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Annual Report 2016

KSB Pumps Company Limited



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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.



Quality Principles

Achieving maximum customer satisfaction

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

Promoting quality consciousness

We ensure that all our employees are highly qualified by providing them with ongoing training and comprehensive information. Each of our managers is an example in putting quality - mindedness into practice.

Every employee meets the customer's wishes

The principle of customer - supplier relations also applies internally. The next in line during the work process is a customer; he/she receives impeccable work results.

Avoiding mistakes instead of remedying them

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

Improving quality

The steady improvement of work processes, methods of work and the work environment ensures that every employee is successful and satisfied. At the same time, this helps to secure our leading position in the market.

Involving suppliers

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



Principles for Environment, Occupational Health and Safety

Informing about relevance to the environment

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

Promoting awareness of environmental issues, occupational health and safety

To protect the environment and our employees we undertake measures that go beyond what is required by law. Our employees are trained and informed by us.

Strengthening our employees' sense of responsibility

Our employees help to shape our operational processes. This enables them to recognize early on any situations that could have an impact on the environment or on safety and to make sure people are informed about these situations.

Recognizing and avoiding risks

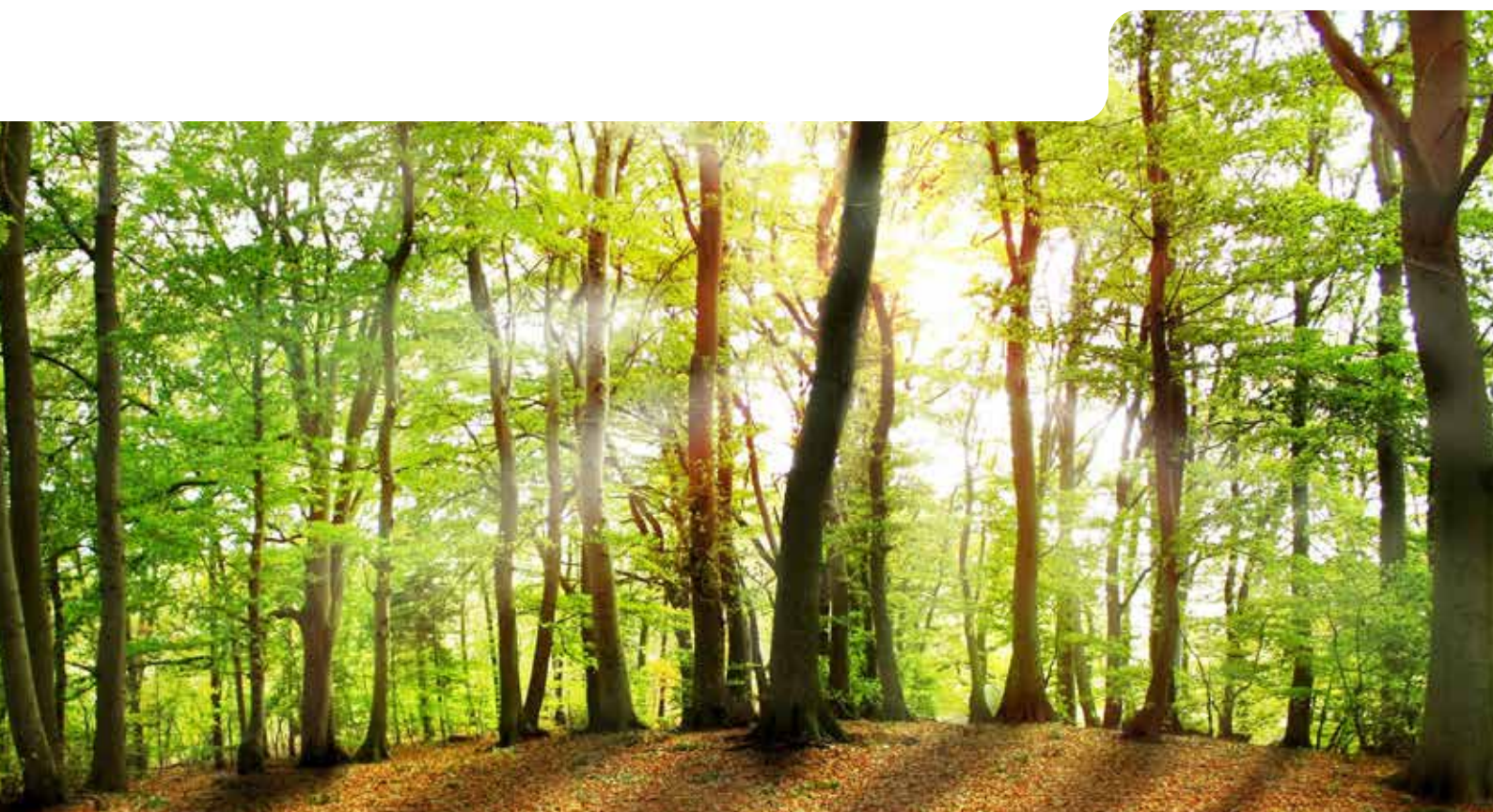
We constantly and systematically review the impact of our production on people and the environment. By recognizing risks, we can take any preventive action that may be necessary. In the case of new production processes and products, we consider the environmental impact in the development stage. This impact is kept to a minimum, as far as technically and economically feasible. In the process, we take account of both occupational health and safety.

Compliance with regulations

Using the procedures defined in the Integrated Management System, we monitor our activities to ensure compliance both with national legislation and with our own EHS rules.

Commitment of outside companies

We ensure that outside companies working on our sites are also committed to compliance with national legislation and our own rules for protection of the environment, occupational health and safety.



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 AG, 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. Foundry is capable of producing sophisticated automotive components apart from pump and valves castings and is a leading supplier of tractor/automobile castings in the country. During the last 31 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.

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 57 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 36 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 and Vice President of Foundry Association of Pakistan. He is President of German Pakistan Chamber of Commerce & Industry Punjab Region (GPCCI). He was Director Pak German Business Forum.



Sajid Mahmood Awan
Director

Mr. Awan is the Director Finance and Company Secretary of KSB Pakistan. He is also partially responsible for the financial activities for Middle East, Africa and East Europe region. He has more than 23 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 23 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.



Rahat Kaunain Hassan
Director

Ms. Hassan is a Director and Chairperson of HR & R committee of KSB Pakistan. She received her LL.M. degree from King's College, London. She is recipient of the prestigious Britannia Chevening and Women of Achievement Award 2010 and the Wonder Women Award 2013. She was also nominated for Sitara-e-Imtiaz. Ms Hassan has been Chairperson of the Competition Commission of Pakistan and Executive Director of SECP. She is certified Director from PICG, Pakistan.



Hasan Aziz Bilgrami
Director

Mr. Bilgrami is a Director and Member of the Audit Committee of KSB Pakistan. He is the President and CEO of BankIslami Pakistan Limited. His other engagements include Director BankIslami Modaraba Investments Limited.



Syed Hyder Ali
Director

Syed Hyder Ali, Chief Executive & Managing Director, Packages Ltd. Lahore, Pakistan, graduated from University of Michigan, USA with a Bachelor of Science degree in Chemical Engineering in 1979. He completed his Master of Science in 1981, specializing in paper chemistry. In 1997, He also attended the program for Management Development at the Harvard Business School, Boston, USA.

Mr. Ali has wide & varied professional working experience spanning over many years. He serves on the Board of a number of companies. He is the Honorary Consul General of Sweden in Lahore since 1998. He is also serving on the Board of several philanthropic, educational, charitable & business support organizations & also board member of Ali Institute of Education, International Chamber of Commerce & Lahore University of Management Sciences (LUMS).



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 35 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.

Mr. Tonjes Cerovsky

Chairman Board of Directors



Management Committee



Mohammad Masud Akhtar
Chief Executive Officer /
Managing Director



Sajid Mahmood Awan
Director Finance &
Company Secretary



Syed Tariq Ali
Director Operations



Muhammad Imran Malik
Director Sales &
Strategic Marketing



Mamoon Riaz
Director Projects



Omer Saljouk
GM Customer Services



Matraf Rasul
GM Materials



Muhammad Omer Siddiqui
Head of Product
Management & TSS



Shahzad Umer
Head QHSE



Saeed Hussain
Head of Internal Audit



Shahzad Saleem
Head of Human
Resource

Sales Offices

Lahore

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

Rawalpindi

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

Multan

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

Karachi

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

Peshawar

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

KSB Partners

Sr.	Channel	City	Location	Status	Province	Partners	Contact#	Office Landline	Fax	Email
1	Dominar Engineers	Lahore	65-A Ferozpur Road, Link Samanabad Road, near LOS	KSB Partners	Punjab	Hammad Malik/ Syed Mehdi	0302-8744449/8	042-37500078	042-37500078	hammad.malik@de.com.pk
2	Industrial Development & Engineering Associates	Karachi	20-C Mezzanine Floor, Indus Center, 14th Com st. PH-II, DHA	KSB Partners	Sindh	Saqib Khawaja	0300-8203077	021-35390481/2	021-35390483	saqib@idea.com.pk
3	Wali Muhammad & Co.	Quetta	Zonkiram Road near mellennium Mall,	KSB Partners	Balochistan	Wali Muhammad	0300- 8387668	081-2829635	081-2829635	gulistanmachinery@yahoo.com
4	Pak Atlantis Pumps	Peshawar	3rd floor, Mall Tower, 35- The Mall, Peshawar Cantt	KSB Partners	KPK	Arbab Bilal Ahmad/ Atif Javed	0308-5053175/ 0345-5555939	091-5285679	091-5278919	pakatlantis@gmail.com
5	Pak Atlantis Pumps	Rawalpindi	309, A3 Peshawar Road, Westridge 1, Opp. Valley Clinic, Rawalpindi	KSB Partners	KPK	Arbab Bilal Ahmad/ Atif Javed	0345-5555939	051-5491413	051- 5491237	pakatlantis@gmail.com
6	Modern Technology & Traders	Karachi	Plot No. 36C, 3rd & 4th Floor, Lane 11, Bukhari Commercial Phase-6 DHA, Karachi	KSB Partners	Sindh	Farhan Hasan / Mansoor Iqbal	0321-2038202/ 0333-7299905	021-35156121-4	021-35156125	qayoomshaikh3@gmail.com



Company Information

Board of Directors

Tonjes Cerovsky	Chairman
Mohammad Masud Akhtar	Managing Director
Sajid Mahmood Awan	
Dr. Matthias Beth	
Rahat Kaunain Hassan	
Hasan Aziz Bilgrami	
Syed Hyder Ali	
Jamal Nasim	(Nominee NIT)

Company Secretary

Sajid Mahmood Awan

Management

Mohammad Masud Akhtar	Chief Executive Officer
Sajid Mahmood Awan	Finance, Administration & Corporate Affairs
Syed Tariq Ali	Operations
Muhammad Imran Malik	Sales & Strategic Marketing
Mamoon Riaz	Projects

Auditors

A.F. Ferguson & Co.	Chartered Accountants
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Legal Advisors

Mandviwala & Zafar

Bankers

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

Audit Committee

Jamal Nasim	Chairman
Hasan Aziz Bilgrami	Member
Dr. Matthias Beth	Member
Syed Hyder Ali	Member

Secretary Audit Committee

Saeed Hussain

HR & R Committee

Rahat Kaunain Hassan	Chairperson
Syed Hyder Ali	Member
Mohammad Masud Akhtar	Member

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 60th Annual General Meeting of the members of KSB Pumps Company Limited, will be held on Tuesday, the 25th April, 2017, at 11.30 a.m. at Hotel Hospitality Inn, 25-26 Egerton Road, Lahore, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on April 22, 2016.
2. To consider and adopt the audited accounts of the Company for the year ended December 31, 2016 and report of Auditors and Directors thereon.
3. To approve and declare dividend of 85% of paid up capital for the financial year ended December 31, 2016 as recommended by the Directors.

4. To appoint auditors for the year 2017 and fix their remuneration. M/s. A.F. Ferguson & Co., Chartered Accountants, the retiring auditors offer themselves for re-appointment as auditors of the Company.
5. To elect seven (7) Directors as fixed by the Board, in accordance with the provisions of the Companies Ordinance, 1984, for a period of three years commencing from April 25, 2017 in place of following retiring Directors.

- Mr. Tonjes Cerovsky
- Mr. Mohammad Masud Akhtar
- Mr. Sajid Mahmood Awan
- Ms. Rahat Kaunain Hassan
- Dr. Matthias Beth
- Syed Hyder Ali
- Mr. Hasan Aziz Bilgrami

59th AGM, held on April 22, 2016



KSB PUMPS COMPANY LIMITED

59th Annual General Meeting

22nd April 2016 Lahore



Special Business

6. To approve transmission of Annual Audited Financial Statements, Directors' Report, Auditors' Report etc. (Annual Report) to members through CD/DVD/USB as allowed by Securities Exchange Commission of Pakistan (SECP) vide SRO No. 470(1)2016 dated May 31, 2016..

RESOLVED:

"that transmission of Annual Audited Financial Statements, Directors' Report, Auditors' Report etc. (Annual Report) to members through CD/DVD/USB as allowed by Securities Exchange Commission of Pakistan (SECP) be and is hereby approved."

7. To consider and approve the amendments to be made in the Articles of Association of the Company for the purpose of compliance with the mandatory e-Voting mechanism as prescribed in the Companies (E-Voting) Regulations 2016 and if thought fit to pass the following resolution as special resolution.

RESOLVED:

"that the Articles of Association of the Company be amended by adding following new clauses:

70A. E-Voting: Members may exercise voting rights at general meeting through electronic means if the Company receives the requisite demand for pole in accordance with the Companies (E-Voting) Regulations 2016 and any amendment made from time to time, irrespective of the other provisions of the Articles of Association and notwithstanding anything contradictory therein.

71A. In case of e-voting both members and non-members can be appointed as proxy and instrument of proxy in relation to E-Voting shall be in the following form:

I/we _____ of _____ being a member of _____ holder of _____ shares as per Register Folio No. _____ hereby opt for e voting through intermediary and hereby consent to the appointment of Execution Officer _____ as proxy and will exercise e-voting as per the companies (E-Voting) Regulations 2016 and hereby demand for pole for resolutions.

My secured email address is _____. Please send login detail, password and electronic signature through email.

Signature of Members

Signature of Witness

Signature of Witness

BY ORDER OF THE BOARD



SAJID MAHMOOD AWAN

Company Secretary
Lahore : April 03, 2017

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 18th April, 2017 to 25th April, 2017 (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 17th April, 2017 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.
4. Any person who seeks to contest the election of Directors shall file with the Company at its Registered Office not later than fourteen days before the above said meeting, his/her intention to offer himself/herself for the election of the Directors in terms of Section 178(3) of the Companies Ordinance, 1984 together with consent in Form 28 and relevant declarations as required under the Code of Corporate Governance.
5. Submission of copies of CNIC (Mandatory) Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of shareholders are mandatorily required to be mentioned on Dividend Warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company Share Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi-74000.
6. Withholding Tax on dividends

In case of corporate entity, the Board of Directors'

The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are

Participants of 59th AGM



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 12.5%
- (b) For non-filers of income tax returns 20.0%

To enable the Company to make tax deduction on the amount of cash dividend @12.5% 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 12.5%.

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.

7. Payment of dividend electronically (E-MANDATE)

In order to enable a more efficient method of cash dividend, through its Circular No. 8(4)SM/CDC 2008 of April 05, 2013, the SECP has announced an e dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorizing the Company to do so. Accordingly, all non-CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders, who hold shares with CDC or participants/stock brokers, are advised to provide the mandate to CDC or their participants/stock brokers.

8. Audited Financial Statement through e-mail:

SECP through its notification SRO 787(1) /2014 dated September 8, 2014 has allowed the circulations of Audited Financial Statement along with Notice of Annual General Meeting to the Members through e-mail. Therefore, all 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. Audited financial statements & reports are being placed on the aforesaid website.

9. Consent for Video Conference Facility

As allowed by SECP vide circular No.10 of 2014 dated May 21, 2014, 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 10 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 10 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
 c o n f e r e n c e f a c i l i t y a t
 _____.

 Signature of Shareholder

Statement under Section 160(1)(b) of the Companies Ordinance 1984 in regard to special business.

Item No. 6 of the Agenda

The SECP through SRO 470(1)2016 dated May 31, 2016 has allowed transmission of Annual Audited Financial Statements, Directors' Report, Auditors' Report etc. (Annual Report) to members through CD/DVD/USB. Printed copy of report shall be provided to such members who opt for having hardcopy on the request form which is available on the website of the company (www.ksb.com.pk).

Item No. 7 of the Agenda

To give effect to the Companies (E-Voting) Regulation 2016, approval of shareholders is being sought to amend the Articles of Association of the Company in order to cover a voting mechanism and related matters such as members and non-members can also be appointed as proxy.

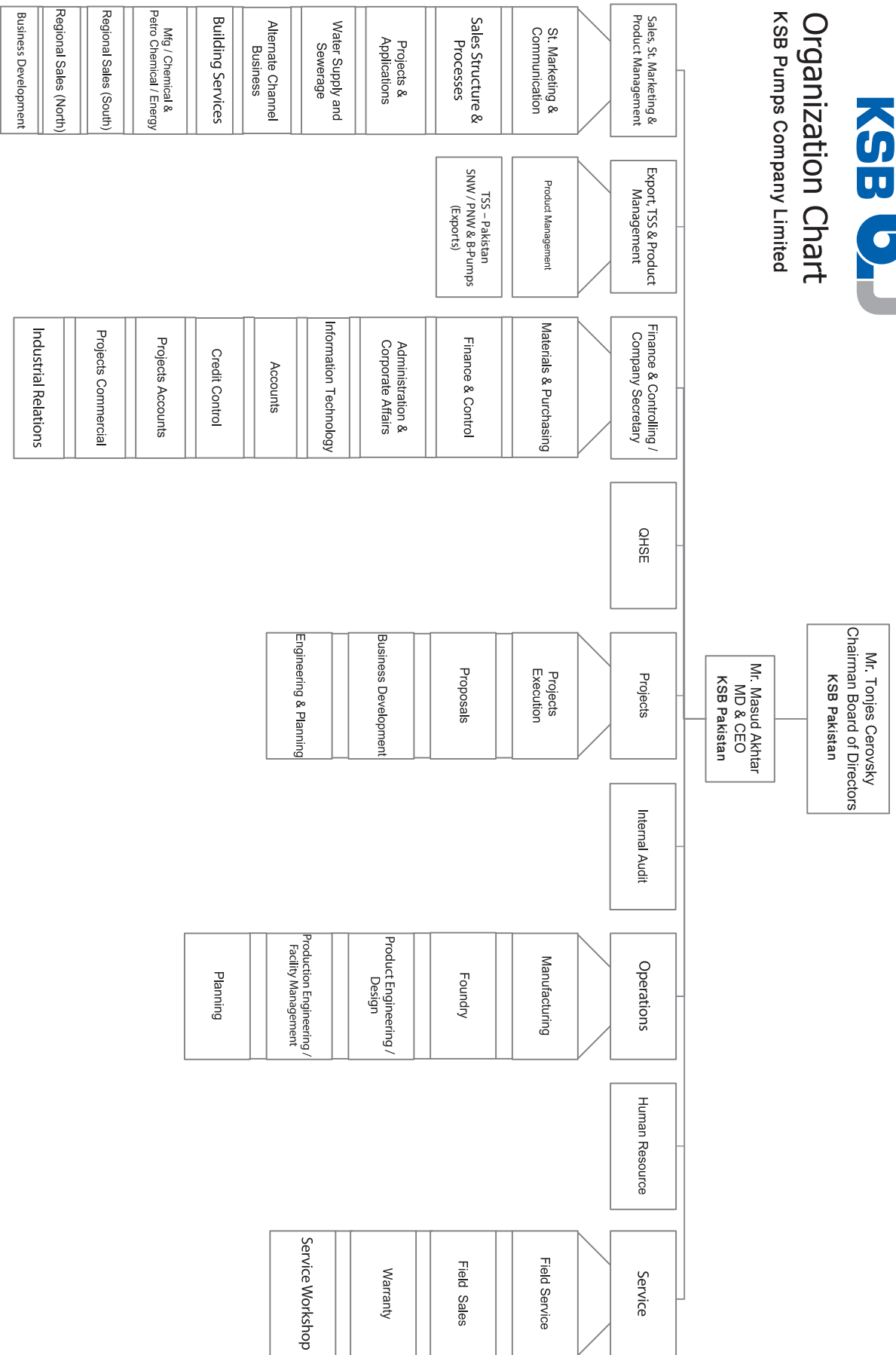
None of the Directors of the Company have direct or indirect interest in the above said special business.





