

► Our technology. Your success.

Pumps • Valves • Service



# Annual Report 2015

KSB Pumps Company Limited



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# Vision

KSB provides the best solutions worldwide.



## Mission Statement



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

# Strategic Objectives

Defend high market share in a growing but competitive sectors.

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



# Values

## **Trust**

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

## **Honesty**

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

## **Responsibility**

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

## **Professionalism**

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

## **Appreciation**

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



# Quality Principles

## **Achieving maximum customer satisfaction**

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

## **Promoting quality consciousness**

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

## **Every employee meets the customer's wishes**

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

## **Avoiding mistakes instead of remedying them**

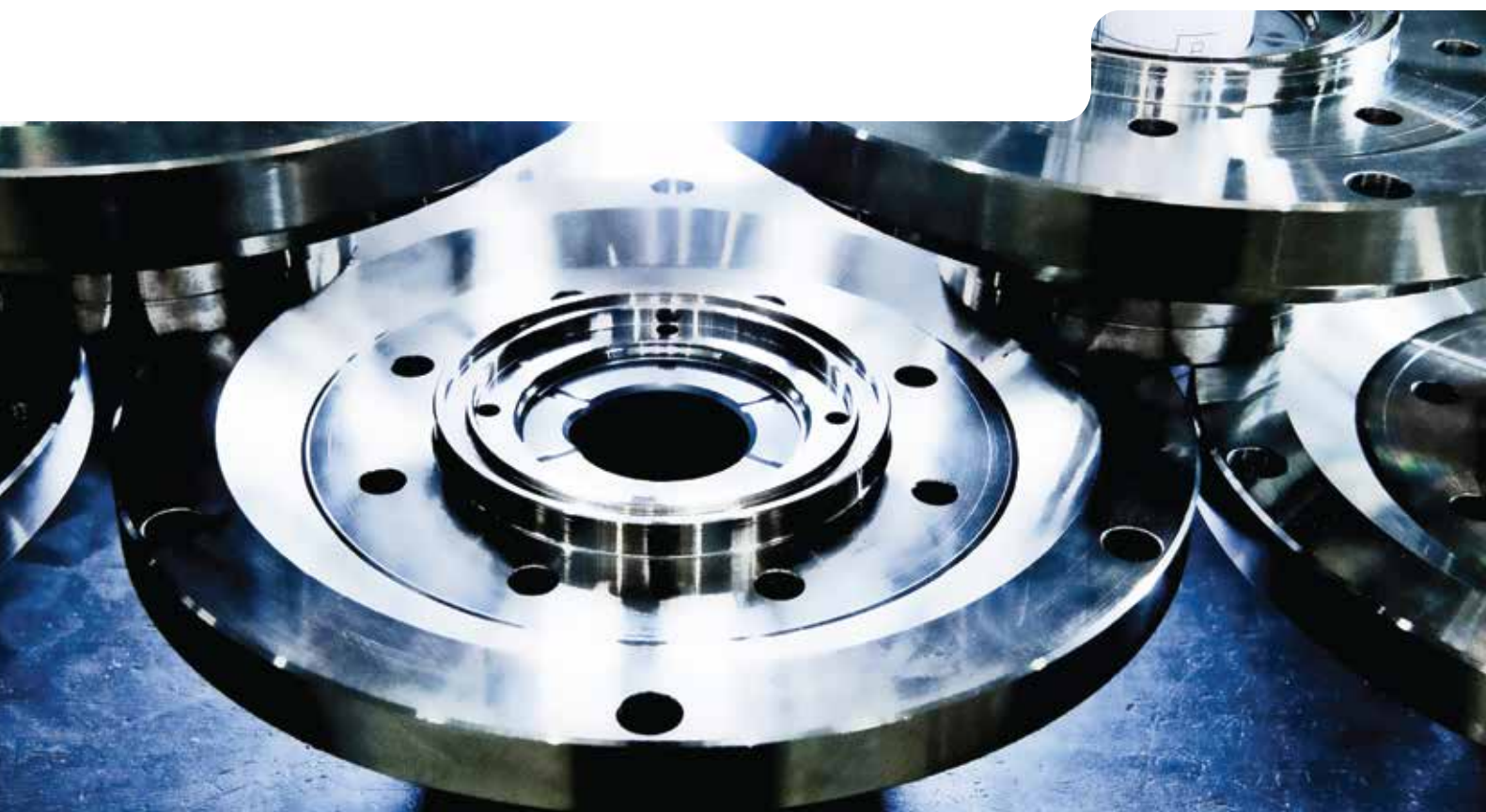
We establish causes so that we can prevent errors and put a stop to them.

## **Improving quality**

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

## **Involving suppliers**

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



# Principles for Environment, Occupational Health and Safety

## **Informing about relevance to the environment**

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

## **Promoting awareness of environmental issues, occupational health and safety**

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

## **Strengthening our employees' sense of responsibility**

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

## **Recognizing and avoiding risks**

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

## **Compliance with regulations**

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

## **Commitment of outside companies**

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

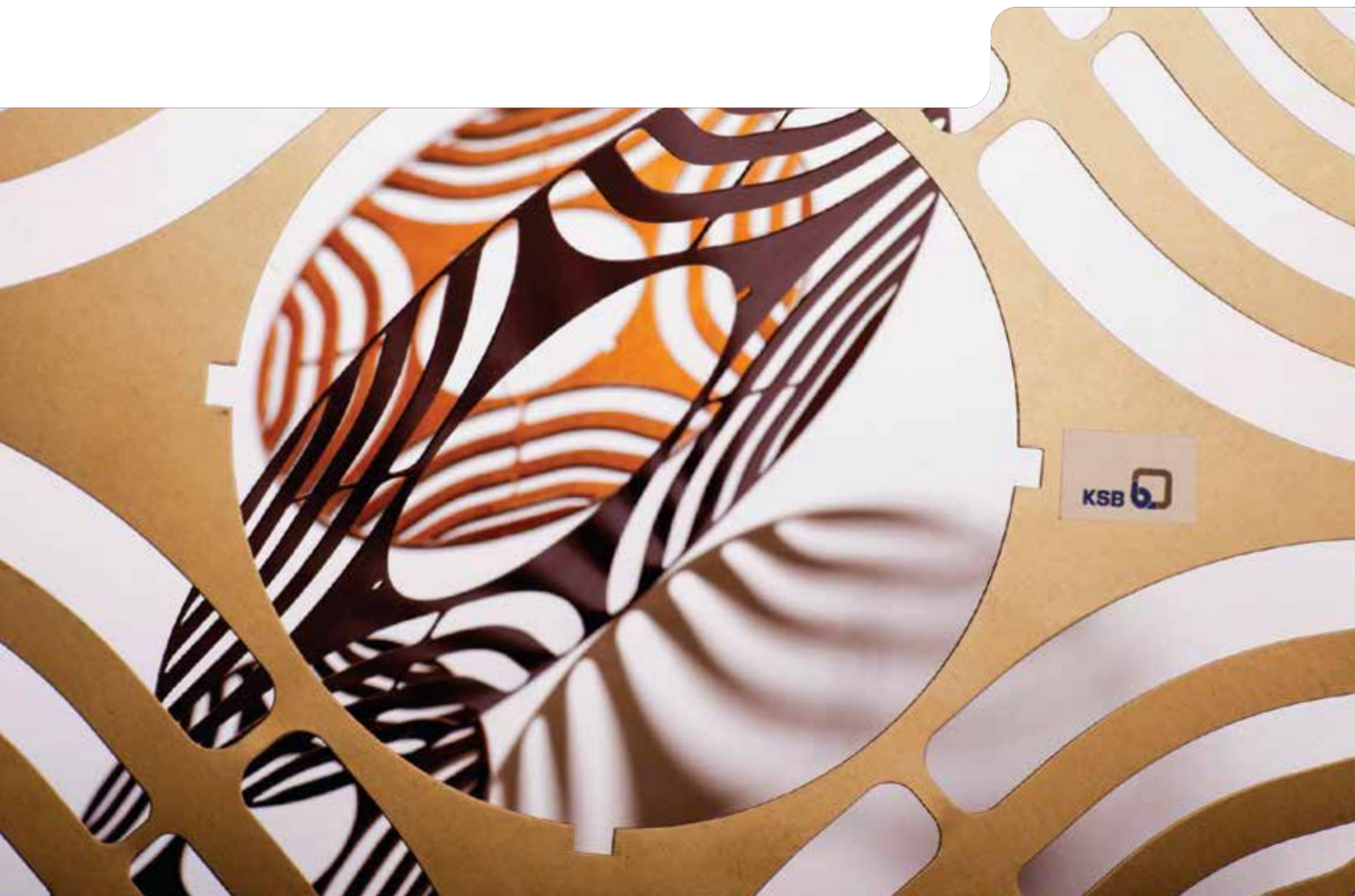




## KSB - the brand standing for quality, expertise, reliability and a global perspective

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

KSB has been growing continuously since it was founded in 1871. Today the Group has a presence all over the globe with its own sales and marketing companies, manufacturing facilities and service operations. KSB Pumps Company Limited, established in July 1959 in Lahore, Pakistan, is also a proud subsidiary of KSB Group. KSB Pakistan runs the largest state of the art manufacturing facility in the country in Hassanabdal and a full-fledged Foundry. The Company is ISO 9001 certified since 1994 and lately has added ISO-14001 and 18001 certifications for complete Integrated Management System certified by TUV, Germany. A range of global certifications of the company's products and locations is a proof that KSB's work in all areas is in compliance with the very latest quality standards - from energy engineering to building services.



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

KSB pumps are produced strictly in accordance with the design and specifications of KSB AG, Germany, in order to maintain standards of the highest quality. Comprehensive inspection and latest test bed facilities are available at Works, Hassanabdal to ensure compliance with the global quality standards. The production facilities are also being regularly modernized and extended to cope with the challenges of new product technology. One among few KSB manufacturing facilities, our plant at Hassanabdal is MbK (Made by KSB) certified. This is the feature that ensure consistent KSB processes and products to its customers not only in Pakistan but around the globe as well. Foundry is capable of producing sophisticated automotive components apart from pump and valves castings and is a leading supplier of tractor/automobile castings in the country. During the last thirty years, the Company has rapidly expanded its product portfolio to include a large number of pumps and valves according to the changing market needs in various segments. KSB believes in continuous innovation; adding new products and business ideas to strengthen the portfolio and help to open up new markets.

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

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

With a 56 years journey of successful operations in the country, today KSB Pakistan stands as a market leader in its line of business and is a benchmark for new entrants. The Company's products, quality standards, people, business partners and leadership have all contributed to imprint this company's score in the history of Pakistan.

## Board of Directors



**Tonjes Cerovsky**

Chairman Board of Directors

Mr. Tonjes Cerovsky has been working for KSB since 35 years. During this time he held different managerial positions in KSB's overseas companies. He has a degree in mechanical engineering from the University of Cologne in Germany and a Masters degree in Business Administration (MBA) from the Business School of the University of Birmingham, UK. He is Senior Vice President Sales - Region Middle East & Africa for KSB and Managing Director KSB Middle East FZE Dubai. He is the Chairman of the Board of Directors of KSB Pakistan.



**Mohammad Masud Akhtar**

Managing Director

Mr. Akhtar is the Chief Executive Officer of KSB Pakistan. He is an Electrical Engineer by profession and has a Masters degree in Manufacturing Systems Engineering from Pennsylvania USA. He has an extensive and diversified experience in Sales, Marketing, Operations and Manufacturing areas. He is certified director from PICG, Pakistan. He is Member of National Management Foundation (LUMS) and Vice President of Foundry Association of Pakistan. He was Director Pak German Business Forum.



**Sajid Mahmood Awan**

Director

Mr. Awan is the Director Finance and Company Secretary of KSB Pakistan. He is also partially responsible for the financial activities for Middle East, Africa and East Europe region. He has more than 22 years of professional experience in multinational environments in Pakistan, Middle East & Africa. He is a fellow member of ICMAP and ICSP, and certified director from PICG, Pakistan.



**Dr. Matthias Beth**

Director

Dr.-Ing. Matthias Beth studied at the University of Darmstadt General Mechanical Engineering and worked then for 5 years as a scientific consultant at the Institute of Production Technology and Forming Machines. Dr. Beth has more than 22 years' experience in KSB and worked in various capacities. From 2010 to 2015 he was as SVP in charge of the Corporate Function Operation of the KSB group. At the moment he is Vice President Production Technology and Systems. Outside of KSB he is a member of the Institute of Production Research Darmstadt and a member of an advisory board of the VDI Düsseldorf.



**Rahat Kaunain Hassan**  
Director

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



**Hasan Aziz Bilgrami**  
Director

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



**Syed Hyder Ali**  
Director

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

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



**Jamal Nasim**  
Director

Mr. Jamal Nasim, is a Director & the Chairman of the Audit Committee of KSB Pakistan. He is Managing Director, Industrial Development Bank of Pakistan, has more than 34 years of professional experience with NDFC and IDBP, which includes Commercial Banking, Project Management, Operations, Treasury, Risk Management, Internal Audit and Compliance etc. He also has a substantial experience of serving on the Boards of Directors of different companies in Textile, Sugar and Food sectors. He has also held the position of Executive Director, Equity Participation Fund. He holds a Masters degree, in Business Administration, from Asian Institute of Management, Manila - Philippines.

## Mr. Tonjes Cerovsky

Chairman Board of Directors



# Management Committee



**Mohammad Masud Akhtar**  
Chief Executive Officer /  
Managing Director



**Sajid Mahmood Awan**  
Director Finance &  
Company Secretary



**Syed Tariq Ali**  
Director Operations



**Muhammad Imran Malik**  
GM Sales & Strategic Marketing



**Mamoon Riaz**  
GM Projects



**Omer Saljouk**  
GM Customer Services



**Matraf Rasul**  
GM Materials



**Shahzad Umer**  
DGM QHSE



**Saeed Hussain**  
Head of Internal Audit



**Shahzad Saleem**  
Head of Human Resource

# Sales Offices

## Lahore

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

## Rawalpindi

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

## Multan

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

## Karachi

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

## Peshawar

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

## KSB Partners

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



# Company Information

## Board of Directors

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

## Company Secretary

Sajid Mahmood Awan

## Management

Mohammad Masud Akhtar	Chief Executive Officer
Sajid Mahmood Awan	Finance, Administration & Corporate Affairs
Syed Tariq Ali	Operations

## Auditors

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

Mandviwala & Zafar

## Bankers

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

## Audit Committee

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

## Secretary Audit Committee

Saeed Hussain

## HR & R Committee

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

## Registered Office

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

## Works

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

## Share Registrar

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, SMCHS  
Shahra-e-Faisal, Karachi-74000  
Tel: (021) 111-111-500  
Fax: (021) 34326053





## Notice of Annual General Meeting

Notice is hereby given that the 59th Annual General Meeting of the members of KSB Pumps Company Limited, will be held on Friday, the 22nd April, 2016, at 4.00 p.m. at Hotel Hospitality Inn, 25-26 Egerton Road, Lahore, to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on April 27, 2015.
2. To consider and adopt the audited accounts of the Company for the year ended December 31, 2015 and report of Auditors and Directors thereon.
3. To approve and declare dividend of 70 % for the financial year ended December 31, 2015 as recommended by the Directors.
4. To appoint auditors for the year 2016 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



SAJID MAHMOOD AWAN  
Company Secretary  
Lahore : March 30, 2016

58<sup>th</sup> AGM, held on April 27, 2015

## KSB PUMPS COMPANY LIMITED

### 58<sup>th</sup> Annual General Meeting

### 27<sup>th</sup> April 2015 - Lahore



## 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 15th April, 2016 to 22nd April, 2016 (both days inclusive). Transfers received in order at Company's Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74000, by the close of business on 14th April, 2016 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. Submission of copies of CNIC (Mandatory)  
Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of shareholders are mandatorily required to be mentioned on Dividend Warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company Share Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi-74000.
5. **Withholding Tax on dividends**

The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding Tax on the amount of dividend paid by the companies/banks. These tax rates are as follows:

Participants of 58<sup>th</sup> AGM



- (a) For filers of income tax returns 12.5%
- (b) For non-filers of income tax returns 17.5%

To enable the Company to make tax deduction on the amount of cash dividend @12.5% instead of 17.5% 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 @17.5% instead of 12.5%.

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

The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN Certificate to the Company or Company's Share Registrar, M/s. Central Depository Company of Pakistan Limited. The shareholders while sending NTN or NTN Certificate, as the case may be, must quote Company name and their respective folio numbers.

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

#### **6. Payment of dividend electronically (E-MANDATE)**

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

participants/stock brokers, are advised to provide the mandate to CDC or their participants/stock brokers.

#### **7. Audited Financial Statement through e-mail:**

SECP through its notification SRO 787(1) /2014 dated September 8, 2014 has allowed the circulations of Audited Financial Statement along with Notice of Annual General Meeting to the Members through e-mail. Therefore, all members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission could be downloaded from the Company Website: [www.ksb.com.pk](http://www.ksb.com.pk). Audited financial statements & reports are being placed on the aforesaid website.

