1.00	1.18	1.10	1.15	1.13
Break up value per share	Rupees	144.06	141.77	120.70	99.26	83.45	73.72
Market Value of shares - year end	Rupees	183.58	306.00	408.25	255.47	153.14	90.35
Market Value of shares - high	Rupees	415.00	474.90	409.41	264.90	172.44	98.00
Market Value of shares - low	Rupees	177.50	266.50	192.19	127.58	73.20	59.85
Summary of cash flow statement							
Operating activities	Rupees in '000	(630,000)	765,492	493,411	142,454	103,678	156,234
Investing activities	Rupees in '000	(148,948)	(832,959)	(136,170)	(112,687)	(115,213)	(46,162)
Financing Activities	Rupees in '000	(188,013)	254,837	(49,101)	(65,395)	(52,392)	(52,589)
Cash and cash equivalent- closing balance	Rupees in '000	(670,319)	296,642	109,272	(198,868)	(163,239)	(99,313)

4

CORPORATE GOVERNANCE

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Pattern of Shareholding

As at December 31, 2018

Number of Shareholders	Shareholding			Total Shares Held
378	1	to	100	13,347
193	101	to	500	54,335
213	501	to	1000	129,786
139	1001	to	5000	330,875
21	5001	to	10000	144,945
8	10001	to	15000	107,924
5	15001	to	20000	88,500
6	20001	to	25000	140,849
1	25001	to	30000	30,000
4	30001	to	35000	134,703
4	35001	to	40000	154,200
1	45001	to	50000	48,700
1	55001	to	60000	55,600
3	75001	to	80000	235,900
3	95001	to	100000	297,700
1	110001	to	115000	112,500
1	125001	to	130000	128,500
1	135001	to	140000	137,288
1	140001	to	145000	143,863
1	160001	to	165000	161,300
1	190001	to	195000	191,000
1	270001	to	275000	272,373
1	295001	to	300000	300,000
1	330001	to	335000	331,178
1	550001	to	555000	550,400
1	1130001	to	1135000	1,131,259
1	7770001	to	7775000	7,772,975
<u>992</u>				<u>13,200,000</u>

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Associated Companies	1	7,772,975	58.89
Modarabas & Mutual Funds	6	171,600	1.30
Public Sector Companies	5	824,099	6.24
Directors, CEO, their spouse & minor children	-	-	-
Trustee National Investment (Unit) Trust	1	1,131,259	8.57
Investment Corporation of Pakistan	-	-	-
Banks Development Financial Institutions, NBFI, Joint Stock Companies	19	271,133	2.05
General Public	953	2,724,326	20.64
(a) Local	953		
(b) Foreign	Nil		
Others:			
- Trustees Mohammed Amin Wakf Estate - 31,703	7	304,608	2.31
- Trustees NBP Employees Benevolent Fund - 4,817			
- Trustees NBP Employees Pension Fund - 137,288			
- Dawood Family Takful Ltd. (13,700+16,900) - 30,600			
- M/s. Prudential Discount & Guarantee House Ltd. - 2,000			
- CDC Meezan Tahafuz Pension Fund Equity Sub Fund - 98,200			
Total	<u>992</u>	<u>13,200,000</u>	<u>100.00</u>

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

Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations 2017

for the year ended December 31, 2018

This statement is being presented to comply with the requirements of the Listed Companies Code of Corporate Governance regulations.

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. The composition of Board is as follows:

Category	Names
Independent Director	Mr. Shezada Mazhar Ms. Ayesha Aziz Mr. Jamal Nasim
Other Non-Executive Directors	Mr. Tonjes Cerovsky Dr. Matthias Beth Mr. Hasan Aziz Bilgrami
Executive Directors	Mr. Mohammad Masud Akhtar Mr. Sajid Mahmood Awan

3. The Directors have confirmed that none of them is serving as a Director in more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies, where applicable).
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act and the Regulations.
7. All the meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Companies Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act 2017 and the Regulations.
9. The Board remained fully compliant with the provisions with regard to their directors training program. Seven 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 CFO, 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. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising of members given below:
 - a) **Audit Committee**
 - Mr. Jamal Nasim Chairman
 - Dr. Matthias Beth Member
 - Mr. Shezada Mazhar Member
 - b) **HR and Remuneration Committee**
 - Mr. Shezada Mazhar Chairman
 - Mr. Hasan Aziz Bilgrami Member
 - Muhammad Masud Akhtar Member
13. The terms of reference of the committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee 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**

Two meetings of HR&R Committee were held during the year.
15. The Board has set up an effective internal audit function. The staff 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
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, the regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

March 14, 2019
Lahore.



Mohammad Masud Akhtar
Chief Executive



Sajid Mahmood Awan
Chief Financial Officer

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, 2017

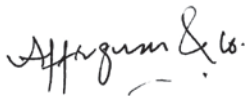
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of KSB Pumps Company Limited (the Company) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.



Chartered Accountants
Lahore

Date: March 25, 2019

5

FINANCIAL STATEMENTS

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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, 2018, 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, 2018 and of the profit and other comprehensive loss, 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 judgement, 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.

Following are the key audit matters:

Sr. No	Key audit matter	How the matter was addressed in our audit
1	<p>Additional disclosures required under the Fourth Schedule to the Companies Act, 2017:</p> <p>(Refer note 2 to the financial statements)</p> <p>The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of annual financial statements for the year ended December 31, 2018.</p> <p>The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p>	<p>We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements; • Obtained relevant underlying supporting documentation for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

Sr. No	Key audit matter	How the matter was addressed in our audit
	<p>As part of this transition to the requirements, the management performed an analysis to identify differences between the previous and the current Fourth Schedule and as a result certain amendments relating to presentation and disclosures were made in the accompanying financial statements.</p> <p>In view of the various new disclosures prepared and presented in the financial statements, we considered this a key audit matter.</p>	
2	<p>First time adoption of International Financial Reporting Standard (IFRS) 15 'Revenue from contracts with customers' and International Financial Reporting Standard (IFRS) 9 'Financial Instruments'</p> <p>(Refer note 3.2 to the financial statements)</p> <p>Securities and Exchange Commission of Pakistan (SECP) through an SRO 1007(1)/2017 dated October 4, 2017 directed that IFRS 15 IFRS 9, shall be followed for the preparation of financial statements from the annual periods beginning on or after July 1, 2018. The Company has adopted the standards early with effect from January 1, 2018.</p> <p>Any change in presentation or classification of items has been accounted for in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.</p> <p>As part of this transition to the requirements, the management performed an analysis to identify differences between the previous and the current applicable standards and as a result certain amendments relating to presentation and disclosures were made in the accompanying financial statements.</p> <p>In view of the amendments and various new disclosures prepared and presented in the financial statements, we considered this as a key audit matter.</p>	<p>We reviewed and understood the requirements of IFRS 15 and IFRS 9. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements; • Obtained relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15. • Tested booking of provisions on the basis of expected credit loss on trade debts and contract assets as per the requirements of IFRS 9. • Obtained relevant underlying supporting documentation for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosure made.

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 auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Board of Directors for the Financial Statements

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

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

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.

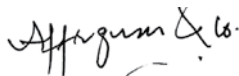
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 Hammad Ali Ahmad.



Chartered Accountants

Lahore: March 27, 2019

Statement of Financial Position

As at December 31, 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised capital				
15,000,000 (2017: 15,000,000) ordinary shares of Rs 10 each		150,000,000	150,000,000	150,000,000
Issued, subscribed and paid up capital	6	132,000,000	132,000,000	132,000,000
Reserves	7	1,769,552,609	1,739,368,530	1,461,216,863
		1,901,552,609	1,871,368,530	1,593,216,863
NON CURRENT LIABILITIES				
Long term finances - secured	8	250,000,000	304,033,268	42,689,126
Employees' retirement and other benefits	9	100,852,792	82,064,391	67,010,429
Deferred tax liabilities - net	10	82,929,982	27,417,689	28,003,413
		433,782,774	413,515,348	137,702,968
CURRENT LIABILITIES				
Current portion of long term finances- secured		125,000,000	101,344,422	-
Short term finances - secured		841,760,397	167,870,289	150,059,000
Trade and other payables	12	1,708,075,045	2,081,846,611	1,594,507,015
Contract liability	13	20,164,000	63,456,000	81,275,000
Unclaimed dividend		8,956,643	7,928,422	3,579,749
Due to provident fund	14	4,168,394	3,828,345	4,781,969
Provisions for other liabilities and charges	15	78,210,201	75,031,837	69,528,149
		2,786,334,680	2,501,305,926	1,903,730,882
CONTINGENCIES AND COMMITMENTS				
	16			
		5,121,670,063	4,786,189,804	3,634,650,713

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


Chairman


Chief Executive


Chief Financial Officer

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	17	1,237,972,455	484,056,435	403,730,324
Investment property	18	159,912	373,125	586,341
Intangible assets	19	2,451,988	1,792,745	663,149
Capital work-in-progress	20	29,211,815	759,563,488	81,695,176
Long-term loans and deposits	21	74,313,500	13,044,161	16,508,428
		1,344,109,670	1,258,829,954	503,183,418
CURRENT ASSETS				
Stores, spares and loose tools	22	112,574,493	77,578,821	65,326,022
Stock-in-trade	23	955,486,260	953,028,677	821,106,124
Trade debts	24	1,319,209,772	1,141,159,491	1,124,316,612
Contract asset	25	668,489,844	490,956,000	432,912,000
Advances, deposits, prepayments and other receivables	26	550,358,288	400,124,346	428,475,445
Cash and bank balances	27	171,441,736	464,512,515	259,331,092
		3,777,560,393	3,527,359,850	3,131,467,295
		5,121,670,063	4,786,189,804	3,634,650,713


Chairman


Chief Executive


Chief Financial Officer

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2018

	Note	2018 Rupees	2017 Rupees
Revenue from contracts with customers	28	4,952,915,312	5,115,215,480
Cost of sales	29	(4,285,375,823)	(3,970,149,788)
Gross profit		667,539,489	1,145,065,692
Distribution and marketing expenses	30	(346,416,282)	(334,702,197)
Administrative expenses	31	(222,830,265)	(244,767,071)
Other operating expenses	32	(18,994,367)	(59,219,202)
		(588,240,914)	(638,688,470)
Other operating income	33	226,664,520	60,854,224
Profit from operations		305,963,095	567,231,446
Finance costs	34	(54,466,707)	(27,907,700)
Profit before taxation		251,496,388	539,323,746
Taxation	35	(55,458,811)	(143,255,259)
Profit after taxation for the year		196,037,577	396,068,487
Other comprehensive loss:			
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans - net of tax		(7,189,498)	(5,716,820)
Total comprehensive income for the year		188,848,079	390,351,667
Earnings per share - basic & diluted Rupees	36	14.85	30.01

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, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/ generated from operations	37	(353,973,021)	927,655,610
Finance costs paid		(42,080,784)	(27,146,851)
Taxes paid - net		(169,552,397)	(126,366,612)
Employees' retirement and other benefits paid - net		(3,124,357)	(12,114,551)
(Increase) / decrease in long term loans and deposits - net		(61,269,339)	3,464,267
		(276,026,877)	(162,163,747)
Net cash (used in)/ generated from operating activities		(629,999,898)	765,491,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(160,075,602)	(849,364,843)
Proceeds from sale of property, plant and equipment		11,128,082	16,405,877
Net cash used in investing activities		(148,947,520)	(832,958,966)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances-secured		(30,377,690)	362,688,564
Dividend paid		(157,635,779)	(107,851,327)
Net cash (used in)/ generated from financing activities		(188,013,469)	254,837,237
Net (decrease)/increase in cash and cash equivalents		(966,960,887)	187,370,134
Cash and cash equivalents at the beginning of the year		296,642,226	109,272,092
Cash and cash equivalents at the end of the year	38	(670,318,661)	296,642,226

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, 2018

	<u>Share Capital</u> Rupees	<u>General Reserves</u> Rupees	<u>Unappropriated Profit</u> Rupees	<u>Total</u> Rupees
Balance as at January 1, 2017	132,000,000	1,085,600,000	375,616,863	1,593,216,863
Final dividend for the year ended December 31, 2016 @ Rs 8.50 per share	-	-	(112,200,000)	(112,200,000)
Transfer to general reserve	-	263,000,000	(263,000,000)	-
Total comprehensive income for the year	-	-	390,351,667	390,351,667
Balance as at December 31, 2017	132,000,000	1,348,600,000	390,768,530	1,871,368,530
Final dividend for the year ended December 31, 2017 @ Rs 12.02 per share	-	-	(158,664,000)	(158,664,000)
Transfer to general reserve	-	232,000,000	(232,000,000)	-
Total comprehensive income for the year	-	-	188,848,079	188,848,079
Balance as at December 31, 2018	<u>132,000,000</u>	<u>1,580,600,000</u>	<u>188,952,609</u>	<u>1,901,552,609</u>

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


Chairman


Chief Executive


Chief Financial Officer

Notes to and Forming Parts of the Financial Statements

For the year ended December 31, 2018

1. Legal status and nature of business

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

2. Summary of significant transactions and events in the current reporting period

The Entity's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The Company capitalized the newly constructed foundry from capital work in progress to property, plant and equipment amounting to Rs 738 million on June 30, 2018.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including presentation and disclosure requirements of the fourth Schedule to the Companies Act, 2017, some of the amounts reported for the previous year have been reclassified, as detailed in Note 5.
- The Company reversed the group service cost payable to KSB SE & Co. KGaA amounting to Rs. 130.04 million, during the year ended December 31, 2018, as detailed in Note 33.1 and 33.2.

3. Basis of Preparation

3.1 Statement of compliance

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

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

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

The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of financial statements of the Company. These changes also include change in nomenclature of the primary statements, etc. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements;
- incorporation of significant additional disclosures;

Keeping in view of the above, the presentation of these financial statements has been realigned with the provisions contained in the Act, however, it does not have any impact on the recognition and measurement of the amounts included in these financial statements of the Company.

During the year, the Company has opted for the presentation of a combined 'Statement of Profit or Loss and Other Comprehensive Income' as allowed in the Companies Act, 2017 in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' instead of a separate 'Statement of profit or loss Account' and 'Statement of Comprehensive Income'.

3.2 Standards, amendments and interpretations to published accounting standards effective in current year and applicable / relevant to the Company's operations

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

IFRS 15 'Revenue from contracts with customers' and IFRS 9, 'Financial Instruments' are effective from accounting periods beginning on or after January 1, 2018. IFRS 15 'Revenue from contracts with customers' has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when the entity satisfies a performance obligation by transferring a promised good or service. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. It also includes an expected credit loss model that replaces the current incurred loss impairment model.

Securities and Exchange Commission of Pakistan (SECP) through an SRO 1007(1)/2017 dated October 4, 2017 has directed that the aforesaid standards shall be followed for the preparation of financial statements from the annual periods beginning on or after July 1, 2018. The Company has early adopted both the standards with effect from January 1, 2018. Any change in presentation or classification of items has been accounted for in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The application of aforementioned amendments has no material impact on the Company's financial statements and no restatement was required in this regard.

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

There were certain new standards, amendments and interpretations to existing standards that are applicable on the Company but not yet effective and have not been early adopted by the Company. The Company is in process of making an assessment regarding the possible impact of such standards, amendments and interpretations.

	Effective date (accounting periods beginning on or after)
IFRS 16, 'Leases'	January 1, 2019
IAS 19, 'Employee benefits' in relation to plan amendments, curtailments or settlements'	January 1, 2019
IAS 12 - 'Income Taxes' in relation to amendments resulting from Annual	
Improvements to IFRS Standards 2015–2017 Cycle (income tax consequences of dividends)''	January 1, 2019
IFRIC 23 - 'Uncertainty over income tax treatments'	January 1, 2019

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

4. Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee retirement benefits and certain foreign currency translation adjustments at present value.

4.1 Critical accounting estimates and judgments

The Company's significant accounting policies are stated in note 5. 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:

4.1.1 Retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 5.2. Any changes in these assumptions in future years might affect gains and losses in those years.

4.1.2 Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

4.1.3 Property, plant and equipment and intangible assets

The Company reviews the useful lives of property, plant and equipment and intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangible assets with a corresponding effect on the depreciation/ amortization charge and impairment. Further, the Company reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods.

4.1.4 Cost to complete the projects

As part of application of percentage of completion method on contract accounting, the Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion might affect the results of the subsequent periods.

4.1.5 Stock-in-trade

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

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

4.1.6 Functional and presentation currency

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

5. Significant accounting policies

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended December 31, 2017 except for the application of IFRS 15 'Revenue from contracts with customers' and IFRS 9, 'Financial Instruments' adopted with effect from January 1, 2018. The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

5.1 Change in accounting policy

There has been no financial effect of the change in accounting policy on the current and prior period financial statements except for the following reclassifications in the corresponding period:

The reclassifications due to the early adoption of IFRS 15 'Revenue from contracts with customers' contains:

- Contract asset amounting to Rs 490.96 million, previously included in trade debts, has been presented separately.
- Contract liability amounting to Rs 63.46 million, Due to provident fund amounting to Rs 4.16 million, unclaimed dividend amounting to Rs 8.95 million, previously included in trade and other payables, has been presented separately.

