

# Quarterly Report (Un-Audited)

For the period ended September 30, 2020  
KSB Pumps Company Limited



# Contents

	Page #
Company Information	2
<hr/>	
Sales Offices	4
<hr/>	
Directors' Review	5
<hr/>	
Condensed Interim Statement of Financial Position	6
<hr/>	
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	8
<hr/>	
Condensed Interim Statement of Changes in Equity	9
<hr/>	
Condensed Interim Statement of Cash Flows	10
<hr/>	
Notes to the Condensed Interim Financial Statements	11
<hr/>	

# Company Information

## Board of Directors

Dr. Sven Baumgarten	Chairman
Mohammad Masud Akhtar	Managing Director / CEO
Sajid Mahmood Awan	
Dieter Antonius Pott	
Ayesha Aziz	
Hasan Aziz Bilgrami	
Shezada Mazhar	
Jamal Nasim	(Nominee NIT)

## Company Secretary

Faisal Aman Khan

## Management

Mohammad Masud Akhtar	Managing Director / CEO
Sajid Mahmood Awan	Finance, I.T & Administration
Syed Tariq Ali	Operations
Muhammad Imran Malik	Sales & Strategic Marketing
Faisal Aman Khan	Corporate Affairs & IR

## 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  
 United Bank Limited

## Audit Committee

Jamal Nasim	Chairman
Dieter Antonius Pott	Member
Shezada Mazhar	Member

## Secretary Audit Committee

Saeed Hussain

## HR & R Committee

Shezada Mazhar	Chairman
Mohammad Masud Akhtar	Member
Hasan Aziz Bilgrami	Member

**Secretary HR & R Committee**

Shahzad Saleem

**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**

CDC Share Registrar Services Limited

CDC House, 99-B, Block B, SMCHS

Shahra-e-Faisal, Karachi-74000

Tel: (021) 111-111-500

Fax: (021) 34326053

# Sales Offices

## Lahore

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: info@ksb.com.pk

## Rawalpindi

Race Course Landmark, 299-A,  
Main Peshawar Road, Rawalpindi Cantt  
Tel: +92 51 5491481-82 Fax: +92 51 5491237  
Email: info@ksb.com.pk

## Karachi

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

# KSB Exclusive Partners

Sr.	Name	City	Location	Status	Province	Partners	Contact#	Office Landline	Fax	Email
1	Dominar Engineers	Lahore	65-A Ferozpur Road, Link Samanabad Road, near LOS	KSB Exclusive Partner	Punjab	Hammad Malik / Syed Mehdi	0302-874449/8	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 Exclusive Partner	Sindh	Saqib Khawaja	0300-8203077	021-35390481/2	021-35390483	saqib@idea.com.pk
3	Wali Muhammad & Co.	Quetta	Zonkiram Road near millennium Mall	KSB Exclusive Partner	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 Exclusive Partner	KPK	Atif Javed	0345-555939	091-5285679	091-5278919	pakatlantis@gmail.com
5	B&I Engineering	Lahore	Office # 23, 1st Floor Al-Latif Centre, Main Boulevard, Gulberg	KSB Exclusive Partner	Punjab	Imran Yousaf / Arbab Bilal	0300-4056939	042-32801273	-	imran@biengr.com
6	Modern Technology & Traders	Karachi	4th Floor, Building # 11-C/2, Lane-11 Bukhari Commercial DHA Phase-6, Karachi	KSB Exclusive Partner	Sindh	Abdul Qayyum	0333-7299905 0311-1000953	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 period ended September 30, 2020.

Pakistan economy is in revival phase after facing lockdowns amid COVID-19 outbreak. The GDP outlook is 2% and inflation outlook is between 7 to 9% for the FY 2021. SBP has maintained policy rate at 7% in its recently announced monetary policy. Activity in large scale manufacturing and construction sectors has picked up and growth is foreseen in these sectors in the current fiscal year. Measures taken by government and SBP to ease liquidity pressures on businesses and households proved a timely support to the overall activity. On the downside, rising political unrest could be detrimental to the economic performance. Pakistan expects to be described as 'largely compliant' on major points if not given formal exit from the grey list in the upcoming FATF review. Resurgence of COVID-19 and fears of its second wave pose threat not only to the local economy but also to country's exports in case our major markets in Europe and the US receive another shock. Geo-political tensions are among other risks to the growth.