#### **8. Consent for Video Conference Facility**

As allowed by SECP vide circular No.10 of 2014 dated May 21, 2014, members can avail video conference facility for this Annual General Meeting provided the Company receives consent from the members holding in aggregate 10% or more shareholding, residing at geographical location, at least 10 days prior to date of the meeting.

Subject to fulfillment of the above conditions, members shall be informed of the venue, 5 days before the date of the General meeting along with complete information necessary to access the facility.

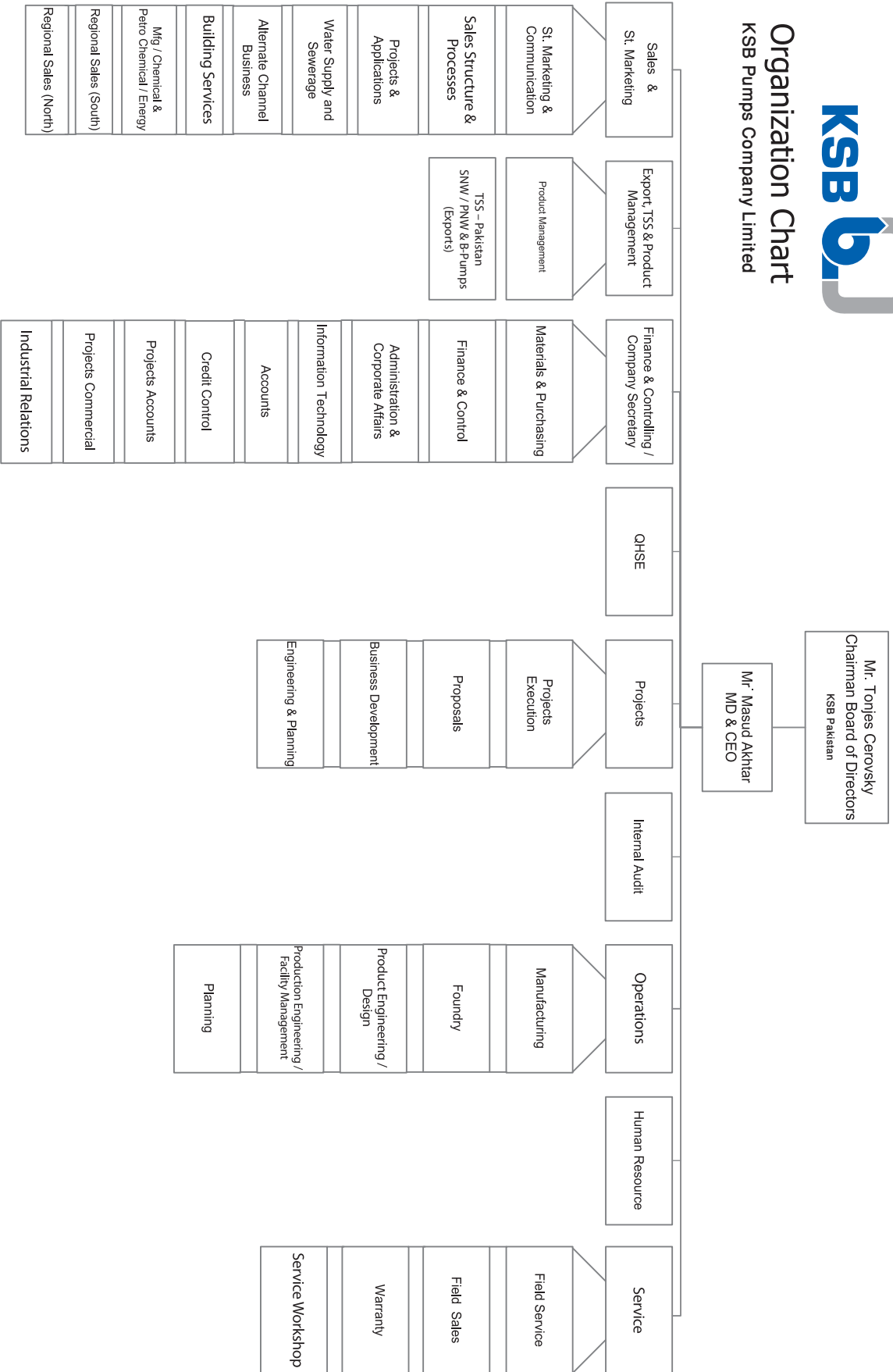
In this regard please send a duly signed request as per following format at the registered address of the Company 10 days before holding of annual general meeting.

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



# Organization Chart

## KSB Pumps Company Limited



# New Products

## Zoro Stainless Steel Submersible Pump

KSB Pumps launched ZORO SS Submersible Pumps which are made of corrosion and abrasion resistant stainless steel. The Zoro SS series of pumps are manufactured to the highest standards for energy efficiency, dependable performance, rugged construction and long service life for the most demanding applications. It is made of stainless steel and built for years of trouble free operations. Its heavy duty stainless steel discharge head with built-in check valve for long life and ease of installation promotes its easy installation. Its mounting specifications are according to NEMA standards with high quality shaft bearings providing low friction and high wear resistance. The heavy duty stainless steel impellers ensure optimal performance of stainless steel strainer to restrict the entry of suspended particles and other extraneous material. These pumps are applicable for portable water supply from deep wells, agricultural & irrigation purposes, livestock watering, municipal and industrial water supply schemes, for pressure boosting in hi-rise buildings, de-watering in mines and for fountains.



## Macht - IEC Low Voltage Induction Motor

Macht motors are suitable for driving various kinds of machines or equipments. Its output ratings are from 0.55 to 355 kW. All motors comply with the requirement for European CE marking. The motors are designed for high efficiency and low temperature rise giving a long economical service life. Motors with terminal boxes on the right side or on the left side are also available. Its applications are for centrifugal pumps, service/drinking water supply schemes, irrigation and drainage, heating and cooling circuits, fire-fighting water handling, condensate transport rotating equipment, fans and compressors. The motors are designed for high efficiency and low temperature rise giving a long economical service life. The motors designed protection is IP 55 enclosure that means complete hose proof and dustproof protection, also other protection classes available as per customer requirement. Motors are available in all types of mounting arrangement for horizontal and vertical installations.



## Macht – KSB Submersible Motor

Submersible motor is designed to drive water submersible pump with reliable quality and bears a water-proof design. All its conductors are of a squirrel-cage which are made up of pure copper bars. The stator winding uses water-proof wires and the thrust bearings are made from special plastic or graphite which ensures long life operations whereas its high efficiency electrical design gives lower operational costs. The thrusts are lubricated and cooled by water ensured durable operation with heavy load. Its mounting dimensions are according to NEMA or European Standards available. Its applications are in centrifugal pumps, drinking water supply schemes, irrigation, heating & cooling circuits, fire-fighting water handling purposes.





Efficiency

max.

## 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, 2015 together with Auditor's report thereon.

## THE ECONOMY

### Global Economy

The global economic activity remained subdued with a growth rate of 3.1 percent. Outlook for 2016 is not different from year 2015. Although modest recovery is anticipated in advanced economies but emerging markets and developing economies show weaker than expected trends. The gradual slowdown and rebalancing activity in Chinese economy continues to weigh on the overall outlook. Recession would prevail in Russia and Brazil. Middle East has better prospects, however low oil prices may have adverse effect on economic activity. Other risks like stagnant investment and current geopolitical tensions may also impede the overall performance. In light of recent developments, the global growth rate projection for years 2016 and 2017 has been revised downward to 3.4 and 3.6 percent respectively.

### Pakistan's Economy

Economic performance of Pakistan remained stable in year 2015. GDP growth rate was recorded at 4.24 percent for the previous fiscal year. Agriculture sector has recorded slow growth while healthy activity has been observed in large-scale manufacturing and service sectors. Among other contributors to the overall growth are increased inward remittances, falling international prices of key inputs, and better energy situation. The latest development in import of LNG from Qatar would further support to fulfil our energy needs. Security and law & order condition has also improved because of effective operation by law enforcement agencies in various parts of the country.

This recovery trend is expected to continue in the current fiscal year and macroeconomic outlook of the country is positive. GDP rate projection for current fiscal year is 4.5% while as per SBP forecast, average inflation number would be ranging between 3 to 4%. State Bank of Pakistan has further reduced its policy rate in year 2015 to support industrial performance. Oil prices are likely to remain under pressure in 2016 thus having positive impact on the import bill. Pakistan has healthy forex reserves which is another positive indicator. Fiscal consolidation strategy is on track however, Government needs to closely monitor the progress of the reforms plan. Lifting of sanctions on Iran has enabled Pakistan to invigorate bilateral ties with the neighbour country and move forward to promote investments. Provided the downside risks are contained and investors' confidence is boosted, long-term prospects of Pakistan economy are bright especially with reference to energy and infrastructure projects under China Pakistan Economic Corridor (CPEC).



## THE COMPANY

### Financial Results

KSB Pakistan has posted outstanding results in year 2015 and comparison against 2014 is as follows:

	<b>Rupees in '000'</b>	
	<b>2015</b>	<b>2014</b>
Sales	4,007,244	3,152,062
Gross profit	907,592	697,611
Profit before tax	368,678	252,099
Profit/(Loss) for the year	277,366	186,989
Earnings per share (EPS)	21.01	14.17

Turnover and gross profit have shown a noteworthy growth over last year, 27% and 30% respectively. Profit before tax increased significantly by 46% as compared to previous year. Profit after tax increased by 48%; earning per share reflects the same trend.

### Sales

Remarkable growth in order intake has been recorded in year 2015. All key segments, Industry, Energy and Building, performed above average. Building Services has achieved ever highest order intake. Business in Public sector has shown moderate growth. However, our new product, Fire Pump Units, was successful to gain encouraging market response. Our performance in petrochemical and sugar sectors will further strengthen KSB's business in these sectors. In addition, KSB Pakistan was able to make inroads in Industry in the high-tech field of water treatment through Reverse Osmosis (RO) process. Key projects of Reverse Osmosis (RO) plants in fertilizer and food sectors would be a profitable addition to our product portfolio and a great opportunity of product diversification and business expansion in the long run.





## Projects

2015 has been the best year, so far, for turnkey business, specifically in the field of water treatment. Since few years, KSB Pakistan has been able to win key water filtration projects thus establishing itself as a major player in this field in Punjab. Moreover, we have potential to become a leading supplier in this emerging market having abundant business opportunities. We have successfully and timely completed the recently revived CDWA project contributing towards highest-ever revenue number achieved by the projects department.

KSB Pakistan has been awarded Saaf Paani, a breakthrough project of Engineering, Procurement and Construction (EPC) where solar based UF & RO filtration plants are to be installed. The battery less hybrid solar technology adopted for this project is first of its kind in the region and gives us sizeable competitive edge over competition. The execution of this project shall also generate considerable revenue in year 2016.

As a part of continuous improvement process, various structural changes made in year 2014 and 2015 have resulted in enhanced productivity and system efficiencies.

## Production

Driven to excel and committed to produce high quality, KSB Pakistan production has achieved the highest turnover in year 2015. Successful development and production of Sewatec 500-630V and Duplex SNW spares was performed. In ever increasing need to diversify our product line, seven new sizes of RPH have been developed. Moreover, we have reached another milestone of further reduction in lead time and inventory optimization by standardizing DWT standard pumps and SNW/PNW engineered pumps.

As a part of our continued improvement strategy, we not only invested on modernization of infrastructure and plant & machinery but also on development of skill sets of our employees. New ultrafiltration plant building was

set up and KSB Pakistan was able to manufacture 320 UF units in year 2015. Plant and operations performance were greatly enhanced with implementation of DMAIC, C-Works and VSM activity in production. Other significant investment and development activities during the year include procurement of new horizontal boring machine, compressor, and shot blast machine, construction of warehouse facility, and successful installation and commissioning of TIG welding plant in newly built welding shop. All welders were provided with specialized training on TIG Welding of RPH pump castings.

### Foundry

Foundry has recorded remarkable increase in volume in year 2015. Successful development of patterns for KSB South Africa was completed, leading to a brighter future into the international market. State-of-the-art testing equipment has been incorporated in laboratory, such as emission spectrometer, ultrasonic flaw detector, ferrite scope and video scope. This step will not only help keep us abreast with the modern technology but also will ensure testing with high level of precision thus enhancing the quality of our products. With future prospects in view and to cater to the increasing market demand, KSB Pakistan has taken a visionary initiative to modernize and expand foundry operations. In this connection, plan to upgrade the existing foundry is in finalization process and work will commence after obtaining all necessary approvals in 2016.



## QUALITY, ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY

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

KSB provides world class products and excellent services to its customers with the aim to make its customers' plants safer, more energy efficient and more cost-effective. KSB Pumps Company Limited is the first foundry based engineering company in Pakistan which has been certified for the Integrated Management System (ISO 9001, ISO 14001 & OHSAS 18001).

KSB Pakistan has accomplished IMSTUV certification in June of 2015, a feature that ensures consistent KSB Products & Processes.

In appreciation of our commitment towards sustainable development of environment friendly policies, we have won 12th Annual Environment Excellence Award 2015, initiated by National Forum for Environment & Health and is designed to recognize and promote organizations which contribute towards environment sustainability and development based on strict criteria.



KSB Pumps Pakistan received the 12th Annual Environment Excellence Award 2015 from NFEH

## SERVICE fast & efficient

KSB Pakistan Service has achieved highest ever order intake in year 2015, with substantial growth over year 2014. After a slow 1st half, activity picked up in 2nd half and some good orders poured in, job from WASA



Rawalpindi for rehabilitation of filtration plants at Rawal Lake being a significant one. Execution challenge was successfully fulfilled by the committed service team who have proved to perform under pressure.

Significant activity in field service has been witnessed with first time commissioning of HGC pump at Packages and rehabilitation/re-engineering of RDLOs at KWSB. Performance of warranty services also remained satisfactory.

KSB Pakistan Service has started to break ground in the area of REVERSE Engineering with major breakthrough at K-electric and to some extent at Engro and Fauji Fertilizer.

The new workshop has completed its first year where the regular business was sustained with higher efficiency, improved quality and alleviated employees' enthusiasm. Even better communication with the customer has been achieved with the highest ratio of complaint resolution.

## HUMAN RESOURCE

Employee well-being, engagement, and training & development remained in the limelight during the year. Module-II of Value Based Leadership (VBL), facilitated by trainer from KSB-AG was arranged for top leadership of the organization. Focus has been on knowledge sharing and internal trainings, exhibited by VBL Module-I cascaded down internally to Tier-2 leadership of the Organization. Similarly, detailed communication/awareness sessions for Departmental Engagement Survey & Performance Appraisals, as well as internal trainings have been done across the organization. Annual Business Review Meeting continued to engage more and more people. In addition to it, the company also invested in more than 320 training days (national and international) in the year 2015.



Efforts have also been made for cross-functional & cross departmental teamwork and engagement in the form of sports tournaments, team building activities and other initiatives. Benchmarking and up-gradation of compensation & benefits structure continues with an aim to make KSB Pakistan an Employer of Choice. Talent pipeline for key positions have been developed to make sure that staffing needs of the company are swiftly met. With a focus on alignment of efforts the SIA initiative continues to be in-place for setting direction, cascading goals and keeping track of departmental contributions to company performance.

We aim to continue with the same spirit during 2016, with more energy, targeted towards an engaged and forward looking human resource with adherence to KSB Vision & Values.

## **ENTERPRISE RISK MANAGEMENT**

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

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

### **Financial Risk Factor**

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

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

### **Market Risk**

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

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

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting

all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

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

### **Credit Risk**

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

### **Liquidity Risk**

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

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

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

### **Capital Risk Management**

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

### **CORPORATE SOCIAL RESPONSIBILITY - KSB CARE**

The Corporate Social Responsibility (CSR) is a Company's sense of responsibility towards community in which it operates. Companies express this citizenship by contributing to educational and social programs.



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

KSB is continuing its commitment by contributing to economic development while improving the quality of life of workforce and their families as well as of the local community and society at large. Over the years KSB has contributed a lot in community development initiatives.

KSB's Corporate Social Responsibility (CSR) program works under the banner of KSB Care. KSB's CSR commitments include focusing mainly on education and health care. KSB supported the educational institutions in the rural areas around its production facility at Hassan'abdal. During the year 2015 the Company extended support to educational institutions by providing assistance for rehabilitation of infrastructure, construction of class rooms, provision of furniture and fixtures for school.

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

Under the scholarship program KSB awards merit based scholarships to promising students of various schools and colleges situated in the vicinity of its works at Hassan'abdal.

During the year 2015, 201 high achievers were awarded scholarships under the KSB Care Program, in addition, donations were also made to hospitals and welfare institutions.

