

# Quarterly Report (Un-Audited)

for the period ended March 31, 2014



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## Company Information

### Board of Directors

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

### Company Secretary

Sajid Mahmood Awan

### Management

Mohammad Masud Akhtar	Chief Executive Officer
Sajid Mahmood Awan	Finance & Administration
Nadeem Hamid Butt	Projects
Syed Tariq Ali	Production

### Auditors

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

Mandviwala & Zafar

### Bankers

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

### Audit Committee

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

### Secretary Audit Committee

Saeed Hussain

**HR & R Committee**

Rahat Kaunain Hassan  
Syed Hyder Ali  
Mohammad Masud Akhtar

Chairman  
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

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

## Directors' Review

I am pleased to present the company's financial statements for the 1st quarter ended March 31, 2014.

Pakistan's economic performance is showing signs of improvement. Although economy is still under pressure due to current fiscal situation, energy shortages and security concerns yet there are few positive indicators e.g. Inflation is contained in single digit and also Pak rupee has appreciated against US dollar. Overall economic outlook remains stable for coming months.

Following positive trends in the country, KSB Pakistan has posted impressive results for 1st quarter of the current year. Order intake of PKR 867 million has shown significant increase in comparison to corresponding period of last year, PKR 489 million. Sales remained at PKR 639 million, slightly behind previous year's figure of PKR 709 million. However, healthy orders in hand would result in better revenue in coming quarters.

Going forward, growth in public sector is expected to remain moderate due to government's steps towards fiscal consolidation. However, private sector anticipates better performance in year 2014. Business opportunities currently in pipeline, in both public and private sectors, are expected to materialize within the current year. This is going to bring the desired growth in business.

I appreciate the efforts of our committed team on achieving the targets in 1st quarter and hope the momentum to continue in future as well.



**Mohammad Masud Akhtar**  
Managing Director

April 25, 2014  
Lahore, Pakistan

## Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2014

	Note	March 31, 2014 (Rupees in thousand)	December 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 15,000,000 (2013: 15,000,000) ordinary shares of Rs 10 each		150,000	150,000
Issued, subscribed and paid up capital 13,200,000 (2013: 13,200,000) ordinary shares of Rs 10 each		132,000	132,000
General reserves		682,000	682,000
Unappropriated profit		181,216	159,149
		995,216	973,149
<b>NON CURRENT LIABILITIES</b>			
Employees' retirement and other benefits		43,332	43,860
<b>CURRENT LIABILITIES</b>			
Short term running finances - secured		250,002	177,841
Trade and other payables		1,054,136	1,077,216
Provisions for other liabilities and charges		62,029	47,190
Accrued finance cost		7,746	5,452
		1,373,913	1,307,699
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	2,412,461	2,324,708

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

	Note	March 31, 2014 (Rupees in thousand)	December 31, 2013
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	289,859	297,225
Investment property		1,173	1,226
Intangible assets		1,583	1,826
Capital work in progress		15,503	6,667
Long term loans and deposits		14,903	15,645
Deferred taxation		14,734	14,734
		337,755	337,323
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		49,664	42,518
Stock in trade		417,077	462,773
Trade debts		1,117,207	1,037,396
Advances, deposits, prepayments and other receivables		370,065	366,170
Cash and bank balances		120,693	78,528
		2,074,706	1,987,385
		<b>2,412,461</b>	<b>2,324,708</b>



Chairman



Chief Executive



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

For the 1st Quarter ended March 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
Sales	638,680	709,183
Cost of sales	(487,352)	(555,288)
<b>Gross profit</b>	151,328	153,895
Distribution and marketing expenses	(62,231)	(62,730)
Administration expenses	(44,897)	(39,393)
Other operating expenses	(5,517)	(6,784)
Other operating income	3,268	11,557
<b>Profit / (Loss) from operations</b>	41,951	56,545
Finance cost	(9,894)	(6,210)
<b>Profit / (Loss) before taxation</b>	32,057	50,335
Taxation	(9,990)	(16,556)
<b>Profit / (Loss) for the period</b>	22,067	33,779
<b>Earnings / (Loss) per share - basic &amp; diluted Rupees</b>	1.67	2.56

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, 2014

	March 31, 2014 (Rupees in thousand)	March 31, 2013
Profit / (Loss) after taxation	22,067	33,779
Other comprehensive income for the period	-	(1,606)
<b>Total comprehensive income / (Loss) for the period</b>	<b>22,067</b>	<b>32,173</b>

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, 2014

	Note	January to March	
		2014 (Rupees in thousand)	2013
<b>Cash flows from operating activities</b>			
Cash generated from operations	7	5,986	104,863
Finance costs paid		(7,600)	(7,258)
Taxes paid		(10,553)	(13,371)
Employees' retirement and other benefits paid		(5,120)	(1,106)
Net (increase) / decrease in long term loans and deposits		742	(1,369)
<b>Net cash (used in)/from operating activities</b>		<b>(16,545)</b>	<b>81,759</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(13,451)	(6,263)
Proceeds from sale of property, plant and equipment		-	2,318
<b>Net cash used in investing activities</b>		<b>(13,451)</b>	<b>(3,945)</b>
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(29,996)</b>	<b>77,814</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(99,313)</b>	<b>(156,796)</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>(129,309)</b>	<b>(78,982)</b>

