

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **Declaration of Right Shares**

Dear Sir,

In accordance with Sections 96 and 131 of the Securities Act, 2015, paragraph 5.6.1(a) of the Rule Book of the Pakistan Stock Exchange Limited and Regulation 3(1)(i) of the Companies (Further Issue of Shares) Regulations, 2020, we hereby convey the following information:

Board of Directors of KSB Pumps Company Limited (the "Company"), in their meeting held on 29th April, 2024 have decided to increase the paid up share capital of the Company by issue of a further 17,700,000 (seventeen million seven hundred thousand) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members in proportion of 134.0909 Right Shares for every 100 ordinary shares held i.e. 134.0909%, at a price of PKR 110/- (Pak Rupees One Hundred Ten) per Right Share (inclusive of a premium of PKR 100/- (Pak Rupees one hundred) per Right Share).

The dates of closure of the share transfer Books of the Company, to determine the entitlement of the Right Shares will be communicated in due course after finalization of the offer letter / document in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.

Following details are enclosed:

1. Statement with respect to the details of the Right Issue, including the quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds, benefits of the issue to the Company and its shareholders, risk factors, justification for issue of shares at premium and minimum subscription amount (Annex A).
2. Certified true copy of the Extracts of the Resolutions passed by the Board of Directors of the Company dated 29th April, 2024 (Annex B).
3. Draft copy of the notice of the Right Issue and book closure to the Shareholders prior to its publication in the newspapers (Annex C).

You may please inform the TRE Certificate Holders of the Exchange accordingly,

Yours Sincerely,
For KSB PUMPS COMPANY LIMITED


Faisal Aman Khan
Company Secretary

Copy to:

The Commissioner
Corporate Supervision Department
Securities and Exchange Commission of Pakistan
Islamabad

The Director
Surveillance Supervision Enforcement (SMD)
Securities and Exchange Commission of Pakistan
Islamabad

Annex A

KSB PUMPS COMPANY LIMITED

Statement pertaining to Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of proceeds, Benefits of the Issue to the Company and the shareholders, Risk Factors, and Justification for Issue of Shares at Premium, under Rule 3 of the Companies (Further Issue of Shares) Regulations, 2020.

(i) Quantum of the Right Issue (i.e. as a percentage of existing paid-up capital)

The quantum of the Right Issue is 134.0909% of the existing paid-up capital of the Company i.e. 134.0909 right shares for every 100 ordinary shares held by the shareholders of the Company immediately prior to the close of the share transfer books of the Company.

(ii) Right Issue Size

The Company shall issue 17,700,000-(seventeen million seven hundred thousand) ordinary shares, at a price of PKR 110/- (Pak Rupees one hundred ten) per share, aggregating to PKR 1,947,000,000/- (Pak Rupees one billion nine hundred forty seven million).

(iii) Right Issue Price Per Share

PKR 110/- (Pak Rupees one hundred ten only) per share (i.e. inclusive of a premium of PKR 100/- (Pak Rupees one hundred) per share.

(iv) Purpose of the Right Issue

The purpose of the Right Issue is to meet the capital requirements of the Company, inter alia, to effectively implement its business strategy, with a view to enhance the profitability of the Company. This aligns with the Company's broader strategy to fortify its financial position in order to enhance profitability and, consequently, provide greater shareholder return.

(v) Utilization of Proceeds of the Right Issue

The proceeds from the Right Issue will be primarily utilized for meeting the capital requirements of the Company for effective implementation of its business strategy, ensure smooth operation with the objective to increase the Company's profitability.

(vi) Benefits to the Company and Shareholders

In the country's current economic environment, where interest rates have increased significantly, funding the Company's working capital largely through banks / financial institution debt is not a feasible or prudent option. Consequently, equity raised funds utilized for working capital purpose is a more prudent business and strategic approach, which will reduce finance cost. The same is expected to positively impact profitability, ultimately generating improved results for shareholders.

