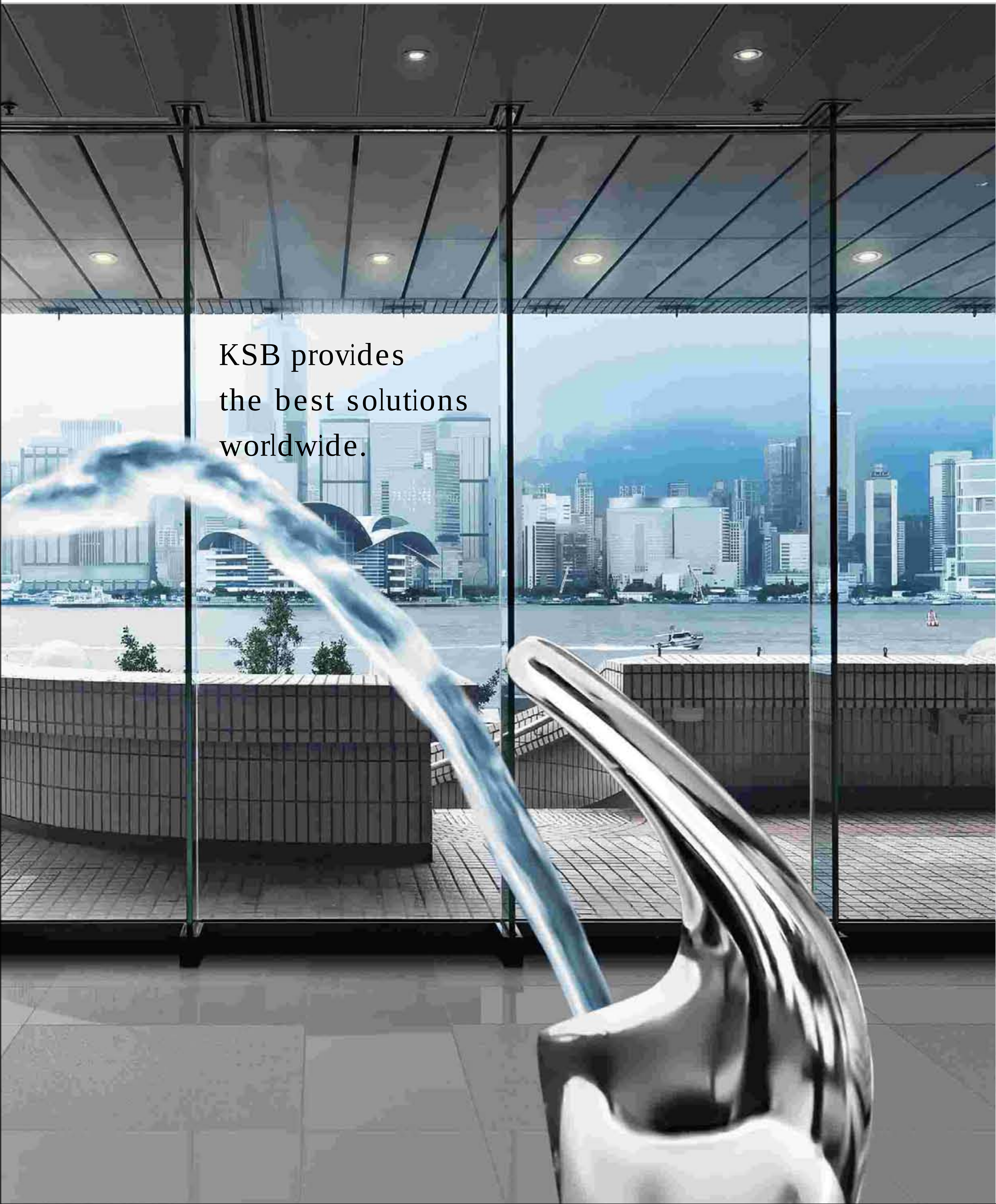
KSB Pumps Company Limited

ANNUAL REPORT 2013

Contents

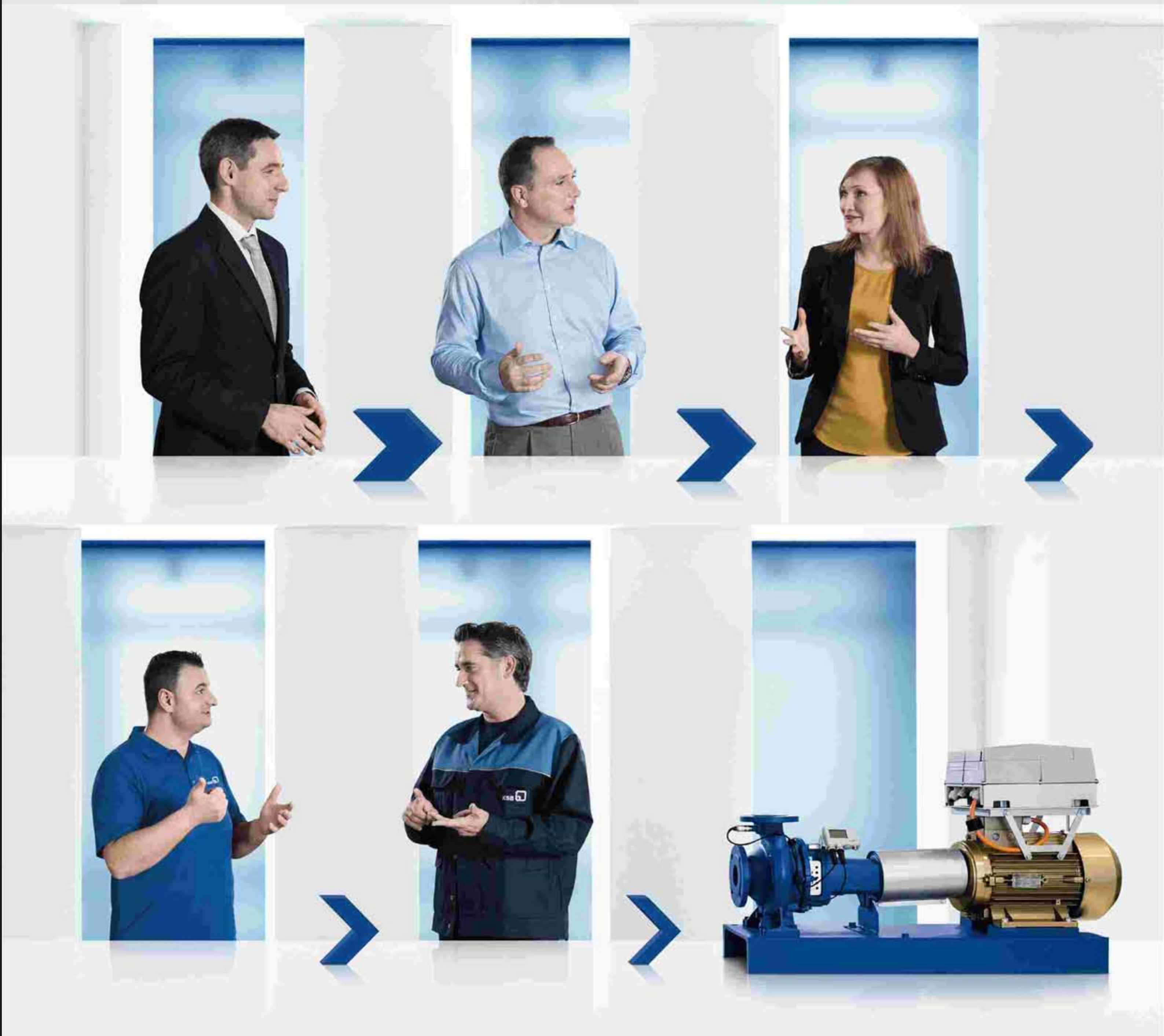
Vision



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.

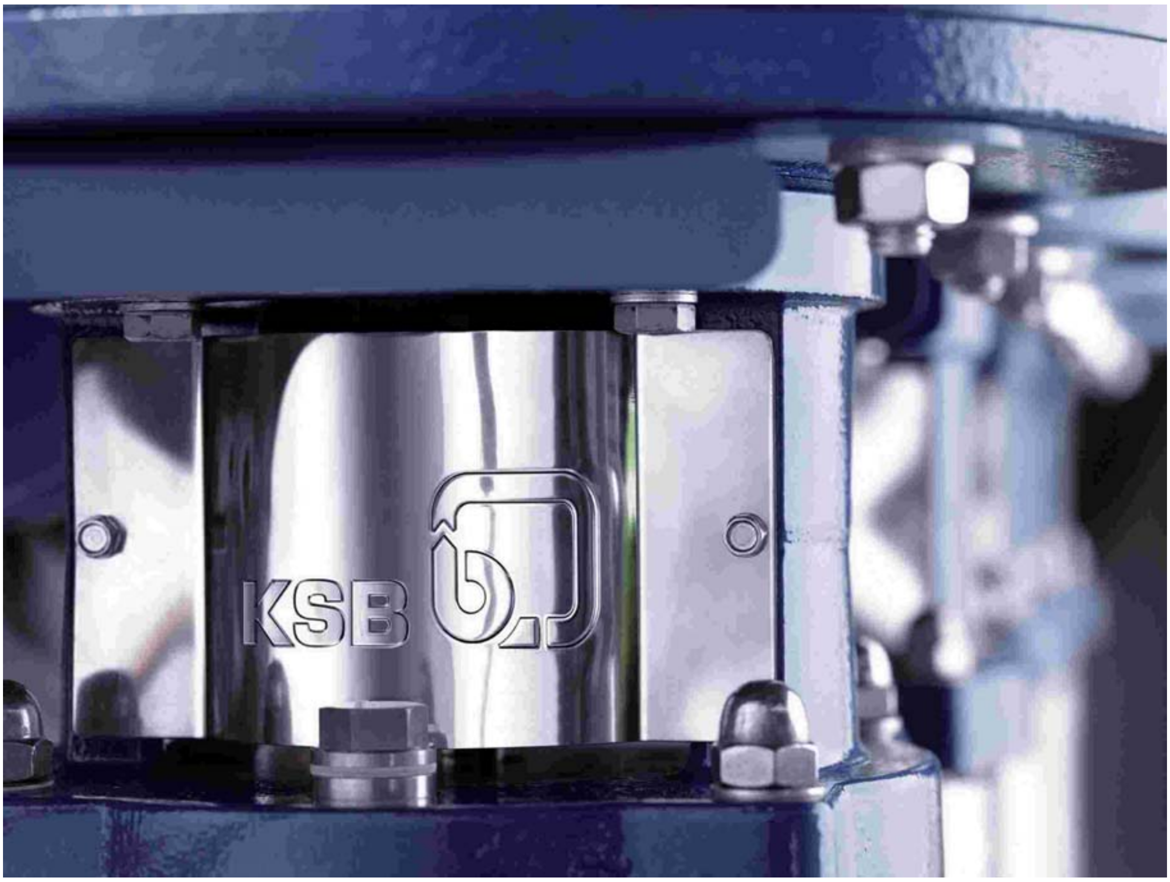
Commitment of outside companies

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 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. 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 55 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 today 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

Mr. Tonjes Cerovsky
Chairman Board of Directors

Mr. Tonjes Cerovsky has been working for KSB since 33 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 Director Pak German Business Forum, Member of National Management Foundation (LUMS) and Vice President of Foundry Association of Pakistan.

Mr. Hasan Aziz Bilgrami
Director

Mr. Bilgrami is a Director and the Chairman 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.

Mr. R. D. Ahmad
Director

Mr. Ahmad is a Senior Consultant with Orr Dignam & Co. He has previously served as the Chairman for Islamabad Stock Exchange (G) Limited. He is also on the Board of Directors of Sigma Motors Ltd. and Pakistan Poverty Alleviation Fund.

Mr. 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 and Africa region. He has more than 20 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.

Mr. Werner Spiegel
Director

Mr. Werner Spiegel is a BE - Mechanical having more than 43 years of experience in KSB: 39 years in the group, 10 years as Managing Director of KSB Venezuela, 4 years as Managing Director, KSB Spain, 2 years in Germany, 6 years as Head of Sewage and Industrial Division, KSB Group, and for 12 years as Managing Director, KSB India. In addition, he has been the President, Operations, KSB Region Asia Pacific.

Mr. Jamal Nasim
Director

Mr. Jamal Nasim, Managing Director, Industrial Development Bank of Pakistan, has more than 33 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.

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, Mr.Ali 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. Mr. Ali 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).

Mr. Tonjes Cerovsky
Chairman Board of Directors

Management Committee

Mohammad Masud Akhtar
Chief Executive Officer /
Managing Director

Sajid Mahmood Awan
Director Finance &
Company Secretary

Nadeem Hamid Butt
Director Projects

Tariq Ali
Director Production

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
Manager 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: ksbmul@ksb.com.pk

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

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

No.	FRANCHISE	ADDRESS	LOCATION	Cell #	Tele #	Fax	EMAIL
1	Standard Engineering Concern	25-Empress Road	Lahore	0321-4001255	0423- 63673881	042-36368011	kamran.razi@ ksbpartners.com.pk
2	Industrial Development & Engineering Associates	20-C Mezzanine Floor, Indus Center, 14th Com st. PH-II, DHA	Karachi	0300-8203077	021-35390481-2	021-35390483	saquib@idea.com.pk
3	Wali Muhammad & Co.	Zonkiram Road near mellennium Mall,	Quetta	0300- 8387668	081-2829635	081-2839721	gulistanmachinery @yahoo.com
4	Dominar Engineers	65-A Kacha Ferozepur Road,	Lahore	0302-874449	042-37500078	042-37500078	hammad.malik @de.com.pk

Company Information

Board of Directors

Tonjes Cerovsky	Chairman
Mohammad Masud Akhtar	Managing Director
Werner Spiegel	
R. D. Ahmad	
Sajid Mahmood Awan	
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
Nadeem Hamid Butt	Projects
Syed Tariq Ali	Production

Auditors

A.F. Ferguson & Co. Chartered Accountants

Legal Advisors

Mandviwala & Zafar

Bankers

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

Audit Committee

Hasan Aziz Bilgrami	Chairman
R. D. Ahmad	Member
Werner Spiegel	Member

Secretary Audit Committee

Saeed Hussain

HR & R Committee

R. D. Ahmad	Chairman
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

56th AGM, held on April 24, 2013

Notice is hereby given that the 57th Annual General Meeting of the members of KSB Pumps Company Limited, will be held on Friday, the 25th April, 2014, at 11.30 a.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 24, 2013.

