

► Our technology. Your success.

Pumps ■ Valves ■ Service



## 56<sup>th</sup> Annual Report, 2015



CHT pump Barrel  
inspection before final assembly

# Products - Valves



## Pressure Seal Gate Valve

with extended spindle arrangement  
10" Class 2500 Pressure Seal Gate Valve with extended spindle arrangement for main and by-pass valve.

Development of extended spindle is done in-house by KSB Coimbatore team.

These Valves are for use in utility power plant.

# Products - Pumps

YNK 350 & RHD 350 pumps setting up for testing at Chinchwad manufacturing



**Pump - RHD 350**  
Main pump

**Gearbox**  
Coupling



Electric motor  
as a drive



Pump - YNK 350  
Booster pump



	Page Nos.
General Information .....	2
Board's Report .....	3-6
Annexure	
i. Management Discussion and Analysis Report.....	7-11
ii. Report on Corporate Governance .....	12-22
iii. Other Annexures .....	23-40
Auditors' Report.....	41-45
Balance Sheet .....	46
Statement of Profit & Loss.....	47
Cash Flow .....	48-49
Notes 1 to 43 .....	50-74
Consolidated Financial Statements .....	75

**ANNUAL GENERAL MEETING**

Date : 26th April, 2016  
Day : Tuesday  
Time : 2.00 p.m.  
Venue : Bajaj Bhavan, Ground Floor,  
(Kamalnayan Bajaj Hall),  
226, Nariman Point,  
Mumbai- 400 021.

**COMMUNICATION DETAILS**

Tel No. : 022-66588787  
Fax No. : 022-66588788  
Shareholders' Grievance Cell : [narasimhan.raghu@ksb.com](mailto:narasimhan.raghu@ksb.com)  
Website : [www.ksbindia.co.in](http://www.ksbindia.co.in)

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## GENERAL INFORMATION

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### Board of Directors

Mr. G. Swarup (Chairman)  
Mr. A.R. Broacha  
Mr. D.N. Damania  
Mr. N.N. Kampani  
Mr. Pradip Shah  
Dr. Stephan Bross  
Mr. V.K. Viswanathan  
Ms. S.F. Motwani  
Mr. W. Stegmuller  
Mr. W. Spiegel (Managing Director)

### Registered Office

126, Maker Chambers III, Nariman Point, Mumbai – 400 021

### Zonal Offices

North - Noida  
Offices - Chandigarh, Jaipur & Lucknow  
East - Kolkata  
Offices - Bhubaneswar, Jamshedpur & Raipur  
West - Mumbai  
Offices - Ahmedabad, Aurangabad, Baroda, Indore, Nagpur & Pune  
South - Chennai  
Offices - Bengaluru & Secunderabad

### Factories

**Maharashtra -**  
Pimpri, Pune  
Chinchwad, Pune  
Vambori Dist. Ahmednagar  
Sinnar, Dist. Nashik  
**Tamil Nadu -**  
NSN Palayam, Coimbatore

### Collaborators

KSB Aktiengesellschaft, Germany

### Bankers

Central Bank of India  
Deutsche Bank AG  
Standard Chartered Bank

### Auditors

Deloitte Haskins & Sells LLP

### Cost Auditors

Dhananjay V. Joshi & Associates

### Registrar & Transfer Agent

Link Intime India Pvt. Ltd.  
Tel. No. : 022 25946970  
E-mail : rnt.helpdesk@linkintime.co.in

## BOARD'S REPORT

To  
The Shareholders,

The Board of Directors have pleasure to submit the report and audited financial statements of the Company for the year ended 31st December, 2015.

### FINANCIAL RESULTS AND DIVIDEND

Financial Results:

	₹ in Million	
	Year ended 31.12.2015	Year ended 31.12.2014
Revenue from operations (net) & Other Income	<u>8496.80</u>	<u>8292.16</u>
Profit before taxation	<u>1054.88</u>	<u>971.21</u>
Less: Tax expense		
Current	384.13	341.50
Deferred tax (Credit)	(27.53)	(22.47)
Adjustment of tax of earlier years	-	(2.01)
	<u>356.60</u>	<u>317.02</u>
Profit for the year	<u>698.28</u>	<u>654.19</u>
Balance brought forward	<u>3620.33</u>	<u>3261.86</u>
Profit for appropriation	<u><u>4318.61</u></u>	<u><u>3916.05</u></u>
<b>Appropriations:</b>		
Proposed dividend	191.44	191.44
Tax on proposed dividend	31.52	38.28
General Reserve	-	66.00
Surplus carried to Balance Sheet	<u>4095.65</u>	<u>3620.33</u>
	<u><u>4318.61</u></u>	<u><u>3916.05</u></u>

Note: Previous year's figures have been regrouped/ reclassified, wherever necessary to correspond with the current year classification/disclosure.

Dividend:

The Board of Directors propose a dividend of ₹ 5.50 per share of ₹ 10 each (55%).

### GENERAL REVIEW

Working:

During the year under review, the Company has earned higher profit before tax compared to the previous year due to various cost reduction and

efficiency improvement measures taken during the year. The overall economic slowdown and delay in project execution continued in 2015. Hence, situation of heavy pressure on margins continued in the year.

Export increased by ₹ 378 Million from ₹ 1,210 Million last year to ₹ 1,588 Million.

The Company had already intimated that it has plans to expand its operations in the next few years. The Company is in the advance stage of obtaining possession of land near its Pune plant. The proposed new facility will be for manufacture of high-end engineered pumps for Super Critical Power Plants. The capital expenditure would be in a phased manner and is estimated to be around ₹ 250 Crores to be financed partially from internal generations and balance from borrowings.

The Company continues with its efforts to maintain growth even during the economic downturn and face new challenges.

Unclaimed Bonus Shares:

Total 19,918 bonus shares held by 146 shareholders were unclaimed in the end of year 2014. During the year 4 shareholders had approached/ claimed for 454 shares. The total number of shares outstanding at the end of the year 2015 is 19,464 held by 142 shareholders.

Fixed Deposits:

The Company has no unclaimed deposits.

Transfer to Investor Education & Protection Fund:

During the year, in accordance with section 205C of the Companies Act, 1956, an amount of ₹ 3,99,188 being unclaimed dividends up to the year 31st December, 2008, were transferred to the Investor Education & Protection Fund established by the Central Government.

Subsidiary & Associate:

The Company had 1 subsidiary, viz. Pofran Sales and Agency Limited and 1 associate, viz. MIL Controls Limited as on 31st December, 2015.

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## BOARD'S REPORT (Contd.)

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In accordance with Section 129 (3) of the Companies Act, 2013 ("the Act") and Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the audited consolidated financial statements of the Company form part of the Annual Report. A statement containing salient features of the financial statements of the Company's subsidiary and associate is annexed to this Report in prescribed form AOC-1.

The audited financial statements of Pofran Sales and Agency Limited have been placed on the website of the Company viz. [www.ksbindia.co.in](http://www.ksbindia.co.in) and are available for inspection at the registered office of the Company. The Company will also make available these documents upon request by any member of the Company interested in obtaining the same.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Annexed to this Report

### REPORT ON CORPORATE GOVERNANCE

Annexed to this Report along with certificate thereon.

### EXTRACT OF ANNUAL RETURN

Pursuant to section 134(3)(a) an extract of Annual Return in prescribed form MGT-9 is annexed to this report.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Contracts or arrangements with related parties referred to under section 188 of the Act, entered into during the financial year, were on an arm's length basis. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, no transactions are being reported in form AOC-2 in terms of section 134 of the Act.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not granted any loans, guarantees and investments covered under section 186 of the Act during the year.

### VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has established a vigil mechanism to provide avenues to the Directors and employees to bring to the attention of the management, the concerns about behaviour of employees that raise concerns including fraud by using the mechanism provided in the Whistle Blower Policy. The details of the said policy are included in the report on Corporate Governance.

### RISK MANAGEMENT

The Company has laid down procedures and informed the Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There is no significant or material order passed during the year by any regulators, courts or tribunals impacting the going concern status of the Company or its future operations.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

### POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place a policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed



## BOARD'S REPORT (Contd.)

thereunder and Internal Complaints Committee has also been set up to redress complaints received regarding sexual harassment. During the year, no complaint with allegations of sexual harassment was received by the Company.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. G. Swarup and Dr. Stephan Bross, Directors, retire by rotation and are eligible for re-appointment.

During the year there was no change in the Key Managerial Personnel of the Company.

### DECLARATIONS BY INDEPENDENT DIRECTORS

The Independent Directors have given a declaration to the Company that they meet the criteria of independence as per Section 149(6) of the Act.

### BOARD MEETINGS

During the year ended 31st December, 2015, four meetings of the Board were held.

### POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and other matters forms part of report on Corporate Governance.

### EVALUATION OF BOARD OF DIRECTORS

The details of the annual evaluation of Board, its Committees and individual Directors are mentioned in the report on Corporate Governance.

### BOARD COMMITTEES

The Company has five Committees of Board, viz.

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination and Remuneration Committee
4. Corporate Social Responsibility Committee
5. Share Transfer Committee

Details of all the Committees along with their composition, terms of reference and meetings

held during the year are provided in report on Corporate Governance.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors report that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) proper internal financial controls are in place and that such internal financial controls are adequate and are operating effectively; and
- (f) systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

### PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

In terms of the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the disclosures pertaining to remuneration and other details as required under the Act and the above Rules are provided in the Annual Report. The disclosures as specified under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report.

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## BOARD'S REPORT (Contd.)

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The information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection by members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), upto the date of the fifty sixth Annual General Meeting. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on such request.

### STATUTORY AUDITORS

M/s Deloitte Haskins & Sells LLP, Chartered Accountants, who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Act, up to the conclusion of the forthcoming Annual General Meeting. They have sought their re-appointment and have confirmed that their re-appointment, if made, will be within the limits prescribed under the Act. Members are requested to consider their re-appointment from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### COST AUDITORS

The Company has appointed M/s Dhananjay V. Joshi and Associates, Cost Accountants, Pune as Cost Auditors to carry out the audit of Cost Accounts of the Company for the Financial Year 2015. The Cost Audit Report for Financial Year 2014 which was due to be filed with the Ministry of Corporate Affairs on 29th June, 2015, was filed on 13th May, 2015.

### SECRETARIAL AUDITORS

The Company has appointed M/s Nilesh Shah & Associates, Company Secretaries, Mumbai as Secretarial Auditors of the Company. The Secretarial Audit Report for the Year 2015 is annexed to this Report.

### COMMENTS ON AUDITORS' REPORT

There are no qualifications, reservations, adverse remarks or disclaimers made by M/s Deloitte Haskins & Sells LLP, Chartered Accountants, in their Audit Report, M/s Dhananjay V. Joshi and Associates, Cost Accountants in their Cost Audit Report and M/s Nilesh Shah & Associates, Company Secretaries in their Secretarial Audit Report. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year 2015.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required to be given under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in the annexure to this report.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The composition of the CSR Committee, CSR policy and other required details are given in the Annual Report on CSR activities annexed to this Report.

### ACKNOWLEDGEMENTS

The Board of Directors are grateful to Canadian Kay Pump Ltd., the main shareholder, and to KSB AG, Germany, the Company's collaborators, for their valuable assistance and support. They wish to record their appreciation for the co-operation and support of the Company's shareholders, bankers and other lending institutions, all employees including the workers, staff and middle management and all others concerned with the Company's business.

On behalf of the Board of Directors

G. SWARUP  
Chairman

Mumbai, 18th February, 2016

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### ANNEXURE TO BOARD'S REPORT

#### 1.0 INTRODUCTION

The Company is engaged in the business of manufacture of power driven pumps and industrial valves. Castings are mainly produced for captive consumption.

#### 2.0 INDUSTRY STRUCTURE AND DEVELOPMENT

##### 2.1 General

In 2015, global economic activity remained subdued. Growth in emerging market and developing economies—while still accounting for over 70 percent of global growth—declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Key transitions continue to influence the global outlook, namely, the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, lower prices for energy and other commodities, and a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economy central banks continue to ease monetary policy. India and the rest of emerging Asia are generally projected to continue growing at a robust pace, although with some countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness.

India's stable macroeconomic environment and strong growth outlook stand out relative to other emerging markets. Growth in 2014-15 was 7.3 %, substantially higher than 6.9 % in 2013-14. This strong growth performance continued in the first quarter of 2015-16 with 7.0 % growth, compared to 6.7 % in the corresponding period of 2014-15.

Headline Consumer Price Index (CPI) inflation reached its lowest level in August, 2015 since November 2014. In addition,

inflation expectations have also eased. Liquidity conditions eased considerably during August to mid-September. The Reserve Bank of India reduced the policy rate by 50 basis points from 7.25 % to 6.75 %. India's foreign exchange reserves rose to US\$ 355 billion (as of August 2015), up by US\$ 12 billion from the level on April, 2015.

##### 2.2 Pumps & Valves Industries

The business situation in mechanical and plant engineering improved only minimally in 2015. Globally, the sector's sales revenue grew by a mere 1%. In terms of the main sales markets for pumps and valves, demand developed positively in the manufacturing sector, the chemical industry, and the water and waste water management industries, while the oil and gas industry, as well as petrochemicals, suffered major slump. Investments by companies in the mining and energy sectors also remained modest.

#### 3.0 OPPORTUNITIES AND THREATS

With India's ever growing requirements of energy and capacity addition planned by the Government through various initiatives, though demand is subdued at the moment, there exists substantial opportunity for future growth as the Company's products are geared up for the requirements.

With the globalisation, new international players are making a thrust in the Indian market by creation of additional manufacturing capacities. This would result in further intensification of competition leading to price pressures.

#### 4.0 SEGMENTWISE PERFORMANCE

During the year under review, pumps and related spares worth ₹ 6,174 Million (Previous year ₹ 6,120 Million) and valves and related spares worth ₹1,325 Million (Previous year ₹ 1,223 Million) were sold.

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## MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

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Out of the above, export of pumps, valves and their spares in terms of value were ₹ 1,588 Million (Previous year ₹ 1,210 Million).

### 5.0 OUTLOOK

The Company expects the market for pumps and services to grow moderately. The market for valves is expected to be sluggish, primarily due to poor demand from the power sector. Company is taking effective steps to improve operational efficiency to maintain the earnings.

### 6.0 RISKS & CONCERNS THE MANAGEMENT PERCEIVE

The competition is expected to be more aggressive leading to price pressures. Uncertainty in global economic growth is expected to impact the growth rate in India and consequently the Company's operations.

The growth in the industrial sector depends on government policies, better infrastructure, removal of labour market rigidities and growth in agricultural sector would depend on favourable monsoons and effectiveness of implementation of Government policies to boost income of farmers.

### 7.0 INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

Internal Control Systems are implemented:

- To safeguard the Company's assets from loss or damage.
- To keep constant check on cost structure.
- To provide adequate financial and accounting controls and implement accounting standards.

The system is improved and modified continuously to meet with changes in business condition, statutory and accounting requirements.

Internal controls are adequately supported by Internal Audit and periodic review by the management.

The Audit Committee meets periodically to review -

- Financial statement, with the management and statutory auditors.
- Adequacy/scope of internal audit function, significant findings and followup thereon of any abnormal nature, with the internal auditors.

### 8.0 DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL EFFICIENCY

Due to better working capital management, utilization of short-term borrowings has been reduced resulting in reduction of interest expense.

The following statements cover financial performance review, which are attached to this report.

- a) Distribution of income
- b) Financial position at a glance
- c) Financial summary.

### 9.0 MATERIAL DEVELOPMENTS IN HUMAN RESOURCES, INDUSTRIAL RELATIONS

Attracting and retaining the talent continued to be a challenge for the Company in last year. With sustained focus on talent management and talent development initiatives, the Company was able to maintain the overall attrition in line with the projections in the job market.

The ongoing human resources initiatives on Leadership Development, Succession Planning, Competence and Capability Development, Performance Management, Communication Meetings, Functional Development Interventions, Team Synergy, Sales Activity Management, and Development continued with the addition of new initiatives on Health and Safety Management. During 2015, we also focused on the improvement of human resources

## MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

processes to make the Company a preferred employer. We concluded productivity linked wage agreements at 2 plants during 2015. Industrial relations at all the plants were cordial in 2015.

Company is dependent on these factors. It may be materially influenced by the changes therein beyond the Company's control, affecting the views expressed in or perceived from this report.