(vii) Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being carried out at a price which is less than the current share price in the market and hence there is no major investment risk associated with the Right Issue. The substantial shareholder and directors of the Company (except independent directors) have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue shall be fully underwritten as per requirements under applicable regulations. Normal risks associated with the business will remain; however, the Company is well placed in the market, which will help to mitigate such risk factors.

(viii) Justification for issue of shares at premium

The Right Issue is being carried out at a premium, considering the current market price of the Company share, the premium charged over the par value is justified and is in line with market practice, in fact the same constitutes approximately 12% discount on the last 3 (three) months volume weighted average price and 28% discount on the break-up value of the share.

(ix) Minimum Subscription Amount

Not Applicable

Annex B

Extract of the Resolutions passed by the Board of Directors of KSB Pumps Company Limited (the "Company") at its meeting held on 29th April, 2024 at the registered office of the Company in Lahore.

During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of right issue. The Board of Directors of the Company stated that all requirements of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020 have been considered by the Board of Directors of the Company and shall be duly complied with by the Company.

Accordingly, the following resolutions were passed by the Board of Directors:

RESOLVED THAT the ordinary paid up share capital of the Company be increased from 132,000,000 (Pak Rupees one hundred thirty two million) to PKR 309,000,000 (Pak Rupees three hundred nine million) by issue of further 17,700,000-(seventeen million seven hundred thousand) ordinary shares of the Company having face value of PKR 10/- (Pak Rupees ten) each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of PKR 110/- (Pak Rupees one hundred ten) per share (i.e. inclusive of a premium of PKR 100/- (Pak Rupees hundred) per share, in the ratio of 134.0909 right shares for every 100 ordinary shares of PKR 10/- (Pak Rupees ten) each held immediately prior to the book closure date (i.e. 134.0909%), against payment in cash to the Company of the price for the shares subscribed, which shares shall rank pari passu in all respects with the existing ordinary shares of the Company (the "**Right Issue**").

FURTHER RESOLVED THAT the following are the quantum, size, price and purpose of the Right Issue, along with the utilization of proceeds, benefits of the same to the Company and its shareholders, the risk factors associated with the Right Issue, minimum subscription amount and the justification for the issue of shares at a premium in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020:

(i) Quantum of the Right Issue (i.e. as a percentage of existing paid up capital)

The quantum of the Right Issue is 134.0909% of the existing paid-up capital of the Company i.e. 134.0909 right shares for every 100 ordinary shares held by the shareholders of the Company immediately prior to the close of the share transfer books of the Company.

(ii) Right Issue Size

The Company shall issue 17,700,000 (seventeen million seven hundred thousand) ordinary shares, at a price of PKR 110/- (Pak Rupees one hundred ten) per share, aggregating to PKR 1,947,000,000/- (Pak Rupees one billion nine hundred forty seven million).

(iii) Right Issue Price

PKR 110 (Pak Rupees one hundred ten) per share (i.e. inclusive of a premium of Rights Issue Final Workings (Pak Rupees one hundred) per share.

(iv) Purpose of the Right Issue

The purpose of the Right Issue is to meet, inter alia, the capital requirements of the Company, to effectively implement its business strategy, with a view to enhance the profitability of the Company. This aligns with the Company's broader strategy to fortify its financial position in order to enhance profitability and, consequently, provide greater shareholder return.

(v) Utilization of Proceeds of the Right Issue

The proceeds from the Right Issue will be primarily utilized for meeting the capital requirements of the Company for effective implementation of its business strategy, ensure smooth operation with the objective to increase the Company's profitability.

(vi) Benefits to the Company and its Shareholders

In the country's current economic environment, where interest rates have increased significantly, funding the Company's working capital largely through banks / financial institution debt is not a feasible or prudent option. Consequently, equity raised funds utilized for working capital purpose is a more prudent business and strategic approach, which will reduce financing cost. The same is expected to positively impact profitability, ultimately generating improved results for shareholders.