Organization Chart

KSB Pumps Company Limited



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, 2016 together with Auditor's report thereon.

THE ECONOMY

Global Economy

After a subdued performance in year 2016, some improvement in the global economic activity is anticipated in year 2017. Outlook for advanced economies is positive with upward growth forecast of America, based on assumptions related to change in policies under new government. However, in parallel the Trump administration has raised "America First" slogan which might bring about contrary results. Economic activity in emerging markets and developing economies would remain weaker in year 2017. Although China shows better than expected growth prospects but other economies like, Brazil, Turkey and India exhibit slower progress which may affect overall EMDEs results. In Middle East region, low oil production by Saudi Arabia as per OPEC production cut combined with on-going conflicts in the region is likely to have unfavourable effect on economic activity. In the light of the current situation, the global growth rate projection for the year 2017 is 3.4 percent.

Pakistan's Economy

Pakistan's economy is expected to further strengthen in FY 2017 with a target GDP of more than 5% mainly driven by growth projections in two bigger sectors, Agriculture and Industry. Although Large Scale manufacturing remains slow, however, other sectors are expected to perform better. On positive side, energy situation has improved and efforts are being made to swiftly complete the energy projects. Work on CPEC related projects has been initiated with positive progress so far, however the real impact would be realised from year 2018 onwards. Consequent to effective operation by law enforcement agencies in various parts of the country, security and law & order condition has improved, although threat could not be eliminated. The recent wave of terrorism might prove an impediment to the projected growth. Among some other downside risks are falling inward remittances & exports, widening current account gap & fiscal deficit, and rising oil prices in line with recent OPEC agreement. Inflation, too, shows upward trend however overall figure is expected to remain within target.

In short, overall economic outlook of Pakistan for FY 2017 is positive, provided the risks including security issues and political instability are alleviated.

THE COMPANY

Financial Results

KSB Pakistan has achieved outstanding business growth in year 2016. The comparison against last year 2015 is as follows:

Rupees in '000'

	2016	2015
Sales	4,950,602	4,007,244
Gross profit	1,047,762	907,592
Profit before tax	509,489	368,678
Profit/(Loss) for the year	377,696	277,366
Earnings per share (EPS)	28.61	21.01

The turnover of the company has shown a healthy growth of 24%. Gross profit has exceeded 1 billion mark, 15% growth over last year. Profit before tax has reached another milestone of half a billion rupees with a significant growth of 38% as compared to the year ended December 31, 2015. Resultantly, the company has achieved 36% growth in profit after tax, earnings per share reflecting the same trend.

Sales

In year 2016, positive numbers have been posted in all key segments, Water & Industry being the top performing segments. After moderate progress in year 2015, significant growth has been recorded in business from the public sector. Our diversification and business expansion strategy remains successful so far and newly launched products in fire & API pumps have been able to gain good market response. Moreover, KSB Pakistan has secured high-tech business of water treatment through reverse osmosis (RO) plants in Industry and Energy sectors. In addition to this, key projects of reverse osmosis plants in fertilizer and food sectors have also proved a fruitful addition to our product portfolio.



Projects

2016 remained another very successful year for turnkey and water treatment business while adding solar based water filtration in the portfolio. Maintaining its role as a major player in this field in Punjab, KSB Pakistan has secured few key water filtration projects. We have successfully and timely executed the 1st phase of Saaf Pani, a breakthrough project of Engineering, Procurement and Construction (EPC) for installation of solar based UF & RO filtration plants, thus giving a boost to revenue which turned out to be the highest-ever numbers achieved by Projects Division.

Swift and impeccable completion of Phase-1 of Saaf Pani Project, has enabled us fetch additional order from the client. This phase-2 is expected to be completed in the current year 2017.

KSB Pakistan led consortium has also won another EPC project of Karachi Water & Sewerage Board (KW&SB) for construction of a pump station of 100 MGD capacity at Dhabeji near Karachi. This project would be one of the major contributors to the revenue in years 2017 & 2018.

Production

KSB Pakistan production upholds its legacy of excellence in operations. We have surpassed our target of highest turnover in year 2016. KSB production has successfully developed and produced new ETN and RPH pumps in accordance with plan from Product Management. Following continuous improvement strategy we constantly refine our key processes, including product lead times through inventory optimization & standardization, on-time delivery & machine set-up and process time to ensure enhanced productivity and efficiency. Plant and operations performance have been further augmented with implementation of DMAIC. In order to comply with the cost saving program, a new avenue of retrofitting of old machines have been opened. In this connection, the control of the oldest CNC machine was successfully retrofitted, saving the cost of new machine.



Foundry

KSB Pakistan Foundry has successfully developed 64 new patterns for RPH, Global ETN, B18B, X model Honda Brake Discs & Brake drum, leading to a brighter future into the automotive industry and international market. Mass production of Front discs for the new model of Honda Civic started from July-16 onwards.

Foundry along with Product Engineering and Machine Shop took initiative for In-house digital manufacturing of patterns leading to improved quality, efficiency and cost effectiveness. New pattern of Steering knuckle for Toyota Corolla was successfully developed through this technique. To strengthen the processes and boost the productivity as well as product quality, new shot blast machine and automatic core shooter have been successfully installed and commissioned.

With future prospects in view and to cater to the increasing market demand, KSB Pakistan has taken a visionary initiative to modernize and expand foundry operations. In this context, up-gradation of existing foundry is in progress and procurement of High Pressure moulding line and Sand Plant is under way. The project is expected to finish by end of year 2017.



Quality, Environment, Occupational Health and Safety

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

KSB provides world class products and excellent service to its customers. 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). We aim to make our plants safer, and our operations more energy efficient and cost effective to ultimately satisfy our valued customers with quality products and excellent services.

KSB Pakistan has won 13th Annual Environment Excellence Award, being sixth consecutive award in appreciation of KSB Pakistan's compliance to environment friendly policies. This award is initiated by National Forum for Environment & Health and is designed to recognize and promote organizations which are making outstanding contributions towards Health, Safety and environment sustainability and development based on strict criteria as per national/ international standards.



KSB Pumps Pakistan received the 13th Annual Environment Excellence Award 2016 from NFEH

Service

KSB Pakistan Service has recorded excellent business growth in business in year 2016, with orders from Karachi Water & Sewage Board and WASA being major contributors. KSB Service was able to achieve high growth in business with same resources thus reaching the assigned target of improved efficiency program.



Newly constructed Service facility handled more jobs with improved efficiency as compared to previous year. Having foreseen potential business in market, we are planning to set up a mechanical seals reconditioning and repair facility.

Human Resource

Building upon KSB Vision, Values, and the initiatives of last few years, 2016 remained focused on employee engagement, well-being & talent development for current and future business needs. One of such initiatives was Hepatitis screening of all employees, in order to create awareness among employees and to guard them against the disease. Enriched with our own examples and context, tailor-made in-house trainings were arranged to enable develop work specific skills in employees. The company invested in more than 390 training days (national and international) in the year 2016.

Business Review Meeting for the year 2016 provided opportunity to all employees in Management staff not only to engage with one another but also to visit the state-of-the-art production facility at Hassanabdal which was also a life time experience for a few of very senior colleagues. Other events like Cricket tournaments, Bowling, and Hiking etc. continued to promote cross-functional & cross-departmental teamwork. HR Services have been re-structured for better resource utilization, controls and to add value to the process. Benchmarking and up-gradation of Compensation & Benefits structure continues, with an aim to make KSB Pakistan an Employer of Choice. Talent pipelines have been strengthened to make sure that current and future staffing needs of the company are swiftly met.

HR continues to drive Strategy into Action (SIA) platform for aligning departmental contributions to Company performance, but with a more detailed view of building strong ownership and belongingness among the employees at all levels.



SIA Session 2017

We are determined to carry the same passion and energy throughout 2017 to be an engaged and forward looking team, more than capable to meet both current and future business challenges.

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 balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

Capital Risk Management

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

Corporate Social Responsibility - KSB CARE

The existence of a business entirely depends on the society in which it operates. In return the business owes a debt of gratitude to the society. Corporate Social Responsibility is expression of such gratitude by helping the society in some of its pressing needs.

Our Corporate Social Responsibility (CSR) program works under the banner of KSB Care. KSB has been supporting the educational institutions in rural areas around its production facility at Hassanabdal. During the year 2016, the Company provided assistance for rehabilitation of infrastructure, construction of class rooms, and arrangement of furniture & fixtures and drinking water for schools.



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

KSB has also been offering internships, apprenticeships, training opportunities, educational visits and study projects to students.

Under KSB Care scholarship program, KSB awards merit based scholarships to the brilliant students of various schools and colleges situated in the vicinity of its works at Hassanabdal.

315 high achievers were awarded scholarships during year 2016.

In addition, donations were also made to hospitals and welfare institutions.

FUTURE OUTLOOK

Sales

Based on current business environment, order intake is expected to expand in both standard and high-end engineered market for Industry, Energy, Building Service and Water & Waste Water. Public sector also offers further healthy business opportunities, due to government's focus on infrastructure and energy projects. Healthy growth in newly established business line of Reverse Osmosis/Sewerage Treatment Plants is foreseen in coming years, especially in Energy Sector. We successfully continue to have effective communication with our existing and potential customers through various marketing activities like social media campaigns and active dialogue.

Projects

Business outlook for the year 2017 remains optimistic including repeat orders from the existing clientele. Order intake growth projections are based on numerous business opportunities in Punjab, KPK, and Sindh

e.g. various packets of SAAF PAANI Project in Punjab, WASA Lahore SCADA & filtration projects, Punjab PHED filtration projects, CDWA-KPK, and MSDP Jacobabad pump station. Moreover, Karachi Water & Sewage Board offers promising prospects for EPC/turnkey business in the field of conventional pumping which is being actively followed by a joint team of Projects and Sales.

Current focus is to complete the projects in hand like Clifton Pumping Station, NSUSC pipeline, etc. with optimization of resources thus improving operational and strategic agility.

KSB Projects continues its endeavour for necessary enlistments and pre-qualifications for upcoming projects with the view to expand our customer base.





Service

KSB Pakistan Service has started 2017 with a healthy orders in hand. Concentrated efforts shall be made to secure more business from high-end market and service projects.

2016 has been a year of “Partner Agreements” where agreements were signed with partners both in North and South, whereas agreement for Center is in process. Further efforts shall be made to expand our market accessibility through partners thus having diversity and reducing dependency on bigger clientele especially public sector.

We are resolute to continue endeavours to ensure sustainable growth, partnership relationship with our valued customers and to make 2017 another prosperous year for KSB Pakistan Service with the ultimate goal to attain a level of “One Window Solution Provider” in pump service segment.

APPROPRIATION

RESULT FOR THE YEAR

	Rupees '000'
Profit for the year before providing for taxation	509,489
Provision for taxation	(131,793)
Profit after taxation	377,696
Other comprehensive income/(loss) for the year - Net of Tax	(2,330)
Un-appropriated profit brought forward	251
Available for appropriation	375,617
Appropriated as under	
- Transfer to general reserve	263,000
- Proposed dividend @ Rs. 8.50 per share	112,200
	375,200
Un appropriated profit carried forward	417



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, 2017.

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, 2016 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 Aktiengesellschaft, 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.



BOARD OF DIRECTORS MEETING

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

S. No.	Name of Director	No. of Meetings A t t e n d e d
1.	Mr. Tonjes Cerovsky	4
2.	Mr. M. Masud Akhtar	4
3.	Mr. Sajid Mahmood Awan	4
4.	Dr. Matthias Beth	3
5	Ms. Rahat Kaunain Hassan	2
6.	Mr. Hasan Aziz Bilgrami	2
7.	Mr. Jamal Nasim	4
8.	Syed Hyder Ali	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 four 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 A t t e n d e d
1.	Mr. Jamal Nasim	- Chairman	Non-Executive Director	4
2.	Mr. Hasan Aziz Bilgrami	- Member	Non-Executive Director	2
3.	Dr. Matthias Beth	- Member	Non-Executive Director	3
4.	Syed Hyder Ali	- 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.	Ms. Rahat Kaunain Hassan	-	Chairperson	-
2.	Syed Hyder Ali	-	Member	1
3.	Mr. Mohammad Masud Akhtar	-	Member	1

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 Ordinance, 1984. 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 based on respective audited accounts of funds are as follows:
 1. Provident Fund 31.12.2015 : Rs. 81.00 Million.
 2. Gratuity Fund 31.12.2015 : Rs. 49.50 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, 2016 is annexed with the report.

PERFORMANCE REVIEW OF CHIEF EXECUTIVE OFFICER

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

ACKNOWLEDGEMENT

The Directors take this opportunity to express gratitude and thank the respected customers, shareholders, bankers, suppliers and dealers of the Company for providing their valuable support throughout the year. They are also thankful for the excellent support and guidance provided by our parent Company, M/s. KSB AG.

The Board also recognises the contribution made by all the employees and thank them for their commitment and hard work in achieving business targets for the year 2016.

On behalf of the Board

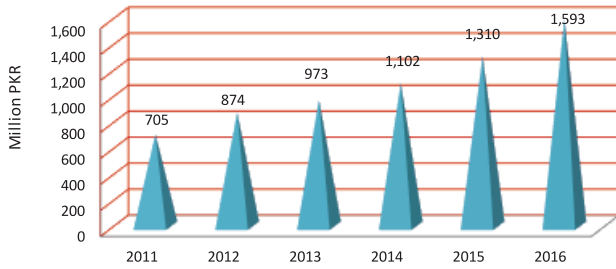


Mohammad Masud Akhtar
Chief Executive

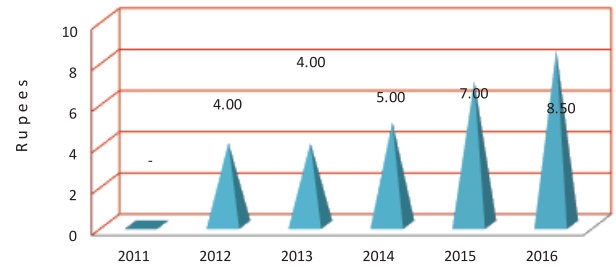
March 21, 2017
Lahore.

Highlights 6 Years

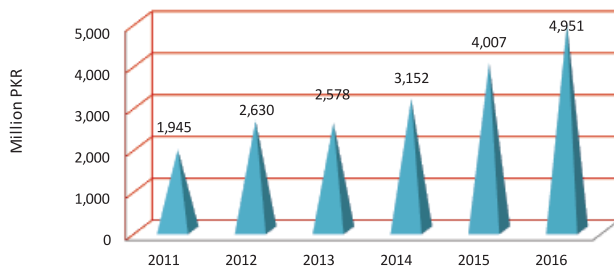
Equity



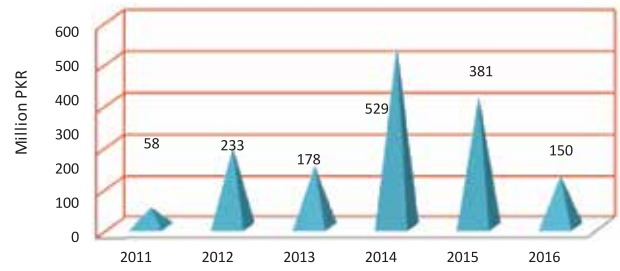
Cash Dividend Per Share



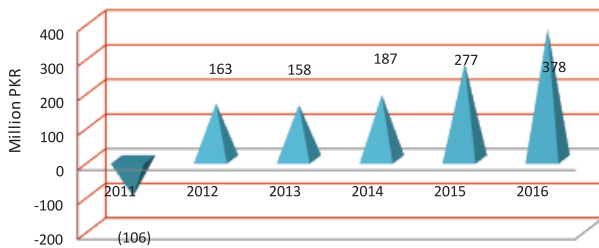
Sales



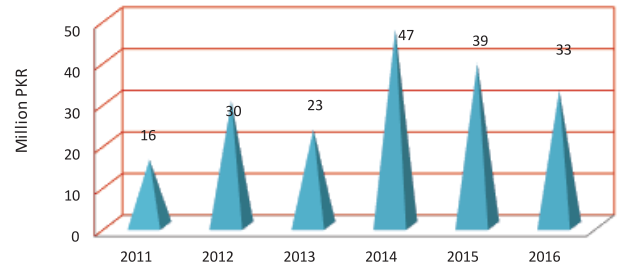
Short Term Finances



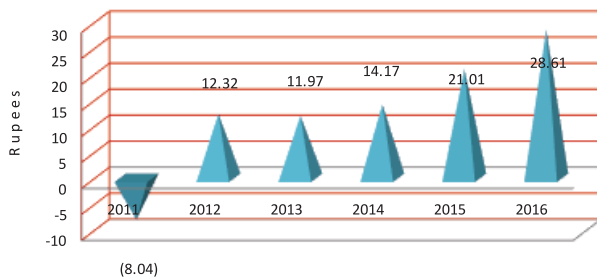
Net Profit/ (Loss)



