

Annual Report 2020

KSB Pumps Company Limited





KSB Pumps Company Limited

KSB - Technology that makes its mark

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

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

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

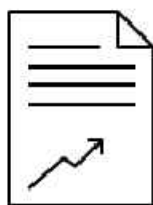
Over the years, KSB Pakistan has developed a diversified and motivated pool of human resource and today the Company employs more than 400 proficient people that operates through its sales offices in Lahore, Karachi, Rawalpindi and Multan. To enable easy access to its customers, KSB Pakistan has a nation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



Today KSB Pakistan stands as a market leader in its line of business and is a benchmark for new entrants. The Company’s products, quality standards, people, business partners and leadership have all contributed to imprint this company’s score in the history of Pakistan.

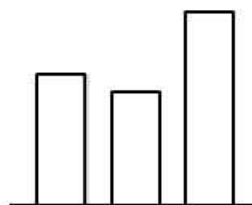
2020 in Figures

Order Intake



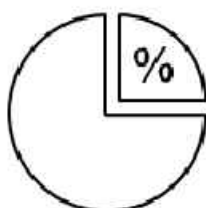
PKR **3,676** million

Sales



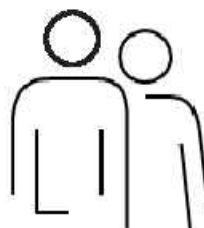
PKR **3,606** million

EBIT



PKR **23,636** million

Employees



310 as on 31st December 2020

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CORPORATE OBJECTIVES

- 04 Vision
- 04 Mission Statement
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- 05 Values
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Occupational Health &
Safety Guidelines

Vision

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

Mission Statement

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

Strategic Objective

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



Values

Trust

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

Honesty

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

Responsibility

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

Professionalism

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

Appreciation

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



Sustainability at KSB

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

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

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



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

As a company we focus on

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

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

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

Quality Guidelines

Achieve maximum customer satisfaction

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

Promote quality awareness

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

All employees are focused on their customers

The principle of customer-supplier relations also applies internally: Colleagues further along the work process are also customers; work completed for them must be impeccable.

Avoid mistakes instead of remedying them

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

Improve quality

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

Involve suppliers

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





Environmental Protection, Occupational Health and Safety Guidelines

Publicise environmental relevance

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

Promote awareness of environmental issues, occupational health and safety

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

Strengthen our employees' sense of responsibility

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

Recognise and avoid risks

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

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

Comply with requirements

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

Ensure third-party firms meet obligations

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

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MANAGEMENT

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

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



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

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

KSB pumps are produced strictly in accordance with the design and specifications of KSB SE & Co. KGaA, Germany, in order to maintain standards of the highest quality. Comprehensive inspection and latest test bed facilities are available at Works, Hassanabdal to ensure compliance with the global quality standards. The production facilities are also being regularly modernized and extended to cope with the challenges of new product technology. One among few KSB manufacturing facilities, our plant at Hassanabdal is MbK (Made by KSB) certified. This is the feature that ensure consistent KSB processes and products to its customers not only in Pakistan but around the globe as well. During the last 34 years, the Company has rapidly expanded its product portfolio to include a large number of pumps and valves according to the changing market needs in various segments.

KSB believes in continuous innovation; adding new products and business ideas to strengthen the portfolio and help to open up new markets. Keeping in view increasing market demand and modernization requirement, a major project of Foundry expansion has been carried out in year 2017. The newly established fully automated state-of-the-art Foundry, with enhanced capacity, is capable of producing sophisticated automotive parts along with pump & valve castings and is a leading supplier of tractor/ automobile castings in the country.

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

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

With a 61 years journey of successful operations in the country, today KSB Pakistan stands as a market leader in its line of business and is a benchmark for new entrants. The Company's products, quality standards, people, business partners and leadership have all contributed to imprint this company's score in the history of Pakistan.

Board of Directors



Dr. Sven Baumgarten
Chairman Board of Directors

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



Mohammad Masud Akhtar
Managing Director

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



Dieter Antonius Pott
Director

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



Sajid Mahmood Awan
Director

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



Hasan Aziz Bilgrami
Director

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



Jamal Nasim
Director

Mr. Jamal Nasim, is a Director & the Chairman of the Audit Committee of KSB Pakistan. He is Managing Director, Industrial Development Bank of Pakistan and has more than 39 years of professional experience with NDFC and IDBP, which includes Commercial Banking, Project Management, Operations, Treasury, Risk Management, Internal Audit and Compliance etc. He also has a substantial experience of serving on the Boards of Directors of different companies in Textile, Sugar and Food sectors. He holds a Masters degree, in Business Administration, from Asian Institute of Management, Manila - Philippines.



Shezada Mazhar
Director

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



Ayesha Aziz
Director

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

Dr. Sven Baumgarten **Chairman Board of Directors**



Chairman's Review

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

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

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

KSB Supreme Serv

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

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

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

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



Dr. Sven Baumgarten
Chairman
Lahore: March 17, 2021

Management Committee



Mohammad Masud Akhtar
Chief Executive Officer /
Managing Director



Faisal Arman Khan
Company Secretary



Syed Tariq Ali
Director Operations



Muhammad Imran Malik
Director Sales &
Strategic Marketing



Farhat Zafar
Chief Financial Officer



Matruf Rasool
GM Materials



Omer Salique
GM Services



Muhammad Omer Siddiqui
Head - Product Management &
Leading Application Center



Shahzad Saleem
Head - Human Resource & IT



Saeed Hameed
Head - Internal Audit



Shahzad Umer
Head - QHSE

Sales Offices

Lahore

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

Multan

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

Rawalpindi

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

Karachi

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

KSB Exclusive Partners

| Sr. | Channel | City | Location | Province | Partners | Contact# | Email |
|-----|--|----------|---|-------------|-----------------------------|--|--------------------------|
| 1 | Densim Engineers | Lahore | 65-A Ferozepur Road Link Saranabad Road, near LCS | Punjab | Hammad Malik/ Syed Mehdi | 0302-87444499 042-37500078 | hammad.malik@de.com.pk |
| 2 | Industrial Development & Engineering Associates | Karachi | 20-C Miramaras Floor, Indus Centre 14th Com at FH-II DHA | Sindh | Saqib Khawaja | 0300-8203077 021-353904612 | saqib@idca.com.pk |
| 3 | Wali Muhammad & Co. | Quetta | Zamkiran Road Near Millennium Mall | Balochistan | Wali Muhammad | 0300-8387668 081-2829635 | gulsamachinery@yahoo.com |
| 4 | Pak Atlantic Purpaz | Peshawar | 3rd Floor, Mall Tower, 35-The Mall, Peshawar Cantt. | KPK | Azfar Javed | 0345-5555939 091-5285679 | pakatlantic@gmail.com |
| 5 | B&C Engineering | Lahore | House # 22, Q Block, Main Boulevard, Golberg II, Near Home Economics College | Punjab | Imran Yousaf Arbab Mial | 0300-4056939 042-52801273 | imran@bunge.com |
| 6 | Modern Technology & Trainers | Karachi | 4th Floor, Building # 11-C/2, Lane-11 Bakhari Commercial DHA Phase-6 | Sindh | Abdul Qayyum | 0333-7299905 0311-1000953 021-35186121-4 | qayyumhsh3@gmail.com |



Company Information

Board of Directors

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

Company Secretary

Faisal Aman Khan

Management

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

Auditors

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

Legal Advisors

Mandviwala & Zafar

Bankers

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

Audit Committee

| | |
|----------------------|----------|
| Jamal Nasim | Chairman |
| Dieter Antonius Pott | Member |
| Shezada Mazhar | Member |

Secretary Audit Committee

Saeed Hussain

HR & R Committee

| | |
|-----------------------|----------|
| Shezada Mazhar | Chairman |
| Mohammad Masud Akhtar | Member |
| Hasan Aziz Bilgrami | Member |

Secretary HR & R Committee

Shahzad Saleem

Registered Office

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

Works

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


Share Registrar

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

Notice of Annual General Meeting

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

1. To confirm the minutes of the 63rd Annual General Meeting held on May 21, 2020.
2. To consider and adopt the audited accounts of the Company for the year ended December 31, 2020 and report of Auditors and Directors thereon.
3. To approve and declare dividend of 5% for the financial year ended December 31, 2020 as recommended by the Directors.
4. To appoint auditors for the year 2021 and fix their remuneration. M/s. A.F. Ferguson & Co., Chartered Accountants, the retiring auditors offer themselves for re-appointment as auditors of the Company.



BY ORDER OF THE BOARD
Faisal Aman Khan
Company Secretary

Lahore : April 01, 2021

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received not later than 48 hours before the time appointed for the meeting. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid. Every proxy shall have the right to attend, speak and vote in place of the member appointing him/her at the meeting.

2. The Share Transfer Books of the Company will remain closed from 20th April, 2021 to 27th April, 2021 (both days inclusive). Transfers received in order at Company's Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400, by the close of business on 19th April, 2021 will be in time to be passed for payment of dividend to the transferees.
3. The CDC account/sub account holders and/or the persons whose securities are in group account and their registration details are up-loaded as per the regulations, shall for identification purpose have to produce their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

4. Due to current COVID-19 situation and terms of Circular No. 4/2021 dated February, 15, 2021 of SECP, the Company has made arrangements for participation of the shareholders through Video-Link. The Members, who are willing to attend and participate in the AGM through Video-Link, are requested to register themselves by sending an email at companysecretary@ksb.com.pk with subject registration for AGM and by providing the following particulars.

| S. No. | Name of the Shareholder | CNIC No. | Photo No. | Mobile | Registered Email Address |
|--------|-------------------------|----------|-----------|--------|--------------------------|
| | | | | | |

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

The shareholders, who wish to send comments/suggestions on the agenda of AGM, can email the Company at companysecretary@ksb.com.pk and the

same will be discussed in the meeting and made part of the minutes of the meeting.

5. WITHHOLDING TAX ON DIVIDENDS

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

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

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30 % all shareholders whose names are not entered into the Active Tax- payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @ 30 % instead of 15%.

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

The Corporate shareholders having CDC account are required to have their National Tax Number

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

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

6. UNCLAIMED DIVIDEND/SHARES

Shareholders who could not collect their dividend / physical shares are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of three (3) years or more from the date due and payable shall be deposited to the credit of the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP

7. ELECTRONIC DIVIDEND MANDATE

Under section 242 of the Companies Act 2017, it is mandatory for all listed Companies to pay cash



dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

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

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers/participant/CDC account services.

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

8. AUDITED FINANCIAL STATEMENT OF THE COMPANY

SECP through its notification SRO 470(1) /2016 dated May 31, 2016 has allowed the Companies circulations of annual audited accounts to the Members through CD/DVD/USB at their registered addresses. The Company has sent the annual report

for the year ended December 31, 2020 in the form of CD. Any member requiring printed copy of the annual report 2020 may send a request using standard request form placed on Company website

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

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



Mohammad Masud Akhtar

Chief Executive Officer & MD - KSB Pakistan



Directors' Report to the Shareholders

The Directors of KSB Pumps Company Limited are pleased to present the Annual Report along with the Audited Financial Statements for the year ended December 31, 2020 together with Auditor's report.

THE ECONOMY

Global Economy

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

Pakistan's Economy

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

THE COMPANY

Financial Results

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

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

Pumps & Valves

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



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

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

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



Production

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

2,949
NUMBER OF PUMPS
PRODUCED

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



Foundry

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

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

Quality, Environment, Occupational Health and Safety

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

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

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

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



KSB SupremeServ

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

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

Human Resource

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

1,733
TRAINING
MANHOURS

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

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

Enterprise Risk Management

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

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

Financial Risk Factor

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

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

Market Risk

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

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

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

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

Credit Risk

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

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

Liquidity Risk

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

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

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

Capital Risk Management

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

Corporate Social Responsibility - KSB CARE

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

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

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

FUTURE OUTLOOK

Pumps & Valves

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

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

KSB SupremeServ

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



APPROPRIATION**RESULT FOR THE YEAR**

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

AUDITORS

The present auditors, A.F. Ferguson & Co., Chartered Accountants, retire and offer themselves for reappointment. As suggested by the Audit Committee the Board of Directors has recommended their reappointment as auditors of the Company for the year ending December 31, 2021.

CODE OF CONDUCT

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

MATERIAL CHANGES

There have been no material changes since December 31, 2020 and the company has not entered into any commitment, which would affect its financial position at the balance sheet date.

HOLDING COMPANY

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

BOARD OF DIRECTORS

The Board of Directors presently comprises eight individuals out of which three are independent and 4 are non- executive members.

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

BOARD OF DIRECTORS MEETING

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

| S. No. | Name of Director | No. of Meetings Attended |
|--------|--------------------------|-----------------------------|
| 01. | Dr. Sven Baumgarten | 4 |
| 02. | Mr. M. Masud Akhtar | 4 |
| 03. | Mr. Sajid Mahmood Awan | 4 |
| 04. | Mr. Dieter Antonius Pott | 4 |
| 05. | Ms. Aycaha Aziz | 1 |
| 06. | Mr. Hasan Aziz Bilgrami | 3 |
| 07. | Mr. Jamal Nasim | 4 |
| 08. | Mr. Shezada Mazhar | 4 |

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



AUDIT COMMITTEE

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

| S. No. | Name of Director | | | No. of Meetings Attended |
|--------|--------------------------|------------|------------------------|--------------------------|
| 1. | Mr. Jamal Nasim | - Chairman | Independent Director | 4 |
| 2. | Mr. Dieter Antonius Pott | - Member | Non-Executive Director | 4 |
| 3. | Mr. Shezada Mazhar | - Member | Independent Director | 4 |

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

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



Directors' Remuneration Policy-For Attending Meetings of the Board

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

CORPORATE AND FINANCE REPORTING FRAME WORK

- The financial statements together with the notes thereon have been drawn up by the Management in conformity with the Companies Act, 2017. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations.
- There has been no departure from the best practices of transfer pricing.
- The key operating and financial data for the last six years is annexed.
- The value of investments including accrued interest based on respective audited accounts of funds are as follows:

| | | |
|------------------------------|---|--------------------|
| 1. Provident Fund 31.12.2019 | : | Rs. 226.42Million. |
| 2. Gratuity Fund 31.12.2019 | : | Rs.168.87Million. |
- To the best of our knowledge, no trading of shares of the Company by CEO, Directors, Company Secretary, CFO, their spouses and minor children has been carried out.

