

Quarterly Report (Un-Audited) For the Period ended March 31, 2021 KSB Pumps Company Limited



Contents

Company Information	02
Sales Offices	04
Directors' Review	05
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	08
Condensed Interim Statement of Changes in Equity	09
Condensed Interim Cash Flow Statement	10
Notes to and Forming Part of the Condensed Interim Financial Information	11

Company Information

Board of Directors

Dr. Sven Baumgarten
Mohammad Masud Akhtar
Dieter Antonius Pott
Sajid Mahmood Awan
Ayesha Aziz
Hasan Aziz Bilgrami
Shezada Mazhar
Jamal Nasim

Chairman
Managing Director

Company Secretary

Faisal Aman Khan

Management

Mohammad Masud Akhtar
Mohammad Imran Malik
Faisal Aman Khan

Chief Executive Officer
Sales & Strategic Marketing
Corporate Affairs & IR
Administration
Operations
Finance & Control

Syed Tariq Ali
Faryal Zafar

Auditors

A.F. Ferguson & Co.

Chartered Accountants

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 Limited
United Bank Limited
Meezan Bank Limited

Audit Committee

Jamal Nasim
Dieter Antonius Pott
Shezada Mazhar
Sajid Mahmood Awan

Chairman
Member
Member
Member

Secretary Audit Committee

Saeed Hussain

HR & R Committee

Shezada Mazhar
Mohammad Masud Akhtar
Hasan Aziz Bilgrami

Chairman
Member
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

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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

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Lahore

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

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Karachi

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PECHS Shahrah-e-Faisal, Karachi
Ph: (021) 111 572 786 Fax: (021) 34388302
Email: info@ksb.com.pk

KSB Exclusive Partners

Sr.	Channel	City	Location	Province	Partners	Contact#	Email
1	Dominar Engineers	Lahore	65-A Ferozpur Road Link Samanabad Road, near LOS	Punjab	Hammad Malik/ Syed Mehdi	0302-8744449/8 042-37500078	hammad.malik@de.com.pk
2	Industrial Development & Engineering Associates	Karachi	20-C Mezzanine Floor, Indus Centre 14th Com st PH-II DHA	Sindh	Saqib Khawaja	0300-8203077 021-35390481/2	saqib@idea.com.pk
3	Wali Muhammad & Co.	Quetta	Zonkiram Road Near Millennium Mall	Balochistan	Wali Muhammad	0300-8387668 081-2829635	gulistanmachinery@yahoo.com
4	Pak Atlantis Pumps	Peshawar	3rd Floor, Mall Tower, 35-The Mall, Peshawar Cantt.	KPK	Atif Javed	0345-5555939 091-5285679	pakatlantis@gmail.com
5	B&I Engineering	Lahore	House # 22, Q Block, Main Boulevard, Gulberg II, Near Home Economics College	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	Sindh	Abdul Qayyum	0333-7299905 0311-1000953 021-35156121-4	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, 2021.

Global Economy, after an unprecedented contraction in year 2020, is anticipated to grow at the rate of 6% in the year 2021, and moderate at 4.4% in year 2022. Covid -19 not only continues to affect human lives but also poses threat to the pace of economic recovery. Pakistan's fragile economy is expected to experience sluggish growth in year 2021. GDP outlook for year 2021 is 1.5%, as per latest IMF updates. Inflation has drifted up and overall forecast for the year remained around 9%. Among the positive signs, SBP has maintained policy rate at 7% in its recent monetary policy, and Pakistani Rupee has strengthened against the dollar. Downside risks however prevail. The country has been hit harder by the third and most contagious Covid wave which has slowed down the overall activity. Though vaccination process has started however the progress remains slow. IMF stabilization programme is expected to resume, and fiscal consolidation measures under this programme may further dampen the overall economic activity.

KSB Pakistan, amid current situation, has achieved a turnover of PKR 929 mio for the 1st quarter ended on March 31, 2021 with a profit before tax of PKR 6.6 mio against a loss before tax of 24 mio in the corresponding period of last year 2020.

Going forward, business prospects in both the public and private sector look promising. Due to the resurgence of Covid 19, the first half of the year is expected to remain slow. Depending upon the situation, the activity is expected to pick up in the second half. Based on healthy orders in hand and opportunities in the pipeline, we are confident to achieve positive growth in business numbers in year 2021.

The board would like to appreciate dedicated efforts of entire KSB team on achievement of positive business results for the 1st quarter and wish them all the best for the remaining part of the year.