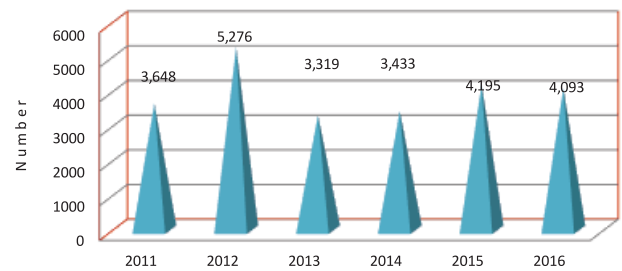
Finance Cost



Earning/ (Loss) Per Share



No. of Pumps produced



Vertical Analysis

	2016 Rs. in '000'	%age	2015 Rs. in '000'	%age
Balance Sheet				
Net worth / shareholders equity	1,593,217	43.83%	1,310,250	38.75%
Non current liabilities	137,703	3.79%	83,728	2.48%
Short term running finances/bank borrowings	150,059	4.13%	381,372	11.28%
Creditors, accrued and other liabilities	1,753,672	48.25%	1,605,920	47.49%
Total liabilities and equity	3,634,651	100.00%	3,381,271	100.00%
Fixed Assets	486,675	13.39%	417,795	12.36%
Long Term Loans and Deposits	16,508	0.45%	15,188	0.45%
Deferred Taxation	-	0.00%	-	0.00%
Current Assets	3,131,467	86.16%	2,948,287	87.19%
Total Assets	3,634,651	100.00%	3,381,271	100.00%
Profit and Loss Account				
Sales	4,950,602	100.00%	4,007,244	100.00%
Cost of sales	(3,902,841)	-78.84%	(3,099,652)	-77.35%
Gross Profit / (Loss)	1,047,762	21.16%	907,592	22.65%
Distribution and marketing costs	(310,023)	-6.26%	(328,342)	-8.19%
Administrative expenses	(225,841)	-4.56%	(188,149)	-4.70%
Other operating expenses	(38,852)	-0.78%	(36,911)	-0.92%
Other operating income	69,061	1.40%	53,644	1.34%
Operating Profit / (Loss)	542,106	10.95%	407,834	10.18%
Finance Cost	(32,617)	-0.66%	(39,156)	-0.98%
Profit / (Loss) before tax	509,489	10.29%	368,678	9.20%
Taxation	(131,793)	-2.66%	(91,312)	-2.28%
Profit / (Loss) for the year	377,696	7.63%	277,366	6.92%

2014 Rs. in '000'	%age	2013 Rs. in '000'	%age	2012 Rs. in '000'	%age	2011 Rs. in '000'	%age
1,101,515	37.89%	973,149	41.86%	874,364	38.58%	705,463	35.33%
79,193	2.72%	43,860	1.89%	24,825	1.10%	33,163	1.66%
529,272	18.20%	177,841	7.65%	233,370	10.30%	57,791	2.89%
1,197,407	41.18%	1,129,858	48.60%	1,133,858	50.03%	1,200,382	60.12%
<u>2,907,387</u>	<u>100.00%</u>	<u>2,324,707</u>	<u>100.00%</u>	<u>2,266,417</u>	<u>100.00%</u>	<u>1,996,799</u>	<u>100.00%</u>
364,296	12.53%	306,942	13.20%	311,014	13.72%	316,471	15.85%
12,463	0.43%	15,645	0.67%	10,552	0.47%	12,946	0.65%
-	0.00%	14,734	0.63%	23,022	1.02%	35,465	1.78%
2,530,628	87.04%	1,987,387	85.49%	1,921,828	84.80%	1,631,917	81.73%
<u>2,907,387</u>	<u>100.00%</u>	<u>2,324,707</u>	<u>100.00%</u>	<u>2,266,417</u>	<u>100.00%</u>	<u>1,996,799</u>	<u>100.00%</u>
3,152,062	100.00%	2,577,686	100.00%	2,630,402	100.00%	1,944,764	100.00%
(2,454,451)	-77.87%	(1,982,697)	-76.92%	(2,087,813)	-79.37%	(1,628,144)	-83.72%
697,611	22.13%	594,990	23.08%	542,589	20.63%	316,621	16.28%
(243,578)	-7.73%	(223,911)	-8.69%	(222,183)	-8.45%	(180,096)	-9.26%
(184,984)	-5.87%	(168,678)	-6.54%	(133,479)	-5.07%	(119,023)	-6.12%
(29,673)	-0.94%	(33,886)	-1.31%	(22,952)	-0.87%	(199,706)	-10.27%
60,158	1.91%	55,721	2.16%	68,089	2.59%	42,319	2.18%
299,535	9.50%	224,236	8.70%	232,063	8.82%	(139,886)	-7.19%
(47,435)	-1.50%	(23,274)	-0.90%	(30,405)	-1.16%	(16,235)	-0.83%
252,099	8.00%	200,962	7.80%	201,658	7.67%	(156,121)	-8.03%
(65,110)	-2.07%	(42,951)	-1.67%	(39,094)	-1.49%	50,000	2.57%
<u>186,989</u>	<u>5.93%</u>	<u>158,011</u>	<u>6.13%</u>	<u>162,564</u>	<u>6.18%</u>	<u>(106,121)</u>	<u>-5.46%</u>

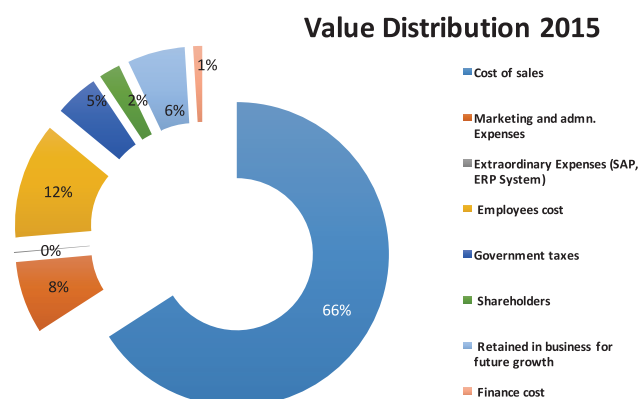
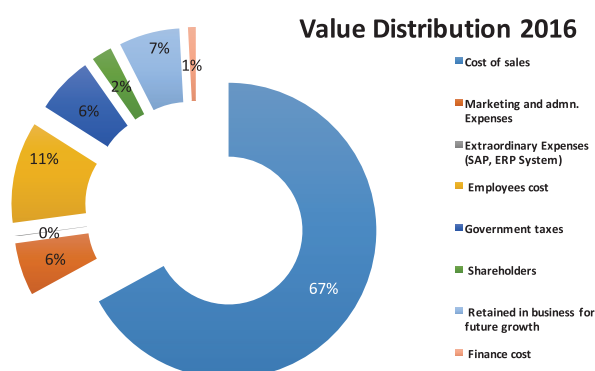
Horizontal Analysis

	2016	2015	Change	2015	2014	Change	2014
	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000
Balance Sheet							
Net worth / shareholders equity	1,593,217	1,310,250	21.60%	1,310,250	1,101,515	18.95%	1,101,515
Non current liabilities	137,703	83,728	64.46%	83,728	79,193	5.73%	79,193
Short term running finances/bank borrowings	150,059	381,372	-60.65%	381,372	529,272	-27.94%	529,272
Creditors, accrued and other liabilities	1,753,672	1,605,920	9.20%	1,605,920	1,197,407	34.12%	1,197,407
Total liabilities and equity	3,634,651	3,381,271	7.49%	3,381,271	2,907,387	16.30%	2,907,387
Fixed Assets	486,675	417,795	16.49%	417,795	364,296	14.69%	364,296
Long Term Loans and Deposits	16,508	15,188	8.69%	15,188	12,463	21.87%	12,463
Deferred Taxation	-	-	0%	-	-	0%	-
Current Assets	3,131,467	2,948,287	6.21%	2,948,287	2,530,628	16.50%	2,530,628
Total Assets	3,634,651	3,381,271	7.49%	3,381,271	2,907,387	16.30%	2,907,387
Profit and Loss Account							
Sales	4,950,602	4,007,244	23.54%	4,007,244	3,152,062	27.13%	3,152,062
Cost of sales	(3,902,841)	(3,099,652)	25.91%	(3,099,652)	(2,454,451)	26.29%	(2,454,451)
Gross Profit / (Loss)	1,047,762	907,592	15.44%	907,592	697,611	30.10%	697,611
Distribution and marketing costs	(310,023)	(328,342)	-5.58%	(328,342)	(243,578)	34.80%	(243,578)
Administrative expenses	(225,841)	(188,149)	20.03%	(188,149)	(184,984)	1.71%	(184,984)
Other operating expenses	(38,852)	(36,911)	5.26%	(36,911)	(29,673)	24.39%	(29,673)
Other operating income	69,061	53,644	28.74%	53,644	60,158	-10.83%	60,158
Operating Profit / (Loss)	542,106	407,834	32.92%	407,834	299,535	36.16%	299,535
Finance Cost	(32,617)	(39,156)	-16.70%	(39,156)	(47,435)	-17.45%	(47,435)
Profit / (Loss) before tax	509,489	368,678	38.19%	368,678	252,099	46.24%	252,099
Taxation	(131,793)	(91,312)	44.33%	(91,312)	(65,110)	40.24%	(65,110)
Profit / (Loss) for the year	377,696	277,366	36.17%	277,366	186,989	48.33%	186,989

2013	Change	2013	2012	Change	2012	2011	Change	2011	2010	Change
Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%
973,149	13.19%	973,149	874,364	11.30%	874,364	705,463	23.94%	705,463	826,600	-14.83%
43,860	80.56%	43,860	24,825	76.67%	24,825	33,163	-25.14%	33,163	63,843	-44.48%
177,841	197.61%	177,841	233,370	-23.79%	233,370	57,791	303.82%	57,791	164,927	-64.96%
1,129,858	5.98%	1,129,858	1,133,858	-0.35%	1,133,858	1,200,382	-5.54%	1,200,382	753,738	59.26%
2,324,707	25.06%	2,324,707	2,266,417	2.57%	2,266,417	1,996,799	13.50%	1,996,799	1,809,108	10.42%
306,942	18.69%	306,942	311,014	-1.31%	311,014	316,471	-1.72%	316,471	313,502	0.95%
15,645	-20.34%	15,645	10,552	48.26%	10,552	12,946	-18.49%	12,946	11,685	10.79%
14,734	-100.00%	14,734	23,022	-36.00%	23,022	35,465	-35.08%	35,465	-	-
1,987,387	27.33%	1,987,387	1,921,828	3.41%	1,921,828	1,631,917	17.77%	1,631,917	1,483,920	9.94%
2,324,707	25.06%	2,324,707	2,266,417	2.57%	2,266,417	1,996,799	13.50%	1,996,799	1,809,108	10.42%
2,577,686	22.28%	2,577,686	2,630,402	-2.00%	2,630,402	1,944,764	35.26%	1,944,764	2,047,989	-5.04%
(1,982,697)	23.79%	(1,982,697)	(2,087,813)	-5.03%	(2,087,813)	(1,628,144)	28.23%	(1,628,144)	(1,564,429)	3.29%
594,990	17.25%	594,990	542,589	9.66%	542,589	316,621	71.37%	316,621	483,560	-34.52%
(223,911)	8.78%	(223,911)	(222,183)	0.78%	(222,183)	(180,096)	23.37%	(180,096)	(214,023)	-15.85%
(168,678)	9.67%	(168,678)	(133,479)	26.37%	(133,479)	(119,023)	12.15%	(119,023)	(128,520)	-7.39%
(33,886)	-12.43%	(33,886)	(22,952)	47.63%	(22,952)	(199,706)	-88.51%	(199,706)	(13,387)	1391.82%
55,721	7.96%	55,721	68,089	-18.16%	68,089	42,319	60.89%	42,319	42,867	-1.28%
224,236	33.58%	224,236	232,063	-3.37%	232,063	(139,886)	265.89%	(139,886)	170,498	-182.05%
(23,274)	103.81%	(23,274)	(30,405)	-23.45%	(30,405)	(16,235)	87.28%	(16,235)	(17,248)	-5.87%
200,962	25.45%	200,962	201,658	-0.35%	201,658	(156,121)	229.17%	(156,121)	153,251	-201.87%
(42,951)	51.59%	(42,951)	(39,094)	9.87%	(39,094)	50,000	178.19%	50,000	(53,471)	-193.51%
158,011	18.34%	158,011	162,564	-2.80%	162,564	(106,121)	253.19%	(106,121)	99,779	-206.36%

Statement of Value Addition

	2016 Rs. in '000'	%age	2015 Rs. in '000'	%age
Value Addition				
Net sales	4,950,602	98.62	4,007,244	98.68
Other income	69,061	1.38	53,644	1.32
	<u>5,019,664</u>	<u>100.00</u>	<u>4,060,888</u>	<u>100.00</u>
Value Distribution				
Cost of sales (excluding employees' cost & Depreciation/Amortization)	3,365,334	67.04	2,675,479	65.88
Marketing, admin. & other expenses (excluding employees' cost, Depreciation, & Extraordinary Expenses)	290,433	5.79	311,931	7.68
Extraordinary Expenses (SAP, ERP System)	3,560	0.07	4,221	0.10
Employees cost				
- Salaries, wages, amenities and staff welfare	533,065	10.62	481,681	11.86
- Workers' profit participation fund	24,288	0.48	18,720	0.46
	557,353	11.10	500,402	12.32
Government				
- Taxes & Duties	314,831	6.27	181,177	4.46
- Workers' welfare fund	9,525	0.19	7,455	0.18
	324,356	6.46	188,632	4.65
Shareholders				
- Dividend	112,200	2.24	92,400	2.28
- Bonus shares	-	0.00	-	0.00
	112,200	2.24	92,400	2.28
Retained in business for future growth				
- Depreciation & Amortization	68,315	1.36	63,702	1.57
- Retained profit	265,496	5.29	184,966	4.55
	333,811	6.65	248,667	6.12
Finance cost	32,617	0.65	39,156	0.96
	<u>5,019,664</u>	<u>100.00</u>	<u>4,060,888</u>	<u>100.00</u>



Key Financial Data for 6 Years

	Rupees in '000'					
	2016	2015	2014	2013	2012	2011
Balance sheet						
Paid up capital	132,000	132,000	132,000	132,000	132,000	132,000
Reserves	1,461,217	1,178,250	969,515	841,149	742,364	573,463
Net worth / shareholders equity	1,593,217	1,310,250	1,101,515	973,149	874,364	705,463
Non current liabilities	137,703	83,728	79,193	43,860	24,825	33,163
Short term running finances/ bank borrowings	150,059	381,372	529,272	177,841	233,370	57,791
Creditors, accrued & other liabilities	1,753,672	1,605,920	1,197,407	1,129,858	1,133,858	1,200,382
Current liabilities	1,903,731	1,987,292	1,726,680	1,307,699	1,367,228	1,258,173
Total liabilities	2,041,434	2,071,021	1,805,873	1,351,559	1,392,053	1,291,336
Total Liabilities & Equity	3,634,651	3,381,271	2,907,387	2,324,707	2,266,417	1,996,799
Fixed assets	486,675	417,795	364,296	306,942	311,014	316,471
Long term loans and deposits	16,508	15,188	12,463	15,645	10,552	12,946
Deferred taxation	-	-	-	14,734	23,022	35,465
Current assets	3,131,467	2,948,287	2,530,628	1,987,387	1,921,828	1,631,917
Total assets	3,634,651	3,381,271	2,907,387	2,324,707	2,266,417	1,996,799
Inventory	886,432	767,402	538,350	505,291	638,231	436,319
Debtors	1,557,229	1,437,371	1,216,728	1,037,397	920,735	866,753
Trade and other payables	1,681,134	1,542,692	1,130,307	1,077,216	1,086,064	1,173,173
Material consumption	2,652,496	1,896,068	1,348,153	1,246,883	1,401,889	1,053,942
Profit and loss						
Sales	4,950,602	4,007,244	3,152,062	2,577,686	2,630,402	1,944,764
Cost of goods sold	(3,902,841)	(3,099,652)	(2,454,451)	(1,982,697)	(2,087,813)	(1,628,144)
Gross Profit	1,047,762	907,592	697,611	594,990	542,589	316,621
Distribution and marketing cost	(310,023)	(328,342)	(243,578)	(223,911)	(222,183)	(180,096)
Administrative expenses	(225,841)	(188,149)	(184,984)	(168,678)	(133,479)	(119,023)
Other operating expenses	(38,852)	(36,911)	(29,673)	(33,886)	(22,952)	(199,706)
Other operating income	69,061	53,644	60,158	55,721	68,089	42,319
Operating Profit	542,106	407,834	299,535	224,236	232,063	(139,886)
Finance Cost	(32,617)	(39,156)	(47,435)	(23,274)	(30,405)	(16,235)
Profit before tax	509,489	368,678	252,099	200,962	201,658	(156,121)
Taxation	(131,793)	(91,312)	(65,110)	(42,951)	(39,094)	50,000
Net Profit	377,696	277,366	186,989	158,011	162,564	(106,121)

Key Performance Indicators

	2016	2015	2014	2013	2012	2011
Gross Margin	21.16	22.65	22.13	23.08	20.63	16.28
Net profit to Sales	7.63	6.92	5.93	6.13	6.18	(5.46)
Return on equity	23.71	21.17	16.98	16.24	18.59	-15.04
Return on capital employed	31.32	29.26	25.37	22.05	25.81	-18.94
Return on assets	10.39	8.20	6.43	6.80	7.17	-5.31
EBITDA	610,421	471,536	359,488	272,393	278,709	(95,604)
EBITDA margin	12.33	11.77	11.40	10.57	10.60	-4.92
Inventory turnover ratio	2.99	2.47	2.50	2.47	2.20	2.42
Inventory turnover in number of days	122	148	146	148	166	151
Debtor Turnover ratio	3.18	2.79	2.59	2.48	2.86	2.24
Collection period (Days)	115	131	141	147	128	163
Creditor turnover	2.32	2.01	2.17	1.84	1.92	1.39
Credit turnover in number of days	157	182	168	198	190	263
Operating cycle	80	97	119	97	104	51
Total assets turnover ratio	1.36	1.19	1.08	1.11	1.16	0.97
Fixed assets turnover ratio	10.17	9.59	8.65	8.40	8.46	6.15
Price earning ratio	14.27	12.16	10.81	7.55	5.28	(3.02)
Cash dividend per share	8.50	7.00	5.00	4.00	4.00	-
Dividend yield ratio	0.02	0.03	0.03	0.04	0.06	-
Dividend pay out ratio	0.30	0.33	0.35	0.33	0.32	-
Dividend cover ratio	3.37	3.00	2.83	2.99	3.08	-
Earnings Per Share	28.61	21.01	14.17	11.97	12.32	(8.04)
Number of Shares	13,200	13,200	13,200	13,200	13,200	13,200
Debt Equity Ratio	1.28 : 1	1.58 : 1	1.64 : 1	1.39 : 1	1.59 : 1	1.83 : 1
Interest Cover ratio	16.62	10.42	6.31	9.63	7.63	(8.62)
Current Ratio	1.64	1.48	1.47	1.52	1.41	1.30
Acid test ratio	1.18	1.10	1.15	1.13	0.94	0.95
Break up value per share	120.70	99.26	83.45	73.72	66.24	53.44
Market Value of shares - year end	408.25	255.47	153.14	90.35	65.00	24.31
Market Value of shares - high	409.41	264.90	172.44	98.00	73.18	62.11
Market Value of shares - low	192.19	127.58	73.20	59.85	22.83	24.30
Summary of cash flow statement						
Operating activities	493,411	142,454	103,678	156,234	(130,902)	74,079
Investing activities	(136,170)	(112,687)	(115,213)	(46,162)	(38,549)	(43,347)
Financing Activities	(49,101)	(65,395)	(52,392)	(52,589)	(8)	(16,443)
Cash and cash equivalent- closing balance	308,140	(198,868)	(163,239)	(99,313)	(156,796)	12,663