PATTERN OF SHAREHOLDING

The statement of pattern of the shareholding of the Company as at December 31, 2020 is annexed with the report.

PERFORMANCE REVIEW OF CHIEF EXECUTIVE OFFICER

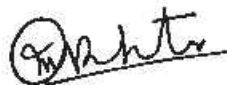
The performance of CEO is assessed through the evaluation system developed by the KSB Group. The evaluation is conducted on financial and non-financial parameters including the KSB Values.

ACKNOWLEDGEMENT

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

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

On behalf of the Board

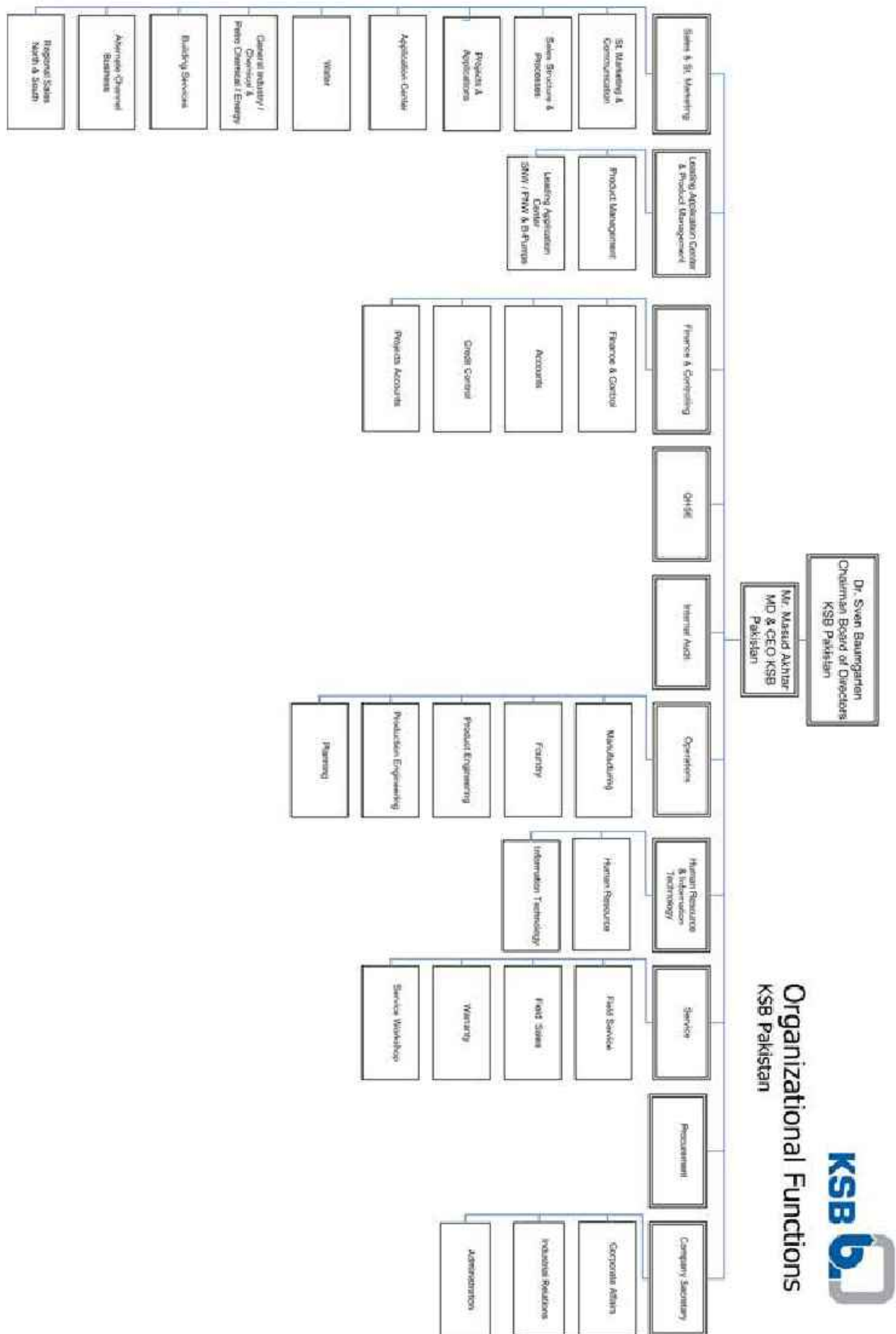


March 17, 2021
Lahore.

Mohammad Masud Akhtar
Chief Executive



Shezada Mazhar
Director



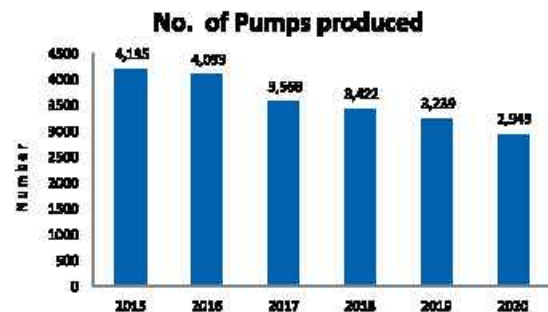
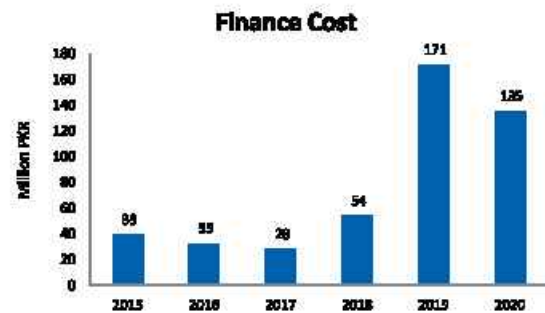
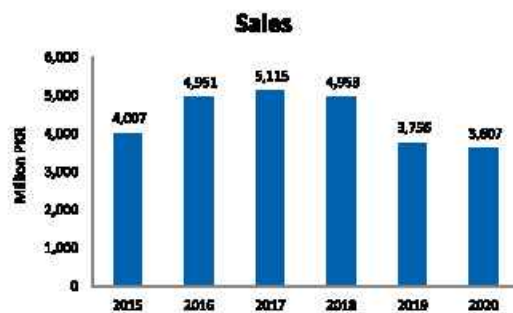
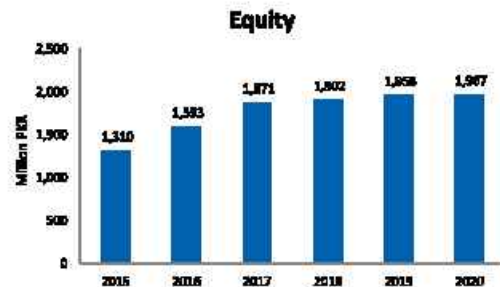
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STAKEHOLDERS' INFORMATION

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6 Years Highlights



Vertical Analysis

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

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

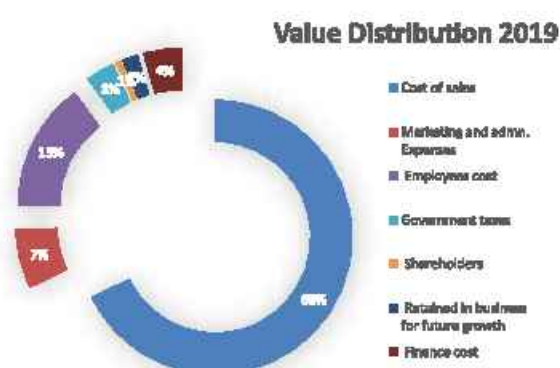
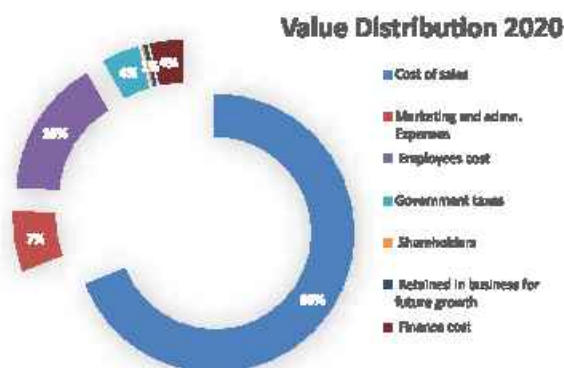
Horizontal Analysis

| | 2020 | 2019 | Change | 2019 | 2018 | Change | 2018 |
|---|-------------|-------------|---------|-------------|-------------|---------|-------------|
| | Rs. In '000 | Rs. In '000 | % | Rs. In '000 | Rs. In '000 | % | Rs. In '000 |
| Balance Sheet | | | | | | | |
| Net worth / shareholders equity | 1,967,112 | 1,957,898 | 0.47% | 1,957,898 | 1,901,553 | 2.96% | 1,901,553 |
| Non current liabilities | 344,785 | 273,575 | 26.03% | 273,575 | 433,783 | -36.93% | 433,783 |
| Short term running finances/bank borrowings | 904,448 | 1,211,456 | -25.34% | 1,211,456 | 966,760 | 25.31% | 966,760 |
| Creditors, accrued and other liabilities | 1,476,941 | 1,497,734 | -1.39% | 1,497,734 | 1,819,574 | -17.69% | 1,819,574 |
| Total liabilities and equity | 4,693,286 | 4,940,663 | -5.01% | 4,940,663 | 5,121,670 | -3.53% | 5,121,670 |
| Fixed Assets | 1,088,677 | 1,196,996 | -9.05% | 1,196,996 | 1,269,796 | -5.73% | 1,269,796 |
| Long Term Loans and Deposits | 70,909 | 69,256 | 2.39% | 69,256 | 74,314 | -6.81% | 74,314 |
| Deferred Taxation | - | - | 0% | - | - | 0% | - |
| Current Assets | 3,533,700 | 3,674,411 | -3.83% | 3,674,411 | 3,777,560 | -2.73% | 3,777,560 |
| Total Assets | 4,693,286 | 4,940,663 | -5.01% | 4,940,663 | 5,121,670 | -3.53% | 5,121,670 |
| Profit and Loss Account | | | | | | | |
| Sales | 3,606,605 | 3,755,532 | -3.97% | 3,755,532 | 4,952,915 | -24.18% | 4,952,915 |
| Cost of sales | (3,012,089) | (3,021,989) | -0.33% | (3,021,989) | (4,269,529) | -29.55% | (4,269,529) |
| Gross Profit / (Loss) | 594,516 | 733,543 | -18.95% | 733,543 | 663,386 | 10.58% | 663,386 |
| Distribution and marketing costs | (303,269) | (308,778) | -1.78% | (308,778) | (342,263) | -9.78% | (342,263) |
| Administrative expenses | (205,732) | (223,890) | -8.11% | (223,890) | (222,830) | 0.48% | (222,830) |
| Other operating expenses | (11,771) | (8,920) | 31.96% | (8,920) | (18,994) | -53.04% | (18,994) |
| Other operating income | 84,849 | 95,498 | -11.15% | 95,498 | 226,665 | -57.87% | 226,665 |
| Operating Profit / (Loss) | 158,593 | 287,453 | -44.83% | 287,453 | 305,963 | -6.05% | 305,963 |
| Finance Cost | (134,957) | (170,538) | -20.86% | (170,538) | (54,467) | 213.11% | (54,467) |
| Profit / (Loss) before tax | 23,636 | 116,915 | -79.78% | 116,915 | 251,496 | -53.51% | 251,496 |
| Taxation | (7,254) | (29,035) | -75.02% | (29,035) | (55,499) | -47.65% | (55,499) |
| Profit / (Loss) for the year | 16,382 | 87,880 | -81.36% | 87,880 | 196,037 | -55.17% | 196,037 |

| 2017 | Change | 2017 | 2016 | Change | 2016 | 2015 | Change | 2015 | 2014 | Change |
|-------------|---------|-------------|-------------|---------|-------------|-------------|---------|-------------|-------------|---------|
| Rs. in '000 | % | Rs. in '000 | Rs. in '000 | % | Rs. in '000 | Rs. in '000 | % | Rs. in '000 | Rs. in '000 | % |
| 1,871,369 | 1.61% | 1,871,369 | 1,593,217 | 17.48% | 1,593,217 | 1,310,250 | 21.60% | 1,310,250 | 1,101,515 | 18.95% |
| 413,515 | 4.90% | 413,515 | 137,703 | 200.30% | 137,703 | 83,728 | 64.46% | 83,728 | 79,193 | 5.73% |
| 269,215 | 259.10% | 269,215 | 150,059 | 79.41% | 150,059 | 381,372 | -60.65% | 381,372 | 529,272 | -27.94% |
| 2,232,091 | -18.48% | 2,232,091 | 1,753,672 | 27.28% | 1,753,672 | 1,605,920 | 9.20% | 1,605,920 | 1,197,407 | 34.12% |
| 4,786,190 | 7.01% | 4,786,190 | 3,634,651 | 31.68% | 3,634,651 | 3,381,271 | 7.49% | 3,381,271 | 2,907,387 | 16.30% |
| 1,245,786 | 1.93% | 1,245,786 | 486,675 | 155.98% | 486,675 | 417,795 | 16.49% | 417,795 | 364,236 | 14.69% |
| 13,044 | 469.71% | 13,044 | 16,508 | -20.98% | 16,508 | 15,188 | 8.69% | 15,188 | 12,463 | 21.87% |
| - | 0% | - | - | 0% | - | - | 0% | - | - | 0% |
| 3,527,360 | 7.09% | 3,527,360 | 3,131,467 | 12.64% | 3,131,467 | 2,948,287 | 6.21% | 2,948,287 | 2,530,628 | 16.50% |
| 4,786,190 | 7.01% | 4,786,190 | 3,634,651 | 31.68% | 3,634,651 | 3,381,271 | 7.49% | 3,381,271 | 2,907,387 | 16.30% |
| 5,115,215 | -3.17% | 5,115,215 | 4,950,602 | 3.33% | 4,950,602 | 4,007,244 | 23.54% | 4,007,244 | 3,152,062 | 27.13% |
| (3,970,150) | 8.04% | (3,970,150) | (3,902,841) | 1.72% | (3,902,841) | (3,099,652) | 25.91% | (3,099,652) | (2,454,451) | 26.29% |
| 1,145,066 | -42.07% | 1,145,066 | 1,047,762 | 9.29% | 1,047,762 | 907,592 | 15.44% | 907,592 | 697,611 | 30.10% |
| (334,702) | 2.26% | (334,702) | (310,023) | 7.96% | (310,023) | (328,342) | -5.58% | (328,342) | (243,578) | 34.80% |
| (244,767) | -8.96% | (244,767) | (225,841) | 8.38% | (225,841) | (188,149) | 20.09% | (188,149) | (184,984) | 1.71% |
| (59,219) | -67.93% | (59,219) | (38,852) | 52.42% | (38,852) | (36,911) | 5.26% | (36,911) | (29,673) | 24.39% |
| 60,854 | 272.47% | 60,854 | 69,061 | -11.88% | 69,061 | 53,644 | 28.74% | 53,644 | 60,158 | -10.83% |
| 567,231 | -46.08% | 567,231 | 542,106 | 4.63% | 542,106 | 407,834 | 32.92% | 407,834 | 299,535 | 36.16% |
| (27,908) | 95.17% | (27,908) | (32,617) | -14.44% | (32,617) | (39,156) | -16.70% | (39,156) | (47,435) | -17.45% |
| 539,324 | -53.37% | 539,324 | 509,489 | 5.86% | 509,489 | 368,678 | 38.19% | 368,678 | 252,099 | 46.24% |
| (143,255) | -61.29% | (143,255) | (131,793) | 8.70% | (131,793) | (91,312) | 44.33% | (91,312) | (65,110) | 40.24% |
| 396,068 | -50.50% | 396,068 | 377,696 | 4.86% | 377,696 | 277,366 | 36.17% | 277,366 | 186,989 | 48.33% |