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, 2014

	Share capital	General reserves	Unappropriated profit	Total
	(Rupees in thousand)			
Balance as at January 1, 2013	132,000	678,000	64,364	874,364
Final dividend for the year ended December 31, 2012 Rs 4 per share	-	-	(52,800)	(52,800)
Transfer to general reserve	-	4,000	(4,000)	-
Total comprehensive income/(loss) for the period	-	-	32,173	32,173
<b>Balance as at March 31, 2013</b>	<b>132,000</b>	<b>682,000</b>	<b>39,737</b>	<b>853,737</b>
Total comprehensive income/(loss) for the period	-	-	119,412	119,412
<b>Balance as at December 31, 2013</b>	<b>132,000</b>	<b>682,000</b>	<b>159,149</b>	<b>973,149</b>
Total comprehensive income / (Loss) for the period	-	-	22,067	22,067
<b>Balance as at March 31, 2014</b>	<b>132,000</b>	<b>682,000</b>	<b>181,216</b>	<b>995,216</b>

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, 2014 (Un-audited)

#### 1. Legal status and nature of business

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

#### 2. Basis of preparation

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

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

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

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

- Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS 16, 'Property plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The application of these amendments have no material impact on the Company's financial statements.
- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 01, 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. IAS 19 (revised) amends the accounting for employment benefits. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Company has been explained in note 4.2.2.1.

##### 2.2.2 Standards, amendments and interpretations that are not yet effective

#### Effective date (accounting periods beginning on or after)

IAS 32- Financial Instruments: Presentation	January 1, 2014
IFRS 9- Financial Instruments	January 2, 2015

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

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

#### Effective date (accounting periods beginning on or after)

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

### 3. Significant accounting policies

The accounting policies adopted for the preparation of this 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, 2013.

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. 257.531 million (December 2013: Rs 175.994 million) against the performance of various contracts.

#### 5.2 Commitments in respect of

Letters of credit other than for capital expenditure approximately Rs. 48.47 million (December 2013: Rs. 25.709 million).

### 6. Property, plant and equipment

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
	(Rupees in thousand)	
Opening net book value	297,225	306,306
Additions during the period	4,615	51,901
Deletions during the period	-	(14,305)
	301,840	343,902
Depreciation charged during the period	(11,981)	(46,677)
Closing net book value	289,859	297,225

#### 6.1 Additions during the period

Buildings on freehold land	-	-
Plant and machinery	-	3,493
Tools, jigs and attachments	345	1,671
Patterns	-	7,410
Other equipments	-	5,256
Furniture and fixtures	330	1,128
Office machine & appliances	2,437	10,203
Vehicles	1,503	22,740
	4,615	51,901

	<b>March 31, 2014</b>	March 31, 2013
	(Rupees in thousand)	
<b>7. Cash generated from operations</b>		
Profit before taxation	32,057	50,335
Adjustment of non-cash items:		
Depreciation on property, plant and equipment	11,981	11,249
Depreciation on Investment property	53	53
Amortization on Intangible assets	243	420
Profit on sale of property, plant and equipment	-	(498)
Employees' retirement and other benefits	4,592	5,386
Provision for doubtful debts & receivables	2,002	2,564
Stock-in-trade written off	1,500	4,000
Finance cost	9,894	6,210
Exchange (gain)/loss	1,630	(7,343)
<b>Profit before working capital changes</b>	<b>63,952</b>	<b>72,376</b>
<b>Effect of cash flow due to working capital changes</b>		
(Increase)/decrease in current assets:		
Stores, spares and spares	(7,146)	4,236
Stock-in-trade	44,196	1,380
Trade debts	(83,098)	(149,284)
Advances, deposits, prepayments and other receivables	(3,677)	(27,258)
Increase/(decrease) in current liabilities:		
Trade and other payables	(23,080)	192,510
Provisions for other liabilities and charges	14,839	10,903
	(57,966)	32,487
	<b>5,986</b>	<b>104,863</b>
<b>8. Cash and cash equivalents</b>		
Cash and bank balances	120,693	110,811
Short term running finances - secured	(250,002)	(189,793)
	(129,309)	(78,982)
<b>9. Transactions with related party</b>		
Purchase of goods and services	34,873	190,334
Sale of goods and services	44,959	129,539
Commission income	-	45
Commission expense	2,542	13,211
Royalty	3,437	736
Expense charged in respect of retirement and other benefits	4,592	5,386
Key management personnel & executives compensation	51,894	41,325

	<b>March 31, 2014</b> (Rupees in thousand)	December 31, 2013
<b>Period-end balances</b>		
Receivable from related parties	51,643	54,583
Payable to related parties	52,086	118,667

**10. Date of authorization for issue**

This condensed interim financial information was authorized for issue on April 25, 2014 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





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URL: www.ksb.com.pk