

Half Yearly Report (Un-Audited)

For the period ended June 30, 2021

KSB Pumps Company Limited



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Company Information

Board of Directors

Dr. Sven Baumgarten
Sajid Mahmood Awan
Dieter Antonius Pott
Ayesha Aziz
Hasan Aziz Bilgrami
Shezada Mazhar
Jamal Nasim

Chairman
Managing Director

Company Secretary

Faisal Aman Khan

Management

Sajid Mahmood Awan
Mohammad Imran Malik
Faisal Aman Khan

Chief Executive Officer
Sales & Strategic Marketing
Corporate Affairs & IR
Administration
Operations
Finance & Control

Syed Tariq Ali
Faryal Zafar

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 Limited
United Bank Limited
Meezan Bank Limited
Bank Al - Habib

Audit Committee

Jamal Nasim
Dieter Antonius Pott
Shezada Mazhar
Sajid Mahmood Awan

Chairman
Member
Member
Member

Secretary Audit Committee

Saeed Hussain

HR & R Committee

Shezada Mazhar
Hasan Aziz Bilgrami

Chairman
Member

Secretary HR & R Committee

Shahzad Saleem

Registered Office

16/2 Sir Aga Khan Road, Lahore - 54000.
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Email: info@ksb.com.pk

Works

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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

Sales Offices

Lahore

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Ph: (042) 111 572 786, 36304173
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Email: info@ksb.com.pk

Multan

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Rawalpindi

Racecourse Landmark, 299-A, Main
Peshawar Road, Rawalpindi Cantt
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Email: info@ksb.com.pk

Karachi

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

KSB Exclusive Partners

Sr.	Channel	City	Location	Province	Partners	Contact#	Email
1	Dominar Engineers	Lahore	65-A Ferozpur Road Link Samanabad Road, near LOS	Punjab	Hammad Malik/ Syed Mehdi	0302-8744449/8 042-37500078	hammad.malik@de.com.pk
2	Industrial Development & Engineering Associates	Karachi	20-C Mezzanine Floor, Indus Centre 14th Com st PH-II DHA	Sindh	Saqib Khawaja	0300-8203077 021-35390481/2	saquib@idea.com.pk
3	Wali Muhammad & Co.	Quetta	Zonkiram Road Near Millennium Mall	Balochistan	Wali Muhammad	0300-8387668 081-2829635	gulistanmachinery@yahoo.com
4	Pak Atlantis Pumps	Peshawar	3rd Floor, Mall Tower, 35-The Mall, Peshawar Cantt.	KPK	Atif Javed	0345-5555939 091-5285679	pakatlantis@gmail.com
5	B&I Engineering	Lahore	House # 22, Q Block, Main Boulevard, Gulberg II, Near Home Economics College	Punjab	Imran Yousaf Arbab Bilal	0300-4056939 042-32801273	imran@biengr.com
6	Modern Technology & Traders	Karachi	4th Floor, Building # 11-C/2 Lane-11 Bukhari Commercial DHA Phase-6	Sindh	Abdul Qayyum	0333-7299905 0311-1000953 021-35156121-4	qayoomshaikh3@gmail.com

Director's Review

I am pleased to present the financial statements of KSB Pumps Company Limited for the 1st half ended June 30, 2021.

Global economy is projected to grow 6% in year 2021, split into two groups: economies looking forward to normalization due to high vaccination rates, and the economies still facing resurgent waves and limited access to vaccination. Better cooperation to ensure procurement and logistic support in distribution of vaccines to middle and low income countries would play pivotal role in strengthening the struggling economies and thus global recovery process. Following the overall recovery trends, Pakistan economy posted a GDP growth of 3.9% in FY 2021 (as per preliminary data released by government of Pakistan). Services sector and Industry, mainly large scale manufacturing and construction, remained key contributors. Outlook for all major sectors including agriculture remains favourable for FY 2022. Although, import bill is expected to rise on account of domestic recovery, however, improved exports outlook would help contain the current account deficit. Inflation forecast for the FY 2022 is between 7 to 9%. State Bank of Pakistan has maintained policy rate at 7% to further support the growth. As the domestic recovery continues, the GDP outlook for FY 2022 is stable, although uncertainty due to resurgence of COVID cases and emergence of Delta variant still prevails. Other downside risks like political unrest and geopolitical tensions, especially recent developments in a neighbouring country, could further weigh on overall economic performance.