Pattern of Shareholding

as at December 31, 2016

Number of Shareholders		Shareholding		Total Shares Held
328	1	to	100	9,661
194	101	to	500	54,272
226	501	to	1000	140,119
145	1001	to	5000	349,433
28	5001	to	10000	210,553
11	10001	to	15000	145,250
6	15001	to	20000	111,073
2	20001	to	25000	49,000
1	25001	to	30000	28,200
3	30001	to	35000	99,203
1	40001	to	45000	41,500
2	65001	to	70000	135,400
1	75001	to	80000	78,400
1	85001	to	90000	89,900
1	90001	to	95000	95,000
3	95001	to	100000	299,500
1	130001	to	135000	132,000
1	135001	to	140000	137,288
2	140001	to	145000	285,363
1	200001	to	205000	200,300
1	270001	to	275000	272,373
1	295001	to	300000	300,000
1	330001	to	335000	331,178
1	650001	to	655000	654,400
1	1175001	to	1180000	1,177,659
1	7770001	to	7775000	7,772,975
964				13,200,000

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Associated Companies	1	7,772,975	58.89
Modarabas & Mutual Funds	7	255,900	1.94
Insurance Companies	1	272,373	2.06
Directors, CEO, their spouse & minor children	-	-	-
Trustee National Investment (UNIT) Trust	1	1,177,659	8.92
Investment Corporation of Pakistan	-	-	-
Banks Development Financial Institutions, NBFI, Joint Stock Companies	17	854,219	6.47
General Public	923	2,521,266	19.10
Others:			
- Trustees Mohammed Amin Wakf Estate - 31,703	14	345,608	2.62
- Trustees NBP Employees Benevolent Fund - 4,817			
- Trustees NBP Employees Pension Fund - 137,288			
- Trustees Engro Corporation Ltd. P.Fund - 10,000			
- Akhuwat - 3,000			
- Trustee Thall Ltd. Employees Retirement Benefit Fund - 200			
- Trustee Thall Ltd. Employees Provident Fund - 3,000			
- Trustees Maple Leaf Cement Factory Ltd. Employees Provident Fund - 3,400			
- Trustee The Kot Addu Power Company Ltd. Employees Provident Fund - 1,600			
- M/s. Prudential Discount & Guarantee House Ltd. - 2,000			
- M/s. NCC-Pre Settlement Delivery A/c. - 1,000			
- CDC Meezan Tahafuz Pension Fund Equity Sub Fund - 141,500			
- CDC Trustee Pakistan Islamic Pension Fund Equity Sub Fund - 3,000			
- CDC Trustee Pakistan Pension Fund Equity Sub Fund - 3,100			
Total	964	13,200,000	100.00

Information as required under the Code of Corporate Governance

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies, Undertakings and Related Parties		
KSB AG, Germany.	1	7,772,975
Directors	Nil	Nil
Directors' spouses and minor children	Nil	Nil
CEO's spouse and minor children	Nil	Nil
Executives	Nil	Nil
Public Sector Companies and Corporations	5	928,159
Mutual Funds		
CDC Trustee Nafa Stock Fund	1	6,000
Trustee National Investment (UNIT) Trust	1	1,177,659
CDC Trustee Meezan Islamic Fund	1	89,900
CDC Trustee Al Meezan Mutual Fund	1	65,400
CDC Trustee NAFA Islamic Asset Allocation Fund	1	8,200
CDC Trustee NIT-Equity Market Opportunity Fund	1	2,000
CDC Trustee Meezan Asset Allocation Fund	1	6,000
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modaraba and Joint Stock Companies	17	556,821
General Public	923	2,521,266
(a) Local	923	
(b) Foreign	Nil	
Others	11	65,620
Total	<u>964</u>	<u>13,200,000</u>
Shareholders holding 5% or more voting interest		
KSB AG, Germany	1	7,772,975
National Bank of Pakistan Trustee Deptt. (NIT)	1	1,177,659

Statement of Compliance

with the Code of Corporate Governance for the year ended December 31, 2016

This statement is being presented to comply with the requirements of the Code of Corporate Governance as contained in the listing regulation No. 5.19 of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non executive Directors and minority representation on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Rahat Kaunain Hassan
Executive Directors	Mr. Mohammad Masud Akhtar Mr. Sajid Mahmood Awan
Non-Executive Directors	Mr. Tonjes Cerovsky Dr. Matthias Beth Syed Hyder Ali Mr. Hasan Aziz Bilgrami Mr. Jamal Nasim

The independent Director meet the criteria of independence under clause 5.19.1 of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and to the best of our knowledge none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors during the year.
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a 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.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms & conditions of employment of the CEO and other executive and non-executive directors have been taken by the Board of Directors.
8. All the meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within the statutory period.
9. Seven Directors have already acquired certification under Directors Training Programme, whereas one Director, having the requisite experience on the board of listed companies, is exempt from Directors Training Programme. Company provided information on the Code of Corporate Governance 2012 to foreign Directors and other Directors regarding their duties and responsibilities.
10. The Board approved the remunerations and terms & conditions of employment of CFO, Company Secretary and Head of Internal Audit in terms of Code of Corporate Governance 2012.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of four members, who are non executive Directors including the Chairman of the Committee. There is no independent Director on Audit Committee as required under clause 5.19.16 of the code. The appointment of an independent Director on Audit Committee will be made after forthcoming election of Directors to be held in April, 2017.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, two of them are non-executive Directors and the Chairman of the Committee is an independent Director.
18. The Board has set out 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 and is involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants 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 Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board



Mohammad Masud Akhtar
Chief Executive Officer

March 21, 2017
Lahore.

Review Report to the Members

on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of KSB Pumps Company Limited ("the Company") for the year ended December 31, 2016 to comply with the Listing Regulation No. 5.19 of the Pakistan Stock Exchange, where the Company is listed.

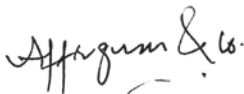
The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.

We draw attention to note 15 of the statement of compliance, which indicates that there is no independent director on audit committee as required under clause 5.19.16 of the Code.



Chartered Accountants

Name of audit engagement partner: Hammad Ali Ahmad

Lahore: March 21, 2017

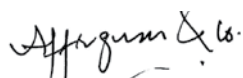
Auditors' Report to the Members

We have audited the annexed balance sheet of KSB Pumps Company Limited as at December 31, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion zakat deductible at source under the Zakat and 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.



Chartered Accountants

Name of engagement partner: Hammad Ali Ahmad

Lahore: March 21, 2017

Balance Sheet

As at December 31, 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 15,000,000 (2015: 15,000,000) ordinary shares of Rs 10 each		150,000,000	150,000,000
Issued, subscribed and paid up capital 13,200,000 (2015: 13,200,000) ordinary shares of Rs 10 each	5	132,000,000	132,000,000
General reserve		1,085,600,000	903,000,000
Unappropriated profit		375,616,863	275,249,987
		1,593,216,863	1,310,249,987
NON CURRENT LIABILITIES			
Long term finances - secured	8	42,689,126	-
Employees' retirement and other benefits	6	67,010,429	63,949,787
Deferred taxation	17	28,003,413	19,778,629
		137,702,968	83,728,416
CURRENT LIABILITIES			
Short term finances - secured	7	150,059,000	381,371,829
Trade and other payables	9	1,681,133,677	1,542,691,928
Provision for other liabilities and charges	10	69,528,149	59,589,778
Accrued finance cost		3,010,056	3,638,738
		1,903,730,882	1,987,292,273
CONTINGENCIES AND COMMITMENTS			
	11	-	-
		3,634,650,713	3,381,270,676

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


Chairman

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	403,730,324	406,778,960
Investment property	13	586,341	799,557
Intangible assets	14	663,149	1,056,484
Capital work in progress	15	81,695,176	9,160,139
Long term loans and deposits	16	16,508,428	15,188,255
		503,183,418	432,983,395
CURRENT ASSETS			
Stores, spares and loose tools		65,326,022	53,812,240
Stock-in-trade	18	821,106,124	713,590,226
Trade debts	19	1,557,228,612	1,437,371,028
Advances, deposits, prepayments and other receivables	20	428,475,445	561,009,735
Cash and bank balances	21	259,331,092	182,504,052
		3,131,467,295	2,948,287,281
		<u>3,634,650,713</u>	<u>3,381,270,676</u>



Chief Executive

Profit and Loss Account

For the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
Sales	22	4,950,602,343	4,007,243,891
Cost of sales	23	(3,902,840,729)	(3,099,652,330)
Gross profit		1,047,761,614	907,591,561
Distribution and marketing expenses	24	(310,023,124)	(328,341,742)
Administration expenses	25	(225,841,324)	(188,148,646)
Other operating expenses	26	(38,851,969)	(36,910,942)
Other operating income	27	69,061,242	53,644,019
Profit from operations		542,106,439	407,834,250
Finance cost	28	(32,617,021)	(39,156,411)
Profit before tax		509,489,418	368,677,839
Taxation	29	(131,792,980)	(91,312,284)
Profit for the year		377,696,438	277,365,555
Earnings per share - basic and diluted	36	28.61	21.01

Appropriations have been reflected in the statement of changes in equity.

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


Chairman


Chief Executive

Statement of Comprehensive Income

For the year ended December 31, 2016

	2016 Rupees	2015 Rupees
Profit for the year	377,696,438	277,365,555
Items that will not be reclassified to profit or loss	-	-
Remeasurement of retirement benefit plans-net of tax	(2,329,562)	(2,630,267)
Items that may be reclassified to profit or loss	-	-
Other comprehensive income for the year- net of tax	(2,329,562)	(2,630,267)
Total comprehensive income for the year	<u>375,366,876</u>	<u>274,735,288</u>

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


Chairman


Chief Executive

Cash Flow Statement

For the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
Cash flows from operating activities			
Cash generated from operations	31	613,805,195	277,577,329
Finance cost paid		(33,245,703)	(47,251,611)
Taxes paid		(65,843,701)	(73,121,703)
Employees' retirement and other benefits paid		(19,984,731)	(12,024,745)
Net decrease in long term loans and deposits		(1,320,173)	(2,725,281)
Net cash from operating activities		493,410,887	142,453,989
Cash flows from investing activities			
Fixed capital expenditure		(151,511,856)	(128,298,420)
Proceeds from sale of property, plant and equipment		15,341,811	15,611,488
Net cash used in investing activities		(136,170,045)	(112,686,932)
Cash flows from financing activities			
Long term loan-secured	8	42,689,126	-
Dividend paid		(91,790,099)	(65,395,460)
Net cash used in financing activities		(49,100,973)	(65,395,460)
Net increase/(decrease) in cash and cash equivalents		308,139,869	(35,628,403)
Cash and cash equivalents at the beginning of the year		(198,867,777)	(163,239,374)
Cash and cash equivalents at the end of the year	32	109,272,092	(198,867,777)

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


Chairman


Chief Executive

Statement of Changes In Equity

For the year ended December 31, 2016

	Share Capital <u>Rupees</u>	General Reserves <u>Rupees</u>	Unappropriated Profit <u>Rupees</u>	Total <u>Rupees</u>
Balance as at January 01, 2015	132,000,000	787,000,000	182,514,699	1,101,514,699
Final dividend for the year ended December 31, 2014 Rs 5 per share	-	-	(66,000,000)	(66,000,000)
Transfer to general reserve	-	116,000,000	(116,000,000)	-
Total comprehensive income for the year	-	-	274,735,288	274,735,288
Balance as at December 31, 2015	<u>132,000,000</u>	<u>903,000,000</u>	<u>275,249,987</u>	<u>1,310,249,987</u>
Final dividend for the year ended December 31, 2015 Rs 7 per share	-	-	(92,400,000)	(92,400,000)
Transfer to general reserve	-	182,600,000	(182,600,000)	-
Total comprehensive income for the year	-	-	375,366,876	375,366,876
Balance as at December 31, 2016	<u><u>132,000,000</u></u>	<u><u>1,085,600,000</u></u>	<u><u>375,616,863</u></u>	<u><u>1,593,216,863</u></u>

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


Chairman


Chief Executive

Notes to the Financial Statements

For the year ended December 31, 2016

1. Legal status and nature of business

KSB Pumps Company Limited (a KSB group company) 'The Company' was incorporated in Pakistan on July 18, 1959 under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the Pakistan Stock Exchange Limited. The Company is a subsidiary of KSB Aktiengesellschaft and principally engaged in the manufacture and sale of industrial pumps, valves, castings and related parts. The registered office of the Company is situated at KSB Building, Sir Agha Khan road, Lahore.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the ordinance). Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of the ordinance. Wherever, the requirements of the ordinance or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the ordinance or the requirements of the said directives take precedence.

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

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to published standards effective in current year

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

Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of these amendments has no material impact on the Company's financial statements.

Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative is applicable on annual periods beginning on or after January 01, 2016. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. The application of these amendments has no material impact on the Company's financial statements.

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, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

IFRS 15 'Revenue from contracts with customers' is effective from accounting periods beginning on or after January 1, 2018. This will replace 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 control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- i) identify contracts with customers
- ii) identify the separate performance obligation

- iii) determine the transaction price of the contract
- iv) allocate the transaction price to each of the separate performance obligations, and
- v) recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- i) Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- ii) Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
- iii) The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at the end of a contract may have to be recognised over the contract term and vice versa.
- iv) Other changes include new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements.
- v) There are changes related to disclosure and presentation.

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates but the Company has not early adopted them. They are not expected to have a material impact on Company's financial statements.

Standards or interpretations:	Effective date (accounting periods beginning on or after)
IAS 7, 'Statement of cash flows' on disclosure initiative	January 1, 2017
IAS 12, 'Income taxes' in relation to recognition of deferred tax assets for unrealized losses	January 1, 2017
IFRS 9, 'Financial Instruments'	January 1, 2018
IFRS 16 - 'Leases'	January 1, 2019
IFRIC 22 - 'Foreign currency transactions and advance consideration'	January 1, 2018

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3. Basis of measurement

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

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) 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 4.2.

b) **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.

c) **Useful life and residual values of property, plant and equipment**

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

d) **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 affect the results of the subsequent periods.

e) **Stock-in-trade**

Stock-in-trade is carried at the lower of cost and net realizable value. The net realizable value is assessed by the Company having regard to the budgeted cost of completion, estimated selling price and knowledge of recent comparable transactions.

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

4. **Significant accounting policies**

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 **Taxation**

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. 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.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits 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 balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.1.1 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

4.2 Employees' retirement and other benefits

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

4.2.1 Defined benefit plans

(a) 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 6.674 million (2015: Rs 10.496 million). The actual returns on plan assets represent the difference between the fair value of plan assets at beginning of the year 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.

Expected rate of increase in salary level	7.00% per annum
Expected rate of return	8.00% per annum
Discount rate	8.00% per annum

Plan assets include long-term Government bonds and equity instruments. Return on Government bonds and debt is at fixed rates, however, due to increased volatility of share prices in recent months, there is no clear indication of return on equity shares therefore it has been assumed that the yield on equity shares would match the return on debt.

The Company is expected to contribute Rs 13.554 million to the gratuity fund for the year ended December 31, 2017.

(b) 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 income currently. The amount recognized in the balance sheet 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:

Expected rate of increase in salary level	7.00% per annum
Discount rate	8.00% per annum

(c) The Company provides for the expected cost of accumulating 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 income currently. The amount recognized in the balance sheet represents the present value of defined benefit obligation. Actuarial gains/losses are recognized immediately under IAS 19 "Employee benefits". Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

Expected rate of increase in salary level	7.00% per annum
Discount rate	8.00% per annum

The latest actuarial valuation of all defined benefit plans was carried out as at December 31, 2016.

4.2.2 Defined contribution plans

The Company operates an approved contributory provident fund for all employees. Equal monthly contributions are made by the Company and employees to the fund in accordance with the fund rules.

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

4.3 Property, plant and equipment

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

Depreciation on property, plant and equipment is charged to profit 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 12.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 balance sheet 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 amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less 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 and 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.

4.4 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the 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 impairment loss.

Amortization is charged to income on the 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 Company assesses at each balance sheet 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 income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Capital work in progress

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

4.6 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 impairment loss.

Depreciation on building is charged to profit 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 4.8% 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 balance sheet 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 and loss account currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

4.7 Operating Leases

4.7.1 The Company is the lessee:

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

4.7.2 The Company is the lessor:

Assets leased out under operating leases are included in investment property as referred to in note 13. They are depreciated over their expected useful lives on the basis consistent with similar owned property, plant and equipment. Rental income under operating leases (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

4.8 Stores, spares and loose tools

Stores and spares 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.

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

4.9 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 estimate.

4.10 Trade debts

Trade Debts are amounts due from customers for merchandise 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 presented as non-current assets.

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term finances.

4.12 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.

4.13 Trade and other payables

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

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

4.14 Provisions

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

4.15 Financial instruments

4.15.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) **Held to maturity**

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

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 and 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. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company’s right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company’s right to receive payments is established.

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.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.15.2 Financial liabilities

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

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

4.16 Offsetting of financial assets and financial liabilities

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

4.17 Foreign currency transactions and translation

Foreign currency transactions are translated into 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 balance sheet date. Foreign exchange gains and losses on translation are recognised in the profit and 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.

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

4.18 Revenue recognition

Revenue from sale of products is recognized on shipment or acceptance of products depending on the instructions of supply. Service revenue is recognized over the contractual period or as and when services are rendered to customers. Contract revenue is recognized in accordance with the policy as referred to in note 4.19.

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

4.19 Construction contracts

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 balance sheet 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.

Gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceeds progress billings are carried in balance sheet as assets and included in trade debts. Gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses) is included in trade and other payables.

	2016 Rupees	2015 Rupees
Revenue from contracts in progress	1,662,303,597	1,127,022,378
Advance for contracts in progress	74,913,714	224,953,713
Rentention money for contracts in progress	247,577,866	59,310,249

4.20 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

5. Issued subscribed and paid up capital

2016 (Number of shares)	2015		2016 (Rupees)	2015
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, 2016, the holding company KSB Aktiengesellschaft, Germany held 7,772,975 (2015: 7,772,975) shares of the Company.