Statement of Value Addition

| | 2020 Rs. In '000' | %age | 2019 Rs. In '000' | %age |
|---|----------------------|---------------|----------------------|---------------|
| Value Addition | | | | |
| Net sales | 3,806,605 | 97.70 | 3,755,532 | 97.52 |
| Other income | 84,849 | 2.30 | 95,498 | 2.48 |
| | 3,691,454 | 100.00 | 3,851,030 | 100.00 |
| Value Distribution | | | | |
| Cost of sales (excluding employees' cost) | 2,546,279 | 68.98 | 2,609,487 | 67.76 |
| Marketing, admin. & other expenses (excluding employees' cost) | 255,387 | 6.92 | 270,212 | 7.02 |
| Employees cost | | | | |
| - Salaries, wages, amenities and staff welfare | 582,879 | 15.79 | 578,474 | 15.02 |
| - Workers' profit participation fund | 1,244 | 0.03 | 6,279 | 0.16 |
| | 584,123 | 15.82 | 3,851,030 | 15.18 |
| Government | | | | |
| - Taxes & Duties | 154,345 | 4.18 | 125,774 | 3.27 |
| - Workers' welfare fund | - | 0.00 | 2,388 | 0.06 |
| | 154,345 | 4.18 | 128,160 | 3.33 |
| Shareholders | | | | |
| - Dividend | 6,600 | 0.18 | 19,800 | 0.51 |
| - Bonus shares | - | 0.00 | - | 0.00 |
| | 6,600 | 0.18 | 19,800 | 0.51 |
| Retained in business for future growth | | | | |
| - Retained profit | 9,783 | 0.27 | 68,080 | 1.77 |
| | 9,783 | 0.27 | 68,080 | 1.77 |
| Finance cost | 134,957 | 3.66 | 170,538 | 4.43 |
| | 3,691,454 | 100.00 | 3,851,030 | 100.00 |



Key Financial Data for 6 Years

| | Rupees in '000' | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Balance sheet | | | | | | |
| Paid up capital | 132,000 | 132,000 | 132,000 | 132,000 | 132,000 | 132,000 |
| Reserves | 1,835,112 | 1,825,898 | 1,769,553 | 1,739,369 | 1,461,217 | 1,178,250 |
| Net worth / shareholders equity | 1,967,112 | 1,957,898 | 1,901,553 | 1,871,369 | 1,593,217 | 1,310,250 |
| Non current liabilities | 344,785 | 273,575 | 433,783 | 413,515 | 137,703 | 83,728 |
| Short term running finances/ bank borrowings | 904,447 | 1,211,456 | 966,760 | 269,215 | 150,059 | 381,372 |
| Creditors, accrued & other liabilities | 1,476,942 | 1,497,734 | 1,819,574 | 2,232,091 | 1,753,872 | 1,605,920 |
| Current liabilities | 2,381,389 | 2,709,190 | 2,786,335 | 2,501,306 | 1,903,731 | 1,987,292 |
| Total liabilities | 2,726,174 | 2,982,765 | 3,220,117 | 2,914,821 | 2,041,434 | 2,071,021 |
| Total Liabilities & Equity | 4,693,286 | 4,940,663 | 5,121,670 | 4,786,190 | 3,634,651 | 3,381,271 |
| Fixed assets | 1,088,577 | 1,196,896 | 1,268,796 | 1,245,786 | 486,675 | 417,795 |
| Long term loans and deposits | 70,909 | 69,256 | 74,314 | 13,044 | 16,508 | 15,188 |
| Deferred taxation | - | - | - | - | - | - |
| Current assets | 3,593,700 | 3,674,411 | 3,777,560 | 3,527,360 | 3,131,467 | 2,948,287 |
| Total assets | 4,693,286 | 4,940,663 | 5,121,670 | 4,786,190 | 3,634,651 | 3,381,271 |
| Inventory | 792,327 | 867,928 | 1,068,061 | 1,030,607 | 886,432 | 767,402 |
| Trade debts and contract assets | 2,088,249 | 2,119,541 | 1,987,700 | 1,632,115 | 1,557,229 | 1,437,371 |
| Trade and other payables and contract liabilities | 1,396,106 | 1,411,207 | 1,728,239 | 2,153,288 | 1,681,134 | 1,542,692 |
| Material consumption | 1,895,940 | 1,889,247 | 2,927,693 | 2,529,740 | 2,652,496 | 1,896,068 |
| Profit and loss | | | | | | |
| Sales | 3,606,605 | 3,755,532 | 4,952,915 | 5,115,215 | 4,950,602 | 4,007,244 |
| Cost of goods sold | (3,012,089) | (3,021,989) | (4,289,529) | (3,970,150) | (3,902,841) | (3,099,652) |
| Gross Profit | 594,516 | 733,543 | 663,386 | 1,145,066 | 1,047,762 | 907,592 |
| Distribution and marketing cost | (303,269) | (308,778) | (342,263) | (334,702) | (310,023) | (328,342) |
| Administrative expenses | (205,732) | (223,890) | (222,830) | (244,767) | (225,841) | (188,149) |
| Other operating expenses | (11,771) | (8,920) | (18,994) | (59,219) | (38,852) | (36,911) |
| Other operating income | 84,849 | 95,498 | 226,665 | 60,854 | 69,061 | 53,644 |
| Operating Profit | 158,593 | 287,453 | 305,963 | 567,231 | 542,106 | 407,834 |
| Finance Cost | (134,957) | (170,538) | (54,467) | (27,908) | (32,617) | (39,156) |
| Profit before tax | 23,636 | 116,915 | 251,496 | 539,324 | 509,489 | 368,678 |
| Taxation | (7,254) | (29,095) | (55,459) | (143,255) | (131,793) | (91,312) |
| Net Profit | 16,382 | 87,880 | 196,037 | 396,069 | 377,696 | 277,366 |

Key Performance Indicators

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

4

CORPORATE GOVERNANCE

| | |
|----|-------------------------------------|
| 48 | Pattern of Shareholding |
| 49 | Statement of Compliance |
| 52 | Independent Auditor's Review Report |

Pattern of Shareholding

As at December 31, 2020

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

| Categories of Shareholders | Number of Shareholders | Shares Held | Percentage |
|--|------------------------|-------------|------------|
| Directors and their spouse(s) and minor children | - | - | - |
| Nil | - | - | - |
| Associated Companies, undertakings and related parties | | | |
| M/S. KSB SE & CO, KGaA | 1 | 7,772,975 | 58.89 |
| NIT and ICP | 1 | 1,112,559 | 8.43 |
| Banks Development Financial Institutions, Non-Banking Financial Institutions | 4 | 551,726 | 4.18 |
| Insurance Companies | 1 | 1,112,559 | 8.43 |
| Mudarabas and Mutual Funds | 4 | 99,700 | 0.76 |
| General Public | | | |
| a. Local | 882 | 3,084,126 | 23.36 |
| b. Foreign | 1 | 1000 | 0.01 |
| Foreign Companies | - | - | - |
| Others | 17 | 305,541 | 2.31 |
| Total | 911 | 13,200,000 | 100 |

| Shareholders Holding 5% or more Voting Interest | Shareholders | Percentage |
|---|--------------|------------|
| KSB SE & Co. KGaA, Germany | 7,772,975 | 58.89 |

Statement of Compliance

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

KSB Pumps Company Limited

For the Year Ended December 31, 2020

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

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

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

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

9. The Board remained fully compliant with the provisions regarding their Directors Training Program. Five Directors have already acquired certification under Directors Training Program. Company provided information on the Code of Corporate Governance to foreign Directors and other Directors regarding their duties and responsibilities;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below, -

a) Audit Committee

- | | |
|----------------------------|------------------------------------|
| • Mr. Jamal Nasim | Chairman / Independent Director |
| • Mr. Dieter Antonius Pott | Member / Non-Executive Director |
| • Mr. Shezada Mazhar | Member / Independent Director |
| • Mr. Saeed Hussain | Secretary / Head of Internal Audit |

b) HR and Remuneration Committee

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

13. The 'Terms of Reference' of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees were as per following;

a) Audit Committee

The meetings of Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company.

b) HR and Remuneration Committee

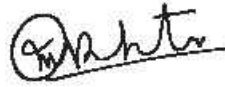
One meeting of HR&R Committee was held during the year.

15. The Board has set up an effective internal audit function who is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

For and on behalf of the Board

March 17, 2021
Lahore.



Mohammad Masud Akhtar
Chief Executive



Shezada Mazhar
Director



A.F. FERGUSON & CO.

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of KSB Pumps Company Limited for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2020.

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

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FINANCIAL STATEMENTS

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A.F. FERGUSON & CO.

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

Opinion

We have audited the annexed financial statements of KSB Pumps Company Limited (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

| Sr. No | Key audit matter | How the matter was addressed in our audit |
|--------|---|--|
| 1 | <p>Revenue Recognition of Projects</p> <p>(Refer to note 28 to the annexed financial statements)</p> <p>The Company generates a portion of its revenue from long term projects. Revenue from such projects is recognised over a period of time by measuring progress towards complete satisfaction of the performance obligation. The extent of progress towards completion is measured by using the input method whereby actual cost incurred to date is compared with the total estimated cost of the project.</p> <p>During the year ended December 31, 2020, the Company recognised an amount of Rs. 325 million as revenue from such projects. The application of the input method requires significant management judgement when estimating the total cost to complete the project. This estimate is reevaluated at the end of each reporting date to reflect current circumstances.</p> <p>We considered revenue from projects as a key audit matter due to significant management judgement and estimation involved.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Obtained understanding of the internal processes used to record actual cost incurred; - Obtained understanding of the cost estimation process and techniques adopted by the management for determination of estimated total cost to complete the project; - Assessed the reliability of management's estimates by comparing the actual results of delivered projects to previous estimates; - Performed test of detail procedures over actual cost incurred during the year; - Recalculated the percentage of completion and the revenue based on the extent of progress towards completion of the project. Checked the extent of progress towards completion by comparing actual costs as per the Company's accounting records to the estimated total costs of the projects; and - Assessed the adequacy of related disclosures in the financial statements |

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of



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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

Report on Other Legal and Regulatory Requirements

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

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

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

A.F. Ferguson & Co.
Chartered Accountants

Name of engagement partner: Mr. Amer Raza Mir.

Labore
Date: March 26, 2021

Statement of Financial Position

As at December 31, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|----------------|----------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital 15,000,000 (2019: 15,000,000) ordinary shares of Rs 10 each | | 150,000,000 | 150,000,000 |
| Issued, subscribed and paid up capital | 5 | 132,000,000 | 132,000,000 |
| Revenue reserves | 6 | 1,835,112,034 | 1,825,898,096 |
| | | 1,967,112,034 | 1,957,898,096 |
| NON CURRENT LIABILITIES | | | |
| Long term finances - secured | 7 | 250,231,042 | 125,000,000 |
| Deferred grant | 8 | 4,358,548 | - |
| Employers' retirement and other benefits | 9 | 72,223,521 | 90,691,148 |
| Deferred tax liabilities | 10 | 17,962,164 | 57,884,316 |
| | | 344,785,275 | 273,575,464 |
| CURRENT LIABILITIES | | | |
| Current portion of long term finances - secured | 7 | 221,946,967 | 125,000,000 |
| Current portion of deferred grant | 8 | 12,200,537 | - |
| Short term finances - secured | 11 | 670,300,329 | 1,086,456,479 |
| Trade and other payables | 12 | 1,393,225,998 | 1,402,720,697 |
| Contract Liability | 13 | 2,879,982 | 8,486,428 |
| Unclaimed dividend | | 10,083,405 | 9,945,891 |
| Due to provident fund | 14 | 4,308,801 | 4,389,980 |
| Provisions for other liabilities and charges | 15 | 66,442,933 | 72,189,948 |
| | | 2,381,388,952 | 2,709,189,423 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 16 | 4,693,286,261 | 4,940,662,983 |

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


Chairman


Chief Executive


Chief Financial Officer

ASSETS**NON-CURRENT ASSETS**

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

CURRENT ASSETS

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


 Chairman


 Chief Executive


 Chief Financial Officer

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2020

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

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


Chairman


Chief Executive


Chief Financial Officer

Statement of Changes in Equity

For the year ended December 31, 2020

| | Share Capital Rupees | Revenue Reserve | | Total Rupees |
|---|-------------------------|----------------------------|---------------------------------|-----------------|
| | | General Reserves Rupees | Unappropriated Profit Rupees | |
| Balance as at January 1, 2019 | 132,000,000 | 1,580,600,000 | 188,952,609 | 1,901,552,609 |
| Transfer to general reserve | - | 149,000,000 | (149,000,000) | - |
| Profit for the year ended December 31, 2019 | - | - | 87,880,352 | 87,880,352 |
| Other comprehensive loss for the year | - | - | 8,065,135 | 8,065,135 |
| Total comprehensive income for the year | - | - | 95,945,487 | 95,945,487 |
| Transactions with owners in their capacity as owners: | | | | |
| Final dividend for the year ended December 31, 2018 Rs 3.00 per share | - | - | (39,600,000) | (39,600,000) |
| Balance as at December 31, 2019 | 132,000,000 | 1,729,600,000 | 96,298,096 | 1,957,898,096 |
| Transfer to general reserve | - | 76,000,000 | (76,000,000) | - |
| Profit for the year ended December 31, 2020 | - | - | 16,382,242 | 16,382,242 |
| Other comprehensive income for the year | - | - | 12,631,696 | 12,631,696 |
| Total comprehensive income for the year | - | - | 29,013,938 | 29,013,938 |
| Transactions with owners in their capacity as owners: | | | | |
| Final dividend for the year ended December 31, 2019 Rs 1.5 per share | - | - | (19,800,000) | (19,800,000) |
| Balance as at December 31, 2020 | 132,000,000 | 1,805,600,000 | 29,512,034 | 1,967,112,034 |

