

Quarterly Report (Un-Audited)

For the Period ended March 31, 2017

KSB Pumps Company Limited



Contents

	Page
Company Information	2
<hr/>	
Sales Offices	4
<hr/>	
Directors' Review	5
<hr/>	
Condensed Interim Balance Sheet	6
<hr/>	
Condensed Interim Profit and Loss Account	8
<hr/>	
Condensed Interim Statement of Comprehensive Income	9
<hr/>	
Condensed Interim Cash Flow Statement	10
<hr/>	
Condensed Interim Statement of Changes in Equity	11
<hr/>	
Notes to the Condensed Interim Financial Statements	12
<hr/>	

Company Information

Board of Directors

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

Company Secretary

Sajid Mahmood Awan

Management

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

Auditors

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

Mandviwala & Zafar

Bankers

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

Audit Committee

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

Secretary Audit Committee

Saeed Hussain

HR & R Committee

Rahat Kaunain Hassan
Syed Hyder Ali
Mohammad Masud Akhtar

Chairperson
Member
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

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

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Golden Heights, Nusrat Road, Multan.
Ph: (061) 111 572 786
Fax: (061) 4541784
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Rawalpindi

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

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

Directors' Review

I am pleased to present the financial statements of KSB Pumps Company Limited for the 1st quarter ended March 31, 2017.

The state of Pakistan's economy continues to be stable in the current fiscal year. The GDP growth is expected to exceed last year's number. Although inflation has shown upward trend, mainly driven by rising oil prices, annual CPI inflation would remain within target rate. The government has increased focus on improving the security situation in order to give boost to the investors' confidence. More activity has been generated by projects under CPEC, a propitious opportunity for Pakistan economy. Further resolute efforts are required to complete the energy projects in time in order to eradicate the problem. Although currently prevailing political unrest due to pending court case pertaining to the government is a risk to the growth, however, keeping in view overall positive developments, the economic outlook of the country is affirmative for the current fiscal year.

Following the favourable economic trends, KSB Pakistan has achieved remarkable results in Q1-2017, mainly focusing at consolidating the substantial growth level attained in the last year. Total revenue of the company remained PKR 1.1 billion for the 1st quarter. The profit before tax remained of PKR 94 million, with earning per share of PKR 5.28.

Going forward, optimistic business outlook is foreseen under the existing economic conditions. Promising opportunities exist in both public and private sectors which would give rise to order intake mainly in water/waste water, industry, energy, and building sectors. Based on this situation, KSB Pakistan has projection for healthy revenue and profitability for the year 2017.

Foundry up-gradation project is well underway, with work due to be completed by end of the current year. New state-of-the-art foundry shall support the company to progress further in years to come.

I would like to thank the entire KSB team on accomplishment of the excellent results in the 1st quarter and hope for their committed efforts to continue in the remaining part of the year.



Mohammad Masud Akhtar
Managing Director

April 25, 2017
Lahore, Pakistan

Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2017

	Note	March 31, 2017 (Rupees in thousand)	December 31, 2016 (Rupees in thousand)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 15,000,000 (2016: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital 13,200,000 (2016: 13,200,000) ordinary shares of Rs 10 each		132,000	132,000
General reserves		1,085,600	1,085,600
Unappropriated profit		445,305	375,617
		1,662,905	1,593,217
NON CURRENT LIABILITIES			
Long term finances - secured		114,558	42,689
Employees' retirement and other benefits		68,176	67,011
Deferred taxation		28,003	28,003
		210,737	137,703
CURRENT LIABILITIES			
Short term running finances - secured		2,534	150,059
Trade and other payables		2,005,045	1,681,134
Provisions for other liabilities and charges		85,376	69,528
Accrued finance cost		2,641	3,010
		2,095,596	1,903,731
CONTINGENCIES AND COMMITMENTS			
	5	3,969,238	3,634,651

