

**Quarterly Report (Un-Audited)**  
For the Period ended September 30, 2015  
KSB Pumps Company Limited



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## Company Information

### Board of Directors

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

### Company Secretary

Sajid Mahmood Awan

### Management

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

### Auditors

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

Mandviwala & Zafar

### Bankers

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

### Audit Committee

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

### Secretary Audit Committee

Saeed Hussain

**HR & R Committee**

Rahat Kaunain Hassan  
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

## Sales Offices

### Lahore

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

### Multan

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

### 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 Mehdi	0302-8744449/8	042-37500078	042-37500078	hammad.malik@de.com.pk
2	Industrial Development & Engineering Associates	Karachi	20-C Mezzanine Floor, Indus Center, 14th Com st. PH-II, DHA	KSB Partners	Sindh	Saquib Khawaja	0300-8203077	021-35390481/2	021-35390483	saquib@idea.com.pk
3	Wali Muhammad & Co.	Quetta	Zonkiram Road near mellennium Mall	KSB Partners	Balochistan	Wali Muhammad	0300-8387668	081-2829635	081-2829635	gulistanmachinery@yahoo.com
4	Pak Atlantis Pumps	Peshawar	3rd floor, Mall Tower, 35- The Mall, Peshawar Cantt	KSB Partners	KPK	Arbab Bilal Ahmad/ Atif Javed	0308-5053175/ 0345-5555939	091-5285679	091-5278919	pakatlantis@gmail.com
5	Pak Atlantis Pumps	Rawalpindi	309, A3 Peshawar Road, Westridge 1, Opp. Valley Clinic, Rawalpindi	KSB Partners	Punjab	Arbab Bilal Ahmad/ Atif Javed	0345-5555939	051-5491413	051-5491237	pakatlantis@gmail.com

## Directors' Review

I am pleased to present the financial statements of KSB Pumps Company Limited for nine months ended September 30, 2015.

Overall economic outlook of the country continues to remain positive for the current fiscal year. Activity on China Pakistan Economic Corridor shall further support the economy in the medium to longer term. Law & order and security situation in the country has also improved. However, risk of expected reaction to the ongoing operation by law enforcement agencies still prevails and affected political parties may also create unrest. Further, energy shortage issues and debate initiated on transparency in certain power projects might prove another downside for the economy.

KSB Pakistan has achieved remarkable business results in the current period. Order intake has increased significantly by 26% over corresponding period of last year. Turnover increased to PKR 2.9 billion, a 29% growth over previous year. Resultantly, the company has earned profit before tax of PKR 264 million, a substantial growth of 59% over corresponding period. Earnings per share increased to Rs. 13.89 as compared to Rs. 8.58 for nine months of the last year.

All business segments including Industry, building services, water/waste water have shown tremendous growth so far and the trend is expected to continue in the remaining part of the year 2015. Clean Drinking Water for All (CDWA) project is in completion phase. Work on recently awarded Saaf Pani Project has also been started. With this pace in activity, we hope to close year 2015 with impressive results.

KSB Pakistan has won 12th Annual Environment Excellence Award 2015 in appreciation of our commitment towards sustainable development of environment friendly policies.

I appreciate the efforts of our committed team on achieving the business targets so far and hope the year 2015 to be another excellent year for KSB Pakistan and its stakeholders.



**Mohammad Masud Akhtar**  
Managing Director

October 19, 2015  
Lahore, Pakistan

## Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2015

	Note	<b>September 30, 2015 (Un-audited)</b> (Rupees in thousand)	December 31, 2014 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 15,000,000 (2014: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital 13,200,000 (2014: 13,200,000) ordinary shares of Rs 10 each		132,000	132,000
General reserves		903,000	787,000
Unappropriated profit		183,863	182,515
		1,218,863	1,101,515
<b>NON CURRENT LIABILITIES</b>			
Employees' retirement and other benefits		55,653	52,973
Deferred taxation		23,870	26,220
		79,523	79,193
<b>CURRENT LIABILITIES</b>			
Short term running finances - secured		423,039	529,272
Trade and other payables		1,552,615	1,130,307
Provisions for other liabilities and charges		44,700	55,366
Accrued finance cost		3,471	11,734
		2,023,825	1,726,679
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	3,322,211	2,907,387