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


Chairman


Chief Executive


Chief Financial Officer

Statement of Cash Flows

For the year ended December 31, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 37 | 388,944,987 | 306,654,464 |
| Finance costs paid | | (146,668,624) | (150,805,429) |
| Taxes paid | | (91,085,205) | (117,163,046) |
| Employees' retirement and other benefits paid | | (22,423,935) | (30,771,368) |
| Decrease / (increase) in long term loans and deposits - net | | (1,653,029) | 5,057,387 |
| | | (261,830,793) | (293,682,456) |
| Net cash generated from operating activities | | 127,114,194 | 12,972,008 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure including capital work in progress | | (59,838,230) | (93,898,632) |
| Expenditure incurred on acquisition of intangibles | | (5,358,768) | (19,312,946) |
| Proceeds from sale of property, plant and equipment | | 19,834,885 | 30,116,743 |
| Net cash used in investing activities | | (45,362,113) | (82,894,835) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term finance-secured | | 268,818,846 | (125,000,000) |
| Repayment of long term finance-secured | | (31,250,000) | - |
| Dividend paid | | (19,662,486) | (38,610,752) |
| Net cash generated from/ (used in) financing activities | | 217,906,360 | (163,610,752) |
| Net increase / (decrease) in cash and cash equivalents | | 299,658,441 | (233,533,579) |
| Cash and cash equivalents at the beginning of the year | | (903,852,240) | (670,318,661) |
| Cash and cash equivalents at the end of the year | 38 | (604,193,799) | (903,852,240) |

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


Chairman


Chief Executive


Chief Financial Officer

Notes to the Financial Statements

For the year ended December 31, 2020

1. Legal status and nature of business

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

2. Statement of compliance

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

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

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

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

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on or after January 1, 2020 but are considered not to be relevant to the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

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

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

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

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or material to the Company's operations and are, therefore, not detailed in these financial statements. Except for:

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

3. Basis of preparation

3.1 Basis of measurement

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

3.1.1 Significant accounting judgements, estimates and assumptions

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

3.1.1.1 Employees' retirement and other benefits

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

3.1.1.2 Provision for taxation

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

3.1.1.3 Useful lives, residual values and impairment of Property, plant and equipment

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

3.1.1.4 Cost to complete the projects

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

3.1.1.5 Stock-in-trade

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

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

3.1.1.6 Impairment of financial assets

The Company applied IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade debts except for government receivables. At each reporting date, the Company assesses the forward-looking basis for computation of the expected credit losses associated with the trade debts. For government receivables, the Company applied the requirements of IAS 39 by reviewing the recoverability of debts to assess likely amount of bad debts and provision required thereon on an annual basis.

3.2 Functional and presentation currency

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

4. Summary of significant accounting policies

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

4.1 Taxation

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

4.1.1 Current tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered

necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty. Such judgements are reassessed whenever circumstances have changed or there is new information that affects the judgement. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Company considers that the most likely outcome will be in favor of the Company, the amounts are shown as contingent liabilities.

4.1.2 Deferred tax

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

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

4.2 Employees' retirement and other benefits

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

4.2.1 Defined benefit plans

4.2.1.1 The supervisory and managerial staff with minimum five years of continuous service with the Company are entitled to participate in an approved funded gratuity scheme. The actual return on the plan assets was Rs 18.35 million (2019: Rs 19.98 million). The actual return on plan assets represent the difference between the fair value of plan assets at beginning and end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

The latest actuarial valuation for the approved funded gratuity scheme was carried out as at December 31, 2020. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

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

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

4.2.1.2 The Company operates an un-funded benefit scheme (ex-gratia) for its unionized staff. Under the scheme, members who have completed prescribed years of service with the Company are entitled to receive 20

days last drawn basic pay for each completed year of service. Provision has been made to cover the obligation on the basis of actuarial valuation. The amount recognized in the statement of financial position represents the present value of defined benefit obligation adjusted for unrecognized actuarial gains and losses.

The latest actuarial valuation for the un-funded gratuity scheme (ex-gratia) was carried out as at December 31, 2020. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

| | 2020 | 2019 |
|---|---------------------------------------|---|
| Discount rate per annum | 9.75% | 11.25% |
| Expected rate of increase in salary level per annum | 8.75% | 10.25% |
| Expected rate of return per annum | 9.75% | 11.25% |
| Average duration of the defined benefit obligation | 2 years | 2 years |
| Basis of mortality rates used | SLIC 2001 - 2005 Setback 1 Year | - SLIC 2001 - 2005 Setback 1 Year |

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

The latest actuarial valuation was carried out as at December 31, 2020. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

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

4.2.2 Defined contribution plans

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

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

4.3 Property, plant and equipment

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

Depreciation on property, plant and equipment is charged to the statement of profit or loss using the straight line method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates mentioned in note 17 after taking into account their residual values.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets as at December 31, 2020 has not required any adjustment.

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

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

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

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

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

4.4 Intangible assets

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

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

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

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

4.5 Capital work in progress

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

4.6 Investment property

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

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

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

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

4.7 Stores, spares and loose tools

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

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

4.8 Stock-in-trade

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

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale. If the expected net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's estimate.

4.9 Trade debts and other receivables

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

4.10 Cash and cash equivalents

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

4.11 Borrowings

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

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

4.12 Borrowing costs

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

4.13 Trade and other payables

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

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

4.14 Provisions

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

4.15 Financial Instruments

4.15.1 Financial assets

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

4.15.1.1 Financial assets at amortized cost

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

4.15.1.2 Financial assets at fair value through other comprehensive income

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

4.15.1.3 Financial assets at fair value through profit or loss

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

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

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

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

4.15.1.4 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The Company computes historical loss rates using the historical credit losses which are then adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle

the receivables. For trade debts other than Government, the Company applied the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company recognises in statement of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date. Impairment testing of trade debts relating to Government owned entities, the Company applied the incurred loss method in accordance with the requirements of IAS 39 'Financial Instruments - Recognition and Measurement' based on exemption provided by SECP for application of IFRS 9 'Financial Instruments' on trade debts relating to Government owned entities.

4.15.2 Financial liabilities

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

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

4.16 Offsetting of financial assets and financial liabilities

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

4.17 Foreign currency transactions and translation

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

4.18 Revenue recognition

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

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

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

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

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

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

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

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

4.19 Leases

4.19.1 Lessee Accounting

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

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

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

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

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for

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

4.19.2 Lessor Accounting

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

4.20 Contingencies and commitments

Contingent liability is disclosed when:

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

4.21 Dividend and other appropriations

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

4.22 Government grants

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

5. Share Capital

5.1 Authorised Share capital

| 2020 (Number of shares) | 2019 (Number of shares) | | 2020 (Rupees) | 2019 |
|----------------------------|----------------------------|--|------------------|-------------|
| 15,000,000 | 15,000,000 | Ordinary shares of Rs 10 each fully paid in cash | 150,000,000 | 150,000,000 |

5.2 Issued subscribed and paid up capital

| 2020 (Number of shares) | 2019 (Number of shares) | | 2020 (Rupees) | 2019 |
|----------------------------|----------------------------|--|------------------|-------------|
| 973,100 8,000 | 973,100 8,000 | Ordinary shares of Rs 10 each fully paid in cash | 9,731,000 | 9,731,000 |
| | | Ordinary shares of Rs 10 each issued for consideration other than cash | 80,000 | 80,000 |
| 12,218,900 | 12,218,900 | Ordinary shares of Rs 10 each issued as fully paid bonus shares | 122,189,000 | 122,189,000 |
| 13,200,000 | 13,200,000 | | 132,000,000 | 132,000,000 |

5.2.1 As at December 31, 2020, the holding company KSB SE & Co. KGaA, having its registered office at 67227 Johann-Klein-Street 09, Frankenthal, Germany, held 7,772,975 (2019: 7,772,975) shares of the Company of Rs 10 each representing 58.89% of the issued, subscribed and paid up share capital of the Company. The Chief Executive Officer of KSB SE & Co. KGaA is Dr.-Ing. Stephan Timmermann and holding company is operational as at December 31, 2020.

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

5.3 There has been no movement in ordinary share capital issued subscribed and paid up during the year ended December 31, 2020

| | Note | 2020 Rupees | 2019 Rupees |
|---|------|----------------|----------------|
| 6. Revenue reserves | | | |
| General Reserve: | | | |
| Opening balance | | 1,729,600,000 | 1,580,600,000 |
| Transfer from unappropriated profit | | 76,000,000 | 149,000,000 |
| | | 1,805,600,000 | 1,729,600,000 |
| Unappropriated profit | | 29,512,034 | 96,298,096 |
| | | 1,835,112,034 | 1,825,898,096 |
| 7. Long Term Finance- Secured | | | |
| Long term loan | | | |
| -Diminishing Musharika - BankIslami Pakistan Limited | 7.1 | 218,750,000 | 250,000,000 |
| -Loan for wages and salaries - Allied Bank Limited | 7.2 | 253,428,009 | - |
| | | 472,178,009 | 250,000,000 |
| Less: Current portion shown under current liabilities | | (221,946,967) | (125,000,000) |
| | | 250,231,042 | 125,000,000 |

7.1 During the prior years, the long term finance was obtained in the form of Diminishing Musharika from BankIslami Pakistan Limited for the purpose of expansion of foundry amounting to Rs 500 million. Under the arrangement, principal amount of Rs 500 million is repayable in 16 equal quarterly instalments beginning on February 16, 2018. During the year ended December 31, 2020, pursuant to State Bank of Pakistan circular No 13 dated March 26, 2020 the Company has obtained one year deferment of repayment of principal amount from Bank Islami Pakistan Limited. Interest is payable quarterly in arrears at the rate of 3 months KIBOR plus 0.10 percent per annum. The average effective rate of markup charged during the year is 10.05% per annum (2019: 11.95% per annum). The amount is secured by way of exclusive charge over specific plant and machinery amounting to Rs 500 million. As at December 31, 2020 the Company has repaid an amount of Rs 281.25 million (2019: 250.00 million).

7.2 During the year ended December 31, 2020, the Company availed the State Bank of Pakistan Refinance Scheme for payment of salaries and wages from Allied Bank Limited with a limit of Rs 271.00 million. The loan is repayable in 8 equal quarterly installments starting from February 3, 2021 with a grace period of six months. The finance is secured by exclusive equitable mortgage charge over land and buildings situated at KSB Pumps Company Limited headoffice upto an amount of Rs 213.00 million and the remaining short fall is covered temporarily through a stop gap arrangement by reducing the running finance facility until any other security is furnished to the bank. Subsequent to the approval of the State Bank of Pakistan the facility carried interest rate of 1% per annum. The effective rate of interest used for discounting of the loan is 7.7% per annum (2019: Nil).

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

8 Deferred Grant

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

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

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

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

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

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

9.1.2 Sensitivity Analysis

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

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

| Impact on defined benefit obligation | | | |
|--------------------------------------|----------------------|------------------------------------|------------------------------------|
| | Change in Assumption | Increase in Assumption (Rupees) | Decrease in Assumption (Rupees) |
| Discount Rate | 1% | 33,118,264 | 34,368,321 |
| Salary Rate | 1% | 34,368,321 | 33,107,198 |

9.1.3 Risk exposure

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

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

9.2 Gratuity

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

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

| | Rupees | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| As at December 31 | | | | | |
| Present value of defined benefit obligation | 183,507,387 | 197,213,194 | 188,260,714 | 155,380,686 | 129,492,307 |
| Less: | | | | | |
| Fair value of plan assets | 173,716,612 | 174,735,861 | 152,900,572 | 133,454,100 | 115,598,716 |
| Deficit | 9,790,775 | 22,477,333 | 35,360,142 | 21,926,586 | 13,893,591 |
| Experience adjustment on obligation | -1.0% | 5% | 4% | 4% | 1% |
| Experience adjustment on plan assets | 0.13% | 0.23% | -1.00% | 1.00% | -3.00% |

9.2.4 Sensitivity analysis gratuity

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

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

9.2.5 Risk exposure

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

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

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

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

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

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

9.3.2 Sensitivity Analysis

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

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

| Impact on defined benefit obligation | | | |
|--------------------------------------|----------------------|------------------------------------|------------------------------------|
| | Change In Assumption | Increase In Assumption (Rupees) | Decrease In Assumption (Rupees) |
| Discount Rate | 1% | 26,871,046 | 30,789,688 |
| Salary Rate | 1% | 30,789,688 | 26,839,158 |

9.3.3 Risk exposure

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

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

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

11 Short term finances - secured

The credit facilities available to the Company from various commercial banks aggregate to Rs 3,191.44 million (2019: Rs 3,370.00 million). These include letters of guarantee, letters of credit, and cash finance facilities, which can be used interchangeably. Furthermore, guidance limit amounting to Rs 168.00 million (2019: 168.00 million) has also been obtained. Moreover, as at December 31, 2020 the Company has unutilized credit facilities amounting to Rs 1,305.53 million (2019: Rs 1,258.03 million).

Mark up on cash finance ranges from 3% to 15.16% (2019: 3% to 15.3%) per annum as per agreements with banks. While mark up on export finance is charged at SBP rate plus 1.00% (2019: 1.00%) per annum.

The credit facilities are secured by way of first pari passu charge over all present and future current assets of the Company amounting to Rs. 3,747 million (2019: Rs 3,747 million) and the guidance limit is secured by way of ranking charge amounting to Rs. 556.00 million (2019: Rs. 556.00 million).