## **FUTURE OUTLOOK**

### **SALES**

Based on positive outlook of the business environment, good overall progress is anticipated in year 2016 in all key business areas including chemical and petrochemical sector. Business growth is expected from standard and high-end engineered market for Industry, Energy, Building Service and Water & Waste Water. Public sector is also expected to perform better in the coming year due to increased focus on infrastructure and energy projects. This will further help improve order intake of our standard and engineered products from the public sector. We are

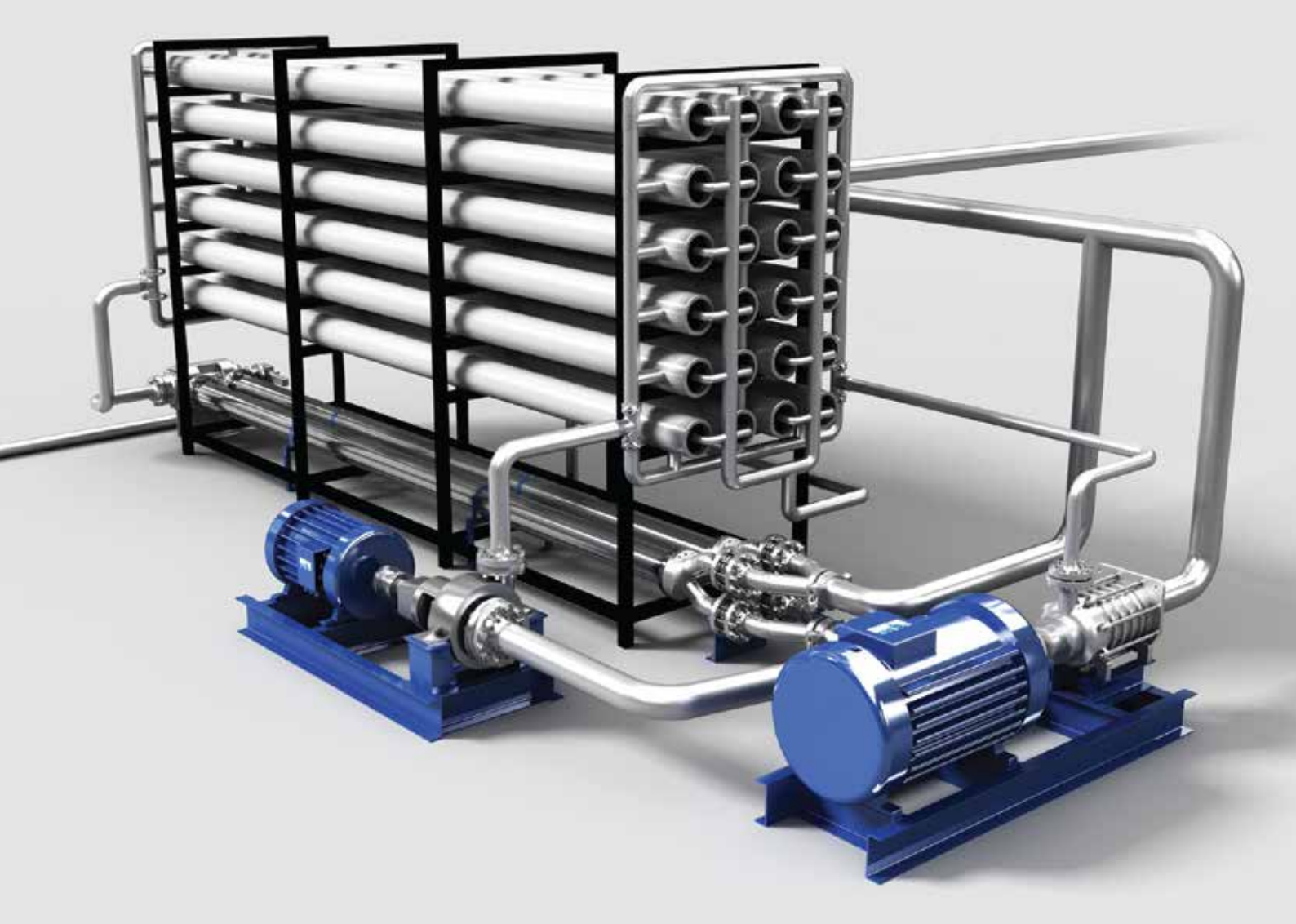


hopeful of better results due to diversification strategy; Reverse Osmosis/Sewerage Treatment Plants business is expected to grow especially in Energy and Oil & Gas Sectors. On marketing front, we are successful to maintain effective communication with our existing and potential customers through active dialogue, marketing and social media campaigns.

### Projects

A brighter business prospect is seen in year 2016 with major repeat orders expected from the existing clientele. We will continue to have stronger follow-up with government to secure new projects as well as to ensure timely completion of projects in hand to meet revenue targets. Our healthy orders in hand will support us to achieve revenue target in 2016. Order intake growth projections are based on various business opportunities in Punjab,





KPK, and Sindh like various packets of SAAF PAANI Project in Punjab, JICA grant for Lahore, Gujranwala and Faisalabad, CDWA-KPK, and MSDP Jacobabad pump station. Moreover, Karachi Water & Sewage Board further offers promising prospects for EPC/turnkey in the field of conventional pumping business which is being actively followed by a joint team of Projects and Sales.

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

### **Service**

KSB Pakistan Service has started 2016 with a healthy orders in hand. Concentrated efforts shall be made to secure further orders from high-end market, reverse engineering jobs and service projects. We are in process of signing partner agreements to expand our reach to customers. Special focus will be paid to competency development of service team and achieve our goals by improving overall efficiencies.



We are resolute to continue endeavours to ensure sustainable growth, partnership relationship with our valued customers and make 2016 another prosperous year for KSB Pakistan Service business.

## APPROPRIATION

### RESULT FOR THE YEAR

	<b>Rupees '000'</b>
Profit for the year before providing for taxation	368,678
Provision for taxation	(91,312)
Profit after taxation	277,366
Other comprehensive income /(loss) for the year - Net of tax	(2,630)
Un-appropriated profit brought forward	515
Available for appropriation	275,251
Appropriated as under	
- Transfer to general reserve	182,600
- Proposed dividend @ Rs 7.00 per share	92,400
	275,000
Un appropriated profit carried forward	251

## 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, 2016.

## 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, 2015 and the company has not entered into any commitment, which would affect its financial position at the balance sheet date.

## HOLDING COMPANY

The Company's holding company is KSB Aktiengesellschaft, Germany.

## BOARD OF DIRECTORS

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

## BOARD OF DIRECTORS MEETING

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



<b>S. No.</b>	<b>Name of Director</b>	<b>No. of Meetings Attended</b>
1.	Mr. Tonjes Cerovsky	4
2.	Mr. M. Masud Akhtar	4
3.	Mr. Sajid Mahmood Awan	4
4.	Dr. Matthias Beth	4
5.	Ms. Rahat Kaunain Hassan	2
6.	Mr. Hasan Aziz Bilgrami	3
7.	Mr. Jamal Nasim	4
8.	Syed Hyder Ali	2

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

#### **AUDIT COMMITTEE**

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



S. No.	Name of Director			No. of Meetings Attended
1.	Mr. Jamal Nasim	- Chairman	Non-Executive Director	1
		(From 21.08.2015)		
2.	Mr. Hasan Aziz Bilgrami	- Member	Non-Executive Director	3
3.	Dr. Matthias Beth	- Member	Non-Executive Director	4
4.	Syed Hyder Ali	- Member	Non-Executive Director	3

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

#### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

S. No.	Name of Director			No. of Meetings Attended
1.	Ms. Rahat Kaunain Hassan	-	Chairperson	1
2.	Syed Hyder Ali	-	Member	2
3.	Mr. Mohammad Masud Akhtar	-	Member	2

#### CORPORATE AND FINANCE REPORTING FRAME WORK

- The financial statements together with the notes thereon have been drawn up by the Management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations.
- There has been no departure from the best practices of transfer pricing.
- The key operating and financial data for the last six years is annexed.

- The value of investments based on respective audited accounts of funds are as follows:
  1. Provident Fund 31.12.2014 : Rs. 117.00 Million.
  2. Gratuity Fund 31.12.2014 : Rs. 64.50 Million.
- To the best of our knowledge, no trading of shares of the Company by CEO, Directors, Company Secretary, CFO, their spouses and minor children has been carried out.

### **PATTERN OF SHAREHOLDING**

The statement of pattern of the shareholding of the Company as at December 31, 2015 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 to the valued customers, shareholders, bankers, suppliers and dealers of the Company for providing their valuable support throughout the year. They are also thankful for the excellent support and guidance provided by our parent Company, M/s. KSB AG.

For and on behalf of the Board would like to thank all the employees whose dedicated commitment has been a source of strength to the company.

On behalf of the Board

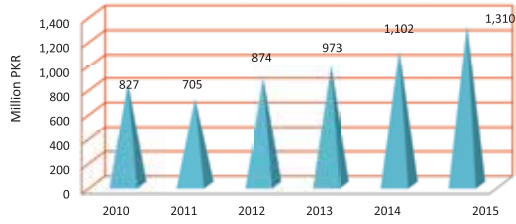


**Mohammad Masud Akhtar**  
Chief Executive

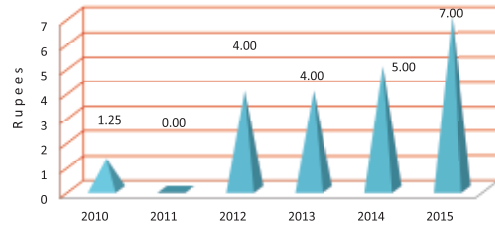
March 17, 2016  
Lahore.

# Highlights 6 Years

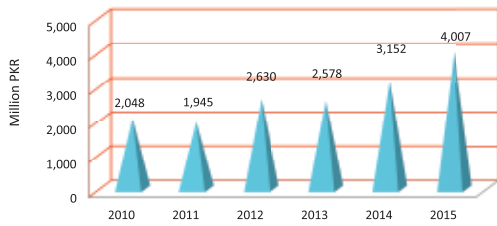
### Equity



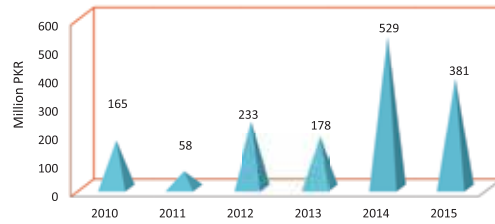
### Cash Dividend Per Share



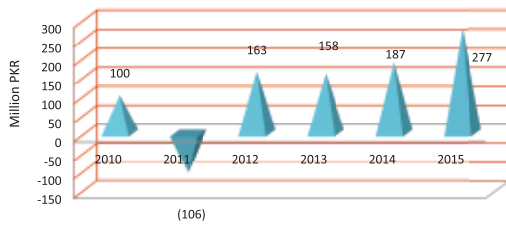
### Sales



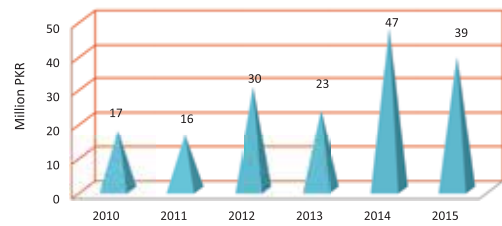
### Short Term Finances



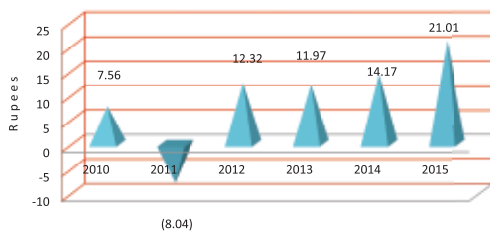
### Net Profit/(Loss)



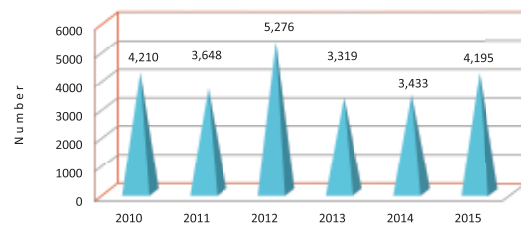
### Finance Cost



### Earning/(Loss) per Share



### No. of Pumps Produced





# Vertical Analysis

	2015 Rs. in '000'	%age	2014 Rs. in '000'	%age
<b>Balance Sheet</b>				
<b>Net worth / shareholders equity</b>	1,310,250	38.75%	1,101,515	37.89%
Non current liabilities	83,728	2.48%	79,193	2.72%
Short term running finances/bank borrowings	381,372	11.28%	529,272	18.20%
Creditors, accrued and other liabilities	1,605,920	47.49%	1,197,407	41.18%
<b>Total liabilities and equity</b>	<u>3,381,271</u>	<u>100.00%</u>	<u>2,907,387</u>	<u>100.00%</u>
Fixed Assets	417,795	12.36%	364,296	12.53%
Long Term Loans and Deposits	15,188	0.45%	12,463	0.43%
Deferred Taxation	-	0.00%	-	0.00%
Current Assets	2,948,287	87.19%	2,530,628	87.04%
<b>Total Assets</b>	<u>3,381,271</u>	<u>100.00%</u>	<u>2,907,387</u>	<u>100.00%</u>
<b>Profit and Loss Account</b>				
<b>Sales</b>	4,007,244	100.00%	3,152,062	100.00%
Cost of sales	(3,099,652)	-77.35%	(2,454,451)	-77.87%
<b>Gross Profit / (Loss)</b>	907,592	22.65%	697,611	22.13%
Distribution and marketing costs	(328,342)	-8.19%	(243,578)	-7.73%
Administrative expenses	(188,149)	-4.70%	(184,984)	-5.87%
Other operating expenses	(36,911)	-0.92%	(29,673)	-0.94%
Other operating income	53,644	1.34%	60,158	1.91%
<b>Operating Profit / (Loss)</b>	407,834	10.18%	299,535	9.50%
Finance Cost	(39,156)	-0.98%	(47,435)	-1.50%
<b>Profit / (Loss) before tax</b>	368,678	9.20%	252,099	8.00%
Taxation	(91,312)	-2.28%	(65,110)	-2.07%
<b>Profit / (Loss) for the year</b>	<u>277,366</u>	<u>6.92%</u>	<u>186,989</u>	<u>5.93%</u>

2013	%age	2012	%age	2011	%age	2010	%age
Rs. in '000'		Rs. in '000'		Rs. in '000'		Rs. in '000'	
973,149	41.86%	874,364	38.58%	705,463	35.33%	826,600	45.69%
43,860	1.89%	24,825	1.10%	33,163	1.66%	63,843	3.53%
177,841	7.65%	233,370	10.30%	57,791	2.89%	164,927	9.12%
1,129,858	48.60%	1,133,858	50.03%	1,200,382	60.12%	753,738	41.66%
<u>2,324,707</u>	<u>100.00%</u>	<u>2,266,417</u>	<u>100.00%</u>	<u>1,996,799</u>	<u>100.00%</u>	<u>1,809,108</u>	<u>100.00%</u>
306,942	13.20%	311,014	13.72%	316,471	15.85%	313,502	17.33%
15,645	0.67%	10,552	0.47%	12,946	0.65%	11,685	0.65%
14,734	0.63%	23,022	1.02%	35,465	1.78%	-	0.00%
1,987,387	85.49%	1,921,828	84.80%	1,631,917	81.73%	1,483,920	82.02%
<u>2,324,707</u>	<u>100.00%</u>	<u>2,266,417</u>	<u>100.00%</u>	<u>1,996,799</u>	<u>100.00%</u>	<u>1,809,108</u>	<u>100.00%</u>
2,577,686	100.00%	2,630,402	100.00%	1,944,764	100.00%	2,047,989	100.00%
(1,982,697)	-76.92%	(2,087,813)	-79.37%	(1,628,144)	-83.72%	(1,564,429)	-76.39%
594,990	23.08%	542,589	20.63%	316,621	16.28%	483,560	23.61%
(223,911)	-8.69%	(222,183)	-8.45%	(180,096)	-9.26%	(214,023)	-10.45%
(168,678)	-6.54%	(133,479)	-5.07%	(119,023)	-6.12%	(128,520)	-6.28%
(33,886)	-1.31%	(22,952)	-0.87%	(199,706)	-10.27%	(13,387)	-0.65%
55,721	2.16%	68,089	2.59%	42,319	2.18%	42,867	2.09%
224,236	8.70%	232,063	8.82%	(139,886)	-7.19%	170,498	8.33%
(23,274)	-0.90%	(30,405)	-1.16%	(16,235)	-0.83%	(17,248)	-0.84%
200,962	7.80%	201,658	7.67%	(156,121)	-8.03%	153,251	7.48%
(42,951)	-1.67%	(39,094)	-1.49%	50,000	2.57%	(53,471)	-2.61%
158,011	6.13%	162,564	6.18%	(106,121)	-5.46%	99,779	4.87%

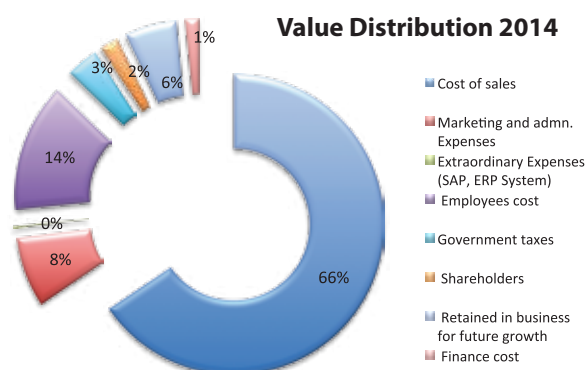
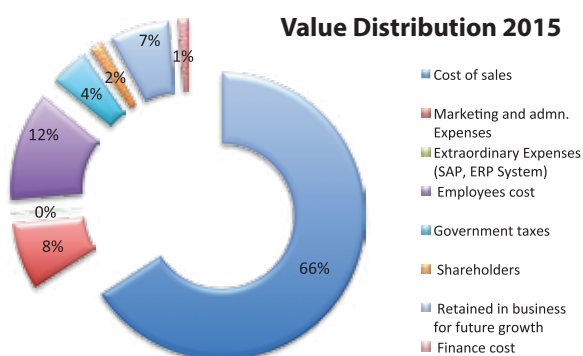
# Horizontal Analysis