### 10.0 CAUTION

This report is based on the experience and information available to the Company in the Pump and Valve business and assumption in regard to domestic and global economic conditions, government and regulation policies etc. The performance of the

On behalf of the Board of Directors,  
G. SWARUP  
Chairman

Mumbai, 18<sup>th</sup> February, 2016

### DISTRIBUTION OF INCOME

	₹ in Million			
	Year ended 31.12.2015		Year ended 31.12.2014	
	₹	%	₹	%
1 Raw Materials/Bought-out Components Consumed	3888	45.75	3815	46.01
2 Employee benefit expenses	1248	14.69	1270	15.31
3 Administrative, Sales & Other Expenses	2011	23.67	1938	23.37
4 Finance cost	17	0.20	22	0.27
5 Depreciation	278	3.27	276	3.33
6 Taxation				
Current	384	4.52	339	4.09
Deferred	(27)	(0.32)	(22)	(0.27)
On Dividend	32	0.38	38	0.46
7 Dividend	191	2.25	191	2.30
8 Retained Earnings	475	5.59	425	5.13
TOTAL	<u>8497</u>	<u>100</u>	<u>8292</u>	<u>100</u>

Note: Previous year figures have been regrouped/reclassified, wherever necessary to correspond with the current year classification / disclosure.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

### FINANCIAL POSITION AT A GLANCE

CAPITAL	₹ in Million	
	Year ended 31.12.2015	Year ended 31.12.2014
<b>ASSETS OWNED</b>		
Non-Current Assets -		
1. Fixed Assets (net)	2083	2008
2. Investments	63	63
3. Other Non-Current Assets (net)	127	186
4. Deferred Tax Assets (net)	128	100
Current Assets (Net) excluding borrowings	3375	2944
<b>TOTAL</b>	<b>5776</b>	<b>5301</b>
<b>FINANCED BY</b>		
1. Borrowings	13	244
2. Net Worth*	5763	5057
<b>TOTAL</b>	<b>5776</b>	<b>5301</b>
*Represented by		
Share Capital	348	348
Reserves (Net)	5415	4709
<b>TOTAL</b>	<b>5763</b>	<b>5057</b>
<b>INCOME EARNED</b>		
1. Revenue from operations (net)	8188	8017
2. Other Income	309	275
<b>TOTAL</b>	<b>8497</b>	<b>8292</b>
<b>INCOME DISTRIBUTED</b>		
1. Materials consumed	3888	3815
2. Employee benefit expenses	1248	1270
3. Other expenses	2011	1938
4. Finance cost	17	22
5. Depreciation	278	276
6. Taxation		
Current	384	339
Deferred	(27)	(22)
On Dividend	32	38
7. Dividend	191	191
8. Retained Income	475	425
<b>TOTAL</b>	<b>8497</b>	<b>8292</b>

Note: Previous year figures have been regrouped/reclassified, wherever necessary to correspond with the current year classification / disclosure.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

### FINANCIAL SUMMARY

	2015	2014	2013	2012	2011
<b>CAPITAL ACCOUNTS (₹ in Million)</b>					
<b>Liabilities</b>					
Share Capital	348	348	348	348	348
Reserves & Surplus	5415	4709	4284	3911	3553
Non-Current Liabilities	365	363	293	284	237
<b>Assets</b>					
<b>Non-Current Assets</b>					
Gross Block	4603	4319	3967	3789	3335
Net Block	2083	2008	1895	1852	1597
Investments	63	63	63	64	64
Other Non-Current Assets	492	549	565	487	470
Deferred Tax Assets (net)	128	100	78	75	52
Current Assets (Net)	3362	2700	2325	2057	1955
<b>REVENUE ACCOUNTS (₹ in Million)</b>					
Revenue from operations and Other Income	8497	8292	7475	7319	7570
Gross Profit before finance cost and depreciation	1350	1269	1167	1094	869
Finance cost	17	22	26	52	28
Depreciation	278	276	265	235	218
Profit before tax	1055	971	876	807	623
Profit after tax	698	654	597	580	429
Tax on Dividend	32	38	33	31	22
Dividend amount	191	191	191	191	139
Retained earnings	475	425	373	358	268
<b>SELECTED INDICATORS</b>					
Return on Capital Employed %	18.56	18.73	19.34	19.40	14.36
Current Ratio	2.18	2.00	1.93	1.92	2.11
Earnings per share (₹)	20.06	18.79	17.17	16.67	12.35
Debt equity ratio	0.00	0.05	0.01	0.04	0.16
Book value per share (₹)	165.57	145.29	133.08	122.36	112.08
Dividend %	55	55	55	55	40
Fixed Assets Turnover	4.08	4.13	3.94	3.95	4.74

Note: Previous year figures have been regrouped/reclassified, wherever necessary to correspond with the current year classification / disclosure.

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE TO BOARD'S REPORT

#### 1. Company's philosophy of Corporate Governance

The Company aims at conducting its business efficiently, by following professionally acknowledged good governance policies, thus meeting its obligations to all stakeholders in a balanced and accountable manner.

#### 2. Board of Directors

##### (a) Composition

The Board of Directors comprises of ten directors, of whom one is Managing Director. The office of Managing Director is held by a nominee of Canadian Kay Pump Ltd., the Company's main shareholder.

##### (b) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM)

Name of the Director	Din of The Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM
Mr. G. Swarup	00374298	Chairman – NED	4	Yes
Mr. A. R. Broacha	00056291	NED – I	4	Yes
Mr. D. N. Damania	00403834	NED – I	4	Yes
Mr. N. N. Kampani	00009071	NED	4	Yes
Mr. Pradip Shah	00066242	NED – I	4	Yes
Dr. Stephan Bross	00423114	NED	4	Yes
Mr. V. K. Viswanathan	01782934	NED – I	4	Yes
Ms. S. F. Motwani	00052851	NED – I	2	No
Mr. W. Stegmuller	06929923	NED	3	No
Mr. W. Spiegel	00058903	Managing Director –ED	4	Yes

ED – Executive Director

NED – I – Non-Executive Director - Independent

Note : The Company has disclosed to the Stock Exchanges in the “Quarterly Compliance Report on Corporate Governance” on compliance in regard to composition of Board of Directors.

##### (c) Number of other Companies or Committees the Director of the Company is a Director/ Member/Chairman

Name of Director	No. of Directorships in other Boards @	No. of Memberships in other Board Committees #	No. of Chairmanships in other Board Committees #
Mr. G. Swarup	12	1	Nil
Mr. A.R. Broacha	2	Nil	Nil
Mr. D.N. Damania	6	5	Nil
Mr. N.N. Kampani	10	5	Nil
Mr. Pradip Shah	17	8	1
Dr. Stephan Bross	2	Nil	Nil
Mr. V.K. Viswanathan	7	6	4
Ms. S. F. Motwani	10	Nil	Nil
Mr. W. Stegmuller	6	Nil	Nil
Mr. W. Spiegel	2	Nil	Nil



## REPORT ON CORPORATE GOVERNANCE (Contd.)

@ Directorships in Body Corporates, Private Limited Companies and not-for-Profit Companies under Section 8 of the Act are included in the above table.

# Memberships in Committees other than Audit Committee/ Stakeholders' Relationship Committee of public limited companies and all Committees of private limited/Body Corporates are excluded in the above table.

(d) Details of Board Meetings held during the year under review

Sr. No.	Date
1.	20th February, 2015
2.	22nd April, 2015
3.	24th July, 2015
4.	4th November, 2015

(e) There are no inter-se relationships between the Board members.

(f) Number of shares held by Non-Executive Directors

Name of Non-Executive Director	No. of shares held
Mr. G. Swarup	34,000
Mr. A. R. Broacha	30,000
Mr. D. N. Damania	4,200

No other Non-Executive Directors hold shares in the Company.

(g) Weblink of familiarisation programme for Independent Directors is [www.ksbindia.co.in](http://www.ksbindia.co.in).

### 3. Committees of the Board:

#### A. Audit Committee

##### i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations and the Act.

##### ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	4	4
Mr. G. Swarup	4	4
Dr. Stephan Bross	4	4
Mr. A. R. Broacha	4	4
Mr. Pradip Shah	4	4

##### iii. Details of Audit Committee Meetings held during the year under review

Meetings were held on 20th February, 2015, 22nd April, 2015, 24th July, 2015 and 4th November, 2015.

Managing Director, Chief Financial Officer, Internal Auditors and Statutory Auditors are invitees to the meeting. The Company Secretary of the Company acts as the Secretary to the Committee.

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## REPORT ON CORPORATE GOVERNANCE (Contd.)

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### B. Nomination and Remuneration Committee

#### i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations and the Act.

#### ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	2	2
Mr. Pradip Shah	2	2
Mr. G. Swarup	2	2

#### iii. Details of Nomination and Remuneration Committee Meetings held during the year under review

Meetings were held on 24th July, 2015 and 4th November, 2015.

#### iv. Remuneration Policy

Remuneration Policy of the Company aims at recommending and reviewing the remuneration to Managing Director, Non-Executive Directors and Key Managerial Personnel of the Company and is based on evaluation criteria such as industry benchmarks, company's annual performance & its strategy, expertise, talent and meritocracy including criteria for determining qualification, positive attributes, independence of a director etc.

#### v. Annual evaluation of Board, Committees and individual Directors

Pursuant to the provisions of the Act, Listing Regulations and the above guidelines, the Board of Directors/ Independent Directors/ Nomination & Remuneration Committee ("NRC") (as applicable) has undertaken an evaluation of its own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees. Such evaluation are presented to the NRC and the Board of Directors (as applicable).

Directors express their satisfaction with the evaluation process.

### C. Corporate Social Responsibility Committee

#### i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under Listing Regulations and the Act.

#### ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	1	1
Mr. G. Swarup	1	1
Mr. W. Spiegel	1	1

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- iii. Details of Corporate Social Responsibility Committee meeting held during the year under review

Meeting was held on 29th June, 2015.

### D. Stakeholders' Relationship Committee

- i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations and the Act.

- ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. A.R. Broacha (Chairman, Non-Executive Director)	1	1
Mr. G. Swarup	1	1
Mr. W. Spiegel	1	1

- iii. Details of Stakeholders' Relationship Committee Meeting held during the year under review

Meeting was held on 4th November, 2015.

- iv. Compliance Officer is Mr. R. Narasimhan, Company Secretary.

- v. Grievances

During the year under review 44 grievances were received. All the grievances have been resolved to the satisfaction of the shareholders.

### E. Share Transfer Committee

- i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations and the Act.

- ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. G. Swarup (Chairman)	5	5
Mr. A. R. Broacha	5	5
Mr. D. N. Damania	5	5
Mr. W. Spiegel	5	5

- iii. Details of Share Transfer Committee meetings held during the year under review

Meetings were held on 22nd January, 2015, 23rd April, 2015, 7th May, 2015, 10th June, 2015 and 28th August, 2015.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 4. Remuneration of Directors

The remuneration payable to the executive director is approved by the members at the general meeting of the Company. Remuneration of executive director consists of a fixed salary, perquisites, performance linked bonus, based on the individual and the Company's performance and commission based on net profits of the Company subject to a ceiling of 50% of the annual salary. The Board of Directors determine the performance linked bonus from year to year.

(a) Details of remuneration paid to the executive director for the year under review

₹ '000s

Name of the Director	Salary	Commission	Performance linked bonus	Perquisites and Contribution to Provident Fund	Terms of appointment
Mr. W. Spiegel	3,336	1,668	975	2,555	5 years, from 1st Jan. '12 to 31st Dec. '16

#### Notes:

- The above remuneration excludes contribution for gratuity, superannuation and personal accident insurance premium and the liability for encashable leave as the figures for the Director is not separately available.
  - The Company does not have a stock option scheme.
  - There is no notice period for severance of the executive director and no severance fees are payable to the director.
- (b) The Board of Directors decide the remuneration of Non-Executive Directors which consists of a sitting fee as well as commission based on the net profits of the Company. As approved by the members, commission amount is limited to 1% of the net profits of the Company.

Details of remuneration to Non-Executive Directors for the period 1st January, 2015 to 31st December, 2015 are as under

₹ '000s

Name of the Directors	Directors' Fees	Commission
Mr. G. Swarup	240	500
Mr. A. R. Broacha	210	500
Mr. D. N. Damania	235	500
Mr. N. N. Kampani	100	500
Mr. Pradip Shah	200	500
Dr. Stephan Bross	180	500
Mr. V. K. Viswanathan	100	500
Ms. S. F. Motwani	50	500
Mr. W. Stegmuller	75	500

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 5. General Body Meetings

(i) Location and time where last three Annual General Meetings were held

Financial Year	Date	Time	Venue
2012	12th April, 2013	2.00 p.m.	Bajaj Bhavan, Mumbai
2013	11th April, 2014	2.00 p.m.	Bajaj Bhavan, Mumbai
2014	22nd April, 2015	3.00 p.m.	Bajaj Bhavan, Mumbai

(ii) Special Resolution passed in the previous three Annual General Meetings

Financial Year	Special Resolution Passed
2012	Yes
2013	Yes
2014	Yes

(iii) Postal Ballot

No resolution was required to be passed by means of a postal ballot during the last year.

### 6. Means of Communication

i. Quarterly Results	Published in the newspapers every quarter
ii. Newspapers wherein results normally published	i. The Economic Times ii. Maharashtra Times
iii. Any website, where results are displayed	www.ksbindia.co.in
iv. Whether it also displays official news releases	Yes
v. The presentations made to institutional investors or to the analysts	No presentation has been made during the year

### 7. General Shareholder Information

AGM: Date, Time and Venue	26th April, 2016 at 2.00 p.m. at Bajaj Bhavan, Ground Floor (Kamalnayan Bajaj Hall), 226, Nariman Point, Mumbai 400 021
Financial Year	The financial year under review covers the period 1st January, 2015 to 31st December, 2015
Date of Book Closure	16th April, 2016 to 26th April, 2016 (both days inclusive)
Dividend Payment date	17th May, 2016 onwards
Listing on Stock Exchanges	1. BSE Limited, Mumbai 2. National Stock Exchange of India Limited (NSE).  The Company has paid the listing fees for the period 1st April, 2015 to 31st March, 2016
Stock Code	1. BSE : 500249 2. NSE : KSBPUMPS 3. ISIN : INE999A01015

## REPORT ON CORPORATE GOVERNANCE (Contd.)

Market Price Data: High, Low during each month in last Financial year	Please see Annexure 'A'
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.	The performance of the Company's share relative to the BSE sensitive index is given in Annexure 'B'
Registrar and Transfer Agent	Link Intime India Pvt. Ltd.
Share Transfer System	All the transfers received are processed by the Registrar and Transfer Agent. To facilitate prompt services to the shareholders, the Company Secretary is authorised to approve transfers and transmission not exceeding 300 shares per folio per occasion. These are processed on a fortnightly basis. Consolidation, sub-division of shares and issue of duplicate share certificates are approved by the Share Transfer Committee/Board of Directors.
Distribution of Shareholding and Share holding pattern as on 31st December, 2015	Please see Annexure 'C'.
Dematerialisation of shares and liquidity	98.88% of the Paid-up Capital has been dematerialised as on 31st December, 2015
Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments conversion date and likely impact on equity	Not issued
Plant Locations	The Company's plants are located at Pimpri, Chinchwad, Vambori, Coimbatore and Nashik
Address for correspondence	Shareholders should address correspondence to: Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 Phone: 022-25946970 E-mail: rnt.helpdesk@linkintime.co.in

### 8. Disclosures

A. Pursuant to requirements of Listing Regulations the Company has adopted the policy determining material subsidiaries and the policy on related party transactions and the said policies are available on the Company's website at [www.ksbindia.co.in](http://www.ksbindia.co.in).

#### B. Disclosure on Material Related Party Transactions

i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large.

a. Details of shareholdings of Non-Executive Directors and dividend paid thereon:

Name of the Directors	No. of shares held	Dividend paid (₹)
Mr. G. Swarup	34,000	187,000
Mr. A. R. Broacha	30,000	165,000
Mr. D. N. Damania	4,200	23,100

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## REPORT ON CORPORATE GOVERNANCE (Contd.)

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b. Related party transactions

Normal trade transactions, sales commission agreement for exports and license and technical collaboration agreements are being entered into with KSB AG, Germany and other group companies from time to time. Further, remuneration is paid to directors, dividend is paid on shares held by directors, etc. Full disclosures on related party transactions, as per the Accounting Standard 18 issued by the Institute of Chartered Accountants of India, is given under Note 36 of the financial statements.

C. Details of non-compliance, penalties and strictures imposed on the Company by the Stock Exchanges/ SEBI/ Statutory Authorities on matters relating to capital markets during the last three years.

The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed against it in the last three years.

D. Board Disclosures - Risk Management

The Company has laid down procedures and informed the Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

E. Whistle Blower Policy

The Whistle Blower Policy has been adopted to provide appropriate avenues to the employees to bring to the attention of the management, the concerns about any unethical behaviour, by using the mechanism provided in the Policy. We affirm that no director or employee has been denied access to the Chairman of the Audit Committee during financial year 2015.

### 9. NON-MANDATORY REQUIREMENTS

The Board has taken cognizance of the non-mandatory requirements of Regulation 27 of the Listing Regulations and shall consider adopting the same at an appropriate time.

The Company has complied with corporate governance requirements specified in regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On behalf of the Board of Directors

G. SWARUP  
Chairman

Mumbai, 18th February, 2016

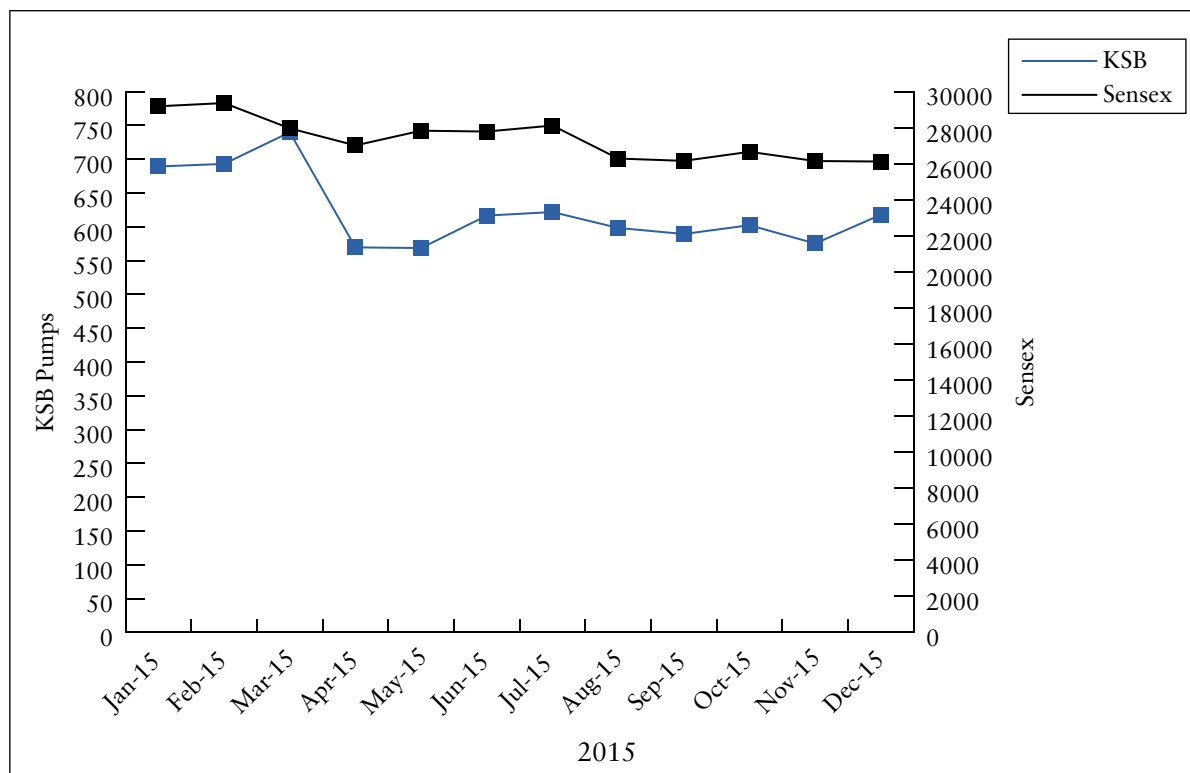
## REPORT ON CORPORATE GOVERNANCE (Contd.)