The reclassifications due to the provisions and directives issued under the Companies Act, 2017 contains:

- Accrued finance cost amounting to Rs 16.15 million, previously presented separately, has been included in trade and other payables.
- Unappropriated profits amounting to Rs 189 million, previously presented separately, has been included in reserves.

5.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss.

5.2.1 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. 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.

5.2.2 Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss account, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.

5.3 Employees' retirement and other benefits

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

5.3.1 Defined benefit plans

5.3.1.1 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 9.81 million (2017: Rs 11.00 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 future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme.

	2018 Per Annum	2017 Per Annum
Expected rate of increase in salary level	12.25%	7.25%
Expected rate of return	13.25%	8.25%
Discount rate	13.25%	8.25%

The Company is expected to contribute Rs 22.18 million to the gratuity fund for the year ended December 31, 2019.

5.3.1.2 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 and charged to profit or loss account currently. The amount recognized in the statement of financial position represents the present value of defined benefit obligation adjusted for unrecognized actuarial gains and losses. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

	2018 Per Annum	2017 Per Annum
Expected rate of increase in salary level	12.25%	7.25%
Discount rate	13.25%	8.25%

5.3.1.3 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 profit or loss account currently. The amount recognized in the statement of financial position represents the present value of defined benefit obligation. Actuarial gains/losses are recognized immediately under IAS 19 "Employee benefits" in other comprehensive income. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

	2018 Per Annum	2017 Per Annum
Expected rate of increase in salary level	12.25%	7.25%
Discount rate	13.25%	8.25%

The latest actuarial valuation of all defined benefit plans was carried out as at December 31, 2018.

5.3.2 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 in accordance with the fund rules. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

5.4 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified accumulated impairment loss. Freehold land 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 profit or loss account 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.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

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.

The Company assesses at each statement of financial position 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 profit or loss account. 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.

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 profit or loss account during the period in which they are incurred.

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 an income or expense.

5.5 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 enterprise 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 profit or loss account 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 %.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

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 profit or loss account during the period in which they are incurred.

The Company assesses at each statement of financial position 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 is recognized in profit or loss account. 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.

5.6 Capital work in progress

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

5.7 Investment property

Property not held for own use or for sale in the ordinary course of business 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 profit or loss account 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 profit or loss account. 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.

5.8 Stores, spares and loose tools

Stores, spares and loose tools are valued at the lower of moving average cost and net realizable value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon upto reporting date.

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.

5.9 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 average cost and net realizable value. Cost of work-in-process and finished goods comprise cost of direct materials, labour and appropriate manufacturing overheads. Materials in transit are stated at cost comprising invoice value and other charges paid thereon.

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

5.10 Trade debts

Trade debts are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are classified as non-current assets.

Trade debts are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

5.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand 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.

5.12 Borrowings

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are shown as accrued finance cost to the extent of the amount remaining unpaid.

5.13 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.

5.14 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.

5.15 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 statement of financial position date and adjusted to reflect the current best estimate.

5.16 Financial instruments

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information because the effect on the impairment of trade receivables calculated by expected credit loss approach was immaterial. Until December 31, 2017, the Company classified its financial assets in the categories as: fair value through profit or loss, loans and receivables, held to maturity, available for sale. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition. Subsequent to the initial recognition, loans and receivables financial assets were carried at amortised cost using the effective interest method.

5.16.1 Financial assets

The Company classifies its financial assets in the categories as: at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The classification depends on both the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at the time of initial recognition.

5.16.1.1 Financial assets at amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

5.16.1.2 Financial assets at fair value through other comprehensive income

The Company accounts for financial assets at fair value through other comprehensive income if they are held under a business model whose objective is "hold to collect" the associated cash flows, and sell, and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

5.16.1.3 Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at fair value through profit or loss. Assets in this category are classified as current assets. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Financial assets at amortized cost are carried using the effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

5.16.1.4 Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and fair value through other comprehensive income, trade receivables, contract assets recognised and measured under IFRS 15 and that are not measured at fair value through profit or loss.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company therefore concludes that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

A distinction is made between, financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1). Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2). Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment, if any, of the indicators were present i.e. significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or late payments.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments past due date. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables for which an impairment provision is recognised is written off when there is no expectation of recovering additional cash.

5.16.2 Financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and unclaimed dividends. All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

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 profit or loss account.

5.17 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.

5.18 Foreign currency transactions and translation

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

5.19 Revenue recognition

Revenue from sale of industrial pumps, valves, castings and related parts and provision of after market services. Revenue of products is recognized on transfer of control of goods to customers and service revenue is recognized over the contractual period or as and when services are rendered to customers.

Revenue is to be recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

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
- 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.

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

The Company uses the 'percentage of completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the statement of financial position date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

5.20 Contract balances

Contract liabilities are recognized for consideration received in respect of unsatisfied performance obligations. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises 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.

5.21 Earning per share

The Company presents basic Earning Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.22 Reserves

Reserves which are regarded as available for distribution through the profit or loss account including general reserves and other specific reserves created out of profit and un-appropriated or accumulated profits of previous years.

5.23 Contingent Liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.24 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.

6. Issued subscribed and paid up capital

2018 (Number of shares)	2017 (Number of shares)		2018 (Rupees)	2017 (Rupees)
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 as fully paid against property	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
<u>13,200,000</u>	<u>13,200,000</u>		<u>132,000,000</u>	<u>132,000,000</u>

As at December 31, 2018, the holding company KSB SE & Co. KGaA, Germany held 7,772,975 (2017: 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.

7. Reserves

	2018 Rupees	2017 Rupees
General reserve	1,580,600,000	1,348,600,000
Unappropriated profit	188,952,609	390,768,530
	<u>1,769,552,609</u>	<u>1,739,368,530</u>

8. Long Term Finance- Secured

Long term loan	8.1	375,000,000	405,377,690
Less: Current portion shown under current liabilities		125,000,000	101,344,422
		<u>250,000,000</u>	<u>304,033,268</u>

8.1 During the year ended December 31, 2016, Diminishing Musharika with a cap of Rs 500 million was obtained from BankIslami for the purpose of expansion of foundry which was fully utilized. This carries mark-up at the rate of three month KIBOR plus 0.10% per annum payable quarterly. The average effective rate of mark-up charged during the year is 6.23%. This finance is repayable through sixteen quarterly instalments with one year grace period and is secured by way of exclusive charge over specific plant and machinery (Diminishing Musharika assets) of the Company amounting to Rs 500 million. Rs 125 million have been repaid upto December 31, 2018. BankIslami is a related party to the Company by way of common directorship.

	Note	2018 Rupees	2017 Rupees
9. Employees' retirement and other benefits			
These are composed of:			
Ex-gratia	9.1	31,602,113	30,733,291
Gratuity	9.2	35,360,142	21,926,586
Accumulated compensated absences	9.3	33,890,537	29,404,514
Closing net book value		100,852,792	82,064,391
9.1 Ex-gratia			
Liability as at January 1		30,733,291	26,531,528
Charged to profit or loss account		3,465,569	2,941,722
Remeasurement (gain)/ loss chargeable in other comprehensive income		(184,420)	3,420,036
Payments made by the Company		(2,412,327)	(2,159,995)
Liability as at December 31		31,602,113	30,733,291
9.1.1 The movement in the present value of defined benefit obligation is as follows:			
Liability as at January 1		30,733,291	26,531,528
Current service cost		1,029,581	905,600
Interest cost		2,435,988	2,036,122
Benefits paid		(2,412,327)	(2,159,995)
Actuarial (gain)/ loss		(184,420)	3,420,036
Liability as at December 31		31,602,113	30,733,291
9.1.2 Sensitivity analysis Ex-gratia			
Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase as disclosed in note 5.2.1. 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.			
	Note	2018 Rupees	2017 Rupees
Discount rate + 100 bps		30,788,339	29,739,958
Discount rate - 100 bps		32,459,646	31,786,918
Salary increase + 100 bps		32,459,646	31,786,918
Salary increase -100 bps		30,774,092	29,721,809
9.2 Gratuity			
Present value of defined benefit obligation	9.2.1	188,260,714	155,380,686
Fair value of plan assets	9.2.2	(152,900,572)	(133,454,100)
Liability as at December 31		35,360,142	21,926,586
Liability as at January 1		21,926,586	13,893,591
Charged to profit or loss account		16,577,626	14,227,975
Contribution by the Company		(13,454,544)	(10,941,829)
Remeasurement loss chargeable in other comprehensive income		10,310,472	4,746,849
Liability as at December 31		35,360,140	21,926,586

	2018 Rupees	2017 Rupees
9.2.1 The movement in the present value of defined benefit obligation is as follows:		
Present value as at January 1	155,380,686	129,492,307
Current service cost	15,323,683	13,554,161
Interest cost	12,661,560	10,195,778
Benefits paid	(3,814,464)	(4,090,155)
Actuarial loss	8,709,249	6,228,595
Present value as at December 31	<u>188,260,714</u>	<u>155,380,686</u>
9.2.2 The movement in fair value of plan assets is as follows:		
Fair value as at January 1	133,454,100	115,598,716
Expected return on plan assets	11,407,617	9,521,964
Company's contributions	13,454,544	10,941,829
Benefits paid	(3,814,466)	(4,090,155)
Actuarial (gain)/ loss	(1,601,223)	1,481,746
Fair value as at December 31	<u>152,900,572</u>	<u>133,454,100</u>
9.2.2.1 Plan assets are comprised of as follows:		
Debt (Investments)	142,971,870	121,695,205
Balance at bank	9,928,704	11,758,895
	<u>152,900,574</u>	<u>133,454,100</u>
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				
	2018	2017	2016	2015	2014
As at December 31					
Present value of defined benefit obligation	188,260,714	155,380,686	129,492,307	117,811,077	100,608,558
Less:					
Fair value of plan assets	152,900,572	133,454,100	115,598,716	104,222,737	92,281,948
Deficit	<u>35,360,142</u>	<u>21,926,586</u>	<u>13,893,591</u>	<u>13,588,340</u>	<u>8,326,610</u>
Experience adjustment on obligation	4%	4%	1%	3%	6%
Experience adjustment on plan assets	(1)%	1%	(3)%	1%	(4)%

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 5.2.1. 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.

	2018 Rupees	2017 Rupees
Discount rate + 100 bps	179,556,081	147,436,058
Discount rate - 100 bps	198,005,375	164,280,120
Salary increase + 100 bps	198,236,763	164,485,989
Salary increase -100 bps	179,194,821	147,105,215

9.3 Accumulated compensated absence

Liability as at January 1	29,404,514	26,585,310
Charged to profit or loss account	5,420,513	4,281,996
Payments made by the company	(934,490)	(1,462,792)
Liability as at December 31	<u>33,890,537</u>	<u>29,404,514</u>

9.3.1 The movement in the present value of defined benefit obligation is as follows:

Present value as at January 1	29,404,514	26,585,310
Current service cost	945,125	799,807
Interest cost	2,387,325	2,068,313
Benefits paid	(934,490)	(1,462,792)
Actuarial loss	2,088,063	1,413,876
Present value as at December 31	<u>33,890,537</u>	<u>29,404,514</u>

9.3.2 Sensitivity analysis accumulated absences

Significant assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase as disclosed in note 5.2.1. 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.

	2018 Rupees	2017 Rupees
Discount rate + 100 bps	31,788,489	27,500,084
Discount rate - 100 bps	36,266,973	31,565,353
Salary increase + 100 bps	36,266,973	31,565,353
Salary increase -100 bps	31,752,954	27,466,435

10. Deferred tax liabilities - net

The liabilities for deferred tax comprises temporary differences relating to:

Taxable temporary differences

Accelerated tax depreciation	100,167,200	45,402,600
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Deductible temporary differences

Accumulated compensated absences	(16,264,689)	(16,958,900)
Ex-gratia	(972,529)	(1,026,011)

Net deferred tax liability at the year end	<u>82,929,982</u>	<u>27,417,689</u>
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10.1 Reconciliation of deferred tax liabilities - net

	Deferred tax liability		Deferred tax asset		Net Liability
	Accelerated tax depreciation	Ex-Gratia	Accumulated compensated absences	Ex-Gratia	
			(Rupees)		
Balance as at December 31,2016	42,515,400	-	(14,511,987)	-	28,003,413
Credited/ (Charged) to statement of profit or loss	2,887,200	-	(2,446,913)	-	440,287
(Charged) to other comprehensive income	-	(1,026,011)	-	-	(1,026,011)
Balance as at December 31,2017	45,402,600	(1,026,011)	(16,958,900)	-	27,417,689
Credited to statement of profit or loss	54,764,600	-	694,211	-	55,458,811
Credited to other comprehensive income	-	-	-	53,482	53,482
Balance as at December 31,2018	100,167,200	(1,026,011)	(16,264,689)	53,482	82,929,982

Under the Finance Act, 2018, a change in corporate tax rate from 30% to 29% was enacted for tax year 2019. The said tax rate will gradually decrease by 1% over a period of 4 years.

11. Short term finances - secured

Finances available from commercial banks under mark up arrangements amount to Rs 2,754 million (2017: Rs 2,754 million). The rates of mark up range from Re 0.082 to Re 0.312 per Rs 1,000 per diem (2017: Re 0.082 to Re 0.199 per Rs 1,000 per diem) or part thereof on the balance outstanding.

The Company uses two other facilities i.e., letters of credit and bank guarantees. During the year ended December 31, 2018, the amounts of letters of credit and bank guarantees utilized was Rs 135.54 million (2017: Rs 310.01 million) and Rs 1,116.99 million (2017: Rs 1920.75 million) respectively.

The facilities are secured by way of first pari passu charge over all present and future current assets of the Company.

	Note	2018 Rupees	2017 Rupees
12. Trade and other payables			
Trade creditors	12.1	777,759,223	764,407,503
Accrued liabilities	12.2	399,821,996	479,012,058
Advances from customers		384,074,799	699,349,918
Workers' Profit Participation Fund	12.3	13,880,828	29,317,240
Workers' Welfare Fund	12.4	42,880,930	37,748,351
Rent received in advance		3,836,120	3,836,120
Accrued finance cost	12.5	16,156,828	3,770,905
Other liabilities		69,664,321	64,404,516
		<u>1,708,075,045</u>	<u>2,081,846,611</u>

12.1 Trade creditors include amount due to holding company of Rs 181.13 million (2017: Rs 191.20 million) and associated undertakings of Rs 38.57 million (2017: Rs 18.66 million).

12.2 Accrued liabilities include amount due to holding company of Rs 22.86 million (2017: Rs 65.18 million) and associated undertakings of Rs 18.38 million (2017: Rs 16.46 million).

	Note	2018 Rupees	2017 Rupees
12.3 Workers' Profit Participation Fund			
Balance at beginning of the year		29,317,240	24,582,418
Allocation for the year	32	13,506,788	32,080,069
Interest payable on funds utilized by the company		374,040	196,719
		<u>43,198,068</u>	<u>56,859,206</u>
Less: Amount paid during the year		29,317,240	27,541,966
Balance at the end of the year		<u>13,880,828</u>	<u>29,317,240</u>
12.4 Workers' Welfare Fund			
Balance at beginning of the year		37,748,351	26,741,744
Provision for the year	32	5,132,579	11,006,607
Balance at the end of the year		<u>42,880,930</u>	<u>37,748,351</u>
12.5 Accrued finance cost			
Long term finances - secured		4,387,500	2,619,000
Short term finances - secured		11,769,328	1,151,905
		<u>16,156,828</u>	<u>3,770,905</u>
13. Contract Liabilities			
Opening contract liability		63,456,000	81,275,000
Revenue recognised that was included in the contract liability balance at the beginning of the period		43,292,000	17,819,000
Closing contract liability		<u>20,164,000</u>	<u>63,456,000</u>
14. Due to provident fund			
Balance at beginning of the year		3,828,345	4,781,969
Provision for the year		49,405,648	43,014,762
Less: Amount paid during the year		49,065,599	43,968,386
Balance at the end of the year		<u>4,168,394</u>	<u>3,828,345</u>
14.1 Disclosure related to provident fund			
Size of the fund		230,509,221	207,459,363
Cost of investments made	14.2	180,000,000	174,000,000
Percentage of investments made		78%	84%
Fair value of investments		196,675,903	189,380,000
14.2 Breakup of investments			
	2018 %	2017 %	2018 Rupees
Defence Savings Certificates	6%	8%	10,000,000
Term Deposit Receipts	94%	92%	170,000,000
			<u>180,000,000</u>
			<u>174,000,000</u>

14.3 The figures for 2018 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	2018 Rupees	2017 Rupees
15. Provision for other liabilities & charges			
Bonus to employees	15.2	45,922,968	41,782,934
Sales incentive scheme	15.3	32,287,233	33,248,903
		<u>78,210,201</u>	<u>75,031,837</u>

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

	Bonus to employees Rupees	Sales incentive scheme Rupees	Total Rupees
Balance as at January 1, 2018	41,782,934	33,248,903	75,031,837
Provisions made during the year	45,852,563	29,379,613	75,232,176
Provisions reversed during the year	(41,712,529)	(30,341,283)	(72,053,812)
Balance as at December 31, 2018	<u>45,922,968</u>	<u>32,287,233</u>	<u>78,210,201</u>

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, 2018 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 1,116.99 million (2017: Rs 1920.75 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 the financial statements.