	2015	2014	Change	2014	2013	Change	2013
	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000
<b>Balance Sheet</b>							
<b>Net worth / shareholders equity</b>	1,310,250	1,101,515	18.95%	1,101,515	973,149	13.19%	973,149
Non current liabilities	83,728	79,193	5.73%	79,193	43,860	80.56%	43,860
Short term running finances/bank borrowings	381,372	529,272	-27.94%	529,272	177,841	197.61%	177,841
Creditors, accrued and other liabilities	1,605,920	1,197,407	34.12%	1,197,407	1,129,858	5.98%	1,129,858
<b>Total liabilities and equity</b>	<b>3,381,271</b>	<b>2,907,387</b>	<b>16.30%</b>	<b>2,907,387</b>	<b>2,324,707</b>	<b>25.06%</b>	<b>2,324,707</b>
Fixed Assets	417,795	364,296	14.69%	364,296	306,942	18.69%	306,942
Long Term Loans and Deposits	15,188	12,463	21.87%	12,463	15,645	-20.34%	15,645
Deferred Taxation	-	-	0%	-	14,734	-100.00%	14,734
Current Assets	2,948,287	2,530,628	16.50%	2,530,628	1,987,387	27.33%	1,987,387
<b>Total Assets</b>	<b>3,381,271</b>	<b>2,907,387</b>	<b>16.30%</b>	<b>2,907,387</b>	<b>2,324,707</b>	<b>25.06%</b>	<b>2,324,707</b>
<b>Profit and Loss Account</b>							
Sales	4,007,244	3,152,062	27.13%	3,152,062	2,577,686	22.28%	2,577,686
Cost of sales	(3,099,652)	(2,454,451)	26.29%	(2,454,451)	(1,982,697)	23.79%	(1,982,697)
<b>Gross Profit / (Loss)</b>	<b>907,592</b>	<b>697,611</b>	<b>30.10%</b>	<b>697,611</b>	<b>594,990</b>	<b>17.25%</b>	<b>594,990</b>
Distribution and marketing costs	(328,342)	(243,578)	34.80%	(243,578)	(223,911)	8.78%	(223,911)
Administrative expenses	(188,149)	(184,984)	1.71%	(184,984)	(168,678)	9.67%	(168,678)
Other operating expenses	(36,911)	(29,673)	24.39%	(29,673)	(33,886)	-12.43%	(33,886)
Other operating income	53,644	60,158	-10.83%	60,158	55,721	7.96%	55,721
<b>Operating Profit / (Loss)</b>	<b>407,834</b>	<b>299,535</b>	<b>36.16%</b>	<b>299,535</b>	<b>224,236</b>	<b>33.58%</b>	<b>224,236</b>
Finance Cost	(39,156)	(47,435)	-17.45%	(47,435)	(23,274)	103.81%	(23,274)
<b>Profit / (Loss) before tax</b>	<b>368,678</b>	<b>252,099</b>	<b>46.24%</b>	<b>252,099</b>	<b>200,962</b>	<b>25.45%</b>	<b>200,962</b>
Taxation	(91,312)	(65,110)	40.24%	(65,110)	(42,951)	51.59%	(42,951)
<b>Profit / (Loss) for the year</b>	<b>277,366</b>	<b>186,989</b>	<b>48.33%</b>	<b>186,989</b>	<b>158,011</b>	<b>18.34%</b>	<b>158,011</b>

2012	Change	2012	2011	Change	2011	2010	Change	2010	2009	Change
Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%	Rs. in '000	Rs. in '000	%
874,364	11.30%	874,364	705,463	23.94%	705,463	826,600	-14.83%	826,600	773,021	6.93%
24,825	76.67%	24,825	33,163	-25.14%	33,163	63,843	-44.48%	63,843	52,273	22.13%
233,370	-23.79%	233,370	57,791	303.82%	57,791	164,927	-64.96%	164,927	171	96153.82%
1,133,858	-0.35%	1,133,858	1,200,382	-5.54%	1,200,382	753,738	59.26%	753,738	768,645	-1.94%
2,266,417	2.57%	2,266,417	1,996,799	13.50%	1,996,799	1,809,108	10.42%	1,809,108	1,594,110	13.49%
311,014	-1.31%	311,014	316,471	-1.72%	316,471	313,502	0.95%	313,502	251,639	24.58%
10,552	48.26%	10,552	12,946	-18.49%	12,946	11,685	10.79%	11,685	6,196	88.59%
23,022	-36.00%	23,022	35,465	-35.08%	35,465	-	-	-	-	-
1,921,828	3.41%	1,921,828	1,631,917	17.77%	1,631,917	1,483,920	9.94%	1,483,920	1,336,275	11.05%
2,266,417	2.57%	2,266,417	1,996,799	13.50%	1,996,799	1,809,108	10.42%	1,809,108	1,594,110	13.49%
2,630,402	-2.00%	2,630,402	1,944,764	35.26%	1,944,764	2,047,989	-5.04%	2,047,989	2,024,248	1.17%
(2,087,813)	-5.03%	(2,087,813)	(1,628,144)	28.23%	(1,628,144)	(1,564,429)	3.29%	(1,564,429)	(1,522,737)	2.74%
542,589	9.66%	542,589	316,621	71.37%	316,621	483,560	-34.52%	483,560	501,511	-3.58%
(222,183)	0.78%	(222,183)	(180,096)	23.37%	(180,096)	(214,023)	-15.85%	(214,023)	(183,402)	16.70%
(133,479)	26.37%	(133,479)	(119,023)	12.15%	(119,023)	(128,520)	-7.39%	(128,520)	(118,321)	8.62%
(22,952)	47.63%	(22,952)	(199,706)	-88.51%	(199,706)	(13,387)	1391.82%	(13,387)	(17,282)	-22.54%
68,089	-18.16%	68,089	42,319	60.89%	42,319	42,867	-1.28%	42,867	41,704	2.79%
232,063	3.37%	232,063	(139,886)	265.89%	(139,886)	170,498	-182.05%	170,498	224,210	-23.96%
(30,405)	-23.45%	(30,405)	(16,235)	87.28%	(16,235)	(17,248)	-5.87%	(17,248)	(10,421)	65.51%
201,658	-0.35%	201,658	(156,121)	229.17%	(156,121)	153,251	-201.87%	153,251	213,789	-28.32%
(39,094)	9.87%	(39,094)	50,000	178.19%	50,000	(53,471)	-193.51%	(53,471)	(66,000)	-18.98%
162,564	-2.80%	162,564	(106,121)	253.19%	(106,121)	99,779	-206.36%	99,779	147,789	-32.49%

# Statement of Value Addition

	2015	%age	2014	%age
	Rs. in '000'		Rs. in '000'	
<b>Value Addition</b>				
Net sales	4,007,244	98.68	3,152,062	98.13
Other income	53,644	1.32	60,158	1.87
	<b>4,060,888</b>	<b>100.00</b>	<b>3,212,220</b>	<b>100.00</b>
<b>Value Distribution</b>				
Cost of sales (excluding employees' cost & Depreciation/Amortization)	2,675,479	65.88	2,105,340	65.54
Marketing, admin. & other expenses (excluding employees' cost, Depreciation, & Extraordinary Expenses)	311,931	7.68	243,298	7.57
Extraordinary Expenses (SAP, ERP System)	4,221	0.10	9,582	0.30
Employees cost				
- Salaries, wages, amenities and staff welfare	481,681	11.86	433,338	13.49
- Workers' profit participation fund	18,720	0.46	12,789	0.40
	500,402	12.32	446,127	13.89
Government				
- Taxes & Duties	181,177	4.46	109,810	3.42
- Workers' welfare fund	7,455	0.18	3,685	0.11
	188,632	4.65	113,495	3.53
Shareholders				
- Dividend	66,000	1.63	66,000	2.05
- Bonus shares	-	0.00	-	0.00
	66,000	1.63	66,000	2.05
Retained in business for future growth				
- Depreciation & Amortization	63,702	1.57	59,953	1.87
- Retained profit	211,366	5.20	120,989	3.77
	275,067	6.77	180,942	5.63
Finance cost	39,156	0.96	47,435	1.48
	<b>4,060,888</b>	<b>100.00</b>	<b>3,212,220</b>	<b>100.00</b>



# Key Financial Data for 6 Years

	Rupees in '000'					
	2015	2014	2013	2012	2011	2010
<b>Balance sheet</b>						
Paid up capital	132,000	132,000	132,000	132,000	132,000	132,000
Reserves	1,178,250	969,515	841,149	742,364	573,463	694,600
<b>Net worth / shareholders equity</b>	<b>1,310,250</b>	<b>1,101,515</b>	<b>973,149</b>	<b>874,364</b>	<b>705,463</b>	<b>826,600</b>
Non current liabilities	83,728	79,193	43,860	24,825	33,163	63,843
Short term running finances/ bank borrowings	381,372	529,272	177,841	233,370	57,791	164,927
Creditors, accrued & other liabilities	1,605,920	1,197,407	1,129,858	1,133,858	1,200,382	753,738
Current liabilities	1,987,292	1,726,680	1,307,699	1,367,228	1,258,173	918,665
<b>Total liabilities</b>	<b>2,071,021</b>	<b>1,805,873</b>	<b>1,351,559</b>	<b>1,392,053</b>	<b>1,291,336</b>	<b>982,508</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,381,271</b>	<b>2,907,387</b>	<b>2,324,707</b>	<b>2,266,417</b>	<b>1,996,799</b>	<b>1,809,108</b>
Fixed assets	417,795	364,296	306,942	311,014	316,471	313,502
Long term loans and deposits	15,188	12,463	15,645	10,552	12,946	11,685
Deferred taxation	-	-	14,734	23,022	35,465	-
Current assets	2,948,287	2,530,628	1,987,387	1,921,828	1,631,917	1,483,920
<b>Total assets</b>	<b>3,381,271</b>	<b>2,907,387</b>	<b>2,324,707</b>	<b>2,266,417</b>	<b>1,996,799</b>	<b>1,809,108</b>
Inventory	767,402	538,350	505,291	638,231	436,319	504,449
Debtors	1,437,371	1,216,728	1,037,397	920,735	866,753	632,844
Trade and other payables	1,542,692	1,130,307	1,077,216	1,086,064	1,173,173	710,812
Material consumption	1,896,068	1,348,153	1,246,883	1,401,889	1,053,942	1,047,964
<b>Profit and loss</b>						
Sales	4,007,244	3,152,062	2,577,686	2,630,402	1,944,764	2,047,989
Cost of goods sold	(3,099,652)	(2,454,451)	(1,982,697)	(2,087,813)	(1,628,144)	(1,564,429)
Gross Profit	907,592	697,611	594,990	542,589	316,621	483,560
Distribution and marketing cost	(328,342)	(243,578)	(223,911)	(222,183)	(180,096)	(214,023)
Administrative expenses	(188,149)	(184,984)	(168,678)	(133,479)	(119,023)	(128,520)
Other operating expenses	(36,911)	(29,673)	(33,886)	(22,952)	(199,706)	(13,387)
Other operating income	53,644	60,158	55,721	68,089	42,319	42,867
Operating Profit	407,834	299,535	224,236	232,063	(139,886)	170,498
Finance Cost	(39,156)	(47,435)	(23,274)	(30,405)	(16,235)	(17,248)
Profit before tax	368,678	252,099	200,962	201,658	(156,121)	153,251
Taxation	(91,312)	(65,110)	(42,951)	(39,094)	50,000	(53,471)
Net Profit	277,366	186,989	158,011	162,564	(106,121)	99,779

# Key Performance Indicators

		2015	2014	2013	2012	2011	2010
Gross Margin	%	22.65	22.13	23.08	20.63	16.28	23.61
Net profit to Sales	%	6.92	5.93	6.13	6.18	(5.46)	4.87
Return on equity	%	21.17	16.98	16.24	18.59	(15.04)	12.07
Return on capital employed	%	29.26	25.37	22.05	25.81	(18.94)	19.15
Return on assets	%	8.20	6.43	6.80	7.17	(5.31)	5.52
EBITDA	Rupees in '000	471,536	359,488	272,393	278,709	(95,604)	205,618
EBITDA margin	%	11.77	11.40	10.57	10.60	(4.92)	10.04
Inventory turnover ratio	Times	2.47	2.50	2.47	2.20	2.42	2.08
Inventory turnover in number of days	Days	148	146	148	166	151	176
Debtor Turnover ratio	Times	2.79	2.59	2.48	2.86	2.24	3.24
Collection period (Days)	Days	131	141	147	128	163	113
Creditor turnover	Times	2.01	2.17	1.84	1.92	1.39	2.20
Credit turnover in number of days	Days	182	168	198	190	263	166
Opreating cycle	Days	97	119	97	104	51	123
Total assets turnover ratio	Times	1.19	1.08	1.11	1.16	0.97	1.13
Fixed assets turnover ratio	Times	9.59	8.65	8.40	8.46	6.15	6.53
Price earning ratio	Times	12.16	10.81	7.55	5.28	(3.02)	7.95
Cash dividend per share	Rupees	7.00	5.00	4.00	4.00	-	1.25
Dividend yield ratio	Times	0.03	0.03	0.04	0.06	-	0.02
Dividend pay out ratio	Times	0.33	0.35	0.33	0.32	-	0.17
Dividend cover ratio	Times	3.00	2.83	2.99	3.08	-	6.05
Earnings Per Share	Rupees	21.01	14.17	11.97	12.32	(8.04)	7.56
Number of Shares	Number	13,200	13,200	13,200	13,200	13,200	13,200
Debt Equity Ratio		1.58 : 1	1.64 : 1	1.39 : 1	1.59 : 1	1.83 : 1	1.19 : 1
Interest Cover ratio	Times	10.42	6.31	9.63	7.63	(8.62)	9.89
Current Ratio	Times	1.48	1.47	1.52	1.41	1.30	1.62
Acid test ratio	Times	1.10	1.15	1.13	0.94	0.95	1.07
Break up value per share	Rupees	99.26	83.45	73.72	66.24	53.44	62.62
Market Value of shares - year end	Rupees	255.47	153.14	90.35	65.00	24.31	60.11
Market Value of shares - high	Rupees	264.90	172.44	98.00	73.18	62.11	60.11
Market Value of shares - low	Rupees	127.58	73.20	59.85	22.83	24.30	92.48
<b>Summary of cash flow statement</b>							
Operating activities	Rupees in '000	142,454	103,678	156,234	(130,902)	74,079	(92,165)
Investing activities	Rupees in '000	(112,687)	(115,213)	(46,162)	(38,549)	(43,347)	(95,326)
Financing Activities	Rupees in '000	(65,395)	(52,392)	(52,589)	(8)	(16,443)	(46,085)
Cash and cash equivalent- closing balance	Rupees in '000	(198,868)	(163,239)	(99,313)	(156,796)	12,663	(1,626)

## Pattern of Shareholding as at December 31, 2015

Number of Shareholders		Shareholding		Total Shares Held
308	1	to	100	8,957
178	101	to	500	48,325
222	501	to	1000	134,707
153	1001	to	5000	369,208
29	5001	to	10000	198,253
10	10001	to	15000	135,050
7	15001	to	20000	127,873
4	20001	to	25000	95,900
1	25001	to	30000	27,600
1	30001	to	35000	31,703
1	40001	to	45000	45,000
3	45001	to	50000	148,000
1	50001	to	60000	60,000
1	70001	to	75000	75,000
1	75001	to	80000	75,500
2	80001	to	85000	167,900
2	95001	to	100000	197,400
1	135001	to	140000	137,288
1	140001	to	145000	143,863
1	270001	to	275000	272,373
1	305001	to	310000	306,575
1	330001	to	335000	331,178
1	1085001	to	1090000	1,088,661
1	1200001	to	1205000	1,200,711
1	7770001	to	7775000	7,772,975
<hr/>				<hr/>
932				13,200,000
<hr/>				<hr/>

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Associated Companies	1	7,772,975	58.89
Modarabas & Mutual Funds	7	310,500	2.35
Insurance Companies	2	272,873	2.07
Directors, CEO, their spouse & minor children	-	-	-
National Bank of Pakistan Trustee Department (NIT)	1	1,200,711	9.10
Investment Corporation of Pakistan	-	-	-
Banks Development Financial Institutions, NBFI, Joint Stock Companies	14	1,232,765	9.34
General Public	899	2,219,368	16.81
Others: - Trustees Mohammed Amin Wakf Estate - 31,703	8	190,808	1.44
- Trustees NBP Employees Benevolent Fund - 4,817			
- Trustees NBP Employees Pension Fund - 137,288			
- Trustees Engro Corporation Ltd. P.Fund - 10,000			
- Trustees The General Tyre & Rubber Co. of Pakistan Ltd. Employees GF - 3,000			
- Trustees PNSC Employees Contributory Porovident Fund - 1,500			
- M/s. Prudential Discount & Guarantee House Ltd. - 2,000			
- M/s. NCC-Pre Settlement Delivery A/c. - 500			
<b>Total</b>	<hr/>	<hr/>	<hr/>
	932	13,200,000	100.00
	<hr/>	<hr/>	<hr/>