Following overall business recovery trends, KSB Pakistan has experienced stability in operations in the 3rd quarter. The company has earned revenue of PKR 2.49 billion, with earnings before interest & tax (EBIT) of 112 million, while earnings before tax for the period ended September 30, 2020 improved to PKR 5.7 million.

Looking forward, overall business activity has resumed and healthy order intake from all key sectors is anticipated in the last quarter of year 2020. We are confident to achieve positive results for the year 2020 however it depends on the pace of recovery especially in the wake of potential second wave of COVID-19 pandemic.

KSB Pakistan has won 17th Environment Excellence Award in recognition of our contribution towards sustainable development of environment friendly policies.

I appreciate the efforts of our committed team to cope with the challenges faced by the company.



**Mohammad Masud Akhtar**  
MD / Chief Executive Officer

13<sup>th</sup> October, 2020  
Lahore, Pakistan

# Condensed Interim Statement of Financial Position (Un-audited)

As at September 30, 2020

	Note	September 30, 2020 (Rupees in thousand)	December 31, 2019 (Rupees in thousand)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
Authorised capital 15,000,000 (2019: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital		132,000	132,000
General Reserves		1,805,600	1,729,600
Reserves		(19,354)	96,298
		1,918,246	1,957,898
<b>NON CURRENT LIABILITIES</b>			
Long term finances - secured	5	324,262	125,000
Employees' retirement and other benefits		100,414	90,691
Deferred taxation		48,911	57,884
		473,587	273,575
<b>CURRENT LIABILITIES</b>			
Current portion of long term finances - secured		163,307	125,000
Short term finances - secured		801,347	1,086,456
Trade and other payables	6	1,373,856	1,402,722
Contract Liability		10,032	8,486
Unclaimed dividend		10,107	9,946
Due to provident fund		5,436	4,390
Provisions for other liabilities and charges		-	72,190
		2,364,085	2,709,190
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
		4,755,918	4,940,663

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director

	Note	September 30, 2020 (Rupees in thousand)	December 31, 2019 (Rupees in thousand)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,049,132	1,162,474
Investment property	9	-	-
Intangible assets		12,483	17,651
Capital work in progress		19,421	16,871
Long term loans and deposits		69,567	69,256
		1,150,603	1,266,252
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		92,025	73,913
Stock in trade		816,840	794,015
Trade debts	10	1,323,726	1,305,533
Contract Asset		723,459	814,008
Advances, deposits, prepayments and other receivables		568,124	504,338
Cash and bank balances		81,141	182,604
		3,605,315	3,674,411
		<u>4,755,918</u>	<u>4,940,663</u>

  
Chief Executive

  
Chief Financial Officer

  
Director



# Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the period ended September 30, 2020

	Note	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019 (Rupees in thousands)	September 30, 2020 (Rupees in thousands)	September 30, 2019
Sales	13	940,968	900,217	2,490,169	2,757,228
Cost of sales	14	(737,140)	(730,741)	(2,009,863)	(2,233,394)
<b>Gross profit</b>		<b>203,828</b>	<b>169,476</b>	<b>480,306</b>	<b>523,834</b>
Distribution and marketing expenses		(80,691)	(69,730)	(237,230)	(236,306)
Administration expenses	15	(58,475)	(51,682)	(176,987)	(167,907)
Other operating expenses		-	(905)	-	(5,339)
Other operating income		9,195	10,762	46,201	76,269
<b>Profit / (Loss) from operations</b>		<b>73,857</b>	<b>57,921</b>	<b>112,290</b>	<b>190,551</b>
Finance cost		(27,478)	(48,469)	(106,570)	(121,951)
<b>Profit / (Loss) before taxation</b>		<b>46,379</b>	<b>9,452</b>	<b>5,720</b>	<b>68,600</b>
Taxation		(10,253)	(3,175)	(25,572)	(14,306)
<b>Profit / (Loss) for the period</b>		<b>36,126</b>	<b>6,277</b>	<b>(19,852)</b>	<b>54,294</b>
<b>Other comprehensive income/ (loss):</b>					
Items not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans - net of tax		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>36,126</b>	<b>6,277</b>	<b>(19,852)</b>	<b>54,294</b>
<b>Earnings / (Loss) per share - basic &amp; diluted Rupees</b>		<b>2.74</b>	<b>0.48</b>	<b>(1.50)</b>	<b>4.11</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