		2016 Rupees	2015 Rupees
6. Employees' retirement and other benefits			
These are composed of:			
Ex-gratia scheme	- note 6.1	26,531,528	26,020,399
Gratuity	- note 6.2	13,893,591	13,588,340
Accumulating compensated absences	- note 6.3	26,585,310	24,341,048
		<u>67,010,429</u>	<u>63,949,787</u>
6.1 Ex-gratia			
Liability as at January 1		26,020,399	24,138,853
Charged to profit and loss account		3,179,765	3,259,609
Remeasurement chargeable in other comprehensive income		(812,946)	1,740,838
Payments made by the company		(1,855,690)	(3,118,901)
Liability as at December 31		<u>26,531,528</u>	<u>26,020,399</u>
6.2 Gratuity			
Present value of defined benefit obligation		129,492,307	117,811,077
Fair value of plan assets		(115,598,716)	(104,222,737)
Liability as at December 31		<u>13,893,591</u>	<u>13,588,340</u>
Liability as at January 1		13,588,340	8,026,610
Charged to profit and loss account		12,691,184	11,294,274
Contribution by the company		(16,586,838)	(8,108,543)
Remeasurement chargeable in other comprehensive income		4,200,905	2,375,999
Liability as at December 31		<u>13,893,591</u>	<u>13,588,340</u>
The movement in the present value of defined benefit obligation is as follows:			
Present value as at January 1		117,811,077	100,608,558
Current service cost		12,214,641	10,877,179
Interest cost		10,068,176	10,198,266
Benefits paid		(11,884,908)	(6,964,428)
Experience loss		1,283,321	3,091,502
Present value as at December 31		<u>129,492,307</u>	<u>117,811,077</u>
The movement in fair value of plan assets is as follows:			
Fair value as at January 1		104,222,737	92,581,948
Expected return on plan assets		9,591,633	9,781,171
Company's contributions		16,586,838	8,108,543
Contribution by the employees		-	-
Benefits paid		(11,884,908)	(6,964,428)
Experience (loss) / gain		(2,917,584)	715,503
Fair value as at December 31		<u>115,598,716</u>	<u>104,222,737</u>
Plan assets are comprised of as follows:			
Debt (Investments)		109,944,258	78,067,425
Balance at bank		5,654,458	26,155,312
Payable to Outgoing Members		-	-
		<u>115,598,716</u>	<u>104,222,737</u>

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				
	2016	2015	2014	2013	2012
As at December 31					
Present value of defined benefit obligation	129,492,307	117,811,077	100,608,558	84,910,182	72,838,318
Less:					
Fair value of plan assets	115,598,716	104,222,737	92,281,948	81,063,267	79,560,500
(Deficit)/ surplus	(13,893,591)	(13,588,340)	(8,326,610)	(3,846,915)	6,722,182
Experience adjustment on obligation	1%	3%	6%	2%	8%
Experience adjustment on plan assets	(3)%	1%	(4)%	(7)%	4%

	2016 Rupees	2015 Rupees
6.3 Accumulating compensated absence		
Liability as at January 1	24,341,048	20,506,879
Charged to profit and loss account	4,844,863	4,631,469
Payments made by the company	(2,600,601)	(797,300)
Liability as at December 31	26,585,310	24,341,048

7. Short term finances - secured

Finances available from commercial banks under mark up arrangements amount to Rs 2,304 million (2015: Rs 2,404 million). The rates of mark up range from Re 0.0683 to Re 0.2120 per Rs 1,000 per diem (2015: Re 0.1233 to Re 0.3099 per Rs 1,000 per diem) or part thereof on the balance outstanding.

Of aggregate facility, company interchangeably use both the facilities i.e. letters of credit or guarantees . During the year ended December 31, 2016, the amounts of letters of credit and guarantees utilized was Rs 132.999 million (2015: Rs 171.715 million) and Rs 1,792.56 million (2015: Rs 1,200.220 million) respectively.

The finances are secured by first parri passu charge over all current and future assets of the Company.

		2016 Rupees	2015 Rupees
8. Long term finance - secured			
Long term loan	- note 8.1	42,689,126	-
Less: Current portion shown under current liabilities		-	-
		42,689,126	-

8.1 During the current year, Diminishing Musharika with a cap of Rs 500 million has been obtained from Bank Islami for the purpose of expansion of plant and machinery out of which Rs 42.69 million have been drawn upto December 31, 2016. This carries mark-up at the rate of three month KIBOR plus 0.10% per annum payable quarterly. The effective rate of mark-up charged during the year is 6.18%. This finance is repayable with twenty quarterly installments with one year grace period and is secured through ranking charge over present and future current assets of the company amounting to Rs 556 million. Bank Islami is the related party to the company by way of common directorship.

		2016 Rupees	2015 Rupees
9.	Trade and other payables		
	Trade creditors	- note 9.1 518,558,133	449,804,016
	Accrued liabilities	- note 9.2 532,791,076	521,055,167
	Advances from customers	428,493,859	458,244,023
	Due against construction work in progress	81,275,000	23,254,000
	Due to provident fund	- note 9.3 4,781,969	2,694,634
	Workers' profit participation fund	- note 9.4 24,582,418	18,783,122
	Workers' welfare fund	- note 9.5 26,741,744	17,217,155
	Rent received in advance	804,456	501,290
	Unclaimed dividends	3,579,749	2,969,848
	Other liabilities	59,525,273	48,168,673
		<u>1,681,133,677</u>	<u>1,542,691,928</u>

9.1 Trade creditors include amount due to holding company of Rs 86.548 million (2015: Rs 58.840 million) and associated undertakings of Rs 16.659 million (2015: Rs 32.460 million).

9.2 Accrued liabilities include amount due to holding company of Rs 83.989 million (2015: 111.301 million) and associated undertakings of Rs 13.127 million (2015: Rs 10.017 million).

		2016 Rupees	2015 Rupees
9.3	Disclosure related to Provident Fund		
	Size of the fund	192,097,456	184,582,221
	Cost of investments made	101,000,000	81,000,000
	Percentage of investments made	53%	44%
	Fair value of investments	174,980,000	139,980,000
	Breakup of investments		
	Defence Savings Certificates	61,000,000	61,000,000
	Term Deposit Receipts	40,000,000	20,000,000
	Breakup of investments		
	Defence Savings Certificates	60%	75%
	Term Deposit Receipts	40%	25%

The figures for 2016 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 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

		2016 Rupees	2015 Rupees
9.4	Workers' profit participation fund		
	Balance at beginning of the year	18,783,122	1,789,209
	Allocation for the year	- note 26 24,287,703	18,720,349
	Interest payable on funds utilized by the company	294,715	62,773
		<u>43,365,540</u>	<u>20,572,331</u>
	Less: Payments made during the year	18,783,122	1,789,209
	Balance at the end of the year	<u>24,582,418</u>	<u>18,783,122</u>

		2016 Rupees	2015 Rupees
9.5	Workers' welfare fund		
	Balance at beginning of the year	17,217,155	9,762,553
	Provision for the year	- note 26 9,524,589	7,454,602
	Balance at the end of the year	26,741,744	17,217,155
10.	Provisions for other liabilities and charges		
	Bonus to employees	- note 10.1 37,368,730	34,434,776
	Sales incentive scheme	- note 10.2 32,159,419	25,155,002
		69,528,149	59,589,778

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

	Rupees		
	Bonus to employees	Sales incentive scheme	Total
Balance as at January 1, 2016	34,434,776	25,155,002	59,589,778
Provisions made during the year	35,301,807	30,973,445	66,275,252
Provisions used during the year	(32,367,853)	(23,969,028)	(56,336,881)
Balance as at December 31, 2016	37,368,730	32,159,419	69,528,149

10.1 Bonus to employees

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

10.2 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, 2016 are expected to be utilized in the next financial year.

11. Contingencies and commitments

11.1 Contingencies

The company has issued guarantees of Rs 1,792.56 million (2015: Rs 1,200.22 million) against the performance of various contracts.

11.2 Commitments

Letters of credit other than for capital expenditure approximately Rs 132.999 million (2015: Rs 171.715 million).

12. 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, 2016											
Opening net book value (NBV)	1,372,520	82,711,756	104,398,260	9,579,419	25,756,488	52,263,756	13,703,395	17,372,849	99,620,517	406,778,960	
Additions (at cost)	-	-	26,963,731	1,460,387	14,293,207	3,125,643	166,500	5,276,951	27,531,418	78,817,837	
Disposals (at NBV) - note 12.2	-	-	-	-	-	-	-	(30,192)	(14,287,279)	(14,317,471)	
Written off	-	-	-	-	-	-	-	-	-	-	
Depreciation charge - note 12.1	-	(3,298,580)	(15,768,162)	(2,126,502)	(8,477,606)	(11,525,345)	(3,304,180)	(6,212,568)	(16,836,059)	(67,549,002)	
Closing 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	
Gross carrying value basis											
As at December 31, 2016											
Cost	1,372,520	118,314,055	295,218,569	55,546,597	113,433,329	119,452,344	28,385,195	79,058,339	143,882,660	954,663,608	
Accumulated depreciation	-	(38,900,879)	(179,624,740)	(46,633,293)	(81,861,240)	(75,588,290)	(17,819,480)	(62,651,299)	(47,854,063)	(550,933,284)	
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	
Depreciation rate % per annum	-	3.33	6.66 - 10.00	10.00	16.67	12.50	12.50	20.00	25.00		
Net carrying value basis											
Year ended December 31, 2015											
Opening net book value (NBV)	1,372,520	66,408,524	98,842,484	10,458,865	23,283,435	37,356,309	15,275,453	16,722,552	85,040,752	354,760,894	
Additions (at cost)	-	19,164,815	19,305,422	1,366,825	9,653,175	27,453,367	1,756,842	6,721,100	40,307,433	125,728,979	
Disposals (at NBV) - note 12.2	-	-	(3,132)	(12,562)	-	(953,543)	-	(33,450)	(10,019,973)	(11,022,660)	
Written off	-	-	-	-	-	-	-	(74,912)	-	(74,912)	
Depreciation charge - note 12.1	-	(2,861,583)	(13,746,514)	(2,233,709)	(7,180,122)	(11,592,377)	(3,328,900)	(5,962,441)	(15,707,695)	(62,613,341)	
Closing net book value (NBV)	1,372,520	82,711,756	104,398,260	9,579,419	25,756,488	52,263,756	13,703,395	17,372,849	99,620,517	406,778,960	
Gross carrying value basis											
As at December 31, 2015											
Cost	1,372,520	118,314,055	268,254,838	54,086,210	99,140,122	116,326,701	28,218,695	74,260,056	137,852,942	897,826,139	
Accumulated depreciation	-	(35,602,299)	(163,856,578)	(44,506,791)	(73,383,634)	(64,062,945)	(14,515,300)	(56,887,207)	(38,232,425)	(491,047,179)	
Net book value (NBV)	1,372,520	82,711,756	104,398,260	9,579,419	25,756,488	52,263,756	13,703,395	17,372,849	99,620,517	406,778,960	
Depreciation rate % per annum	-	3.33	6.66 - 10.00	10.00	16.67	12.50	12.50	20.00	25.00		

The cost of fully depreciated property, plant and equipment which are still in use as at December 31, 2016 is Rs 307.803 (2015:Rs 253.295 million).

12.1 The depreciation charge for the year has been allocated as follows:

		2016 Rupees	2015 Rupees
Cost of sales	- note 23	51,603,163	47,758,826
Distribution and marketing expenses	- note 24	5,760,700	4,487,199
Administration expenses	- note 25	10,185,139	10,367,316
		67,549,002	62,613,341

12.2 Disposal of certain items of property, plant and equipment

2016		Rupees				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Employees						
Suzuki Cultus	Abdul Rehman	1,011,000	505,500	505,500	502,425	Company Policy
Suzuki Swift	Khalid Orakazi	1,104,820	552,410	552,410	567,040	Company Policy
Suzuki Swift	Asif Mehtab	1,071,000	535,500	535,500	567,040	Company Policy
Suzuki Cultus	Ahmad Hussain	995,000	497,500	497,500	497,500	Company Policy
Suzuki Cultus	Ali Jawad Usmani	1,010,525	505,263	505,263	485,000	Company Policy
Suzuki Cultus	Naveed Ahmad	993,900	496,950	496,950	485,000	Company Policy
Suzuki Swift	Muhammad Tayyab	1,257,420	628,710	628,710	754,920	Company Policy
Toyota Vitz	Tariq Ehsan Ghauri	1,312,141	656,071	656,071	835,560	Company Policy
Toyota Corolla	Sajjad Akhtar But	2,026,810	295,576	1,731,234	1,972,953	Company Policy
Honda City	Saad Kiani	1,559,700	292,444	1,267,256	1,499,187	Company Policy
Suzuki Cultus	Shahid Bhatti	1,010,000	505,000	505,000	497,500	Company Policy
Outsiders						
Suzuki Cultus	Transfer to Karachi Water & Sewerage Board	1,029,000	396,092	632,507	632,507	As per term of contract
Suzuki Bolan Van	Transfer to Karachi Water & Sewerage Board	690,000	265,601	424,130	424,130	As per term of contract
Suzuki Cultus	Transfer to Karachi Water & Sewerage Board	1,039,070	184,002	855,068	855,068	As per term of contract
Suzuki WAGON-R	Transfer to Karachi Water & Sewerage Board	1,003,930	177,779	826,151	826,151	As per term of contract
Suzuki Swift	Transfer to Karachi Water & Sewerage Board	1,282,000	200,313	1,081,688	1,081,688	As per term of contract
Suzuki Swift	Transfer to Karachi Water & Sewerage Board	1,282,000	200,313	1,081,688	1,081,688	As per term of contract
Suzuki Pickup	Transfer to NSUSC	636,986	6,635	630,351	630,351	As per term of contract
Suzuki Mehran	Transfer to NSUSC	678,014	7,063	670,951	670,951	As per term of contract
Suzuki Alto	Munir Ahmad	508,383	254,192	254,192	401,000	Tender
2015		Rupees				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Vehicles						
Employees						
Honda City	Ishtiaq Ahmed	1,323,500	661,750	661,750	914,860	Company Policy
Honda City	Fahad Iqbal	1,323,500	661,750	661,750	914,860	Company Policy
Honda City	Asim Maqbool	1,386,170	693,085	693,085	914,280	Company Policy
Corolla Altis	Sajid Mehmood Awan	1,945,069	1,653,308	291,760	291,760	Company Policy
Suzuki Cultus	Ahsun Mehmood	1,044,840	231,357	813,483	1,000,625	Company Policy
Honda City	Sajjad Hussain	1,442,480	721,240	721,240	971,212	Company Policy
Honda City	Anwar ul Haq	1,323,000	661,500	661,500	914,280	Company Policy
Suzuki Cultus	Faisal Naseer	1,010,000	480,087	529,913	808,613	Company Policy
Suzuki Swift	Ehsan Ahmed	1,258,401	499,428	758,973	799,310	Company Policy
Suzuki Cultus	M. Rizwan	1,034,000	306,507	727,493	911,370	Company Policy
Outsiders						
Turbocharger.	Shahzer Brothers Enterprize	223,139	165,030	58,109	65,600	Tender
Suzuki Bolan	EFU General Insurance	351,304	210,782	140,522	500,000	Insurance Claim
Toyota Corolla Altis Grande	EFU General Insurance	2,320,500	72,516	2,247,984	2,247,984	Insurance Claim
Powder Recovery Unit	Shahzer Brothers Enterprize	587,898	324,569	263,329	292,750	Tender
Electric Control System	Shahzer Brothers Enterprize	130,644	72,126	58,518	67,282	Tender
Transfer Device	Shahzer Brothers Enterprize	146,974	81,142	65,832	70,687	Tender
Hydrostatic Pressure Device	Shahzer Brothers Enterprize	849,500	761,010	88,490	110,000	Tender
Hydrostatic Pressure Device	Shahzer Brothers Enterprize	849,500	761,010	88,490	110,000	Tender
Suzuki Bolan	M. Shafiq	630,240	315,120	315,120	453,000	Tender
Toyota Hilux	Farrukh Muneer	838,500	503,100	335,400	901,500	Tender
Toyota Corolla	Nadeem Farooqi	920,000	460,000	460,000	1,115,000	Tender
Dell Inspiron 5537	-	91,728	16,816	74,912	-	Written off

		Rupees
13.	Investment property	
	Net carrying value basis	
	Year ended December 31, 2016	
	Opening net book value (NBV)	799,557
	Additions (at cost)	-
	Disposals (at NBV)	-
	Depreciation charge	(213,216)
		note 13.1
	Closing net book value (NBV)	586,341
	Gross carrying value basis	
	As at December 31, 2016	
	Cost	4,400,000
	Accumulated depreciation	(3,813,659)
	Net book value (NBV)	586,341
	Depreciation rate % per annum	
	Net carrying value basis	
	Year ended December 31, 2015	
	Opening net book value (NBV)	1,012,773
	Additions (at cost)	-
	Disposals (at NBV)	-
	Amortisation charge	(213,216)
	Closing net book value (NBV)	799,557
	Gross carrying value basis	
	As at December 31, 2015	
	Cost	4,400,000
	Accumulated depreciation	(3,600,443)
	Net book value (NBV)	799,557
	Depreciation rate % per annum	3.33

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

13.2 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2016 is Rs 111.032 million (2015: Rs 101.995 million).

		Rupees
14.	Intangible assets - Software	
	Net carrying value basis	
	Year ended December 31, 2016	
	Opening net book value (NBV)	1,056,484
	Additions (at cost)	158,982
	Disposals (at NBV)	-
	Amortisation charge	(552,317)
		note 14.1
	Closing net book value (NBV)	663,149
	Gross carrying value basis	
	As at December 31, 2016	
	Cost	13,848,497
	Accumulated amortisation	(13,185,348)
	Net book value (NBV)	663,149
	Amortisation rate % per annum	33.33
	Net carrying value basis	
	Year ended December 31, 2015	
	Opening net book value (NBV)	853,359
	Additions (at cost)	1,078,169
	Disposals (at NBV)	-
	Amortisation charge	(875,044)
	Closing net book value (NBV)	1,056,484
	Gross carrying value basis	
	As at December 31, 2015	
	Cost	14,422,351
	Accumulated amortisation	(13,365,867)
	Net book value (NBV)	1,056,484
	Amortisation rate % per annum	33.33

14.1 Amortisation charge for the year has been allocated to administration expenses.

14.2 The cost of fully amortised softwares which are still in use as at December 31, 2016 is Rs 12.611 million (2015: Rs 11.428 million).

	2016 Rupees	2015 Rupees
15. Capital work in progress		
Advance for land	229,800	229,800
Building	17,081,870	-
Plant and Machinery	42,689,126	-
Advance for vehicles	19,834,000	4,806,500
Others	1,860,380	4,123,839
	<u>81,695,176</u>	<u>9,160,139</u>
16. Long term loans and deposits		
Loans to employees - considered good		
- Directors	4,153,326	2,750,000
- Executives	4,089,271	3,587,895
- Others	6,779,142	4,912,499
	<u>15,021,739</u>	<u>11,250,394</u>
Less: Receivable within one year	- note 20 6,748,951	4,777,083
	<u>8,272,788</u>	<u>6,473,311</u>
Security deposits	8,235,640	8,714,944
	<u>16,508,428</u>	<u>15,188,255</u>

Reconciliation of the carrying amount of loans to:

	Director		Executives	
	2016	2015	2016	2015
	R u p e e s			
Balance as at January 1	2,750,000	3,570,000	3,587,895	1,784,926
Transfers to executives during the year	-		242,392	108,410
Disbursements during the year	4,000,000	-	2,309,700	4,319,500
Repayments during the year	(2,596,674)	(820,000)	(2,050,716)	(2,624,941)
Balance as at December 31	<u>4,153,326</u>	<u>2,750,000</u>	<u>4,089,271</u>	<u>3,587,895</u>

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. 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 installments over a period of 24 to 48 months.

The maximum aggregate amount due from Directors and Executives at any time during the year was Rs 6.546 million (2015: Rs 3.570 million) and Rs 3.448 million (2015: Rs 3.588 million) respectively.