16.1.3 During the year, 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.

16.2 Commitments

Letters of credit other than for capital expenditure approximately Rs 135.54 million (2017: Rs 310.01 million).

Property, plant and equipment	Rupees									
	Freehold land	Buildings on freehold land	Plant and machinery	Tools, jigs and attachments	Patterns	Other equipment	Furniture and fixtures	Office machines and appliances	Vehicles	Total
Net carrying value basis										
Year ended December 31, 2018										
Opening net book value (NBV)	1,372,520	91,140,956	123,282,878	8,446,909	36,278,702	58,210,945	14,927,383	19,296,619	131,099,523	484,056,435
Additions (at cost)	-	123,532,196	627,935,453	395,468	9,162,046	77,350,643	399,094	14,167,020	35,743,832	888,685,752
Disposals (at NBV)	-	-	-	-	-	-	-	-	(9,653,748)	(9,653,748)
Depreciation charge	-	(6,164,922)	(53,236,499)	(1,906,934)	(10,026,964)	(18,247,980)	(3,270,840)	(9,170,115)	(23,091,730)	(125,115,984)
Closing net book value (NBV)	1,372,520	208,508,230	697,981,832	6,935,443	35,413,784	117,313,608	12,055,637	24,293,524	134,097,877	1,237,972,455
Gross carrying value basis										
As at December 31, 2018										
Cost	1,372,520	257,196,361	948,765,079	57,387,235	136,426,429	223,845,885	36,308,990	102,878,419	194,715,860	1,958,896,778
Accumulated depreciation	-	(48,688,131)	(250,783,247)	(50,451,792)	(101,012,645)	(106,532,277)	(24,253,353)	(78,584,895)	(60,617,983)	(720,924,323)
Net book value (NBV)	1,372,520	208,508,230	697,981,832	6,935,443	35,413,784	117,313,608	12,055,637	24,293,524	134,097,877	1,237,972,455
Depreciation rate % per annum		3.33	6.67 - 10.00	10.00	16.67	12.50	12.50	20.00		25.00
Net carrying value basis										
Year ended December 31, 2017										
Opening net book value (NBV)	1,372,520	79,413,176	115,593,829	8,913,304	31,572,089	43,864,054	10,565,715	16,407,040	96,028,597	403,730,324
Additions (at cost)	-	15,350,110	25,611,057	1,445,170	13,831,054	27,042,898	7,524,701	10,430,560	68,265,413	169,500,963
Disposals (at NBV)	-	-	-	-	-	-	-	(61,544)	(12,586,103)	(12,647,647)
Depreciation charge	-	(3,622,330)	(17,922,008)	(1,911,565)	(9,124,441)	(12,696,007)	(3,163,033)	(7,479,437)	(20,608,384)	(76,527,205)
Closing net book value (NBV)	1,372,520	91,140,956	123,282,878	8,446,909	36,278,702	58,210,945	14,927,383	19,296,619	131,099,523	484,056,435
Gross carrying value basis										
As at December 31, 2017										
Cost	1,372,520	133,664,165	320,829,626	56,991,767	127,264,383	146,495,242	35,909,896	88,711,399	187,022,298	1,098,261,296
Accumulated depreciation	-	(42,523,209)	(197,546,748)	(48,544,858)	(90,985,681)	(88,284,297)	(20,982,513)	(69,414,780)	(55,922,775)	(614,204,861)
Net book value (NBV)	1,372,520	91,140,956	123,282,878	8,446,909	36,278,702	58,210,945	14,927,383	19,296,619	131,099,523	484,056,435
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, 2018 is Rs 419.42 million (2017: Rs 332.28 million).

	Note	2018 Rupees	2017 Rupees
17.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	29	108,404,052	58,829,736
Distribution and marketing expenses	30	7,680,575	7,537,424
Administration expenses	31	9,031,357	10,160,045
		<u>125,115,984</u>	<u>76,527,205</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, 2018		Rupees					
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(Loss) on disposal	Mode of disposal
Fixed assets sold having book value greater than Rs 500,000							
Mercedes Benz	Director/ Chief Executive Masud Akhtar	12,803,325	10,882,825	1,920,500	1,920,500	-	Company Policy
Employees:							
Suzuki Swift	Tahir Sarwer	1,282,000	641,000	641,000	760,660	119,660	Company Policy
Honda City	Syed Tariq Mehmood	1,559,700	779,850	779,850	1,027,220	247,370	Company Policy
Suzuki Swift	Saeed Hussain	1,282,000	641,000	641,000	760,660	119,660	Company Policy
Honda City	Adeel Ehsan	1,547,700	773,850	773,850	1,027,220	253,370	Company Policy
Honda City	Asim Nawab	1,547,850	773,925	773,925	758,200	(15,725)	Company Policy
Honda City	Umair Subzwari	1,522,000	761,000	761,000	1,029,460	268,460	Company Policy
Toyota Corolla	Adan Sultan	2,149,000	1,074,500	1,074,500	1,731,700	657,200	Company Policy
Suzuki Cultus	Irfan Bashir	1,071,740	535,870	535,870	517,000	(18,870)	Company Policy
Fixed assets sold having book value less than Rs 500,000							
Outsiders:							
FAW Van	Khawar Mahmood Butt	928,090	386,702	541,388	375,000	(166,388)	Tender
Suzuki Bolan	Muhammad Sohail Iqbal	540,564	275,689	264,875	430,000	165,125	Tender
FAW X-PV	Muhammad Amir	908,150	435,155	472,995	375,000	(97,995)	Tender
FAW X-PV	Muhammad Shakeel	908,150	435,155	472,995	380,000	(92,995)	Tender
Other items sold having book value less than Rs 500,000		227,700	227,700	-	35,462	35,462	
Total		28,277,969	18,624,221	9,653,748	11,128,082	1,474,334	

Year ended December 31, 2017		Rupees					
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(Loss) on disposal	Mode of disposal
Fixed assets sold having book value greater than Rs 500,000							
Employees:							
Honda City	Shoaib Aqdas	1,560,900	276,409	1,284,491	1,493,358	208,867	Company Policy
Toyota Corolla GLI	Nadeem Naqvi	1,730,180	865,090	865,090	844,750	(20,340)	Company Policy
Toyota Corolla GLI	Adnan Akbar	1,730,180	865,090	865,090	1,254,210	389,120	Company Policy
Suzuki Swift	Amir Ilyas	1,296,140	648,070	648,070	784,760	136,690	Company Policy
Honda City	Manzoor Hussain	1,390,000	695,000	695,000	925,020	230,020	Company Policy
Suzuki Swift	Asad Shah	1,181,000	590,500	590,500	694,040	103,540	Company Policy
Suzuki Swift	Anayat Hussain	1,213,520	606,760	606,760	694,040	87,280	Company Policy
Toyota Corolla GLI	M. Usman	1,731,180	865,590	865,590	1,264,680	399,090	Company Policy
Honda City	Shahzad Saleem	1,546,240	773,120	773,120	1,064,700	291,580	Company Policy
Toyota Corolla XLI	Shahid Ahmad Khan	1,380,000	690,000	690,000	916,920	226,920	Company Policy
Honda City	Rajib Ali	1,512,000	756,000	756,000	1,066,760	310,760	Company Policy
Honda City	Ali Qureshi	1,662,000	398,187	1,263,813	1,646,768	382,955	Company Policy
Honda City	Omer Seljouk	1,713,660	856,830	856,830	836,500	(20,330)	Company Policy
Outsiders:							
Corolla GLI	Sajid Mahmood Siddiqui	1,475,455	737,727	737,728	1,213,500	475,772	Tender
Fixed assets sold having book value less than Rs 500,000							
Employees:							
Honda Civic VTI	Syed Tariq Ali	2,329,193	1,979,814	349,379	349,379	-	Company Policy
Outsiders:							
Suzuki Jimny	Rizwan Khan	1,060,000	636,000	424,000	810,000	386,000	Tender
Suzuki Bolan	Muhammad Aslam	540,790	275,802	264,988	370,000	105,012	Tender
Other items sold having book value less than Rs 500,000		850,837	739,639	111,198	176,492	65,294	
Total		25,903,275	13,255,628	12,647,647	16,405,877	3,758,230	

	Note	Rupees
18. Investment property		
Net carrying value basis		
Year ended December 31, 2018		
Opening net book value (NBV)		373,125
Additions (at cost)		-
Disposals (at NBV)		-
Depreciation charge	18.1	(213,213)
Closing net book value (NBV)		159,912
Gross Carrying value		
As at December 31, 2018		
Cost		4,400,000
Accumulated depreciation		(4,240,088)
Net book value (NBV)		159,912
Depreciation Rate % per annum		4.85
Net carrying value basis		
Year ended December 31, 2017		
Opening net book value (NBV)		586,341
Additions (at cost)		-
Disposals (at NBV)		-
Depreciation charge	18.1	(213,216)
Closing net book value (NBV)		373,125
Gross Carrying value		
As at December 31, 2017		
Cost		4,400,000
Accumulated depreciation		(4,026,875)
Net book value (NBV)		373,125
Depreciation Rate % per annum		4.85

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

19. Intangible Assets	Note	Rupees
Net carrying value basis		
Year ended December 31, 2018		
Opening net book value (NBV)		1,792,745
Additions (at cost)		1,741,523
Disposals (at NBV)		-
Amortisation charge	19.1	(1,082,280)
Closing net book value (NBV)		2,451,988
Gross carrying value basis		
As at December 31, 2018		
Cost		17,585,588
Accumulated amortisation		(15,133,600)
Net book value (NBV)		2,451,988
Amortization Rate % per annum		33.33
Net carrying value basis		
Year ended December 31, 2017		
Opening net book value (NBV)		663,149
Additions (at cost)		1,995,568
Disposals (at NBV)		-
Amortisation charge	19.1	(865,972)
Closing net book value (NBV)		1,792,745
Gross carrying value basis		
As at December 31, 2017		
Cost		15,844,065
Accumulated amortisation		(14,051,320)
Net book value (NBV)		1,792,745
Amortization Rate % per annum		33.33

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

	Note	2018 Rupees	2017 Rupees
Cost of sales	29	188,407	-
Administration expenses	31	893,873	865,972
		1,082,280	865,972

19.2 The cost of fully amortised software which are still in use as at December 31, 2018 is Rs 12.611 million (2017: Rs 12.611 million).

	Note	2018 Rupees	2017 Rupees
20. Capital work in progress			
Advance for land		229,800	229,800
Building		11,464,012	93,476,632
Plant and machinery		4,598,356	643,589,141
Advance for vehicles		1,535,000	15,843,500
Others		11,384,647	6,424,415
		29,211,815	759,563,488
21. Long term loans and deposits			
Loans to employees - considered good	21.1		
Directors		1,083,310	2,083,318
Executives		1,598,432	720,050
Others		8,063,389	8,304,804
		10,745,131	11,108,172
Less: Receivable within one year	26	5,240,771	6,155,151
		5,504,360	4,953,021
Security deposits	21.2	68,809,140	8,091,140
		74,313,500	13,044,161

21.1 Reconciliation of the carrying amount of loans to:

	Director		Executives	
	2018	2017	2018	2017
	R u p e e s			
Balance as at January 1	2,083,318	4,153,326	720,050	1,337,211
Transfers to executives during the year	-	-	-	139,000
Disbursements during the year	-	-	1,450,000	-
Repayments during the year	(1,000,008)	(2,070,008)	(571,618)	(756,161)
Balance as at December 31	1,083,310	2,083,318	1,598,432	720,050

21.1.1 These represent interest free loans to Executives and Directors. Loans to Directors, which include Chief Executive Officer and Chief Financial Officer, are secured against their respective personal property and have been made in compliance with the requirements of the Companies Act 2017. Loans are given to Executives and other employees for house building, purchase of vehicles and for use in marriages of employees and their dependents. These are repayable in monthly instalments over a period of 24 to 36 months (2017: 24 to 36 months).

21.1.2 The maximum aggregate amount due from Directors and Executives at any time during the year was Rs 1.08 million (2017: Rs 4.15 million) and Rs 4.40 million (2017: Rs 4.54 million) respectively.

21.1.3 Comparative figures have been restated to reflect changes in the definition of 'executive' as per the Companies Act, 2017.

- 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, as detailed in note 16.1.3.

22. Stores, spares and loose tools

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	2018 Rupees	2017 Rupees
23. Stock in trade			
Raw Materials	23.1	535,200,791	441,550,061
Work in process		399,058,980	465,442,200
Finished goods		74,126,489	80,536,416
		1,008,386,260	987,528,677
Less: Provision for obsolescence	23.2	52,900,000	34,500,000
		955,486,260	953,028,677

- 23.1** This includes stock in transit amounting to Rs 37.10 million (2017: Rs 86.92 million).

	Note	2018 Rupees	2017 Rupees
23.2 Provision for obsolescence			
Opening provision		34,500,000	14,000,000
Provision for the year		18,400,000	25,524,812
		52,900,000	39,524,812
Less: Stocks written-off		-	5,024,812
Closing provision		52,900,000	34,500,000

24. Trade debts

Considered good			
Related parties - KSB group companies	24.1.1	244,370,200	78,718,372
Related parties - common directorship	24.1.2	13,725,860	8,635,769
Others		1,061,113,712	1,053,805,350
		1,319,209,772	1,141,159,491
Less: Considered doubtful		119,927,555	99,419,052
		1,439,137,327	1,240,578,543
Less: Loss allowance	24.3	119,927,555	99,419,052
		1,319,209,772	1,141,159,491

24.1 Aging of due from related parties:

24.1.1 Outstanding trade debts of related parties of KSB group companies in relation to export sales that are either past due or impaired, alongwith age analysis are as follows:

Holding Company	2018						2017					
	Export sale during the year	Neither past due nor impaired	Past due (0 - 180 days) and not impaired	Past due (181 days and above) and not impaired	Total outstanding trade debts	Export sale during the year	Neither past due nor impaired	Past due (0 - 180 days) and not impaired	Past due (181 days and above) and not impaired	Total outstanding trade debts		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		
KSB SE & Co. KGaA, Germany	68,669,659	28,176,652	3,126,829	-	31,303,481	11,937,495	10,535,245	-	-	10,535,245		
Associated undertakings - KSB Group												
PT KSB Indonesia	6,448,937	367,224	41,730	-	408,954	17,100,833	8,713,038	-	-	8,713,038		
KSB Australia	10,204,533	-	9,840,630	-	9,840,630	27,615,635	14,923,590	-	-	14,923,590		
KSB France SAS	1,108,852	-	1,011,953	-	1,011,953	664,729	310,605	-	-	310,605		
KSB Pumps And Valves (Pty), South Africa	26,610,542	2,893,280	6,521,843	-	9,415,123	47,957,062	10,297,135	-	-	10,297,135		
KSB Pompa, Armatür Sanayi, Turkey	7,260,868	-	5,143,918	-	5,143,918	-	-	-	-	-		
KSB Singapore (Asia Pacific), Singapore	43,190,972	4,868,500	6,027,064	-	10,895,564	6,643,256	-	-	-	-		
KSB Pumpy Armatary s.r.o., concern, Czech Republic	13,894,698	-	-	-	-	2,980,375	3,115,975	-	-	3,115,975		
KSB Italia Spa	13,967,447	12,468,924	-	-	12,468,924	28,766,559	13,269,090	-	-	13,269,090		
KSB Norge AS	-	-	-	-	-	5,740,128	6,035,616	-	-	6,035,616		
KSB Taiwan Co., Limited	-	-	-	-	-	7,389,783	4,261,992	-	-	4,261,992		
KSB Middle East FZE	-	-	-	-	-	5,584,744	4,035,326	-	-	4,035,326		
KSB Malaysia Pumps & Valves Sdn Bhd	9,375,139	5,812,989	3,866,980	-	9,679,969	1,582,500	1,641,264	-	-	1,641,264		
KSB Pumps and valves Limited, Slovenia	59,798,399	47,302,485	9,801,264	-	57,103,749	6,801,120	833,868	-	-	833,868		
KSB N.V. Belgium	536,469	893,983	-	-	893,983	432,345	452,230	-	-	452,230		
KSB Bombas e Válvulas, SA, Portugal	-	-	-	-	-	280,630	293,398	-	-	293,398		
KSB Pumps Inc. Canada	46,253,740	10,015,200	-	-	10,015,200	24,057,541	-	-	-	-		
KSB Pumps Co. Ltd. Thailand	22,719,090	-	26,442,910	-	26,442,910	12,554,091	-	-	-	-		
KSB Limited, United Kingdom	7,761,026	9,597,900	-	-	9,597,900	-	-	-	-	-		
KSB Sverige AB, Sweden	11,978,990	-	14,330,082	-	14,330,082	1,728,300	-	-	-	-		
KSB Philippines, Inc.	12,852,725	11,232,325	-	-	11,232,325	5,194,846	-	-	-	-		
KSB Brasil LTDA.	922,448	1,072,739	-	-	1,072,739	-	-	-	-	-		
DP Industries BV	171,207	208,650	-	-	208,650	-	-	-	-	-		
KSB ITUR, Spain	1,204,884	-	1,018,240	-	1,018,240	-	-	-	-	-		
KSB Pumps Arabia Lrd. Saudi Arabia	12,380,425	2,156,328	11,332,198	-	13,488,526	-	-	-	-	-		
KSB Chile S.A.	8,324,997	-	8,797,380	-	8,797,380	-	-	-	-	-		
	316,966,388	108,890,527	104,176,192	-	213,066,719	203,074,477	68,183,127	-	-	68,183,127		
	385,636,047	137,067,179	107,303,021	-	244,370,200	215,011,972	78,718,372	-	-	78,718,372		