## Information as required under the Code of Corporate Governance

Shareholders' Category	Number of Shareholders	Number of Shares Held
<b>Associated Companies, Undertakings and Related Parties</b>		
KSB AG, Germany.	1	7,772,975
<b>Directors</b>	Nil	Nil
<b>Directors' spouses and minor children</b>	Nil	Nil
<b>CEO's spouse and minor children</b>	Nil	Nil
<b>Executives</b>	Nil	Nil
<b>Public Sector Companies and Corporations</b>	3	1,361,225
<b>Mutual Funds</b>		
CDC Trustee Nafa Stock Fund	1	6,000
National Bank of Pakistan - Trustees Department NI (U) T Fund	1	1,200,711
CDC Trustee Meezan Islamic Fund	1	84,900
CDC Trustee First Capital Mutual Fund	1	200
CDC Trustee Al Ameen Islamic Retirement Saving Fund Equity Sub Fund	1	23,700
CDC Trustee UBL Retirement Saving Fund Equity Sub Fund	1	14,800
<b>Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modaraba and Joint Stock Companies</b>	14	227,413
<b>General Public</b>	899	2,219,368
(a) Local	899	
(b) Foreign	Nil	
<b>Others</b>	9	288,708
<b>Total</b>	<u>932</u>	<u>13,200,000</u>

Shareholders holding 5% or more voting interest	Number of Shareholders	Number of Shares Held
KSB AG, Germany	1	7,772,975
National Bank of Pakistan Trustee Deptt. (NIT)	1	1,200,711
National Bank of Pakistan	1	1,088,661

# Statement of Compliance

## with the Code of Corporate Governance for the year ended December 31, 2015

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

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

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

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

*The independent Director meet the criteria of independence under clause i (b) of the CCG.*

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and to the best of our knowledge none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors during the year.
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms & conditions of employment of the CEO and other executive and non-executive directors have been taken by the Board of Directors.
8. All the meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within the statutory period.
9. Six Directors have already acquired certification under Directors Training Programme, whereas one Director, having the requisite experience on the board of listed companies, is exempt from Directors Training Programme. Company provided information on the Code of Corporate Governance 2012 to foreign Directors and other Directors regarding their duties and responsibilities. The remaining one Director will complete Directors Training Programme in due course.
10. The Board approved the remunerations and terms & conditions of employment of CFO, Company Secretary and Head of Internal Audit in terms of Code of Corporate Governance 2012.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of four members, who are non executive Directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, two of them are non-executive Directors and the Chairperson of the Committee is an independent Director.
18. The Board has set out an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board



Mohammad Masud Akhtar  
Chief Executive Officer

March 17, 2016  
Lahore.

# Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of KSB Pumps Company Limited ('the Company') for the year ended December 31, 2015 to comply with the Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges (now merged as Pakistan Stock Exchange Limited), where the company is listed.

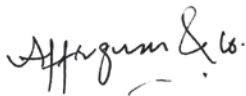
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board'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.

Regulation 35(x) of Listing Regulations requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended December 31, 2015.



**Chartered Accountants**

**Name of audit engagement partner:** Hammad Ali Ahmad

**Lahore:** March 17, 2016

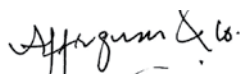
## Auditors' Report to the Members

We have audited the annexed balance sheet of KSB Pumps Company Limited as at December 31, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.



Chartered Accountants

**Name of engagement partner:** Hammad Ali Ahmad

Lahore: March 17, 2016

# Balance Sheet

## As at December 31, 2015

	Note	2015 Rupees	2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 15,000,000 (2014: 15,000,000) ordinary shares of Rs 10 each		150,000,000	150,000,000
Issued, subscribed and paid up capital 13,200,000 (2014: 13,200,000) ordinary shares of Rs 10 each	5	132,000,000	132,000,000
General reserve		903,000,000	787,000,000
Unappropriated profit		275,249,987	182,514,699
		1,310,249,987	1,101,514,699
<b>NON CURRENT LIABILITIES</b>			
Employees' retirement and other benefits	6	63,949,787	52,972,342
Deferred taxation	16	19,778,629	26,220,480
		83,728,416	79,192,822
<b>CURRENT LIABILITIES</b>			
Short term finances - secured	7	381,371,829	529,272,306
Trade and other payables	8	1,542,691,928	1,130,307,330
Provision for other liabilities and charges	9	59,589,778	55,366,135
Accrued finance cost		3,638,738	11,733,938
		1,987,292,273	1,726,679,709
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	-	-
		3,381,270,676	2,907,387,230

The annexed notes 1 to 40 form an integral part of these financial statements.

  
Chairman

	Note	2015 Rupees	2014 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	406,778,960	354,760,894
Investment property	12	799,557	1,012,773
Intangible assets	13	1,056,484	853,359
Capital work in progress	14	9,160,139	7,668,867
Long term loans and deposits	15	15,188,255	12,462,974
		432,983,395	376,758,867
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		53,812,240	50,121,003
Stock-in-trade	17	713,590,226	488,229,102
Trade debts	18	1,437,371,028	1,216,727,753
Advances, deposits, prepayments and other receivables	19	561,009,735	409,517,573
Cash and bank balances	20	182,504,052	366,032,932
		2,948,287,281	2,530,628,363
		3,381,270,676	2,907,387,230



**Chief Executive**



## Profit and Loss Account

For the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
Sales	21	4,007,243,891	3,152,062,067
Cost of sales	22	(3,099,652,330)	(2,454,451,190)
Gross profit		907,591,561	697,610,877
Distribution and marketing expenses	23	(328,341,742)	(243,577,554)
Administration expenses	24	(188,148,646)	(184,983,666)
Other operating expenses	25	(36,910,942)	(29,673,016)
Other operating income	26	53,644,019	60,158,133
<b>Profit from operations</b>		407,834,250	299,534,774
Finance cost	27	(39,156,411)	(47,435,387)
<b>Profit before tax</b>		368,677,839	252,099,387
Taxation	28	(91,312,284)	(65,110,125)
<b>Profit for the year</b>		277,365,555	186,989,262
<b>Earnings per share - basic and diluted</b>	35	21.01	14.17

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

The annexed notes 1 to 40 form an integral part of these financial statements.

  
Chairman

  
Chief Executive

# Statement of Comprehensive Income

For the year ended December 31, 2015

	<b>2015 Rupees</b>	2014 Rupees
Profit for the year	277,365,555	186,989,262
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of retirement benefit plans-net of tax	(2,630,267)	(5,823,490)
<b>Items that may be reclassified to profit or loss</b>	-	-
Other comprehensive income for the year- net of tax	(2,630,267)	(5,823,490)
<b>Total comprehensive income for the year</b>	<b>274,735,288</b>	<b>181,165,772</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

  
Chairman

  
Chief Executive

# Cash Flow Statement

## For the year ended December 31, 2015

	Note	2015 Rupees	2014 Rupees
<b>Cash flows from operating activities</b>			
Cash generated from operations	30	277,577,329	222,995,287
Finance cost paid		(47,251,611)	(41,153,581)
Taxes paid		(73,121,703)	(64,993,969)
Employees' retirement and other benefits paid		(12,024,745)	(16,350,934)
Net (decrease)/increase in long term loans and deposits		(2,725,281)	3,181,632
<b>Net cash from operating activities</b>		<b>142,453,989</b>	<b>103,678,435</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(128,298,420)	(125,460,314)
Proceeds from sale of property, plant and equipment		15,611,488	10,246,948
<b>Net cash used in investing activities</b>		<b>(112,686,932)</b>	<b>(115,213,366)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(65,395,460)	(52,391,662)
<b>Net cash used in financing activities</b>		<b>(65,395,460)</b>	<b>(52,391,662)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(35,628,403)</b>	<b>(63,926,593)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(163,239,374)</b>	<b>(99,312,781)</b>
<b>Cash and cash equivalents at the end of the year</b>	31	<b>(198,867,777)</b>	<b>(163,239,374)</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

  
Chairman

  
Chief Executive

## Statement of Changes In Equity

For the year ended December 31, 2015

	Share capital Rupees	General reserves Rupees	Unappropriated Profit Rupees	Total Rupees
<b>Balance as at December 31, 2013</b>	132,000,000	682,000,000	159,148,927	973,148,927
Final dividend for the year ended December 31, 2013 Rs 4 per share	-	-	(52,800,000)	(52,800,000)
Transfer to general reserve	-	105,000,000	(105,000,000)	-
Total comprehensive income for the year	-	-	181,165,772	181,165,772
<b>Balance as at December 31, 2014</b>	132,000,000	787,000,000	182,514,699	1,101,514,699
Final dividend for the year ended December 31, 2014 Rs 5 per share	-	-	(66,000,000)	(66,000,000)
Transfer to general reserve	-	116,000,000	(116,000,000)	-
Total comprehensive income for the year	-	-	274,735,288	274,735,288
<b>Balance as at December 31, 2015</b>	<u>132,000,000</u>	<u>903,000,000</u>	<u>275,249,987</u>	<u>1,310,249,987</u>

The annexed notes 1 to 40 form an integral part of these financial statements.

  
Chairman

  
Chief Executive

# Notes to the Financial Statements

## For the year ended December 31, 2015

### 1. Legal status and nature of business

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

### 2. Basis of preparation

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

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

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

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

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

- Annual improvements 2012 are applicable for annual periods beginning on or after July 01, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, Financial instruments – Recognition and measurement'. The application of these amendments has no material impact on the Company's financial statements.

- Annual improvements 2013 are applicable for annual periods beginning on or after July 01, 2014. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 2 standards: IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The application of these amendments has no material impact on the Company's financial statements.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 01, 2014. These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The application of these amendments has no material impact on the Company's financial statements.

- IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of this standard has no material impact on the Company's financial statements, except for additional fair value disclosure in note 36.4.

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

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

Standards or interpretations:	Effective date (accounting periods beginning on or after)
- Annual improvements 2014; IFRS 5, 'Non current assets held for sale and discontinued operations' regarding methods of disposal. IAS 19, 'Employee benefits' regarding discount rates. IAS 34, 'Interim financial reporting' regarding disclosure of information. IFRS 7, 'Financial instruments: Disclosures' with consequential amendments to IFRS 1 regarding servicing contracts.	January 1, 2016
IAS 16 (Amendment), 'Property, plant and equipment' - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
IAS 38 (Amendment), 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
IAS 1, 'Presentation of Financial Statements' - Disclosure Initiative	January 1, 2016
IFRS 9, 'Financial Instruments'	January 1, 2018
IFRS 15 'Revenue from contracts with customers'	January 1, 2017

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

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

## 3. Basis of measurement

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

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

#### a) Retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2.

#### b) Provision for taxation

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

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

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

**d) Cost to complete the projects**

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

**e) Stock-in-trade**

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

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

**4. Significant accounting policies**

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

**4.1 Taxation**

**Current**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

**Deferred**

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

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

## 4.2 Employees' retirement and other benefits

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

### 4.2.1 Defined benefit plans

- (a) The supervisory and managerial staff with minimum five years of continuous service with the Company are entitled to participate in an approved funded gratuity scheme. The actual return on the plan assets was Rs 10.496 million (2014: Rs 6.432 million). The actual returns on plan assets represent the difference between the fair value of plan assets at beginning of the year and end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme.

Expected rate of increase in salary level	8.00% per annum
Expected rate of return	9.00% per annum
Discount rate	9.00% per annum

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

The Company is expected to contribute Rs 13.073 million to the gratuity fund for the year ended December 31, 2016.

- (b) The Company operates an un-funded benefit scheme (ex-gratia) for its unionized staff. Under the scheme, members who have completed prescribed years of service with the Company are entitled to receive 20 days last drawn basic pay for each completed year of service. Provision has been made to cover the obligation on the basis of actuarial valuation and charged to income currently. The amount recognized in the balance sheet represents the present value of defined benefit obligation adjusted for unrecognized actuarial gains and losses. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

Expected rate of increase in salary level	8.00% per annum
Discount rate	9.00% per annum

- (c) The Company provides for the expected cost of accumulating compensated absences, when the employee renders the service that increases the entitlement to future compensated absences. Provision has been made to cover the obligation on the basis of actuarial valuation and charged to income currently. The amount recognized in the balance sheet represents the present value of defined benefit obligation. Actuarial gains/losses are recognized immediately under IAS 19 "Employee benefits". Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

Expected rate of increase in salary level	8.00% per annum
Discount rate	9.00% per annum

The latest actuarial valuation of all defined benefit plans was carried out as at December 31, 2015.

### 4.2.2 Defined contribution plans

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

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



### 4.3 Property, plant and equipment

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

Depreciation on property, plant and equipment is charged to profit using the straight line method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates mentioned in note 11.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

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

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

### 4.4 Intangible assets

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

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

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

### 4.5 Capital work in progress

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

### 4.6 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises building and is valued using the cost method i.e., at cost less accumulated depreciation and identified impairment loss.

Depreciation on building is charged to profit on the straight line method so as to write off the depreciable amount of a building over its estimated useful life. Investment property is being depreciated at an effective rate of 4.8% per annum. Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in 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.

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

#### **4.7 Operating Leases**

##### **4.7.1 The Company is the lessee:**

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

##### **4.7.2 The Company is the lessor:**

Assets leased out under operating leases are included in investment property as referred to in note 12. They are depreciated over their expected useful lives on the basis consistent with similar owned property, plant and equipment. Rental income under operating leases (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term.

#### **4.8 Stores, spares and loose tools**

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

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

#### **4.9 Stock-in-trade**

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

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

#### **4.10 Trade debts**

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

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

#### 4.11 Cash and cash equivalents

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

#### 4.12 Borrowings

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

#### 4.13 Trade and other payables

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

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

#### 4.14 Provisions

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

#### 4.15 Financial instruments

##### 4.15.1 Financial assets

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

##### a) Financial assets at fair value through profit or loss

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

##### b) Loans and receivables

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

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

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

##### d) Held to maturity

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

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

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

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

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

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

#### **4.15.2 Financial liabilities**

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

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

#### **4.16 Offsetting of financial assets and financial liabilities**

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

#### **4.17 Foreign currency transactions and translation**

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

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

#### 4.18 Revenue recognition

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

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

#### 4.19 Construction contracts

The amount of contract revenue recognised as revenue in the period was Rs 1,127.022 million (2014: Rs 528.419 million).

Contract costs are recognized when incurred.

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

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

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

The aggregate amount of costs incurred and recognized profits (less recognized losses) for contracts in progress at the balance sheet date was Rs 3,357.125 million (2014: Rs 2,542.833 million).

The amount of advances received for contracts in progress at the balance sheet date was Rs 224.953 million (2014: Rs 378.052 million).

The amount of retentions for contracts in progress at the balance sheet date was Rs 59.310 million (2014: Rs 55.486 million).

#### 4.20 Dividend

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

### 5. Issued subscribed and paid up capital

2015 (Number of shares)	2014		2015 (Rupees)	2014
973,100	973,100	Ordinary shares of Rs 10 each fully paid in cash	9,731,000	9,731,000
8,000	8,000	Ordinary shares of Rs 10 each issued as fully paid against property	80,000	80,000
12,218,900	12,218,900	Ordinary shares of Rs 10 each issued as fully paid bonus shares	122,189,000	122,189,000
<u>13,200,000</u>	<u>13,200,000</u>		<u>132,000,000</u>	<u>132,000,000</u>

As at December 31, 2015, the holding company KSB Aktiengesellschaft, Germany held 7,772,975 (2014: 7,772,975) shares of the Company.