### ANNEXURE A

Price and volume of shares traded

Month/Year	BSE Ltd.			National Stock Exchange of India Ltd.		
	High (₹)	Low (₹)	Volume traded	High (₹)	Low (₹)	Volume Traded
January, 15	710	586	75,964	715	590	363,346
February, 15	825	676	92,159	780	675	252,476
March, 15	754	643	82,484	759	640	232,907
April, 15	744	560	70,674	748	560	202,861
May, 15	627	548	21,343	665	545	108,120
June, 15	650	549	23,779	625	546	100,992
July, 15	695	581	81,484	637	571	109,911
August, 15	648	548	39,793	648	550	212,306
September, 15	600	542	93,140	604	540	40,001
October, 15	617	571	19,939	609	568	125,469
November, 15	607	558	9,597	609	557	104,968
December, 15	624	556	24,186	626	551	75,189

### ANNEXURE B





## REPORT ON CORPORATE GOVERNANCE (Contd.)

### ANNEXURE C

Distribution of shareholding as on 31st December, 2015

Number of shares held	Members		Shares	
	Number	%	Number	%
1-500	8,926	82.73	935,060	2.69
501-1000	890	8.25	681,886	1.96
1001-2000	609	5.65	900,848	2.59
2001-3000	154	1.43	372,680	1.07
3001-4000	63	0.58	218,056	0.63
4001-5000	34	0.32	154,995	0.45
5001-10000	49	0.45	347,634	0.99
10001 and above	64	0.59	31,196,685	89.62
<b>TOTAL</b>	<b>10,789</b>	<b>100.00</b>	<b>34,807,844</b>	<b>100.00</b>

Shareholding pattern as on 31st December, 2015

Category	No. of Members	No. of Shares held	% to the Capital
Indian Promoters	8	9,003,458	25.87
Foreign Promoters	1	14,110,848	40.54
Mutual Funds & UTI	27	4,509,211	12.95
Banks, Financial Institutions and Insurance Companies	7	825,774	2.37
Foreign Institutional Investors	7	86,107	0.25
Private Corporate Bodies	234	2,240,380	6.44
Indian Public/Trust	10,221	3,899,771	11.20
Foreign Nationals/NRIs	284	132,295	0.38
<b>Total</b>	<b>10,789</b>	<b>34,807,844</b>	<b>100</b>

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## REPORT ON CORPORATE GOVERNANCE (Contd.)

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### CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
KSB Pumps Limited

We have examined the compliance with conditions of Corporate Governance by KSB Pumps Ltd., for the year ended on 31st December, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 to the extent applicable.

The compliance with conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

Based on the representation received from the Company and certified by the Registrars and Transfer Agent, no investor grievance is pending for a period exceeding one month as on 31st December, 2015 against the Company and the Registrars and Transfer Agents have reported to the Stakeholders' Relationship Committee on the status of the grievances, if any.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Nilesh Shah & Associates  
Company Secretaries

(Nilesh Shah)

Mumbai, Date: 18th February, 2016

Partner (FCS - 4554) C.P. No.: 2631

## ANNEXURE TO BOARD'S REPORT

### FORM NO. AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies

#### Part "A": Subsidiaries

₹ in Million

Name of the subsidiary	Pofran Sales and Agency Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st January, 2015 to 31st March, 2016*
Reporting currency and exchange rate	INR
Share capital	0.50
Reserves & Surplus	45.19
Total assets	45.71
Total Liabilities	0.03
Investments	-
Turnover	22.37
Profit/(Loss) before taxation	21.22
Provision for taxation	7.02
Profit/(Loss) after taxation	14.20
Proposed Dividend	-
% of shareholding	100

\*Financial Year has been aligned with provisions of Section 2(41) of Companies Act, 2013. The consolidation is based on the audited Financial statements for the period ended as on 31st December, 2015 of the subsidiary.

#### Part "B": Associate

₹ in Million

Name of associate	MIL Controls Limited
Latest audited Balance Sheet date	31st December, 2015
Number of shares of associate held by the company on the year end	734,994
Amount of investment in associate	62.65
Extent of holding %	49%
Description of how there is significant influence	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of not more than 50% of the voting Power and no control over the Board
Networth attributable to shareholding as per latest audited Balance Sheet	944.11
Profit / Loss for the year	
i. Considered in consolidation	52.32
ii. Not considered in consolidation	54.46

	G. Swarup	Chairman
	A. R. Broacha	Directors
	D. N. Damania	
	N. N. Kampani	
	Pradip Shah	
	Dr. Stephan Bross	
	V. K. Viswanathan	
	S. F. Motwani	
	W. Stegmuller	Managing Director
	W. Spiegel	
Vergheese Oommen Director Finance		
R. Narasimhan Company Secretary		

Mumbai, 18th February, 2016

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## ANNEXURE TO BOARD'S REPORT (Contd.)

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FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st December, 2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

CIN	L29120MH1960PLC011635
Registration Date	11th April, 1960
Name of the Company	KSB PUMPS LIMITED
Category/Sub-category of the Company	Indian Non-Government Company Limited by shares
Address of the Registered office & contact details	126, Maker Chambers-III, Nariman point, Mumbai - 400 021, Maharashtra - 400 021, India
Whether listed company	Yes
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C - 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing of pumps, spares and related services	2812	77.15
2	Manufacturing of valves, spares and related services	2813	22.85

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Pofran Sales and Agency Limited	U51103PN2005PLC020123	Subsidiary	100	2(87)
2	MIL Controls Limited	U32107KL1983PLC003725	Associate	49	2(6)

## ANNEXURE TO BOARD'S REPORT (Contd.)

### IV. SHARE HOLDING PATTERN

#### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	153,458	-	153,458	0.44%	153,458	-	153,458	0.44%	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	8,850,000	-	8,850,000	25.43%	8,850,000	-	8,850,000	25.43%	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (1)</b>	<b>9,003,458</b>	<b>-</b>	<b>9,003,458</b>	<b>25.87%</b>	<b>9,003,458</b>	<b>-</b>	<b>9,003,458</b>	<b>25.87%</b>	<b>-</b>
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	14,110,848	-	14,110,848	40.54%	14,110,848	-	14,110,848	40.54%	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	<b>14,110,848</b>	<b>-</b>	<b>14,110,848</b>	<b>40.54%</b>	<b>14,110,848</b>	<b>-</b>	<b>14,110,848</b>	<b>40.54%</b>	<b>-</b>
<b>Total shareholding of Promoter [(A)=(A) (1)+(A)(2)]</b>	<b>23,114,306</b>	<b>-</b>	<b>23,114,306</b>	<b>66.41%</b>	<b>23,114,306</b>	<b>-</b>	<b>23,114,306</b>	<b>66.41%</b>	<b>0.00%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/UTI	4,275,097	700	4,275,797	12.28%	4,508,511	700	4,509,211	12.95%	0.67%
b) Banks/FI	2,616	808	3,424	0.00%	4,324	808	5,132	0.01%	0.01%
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	756,338	-	756,338	2.17%	820,642	-	820,642	2.36%	0.19%
g) FIIs	913,057	-	913,057	2.62%	86,107	-	86,107	0.25%	(2.37%)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investor	-	-	-	-	935,917	-	935,917	2.68%	2.68%
j) Foreign Financial Institution	-	1,000	1,000	0.00%	-	1,000	1,000	0.00%	-
<b>Sub-Total (B)(1):-</b>	<b>5,947,108</b>	<b>2,508</b>	<b>5,949,616</b>	<b>17.09%</b>	<b>6,355,501</b>	<b>2,508</b>	<b>6,358,009</b>	<b>18.27%</b>	<b>1.18%</b>

## ANNEXURE TO BOARD'S REPORT (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	1,424,447	4,056	1,428,503	4.10%	1,299,497	3,966	1,303,463	3.74%	(0.36%)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,060,115	353,561	3,413,676	9.81%	2,845,333	3,28,593	3,173,926	9.11%	(0.70%)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	630,161	50,112	680,273	1.95%	527,515	50,112	577,627	1.66%	(0.29%)
c) Trusts	1,016	-	1,016	0.00%	1,016	-	1,016	0.00%	-
d) Hindu Undivided Family	-	-	-	-	97,088	-	97,088	0.28%	0.28%
e) Non-Resident Indians	128,348	5,604	133,952	0.38%	126,691	5,604	132,295	0.38%	(0.001%)
f) Directors	34,200	-	34,200	0.10%	34,200	-	34,200	0.10%	-
g) Foreign Nationals	-	-	-	-	-	-	-	-	-
h) Clearing Members	52,302	-	52,302	0.15%	15,914	-	15,914	0.05%	(0.10%)
<b>Sub-total (B)(2):-</b>	<b>5,330,589</b>	<b>413,333</b>	<b>5,743,922</b>	<b>16.50%</b>	<b>4,947,254</b>	<b>388,275</b>	<b>5,335,529</b>	<b>15.32%</b>	<b>(1.18%)</b>
<b>Total Public shareholding</b>	<b>11,277,697</b>	<b>415,841</b>	<b>11,693,538</b>	<b>33.59%</b>	<b>11,302,755</b>	<b>390,783</b>	<b>11,693,538</b>	<b>33.59%</b>	<b>0.00%</b>
<b>[(B) = (B)(1)+(B)(2)]</b>									
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>34,392,003</b>	<b>415,841</b>	<b>34,807,844</b>	<b>100.00%</b>	<b>34,417,061</b>	<b>390,783</b>	<b>34,807,844</b>	<b>100.00%</b>	<b>0.00%</b>

### (ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Vikram Swarup	40,000	0.11%	-	40,000	0.11%	-	-
2	Gaurav Swarup	34,000	0.10%	-	34,000	0.10%	-	-
3	Bindu Vikram Swarup	16,000	0.05%	-	16,000	0.05%	-	-
4	Parul Swarup	3,058	0.01%	-	3,058	0.01%	-	-
5	Vikram Swarup & Gaurav Swarup	60,400	0.17%	-	60,400	0.17%	-	-
6	The Industrial And Prudential Investment Co. Ltd.	7,140,000	20.51%	-	7,140,000	20.51%	-	-
7	Paharpur Cooling Towers Ltd.	1,450,000	4.17%	-	1,450,000	4.17%	-	-
8	New Holding And Trading Co. Ltd.	260,000	0.75%	-	260,000	0.75%	-	-
9	Canadian Kay Pump Limited	14,110,848	40.54%	-	14,110,848	40.54%	-	-

## ANNEXURE TO BOARD'S REPORT (Contd.)

(iii) Change in Promoters' Shareholding (please specify, if there is no change):  
There were no changes in the promoter's shareholding during the year.

(iv) Shareholding Pattern of top ten Shareholders  
(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For each of the Top 10 shareholders	Shareholding At the beginning / end of the year	% of total Shares of the Company	Date of Transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	% of total Shares of the Company
1	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE TAX SAVER (ELSS) FUND	2,549,881	7.33					
				31.03.2015	5,277	Purchase	2,555,158	7.34
				01.05.2015	9,197	Purchase	2,564,355	7.37
				08.05.2015	3,800	Purchase	2,568,155	7.38
				09.10.2015	(50,000)	Sale	2,518,155	7.23
		2,518,155	7.23					
2	THYSSENKRUPP INDUSTRIES INDIA PRIVATE LIMITED	1,080,000	3.10					
						No change in the shareholding during the year		
		1,080,000	3.10					
3	PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED	821,919	2.36					
				17.04.2015	24,800	Purchase	846,719	2.43
				24.04.2015	952	Purchase	847,671	2.44
				01.05.2015	263	Purchase	847,934	2.44
		847,934	2.44					
4	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	756,338	2.17					
				02.01.2015	10,000	Purchase	766,338	2.20
				31.03.2015	5,000	Purchase	771,338	2.22
				10.04.2015	8,704	Purchase	780,042	2.24
				29.05.2015	5,000	Purchase	785,042	2.26
				12.06.2015	4,000	Purchase	789,042	2.27
				26.06.2015	7,000	Purchase	796,042	2.29
				03.07.2015	15,000	Purchase	811,042	2.33
				10.07.2015	600	Purchase	811,642	2.33
				07.08.2015	5,000	Purchase	816,642	2.35
				11.12.2015	4,000	Purchase	820,642	2.36
		820,642	2.36					

## ANNEXURE TO BOARD'S REPORT (Contd.)

S. No.	For each of the Top 10 shareholders	Shareholding At the beginning / end of the year	% of total Shares of the Company	Date of Transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	% of total Shares of the Company
5	UTI-MID CAP FUND	518,310	1.49					
				02.01.2015	(84,724)	Sale	433,586	1.25
				09.01.2015	85,000	Purchase	518,586	1.50
				27.02.2015	1,817	Purchase	520,403	1.50
				13.03.2015	12,787	Purchase	533,190	1.53
				31.03.2015	(296)	Sale	532,894	1.53
				07.08.2015	25,000	Purchase	557,894	1.60
				21.08.2015	27,847	Purchase	585,741	1.68
				04.02.2015	25,000	Purchase	610,741	1.75
				11.09.2015	1,404	Purchase	612,145	1.76
				18.09.2015	1,284	Purchase	613,429	1.76
				25.09.2015	4,525	Purchase	617,954	1.78
				30.09.2015	722	Purchase	618,676	1.78
				09.10.2015	25,262	Purchase	643,938	1.85
		643,938	1.85					
6	SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND	434,037	1.25					
				02.01.2015	53,286	Purchase	487,323	1.40
				09.01.2015	369	Purchase	487,692	1.40
				20.03.2015	2,000	Purchase	489,692	1.41
				01.05.2015	5,000	Purchase	494,692	1.42
				15.05.2015	25,405	Purchase	520,097	1.49
				22.05.2015	12,794	Purchase	532,891	1.53
				29.05.2015	2,431	Purchase	535,322	1.54
				09.10.2015	5,000	Purchase	540,322	1.55
				18.12.2015	5,805	Purchase	546,127	1.57
				25.12.2015	26	Purchase	546,153	1.57
				31.12.2015	2,288	Purchase	548,441	1.58
		548,441	1.58					
7	DSP BLACKROCK MICRO CAP FUND	267,321	0.77					
				15.05.2015	5,259	Purchase	272,580	0.78
				31.07.2015	45,313	Purchase	317,893	0.91
				21.08.2015	16,000	Purchase	333,893	0.96
		333,893	0.96					



## ANNEXURE TO BOARD'S REPORT (Contd.)

S. No.	For each of the Top 10 shareholders	Shareholding At the beginning / end of the year	% of total Shares of the Company	Date of Transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	% of total Shares of the Company
8	KOTAK INFRASTRUCTURE & ECONOMIC REFORM FUND							
		-	-	06.05.2015	249,504	Purchase	249,504	0.72
				10.04.2015	(5,755)	Sale	243,749	0.70
				26.06.2015	(1,997)	Sale	241,752	0.69
				30.06.2015	(1,671)	Sale	240,081	0.69
				03.07.2015	(28,476)	Sale	211,605	0.61
				31.07.2015	(3,634)	Sale	207,971	0.60
				07.08.2015	(3,634)	Sale	173,436	0.50
				14.08.2015	(4,501)	Sale	168,935	0.48
				21.08.2015	(2,463)	Sale	166,472	0.48
				28.08.2015	(3,712)	Sale	162,760	0.47
				30.10.2015	(727)	Sale	162,033	0.47
				06.09.2015	(591)	Sale	161,442	0.46
				04.12.2015	(19)	Sale	161,423	0.46
		161,423	0.46					
9	IIFL BEST OF CLASS FUND 1 - CLASS 2							
		-	-	27.11.2015	119,959	Purchase	119,959	0.34
		119,959	0.34					
10	ANANT VENKATRAO SETALVAD							
		112,700	0.32					
				No change in the shareholding during the year				
		112,700	0.32					

### (v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning/end of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. A.R. Broacha						
	At the beginning of the year	01.01.2015		30,000	0.09%	30,000	0.09%
	Changes during the year		-	-	-	-	-
	At the end of the year	31.12.2015		30,000	0.09%	30,000	0.09%
2	Mr. D.N. Damania						
	At the beginning of the year	01.01.2015		4,200	0.01%	4,200	0.02%
	Changes during the year		-	-	-	-	-
	At the end of the year	31.12.2015		4,200	0.01%	4,200	0.02%
3	Mr. G. Swarup						
	At the beginning of the year	01.01.2015		34,000	0.10%	34,000	0.10%
	Changes during the year		-	-	-	-	-
	At the end of the year	31.12.2015		34,000	0.10%	34,000	0.10%

## ANNEXURE TO BOARD'S REPORT (Contd.)

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	₹ in Million
				Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	243.79	-	-	
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
<b>Total (i + ii + iii)</b>	<b>243.79</b>	<b>-</b>	<b>-</b>	<b>243.79</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	
* Reduction	230.82	-	-	
<b>Net Change</b>	<b>230.82</b>	<b>-</b>	<b>-</b>	<b>230.82</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	12.97	-	-	
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
<b>Total (i + ii + iii)</b>	<b>12.97</b>	<b>-</b>	<b>-</b>	<b>12.97</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:		₹ in Million
S. No.	Particulars of Remuneration to Managing Director	Total Amount
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6.04
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.10
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify	0.40
5	Others, please specify	-
	<b>Total (A)</b>	<b>8.54</b>
	Ceiling as per the Act	54.46

## ANNEXURE TO BOARD'S REPORT (Contd.)

B. Remuneration to other Directors						₹ in Million
S. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr. A. R. Broacha	Mr. V. K. Viswanathan	Mr. Pradip Shah	Ms. S. F. Motwani	Mr. D. N. Damania
	Fee for attending board/ committee meetings	0.21	0.10	0.20	0.05	0.24
	Commission	0.50	0.50	0.50	0.50	0.50
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>0.71</b>	<b>0.60</b>	<b>0.70</b>	<b>0.55</b>	<b>0.74</b>
2	Other Non-Executive Directors	Mr. G. Swarup	Mr. N.N. Kampani	Dr. Stephan Bross	Mr. W. Stegmuller	
	Fee for attending board/ committee meetings	0.24	0.10	0.18	0.08	
	Commission	0.50	0.50	0.50	0.50	
	Others, please specify	-	-	-	-	
	<b>Total (2)</b>	<b>0.74</b>	<b>0.60</b>	<b>0.68</b>	<b>0.58</b>	<b>2.60</b>
	<b>Total (B)=(1+2)</b>					<b>5.90</b>
	<b>Total Managerial Remuneration (A) + (B)</b>					<b>14.44</b>
	<b>Overall Ceiling as per the Act</b>					<b>65.35</b>
C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD						₹ in Million
S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount		
	Designation	Chief Financial Officer	Company Secretary			
1	Gross salary					
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	8.57	1.70	10.27		
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.10	0.02	0.12		
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-		
2	Stock Option	-	-	-		
3	Sweat Equity	-	-	-		
4	Commission					
	- as % of profit	-	-	-		
	- others, specify	-	-	-		
5	Others, please specify	0.35	0.11	0.46		
	<b>Total</b>	<b>9.02</b>	<b>1.83</b>	<b>10.85</b>		

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year under review, no penalties were levied against the Company, its Directors or any of its officers.