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

	Note	September 30, 2015 (Un-audited) (Rupees in thousand)	December 31, 2014 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	385,912	354,761
Investment property		853	1,013
Intangible assets		1,252	853
Capital work in progress		21,262	7,669
Long term loans and deposits		13,675	12,463
		422,954	376,759
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		58,096	50,121
Stock in trade		628,252	488,229
Trade debts	8	1,643,385	1,216,728
Advances, deposits, prepayments and other receivables		501,462	409,517
Cash and bank balances		68,062	366,033
		2,899,257	2,530,628
		<u>3,322,211</u>	<u>2,907,387</u>

  
Chairman

  
Chief Executive



## Condensed Interim Profit and Loss Account (Un-audited)

For the nine months ended September 30, 2015

	Note	July to September		January to September	
		2015	2014 (Rupees in thousand)	2015	2014
Sales		1,018,925	843,477	2,911,196	2,253,346
Cost of sales	9	(786,360)	(663,469)	(2,239,853)	(1,730,974)
<b>Gross profit</b>		232,565	180,008	671,343	522,372
Distribution and marketing expenses		(93,889)	(65,588)	(253,369)	(193,874)
Administration expenses		(48,491)	(42,319)	(137,784)	(142,343)
Other operating expenses		(9,024)	(1,565)	(28,667)	(21,311)
Other operating income		17,044	5,444	40,502	33,882
<b>Profit / (Loss) from operations</b>		98,205	75,980	292,025	198,726
Finance cost		(8,255)	(12,696)	(28,251)	(32,279)
<b>Profit / (Loss) before taxation</b>		89,950	63,284	263,774	166,447
Taxation		(34,002)	(19,145)	(80,426)	(53,218)
<b>Profit / (Loss) for the period</b>		55,948	44,139	183,348	113,229
<b>Earnings / (Loss) per share - basic &amp; diluted Rupees</b>		4.24	3.34	13.89	8.58

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
Chairman

  
Chief Executive

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months ended September 30, 2015

	July to September		January to September	
	2015	2014	2015	2014
	(Rupees in thousand)			
Profit / (Loss) after taxation	55,948	44,139	183,348	113,229
Other comprehensive income for the period	-	-	-	964
<b>Total comprehensive income / (Loss) for the period</b>	<b>55,948</b>	<b>44,139</b>	<b>183,348</b>	<b>114,193</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chairman



Chief Executive

## Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2015

	Note	January to September	
		2015 (Rupees in thousand)	2014
<b>Cash flows from operating activities</b>			
Cash generated from operations	11	64,679	60,337
Finance costs paid		(36,514)	(28,388)
Taxes paid		(52,914)	(40,272)
Employee's retirement and other benefits paid		(12,043)	(9,761)
Net (increase) / decrease in long term loans and deposits		(1,212)	2,258
<b>Net cash (used in)/from operating activities</b>		<b>(38,004)</b>	<b>(15,826)</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(95,896)	(114,689)
Proceeds from sale of property, plant and equipment		7,546	4,266
<b>Net cash used in investing activities</b>		<b>(88,350)</b>	<b>(110,423)</b>
<b>Cash flows from Financing activities</b>			
Dividend paid		(65,384)	(52,225)
<b>Net cash used in financing activities</b>		<b>(65,384)</b>	<b>(52,225)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(191,738)</b>	<b>(178,474)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(163,239)</b>	<b>(99,313)</b>
<b>Cash and cash equivalents at the end of the period</b>	12	<b>(354,977)</b>	<b>(277,787)</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
Chairman

  
Chief Executive

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

For the nine months ended September 30, 2015

	Share capital	General reserves	Unappropriated profit	Total
	(Rupees in thousand)			
<b>Balance as at January 1, 2014</b>	132,000	682,000	159,149	973,149
Final dividend for the year ended December 31, 2013 Rs 4 per share	-	-	(52,800)	(52,800)
Transfer to general reserve	-	105,000	(105,000)	-
Total comprehensive income/(loss) for the period	-	-	114,193	114,193
<b>Balance as at Sep 30, 2014</b>	132,000	787,000	115,542	1,034,542
Total comprehensive income/(loss) for the period			66,973	66,973
<b>Balance as at December 31, 2014</b>	132,000	787,000	182,515	1,101,515
Final dividend for the year ended December 31, 2014 Rs 5 per share			(66,000)	(66,000)
Transfer to general reserve		116,000	(116,000)	-
Total comprehensive income / (Loss) for the period			183,348	183,348
<b>Balance as at Sep 30, 2015</b>	132,000	903,000	183,863	1,218,863