2. To consider and adopt the audited accounts of the Company for the year ended December 31, 2013 and report of Auditors and Directors thereon.

3. To approve and declare dividend of 40% for the financial year ended December 31, 2013 as recommended by the Directors.

4. To appoint auditors and fix their remuneration. M/s. A.F. Ferguson & Co., Chartered Accountants, the retiring auditors offer themselves for re-appointment as auditors of the Company.

5. To elect seven (7) Directors as fixed by the Board, in accordance with the provisions of the Companies Ordinance, 1984, for a period of three years commencing from April 25, 2014 in place of following retiring Directors.

- Mr. Tonjes Cerovsky
- Mr. Mohammad Masud Akhtar
- Mr. Sajid Mahmood Awan
- Mr. Werner Spiegel
- Mr. R. D. Ahmad
- Syed Hyder Ali
- Mr. Hasan Aziz Bilgrami

BY ORDER OF THE BOARD

SAJID MAHMOOD AWAN
Company Secretary
Lahore : April 03, 2014

Notes

Participants of 56th AGM

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

2. The Share Transfer Books of the Company will remain closed from 18th April, 2014 to 25th April, 2014 (both days inclusive). Transfers received in order at Company's Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74000, by the close of business on 17th April, 2014 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.

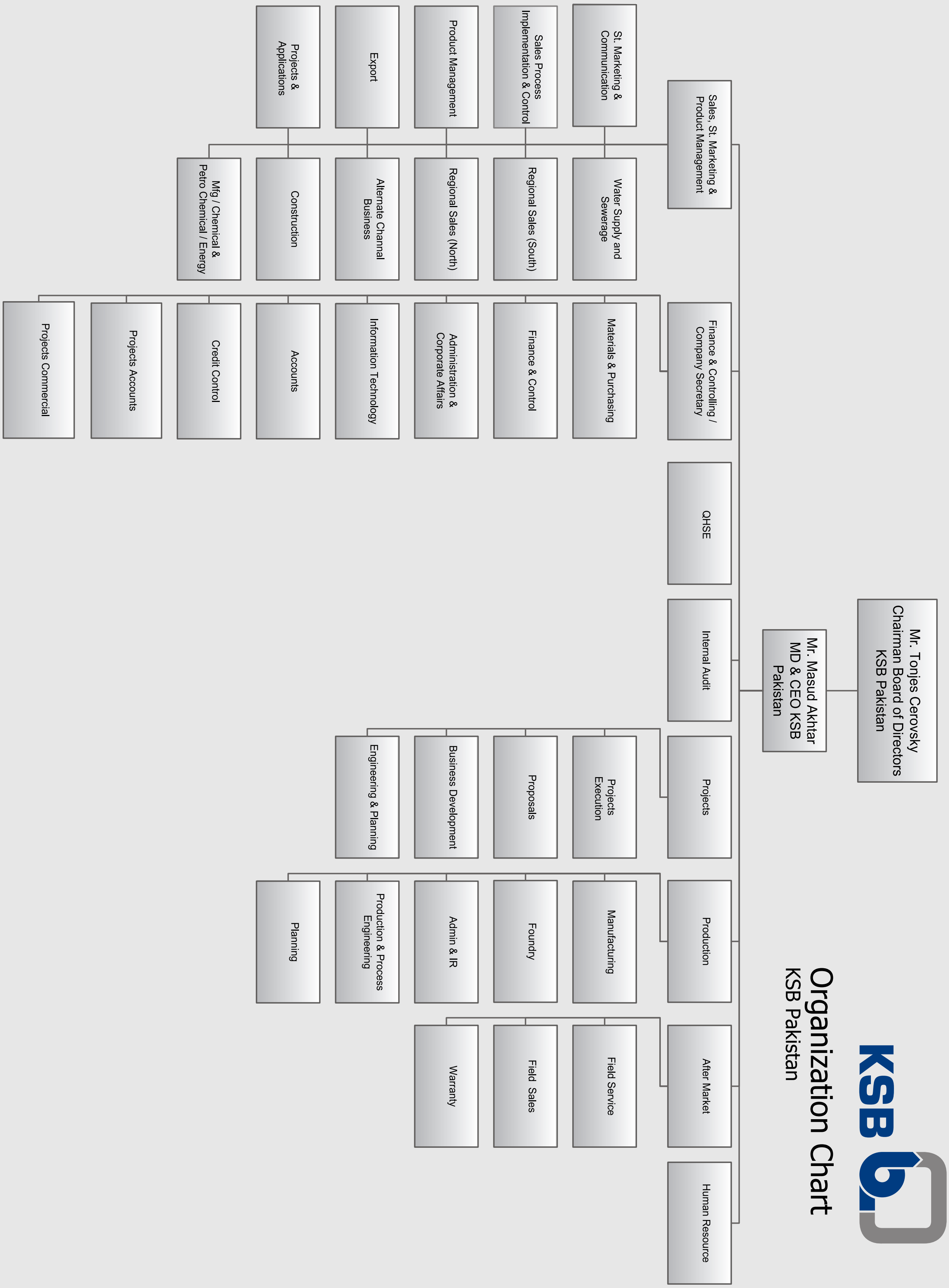
   In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

4. Any person who seeks to contest the election of Directors shall file with the Company at its Registered Office not later than fourteen days before the above said meeting, his/her intention to offer himself/herself for the election of the Directors in terms of Section 178(3) of the Companies Ordinance, 1984 together with consent in Form 28 and relevant declarations as required under the Code of Corporate Governance.

5. Submission of copies of CNIC (Mandatory)

   Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of shareholders are mandatorily required to be mentioned on Dividend Warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company Share Registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi-74000.

Organization Chart
KSB Pakistan



Products and Services

SINGLE-STAGE PUMPS
Standardised pumps, process pumps, circulator pumps, service water pumps, slurry pumps

MULTISTAGE PUMPS
Boiler feed pumps, boiler circulating pumps, booster pumps, pressure booster pumps, high-pressure pumps for reverse osmosis applications, water transport pumps

SUBMERSIBLE PUMPS
Well pumps, waste water, sewage and drainage pumps, mixers, tubular casing pumps, condensate pumps

AUTOMATION AND DRIVES
Control systems, energy-effi cient pump drives, pressure booster systems, fire-fighting systems, lifting units

VALVES
Butterfly valves, globe valves, gate valves, control valves, diaphragm valves, ball valves, actuators and control systems

SERVICE
Installation, commissioning, start-up, inspection, servicing, maintenance and repair of pumps, related systems and valves; modular service concepts and system analyses for entire systems

ULTRAFILTRATION (UF) & REVERSE OSMOSIS (RO) SYSTEMS
Series of ultrafiltration & RO pumps and systems for a wide array of applications.

Mohammad Masud Akhtar
Chief Executive Officer & MD KSB Pakistan

Directors' Report to the Shareholders

The Directors are pleased to present the Annual Report along with the Audited Financial Statements for the year ended December 31, 2013 together with Auditor's report thereon.

THE ECONOMY

Global Economy

The global activity has shown some improvement in second half of 2013 mainly due to enhanced activity in advanced economies. The Eurozone is also crawling out of prolonged recession, the recovery remains fragile however.

Looking forward, although some downward risks persist, the overall growth rate is expected to increase from 3 percent in year 2013 to 3.7 percent in year 2014 and 3.9 percent in year 2015.

Pakistan's Economy

On economic front, 2013 remained yet another challenging year for the country mainly due to energy crises, deteriorating law and order situation and very low investment activity. On the other hand, smooth political, judicial and military transition remained a positive aspect to boost the investors' confidence. New government has taken few steps including settlement of circular debt to improve overall business conditions in the country however the execution is very slow. Among major contributors to the overall growth, Industry sector has shown improvement in year 2013 while agriculture and services sectors performed below the level of previous year.

Going forward, the economic activity is likely to remain under pressure as power shortage in Pakistan is expected to persist for medium to longer terms. Moreover, increase in policy rate and energy tariff, risk of recurrence of circular debt combined with growing security concerns pose further threats to investment and growth in the country.

CPI Inflation is showing rising trend after a significant reduction in Year 2012-13. Inflation figure remained at 9.2% year-on-year basis in December 2013 and is expected to touch double digit figure by end of year 2014. Pakistan's GDP growth rate was 3.6% for the year 2013 against the target of 4.3% and actual 4.4% for the year 2012. The target GDP growth rate for year 2014 is 4.4% but according to a World Bank forecast GDP growth in Pakistan is expected to remain at 3.4% for year 2014.

THE COMPANY

Financial Results

The comparative financial results for the year 2013 as against 2012 are as follows:

Rupees in '000'

	2013	2012
Sales	2,577,686	2,630,402
Gross Profit	594,990	542,589
Profit before Tax	200,962	201,658
Net profit for the year	158,011	162,564
Earnings per share (EPS)	11.97	12.32

Despite operating in a difficult business environment, your Company has been successful to post profitable numbers for the year ended December 31, 2013.

Slow activity in government projects caused slight reduction in overall sales by 2% as compared to last year yet the gross profit of the company has shown growth of 10%. Consequently, it helped offsetting inflationary impact in period costs and resulted in almost same level of profit as was earned last year.

Sales

In year 2013, considering an election year, we have observed less tendering activity hence public sector business has not performed as per expectations. Government has taken some steps to fight energy crisis and improve business environment in the country, however, implementation of these steps is quite slow. This situation has affected the overall business activity in the country. However, business in private sector maintained growth and delivered the highest-ever order intake for building segment. We entered into trademark agreements with KSB AG, Germany, to take advantage of the KSB Global Brand enabeling us to further grow our business. KSB Pakistan has gained lot of mileage in petrochemical and energy sectors by supplying pumps and valves for critical process applications. Industry, Energy and Building segments have proved again a cornerstone. Slow performance in public sector was partially covered by good order intake from the private sector and KSB Pakistan managed to post good overall figures in the year 2013.

KSB meets the solar challenge: Solutions for concentrated solar power

Projects

2013 was a mixed year for KSB Projects. We had maintained our focus on certain sizeable business opportunities for a long time. Our efforts were duly rewarded and order intake of KSB Projects increased by more than 60%

KSB Pakistan is set to supply a range of Sewatec Pumps for the construction of Clifton Pumping Station, a Sewage Project in Karachi as compared to year 2012. On execution side, the economic slowdown due to general elections, that was correctly predicted in the beginning of year, led to abysmally low spending by the new government in completion of left-over (taken-over) projects, throughout the whole year leaving us behind our targeted figure for sales.

As a continuous improvement process, some further steps were taken to enhance the performance of KSB Projects. On technology side, we developed 2 new solutions for our customers: 1- Pump as Turbine (PAT) and 2- Solar Energy Driven Pump; to the level that both of these were offered /sold against inquiries/tenders. In addition, we further improved our technical know-how and technology sourcing for our solution on UF and RO treatment, to a level that no other company offers in Pakistan. Further, some structural changes were made to improve the overall efficiency.

Production

The infrastructure improvement at the factory in the year 2013 continued with construction of a new warehouse designed on modern selective pallet racking system, equipped with electronic bar code system and having optimized layout for greater operational efficiency.

KSB Pakistan's state-of-the-art factory in Hassanabdal. It is here we develop the world-class products and system for you

KSB aims to provide world class products and excellent service to its customers worldwide. To this end, a latest drive was launched in the KSB Group to certify all regional companies involved in manufacturing and selling of Products for consistent KSB Product & Processes and to make sure that our customer's first choice from anywhere in the world is KSB. In this connection, 1st MbK (Made by KSB) audit at KSB Pumps Company Limited was conducted in November, 13. This audit brought KSB Pakistan one step closer to achieve a successful certification in year 2014.

Foundry

KSB Pakistan Foundry has maintained its turnover in year 2013 as well

Foundry has maintained its turnover in year 2013. Induction of new shot blast machine, facing sand mixer and TIG welding will further strengthen the capacity and processes in the foundry.

Environmental Excellence Performance Award 2013

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 aims to make its customers' plants safer, more energy efficient and more cost - effective by providing first class products and excellent service.

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).

Your Company has maintained its legacy of environment excellence in the year 2013 as well by winning the Environment Excellence Award. This award was initiated by National Forum for Environment & Health and is designed to recognize and promote organizations which are making outstanding contributions to environment sustainability and development based on strict criteria.

SERVICE

Service is the name of trust and peace of mind clients have while choosing the KSB brand. KSB Service provides a wide range of services, both for KSB and other pump makes, including basic services such as OEM spare parts,

KSB Pakistan achieved phenomenal increase in service business in year 2013

field services, technical support, services projects to performance optimizer packages such as upgrades, safety & monitoring solutions.

KSB Service achieved phenomenal increase in business in year 2013. Order Intake growth remained above 60% while revenue increased by around 50% as compared to last year. This includes partial execution of two important projects pertaining to rehabilitation in Water and Waste Water sector. Significant increase in sale of spare parts reflects the trust our valued clients have endowed on us.

HUMAN RESOURCE

Strategy in to Actions (SIA) program was launched to align focus of all business units on company targets,

Participants of Company Business Review

formulate a 3 year business road map and build a high performing KSB team. In order to gather structured feedback about HR and organization, employee engagement survey was conducted and feedback results were communicated to employees across the organization. Subsequently, an extensive review of HR policies was conducted and proposals for policy changes were prepared for HR & R Committee's approval. Training & development of employees remained in high focus during the year. The company invested in more than 200 training days (national and international) in the year 2013.

ENTERPRISE RISK MANAGEMENT

We define risk as:

> **"a potential damage-causing event"**

It is the policy of KSB to anticipate and avoid risk, wherever possible, rather than dealing with the consequences. Risk Management Policy is directed towards avoiding risk, as management understands that risks cannot be totally eliminated. Only decision taken in uncertainty (whether to do or not to do something) results in a risk.

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.

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.