		2016 Rupees	2015 Rupees
17. Deferred taxation			
Debit / (credit) balance arising from:			
Accelerated tax depreciation		42,515,400	33,746,100
Employees' retirement and other benefits		(14,511,987)	(13,967,471)
Deferred tax asset		<u>28,003,413</u>	<u>19,778,629</u>
18. Stock in trade			
Raw materials		299,690,617	381,334,774
Work in process		521,013,083	321,285,007
Finished goods		14,402,424	18,970,445
Provision for obsolescence	- note 18.1	835,106,124 (14,000,000)	721,590,226 (8,000,000)
		<u>821,106,124</u>	<u>713,590,226</u>
18.1 Provision for obsolescence			
Opening provision		8,000,000	23,817,669
Provision for the year		6,000,000	7,500,000
Reversal of provision during the year		-	(15,829,318)
Stocks written off against provision	- note 18.2	14,000,000 -	15,488,351 (7,488,351)
Closing provision		<u>14,000,000</u>	<u>8,000,000</u>
18.2			
No amount (2015: 7.488 million) has been charged to cost of sales, being the cost of inventory written down during the year.			
19. Trade debts - unsecured		2016 Rupees	2015 Rupees
Considered good			
- Related parties	- note 19.1	79,383,677	104,610,232
- Others		1,044,932,935	829,123,796
- Due against construction work in progress		432,912,000	503,637,000
Considered doubtful		1,557,228,612 93,484,064	1,437,371,028 80,698,714
Less: Provision for doubtful debts	- note 19.2	1,650,712,676 (93,484,064)	1,518,069,742 (80,698,714)
		<u>1,557,228,612</u>	<u>1,437,371,028</u>

	2016 Rupees	2015 Rupees
19.1 Related parties		
Holding Company		
- KSB Aktiengesellschaft, Germany	10,454,056	21,830,089
- KSB - Services GMBH	1,947,338	-
Associated undertakings		
- PT KSB - Indonesia	1,008,820	7,406,156
- KSB - Australia	3,999,186	-
- KSB - Colombia SAS	753,120	-
- KSB - Oesterreich Gesllschaft M.B.H. Austria	10,808,318	-
- KSB - Pumps Company Limited, Thailand	9,302,706	7,934,956
- KSB - Pumps And Valves (Pty), South Africa	1,869,695	23,182,033
- KSB - Shanghai Pump Company Limited, China	-	1,412,564
- KSB - Mörck AB, Sweden	5,954,355	-
- KSB - Pompa, Armatür Sanayi, Turkey	148,869	2,092,000
- KSB - Pumps Inc. Canada	1,490,550	-
- KSB - Pumps Limited, India	452,500	-
- KSB - Singapore (Asia Pacific), Singapore	162,653	374,991
- KSB - Middle East FZE, UAE	-	107,110
- KSB - Services LLC, UAE	-	383,987
- KSB - Pompy i Armatura Sp z o. o, Poland	-	559,610
- KSB - Cerpadla a, Slovakia	-	545,865
- KSB - PUMPY+ARMATURY s.r.o., koncern, Czech Republic	-	5,981,028
- KSB - Inc, USA	-	376,560
- KSB - Limited, United Kingdom	3,303,268	3,619,474
- Nestlé Pakistan Limited	8,493,361	28,544,558
- Tri Pack Films Limited	125,771	-
- Tetra Pak Pakistan Limited	15,984	35,984
- Security Papers Limited	74,475	35,480
- Packages Limited	7,082,248	19,854
- Lahore University of Management	11,429	-
- International Steel Limited	5,435	-
- Bulleh Shah Packaging (Private) Limited	11,919,540	167,933
	<u>79,383,677</u>	<u>104,610,232</u>
These relate to normal course of business and are interest free.		
19.2 Provision for doubtful debts		
Opening balance	80,698,714	53,456,062
Provision for the year	24,887,244	43,525,634
	<u>105,585,958</u>	<u>96,981,696</u>
Less: Bad debts written off against provision	12,101,894	16,282,982
Closing balance	<u>93,484,064</u>	<u>80,698,714</u>

		2016 Rupees	2015 Rupees
20. Advances, deposits, prepayments and other receivables			
Current portion of long term loans to employees	- note 16	6,748,951	4,777,083
Short term advances to employees- considered good	- note 20.1	11,939,808	14,161,529
Advances to suppliers and contractors			
- Considered good		128,701,318	182,003,207
- Considered doubtful		1,401,694	3,180,141
		130,103,012	185,183,348
Due from related parties	- note 20.2	22,050,296	24,598,200
Trade deposits and prepayments			
- Considered good		107,726,357	90,064,856
- Considered doubtful		14,484,731	11,935,718
		122,211,088	102,000,574
Letters of credit, deposits and opening charges		4,173,892	-
Sales Tax		16,545,616	50,068,522
Income Tax		125,230,166	182,954,661
		141,775,782	233,023,183
Other receivables			
- Considered good		5,359,041	12,381,677
- Considered doubtful		275,000	275,000
		5,634,041	12,656,677
Less: Provision for doubtful amounts	- note 20.3	444,636,870 (16,161,425)	576,400,594 (15,390,859)
		428,475,445	561,009,735

20.1 Included in short term advances to employees is amount due from executives of Rs 7.143 million (2015: Rs 7.545 million).

20.2 Due from related parties

Holding company

- KSB Aktiengesellschaft, Germany

20,208,583 18,139,563

Associated undertakings

- PT. KSB Indonesia

15,856 322,699

- KSB Shanghai Pump Company Limited, China

- 3,786,441

- KSB Pumps S.A. (Pty) Limited, South Africa

117,713 117,715

- KSB Singapore (Asia Pacific) Pte. Limited, Singapore

32,249 150,507

- KSB Middle East FZE, UAE

251,159 231,879

- KSB Malaysia Pumps and Valves Sdn. Bhd, Malaysia

- 1,582,644

- KSB Vietnam Company Limited, Vietnam

130,122 130,122

- KSB BV

1,181,055 -

- KSB Services LLC, UAE

113,559 136,630

		2016 Rupees	2015 Rupees
20.3	Provision for doubtful amounts		
	Opening balance	15,390,859	12,692,930
	Provision made during the year	770,566	2,697,929
		16,161,425	15,390,859
	Less: Amount written off against provision	-	-
	Closing balance	16,161,425	15,390,859
21.	Cash and bank balances		
	At banks		
	- on saving accounts	243,706,779	179,025,593
	- on current accounts	14,524,725	2,356,642
		258,231,504	181,382,235
	Cash in hand	1,099,588	1,121,817
		259,331,092	182,504,052

21.1 The balances in saving accounts bear mark-up which ranges from 3.75% to 4.25% (2015: 4.50% to 7.00%) per annum.

		2016 Rupees	2015 Rupees
22.	Sales		
	Local sales	5,186,892,597	4,233,100,724
	Export sales	340,708,923	331,207,498
	Gross Sales	5,527,601,520	4,564,308,222
	Less: Sales Tax	576,999,177	557,064,331
		4,950,602,343	4,007,243,891

22.1 Sales are inclusive of revenue from construction contracts of Rs 1,662.305 million (2015: Rs 1,127.022 million) which includes revenue from contracts for rendering of services amounting to Rs 208.876 million (2015: Rs 109.162 million) and sales are inclusive of revenue from rendering of services of Rs 67.565 million (2015: Rs 57.935 million).

		2016 Rupees	2015 Rupees
23. Cost of sales			
Raw material consumed		2,600,464,350	1,699,486,620
Salaries, wages, amenities and staff welfare	- note 23.1	300,491,720	285,751,421
Staff training		2,374,110	797,953
Electricity and power		106,563,482	97,149,935
Stores and spares consumed		247,192,152	289,627,777
Insurance		10,009,533	7,613,754
Traveling and conveyance		55,464,664	50,540,905
Postage and telephone		5,748,640	5,153,755
Printing and Stationery		2,974,611	3,467,060
Rent, rates and taxes		10,031,800	5,477,440
Repairs and maintenance		37,910,942	28,566,049
Legal and professional charges	- note 23.2	16,358,908	11,984,962
SAP user license fee and other IT services		21,608,270	16,986,294
Packing expenses		27,969,849	19,338,598
Outside services		568,958,793	597,883,694
Depreciation on property, plant and equipment	- note 12.1	51,603,163	47,758,826
Provision for obsolete stores and stocks		6,000,000	-
Royalty and trademark fee		18,485,619	19,999,235
Other expenses		7,790,178	5,114,822
		4,098,000,784	3,192,699,100
Opening work-in-process		321,285,007	224,274,968
Less: Closing work-in-process		521,013,083	321,285,007
		(199,728,076)	(97,010,039)
Cost of goods manufactured		3,898,272,708	3,095,689,061
Opening stock of finished goods		18,970,445	22,933,714
Less: Closing stock of finished goods		14,402,424	18,970,445
		4,568,021	3,963,269
		3,902,840,729	3,099,652,330
Cost of sales include the following in respect of:			
Contract cost		1,497,873,877	961,308,938
Raw material written off		-	7,488,351

23.1 Salaries, wages, amenities and staff welfare

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

	2016 Rupees	2015 Rupees
Gratuity fund		
Current service cost	5,740,881	5,112,274
Interest cost	4,732,043	4,793,185
Expected return on plan assets	(4,508,068)	(4,597,150)
	5,964,856	5,308,309
Ex-gratia		
Current service cost	921,435	888,772
Interest cost	2,258,330	2,370,837
	3,179,765	3,259,609
Accumulating Compensated Absences		
Current service cost	629,645	577,542
Interest cost	974,623	993,464
Gains and Losses arising on present value of defined benefit obligation	672,817	608,248
	2,277,085	2,179,254

In addition to above, salaries, wages, amenities and staff welfare include Rs 9.471 million (2015: Rs 8.900 million) in respect of provident fund contribution by the Company.

23.2 This includes amount of Rs 11.09 million (2015: Rs 8.66 million) charged by the parent company (KSB Aktiengesellschaft) on account of various services provided to the Company.

		2016 Rupees	2015 Rupees
24. Distribution and marketing expenses			
Salaries, wages, amenities and staff welfare	- note 24.1	111,378,829	98,328,913
Staff training		581,734	143,575
Insurance		475,742	881,917
Traveling, conveyance and representations		24,006,908	18,691,157
Rent, rates and taxes		2,933,628	3,408,251
Publicity charges		9,478,908	6,568,917
Electricity, gas and water		2,863,037	3,795,968
Postage and telephone		3,535,503	3,269,003
Printing and stationery		960,695	787,410
Repairs and maintenance		1,484,352	1,355,461
Legal and professional charges	- note 24.2	13,797,404	9,901,914
SAP user license fee and other IT services		7,917,440	5,958,929
Contract services		3,809,336	4,311,490
Forwarding expenses		26,309,867	25,978,971
Commission expenses		45,989,421	72,204,896
Provision for doubtful debts and receivables		25,657,810	46,223,563
Depreciation on property, plant and equipment	- note 12.1	5,760,700	4,487,199
Warranty charges		19,812,329	20,322,081
Other expenses		3,269,481	1,722,127
		310,023,124	328,341,742

24.1 Salaries, wages, amenities and staff welfare

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

	2016 Rupees	2015 Rupees
Gratuity fund		
Current service cost	3,420,099	2,719,295
Interest cost	2,819,089	2,549,567
Expected return on plan assets	(2,685,657)	(2,445,293)
	3,553,531	2,823,569
Accumulating Compensated Absences		
Current service cost	375,108	310,848
Interest cost	580,627	534,708
Gains and Losses arising on present value of defined benefit obligation	400,827	327,374
	1,356,562	1,172,930

In addition to above, salaries, wages, amenities and staff welfare include Rs 5.014 million (2015: Rs 3.460 million) in respect of provident fund contribution by the Company.

24.2 This includes amount of Rs 11.60 million (2015: Rs 8.36 million) charged by the parent company (KSB Aktiengesellschaft) on account of various services provided to the Company.

25. Administration expenses

		2016 Rupees	2015 Rupees
Salaries, wages, amenities and staff welfare	- note 25.1	116,825,515	95,764,309
Staff training		1,413,478	895,203
Insurance		145,774	165,528
Traveling, conveyance and representations		19,720,703	16,622,434
Rent, rates and taxes		6,167,842	5,688,707
Electricity, gas and water		6,049,110	5,296,030
Postage and telephone		11,123,460	10,963,587
Printing and stationery		2,667,764	2,283,062
Repairs and maintenance		12,590,018	5,863,381
Professional services	- note 25.2	13,694,908	11,147,808
SAP user license fee and other IT services		8,314,203	6,563,576
Contract Services		7,435,401	7,503,861
Depreciation on:			
- Property, plant and equipment	- note 12.1	10,185,139	10,367,316
- Investment property	- note 13.1	213,216	213,216
- Amortization on intangible assets	- note 14.1	552,317	875,044
Other expenses		8,742,476	7,935,584
		225,841,324	188,148,646

25.1 Salaries, wages, amenities and staff welfare

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

	2016 Rupees	2015 Rupees
Gratuity fund		
Current service cost	3,053,660	3,045,610
Interest cost	2,517,044	2,855,514
Expected return on plan assets	(2,397,908)	(2,738,728)
	3,172,796	3,162,396
Accumulating Compensated Absences		
Current service cost	334,918	339,034
Interest cost	518,417	583,192
Gains and Losses arising on present value of defined benefit obligation	357,881	357,059
	1,211,216	1,279,285

In addition to above, salaries, wages, amenities and staff welfare include Rs 4.228 million (2015: Rs 4.383 million) in respect of provident fund contribution by the Company.

25.2 Professional services

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

	2016 Rupees	2015 Rupees
Statutory audit	665,000	605,000
Review of half yearly financial statements	185,000	165,000
Audit of funds, consolidation forms and sundry services	402,100	397,500
Taxation services	1,200,000	1,070,000
Out of pocket expenses	200,000	172,536
	2,652,100	2,410,036

In addition to above, professional services includes amount of Rs 8.32 million (2015: Rs 6.45 million) charged by the parent company (KSB Aktiengesellschaft) on account of various services provided to the company.

26. Other operating expenses

		2016 Rupees	2015 Rupees
Workers' profit participation fund	- note 9.4	24,287,703	18,720,349
Workers' welfare fund	- note 9.5	9,524,589	7,454,602
Donations	- note 26.1	460,000	991,340
CRM implementation cost	- note 26.2	3,560,034	4,220,557
Exchange loss		1,019,643	5,524,094
		38,851,969	36,910,942

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

26.2 This comprises of the amount charged by the parent company (KSB Aktiengesellschaft) on account of service provided to the company.

	2016 Rupees	2015 Rupees
27. Other operating income		
Income from financial assets		
Profit on bank accounts	3,780,143	2,523,897
Income from non-financial assets		
Commission income	34,426,591	29,704,218
Rental income on investment property	3,637,992	4,609,008
Scrap sales	8,226,640	12,156,858
Profit on sale of property, plant and equipment	1,024,340	4,513,916
Provisions no longer considered necessary and unclaimed balances written back	15,954,939	-
Sundry income	2,010,597	136,122
	<u>65,281,099</u>	<u>51,120,122</u>
	<u>69,061,242</u>	<u>53,644,019</u>
28. Finance cost		
Mark-up on short term finances - secured	21,736,965	28,889,770
Mark-up on Long term loan - secured	322,101	-
Bank and other charges	10,263,240	10,203,868
Interest payable on funds utilized by the company	294,715	62,773
	<u>32,617,021</u>	<u>39,156,411</u>
29. Taxation		
Current		
Current year	121,569,888	97,231,884
Prior Year	2,242,192	-
	<u>123,812,080</u>	<u>97,231,884</u>
Deferred	7,980,900	(5,919,600)
	<u>131,792,980</u>	<u>91,312,284</u>

	2016 %	2015 %
29.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate:		
Applicable tax rate	31.00	32.00
Tax effect of amounts that are:		
-Under presumptive tax regime and others	(5.13)	(7.23)
Average effective tax rate charged to profit and loss account	25.87	24.77

30. Rates of exchange

Foreign currency assets and liabilities have been translated into Pak Rupees at US \$ 0.960 (2015: US \$ 0.960), EURO 0.910 (2015: EURO 0.870), GBP 0.780 (2015: GBP 0.640), AED 3.510 (2015: AED 3.510) and AUD 1.29 (2015: AUD 1.31) per Rs 100.

	2016 Rupees	2015 Rupees
31. Cash generated from operations		
Profit before taxation	509,489,418	368,677,839
Adjustment for:		
Depreciation on:		
- Property, plant and equipment	- note 12 67,549,002	62,613,341
- Investment property	- note 13 213,216	213,216
- Intangible assets	- note 14 552,317	875,044
Profit on sale of property, plant and equipment	- note 27 (1,024,340)	(4,513,916)
Employees' retirement and other benefits	20,715,811	19,185,352
Provision for doubtful debts and receivables	- note 24 25,657,810	46,223,563
Stock-in-trade written off	6,000,000	-
Provisions no longer considered necessary and unclaimed balances written back	(15,954,939)	-
Finance cost	- note 28 32,617,021	39,156,411
Exchange loss	- note 26 1,019,643	5,524,094
Working capital changes	- note 31.1 (33,029,764)	(260,377,615)
	613,805,195	277,577,329

	2016 Rupees	2015 Rupees
31.1 Working capital changes		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(11,513,782)	(3,691,237)
Stock-in-trade	(113,515,898)	(225,361,124)
Trade debts	(145,764,471)	(269,693,003)
Advances, deposits, prepayments and other receivables	74,039,229	(177,635,952)
	<u>(196,754,922)</u>	<u>(676,381,316)</u>
Increase/(decrease) in current liabilities:		
Trade and other payables	153,786,787	411,780,058
Provision for other liabilities and charges	9,938,371	4,223,643
	<u>(33,029,764)</u>	<u>(260,377,615)</u>
32. Cash and cash equivalents		
Cash and cash equivalents comprise of the following items:		
Cash and bank balances	- note 21 259,331,092	182,504,052
Short term finances - secured	- note 7 (150,059,000)	(381,371,829)
	<u>109,272,092</u>	<u>(198,867,777)</u>

33. Remuneration of Chief Executive, Directors and Executives

33.1 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	
	2016	2015	2016	2015	2016	2015
Short term employee benefits						
Managerial remuneration	21,511,200	19,206,432	5,419,356	4,843,356	133,571,616	102,976,848
Bonus /sales incentive	6,000,000	5,000,000	1,354,839	1,210,839	35,108,042	24,844,212
House rent	3,509,473	3,149,534	2,438,712	2,179,510	60,107,227	46,339,582
Utilities	721,904	618,898	541,932	484,336	13,357,162	10,297,685
Medical and other expenses	877,987	726,089	312,000	312,000	18,183,264	15,786,805
	<u>32,620,564</u>	<u>28,700,953</u>	<u>10,066,839</u>	<u>9,030,041</u>	<u>260,327,311</u>	<u>200,245,132</u>
Post employment benefits						
Contribution to gratuity and provident fund	3,631,758	3,021,179	964,975	822,949	21,478,656	16,521,593
	<u>36,252,322</u>	<u>31,722,132</u>	<u>11,031,814</u>	<u>9,852,990</u>	<u>281,805,967</u>	<u>216,766,725</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>118</u>	<u>98</u>

33.2 The Company also provides its chief executive, directors and some of its executives, company maintained cars, free residential telephones and mobile phones. In addition, house rent mentioned above of chief executive includes furnished accommodation and 2 executives have also been provided with rent free furnished accommodation.