24.1.2 Trade debts of related parties from common directorship that are either past due or impaired, along with age analysis are as follows:

	2018				2017			
	Neither past due nor impaired	Past due (0 - 180 days) and impaired	Past due (181 days and above) and impaired	Total outstanding trade debts	Neither past due nor impaired	Past due (0 - 180 days) and impaired	Past due (181 days and above) and impaired	Total outstanding trade debts
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Associated undertakings - common directorship								
Nestlé Pakistan Limited	207,246	9,200,560	547,242	9,955,048	124,954	3,239,983	1,926,904	5,291,841
Tri Pack Films Limited	72,657	291,660	8,740	373,057	297,132	-	8,740	305,872
Tetra Pak Pakistan Limited	-	21,061	8,000	29,061	-	8,000	-	8,000
Security Papers Limited	-	437,822	30,421	468,243	-	-	30,421	30,421
Packages Limited	-	40,538	-	40,538	-	-	-	-
Packages Construction (Private) Limited	-	354,945	563,031	917,976	-	355,069	705,412	1,060,481
Bulleh Shah Packaging (Private) Limited	-	-	1,941,937	1,941,937	-	-	1,939,153	1,939,153
	279,903	10,346,586	3,099,371	13,725,860	422,086	3,603,052	4,610,630	8,635,768

24.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs 258.10 million (2017: Rs 136.85 million).

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

	Rupees					
	2018			2017		
	Individually impaired	Expected credit loss	Total	Individually impaired	Expected credit loss	Total
Opening as at January 1	80,023,299	19,395,753	99,419,052	93,484,064	-	93,484,064
Increase/ (decrease) during the year	27,922,851	(4,090,972)	23,831,879	(1,779,689)	19,395,753	17,616,064
Less: Receivables written off during the year	3,323,376	-	3,323,376	11,681,076	-	11,681,076
Closing as at December 31	<u>104,622,774</u>	<u>15,304,781</u>	<u>119,927,555</u>	<u>80,023,299</u>	<u>19,395,753</u>	<u>99,419,052</u>

25. Contract Assets

	Note	2018 Rupees	2017 Rupees
Current contract assets		670,305,000	490,956,000
Less: Loss allowance	25.1	1,815,156	-
		<u>668,489,844</u>	<u>490,956,000</u>

25.1 The closing loss allowances for contract assets as at December 31, 2018 reconcile to the opening loss allowances as follows:

	2018 Rupees	2017 Rupees
Opening loss allowance as at January 1	-	-
Increase in loss allowance recognised in profit or loss during the year	1,815,156	-
Closing loss allowance as at December 31	<u>1,815,156</u>	<u>-</u>

	Note	2018 Rupees	2017 Rupees
26. Advances, deposits, prepayments and other receivables			
Current portion of long term loans to employees	21	5,240,771	6,155,151
Short term advances to employees- considered good	26.1 & 26.2	14,393,954	15,028,622
Advances to suppliers and contractors			
Considered good		48,899,745	110,042,396
Considered doubtful		493,937	1,111,539
		49,393,682	111,153,935
Due from related parties	26.3	17,143,293	11,696,493
Trade deposits and prepayments			
Considered good		69,287,435	87,715,975
Considered doubtful		18,887,601	16,409,999
		88,175,036	104,125,974
Letters of credit, deposits and opening charges		35,116,481	3,106,949
Claims recoverable from Government			
Sales tax receivable		78,261,427	52,867,920
Income tax receivable		277,361,674	107,755,795
		355,623,101	160,623,715
Other receivables			
Considered good		4,653,508	5,755,045
Considered doubtful		275,000	275,000
		4,928,508	6,030,045
		570,014,826	417,920,884
Less: Provision for doubtful amounts	26.4	19,656,538	17,796,538
		550,358,288	400,124,346

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. Masud Akhtar Rs 2.79 million (2017: Rs 2.03 million), Mr. Khalid Yousafi Rs 2.76 million (2017: Rs 2.76 million), Mr. Imran Siddique Rs 1.55 million (2017: Rs 0.40 million), Mr. Kashif Manzoor Rs 1.20 million (2017: Rs 0.60 million).

26.2 Short term advances to employees includes the amount due from executives of Rs 7.10 million (2017: Rs 5.14 million). Comparative figures have been restated to reflect changes in the definition of 'executive' as per the Companies Act, 2017.

	2018 Rupees	2017 Rupees
26.3 Due from related parties		
Holding company		
KSB SE & Co. KGaA, Germany	14,769,901	10,275,137
Associated undertakings		
KSB SAS, France	-	830,472
KSB Middle East FZE, UAE	1,071,974	590,884
KSB Brasil Ltd	792,756	-
DP Industries BV	508,662	-
	2,373,392	1,421,356
	17,143,293	11,696,493

	Note	2018 Rupees	2017 Rupees
26.4 Provision for doubtful amounts			
Opening balance		17,796,538	16,161,425
Provision made during the year		1,860,000	1,883,201
		19,656,538	18,044,626
Less: Amount written off against provision		-	248,088
Closing balance		19,656,538	17,796,538
27. Cash and bank balances			
At banks			
Saving accounts	27.1	140,049,580	254,885,950
Current accounts		29,756,746	8,425,101
Term Deposit Receipts	27.2	-	200,000,000
		169,806,326	463,311,051
Cash in hand		1,635,410	1,201,464
		171,441,736	464,512,515

27.1 The balances in saving accounts bear mark-up which ranges from 3.75% to 4.55% (2017: 3.75% to 3.80%) per annum.

27.2 In 2017, Term Deposit Receipts issued by Bank Al-Falah and Habib Bank Limited had a maturity period of equal to or less than one month. The rate of return offered by Bank Al-Falah and Habib Bank Limited on these term deposits were 6.35% and 5.58% respectively.

	Note	2018 Rupees	2017 Rupees
28 Revenue from contracts with customers			
Local sales		5,186,666,750	5,447,974,814
Export sales	28.1.1	441,932,015	307,430,556
		5,628,598,765	5,755,405,370
Gross sales		675,683,453	640,189,890
Less: sales tax			
Net sales		4,952,915,312	5,115,215,480

28.1 Disaggregation of revenue

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

	Export sales via confirmed LC		Export sales via contract		Total	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Foreign jurisdiction wise sales						
Asia	4,948,310	-	124,915,798	65,461,889	129,864,108	65,461,889
Australia	-	-	10,204,533	35,806,861	10,204,533	35,806,861
Africa	19,676,515	43,190,970	31,045,505	71,148,426	50,722,020	114,339,396
Europe	-	-	194,501,617	64,530,766	194,501,617	64,530,766
South America	-	-	10,385,997	28,113	10,385,997	28,113
North America	-	-	46,253,740	27,263,531	46,253,740	27,263,531
	24,624,825	43,190,970	417,307,190	264,239,586	441,932,015	307,430,556

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

	2018 Rupees	2017 Rupees
Revenue recognized at a point in time	4,136,085,032	4,055,519,910
Revenue recognized over time	816,830,280	1,059,695,570
	<u>4,952,915,312</u>	<u>5,115,215,480</u>

28.1.3 The Company's net revenue disaggregated by major product lines is as follows:

Pumps and valves	3,700,175,990	3,935,767,686
Services	738,257,780	641,335,033
Castings	514,481,542	538,112,761
	<u>4,952,915,312</u>	<u>5,115,215,480</u>

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, 2018:

	2019 Rupees	2018 Rupees	Total Rupees
Revenue expected to be recognised	373,036,000	104,585,000	477,621,000

28.3 Details regarding export sales made to related parties and outstanding in trade debts has been mentioned in note 24.1.1 of the financial statements.

29. Cost of sales	Note	2018 Rupees	2017 Rupees
Raw material consumed		2,557,777,323	2,262,874,986
Salaries, wages, amenities and staff welfare	29.2	355,690,488	340,989,409
Staff training		563,625	849,863
Electricity and power		138,630,153	114,013,459
Stores and spares consumed		297,122,281	277,428,622
Insurance		6,300,437	5,948,306
Travelling and conveyance		57,963,812	55,955,169
Postage and telephone		9,362,904	11,089,378
Printing and stationery		3,849,764	3,127,375
Rent, rates and taxes		7,170,011	6,841,463
Repairs and maintenance		33,463,141	21,958,929
Legal and professional charges	29.3	1,026,667	8,981,689
SAP user licence fee & other IT services		23,273,543	16,747,754
Packing expenses		40,648,882	38,921,951
Outside services		517,862,054	706,489,819
Depreciation on property, plant and equipment	17.2	108,404,052	58,829,736
Amortization of intangible assets	19.1	188,407	-
Provision for obsolete stores & stocks		18,400,000	25,524,812
Royalty and trademark	29.4	22,527,154	18,002,503
Other expenses		12,357,978	6,137,674
		<u>4,212,582,676</u>	<u>3,980,712,897</u>
Opening work-in-process		465,442,200	521,013,083
Less: Closing work-in-process		399,058,980	465,442,200
Decrease in work in process		66,383,220	55,570,883
Cost of goods manufactured		<u>4,278,965,896</u>	<u>4,036,283,780</u>
Opening stock of finished goods		80,536,416	14,402,424
Less: Closing stock of finished goods		74,126,489	80,536,416
Decrease/ (Increase) in finished goods		6,409,927	(66,133,992)
		<u>4,285,375,823</u>	<u>3,970,149,788</u>

29.1 Cost of sales includes contract cost amounting to Rs 764.77 million (2017: Rs 931.34 million).

29.2 Salaries, wages, amenities and staff welfare

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

	2018 Rupees	2017 Rupees
Gratuity fund		
Current service cost	7,159,225	6,276,529
Interest cost	5,915,481	4,721,362
Expected return on plan assets	(5,329,639)	(4,409,338)
	<u>7,745,067</u>	<u>6,588,553</u>
Ex-gratia		
Current service cost	1,029,581	883,862
	2,435,988	1,987,246
Interest cost	<u>3,465,569</u>	<u>2,871,108</u>
Accumulated Compensated Absences		
Current service cost	421,526	376,328
Interest cost	1,064,747	973,190
Loss arising on present value of defined benefit obligation	931,276	665,262
	<u>2,417,549</u>	<u>2,014,780</u>

29.2.1 In addition to above, salaries, wages, amenities and staff welfare include Rs 12.14 million (2017: Rs 10.76 million) in respect of provident fund contribution by the Company.

29.3 This includes group service cost of Rs Nil (2017: Rs 7.19 million), charged by the parent company (KSB SE & Co. KGaA) on account of various services provided to the Company.

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

	Note	2018 Rupees	2017 Rupees
30. Distribution and marketing expenses			
Salaries, wages, amenities and staff welfare	30.1	135,412,750	127,121,515
Staff training		369,008	3,450,555
Insurance		490,034	414,149
Travelling, conveyance and representations		24,114,838	19,680,987
Rent, rates and taxes		3,550,069	3,383,993
Publicity charges		5,097,939	5,363,481
Electricity, gas and water		2,743,528	2,219,503
Postage and telephone		4,015,682	4,739,423
Printing and stationery		1,186,883	1,165,145
Repairs and maintenance		1,566,287	2,140,829
Legal and professional charges	30.2	-	17,426,858
SAP user licence fee and other IT services		10,014,433	7,206,434
Contract services		3,771,064	3,162,556
Forwarding expenses		42,975,409	35,054,309
Commission expenses		46,710,386	53,655,306
Loss allowance		27,507,034	19,499,266
Depreciation on property, plant and equipment	17.2	7,680,575	7,537,424
Warranties		26,680,344	20,277,600
Other expenses		2,530,019	1,202,864
		<u>346,416,282</u>	<u>334,702,197</u>

30.1 Salaries, wages, amenities and staff welfare

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

	2018 Rupees	2017 Rupees
Gratuity fund		
Current service cost	3,905,015	3,378,147
Interest cost	3,226,612	2,541,127
Expected return on plan assets	(2,907,063)	(2,373,190)
	<u>4,224,564</u>	<u>3,546,084</u>
Accumulated compensated absences		
Current service cost	250,429	202,551
Interest cost	632,569	523,800
Loss arising on present value of defined benefit obligation	553,273	358,064
	<u>1,436,271</u>	<u>1,084,415</u>

30.1.1 In addition to above, salaries, wages, amenities and staff welfare include Rs 5.24 million (2017: Rs 4.70 million) in respect of provident fund contribution by the Company.

30.2 This includes group service cost of Rs Nil (2017: Rs 16.22 million) charged by the parent company (KSB SE & Co. KGaA) on account of various services provided to the Company.

	Note	2018 Rupees	2017 Rupees
31. Administration expenses			
Salaries, wages, amenities and staff welfare	31.1	136,491,474	136,937,684
Staff training		341,046	589,974
Insurance		706,512	1,002,907
Travelling, conveyance and representations		18,841,418	20,164,603
Rent, rates and taxes		6,192,519	6,887,905
Electricity, gas and water		4,046,931	6,660,701
Postage and telephone		6,171,564	4,930,184
Printing and stationery		3,184,577	2,550,846
Repairs and maintenance		4,513,077	5,297,503
Contract services		10,007,633	8,608,706
Professional services	31.2	8,702,739	26,152,316
SAP user licence fee and other IT services		6,769,757	4,871,550
Depreciation on property, plant and equipment	17.2	9,031,357	10,160,045
Depreciation on investment property	18.1	213,213	213,216
Amortization of Intangible assets	19.1	893,873	865,972
Other expenses		6,722,575	8,872,959
		<u>222,830,265</u>	<u>244,767,071</u>

31.1 Salaries, wages, amenities and staff welfare

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

	2018 Rupees	2017 Rupees
Gratuity fund		
Current service cost	4,259,026	3,899,485
Interest cost	3,519,122	2,933,290
Expected return on plan assets	(3,170,605)	(2,739,436)
	4,607,543	4,093,339
Accumulated compensated absences		
Current service cost	273,150	220,928
Interest cost	689,959	571,322
Loss arising on present value of defined benefit obligation	603,469	390,550
	1,566,578	1,182,800
Ex-gratia		
Current service cost	-	21,738
Interest cost	-	48,876
	-	70,614

31.1.1 In addition to above, salaries, wages, amenities and staff welfare include Rs 6.00 million (2017: Rs 5.54 million) in respect of provident fund contribution by the Company.

31.2 Professional services

The charges for professional services include the following in respect of auditors' services:

	2018 Rupees	2017 Rupees
Statutory audit	825,000	750,000
Review of half yearly financial statements	236,500	215,000
Audit of funds, consolidation forms and sundry services	502,595	456,905
Taxation services	1,647,530	1,720,000
Out of pocket expenses	400,000	355,000
	3,611,625	3,496,905

31.2.1 In addition to above, professional services includes group service cost of Rs Nil (2017: Rs 20.20 million), charged by the parent company (KSB SE & Co. KGaA) on account of various services provided to the company.