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 that one party to a financial instrument will cause a financial loss for the other party by failing 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 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 Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. As the Company is a wholly equity financed corporation, with working capital lines, capital comprises all components of equity (share capital, general reserve, and retained earnings) as mentioned on the face of balance sheet, and is raised as required, through the approval of the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY - KSB CARE

The Corporate Social Responsibility is a vital element for any business organization. There are different areas in which a Company may choose to focus its corporate social responsibility. The areas normally considered in the development of Corporate Social Responsibility Programs are education, health, environment, nutrition and employment.
We have continued our role as a responsible corporate entity and regularly contribute towards social and welfare activities. KSB's Corporate Social Responsibility (CSR) Program works under banner of KSB Care. KSB Care is engaged in community development activities with special emphasis on educational activities.

Mohammad Masud Akhtar distributing scholarships under KSB Care Programme

KSB Care is working for the provision of quality education to under privileged children.

KSB Offers internships, apprenticeship training opportunities, educational visits, study projects to students, fresh graduates and supports educational institutions situated around our production facility at Hassanabdal.

Our program has contributed significantly by providing assistance for rehabilitation of educational infrastructure including provision of clean and safe drinking water, construction of class rooms, provision of furniture and fixtures and installation of electric water coolers and fans; merit based scholarships are awarded to brilliant students ranging from primary to graduation level.

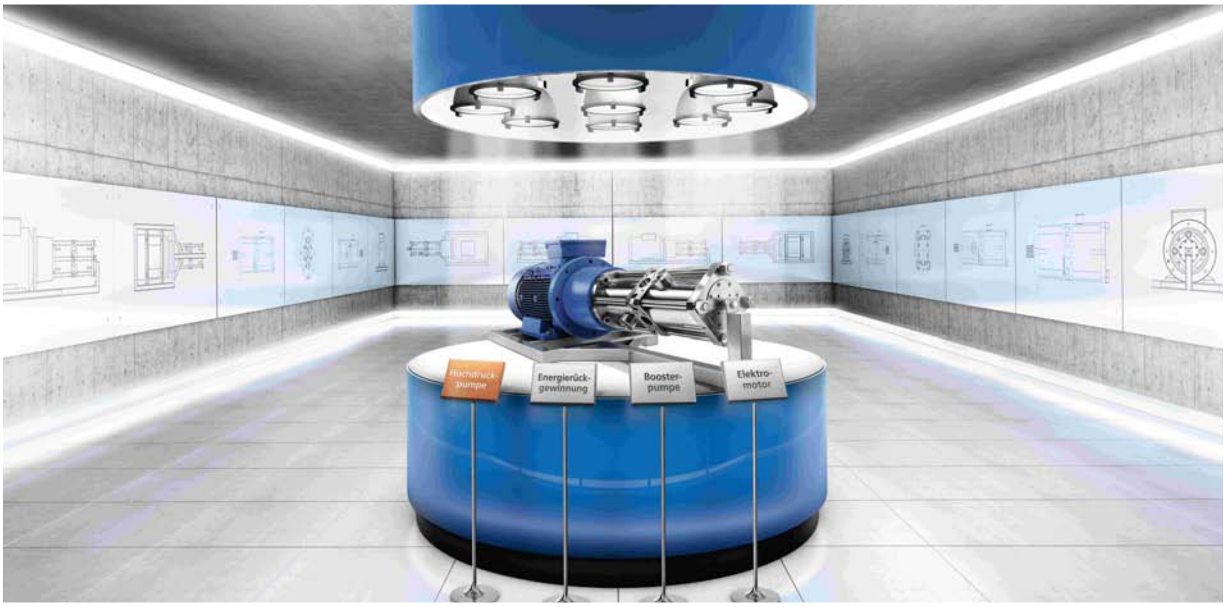
During the year 2013, 169 high achievers were awarded scholarships under the KSB Care Program. In addition donations were also made to hospitals and welfare institutions.

FUTURE OUTLOOK

SALES

KSB Pakistan expects to increase order intake and sales revenue in 2014, by strengthening local product portfolio, especially in chemical and petrochemical sector with pumps for API and fire-fighting solutions. Our focus remains standard and high-end engineered market for Industry, Energy, Building Service and Water & Waste Water. Government has special focus on energy projects, which will boost business activities both for standard and engineered products.

Active dialogue marketing is planned to ideally cover the growth fields of the future in all the above referred segments. Social Media activities will be an integral part of our online communication strategy. We plan to carry out more classic communication, synergizing with videos, social media and Search Engine Optimization - ensuring more and better reach to our customers.



Projects

KSB Projects is looking forward to achieving a handsome growth both in terms of order intake and revenue in 2014. This is based on healthy orders in hand, plenty of ripe business opportunities in Punjab & Sindh namely

MSDP - Jacobabad Water Supply, Dewatering Projects for CWO, SAAF PAANI Project for Punjab, Filter Plants for Lahore, ADB funded development projects of Northern Sindh (SCIP-NSUSC), French grant for Faisalabad, JICA grant for Lahore and Faisalabad etc. Moreover, Water Supply and Sanitation Schemes in Punjab, Sindh (100 MGD Dhabeji, S-III, K-IV in Karachi) and KPK further offer promising prospects for turnkey jobs which we have been actively following.

Continuing with the ambitions to penetrate into the Industry, Energy and Strategic Sectors, KSB Projects has presented itself for necessary enlistments and pre-qualifications, while has initiated process mapping of targeted industrial segments.

The long-awaited settlement of CDWA project has entered into its final shape with the principle approval given by competent authorities to go ahead with the proposal for amicable resolution as offered by KSB.

Service

Ground work has been laid for a new state-of-the-art service workshop at Hassanabdal. This facility would be operational in year 2014 giving us more flexibility, capacity and better strength to serve the market. At Service we aim to have sustainable growth, partnership relationship with our customers and adding value to the overall business and position of KSB Pakistan.

APPROPRIATION

RESULT FOR THE YEAR	Rupees '000'
Profit for the year before providing for taxation	200,962
Provision for taxation	(42,951)
Profit after taxation	158,011
Other comprehensive income /(loss) for the year net of tax	(6,425)
Un-appropriated profit brought forward	7,564
Available for appropriation	159,150
Appropriated as under	
- Transfer to general reserve	105,000
- Proposed dividend @ Rs. 4.00 per share	52,800
	157,800
Un appropriated profit carried forward	1,350

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, 2014.

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, 2013 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.

The following changes have taken place in the Board of Directors since the last annual report for 2012. Syed Hyder Ali was appointed as Director in place of late Mr. Aizaz Sarfraz and Mr. Jamal Nasim was appointed as Director in place of Engr. M. Abdul Jabbar. The Board wishes to place on record its sincere appreciation for valuable services rendered by Engr. M. A. Jabbar.

The Board also extends a warm welcome to Syed Hyder Ali and Mr. Jamal Nasim.

BOARD OF DIRECTORS MEETING

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

S. No.	Name of Director	No. of Meetings Attended
01.	Mr. Tonjes Cerovsky	4
02.	Mr. M. Masud Akhtar	4
03.	Mr. Sajid Mahmood Awan	4
04.	Mr. R. D. Ahmad	2
05.	Mr. Werner Spiegel	2
06.	Engr. M. Abdul Jabbar	2
07.	Mr. Hasan Aziz Bilgrami	3
08.	Mr. Jamal Nasim	1
09.	Syed Hyder Ali	1

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

AUDIT COMMITTEE

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

S. No.	Name of Director				No. of Meetings Attended
1.	Mr. Hasan Aziz Bilgrami	-	Chairman	Non Executive Director.	3
2.	Mr. R. D. Ahmad	-	Member	Non Executive Director.	2
3.	Mr. Werner Spiegel	-	Member	Non-Executive Director.	2

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board of Directors has constituted the Human Resource and Remuneration Committee (HR&R), which comprises of three Directors. The Chairman of the Committee is an independent Director. During the year one meeting was held. The members of the HR&R Committee were as follows:

S. No.	Name of Director		
1.	Mr. Aizaz Sarfraz	-	Chairman
2.	Mr. R. D. Ahmad	-	Member
3.	Mr. Mohammad Masud Akhtar	-	Member

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 have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations.
- There has been no departure from the best practices of transfer pricing.
- The key operating and financial data for the last six years is annexed.
- The value of investments including accrued interest based on respective audited accounts of funds are as follows:

1.	Provident Fund 31.12.2012	:	Rs. 124 million.
2.	Gratuity Fund 31.12.2012	:	Rs. 74 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, 2013 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

We appreciate valued customers and shareholders of the Company for their continued support. We are also thankful for the excellent support and guidance provided to us by our parent Company, M/s. KSB AG.

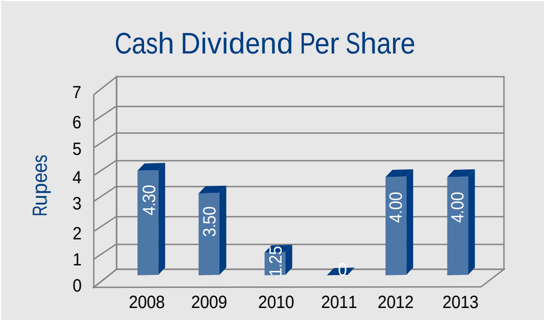
We also acknowledge the hard work and dedication of all the employees which has made it possible to achieve our goals.

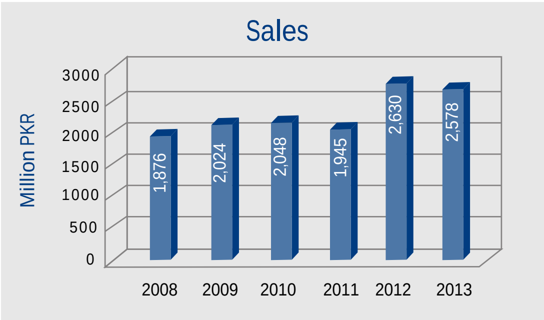
On behalf of the Board

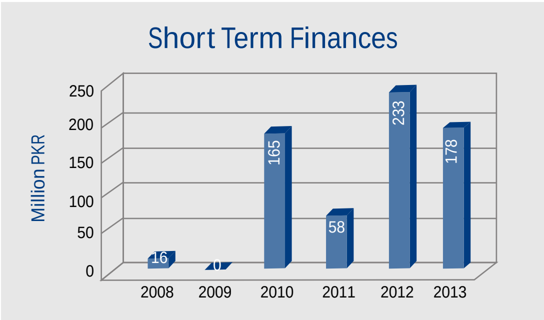
Mohammad Masud Akhtar
Chief Executive

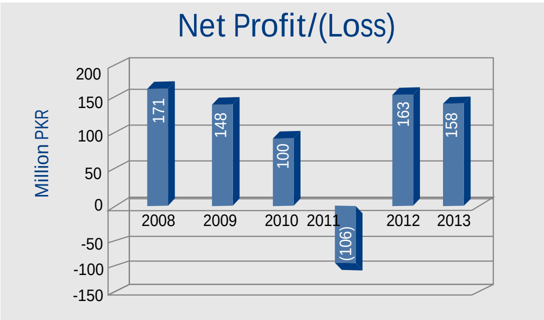
March 17, 2014
Lahore.

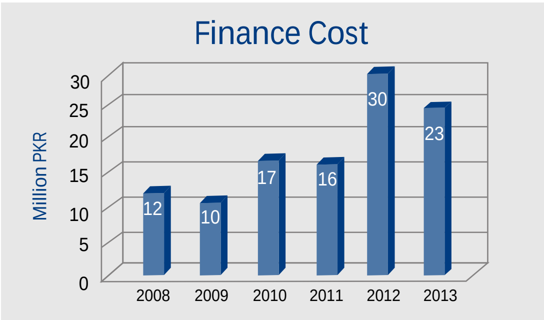
Highlights 6 Years

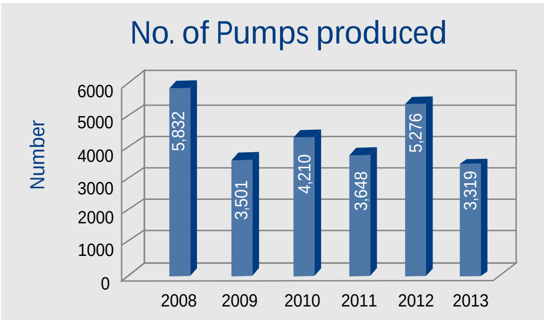












Vertical Analysis

	2013 Rs. in '000'	%age	2012 Rs. in '000'	%age
Balance Sheet				
Net worth / shareholders equity	973,149	41.86%	874,364	38.58%
Non current liabilities	43,860	1.89%	24,825	1.10%
Short term running finances/bank borrowings	177,841	7.65%	233,370	10.30%
Creditors, accrued and other liabilities	1,129,858	48.60%	1,133,858	50.03%
Total liabilities and equity	2,324,707	100.00%	2,266,417	100.00%
Fixed Assets	306,942	13.20%	311,014	13.72%
Long Term Loans and Deposits	15,645	0.67%	10,552	0.47%
Deferred Taxation	14,734	0.63%	23,022	1.02%
Current Assets	1,987,387	85.49%	1,921,828	84.80%
Total Assets	2,324,707	100.00%	2,266,417	100.00%
Profit and Loss Account				
Sales	2,577,686	100.00%	2,630,402	100.00%
Cost of sales	(1,982,697)	(76.92)%	(2,087,813)	(79.37)%
Gross Profit / (Loss)	594,990	23.08%	542,589	20.63%
Distribution and marketing costs	(223,911)	(8.69)%	(222,183)	(8.45)%
Administrative expenses	(168,678)	(6.54)%	(133,479)	(5.07)%
Other operating expenses	(33,886)	(1.31)%	(22,952)	(0.87)%
Other operating income	55,721	2.16%	68,089	2.59%
Operating Profit / (Loss)	224,236	8.70%	232,063	8.82%
Finance Cost	(23,274)	(0.90)%	(30,405)	(1.16)%
Profit / (Loss) before tax	200,962	7.80%	201,658	7.67%
Taxation	(42,951)	(1.67)%	(39,094)	(1.49)%
Profit / (Loss) for the year	158,011	6.13%	162,564	6.18%