Amid overall positive recovery, KSB Pakistan has secured impressive order intake of PKR 2.7 billion, a growth of 65% from the corresponding period of the last year. Turnover remained PKR 2.1 billion, again a significant growth of 39%. Resultantly, a profit before tax of PKR 53 Million and profit after tax of PKR 26 Million was earned, against a loss of 41 million and 56 million respectively incurred in the 1st half of year 2020. Earnings per share remained Rs. 2.03.

Looking ahead, both public and private sectors offer promising business opportunities. Good orders inflow is anticipated in all major markets, with water waste water and Industry being key players. Healthy orders-in-hand number boosts our confidence to meet business targets for the year 2021.

I would like to appreciate the commitment and efforts of the entire KSB team during 1st half and wish all the best for a successful year 2021.



Sajid Mahmood Awan
MD / Chief Executive Officer

24th August, 2021
Lahore, Pakistan



A.F. FERGUSON & CO.

Independent Auditor's Review Report

To the members of KSB Pumps Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of KSB Pumps Company Limited as at June 30, 2021 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended June 30, 2021 and June 30, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2021.

Scope of Review

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

Conclusion

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

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

A.F. Ferguson & Co.

Chartered Accountants

Name of engagement partner: Amer Raza Mir

Lahore

Date: August 27, 2021

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KARACHI LAHORE ISLAMABAD

Condensed Interim Statement of Financial Position As at June 30, 2021 (Un-audited)

	Note	June 30, 2021 Un-audited (Rupees in thousands)	December 31, 2020 Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 15,000,000 (2020: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital 13,200,000 (2020: 13,200,000) ordinary shares of Rs 10 each		132,000	132,000
General Reserves		1,828,100	1,805,600
Unappropriated profit		27,192	29,512
		1,987,292	1,967,112
NON CURRENT LIABILITIES			
Long term finances - secured	4	132,957	250,231
Deferred grant	5	1,868	4,369
Employees' retirement and other benefits		75,588	72,223
Deferred tax liabilities		17,578	17,962
		227,991	344,785
CURRENT LIABILITIES			
Current portion of long term finances - secured		247,058	221,947
Current portion of deferred grant		7,709	12,201
Short term finances - secured		668,067	670,300
Trade and other payables	6	1,790,490	1,393,226
Contract Liability		3,644	2,880
Unclaimed dividend		9,761	10,083
Due to provident fund		6,214	4,309
Provisions for other liabilities and charges		25,000	66,443
		2,757,943	2,381,389
CONTINGENCIES AND COMMITMENTS	7		
		4,973,226	4,693,286

The annexed notes 1 to 21 form an integral part of this condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

	Note	June 30, 2021 Un-audited	December 31, 2020 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	992,839	1,050,902
Investment property	9	-	-
Intangible assets		9,725	14,083
Capital work-in-progress		16,573	23,692
Long-term loans and deposits		72,637	70,909
		1,091,774	1,159,586
CURRENT ASSETS			
Stores, spares and loose tools		110,336	115,804
Stock-in-trade		844,070	676,523
Trade debts	10	1,418,345	1,396,912
Contract Asset		783,151	691,337
Advances, deposits, prepayments and other receivables		609,399	587,017
Cash and bank balances	12	116,151	66,107
		3,881,452	3,533,700
		4,973,226	4,693,286



Chairman



Chief Executive



Chief Financial Officer

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the three months and six months period ended June 30, 2021 (Un-audited)

	Note	Three months ended June 30, 2021 (Rupees in thousands)		Six months ended June 30, 2021 (Rupees in thousands)	
Sales	13	1,221,107	690,256	2,150,372	1,549,201
Cost of sales	14	(1,019,399)	(563,563)	(1,813,602)	(1,272,723)
Gross profit		201,708	126,693	336,770	276,478
Distribution and marketing expenses		(80,195)	(70,561)	(158,704)	(156,539)
Administrative expenses	15	(49,024)	(56,409)	(109,838)	(118,512)
Other operating expenses		(11,811)	-	(11,811)	-
Other operating income		11,785	18,189	46,002	37,006
Profit from operations		72,463	17,912	102,419	38,433
Finance cost		(25,885)	(34,857)	(49,274)	(79,092)
Profit / (loss) before taxation		46,578	(16,945)	53,145	(40,659)
Taxation		(22,026)	(15,319)	(26,365)	(15,319)
Profit / (loss) after taxation		24,552	(32,264)	26,780	(55,978)
Other comprehensive income:		-	-	-	-
Total comprehensive income / (Loss)		24,552	(32,264)	26,780	(55,978)
Earnings per share - basic & diluted Rupees		1.86	(2.44)	2.03	(4.24)