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

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

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

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

13.1 This represents contract liability related to long term projects

| | Notes | 2020 Rupees | 2019 Rupees |
|--|-------|----------------|----------------|
| 14 Due to provident fund | | | |
| Balance at beginning of the year | | 4,389,980 | 4,168,394 |
| Contribution Due | | 49,448,960 | 53,307,967 |
| Less: Amount paid during the year | | (49,530,139) | (53,086,381) |
| Balance at the end of the year | 14.1 | 4,308,801 | 4,389,980 |
| 14.1 Disclosure related to provident fund | | | |
| Size of the fund | 14.2 | 223,253,573 | 242,126,111 |
| Cost of investments made | | 176,000,000 | 191,000,000 |
| Percentage of investments made | | 79% | 79% |
| Fair value of investments | | 209,741,193 | 228,659,227 |

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

14.3 The figures for 2020 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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

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

| | Bonus to employees | Sales Incentive scheme | Total |
|---|-----------------------|---------------------------|--------------|
| | Rupees | Rupees | Rupees |
| Balance as at January 1, 2020 | 47,778,980 | 24,410,968 | 72,189,948 |
| Provisions made during the year | 43,000,000 | 23,442,933 | 66,442,933 |
| Less: payments/adjustments made during the year | (47,778,980) | (24,410,968) | (72,189,948) |
| Balance as at December 31, 2020 | 43,000,000 | 23,442,933 | 66,442,933 |

15.2 Bonus to employees

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

15.3 Sales incentive scheme

The sales incentive is payable to staff in consideration of achieving specific target in a stipulated time period. All provisions as at December 31, 2020 are expected to be utilized in the next financial year.

16 Contingencies and commitments

16.1 Contingencies

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

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

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

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

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

16.1.4 The Deputy Commissioner Inland Revenue ('DCIR') has issued various orders relating to tax year 2015, 2016 and raised demands, including default surcharge aggregating to Rs 18.24 million against the Company under sections 161 of Income Tax Ordinance 2001 ('ITO 2001') on account of non-withholding of taxes while making certain payments. Being aggrieved the Company filed appeals with the Commissioner Inland Revenue Appeals, which has been decided in favour of the Company on certain issues and certain issues have been remanded back vide order dated November 27, 2020 and January 29, 2021 relating to tax year 2016 and 2015 respectively. The management and the taxation expert of the Company believes that there are meritorious ground available to defend the foregoing demand. Consequently, no provision has been recorded in these financial statements.

16.1.5 The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated April 30, 2012 in respect of tax year 2011, raised a demand of Rs 22.36 million on account of disallowance of certain expenditures and tax credit. Being aggrieved, the Company filed appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in Company's favour vide order dated November 8, 2012. Being aggrieved the Company filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR'), which was decided in Company's favour on February 19, 2019 and remanded back the amount of Rs 6.80 million. The remand back proceedings have not yet been initiated. The management and the taxation expert

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

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

16.2 Commitments

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

17. Property, plant and equipment

| Property, plant and equipment | | | | | | | | | | | Rupees |
|--------------------------------|---------------|----------------------------|---------------------|-----------------------------|---------------|-----------------|------------------------|--------------------------------|--------------|---------------|--------|
| | Freehold land | Buildings on freehold land | Plant and machinery | Tools, jigs and attachments | Patterns | Other equipment | Furniture and fixtures | Office machines and appliances | Vehicles | Total | |
| Net carrying value basis | | | | | | | | | | | |
| Period ended December 31, 2020 | | | | | | | | | | | |
| Opening net book value (NBV) | 1,372,520 | 225,669,890 | 660,804,824 | 7,650,821 | 45,804,484 | 105,701,317 | 10,749,534 | 16,360,804 | 88,359,884 | 1,162,474,078 | |
| Additions (at cost) | - | - | 9,873,441 | - | 22,544,525 | 3,035,532 | - | 11,370,426 | 6,193,476 | 53,017,400 | |
| Disposals (at NBV) | - | - | (550,111) | - | - | - | - | (18,266) | (13,598,818) | (14,167,195) | |
| Depreciation charge | - | (8,777,834) | (82,415,868) | (1,453,885) | (12,383,084) | (19,986,404) | (3,049,291) | (7,654,580) | (14,701,338) | (150,422,284) | |
| Closing net book value (NBV) | 1,372,520 | 216,892,056 | 587,712,286 | 6,196,936 | 55,965,925 | 88,750,445 | 7,700,243 | 20,058,384 | 66,253,204 | 1,050,901,999 | |
| Gross carrying value basis | | | | | | | | | | | |
| As at December 31, 2020 | | | | | | | | | | | |
| Cost | 1,372,520 | 282,886,506 | 984,831,432 | 59,539,947 | 180,286,700 | 203,094,597 | 32,353,245 | 89,402,172 | 125,077,257 | 1,958,844,376 | |
| Accumulated depreciation | - | (65,994,450) | (397,119,146) | (53,343,011) | (124,320,775) | (114,344,152) | (24,653,002) | (69,343,788) | (58,824,053) | (907,942,377) | |
| Net book value (NBV) | 1,372,520 | 216,892,056 | 587,712,286 | 6,196,936 | 55,965,925 | 88,750,445 | 7,700,243 | 20,058,384 | 66,253,204 | 1,050,901,999 | |
| Depreciation rate % per annum | | 3.33 | 6.67 - 10.00 | 10.00 | 16.67 | 12.50 | 12.50 | 20.00 | 25.00 | | |
| Net carrying value basis | | | | | | | | | | | |
| Year ended December 31, 2019 | | | | | | | | | | | |
| Opening net book value (NBV) | 1,372,520 | 208,508,230 | 697,981,832 | 6,935,443 | 35,413,784 | 117,313,608 | 12,055,637 | 24,293,524 | 134,097,877 | 1,237,972,455 | |
| Additions (at cost) | - | 25,690,146 | 45,043,763 | 2,152,715 | 21,315,746 | 8,617,851 | 1,856,693 | 27,500 | 1,535,000 | 106,259,414 | |
| Disposals (at NBV) | - | - | - | - | - | - | - | - | (26,782,512) | (26,782,512) | |
| Depreciation charge | - | (8,528,486) | (82,220,771) | (1,437,337) | (10,925,046) | (20,230,142) | (3,162,796) | (7,960,220) | (20,490,481) | (154,955,279) | |
| Closing net book value (NBV) | 1,372,520 | 225,669,890 | 660,804,824 | 7,650,821 | 45,804,484 | 105,701,317 | 10,749,534 | 16,360,804 | 88,359,884 | 1,162,474,078 | |
| Gross carrying value basis | | | | | | | | | | | |
| As at December 31, 2019 | | | | | | | | | | | |
| Cost | 1,372,520 | 282,886,506 | 993,808,842 | 59,539,947 | 157,742,176 | 232,463,735 | 38,145,982 | 101,852,702 | 150,624,348 | 2,018,496,758 | |
| Accumulated depreciation | - | (57,216,616) | (333,004,018) | (51,889,126) | (111,937,692) | (126,762,418) | (27,396,448) | (85,491,898) | (62,264,464) | (855,962,680) | |
| Net book value (NBV) | 1,372,520 | 225,669,890 | 660,804,824 | 7,650,821 | 45,804,484 | 105,701,317 | 10,749,534 | 16,360,804 | 88,359,884 | 1,162,474,078 | |
| Depreciation rate % per annum | | 3.33 | 6.67 - 10.00 | 10.00 | 16.67 | 12.50 | 12.50 | 20.00 | 25.00 | | |

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

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

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

17.4 Disposal of certain items of property, plant and equipment

| Year ended December 31, 2020 | | Rupees | | | | |
|--|--------------------------------|--------------------|--------------------------|-------------------|-------------------|-------------------------|
| Particulars of assets | Sold to | Cost | Accumulated depreciation | Book value | Sale proceeds | Gain/(Loss) on disposal |
| Fixed assets sold having book value greater than Rs 500,000 | | | | | | |
| Toyota Fortuner LE 15 707 | Directors Saji Mahmood Awan | 5,400,894 | 4,590,760 | 810,134 | 1,669,000 | 858,866 |
| | | | | | | Company Policy |
| Employees | | | | | | |
| Toyota Corolla Altis RL571 | Abdul Ahmad | 2,245,605 | 384,793 | 1,660,812 | 1,948,298 | 287,486 |
| Toyota Corolla GLI LE 15-1141 | Taimoor Razi | 1,845,300 | 922,750 | 922,750 | 1,391,780 | 469,030 |
| Toyota Corolla GLI 1300CC RB-16-536 | Shahzad Umar | 1,830,740 | 915,370 | 915,370 | 971,000 | 55,630 |
| Toyota Corolla 1800CC RB-16-53 | Ahsanul Sahid | 2,487,285 | 1,140,006 | 1,347,279 | 2,076,771 | 729,492 |
| Honda BRV 1500CC LE-5416 | Javed Umar | 2,395,727 | 773,620 | 1,622,107 | 2,171,986 | 549,879 |
| Honda City Manual KHE RB-576 | Ahmad | 1,554,525 | 777,263 | 777,263 | 1,074,160 | 296,897 |
| Toyota Corolla GLI 1300CC LBC-16-3904 | Usair Sajid | 1,903,293 | 951,647 | 951,647 | 1,405,480 | 453,833 |
| Suzuki Swift 1328CC LEH-16-7004 | Zia Ullah | 1,363,523 | 681,762 | 681,762 | 742,860 | 61,098 |
| Corolla Altis Grande LEF-16-2389 | Fayaz Zafar | 2,493,500 | 1,246,750 | 1,246,750 | 1,578,750 | 332,000 |
| Suzuki Swift 1328CC RB-16-98 | All Raza Shah | 1,503,243 | 751,622 | 751,622 | 895,180 | 143,558 |
| Honda City 1300CC LB-17-1224 | Ahsanul Sahid | 1,562,740 | 781,370 | 781,370 | 966,860 | 185,490 |
| | | | | | | Company Policy |
| Fixed assets sold having book value less than Rs 500,000 | | | | | | |
| Laptop Sony Vaio | Directors Saji Mahmood Awan | 199,000 | 199,000 | - | - | 20,000 |
| | | | | | | Company Policy |
| Employees | | | | | | |
| Dell Laptop | Mamoon Riaz | 100,000 | 100,000 | - | - | - |
| Laptop Dell Inspiron 5537 | Ahsan Ali | 78,400 | 78,400 | - | 11,780 | 11,780 |
| | | | | | | Company Policy |
| Outsiders | | | | | | |
| Moulding Machine Room | Match Engineering PVT Ltd | 1,254,478 | 1,066,306 | 188,172 | 400,000 | 211,828 |
| Moulding Machine Room | Match Engineering PVT Ltd | 653,121 | 555,153 | 97,968 | 400,000 | 302,032 |
| New X-ray Dual Act Eff | Mt. Salman Bustin Third Party | 908,150 | 454,075 | 454,075 | 505,000 | 50,925 |
| Suzuki Celerio Ayl-556 | Insurance Claim Received | 990,000 | 495,000 | 495,000 | 875,000 | 380,000 |
| | | | | | | Company Policy |
| Other items sold having book value less than Rs 500,000 | | | | | | |
| | | 81,840,091 | 81,376,977 | 463,114 | 731,000 | 267,886 |
| | | | | | | Company Policy |
| | | 112,609,815 | 98,442,624 | 14,167,195 | 19,834,885 | 5,667,690 |

| Year ended December 31, 2019 | | Rupees | | | | |
|--|--|------------|--------------------------|------------|---------------|-------------------------|
| Particulars of assets | Sold to | Cost | Accumulated depreciation | Book value | Sale proceeds | Gain/(Loss) on disposal |
| Fixed assets sold having book value less than Rs 500,000 | | | | | | |
| Employees: | | | | | | |
| Yamaha Motor Cycle | Imran Ali | 54,500 | 27,250 | 27,250 | 6,500 | (20,750) |
| Honda CD 70 | Syed Tariq Rashid | 67,385 | 11,231 | 56,154 | 50,000 | (6,154) |
| Yamaha Motor Cycle | Khumam Shahzad | 54,500 | 27,250 | 27,250 | 8,100 | (19,150) |
| Outsiders: | | | | | | |
| Honda CD 70 | Muzic Malik | 69,465 | 34,733 | 34,732 | 17,000 | (17,732) |
| BAW X-FV | Imran Ilyas | 908,150 | 454,075 | 454,075 | 426,000 | (28,075) |
| Suzuki Choke Var | Zohab Khan | 854,165 | 478,332 | 375,833 | 565,000 | 189,167 |
| Fixed assets sold having book value greater than Rs 500,000 | | | | | | |
| Employees: | | | | | | |
| Toyota Corolla GLI | Muhammad Ali | 1,770,500 | 885,250 | 885,250 | 1,307,780 | 422,530 |
| Suzuki Swift DLX | Kamran Masood | 1,325,040 | 662,520 | 662,520 | 760,660 | 98,140 |
| Toyota Corolla XLI | Saad bin Ehsan | 1,752,500 | 876,250 | 876,250 | 1,287,620 | 411,370 |
| Toyota Corolla GLI | Anique Ahmad | 1,770,500 | 885,250 | 885,250 | 1,307,780 | 422,530 |
| Toyota Corolla GLI | Saeed Nadeem | 1,815,890 | 718,789 | 1,097,101 | 1,530,847 | 453,746 |
| Toyota Corolla GLI Automatic | Khalid Yousof | 1,824,000 | 912,000 | 912,000 | 1,037,769 | 125,769 |
| Toyota Corolla GLI | Khalid Yousof | 1,439,065 | 791,485 | 647,580 | 706,320 | 58,740 |
| Suzuki Choke | Tamoor Akbar | 1,066,601 | 533,301 | 533,300 | 507,500 | (25,800) |
| Suzuki Swift 1328 CC | Najam Saqib | 1,282,000 | 641,000 | 641,000 | 794,760 | 153,760 |
| Honda City Aspire 1500 CC | Alam Syed | 1,662,000 | 831,000 | 831,000 | 1,220,360 | 389,360 |
| Honda City 1300CC | Hassan Bilal | 1,549,865 | 774,932 | 774,933 | 1,052,360 | 277,427 |
| Honda City Aspire 1300 CC | Chaudhary Rana | 1,691,750 | 845,875 | 845,875 | 1,206,920 | 361,045 |
| Toyota Corolla GLI 1600CC | Masraf Rana | 2,025,090 | 1,012,545 | 1,012,545 | 1,049,759 | 37,214 |
| BMW 520i | Muhammad Raza | 4,820,233 | 2,304,674 | 2,515,559 | 2,515,559 | - |
| Outsiders: | | | | | | |
| MEAW Car | Salman Aslam | 1,093,810 | 546,904 | 546,906 | 555,000 | 8,094 |
| Swift (DLX) 1300cc | Transfer to Karachi water and sewerage Board | 1,327,000 | 414,687 | 912,313 | 912,313 | - |
| Citrus 1000cc | Transfer to Karachi water and sewerage Board | 1,129,000 | 341,052 | 787,948 | 787,948 | - |
| Swift (DLX) 1300cc | Transfer to Karachi water and sewerage Board | 1,327,000 | 400,865 | 926,135 | 926,135 | - |
| Swift (DLX) 1300cc | Transfer to Karachi water and sewerage Board | 1,327,000 | 400,865 | 926,135 | 926,135 | - |
| Citrus 1000cc | Transfer to Karachi water and sewerage Board | 1,129,000 | 329,292 | 799,708 | 799,708 | - |
| Citrus 1000cc | Transfer to Karachi water and sewerage Board | 1,129,000 | 329,292 | 799,708 | 799,708 | - |
| Swift (DLX) 1300cc | Transfer to Karachi water and sewerage Board | 1,327,000 | 387,042 | 939,958 | 939,958 | - |
| Toyota REVO 4x4 | Transfer to Karachi water and sewerage Board | 4,225,000 | 1,232,292 | 2,992,708 | 2,992,708 | - |
| Toyota Hiace 2900cc | Transfer to Karachi water and sewerage Board | 3,809,500 | 753,964 | 3,055,536 | 3,055,536 | - |
| Other items sold having book value less than Rs 500,000 | | | | | | |
| | | 444,200 | 444,200 | - | 43,000 | 43,000 |
| | | 46,070,709 | 19,218,197 | 26,782,512 | 30,116,743 | 3,334,231 |