2011 Rs. in '000'	%age	2010 Rs. in '000'	%age	2009 Rs. in '000'	%age	2008 Rs. in '000'	%age
705,463	35.33%	826,600	45.69%	773,021	48.49%	676,832	55.28%
33,163	1.66%	63,843	3.53%	52,273	3.28%	42,302	3.46%
57,791	2.89%	164,927	9.12%	171	0.01%	16,421	1.34%
1,200,382	60.12%	753,738	41.66%	768,645	48.22%	488,731	39.92%
1,996,799	100.00%	1,809,108	100.00%	1,594,110	100.00%	1,224,286	100.00%
316,471	15.85%	313,502	17.33%	251,639	15.79%	219,108	17.90%
12,946	0.65%	11,685	0.65%	6,196	0.39%	7,885	0.64%
35,465	1.78%	-	0.00%	-	0.00%	-	0.00%
1,631,917	81.73%	1,483,920	82.02%	1,336,275	83.83%	997,293	81.46%
1,996,799	100.00%	1,809,108	100.00%	1,594,110	100.00%	1,224,286	100.00%
1,944,764	100.00%	2,047,989	100.00%	2,024,248	100.00%	1,876,445	100.00%
(1,628,144)	(83.72)%	(1,564,429)	(76.39)%	(1,522,737)	(75.22)%	(1,368,835)	(72.95)%
316,621	16.28%	483,560	23.61%	501,511	24.78%	507,610	27.05%
(180,096)	(9.26)%	(214,023)	(10.45)%	(183,402)	(9.06)%	(192,937)	(10.28)%
(119,023)	(6.12)%	(128,520)	(6.28)%	(118,321)	(5.85)%	(110,034)	(5.86)%
(199,706)	(10.27)%	(13,387)	(0.65)%	(17,282)	(0.85)%	(15,368)	(0.82)%
42,319	2.18%	42,867	2.09%	41,704	2.06%	56,287	3.00%
(139,886)	(7.19)%	170,498	8.33%	224,210	11.08%	245,558	13.09%
(16,235)	(0.83)%	(17,248)	(0.84)%	(10,421)	(0.51)%	(11,639)	(0.62)%
(156,121)	(8.03)%	153,251	7.48%	213,789	10.56%	233,919	12.47%
50,000	2.57%	(53,471)	(2.61)%	(66,000)	(3.26)%	(63,231)	(3.37)%
(106,121)	(5.46)%	99,779	4.87%	147,789	7.30%	170,688	9.10%

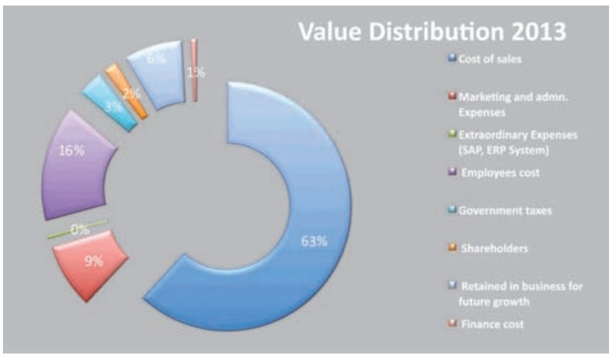
Horizontal Analysis

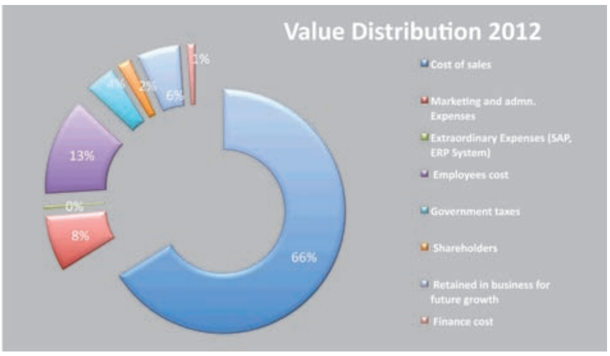
	2013 Rs. in '000	2012 Rs. in '000	Change %	2012 Rs. in '000	2011 Rs. in '000	Change %	2011 Rs. in '000
Balance Sheet							
Net worth / shareholders equity	973,149	874,364	11.30%	874,364	705,463	23.94%	705,463
Non current liabilities	43,860	24,825	76.67%	24,825	33,163	(25.14)%	33,163
Short term running finances/bank borrowings	177,841	233,370	(23.79)%	233,370	57,791	303.82%	57,791
Creditors, accrued and other liabilities	1,129,858	1,133,858	(0.35)%	1,133,858	1,200,382	(5.54)%	1,200,382
Total liabilities and equity	2,324,707	2,266,417	2.57%	2,266,417	1,996,799	13.50%	1,996,799
Fixed Assets	306,942	311,014	(1.31)%	311,014	316,471	(1.72)%	316,471
Long Term Loans and Deposits	15,645	10,552	48.26%	10,552	12,946	(18.49)%	12,946
Deferred Taxation	14,734	23,022	(36.00)%	23,022	35,465	(35.08)%	35,465
Current Assets	1,987,387	1,921,828	3.41%	1,921,828	1,631,917	17.77%	1,631,917
Total Assets	2,324,707	2,266,417	2.57%	2,266,417	1,996,799	13.50%	1,996,799
Profit and Loss Account							
Sales	2,577,686	2,630,402	(2.00)%	2,630,402	1,944,764	35.26%	1,944,764
Cost of sales	(1,982,697)	(2,087,813)	(5.03)%	(2,087,813)	(1,628,144)	28.23%	(1,628,144)
Gross Profit / (Loss)	594,990	542,589	9.66%	542,589	316,621	71.37%	316,621
Distribution and marketing costs	(223,911)	(222,183)	0.78%	(222,183)	(180,096)	23.37%	(180,096)
Administrative expenses	(168,678)	(133,479)	26.37%	(133,479)	(119,023)	12.15%	(119,023)
Other operating expenses	(33,886)	(22,952)	47.63%	(22,952)	(199,706)	(88.51)%	(199,706)
Other operating income	55,721	68,089	(18.16)%	68,089	42,319	60.89%	42,319
Operating Profit / (Loss)	224,236	232,063	3.37%	232,063	(139,886)	265.89%	(139,886)
Finance Cost	(23,274)	(30,405)	(23.45)%	(30,405)	(16,235)	87.28%	(16,235)
Profit / (Loss) before tax	200,962	201,658	0.35%	201,658	(156,121)	229.17%	(156,121)
Taxation	(42,951)	(39,094)	9.87%	(39,094)	50,000	178.19%	50,000
Profit / (Loss) for the year	158,011	162,564	2.80%	162,564	(106,121)	253.19%	(106,121)

2010 Rs. in '000	Change %	2010 Rs. in '000	2009 Rs. in '000	Change %	2009 Rs. in '000	2008 Rs. in '000	Change %	2008 Rs. in '000	2007 Rs. in '000	Change %
826,600	(14.83)%	826,600	773,021	6.93%	773,021	676,832	14.21%	676,832	590,143	14.69%
63,843	(44.48)%	63,843	52,273	22.13%	52,273	42,302	23.57%	42,302	32,602	29.75%
164,927	(64.96)%	164,927	171	96153.82%	171	16,421	(98.96)%	16,421	47,795	(65.64)%
753,738	59.26%	753,738	768,645	(1.94)%	768,645	488,731	57.27%	488,731	411,413	18.79%
1,809,108	10.42%	1,809,108	1,594,110	13.49%	1,594,110	1,224,286	30.21%	1,224,286	1,081,953	13.16%
313,502	0.95%	313,502	251,639	24.58%	251,639	219,108	14.85%	219,108	152,303	43.86%
11,685	10.79%	11,685	6,196	88.59%	6,196	7,885	(21.42)%	7,885	8,336	(5.41)%
-		-	-		-	-		-	-	
1,483,920	9.94%	1,483,920	1,336,275	11.05%	1,336,275	997,293	33.99%	997,293	921,314	8.25%
1,809,108	10.42%	1,809,108	1,594,110	13.49%	1,594,110	1,224,286	30.21%	1,224,286	1,081,953	13.16%
2,047,989	(5.04)%	2,047,989	2,024,248	1.17%	2,024,248	1,876,445	7.88%	1,876,445	1,664,543	12.73%
(1,564,429)	3.29%	(1,564,429)	(1,522,737)	2.74%	(1,522,737)	(1,368,835)	11.24%	(1,368,835)	(1,198,453)	14.22%
483,560	(34.52)%	483,560	501,511	(3.58)%	501,511	507,610	(1.20)%	507,610	466,090	8.91%
(214,023)	(15.85)%	(214,023)	(183,402)	16.70%	(183,402)	(192,937)	(4.94)%	(192,937)	(161,898)	19.17%
(128,520)	(7.39)%	(128,520)	(118,321)	8.62%	(118,321)	(110,034)	7.53%	(110,034)	(90,562)	21.50%
(13,387)	1391.82%	(13,387)	(17,282)	(22.54)%	(17,282)	(15,368)	12.45%	(15,368)	(18,654)	(17.62)%
42,867	(1.28)%	42,867	41,704	2.79%	41,704	56,287	(25.91)%	56,287	41,429	35.86%
170,498	(182.05)%	170,498	224,210	(23.96)%	224,210	245,558	(8.69)%	245,558	236,405	3.87%
(17,248)	(5.87)%	(17,248)	(10,421)	65.51%	(10,421)	(11,639)	(10.46)%	(11,639)	(8,413)	38.35%
153,251	(201.87)%	153,251	213,789	(28.32)%	213,789	233,919	(8.61)%	233,919	227,992	2.60%
(53,471)	(193.51)%	(53,471)	(66,000)	(18.98)%	(66,000)	(63,231)	4.38%	(63,231)	(57,313)	10.33%
99,779	(206.36)%	99,779	147,789	(32.49)%	147,789	170,688	(13.42)%	170,688	170,680	0.00%

Statement of Value Addition

	2013	%age	2012	%age
	Rs. in '000'		Rs. in '000'	
Value Addition				
Net sales	2,577,686	97.88	2,630,402	97.48
Other income	55,721	2.12	68,089	2.52
	2,633,407	100.00	2,698,491	100.00
Value Distribution				
Cost of sales (excluding employees' cost & Depreciation/Amortization)	1,662,945	63.15	1,787,176	66.23
Marketing, admin. & other expenses (excluding employees' cost, Depreciation, & Extraordinary Expenses)	228,972	8.69	201,101	7.45
Extraordinary Expenses (CRM Implementation Cost)	10,115	0.38	9,203	0.34
Employees cost				
- Salaries, wages, amenities and staff welfare	399,801	15.18	341,337	12.65
- Workers' profit particiaption fund	10,713	0.41	10,781	0.40
	410,514	15.59	352,118	13.05
Government				
- Taxes & Duties	88,838	3.37	106,460	3.95
- Workers' welfare fund	2,582	0.10	2,819	0.10
	91,420	3.47	109,278	4.05
Shareholders				
- Dividend	52,800	2.01	52,800	1.96
- Bonus shares	-	0.00	-	0.00
	-	2.01	52,800	1.96
Retained in business for future growth				
- Depreciation & Amortization	48,157	1.83	46,647	1.73
- Retained profit	105,211	4.00	109,764	4.07
	153,367	5.82	156,411	5.80
Finance cost	23,274	0.88	30,405	1.13
	2,633,407	100.00	2,698,491	100.00





Key Financial Data for 6 Years

Rupees in '000'

	2013	2012	2011	2010	2009	2008
Balance sheet						
Paid up capital	132,000	132,000	132,000	132,000	132,000	120,000
Reserves	841,149	742,364	573,463	694,600	641,021	556,832
Net worth / sharesholders equity	973,149	874,364	705,463	826,600	773,021	676,832
Non current liabilities	43,860	24,825	33,163	63,843	52,273	42,302
Short term running finances/ bank borrowings	177,841	233,370	57,791	164,927	171	16,421
Creditors, accrued & other liabilities	1,129,858	1,133,858	1,200,382	753,738	768,645	488,731
Current liablitities	1,307,699	1,367,228	1,258,173	918,665	768,817	505,152
Total liabilities	1,351,559	1,392,053	1,291,336	982,508	821,090	547,454
Total Liabilities & Equity	2,324,707	2,266,417	1,996,799	1,809,108	1,594,110	1,224,286
Fixed assets	306,942	311,014	316,471	313,502	251,639	219,108
Long term loans and deposits	15,645	10,552	12,946	11,685	6,196	7,885
Deferred taxation	14,734	23,022	35,465	-	-	-
Current assets	1,987,387	1,921,828	1,631,917	1,483,920	1,336,275	997,293
Total assets	2,324,707	2,266,417	1,996,799	1,809,108	1,594,110	1,224,286
Inventory	505,291	638,231	436,319	504,449	414,139	394,488
Debtors	1,037,397	920,735	866,753	632,844	526,560	388,555
Trade and other payables	1,077,216	1,086,064	1,173,173	710,812	732,617	455,121
Matertial consumption	1,246,883	1,401,889	1,053,942	1,047,964	1,011,436	965,555
Profit and loss						
Sales	2,577,686	2,630,402	1,944,764	2,047,989	2,024,248	1,876,445
Cost of goods sold	(1,982,697)	(2,087,813)	(1,628,144)	(1,564,429)	(1,522,737)	(1,368,835)
Gross Profit	594,990	542,589	316,621	483,560	501,511	507,610
Distribution and marketing cost	(223,911)	(222,183)	(180,096)	(214,023)	(183,402)	(192,937)
Administrative expenses	(168,678)	(133,479)	(119,023)	(128,520)	(118,321)	(110,034)
Other operating expenses	(33,886)	(22,952)	(199,706)	(13,387)	(17,282)	(15,368)
Other operating income	55,721	68,089	42,319	42,867	41,704	56,287
Operating Profit	224,236	232,063	(139,886)	170,498	224,210	245,558
Finance Cost	(23,274)	(30,405)	(16,235)	(17,248)	(10,421)	(11,639)
Profit before tax	200,962	201,658	(156,121)	153,251	213,789	233,919
Taxation	(42,951)	(39,094)	50,000	(53,471)	(66,000)	(63,231)
Net Profit	158,011	162,564	(106,121)	99,779	147,789	170,688