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Chief Financial Officer

Condensed Interim Statement of Changes in Equity

For the six months period ended June 30, 2021 (Un-audited)

	Share Capital	General Reserves	Unappropriated Profit	Total
	(Rupees in thousands)			
Balance as at January 1, 2020	132,000	1,729,600	96,298	1,957,898
Final dividend for the year ended December 31, 2019 at the rate of Rs 1.5 per share	-	-	(19,800)	(19,800)
Transfer to general reserve	-	76,000	(76,000)	-
Total comprehensive loss for the period	-	-	(55,978)	(55,978)
Balance as at June 30, 2020	<u>132,000</u>	<u>1,805,600</u>	<u>(55,480)</u>	<u>1,882,120</u>
Balance as at December 31, 2020	132,000	1,805,600	29,512	1,967,112
Final dividend for the year ended December 31, 2020 Rs 0.5 per share	-	-	(6,600)	(6,600)
Transfer to general reserve	-	22,500	(22,500)	-
Total comprehensive income for the period	-	-	26,780	26,780
Balance as at June 30, 2021	<u>132,000</u>	<u>1,828,100</u>	<u>27,7192</u>	<u>1,987,292</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Chief Financial Officer

Condensed Interim Statement of Cash Flow

For the six months period ended June30, 2021 (Un-audited)

		Six months ended	
	Note	June 30, 2021	June 30, 2020
(Rupees in thousands)			
Cash Flows From Operating Activities			
Cash generated from operations	11	240,853	265
Finance costs paid		(41,358)	(86,724)
Taxes paid		(23,213)	(39,469)
Employees' retirement and other benefits paid		(8,746)	(10,553)
(Increase) / decrease in long term loans and deposits - net		(1,728)	412
Net cash generated from / (used in) operating activities		165,808	(136,069)
Cash Flows From Investing Activities			
Fixed capital expenditure including capital work in progress		(13,505)	(9,598)
Proceeds from sale of property, plant and equipment		5,351	8,722
Net cash used in investing activities		(8,154)	(876)
Cash flows from financing activities			
Proceeds from long term finances-secured		-	106,602
Repayment of long term finances-secured		(98,455)	-
Dividend paid		(6,922)	(19,639)
Net cash (used in) / generated from financing activities		(105,377)	86,963
Net increase / (decrease) in cash and cash equivalents		52,277	(49,982)
Cash and cash equivalents at the beginning of the period		(604,193)	(903,853)
Cash and cash equivalents at the end of the period	12	(551,916)	(953,835)

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Chief Financial Officer

Notes to the Condensed Interim Financial Statements For the Three Months and Six Months Period Ended June 30, 2021 (Un-audited)

1. Legal status and nature of business

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

2. Basis of preparation

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

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

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

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

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

The condensed interim financial statements do not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2020.

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2020.

Furthermore, the basis of significant estimates are same as those that were applied to the financial statements for the year ended December 31, 2020.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after January 01, 2021 but are considered not to be relevant.

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

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

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

3 Taxation

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

4 Long term finances - secured

		June 30, 2021 Unaudited (Rupees in thousands)	December 31, 2020 Audited
Diminishing Musharika - BankIslami Pakistan Limited	4.1	187,500	218,750
Loan for wages and salaries - Allied Bank Limited	4.2	192,515	253,428
		380,015	472,178
Less: Current portion shown under current liabilities		(247,058)	(221,947)
		<u>132,957</u>	<u>250,231</u>

4.1 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. Effective rate of interest ranged from 7.38% to 7.55% during the period ended June 30, 2021 (June 30, 2020: 13.51% to 13.61%). The amount is secured by way of exclusive charge over specific plant and machinery amounting to Rs 500 million. As at June 30, 2021 the Company has repaid an amount of Rs 312.50 million (December 31, 2020: 281.25 million)

4.2 During the year ended December 31, 2020, the Company availed the State Bank of Pakistan Refinance Scheme for payment of salaries and wages from Allied Bank Limited with a limit of Rs 271.00 million. The loan is repayable in 8 equal quarterly installments starting from February 3, 2021 with a grace period of six months. The finance is secured by exclusive equitable mortgage charge over land and buildings situated at KSB Pumps Company Limited head office up to 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 during the period ended June 30, 2021 (June 30, 2020: 7.7%).