Mohammad Masud Akhtar
MD / Chief Executive Officer

27th April, 2021
Lahore, Pakistan

Condensed Interim Statement of Financial Position (Un-audited)

As at March 31, 2021

	Note	March 31, 2021 (Rupees in thousand)	December 31, 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 15,000,000 (2020: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital		132,000	132,000
Reserves	5	1,837,340	1,835,112
		1,969,340	1,967,112
NON CURRENT LIABILITIES			
Long term finances - secured	6	216,629	250,231
Deferred grant		2,138	4,369
Employees' retirement and other benefits		72,118	72,224
Deferred tax liabilities		8,556	17,962
		299,441	344,786
CURRENT LIABILITIES			
Current portion of long term finances - secured		225,674	221,947
Current portion of deferred grant		10,705	12,200
Short term finances - secured		855,147	670,300
Trade and other payables		1,408,130	1,393,226
Contract Liability		1,119	2,880
Unclaimed dividend		10,070	10,083
Due to provident fund		4,467	4,309
Provisions for other liabilities and charges		42,425	66,443
		2,557,737	2,381,388
CONTINGENCIES AND COMMITMENTS	7		
		4,826,518	4,693,286

The annexed notes 1 to 49 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

	Note	March 31, 2021 (Rupees in thousand)	December 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,021,089	1,050,901
Investment property		-	-
Intangible assets		11,899	14,083
Capital work-in-progress		23,198	23,692
Long-term loans and deposits		72,582	70,909
		1,128,768	1,159,585
CURRENT ASSETS			
Stores, spares and loose tools		123,399	115,804
Stock-in-trade		710,921	676,523
Trade debts		1,412,015	1,396,912
Contract Asset		725,009	691,337
Advances, deposits, prepayments and other receivables		624,866	587,018
Cash and bank balances		101,540	66,107
		3,697,750	3,533,701
		4,826,518	4,693,286



Chairman



Chief Executive



Chief Financial Officer

**Condensed Interim Statement of Profit or Loss and
Other Comprehensive Income (Un-audited)**
For the 1st Quarter ended March 31, 2021

	Note	March 31, 2021 (Rupees in thousand)	March 31, 2020
Sales		929,265	858,945
Cost of sales		(794,203)	(710,408)
Gross profit		135,062	148,537
Distribution and marketing expenses		(78,509)	(86,555)
Administrative expenses		(60,814)	(60,278)
Other operating expenses		-	-
Other operating income		34,217	18,817
Profit / (loss) from operations		29,956	20,521
Finance cost		(23,389)	(44,235)
Profit / (loss) before taxation		6,567	(23,714)
Taxation		(4,339)	-
Profit / (loss) for the period		2,228	(23,714)
Other comprehensive income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans - net of tax		-	-
Total comprehensive income for the year		2,228	(23,714)
Earnings / (loss) per share - basic & diluted Rupees		0.17	(1.80)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chairman


Chief Executive


Chief Financial Officer

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

For the 1st Quarter ended March 31, 2021

	Share Capital	General Reserves	Unappropriated Profit	Total
	(Rupees in thousand)			
Balance as at January 1, 2020	132,000	1,729,600	96,298	1,957,898
Total comprehensive income for the year	-	-	(23,714)	(23,714)
Balance as at March 31, 2020	132,000	1,729,600	72,584	1,934,184
Final dividend for the year ended December 31, 2019 Rs 1.5 per share	-	-	(19,800)	(19,800)
Transfer to general reserve	-	76,000	(76,000)	-
Total comprehensive income / (loss) for the period	-	-	52,728	52,728
Balance as at December 31, 2020	132,000	1,805,600	29,512	1,967,112
Total comprehensive income / (loss) for the period	-	-	2,228	2,228
Balance as at March 31, 2021	132,000	1,805,600	31,740	1,969,340

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chairman


Chief Executive


Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited)

For the 1st Quarter ended March 31, 2021

	Note	January to March	
		2021	2020
		(Rupees in thousand)	
Cash Flows From Operating Activities			
Cash generated/ (used) from operations		(66,369)	(143,402)
Finance costs paid		(26,380)	(53,430)
Taxes paid		(12,004)	(34,830)
Employees' retirement and other benefits paid		(6,162)	(8,702)
Net (increase) / decrease in long term loans and deposits		(1,673)	(1,144)
Net cash (used in) operating activities		(112,588)	(241,508)
Cash Flows From Investing Activities			
Fixed capital expenditure		(6,938)	(4,083)
Proceeds from sale of property, plant and equipment		-	1,948
Net cash used in investing activities		(6,938)	(2,135)
Cash flows from Financing activities			
Long term loan-secured		(29,875)	(31,250)
Dividend paid		(13)	-
Net cash used in financing activities		(29,888)	(31,250)
Net (decrease)/increase in cash and cash equivalents		(149,414)	(274,893)
Cash and cash equivalents at the beginning of the period		(604,193)	(903,852)
Cash and cash equivalents at the end of the period	10	(753,607)	(1,178,745)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chairman


Chief Executive


Chief Financial Officer

Notes to and Forming Part of the Condensed Interim Financial Information (Un-audited) For the 1st Quarter ended March 31, 2021

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 provision of 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 and Multan.