Key Performance Indicators

		2013	2012	2011	2010	2009	2008
Gross Margin	%	23.08	20.63	16.28	23.61	24.78	27.05
Net profit to Sales	%	6.13	6.18	(5.46)	4.87	7.30	9.10
Return on equity	%	16.24	18.59	(15.04)	12.07	19.12	25.22
Return on capital employed	%	22.05	25.81	(18.94)	19.15	27.17	34.15
Return on assets	%	6.80	7.17	(5.31)	5.52	9.27	13.94
EBITDA	Rupees in '000	272,393	278,709	(95,604)	205,618	254,782	270,782
EBITDA margin	%	10.57	10.60	(4.92)	10.04	12.59	14.43
Inventroy turnover ratio	Times	2.47	2.20	2.42	2.08	2.45	2.45
Inventory turnover in number of days	Days	148	166	151	176	149	149
Debtor Turnover ratio	Times	2.48	2.86	2.24	3.24	3.84	4.83
Collection period (Days)	Days	147	128	163	113	95	76
Creditor turnover	Times	1.84	1.92	1.39	2.20	2.09	3.01
Credit turnover in number of days	Days	198	190	263	166	175	121
Operating cycle	Days	97	104	51	123	69	103
Total assets trunover ratio	Times	1.11	1.16	0.97	1.13	1.27	1.53
Fixed assets turnover ratio	Times	8.40	8.46	6.15	6.53	8.04	8.56
Price earning ratio	Times	7.55	5.28	(3.02)	7.95	6.70	17.86
Cash dividend per share	Rupees	4.00	4.00	-	1.25	3.50	4.30
Bonus shares	%	-	-	-	-	-	10.00
Dividend yield ratio	Times	0.04	0.06	-	0.02	0.05	0.02
Dividend pay out ratio	Times	0.33	0.32	-	0.17	0.31	0.33
Dividend cover ratio	Times	2.99	3.08	-	6.05	3.20	3.01
Earnings Per Share	Rupees	11.97	12.32	(8.04)	7.56	11.20	12.93
Number of Shares	Number	13,200	13,200	13,200	13,200	13,200	13,200
Debt Equity Ratio		1.39 : 1	1.59 : 1	1.83 : 1	1.19 : 1	1.06 : 1	0.81 : 1
Interest Cover ratio	Times	9.63	7.63	(8.62)	9.89	21.52	21.10
Current Ratio	Times	1.52	1.41	1.30	1.62	1.74	1.97
Acid test ratio	Times	1.13	0.94	0.95	1.07	1.20	1.19
Break up value per share	Rupees	73.72	66.24	53.44	62.62	58.56	51.28
Market Value of shares - year end	Rupees	90.35	65.00	24.31	60.11	75.02	230.98
Market Value of shares - high	Rupees	98.00	73.18	62.11	60.11	230.98	230.98
Market Value of shares - low	Rupees	59.85	22.83	24.30	92.48	71.42	152.25
Summary of cash flow statement							
Operating activities	Rupees in '000	156,234	(130,902)	74,079	(92,165)	289,729	14,955
Investing activities	Rupees in '000	(46,162)	(38,549)	(43,347)	(95,326)	(65,321)	(91,583)
Financing Activities	Rupees in '000	(52,589)	(8)	(16,443)	(46,085)	(51,410)	(83,634)
Cash and cash equivelent - closing balance	Rupees in '000	(99,313)	(156,796)	12,663	(1,626)	231,951	58,953

Pattern of Shareholding
as at December 31, 2013

Number of Shareholders	Shareholding			Total Shares Held
275	1	to	100	7,294
224	101	to	500	69,433
268	501	to	1000	175,144
157	1001	to	5000	380,754
25	5001	to	10000	183,825
8	10001	to	15000	105,974
3	15001	to	20000	59,849
2	20001	to	25000	48,500
1	25001	to	30000	27,600
1	30001	to	35000	31,703
1	35001	to	40000	40,000
1	50001	to	55000	51,500
1	55001	to	60000	56,000
2	65001	to	70000	136,000
1	95001	to	100000	99,500
1	135001	to	140000	137,288
1	140001	to	145000	143,863
1	215001	to	220000	218,000
1	270001	to	275000	272,373
1	330001	to	335000	331,178
1	335001	to	340000	336,575
1	1085001	to	1090000	1,088,661
1	1425001	to	1430000	1,426,011
1	7770001	to	7775000	7,772,975
979				13,200,000

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Associated Companies	1	7,772,975	58.89
Modarabas & Mutual Funds	4	283,500	2.15
Insurance Companies	2	276,810	2.10
Directors, CEO, their spouse & minor children	-	-	-
National Bank of Pakistan Trustee Department (NIT)	1	1,426,011	10.80
Investment Corporation of Pakistan	-	-	-
Banks Development Financial Institutions, NBFI, Joint Stock Companies	15	1,229,771	9.32
General Public	954	2,174,413	16.46
Others: Trustees Mohammed Amin Wakf Estate - 31,703	2	36,520	0.28
Trustees NBP Employees Benevolent Fund - 4,817			-
Total	979	13,200,000	100.00

Information as required under the Code of Corporate Governance

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies, Undertakings and Related Parties		
KSB AG, Germany.	1	7,772,975
Directors	Nil	Nil
Directors' spouses and minor children	Nil	Nil
CEO's spouse and minor children	Nil	Nil
Executives	Nil	Nil
Public Sector Companies and Corporations	3	1,361,225
Mutual Funds		
Golden Arrow Selected Stocks Fund Limited	1	218,000
CDC Trustee Nafa Stock Fund	1	6,000
National Bank of Pakistan - Trustee Department NI (U) T Fund	1	1,426,011
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modaraba and Joint Stock Companies	16	177,256
General Public	954	2,202,013
(a) Local 954		
(b) Foreign Nil		
Others	2	36,520
Total	979	13,200,000

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	1,426,011
National Bank of Pakistan	1	1,088,661

Statement of Compliance
with the Code of Corporate Governance for the year ended December 31, 2013

This statement is being presented to comply with the requirements of the Code of Corporate Governance (CCG) as contained in the listing regulation No. 35 of Stock Exchanges of Pakistan 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	Syed Hyder Ali
Executive Directors	Mr. Mohammad Masud Akhtar Mr. Sajid Mahmood Awan
Non-Executive Directors	Mr. Tonjes Cerovsky Mr. Werner Spiegel Mr. R.D. Ahmad 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancy occurred in the Board of Directors during the year which were filled by the Directors within 90 days.

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. The Company provided information to foreign Directors of their duties and responsibilities. Other Directors being professionals and Directors of other local companies are already aware of their duties and responsibilities, however, an in-house briefing and information on the Code of Corporate Governance 2012 has been provided. Three Directors have already acquired certification under Directors Training Programme from PICG.

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 three 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.

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, 2014
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') to comply with the Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges, 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.

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 Requlations 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, 2013.

Chartered Accountants

Name of audit engagement partner: Imran Farooq Mian

Lahore: March 17, 2014

Auditors' Report to the Members

We have audited the annexed balance sheet of KSB Pumps Company Limited as at December 31, 2013 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, except for the change in accounting policy referred to in note 4.2.1.1, with which we concur;

  (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, 2013 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: Imran Farooq Mian

Lahore: March 17, 2014

Balance Sheet
As at December 31, 2013

	Note	2013 Rupees	2012 Rupees (Restated)	2011 Rupees (Restated)
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised capital 15,000,000 (2012: 15,000,000) ordinary shares of Rs 10 each		150,000,000	150,000,000	150,000,000
Issued, subscribed and paid up capital 13,200,000 (2012: 13,200,000) ordinary shares of Rs 10 each	5	132,000,000	132,000,000	132,000,000
General reserve		682,000,000	678,000,000	678,000,000
Unappropriated profit		159,148,927	64,363,664	(104,536,748)
		973,148,927	874,363,664	705,463,252
NON CURRENT LIABILITIES				
Employees' retirement and other benefits	6	43,859,504	24,825,253	33,163,185
CURRENT LIABILITIES				
Short term finances - secured	7	177,841,074	233,370,193	57,790,579
Trade and other payables	8	1,077,216,146	1,086,064,279	1,173,173,448
Provision for other liabilities and charges	9	47,189,696	41,560,872	25,312,081
Accrued finance cost		5,452,132	6,232,664	1,895,994
		1,307,699,048	1,367,228,008	1,258,172,102
CONTINGENCIES AND COMMITMENTS	10			
		2,324,707,479	2,266,416,925	1,996,798,539

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

Chief Executive

	Note	2013 Rupees	2012 Rupees (Restated)	2011 Rupees (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	11	297,224,703	306,305,098	308,557,668
Investment property	12	1,225,989	1,439,205	1,652,421
Intangible assets	13	1,825,736	1,909,954	2,150,179
Capital work in progress	14	6,665,875	1,360,125	4,110,437
Long term loans and deposits	15	15,644,606	10,551,813	12,945,736
Deferred taxation	16	14,733,566	23,022,378	35,464,869
		337,320,475	344,588,573	364,881,310
CURRENT ASSETS				
Stores, spares and loose tools		42,517,732	53,455,480	37,133,567
Stock-in-trade	17	462,773,223	584,775,761	399,184,633
Trade debts	18	1,037,396,932	920,734,756	866,752,695
Advances, deposits, prepayments and other receivables	19	366,170,824	286,288,628	258,393,074
Cash and bank balances	20	78,528,293	76,573,727	70,453,260
		1,987,387,004	1,921,828,352	1,631,917,229
		2,324,707,479	2,266,416,925	1,996,798,539

Director

Profit and Loss Account
For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees (Restated)
Sales	21	2,577,686,168	2,630,402,405
Cost of sales	22	(1,982,696,527)	(2,087,813,298)
Gross profit		594,989,641	542,589,107
Distribution and marketing expenses	23	(223,911,428)	(222,183,463)
Administration expenses	24	(168,677,820)	(133,479,393)
Other operating expenses	25	(33,885,522)	(22,952,290)
Other operating income	26	55,721,073	68,088,845
Profit from operations		224,235,944	232,062,806
Finance cost	27	(23,274,153)	(30,404,837)
Profit before tax		200,961,791	201,657,969
Taxation	28	(42,951,175)	(39,093,626)
Profit for the year		158,010,616	162,564,343
Earnings per share - basic and diluted	35	11.97	12.32

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.

Chief Executive **Director**

Statement of Comprehensive Income
For the year ended December 31, 2013

	2013 Rupees	2012 Rupees (Restated)
Profit for the year	158,010,616	162,564,343
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit plans-net of tax	(6,425,353)	6,336,069
Items that may be reclassified to profit or loss	-	-
Other comprehensive income/(Loss) for the year- net of tax	(6,425,353)	6,336,069
Total comprehensive income for the year	151,585,263	168,900,412

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

Chief Executive **Director**

Cash Flow Statement

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees (Restated)
Cash flows from operating activities			
Cash generated/(used in) from operations	30	250,597,009	(1,365,502)
Finance cost paid		(24,054,685)	(26,068,167)
Taxes paid		(59,142,240)	(93,276,082)
Employees' retirement and other benefits paid		(6,072,907)	(12,586,483)
Net (increase)/decrease in long term loans and deposits		(5,092,793)	2,393,923
Net cash from/(used in) operating activities		156,234,384	(130,902,311)
Cash flows from investing activities			
Fixed capital expenditure		(58,389,256)	(47,121,756)
Proceeds from sale of property, plant and equipment		12,227,621	8,572,635
Net cash used in investing activities		(46,161,635)	(38,549,121)
Cash flows from financing activities			
Dividend paid		(52,589,064)	(7,715)
Net cash used in financing activities		(52,589,064)	(7,715)
Net increase/(decrease) in cash and cash equivalents		57,483,685	(169,459,147)
Cash and cash equivalents at the beginning of the year		(156,796,466)	12,662,681
Cash and cash equivalents at the end of the year	31	(99,312,781)	(156,796,466)

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

Chief Executive

Director

Statement of Changes In Equity

For the year ended December 31, 2013

	Share capital	General reserves	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at December 31, 2011	132,000,000	678,000,000	(106,020,640)	703,979,360
Effect of change in accounting policy (note-4.2.1.1)	-	-	1,483,892	1,483,892
Balance as at December 31, 2011- Restated	132,000,000	678,000,000	(104,536,748)	705,463,252
Total comprehensive income for the year	-	-	168,900,412	168,900,412
Balance as at December 31, 2012-Restated	132,000,000	678,000,000	64,363,664	874,363,664
Final dividend for the year ended December 31, 2012 Rs 4 per share			(52,800,000)	(52,800,000)
Transfer to general reserve	-	4,000,000	(4,000,000)	-
Total comprehensive income for the year	-	-	151,585,263	151,585,263
Balance as at December 31, 2013	132,000,000	682,000,000	159,148,927	973,148,927

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

Chief Executive **Director**

1. Legal status and nature of business

KSB Pumps Company Limited (a KSB group 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. The Company is 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 to published standards and interpretations effective in current year

- Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS 16, 'Property plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The application of these amendments have no material impact on the Company's financial statements.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 01, 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. IAS 19 (revised) amends the accounting for employment benefits. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Company has been explained in note 4.2.1.1.

2.2.2 Standards, amendments and interpretations that are not yet effective

	Effective date (accounting periods beginning on or after)
IAS 32- Financial Instruments: Presentation	January 1, 2014
IFRS 9- Financial Instruments	January 1, 2015

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2014.

IFRS 2 - Share Based Payments	January 01, 2014
IFRS 3 - Business Combinations	July 01, 2014
IFRS 8- Operating Segments	July 01, 2014
IFRS 10- Consolidated Financial Statements	January 01, 2014
IFRS 12- Disclosure for interest in other entities	January 01, 2014
IFRS 14- Fair Value Measurements	July 01, 2014
IAS 27- Separate Financial Statements	January 01, 2014

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.

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.

4.2 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 2.466 million (2012: Rs 11.905 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	11.50% per annum
Expected rate of return	11.00% per annum
Discount rate	11.00% 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 9.981 million to the gratuity fund for the year ended December 31, 2014.

(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	11.50% per annum
Discount rate	11.00% 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	11.50% per annum
Discount rate	11.00% per annum

The latest actuarial valuation of all defined benefit plans was carried out as at December 31, 2013

4.2.1.1 Change in accounting policy

During the current year, the Company has changed its accounting policy in respect of post retirement defined benefits plans. The new policy is in accordance with the requirements of IAS 19 revised, 'Employee Benefits'. According to new policy, on remeasurments, actuarial gains and losses result from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments, the return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset), are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income (OCI) in the periods in which they occur.