4.3 The reconciliation of the carrying amount is as follows:

	June 30, 2021 Unaudited	December 31, 2020 Audited
	(Rupees in thousands)	
Opening balance	472,178	250,000
Loan received during the period	-	268,819
Repayments during the period	(98,455)	(31,250)
	373,723	487,569
Discounting adjustment - deferred grant	-	(21,415)
Interest charged using the effective rate of interest	8,118	8,461
Interest payments paid during the period	(1,826)	(2,437)
Closing balance	380,015	472,178

5 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 affecting its recognition at the reporting date.

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

	June 30, 2021 Unaudited	December 31, 2020 Audited
	(Rupees in thousand)	
Opening balance	16,570	-
Deferred grant recognised during the period/year	-	21,415
Credited to profit or loss	(6,993)	(4,845)
	9,577	16,570
Current portion shown under current liabilities	(7,709)	(12,201)
Closing balance	1,868	4,369

6 Trade and other payables

Trade creditors and accrued liabilities include amount due to holding company of Rs 218.68 million (December 2020: Rs 180.37 million) and associated undertakings of Rs 55.26 million (December 2020: Rs. 80.52 million). Further, it includes amount of Rs 503.147 million (December 31, 2020: Rs 241.147 million) as advance received from customers other than projects.

7 Contingencies and commitments

7.1 Contingencies

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

(i) The Company has obtained bank guarantees of Rs. 961.786 million (December 2020: Rs 829.28 million) against the performance of various contracts.

(ii) 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. Subsequent to the period June 30, 2021, the matter has been decided in favor of the Company vide order dated August 13, 2021 by Commissioner Inland Revenue (Appeals).

(iii) A supplier of the Company filed a suit for recovery on March 16, 2021 in the Honorable Civil Court Chistian against the Company amounting to Rs. 38.9 million as claim for additional work performed at one of the project of the Company. The management and legal counsel of the Company believes that there are meritorious grounds to defend the demand, consequently, no provision has been recorded in these interim financial statements.

7.2 Commitments

Letters of credit other than for capital expenditure approximately Rs. 280.707 million (December 2020: Rs. 116.73 million).

8 Property, plant and equipment

Opening book value

Add: Additions during the period

Less: Disposals during the period (at book value)
Depreciation charged during the period

Note

	June 30, 2021 Unaudited	December 31, 2020 Audited
	(Rupees in thousands)	
Opening book value	1,050,902	1,162,474
Add: Additions during the period	20,624	53,017
	1,071,526	1,215,491
Less: Disposals during the period (at book value)	(4,289)	(14,167)
Depreciation charged during the period	(74,398)	(150,422)
	(78,687)	(164,589)
	992,839	1,050,902

8.1 Additions

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

June 30, 2021 Unaudited (Rupees in thousands)	December 31, 2020 Audited
1,705	9,873
421	-
-	22,545
12,403	3,036
175	-
5,920	11,370
-	6,193
<u>20,624</u>	<u>53,017</u>

9 Investment property

This refers to the fully depreciated investment property. The fair value of investment property amounts to Rs 64.79 million (2020: Rs 50.48 million) as per valuation carried out by independent valuer as at December 31, 2020.

10 Trade debts

Trade debts
Less: Provision for doubtful debts

June 30, 2021 Unaudited (Rupees in thousands)	December 31, 2020 Audited
1,513,484	1,495,563
(95,139)	(98,651)
<u>1,418,345</u>	<u>1,396,912</u>

11 Cash generated from operations

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

Six months ended	
June 30, 2021 (Un -Audited) (Rupees in thousand)	June 30, 2020
53,145	(40,659)
74,398	75,947
-	-
4,358	3,633
(1,062)	(2,055)
12,111	15,788
(335)	19,124
(6,993)	-
3,000	3,000
49,274	79,092
(22,148)	-
8,904	(3,937)
<u>174,652</u>	<u>149,933</u>

Profit before working capital changes

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

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

June 30, 2021 Unaudited	December 31, 2020 Audited
(Rupees in thousands)	
5,468	(28,445)
(170,547)	(107,751)
(28,574)	(66,787)
(94,061)	94,436
(26,848)	(35,368)
(314,562)	(143,915)
397,389	55,569
764	1,019
1,905	9,849
(19,295)	(72,190)
380,763	(5,753)
240,853	265

Increase / (decrease) in current liabilities:

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

June 30, 2021 Unaudited	December 31, 2020 Audited
(Rupees in thousands)	
116,151	97,210
(668,067)	(1,051,045)
(551,916)	(953,835)