		<b>2015 Rupees</b>	2014 Rupees
<b>6. Employees' retirement and other benefits</b>			
These are composed of:			
Ex-gratia scheme	- note 6.1	26,020,399	24,138,853
Gratuity	- note 6.2	13,588,340	8,326,610
Accumulating compensated absences	- note 6.3	24,341,048	20,506,879
		<u>63,949,787</u>	<u>52,972,342</u>
<b>6.1 Ex-gratia</b>			
Liability as at January 1		24,138,853	22,796,034
Charged to profit and loss account		3,259,609	3,665,720
Remeasurement chargeable in other comprehensive income		1,740,838	(1,298,800)
Payments made by the company		(3,118,901)	(1,024,101)
Liability as at December 31		<u>26,020,399</u>	<u>24,138,853</u>
<b>6.2 Gratuity</b>			
Present value of defined benefit obligation		117,811,077	100,608,558
Fair value of plan assets		(104,222,737)	(92,281,948)
Liability as at December 31		<u>13,588,340</u>	<u>8,326,610</u>
Liability as at January 1		8,326,610	3,846,915
Charged to profit and loss account		11,294,274	7,918,783
Contribution by the company		(8,108,543)	(13,390,894)
Remeasurement chargeable in other comprehensive income		2,075,999	9,951,806
Liability as at December 31		<u>13,588,340</u>	<u>8,326,610</u>
The movement in the present value of defined benefit obligation is as follows:			
Present value as at January 1		100,608,558	84,910,182
Current service cost		10,877,179	9,500,789
Interest cost		10,198,266	9,999,384
Benefits paid		(6,964,428)	(9,830,219)
Experience loss		3,091,502	6,028,422
Present value as at December 31		<u>117,811,077</u>	<u>100,608,558</u>
The movement in fair value of plan assets is as follows:			
Fair value as at January 1		92,281,948	81,063,267
Expected return on plan assets		9,781,171	10,355,451
Company's contributions		8,108,543	13,390,894
Contribution by the employees		-	1,225,939
Benefits paid		(6,964,428)	(9,830,219)
Experience (loss) / gain		1,015,503	(3,923,384)
Fair value as at December 31		<u>104,222,737</u>	<u>92,281,948</u>
Plan assets are comprised of as follows:			
Debt (Investments)		78,067,125	86,939,638
Balance at bank		26,155,312	6,652,297
Payable to Outgoing Members		-	(1,309,987)
		<u>104,222,437</u>	<u>92,281,948</u>

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

	Rupees				
	2015	2014	2013	2012	2011
<b>As at December 31</b>					
Present value of defined benefit obligation	117,811,077	100,608,558	84,910,182	72,838,318	72,840,831
<b>Less:</b>					
Fair value of plan assets	104,222,737	92,281,948	81,063,267	79,560,500	70,475,522
(Deficit)/ surplus	<u>(13,588,340)</u>	<u>(8,326,610)</u>	<u>(3,846,915)</u>	<u>6,722,182</u>	<u>(2,365,309)</u>
Experience adjustment on obligation	3%	6%	2%	8%	14%
Experience adjustment on plan assets	1%	(4)%	(7)%	4%	(7)%

### 6.3 Accumulating compensated absence

	2015 Rupees	2014 Rupees
Liability as at January 1	20,506,879	17,216,555
Charged to profit and loss account	4,631,469	5,226,246
Payments made by the company	(797,300)	(1,935,922)
Liability as at December 31	<u>24,341,048</u>	<u>20,506,879</u>

### 7. Short term finances - secured

Finances available from commercial banks under mark up arrangements amount to Rs 2,404 million (2014: Rs 1,604 million). The rates of mark up range from Re 0.1233 to Re 0.3099 per Rs 1,000 per diem (2014: Re 0.2830 to Re 0.3255 per Rs 1,000 per diem) or part thereof on the balance outstanding.

Of aggregate facility of letters of credit of Rs 1,320 million (2014: Rs 920 million) and guarantees of Rs 2,839 million (2014: Rs 1,532 million) the amounts utilized as at December 31, 2015 was Rs 171.715 million (2014: Rs 98.471 million) and Rs 1,200.220 million (2014: Rs 639.732 million) respectively.

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

### 8. Trade and other payables

		2015 Rupees	2014 Rupees
Trade creditors	- note 8.1	449,804,016	257,081,107
Accrued liabilities	- note 8.2	521,055,167	436,842,688
Advances from customers		458,244,023	320,490,325
Due against construction work in progress		23,254,000	57,926,000
Due to provident fund	- note 8.3	2,694,634	3,421,230
Workers' profit participation fund	- note 8.4	18,783,122	1,789,209
Workers' welfare fund	- note 8.5	17,217,155	9,762,553
Rent received in advance		501,290	1,472,306
Unclaimed dividends		2,969,848	2,365,308
Other liabilities		48,168,673	39,156,604
		<u>1,542,691,928</u>	<u>1,130,307,330</u>

- 8.1** Trade creditors include amount due to holding company of Rs 58.840 million (2014: Rs 25.611 million) and associated undertakings of Rs 32.460 million (2014: Rs 8.908 million).
- 8.2** Accrued liabilities include amount due to holding company of Rs 111.301 million (2014: 96.443 million) and associated undertakings of Rs 10.017 million (2014: Rs 10.214 million).

**8.3 Disclosure related to Provident Fund**

	2015 Rupees	2014 Rupees
Size of the fund	184,582,221	177,198,590
Cost of investments made	81,000,000	117,000,000
Percentage of investments made	44%	66%
Fair value of investments	139,980,000	163,320,000
Breakup of investments		
Defence Savings Certificates	61,000,000	61,000,000
Term Deposit Receipts	20,000,000	56,000,000
Breakup of investments		
Defence Savings Certificates	75%	52%
Term Deposit Receipts	25%	48%

The figures for 2015 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

**8.4 Workers' profit participation fund**

	2015 Rupees	2014 Rupees
Balance at beginning of the year	1,789,209	10,712,821
Allocation for the year	18,720,349	12,789,209
Interest payable on funds utilized by the company	62,773	151,216
	20,572,331	23,653,246
Less: Payments made during the year	1,789,209	21,864,037
Balance at the end of the year	18,783,122	1,789,209

**8.5 Workers' welfare fund**

Balance at beginning of the year	9,762,553	6,077,766
Provision for the year	7,454,602	3,684,787
Balance at the end of the year	17,217,155	9,762,553

**9. Provisions for other liabilities and charges**

Bonus to employees	34,434,776	34,200,709
Sales incentive scheme	25,155,002	21,165,426
	59,589,778	55,366,135



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

	Rupees		
	Bonus to employees	Sales incentive scheme	Total
Balance as at January 1, 2015	34,200,709	21,165,426	55,366,135
Provisions made during the year	31,262,721	24,484,216	55,746,937
Provisions used during the year	(31,028,654)	(20,494,640)	(51,523,294)
Balance as at December 31, 2015	34,434,776	25,155,002	59,589,778

#### 9.1 Bonus to employees

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

#### 9.2 Sales incentive scheme

The sales incentive is payable to staff in consideration of achieving specific target in a stipulated time period. All provisions as at December 31, 2015 are expected to be utilized in the next financial year.

### 10. Contingencies and commitments

#### 10.1 Contingencies

The company has issued guarantees of Rs 1200.220 million (2014: Rs 639.732 million) against the performance of various contracts.

#### 10.2 Commitments

Letters of credit other than for capital expenditure approximately Rs 171.715 million (2014: Rs 98.471 million).

11. 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
<b>Net carrying value basis</b>										
<b>Year ended December 31, 2015</b>										
Opening net book value (NBV)	1,372,520	66,408,524	98,842,484	10,458,865	23,283,435	37,356,309	15,275,453	16,722,552	85,040,752	354,760,894
Additions (at cost)	-	19,164,815	19,305,422	1,366,825	9,653,175	27,453,367	1,756,842	6,721,100	40,307,433	125,728,979
Disposals (at NBV)	-	-	(3,132)	(12,562)	-	(953,543)	-	(33,450)	(10,019,973)	(11,022,660)
Written off	-	-	-	-	-	-	-	(74,912)	-	(74,912)
Depreciation charge	-	(2,861,583)	(13,746,514)	(2,233,709)	(7,180,122)	(11,592,377)	(3,328,900)	(5,962,441)	(15,707,695)	(62,613,341)
Closing net book value (NBV)	1,372,520	82,711,756	104,398,260	9,579,419	25,756,488	52,263,756	13,703,395	17,372,849	99,620,517	406,778,960
<b>Gross carrying value basis</b>										
<b>As at December 31, 2015</b>										
Cost	1,372,520	118,314,055	268,254,838	54,086,210	99,140,122	116,326,701	28,218,695	74,260,056	137,852,942	897,826,139
Accumulated depreciation	-	(35,602,299)	(163,856,578)	(44,506,791)	(73,383,634)	(64,062,945)	(14,515,300)	(56,887,207)	(38,232,425)	(491,047,179)
Net book value (NBV)	1,372,520	82,711,756	104,398,260	9,579,419	25,756,488	52,263,756	13,703,395	17,372,849	99,620,517	406,778,960
<b>Depreciation rate % per annum</b>	-	3.33	6.66 - 10.00	10.00	16.67	12.50	12.50	20.00	25.00	
<b>Net carrying value basis</b>										
<b>Year ended December 31, 2014</b>										
Opening net book value (NBV)	1,372,520	34,306,071	101,166,653	10,415,455	19,412,828	38,671,819	10,957,887	15,626,314	65,295,156	297,224,703
Additions (at cost)	-	34,128,284	10,647,139	2,286,983	9,915,076	8,506,578	8,520,512	7,562,788	42,889,962	124,457,322
Disposals (at NBV)	-	-	-	-	-	(95,335)	(433,118)	(125,586)	(7,499,781)	(8,153,820)
Written off	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(2,025,831)	(12,971,308)	(2,243,573)	(6,044,469)	(9,726,753)	(3,769,828)	(6,340,964)	(15,644,585)	(58,767,311)
Closing net book value (NBV)	1,372,520	66,408,524	98,842,484	10,458,865	23,283,435	37,356,309	15,275,453	16,722,552	85,040,752	354,760,894
<b>Gross carrying value basis</b>										
<b>As at December 31, 2014</b>										
Cost	1,372,520	99,149,240	249,498,847	52,782,186	89,500,947	92,922,172	26,461,850	69,252,951	116,675,013	797,615,726
Accumulated depreciation	-	(32,740,716)	(150,656,363)	(42,323,321)	(66,217,512)	(55,565,863)	(11,186,397)	(52,530,399)	(31,634,261)	(442,854,832)
Net book value (NBV)	1,372,520	66,408,524	98,842,484	10,458,865	23,283,435	37,356,309	15,275,453	16,722,552	85,040,752	354,760,894
<b>Depreciation rate % per annum</b>	-	3.33	6.66 - 10.00	10.00	16.67	12.50	12.50	20.00	25.00	

The cost of fully depreciated property, plant and equipment which are still in use as at December 31, 2015 is Rs 253.295 million (2014: Rs 243.281 million).

		2015 Rupees	2014 Rupees
<b>11.1</b>	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	- note 22	47,758,826
	Distribution and marketing expenses	- note 23	4,487,199
	Administration expenses	- note 24	10,367,316
		62,613,341	58,767,311

## 11.2 Disposal of certain items of property, plant and equipment

2015		Rupees				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
<b>Employees</b>						
Honda City	Ishtiaq Ahmed	1,323,500	661,750	661,750	914,860	Company Policy
Honda City	Fahad Iqbal	1,323,500	661,750	661,750	914,860	Company Policy
Honda City	Asim Maqbool	1,386,170	693,085	693,085	914,280	Company Policy
Corolla Altis	Sajid Mehmood Awan	1,945,069	1,653,308	291,760	291,760	Company Policy
Suzuki Cultus	Ahsun Mehmood	1,044,840	231,357	813,483	1,000,625	Company Policy
Honda City	Sajjad Hussain	1,442,480	721,240	721,240	971,212	Company Policy
Honda City	Anwar ul Haq	1,323,000	661,500	661,500	914,280	Company Policy
Suzuki Cultus	Faisal Naseer	1,010,000	480,087	529,913	808,613	Company Policy
Suzuki Swift	Ehsan Ahmed	1,258,401	499,428	758,973	799,310	Company Policy
Suzuki Cultus	M. Rizwan	1,034,000	306,507	727,493	911,370	Company Policy
<b>Outsiders</b>						
Turbocharger.	Shahzer Brothers Enterprize	223,139	165,030	58,109	65,600	Tender
Suzuki Bolan	EFU General Insurance	351,304	210,782	140,522	500,000	Insurance Claim
Toyota Corolla Altis Grande	EFU General Insurance	2,320,500	72,516	2,247,984	2,247,984	Insurance Claim
Powder Recovery Unit	Shahzer Brothers Enterprize	587,898	324,569	263,329	292,750	Tender
Electric Control System	Shahzer Brothers Enterprize	130,644	72,126	58,518	67,282	Tender
Transfer Device	Shahzer Brothers Enterprize	146,974	81,142	65,832	70,687	Tender
Hydrostatic Pressure Device	Shahzer Brothers Enterprize	849,500	761,010	88,490	110,000	Tender
Hydrostatic Pressure Device	Shahzer Brothers Enterprize	849,500	761,010	88,490	110,000	Tender
Suzuki Bolan	M. Shafiq	630,240	315,120	315,120	453,000	Tender
Toyota Hilux	Farrukh Muneer	838,500	503,100	335,400	901,500	Tender
Toyota Corolla	Nadeem Farooqi	920,000	460,000	460,000	1,115,000	Tender
Dell Inspiron 5537	-	91,728	16,816	74,912	-	Written off
2014		Rupees				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
<b>Vehicles</b>						
<b>Employees</b>						
Mercedes Benz	Muhammad Maud Akhtar	8,438,645	7,172,848	1,265,797	1,265,797	Company Policy
Corrolla XLI	Sami ullah Ch.	1,321,005	660,503	660,503	903,120	Company Policy
Suzuki Swift	Mamoon Rashid	1,075,347	537,674	537,674	615,920	Company Policy
Honda Civic	Nadeem Hamid Butt	2,162,492	1,483,469	679,022	738,131	Company Policy
Toyota Corolla-Saloon	Imran Ali	1,219,000	731,400	487,600	487,600	Company Policy
Suzuki Swift	Aamir Hafeez	1,110,153	555,076	555,077	614,140	Company Policy
Suzuki Cultus	Muhammad Farooq	893,000	446,500	446,500	441,500	Company Policy
Honda City	Sohaib Chaudary	1,533,000	423,337	1,109,663	1,430,795	Company Policy
Dell Laptop Latitude E6420	Nadeem Hamid Butt	122,800	59,353	63,447	61,400	Company Policy
<b>Outsiders</b>						
Suzuki Cultus	EFU General Insurance	958,186	271,486	686,700	850,000	Insurance Claim
Generator Millat Mpg-25	SAJ Engineering	381,342	286,006	95,336	100,000	Negotiation
Dell Laptop Inspiron 5521 - Core i5	EFU General Insurance	76,068	21,552	54,516	64,000	Insurance Claim
Honda City	Khan Malik	844,200	506,520	337,680	803,000	Tender
Suzuki Jimni	Khawar Mehmood Butt	773,913	464,347	309,566	815,000	Tender
Jimny JLDX	Syed Yasir Hussain Shah	1,060,000	636,000	424,000	811,000	Tender

	Rupees
<b>12. Investment property</b>	
<b>Net carrying value basis</b>	
<b>Year ended December 31, 2015</b>	
Opening net book value (NBV)	1,012,773
Additions (at cost)	-
Disposals (at NBV)	-
Depreciation charge	(213,216)
Closing net book value (NBV)	799,557
<b>Gross carrying value basis</b>	
<b>As at December 31, 2015</b>	
Cost	4,400,000
Accumulated depreciation	(3,600,443)
Net book value (NBV)	799,557
<b>Depreciation rate % per annum</b>	3.33
<b>Net carrying value basis</b>	
<b>Year ended December 31, 2014</b>	
Opening net book value (NBV)	1,225,989
Additions (at cost)	-
Disposals (at NBV)	-
Amortisation charge	(213,216)
Closing net book value (NBV)	1,012,773
<b>Gross carrying value basis</b>	
<b>As at December 31, 2014</b>	
Cost	4,400,000
Accumulated depreciation	(3,387,227)
Net book value (NBV)	1,012,773
<b>Depreciation rate % per annum</b>	3.33

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

**12.2** Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2015 is Rs 101.995 million (2014: Rs 90.258 million).

	<b>Rupees</b>
<b>13. Intangible assets - Software</b>	
<b>Net carrying value basis</b>	
<b>Year ended December 31, 2015</b>	
Opening net book value (NBV)	853,359
Additions (at cost)	1,078,169
Disposals (at NBV)	-
Amortisation charge	(875,044)
Closing net book value (NBV)	<u>1,056,484</u>
<b>Gross carrying value basis</b>	
<b>As at December 31, 2015</b>	
Cost	14,422,351
Accumulated amortisation	(13,365,867)
Net book value (NBV)	<u>1,056,484</u>
<b>Amortisation rate % per annum</b>	33.33
<b>Net carrying value basis</b>	
<b>Year ended December 31, 2014</b>	
Opening net book value (NBV)	1,825,736
Additions (at cost)	-
Disposals (at NBV)	-
Amortisation charge	(972,377)
Closing net book value (NBV)	<u>853,359</u>
<b>Gross carrying value basis</b>	
<b>As at December 31, 2014</b>	
Cost	13,344,183
Accumulated amortisation	(12,490,824)
Net book value (NBV)	<u>853,359</u>
<b>Amortisation rate % per annum</b>	33.33

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

The cost of fully amortised softwares which are still in use as at December 31, 2015 is Rs.11.428 million (2014: 10.427 million).