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

For the period ended September 30, 2020

	Share capital	General reserves	Unappropriated profit	Total
	(Rupees in thousand)			
<b>Balance as at January 1, 2019</b>	132,000	1,580,600	188,953	1,901,553
Final dividend for the year ended December 31, 2018 Rs 3.00 per share	-	-	(39,600)	(39,600)
Transfer to general reserve	-	149,000	(149,000)	-
Total comprehensive income/(loss) for the period	-	-	54,294	54,294
<b>Balance as at September 30, 2019</b>	132,000	1,729,600	54,647	1,916,247
Total comprehensive income/(loss) for the period	-	-	41,651	41,651
<b>Balance as at December 31, 2019</b>	132,000	1,729,600	96,298	1,957,898
Final dividend for the year ended December 31, 2019 Rs 1.50 per share	-	-	(19,800)	(19,800)
Transfer to general reserve	-	76,000	(76,000)	-
Total comprehensive income / (Loss) for the period	-	-	(19,852)	(19,852)
<b>Balance as at September 30, 2020</b>	132,000	1,805,600	(19,354)	1,918,246

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director

# Condensed Interim Statement of Cash Flows (Un-audited)

For the period ended September 30, 2020

		January to September	
		2020 (Un-audited) (Rupees in thousand)	2019 (Un-audited) (Rupees in thousand)
	Note		
<b>Cash flows from operating activities</b>			
Cash generated/ (used) from operations	11	157,223	20,807
Finance costs paid		(121,353)	(105,920)
Taxes paid		(57,634)	(93,738)
Employees' retirement and other benefits paid		(13,960)	(26,677)
Net (increase) / decrease in long term loans and deposits		(311)	3,573
<b>Net cash (used in)/from operating activities</b>		(36,035)	(201,955)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(14,847)	(69,139)
Proceeds from sale of property, plant and equipment		16,599	9,539
<b>Net cash used in investing activities</b>		1,752	(59,600)
<b>Cash flows from Financing activities</b>			
Long term loan-secured		237,569	(93,750)
Dividend paid		(19,639)	(37,009)
<b>Net cash used in financing activities</b>		217,930	(130,759)
<b>Net (decrease)/increase in cash and cash equivalents</b>		183,647	(392,314)
<b>Cash and cash equivalents at the beginning of the period</b>		(903,853)	(670,318)
<b>Cash and cash equivalents at the end of the period</b>		(720,206)	(1,062,632)

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director

# Notes to the Condensed Interim Financial Statements

For the period ended September 30, 2020

## 1. Legal status and nature of business

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

## 2. Basis of preparation

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

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

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

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

The condensed interim financial statements do not include all the information required for annual financial statements including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2019.

Furthermore, the basis of significant estimates are same as those that were applied to the financial statements for the year ended December 31, 2019.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual period beginning on or after January 01, 2020 but are considered not to be relevant.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2021 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. Summary of significant events and transactions**

The pandemic COVID-19 that rapidly spread all across the world which has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19 including lockdown of businesses, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown and disruptions to various businesses. The Government of Pakistan and State Bank of Pakistan also announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of the COVID-19.

Complying with the lockdown, the Company temporarily suspended its operations from March 23, 2020. In our Company's case, the lockdown was subsequently relaxed from April 06, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

The lockdown caused disruptions in supply and distribution chain affecting the sales of the products and services of the Company. It is also expected that the outbreak may affect the demand of the Company's products, services and projects in future. In order to mitigate the effects of COVID-19, the management has adopted several measures comprising of product diversification, cost reductions, utilization of State Bank of Pakistan Refinance Scheme relating to Salaries and Wages and deferment of principal payment of long term loan relating to BankIslami Pakistan Limited for a period of one year for managing working capital requirements. The management has also assessed the accounting implications of these developments on these interim financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- the estimated cost to complete the project under IFRS 15 'Revenue from Contract with Customers';
- provision for taxation in accordance with IAS 12, 'Income taxes'
- provisions and contingent liabilities under IAS 37, including onerous contracts; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these interim financial statements.