12 Cash and cash equivalents

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

June 30, 2021 Unaudited	December 31, 2020 Audited
(Rupees in thousands)	
116,151	97,210
(668,067)	(1,051,045)
(551,916)	(953,835)

13 Sales

Local sales
Export Sales

Less: Sales tax

Three months ended		Six months ended	
June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(Un-Audited) (Rupees in thousands)			
1,190,821	577,286	2,141,498	1,359,326
191,215	200,081	302,432	392,256
1,382,036	777,367	2,443,930	1,751,582
(160,929)	(87,111)	(293,558)	(202,381)
1,221,107	690,256	2,150,372	1,549,201

14 Cost of goods sold

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

Three months ended		Six months ended	
June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(Un-Audited) (Rupees in thousands)			
617,581	283,951	1,103,746	672,111
83,895	68,023	154,403	140,356
-	(113)	-	141
44,608	23,512	86,011	56,411
76,493	34,009	155,175	75,342
1,726	1,450	3,421	2,992
6,275	5,095	12,021	14,027

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Un-Audited)			
	(Rupees in thousands)			
Postage and telephone	2,096	2,052	4,115	4,210
Printing and stationery	328	176	791	489
Rent, rates and taxes	921	946	2,216	1,874
Repairs and maintenance	6,906	1,938	14,083	4,071
Legal and professional charges	(1,673)	2,465	2,467	4,030
SAP user license fee and other IT services	9,387	9,123	19,485	18,540
Packing expenses	9,450	6,759	15,898	15,083
Outside services	150,080	89,700	220,677	182,778
Depreciation on property, plant and equipment	34,289	32,503	68,722	65,331
Amortization of Intangible assets	1,150	1,807	2,311	3,632
Provision for obsolete stores and stocks	1,500	1,500	3,000	3,000
Warranties	5,496	2,706	9,816	6,932
Other expenses	2,383	2,736	3,868	3,196
	1,052,891	570,338	1,882,226	1,274,546
Opening work-in-process	276,198	275,402	241,578	277,210
Less: Closing work-in-process	315,411	266,996	315,411	266,996
(Increase) / decrease in work in process	(39,213)	8,406	(73,833)	10,214
Cost of goods manufactured	1,013,678	578,744	1,808,393	1,284,760
Opening stock of finished goods	57,224	53,608	56,712	56,752
Less: Closing stock of finished goods	51,503	68,789	51,503	68,789
(Increase) / decrease in finished goods	5,721	(15,181)	5,209	(12,037)
	1,019,399	563,563	1,813,602	1,272,723

15 Administrative expenses

Included in administrative expenses is the group service cost amounting to Nil (June 2020: Rs. 15.099 million).

16 Transaction with related parties

Relationship with the Company	Nature of transaction	<u>Three months ended</u>		<u>Six months ended</u>	
		<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		(Un-Audited)			
		(Rupees in thousands)			
i. Associated Undertaking	Purchase of goods and services	159,802	152,731	228,159	225,781
	Sale of goods and services	186,923	203,742	302,431	389,808
	Commission income	4,313	479	5,490	479
	Commission expens	17,633	(6,113)	26,359	12,330
	Royalty and trademark	3,970	4,673	7,905	9,212
	SAP user license fee	16,157	31,349	33,538	31,349
	Group service cost	-	21,058	-	21,058

				June 30, 2021 Unaudited (Rupees in thousands)	December 31, 2020 Audited
ii. Post retirement					
benefit plans	Expense charged	17,488	18,913	23,544	27,407
iii. Key management					
personnel	Compensation	76,781	66,761	140,663	133,522
				June 30, 2021 Unaudited (Rupees in thousands)	December 31, 2020 Audited
Period end Balances					
Receivable from related parties				284,379	171,664
Payable to related parties				273,938	262,014

17 Financial risk management

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2020.

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

18 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 June 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets:	(Rupees in thousands)			
Investment property	-	-	64,788	64,788

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 as at		Significant Unobservable inputs	Quantitative Data / Range and relationship to the fair value
	June 30, 2021	June 30, 2020		
	(Rupees in thousand)			
Investment property	64,788	50,481	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.

19 Date of authorization for issue

These condensed interim financial statements were authorized for issue on August 24, 2021 by the Board of Directors of the Company.

20 Events after balance sheet date

No material events have occurred subsequent to period ended June 30, 2021.