On behalf of the Board of Directors

Mumbai, 18th February, 2016

G. Swarup  
Chairman

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## ANNEXURE TO BOARD'S REPORT (Contd.)

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Statement of Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. **Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2015, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary during the Financial year 2015.**

No.	Name of the Director / KMP and Designation	Designation	Ratio of remuneration of each Director to the median remuneration of employees	% Increase in remuneration during FY 2015
1	Mr. W. Spiegel	Managing Director	18.97:1	Nil
2	Mr. Verghese Oommen	Chief Financial Officer	N.A.	10%
3	Mr. R. Narasimhan	Company Secretary	N.A.	10%

Note:

1. The Independent Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the above purpose.
- ii. **The percentage increase in the median remuneration of the employees in the financial year:** There has been an increase of 7% in median remuneration of employees in Financial Year 2015 as compared to Financial Year 2014.
- iii. **The number of permanent employees on the rolls of the Company:** There were 1774 employees on the rolls of the Company as on 31st December, 2015.
- iv. **The explanation on the relationship between average increase in remuneration and Company performance:** The remuneration expenses of the Company have decreased by 1.78 % as against 2.47 % increase in the revenue for the Financial Year 2015. The remuneration is based on the following factors:
  - a) Performance of the Company on consolidated basis
  - b) Individual performance
  - c) Compensation benchmarking with market and trends in the industry
- v.
  - a) **Variation in the market capitalisation:** The market capitalisation was ₹ 21,659.18 Million at 31st December, 2015 and ₹ 23,004.50 Million at 31st December, 2014 a decrease of 5.85%.
  - b) **Price earnings ratio:** The price earning ratio was 31.02 at 31st December, 2015 as compared to 35.17 at 31st December, 2014 a decrease of 1.46%.

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## ANNEXURE TO BOARD'S REPORT (Contd.)

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- c) **Percentage increase in the market quotation of shares of the Company as compared to the rate of last public offer:** The closing price of Company's equity shares on National Stock Exchange Limited and BSE Limited as of 31st December, 2015 was ₹ 622.25 and ₹ 617.75 respectively. The Company has not made any public offer in the recent past and accordingly, comparison of Public Offer Price and the current market price of the Company's shares will not be relevant.
- vi. **Average percentage increase already made in the salaries of employees other than the key managerial personnel in Financial Year 2015 and its comparison with the percentage increase in the managerial remuneration:** The aggregate remuneration of employees other than managerial personnel has increased by 7% and that of managerial personnel has increased by 8.23%.
- vii. **The key parameters for any variable component of remuneration availed by the Directors:**  
Managing Director is being paid Performance Linked Bonus determined based on the Company's performance. Commission is being paid to Non-Executive Directors based on the Company's performance.
- viii. **The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:**  
One employee received remuneration in excess of the highest paid director and the ratio is 1: 1.06.
- ix. **Affirmation that the remuneration is as per the remuneration policy of the Company:** The remuneration of Directors was as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

Mumbai, 18th February, 2016

G. Swarup  
Chairman

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## ANNEXURE TO BOARD'S REPORT (Contd.)

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### A. CONSERVATION OF ENERGY

In continuation with company's efforts towards Energy Conservation, preliminary Energy audit was conducted at Pimpri and Chinchwad plants by BEE certified Energy auditors. Additionally, existing pneumatic piping at all plants is being replaced with new and efficient pipes so as to reduce compressed air consumption thereby leading to energy conservation.

### B. TECHNOLOGY ABSORPTION

#### 1. Performance and Product Improvements

More new hydraulics were introduced in 6", 7" and 8" Submersibles, enhancing present product basket and offering more customer solutions. Further, 4" motor designs were optimized to offer better solutions to various Customer strata.

#### 2. Research and Development

The development of new series catering to API markets is under progress.

#### 3. Benefits of Research and Development

The enhancement in the product basket for API markets would meet the growing Industry needs with competitive products.

#### 4. Future Plans

Introduction of new series catering to Energy sector.

#### 5. Expenditure on Research and Development

The recurring expenditure during the year amounted to ₹ 2.94 Million (previous year ₹ 4.16 Million) and it is 0.04 % (previous year 0.05 %) of the total turnover. There is no capital expenditure during the year under review and previous year.

#### 6. Technology Absorption, Adaptation and Innovation

The project for introduction of new series of between bearing pumps catering to API markets is under progress. The technology for higher capacity sewage pumps is under adaptation for the local markets.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year were ₹ 1,588 Million. Total foreign exchange earned during the year was ₹ 1,560 Million. Export orders outstanding for execution are ₹ 600 Million. Total foreign exchange used during the year was ₹ 800 Million.

On behalf of the Board of Directors

G. Swarup  
Chairman

Mumbai, 18th February, 2016

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## ANNEXURE TO BOARD'S REPORT (Contd.)

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FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
KSB PUMPS LIMITED  
126, Maker Chambers- III,  
Nariman Point,  
Mumbai 400 021

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by KSB Pumps Limited (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st December, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter:

We herewith report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test check basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st December, 2015, as per the provisions of:

- (i) The Companies Act, 2013 and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under, to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB), to the extent to which the same was applicable to the Company;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

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## ANNEXURE TO BOARD'S REPORT (Contd.)

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(vi) Considering activities of the Company, there is no specific regulator / law subject to whose approval company can carry on / continue business operation and hence no comment is invited in respect of the same. We have also in-principally verified systems and mechanism which is in place and the system driven Legal Compliance System established in the Company and followed by the Company which tracks compliances and generates necessary certificates and ensures Compliance of other applicable Laws like Labour Laws, Environmental Law, Legal Metrology Act etc (in addition to the above mentioned Laws (i to v) and applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the same.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standard issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange and the National Stock Exchange.

We further Report that, during the year, it was not mandatory on the part of the Company to comply with the following Regulations / Guidelines:

- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable);

Based on aforesaid information provided by the Company, we report that during the financial year under report, the Company has complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Standards etc. mentioned above and we have not found material observation / instances of material non-compliance in respect of the same.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

We also report that adequate notice was given to all Directors to schedule the Board Meetings. The agenda alongwith detailed notes to agenda were sent at least 7 days in advance and a reasonable system exists for Board Members to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

It is noted that majority decision is carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the Minutes.

Based on representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of other Acts, Laws and Regulations applicable to the Company, We report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules and regulations.

We further report that during the year under report, the Company has not undertaken any corporate action having a major bearing on the Company's affairs in pursuance of aforesaid laws, rules and



## ANNEXURE TO BOARD'S REPORT (Contd.)

regulations, guidelines, standards etc. as mentioned above. However, the following major event which took place during the year under review:

- The Company has obtained the approval of the Honb'le Company Law Board under Section 2(41) of the Companies Act, 2013 for retaining the Financial Year of the Company as January to December.

For Nilesh Shah & Associates  
Company Secretaries

(Hetal Shah)

Partner (FCS: 8063) C.P. No. : 8964

Mumbai, 18th February, 2016

Note : This Report has to be read with "Annexure - A"

'ANNEXURE A'

To,  
The Members,  
KSB PUMPS LIMITED  
126, Maker Chambers- III,  
Nariman Point,  
Mumbai 400 021

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Nilesh Shah & Associates  
Company Secretaries

(Hetal Shah)

Partner (FCS: 8063) C.P. No. : 8964

Mumbai, 18th February, 2016

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## ANNEXURE TO BOARD'S REPORT (Contd.)

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### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The CSR Policy of the Company contains the activities that can be undertaken by the Company for CSR, composition of CSR Committee, details of existing charitable trust, annual allocation for CSR activities, areas of CSR projects, criteria for selection of CSR projects, modalities of execution/implementation of CSR activities and the monitoring mechanism of CSR activities/projects. The CSR Policy is hosted on the Company's website at [www.ksbindia.co.in](http://www.ksbindia.co.in).

2. Composition of CSR Committee:

Mr. D.N. Damania (Chairman)

Mr. G. Swarup

Mr. W. Spiegel

3. Average net profit before tax of the company for last three financial years: ₹ 915.3 Million
4. Prescribed CSR Expenditure (two per cent of the amount as above): ₹ 18.3 Million
5. Details of CSR spent during the financial year:
  - (a) Total amount spent for the financial year: ₹ 18.3 Million has been contributed to KSB Care Charitable Trust.
  - (b) Amount unspent: Nil
  - (c) Details of CSR projects/ activities approved by the Trust and CSR Committee are given below:

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken (refer note 1)	Amount outlay (budget) project or programs wise (₹ in Million)
1	Support for destitute children	Destitute care and rehabilitation	Pune, Maharashtra	2.5
2	Support for children of socially backward women	Children rehabilitation	Pune, Maharashtra	1.8
3	Support for education of children from economically backward areas	Education	Pune, Maharashtra	0.4
4	Support for education of afflicted and marginalised girl children of persons affected by leprosy	Education	Sinnar, Maharashtra	1.1
5	Education support for mentally/ physically challenged children	Education	Coimbatore, Tamilnadu	1.5

## ANNEXURE TO BOARD'S REPORT (Contd.)

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken (refer note 1)	Amount outlay (budget) project or programs wise (₹ in Million)
6	Rehabilitation of abandoned children	Children rehabilitation	Coimbatore, Tamilnadu	0.5
7	Support for science laboratories in school	Education	Nashik, Maharashtra	0.8
8	Providing vocational skills for livelihood of women from rural areas	Employment	Nashik, Maharashtra	0.6
9	Sanitation in rural village	Sanitation	Nashik, Maharashtra	0.6
10	Support for children, destitute women and education	Children/women rehabilitation, education	Nashik, Maharashtra	2.0
	<b>Total</b>			<b>11.8</b>

Notes:

- The programs and projects identified are in and around manufacturing locations of the Company.
- The company spends the amounts allocated for CSR activities through its implementing agency KSB Care Charitable Trust, Mumbai. The trustees and the CSR committee approves the projects identified. The above projects/activities undertaken during the year 2015 is from the contribution, which the Company made during the year 2014. Similarly, the contribution which has been made in 2015 will be spent for the projects to be approved in 2016. The said trust spends the amount on CSR activities as per the specific instructions given by the CSR Committee over a specified time frame. No overhead expenditure is proposed to be incurred on these projects.
- For the amount spent on the projects or programmes (direct expenditure/overheads), cumulative expenditure upto the reporting period and amount spent (direct or through implementing agency) refer Note 2 above.
- In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable.**
- A responsibility statement of the CSR Committee:** The Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

On behalf of the Board of Directors

W. Spiegel  
Managing Director

D. N. Damania  
Chairman of CSR Committee

Mumbai, 18th February, 2016

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## ANNEXURE TO BOARD'S REPORT (Contd.)

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### ANNEXURE TO BOARD'S REPORT

#### DISCLOSURES UNDER REGULATION 34(3) OF LISTING REGULATIONS

A. Sr. No.	Disclosure of loans/ advances/ investments/ Outstanding during the year	As at 31st December, 2015 ₹	Maximum amount during the year ₹
1.	Loans and advances in the nature of loans to subsidiary	NIL	NIL
2.	Loans and advances in the nature of loans to associate	NIL	NIL
3.	Loans and advances in the nature of loans to firms/ companies in which directors are interested	NIL	NIL

B. All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2015.

Mumbai, 18th February, 2016

W. Spiegel  
Managing Director

**Coimbatore**

Before valves being shipped, a close look given to ensure best product quality, which is a hallmark of KSB



**Chinchwad**

Condensate extraction pump in assembly



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## INDEPENDENT AUDITOR'S REPORT

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To The Members Of  
KSB PUMPS LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of KSB PUMPS LIMITED (“the Company”), which comprise the Balance Sheet as at 31st December 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and

are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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## INDEPENDENT AUDITOR'S REPORT (Contd.)

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st December, 2015 and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under

Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on 31st December 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 26 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No.:117366W/W-100018)

Hemant M. Joshi  
Partner  
Membership No. 038019

Pune, 18th February, 2016



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## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
  - a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. In respect of inventories lying with third parties confirmation have been obtained for a major portion of inventories.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues

in arrears as at 31st December, 2015 for a period of more than six months from the date they became payable.

- c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st December, 2015 on account of disputes are given below:

Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)
Excise Duty	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai	2002-2007	22,818,600*
Excise Duty	CESTAT, Delhi	2004	538,670*
Excise Duty	CESTAT, Delhi	2004	823,440*
Excise Duty	CESTAT, Mumbai	1999	610,000*
Excise Duty	CESTAT, Chennai	2003	2,699,150*
Service Tax	CESTAT, Mumbai	2005-2007	8,863,000*
Service Tax	CESTAT, Mumbai	2008-2009	43,793,750*
Service Tax	Commissioner Appeals LTU, Mumbai	2008-2009	3,890,000*
Service Tax	Commissioner Appeals LTU, Mumbai	2008-2009	1,380,000*
Service Tax	CESTAT, Mumbai	2004-2009	350,638,018*
Income Tax	CIT (Appeals)	2010-11	20,284,500

\* stay granted for recovery.

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## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

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- d) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (viii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not availed any term loans during the year.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No.: 117366W/W-100018)

Hemant M. Joshi  
Partner  
Membership No. 038019  
Pune, 18th February, 2016

## Balance Sheet as at 31st December, 2015

Particulars	Note No.	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
<b>I EQUITY AND LIABILITIES</b>			
(1) Shareholders' funds			
(a) Share capital	3	348.08	348.08
(b) Reserves and surplus	4	5,184.18	4,708.86
		<u>5,532.26</u>	<u>5,056.94</u>
(2) Non-current liabilities			
(a) Other long-term liabilities	5	70.42	66.67
(b) Long-term provisions	6	294.47	295.90
		<u>364.89</u>	<u>362.57</u>
(3) Current liabilities			
(a) Short-term borrowings	7	12.97	243.79
(b) Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		0.47	1.75
Others		1,545.53	1,535.50
(c) Other current liabilities	9	1,075.66	1,076.91
(d) Short-term provisions	10	479.08	344.31
		<u>3,113.71</u>	<u>3,202.26</u>
<b>TOTAL</b>		<u><u>9,010.86</u></u>	<u><u>8,621.77</u></u>
<b>II ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11.A	1,930.42	1,896.30
(ii) Intangible assets	11.B	10.12	11.82
(iii) Capital work-in-progress		142.18	99.57
		<u>2,082.72</u>	<u>2,007.69</u>
(b) Non-current investments	12	63.15	63.15
(c) Deferred tax assets (net)	13	127.75	100.22
(d) Long-term loans and advances	14	492.43	548.49
		<u>2,766.05</u>	<u>2,719.55</u>
(2) Current assets			
(a) Inventories	15	1,826.41	2,017.72
(b) Trade receivables	16	1,771.09	1,780.06
(c) Cash and cash equivalents	17	2,252.39	1,720.78
(d) Short-term loans and advances	18	354.05	325.35
(e) Other current assets	19	40.87	58.31
		<u>6,244.81</u>	<u>5,902.22</u>
<b>TOTAL</b>		<u><u>9,010.86</u></u>	<u><u>8,621.77</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Hemant M. Joshi  
(Partner)

Vergheese Oommen  
Director Finance

R. Narasimhan  
Company Secretary

G. Swarup

A. R. Broacha

D. N. Damania

N. N. Kampani

Pradip Shah

Dr. Stephan Bross

V. K. Viswanathan

S. F. Motwani

W. Stegmuller

W. Spiegel

Chairman

Directors

Managing Director

Pune, 18th February, 2016

Mumbai, 18th February, 2016

## Statement of Profit and Loss for the year ended 31st December, 2015

Particulars	Note No.	For the Year ended 31st December, 2015 ₹ in Million	For the Year ended 31st December, 2014 ₹ in Million
1 Revenue from operations (gross)	20	8,707.80	8,503.92
Less: Excise duty	20	(519.72)	(486.93)
Revenue from operations (net)		8,188.08	8,016.99
2 Other income	21	308.72	275.17
3 Total revenue (1+2)		8,496.80	8,292.16
4 Expenses			
Cost of materials consumed	22.a	3,459.82	3,681.94
Purchases of stock-in-trade		308.72	330.35
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	119.22	(196.91)
Employee benefit expenses	23	1,247.82	1,270.37
Finance cost	24	17.30	21.47
Depreciation and amortisation expense	11.A & 11.B	277.66	275.54
Other expenses	25	2,030.68	1,951.76
Expenditure transferred to capital account		(19.30)	(13.57)
Total expenses		7,441.92	7,320.95
5 Profit before tax (3 - 4)		1,054.88	971.21
6 Tax expense:			
(a) Current tax		384.13	341.50
(b) Short/(excess) provision in respect of earlier years		-	(2.01)
(c) Deferred tax		(27.53)	(22.47)
		356.60	317.02
7 Profit for the year (5 - 6)		698.28	654.19
8 Earnings per equity share (Face Value per share ₹10/-):			
(1) Basic	39	20.06	18.79
(2) Diluted	39	20.06	18.79
See accompanying notes forming part of the financial statements			