#### 4. Taxation

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

	Note	September 30, 2020 (Un-audited) (Rupees in thousands)	December 31, 2019 (Audited)
<b>5. Long term finances - secured</b>			
BankIslami	5.1	218,750	250,000
Allied Bank Limited	5.2	268,819	-
Current portion of long term finances - secured		(163,307)	(125,000)
		<u>324,262</u>	<u>125,000</u>

**5.1** During the year 2016, Diminishing Musharika with a limit of Rs 500.00 million was obtained from BankIslami for the purpose of expansion of foundry which has been completely utilized in June 30, 2018 (December 31, 2018: Rs 500.00 million). The finance is secured by way of exclusive charge over specific plant and machinery (Diminishing Musharika assets) of the Company amounting to Rs 500.00 million. This carries mark-up at the rate of three month KIBOR plus 0.10% per annum payable quarterly. Effective rate of interest ranged from 8.41% to 13.60% during the period ended September 30, 2020 (September 30: 2019: 9.49% to 14.02%). As at September 30, 2020, the Company has repaid an amount of Rs 281.25 million (December 31, 2019: Rs 250 million).

**5.2** During the period, the Company availed the State Bank of Pakistan Refinance Scheme for payment of salaries and wages from Allied Bank Limited with a limit of Rs 271 million. The loan is repayable in 8 equal quarterly installments starting from January 31, 2021 with a grace period of six months. The finance is secured by exclusive equitable mortgage charge over land and bulidings situated at KSB Pumps Company Limited headoffice upto an amount of Rs 213 million and First Joint parri passu charge over current and future current assets of the Company. The loan has been treated as term loan. After approval by SBP, the facility carries interest rate of SBP rate plus 1% per annum (September 30: 2019: Nil).

#### 6. Trade and other payables

Trade creditors include amount due to holding company of Rs 207.436 million (December 2019: Rs 155.61 million) and associated undertakings of Rs 72.196 million (December 2019: Rs. 72.3 million). Further, it includes contract liability amounting to Rs.244.936 million (December 31, 2019: Rs 320.229 million) pertaining to advance received from customers relating to products.

## 7. Contingencies and commitments

### 7.1 Contingencies

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

The Company has obtained bank guarantees of Rs. 791.93 million (December 2019: Rs 853.94 million) against the performance of various contracts.

### 7.2 Commitments

The Company has commitment in respect of letter of credits other than for capital expenditure approximately Rs. 102.42 million (December 2019: Rs. 171.53 million).

	Note	September 30, 2020 (Un-audited) (Rupees in thousands)	December 31, 2019 (Audited)
<b>8. Property, plant and equipment</b>			
Opening book value		1,162,474	1,237,973
Add: Additions during the period	8.1	12,026	106,239
		1,174,500	1,344,212
Less: Disposal during the period (at book value)		(12,312)	(26,783)
Depreciation charged during the period		(113,056)	(154,955)
		(125,368)	(181,738)
		1,049,132	1,162,474
<b>8.1 Additions</b>			
Buildings on freehold land		-	25,690
Plant and machinery		5,896	45,044
Tools, jigs and attachments		-	2,153
Patterns		-	21,316
Other equipment		192	8,618
Furniture and fixtures		-	1,856
Office machines and appliances		5,938	27
Vehicles		-	1,535
		12,026	106,239

## 9. Investment property

This refers to the fully depreciated investment property. The fair value of investment property amounts to Rs 50.48 million (2019: Rs 62.63 million) as per valuation carried out by independent valuer as at December 31, 2019.

	<b>September 30, 2020 (Un-audited) (Rupees in thousands)</b>	<b>December 31, 2019 (Audited)</b>
<b>10. Trade debts</b>		
Trade debts	1,474,361	1,435,023
Less: Provision for doubtful debts	(150,635)	(129,490)
	<u>1,323,726</u>	<u>1,305,533</u>
	<b>Nine months ended</b>	
	<b>September 30, 2020 (Un-audited) (Rupees in thousands)</b>	<b>September 30, 2019</b>
<b>11. Cash generated from operations</b>		
Profit before taxation	5,720	68,600
Adjustment of non-cash items:		
Depreciation on property, plant and equipment	113,056	116,811
Depreciation on investment property	-	160
Amortization on intangible assets	5,439	956
Profit on sale of property, plant and equipment	(4,287)	(2,064)
Employees' retirement and other benefits	23,683	25,197
Provision for doubtful debts and receivables	21,606	14,546
Provision for slow moving stock	4,500	4,500
Finance cost	106,570	121,951
Exchange gain	(1,532)	(41,267)
<b>Profit before working capital changes</b>	<u>274,755</u>	<u>309,390</u>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spares and loose tools	(18,112)	32,921
Stock-in-trade	(27,325)	77,568
Trade debts	(5,997)	42,923
Contract asset	90,549	(193,605)
Advances, deposits, prepayments and other receivables	(42,092)	47,488
	<u>(2,977)</u>	<u>7,295</u>
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	(44,957)	(249,195)
Contract liability	1,546	(19,209)
Due to provident fund	1,046	975
Provisions for other liabilities and charges	(72,190)	(28,449)
	<u>(114,555)</u>	<u>(295,878)</u>
	<u>157,223</u>	<u>20,807</u>