	Note	2018 Rupees	2017 Rupees
32. Other operating expenses			
Workers' profit participation fund		13,506,788	32,080,069
Workers' welfare fund		5,132,579	11,006,607
Donations	32.1	355,000	425,000
Exchange Loss		-	15,707,526
		18,994,367	59,219,202

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

	Note	2018 Rupees	2017 Rupees
33. Other operating income			
Income from financial assets			
Profit on bank accounts		6,667,959	12,718,383
Exchange Gain		45,575,755	-
		52,243,714	12,718,383
Income from non-financial assets			
Commission		21,035,792	15,828,132
Rental income on investment property		5,015,496	3,941,160
Sale of scrap		3,424,617	5,344,970
Profit on sale of property, plant and equipment		1,474,334	3,758,230
Provisions no longer considered necessary and unclaimed balances written back	33.1	33,447,567	10,929,983
Sundry income	33.2	110,023,000	8,333,366
		174,420,806	48,135,841
		226,664,520	60,854,224

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

33.2 This includes a reversal of group service costs amounting to Rs 96.59 million payable KSB SE & Co. KGaA. There was an agreement between the Company and KSB SE & Co. KGaA, Germany related to the provision of sales, procurement, marketing, accounting, training and technical support services and KSB SE & Co. KGaA invoiced the Company. However, the Company reversed the payable on the instructions received by KSB SE & Co. KGaA, as KSB SE & Co. KGaA, decided to derecognize the receivable from the Company.

	Note	2018 Rupees	2017 Rupees
34. Finance cost			
Mark-up on short term finances - secured	34.1	37,026,061	4,876,720
Mark-up on long term loan - secured	34.2	8,223,193	14,109,075
Bank and other charges		8,843,413	8,725,186
Interest payable on funds utilized by the Company		374,040	196,719
		54,466,707	27,907,700

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.

	Note	2018 Rupees	2017 Rupees
35. Taxation			
Current year			
Current tax	35.1	-	142,814,972
Deferred tax		55,458,811	440,287
	35.3	55,458,811	143,255,259

35.1 This includes investment tax credit amounting to Rs 47.47 million arising primarily on the installation of plant and machinery of the new foundry during the year at Hassanabdal entitled under section 65B of the Income Tax Ordinance, 2001. Such investment tax credit has been adjusted against the income tax liability for the year which includes the tax under normal tax regime of the Income Tax Ordinance, 2001 at the rate of 29%.

35.2 By virtue of amendments introduced through Finance Act 2018, the provisions of section 5A of the Ordinance have been amended to the effect that a listed company that derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the said tax year through cash, shall be liable to pay tax at the rate of 5% of its accounting profit before tax. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. The Company has distributed cash dividends in excess of 20% of its after tax profits for the tax year 2018.

	2018 %	2017 %
35.3 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate:		
Applicable tax rate	29.00	30.00
Tax effect of amounts that are:		
Under presumptive tax regime and others	(6.95)	(3.44)
Average effective tax rate charged to profit or loss account	22.05	26.56

35.4 Management's assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

	2018 Rupees	2017 Rupees	2016 Rupees
Tax assessed as per most recent tax assessment	142,831,025	134,051,995	83,678,676
Provision in accounts for income tax	142,831,025	121,569,888	97,231,884

As at December 31, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

	Note	2018	2017
36. Earnings per share			
36.1 Basic earnings per share			
Profit for the year		196,037,577	396,068,487
Weighted average number of ordinary shares	6	13,200,000	13,200,000
Earnings per share		14.85	30.01

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, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

	Note	2018 Rupees	2017 Rupees
37. Cash generated from operations			
Profit before taxation		251,496,388	539,323,746
Adjustment for			
Depreciation on:			
Property, plant and equipment	17	125,115,984	76,527,205
Investment property	18	213,213	213,216
Intangible assets	19	1,082,280	865,972
Provision for obsolescence of stock	23	18,400,000	25,524,812
Loss allowance	30	27,507,034	19,499,266
Profit on sale of property, plant and equipment	33	(1,474,334)	(3,758,230)
Provisions no longer considered necessary and unclaimed balances written back	33	(33,447,567)	(10,929,983)
Exchange (gain)/ loss	33 & 32	(45,575,755)	15,707,526
Finance cost	34	54,466,707	27,907,700
Employees' retirement and other benefits		14,723,260	21,451,693
Working capital changes	37.1	(766,480,231)	215,322,687
		(353,973,021)	927,655,610
37.1 Working capital changes			
(Increase)/decrease in current assets:			
Stores, spares and loose tools		(34,995,672)	(12,252,799)
Stock-in-trade		(20,857,583)	(157,447,365)
Trade debts		(158,276,560)	(24,045,259)
Contract asset		(177,533,844)	(58,044,000)
Advances, deposits, prepayments and other receivables		17,666,937	10,034,494
		(373,996,722)	(241,754,929)
Increase/(decrease) in current liabilities:			
Trade and other payables		(195,074,143)	326,857,225
Unclaimed dividends		(157,635,779)	107,851,327
Contract liability		(43,292,000)	17,819,000
Due to provident fund		340,049	(953,624)
Provisions for other liabilities and charges		3,178,364	5,503,688
		(392,483,509)	457,077,616
		(766,480,231)	215,322,687

	Note	2018 Rupees	2017 Rupees
38. Cash and cash equivalents			
Short term finances - secured	11	(841,760,397)	(167,870,289)
Cash and bank balances	27	171,441,736	464,512,515
		<u>(670,318,661)</u>	<u>296,642,226</u>

39. Rates of exchange

Foreign currency assets and liabilities have been translated into Pak Rupees at US \$ 0.82 (2017: US \$ 0.95), EURO 0.69 (2017: EURO 0.83), GBP 0.62(2017: GBP 0.73) and AED 3.00 (2017: AED 3.48).

40. Plant capacity and production

		Capacity		Actual production	
		2018	2017	2018	2017
Power driven pumps	Number	6,000	6,000	3,422	3,568

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

41. Operating segments

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

41.2 All non-current assets of the Company as at December 31, 2018 are located in Pakistan.

42. Reconciliation of liabilities arising from financing activities

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

	December 31, 2016	Cash flows	Non-Cash Changes			December 31, 2017
			Acquisition	Foreign Exchange Movement	Fair Value Changes	
Long term finances - secured	42,689,126	261,344,142	-	-	-	304,033,268
Current portion of long term finances- secured	-	101,344,422	-	-	-	101,344,422
Short term finances - secured	150,059,000	17,811,289	-	-	-	167,870,289
	<u>192,748,126</u>	<u>380,499,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,247,979</u>

43. 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 trade debts and remuneration of directors and key management personnel is disclosed in note 44. Other significant transactions with related parties are as follows:

	Note	2018 Rupees	2017 Rupees
43.1 Related parties incorporated within Pakistan			
Nature of transaction			
Sales		21,312,172	18,675,643
Purchases		1,413,420	-
43.2 Post employment benefit plan			
Expense charged in respect of			
Ex-gratia scheme	9.1	3,465,569	2,941,722
Gratuity fund	9.2	16,577,626	14,227,975
Accumulated compensated absences	9.3	5,420,513	4,281,996
Provident fund		21,751,591	20,994,187
43.3 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:			
43.3.1 Holding Company			
Name of Company	KSB SE & Co. KGaA		
Registered office of the Company (location)	67227 Johann-Klein-Street 09, Frankenthal, Germany		
Country of incorporation	Germany		
Basis of Association	Holding Company		
Aggregate percentage of shareholding	58.89%		
Managing Director/ Principal Officer	Christian Haag		
Operational status	Operational		
Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
		2018 Rupees	2017 Rupees
Nature of transaction			
Sales		68,669,659	11,937,495
Purchases		596,721,515	224,340,716
Commission income		5,261,827	9,237,240
Royalty and Trademark		22,527,154	18,002,503
SAP user fee		40,057,733	28,825,738
43.3.2 Associated Companies			
43.3.2.1 Name of Company	KSB Pumps And Valves Ltd.		
Registered office of the Company (location)	Dragomelj 136, SI-1230 Domžale, Slovenia		
Country of incorporation	Slovenia		
Basis of Association	Common Control		
Aggregate percentage of shareholding	Nil		
Managing Director/ Principal Officer	Marijan Silovic		
Operational status	Operational		
Auditor's opinion on latest financial statements (December 31, 2017)	Qualified Opinion		
		2018 Rupees	2017 Rupees
Nature of transaction			
Sales		59,798,399	6,801,120

43.3.2.2	Name of Company Registered office of the Company (location) Country of incorporation Basis of Association Aggregate percentage of shareholding Managing Director/ Principal Officer Operational status	KSB Pumps Inc. 5205 Tomken Road, Mississauga, Ontario, L4W 3N8, Canada Canada Common Control Nil Michael Blundell Operational	2018 Rupees	2017 Rupees
	Nature of transaction Sales		46,253,740	24,057,541
43.3.2.3	Name of Company Registered office of the Company (location) Country of incorporation Basis of Association Aggregate percentage of shareholding Managing Director/ Principal Officer Operational status Auditor's opinion on latest financial statements (December 31, 2017)	KSB Singapore (Asia Pacific) Pte Ltd 7 Woodlands Walk, KSB Regional Center, Singapore 738320 Singapore Common Control Nil Andre Richter Operational Unmodified opinion	2018 Rupees	2017 Rupees
	Nature of transaction Sales Purchases		43,190,972 -	6,643,256 656,561
43.3.2.4	Name of Company Registered office of the Company (location) Country of incorporation Basis of Association Aggregate percentage of shareholding Managing Director/ Principal Officer Operational status Auditor's opinion on latest financial statements (December 31, 2017)	KSB Pumps Co. Ltd. 57 Moo 14, Suwinthawong Road, Kratumrai, Nongjok, Bangkok, Thailand Thailand Common Control Nil Peter Vandlik Operational Unmodified opinion	2018 Rupees	2017 Rupees
	Nature of transaction Sales		22,719,090	12,554,091
43.3.2.5	Name of Company Registered office of the Company (location) Country of incorporation Basis of Association Aggregate percentage of shareholding Managing Director/ Principal Officer Operational status Auditor's opinion on latest financial statements (December 31, 2017)	KSB Pumps And Valves (Pty) Ltd. CNR Activia & North Reef Rds, Activia Park, 1401 Germiston, South Africa South Africa Common Control Nil David Jones Operational Unmodified opinion	2018 Rupees	2017 Rupees
	Nature of transaction Sales		26,610,542	47,957,062

43.3.2.6	Name of Company	KSB Pumps Arabia Ltd.		
	Registered office of the Company (location)	2nd Industrial City,P.O. Box 56368, Riyadh 11554, Saudi Arabia		
	Country of incorporation	Saudi Arabia		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Robert J. Aramouni		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		12,380,425	-
43.3.2.7	Name of Company	KSB Norge AS		
	Registered office of the Company (location)	Haugenveien 29, 1400 SKI (ÅS), Norway		
	Country of incorporation	Norway		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Tuomas Karhu		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		13,967,447	5,740,128
43.3.2.8	Name of Company	KSB Italia S.P.A.		
	Registered office of the Company (location)	Via Massimo D'Azeglio 32, 20863 Concorezzo (MB), Italy		
	Country of incorporation	Italy		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Gilberto Chiarelli		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		13,894,698	28,766,559
	Purchases		-	15,001,847
43.3.2.9	Name of Company	KSB Philippines, Inc.		
	Registered office of the Company (location)	3rd Floor, Executive Building Center, Senator Gil Puyat Avenue,Makati Avenue,1209 Makati City, Philippines		
	Country of incorporation	Philippines		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Prashant Vishnupant Shirgaonkar		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		12,852,725	5,194,846

43.3.2.10	Name of Company	KSB Sverige Ab		
	Registered office of the Company (location)	Datavägen 23, 400 91 GÖTEBORG, Sweden		
	Country of incorporation	Sweden		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Carl-Frederik Mörck		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		11,978,990	1,728,300
43.3.2.11	Name of Company	KSB Australia Pty Ltd		
	Registered office of the Company (location)	13 Hawkins Crescent, Bundamba, Queensland 4304, Australia		
	Country of incorporation	Australia		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Dave Alexander		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		10,204,533	27,615,635
43.3.2.12	Name of Company	KSB Malaysia Pumps & Valves Sdn Bhd		
	Registered office of the Company (location)	Lot 2A, Jalan Sungai Kayu Ara 32/36, Taman Perusahaan Berjaya Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia		
	Country of incorporation	Malaysia		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Teo Boon Teong		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		9,375,139	1,582,500
	Purchases		-	429,744
43.3.2.13	Name of Company	KSB Chile S.A.		
	Registered office of the Company (location)	Av. Las Esteras Sur 2851, Comuna de Quilicura, Chile		
	Country of incorporation	Chile		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Hans Baumann		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		8,324,997	-

43.3.2.14	Name of Company	KSB Limited		
	Registered office of the Company (location)	2 Cotton Way, Loughborough, Leicestershire, LE11 5TE, United Kingdom		
	Country of incorporation	United Kingdom		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Dale Croker		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		7,761,026	-
43.3.2.15	Name of Company	KSB-Pompa, Armatür Sanayi		
	Registered office of the Company (location)	Mahatma Gandhi Cad. No: 54, 06700 GOP / Çankaya / Ankara, Turkey		
	Country of incorporation	Turkey		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Sinan Özgür		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		7,260,868	-
43.3.2.16	Name of Company	KSB Service Gmbh		
	Registered office of the Company (location)	Passower Chaussee, Schwedt, 16303, Germany		
	Country of incorporation	Germany		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Dr. Bernd Garbe		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		5,707,279	3,649,490
	Commission income		-	191,874
43.3.2.17	Name of Company	KSB Pompy I Armatura Sp. z o.o		
	Registered office of the Company (location)	Bronisze, ul. Sierkowa 1D, 05-850 Ozarów Mazowiecki, Poland		
	Country of incorporation	Poland		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Jacek Dziarmakowski		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		5,223,504	-

43.3.2.18	Name of Company Registered office of the Company (location) Country of incorporation Basis of Association Aggregate percentage of shareholding Managing Director/ Principal Officer Operational status	Pt. KSB Indonesia Jl. Timor Blok D2-1, Kawasan Industri MM-2100, Cibitung, Indonesia 17520 Bekasi Indonesia Common Control Nil Philippe Olivier Operational	2018 Rupees	2017 Rupees
	Nature of transaction Sales		6,448,937	17,100,833
43.3.2.19	Name of Company Registered office of the Company (location) Country of incorporation Basis of Association Aggregate percentage of shareholding Managing Director/ Principal Officer Operational status Auditor's opinion on latest financial statements (December 31, 2017)	KSB Colombia SAS Celta Trade Park – Bodega 97C, Km 7 Autop. Bogotá - Medellín, 250027 Funza, Cundinamarca, Colombia Colombia Common Control Nil Dorian Hernandez Operational Unmodified opinion	2018 Rupees	2017 Rupees
	Nature of transaction Sales		2,061,000	-
43.3.2.20	Name of Company Registered office of the Company (location) Country of incorporation Basis of Association Aggregate percentage of shareholding Managing Director/ Principal Officer Operational status Auditor's opinion on latest financial statements (December 31, 2017)	KSB Itur Spain Sa Camino de Urteta, s/n, 20800 Zarautz (Gipuzkoa), Spain Spain Common Control Nil Matthias Guterl Operational Unmodified opinion	2018 Rupees	2017 Rupees
	Nature of transaction Sales Purchases Commission income		1,204,884 14,136,779 -	- 11,953,929 379,635
43.3.2.21	Name of Company Registered office of the Company (location) Country of incorporation Basis of Association Aggregate percentage of shareholding Managing Director/ Principal Officer Operational status	KSB SAS 4 allée des Barbanniers, Gennevilliers, Cedex, Paris, 92635, France France Common Control Nil Boris Lombard Operational	2018 Rupees	2017 Rupees
	Nature of transaction Sales Purchases Commission income		1,108,852 54,267,942 2,175,075	664,729 38,309,862 4,651,654

43.3.2.22	Name of Company	N.V. KSB Belgium S.A.		
	Registered office of the Company (location)	Rue de l'Industrie 3 B - 1301 Wavre, Belgium		
	Country of incorporation	Belgium		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Marc Herman		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		-	432,345
43.3.2.23	Name of Company	KSB De Mexico, S.A. De C.V.		
	Registered office of the Company (location)	Av. Peñuelas No. 19, Col. San Pedrito Peñuelas, Querétaro, Queretaro 76148, Mexico		
	Country of incorporation	Mexico		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Philipp Gaudlitz		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		-	28,113
43.3.2.24	Name of Company	KSB Bombas E Válvulas, Sa		
	Registered office of the Company (location)	R. Carlos Lopes, Parque Empresarial Albiz, D1 Albarraque, 2635 – 206 Rio de Mouro, Portugal		
	Country of incorporation	Portugal		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Joao Leite		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		-	280,630
43.3.2.25	Name of Company	KSB-Pumpy+Armatury s.r.o., Koncern		
	Registered office of the Company (location)	Klíčova 2300/6 149 00 Praha 4 - Chodov, Czech Republic		
	Country of incorporation	Czech Republic		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Zdenek Vavra		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		-	2,980,375