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Hemant M. Joshi  
(Partner)

Vergheese Oommen  
Director Finance

R. Narasimhan  
Company Secretary

Pune, 18th February, 2016

G. Swarup  
A. R. Broacha  
D. N. Damania  
N. N. Kampani  
Pradip Shah  
Dr. Stephan Bross  
V. K. Viswanathan  
S. F. Motwani  
W. Stegmuller  
W. Spiegel

Chairman

Directors

Managing Director

Mumbai, 18th February, 2016

## Cash Flow Statement for the year ended 31st December, 2015

Particulars	For the Year ended 31st December, 2015		For the Year ended 31st December, 2014	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>A. Cash flow from operating activities</b>				
Net Profit/(Loss) before tax		1,054.88		971.21
Adjustments for:				
Depreciation and amortisation expense	277.66		275.54	
(Profit)/ loss on sale/ disposal/ write off of fixed assets	(4.16)		(7.19)	
Finance cost	17.30		21.47	
Interest income	(163.50)		(184.85)	
Income from Trade investements (non-current)	(71.24)		(52.19)	
Mark to market loss on derivative contracts	3.66		-	
Sundry credit balances & Provisions no longer required, written back	(50.07)		-	
Unrealised exchange (gain)/loss	(1.86)		1.09	
		<u>7.79</u>		<u>53.87</u>
Operating profit/(loss) before working capital changes		1,062.67		1,025.08
Adjustment for changes in working capital:				
(Increase)/decrease in operating assets:				
Inventories	191.31		(184.70)	
Trade receivables	8.97		(519.90)	
Short-term loans and advances	(28.70)		(92.54)	
Long-term loans and advances	92.43		(20.59)	
Increase/(decrease) in operating liabilities:				
Trade payables	58.82		239.63	
Other current liabilities	(24.90)		123.27	
Other long-term liabilities	3.75		6.23	
Short-term provisions	30.62		4.97	
Long-term provisions	(1.43)		63.22	
		<u>330.87</u>		<u>(380.41)</u>
Cash generated from operations		1,393.54		644.67
Direct taxes paid		(281.07)		(299.92)
Net cash flow from/(used in) operating activities (A)		<u>1,112.47</u>		<u>344.75</u>
<b>B. Cash flow from investing activities</b>				
Purchase of Fixed Assets	(369.52)		(398.72)	
Proceeds from sale of fixed assets	4.97		9.89	
Interest received	180.94		160.04	
Income from Trade investements (non-current)	71.24		52.19	
Net cash flow from/(used in) investing activities (B)		(112.37)		(176.60)

## Cash Flow Statement for the year ended 31st December, 2015 (Contd.)

Particulars	For the Year ended 31st December, 2015		For the Year ended 31st December, 2014	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
C. Cash flow from financing activities				
Increase/(decrease) in Working capital borrowings	(230.82)		211.94	
Finance cost	(17.30)		(21.47)	
Dividends paid	(191.40)		(156.47)	
Tax on dividend	(30.83)		(26.62)	
Net cash flow from/(used in) financing activities (C)	(470.35)			7.38
Unrealized exchange gain/ loss) in cash and cash equivalents (D)	1.86			(1.09)
Net increase/(decrease) in Cash and cash equivalents (A + B + C + D)	531.61			174.44
Cash and cash equivalents (Opening Balance)	1,720.78			1,546.34
Cash and cash equivalents (Closing Balance)	2,252.39			1,720.78
Cash and cash equivalents at the end of the year include:		As at 31st Dec. 2015	As at 31st Dec. 2014	As at 31st Dec. 2013
(a) Cash on hand		0.71	0.64	0.60
(b) Balances with banks				
(i) In current accounts		517.88	205.98	458.51
(ii) In deposit accounts		1,731.17	1,511.57	1,084.81
(iii) In unpaid dividend accounts		2.63	2.59	2.42
Cash and Cash equivalents at the end of the year		2,252.39	1,720.78	1,546.34

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Hemant M. Joshi  
(Partner)

Vergheese Oommen  
Director Finance

R. Narasimhan  
Company Secretary

G. Swarup  
A. R. Broacha  
D. N. Damania  
N. N. Kampani  
Pradip Shah  
Dr. Stephan Bross  
V. K. Viswanathan  
S. F. Motwani  
W. Stegmuller  
W. Spiegel

Chairman

Directors

Managing Director

Pune, 18th February, 2016

Mumbai, 18th February, 2016

## Notes forming part of the financial statements

1	<p><b>Company Overview</b></p> <p><b>Products:</b> The Company is engaged in the business of manufacture of different types of power driven pumps and industrial valves. Castings are mainly produced for captive consumption.</p> <p><b>Operations:</b> The Company has factories at the following places:-</p> <p>A) Irrigation and Process Pumps Division (I.P.D.) at Pimpri Manufacturing of submersible pumps, vertical and horizontal pumps, series and non-series pumps, Multistage pumps, chemical process pumps, non-clog pumps and water pumps.</p> <p>B) Power Projects Division (P.P.D.) at Chinchwad Manufacturing of primary heat transfer pumps, moderator pumps, main boiler feed pumps and multistage condense extraction pumps, re-heater drain pumps and auxiliary boiler feed pumps.</p> <p>C) Foundry Division at Vambhori Manufacturing of steel &amp; iron castings including for captive consumption.</p> <p>D) Coimbatore Unit Manufacturing of valves (Globe, Gate, Check, Butterfly &amp; Ball valves).</p> <p>E) Nasik Unit (Sinnar) Established in 1995, this unit is engaged in the manufacture of high pressure and submersible pumps.</p>														
2	<p><b>Significant accounting policies</b></p>														
2.1	<p><b>Fixed assets and depreciation/amortisation:</b></p> <p>(a) Fixed assets are stated at cost of acquisition or construction less depreciation/amortisation. Cost comprises the purchase price and other attributable costs on making the asset ready for its intended use.</p> <p>(b) Depreciation/amortisation on fixed assets:</p> <p>i) Depreciation is provided on the Straight Line Method (SLM)/Written down value (WDV) method over the useful lives of the assets which has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, maintenance support, etc. Taking into account these factors, the Company has decided to retain the useful life hitherto adopted for various categories of fixed assets, which are different from those prescribed in Schedule II to the Companies Act, 2013 (Act) except for server and networking (SLM), electrical installation (SLM) and furniture and fixtures (WDV) which are same as prescribed in Schedule II to the Act. Estimated useful lives of assets are as follows -</p> <table style="margin-left: 20px;"> <tr> <td>Buildings</td> <td>- 43 to 90 years (WDV)</td> </tr> <tr> <td>Plant and Machinery</td> <td>- 09 to 21 years (SLM)</td> </tr> <tr> <td>Vehicles</td> <td>- 05 to 11 years (WDV)</td> </tr> <tr> <td>Office Equipments</td> <td>- 10 years (SLM)</td> </tr> <tr> <td>Computer Equipments</td> <td>- 06 years (SLM)</td> </tr> </table> <p>Leasehold land and assets taken on lease are amortised over the period of the lease.</p> <p>ii) Intangible assets are amortised on the straight line method as follows:</p> <table style="margin-left: 20px;"> <tr> <td>Rights, techniques, Process and Know how</td> <td>- 7 to 10 years</td> </tr> <tr> <td>Software</td> <td>- 3 years</td> </tr> </table>	Buildings	- 43 to 90 years (WDV)	Plant and Machinery	- 09 to 21 years (SLM)	Vehicles	- 05 to 11 years (WDV)	Office Equipments	- 10 years (SLM)	Computer Equipments	- 06 years (SLM)	Rights, techniques, Process and Know how	- 7 to 10 years	Software	- 3 years
Buildings	- 43 to 90 years (WDV)														
Plant and Machinery	- 09 to 21 years (SLM)														
Vehicles	- 05 to 11 years (WDV)														
Office Equipments	- 10 years (SLM)														
Computer Equipments	- 06 years (SLM)														
Rights, techniques, Process and Know how	- 7 to 10 years														
Software	- 3 years														
2.2	<p><b>Investments</b></p> <p>Long-term Investments are valued at cost of acquisition and related expenses. Provision is made for other than temporary diminution, if any, in the value of such investments.</p>														
2.3	<p><b>Inventories</b></p> <p>Inventories are stated at the lower of cost and net realisable value. In determining the cost of raw materials, components, stores, spares and loose tools the weighted average method is used. Costs of work-in-progress and manufactured finished products include material costs, labour and factory overheads on the basis of full absorption costing.</p>														
2.4	<p><b>Trade receivables and advances</b></p> <p>Specific debts and advances identified as irrecoverable or doubtful are written-off or provided for, respectively.</p>														
2.5	<p><b>Foreign currency transactions and translations</b></p> <p>Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Realised gains and losses as also exchange differences arising on translation at year end exchange rates of monetary assets and liabilities outstanding at the end of the year are recognised in the Statement of Profit and Loss. Premium/Discount in respect of Forward Contracts is accounted for over the period of contract.</p>														
2.6	<p><b>Revenue Recognition</b></p> <p>(i) Sales of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyers.</p> <p>(ii) Dividend income from investments is recognised when the owner's right to receive the payment is established.</p> <p>(iii) Income from services rendered is accounted for when the work is performed.</p>														



## Notes forming part of the financial statements (Contd.)

2.7	<p><b>Employee Benefits</b></p> <p>Employee benefits includes gratuity, superannuation and provident fund and leave encashment benefits under the approved schemes of the Company.</p> <p>In respect of defined contribution plans, the contribution payable for the year is charged to the Statement of Profit and Loss.</p> <p>In respect of defined benefit plans and other long term employee benefits, the employee benefit costs is accounted for based on an actuarial valuation during the year.</p>
2.8	<p><b>Product Warranty</b></p> <p>Cost of product warranties is disclosed under the head:</p> <p>(i) 'raw materials and components consumed' as consists of free replacement of spares.</p> <p>(ii) 'miscellaneous expenses' which includes provision for warranties.</p>
2.9	<p><b>Taxes on Income</b></p> <p>Tax expense for the year is included in the determination of the net profit for the year.</p> <p>Deferred tax is recognised on all timing differences, subject to consideration of prudence in respect of deferred tax assets. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.</p>
2.10	<p><b>Leases</b></p> <p>Assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception of the lease and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.</p>
2.11	<p><b>Borrowing Costs</b></p> <p>Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.</p>
2.12	<p><b>Cash Flow Statement</b></p> <p>The Cash Flow statement is prepared by the indirect method and presents cash flows by operating, investing and financing activities of the Company.</p>
2.13	<p><b>Use of Estimates</b></p> <p>The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual result and estimates are recognized in the year in which the results are known/materialized.</p>
2.14	<p><b>Provisions, Contingent Liabilities and Contingent Assets</b></p> <p>The Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.</p> <p>No provision is recognised for:</p> <p>(i) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or</p> <p>(ii) Any present obligation that arises from past events but is not recognized because -</p> <ul style="list-style-type: none"> <li>- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or</li> <li>- A reliable estimate of the amount of obligation cannot be made.</li> </ul> <p>Such obligations are recorded as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.</p> <p>Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.</p>
2.15	<p><b>Earnings per share</b></p> <p>Basic earnings per share is computed by dividing the profit attributable to equity shareholders for the year by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit attributable to equity shareholders for the year as adjusted for dividend, interest and other charges to expenses or income (net of taxes) relating to the diluted potential equity shares, by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.</p>

## Notes forming part of the financial statements (Contd.)

### Note 3 - Share capital

Particulars	As at 31st December, 2015		As at 31st December, 2014	
	Number of shares	₹ in Million	Number of shares	₹ in Million
Authorised:				
Equity shares of ₹10/- each.	40,000,000	400.00	40,000,000	400.00
Issued, Subscribed and Fully Paid up:				
Equity shares of ₹10/- each.	34,807,844	348.08	34,807,844	348.08
Total	34,807,844	348.08	34,807,844	348.08

- (i) Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:

	As at 31st December, 2015		As at 31st December, 2014	
	₹ in Million	No of shares	₹ in Million	No of shares
No. of shares outstanding at the beginning				
- Equity shares	348.08	34,807,844	348.08	34,807,844
Add: Additional shares issued				
- Equity shares	-	-	-	-
Less: Shares forfeited/Bought back				
- Equity shares	-	-	-	-
No of shares outstanding at the end				
- Equity shares	348.08	34,807,844	348.08	34,807,844

- (ii) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each shareholder of equity shares is entitled to one vote per share.
- (iii) Aggregate number of equity shares allotted as fully paid up by way of bonus shares for the period of five years immediately preceding the Balance Sheet date - 17,403,922 (previous year - 17,403,922).
- (iv) Number of shares held by each shareholder holding more than 5% shares in the Company are as follows:

Particulars	As at 31st December, 2015		As at 31st December, 2014	
	No. of shares	% of shares held	No. of shares	% of shares held
Canadian Kay Pump Ltd.	14,110,848	40.54%	14,110,848	40.54%
The Industrial & Prudential Investment Co. Ltd.	7,140,000	20.51%	7,140,000	20.51%
Reliance Capital Trustee Company Ltd. (held in Reliance Infrastructure Fund and Reliance Tax Saver (ELSS) Fund)	2,518,155	7.23%	2,549,881	7.33%

- v) The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes forming part of the financial statements (Contd.)

### Note 4 - Reserves and surplus

Particulars	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
<b>Capital reserve</b>		
Opening balance	0.09	0.09
Add: Additions	-	-
Less: Utilised/transferred	-	-
Closing balance	<u>0.09</u>	<u>0.09</u>
<b>Capital redemption reserve</b>		
Opening balance	0.10	0.10
Add: Additions	-	-
Less: Utilised/transferred	-	-
Closing balance	<u>0.10</u>	<u>0.10</u>
<b>Securities premium account</b>		
Opening balance	3.20	3.20
Add : Premium on shares issued	-	-
Less : Utilised	-	-
Closing balance	<u>3.20</u>	<u>3.20</u>
<b>General reserve</b>		
Opening balance	1,085.08	1,019.08
Add: Transferred from surplus in Statement of Profit and Loss	-	66.00
Less: Utilisations/transfers	-	-
Closing balance	<u>1,085.08</u>	<u>1,085.08</u>
<b>Amalgamation Reserve</b>		
Opening balance	0.06	0.06
Add: Additions/transfers	-	-
Less: Utilisations/transfers	-	-
Closing balance	<u>0.06</u>	<u>0.06</u>
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	3,620.33	3,261.86
Add: Profit for the year	698.28	654.19
Less: Proposed dividend (₹ 5.50 per share) (previous year ₹ 5.50 per share)	191.44	191.44
Tax on proposed dividend	31.52	38.28
Transferred to General reserve	-	66.00
Closing balance	<u>4,095.65</u>	<u>3,620.33</u>
<b>Total</b>	<u><u>5,184.18</u></u>	<u><u>4,708.86</u></u>

## Notes forming part of the financial statements (Contd.)

### Note 5 - Other long-term liabilities

Particulars	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
Other than trade payables:		
Other Payables (includes Deposits received from dealers, etc.)	70.42	66.67
Total	<u>70.42</u>	<u>66.67</u>

### Note 6 - Long-term provisions

Provision for employee benefits (Refer Note 35)	273.97	278.27
Other Provisions:		
Provision for Warranty (Refer Note 38)	20.50	17.63
Total	<u>294.47</u>	<u>295.90</u>

### Note 7 - Short-term borrowings

Loans Repayable on Demand		
Working Capital Facilities from banks (Secured)	12.97	243.79
Total	<u>12.97</u>	<u>243.79</u>

#### Notes:

##### (i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
Working Capital Facility -1	Pledge of Fixed Deposits of ₹10 Million (previous year ₹10 Million)	-	-
Working Capital Facility -2	Pledge of Fixed Deposits of ₹433.76 Million (Previous year ₹433.76 Million) and hypothecation of stocks including loose tools, stores and spares, book debts.	12.97	51.54
Working Capital Facility -3	Hypothecation of stocks including loose tools, stores and spares, book debts.	-	192.25
Total		<u>12.97</u>	<u>243.79</u>

## Notes forming part of the financial statements (Contd.)

### Note 8 - Trade payables

Particulars	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
Trade payables other than acceptances (Refer Note 27)	1,546.00	1,537.25
Total	<u>1,546.00</u>	<u>1,537.25</u>

### Note 9 - Other current liabilities

Unclaimed Dividend	2.63	2.59
Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	116.68	106.72
(ii) Payables for purchase of fixed assets	47.12	23.51
(iii) Advances from customers	529.53	591.53
(iv) Others (Liquidated damages, etc.)	379.70	352.56
Total	<u>1,075.66</u>	<u>1,076.91</u>

### Note 10 - Short-term provisions

Provision for employee benefits (Refer Note 35)	56.01	51.87
Provision - Others:		
(i) Tax provisions less payments (current tax)	105.15	5.35
(ii) Provision for Warranty (Refer Note 38)	41.00	35.27
(iii) Proposed dividend	191.44	191.44
(iv) Tax on proposed dividend	38.97	38.28
(v) Mark to market loss on derivative contracts	3.66	-
(vi) Provision - others (for statutory levies) (Refer Note 38)	42.85	22.10
Total	<u>423.07</u>	<u>292.44</u>
Total	<u>479.08</u>	<u>344.31</u>

Note 11 - Fixed assets - Tangible and Intangible assets

## Notes forming part of the financial statements (Contd.)

Particulars	Gross block		Depreciation/Amortisation		Net block			
	As at 31st December, 2014	Additions during the year 2014	Deductions during the year 2014	As at 31st December, 2014	Upto 31st December, 2015	Deductions during the year 2015	As at 31st December, 2015	As at 31st December, 2014
<b>A. Tangible Assets</b>								
(a) Land								
Freehold	3.01	-	-	-	-	-	3.01	3.01
Leasehold	15.15	-	-	3.22	0.18	-	11.75	11.93
(b) Buildings (See Note)	680.33	104.16	0.67	312.77	38.29	0.64	433.40	367.56
(c) Plant and Equipment	3,186.24	182.73	64.55	1,733.61	214.31	63.89	1,420.39	1,452.63
(d) Furniture and Fixtures	92.27	4.48	0.64	80.27	5.26	0.60	11.18	12.00
(e) Vehicles	48.77	4.32	1.36	36.43	6.66	1.32	9.96	12.34
(f) Office equipment	92.66	12.54	1.66	55.83	8.60	1.62	40.73	36.83
(g) Development of Property	0.04	-	-	0.04	-	-	-	-
<b>Total Tangible Assets</b>	<b>4,118.47</b>	<b>308.23</b>	<b>68.88</b>	<b>2,222.17</b>	<b>273.30</b>	<b>68.07</b>	<b>1,930.42</b>	<b>1,896.30</b>
<b>B. Intangible Assets</b>								
(other than internally generated)								
(a) Computer software	43.77	0.60	-	38.76	2.92	-	2.69	5.01
(b) Copyrights, patents and other intellectual property rights, services and operating rights	57.20	2.06	-	50.39	1.44	-	7.43	6.81
<b>Total Intangible Assets</b>	<b>100.97</b>	<b>2.66</b>	<b>-</b>	<b>89.15</b>	<b>4.36</b>	<b>-</b>	<b>10.12</b>	<b>11.82</b>

Note:

Buildings include ₹ 10,750 (previous year - ₹ 10,750) being the cost of shares in co-operative housing/industrial societies.