## 12. Cash and cash equivalents

Cash and cash equivalents comprise the following items:

	September 30, 2020	September 30, 2019
	(Un-audited)	
	(Rupees in thousands)	
Cash and bank balances	81,141	53,086
Short term finances	(801,347)	(1,115,718)
	<u>(720,206)</u>	<u>(1,062,632)</u>

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(Un-audited)			
	(Rupees in thousands)			
<b>13. Sales</b>				
Local sales	896,194	776,902	2,255,520	2,527,963
Export Sales	174,278	224,223	566,534	558,659
	<u>1,070,472</u>	<u>1,001,125</u>	<u>2,822,054</u>	<u>3,086,622</u>
Less: Sales tax	(129,504)	(100,908)	(331,885)	(329,394)
	<u>940,968</u>	<u>900,217</u>	<u>2,490,169</u>	<u>2,757,228</u>
<b>14. Cost of goods sold</b>				
Raw material consumed	458,474	375,208	1,130,585	1,154,851
Salaries, wages, amenities and staff welfare	66,245	73,566	206,601	227,488
Staff training	3	-	144	340
Electricity and power	41,500	34,636	97,911	103,983
Stores and spares consumed	53,473	75,201	128,815	187,303
Insurance	2,097	1,622	5,089	4,928
Travelling and conveyance	5,849	10,305	19,876	33,437
Postage and telephone	2,205	2,458	6,415	7,490
Printing and stationery	184	339	673	1,122
Rent, rates and taxes	877	1,207	2,751	3,081
Repairs and maintenance	4,477	4,335	8,548	10,676
Legal and professional charges	2,604	-	6,634	608
SAP user license fee and other IT services	6,641	8,918	25,181	25,809
Packing expenses	9,725	5,859	24,808	22,448
Outside services	65,959	89,067	248,737	270,561
Depreciation on property, plant and equipment	33,997	35,735	102,960	106,069
Provision for obsolete stores and stocks	1,500	1,500	4,500	4,500
Warranties	4,719	5,368	11,651	13,427
Other expenses	1,262	1,255	4,458	7,154
	<u>761,791</u>	<u>726,579</u>	<u>2,036,337</u>	<u>2,185,275</u>
Opening work-in-process	266,996	372,078	277,210	399,059
Less: Closing work-in-process	297,870	359,924	297,870	359,924
(Increase) / decrease in work in process	(30,874)	12,154	(20,660)	39,135
Cost of goods manufactured	730,917	738,733	2,015,677	2,224,410
Opening stock of finished goods	68,789	57,150	56,752	74,126
Less: Closing stock of finished goods	62,566	65,142	62,566	65,142
(Increase) / decrease in finished goods	6,223	(7,992)	(5,814)	8,984
	<u>737,140</u>	<u>730,741</u>	<u>2,009,863</u>	<u>2,233,394</u>

## 15. Administrative expenses

Administrative expenses include Rs. 22.820 million pertaining to group service cost.

		Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		----- (Un-audited) -----			
		(Rupees in thousands)			
<b>16. Transaction with related parties</b>					
<b>Relationship with the Company</b>	<b>Nature of transaction</b>				
i. Associated Undertaking	Purchase of goods and services	68,312	117,728	294,093	302,509
	Sale of goods and services	174,488	215,902	564,296	534,606
	Commission income	1,185	2,856	1,664	12,032
	Commission expense	15,947	4,337	28,277	35,981
	Royalty and trademark	5,155	6,047	14,367	16,944
	SAP user license fee	11,937	15,350	43,286	44,422
	Group service cost	10,897	-	31,955	-
ii. Post retirement benefit plans	Expense charged	13,516	14,338	40,923	43,401
iii. Key management personnel	Compensation	21,648	28,925	66,842	86,777

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	(Rupees in thousands)	
<b>Period end balances</b>		
Receivable from related parties	267,627	275,273
Payable to related parties	279,632	227,905

## 17. Date of authorization for issue

These condensed interim financial statements were authorized for issue on October 13, 2020 by the Board of Directors of the Company.