18 Investment property

Net carrying value basis

Year ended December 31, 2020

| | |
|------------------------------|---|
| Opening net book value (NBV) | - |
| Additions (at cost) | - |
| Disposals (at NBV) | - |
| Depreciation charge | - |
| Closing net book value (NBV) | - |

Rupees

| | | Rupees |
|--------------------------------------|--|---------------|
| Gross Carrying value | | |
| As at December 31, 2020 | | |
| Cost | | 4,400,000 |
| Accumulated depreciation | | (4,400,000) |
| Net book value (NBV) | | - |
| Depreciation Rate % per annum | | 4.85% |
| Net carrying value basis | | |
| Year ended December 31, 2019 | | |
| Opening net book value (NBV) | | 159,912 |
| Additions (at cost) | | - |
| Disposals (at NBV) | | - |
| Depreciation charge | | (159,912) |
| Closing net book value (NBV) | | - |
| Gross Carrying value | | |
| As at December 31, 2019 | | |
| Cost | | 4,400,000 |
| Accumulated depreciation | | (4,400,000) |
| Net book value (NBV) | | - |
| Depreciation Rate % per annum | | 4.85% |
| 18.1 | The fair value of investment property amounts to Rs 64.79 million (2019: Rs 50.48 million) as per valuation carried out by independent valuer at the reporting date. | |
| 19 | Intangible Assets | Note |
| | Net carrying value basis | Rupees |
| | Year ended December 31, 2020 | |
| | Opening net book value (NBV) | 17,651,049 |
| | Additions (at cost) | 5,358,768 |
| | Disposals (at NBV) | - |
| | Amortisation charge | (8,926,766) |
| | Closing net book value (NBV) | 14,083,051 |
| | Gross carrying value basis | |
| | As at December 31, 2020 | |
| | Cost | 42,057,302 |
| | Accumulated amortisation | (27,974,251) |
| | Net book value (NBV) | 14,083,051 |
| | Amortization Rate % per annum | 33.33% |

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

| | |
|------------------------------|-------------|
| Opening net book value (NBV) | 2,451,988 |
| Additions (at cost) | 19,112,946 |
| Disposals (at NBV) | - |
| Amortisation charge | (3,913,885) |
| Closing net book value (NBV) | 17,651,049 |

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

| | |
|--------------------------|--------------|
| Cost | 36,698,534 |
| Accumulated amortisation | (19,047,485) |
| Net book value (NBV) | 17,651,049 |

Amortization Rate % per annum**33.33%****19.1** The amortization charge for the year has been allocated as follows:

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

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

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

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

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

| | 2019 | | |
|---------------------------|---------------------------------------|------------|---------------------------------------|
| | Balance as at December 31, 2018 | Additions | Balance as at December 31, 2019 |
| | Rupees | Rupees | Rupees |
| Advance for land | 229,800 | - | 229,800 |
| Building | 11,464,012 | 7,886,207 | - |
| Plant & Machinery | 4,598,356 | 12,669,000 | 6,669,000 |
| Advance for vehicles | 1,535,000 | - | - |
| Others | 11,384,647 | 33,141,672 | 9,972,233 |
| Balance as at December 31 | 29,211,815 | 53,696,879 | 16,871,033 |

21 Long term loans and deposits

Loans to employees - considered good

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

21.1 Reconciliation of the carrying amount of loans to:

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

21.1.1 These represent interest free loans to Executives and Director. Loan to Director, comprises of loan to Chief Financial Officer, which has been made in compliance with the requirements of the Companies Act 2017. Loans are given for house building, purchase of vehicles and for use in marriages of employees and their dependents. These are repayable in monthly installments over a period of 24 to 36 months (2019: 24 to 36 months).

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

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

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

22.1 Most of the items of stores, spare parts and loose tools are of inter-changeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practical to distinguish stores from spares until their actual usage.

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

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

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

23.2.1 The reversal of provision pertains to those specific provision against items in Work In Process which have either been sold or consumed during the year.

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

24.1 Due from Related Parties - Considered good**Related parties - KSB group companies**

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

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

24.2 These customers have no history of default.

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

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

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

24.3.2 For age analysis of trade debts refer to note 43.1.2.1.1

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

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

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

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

| 26 | Advances, deposits, prepayments and other receivables | Note | 2020 Rupees | 2019 Rupees |
|-----------|--|-------------|------------------------|------------------------|
| | Current portion of long term loans to employees | 21 | 1,559,337 | 3,020,864 |
| | Short term advances to employees- considered good | 26.1 & 26.2 | 12,310,877 | 11,589,642 |
| | Advances to suppliers and contractors | | | |
| | Considered good | | 67,452,536 | 47,789,569 |
| | Considered doubtful | | 681,339 | 482,723 |
| | | | <u>68,133,875</u> | <u>48,272,292</u> |
| | Due from related parties | 26.3 | 6,002,343 | 2,483,631 |
| | Trade deposits and prepayments | | | |
| | Considered good | | 87,362,700 | 69,397,790 |
| | Considered doubtful | | 22,420,199 | 20,758,815 |
| | | | <u>109,782,899</u> | <u>90,156,605</u> |
| | Letters of credit, deposits and opening charges | | 1,060,160 | 13,433,454 |
| | Claims Recoverable from Government | | | |
| | Sales tax receivable | | 57,828,165 | 44,355,536 |
| | Income tax receivable | | 347,243,488 | 308,494,194 |
| | | | <u>405,071,653</u> | <u>352,849,730</u> |
| | Other receivables | | | |
| | Considered good | | 6,197,841 | 3,773,377 |
| | Considered doubtful | | 275,000 | 275,000 |
| | | | <u>6,472,841</u> | <u>4,048,377</u> |
| | | | <u>610,393,985</u> | <u>525,854,595</u> |
| | Less: Provision for doubtful amounts | 26.4 | (23,376,538) | (21,516,538) |
| | | | <u>587,017,447</u> | <u>504,338,057</u> |

26.1 Short term advances to employees are given without any collateral security. These represent interest free advances to employees for the purpose of the site expenses, local travels and foreign tours. Advances to employees exceeding rupees one million includes advances to Mr. Khalid Yousifi Rs 2.99 million (2019: Rs 2.99 million) and Mr. Imran Siddique Rs 0.884 million (2019: Rs 1.3 million).

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

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

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

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

28.1 Disaggregation of revenue

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

| | Export sales via confirmed LC | | Export sales via contract | | Total | |
|---------------------------------|-------------------------------|----------------|---------------------------|----------------|----------------|----------------|
| | 2020 Rupees | 2019 Rupees | 2020 Rupees | 2019 Rupees | 2020 Rupees | 2019 Rupees |
| Foreign Jurisdiction wise sales | | | | | | |
| Asia | 26,773,750 | - | 82,871,282 | 350,941,010 | 109,645,032 | 350,941,010 |
| Australia | - | - | 54,740,437 | 22,476,093 | 54,740,437 | 22,476,093 |
| Africa | - | - | 66,284,922 | 117,863,262 | 66,284,922 | 117,863,262 |
| Europe | - | - | 404,930,941 | 195,966,073 | 404,930,941 | 195,966,073 |
| South America | - | - | 9,200,575 | 18,736,159 | 9,200,575 | 18,736,159 |
| North America | - | - | 6,234,994 | 10,659,902 | 6,234,994 | 10,659,902 |
| | 26,773,750 | - | 624,263,151 | 716,662,499 | 651,036,901 | 716,662,499 |

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

| | 2020 Rupees | 2019 Rupees |
|---------------------------------------|----------------|----------------|
| Revenue recognized at a point in time | 3,281,589,657 | 3,309,179,291 |
| Revenue recognized over time | 325,015,619 | 446,352,251 |
| | 3,606,605,276 | 3,755,531,542 |

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

| | | |
|------------------|---------------|---------------|
| Product Sales | | |
| Pumps and valves | 2,376,226,833 | 2,420,746,557 |
| Castings | 539,076,874 | 425,601,770 |
| | 2,915,303,707 | 2,846,348,327 |
| Services | 366,285,950 | 462,830,964 |
| Project Sales | 325,015,619 | 446,352,251 |
| | 3,606,605,276 | 3,755,531,542 |

28.2 The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at December 31, 2020:

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

29 Cost of goods sold

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

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

29.2 Salaries, wages, amenities and staff welfare

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

Accumulated Compensated Absences

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

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

| 30 | Distribution and marketing expenses | Note | 2020 Rupees | 2019 Rupees |
|-----------|---|-------------|------------------------|------------------------|
| | Salaries, wages, amenities and staff welfare | 30.1 | 136,077,788 | 131,942,819 |
| | Staff training | | 462,259 | 437,356 |
| | Insurance | | 505,100 | 509,517 |
| | Travelling, conveyance and representations | | 10,030,762 | 17,046,177 |
| | Rent, rates and taxes | | 4,510,988 | 4,091,184 |
| | Publicity charges | | 3,050,764 | 1,581,362 |
| | Electricity, gas and water | | 2,006,140 | 2,932,442 |
| | Postage and telephone | | 3,651,372 | 3,732,023 |
| | Printing and stationery | | 649,341 | 838,972 |
| | Repairs and maintenance | | 1,204,838 | 1,566,805 |
| | Legal and professional charges | | 2,010,000 | 550,000 |
| | SAP user license fee and other IT services | | 15,333,933 | 15,773,370 |
| | Contract services | | 3,330,455 | 4,384,806 |
| | Forwarding expenses | | 39,070,823 | 38,181,099 |
| | Commission expenses | | 36,307,433 | 43,259,472 |
| | Loss allowance | 30.3 | 18,882,532 | 13,499,903 |
| | Depreciation on property, plant and equipment | 17.2 | 4,317,078 | 8,364,550 |
| | Amortization of Intangible assets | 19.1 | 4,003,415 | 2,307,482 |
| | Royalty and Trademark | 30.2 | 14,259,910 | 16,463,406 |
| | Other expenses | | 3,603,977 | 3,622,204 |
| | | | 303,268,908 | 311,084,949 |

30.1 Salaries, wages, amenities and staff welfare

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

Gratuity fund

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

| | | 2020 Rupees | 2019 Rupees |
|--|------|----------------|----------------|
| Accumulated Compensated Absences | | | |
| | Note | | |
| Current service cost | | 236,284 | 237,422 |
| Interest cost | | 1,100,580 | 1,076,753 |
| Loss arising on present value of defined benefit obligation | | (2,182,916) | 58,214 |
| | | (846,052) | 1,372,389 |
| 30.1.1 In addition to above, salaries, wages, amenities and staff welfare include Rs 5.839 million (2019: Rs 5.99 million) in respect of provident fund contribution by the Company. | | | |
| 30.2 This represents amount due to KSB SE & Co. KGaA, having its registered office situated at 67227 Johann-Klein-Street 09, Frankenthal, Germany, on account of royalty and trademark fee. Under the trademark agreement KSB SE & Co. KGaA grants exclusive rights to the Company for use of its brand name with certain terms and conditions. | | | |
| | | 2020 Rupees | 2019 Rupees |
| 30.3 This represents: | | | |
| Reversal of loss allowance on debtors- net of provision | | (26,481,070) | 12,413,265 |
| Loss allowance on contract asset | | 43,503,602 | (773,362) |
| Loss allowance on advance, deposits, prepayments and other receivables | | 1,860,000 | 1,860,000 |
| | | 18,882,532 | 13,499,903 |
| | | 2020 Rupees | 2019 Rupees |
| 31 Administration expenses | | | |
| Salaries, wages, amenities and staff welfare | 31.1 | 127,620,427 | 130,331,373 |
| Insurance | | 714,846 | 724,798 |
| Travelling, conveyance and representations | | 10,059,434 | 18,469,870 |
| Rent, rates and taxes | | 7,013,237 | 6,633,599 |
| Electricity, gas and water | | 3,076,466 | 3,075,252 |
| Postage and telephone | | 3,440,644 | 5,706,514 |
| Printing and stationery | | 1,772,835 | 2,075,066 |
| Repairs and maintenance | | 4,479,575 | 4,241,860 |
| Contract services | | 8,295,250 | 9,052,813 |
| Professional services | 31.2 | 6,156,372 | 9,775,561 |
| SAP user licence fee & other IT services | | 10,365,739 | 10,662,799 |
| Depreciation on property, plant and equipment | 17.2 | 8,674,741 | 5,221,983 |
| Amortization of Intangible assets | 19.1 | 67,743 | - |
| Depreciation on investment property | | - | 159,912 |
| Other expenses | | 13,994,814 | 13,844,409 |
| | | 205,732,123 | 219,975,809 |