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 applicable in Pakistan for interim financial reporting comprise of:

'- International Accounting Standards (IAS) 34 issued by the International Accounting Standards 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 from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These Condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December, 2020.

3. Significant accounting policies

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2019.

4 Significant accounting judgments, estimates and assumption

The preparation of these condensed interim financial statements in conformity with the approved accounting standards require the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Company for the year ended 31 December 2020.

5 Reserves

General reserve
Unappropriated profit

March 31, 2021	December 31, 2020
(Rupees in thousand)	
1,805,600	1,805,600
31,740	29,512
1,837,340	1,835,112

6 Long Term Finance- Secured

During the prior years, the long term finance was obtained in the form of Diminishing Musharika from BankIslami Pakistan Limited for the purpose of expansion of foundry amounting to Rs 500 million. Under the arrangement, principal amount of Rs 500 million is repayable in 16 equal quarterly instalments beginning on February 16, 2018. During the year ended December 31,2020, pursuant to State Bank of Pakistan circular No 13 dated March 26,2020 the Company has obtained one year deferment of repayment of principal amount from Bank Islami Pakistan Limited. Interest is payable quarterly in arrears at the rate of 3 months KIBOR plus 0.10 percent per annum. The amount is secured by way of exclusive charge over specific plant and machinery amounting to Rs 500 million.

6.1

During the year ended December 31, 2020, 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 271.00 million. The loan is repayable in 8 equal quarterly installments starting from February 3, 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 213.00 million and the remaining short fall is covered temporarily through a stop gap arrangement by reducing the running finance facility until any other security is furnished to the bank. Subsequent to the approval of the State Bank of Pakistan, the facility carried interest rate of 1% per anum.

7 Contingencies and commitments**7.1 Contingencies**

The company has obtained bank guarantees of Rs. 869.66 million (December 2020: Rs 829.28 million) against the performance of various contracts.

7.2 Commitments in respect of

Letters of credit other than for capital expenditure approximately Rs. 100.98 million (December 2020: Rs. 116.13 million).

8. Property, plant and equipment

Opening net book value
Additions during the period
Deletions during the period

Depreciation charged during the period
Closing net book value

March 31, 2021	December 31, 2020
(Rupees in thousand)	
1,050,902	1,162,475
7,430	53,017
-	(14,167)
1,058,332	1,201,325
(37,243)	(150,423)
1,021,089	1,050,902

8.1 Additions during the period

	March 31, 2021	December 31, 2020
	(Rupees in thousand)	
Plant and machinery	1,705	9,873
Tools, jigs and attachments	421	-
Patterns	-	22,545
Other equipments	1,935	3,036
Office machine & appliances	3,369	11,370
Vehicles	-	6,193
	7,430	53,017

9. Cash generated from operations

	March 31, 2021	March 31, 2020
	(Rupees in thousand)	
Profit before taxation	6,567	(23,714)
Adjustment of non-cash items:		
Depreciation on property, plant and equipment	37,243	38,164
Depreciation on Investment property	-	-
Depreciation on Intangible assets	2,185	1,825
Profit on sale of property, plant and equipment	-	(287)
Employees' retirement and other benefits	6,056	7,894
Provision for doubtful debts & receivables	2,680	128
Recognition of deferred government grant	(3,726)	-
Stock-in-trade written off	1,500	1,500
Reversal of provision for worker welfare fund	-	(14,225)
Provisions no longer considered necessary	(22,148)	-
Finance cost	23,389	44,235
Exchange (gain)/loss	(2,867)	(1,020)
	50,879	54,500

Profit before working capital changes**Effect of cash flow due to working capital changes**

(Increase)/decrease in current assets:

Stores, spares and spares	(7,595)	(27,730)
Stock-in-trade	(35,898)	27,113
Trade debts	(26,016)	(91,312)
Contract asset	(36,852)	(7,659)
Advances, deposits, prepayments and other receivables	(40,054)	(56,255)

Increase/(decrease) in current liabilities:

Trade and other payables	32,640	(42,530)
Contract liability	(1,761)	(3,666)
Due to provident fund	158	425
Provisions for other liabilities and charges	(1,870)	3,712
	(117,248)	(197,902)
	(66,369)	(143,402)

10. Cash and cash equivalents

Cash and bank balances	101,540	54,949
Short term running finances - secured	(855,147)	(1,233,694)
	<u>(753,607)</u>	<u>(1,178,745)</u>