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of the change in accounting policy on the prior period financial statements have been summarised below:

Impact on balance sheet

	December 31, 2013 Rupees (000)	December 31, 2012 Rupees (000)	December 31, 2011 Rupees (000)
(Increase)/Decrease in employees' retirement and other benefits	(9,885)	9,748	2,283
Increase/ (Decrease) in advances, deposits, prepayments and other receivables	2,887	(3,184)	550
Increase/ (Decrease) in deferred taxation	573	(227)	(1,349)
(Decrease)/ Increase in unappropriated profit	(6,425)	6,336	1,484

Impact on Profit and Loss Account

Increase in administration expenses	358	-
Decrease in profit before tax	358	-
Decrease in earning per share	0.0271	-

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, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at December 31, 2012 has not required any adjustment as its impact is considered insignificant.

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

4.8 Stores, spares and loose tools

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

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

4.9 Stock-in-trade

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

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

4.10 Trade debts

Trade debts are 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 cost is accounted for on an accrual basis and is included in current liabilities to the extent of remaining unpaid amount.

4.13 Trade and other payables

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 c urrency 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

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 2,112.921 million (2012: Rs 1,995.930 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

2013	2012		**2013**	2012
(Number of shares)			**Rupees**	Rupees
973,100	973,100	Ordinary shares of Rs 10 each fully paid in cash	9,731,000	9,731,000
8,000	8,000	Ordinary shares of Rs 10 each issued as fully paid against property	80,000	80,000
12,218,900	12,218,900	Ordinary shares of Rs 10 each issued as fully paid bonus shares	122,189,000	122,189,000
13,200,000	13,200,000		132,000,000	132,000,000

As at December 31, 2013, the holding company KSB AG, Germany held 7,772,975 (2012: 7,772,975) shares of the Company.

		2013 Rupees	2012 Rupees (Restated)
6. Employees' retirement and other benefits			
These are composed of:			
Ex-gratia scheme	- note 6.1	22,796,034	18,744,314
Gratuity	- note 6.2	3,846,915	(6,722,182)
Accumulating compensated absences	- note 6.3	17,216,555	12,803,121
		43,859,504	24,825,253
6.1 Ex-gratia			
Liability as at January 1		18,744,314	17,039,704
Charged to profit and loss account		2,946,588	2,984,867
Remeasurement chargeable in other comprehensive income		1,635,987	(649,362)
Payments made by the company		(530,855)	(630,895)
Liability as at December 31		22,796,034	18,744,314
6.2 Gratuity			
Present value of defined benefit obligation		84,910,182	72,838,318
Fair value of plan assets		(81,063,267)	(79,560,500)
Liability as at December 31		3,846,915	(6,722,182)
Liability as at January 1		(6,722,182)	2,365,309
Charged to profit and loss account		6,720,923	8,855,651
Contribution by the company		(4,401,047)	(8,844,705)
Remeasurement chargeable in other comprehensive income		8,249,221	(9,098,437)
Liability as at December 31		3,846,915	(6,722,182)
The movement in the present value of defined benefit obligation is as follows:			
Present value as at January 1		72,838,318	72,840,831
Current service cost		7,460,363	8,559,987
Interest cost		8,012,215	9,105,104
Contribution by the employees		-	637,699
Benefits paid		(5,364,666)	(12,302,523)
Experience loss/(gain)		1,963,952	(6,002,780)
Present value as at December 31		84,910,182	72,838,318
The movement in fair value of plan assets is as follows:			
Fair value as at January 1		79,560,500	70,475,522
Expected return on plan assets		8,751,655	8,809,440
Company's contributions		4,401,047	8,844,705
Contribution by the employees		-	637,699
Benefits paid		(5,364,666)	(12,302,523)
Experience (loss)/gain		(6,285,269)	3,095,657
Fair value as at December 31		81,063,267	79,560,500
Plan assets are comprised of as follows:			
Debt (Investments)		76,728,964	79,226,940
Balance at bank		5,644,290	333,560
Payable to Outgoing Members		(1,309,987)	-
		81,063,267	79,560,500

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				
	2013	2012	2011	2010	2009
As at December 31					
Present value of defined benefit obligation	84,910,182	72,838,318	72,840,831	75,300,886	64,278,263
Fair value of plan assets	81,063,267	79,560,500	70,475,522	67,574,522	57,893,500
(Deficit)/ Surplus	(3,846,915)	6,722,182	(2,365,309)	(7,726,364)	(6,384,763)
Experience adjustment on obligation	2%	8%	14%	0%	(4)%
Experience adjustment on plan assets	(7)%	4%	(7)%	(3)%	(5)%

	2013 Rupees	2012 Rupees
6.3 Accumulating compensated absence		
Liability as at January 1	12,803,121	13,758,172
Charged to profit and loss account	5,554,439	2,155,832
Payments made by the company	(1,141,005)	(3,110,883)
Liability as at December 31	17,216,555	12,803,121

7. Short term finances - secured

Finances available from commercial banks under mark up arrangements amount to Rs 822 million (2012: Rs. 882 million). The rates of mark up range from Re 0.2468 to Re 0.2841 per Rs 1,000 per diem or part thereof on the balance outstanding.

Of aggregate facility of letters of credit of Rs 480 million (2012: Rs 575 million) and guarantees of Rs 1,569 million (2012: Rs 1,500 million) the amounts utilized as at December 31, 2013 was Rs 25.709 million (2012: Rs 16.91 million) and Rs 175.994 million (2012: Rs 272.213 million) respectively.

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

		2013 Rupees	2012 Rupees
8. Trade and other payables			
Trade creditors	- note 8.1	257,831,132	302,407,195
Accrued liabilities	- note 8.2	304,843,210	216,494,706
Advances from customers		448,874,307	490,886,272
Due against construction work in progress		4,369,000	32,012,000
Due to provident fund	- note 8.3	10,512,756	2,073,649
Workers' profit participation fund	- note 8.4	10,712,821	780,786
Workers' welfare fund		6,077,766	3,495,956
Rent received in advance		3,256,840	6,062,399
Unclaimed dividends		1,956,970	1,746,034
Other liabilities		28,781,344	30,105,282
		1,077,216,146	1,086,064,279

8.1 Trade creditors include amount due to holding company of Rs 110.030 million (2012: Rs 153.639 million) and associated undertakings of Rs 8.637 million (2012: Rs 9.463 million).

8.2 Accrued liabilities include amount due to holding company of Rs 48.229 million (2012: 32.715 million) and associated undertakings of Rs 17.960 million (2012: Rs 34.516 million).

	2013 Rupees	2012 Rupees
8.3 Disclosure related to Provident Fund		
Size of the fund	156,768,270	132,661,660
Cost of investments made	107,000,000	91,708,665
Percentage of investments made	68%	69%
Fair value of investments	142,960,000	123,858,655
Breakup of investments		
Defence Savings Certificates	61,000,000	61,000,000
National Investment Trust Units	-	15,708,665
Term Deposit Receipts	46,000,000	15,000,000
Breakup of investments		
Defence Savings Certificates	57%	67%
National Investment Trust Units	-	17%
Term Deposit Receipts	43%	16%

The figures for 2013 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 Ordinance and the rules formulated for this purpose.

		2013 Rupees	2012 Rupees
8.4 Workers' profit participation fund			
Balance at beginning of the year		780,786	-
Allocation for the year	- note 25	10,712,821	10,780,786
		11,493,607	10,780,786
Less: Payments made during the year		780,786	10,000,000
Balance at the end of the year		10,712,821	780,786
9. Provisions for other liabilities and charges			
Bonus to employees	- note 9.1	30,443,523	24,465,951
Sales incentive scheme	- note 9.2	16,746,173	17,094,921
		47,189,696	41,560,872

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, 2013	24,465,951	17,094,921	41,560,872
Provisions made during the year	31,646,295	18,090,161	49,736,456
Provisions used during the year	(25,668,723)	(18,438,909)	(44,107,633)
Balance as at December 31, 2013	30,443,523	16,746,173	47,189,696

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, 2013 are expected to be utilized in the next financial year.

10. Contingencies and commitments

10.1 Contingencies

The company has issued guarantees of Rs 175.994 million (2012: Rs 272.213 million) against the performance of various contracts.

10.2 Commitments in respect of

Letters of credit other than for capital expenditure approximately Rs 25.709 million (2012: Rs 16.91 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
Net carrying value basis										
Year ended December 31, 2013										
Opening net book value (NBV)	1,372,520	35,828,216	113,987,810	10,799,032	16,074,388	42,822,318	11,003,772	11,858,590	62,558,452	306,305,098
Additions (at cost)	-	-	3,492,376	1,671,026	7,409,501	5,255,140	1,128,136	10,203,149	22,740,440	51,899,768
Disposals (at NBV)	-	-	-	-	-	(53,771)	(201,112)	(525,212)	(10,431,819)	(11,211,914)
Written off	-	-	(2,947,975)	-	-	-	-	(144,664)	-	(3,092,639)
Depreciation charge	-	(1,522,145)	(13,365,558)	(2,054,603)	(4,071,061)	(9,351,868)	(972,909)	(5,765,549)	(9,571,917)	(46,675,610)
Closing 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
Gross carrying value basis										
As at December 31, 2013										
Cost	1,372,520	65,020,958	238,851,707	50,567,136	79,585,871	84,796,935	18,578,456	63,983,169	95,173,991	697,930,743
Accumulated depreciation	-	(30,714,887)	(137,685,054)	(40,151,681)	(60,173,043)	(46,125,116)	(7,620,569)	(48,356,855)	(29,878,835)	(400,706,040)
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
Depreciation rate % per annum	-	3.33	6.66 - 10.00	10.00	16.67	12.50	6.67	20.00	20.00	
Net carrying value basis										
Year ended December 31, 2012										
Opening net book value (NBV)	1,372,520	37,350,360	122,783,609	10,251,673	14,096,730	45,819,936	11,367,227	13,782,582	51,733,031	308,557,668
Additions (at cost)	-	-	5,641,559	2,386,581	5,469,832	5,981,268	614,470	4,151,466	23,893,499	48,138,675
Disposals (at NBV)	-	-	(1,340,959)	-	-	-	(46,107)	(57,068)	(4,487,261)	(5,931,395)
Depreciation charge	-	(1,522,144)	(13,096,399)	(1,839,222)	(3,492,174)	(8,978,886)	(931,818)	(6,018,390)	(8,580,817)	(44,459,850)
Closing net book value (NBV)	1,372,520	35,828,216	113,987,810	10,799,032	16,074,388	42,822,318	11,003,772	11,858,590	62,558,452	306,305,098
Gross carrying value basis										
As at December 31, 2012										
Cost	1,372,520	65,020,958	240,198,592	48,896,110	72,176,370	79,599,794	18,778,612	64,779,277	88,847,928	679,670,161
Accumulated depreciation	-	(29,192,742)	(126,210,782)	(38,097,078)	(56,101,982)	(36,777,476)	(7,774,840)	(52,920,687)	(26,289,476)	(373,365,063)
Net book value (NBV)	1,372,520	35,828,216	113,987,810	10,799,032	16,074,388	42,822,318	11,003,772	11,858,590	62,558,452	306,305,098
Depreciation rate % per annum	-	3.33	6.66 - 10.00	10.00	16.67	12.50	6.67	20.00	20.00	

The cost of fully depreciated property, plant and equipment which are still in use as at December 31, 2013 is Rs 252.345 million (2012: Rs 217.296 million).

		2013 Rupees	2012 Rupees
11.1 The depreciation charge for the year has been allocated as follows:			
Cost of sales	- note 22	36,723,747	33,614,990
Distribution and marketing expenses	- note 23	2,916,482	3,030,839
Administration expenses	- note 24	7,035,381	7,814,021
		46,675,610	44,459,850

11.2 Disposal of certain items of property, plant and equipment

2013 — Rupees

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Vehicles						
	Employees					
Honda Civic	Nadeem Hamid Butt	1,970,260	761,834	1,208,426	1,600,000	Company Policy
Suzuki Cultus	Unser Nadeem	905,220	293,647	611,574	717,715	Company Policy
Toyota Corola GLI	Mubashir Ghafoor	1,462,000	316,767	1,145,233	1,394,267	Company Policy
Toyota Corolla GLI	Kh. Faisal Rasheed	1,414,455	553,995	860,460	677,000	Company Policy
Toyota Corolla GLI	Matraf Rasool	1,412,677	553,299	859,379	677,000	Company Policy
Toyota Corolla XLI	Asif Sultan	1,349,155	536,662	812,493	903,120	Company Policy
Suzuki Cultus	Faryal Zafar	885,720	376,431	509,289	431,000	Company Policy
Toyota Corolla GLI	Ashraf Sohail	1,412,677	588,615	824,062	677,004	Company Policy
Toyota Corolla GLI	Imran Malik	1,446,955	602,898	844,057	1,036,520	Company Policy
Honda Civic	Kamran Hassan	1,688,240	661,227	1,027,013	969,088	Company Policy
Toyota Corolla	Umer Siddiqui	1,321,218	484,447	836,771	903,608	Company Policy
Suzuki Swift	Syed Inkasar Hussain	1,104,820	211,757	893,063	914,982	Company Policy
	Outsiders					
Printer Zebra	Styrax Technologies	208,000	52,000	156,000	208,000	Negotiation
Dell laptop Latitude E6530 core i7	EFU General Insurance	143,985	2400	141,585	150,000	Insurance Claim
Switch Cabinet for Server Room	EFU General Insurance	58,000	4,229	53,771	64,220	Insurance Claim

2012 — Rupees

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Vehicles						
	Employees					
Mitsubishi Lancer	Sameen Khan	1,069,000	495,119	573,881	759,403	Company Policy
Suzuki Cultus	Usman Qayyum	893,345	215,892	677,453	771,090	Company Policy
Honda City	Rajib Ali	1,353,500	146,629	1,206,871	1,211,668	Company Policy
Hyundai Santro	Sajjad Butt	708,000	297,950	410,050	349,506	Company Policy
Honda City MT	Tahir Mir	881,000	333,434	547,566	552,040	Company Policy
	Outsiders					
Toyota Corolla GLI	EFU General Insurance	1,284,000	436,560	847,440	1,220,000	Insurance Claim
Suzuki Jeep	Ameer Ahmed	523,000	523,000	-	280,000	Tender
Suzuki Cultus VXR	Awais Brothers	560,000	336,000	224,000	325,000	Tender
Suzuki Bolan	Sultan Ansari	364,000	364,000	-	320,000	Tender
MULTI SPINDLE DRILLING3	Awais Brothers	258,750	150,938	107,813	41,068	Tender
CNC LATHE CAK 6180/1500	Awais Brothers	600,000	533,333	66,667	95,230	Tender
CNC MACHINE CENTER	Awais Brothers	1,262,700	687,470	575,230	200,411	Tender
CNC MACHINE CENTER	Awais Brothers	1,347,150	755,900	591,250	225,101	Tender

	Rupees
12. Investment property	
Net carrying value basis	
Year ended December 31, 2013	
Opening net book value (NBV)	1,439,205
Additions (at cost)	-
Disposals (at NBV)	-
Amortisation charge	(213,216)
Closing net book value (NBV)	1,225,989
Gross carrying value basis	
As at December 31, 2013	
Cost	4,400,000
Accumulated amortisation	(3,174,011)
Net book value (NBV)	1,225,989
Depreciation rate % per annum	3.33
Net carrying value basis	
Year ended December 31, 2012	
Opening net book value (NBV)	1,652,421
Additions (at cost)	-
Disposals (at NBV)	-
Amortisation charge	(213,216)
Closing net book value (NBV)	1,439,205
Gross carrying value basis	
As at December 31, 2012	
Cost	4,400,000
Accumulated amortisation	(2,960,795)
Net book value (NBV)	1,439,205
Depreciation rate % per annum	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, 2013 is Rs 78.520 million (2012: Rs 72.652 million).