31.1 Salaries, wages, amenities and staff welfare

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

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

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

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

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

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

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

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

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

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

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

36.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

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

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

39 Plant capacity and production

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

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

40 Operating segments

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

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

41 Reconciliation of liabilities arising from financing activities

| | December 31, 2019 | Cash flows | Non-Cash Changes | | | December 31, 2020 |
|---|----------------------|----------------------|------------------|--------------------------|---|----------------------|
| | | | Acquisition | Fair Value Changes | Reclassification of current portion | |
| Long term finances - secured | 125,000,000 | 268,818,846 | - | (15,390,837) | (128,196,967) | 250,231,042 |
| Current portion of long term finances- secured | 125,000,000 | (31,230,000) | - | - | 128,196,967 | 221,966,967 |
| Short term finances - secured | 1,086,456,479 | (416,156,150) | - | - | - | 670,300,329 |
| | <u>1,336,456,479</u> | <u>(178,587,304)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,142,478,338</u> |

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

42 Related party transactions

Related parties comprise of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Amounts due from and to related parties are shown under respective notes to the financial statements. Amounts of assets sold during the year are mentioned in note 17.4. Amounts due from directors and key management personnel are shown under remuneration of directors and key management personnel is disclosed in note 43. Other significant transactions with related parties are as follows:

42.1 Transactions with related parties

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

42.2 Related parties incorporated outside Pakistan

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

42.2.1 Associated Companies

| Name of Company | Country of incorporation | Basis of Association | Aggregate percentage of shareholding |
|--------------------------------------|--------------------------|----------------------|--------------------------------------|
| KSB SE & Co. KGaA | Germany | Holding Company | 58.89 % |
| KSB Pumps And Valves Ltd. | Slovenia | Common Control | Nil |
| KSB Singapore (Asia Pacific) Pte Ltd | Singapore | Common Control | Nil |
| KSB Pumps Co. Ltd. | Thailand | Common Control | Nil |
| KSB Pumps And Valves (Pty) Ltd. | South Africa | Common Control | Nil |
| KSB Pumps Arabia Ltd. | Saudi Arabia | Common Control | Nil |
| KSB Italia S.P.A. | Italy | Common Control | Nil |
| KSB Philippines, Inc. | Philippines | Common Control | Nil |
| KSB Sverige Ab | Sweden | Common Control | Nil |
| KSB Australia Pty Ltd | Australia | Common Control | Nil |
| KSB Malaysia Pumps & Valves Sdn Bhd | Malaysia | Common Control | Nil |
| KSB Chile S.A. | Chile | Common Control | Nil |
| KSB Limited | United Kingdom | Common Control | Nil |
| KSB-Pompa, Armatür Sanayi | Turkey | Common Control | Nil |
| KSB Service GmbH | Germany | Common Control | Nil |
| KSB Pompy i Armatura Sp. z o.o | Poland | Common Control | Nil |
| PT KSB Indonesia | Indonesia | Common Control | Nil |
| KSB Colombia SAS | Colombia | Common Control | Nil |
| KSB Hur Spain Sa | Spain | Common Control | Nil |

| Name of Company | Country of Incorporation | Basis of Association | Aggregate percentage of shareholding |
|---------------------------------------|--------------------------|----------------------|--------------------------------------|
| KSB SAS | France | Common Control | Nil |
| KSB De Mexico, S.A. De C.V. | Mexico | Common Control | Nil |
| KSB-Pumpy+Armatury s.r.o., Koncern | Czech Republic | Common Control | Nil |
| KSB Taiwan Co., Ltd. | Taiwan | Common Control | Nil |
| KSB, Inc. - Western Division | United States of America | Common Control | Nil |
| KSB Middle East FZE | United Arab Emirates | Common Control | Nil |
| KSB New Zealand Limited | New Zealand | Common Control | Nil |
| KSB Bombas Hidraulicas S.A. | Brazil | Common Control | Nil |
| KSB Shanghai Pump Co., Ltd | China | Common Control | Nil |
| Dalian KSB Amr'l | China | Common Control | Nil |
| KSB Valves (Changzhou) Co.,Ltd. | China | Common Control | Nil |
| KSB BV | Netherlands | Common Control | Nil |
| KSB Service LLC | United Arab Emirates | Common Control | Nil |
| KSB Service Belgium S.A./N.V. | Belgium | Common Control | Nil |
| KSB Finland Oy | Finland | Common Control | Nil |
| KSB Hungary Kft. | Hungary | Common Control | Nil |
| KSB Tech Private Limited | India | Common Control | Nil |
| KSB BRASIL LTDA. | Brazil | Common Control | Nil |
| KSB ZAMBIA LIMITED | Zambia | Common Control | Nil |
| KSB Vietnam Co., Ltd. | Vietnam | Common Control | Nil |
| OOO "KSB" | Russian Fed. | Common Control | Nil |
| DP PUMPS, Holland | Holland | Common Control | Nil |
| KSB Compania Sudamerica Buncous Aires | Argentina | Common Control | Nil |

43 Remuneration of Chief Executive, Directors and Executives

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

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

- 43.2** The Company also provides its Chief Executive, Directors and some of its Executives, company maintained cars and mobile phones. In addition, the house rent of Chief Executive mentioned above includes furnished accommodation and 1 Executives have also been provided with rent free accommodation
- 43.3** Bonus paid to the Chief Executive Officer and Director during the year ended December 31, 2020 amounts to Rs.8.44 million (2019: Rs. 6.42 million) and Rs. 1.16 million (2019: Rs. 1.01 million) respectively. Bonus for the year ended December 31,2020 is subject to approval of Board of Directors.
- 43.4** Aggregate amount charged in the financial statements for the year for fee to 4 directors (2019: 4 directors) was Rs.0.65 million (2019: Rs 0.7 million).

44 Financial risk management

44.1 Financial risk factors

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

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

44.1.1 Market risk

44.1.1.1 Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

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

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

The following significant exchange rates were applied during the year:

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

If the functional currency, at reporting date, had fluctuated by 5% against the AED with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.043 million (2019: Rs 0.039) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

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

If the functional currency, at reporting date, had fluctuated by 5% against the AUD with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.189 million (2019: Rs 0.01) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

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

If the functional currency, at reporting date, had fluctuated by 5% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs 1.45 million (2019: Rs 6.23 million) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

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

If the functional currency, at reporting date, had fluctuated by 5% against the CNY with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.01 million (2019: Rs 0 million) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

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

If the functional currency, at reporting date, had fluctuated by 5% against the Euro with all other variables held constant, the impact on profit before taxation for the year would have been Rs 4.64 million (2019: Rs 3.08 million) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

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

If the functional currency, at reporting date, had fluctuated by 5% against the GBP with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0 million (2019: Rs 0.01 million) higher/ lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

44.1.1.2 Other price risk

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

44.1.1.3 Interest rate risk

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

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

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

| | 2020 Rupees | 2019 Rupees |
|--|----------------|----------------|
| Fixed rate instruments | | |
| Term Deposit Receipt | 20,000,000 | 20,000,000 |
| Floating rate instruments | | |
| Financial assets | | |
| Bank balances - savings | 37,140,764 | 169,902,794 |
| Financial liabilities | | |
| Short term finances - secured | 670,300,329 | 1,086,456,479 |
| Long term finances - secured | 250,231,042 | 125,000,000 |
| Current portion of long term finances- secured | 221,946,967 | 125,000,000 |

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

If interest rates on short term running finance, at the year end date, fluctuate by 1% higher/ lower with all other variables held constant, profit before taxation for the year would have been Rs 6.7 million (2019: Rs 10.86 million) higher/ lower, mainly as a result of higher/ lower interest expense on floating rate borrowings

44.1.2 Credit risk

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

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

44.1.2.1 Exposure to credit risk

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

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

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

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

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

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

| | 2020 | | | 2019 | | |
|--------------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|-------------------|
| | Expected loss rate | Gross carrying amount | Loss Allowance | Expected loss rate | Gross carrying amount | Loss Allowance |
| | % | Rupees | Rupees | % | Rupees | Rupees |
| Impaired and not overdue | 0.00% | 304,618,407 | 232,251 | 0.00% | 111,140,159 | - |
| 0 - 30 days | 0.48% | 65,712,623 | 106,484 | 0.23% | 83,803,484 | 196,721 |
| 31 - 90 days | 0.40% | 134,522,422 | 268,163 | 0.31% | 71,597,035 | 222,758 |
| 91 - 180 days | 0.45% | 73,921,667 | 220,769 | 0.43% | 30,117,328 | 129,659 |
| 181 - 360 days | 0.39% | 30,240,593 | 125,552 | 0.53% | 38,099,631 | 200,503 |
| over 360 days | 17.91% | 109,627,383 | 19,423,953 | 28.05% | 74,507,368 | 20,895,604 |
| | | <u>718,643,095</u> | <u>20,377,174</u> | | <u>409,265,005</u> | <u>21,645,245</u> |

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

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

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

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

The age of loans, advances, deposits, prepayments and other receivables

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

| 2020 Rupees | 2019 Rupees |
|----------------|----------------|
| - | - |
| 29,104,912 | 22,554,038 |
| 29,705,205 | 22,715,860 |
| 71,705,838 | 63,545,591 |
| 130,515,955 | 108,815,489 |

The age of impairment loss against loans, advances, deposits, prepayments and other receivables

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

| | |
|------------|------------|
| - | - |
| - | - |
| - | - |
| 22,695,199 | 21,033,815 |
| 22,695,199 | 21,033,815 |

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

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

| | |
|-----------|-----------|
| - | - |
| 5,798,144 | 2,318,057 |
| - | - |
| 204,199 | 165,574 |
| 6,002,343 | 2,483,631 |

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

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

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

| | |
|------------|------------|
| - | - |
| 404,910 | 563,253 |
| 2,582,626 | 1,102,802 |
| 67,921,585 | 67,590,058 |
| 70,909,121 | 69,256,113 |

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

Note

The age of contract assets

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

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

The loss allowance for contract assets was determined as follows:

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

The loss allowance for contract assets was determined as follows:

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

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

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

44.1.3 Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through a

adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

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

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

The following are the contractual maturities of financial liabilities as at December 31, 2020

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

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

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

44.2 Fair values of financial assets and liabilities

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

44.3 Financial Instruments by categories

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

44.4 Fair value estimation

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

Specific valuation techniques used to value financial instruments include:

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

The following is categorization of assets which are disclosed at fair value as at December 31, 2020:

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

Valuation techniques used to measure level 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on December 31, 2020 by an independent professionally qualified valuer, M/s Tahseen Fazal Associates (Private) Limited. Level 3 fair value of building on freehold land has been determined using a depreciated market replacement cost approach whereby, replacement cost of the building has been adjusted using a suitable depreciation rate to arrive at present replacement cost. Any changes in fair values and/ or movement in the same is analysed at each reporting date.

Valuation inputs and relationship to fair value

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

| Description | Fair Value at | | Significant Unobservable inputs | Quantitative Data / Range and relationship to the fair value |
|---------------------|---------------|--------------|--|---|
| | Dec 31, 2020 | Dec 31, 2019 | | |
| Investment Property | 64,788,000 | 50,480,650 | Suitable depreciation rate to arrive at depreciated market replacement cost. | The market value has been determined by using a unit rate of ground floor based on depreciated cost of construction. Higher the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building. |

44.5 Capital risk management

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

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

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

45 Number of employees

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

46 Summary of significant events and transactions

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

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

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

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

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

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

47 Subsequent events after reporting date

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

48 Date of authorization for issue

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

49 General

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

| Reclassification from component | | Reclassification to component | | |
|---|------|---|------|-------------|
| Description | Note | Description | Note | 2019 Rupees |
| Administration expenses - Amortization of intangible assets | 31 | Distribution and marketing expenses - Amortization of intangible assets | 30 | 2,307,482 |
| Administration expenses - Amortization of intangible assets | 31 | Cost of sales - Amortization of intangible assets | 29 | 1,606,403 |


Chairman


Chief Executive


Chief Financial Officer

Dividend Bank Mandate Form

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

i) Personal Information

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

ii) Bank Details

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

Signature of shareholder _____

Date _____

Form of Proxy

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

I/We _____
of _____
in the district of _____ being member(s) of KSB
Pumps Co. Ltd. and holder(s) of _____ shares as per Share Register folio number
(No. of Shares)
and/or CDC participant LD. _____ and sub account No. _____
hereby appoint _____
of _____ as my/our proxy

to attend and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Tuesday 27th April 2021, at 3:30 p.m. at Hotel Four Points Sheraton 25 - 26 Egerton Road, Lahore, to transact and at any

Signed this _____ day _____ of 2021.