33.3 Bonus paid to the Chief Executive Officer and Director during the year ended December 31, 2016 amounts to Rs 5,662,697 (2015: Rs 3,995,767) and Rs 1,300,000 (2015: Rs 1,090,000) respectively. Bonus for the year ended December 31, 2016 is subject to approval of Board of Directors.

33.4 Aggregate amount charged in the financial statements for the year as directors fee in respect of 4 directors (2015: 4 directors) was Rs 500,000 (2015: Rs 464,000).

34. Related party transactions

The related parties comprise holding company, associated undertakings, other related group companies, key management personnel and post employment benefit plan. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from key management personnel are shown under receivables and remuneration of key management personnel is disclosed in note 33. Other significant transactions with related parties are as follows:

	2016 Rupees	2015 Rupees
Holding company		
Sales	45,599,711	43,033,540
Purchases	212,591,219	123,766,199
Commission income	10,701,961	21,287,781
Royalty and Trademark	18,485,619	19,999,235
SAP user fee	37,839,913	29,508,799
CRM implementation cost	3,560,034	4,220,557
Associated undertakings		
Sales	236,933,589	205,959,186
Purchases	100,377,147	85,147,825
Commission income	9,302,315	4,201,416
Commission expense	20,131,573	14,394,079
Key management personnel		
Sale of property, plant and equipment (Sale Proceeds)	-	291,760
Post employment benefit plan		
Expense charged in respect of:		
- Gratuity fund	12,691,183	11,294,274
- Ex-gratia scheme	3,179,765	3,259,609
- Provident fund	18,712,698	16,720,250
- Accumulating compensated absences	4,844,863	4,631,469

35. Plant capacity and production

	Number	Capacity		Actual production	
		2016	2015	2016	2015
Power driven pumps		6,000	6,000	4,093	4,195

The variance of actual production from capacity is due to the product mix and more production of high end products.

36. Earnings per share

36.1 Basic earnings per share

		2016	2015
Profit for the year	Rupees	377,696,438	277,365,555
Weighted average number of ordinary shares	Numbers	13,200,000	13,200,000
Earnings per share	Rupees	28.61	21.01

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, 2016 and December 31, 2015 which would have any effect on the earnings per share if the option to convert is exercised.

37. Financial risk management

37.1 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.

(a) Market risk

(i) 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.

	2016	2015
Advances deposits and other receivables - USD	129,250	654,970
Trade debts - USD	701,745	927,244
Trade and other payables - USD	(216,353)	(595,685)
Net exposure - USD	614,642	986,529
Advances deposits and other receivables - EURO	66,505	316,468
Trade debts - EURO	2,672	1,520
Trade and other payables - EURO	(422,543)	(725,400)
Net exposure - EURO	(353,366)	(407,412)
Advances deposits and other receivables - GBP	-	13,498
Trade and other payables - GBP	(1,131)	(7,981)
Net exposure - GBP	(1,131)	5,517
Advances deposits and other receivables - AED	-	-
Trade and other payables - AED	-	(4,350)
Net exposure - AED	-	(4,350)
Trade debts - AUD	52,852	-
Trade and other payables - AUD	-	-
Net exposure - AUD	52,852	-

The following significant exchange rates were applied during the year:

Rupees per USD	2016	2015
Average rate	104.69	102.92
Reporting date rate	104.80	104.20

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 3.23 million (2015: Rs 5.179 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.

Rupees per EURO	2016	2015
Average rate	115.35	113.42
Reporting date rate	110.11	114.90

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 1.94 million (2015: Rs 2.331 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.

Rupees per GBP	2016	2015
Average rate	140.61	157.14
Reporting date rate	128.48	156.30

If the functional currency, at reporting date, had fluctuated by 5% against the GBP with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.007 million (2015: 0.0428 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.

	2016 Rupees	2015 Rupees
Rupees per AED		
Average rate	28.45	28.03
Reporting date rate	28.48	28.50

If the functional currency, at reporting date, had fluctuated by 5% against the AED with all other variables held constant, there will be no impact on profit before taxation for the year (2015: Rs 0.0061 millions) 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.

	2016 Rupees	2015 Rupees
Rupees per AUD		
Average rate	77.89	77.16
Reporting date rate	75.77	76.36

If the functional currency, at reporting date, had fluctuated by 5% against the AED with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.20 million (2015: Nil) 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.

(ii) **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.

(iii) **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 balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2016 Rupees	2015 Rupees
Floating rate instruments		
Financial assets		
Bank balances - savings	243,706,779	179,025,593
Financial liabilities		
Short term finances - secured	150,059,000	381,371,829

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 balance sheet 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 1.500 million (2015: Rs 3.814 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) 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.

(i) 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:

	2016 Rupees	2015 Rupees
Long term loans and deposits	16,508,428	15,188,255
Trade debts	1,650,712,676	1,518,069,742
Loans, advances, deposits, prepayments and other receivables	162,681,028	153,924,045
Balances with banks	258,231,503	181,382,235
	<u>2,088,133,635</u>	<u>1,868,564,277</u>

The age of trade receivables and related impairment loss at balance sheet date is as follows:

The age of trade receivables

- Not past due	-	-
- Past due 0 - 180 days	1,152,059,729	1,110,150,823
- Past due 181 - 365 days	149,579,146	62,007,628
- Over 365 days	349,073,801	345,911,291
	<u>1,650,712,676</u>	<u>1,518,069,742</u>

The age of impairment loss against trade receivables

- Not past due	-	-
- Past due 0 - 180 days	-	-
- Past due 181 - 365 days	-	-
- Over 365 days	93,484,064	80,698,714
	<u>93,484,064</u>	<u>80,698,714</u>

	2016 Rupees	2015 Rupees
The age of trade receivables from related parties		
- Not past due	-	-
- Past due 0 - 180 days	69,382,142	99,322,031
- Past due 181 - 365 days	4,446,449	2,006,965
- Over 365 days	5,555,084	3,281,236
	<u>79,383,675</u>	<u>104,610,232</u>
The age of loans, advances, deposits, prepayments and other receivables and related impairment loss at balance sheet date is as follows:		
The age of loans, advances, deposits, prepayments and other receivables		
- Not past due	-	-
- Past due 0 - 180 days	35,782,120	52,269,348
- Past due 181 - 365 days	31,872,488	36,529,374
- Over 365 days	95,026,420	65,125,323
	<u>162,681,028</u>	<u>153,924,045</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	14,759,731	12,230,913
	<u>14,759,731</u>	<u>12,230,913</u>
The age of loans, advances, deposits, prepayments and other receivables from related parties		
- Not past due	-	-
- Past due 0 - 180 days	698,697	11,538,171
- Past due 181 - 365 days	11,756,901	3,047,963
- Over 365 days	9,594,697	10,012,066
	<u>22,050,295</u>	<u>24,598,200</u>
The age of long term loans and deposits		
- Not past due	-	-
- Past due 0 - 180 days	5,316,071	2,355,489
- Past due 181 - 365 days	4,712,876	1,291,523
- Over 365 days	13,228,431	11,541,243
	<u>23,257,378</u>	<u>15,188,255</u>

(ii) 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	2016	2015
	Short term	Long term			
				Rupees	Rupees
National Bank of Pakistan	A-1+	AAA	JCR-VIS	16,577,169	3,121,629
MCB Bank Limited	A1+	AAA	PACRA	226,386,099	177,354,898
United Bank Limited	A-1+	AA+	JCR-VIS	247,101	238,668
Deutsche Bank A.G.	A-2	BBB+	S&P	5,928	593,662
NIB Bank Limited	A1+	AA-	PACRA	1,081,370	62,320
Habib Bank Limited	A-1+	AAA	JCR-VIS	11,791,784	-
Bank Alfalah Limited	A-1+	AAA	PACRA	33,779	-
Allied Bank Limited	A-1+	AAA	PACRA	1,999,837	-
BankIslami Limited	A-1	A+	PACRA	108,436	11,058
				<u>258,231,503</u>	<u>181,382,235</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 counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) 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 balance sheet 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 balance sheet 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, 2016:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Trade and other payables	1,070,834,929	1,070,834,929	-	-
Short term finances - secured	150,059,000	150,059,000	-	-
Accrued finance cost	3,010,056	3,010,056	-	-
	<u>1,223,903,985</u>	<u>1,223,903,985</u>	<u>-</u>	<u>-</u>

The following are the contractual maturities of financial liabilities as at December 31, 2015:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Trade and other payables	987,750,199	987,750,199	-	-
Short term finances - secured	381,371,829	381,371,829	-	-
Accrued finance cost	3,638,738	3,638,738	-	-
	<u>1,372,760,766</u>	<u>1,372,760,766</u>	<u>-</u>	<u>-</u>

37.2 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.

37.3 Financial instruments by categories

	Loans and receivables	
	2016 Rupees	2015 Rupees
Assets as per balance sheet		
Long term loans and deposits	16,508,428	15,188,255
Trade debts	1,650,712,676	1,518,069,742
Loans, advances, deposits, prepayments and other receivables	162,681,028	153,924,045
Cash and bank balances	258,231,503	181,382,235
	<u>2,088,133,635</u>	<u>1,868,564,277</u>

	Financial liabilities at amortised cost	
	2016 Rupees	2015 Rupees
Liabilities as per balance sheet		
Trade and other payables	1,070,834,929	987,750,199
Short term finances - secured	150,059,000	381,371,829
Accrued finance cost	3,010,056	3,638,738
	<u>1,223,903,985</u>	<u>1,372,760,766</u>

37.4 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 disclosed at fair value at December 31, 2016:

	Level 1	Level 2	Level 3	Total
Assets:				
Investment Property	-	-	111,032,000	111,032,000

Valuation techniques used to measure level 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on December 30, 2016 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, 2016	Dec 31, 2015		
Investment Property	111,032,000	101,994,500	- Suitable depreciation rate to arrive at depreciated replacement cost.	The market value has been determined by using a unit rate of ground floor and second 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.

37.5 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 balance sheet plus net debt.

	2016 Rupees in thousand	2015 Rupees in thousand
Short term finances - secured	150,059,000	381,371,829
Long term loan- secured	42,689,126	-
Accrued finance cost	3,010,056	3,638,738
	195,758,182	385,010,567
Total Debt	195,758,182	385,010,567
Share Capital	132,000,000	132,000,000
Reserves	1,461,216,863	1,178,249,987
Total Equity	1,593,216,863	1,310,249,987
Total equity and liability	1,788,975,045	1,695,260,554
Gearing ratio	11%	23%

38. Number of employees

	2016 Rupees	2015 Rupees
Total number of employees as at December 31	335	322
Average number of employees during the year	334	333

39. Events after the balance sheet date

The Board of Directors have proposed a final dividend for the year ended December 31, 2016 of Rs 8.5 (2015: Rs 7) per share, amounting to Rs 112.2 million (2015: Rs 92.4 million) at their meeting held on March 21, 2017 for approval of members at the Annual General Meeting to be held on April 25, 2017. The board has also proposed transfer of Rs 263 million (2015: Rs 182.6 million) to general reserve from unappropriated profit. These financial statements do not reflect this dividend payable and other appropriations.

40. Date of authorization for issue

These financial statements were authorized for issue on March 21, 2017 by the board of directors of the company.

41. General

41.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. However, no significant re-arrangements have been made.


Chairman


Chief Executive

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 _____ (No. of Shares) shares as per Share Register folio
number

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

_____ hereby appoint _____

of _____ as my/our
proxy

to attend and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on
Tuesday, April 25, 2017 and at any adjournment thereof.

Signed this _____ day _____ of 2017.

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

بجائیت ممبر کے ایس بی پیمپس کمپنی لمیٹڈ، حاصل
ششیر زبمطابق ششیر زر جسٹر فولیو نمبر

ضلع

اور سب اکاؤنٹ نمبر

اور ایسی ڈی سی پارٹنیشن 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 25 اپریل 2017ء بروز منگل 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

ریونیوسٹیٹ پر

دستخط

نوٹ:

- 1 ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم مینٹنگ 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 کرتا 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 ماکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں۔
 - (ii) پراکسی کے حامل کو اپنا اصل شناختی کارڈ یا پاسپورٹ مینٹنگ 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 ڈائریکٹرز 31 دسمبر 2016 کو ختم ہونے والے سال کی سالانہ رپورٹ معہ تنقیح شدہ مالی حسابات اور اس پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

KSB پاکستان نے سال 2016 میں شاندار کاروباری نمونہ حاصل کیا ہے۔ گزشتہ سال 2015 کے مقابلے موازنہ حسب ذیل ہے:

2015	2016	
4,007,244	4,950,602	سیلز
907,592	1,047,762	مجموعی منافع
368,678	509,489	قبل از ٹیکس منافع
277,366	377,696	سالانہ منافع / نقصان
21.01	28.61	فی شیئر آمدنی (EPS)

کمپنی کے ٹرن اور 24 فیصد کی صحت مند نمو ظاہر کی ہے۔ مجموعی منافع 1 بلین سے تجاوز، گزشتہ سال کے مقابلے 15 فیصد بڑھ گیا ہے۔ قبل از ٹیکس منافع 31 دسمبر 2015 مختتمہ سال کے مقابلے 38 فیصد کی نمایاں نمو کے ساتھ نصف بلین کے ایک اور سنگ میل تک پہنچ گیا۔ نتیجتاً کمپنی نے یہی رجحان ظاہر کرتے ہوئے بعد از ٹیکس منافع، فی شیئر آمدنی میں 36 فیصد نمو حاصل کی ہے۔

سیلز

سال 2016 میں، تمام اہم شعبوں میں مثبت اعداد و درج، واٹر اینڈ انڈسٹری سب سے اعلیٰ کارکردگی کے شعبے رہے ہیں۔ سال 2015 میں اعتدال پسند پیش رفت کے بعد، پبلک سیکٹر سے کاروبار میں اہم ترقی ریکارڈ کی گئی ہے۔ ہماری تنوع اور کاروباری توسیع کی حکمت عملی کامیاب رہی اور مرمت API& پیپس میں نئی مصنوعات کے آغاز کو مارکیٹ کا اچھا رد عمل حاصل کرنے کے قابل کیا ہے۔ اس کے علاوہ، KSB پاکستان نے صنعت و توانائی کے شعبوں میں ریورس اوسموس (RO) پلانٹس کے ذریعے واٹر ٹریٹمنٹ کے ہائی ٹیک کاروبار حاصل کیا ہے۔ اس کے علاوہ، کھاد اور غذائی شعبوں میں ریورس اوسموس پلانٹس کے اہم منصوبے بھی ہماری مصنوعات کی پورٹ فولیو کے لئے ایک نتیجہ خیز ثابت ہوئے ہیں۔

منصوبے

پورٹ فولیو میں سٹیشی بنیاد پر واٹر فلٹریشن شامل کرتے ہوئے 2016 ٹرن کی اور واٹر ٹریٹمنٹ کے کاروبار کے لئے ایک بہت کامیاب سال رہا۔ اس میدان میں ایک اہم کھلاڑی کے طور پر اپنے کردار کو برقرار رکھتے ہوئے پنجاب میں، KSB پاکستان نے چند اہم واٹر فلٹریشن منصوبے حاصل کئے ہیں۔ ہم نے کامیابی اور بروقت صاف پانی، سٹیشی بنیاد پر RO&UF فلٹریشن پلانٹس کی تنصیب کے لئے انجینئرنگ، خریداری اور تعمیر (EPC) کے غیر معمولی پیش رفت منصوبے کا پہلا مرحلہ مکمل کیا، جس سے نئے آمدنی کو فروغ دیا جو پروجیکٹ ڈویژن سے حاصل آمدنی سے کئی گنا زیادہ ہے۔ صاف پانی پروجیکٹ I کی سونفٹ اور بے داغ تکمیل نے ہمیں صارف سے اضافی آرڈر کی بازیافت کے قابل بنایا ہے۔ یہ فیبر 2 رواں سال 2017 میں مکمل ہونے کی توقع ہے۔ KSB پاکستان کی کنسورشیم قیادت نے کراچی کے قریب ڈھانہ جی میں 100 ایم ڈی صلاحیت کے اسٹیشن کی تعمیر کیلئے کراچی واٹر اینڈ سیوریج بورڈ (KW&SB) کا ایک اور EPC منصوبہ حاصل کر لیا ہے۔ یہ منصوبہ سال 2017 اور 2018 میں آمدنی کے لئے اہم شراکت میں سے ایک ہوگا۔

پیداوار

KSB پاکستان کی پیداوار آپریشن میں مہارت کی اپنی میراث کو سنبھالتی ہے۔ ہم سال 2016 میں سب سے اعلیٰ ٹرن اور کاروبار کا ہمارا ہدف پار کر چکے ہیں۔ KSB پیداوار کو کامیابی سے جدید بنایا اور مصنوعات کی انتظامیہ کی منصوبہ بندی کے مطابق نئے ETN اور RPH پیپس تیار کیا گیا ہے۔ مسلسل بہتری کی

حکمت عملی پر عمل کرتے ہوئے کافی پیداوار کارکردگی کو یقینی بنانے کے لئے ہم مسلسل اپنے اہم عمل، انویسٹری کے اصلاحی معیارات، بروقت ڈیلیوری اور مشین سیٹ اپ کے ذریعے مصنوعاتی قیادت کے اوقات سمیت، اپنے اہم عمل کو مزید بہتر بناتے ہیں۔ پلانٹ اور آپریشن کی کارکردگی میں DMAIC کے نفاذ کے ساتھ مزید اضافہ کیا گیا ہے۔ لاگت کی بچت کے پروگرام پر عمل کرنے کے لئے، پرانی مشینوں کی بنیادی تبدیلی کا ایک نیا ایونیکھولا گیا ہے۔ اس سلسلے میں سب سے قدم CNC مشین کا کنٹرول کامیابی کے ساتھ لاگت کی بچت کرنے والی نئی مشین کے کنٹرول سے تبدیل کر لیا گیا ہے۔