43.3.2.26	Name of Company	KSB Taiwan Co., Ltd.		
	Registered office of the Company (location)	No.154-6, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City 22145, Taiwan (R.O.C.)		
	Country of incorporation	Taiwan		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Antony Tsai		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		-	7,389,783
43.3.2.27	Name of Company	KSB, Inc. - Western Division		
	Registered office of the Company (location)	19234 Flightpath Way, Bakersfield, CA 93308, USA		
	Country of incorporation	United States of America		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Dr. Falk Schäfer		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		-	3,205,990
43.3.2.28	Name of Company	KSB Middle East FZE		
	Registered office of the Company (location)	Plot No. S30202, Jebel Ali Free Zone South, Dubai, UAE		
	Country of incorporation	United Arab Emirates		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Tonjes Cerovsky		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		-	5,584,744
	Purchases		4,926,753	11,536,369
	Commission income		9,449,288	822,318
	Commission expense		34,124,635	23,711,037
43.3.2.29	Name of Company	KSB New Zealand Limited		
	Registered office of the Company (location)	2/5 Civil Place, Albany, Auckland, New Zealand		
	Country of incorporation	New Zealand		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Stephan Timmermann		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Sales		-	8,191,226

43.3.2.30	Name of Company	KSB Bombas Hidraulicas S.A.		
	Registered office of the Company (location)	Rua Hubert Schledorn, 401 Jardim das Tulipas 13212-793 Jundiá, Sao Paulo, Brazil		
	Country of incorporation	Brazil		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Jens Deltrap		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
	Nature of transaction		2018 Rupees	2017 Rupees
	Purchases		5,965,579	2,120,659
	Commission income		1,939,154	463,277
43.3.2.31	Name of Company	KSB Shanghai Pump Co., Ltd		
	Registered office of the Company (location)	Lvchun Rd, Minhang Qu, Shanghai Shi, China		
	Country of incorporation	China		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Mengxing Yao		
	Operational status	Operational		
	Nature of transaction		2018 Rupees	2017 Rupees
	Purchases		15,226,256	16,014,586
43.3.2.32	Name of Company	Dalian KSB Amr'I		
	Registered office of the Company (location)	No, 58 JinYuan South Road Free Trade Zone, Export processing zone 11660 Dalian, Liaoning Province, China		
	Country of incorporation	China		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Sebastien Salzgeber		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
	Nature of transaction		2018 Rupees	2017 Rupees
	Purchases		69,952	-
43.3.2.33	Name of Company	KSB Valves (Changzhou) Co.,Ltd.		
	Registered office of the Company (location)	Huanbao Four Road Environment Protection Industrial Park, Xinbei District 68, 213034 Changzhou, China		
	Country of incorporation	China		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Kevin Liang		
	Operational status	Operational		
	Auditor's opinion on latest financial statements (December 31, 2017)	Unmodified opinion		
	Nature of transaction		2018 Rupees	2017 Rupees
	Purchases		387,648	5,578,138

43.3.2.34	Name of Company	KSB BV		
	Registered office of the Company (location)	Wilgenlaan 68 1161 JN Zwanenburg, Netherlands		
	Country of incorporation	Netherlands		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Nico Gitz		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Purchases		28,683,951	27,071,096
	Commission income		1,149,196	82,133

43.3.2.35	Name of Company	KSB Service LLC		
	Registered office of the Company (location)	KIZAD-KHIA5-40A - Metals Road, Abu Dhabi		
	Country of incorporation	United Arab Emirates		
	Basis of Association	Common Control		
	Aggregate percentage of shareholding	Nil		
	Managing Director/ Principal Officer	Tonjes Cerovsky		
	Operational status	Operational		
			2018 Rupees	2017 Rupees
	Nature of transaction			
	Purchases		-	1,756,482
	Commission income		1,061,252	-

43.3.2.36 The details related to the auditor's opinion on the latest financial statements with respect to some of the associated companies incorporated outside Pakistan, with whom the Company had entered into transactions or had agreements and / or arrangements in place during the financial year, were not available to the Company and therefore have not been disclosed in these financial statements. The Company has applied for a specific relaxation on February 26, 2019, from the SECP in this regard for the year ended December 31, 2018.

44. Remuneration of Chief Executive, Directors and Executives

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

	Rupees					
	Chief Executive		Director		Executives	
	2018	2017	2018	2017	2018	2017
Short term employee benefits						
Managerial remuneration	27,222,960	24,415,212	6,666,576	5,962,836	96,536,796	76,292,808
Bonus / sales incentive	7,200,000	6,000,000	1,666,644	1,490,709	27,549,640	21,330,162
House rent	3,924,462	3,650,664	2,999,964	2,683,272	43,441,558	34,331,764
Utilities	886,005	740,095	666,660	596,280	9,653,680	7,629,281
Medical and other expenses	1,060,197	943,634	320,000	312,000	12,949,404	10,538,005
	40,293,624	35,749,605	12,319,844	11,045,097	190,131,078	150,122,020
Post employment benefits						
Contribution to gratuity and provident fund	4,382,136	4,141,521	1,163,561	1,093,187	17,236,076	13,563,162
	44,675,760	39,891,126	13,483,405	12,138,284	207,367,154	163,685,182
Number of persons	1	1	1	1	47	38

44.2 Comparative figures have been restated to reflect changes in the definition of 'executive' as per the Companies Act, 2017

- 44.3** The Company also provides its Chief Executive, Directors and some of its Executives, company maintained cars, free residential telephones and mobile phones. In addition, the house rent of Chief Executive mentioned above includes furnished accommodation and 2 Executives have also been provided with rent free accommodation.
- 44.4** Bonus paid to the Chief Executive Officer and Director during the year ended December 31, 2018 amounts to Rs 8.40 million (2017: Rs 5.58 million) and Rs 1.65 million (2017: Rs 1.56 million) respectively. Bonus for the year ended December 31, 2018 is subject to approval of Board of Directors.
- 44.5** Aggregate amount charged in the financial statements for the year as Directors fee in respect of 4 Directors (2016: 4 Directors) was Rs 0.65 million (2017: Rs 0.50 million).

45. Financial risk management

45.1 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.

45.1.1 Market risk

45.1.1.1 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.

	2018	2017
Advances deposits and other receivables - USD	4,794	109,668
Trade debts - USD	1,759,383	771,329
Trade and other payables - USD	(1,135,491)	(931,214)
Net exposure - USD	<u>628,686</u>	<u>(50,217)</u>
Advances deposits and other receivables - EURO	1,509	56,566
Trade debts - EURO	13,751	1,320
Trade and other payables - EURO	(832,656)	(1,991,096)
Net exposure - EURO	<u>(817,396)</u>	<u>(1,933,210)</u>
Advances deposits and other receivables - GBP	-	529
Trade and other payables - GBP	(1,131)	(6,184)
Net exposure - GBP	<u>(1,131)</u>	<u>(5,655)</u>

The following significant exchange rates were applied during the year:

	2018 Rupees	2017 Rupees
Rupees per USD		
Average rate	122.18	105.58
Reporting date rate	138.60	110.50

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 4.36 million (2017: Rs 0.28 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.

	2018 Rupees	2017 Rupees
Rupees per EURO		
Average rate	144.14	119.93
Reporting date rate	159.10	131.79

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 6.50 million (2017: Rs 12.74 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.

	2018 Rupees	2017 Rupees
Rupees per GBP		
Average rate	162.47	136.92
Reporting date rate	176.51	148.72

If the functional currency, at reporting date, had fluctuated by 5% against the GBP with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.01 million (2017: Rs 0.04 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.

45.1.1.2 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.

45.1.1.3 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:

	2018 Rupees	2017 Rupees
Floating rate instruments		
Financial assets		
Bank balances - savings	140,049,580	254,885,950
Financial liabilities		
Short term finances - secured	841,760,397	167,870,289
Long term finances - secured	250,000,000	304,033,268
Current portion of long term finances- secured	125,000,000	101,344,422

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 8.42 million (2017: Rs 1.68 million) higher/ lower, mainly as a result of higher/ lower interest expense on floating rate borrowings.

45.1.2 Credit risk

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

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

45.1.2.1 Exposure to credit risk

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

	2018 Rupees	2017 Rupees
Long term loans and deposits	74,313,500	13,044,161
Trade debts	1,439,137,327	1,240,578,543
Contract assets	668,489,844	490,956,000
Loans, advances, deposits, prepayments and other receivables	74,041,963	136,105,276
Balances with banks	169,806,326	463,311,051
	<u>2,425,788,960</u>	<u>2,343,995,031</u>

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

	2018 Rupees	2017 Rupees
The age of trade debts		
- Not past due	313,267,456	490,956,000
- Past due 0 - 180 days	508,872,689	790,439,281
- Past due 181 - 365 days	211,575,040	177,165,193
- Over 365 days	405,422,142	272,974,069
	<u>1,439,137,327</u>	<u>1,731,534,543</u>
The age of trade receivables from related parties		
- Not past due	137,347,082	79,140,458
- Past due 0 - 180 days	117,649,606	3,603,052
- Past due 181 - 365 days	46,749	1,509,746
- Over 365 days	3,052,623	3,100,884
	<u>258,096,060</u>	<u>87,354,140</u>

The loss allowance for trade debts was determined as follows:

	2018			2017		
	Expected loss rate	Gross carrying amount Rupees	Loss Allowance Rupees	Expected loss rate	Gross carrying amount Rupees	Loss Allowance Rupees
	%			%		
Impaired and not overdue	1.28%	176,200,276	2,263,458	1.54%	93,958,736	1,445,721
Impaired and overdue by 0 - 180 days	1.33%	401,554,307	5,346,781	1.72%	616,508,230	10,398,979
Impaired and overdue by 181 - 365 days	1.42%	211,099,396	3,000,521	1.91%	177,031,257	3,384,665
Impaired and overdue by more than 365 days	1.55%	303,880,717	4,694,021	2.15%	193,999,803	4,166,388
		<u>1,092,734,696</u>	<u>15,304,781</u>		<u>1,081,498,026</u>	<u>19,395,753</u>

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

	2018 Rupees	2017 Rupees
The age of loans, advances, deposits, prepayments and other receivables		
- Not past due	-	-
- Past due 0 - 180 days	68,844,297	53,991,369
- Past due 181 - 365 days	35,508,238	39,654,793
- Over 365 days	52,514,864	42,459,114
	<u>156,867,399</u>	<u>136,105,276</u>
The age of impairment loss against loans, advances, deposits, prepayments and other receivables		
- Not past due	-	-
- Past due 0 - 180 days	-	-
- Past due 181 - 365 days	-	-
- Over 365 days	19,162,601	16,684,999
	<u>19,162,601</u>	<u>16,684,999</u>

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

	2018	2017
	Rupees	Rupees
- Not past due	-	-
- Past due 0 - 180 days	14,126,760	4,520,826
- Past due 181 - 365 days	347,326	2,753,159
- Over 365 days	1,643,708	3,381,540
	<u>16,117,794</u>	<u>10,655,525</u>

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

The age of long term loans and deposits

	2018	2017
	Rupees	Rupees
- Not past due	-	-
- Past due 0 - 180 days	60,556,077	1,709,387
- Past due 181 - 365 days	890,401	1,142,602
- Over 365 days	12,867,022	10,192,171
	<u>74,313,500</u>	<u>13,044,160</u>

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

The age of contract assets

	2018	2017
	Rupees	Rupees
- Not past due	668,489,844	490,956,000
- Past due 0 - 180 days	-	-
- Past due 181 - 365 days	-	-
- Over 365 days	-	-
	<u>668,489,844</u>	<u>490,956,000</u>

The loss allowance for contract assets was determined as follows:

	2018			2017		
	Expected loss rate	Gross carrying amount	Loss Allowance	Expected loss rate	Gross carrying amount	Loss Allowance
	%	Rupees	Rupees	%	Rupees	Rupees
Impaired and not overdue	0.27%	670,305,000	1,815,156	-	-	-
Impaired and overdue by 0 - 180 days	-	-	-	-	-	-
Impaired and overdue by 181 - 365 days	-	-	-	-	-	-
Impaired and overdue by more than 365 days	-	-	-	-	-	-
		<u>670,305,000</u>	<u>1,815,156</u>		<u>-</u>	<u>-</u>

45.1.2.1.5 Credit quality of major financial assets

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

	Rating		Rating Agency	2018	2017
	Short term	Long term		Rupees	Rupees
National Bank of Pakistan	A1+	AAA	JCR-VIS	1,491,399	11,146,131
MCB Bank Limited	A1+	AAA	PACRA	108,025,601	104,720,442
United Bank Limited	A1+	AAA	JCR-VIS	267,480	736,307
Deutsche Bank A.G.	F2	A-	Fitch	2,063,090	405,504
Habib Bank Limited	A1+	AAA	JCR-VIS	46,046,058	244,498,750
Bank Alfalah Limited	A1+	AA+	PACRA	-	100,930,155
Allied Bank Limited	A1+	AAA	PACRA	-	324,896
BankIslami Limited	A1	A+	PACRA	11,912,698	548,866
				<u>169,806,326</u>	<u>463,311,051</u>

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.

45.1.3 Liquidity risk

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

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

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

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

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

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

The following are the contractual maturities of financial liabilities as at December 31, 2017

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Trade and other payables	1,092,763,728	1,092,763,728	-	-
Unclaimed dividends	7,928,422	7,928,422	-	-
Short term finances - secured	167,870,289	167,870,289	-	-
Long term finances - secured	405,377,690	101,344,422	304,033,268	-
	<u>1,673,940,129</u>	<u>1,369,906,861</u>	<u>304,033,268</u>	<u>-</u>

45.2 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.

45.3 Financial instruments by categories

	Financial assets at amortised cost	
	2018 Rupees	2017 Rupees
Assets as per statement of financial position		
Long term loans and deposits	74,313,500	13,044,161
Trade debts	1,439,137,327	1,240,578,543
Loans, advances, deposits, prepayments and other receivables	74,041,963	136,105,276
Cash and bank balances	169,806,326	463,311,051
	<u>1,757,299,116</u>	<u>1,853,039,031</u>
	Financial liabilities at amortised cost	
	2018 Rupees	2017 Rupees
Liabilities as per statement of financial position		
Trade and other payables	1,077,974,296	1,092,763,728
Unclaimed dividends	8,956,643	7,928,422
Short term finances - secured	841,760,397	167,870,289
Long term finances-secured	375,000,000	405,377,690
	<u>2,303,691,336</u>	<u>1,673,940,129</u>

45.4 Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Specific valuation techniques used to value financial instruments include:

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

The following is categorization of assets if disclosed at fair value at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Assets:				
Investment property	-	-	62,628,400	62,628,400

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, 2018 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, 2018	Dec 31, 2017		
Investment Property	62,628,400	56,689,500	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.

45.5 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.

	2018 Rupees	2017 Rupees
Short term finances - secured	841,760,397	167,870,289
Long term loan - secured	250,000,000	304,033,268
Current maturity of long term finances - secured	125,000,000	101,344,422
Accrued finance cost	16,156,828	3,770,905
Total Debt	1,232,917,225	577,018,884
Share Capital	132,000,000	132,000,000
Reserves	1,769,552,609	1,739,368,530
Total Equity	1,901,552,609	1,871,368,530
Total equity and liability	3,134,469,834	2,448,387,414
Gearing ratio	39%	24%

46. Number of employees

	2018	2017
Total number of employees as at December 31	327	331
Total number of factory employees as at December 31	100	106
Average number of employees during the year	329	333
Average number of factory employees during the year	103	98

47. Subsequent events

- 47.1** The Board of Directors have proposed a final dividend for the year ended December 31, 2018 of Rs 3.00 (2017: Rs 12.02) per share, amounting to Rs 39.6 million (2017: Rs 158.6 million) at their meeting held on 14 March 2019 for approval of members at the Annual General Meeting to be held on 22 April 2019. The board has also proposed transfer of Rs 149 million (2017: Rs 232 million) to general reserve from unappropriated profit. These financial statements do not reflect this dividend payable and other appropriations.

48. Date of authorization for issue

These financial statements were authorized for issue on 14 March 2019 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. However, some significant re-arrangements have been made as mentioned in note 5.



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 Monday, the 22nd April, 2019 at 4.00 p.m. at Hotel Hospitality Inn, 25-26 Egerton Road, Lahore, and at any adjournment thereof.

Signed this _____ day _____ of 2019.