## Notes forming part of the financial statements (Contd.)

Note 11 C - Fixed assets - Tangible and Intangible assets

Particulars	Gross block		Depreciation/Amortisation			Net block	
	As at 31st December, 2013	Additions during the year	Deductions during the year	As at 31st December, 2014	Upto 31st December, 2014	Upto 31st December, 2013	As at 31st December, 2013
<b>Tangible Assets</b>							
(Owned, unless otherwise stated)							
(a) Land							
Freehold	3.01	-	-	3.01	-	-	3.01
Leasehold	15.15	-	-	15.15	3.22	3.01	12.11
(b) Buildings (See Note)	627.48	52.85	-	680.33	35.41	367.56	350.12
(c) Plant and Equipment	2,914.65	302.61	31.02	3,186.24	211.27	1,452.63	1,362.88
(d) Furniture and Fixtures	91.22	1.07	0.02	92.27	6.79	12.00	17.72
(e) Vehicles	44.76	12.00	7.99	48.77	7.06	12.34	8.44
(f) Office equipment	89.62	3.74	0.70	92.66	8.00	36.83	41.16
(g) Development of Property	0.04	-	-	0.04	-	-	-
<b>Total Tangible Assets</b>	<b>3,785.93</b>	<b>372.27</b>	<b>39.73</b>	<b>4,118.47</b>	<b>268.71</b>	<b>1,896.30</b>	<b>1,795.44</b>
<b>Intangible Assets</b>							
(other than internally generated)							
(a) Computer software	42.15	1.62	-	43.77	5.38	5.01	8.77
(b) Copyrights, patents and other intellectual property rights, services and operating rights	57.20	-	-	57.20	1.45	6.81	8.26
<b>Total Intangible Assets</b>	<b>99.35</b>	<b>1.62</b>	<b>-</b>	<b>100.97</b>	<b>6.83</b>	<b>11.82</b>	<b>17.03</b>

Note:

Buildings include ₹ 10,750 (previous year - ₹ 10,750) being the cost of shares in co-operative housing/industrial societies.

## Notes forming part of the financial statements (Contd.)

### Note 12 - Non-current investments

Particulars	As at 31st December, 2015		As at 31st December, 2014
	₹ in Million	₹ in Million	₹ in Million
Unquoted, Trade			
Investment in equity instruments of subsidiaries (at cost)			
Pofran Sales & Agency Ltd. - 5,000 (previous year 5,000) equity shares of ₹ 100 each fully paid		0.50	0.50
Investment in equity instruments of associates (at cost)			
MIL Controls Limited - 735,000 (previous year - 735,000) equity shares of ₹10 each fully paid.		62.65	62.65
Investment in equity instruments of Other Entities (at cost)			
Mula Pravara Electric Co-operative Society Limited - 15,995 (previous year - 15,995) shares of ₹25 each fully paid.	0.40		0.40
Less: Provision for diminution in value of investments	(0.40)		(0.40)
Total		<u>63.15</u>	<u>63.15</u>

### Note 13 - Deferred Tax Assets (Net)

(i) Break up of deferred tax liability as at year end :			
Nature of timing difference			
Provision for Depreciation		111.51	107.62
Total		<u>111.51</u>	<u>107.62</u>
(ii) Break up of deferred tax asset as at year end:			
Nature of timing difference			
Provision for compensated absences and gratuity		114.20	112.21
Provision for doubtful debts and advances		65.28	47.65
Others		59.78	47.98
Total		<u>239.26</u>	<u>207.84</u>
(iii) Deferred tax Asset/(Liability) Net		<u>127.75</u>	<u>100.22</u>

### Note 14 - Long-term loans and advances

(Unsecured - considered good unless otherwise stated)			
Capital advances		74.71	35.08
Security Deposits			
Considered good		35.02	30.79
Considered Doubtful		5.30	4.84
		<u>40.32</u>	<u>35.63</u>
Less: Provision for doubtful security deposits		5.30	4.84
		<u>35.02</u>	<u>30.79</u>
Other loans and advances			
- Loans and advances to employees		23.75	20.47
- Taxes paid in advance less provisions (current tax)		91.09	94.35
- Balances with government authorities - VAT credit receivable etc.			
Considered Good		267.53	367.01
Considered Doubtful		4.64	4.64
		<u>272.17</u>	<u>371.65</u>
Less: Provision for doubtful loans and advances		4.64	4.64
		<u>267.53</u>	<u>367.01</u>
- Prepaid Expenses		0.33	0.79
Total		<u>492.43</u>	<u>548.49</u>



## Notes forming part of the financial statements (Contd.)

### Note 15 - Inventories

(at cost or net realisable value whichever is lower)

Particulars	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
Raw materials (including Goods-in-transit ₹ 2.61 million (previous year ₹3.89 million))	408.80	480.09
Work-in-progress	1,015.53	1,030.14
Finished goods	292.63	372.44
Stock-in-trade (in respect of goods acquired for trading)	57.81	82.61
Stores and spares	50.26	45.05
Loose tools	1.38	7.39
<b>Total</b>	<b>1,826.41</b>	<b>2,017.72</b>

### Note 16 - Trade receivables

(Unsecured - considered good unless otherwise stated)

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Considered good	175.79	225.69
Doubtful	172.83	124.31
	<u>348.62</u>	<u>350.00</u>
Other Trade receivables		
Considered good	1,595.30	1,554.37
Doubtful	-	-
	<u>1,595.30</u>	<u>1,554.37</u>
<b>Total</b>	<b>1,943.92</b>	<b>1,904.37</b>
Less: Provision for doubtful trade receivables	172.83	124.31
<b>Total</b>	<b>1,771.09</b>	<b>1,780.06</b>

### Note 17 - Cash and cash equivalents

Cash on hand	0.71	0.64
Balances with banks		
- In current accounts	517.88	205.98
- In deposit accounts	1,287.41	1,067.81
- In earmarked accounts		
- Unpaid dividend accounts	2.63	2.59
- Balances held as security against borrowings	443.76	443.76
<b>Total</b>	<b>2,252.39</b>	<b>1,720.78</b>

## Notes forming part of the financial statements (Contd.)

### Note 18 - Short-term loans and advances

(Unsecured - considered good unless otherwise stated)

Particulars	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
Loans and advances to related parties (Refer Note 36) (includes advance for supply of goods ₹ 82.47 Million (previous year ₹ 84.33 Million))	89.27	91.58
Other Loans and Advances		
- Employee advances	15.23	11.27
- Prepaid expenses	5.26	7.68
- Balances with government authorities (CENVAT and Service Tax receivable)	131.96	87.48
- Others (includes Advances to Suppliers, DEPB Receivable, Insurance Claim Receivable, etc.)		
Considered good	112.33	127.34
Doubtful	5.47	6.00
	<u>117.80</u>	<u>133.34</u>
Less: Provision for other doubtful loans and advances	5.47	6.00
	<u>112.33</u>	<u>127.34</u>
Total	<u><u>354.05</u></u>	<u><u>325.35</u></u>
Note 19 - Other current assets		
Interest accrued on fixed deposits	40.87	58.31
Total	<u><u>40.87</u></u>	<u><u>58.31</u></u>

## Notes forming part of the financial statements (Contd.)

### Note 20 - Revenue from operations

Particulars	For the year ended 31st December, 2015 ₹ in Million	For the year ended 31st December, 2014 ₹ in Million
Sale of products	8,487.33	8,277.33
Sale of services	152.68	139.75
Other operating revenues		
- Scrap Sale	25.02	31.52
- Export Incentive	42.77	55.32
	8,707.80	8,503.92
Less:		
Excise duty	(519.72)	(486.93)
Total	8,188.08	8,016.99

### Note 21 - Other income

Interest on Bank deposits, Income tax refunds, delayed payments from dealers/customers, etc.	163.50	184.85
Dividend income from Trade investments (non-current) - Associate	31.24	52.19
Dividend income from Trade investments (non-current) - Subsidiary	40.00	-
Sundry credit balances & Provisions no longer required, written back	50.07	-
Profit on sale/ disposal/ write off of fixed assets (net)	4.16	7.19
Provision for doubtful receivables and advances (net)	-	6.63
Other non-operating income	19.75	24.31
Total	308.72	275.17

### Note 22.a - Cost of materials consumed

Raw Materials and Components Consumed (Refer Note 29d)	3,459.82	3,681.94
Cost of materials consumed	3,459.82	3,681.94

### Note 22.b - Changes in inventories of finished goods, work-in-progress and stock-in-trade

#### Inventories at the end of the year:

Finished goods	292.63	372.44
Work-in-progress	1,015.53	1,030.14
Stock-in-trade	57.81	82.61
	1,365.97	1,485.19

#### Inventories at the beginning of the year:

Finished goods	372.44	314.62
Work-in-progress	1,030.14	911.11
Stock-in-trade	82.61	62.55
	1,485.19	1,288.28
Net (increase)/decrease	119.22	(196.91)

### Note 23 - Employee benefit expenses

Salaries and wages	1,073.38	1,049.46
Contributions to provident and other funds (Refer Note 35)	87.16	128.49
Staff welfare expenses	87.28	92.42
Total	1,247.82	1,270.37

### Note 24 - Finance cost

Interest expense on Borrowings, Income Tax etc.	17.30	21.47
Total	17.30	21.47

## Notes forming part of the financial statements (Contd.)

### Note 25 - Other expenses

Particulars	For the year ended 31st December, 2015	For the year ended 31st December, 2014
	₹ in Million	₹ in Million
Processing & Machining Charges	363.39	330.50
Stores Consumed	164.80	153.07
Tools Consumed	43.97	46.93
Water Power and fuel	175.89	172.69
Rent	7.13	8.77
Excise duty relating to increase/(decrease) in finished goods stock	(14.65)	5.70
Rates and taxes (Refer Note 38)	47.46	26.46
Insurance (Net)	2.28	4.77
Repairs and maintenance - Buildings	3.62	15.22
- Machinery	59.21	58.70
- Others	71.59	71.83
	134.42	145.75
Travelling and conveyance	58.81	64.03
Packing & Forwarding Charges	212.94	194.54
(net of recoveries - ₹46.14 million; previous year ₹36.57 million)		
Directors' fees	1.39	0.50
Auditors' remuneration (net of service tax) and expenses:		
Audit fees	1.30	1.30
Tax audit fees	0.30	0.30
Accounts for tax purposes	0.45	0.45
Fees for other services	1.20	1.61
Reimbursement of out of pocket expenses	0.22	0.19
	3.47	3.85
Cost Audit Fees	0.40	0.40
Sales commission		
Export Selling agents	96.04	113.58
Other Selling agents	33.29	15.74
	129.33	129.32
Cash Discount	17.54	18.44
Royalty Charges	90.87	85.86
In respect of late delivery under contracts	80.00	62.09
Provision for doubtful receivables and advances (net)	48.45	-
Expenditure on Corporate Social Responsibility (Refer Note 42)	18.30	15.40
Legal and professional	22.34	20.22
Net loss on foreign currency transactions and translation	20.88	50.71
Mark to market loss on derivative contracts	3.66	-
Miscellaneous expenses	397.61	411.76
Total	2,030.68	1,951.76

## Notes forming part of the financial statements (Contd.)

### Note 26 - Contingent Liabilities and Commitments

Particulars	As at 31st	As at 31st
	December, 2015	December, 2014
	₹ in Million	₹ in Million
(i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts	27.54	15.09
(b) Taxation matters in dispute pending at various stages of appeal	66.85	46.57
(c) Bills Discounted/Cheques purchased with banks	24.13	13.71
(d) Excise matters	484.46	120.69
(e) Guarantees given by the bankers on behalf of the Company	1,148.91	1,061.70
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) -		
- Tangible Assets	321.64	156.48

### Note 27

- Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31/12/2015 is ₹ 0.47 million (previous year – ₹1.75 Million) including unpaid amounts of ₹ Nil (previous year – ₹Nil) outstanding for more than 45 days. Estimated interest due thereon is ₹ Nil (previous year - ₹ Nil).
- Amount of payments made to suppliers beyond 45 days during the year is ₹ 3.93 Million (previous year – ₹5.43 Million). Interest paid thereon is ₹ Nil (Previous Year – Nil) and the estimated interest due and payable thereon is ₹ 0.09 Million (previous year - ₹ 0.15 Million).
- The amount of estimated interest accrued and remaining unpaid as at 31/12/2015 is ₹ 1.97 Million (previous year – ₹ 1.88 Million).
- The amount of estimated interest due and payable for the period from 01/01/2016 to actual date of payment or 30/01/2016 (whichever is earlier) is ₹ Nil.

### Note 28 - (a) Details on derivatives instruments (for hedging)

Outstanding forward exchange contracts entered into by the Company as on 31 December, 2015

Particulars	Amount in foreign Currency		Equivalent amount ₹ in Million		Purpose
	Current Year	Previous year	Current Year	Previous year	
Forward Cover	USD 7,793,866	USD 9,906,769	528.56	638.72	Covering Trade Receivables and future sales
	Euro 3,383,981	Euro 2,354,253	256.90	200.18	
Forward Cover	USD 640,045	USD 861,681	44.07	56.18	Covering Trade Payables and future purchases
	Euro 6,479,262	Euro 7,580,737	486.81	678.36	

### (b) Details of year-end foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Amount in foreign Currency		Equivalent amount ₹ in Million	
	Current Year	Previous year	Current Year	Previous year
Trade Payables	USD 855,825	USD 1,754,603	57.77	112.87
	Euro 3,130,327	Euro 2,302,219	231.52	180.52
Trade Receivables	USD 2,810,411	USD 1,819,045	183.66	113.31
	Euro 488,890	Euro 5,388	34.84	0.41
Bank balances	USD 4,236,270	USD 2,330,483	276.84	145.17
	Euro 154,689	Euro 192,047	11.02	14.52

### Note 29a - CIF Value of Imports

Particulars	For the year ended	For the year ended
	31st December, 2015	31st December, 2014
	₹ in Million	₹ in Million
Raw materials and components	468.83	265.69
Stores, spares and tools	-	1.43
Capital goods	4.28	119.49
Items imported for resale	71.48	84.52
Total	544.59	471.13

## Notes forming part of the financial statements (Contd.)

Note 29b - Value of imported and indigenous raw materials, spare parts and components consumed

Particulars	For the year ended 31st December, 2015		For the year ended 31st December, 2014	
	₹ in Million	%	₹ in Million	%
Raw materials and Bought-out components:				
Imported at landed cost	241.73	6.99%	177.95	4.83%
Indigenously obtained	3,218.09	93.01%	3,503.99	95.17%
<b>Total</b>	<b>3,459.82</b>	<b>100.00%</b>	<b>3,681.94</b>	<b>100.00%</b>

Note:

Components and spare parts referred to in paragraph 5(viii)(c) of Part II of schedule III to the Companies Act, 2013, are interpreted to mean the components and spare parts which are incorporated in the products sold and not those used for the maintenance of plant and machinery.

Note 29c - Details of Goods purchased for Trading under broad heads ₹ in Million

Particulars	Goods Purchased for trading	
	For the year ended 31st December, 2015	For the year ended 31st December, 2014
Pumps	232.88	275.15
Valves	35.16	33.60
Spares	40.68	21.60
<b>Total</b>	<b>308.72</b>	<b>330.35</b>

Note 29d - Details of Raw Material Consumption and Raw Material Stock under broad heads ₹ in Million

Particulars	Raw Material Consumed		Raw Material Stock	
	For the year ended 31st December, 2015	For the year ended 31st December, 2014	As at 31st December, 2015	As at 31st December, 2014
Castings	545.31	625.59	135.21	139.36
Electric motors	43.40	138.89	22.40	23.95
Winding wire & cables	156.88	191.18	32.09	25.65
Forgings	127.25	188.66	24.75	33.21
Stampings	111.57	124.51	12.87	18.14
Steels	106.40	121.10	32.85	38.94
Metal Scrap	174.51	148.57	25.75	28.30
Pig Iron	44.44	50.60	0.81	13.12
Melting additions	59.27	64.91	5.04	8.31
Other metals & bought-out components	2,090.79	2,027.93	117.03	151.11
<b>Total</b>	<b>3,459.82</b>	<b>3,681.94</b>	<b>408.80</b>	<b>480.09</b>

Notes:

- As the Company also sells as spare parts (for goods manufactured and sold by it), some of its bought-out components, the items shown above as consumption include cost of such items sold, this being an activity ancillary to its manufacturing activity.
- The Company is of the opinion that the purchase & sale of such bought-out components is a part of its activity to manufacture and deliver a complete pump unit and, therefore, is not a trading activity as referred to in paragraph 5(ii)(b) of Part II of Schedule III to the Companies Act, 2013.
- The consumption figures in value are balancing figures ascertained on the basis of opening stocks plus purchases less closing stocks and therefore, include adjustments for excesses and shortages ascertained on physical count, etc.