21 Corresponding figures

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

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



Chairman



Chief Executive



Chief Financial Officer

مجلس نظاماء کا جائزہ

میں 30 جون 2021ء کو ختم ہونے والی پہلی ششماہی کے لئے KSB پیس کمپنی لمیٹڈ کے مالیاتی کھاتے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

سال 2021 میں عالمی معیشت میں 6 فیصد نمو متوقع ہے، دو گروہوں میں تقسیم: معیشتیں ویکسینیشن کی زیادہ شرحوں کی وجہ سے معمول پر آ رہی ہیں، اور معیشتیں ابھی دوبارہ پیدا ہونے والی لہروں اور ویکسینیشن تک محدود رسائی کا سامنا کر رہی ہیں۔ درمیانے اور کم آمدنی والے ممالک میں ویکسین کی خریداری اور تقسیم میں لاجسٹک سپورٹ کو یقینی بنانے کے لیے بہتر تعاون جدوجہد کرنے والی معیشتوں اور اس طرح عالمی بحالی کے عمل کو مضبوط بنانے میں اہم کردار ادا کرے گا۔ بحالی کے مجموعی رجحانات کے بعد، پاکستان کی معیشت نے مالی سال 2021 میں (حکومت پاکستان کے جاری کردہ ابتدائی اعداد و شمار کے مطابق) جی ڈی پی کی شرح نمو 3.9 فیصد درج کرائی ہے۔ سروسز سیکٹر اور انڈسٹری، بنیادی طور پر بڑے پیمانے کی مینوفیکچرنگ اور کنسٹرکشن، اہم شراکت دار رہے۔ زراعت سمیت تمام بڑے شعبوں کے لیے آؤٹ لک مالی سال 2022 کے لیے سازگار ہے۔ اگرچہ ڈومیسٹک بحالی کی وجہ سے درآمدی بل میں اضافے کی توقع ہے، تاہم، برآمدات کے بہتر آؤٹ لک سے کرنٹ اکاؤنٹ خسارے پر قابو پانے میں مدد ملے گی۔ مالی سال 2022 کے لیے افراط زر 7 سے 9 فیصد کے درمیان رہنے کی پیش گوئی کی گئی ہے۔ اسٹیٹ بینک آف پاکستان نے شرح نمو کو 7 فیصد پر برقرار رکھا ہے تا کہ نمونیں مزید مدد ملے۔ جیسا کہ ڈومیسٹک بحالی جاری ہے، مالی سال 2022 کے لیے جی ڈی پی کا آؤٹ لک مستحکم ہے، حالانکہ کوویڈ کیسز کے دوبارہ بڑھنے اور مختلف قسم کے ڈیلٹا کے ابھرنے کی وجہ سے غیر یقینی صورتحال برقرار ہے۔ دیگر منفی خطرات جیسے کہ سیاسی بد امنی اور جغرافیائی سیاسی کشیدگی، خاص طور پر پڑوسی ملک میں حالیہ پیش رفت، مجموعی معاشی کارکردگی پر مزید بوجھ ڈال سکتی ہے۔

مجموعی مثبت بحالی کے درمیان، KSB پاکستان نے 2.7 بلین پاکستانی روپے کے متاثر کن آرڈر انٹیک، گزشتہ سال کی اسی سہ ماہی سے 65% کی نمو حاصل کی ہے۔ 2.1 بلین روپے کا ٹرن اوور رہا، دوبارہ 39% کی نمایاں نمو حاصل کی۔ جس کے نتیجے میں، ٹیکس سے قبل منافع 53 بلین روپے اور ٹیکس کے بعد منافع 26 بلین روپے کمایا جبکہ سال 2020 کی پہلی ششماہی میں بالترتیب 41 بلین روپے اور 56 بلین روپے کا خسارہ ہوا تھا۔

آگے بڑھتے ہوئے پبلک اور نجی دونوں شعبوں میں کاروباری مواقع امید افزاء نظر آتے ہیں۔ اہم پلیئرز ہونے کی حیثیت سے واٹر، ویسٹ واٹر اور انڈسٹری کے ساتھ، تمام اہم مارکیٹوں میں اچھے آرڈرز حاصل ہونے کی توقع ہے۔ زیر دست صحت مند آرڈرز سال 2021 میں کاروباری اہداف کو پورا کرنے کے لئے ہمارے اعتماد کو فروغ دیں گے۔

بورڈ کی جانب سے ہم پہلی ششماہی کے دوران KSB کی پوری ٹیم کے عزم اور کاوشوں کو سراہتے ہیں اور کامیاب سال 2021 کے لئے نیک خواہشات کا اظہار کرتے ہیں۔



ساجد محمود اعوان

مینیجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر

24 اگست 2021ء

لاہور، پاکستان

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