	2015 Rupees	2014 Rupees
<b>14. Capital work in progress</b>		
Advance for land	229,800	229,800
Building	-	2,000,000
Advance for vehicles	4,806,500	4,835,000
Others	4,123,839	604,067
	9,160,139	7,668,867
<b>15. Long term loans and deposits</b>		
Loans to employees - considered good		
- Directors	2,750,000	3,570,000
- Executives	3,587,895	1,784,926
- Others	4,912,499	4,364,079
	11,250,394	9,719,005
Less: Receivable within one year	- note 19 4,777,083	4,063,975
	6,473,311	5,655,030
Security deposits	8,714,944	6,807,944
	15,188,255	12,462,974

#### Reconciliation of the carrying amount of loans to:

	Director		Executives	
	2015	2014	2015	2014
	R u p e e s			
Balance as at January 1	3,570,000	5,132,500	1,784,926	3,414,679
Transfers to executives during the year		-	108,410	738,970
Disbursements during the year	-	-	4,319,500	-
Repayments during the year	(820,000)	(1,562,500)	(2,624,941)	(2,368,723)
Balance as at December 31	2,750,000	3,570,000	3,587,895	1,784,926

These represent interest free loans to executives and directors. Loans to directors, which include Chief Executive Officer and Chief Financial Officer, are secured against their respective personal property. Loans are given to executives and other employees for house building, purchase of vehicles and for use in marriages of employees and their dependents. These are repayable in monthly installments over a period of 24 to 48 months.

The maximum aggregate amount due from directors and executives at any time during the year was Rs 3.570 million (2014: Rs 5.132 million) and Rs 3.588 million (2014: Rs 3.272 million) respectively.

		2015 Rupees	2014 Rupees
<b>16. Deferred taxation</b>			
Debit/ (credit) balance arising from:			
Accelerated tax depreciation		33,746,100	40,298,100
Employees' retirement and other benefits		(13,967,471)	(14,077,620)
Deferred tax asset		<u>19,778,629</u>	<u>26,220,480</u>
<b>17. Stock in trade</b>			
Raw materials		381,334,774	264,838,089
Work in process		321,285,007	224,274,968
Finished goods		18,970,445	22,933,714
Provision for obsolescence	17.1	721,590,226 (8,000,000)	512,046,771 (23,817,669)
		<u>713,590,226</u>	<u>488,229,102</u>
<b>17.1 Provision for obsolescence</b>			
Opening provision		23,817,669	23,817,669
Provision for the year		7,500,000	8,000,000
Reversal of provision during the year		(15,829,318)	(4,369,039)
Stocks written off against provision		15,488,351 (7,488,351)	27,448,630 (3,630,961)
Closing provision		<u>8,000,000</u>	<u>23,817,669</u>
<b>17.2</b>	An amount of Rs 7.488 million (2014: 3.631 million) has been charged to cost of sales, being the cost of inventory written down during the year.		
<b>18. Trade debts - unsecured</b>		2015 Rupees	2014 Rupees
Considered good			
- Related parties	- note 18.1	104,610,232	64,320,043
- Others		829,123,796	848,243,710
- Due against construction work in progress		503,637,000	304,164,000
		<u>1,437,371,028</u>	<u>1,216,727,753</u>
Considered doubtful		80,698,714	53,456,062
		<u>1,518,069,742</u>	<u>1,270,183,815</u>
Less: Provision for doubtful debts	- note 18.2	(80,698,714)	(53,456,062)
		<u>1,437,371,028</u>	<u>1,216,727,753</u>

	2015 Rupees	2014 Rupees
<b>18.1 Related parties</b>		
<b>Holding Company</b>		
- KSB Aktiengesellschaft, Germany	21,830,089	9,644,524
<b>Associated undertakings</b>		
- PT. KSB Indonesia	7,406,156	7,865,994
- N.V. KSB Belgium S.A., Belgium	-	15,581,076
- KSB Pumps Company Limited, Thailand	7,934,956	6,655,516
- KSB Pumps And Valves (Pty), South Africa	23,182,033	13,368,835
- KSB - Shanghai Pump Company Limited, China	1,412,564	1,541,586
- KSB Mörck AB, Sweden	-	2,530,080
- KSB - Pompa, Armatür Sanayi, Turkey	2,092,000	1,051,188
- KSB Singapore (Asia Pacific), Singapore	374,991	-
- KSB Middle East FZE, UAE	107,110	-
- KSB Services LLC, UAE	383,987	-
- KSB Pompy i Armatura Sp z o. o, Poland	559,610	-
- KSB Cerpadla a, Slovakia	545,865	-
- KSB-PUMPY+ARMATURY s.r.o., koncern, Czech Republic	5,981,028	-
- KSB Inc, USA	376,560	-
- KSB Limited, United Kingdom	3,619,474	-
- Nestlé Pakistan Limited	28,544,558	4,943,230
-Tri Pack Films Limited	-	240,847
-Tetra Pak Pakistan Limited	35,984	589,918
- Security Papers Limited	35,480	307,249
- Packages Limited	19,854	-
- Bulleh Shah Packaging (Pvt) Limited	167,933	-
	<b>104,610,232</b>	<b>64,320,043</b>
These relate to normal course of business and are interest free.		
<b>18.2 Provision for doubtful debts</b>		
Opening balance	53,456,062	53,837,461
Provision for the year	43,525,634	7,876,464
	<b>96,981,696</b>	<b>61,713,925</b>
Less: Bad debts written off against provision	16,282,982	8,257,863
Closing balance	<b>80,698,714</b>	<b>53,456,062</b>



		2015 Rupees	2014 Rupees
<b>19. Advances, deposits, prepayments and other receivables</b>			
Current portion of long term loans to employees	- note 15	4,777,083	4,063,975
Short term advances to employees- considered good	- note 19.1	14,161,529	13,305,778
Advances to suppliers and contractors			
- Considered good		182,003,207	90,262,203
- Considered doubtful		3,180,141	911,739
		185,183,348	91,173,942
Due from related parties	- note 19.2	24,598,200	14,159,020
Trade deposits and prepayments			
- Considered good		90,064,856	65,989,769
- Considered doubtful		11,935,718	11,506,191
		102,000,574	77,495,960
Letters of credit, deposits and opening charges		-	321,687
Sales Tax		50,068,522	13,062,178
Income Tax		182,954,661	206,400,522
		233,023,183	219,462,700
Other receivables			
- Considered good		12,381,677	1,952,441
- Considered doubtful		275,000	275,000
		12,656,677	2,227,441
Less: Provision for doubtful amounts	- note 19.3	576,400,594 (15,390,859)	422,210,503 (12,692,930)
		561,009,735	409,517,573

**19.1** Included in short term advances to employees is amount due from executives of Rs 7.545 million (2014: 5.391 million).

#### **19.2 Due from related parties**

##### **Holding company**

- KSB Aktiengesellschaft, Germany

18,139,563      2,525,955

##### **Associated undertakings**

- PT. KSB Indonesia  
- KSB Shanghai Pump Company Limited, China  
- KSB Pumps S.A. (Pty) Limited, South Africa  
- KSB Singapore (Asia Pacific) Pte. Limited, Singapore  
- KSB Middle East FZE, UAE  
- KSB Malaysia Pumps and Valves Sdn. Bhd, Malaysia  
- KSB Vietnam Company Limited, Vietnam  
- KSB Pumps Company Limited, Thailand  
- KSB Services LLC, UAE

322,699      317,914  
3,786,441      9,751,490  
117,715      117,713  
150,507      175,339  
231,879      617,758  
1,582,644      395,807  
130,122      124,898  
-      132,146  
136,630      -

24,598,200      14,159,020

		2015 Rupees	2014 Rupees
<b>19.3 Provision for doubtful amounts</b>			
Opening balance		12,692,930	10,753,156
Provision made during the year		2,697,929	1,939,774
		15,390,859	12,692,930
Less: Amount written off against provision		-	-
Closing balance		15,390,859	12,692,930
<b>20. Cash and bank balances</b>			
At banks			
- on saving accounts	- note 20.1	179,025,593	76,980,765
- on current accounts		2,356,642	2,304,382
Cash in hand	- note 20.2	181,382,235 1,121,817	79,285,147 286,747,785
		182,504,052	366,032,932

**20.1** The balances in saving and deposit accounts bear mark-up which ranges from 4.50% to 7.00% (2014: 6.00% to 7.50%) per annum.

**20.2** These include cheques in hand of Rs Nil (2014: Rs 284.99 million).

		2015 Rupees	2014 Rupees
<b>21. Sales</b>			
Local sales	- note 21.1	4,233,100,724	3,364,974,112
Export sales		331,207,498	233,942,295
Gross Sales		4,564,308,222	3,598,916,407
Less: Sales Tax		557,064,331	446,854,340
		4,007,243,891	3,152,062,067

**21.1** Sales are inclusive of revenue from construction contracts of Rs 1,127.022 million (2014: Rs 528.419 million) which includes revenue from contracts for rendering of services amounting to Rs. 109.162 million (2014: Rs 124.502 million) and sales are inclusive of revenue from rendering of services of Rs. 57.935 million (2014: Rs. 47.761 million).

		2015 Rupees	2014 Rupees
<b>22. Cost of sales</b>			
Raw material consumed		1,699,486,620	1,221,092,839
Salaries, wages, amenities and staff welfare	- note 22.1	285,751,421	258,202,819
Staff training		797,953	3,417,921
Electricity and power		97,149,935	99,768,003
Stores and spares consumed		289,627,777	161,404,864
Insurance		7,613,754	5,205,049
Traveling and conveyance		50,540,905	41,741,367
Postage and telephone		5,153,755	4,189,112
Printing and Stationery		3,467,060	3,055,233
Rent, rates and taxes		5,477,440	3,955,200
Repairs and maintenance		28,566,049	14,616,590
Legal and professional charges	- note 22.2	11,984,962	15,017,716
SAP user license fee and other IT services		16,986,294	20,207,123
Packing expenses		19,338,598	34,771,189
Outside services		597,883,694	534,326,618
Depreciation on property, plant and equipment	- note 11.1	47,758,826	42,790,156
Royalty and trademark fee		19,999,235	16,450,537
Other expenses		5,114,822	8,583,703
		3,192,699,100	2,488,796,039
Opening work-in-process		224,274,968	182,002,143
Less: Closing work-in-process		321,285,007	224,274,968
		(97,010,039)	(42,272,825)
Cost of goods manufactured		3,095,689,061	2,446,523,214
Opening stock of finished goods		22,933,714	30,861,690
Less: Closing stock of finished goods		18,970,445	22,933,714
		3,963,269	7,927,976
		3,099,652,330	2,454,451,190
Cost of sales include the following in respect of:			
Contract cost		961,308,938	503,937,720
Raw material written off		7,488,351	3,630,961
Finished goods written off		-	-

## 22.1 Salaries, wages, amenities and staff welfare

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

	2015 Rupees	2014 Rupees
<b>Gratuity fund</b>		
Current service cost	5,112,274	4,465,371
Interest cost	4,793,185	4,699,710
Expected return on plan assets	(4,597,150)	(5,443,253)
	5,308,309	3,721,828
<b>Ex-gratia</b>		
Current service cost	888,772	880,241
Interest cost	2,370,837	2,785,479
	3,259,609	3,665,720
<b>Accumulating Compensated Absences</b>		
Current service cost	577,542	456,461
Interest cost	993,464	955,684
Gains and Losses arising on present value of defined benefit obligation	608,248	1,046,970
	2,179,254	2,459,115

In addition to above, salaries, wages, amenities and staff welfare include Rs 8.900 million (2014: Rs 8.395 million) in respect of provident fund contribution by the Company.

**22.2** This includes amount of Rs. 8.66 million (2014: Rs 11.98 million) charged by the parent company (KSB Aktiengesellschaft) on account of various services provided to the company.

## 23. Distribution and marketing expenses

		2015 Rupees	2014 Rupees
Salaries, wages, amenities and staff welfare	- note 23.1	98,328,913	85,115,657
Staff training		143,575	741,174
Insurance		881,917	435,610
Traveling, conveyance and representations		18,691,157	14,117,958
Rent, rates and taxes		3,408,251	3,761,384
Publicity charges		6,568,917	6,036,083
Electricity, gas and water		3,795,968	4,541,557
Postage and telephone		3,269,003	3,110,187
Printing and stationery		787,410	777,531
Repairs and maintenance		1,355,461	1,062,822
Legal and professional charges	- note 23.2	9,901,914	19,136,910
SAP user license fee and other IT services		5,958,929	6,561,413
Contract services		4,311,490	3,964,564
Forwarding expenses		25,978,971	26,306,725
Commission expenses		72,204,896	34,704,053
Provision for doubtful debts and receivables		46,223,563	9,816,238
Depreciation on property, plant and equipment	- note 11.1	4,487,199	3,735,235
Warranty charges		20,322,081	18,290,108
Other expenses		1,722,127	1,362,345
		328,341,742	243,577,554

### 23.1 Salaries, wages, amenities and staff welfare

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

	2015 Rupees	2014 Rupees
Salaries, wages, amenities and staff welfare include following in respect of retirement and other benefits:		
<b>Gratuity fund</b>		
Current service cost	2,719,295	2,375,197
Interest cost	2,549,567	2,499,846
Expected return on plan assets	(2,445,293)	(2,895,348)
	<u>2,823,569</u>	<u>1,979,695</u>
Accumulating Compensated Absences		
Current service cost	310,848	245,216
Interest cost	534,708	513,403
Gains and Losses arising on present value of defined benefit obligation	327,374	562,443
	<u>1,172,930</u>	<u>1,321,062</u>

In addition to above, salaries, wages, amenities and staff welfare include Rs 3.460 million (2014: Rs 3.018 million) in respect of provident fund contribution by the Company.

**23.2** This includes amount of Rs. 8.36 million (2014: Rs 17.02 million) charged by the parent company (KSB Aktiengesellschaft) on account of various services provided to the company.

### 24. Administration expenses

		2015 Rupees	2014 Rupees
Salaries, wages, amenities and staff welfare	- note 24.1	95,764,309	85,311,456
Staff training		895,203	548,537
Insurance		165,528	165,528
Traveling, conveyance and representations		16,622,434	18,643,923
Rent, rates and taxes		5,688,707	4,848,326
Electricity, gas and water		5,296,030	5,409,318
Postage and telephone		10,963,587	10,225,635
Printing and stationery		2,283,062	2,182,304
Repairs and maintenance		5,863,381	12,806,241
Professional services	- note 24.2	11,147,808	11,234,623
SAP user license fee and other IT services		6,563,576	7,914,889
Contract Services		7,503,861	6,885,876
Depreciation on:			
- Property, plant and equipment	- note 11.1	10,367,316	12,241,920
- Investment property	- note 12.1	213,216	213,216
- Amortization on intangible assets	- note 13.1	875,044	972,377
Other expenses		7,935,584	5,379,497
		<u>188,148,646</u>	<u>184,983,666</u>

## 24.1 Salaries, wages, amenities and staff welfare

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

	2015 Rupees	2014 Rupees
<b>Gratuity fund</b>		
Current service cost	3,045,610	2,660,221
Interest cost	2,855,514	2,799,828
Expected return on plan assets	(2,738,728)	(3,242,789)
	3,162,396	2,217,260
<b>Accumulating Compensated Absences</b>		
Current service cost	339,034	268,419
Interest cost	583,192	561,984
Gains and Losses arising on present value of defined benefit obligation	357,059	615,665
	1,279,285	1,446,068

In addition to above, salaries, wages, amenities and staff welfare include Rs 4.383 million (2014: Rs 3.775 million) in respect of provident fund contribution by the Company.

## 24.2 Professional services

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

	2015 Rupees	2014 Rupees
Statutory audit	605,000	550,000
Review of half yearly financial statements	165,000	150,000
Audit of funds, consolidation forms and sundry services	397,500	371,000
Taxation services	1,070,000	1,250,000
Out of pocket expenses	172,536	154,000
	2,410,036	2,475,000

In addition to above, professional services includes amount of Rs. 6.45 million (2014: Rs 4.46 million) charged by the parent company (KSB Aktiengesellschaft) on account of various services provided to the company.

## 25. Other operating expenses

		2015 Rupees	2014 Rupees
Workers' profit participation fund	- note 8.4	18,720,349	12,789,209
Workers' welfare fund	- note 8.5	7,454,602	3,684,787
Donations	- note 25.1	991,340	225,000
CRM implementation cost	- note 25.2	4,220,557	9,582,435
Exchange loss		5,524,094	3,391,585
		36,910,942	29,673,016

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

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

	<b>2015 Rupees</b>	2014 Rupees
<b>26. Other operating income</b>		
<b>Income from financial assets</b>		
Profit on bank accounts	2,523,897	5,013,239
Income from non-financial assets		
Commission income	29,704,218	30,719,061
Rental income on investment property	4,609,008	6,816,350
Scrap sales	12,156,858	7,625,136
Profit on sale of property, plant and equipment	4,513,916	2,093,128
Provisions no longer considered necessary and unclaimed balances written back	-	5,275,999
Sundry income	136,122	2,615,220
	51,120,122	55,144,894
	53,644,019	60,158,133
<b>27. Finance cost</b>		
Mark-up on short term finances - secured	28,889,770	37,486,305
Bank and other charges	10,203,868	9,797,866
Interest payable on funds utilized by the company	62,773	151,216
	39,156,411	47,435,387
<b>28. Taxation</b>		
<b>Current</b>		
Current year	97,231,884	24,610,659
	97,231,884	24,610,659
Deferred	(5,919,600)	40,499,466
	91,312,284	65,110,125

	2015 %	2014 %
<b>28.1 Tax charge reconciliation</b>		
Numerical reconciliation between the average effective tax rate and the applicable tax rate:		
Applicable tax rate	32.00	33.00
Tax effect of amounts that are:		
Tax effect under presumptive tax regime and others	(7.23)	(7.17)
Average effective tax rate charged to profit and loss account	24.77	25.83

## 29. Rates of exchange

Foreign currency assets and liabilities have been translated into Pak Rupees at US \$ 0.960 (2014: US \$ 0.990), EURO 0.870 (2014: EURO 0.820), GBP 0.640 (2014: GBP 0.640), AED 3.510 (2014: AED 3.700) and SGD 1.350 (2014: SGD 1.320) equal to Rs 100.