	Rupees
13. Intangible assets - Computer software	
Net carrying value basis	
Year ended December 31, 2013	
Opening net book value (NBV)	1,909,954
Additions (at cost)	1,183,738
Disposals (at NBV)	-
Amortisation charge	(1,267,956)
Closing net book value (NBV)	1,825,736
Gross carrying value basis	
As at December 31, 2013	
Cost	13,344,183
Accumulated amortisation	(11,518,447)
Net book value (NBV)	1,825,736
Amortisation rate % per annum	33.33
Net carrying value basis	
Year ended December 31, 2012	
Opening net book value (NBV)	2,150,179
Additions (at cost)	1,733,393
Disposals (at NBV)	-
Amortisation charge	(1,973,618)
Closing net book value (NBV)	1,909,954
Gross carrying value basis	
As at December 31, 2012	
Cost	12,160,445
Accumulated amortisation	(10,250,491)
Net book value (NBV)	1,909,954
Amortisation rate % per annum	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, 2013 is Rs 10.427 million (2012: Rs 7.132).

		2013 Rupees	2012 Rupees
14. Capital work in progress			
Advance for:			
Land		229,800	229,800
Building		6,155,534	-
Plant and machinery		-	139,223
Others		280,541	991,102
		6,665,875	1,360,125
15. Long term loans and deposits			
Loans to employees - considered good			
- Directors		5,132,500	1,062,500
- Executives		3,414,679	2,273,840
- Others		5,929,466	5,014,055
		14,476,645	8,350,395
Less: Receivable within one year	- note 19	5,279,701	3,780,540
		9,196,944	4,569,855
Security deposits		6,447,662	5,981,958
		15,644,606	10,551,813

Reconciliation of the carrying amount of loans to:

	Director		Executives	
	2013	2012	2013	2012
Balance as at January 1	1,062,500	1,812,500	2,273,840	3,584,035
Disbursements during the year	5,000,000	-	2,600,000	2,001,600
Repayments during the year	(930,000)	(750,000)	(1,459,161)	(3,311,795)
Balance as at December 31	5,132,500	1,062,500	3,414,679	2,273,840

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 60 months.

The maximum aggregate amount due from directors and executives at any time during the year was Rs 5.5 million (2012: Rs 1.812 million) and Rs 3.414 million (2012: Rs 3.584 million) respectively.

			2013 Rupees	2012 Rupees (Restated)
16.	**Deferred taxation**			
	Debit/ (credit) balance arising from:			
	Accelerated tax depreciation		(38,076,300)	(42,956,800)
	Employees' retirement and other benefits		11,231,396	9,769,601
	Minimum tax paid		41,578,470	23,889,841
	Unassessed tax loss carried forward		-	32,319,736
	Deferred tax asset		14,733,566	23,022,378

			2013 Rupees	2012 Rupees
17.	**Stock in trade**			
	Raw materials		273,727,059	363,669,275
	Work in process		182,002,143	204,835,349
	Finished goods		30,861,690	44,163,528
			486,590,892	612,668,152
	Provision for obsolescence	17.1	(23,817,669)	(27,892,391)
			462,773,223	584,775,761
17.1	**Provision for obsolescence**			
	Opening provision		27,892,391	23,817,669
	Provision for the year		-	4,074,722
			27,892,391	27,892,391
	Stocks written off against provision		(4,074,722)	-
	Closing proviosn		23,817,669	27,892,391

17.2 An amount of Rs 8.813 million (2012: 10.717 million) has been charged to cost of sales, being the cost of inventory written down during the year.

			2013 Rupees	2012 Rupees
18.	**Trade debts - unsecured**			
	Considered good			
	- Related parties	- note 18.1	54,583,473	81,883,917
	- Others		760,600,459	736,359,839
	- Due against construction work in progress		222,213,000	102,491,000
			1,037,396,932	920,734,756
	Considered doubtful		53,837,461	50,862,532
			1,091,234,393	971,597,288
	Less: Provision for doubtful debts	- note 18.2	(53,837,461)	(50,862,532)
			1,037,396,932	920,734,756

	2013 Rupees	2012 Rupees
18.1 Related parties		
Holding Company		
- KSB Aktiengesellschaft, Germany	8,787,675	25,813,548
Associated undertakings		
- KSB Indonesia	5,700,928	14,353,075
- KSB Italia S.P.A.	13,692,840	-
- KSB Pumps Company Limited Thailand	8,069,250	6,583,386
- KSB South Africa	10,778,566	18,908,581
- KSB Australia Pty Ltd.	7,050,750	-
- KSB Singapore (Asia Pacific)	-	1,487,415
- KSB Shanghai Pump	219,886	14,463,266
- KSB ITUR Spain S.A.	-	4,226
- KSB Pars Co. (P.J.S)	283,578	261,702
- Sui Southern Gas Company Limited	-	8,718
	54,583,473	81,883,917

These relate to normal course of business and are interest free.

	2013 Rupees	2012 Rupees
18.2 Provision for doubtful debts		
Opening balance	50,862,532	59,364,283
Provision for the year	10,162,891	14,703,683
	61,025,423	74,067,966
Less: Bad debts written off against provision	7,187,962	23,205,434
Closing balance	53,837,461	50,862,532

19. Advances, deposits, prepayments and other receivables

		2013 Rupees	2012 Rupees (Restated)
Current portion of long term loans to employees	- note 15	5,279,701	3,780,540
Short term advances to employees- considered good	- note 19.1	12,687,150	9,861,142
Advances to suppliers and contractors			
- Considered good		80,765,052	44,315,007
- Considered doubtful		815,809	341,432
		81,580,861	44,656,439
Due from related parties	- note 19.2	22,918,270	19,887,877
Trade deposits and prepayments			
- Considered good		42,848,550	58,850,388
- Considered doubtful		9,662,347	8,219,792
		52,510,897	67,070,180
Letters of credit, deposits and opening charges		2,355,327	7,340,835
Claims recoverable from government			
Sales Tax		25,778,433	2,794,383
Income Tax		166,017,212	138,077,530
		191,795,645	140,871,913
Other receivables			
- Considered good		7,521,129	1,380,926
- Considered doubtful		275,000	275,000
		7,796,129	1,655,926
		376,923,980	295,124,852
Less: Provision for doubtful amounts	- note 19.3	(10,753,156)	(8,836,224)
		366,170,824	286,288,628

19.1 Included in short term advances to employees is amount due from executives of Rs 7.317 million (2012: 5.502 million).

19.2 Due from related parties

	2013 Rupees	2012 Rupees
Holding company		
- KSB Aktiengesellschaft, Germany	16,336,652	16,830,453
Associated undertakings		
- PT KSB Indonesia	126,250	97,595
- KSB Pompa AMATUER	-	46,924
- KSB Shanghai	716,170	1,834,455
- KSB Pumps S.A (PTY) Ltd	117,713	117,713
- KSB Singapore (Asia Pacific)	1,242,475	960,737
- KSB Middle East	4,379,010	-
	22,918,270	19,887,877

		2013 Rupees	2012 Rupees
19.3	**Provision for doubtful amounts**		
	Opening balance	8,836,224	7,495,865
	Provision made during the year	1,916,932	1,378,143
		10,753,156	8,874,008
	Less: Amount written off against provision	-	37,784
	Closing balance	10,753,156	8,836,224
20.	**Cash and bank balances**		
	At banks		
	- on saving accounts	73,270,999	47,325,314
	- on current accounts	2,568,087	9,263,600
		75,839,086	56,588,914
	Cash in hand [including cheques in hand of Rs 1.421 Million (2012: Rs 18.341 million)]	2,689,207	19,984,813
		78,528,293	76,573,727

20.1 The balances in saving and deposit accounts bear mark-up which ranges from 5% to 8.25% per annum.

			2013 Rupees	2012 Rupees
21.	**Sales**			
	Local sales	- note 21.1	2,573,977,399	2,719,125,474
	Export sales		325,640,153	241,418,328
			2,899,617,552	2,960,543,802
	Less: Sales tax		(321,931,384)	(330,141,397)
			2,577,686,168	2,630,402,405

21.1 Sales are inclusive of revenue from rendering of contract and services of Rs 321.632 million (2012: Rs 424.046 million) and Rs. 54.926 million (2012: Rs. 29.943 million) respectively.

22. Cost of sales

		2013 Rupees	2012 Rupees
Raw material consumed		1,089,812,406	1,315,480,156
Salaries, wages, amenities and staff welfare	- note 22.1	236,283,737	198,556,623
Staff training		856,971	1,099,899
Electricity and power		65,998,881	65,139,097
Stores and spares consumed		120,935,949	133,332,710
Insurance		2,295,305	3,059,052
Traveling and conveyance		40,651,986	31,600,459
Postage and telephone		4,642,094	3,942,272
Printing and Stationery		2,352,350	2,573,822
Rent, rates and taxes		3,574,913	2,152,012
Repairs and maintenance		7,648,990	4,031,727
Legal & Professional charges		1,541,917	1,250,380
SAP user license fee and other IT services		22,450,472	11,741,031
Packing expenses		25,076,586	20,107,698
Outside services		268,153,016	292,647,238
Depreciation on property, plant and equipment	- note 11.1	36,723,747	33,614,990
Provision for obsolete stores & stocks		-	4,074,722
Royalty & trademark		13,729,530	6,224,040
Other expenses		3,832,633	4,109,039
		1,946,561,483	2,134,736,967
Opening work-in-process		204,835,349	149,565,494
Less: Closing work-in-process		182,002,143	204,835,349
		22,833,206	(55,269,855)
Cost of goods manufactured		1,969,394,689	2,079,467,112
Opening stock of finished goods		44,163,528	52,509,714
Less: Closing stock of finished goods		30,861,690	44,163,528
		13,301,838	8,346,186
		1,982,696,527	2,087,813,298

Cost of sales include the following in respect of:

	2013 Rupees	2012 Rupees
Contract cost	263,131,915	346,251,602
Raw material written off	7,299,954	9,758,194
Finished goods written off	1,514,017	958,735

22.1 Salaries, wages, amenities and staff welfare

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

	2013 Rupees	2012 Rupees
Gratuity fund		
Current service cost	3,506,371	4,027,750
Interest cost	3,765,741	4,284,244
Expected return on plan assets	(4,113,278)	(4,145,125)
	3,158,834	4,166,869
Ex-gratia		
Current service cost	884,713	752,241
Interest cost	2,061,875	1,874,182
	2,946,588	2,626,423

In addition to above, salaries, wages, amenities and staff welfare include Rs 7.347 million (2012: Rs 6.285 million) and Rs 4.126 million (2012: Rs 0.954 million) in respect of provident fund contribution by the Company and accumulating compensated absences respectively.

23. Distribution and marketing expenses

		2013 Rupees	2012 Rupees
Salaries, wages, amenities and staff welfare	- note 23.1	78,940,943	71,858,718
Staff training		4,425,374	2,402,661
Insurance		143,526	289,818
Traveling, conveyance and representations		15,462,495	18,959,523
Rent, rates and taxes		3,547,606	4,644,556
Publicity charges		7,881,189	9,412,707
Electricity, gas and water		4,631,751	5,002,665
Postage and telephone		2,040,720	2,191,466
Printing and stationery		753,338	677,834
Repairs and maintenance		947,056	355,947
Legal and Professional charges		931648	298,345
SAP user license fee and other IT services		5,455,195	4,414,669
Contract services		2,206,202	2,636,576
Forwarding expenses		23,257,279	27,834,695
Commission expenses		39,120,428	34,338,729
Provision for doubtful debts and receivables		12,079,824	16,081,826
Depreciation on property, plant and equipment	- note 11.1	2,916,482	3,030,839
Warranty charges		17,860,568	16,622,778
Other expenses		1,309,804	1,129,111
		223,911,428	222,183,463

		2013 Rupees	2012 Rupees
23.1 Salaries, wages, amenities and staff welfare			

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

	2013 Rupees	2012 Rupees
Gratuity fund		
Current service cost	1,865,091	2,167,873
Interest cost	2,003,054	2,305,927
Expected return on plan assets	(2,187,914)	(2,231,048)
	1,680,231	2,242,752

In addition to above, salaries, wages, amenities and staff welfare include Rs 2.491 million (2012: Rs 2.322 million) and Rs 0.682 million (2012: Rs 0.713 million) in respect of provident fund contribution by the Company and accumulating compensated absences respectively.