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

	Note	March 31, 2017 (Rupees in thousand)	December 31, 2016 (Rupees in thousand)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	422,303	403,730
Investment property		533	586
Intangible assets		560	663
Capital work in progress		195,050	81,695
Long term loans and deposits		21,679	16,509
		640,125	503,183
CURRENT ASSETS			
Stores, spares and loose tools		69,424	65,326
Stock in trade		911,107	821,106
Trade debts		1,555,171	1,557,229
Advances, deposits, prepayments and other receivables		505,708	428,476
Cash and bank balances		287,703	259,331
		3,329,113	3,131,468
		<u>3,969,238</u>	<u>3,634,651</u>


Chairman


Chief Executive

Condensed Interim Profit and Loss Account (Un-audited)

For the 1st Quarter ended March 31, 2017

	March 31, 2017 (Rupees in thousand)	March 31, 2016
Sales	1,113,126	1,328,395
Cost of sales	(875,499)	(1,082,423)
Gross profit	237,627	245,972
Distribution and marketing expenses	(79,236)	(71,907)
Administration expenses	(56,025)	(55,038)
Other operating expenses	(18,598)	(8,259)
Other operating income	14,453	4,331
Profit / (Loss) from operations	98,221	115,099
Finance cost	(4,487)	(11,369)
Profit / (Loss) before taxation	93,734	103,730
Taxation	(24,046)	(19,603)
Profit / (Loss) for the period	69,688	84,127
Earnings / (Loss) per share - basic & diluted Rupees	5.28	6.37

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Chairman



Chief Executive

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the 1st Quarter ended March 31, 2017

	March 31, 2017 (Rupees in thousand)	March 31, 2016
Profit / (Loss) after taxation	69,688	84,127
Other comprehensive income for the period	-	-
Total comprehensive income / (Loss) for the period	69,688	84,127

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

Condensed Interim Cash Flow Statement (Un-audited)

For the 1st Quarter ended March 31, 2017

	Note	January to March	
		2017 (Rupees in thousand)	2016
Cash flows from operating activities			
Cash generated from operations	7	282,363	(112,044)
Finance costs paid		(4,856)	(7,162)
Taxes paid		(14,559)	(13,901)
Employees' retirement and other benefits paid		(4,377)	(8,202)
Net (increase) / decrease in long term loans and deposits		(5,170)	500
Net cash (used in)/from operating activities		253,401	(140,809)
Cash flows from investing activities			
Fixed capital expenditure		(150,894)	(7,649)
Proceeds from sale of property, plant and equipment		1,521	1,571
Net cash used in investing activities		(149,373)	(6,078)
Cash flows from Financing activities			
Long term loan-secured		71,869	-
Dividend paid		-	-
Net cash used in financing activities		71,869	-
Net (decrease)/increase in cash and cash equivalents		175,897	(146,887)
Cash and cash equivalents at the beginning of the period		109,272	(198,868)
Cash and cash equivalents at the end of the period	8	285,169	(345,755)

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

Condensed Interim Statement of Changes in Equity (Un-audited)

For the 1st Quarter ended March 31, 2017

	Share capital	General reserves	Unappropriated profit	Total
	(Rupees in thousand)			
Balance as at January 1, 2016	132,000	903,000	275,250	1,310,250
Total comprehensive income/(loss) for the period			84,127	84,127
Balance as at March 31, 2016	132,000	903,000	359,377	1,394,377
Final dividend for the year ended December 31, 2015 Rs 7 per share			(92,400)	(92,400)
Transfer to general reserve		182,600	(182,600)	-
Total comprehensive income/(loss) for the period			291,240	291,240
Balance as at December 31, 2016	132,000	1,085,600	375,617	1,593,217
Total comprehensive income / (Loss) for the period	-	-	69,688	69,688
Balance as at March 31, 2017	132,000	1,085,600	445,305	1,662,905

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

Notes to and Forming Part of the Condensed Interim Financial Information

For the 1st Quarter ended March 31, 2017 (Un-audited)

1. Legal status and nature of business

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

2. Basis of preparation

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

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

IFRS 15 'Revenue from contracts with customers' is effective from accounting periods beginning on or after January 1, 2018. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

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

- i) identify contracts with customers
- ii) identify the separate performance obligation
- iii) determine the transaction price of the contract
- iv) allocate the transaction price to each of the separate performance obligations, and
- v) recognise the revenue as each performance obligation is satisfied."