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

ساکن

میں مسٹی/مسماة

بجائے ممبر کے ایس بی پیمپس کمپنی لمیٹڈ، حامل

ششیر زب بطابق ششیر زر جسٹ فو لیو نمبر

ضلع

اور سب اکاؤنٹ نمبر

اور ایسی ڈی سی پارٹیسپینٹ آئی ڈی نمبر

ساکن

میں مسٹی/مسماة

کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو بتاریخ 22 اپریل 2019ء بروز پیر منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

بتاریخ

دستخط

نام

ایڈریس

شناختی کارڈ نمبر

پانچ روپے کی

ریونیو سٹیٹمپ پر

دستخط

نوٹ:

- 1 ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانا چاہئے۔
- 2 اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کرنا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کا عدم قرار دیئے جائیں گے۔
- 3 سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کیا جائے گا۔
 - (i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں۔
 - (ii) پراکسی کے حامل کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
 - (iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

حصص داران کے لئے ڈائریکٹرز کی رپورٹ

KSB پیپس کمپنی لمیٹڈ کے نظام 31 دسمبر 2018 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 اقتصادی کارکردگی کمزور رہی اور سال 2019ء کے لئے مستقبل کا نقطہ نظر سال 2019 میں متوقع 3.5% معمولی بہتری کے ساتھ سال 2020ء میں 3.6% تک ہو گئی۔ یورپی علاقہ میں، مجموعی نمو کم طلب اور قرض کی زیادہ قیمتوں اور فرانس میں سڑکوں پر احتجاج کے منفی اثرات کی وجہ سے جرمنی اور اٹلی جیسی اہم معیشتوں میں اعتدال پسند رہے گی۔ سال 2019 میں ترکی میں متوقع اختصار یورپ میں ایبر جنگ اور بڑھتی ہوئی نمو کی شرح کو متاثر کرتا ہے۔ بریگزٹ آؤٹ کم کے بارے میں مدتی غیر یقینیت نے برطانیہ میں نمو کی پیش گوئی پر سایہ ڈالا ہے۔ جاپانی معیشت متوقع نمو کے امکانات سے بہتر ہوئی ہے۔ امریکہ - چین ٹیرف کمیاں عارضی طور پر مؤخر ہوئی ہیں، جو ایک اچھی علامت ہے، تاہم، ٹائم لائنز کے خاتمہ پر دوبارہ واقع ہونے کے خطرات موجود ہیں۔ ابھرتی ہوئی معیشتوں میں، چینی معیشت امریکہ کے ساتھ مالیاتی تخی اور تناؤ کے باعث دباؤ کے تحت رہیں جبکہ بھارتی معیشت بڑھنے کا امکان ہے۔ مشرق وسطیٰ اور افریقی خطہ بشمول پاکستان میں، بنیادی طور پر سعودی عرب میں تیل کی کم آؤٹ پٹ، پاکستان میں سخت مالیاتی حالات، ایران پر امریکی پابندیوں اور دیگر جغرافیائی سیاسی تناؤ کی وجہ سے مجموعی شرح نمو سال 2019 میں 2.4% پر، متوقع ریکوری سے قبل سال 2020 میں 3.0% تک رہنے کی توقع ہے۔ تیل کی قیمتیں غیر مستحکم رہیں تاہم قیمتیں نزدیکی عرصہ میں زیر کنٹرول رہنے کی توقعات ہیں۔ تجارتی اور جغرافیائی سیاسی کشیدگی کو حل کرنے، مزید کمی سے بچاؤ اور عالمی نمو کی حفاظت کے لئے کثیر جہتی تعاون کی ضرورت ہے۔

پاکستان کی معیشت

سال 2017-2018 میں 5.8% کی جی ڈی پی نمو 13 سالوں میں سب سے زیادہ نمو کی حامل ہے۔ موجودہ مالی سال میں پاکستان کی معیشت قابل ذکر نیچے کو جا رہی ہے۔ جی ڈی پی نمو کی پیش گوئی 6.2% کے ہدف کے برعکس 4.0% سے نیچے کرنے کی توقع ہے۔ اہم شعبوں، زراعت، صنعت اور خدمات نے منفی نمو کا مظاہرہ کیا ہے۔ گزشتہ سال کے مقابلے میں مجموعی افراط زر بڑھنے کا رجحان ہے، فروری 2019 میں 8% سے زیادہ، تاہم موجودہ مالی سال کے لئے پیش گوئی 7.5% - 6.6% کے درمیان تبدیل نہ ہونے کی ہے۔ ایندھن، بجلی اور گیس ٹیرف کی زیادہ قیمتیں اور کرنسی کی قدر میں کمی سال 2018 میں اخراجات میں اضافہ کی اہم وجوہات میں حصہ دار تھیں۔ بڑے پیمانے پر کرنسی کے خسارہ کی وجہ سے برآمدات میں معمولی اضافہ ہوا، تاہم، یہ کافی درآمدی بل کو آف سیٹ کرنے کے لئے کافی نہیں ہے۔ رجحانات گزشتہ سال سے بڑھے ہیں اور سال کے لئے ہدف قابل حصول ہے اگر رجحان مالی سال کے باقی عرصہ میں جاری رہتا ہے۔ اپریل 2018 میں عوامی شعبے میں ترقیاتی فنڈز زبند کر دیئے گئے تھے۔ اس کے علاوہ، نئی حکومت نے اپنے مئی بجٹ میں فیڈرل PSDP بجٹ پر 28 فیصد سے زیادہ کاٹ آف رکھا۔ صوبہ پنجاب کے سالانہ ترقیاتی منصوبہ (ADP) کو بھی کم از کم 49 فیصد کم کیا گیا تھا جس کا حکومتی شعبہ سے اہم آمدنی کے ساتھ کاروبار پر براہ راست اثر پڑتا ہے۔ اس سلسلے میں مضبوط اشارے موجود ہیں کہ رجحان موجودہ مالی سال کے باقی عرصہ میں جاری رہے گا۔ عوامی شعبے سے چند موانعے سال 2019 کی دوسری ششماہی میں موزوں ہونے کی توقعات ہیں چنانچہ آرڈر انفلور کنسنے کی امید دلا رہے ہیں۔ انفراسٹرکچر اور سی پیک سے متعلقہ سرگرمی اگرچہ بہت تیز رفتار سے جاری ہے۔ پاکستان میں سیکورٹی اور لاء اینڈ آرڈر کے حالات اطمینان بخش رہے، تاہم، جغرافیائی سیاسی صورتحال اور پڑوسی ملک کے ساتھ بڑھتی ہوئی کشیدگی اقتصادی سرگرمی کو روک سکتی ہے۔ مشکل حالات کو دیکھتے ہوئے ایس بی پی نے پالیسی کی شرح بھی بڑھادی ہے جس نے کاروباری سرگرمی پر منفی اثر ڈالا ہے۔ تیل کی قیمتیں زیر کنٹرول رہنے کے لئے عالمی پیش گوئی کے اثرات ختم ہو جائیں گے، تاہم، نئی حکومت کے مالی استحکام کی پالیسی نے اقتصادی سرگرمی کو سست کر دیا۔ پاکستان نے FATF کی ضروریات کو پورا کرنے کے لئے کچھ اقدامات کیے ہیں لیکن ناکافی قرار دیئے جا رہے ہیں، مئی میں دوسرا جائزہ لیا جائے گا۔ آئی ایم ایف پیکیج کے ذریعے تیل آؤٹ پٹ کے بارے میں غیر یقینی صورتحال نے سرمایہ کاروں کے اعتماد کو کم کر دیا ہے۔ یہ ابھی تک واضح نہیں ہے کہ آیا حکومت آئی ایم ایف پروگرام میں جائے گی اور کب جائے گی۔ حکومت کے حصے پر یہ بے حسی سرمایہ کاروں کے اعتماد کے لئے نقصان دہ ہے لہذا غیر ملکی سرمایہ کاری پر براہ راست منفی اثر انداز ہو رہی ہے۔ سیاسی عدم استحکام معاشی کارکردگی کے خطرات میں سے ایک ہے۔ صورت حال کاروباری مارکیٹ میں غیر یقینی سے نمٹنے اور ملک کی اقتصادی نمو کو بہتر بنانے والے نرم اور مؤثر فیصلے کرنے کے لئے حکومت کی طرف سے فوری اور توجہ مرکوز اقدامات کی ترویج کرتی ہے۔

کمپنی مالیاتی نتائج

KSB پاکستان کی کارکردگی عوامی شعبہ میں سست سرگرمی کے ذریعے بھی متاثر ہوئی ہے۔ تاہم، کمپنی کامیابی سے آمدنی کی تعداد سال 2017 کے قریب ترین درج کی ہے۔ کثیر عناصر، جیسا کہ کرنسی کا خسارہ جس کے نتیجے میں مواد کی قیمت زیادہ اور زرمبادلہ کا نقصان ہوا، نئی فاؤنڈری میں سرمایہ کاری جس سے اخراجات زیادہ اور حکومتی صارفین سے کم کوئیکشن کے باعث مالی چارجز میں اضافہ ہوا، کی وجہ سے منافع کم ہو گیا تھا۔ گزشتہ سال 2017 کے مقابلے درج ذیل کلیدی اشارے حالات کی عکاسی کرتے ہیں:

سال 2017 روپے، 000، میں	سال 2018 روپے، 000، میں	
5,115,215	4,952,915	فروخت
1,145,066	667,539	مجموعی منافع
539,324	251,496	قبل از ٹیکس منافع
396,068	196,038	سالانہ منافع / (نقصان)
30.01	14.85	نی شیئر آمدنی (EPS)

فروخت

سال 2018 عام انتخابات کے باعث مشکل سال رہا ہے۔ عبوری حکومت کی طرف سے اپریل 2018 سے ترقیاتی فنڈز پر پابندی اور III & IV سہ ماہی میں فنڈ کی واگزارری پر معذرت کے نتیجے میں عوامی شعبہ میں بنیادی طور پر کوئی سرگرمی نہیں ہوئی ہے۔ صنعتی شعبہ میں قابل ذکر ترقی کا مشاہدہ کیا گیا ہے اور یہ شعبہ ٹاپ کا حصہ دار رہا ہے تاہم صرف واٹر/ویسٹ واٹر ٹریٹمنٹ میں جزوی کمی ہوئی ہے۔ نمایاں کاروبار آئل ڈپو کی صورت میں بڑے پیمانے پر انفراسٹرکچر ڈویلپمنٹ کی بدولت آئل مارکیٹنگ کمپنیوں سے موزوں ہوا ہے۔ مقامی مارکیٹ سے کمزور کاروباری اٹلو کے اثرات کو کم کرنے کے لئے مزید برآمدی آرڈرز حاصل کرنے کی کوششیں کی جا رہی ہیں۔ جاری متنوع اور پراڈکٹ کی توسیع کے پروگرام کی وجہ سے آگ کے شعبے میں نئی متعارف کردہ مصنوعات اور API پمپس متعلقہ شعبہ میں مارکیٹ شیئر بڑھانے کے لئے مسلسل مدد کر رہے ہیں۔

منصوبے

KSB پاکستان منصوبوں نے عوامی شعبہ میں واٹر اینڈ ویسٹ واٹر ٹریٹمنٹ میں کوئی فنڈنگ نہ ہونے کی بنیادی وجہ سے آرڈر رائٹیک میں کمی درج کی ہے۔ مالی سال کی آخری 3 سہ ماہیوں کے دوران، پبلک ہیلتھ انجینئرنگ ڈیپارٹمنٹ اور O&M سروسز سے واٹر فلٹریشن پلانٹس کا ایک آرڈر حاصل کیا گیا ہے، جس کے برعکس کئی معاہدوں پر کام جاری ہیں۔ ملتان میں شاہنشاہ منصوبہ، حکومت کی طرف سے فنڈز کی عدم دستیابی کی وجہ سے طویل وقفے کے بعد، دوبارہ شروع کر دیا گیا ہے اور تکمیل کے مرحلے میں ہے۔

KSB پاکستان 100 ایم جی ڈی صلاحیت کے اسٹیشن کی تعمیر کیلئے کراچی واٹر اینڈ سیوریج بورڈ (KW&SB) کی طرف سے کراچی کے نزدیک ایک منصوبہ، ڈھانجی پر کام مکمل کرنے کے لئے کنسورشیم کی قیادت کر رہا ہے۔ منصوبہ سال 2018 کی آمدنی میں اہم کردار ادا کرنے والوں میں سے ایک ہے۔ وقت اور اصلاحات پر واضح توجہ کے ساتھ بروقت اور معیار پر عملدرآمد ایک کلیدی ڈرائیور رہا ہے۔

پیداوار

KSB آپریشنز نے ترقیاتی منصوبہ بندی کے مطابق نئے ای ٹی این پمپ کو کامیابی سے جدید بنایا ہے۔ بروقت اور موثر انداز میں مقامی اور بین الاقوامی ضروریات کو پورا کرنے کے لئے ورکشاپ میں دونوں سی این سی ورٹیکل ٹرننگ لیٹھ مشینیں شامل کی گئی ہیں جو بالآخر مصنوعات کی صلاحیت اور کوالٹی کو بڑھائیں گی۔ نئی کور شاپ اور مشین شاپ عمارت بھی سال 2018 میں مکمل ہو گئی تھیں۔ نئی مشین شاپ عمارت میں بڑے سائز کے پمپس کے اسمبلی ایریا میں اور ہیڈ کرین کے اضافہ اور چند مشینوں کی منتقلی کے ذریعے انفراسٹرکچر آپٹیمائز کیا گیا ہے۔ یہ اقدام B-پمپس اور SNW/PNW پمپس کی پیداوار کی کارکردگی کو مزید بڑھائے گا۔ عمودی سٹورج اپ گریڈنگ کے ذریعے سٹورج صلاحیت کا اضافہ بھی کیا گیا ہے۔ نئی پینٹ شاپ کی تعمیر جاری ہے جو خاص طور پر ہمارے برآمدی کاروبار کو بڑھانے میں مدد کے لئے ہماری مصنوعات کی صلاحیت اور کوالٹی کو بہتر بنائے گی۔ سال 2019 کی پہلی ششماہی میں اسے آپریشنل بنانے کی منصوبہ بندی ہے۔

ہم تبدیل ہوتی ضروریات اور جدید کوالٹی معیارات کے ساتھ مسابقت رکھنے کے لئے ملازمین کی مہارتوں کو فروغ دینے اور پراسیسز اور پمپس پر توجہ مرکوز رکھتے ہیں۔

فاؤنڈری

KSB پاکستان نے اپنے نئے تعمیر کردہ ایک جدید مکمل طور پر خود کار نئے فاؤنڈری پلانٹ کے آپریشن میں سرمایہ کاری کے ذریعے سال 2018 میں ایک اہم سنگ میل

حاصل کیا ہے۔ نیا پلانٹ، ٹیسٹنگ مرحلہ کی تکمیل کے بعد، کامیابی سے چل رہا ہے۔ نیا فائونڈری پلانٹ ماحول دوست، اور معیار اور حفاظت میں پوکا پوک، HWS سٹو جرنی سے ہائی پریشر مولڈنگ لائن اور Eirich جرنی سے سینڈ پلانٹ ہے۔ نئی ڈیول ٹریک انڈکشن فرنس کے ساتھ مکمل طور پر خود کار فائونڈری پلانٹ نے مولڈنگ اور پگھلانے کی صلاحیت کو بھی نمایاں طور پر بڑھا دیا ہے۔ اس سب نے آٹو موٹو سیکٹر اور مقامی اینڈ بین الاقوامی پمپس مارکیٹ میں مستقبل کے مواقع محفوظ اور کاروباری نمو کو یقینی بنانے کے لئے KSB پاکستان کو اپنی مصنوعات کی کوالٹی، رفتار اور پیداواری صلاحیت بہتر بنانے کے قابل بنایا ہے۔ سال 2019 کی پہلی ششماہی بھی لیٹن دکھائی دیتی ہے، لیکن ہم مارکیٹ پکس اپ کے مطابق زیادہ کر دگی اور کوالٹی کے ساتھ زیادہ پارٹس بنانے کے لئے تیار ہیں۔

معیار، ماحولیات، پیشہ ورانہ صحت اور تحفظ

"KSB پاکستان اول درجہ کی مصنوعات اور شاندار خدمات فراہم کر کے اپنے صارفین کے پائٹس کو محفوظ، زیادہ بجلی کی بچت اور لاگت بچانے 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 پمپس کمپنی لمیٹڈ انٹیکریٹڈ مینجمنٹ سسٹم (ISO 9001, ISO 14001 & OHSAS 18001) کے لئے سرٹیفائیڈ پاکستان میں پہلی فائونڈری کی بنیاد پر انجینئرنگ کمپنی ہے۔

مسلسل ایمرمنٹ پرائسز کے ایک حصہ کے طور پر، ہماری مصنوعات، عوامل اور خدمات کا مستحکم، بہتری اور نئے معیارات کی ضروریات کو پورا کرنے کے لئے باقاعدگی سے جائزہ اور اپ گریڈ کیا جاتا ہے۔ KSB پاکستان نے صحت، تحفظ اور ماحول کی پائیداری کے قومی اور بین الاقوامی معیارات کی مکمل تعمیل کی اپنی پالیسیوں کی تسلیم میں ماحولیات اور صحت کے لئے قومی فورم کی طرف سے 15 واں سالانہ ماحولیات ایکٹیلنس ایوارڈ جیتا ہے۔