11. Transactions with related party


	March 31, 2021	March 31, 2020
	(Rupees in thousand)	
Purchase of goods and services	68,357	73,050
Sale of goods and services	115,508	186,066
Commission income	1,177	-
Commission expense	8,726	18,443
Royalty & Trademark	3,935	4,539
Expense charged in respect of retirement and other benefits	6,056	8,494
Key management personnel & executives compensation	63,882	66,761

Period-end balances

	March 31, 2021	December 31, 2020
	(Rupees in thousand)	
Receivable from related parties	162,995	165,662
Payable to related parties	238,303	233,540

12. Date of authorization for issue

This condensed interim financial information was authorized for issue on April 27, 2021 by the Board of Directors of the company.


Chairman

Chief Executive

Chief Financial Officer

حصص داران کے لیے مجلسِ نظاماء کی رپورٹ

میں 31 مارچ 2021ء کو ختم ہونے والی پہلی سہ ماہی کے لئے KSB پیپس کمپنی لمیٹڈ کے مالیاتی کھاتے پیش کرتے ہوئے خوشی محسوس کرتا

ہوں۔

سال 2020 میں غیر معمولی کمی کے بعد، عالمی معیشت، سال 2021 میں 6 فیصد کی شرح سے اور سال 2022 میں اعتدال پسند 4.4 فیصد کی شرح سے نمودار توقع ہے۔ کوویڈ-19 نہ صرف انسانی جانوں کو متاثر کر رہی ہے بلکہ معیشت کی بحالی کی رفتار کے لئے بھی خطرات عائد کر رہی ہے۔ توقع کی جارہی ہے کہ سال 2021 میں پاکستان کی کمزور معیشت کی سست نمو ہوگی۔ آئی ایم ایف کی حالیہ اپ ڈیٹس کے مطابق، مالی سال 2021 کے لئے جی ڈی پی نقطہ نظر 1.5% ہے۔ افراتر میں اضافہ ہو گیا ہے اور سال کے لئے تقریباً 9 فیصد مجموعی رہنے کی پیش گوئی کی گئی ہے۔ مثبت علامات کے درمیان، اسٹیٹ بینک نے اپنی حالیہ مالیاتی پالیسی میں پالیسی شرح 7 فیصد برقرار رکھی ہے، اور ڈالر کے مقابلے پاکستانی روپیہ مستحکم ہوا ہے قدر میں کمی کے خطرات تاہم موجود ہیں۔ ملک کو یڈ کی تیسری اور بہت زیادہ متعدد لہرنے سخت متاثر کیا ہے جس نے مجموعی سرگرمی کو سست کر دیا ہے۔ اگرچہ واپس لینے کا عمل شروع ہو چکا ہے تاہم پراگریس سست رہی ہے۔ IMF کا استحکام پروگرام دوبارہ شروع ہونے کی توقع ہے، اور اس پروگرام کے تحت مالی استحکام کے اقدامات مجموعی اقتصادی سرگرمی کو مزید کم کر سکتے ہیں۔

موجودہ حالات کے دوران، KSB پاکستان نے گزشتہ سال کی اسی سہ ماہی میں ٹیکس سے قبل 24 ملین نقصان کے مقابلے ٹیکس سے قبل 6.6 ملین روپے منافع کے ساتھ 31 مارچ 2021 کو ختم ہونے والی پہلی سہ ماہی میں 929 ملین روپے کی آمدنی حاصل کی ہے

آگے بڑھتے ہوئے پبلک اور نجی دونوں شعبوں میں کاروباری امکانات امید افزا نظر آتے ہیں۔ کوویڈ 19 کے دوبارہ پھیلاؤ کی وجہ سے، سال کی پہلی ششماہی سست رہنے کی توقع ہے۔ صورت حال پر منحصر، دوسری ششماہی میں بھی اس سرگرمی میں اضافہ ہونے کی توقع ہے۔ زبردست صحت مند آرڈر ز اور پائپ لائن میں مواقع کی بنیاد پر، ہم سال 2021 میں کاروباری تعداد میں مثبت نمو حاصل ہونے کے لئے پُر اعتماد ہیں۔

بورڈ کی جانب سے ہم پہلی سہ ماہی کے مثبت کاروباری نتائج کے حصول پر KSB کی پوری ٹیم کی کاوشوں کو سراہتے ہیں اور سال کے باقی عرصہ کے لئے ان سب کے لئے نیک خواہشات کا اظہار کرتے ہیں۔

مخائب بورڈ



محمد مسعود اختر
مینیجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر

27 اپریل 2021ء

لاہور، پاکستان

**BOOK POST
PRINTED MATTER**

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