Key changes to current practice are:

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

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

Standards or interpretations:	Effective date (accounting periods beginning on or after)
IFRS 9, 'Financial Instruments'	January 1, 2018
IFRS 16 - 'Leases'	January 1, 2019
IFRIC 22 - 'Foreign currency transactions and advance consideration'	January 1, 2018

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended December 31, 2016.

4. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

5. Contingencies and commitments

5.1 Contingencies

The company has obtained bank guarantees of Rs. 1,781.68 million (December 2016: Rs 1,792.56 million) against the performance of various contracts.

5.2 Commitments in respect of

Letters of credit other than for capital expenditure approximately Rs. 100.865 million (December 2016: Rs. 132.999 million).

		March 31, 2017 (Rupees in thousand)	December 31, 2016 (thousand)
6.	Property, plant and equipment		
	Opening net book value	403,730	406,779
	Additions during the period	37,539	78,818
	Deletions during the period	(1,290)	(14,317)
		439,979	471,280
	Depreciation charged during the period	(17,676)	(67,550)
	Closing net book value	422,303	403,730
6.1	Additions during the period		
	Buildings on freehold land	-	-
	Plant and machinery	5,898	26,964
	Tools, jigs and attachments	73	1,460
	Patterns	-	14,293
	Other equipments	10,058	3,126
	Furniture and fixtures	1,090	167
	Office machine & appliances	3,049	5,277
	Vehicles	17,371	27,531
		37,539	78,818
7.	Cash generated from operations		
	Profit before taxation	93,734	103,730
	Adjustment of non-cash items:		
	Depreciation on property, plant and equipment	17,676	16,431
	Depreciation on Investment property	53	54
	Amortization on Intangible assets	103	187
	Profit on sale of property, plant and equipment	(231)	(33)
	Employees' retirement and other benefits	5,542	5,542
	Provision for doubtful debts & receivables	3,064	1,845
	Stock-in-trade written off	1,500	1,500
	Finance cost	4,487	11,369
	Exchange (gain)/loss	4,765	3,842
	Profit before working capital changes	130,693	144,467

- note 6.1

	March 31, 2017 (Rupees in thousand)	March 31, 2016 (Rupees in thousand)
Effect of cash flow due to working capital changes		
(Increase)/decrease in current assets:		
Stores, spares and spares	(4,098)	(4,155)
Stock-in-trade	(91,501)	(7,143)
Trade debts	(5,306)	(200,046)
Advances, deposits, prepayments and other receivables	(87,184)	(4,258)
Increase/(decrease) in current liabilities:		
Trade and other payables	323,911	(57,658)
Provisions for other liabilities and charges	15,848	16,749
	151,670	(256,511)
	282,363	(112,044)
8. Cash and cash equivalents		
Cash and bank balances	287,703	63,142
Short term running finances - secured	(2,534)	(408,897)
	285,169	(345,755)
9. Transactions with related party		
Purchase of goods and services	95,435	71,069
Sale of goods and services	29,272	39,005
Commission income	8,167	1,680
Commission expense	2,390	2,748
Royalty & Trademark	3,896	5,298
Expense charged in respect of retirement and other benefits	5,478	5,542
Key management personnel & executives compensation	78,668	62,320
	March 31, 2017 (Rupees in thousand)	December 31, 2016 (Rupees in thousand)
Period-end balances		
Receivable from related parties	80,887	101,434
Payable to related parties	237,690	200,323
10. Date of authorization for issue		
This condensed interim financial information was authorized for issue on April 25, 2017 by the Board of Directors of the company.		
11. Corresponding figures		
Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.		