The annexed notes 1 to 13 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 nine months ended September 30, 2015

### 1. Legal status and nature of business

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

### 2. Basis of preparation

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 and is being submitted to the shareholders in accordance with Section 245 of Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all information required for annual financial statements and therefore should be read in conjugation with the annual financial statements for the year ended December 31, 2014.

### 3. 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, 2014 except as described below:

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

The following standards are effective from current period but do not have a material impact on the company's interim financial information;

- IFRS 13, 'Fair Value Measurement'

#### 3.2 Standards, amendments and interpretations to existing standards applicable to the company not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's interim financial information;

<b>Standards or interpretations:</b>	<b>Effective date (accounting periods beginning on or after)</b>
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortization	January 1, 2016
Annual improvement to IAS 34, 'Interim financial reporting' regarding disclosure of information	January 1, 2016
Annual improvement to IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.	January 1, 2016
Annual improvement to IAS 19, 'Employee benefits' regarding discount rates.	January 1, 2016
IFRS 15 'Revenue from contracts with customers'	January 1, 2017
IFRS 9 'Financial instruments'	January 1, 2018

#### 3.3 Standards, amendments and interpretations to published standards effective in current period not relevant to 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, 2015 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

#### 4. Taxation

**4.1** 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.

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

#### 5. Trade and other payables

Trade creditors include amount due to holding company of Rs. 48.840 million (December 2014: 25.611 million) and associated undertakings of Rs. 33.601 (December 2014: 8.908 million).

#### 6. Contingencies and commitments

##### 6.1 Contingencies

The company has obtained bank guarantees of Rs. 1,116.254 million (December 2014: Rs 639.732 million) against the performance of various contracts.

##### 6.2 Commitments

Letters of credit other than for capital expenditure amount to Rs. 107.062 million (December 2014: Rs. 98.471 million).

	Note	September 30, 2015 (Un-audited) (Rupees in thousand)	December 31, 2014 (Audited)
<b>7. Property, plant and equipment</b>			
Opening net book value	7.1	354,761	297,225
Additions during the period		81,225	124,458
Deletions during the period		(4,492)	(8,154)
		431,494	413,529
Depreciation charged during the period		(45,582)	(58,768)
Closing net book value		385,912	354,761
<b>7.1 Additions during the period</b>			
Buildings on freehold land		15,165	34,128
Plant and machinery		13,678	10,647
Tools, jigs and attachments		665	2,287
Patterns		-	9,915
Other equipments		22,998	8,507
Furniture and fixtures		562	8,521
Office machine & appliances		5,441	7,563
Vehicles		22,716	42,890
		81,225	124,458

	<b>September 30, 2015 (Un-audited)</b> (Rupees in thousand)	December 31, 2014 (Audited)
<b>8. Trade debts</b>		
Trade debts	1,732,145	1,270,184
Provision for doubtful debts	(88,760)	(53,456)
	<b>1,643,385</b>	<b>1,216,728</b>