فاؤنڈری

KSB پاکستان فاؤنڈری نے کامیابی سے آٹوموٹو صنعت اور بین الاقوامی مارکیٹ میں ایک روشن مستقبل کی طرف قیادت کرنے والے RPH، گلوبل B18B ETN، ایکس ماڈل ہونڈا بریک ڈسکس اور بریک ڈرم کے 64 نئے پیٹرن تیار کئے ہیں۔ ہونڈا سوک کے نئے ماڈل کے لیے فرنٹ ڈسکس کی پیداوار بڑے پیمانے پر جولائی 16 سے شروع کر دی گئی ہے۔ انجینئرنگ اور مشین شاپ کی مصنوعات کے ساتھ ساتھ فاؤنڈری بہتر معیار، کارکردگی اور اخراجات کی بچت کے قیادتی پیٹرن کی مقامی ڈیجیٹل مینوفیکچرنگ کے لئے بنیادی اقدامات کئے گئے ہیں۔ ٹو یونا کورولا کے لئے اسٹیمنگ knuckle کا نیا پیٹرن اس ٹیکنالوجی کے ذریعے کامیابی سے تیار کیا گیا۔ عمل کو مضبوط بنانے اور پیداوار اور پیداوار کے معیار کو فروغ دینے کے لئے ایک نئی شاٹ بلاسٹ مشین اور خود کار کوروشوٹر کامیابی سے انسٹال اور کمیشن کی گئی ہے۔ مستقبل کے نقطہ نظر میں اور مارکیٹ کی بڑھتی ہوئی طلب کی ضروریات کو پورا کرنے کے لئے، KSB پاکستان نے جدید اور فاؤنڈری کی کارروائیوں کو وسعت دینے کے لئے بصیرتی اقدامات اٹھائے ہیں۔ اس تناظر میں، موجودہ فاؤنڈری کی اپ گریڈیشن کی جارہی ہے اور ہائی پریشر مولڈنگ لائن اور سینڈ پلانٹ کی خریداری زیر غور ہے۔ منصوبہ سال 2017 کے آخر تک ختم ہونے کی توقع ہے۔

معیار، ماحولیات، پیشہ ورانہ صحت اور تحفظ

"ہمارے صارف ہماری مصنوعات اور خدمات کی کوالٹی کے لئے معیارات قائم کرتے ہیں۔ ہم ان کی خواہشات کو مکمل اور بروقت پورا کرتے ہیں۔ KSB اپنے صارفین کو عالمی معیار کی مصنوعات اور بہترین سروس فراہم کرتی ہے۔ KSB پمپ کمپنی لمیٹڈ انٹیکریٹڈ مینجمنٹ سسٹم (ISO 9001, ISO 14001 & OHSAS 18001) کے لئے سرٹیفائیڈ پاکستان میں فاؤنڈری کی بنیاد پر پہلی انجینئرنگ کمپنی ہے۔ ہم معیاری مصنوعات اور شاندار خدمات کے ساتھ اپنے قابل قدر صارفین کو مطمئن کرنے کے لئے اپنے پلانٹس کو محفوظ تر، اور اپنے آپریشنز کو زیادہ بجلی اور لاگت بچانے کا مقصد رکھتے ہیں۔ KSB پاکستان نے 13 واں سالانہ ماحولیات ایکسیلنس ایوارڈ جیتا، ماحول دوست پالیسیوں کی تعمیل میں KSB پاکستان کی تعریف کا مسلسل چھٹا ایوارڈ ہے۔ یہ ایوارڈ ماحولیات اور صحت کے لئے قومی فورم کی طرف سے دیا جاتا ہے اور تسلیم شدہ اور ترقی یافتہ تنظیموں کو تفویض کیا جاتا ہے جو قومی/بین الاقوامی معیارات کے مطابق سخت معیار کی بنیاد پر صحت، تحفظ اور ماحول کی پائیداری اور ترقی میں شاندار شراکت کرتی ہیں۔

خدمات

KSB پاکستان سروس نے کراچی واٹر اینڈ سیوریج بورڈ اور واسا کی جانب سے آرڈرز کے ساتھ اہم شراکت دار ہونے کے ناطے، سال 2016 کے کاروبار میں بہترین کاروباری نمودار کی ہے۔ KSB سروس انہی وسائل کے ساتھ کاروبار میں اعلیٰ نمونہ حاصل کرنے کے قابل تھی چنانچہ بہتر کارکردگی پروگرام کے تفویض ہدف تک پہنچ رہی ہے۔ پچھلے سال کے مقابلے میں نئی تعمیر شدہ سروس سہولت نے بہتر صلاحیت کے ساتھ زیادہ کاموں کو سنبھالا۔ مارکیٹ میں ممکنہ کاروبار کے پیش نظر ہم ایک میکینیکل سیلز Seals کو دوبارہ صحیح کرنے اور مرمت کرنے کی سہولت قائم کرنے کی منصوبہ بندی کر رہے ہیں۔

انسانی وسائل

KSB ویٹن، اقدار، اور گزشتہ چند سالوں کے اقدامات پر تعمیر ملازمین کی شمولیت، موجودہ اور مستقبل کے کاروبار کی ضروریات کے لئے بہبود اور مہارت کی ترقی پر توجہ مرکوز رہی۔ ایسے اقدامات میں سے ایک ملازمین میں آگاہی پیدا کرنے اور بیماری کے خلاف ان کی حفاظت کے لئے، تمام ملازمین میں ہپاٹائٹس کی تشخیص تھا۔ ہماری اپنی مثالوں اور سیاق و سباق سے مزین، مقامی سطح پر ملازمین میں مخصوص کام کی مہارت کی ترقی دینے کے لئے تربیت کا انتظام کیا گیا۔ کمپنی نے سال 2016 میں 390 سے زائد یوم کی تربیت (قومی اور بین الاقوامی) میں سرمایہ کاری کی۔ سال 2016 کے لئے کاروباری جائزہ کے اجلاس نہ صرف انتظامی عملے کے تمام ملازمین کو ایک دوسرے کے ساتھ مشغول بلکہ حسن ابدال میں جدید پیداواری سہولت کا معائنہ کرنے کا موقع بھی فراہم کیا، جو بہت سے سینئر ساتھیوں میں سے چند ایک کے لئے زندگی بھر کا تجربہ تھا۔ کرکٹ ٹورنامنٹس، بولنگ، اور پیدل سفر وغیرہ کی طرح کے دیگر واقعات نے کراس فنکشنل اور

کراس ڈیپارٹمنٹل ٹیم ورک کو فروغ دینے کا سلسلہ جاری رکھا۔ HR سروسز بہتر وسائل کے استعمال، کنٹرول اور اس عمل کی قدر میں اضافہ کرنے کے لئے کے لئے دوبارہ مستحکم کی گئی ہیں۔ KSB پاکستان کو ایک پسندیدہ آجر بنانے کے مقصد کے ساتھ ٹینج مارکنگ اور معاوضے اور مفاد کے بنیادی ڈھانچے کی اپ گریڈیشن کا سلسلہ جاری رہتا ہے۔ ٹیلنٹ پائپ لائنز کمپنی کے موجودہ اور مستقبل کی عملہ جاتی ضروریات کو تیزی سے پورا کرنے کو یقینی بنانے کے لئے مضبوط ہوئی ہیں۔ HR کمپنی کی کارکردگی کو حکمانہ شراکت سے جوڑنے کے لئے ہر سطح پر ملازمین کے درمیان مضبوط ملکیت اور ملکیت کا احساس تعمیر کا مزید مفصل انداز کے ساتھ سٹرٹیجی ان ٹو ایکشن (SIA) پلیٹ فارم چلاتی ہے۔ ہم پورا سال 2017 اسی جذبہ اور توانائی کو جاری رکھنے کے لئے موجودہ اور مستقبل کے کاروبار دونوں کے چیلنجوں کا سامنا کرنے والی سے زیادہ قابل، آگے بڑھنے والی ٹیم تلاش کرنے اور اسے اپنے ساتھ شامل کرنے کے لئے پرعزم 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 کیا: مارکیٹ رسک، کریڈٹ رسک اور لیکویڈیٹی رسک (بشمول کرنسی رسک، دیگر پرائس رسک اور سود کی شرح کا رسک)۔ کمپنی کا تمام رسک مینجمنٹ پروگرام مالی منڈیوں کے اتار چڑھاؤ پر 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 محکمہ خزانہ 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، یا مارکیٹ میں ٹریڈ کئے جانے والے تمام اسی طرح کے مالی آلات کو متاثر کرنے والے عوامل کے باعث ہوں کی وجہ سے اتار چڑھاؤ آئے گا۔ اب تک کمپنی کو ایکویٹی قیمت کا کوئی خطرہ پیش نہیں آیا ہے لہذا ایکویٹی سیکورٹیز میں کوئی سرمایہ کاری نہیں کی گئی ہے۔ کمپنی کو اب تک اشیاء کی قیمت کا بھی کوئی خطرہ پیش نہیں آیا ہے اس لئے یہ کموڈٹیز 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۔ منیجر شرح پر قرض کا حاصل کرنا کمپنی کے نقد باؤ شرح سود کے خطرے کو بے نقاب کرتا ہے۔

قرض کا خطرہ

قرض کا خطرہ نمائندگی کرتا ہے کہ اگر کاروبار 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 تخمینہ 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۔ محتاط لیکویڈیٹی رسک مینجمنٹ تفویض کریڈٹ کی سہولیات کی کافی رقم کے ذریعے فنڈز کی دستیابی، کافی نقدی کی برقراری پر عمل کرتی ہے۔ کمپنی کے کاروبار کی متحرک نوعیت کی وجہ سے، کمپنی کا فنانس ڈیپارٹمنٹ تفویض کریڈٹ لائسنز کے تحت مالی دستیابی کو برقرار رکھ کر فنڈز کی فراہمی میں چک پذیر 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 پریکٹس 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 فنانسنگ منصوبوں کو برقرار رکھتی ہے۔

کیپٹل رسک مینجمنٹ

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

کارپوریٹ سماجی ذمہ داری-KSB کیئر

کاروبار کا وجود مکمل طور پر معاشرے پر منحصر ہے۔ کاروبار کے بدلے میں معاشرے سے شکریہ ادا کرنے کا تقاضا ہے۔ کارپوریٹ سماجی ذمہ داری معاشرے کی اہم ضروریات میں سے چند ایک کو پورا کرنے میں معاشرے کی مدد کرنا اس شکرگزاری کا اظہار ہے۔ ہمارا کارپوریٹ سماجی ذمہ داری (سی ایس آر) پروگرام KSB کیئر کے زیر اہتمام کام کرتا ہے۔ KSB حسن ابدال میں اس کی پیداواری سہولت کے ارد گرد دیہاتی علاقوں میں تعلیمی اداروں کی حمایت کر رہا ہے۔ سال 2016 کے دوران کمپنی نے اسکولوں کے لئے بنیادی ڈھانچے کی بحالی، کلاس رومز کی تعمیر، اور فرنیچر & فلچر کے انتظامات اور پینے کے پانی کے لئے امداد فراہم کی۔ KSB طالب علموں کو انٹرن شپس، اپرنٹس شپس، تربیتی مواقع، تعلیمی دوروں اور مطالعہ کے منصوبوں کی پیشکش بھی کر رہی ہے۔ KSB کیئر اسکالرشپ پروگرام کے تحت، KSB ایوارڈز میرٹ کی بنیاد پر حسن ابدال کے گرد و نواح میں واقع مختلف اسکولوں اور کالجوں کے ہونہار طلباء کو اسکالرشپ سہاگیا گیا۔ اس کے علاوہ سال 2016 دوران 315 سب سے زیادہ کامیاب امیدواران کو اسکالرشپ سے نوازا گیا، مزید برآں ہسپتالوں اور فلاحی اداروں کو عطیات بھی دیئے گئے۔

مستقبل کا نقطہ نظر

فروخت

موجودہ کاروباری ماحول کی بنیاد پر، انٹیک آرڈر صنعت، توانائی، بلڈنگ سروس اور پانی اور فضلے کے پانی کے لئے معیاری اور اعلیٰ پائے کی انجینئر ڈ مارکیٹ دونوں میں توسیع ہونے کی توقع ہے۔ انفراسٹرکچر اور توانائی کے منصوبوں پر حکومت کی توجہ کی وجہ سے پبلک سیلکٹر کو مزید صحت مند کاروبار کے مواقع پیش کرتی ہے۔ ریورس اوسموسس/سیوریج ٹریٹمنٹ پلانٹس کے نئے قائم کاروبار کی لائن میں آئندہ سالوں میں خاص طور پر توانائی کے شعبہ میں صحت مند نمو کی پیش

گوئی کی جارہی ہے۔ ہم کامیابی سے سوشل میڈیا مہم اور فعال مکالمے کی طرح کی مختلف مارکیٹنگ سرگرمیوں کے ذریعے اپنے موجودہ اور ممکنہ گاہکوں کے ساتھ مؤثر مواصلاتی جاری رکھے ہوئے ہیں۔

منصوبے

سال 2017 کے لئے کاروباری نقطہ نظر موجودہ گاہکوں سے دوبارہ آرڈرز سمیت پرامید رہے گا۔ آرڈر انٹیک کی نمو کے تخمینے پنجاب، خیبر پختونخوا اور سندھ میں متعدد کاروباری مواقع پر مبنی ہیں مثلاً پنجاب میں صاف پانی کا پروجیکٹ، واسالا ہورسکیڈ & فلٹریشن منصوبے، پنجاب PHED فلٹریشن منصوبے، MSDP-CDWA، اور جیکب آباد پمپ اسٹیشن۔ اس کے علاوہ، کراچی واٹر اینڈ سیوریج بورڈ روایتی پمپنگ کے شعبہ میں EPC/ٹرکی کاروبار کے لئے امید افزا امکانات فراہم کرتا ہے، جس کی پیروی پروجیکٹس اور بیلز کی ایک مشترکہ ٹیم فعال طور پر کر رہی ہے۔ موجودہ توجہ آپریشنل اور اسٹریٹجک صلاحیت کو بہتر بنانے کے وسائل کی اصلاح کے ساتھ کلفٹن پمپنگ اسٹیشن، NSUSC پائپ لائن وغیرہ جیسے زیر دست منصوبوں کو مکمل کرنے پر ہے۔ KSB منصوبے ہماری کسٹمر بنیاد کو وسیع کرنے کے نقطہ نظر کے ساتھ آئندہ منصوبوں کے لئے ضروری اندراجات اور پری کوالیفیکیشنز کے لئے اپنی کوشش جاری رکھتے ہیں۔

سروسز

KSB پاکستان سروسز زیر دست ایک صحت مند آرڈرز کے ساتھ 2017 سے شروع کی گئی ہے۔ اعلیٰ پائے کی مارکیٹ اور سروس کے منصوبوں سے مزید کاروبار حاصل کرنے کی بھرپور کوششیں کی جائیں گی۔ 2016 ایک "پارٹنر ایگریمنٹ" کا سال رہا، جہاں شمال اور جنوب دونوں میں پارٹنرز کے ساتھ معاہدے دستخط کیے گئے ہیں، جبکہ سینٹر کے معاہدے زیر عمل میں ہیں۔ خاص طور پر پبلک سیکٹر کے بڑے صارفین پر انحصار کم کرنے کے ذریعے اپنی مارکیٹ رسائی کو بہتر بنانے کے لئے مزید کوششیں کی جائیں گی۔ ہم اپنے قابل قدر گاہکوں کے ساتھ پائیدار نمو، شراکت داری کے تعلقات کو یقینی بنانے اور پمپ سروس شعبہ میں "اون ونڈو حل فراہم کرنے" کا درجہ حاصل کرنے کے حتمی مقصد کے ساتھ KSB پاکستان سروسز کے لئے 2017 کو ایک اور خوشحال سال بنانے کے لئے پرعزم ہیں۔

تصرفات

سالانہ نتائج

509,489	قبل از ٹیکس سالانہ منافع
(131,793)	ٹیکس کی فراہمی
377,696	بعد از ٹیکس منافع
(2,330)	دیگر مجموعی سالانہ آمدن / (نقصان)۔ خالص ٹیکس
251	غیر موزوں منافع
375,617	تصرفات کی دستیابی
	تصرف
263,000	عام ریزرو کے لئے منتقل
112,200	تجویز کردہ منافع منقسمہ بشرح 8.50 روپے فی شیئر
375,200	
417	غیر موزوں منافع جو آگے آیا

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 2017 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 2016 کے بعد کوئی مادی تبدیلیاں نہیں ہوئی ہیں اور کمپنی کسی بھی وعدہ میں داخل نہیں ہوئی، جو بیلنس شیٹ کی تاریخ میں اس کی مالی پوزیشن کو متاثر کرے گا۔

ہولڈنگ کمپنی

کمپنی کی ہولڈنگ کمپنی KSB Aktiengesellschaft، جرمنی ہے۔

بورڈ آف ڈائریکٹرز

موجودہ مجلس نظماً آٹھ افراد پر مشتمل ہے جس میں سے چھ نان ایگزیکٹو ہیں۔ بورڈ کے چیئرمین، سی ای او اور نان ایگزیکٹو ڈائریکٹرز کے علاوہ ہیں۔ بورڈ آف ڈائریکٹرز کے اجلاس سال کے دوران، مجلس نظماً کے چار اجلاس منعقد ہوئے اور ہر ایک ڈائریکٹر کی شرکت کی تعداد حسب ذیل میں دی گئی ہے:

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

ڈائریکٹرز جو بورڈ کے اجلاس میں شرکت نہیں کر سکے اور خصت عطا کی گئی۔

آڈٹ کمیٹی

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

نمبر شمار	نام ڈائریکٹر	حاضری کی تعداد
1	جناب جمال نسیم - چیئرمین نان ایگزیکٹو ڈائریکٹر	4
2	جناب حسن عزیز بلگرامی - رکن نان ایگزیکٹو ڈائریکٹر	2
3	Dr. Matthias Beth - رکن نان ایگزیکٹو ڈائریکٹر	3
4	سید حیدر علی - رکن نان ایگزیکٹو ڈائریکٹر	2

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

انسانی وسائل اور معاوضے کی کمیٹی

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

نمبر شمار	نام ڈائریکٹر	حاضری کی تعداد
1	محترمہ راحت کونین حسن - چیئر پرسن	-
2	سید حیدر علی - رکن	1
3	جناب محمد مسعود اختر - رکن	1

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ نے مالی حسابات اور ان کی وضاحت کیپینیز آرڈیننس 1984 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 کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- بورڈ کے تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے بخوبی واقف 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 نتیجہ شدہ حسابات پر مبنی سرمایہ کاری کی قدر حسب ذیل ہے:
- پراویڈنٹ فنڈ 31 دسمبر 2015: 81.00 ملین روپے
- گریجویٹ فنڈ 31 دسمبر 2015: 49.50 ملین روپے
- ہمارے بہترین علم کے مطابق، سی ای او، ڈائریکٹرز، کمپنی سیکرٹری، سی ایف او اور ان کی زوج اور نابالغ بچوں کی طرف سے کمپنی کے حصص کی کوئی ٹریڈنگ نہیں کی گئی ہے۔

نمونہ حصص داری

31 دسمبر 2016ء کو کمپنی کے حصص داری کا نمونہ 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

ڈائریکٹرز اپنے قابل احترام صارفین، حصص یافتگان، بینکاروں، سپلائرز اور ڈیلرز کا کمپنی کو سال بھر قابل قدر حمایت فراہم کرنے کا شکریہ ادا کرتے ہیں۔ وہ اپنی اصل کمپنی میسرز KSB AG کی طرف سے فراہم بہترین حمایت اور رہنمائی کے بھی شکر گزار ہیں۔ بورڈ تمام ملازمین کے شراکت کو بھی تسلیم کرتا ہے اور سال 2016 کے لئے کاروباری اہداف کے حصول میں ان کی وابستگی اور سخت محنت کو بھی سراہتا ہے۔

منجانب بورڈ

محمد مسعود اختر

چیف ایگزیکٹو

21 مارچ 2017ء

لاہور



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