24. Administration expenses

		2013 Rupees	2012 Rupees (Restated)
Salaries, wages, amenities and staff welfare	- note 24.1	78,310,919	67,082,941
Staff training		982,743	335,912
Insurance		152,345	151,350
Traveling, conveyance and representations		18,834,742	14,595,604
Rent, rates and taxes		4,137,723	4,011,770
Electricity, gas and water		5,778,026	5,862,308
Postage and telephone		10,283,060	9,125,392
Printing and stationery		1,831,747	2,077,562
Repairs and maintenance		16,480,495	3,398,858
Professional services	- note 24.2	5,884,330	4,634,920
SAP user license fee and other IT services		7,760,015	3,092,324
Contract Services		5,736,693	4,740,472
Depreciation on:			
- Property, plant and equipment	- note 11.1	7,035,381	7,814,021
- Investment property	- note 12.1	213,216	213,216
- Amortization on intangible assets	- note 13.1	1,267,956	1,973,618
Other expenses		3,988,429	4,369,125
		168,677,820	133,479,393

		2013 Rupees	2012 Rupees (Restated)
24.1	**Salaries, wages, amenities and staff welfare**		
	Salaries, wages, amenities and staff welfare include following in respect of retirement and other benefits:		
	Gratuity fund		
	Current service cost	2,088,902	2,722,809
	Interest cost	2,243,420	2,514,933
	Expected return on plan assets	(2,450,463)	(2,433,268)
		1,881,859	2,804,474

In addition to above, salaries, wages, amenities and staff welfare include Rs 3.145 million (2012: Rs 2.745 million) and Rs 0.744 million (2012: Rs 0.489 million) in respect of provident fund contribution by the Company and accumulating compensated absences respectively.

		2013 Rupees	2012 Rupees
24.2	**Professional services**		
	The charges for professional services include the following in respect of auditors' services for:		
	Statutory audit	550,000	500,000
	Review of half yearly financial statements	150,000	150,000
	Audit of funds, consolidation forms and sundry services	334,146	423,994
	Taxation services	1,810,948	2,962,943
	Out of pocket expenses	151,237	131,145
		2,996,331	4,168,082

25. Other operating expenses

		2013 Rupees	2012 Rupees
Workers' profit participation fund	- note 8.3	10,712,821	10,780,786
Workers' welfare fund		2,581,810	2,818,519
Donations	- note 25.1	255,000	150,000
CRM implementation cost		10,115,000	9,202,985
Exchange loss		7,128,252	-
Plant and equipment written off		3,092,639	-
		33,885,522	22,952,290

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

	2013 Rupees	2012 Rupees
26. Other operating income		
Income from financial assets		
Profit on bank accounts	3,971,348	3,432,570
Income from non-financial assets		
Commission income	30,406,630	23,155,201
Rental income on investment property	6,662,850	6,384,905
Scrap sales	10,195,284	5,077,444
Profit on sale of property, plant and equipment	1,015,707	2,641,240
Provisions no longer considered necessary and unclaimed balances written back	2,855,482	9,331,168
Exchange gain	-	5,551,350
Sundry income	613,772	12,514,967
	51,749,725	64,656,275
	55,721,073	68,088,845

	2013 Rupees	2012 Rupees
27. Finance cost		
Mark-up on short term finances - secured	17,915,613	25,583,352
Bank and other charges	5,358,540	4,821,485
	23,274,153	30,404,837

	2013 Rupees	2012 Rupees
28. Taxation		
Current		
Current year	30,907,867	29,223,035
Prior years	3,181,901	(2,344,623)
	34,089,768	26,878,412
Deferred	8,861,407	12,215,214
	42,951,175	39,093,626

28.1 Tax charge reconciliation

	2013 %	2012 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate:		
Applicable tax rate	34.00	35.00
Tax effect of amounts that are:		
Tax effect under presumptive tax regime and others	(14.21)	(14.52)
Effect of change in prior year's tax	1.58	(1.13)
Average effective tax rate charged to profit and loss account	21.37	19.35

29. Rates of exchange

Foreign currency assets and liabilities have been translated into Pak Rupees at US $ 0.9514 (2012: US $ 1.0299), EURO 0.6898 (2012: EURO 0.7794), GBP 0.5773 (2012: GBP 0.6373), AED 3.4946 (2012: AED 3.7821) and SFR 0.845 (2012: SFR 0.9409) equal to Rs 100.

30. Cash generated from operations

		2013 Rupees	2012 Rupees (Restated)
Profit before taxation		200,961,791	201,657,969
Adjustment for:			
Depreciation on:			
- Property, plant and equipment		46,675,610	44,459,850
- Investment property		213,216	213,216
- Intangible Assets		1,267,956	1,973,618
Profit on sale of property, plant and equipment		(1,015,707)	(2,641,240)
Plant and equipment written off		3,092,639	-
Accumulating compensated absences		5,554,439	2,155,832
Employees' retirement and other benefits		9,667,561	11,840,518
Provision for doubtful debts and receivables		12,079,824	16,081,826
Provision for obsolete stocks		-	4,074,722
Advances, deposits, prepayments and other receivables written off		-	37,784
Provisions no longer considered necessary and unclaimed balances written back		(2,855,482)	(9,331,168)
Finance cost		23,274,153	30,404,837
Exchange loss/(gain)		7,128,252	(5,551,350)
Working capital changes	- note 30.1	(55,447,243)	(296,741,916)
		250,597,009	(1,365,502)

		2013 Rupees	2012 Rupees (Restated)
30.1 Working capital changes			
(Increase)/decrease in current assets:			
Stores, spares and loose tools		10,937,748	(16,321,913)
Stock-in-trade		122,002,538	(189,665,850)
Trade debts		(127,492,000)	(63,134,394)
Advances, deposits, prepayments and other receivables		(53,192,514)	33,901,736
		(47,744,228)	(235,220,421)
Increase/(decrease) in current liabilities:			
Trade and other payables		(13,331,839)	(77,770,286)
Provision for other liabilities and charges		5,628,824	16,248,791
		(55,447,243)	(296,741,916)
31. Cash and cash equivalents			
Cash and cash equivalents comprise the following items:			
Cash and bank balances	- note 20	78,528,293	76,573,727
Short term finances - secured	- note 7	(177,841,074)	(233,370,193)
		(99,312,781)	(156,796,466)

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:

		Chief Executive		Director		Executives	
		2013	2012	**2013**	2012	**2013**	2012
							Rupees
Short term employee benefits							
Managerial remuneration		13,449,852	11,024,472	3,096,780	2,690,328	78,489,108	62,129,792
Bonus	- note 32.3	6,000,000	5,000,000	774,195	672,582	18,299,340	12,706,426
Ex-gratia		-	-	-	-	-	
House rent		2,824,738	2,542,914	1,393,551	1,210,644	35,320,099	27,854,678
Utilities		441,139	499,903	309,678	269,028	7,848,911	6,189,993
Medical and other expenses		518,483	448,148	300,000	300,000	12,219,572	10,665,816
		23,234,212	19,515,437	5,874,204	5,142,582	152,177,030	119,546,705
Post employment benefits							
Contribution to gratuity and provident fund		2,465,806	2,021,154	567,743	493,222	12,181,282	11,227,678
		25,700,018	21,536,591	6,441,947	5,635,804	164,358,312	130,774,383
Number of persons		1	1	1	1	81	72

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 2 executives have also been provided with rent free accommodation.

32.3 Bonus for the year ended December 31, 2013 is subject to approval of Bord of Directors.

32.4 Aggregate amount charged in the financial statements for the year for fee to 6 directors (2012: 6 directors) was Rs. 90,000 (2012: Rs 60,000).

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:

	2013 Rupees	2012 Rupees (Restated)
Holding company		
Sales	75,952,662	79,334,191
Purchases	242,127,911	256,018,376
Commission income	24,748,244	19,583,574
Royalty	13,729,530	6,224,040
Associated undertakings		
Sales	129,127,881	226,551,887
Purchases	77,708,684	83,547,665
Commission income	5,658,386	3,571,627
Commission expense	15,585,809	20,537,061
Key management personnel		
Sale of property, plant and equipment	1,600,000	8,175
Post employment benefit plan		
Expense charged in respect of:		
- Gratuity fund	6,720,924	9,214,095
- Ex-gratia scheme	2,946,588	2,626,440
- Provident fund	12,984,873	9,395,912
- Accumulating compensated absences	5,554,441	2,155,832

34. Plant capacity and production

		Capacity		Actual production	
		2013	2012	**2013**	2012
Power driven pumps	**Number**	6,000	6,000	3,319	5,276

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

		2013	2012 (Restated)
Profit for the year	**Rupees**	158,010,616	162,564,343
Weighted average number of ordinary shares	**Numbers**	13,200,000	13,200,000
Earnings per share	**Rupees**	11.97	12.32

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, 2013 and December 31, 2012 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.

	2013	2012
Advances deposits and other receivables - USD	88,516	194,643
Trade debts - USD	1,140,616	993,272
Trade and other payables - USD	(380,247)	(479,568)
Net exposure - USD	848,885	708,347
Advances deposits and other receivables - EURO	80,956	53,145
Trade debts - EURO	-	19,887
Trade and other payables - EURO	(622,985)	(1,041,000)
Net exposure - EURO	(542,029)	(967,968)
Trade and other payables - GBP	(3,266)	(423)
Advances deposits and other receivables - GBP	-	1,294
Net exposure - GBP	(3,266)	871
Advances deposits and other receivables - SGD	1,315	1,315
Net exposure - SGD	1,315	1,315
Advances deposits and other receivables - AED	-	12,250
Trade and other payables - AED	(1,896)	-
Net exposure - AED	(1,896)	12,250

The following significant exchange rates were applied during the year:

Rupees per USD	2013	2012
Average rate	102.29	93.42
Reporting date rate	105.20	97.10

If the functional currency, at reporting date, had fluctuated by 5% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs 4.456 million (2012: Rs 3.439 million 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	2013	2012
Average rate	136.33	120.62
Reporting date rate	145.10	128.31

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 3.929 million (2012: Rs 6.210 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	2013	2012
Average rate	160.79	148.66
Reporting date rate	173.36	156.58

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 0.0282 million (2012: 0.007 million 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 SGD	2013	2012
Average rate	81.45	75.01
Reporting date rate	83.14	79.31

If the functional currency, at reporting date, had fluctuated by 5% against the SGD with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.005 million (2012: 0.005) 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 AED	2013	2012
Average rate	27.85	25.43
Reporting date rate	28.64	26.38

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 0.002 million (2012: 0.016) 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:

	2013 Rupees	2012 Rupees
Floating rate instruments		
Financial assets		
Bank balances - savings	73,270,999	47,325,314
Net exposure	73,270,999	47,325,314
Financial liabilities		
Short term finances - secured	177,841,074	233,370,193

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

If interest rates on short term running finance, at the year end date, fluctuate by 1% higher/lower with all other variables held constant, profit before taxation for the year would have been Rs 1.778 million (2012: Rs 2.334 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing 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:

	2013 Rupees	2012 Rupees
Long term loans and deposits	15,644,606	10,551,813
Trade debts	1,091,234,393	971,597,288
Loans, advances, deposits, prepayments and other receivables	99,747,441	104,130,616
Balances with banks	75,839,085	56,588,914
	1,282,465,525	1,142,868,631
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	542,846,239	486,089,056
- Past due 181 - 365 days	111,372,373	253,187,895
- Over 365 days	437,015,781	232,320,338
	1,091,234,393	971,597,289
The age of impairment loss against trade receivables		
- Not past due	-	-
- Past due 0 - 180 days	-	-
- Past due 181 - 365 days	-	-
- Over 365 days	53,837,461	50,862,532
	53,837,461	50,862,532

The age of trade receivables from related parties	**2013 Rupees**	2012 Rupees
- Not past due		
- Past due 0 - 180 days	48,287,939	76,079,258
- Past due 181 - 365 days	-	18,968
- Over 365 days	6,295,534	5,785,692
	54,583,473	81,883,918

(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				
	Short term	Long term	Rating Agency	2013	2012
				(Rupees)	(Rupees)
National Bank of Pakistan	A-1+	AAA	JCR-VIS	18,843,840	2,283,424
MCB Bank Limited	A1+	AAA	PACRA	55,000,417	45,217,722
United Bank Limited	A-1+	AA+	JCR-VIS	214,613	203,129
Deutsche Bank A.G.	A-1	A	S&P	355,003	8,530,467
HSBC Bank Middle East Limited	P-1	A2	Moody's	-	10,220
NIB Bank Limited	A1+	AA-	PACRA	341,722	343,952
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,083,490	-
				75,839,085	56,588,914

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, 2013:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Trade and other payables	582,895,979	582,895,979	-	-
Accrued finance cost	5,452,132	5,452,132	-	-
	588,348,111	588,348,111	-	-

The following are the contractual maturities of financial liabilities as at December 31, 2012:

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees)			
Trade and other payables	533,434,219	533,434,219	-	-
Accrued finance cost	6,232,664	6,232,664	-	-
	539,666,883	539,666,883	-	-

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	
	2013 Rupees	2012 Rupees
Assets as per balance sheet		
Long term loans and deposits	15,644,606	10,551,813
Trade debts	1,091,234,393	971,597,288
Loans, advances, deposits, prepayments and other receivables	99,747,441	104,130,616
Cash and bank balances	75,839,085	56,588,914
	1,282,465,525	1,142,868,631

	Financial liabilities at amortised cost	
	2013 Rupees	2012 Rupees
Liabilities as per balance sheet		
Trade and other payables	582,895,979	533,434,219
Accrued finance cost	5,452,132	6,232,664
	588,348,111	539,666,883

36.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. As the Company is a wholly equity financed corporation, with working capital lines, capital comprises all components of equity (share capital, general reserve, and retained earnings) as mentioned on the face of balance sheet, and is raised as required, through the approval of the Board of Directors.

37. Number of employees

Total number of employees at year end and average number of employees during the year are 341 (2012: 344) and 346 (2012: 341) respectively.

38. Events after the balance sheet date

The Board of Directors have proposed a final dividend for the year ended December 31, 2013 of Rs 4.00 (2012: Rs 4.00) per share, amounting to Rs 52.8 million (2012: Rs 52.8 million) at their meeting held on March 17, 2014 for approval of members at the Annual General Meeting to be held on April 25, 2014. The board has also proposed transfer of Rs 105.00 million (2012: Rs 4.00 million) to general reserve from unappropriated profit. These financial statements do not reflect this dividend payable and other appropriations.

39. Corresponding figures

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

	Note	From	Note	To	2012 Rupees
Trade debts	20	Related parties	20	Others	73,906,320

40. Date of authorization for issue

These financial statements were authorized for issue on March 17, 2014 by the board of directors of the company.

Chief Executive

Director

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 25, 2014 and at any adjournment thereof.

Signed this ____day_____________________________ of 2014.

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.

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