Witness

Signature _____

Name _____

Address _____

NIC No. _____

Signature on
Rs 5.00
Revenue
Stamp

Note:

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

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

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

پراکسی فارم

کمپنی سیکریٹری
کے ایس بی پی پیمپس کمپنی لمیٹید

16/2 سر آغا خان روڈ، لاہور-54000

میں مسٹی اسماء _____ ساکن _____

ضلع _____ بحیثیت ممبر کے ایس بی پی پیمپس کمپنی لمیٹید، حاصل _____ شہیر زہد مطابق شہیر زہد منسٹر فوڈو نمبر _____

اور ریسی ڈی سی پار میسینٹ آئی ڈی نمبر _____ اور سب لکازنٹ نمبر _____

مسٹی اسماء _____ ساکن _____

کو بطور عقلمند (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو ہمارے 27 اپریل 2021 بروز منگل منعقد ہو رہا ہے میں اور اس کے کسی ملوثی شدہ اجلاس میں ووٹ ڈالے۔

تاریخ _____

دستخط _____

نام _____

ایڈریس _____

شناختی کارڈ نمبر _____

پانچ روپے کی
ریلائٹو سٹیپل
دستخط

نوٹ:

1. ہر لکھ سے ملحقہ طور پر منسلک شدہ فارم منسلک سے کم درجہ 40 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانا چاہئے۔
2. اگر کوئی ممبر ایکٹ سے زائد پراکسی نمبرز کرتا ہے اور ایکٹ سے زیادہ اسٹور منس آف پراکسی بلج کرتا ہے تو اس صورت میں تمام اسٹور منس آف پراکسی کا احکام ترک کر دینے جائیں گے۔
3. کی ڈی سی لکازنٹ دیکھنے والے ہمارے ریٹ اور سے
حزب برآں درج ذیل شرائط کو پورا کیا جائے گا۔
(i) پراکسی فارم کے ہر لکھ سالانہ کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں۔
(ii) پراکسی کے حاصل کو اپنا اصل شناختی کارڈ یا پاسپورٹ منسلک کے وقت دکھانا ہو گا۔
(iii) کارپوریٹ ادارے کی صورت میں ہر ڈائریکٹر کی تراء ہر اپنا آف ایڈریسی مع دستخط کے نمونے (اگر پہلے جتنے کر لیا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کر دینی ہو گی۔

اعلیٰ تہذیب

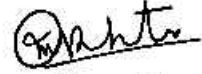
بورڈ آف ڈائریکٹرز اپنے تمام اسٹیک ہولڈرز، قابل قدر صارفین، حصص یافتگان، بینکاروں، سپلائرز، فریچائز پارٹنرز اور ڈیلرز کا کچنی کی سال بھر قابل قدر حمایت فراہم کرنے کا شکریہ ادا کرتے ہیں۔ بورڈ اپنی جیٹ کچنی میسرز KSB SE & Co. KGaA کی طرف سے بہترین حمایت اور رہنمائی فراہم کرنے کا بھی شکریہ ادا ہے۔

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

منجانب بورڈ



شہزادہ مظہر
ڈائریکٹر



میر مسعود اختر
چیف ایگزیکٹو

لاہور 17 مارچ 2021ء

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

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

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

| | | | |
|----|-----------------------------|--------|-----------|
| 1- | پراویڈنٹ فنڈ 31 دسمبر 2019: | 226.42 | ملین روپے |
| 2- | گرینچوئی فنڈ 31 دسمبر 2019: | 168.87 | ملین روپے |

- ہمارے بہترین طم کے مطابق، سی ای او، ڈائریکٹرز، کمپنی مینڈیٹ، سی ایف او اور ان کے ذریعہ اور تالیف چھوں کی طرف سے کمپنی کے حصص کی کوئی ٹریڈنگ نہیں کی گئی ہے۔

صوبہ حصص داری

31 دسمبر 2020 کو کمپنی کے نمونہ حصص داری کی وضاحت رپورٹ کے ہمراہ منسلک ہے۔

چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

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

آڈٹ کمیٹی

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

| نمبر شمار | نام ڈائریکٹر | تعداد حاضری |
|-----------|--|-------------|
| 1 | جناب جمال نسیم - چیئر مین آزاد ڈائریکٹر | 4 |
| 2 | Mr. Dieter Antonius Pott - رکن نان ایگزیکٹو ڈائریکٹر | 4 |
| 3 | جناب شہزادہ مظہر - رکن آزاد ڈائریکٹر | 4 |

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

انسانی وسائل اور معاوضے کی کمیٹی

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

| نمبر شمار | نام ڈائریکٹر | تعداد حاضری |
|-----------|--|-------------|
| 1 | جناب شہزادہ مظہر - چیئر مین آزاد ڈائریکٹر | 1 |
| 2 | جناب حسن عزیز بکراچی - رکن نان ایگزیکٹو ڈائریکٹر | 1 |
| 3 | جناب محمد مسعود اختر - رکن چیف ایگزیکٹو ایگزیکٹو | 1 |

بورڈ کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز کی معاوضہ پالیسی

1۔ کوئی ڈائریکٹر اپنا خود کا مشاہرہ تعین نہیں کرے گا۔

2۔ بورڈ کے اجلاسوں میں شرکت کے لئے ہر قاعدہ پیز میٹنگ ڈائریکٹر یا کل وقتی کام کرنے والے ڈائریکٹر کے علاوہ ہر ایک ڈائریکٹر کی اجلاس فیس بورڈ آف ڈائریکٹرز کی طرف سے متعین کی جائے گی۔

3۔ مشاہرہ ویلجی ایڈیشن کی حوصلہ افزائی کے لئے کافی ہوگا۔

4۔ مشاہرہ کمیٹی کو کامیابی سے چلانے کے لئے ضروری ڈائریکٹرز کو اپنی طرف متوجہ کرنے اور برقرار رکھنے کے لئے کافی ہوگا۔

5۔ مشاہرہ ایسی سطح پر نہیں ہوگا جو ان کی آزادی کو سلب کرنے کے قابل تصور کیا جاسکے۔

6۔ ڈائریکٹر اجلاس میں شرکت کے لئے سفری، بورڈنگ اور رہائشی اور دیگر اخراجات کے حقدار ہوں گے۔

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

ہولڈنگ کمپنی

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

مجلس نظام

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

مجلس نظام کے اجلاس

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

| فمبر شمار | نام ڈائریکٹر | تعداد حاضری |
|-----------|--------------------------|-------------|
| 1 | Dr. Sven Baumgarten | 4 |
| 2 | جناب محمد مسعود اختر | 4 |
| 3 | جناب ساجد محمود اعوان | 4 |
| 4 | Mr. Dieter Antonius Pott | 4 |
| 5 | محترمہ عائشہ عزیز | 1 |
| 6 | جناب حسن عزیز بلگرامی | 4 |
| 7 | جناب جمال فہیم | 4 |
| 8 | جناب شہزادہ مظہر | 4 |

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

کاروباری اعداد کے مساوی رہنے کی توقع ہے، سال کی دوسری ششماہی میں پبلک شعبے میں سرگرمی بڑھنے کا امکان ہے۔ اس سے KSB پاکستان کو خاص طور پر واٹر اور ویسٹ واٹر کے شعبے میں مزید اچھے مواقع میسر آئیں گے۔ بروقت فنڈز کا اجراء اس شعبے میں اہم کردار ادا کرے گا۔ توقع ہے کہ سال 2020 میں صحت مند مواقع کی بنیاد پر برآمدی کاروبار میں مزید اضافہ ہوگا۔ چونکہ وبائی بیماری کے اثرات کم ہو رہے ہیں اور دنیا بھر میں ویکسین کی دستیابی کو یقینی بنایا گیا ہے، توقع ہے کہ سال 2021 میں برآمدی کاروبار دوبارہ شروع ہوگا اور زیر دست آرڈروں اور کاروباری مواقع کی بنا پر صحت مند کاروبار کی پیش گوئی کی جارہی ہے۔

سال 2021 میں جیلڈ ڈسپوزل اسٹیشن اور چوگی نمبر 109 اپ گریڈیشن جیسے بڑے منصوبوں سے آرڈر احکام حاصل کرنے کی کوششیں برقرار رہیں گی۔ اس شعبے میں ہماری مہارت کو مد نظر رکھتے ہوئے، ان منصوبوں کو ٹرنگی بنیاد پر ہدف بنایا جا رہا ہے۔ KSB پاکستان کے مارکیٹ شیئر میں توسیع اور مستقبل میں پائیدار نمو کا حصول کلیدی نقطہ نظر ہے۔

KSB سپریم سرو

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

تصرفات

| روپے، 000 میں | سالانہ نتائج |
|---------------|---|
| 23,637 | کل ادائیگی سالانہ منافع |
| (7,254) | ٹیکس کی فراہمی |
| 16,383 | بعد ادائیگی منافع |
| 12,632 | مجموعی سالانہ آمدن / (تقصان)۔ ٹیکس کے بغیر |
| 497 | غیر تصرفاتی منافع جو آئے |
| 29,512 | تصرفات کی دستیابی |
| | تصرف |
| 22,500 | عام ریورس کے لئے منتقل |
| 6,600 | تجویز کردہ منافع منقسم ہر 0.50 روپے فی شیئر |
| 29,100 | |
| 412 | غیر موزوں منافع جو آئے |

محاسب

موجودہ محاسب، اے ایف فرگوسن ایڈز کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی کی تجویز کے مطابق بورڈ آف ڈائریکٹرز نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے کمپنی کے محاسب کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے۔

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

لیکویڈیٹی ریسک

لیکویڈیٹی ریسک نمائندگی کرتا ہے کہ کمپنی مالی واجبات سے وابستہ ذمہ داریوں کو پورا کرنے میں مشکلات کا سامنا کرے گی۔ مختلط لیکویڈیٹی ریسک منجمنٹ 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 ڈیپازمنٹ تفویض کریڈٹ لائسنز کے تحت مالی دستیابی کو برقرار رکھ کر فنڈز کی فراہمی میں چلک پڑی کو برقرار رکھتا ہے۔

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

کمپنل ریسک منجمنٹ

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

کارپوریٹ سوشل ذمہ داری-KSB کیئر

کارپوریٹ سماجی ذمہ داری (سی ایس آر) کمپنی کے مجموعی مقاصد کا لازمی حصہ اور KSB کی بنیادی اقدار میں سے ایک ہے۔ KSB بڑے پیمانے پر کیونٹی کی بھلائی میں موثر شراکت داری کرتے ہوئے پائیدار عمول میں یقین رکھتی ہے۔

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

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

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

مستقبل کا نقطہ نظر

فردیت اور منصوبے

بیس اور والوز کے کاروبار کے امکانات، تمام اہم شعبوں کے لئے معیاری اور اعلیٰ اچھتر ڈمارکیٹ دونوں میں مدد امید ہیں۔ اگرچہ پہلی ششماہی معمول کے

ذریعے کم از کم کاروباری حد میں نقصان کو روکنے کے لئے ڈیزائن کیا گیا ہے۔ جس کا مقصد KSB کے وجود کو کسی خطرہ کو روکنا اور بہتر کاروباری فیصلے کے ذریعے پائیدار قدر پیدا کرنا ہے۔

مالی خطرات کا عنصر

کمپنی کی سرگرمیاں متعدد قسم کے مالی خطرات، مارکیٹ ریسک (بشمول کرنسی ریسک، دیگر پرائس ریسک اور سود کی شرح کا ریسک)، کریڈٹ ریسک اور لیکویڈیٹی ریسک کو اجاگر کرتی ہیں۔ کمپنی کا مجموعی ریسک منجمنت پروگرام مالی منڈیوں کے اتار چڑھاؤ پر توجہ مرکوز اور مالی کارکردگی پر نکتہ نشینی اثرات کو کم سے کم کرنے کی کوشش کرتا ہے۔

ریسک منجمنت بورڈ آف ڈائریکٹرز کی طرف سے منظور کردہ اصولوں اور پالیسیوں کے تحت نئس ڈی پارٹنٹ چلاتا ہے۔ بورڈ غیر ملکی کرنسی ریسک، سود کی شرح کا خطرہ، کریڈٹ ریسک اور اضافی لیکویڈیٹی کی سرمایہ کاری کی طرح کے مخصوص شعبوں کو سنبھالنے کی پالیسیوں کے ساتھ ساتھ مجموعی ریسک منجمنت کے اصولوں کا تعین کرتا ہے۔ ٹریڈری سے متعلق تمام لین دین گروپ ٹریڈری اور اسٹیٹ بینک آف پاکستان کی طرف سے فراہم کردہ ہدایات کے تحت پالیسیوں کے عیر ایمیزڈ کے اندر راند کر کیا جاتا ہے۔

مارکیٹ ریسک

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

قارن ایکسیج ریسک ایک خطرہ ہے کہ مالی آلہ کی مناسب قدر یا مستقبل کا 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۔ قارن ایکسیج ریسک مستقبل کے تجارتی لین دین اور تسلیم شدہ اثاثوں اور واجبات سے پیدا ہوتا ہے۔

دیگر پرائس ریسک خطرہ ظاہر کرتے ہیں کہ مالی آلہ کی مناسب قدر یا مستقبل کا نقدی کا بہاؤ مارکیٹ کی قیمتوں میں تبدیلی (سود کی شرح کے خطرے یا کرنسی خطرے سے پیدا ہونے والے کے مقابلے میں دیگر) آیا کہ یہ تبدیلیاں انفرادی مالی آلہ یا اس کے جاری کرنے والے، یا مارکیٹ میں ٹریڈ کئے جانے والے تمام اسی طرح کے مالی آلات کو متاثر کرنے والے عوامل کے باعث ہوں کی وجہ سے اتار چڑھاؤ آئے گا۔ اب تک کمپنی کو ایکٹو قیمت کا کوئی خطرہ پیش نہیں آیا ہے لہذا ایکٹو 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 تبدیلی کے خطرے کی نمائندگی کرتا ہے۔ کمپنی کوئی اہم طویل مدتی انٹریٹ سٹریٹجی نہیں رکھتی ہے۔ کمپنی کو شرح سود کا خطرہ طویل مدتی اور قلیل مدتی قرض سے پیدا ہوتا ہے۔ حنفی شرح پر قرض کا حاصل کرنا کمپنی کے نقد بہاؤ شرح سود کے خطرے کو بے نقاب کرتا ہے۔

قرض کا خطرہ

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

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

منصوبے

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

پیداوار

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

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

فاؤنڈری

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

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

معیار، ماحولیات، پیشہ ورانہ صحت اور تحفظ

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

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

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

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

کمپنی

مالیاتی نتائج

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

| سال 2020 روپے، 000 میں | سال 2019 روپے، 000 میں |
|------------------------|------------------------|
| 3,606,605 | 3,755,531 |
| 594,517 | 731,937 |
| 158,594 | 287,454 |
| 23,636 | 116,915 |
| 16,382 | 87,880 |
| 1.24 | 6.66 |

فروخت

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

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

حصص داران کے لئے مجلس نظاماء کی رپورٹ

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

اقتصادیات

عالمی معیشت

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

پاکستان کی معیشت

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

چیرمین کی جائزہ رپورٹ

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

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

KSB پاکستان بنیادی طور پر واٹر، صنعت، تعمیراتی سروس اور توانائی کے شعبوں، مقامی اور بین الاقوامی مارکیٹ میں وسیع بنانے پر مصنوعات کی پیش کش کرتا ہے، جس میں پیس، پمپ، کاسٹنگ، آٹوموٹو پارٹس، اور الٹرا فیلٹریشن (UF) اور ریورس اوسموس (RO) پلانٹس کے ذریعے پینے کے صاف پانی کا حل شامل ہیں۔ آپریشنز کو براہ راست KSB سپریم سروس کے تحت کام کرنے والی ورلڈ کلاس آفٹر سیل سروس سہولت سے محفوظ بنایا گیا ہے۔

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

سال 2020 میں بورڈ اور اس کی کمیٹیوں کے باقاعدہ اجلاس منعقد ہوئے ہیں۔ بورڈ کے سامنے رکھے جانے والے معاملات پر مناسب غورو خوض کے بعد رضامندی دی گئی۔ فیصلہ سازی کے عمل کو زیادہ مؤثر اور شفاف بنانے کے لئے آزاد ڈائریکٹرز کی رائے کو قیمتی سمجھا گیا ہے۔

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

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



Dr. Sven Baumgarten

چیرمین

لاہور: 17 مارچ 2021ء



KSB Pumps Company Limited



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