(vii) Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being carried out at a price which is less than the current share price in the market and hence there is no major investment risk associated with the Right Issue. The substantial shareholder and directors of the Company (except independent directors) have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue shall be fully underwritten as per requirements under the applicable regulations. Normal risks associated with the business will remain; however, the Company is well placed in the market, which will help to mitigate such risk factors.

(viii) Justification for issue of shares at premium

The Right Issue is being carried out at a premium, considering the current market price of the Company share, the premium charged over the par value is justified and is in line with market practice, in fact the same constitutes approximately 12% discount on the last 3 (three) months volume weighted average price and 28% discount on the break-up value of the share.

Minimum Subscription Amount

Not Applicable

FURTHER RESOLVED THAT the letter of offer, as prescribed under Section 83(2) of the Companies Act, 2017, shall be issued / signed by any 2 directors of the Company in compliance with the applicable laws.

FURTHER RESOLVED that Mr. Imran Ghani Director/CEO and Mr. Shahid Mehmood Director, be and are hereby authorized by all the directors of the Company, to sign the circular accompanying the letter of offer, once finalized in accordance with the procedure stipulated under the Companies (Further Issue of Shares) Regulations, 2020.

FURTHER RESOLVED THAT all fractional entitlements, if any, will be consolidated in the name of Company Secretary, and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in accordance with their respective entitlements, as per applicable regulations.

FURTHER RESOLVED THAT any unsubscribed shares may be offered and allotted to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017 including the sponsors / substantial shareholders, directors or associated undertakings of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED that the Chief Executive, Company Secretary and the Chief Financial Officer, be and is/are hereby severally authorized to prepare, revise and finalize the draft offer document/letter and share it with the Securities and Exchange Commission of Pakistan (“SECP”) and Pakistan Stock Exchange Limited (“PSX”), and revise the same based on the observations and changes of the SECP and PSX as may be deemed fit by them, in the manner prescribed under the Regulations, along with preparing and submitting other necessary documents in this respect. While the draft offer letter shall be placed on the PSX website, public comments on the same shall not be required to be solicited.

FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and the Company Secretary, be and each of them is hereby authorized, such that any one of them may do all or any of the following for and on behalf and in the name of the Company:

(i) Appoint, negotiate with consultants, advisors, auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle, finalize fees, underwriting commission, take up commission and third-party expenses or any other expenses relating to the Right Issue;

(ii) To prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by SECP, PSX or Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;


(iii) to decide and close its share transfer books including dates thereof to determine entitlements of the shareholders of the Company with respect to the Right Issue.

(iv) To open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of rights shares;

(v) Credit right shares once allotted by the Board and file returns / documents as required by SECP, PSX and CDC along with the auditors' certificates; and

(vi) To take all other necessary steps, and do all other acts, deeds and things, to prepare the offer letter, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

Certified that above mentioned is a true and valid extract from the meeting of the Board of KSB Pumps Company Limited held at Lahore on 29th April, 2024.


Faisal Aman Khan
Company Secretary
KSB Pumps Company Limited
Dated: 29th April, 2024.

NOTICE OF RIGHT ISSUE

Members are hereby notified that the Board of Directors of KSB Pumps Company Limited (the "**Company**") in their meeting held on 29th April, 2024 has decided to issue further capital by offering 17,700,000 (seventeen million seven hundred thousand) ordinary right shares of PKR 10/- (Pak Rupees ten) each at a price of PKR 110/(Pak Rupees one hundred ten) per share (i.e. inclusive of a premium of PKR 100/- (Pak Rupees one hundred) per share), in the ratio of 134.0909 right shares for every 100 existing ordinary shares of PKR 10/- (Pak Rupees ten) each held (i.e. 134.0909%), against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank pari passu in all respects with the existing ordinary shares of the Company.

The dates of closure of the share transfer Books of the Company, to determine the entitlement of the Right Shares will be communicated in due course after finalization of the offer letter / document in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.

A handwritten signature in blue ink, appearing to read 'Faisal Aman Khan', written in a cursive style.

Faisal Aman Khan
Company Secretary