		2015 Rupees	2014 Rupees
<b>30. Cash generated from operations</b>			
Profit before taxation		368,677,839	252,099,387
Adjustment for:			
Depreciation on:			
- Property, plant and equipment	- note 11	62,613,341	58,767,311
- Investment property	- note 12	213,216	213,216
- Intangible Assets	- note 13	875,044	972,377
Profit on sale of property, plant and equipment	- note 26	(4,513,916)	(2,093,128)
Employees' retirement and other benefits		19,185,352	16,810,766
Provision for doubtful debts and receivables	- note 23	46,223,563	9,816,238
Provisions no longer considered necessary and unclaimed balances written back		-	(5,275,999)
Finance cost	- note 27	39,156,411	47,435,387
Exchange loss	- note 25	5,524,094	3,391,585
Working capital changes	- note 30.1	(260,377,615)	(159,141,853)
		277,577,329	222,995,287



	2015 Rupees	2014 Rupees
<b>30.1 Working capital changes</b>		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(3,691,237)	(7,603,271)
Stock-in-trade	(225,361,124)	(25,455,879)
Trade debts	(269,693,003)	(187,597,059)
Advances, deposits, prepayments and other receivables	(177,635,952)	(1,229,343)
	<u>(676,381,316)</u>	<u>(221,885,552)</u>
Increase/(decrease) in current liabilities:		
Trade and other payables	411,780,058	54,567,260
Provision for other liabilities and charges	4,223,643	8,176,439
	<u>(260,377,615)</u>	<u>(159,141,853)</u>
<b>31. Cash and cash equivalents</b>		
Cash and cash equivalents comprise the following items:		
Cash and bank balances	- note 20 182,504,052	366,032,932
Short term finances - secured	- note 7 (381,371,829)	(529,272,306)
	<u>(198,867,777)</u>	<u>(163,239,374)</u>

### 32. Remuneration of Chief Executive, Directors and Executives

**32.1** The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working director and executives of the company is as follows:

	Rupees					
	Chief Executive		Director		Executives	
	2015	2014	2015	2014	2015	2014
<b>Short term employee benefits</b>						
Managerial remuneration	19,206,432	16,139,856	4,843,356	4,348,644	102,976,848	92,217,876
Bonus /sales incentive	5,000,000	4,500,000	1,210,839	1,087,161	24,844,212	22,086,645
House rent	3,149,534	3,036,873	2,179,510	1,956,890	46,339,582	41,498,044
Utilities	618,898	566,864	484,336	434,864	10,297,685	9,221,788
Medical and other expenses	726,089	668,104	312,000	312,000	15,786,805	14,732,096
	<u>28,700,953</u>	<u>24,911,697</u>	<u>9,030,041</u>	<u>8,139,559</u>	<u>200,245,132</u>	<u>179,756,449</u>
<b>Post employment benefits</b>						
Contribution to gratuity and provident fund	3,021,179	2,958,974	822,949	797,251	16,521,593	14,368,996
	<u>31,722,132</u>	<u>27,870,671</u>	<u>9,852,990</u>	<u>8,936,810</u>	<u>216,766,725</u>	<u>194,125,445</u>
<b>Number of persons</b>	1	1	1	1	98	93

**32.2** The Company also provides its Chief Executive, director and some of its executives with company maintained cars, free residential telephones and mobile phones. In addition, the house rent mentioned above of Chief Executive includes furnished accommodation and 3 executives have also been provided with rent free accommodation.

**32.3** Bonus paid to the Chief Executive Officer and Director during the year ended December 31, 2015 amounts to Rs. 3,995,767 (2014: Rs. 4,666,776) and Rs.1,090,000 (2014: Rs. 750,000 ) respectively. Bonus for the year ended December 31,2015 is subject to approval of Board of Directors.

**32.4** Aggregate amount charged in the financial statements for the year for fee to 4 directors (2014: 5 directors) was Rs.464,000 (2014: Rs 180,000).

### **33. Related party transactions**

The related parties comprise holding company, associated undertakings, other related group companies, key management personnel and post employment benefit plan. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from key management personnel are shown under receivables and remuneration of key management personnel is disclosed in note 32 . Other significant transactions with related parties are as follows:

	<b>2015 Rupees</b>	<b>2014 Rupees</b>
<b>Holding company</b>		
Sales	43,033,540	17,306,314
Purchases	123,766,199	127,693,002
Commission income	21,287,781	3,142,225
Royalty and Trademark	19,999,235	16,450,537
SAP User Fee	29,508,799	34,683,425
CRM Implementation Cost	4,220,557	9,582,435
<b>Associated undertakings</b>		
Sales	205,959,186	182,568,580
Purchases	85,147,825	34,648,194
Commission income	4,201,416	27,576,837
Commission expense	14,394,079	14,113,301
<b>Key management personnel</b>		
Sale of property, plant and equipment (Sale Proceeds)	291,760	2,065,328
<b>Post employment benefit plan</b>		
Expense charged in respect of:		
- Gratuity fund	11,294,274	7,918,783
- Ex-gratia scheme	3,259,609	3,665,720
- Provident fund	16,720,250	15,188,512
- Accumulating compensated absences	4,631,469	5,226,246

### 34. Plant capacity and production

	Number	Capacity		Actual production	
		2015	2014	2015	2014
Power driven pumps		6,000	6,000	4,195	3,433

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

### 35. Earnings per share

#### 35.1 Basic earnings per share

		2015	2014
Profit for the year	Rupees	277,365,555	186,989,262
Weighted average number of ordinary shares	Numbers	13,200,000	13,200,000
Earnings per share	Rupees	21.01	14.17

#### 35.2 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, 2015 and December 31, 2014 which would have any effect on the earnings per share if the option to convert is exercised.

### 36. Financial risk management

#### 36.1 Financial risk factors

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

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

##### (a) Market risk

##### (i) Foreign exchange risk

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

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

	2015	2014
Advances deposits and other receivables - USD	654,970	203,654
Trade debts - USD	927,244	768,589
Trade and other payables - USD	(595,685)	(358,660)
Net exposure - USD	986,529	613,583
Advances deposits and other receivables - EURO	316,468	75,721
Trade debts - EUR	1,520	-
Trade and other payables - EURO	(725,400)	(195,707)
Net exposure - EURO	(407,412)	(119,986)
Advances deposits and other receivables - GBP	13,498	9,838
Trade and other payables - GBP	(7,981)	(895)
Net exposure - GBP	5,517	8,943
Advances deposits and other receivables - SGD	-	-
Net exposure - SGD	-	-
Advances deposits and other receivables - AED	-	-
Trade and other payables - AED	(4,350)	-
Net exposure - AED	(4,350)	-

The following significant exchange rates were applied during the year:

#### Rupees per USD

	2015	2014
Average rate	102.94	101.17
Reporting date rate	104.20	101.00

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 5.179 million (2014: Rs 3.099 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

#### Rupees per EURO

	2015	2014
Average rate	113.73	133.42
Reporting date rate	114.90	122.00

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 2.331 million (2014: Rs 0.732 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

#### Rupees per GBP

	2015	2014
Average rate	157.14	166.17
Reporting date rate	156.30	157.00

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 0.0428 million (2014: 0.0255 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.

	<b>2015 Rupees</b>	2014 Rupees
<b>Rupees per AED</b>		
Average rate	28.03	-
Reporting date rate	28.50	-

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 0.0061 million (2014: Nil) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

#### (ii) Other price risk

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

#### (iii) Interest rate risk

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

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

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

	<b>2015 Rupees</b>	2014 Rupees
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - savings	179,025,593	76,980,765
<b>Net exposure</b>	<u>179,025,593</u>	<u>76,980,765</u>
<b>Financial liabilities</b>		
Short term finances - secured	<u>381,371,829</u>	<u>529,272,306</u>

#### Fair value sensitivity analysis for fixed rate instruments

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

#### Cash flow sensitivity analysis for floating rate instruments

If interest rates on short term running finance, at the year end date, fluctuate by 1% higher/lower with all other variables held constant, profit before taxation for the year would have been Rs 3.814 million (2014: Rs 5.293 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

**(b) Credit risk**

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

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

**(i) Exposure to credit risk**

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

	<b>2015 Rupees</b>	<b>2014 Rupees</b>
Long term loans and deposits	15,188,255	12,462,974
Trade debts	1,518,069,742	1,270,183,815
Loans, advances, deposits, prepayments and other receivables	153,924,045	107,105,475
Balances with banks	181,382,235	79,285,147
	<u>1,868,564,277</u>	<u>1,469,037,411</u>

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

**The age of trade receivables**

- Not past due	-	-
- Past due 0 - 180 days	1,110,150,823	891,364,251
- Past due 181 - 365 days	62,007,628	60,902,747
- Over 365 days	345,911,291	317,916,819
	<u>1,518,069,742</u>	<u>1,270,183,817</u>

**The age of impairment loss against trade receivables**

- Not past due	-	-
- Past due 0 - 180 days	-	-
- Past due 181 - 365 days	-	-
- Over 365 days	80,698,714	53,456,062
	<u>80,698,714</u>	<u>53,456,062</u>

**The age of trade receivables from related parties**

- Not past due	-	-
- Past due 0 - 180 days	99,322,031	63,131,170
- Past due 181 - 365 days	2,006,965	789,084
- Over 365 days	3,281,236	399,789
	<u>104,610,232</u>	<u>64,320,043</u>

The age of loans, advances, deposits, prepayments and other receivables and related impairment loss at balance sheet date is as follows:

	<b>2015 Rupees</b>	2014 Rupees
<b>The age of loans, advances, deposits, prepayments and other receivables</b>		
- Not past due	-	-
- Past due 0 - 180 days	52,269,348	47,712,610
- Past due 181 - 365 days	36,529,374	13,661,650
- Over 365 days	65,125,323	45,731,215
	<u>153,924,045</u>	<u>107,105,475</u>
<b>The age of impairment loss against loans, advances, deposits, prepayments and other receivables</b>		
- Not past due	-	-
- Past due 0 - 180 days	-	-
- Past due 181 - 365 days	-	-
- Over 365 days	12,230,913	11,781,191
	<u>12,230,913</u>	<u>11,781,191</u>
<b>The age of loans, advances, deposits, prepayments and other receivables from related parties</b>		
- Not past due	-	-
- Past due 0 - 180 days	11,538,171	-
- Past due 181 - 365 days	3,047,963	7,068,160
- Over 365 days	10,012,066	7,090,860
	<u>24,598,200</u>	<u>14,159,020</u>
<b>The age of long term loans and deposits</b>		
- Not past due	-	-
- Past due 0 - 180 days	2,355,489	3,805,536
- Past due 181 - 365 days	1,291,523	919,672
- Over 365 days	11,541,243	7,737,766
	<u>15,188,255</u>	<u>12,462,974</u>

**(ii) Credit quality of major financial assets**

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

	Rating		Rating Agency	2015	2014
	Short term	Long term		(Rupees)	(Rupees)
National Bank of Pakistan	A-1+	AAA	JCR-VIS	3,121,629	4,901,872
MCB Bank Limited	A1+	AAA	PACRA	177,354,898	72,965,823
United Bank Limited	A-1+	AA+	JCR-VIS	238,668	228,531
Deutsche Bank A.G.	A-2	BBB+	S&P	593,662	783,541
NIB Bank Limited	A1+	AA-	PACRA	62,320	345,336
Habib Bank Limited	A-1+	AAA	JCR-VIS	11,058	60,044
				<u>181,382,235</u>	<u>79,285,147</u>

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

**(c) Liquidity risk**

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

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

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

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



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

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

The following are the contractual maturities of financial liabilities as at December 31, 2014:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Trade and other payables	708,626,545	708,626,545	-	-
Short term finances - secured	529,272,306	529,272,306	-	-
Accrued finance cost	11,733,938	11,733,938	-	-
	<u>1,249,632,789</u>	<u>1,249,632,789</u>	<u>-</u>	<u>-</u>

### 36.2 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.

### 36.3 Financial instruments by categories

	Loans and receivables	
	2015 Rupees	2014 Rupees
<b>Assets as per balance sheet</b>		
Long term loans and deposits	15,188,255	12,462,974
Trade debts	1,518,069,742	1,270,183,815
Loans, advances, deposits, prepayments and other receivables	153,924,045	107,105,475
Cash and bank balances	181,382,235	79,285,147
	<u>1,868,564,277</u>	<u>1,469,037,411</u>

	Financial liabilities at amortised cost	
	2015 Rupees	2014 Rupees
<b>Liabilities as per balance sheet</b>		
Trade and other payables	987,750,199	708,626,545
Short term finances - secured	381,371,829	529,272,306
Accrued finance cost	3,638,738	11,733,938
	<u>1,372,760,766</u>	<u>1,249,632,789</u>

### 36.4 Fair Value Estimation

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

Specific valuation techniques used to value financial instruments include:

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

The following is categorization of assets disclosed at fair value at December 31, 2015:

<b>Assets:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment Property	-	-	101,994,500	101,994,500
	-	-	101,994,500	101,994,500

#### Valuation techniques used to measure level 3 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on December 30, 2015 by an independent professionally qualified valuer, M/s Tahseen Fazal Associates (Pvt) 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.

<b>Description</b>	<b>Fair Value at</b>		<b>Significant Unobservable inputs</b>	<b>Quantitative Data / Range and relationship to the fair value</b>
	<b>Dec 31, 2015</b>	<b>Dec 31, 2014</b>		
Investment Property	101,994,500	90,257,500	- Suitable depreciation rate to arrive at depreciated replacement cost.	The market value has been determined by using a unit rate of ground floor and second floor based on depreciated cost of construction. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

### 36.5 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 net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, creditors, accrued and other liabilities, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

	2015 Rupees in thousand	2014
Short term finances - secured	381,371,829	529,272,306
Accrued finance cost	3,638,738	11,733,938
	385,010,567	541,006,244
Less: Cash and Bank	(182,504,052)	(366,032,932)
<b>Net Debt</b>	202,506,515	174,973,312
Share Capital	132,000,000	132,000,000
Reserves	1,178,249,987	969,514,699
Equity	1,310,249,987	1,101,514,699
Total equity and liability	1,512,756,502	1,276,488,011
<b>Gearing ratio</b>	13%	14%

### 37. Number of employees

Total number of employees as at December 31  
Average number of employees during the year.

	2015 Rupees	2014 Rupees
Total number of employees as at December 31	322	333
Average number of employees during the year.	333	337

### 38. Events after the balance sheet date

The Board of Directors have proposed a final dividend for the year ended December 31, 2015 of Rs 7 (2014: Rs 5) per share, amounting to Rs 92.4 million (2014: Rs 66 million) at their meeting held on March 17, 2016 for approval of members at the Annual General Meeting to be held on April 22, 2016. The board has also proposed transfer of Rs 182.6 million (2014: Rs 116 million) to general reserve from unappropriated profit. These financial statements do not reflect this dividend payable and other appropriations.

### 39. Date of authorization for issue

These financial statements were authorized for issue on March 17, 2016 by the board of directors of the company.

### 40. General

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

  
Chairman

  
Chief Executive

# Form of Proxy

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

I/We \_\_\_\_\_

of \_\_\_\_\_

in the district of \_\_\_\_\_ being member(s) of KSB

Pumps Co. Ltd. and holder(s) of \_\_\_\_\_ shares as per Share Register folio number  
(No. of Shares)

\_\_\_\_\_ and/or CDC participant I.D. \_\_\_\_\_ and sub account No.

\_\_\_\_\_ hereby appoint \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy

to attend and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Friday, April 22, 2016 and at any adjournment thereof.

Signed this \_\_\_\_\_ day \_\_\_\_\_ of 2016.

Witness

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

NIC No. \_\_\_\_\_

Signature on  
Rs. 5.00  
Revenue  
Stamp

## Note:

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

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

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

# پراکسی فارم

کمپنی سیکریٹری  
کے ایس بی پیمپس کمپنی لمیٹڈ

16/2 سر آغا خان روڈ، لاہور-54000

ساکن

میں مسٹی/مسماة

بجائے ممبر کے ایس بی پیمپس کمپنی لمیٹڈ، حامل

ششیر زبیطابق ششیر زر جیٹ فوئیو نمبر

ضلع

اور سب اکاؤنٹ نمبر

اور ایسی ڈی سی پارٹیسپینٹ آئی ڈی نمبر

ساکن

میں مسٹی/مسماة

کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو بتاریخ 22 اپریل 2016ء بروز جمعہ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

بتاریخ

دستخط

نام

ایڈریس

شناختی کارڈ نمبر

پانچ روپے کی

ریونیو سٹیٹمپ پر

دستخط

نوٹ:

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



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