	<b>July to September</b>		<b>January to September</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	(Rupees in thousand)			
<b>9. Cost of sales</b>				
Raw material consumed	422,004	300,222	1,119,169	838,196
Salaries, wages, amenities and staff welfare	70,481	66,545	205,609	194,277
Staff training	87	247	560	2,220
Electricity and power	25,818	25,278	71,262	68,667
Stores and spares consumed	62,896	39,478	216,018	109,967
Insurance	1,979	1,376	5,150	3,676
Travelling and conveyance	11,954	9,917	34,259	29,986
Postage and telephone	1,063	1,109	3,509	3,212
Printing and stationery	455	618	2,450	2,371
Rent, rates and taxes	1,321	1,071	4,039	2,942
Repairs and maintenance	6,262	4,670	15,181	7,494
Legal & Professional charges	3,144	1,631	9,740	11,381
SAP user licence fee & other IT services	3,974	4,838	12,130	17,286
Packing expenses	9,654	10,527	20,283	27,139
Outside services	187,206	161,481	542,549	369,888
Depreciation on Property, plant and equipment	11,936	10,479	34,634	30,691
Provision for obsolete stores & stocks	1,500	6,500	6,500	14,500
Royalty & trade mark	3,450	5,656	14,366	13,043
Other expenses	1,189	2,829	3,640	4,759
	<b>826,373</b>	<b>654,472</b>	<b>2,321,048</b>	<b>1,751,695</b>
Opening work-in-process				
Less: Closing work-in-process	-	-	224,275	182,002
(Increase)/ decrease in work in process	39,809	(11,606)	309,399	208,168
	(39,809)	11,606	(85,124)	(26,166)
Cost of goods manufactured				
Opening stock of finished goods				
Less: Closing stock of finished goods	-	-	22,934	30,862
Decrease/ (increase) in finished goods	204	2,609	19,005	25,417
	(204)	(2,609)	3,929	5,445
	<b>786,360</b>	<b>663,469</b>	<b>2,239,853</b>	<b>1,730,974</b>

**9.1** This includes amount of Rs. 8.98 million (Sep 2014: 8.98 million) charged by the parent company (KSB Aktiengesellschaft) on account of various services provided to the company.

		<b>January to September</b>	
		<b>2015</b>	<b>2014</b>
		(Rupees in thousand)	
<b>10.</b>	<b>Transactions with related parties</b>		
	<b>Relationship with the Company</b>		
	<b>Nature of transaction</b>		
	i. Associated undertakings		
	Purchase of goods and services	140,529	128,349
	Sale of goods and services	163,112	146,629
	Commission income	24,796	19,409
	Commission expense	9,760	10,240
	Royalty	14,366	13,043
	ii. Post retirement benefit plans	8,286	7,486
	Expense charged		
	iii. Key management personnel	57,972	48,024
	Compensation		
	All transactions with related parties have been carried out on commercial terms and conditions.		
		<b>September 30,</b>	<b>December 31,</b>
		<b>2015</b>	<b>2014</b>
		(Rupees in thousand)	
	<b>Period-end balances</b>		
	Receivable from related parties	100,765	78,479
	Payable to related parties	218,987	141,176
		<b>September 30,</b>	<b>September 30,</b>
		<b>2015</b>	<b>2014</b>
		(Rupees in thousand)	
<b>11.</b>	<b>Cash generated from operations</b>		
	Profit before taxation	263,774	166,447
	Adjustment of non-cash items:		
	Depreciation on property, plant and equipment	45,582	43,110
	Depreciation on Investment property	160	160
	Amortization on Intangible assets	679	729
	Profit on sale of property, plant and equipment	(3,054)	(131)
	Employees' retirement and other benefits	14,723	13,698
	Provision for doubtful debts & receivables	38,028	7,267
	Stock-in-trade written off	6,500	14,500
	Finance cost	28,251	32,279
	Exchange (gain)/loss	6,322	2,474
	<b>Profit before working capital changes</b>	<b>400,965</b>	<b>280,533</b>
	<b>Effect of cash flow due to working capital changes</b>		
	(Increase)/decrease in current assets:		
	Stores, spares and spares	(7,975)	(6,735)
	Stock-in-trade	(146,523)	(8,601)
	Trade debts	(469,612)	(339,513)
	Advances, deposits, prepayments and other receivables	(123,202)	(80,131)
	Increase/(decrease) in current liabilities:		
	Trade and other payables	421,692	221,492
	Provisions for other liabilities and charges	(10,666)	(6,708)
		<b>(336,286)</b>	<b>(220,196)</b>
		<b>64,679</b>	<b>60,337</b>



	<b>September 30, 2015</b>	September 30, 2014
	(Rupees in thousand)	
<b>12. Cash and cash equivalents</b>		
Cash and bank balances	68,062	165,094
Short term running finances - secured	(423,039)	(442,881)
	<u>(354,977)</u>	<u>(277,787)</u>
<b>13. Date of authorization for issue</b>		

This condensed interim financial information was authorized for issue on October 19, 2015 by the Board of Directors of the company.



Chairman



Chief Executive

BOOK POST  
PRINTED MATTER

TO:



KSB Pumps Company Limited  
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