  
Chief Executive

  
Chief Financial Officer

  
Director



## مجلس نظماء کا جائزہ

میں 30 ستمبر 2020ء کو ختم ہونے والی مدت کے لئے KSB کمپنی لمیٹڈ کے مالیاتی کھاتے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ کوویڈ 19 وبائی بیماری پھیلنے کے باعث لاک ڈاؤن کے بعد پاکستان کی معیشت بحالی کے مراحل میں ہے۔ مالی سال 2021 کے لئے جی ڈی پی نقطہ نظر %2 اور افراط زر کی شرح 7 سے 9 فیصد کے درمیان ہے۔ اسٹیٹ بینک نے اپنی حالیہ اعلان کردہ مالیاتی پالیسی میں پالیسی شرح 7 فیصد برقرار رکھی ہے۔ رواں مالی سال میں بڑے پیمانے کی مینوفیکچرنگ اور تعمیراتی شعبوں کی سرگرمی میں تیزی آئی اور ان شعبوں میں نمو کی پیش گوئی کی جا رہی ہے۔ حکومت اور اسٹیٹ بینک کی جانب سے کاروباری اداروں اور گھریلو اشیاء پر لیکویڈیٹی دباؤ کو کم کرنے کے لئے اٹھائے جانے والے اقدامات مجموعی سرگرمی کے بروقت معاون ثابت ہوئے ہیں۔ منفی پہلو میں، بڑھتی ہوئی سیاسی بد امنی معاشی کارکردگی کے لئے نقصان دہ ہو سکتی ہے۔ توقع ہے کہ آئندہ فیٹف جائزے میں گرے لسٹ سے باضابطہ اخراج نہ ہونے کی صورت میں پاکستان کو اہم نکات پر "بڑے پیمانے پر تعمیل کرنے والے" کے طور پر خیال کیا جائے گا۔ COVID-19 کی بحالی اور اس کی دوسری لہر کے خوف سے نہ صرف مقامی معیشت بلکہ اگر یورپ اور امریکہ جو ہماری اہم منڈیاں ہیں کو ایک اور جھٹکا لگا تو خطے کی برآمدات کو بھی خطرہ لاحق ہے۔ جغرافیائی سیاسی کشیدگی نمو کے دیگر خطرات میں سے ایک ہے۔

کاروباری بحالی کے مجموعی رجحانات کے بعد، KSB پاکستان کو تیسری سہ ماہی میں آپریشنز میں استحکام کا تجربہ حاصل ہوا ہے۔ کمپنی نے 2.49 بلین روپے کی آمدنی حاصل کی ہے، جس میں سود اور ٹیکس (EBIT) سے قبل کی آمدنی 112 ملین ہے، جبکہ 30 ستمبر 2020ء کو ختم ہونے والی مدت کے لئے ٹیکس سے قبل کی آمدنی میں 5.7 بلین روپے بہتری ہوئی ہے۔

آگے بڑھتے ہوئے، مجموعی کاروباری سرگرمیاں دوبارہ شروع ہو گئی ہیں اور سال 2020ء کی آخری سہ ماہی میں تمام اہم شعبوں سے صحت مند آرڈر انٹیک کی توقع ہے۔ اس کا انحصار خاص طور پر COVID-19 وبائی بیماری کی ممکنہ دوسری لہر کے بعد کی بحالی کی رفتار پر ہے۔ ماحول دوست پالیسیوں کی پائیدار ترقی میں ہماری شرکت کے اعتراف میں KSB پاکستان نے 17 واں ماحولیاتی ایکسی لینس ایوارڈ جیتا ہے۔

میں تمام ملازمین کا شکریہ ادا کرتا ہوں، کیونکہ ان کی لگن اور وابستگی مشکل حالات میں کمپنی کے لئے مضبوطی کا باعث رہی ہے۔

منجانب بورڈ



محمد مسعود اختر

ہیڈنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر

13 اکتوبر 2020ء

لاہور، پاکستان



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