Chairman


Chief Executive

ڈائریکٹرز کا جائزہ

میں 31 مارچ 2017ء مختتمہ پہلی سہ ماہی کے لئے KSB بچس کمپنی لمیٹڈ کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ رواں مالی سال میں پاکستان کی اقتصادی حالت مستحکم ہو رہی ہے۔ جی ڈی پی نمو گزشتہ کئی سالوں سے تجاوز کر جانے کی توقع ہے۔ اگرچہ افراط زر نے بنیادی طور پر تیل کی قیمتوں میں اضافے کی وجہ سے بلندی کا رجحان ظاہر کیا ہے، سالانہ سی آئی افراط زر ہدف کی شرح کے اندر ہی رہے گا۔ حکومت نے سرمایہ کاروں کے اعتماد کو فروغ دینے کے لئے سلامتی کی صورت حال کو بہتر بنانے پر مزید توجہ مرکوز کی ہے۔ سی پیک منصوبوں کے تحت مزید سرگرمیاں پاکستان کی معیشت کے لیے موزوں مواقع ہیں۔ مسئلہ کے خاتمہ کی خاطر توانائی کے منصوبوں کو بروقت مکمل کرنے کے لئے مزید کوششوں کی ضرورت ہے۔ اگرچہ حکومت سے متعلق عدالت کے زیر التوا کیس کی بدولت موجودہ غالب سیاسی بے چینی مروجہ ترقی کے لئے ایک خطرہ ہے، تاہم مجموعی مثبت پیش رفت کے مد نظر، ملک کا اقتصادی نقطہ نظر رواں مالی سال کے لیے مثبت ہے۔

سازگار اقتصادی رجحانات کے بعد، KSB پاکستان نے بنیادی طور پر گزشتہ سال میں حاصل کردہ نمایاں نمو کو مضبوط بنانے پر توجہ مرکوز رکھنے کی وجہ سے 2017ء کی پہلی سہ ماہی میں قابل ذکر نتائج حاصل کئے ہیں۔ پہلی سہ ماہی کے لئے کمپنی کی کل آمدنی 1.1 بلین پاکستانی روپے رہی ہے۔ ٹیکس سے قبل منافع 94 بلین پاکستانی روپے اور فی حصص آمدنی 5.28 روپے رہی ہے۔

آگے بڑھتے ہوئے موجودہ اقتصادی حالات کے تحت کاروبار کا مستقبل روشن نظر آ رہا ہے۔ پبلک اور پرائیویٹ سیکٹروں میں امید افزا مواقع موجود ہیں جو بنیادی طور پر پانی / ویسٹ واٹر، صنعت، توانائی اور تعمیر کے شعبوں میں انٹیک آرڈر کے اضافہ کو جنم دیں گے۔ اس صورت حال کی بنیاد پر، KSB پاکستان سال 2017ء کے لئے صحت مند آمدنی اور منافع کے لئے پُر امید ہے۔

کام کے ساتھ ساتھ فاؤنڈری کی اپ گریڈیشن کا منصوبہ جاری ہے، جو موجودہ سال کے آخر تک مکمل ہو جائے گا۔ نئی جدید ترین فاؤنڈری آنے والے سالوں میں مزید ترقی کے لئے کمپنی کی حمایت کرے گی۔

اظہار تشکر

میں پہلی سہ ماہی میں شاندار نتائج کی کامیابی پر تمام KSB ٹیم کا شکریہ ادا کرتا ہوں اور سال کے باقی عرصہ میں ان کی پُر عزم کوششیں جاری رکھنے کی اُمید کرتا ہوں۔

منجانب بورڈ



محمد مسعود اختر

مینیجنگ ڈائریکٹر

25 اپریل 2017ء

لاہور پاکستان

BOOK POST
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Email: info@ksb.com.pk • www.ksb.com.pk