KSB سپریم سرو

KSB پاکستان سروس اب عالمی برانڈ ہے کیونکہ یہ سیاسی منظر نامہ سے پیدا ہونے والے مشکل حالات اور سال 2018 میں عوامی شعبہ میں خاص طور پر کم کاروباری سرگرمی کے باوجود کاروبار کو مستحکم رکھنے کے قابل رہی ہے۔ تمام شعبوں کے مجموعی آرڈر انٹیک میں اضافہ ہوا، تاہم، پبلک سیکٹر سے آرڈرز تقریباً 15% تک کم ہو گئے۔ تاہم، فروخت کی آمدنی ہدف سے زیادہ ہوئی ہے۔ سروس سہولت گزشتہ سال کے مقابلے زیادہ کارکردگی کے ساتھ 2017 سے 23% زیادہ پمپس کی بدولت کم ہوئی ہے۔

انسانی وسائل

KSB پاکستان کا یقین ہے کہ ہماری ہیومن ریسورس ہمارا بڑا اثاثہ ہے جس نے نہ صرف مسابقتی رہنے میں، بلکہ وقت گزرنے کے ساتھ ساتھ ایک آرگنائزیشن کے طور پر نشوونما پانے میں بھی ہماری مدد کی ہے۔ ہم اپنے لوگوں کی طرف سے فراہم کی گئی قدر کو بھی تسلیم کرتے ہیں۔ ہم پروفیشنلز کی کامیاب ٹیم تعمیر کرنے اور برقرار رکھنے کے لئے اعلیٰ تجربہ کار ماہرین کو بھرتی کرنا اور برقرار رکھنا جاری رکھتے ہیں۔ ملازمین کی فلاح و بہبود، مہارت کا فروغ اور مشغولیت توجہ کے اہم شعبے ہیں جو مختلف ایچ آرا اقدامات سے ثابت ہے جو ملازمین کی اعلیٰ کارکردگی اور اطمینان کو یقینی بناتے ہیں۔ کمپنی نے سال 2018 میں 450 سے زیادہ دنوں کی (مقامی اور بین الاقوامی) ٹریننگ کے لئے سرمایہ کاری کی ہے، جبکہ ملازمین کی مشغولیت میں تمام سطحوں اور مقامات پر سالگرہ کی تقریبات، اور نچ پارٹی، یوم آزادی کی تقریبات، ٹریکنگ اور بہت سی دیگر تقریبات کے ذریعے فن آرٹ ورک ثقافت کی مدد کے لئے مسلسل اقدامات کئے گئے۔

کمپنی کے مقاصد کو پورا کرنے کے لئے ہم آہنگی اور ضروری معاونت حاصل کرنے کے مقصد کے ساتھ اسٹریٹجی ان ٹو ایکشن (SIA) اقدام قائم کیا گیا، جو اس سال بھی جاری رہا ہے۔ سرگرمی نے نہ صرف یہ یقینی بنانے میں مدد کی کہ ترسیلات واضح طور پر اور درست طریقہ سے لائن سے نیچے بھی گئی ہیں بلکہ کاروباری مقاصد کی ملکیت کو بھی مضبوط بنایا ہے۔

ہمارے کارپوریٹ سماجی ذمہ داری اقدامات کے حصہ کے طور پر اور صنعت اور ایکڈمیڈ کے درمیان خلا کو ختم کرنے کے لئے KSB تعلیمی اداروں کے ساتھ، ان کے طلبہ کی گرومنگ اور اس قوم کے مستقبل کے لئے نہیں صنعتی دوروں، انٹرنشپ مواقع اور مہمان اسپیکرز / صنعتی ماہرین مہیا کر کے کام جاری رکھتی ہے۔ ہم سماجی اقتصادی مشکلات سے آگاہ ہیں جو آنے والے سالوں میں مستقبل کے کاروبار کو درپیش ہوگی اور ہماری ٹیم ان مشکلات پر قابو پانے کے لئے تمام تر کوششیں کر رہی ہے۔ تمام اسٹیک ہولڈرز کے لئے قدر تخلیق کر کے مقابلہ میں KSB کو سب سے آگے رکھنے کے لئے ایک مصروف اور آگے دیکھنے والی ہیومن ریسورس برقرار رکھنے کی کوششیں جاری ہیں گی۔ ہم KSB کے جھنڈے تلے متحد، آرگنائزیشن کو مہارت کی نئی سطحوں پر لانے کے لئے پُر عزم ہیں۔

کاروباری انتظامات کے خطرات

"خطرات ممکنہ مستقبل کی پیش رفت یا واقعات جو نقصان دہ یا نقصان کا باعث بن سکتے ہیں۔ وہ مستقبل کے واقعات کی غیر یقینی صورتحال کا نتیجہ ہیں۔ ایک خطرہ کی وجہ سے ہر حالت، صورت حال یا ریاست جو اس وقت اور یا مستقبل میں، اپنے کاروباری مقاصد کو حاصل کرنے اور اپنے کاموں کو مکمل کرنے سے KSB گروپ یا انفرادی گروپ کی کمپنی

کو روک سکتی ہے۔"

KSB کارسک مینجمنٹ نظام جتنی جلدی ممکن ہو مقاصد کے حصول کے لئے موجودہ اور ممکنہ خطرات کی شناخت اور اندازہ لگانے اور مناسب اقدامات کے ذریعے کم از کم کاروباری حد میں نقصان کو روکنے کے لئے ڈیزائن کیا گیا ہے۔ جس کا مقصد KSB کے وجود کو کسی خطرہ کو روکنا اور بہتر کاروباری فیصلے کے ذریعے پائیدار قدر پیدا کرنا ہے۔

مالی خطرات کا عنصر

کمپنی کی سرگرمیاں متعدد قسم کے مالی خطرات کو بے نقاب کرتی ہیں: مارکیٹ رسک، کریڈٹ رسک اور لیکویڈیٹی رسک (بشمول کرنسی رسک، دیگر پرائس رسک اور سود کی شرح کا رسک)۔ 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 (بورڈ) کی طرف سے منظور کردہ اصولوں اور پالیسیوں کے تحت فنانش 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 لئے اصول 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 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، مارکیٹ میں ٹریڈ کئے جانے والے تمام اسی طرح کے مالی آلات کو متاثر کرنے والے عوامل کے باعث ہوں گی وجہ سے اتار چڑھاؤ آئے گا۔ اب تک کمپنی کو کوئی قیمت کا کوئی خطرہ پیش نہیں آیا ہے لہذا کیونکہ 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 کموڈٹی سپلائرز 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 تبدیل ہوگا کے خطرے کی نمائندگی کرتا ہے۔ کمپنی کوئی اہم طویل مدتی انٹریسٹ بیئرنگ اثاثہ نہیں رکھتی ہے۔ کمپنی کو شرح سود کا خطرہ طویل مدتی اور قلیل مدتی قرض سے پیدا ہوتا ہے۔ 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 ساتھ 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 تجزیہ کرتی 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 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 کو مالی واجبات سے وابستہ ذمہ داریوں کو پورا کرنے میں مشکلات کا سامنا کرے گی۔

مخاطب 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 کاروباری متحرک نوعیت کی وجہ سے، کمپنی کا فنانش 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 پیش گوئی پر نظر رکھتی ہے۔ یہ عام طور پر کمپنی کی پیکٹس اور حدود کے مطابق کیا جاتا ہے۔ یہ حدود محل وقوع کی مارکیٹ کی ہستی 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 فنڈنگ 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) ملازمین، ان کے خاندانوں، مقامی کمیونٹی اور معاشرے کے ساتھ بڑے پیمانے پر ان کی زندگیوں کے معیار کو اس انداز سے بہتر بنانے کے ذریعے مستحکم اقتصادی ترقی کی شراکت کرنے کے لئے پُر عزم ہے جو کاروبار اور پائیدار ترقی کے لئے بہترین ہیں۔

ایک معاشرہ کو فروغ دینے میں تعلیم کی اہمیت کو دیکھتے ہوئے، ہم حسن ابدال میں اپنے کاموں کے ارد گرد مختلف اسکولوں اور کالجوں میں داخل متعدد لائق اور مستحق طالب علموں کو اس کا لرشپ فراہم کرتے ہیں۔

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

سی ایس آر اقدامات نے ہماری کمپنی کو ایک ذمہ دار کارپوریٹ ادارہ بنا دیا ہے، جو کمیونٹی میں ہمارے ارد گرد ضرورت مند اور مستحقین کی مدد کے حوالے سے زیادہ باشعور ہے۔

KSB کا کارپوریٹ سماجی ذمہ داری (سی ایس آر) پروگرام KSB کیئر کے تحت کام کرتا ہے۔ KSB کیئر پروگرام کے تحت سال 2018 کے دوران 22 اسکولوں اور کالجوں کے 310 اعلیٰ نمبر حاصل کرنے والوں کو اس کا لرشپس سے نوازا گیا۔

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

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

مستقبل کا نقطہ نظر

فروخت اور منصوبے

آگے بڑھتے ہوئے، تمام کلیدی شعبوں، معروف انڈسٹری، بجلی، تعمیراتی خدمات اور وائریڈ ویسٹ واٹر کے معیار اور انجینئرنگ مارکیٹ میں پیمپس اور والوز کاروبار کے لئے پائپ لائن میں ہیں۔ سال 2019 میں سست آغاز کے باوجود، ہم نے سال کی دوسری ششماہی میں وائریڈ ویسٹ واٹر کیلکٹر پر حکومت کی طرف سے مناسب توجہ کا اندازہ لگایا اور یہ ہمارے لئے بہتر امکانات ہیں، تاہم بروقت فنڈنگ اس کیلکٹر میں ایک فیصلہ کن عنصر ہے۔ میگا پراجیکٹس خاص طور پر ساؤتھ ریجن میں وائریڈ ویسٹ اپ گریڈیشن، ویسٹ واٹر ڈسپوزل مثلاً S-III اور وائریڈ ویسٹ انفراسٹرکچر، بشمول K-4، پری-حالیگی اور جیلہ پمپنگ اسٹیشنز کلیدی امکانات ہیں۔ ہم اس کیلکٹر میں اپنی خصوصی اور صلاحیت کے مدنظر، ٹران کی بنیاد پر ان مواقعوں کو ہدف بنا رہے ہیں۔ موجودہ منصوبے بہتر آپریشنل اور اسٹریٹجک پھرتی کے نتیجے کے طور پر موزوں وسائل کے ساتھ تسلی بخش اور بروقت تکمیل کے لئے مسلسل رفتار پکڑ لیں گے۔

خاص طور پر صنعتی شعبے میں قانونی ضروریات اور قیمت کی مشکلات پر غور کرتے ہوئے آنے والے سالوں میں ریورس اوسموسس/سیوریج ٹریٹمنٹ پلانٹ کی نئی قائم شدہ کاروباری لائن میں مضبوط نمو کی پیش گوئی کی گئی ہے۔

پیمپس اور والوز پائیدار نمو کے لئے مارکیٹ شیئر کی توسیع اور بڑھانے پر واضح مرکوز توجہ کے ساتھ منافع بخش کاروبار کے لئے اہم شراکت دار کے طور پر اپنی کوششیں جاری رکھے گا۔ تاہم، سرکاری اخراجات اس بنیادی اقدام کی کلید ہے۔

ہمارے پاس فعال مواصلات اور مارکیٹنگ پروگرام ہیں جن کا مقصد بروقت اور موثر طریقے سے اپنے قابل قدر گاہکوں کی کاروباری ضروریات کو پورا کرنا اور نئے کاروبار کے مواقع سے فائدہ حاصل کرنا ہے۔ کاروبار کی دو لائنوں میں مطابقت کی وجہ سے، پیمپس اور منصوبے واحد ایٹمیٹی میں ضم ہو گئے ہیں۔

KSB سپریم سروس

سال 2019 میں آمدنی میں تبدیلی لانے کیلئے ہمارے پاس بڑی تعداد کے آرڈرز زبردست ہیں۔ عوامی شعبہ میں کمی کا رجحان مشکلات کو جنم دیتا ہے اور افق پر کوئی زیادہ

سرگرمی نہیں ہے جہاں KSB سپریم سروس قابل ذکر آرڈرز حاصل کر سکتی ہے۔ ہم عوامی سیکٹرز سے کاروباری کمی کو ختم کرنے کے لئے متعدد دیگر شعبوں میں زیادہ آرڈرز حاصل کرنے پر توجہ مرکوز کر رہے ہیں۔

اس کے علاوہ، تیل اور گیس اور بجلی سیکٹرز میں مواقع 2019 میں ہماری پرائم توجہ ہوگی۔ اس سلسلہ میں، ہم نے دوسالوں کے لئے سپیئر پارٹس کی فراہمی کے لئے ایک تیل اور گیس سیکٹرز سے حال ہی میں ایک بڑا آرڈر حاصل کیا ہے۔

تصرفات

سالانہ نتائج

251,436	قبل از ٹیکس سالانہ منافع
(55,459)	ٹیکس کی فراہمی
196,037	بعد از ٹیکس منافع
(7,189)	دیگر مجموعی سالانہ آمدن / (نقصان)۔ خالص ٹیکس
104	غیر تصرفاتی منافع جو آگے آیا
188,952	تصرفات کی دستیابی
	تصرف
149,000	عام ریزرو کے لئے منتقل
39,600	تجویز کردہ منافع منقسمہ بشرح 3 روپے فی شیئر
188,600	
352	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 2019 کو ختم ہونے والے سال کے لئے کمپنی کے محاسب کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے۔

ضابطہ اخلاق

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

مادی تبدیلیاں

31 دسمبر 2018 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

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

مجلسِ نظام

موجودہ مجلسِ نظام آٹھ افراد پر مشتمل ہے جس میں سے چھ نان ایگزیکٹو ہیں۔

بورڈ کے چیئرمین، ہی ای او اور نان ایگزیکٹو ڈائریکٹرز کے علاوہ ہیں۔

محترمہ راحت کونین کی جگہ جناب شہزادہ مظہر اور سید حیدر علی کی جگہ محترمہ عائشہ عزیز نے کمپنی میں ڈائریکٹر شپ سے ان کے مستعفی ہونے پر بورڈ میں شامل ہوئے۔

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:

تعداد	نام ڈائریکٹر	نمبر شمار
5	Mr. Tonjes Cerovsky	1
3	جناب ایم مسعود اختر	2
5	جناب ساجد محمود اعوان	3
5	Dr. Matthias Beth	4
1	محترمہ راحت کونین حسن (مستعفی)	5
5	جناب حسن عزیز بلگرامی	6
5	جناب جمال نسیم	7
1	سید حیدر علی (مستعفی)	8
2	جناب شہزادہ مظہر	9

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

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:

حاضری کی تعداد	نام ڈائریکٹر	نمبر شمار
4	جناب جمال نسیم - چیئر مین نان ایگزیکٹو ڈائریکٹر	1
3	جناب حسن عزیز بلگرامی - رکن نان ایگزیکٹو ڈائریکٹر	2
4	Dr. Matthias Beth - رکن نان ایگزیکٹو ڈائریکٹر	3
1	سید حیدر علی (مستعفی) - رکن نان ایگزیکٹو ڈائریکٹر	4
1	محترمہ راحت کونین حسن (مستعفی) - رکن نان ایگزیکٹو ڈائریکٹر - آزاد ڈائریکٹر	5
2	جناب شہزادہ مظہر - رکن نان ایگزیکٹو ڈائریکٹر	4

سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔ کمیٹی نے ذہرتی 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 معاوضے کی کمیٹی (ایچ آر اینڈ آر)، تشکیل دی ہے، جو تین ڈائریکٹرز پر مشتمل ہے۔ HR&R کمیٹی کے ارکان اور ہر رکن کی حاضری حسب ذیل تھی:

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

بورڈ کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز کی ریٹرنیشن 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۔ ڈائریکٹرز اجلاس میں شرکت کے لئے سفری، بورڈنگ اور رہائشی اور دیگر اخراجات کے حقدار ہونگے۔

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 مالیاتی رپورٹنگ کے معیارات (IFRS) 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 گورننگ 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۔ پرائیویٹ فنڈ 31 دسمبر 2017 : 191.51 ملین روپے

2۔ گریجویٹ فنڈ 31 دسمبر 2017 : 122.91 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 2018ء کو کمپنی کے نمونہ حصص داری کی وضاحت رپورٹ کے ہمراہ منسلک ہے۔


چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

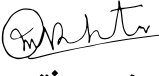
سی ای او کی کارکردگی کا تعین KSB گروپ کی طرف سے جدید تشخیصی نظام کے ذریعے کیا جاتا ہے۔ تشخیص KSB اقدار سمیت مالی اور غیر مالی پیرامیٹرز پر کی جاتی ہے۔ اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے تمام اسٹیک ہولڈرز، قابل قدر صارفین، حصص یافتگان، بینکاروں، سپلائرز اور ڈیلرز کا کمپنی کو سال بھر قابل قدر حمایت فراہم کرنے کا شکریہ ادا

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

بورڈ کمپنی کی انتظامیہ، آفیسرز اور عملہ کی سخت محنت اور لگن کو بھی سراہتا ہے۔


ساجد محمود اعوان
چیف فنانشل آفیسر


محمد مسعود اختر
چیف ایگزیکٹو

14 مارچ 2019ء

لاہور



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