Note 29e. - Details of Work-in-Progress Stock under broad heads ₹ in Million

Particulars	WIP Opening Stock		WIP Closing Stock	
	As at 1st January, 2015	As at 1st January, 2014	As at 31st December, 2015	As at 31st December, 2014
Pumps	764.03	713.67	750.90	764.03
Valves	143.53	96.44	189.47	143.53
Others	122.58	101.00	75.16	122.58
<b>Total</b>	<b>1,030.14</b>	<b>911.11</b>	<b>1,015.53</b>	<b>1,030.14</b>

## Notes forming part of the financial statements (Contd.)

Note 29f - Details of Sales of Products and Finished Goods (FG) Stock under broad heads ₹ in Million

Particulars	FG Opening Stock		FG Closing Stock		Sales (Net)	
	As at 1st January, 2015	As at 1st January, 2014	As at 31st December, 2015	As at 31st December, 2014	For the year ended on 31st December, 2015	For the year ended on 31st December, 2014
	I. a) Power Driven Pumps	253.21	229.61	245.40	253.21	5,373.06
b) Spares for above	-	-	-	-	801.23	733.30
II. a) Industrial Valves	119.12	76.97	44.73	119.12	1,301.79	1,203.85
b) Spares for above	-	-	-	-	22.83	19.05
III. Castings - Carbon Steel, Alloy Steel & Alloy Iron Castings	-	-	-	-	5.17	8.77
IV. Export Incentives	-	-	-	-	42.77	55.32
V. Income from Services	-	-	-	-	152.68	139.75
VI. Pumps for resale	76.49	69.16	56.11	76.49	348.72	360.92
VII. Valves for resale	0.11	-	2.49	0.11	51.90	54.95
VIII. Spares for resale	6.12	1.43	1.71	6.12	62.91	22.16
IX. Scrap Sales	-	-	-	-	25.02	31.52
<b>Total</b>	<b>455.05</b>	<b>377.17</b>	<b>350.44</b>	<b>455.05</b>	<b>8,188.08</b>	<b>8,016.99</b>

Notes:

- In addition to spares purchased for re-sale, the Company also sells as spares some of its bought-out components. The Company is of the opinion that the purchase and sale of such bought-out components is a part of its activity to manufacture and deliver a complete pump unit and therefore, is not a trading activity as referred to in paragraph 5(ii)(b) of Part II of Schedule III to the Companies Act, 2013.

### Note 30 - Expenditure in foreign currency (disclosed on accrual basis)

Particulars	For the year ended	For the year ended
	31st December, 2015	31st December, 2014
	₹ in Million	₹ in Million
(i) Royalty (net of tax)	81.78	77.27
(ii) Professional fees (net of tax)	61.96	61.46
(iii) Technical services (net of tax)	5.96	3.35
(iv) Other matters	99.63	86.51

### Note 31 - Earnings in foreign currency

Particulars	For the year ended	For the year ended
	31st December, 2015	31st December, 2014
	₹ in Million	₹ in Million
(i) Exports at FOB value *	1,587.65	1,210.07
(ii) Recovery of packing and forwarding charges	5.29	5.75
(iii) Service charges	9.30	16.34
(iv) Technical services	17.21	15.87
(v) Commission	29.80	27.02
(vi) Others	1.63	0.33

\* Excludes ₹ 22.69 Million (previous year - ₹24.69 Million) on account of exports to Nepal, consideration for which is receivable in Indian Rupees.

### Note 32 - Amounts remitted in foreign currency during the year on account of dividend

Particulars	Paid in Year 2015		Paid in Year 2014	
	Final	Final	Final	Final
(i) Year to which the dividend relates	2014	2014	2013	2013
(ii) Number of non resident shareholders to whom remittance was made	210	210	193	193
(iii) Number of shares on which remittance was made	15,143,707	15,143,707	14,914,613	14,914,613
(iv) Amount remitted (₹ In million)	83.29	83.29	67.11	67.11

The above information pertains to only those non resident shareholders where the Company has made direct remittance or has made payment into non-resident designated accounts with banks in India.

## Notes forming part of the financial statements (Contd.)

**Note 33** - Research and Development expenditure debited to the Statement of Profit and Loss aggregating ₹ 2.94 Million (previous year - ₹ 4.16 Million) has been incurred by the Company and disclosed under Miscellaneous expenses (Refer Note 25).

**Note 34** - The net exchange differences arising during the year recognised appropriately in the Statement of Profit and Loss - net loss- ₹ 20.88 Million (previous year - net loss - ₹ 50.71 Million).

### Note 35 Disclosures under Accounting Standards

35.1 Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee benefits are as under:

#### 35.1.a Defined contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plan towards Provident Fund is ₹ 54.61 Million (previous year ₹ 52.48 Million).

#### 35.1.b Defined benefit plans

i. Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit & Loss.

ii. The Defined Benefit Plans comprise of Gratuity and superannuation.

Gratuity is a benefit to an employee based on 15/ 20/ 25/ 30 days (depending on the grade/ category of the employee and the completed years of service) last drawn salary for each completed year of service.

Superannuation is a benefit to certain employees at ₹ 1000/ 500/ 250 (depending on the grade/ category of the employee and the completed years of service) per month for each completed year of service.

Both the plans are funded.

₹ in Million

	Particulars	Gratuity		Superannuation	
		Year 2015	Year 2014	Year 2015	Year 2014
(A)	Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:				
1	Present Value of Defined Benefit Obligation as at 1st January	459.29	392.20	30.52	23.90
2	Current Service cost	29.31	27.13	1.45	1.18
3	Interest cost	35.95	35.75	2.38	2.25
4	Losses (gains) on Curtailment	-	-	-	-
5	Liabilities extinguished on settlements	-	-	-	-
6	Plan amendments	-	-	-	-
7	Actuarial (gains)/losses	(11.77)	27.90	(0.99)	3.19
8	Benefits paid	(19.78)	(23.69)	(1.60)	-
9	Present Value of Defined Benefit Obligation as at 31st December	493.00	459.29	31.76	30.52
(B)	Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:				
1	Fair value of Plan assets as at 1st January	278.92	247.72	22.68	20.87
2	Expected return on plan assets	23.05	20.26	1.78	1.67
3	Actuarial gains and (losses)	3.30	(0.02)	0.27	0.14
4	Actual contributions by employers	38.48	34.65	1.26	-
5	Benefits paid*	(19.78)	(23.69)	(2.30) *	-
6	Plan assets as at 31st December	323.97	278.92	23.69	22.68

\* Includes additional benefit payment of ₹ 0.70 Million from 2014 which was not included the obligations for 2014 and the same is paid in the year 2015.



## Notes forming part of the financial statements (Contd.)

₹ in Million

	Particulars	Gratuity		Superannuation	
		Year 2015	Year 2014	Year 2015	Year 2014
(C)	Analysis of Defined Benefit Obligation :				
1	Defined Benefit Obligation as at 31st December	493.00	459.29	31.76	30.52
2	Fair Value of Plan Assets at the end of year	(323.97)	(278.92)	(23.69)	(22.68)
3	Net (Asset)/Liability recognised in the Balance Sheet as at 31st December	169.03	180.37	8.07	7.84
(D)	Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognised in the Balance Sheet :				
1	Present value of Defined Benefit Obligation	493.00	459.29	31.76	30.52
2	Fair value of plan assets	323.97	278.92	23.69	22.68
3	Funded status [Surplus/(Deficit)]	(169.03)	(180.37)	(8.07)	(7.84)
4	Unrecognised Past Service Costs	-	-	-	-
5	Net Asset/(Liability) recognised in Balance Sheet	(169.03)	(180.37)	(8.07)	(7.84)
(E)	Components of employer expenses recognised in the statement of profit and loss for the year ended 31st December				
1	Current Service cost	29.31	27.13	1.45	1.18
2	Interest cost	35.95	35.75	2.38	2.25
3	Expected return on plan assets	(23.05)	(20.26)	(1.78)	(1.67)
4	Curtailment cost/(credit)	-	-	-	-
5	Settlement cost/(credit)	-	-	-	-
6	Past Service cost	-	-	-	-
7	Actuarial Losses/(Gains)	(15.08)	27.92	(1.26)	3.05
8	Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	27.13	70.54	0.79	4.81
(F)	In respect of Funded Benefits with respect to gratuity and superannuation, the fair value of Plan assets represents the amounts invested through "Insurer Managed Funds"				
(G)	Actuarial Assumptions:				
1	Discount Rate (%)	8.00	8.00	8.00	8.00
2	Expected Return on plan assets (%)	8.00	8.00	8.00	8.00
3	Salary Escalation (%)	7.50	7.50	N/A	N/A
4	Medical cost inflation	N/A	N/A	N/A	N/A
5	Withdrawal Rate (%)	7.00	7.00	7.00	7.00

The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.

Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

## Notes forming part of the financial statements (Contd.)

Amount ₹ in Millions

(H)	Experience History	Gratuity					Superannuation				
		Year 2015	Year 2014	Year 2013	Year 2012	Year 2011	Year 2015	Year 2014	Year 2013	Year 2012	Year 2011
1	Defined Benefit Obligation at end of the period	493.00	459.29	392.20	356.80	315.40	31.76	30.52	23.90	20.63	23.17
2	Plan Assets at end of the period	323.97	278.92	247.72	215.93	222.94	23.69	22.68	20.87	19.46	22.80
3	Funded Status	(169.03)	(180.37)	(144.48)	(140.87)	(92.46)	(8.07)	(7.84)	(3.03)	(1.17)	(0.37)
4	Experience Gain/ (Loss) adjustments on plan liabilities	11.77	7.63	(27.96)	(7.96)	(42.57)	0.99	(1.72)	(2.14)	(0.22)	(1.88)
5	Experience Gain/ (Loss) adjustments on plan assets	3.30	(0.02)	5.00	(0.05)	2.18	0.27	0.14	0.23	0.02	(0.60)

(I)	Actual Return on Plan Assets	Gratuity		Superannuation	
		Year 2015	Year 2014	Year 2015	Year 2014
1	Expected return on plan assets	23.05	20.26	1.78	1.67
2	Acturial gains and( Losses) on plan assets	3.30	(0.02)	0.27	0.14
3	Actual Return on Plan Assets	26.35	20.24	2.05	1.81

(J) Contributions expected to be paid to the plan during the next financial year ₹ 42.20 Million (previous year- ₹ 39.24 Million).

### Note 36 - Related Party disclosures

(A) Name of the related party and nature of relationship where control exists:

Name of the party	Nature of relationship
1. KSB AG	Controlling Company
2. Canadian Kay Pump Ltd.	Controlling Company
3. Klein Pumpen GmbH	Controlling Company
4. Pofran Sales & Agency Ltd.	Subsidiary Company

## Notes forming part of the financial statements (Contd.)

Nature of transactions	Controlling Companies	Subsidiary Company	Associate Company	Common Control	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Total
Purchase of goods	320.34	-	4.72	46.51	-	-	-	-	-	371.57
	(106.94)	(-)	(-)	(55.76)	(-)	(-)	(-)	(-)	(-)	(162.70)
Sale of goods	471.64	-	-	980.03	-	-	-	-	5.82	1,457.49
	(415.80)	(-)	(-)	(691.82)	(-)	(-)	(-)	(-)	(7.67)	(1,115.29)
Income from services	24.91	0.19	-	8.48	-	-	-	-	-	33.58
	(22.37)	(0.34)	(0.07)	(15.12)	(-)	(-)	(-)	(-)	(0.20)	(38.10)
Order Cancellation Charges received	-	-	-	1.63	-	-	-	-	-	1.63
	(0.12)	(-)	(-)	(0.21)	(-)	(-)	(-)	(-)	(-)	(0.33)
Site expenses paid	3.75	-	-	3.83	-	-	-	-	-	7.58
	(1.82)	(-)	(-)	(1.27)	(-)	(-)	(-)	(-)	(-)	(3.09)
Commission income	26.66	-	-	3.14	-	-	-	-	-	29.80
	(23.65)	(-)	(-)	(3.36)	(-)	(-)	(-)	(-)	(-)	(27.01)
Commission paid	86.04	-	-	-	-	-	-	-	-	86.04
	(67.65)	(-)	(-)	(3.56)	(-)	(-)	(-)	(-)	(-)	(71.21)
Dividend received	-	40.00	31.24	-	-	-	-	-	-	71.24
	(-)	(-)	(52.19)	(-)	(-)	(-)	(-)	(-)	(-)	(52.19)
Liquidated Damages Paid	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(2.87)	(-)	(-)	(-)	(-)	(-)	(2.87)
Charges paid for technical/ Professional services	73.41	-	-	4.84	-	-	-	-	-	78.25
	(72.01)	(-)	(-)	(7.91)	(-)	(-)	(-)	(-)	(-)	(79.92)
Royalty paid	90.50	-	-	0.37	-	-	-	-	-	90.87
	(85.48)	(-)	(-)	(0.38)	(-)	(-)	(-)	(-)	(-)	(85.86)
Warranty charges paid	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(1.17)	(-)	(-)	(-)	(-)	(-)	(1.17)
Rent received	-	0.06	1.61	-	-	-	-	-	-	1.67
	(-)	(0.06)	(1.61)	(-)	(-)	(-)	(-)	(-)	(-)	(1.67)

## Notes forming part of the financial statements (Contd.)

Nature of transactions	Controlling Companies	Subsidiary Company	Associate Company	Common Control	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Total
	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Recovery of expenses	2.67 (0.22)	0.70 (0.68)	11.72 (11.08)	1.94 (4.26)	- (-)	- (-)	- (-)	- (-)	- (0.01)	17.03 (16.25)
Reimbursement of expenses	0.34 (0.34)	- (-)	- (-)	0.09 (0.11)	- (-)	- (-)	- (-)	- (-)	- (-)	0.43 (0.45)
Bad Debts	-	-	-	-	-	-	-	-	0.06	0.06
Technical knowhow	2.06 (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)
Remuneration	-	-	-	-	7.63 (7.92)	- (-)	- (-)	- (-)	- (-)	7.63 (7.92)
Sitting fees paid	-	-	-	-	-	-	0.24 (0.12)	- (-)	- (-)	0.24 (0.12)
Dividend paid	77.61 (63.50)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	0.19 (0.15)	0.66 (0.54)	48.68 (39.85)	127.14 (104.04)
Commission to Directors	-	-	-	-	-	-	0.50 (0.50)	- (-)	- (-)	0.50 (0.50)
Amounts outstanding at year end										
- Receivable	286.25 (144.45)	0.21 (0.64)	6.78 (7.25)	235.69 (255.19)	- (-)	- (-)	- (-)	- (-)	0.03 (1.35)	528.96 (408.88)
- Payable	406.71 (212.84)	- (-)	5.29 (-)	75.57 (112.11)	- (-)	- (-)	0.50 (0.50)	- (-)	- (0.09)	488.07 (325.54)
Provision for doubtful debts	-	-	-	1.15 (1.15)	- (-)	- (-)	- (-)	- (-)	- (-)	1.15 (1.15)

Note: Previous year's figures are shown within brackets.

## Notes forming part of the financial statements (Contd.)

### (C) Disclosure in respect of material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	For the year ended 31st December, 2015 ₹ in Million	For the year ended 31st December, 2014 ₹ in Million
1	Purchase of goods	KSB AG	320.34	106.94
		KSB S.A.	31.36	38.55
2	Sale of goods	KSB AG	471.64	415.80
		KSB Singapore	154.54	102.61
3	Income from services	KSB AG	24.91	22.37
		KSB Tech. Pvt. Ltd.	7.48	7.48
4	Order Cancellation Charges received	KSB AG	-	0.12
		P.T. KSB., Indonesia	1.63	0.21
5	Site expenses paid	KSB AG	3.75	1.82
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	2.45	0.54
		KSB Valves (Shanghai) Co. Ltd.	0.78	-
6	Commission income	KSB AG	26.66	23.65
7	Commission paid	KSB AG	86.04	67.65
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	-	3.56
8	Dividend received	MIL Controls Ltd.	31.24	52.19
		POFRAN Sales & Agency Ltd.	40.00	-
9	Liquidated Damages Paid	KSB S.A.	-	1.90
		KSB Korea	-	0.97
10	Charges paid for technical / Professional services	KSB AG	73.41	72.01
11	Royalty paid	KSB AG	90.50	85.48
12	Warranty charges paid	KSB S.A.	-	0.34
		KSB Valves (Shanghai) Co. Ltd., China	-	0.81
13	Rent received	MIL Controls Ltd.	1.61	1.61
14	Recovery of expenses	MIL Controls Ltd.	11.72	11.08
		KSB AG	2.67	0.22
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	1.02	3.54
15	Reimbursement of expenses	KSB AG	0.34	0.34
		P.T. KSB., Indonesia	-	0.06
		KSB Finanz SA	0.08	0.05
16	Bad Debts	Paharpur Cooling Towers Ltd.	0.06	-
17	Technical knowhow	KSB AG	2.06	-
18	Remuneration	W. Spiegel	7.63	7.92
19	Sitting fees paid	G. Swarup	0.24	0.12
20	Dividend paid	Canadian Kay Pump Ltd.	77.61	63.50
		The Industrial & Prudential Investment Co. Ltd.	39.27	32.13
21	Commission to Directors	G. Swarup	0.50	0.50

## Notes forming part of the financial statements (Contd.)

(D) The related parties included in the various categories above, where transactions have taken place are given below:

Controlling Companies	KSB AG Canadian Kay Pump Ltd. MIL Controls Ltd. Pofiran Sales & Agency Ltd.
Associate Company	KSB S.A.
Subsidiary Company	KSB Inc., USA KSB Pumps (S.A.) (Pty.) Ltd., South Africa KSB Australia KSB Chile S.A. KSB Singapore (Asia Pacific) PTE. Ltd. Singapore KSB Limited, Hongkong KSB Pumps Co. Ltd., Thailand P.T. KSB, Indonesia KSB Taiwan Co. Ltd. KSB Ltd., Tokyo KSB Brazil KSB Korea KSB Mexico KSB Nederland DP Industries B.V., Nederland KSB Pumps Arabia Ltd. KSB Ltd., U.K. KSB Italia S.p.A., Italy KSB Pompa Turkey KSB Shanghai Pump Co. Ltd., China KSB Valves (Shanghai) Co. Ltd., China Mercantile-KSB Oy AB, Finland KSB Pakistan Delian KSB Amri Valves Co. Ltd., China Bombas ITUR S.A., Spain KSB TESMA S.A., Griechenland KSB Tech. Pvt. Ltd., India GIW Industries Inc., USA KSB Middle East FZE, Dubai KSB Pumpy + Armatury spol. sr.o, Czech
Common Control	

## Notes forming part of the financial statements (Contd.)

	<p>KSB Service LLC</p> <p>KSB Pompy Armatura Poland</p> <p>KSB Compania Sudamericana</p> <p>KSB Belgium SA</p> <p>KSB China</p> <p>KSB Pumps &amp; Valves Malaysia</p> <p>KSB Finanz SA</p> <p>KSB AMV SA Spain</p> <p>KSB Finland</p> <p>KSB Mork AB, Sweden</p> <p>KSB Lindflaten, Norway</p> <p>KSB Osterreich, Austria</p> <p>KSB Pompes ET Robineries Sarl, Morocco</p> <p>KSB Argentina</p> <p>KSB Service GMBH</p> <p>KSB Canada</p> <p>KSB New Zeland</p> <p>Rotary Equipment</p> <p>KSB OOO, Russia</p> <p>KSB Valvulas Ltda. Brazil</p> <p>KSB Services Ltd., Saudi Arabia</p> <p>AMRI Inc., USA</p> <p>KSB Vietnam Company Ltd.</p> <p>KSB Philippines</p> <p>KSB Colombia SAS</p> <p>KSB Zürich AG, Switzerland</p>
	Mr. W. Spiegel
	Mr. Gaurav Swarup
	Mrs. Gyan M. Swarup
	Mahendra Swarup & Sons HUF
	Mr. Vikram Swarup
	Mrs. Bindu Swarup
	Mrs. Parul Swarup
	The Industrial & Prudential Investment Co. Ltd.
	New Holding and Trading Company Ltd.
	Paharpur Cooling Towers Ltd.
Key management personnel	
Individuals having significant influence over the enterprise	
Relatives of individuals having significant influence over the enterprise	
Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	

## Notes forming part of the financial statements (Contd.)

**Note 37** - Where a financial report contains both consolidated financial statements and separate financial statement for the parent, segment information needs to be presented only in case of consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements.

**Note 38** - Details of provisions and movements in each class of provisions as required by the Accounting Standard on 'Provisions, Contingent liabilities and Contingent assets' (AS-29)

Particulars	2015		2014	
	Warranty	Other Provisions (for Statutory levies)	Warranty	Other Provisions (for Statutory levies)
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Carrying amount at the beginning of the year	52.90	22.10	31.12	34.69
Additional Provision Made during the year	61.50	42.85	52.90	22.10
Amount used during the year	(45.74)	-	(27.08)	-
Unused amount reversed during the year	(7.16)	(22.10)	(4.04)	(34.69)
Carrying amount at the end of the year	61.50	42.85	52.90	22.10

**Note 39** - Earnings per Share

- The amount used as the numerator in calculating basic and diluted earnings per share is the Profit for the year attributable to the equity shareholders disclosed in the Statement of Profit and Loss.
- The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 34,807,844.

**Note 40** - Repairs to machinery include ₹ 36.06 Million (previous year - ₹ 36.12 Million) spares consumed.

**Note 41** - Provision for taxation for the year is an aggregate of the provision made for the year ended 31st March, 2015 as reduced by the provision for 9 months up to 31st December, 2014 and the provision based on the figures for the remaining 9 months up to 31st December, 2015. However, the ultimate tax liability for the remaining 9 months up to 31st December, 2015 will be determined based on the results for the year 1st April, 2015 to 31st March, 2016.

**Note 42** - The prescribed Corporate Social Responsibility (CSR) expenditure required to be spent in for year 2015 as per Section 135 of the Companies Act, 2013 is ₹ 18.30 Million. The Company has spent ₹ 18.30 million towards CSR. No amount has been spent on construction/acquisition of an asset of the Company.

**Note 43** - Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Signature to Notes 1 to 43

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Hemant M. Joshi  
(Partner)

Vergheese Oommen  
Director Finance

R. Narasimhan  
Company Secretary

Pune, 18th February, 2016

G. Swarup	}	Chairman
A. R. Broacha		
D. N. Damania	}	Directors
N. N. Kampani		
Pradip Shah		
Dr. Stephan Bross		
V. K. Viswanathan		
S. F. Motwani	}	Managing Director
W. Stegmuller		
W. Spiegel		

Mumbai, 18th February, 2016







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## INDEPENDENT AUDITOR'S REPORT

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TO THE MEMBERS OF  
KSB PUMPS LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KSB PUMPS LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) and its associate, comprising of the Consolidated Balance Sheet as at 31st December, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were

operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such

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## INDEPENDENT AUDITOR'S REPORT (Contd.)

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controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate as at 31st December, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

(a) We did not audit the financial statements of Pofran Sales & Agency Limited, subsidiary whose financial statements reflect total assets of ₹ 45.71 Million as at 31st December, 2015, total revenues of ₹ 22.37 Million and net cash flows amounting to ₹ 2.21 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid

subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary company, associate company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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## INDEPENDENT AUDITOR'S REPORT (Contd.)

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- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st December, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, associate company incorporated in India, none of the directors of the Group companies, its associate company incorporated in India is disqualified as on 31st December, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate – Refer Note 26 to the consolidated financial statements.
- ii) The Group, its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary company and associate company incorporated in India.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No.:117366W/W-100018)

Hemant M. Joshi  
Partner  
Membership No. 038019

Pune, 18th February, 2016

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## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order includes one subsidiary company incorporated in India, to which the Order is applicable, which has been audited by other auditor and our report in respect of this entity is based solely on the report of the other auditor, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- i. In respect of the fixed assets of the Holding Company, subsidiary Company, associate Company incorporated in India:
  - a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) Some of the fixed assets were physically verified during the year by the Management of the respective entities in accordance with a programme of verification, which in our opinion and the opinion of the other auditor provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us and the other auditor, no material discrepancies were noticed on such verification.
- ii. In respect of the inventories of the Holding Company, associate Company incorporated in India:
  - a) As explained to us, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
  - c) In our opinion and according to the information and explanations given to us, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.
- iii. The Holding Company, subsidiary company, associate company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.
- iv. In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations for the Holding Company, there is an adequate internal control system in the Holding Company, subsidiary company, associate company incorporated in India, commensurate with the size of the respective entities and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our and the other auditor's audit, we have

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## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

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- not observed any major weakness in such internal control system.
- v. According to the information and explanations given to us, the Holding Company, subsidiary company, associate company incorporated in India have not accepted any deposit during the year.
- vi. According to the information and explanations given to us, in our opinion, the Holding Company, associate company incorporated in India have, prima facie, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues of the Holding Company, subsidiary company, associate company incorporated in India:
- a) The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.
- b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st December, 2015 for a period of more than six months from the date they became payable.
- c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st December, 2015 on account of disputes by the aforesaid entities are given below:

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)
Excise Duty	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai.	2002-2007	22,818,600*
Excise Duty	CESTAT, Delhi.	2004	538,670*
Excise Duty	CESTAT, Delhi.	2004	823,440*
Excise Duty	CESTAT, Mumbai.	1999	610,000*
Excise Duty	CESTAT, Chennai.	2003	2,699,150*
Service Tax	CESTAT, Mumbai.	2005-2007	8,863,000*
Service Tax	CESTAT, Mumbai.	2008-2009	43,793,750*
Service Tax	Commissioner Appeals LTU, Mumbai	2008-2009	3,890,000*
Service Tax	Commissioner Appeals LTU, Mumbai	2008-2009	1,380,000*
Service Tax	CESTAT, Mumbai.	2004-2009	350,638,018*
Income Tax	CIT (Appeals)	2010-11	20,284,500

\* stay granted for recovery.

### In respect of associate Company:

Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)
Excise Duty	CESTAT	2004-05	248,000
Value Added Tax	Assistant Commissioner (Appeals), Thrissur	2011-12	1,312,000

- d) The Holding Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time. There are no amounts that are due to be transferred by the subsidiary company, associate company incorporated in India, to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- viii. The Group, its associate does not have consolidated accumulated losses at the end of the financial year and the Group, its associate have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- ix. In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, the Holding Company, subsidiary company, associate company incorporated in India have not defaulted in the repayment of dues to financial institutions and banks.



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## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

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- The Holding Company, subsidiary company, associate company incorporated in India have not issued any debentures.
- x. According to the information and explanations given to us, the Holding Company, subsidiary company, associate company incorporated in India have not given guarantees for loans taken by others from banks and financial institutions.
- xi. In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, the Holding Company, subsidiary company, associate company incorporated in India have not availed any term loans during the year.
- xii. To the best of our knowledge and according to the information and explanations given to us and the other auditor, no fraud by the Holding Company, its subsidiary company, associate company incorporated in India and no material fraud on the Holding Company, its subsidiary company, associate company incorporated in India has been noticed or reported during the year.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No.:117366W/W-100018)

Hemant M. Joshi  
Partner  
Membership No. 038019

Pune, 18th February, 2016

## Consolidated Balance Sheet as at 31st December, 2015

Particulars	Note No.	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
<b>I EQUITY AND LIABILITIES</b>			
(1) Shareholders' funds			
(a) Share capital	3	348.08	348.08
(b) Reserves and surplus	4	5,680.38	5,224.16
		<u>6,028.46</u>	<u>5,572.24</u>
(2) Non-current liabilities			
(a) Other long-term liabilities	5	70.42	66.67
(b) Long-term provisions	6	294.47	295.90
		<u>364.89</u>	<u>362.57</u>
(3) Current liabilities			
(a) Short-term borrowings	7	12.97	243.79
(b) Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		0.47	1.75
Others		1,545.25	1,535.51
(c) Other current liabilities	9	1,075.68	1,076.96
(d) Short-term provisions	10	479.08	344.31
		<u>3,113.45</u>	<u>3,202.32</u>
<b>TOTAL</b>		<u><u>9,506.80</u></u>	<u><u>9,137.13</u></u>
<b>II ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11.A	1,930.42	1,896.30
(ii) Intangible assets	11.B	10.14	11.82
(iii) Capital work-in-progress		142.18	99.57
		<u>2,082.74</u>	<u>2,007.69</u>
(b) Non-current investments	12	513.67	498.83
(c) Deferred tax assets (net)	13	127.82	100.22
(d) Long-term loans and advances	14	493.20	549.38
		<u>3,217.43</u>	<u>3,156.12</u>
(2) Current assets			
(a) Inventories	15	1,826.41	2,017.72
(b) Trade receivables	16	1,783.73	1,790.36
(c) Cash and cash equivalents	17	2,283.62	1,787.50
(d) Short-term loans and advances	18	354.05	325.45
(e) Other current assets	19	41.56	59.98
		<u>6,289.37</u>	<u>5,981.01</u>
<b>TOTAL</b>		<u><u>9,506.80</u></u>	<u><u>9,137.13</u></u>

See accompanying notes forming part of the financial statements.

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Hemant M. Joshi  
(Partner)

Verghese Oommen  
Director Finance

R. Narasimhan  
Company Secretary

G. Swarup  
A. R. Broacha  
D. N. Damania  
N. N. Kampani

Pradip Shah  
Dr. Stephan Bross  
V. K. Viswanathan  
S. F. Motwani  
W. Stegmuller  
W. Spiegel

Chairman

Directors

Managing Director

Pune, 18th February, 2016

Mumbai, 18th February, 2016

## Consolidated Statement of Profit and Loss for the year ended 31st December, 2015

Particulars	Note No.	For the Year ended 31st December, 2015 ₹ in Million	For the Year ended 31st December, 2014 ₹ in Million
1 Revenue from operations (gross)	20	8,726.99	8,523.66
Less: Excise duty	20	(519.72)	(486.93)
Revenue from operations (net)		8,207.27	8,036.73
2 Other income	21	240.61	228.57
3 Total revenue (1+2)		8,447.88	8,265.30
4 Expenses			
Cost of materials consumed	22.a	3,459.82	3,681.94
Purchases of stock-in-trade		308.72	330.35
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	119.22	(196.91)
Employee benefit expenses	23	1,248.52	1,271.06
Finance cost	24	17.35	21.47
Depreciation and amortisation expense	11.A & 11.B	277.67	275.54
Other expenses	25	2,031.02	1,952.61
Expenditure transferred to capital account		(19.30)	(13.57)
Total expenses		7,443.02	7,322.49
5 Profit before tax (3 - 4)		1,004.86	942.81
6 Tax expense:			
(a) Current tax		391.22	349.23
(b) Short / (excess) provision in respect of earlier years		-	(2.01)
(c) Deferred tax		(27.60)	(22.47)
		363.62	324.75
7 Profit for the year (5 - 6)		641.24	618.06
8 Add: Share of profit for the year in respect of investment in Associate Company		46.08	66.18
		687.32	684.24
9 Earnings per equity share (Face Value per share ₹ 10/-):			
(1) Basic	34	19.75	19.66
(2) Diluted	34	19.75	19.66

See accompanying notes forming part of the financial statements

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Hemant M. Joshi  
(Partner)

Vergheese Oommen  
Director Finance

R. Narasimhan  
Company Secretary

G.Swarup

A. R. Broacha  
D. N. Damania  
N. N. Kampani  
Pradip Shah  
Dr. Stephan Bross  
V. K. Viswanathan  
S. F. Motwani  
W. Stegmuller  
W. Spiegel

Chairman

Directors

Managing Director

Pune, 18th February, 2016

Mumbai, 18th February, 2016

## Consolidated Cash Flow Statement for the year ended 31st December, 2015

Particulars	For the Year ended 31st December, 2015		For the Year ended 31st December, 2014	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		1,004.86		942.81
Adjustments for:				
Depreciation and amortisation expense	277.67		275.54	
(Profit)/ loss on sale/ disposal/ write off of fixed assets	(4.16)		(7.19)	
Finance cost	17.35		21.47	
Interest income	(166.69)		(190.50)	
Mark to market loss on derivative contracts	3.66		-	
Sundry credit balances & Provisions no longer required, written back	(50.07)		-	
Unrealised exchange (gain)/loss	(1.73)		1.09	
		<u>76.03</u>		<u>100.41</u>
Operating profit/(loss) before working capital changes		1,080.89		1,043.22
Adjustment for changes in working capital:				
(Increase)/decrease in operating assets:				
Inventories	191.31		(184.70)	
Trade receivables	6.63		(523.07)	
Short-term loans and advances	(28.60)		(92.64)	
Long-term loans and advances	92.43		(20.58)	
Increase/(decrease) in operating liabilities:				
Trade payables	58.53		239.63	
Other current liabilities	(24.93)		123.31	
Other long-term liabilities	3.75		6.23	
Short-term provisions	30.62		4.97	
Long-term provisions	(1.43)		63.22	
		<u>328.31</u>		<u>(383.63)</u>
Cash generated from operations		1,409.20		659.59
Direct taxes paid		(288.04)		(307.61)
Net cash flow from/(used in) operating activities (A)		<u>1,121.16</u>		<u>351.98</u>
<b>B. Cash flow from investing activities</b>				
Purchase of Fixed Assets	(369.55)		(398.73)	
Proceeds from sale of fixed assets	4.97		9.89	
Interest received	185.11		165.24	
Income from trade investements (non-current)	31.24		52.19	
Net cash flow from / (used in) investing activities (B)		<u>(148.23)</u>		<u>(171.41)</u>

## Consolidated Cash Flow Statement for the year ended 31st December, 2015 (Contd.)

Particulars	For the Year ended 31st December, 2015		For the Year ended 31st December, 2014	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
C. Cash flow from financing activities				
Increase/(decrease) in Working capital borrowings	(230.82)		211.94	
Finance cost	(17.35)		(21.47)	
Dividends paid	(191.40)		(156.47)	
Tax on dividend	(38.97)		(26.62)	
Net cash flow from/(used in) financing activities (C)		(478.54)		7.38
Unrealized exchange gain/(loss) in cash and cash equivalents (D)		1.73		(1.09)
Net increase/(decrease) in Cash and cash equivalents (A + B + C + D)		496.12		186.86
Cash and cash equivalents (Opening Balance)		1,787.50		1,600.64
Cash and cash equivalents (Closing Balance)		2,283.62		1,787.50
Cash and cash equivalents at the end of the year include:		As at 31st December, 2015	As at 31st December, 2014	As at 31st December, 2013
(a) Cash on hand		0.71	0.64	0.60
(b) Balances with banks				
(i) In current accounts		520.31	206.20	458.79
(ii) In deposit accounts		1,759.97	1,578.07	1,138.83
(iii) In unpaid dividend accounts		2.63	2.59	2.42
Cash and Cash equivalents at the end of the year		2,283.62	1,787.50	1,600.64

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Hemant M. Joshi  
(Partner)

Vergheese Oommen  
Director Finance

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Pune, 18th February, 2016

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W. Stegmuller  
W. Spiegel

Chairman

Directors

Managing Director

Mumbai, 18th February, 2016

## Notes forming part of consolidated financial statements

1	<p><b>Company Overview</b></p> <p><b>Products:</b> The Company is engaged in the business of manufacture of different types of power driven pumps and industrial valves. Castings are mainly produced for captive consumption.</p> <p><b>Operations:</b> The Company has factories at the following places:-</p> <p>A) Irrigation and Process Pumps Division (I.P.D.) at Pimpri Manufacturing of submersible pumps, vertical and horizontal pumps, series and non-series pumps, Multistage pumps, chemical process pumps, non clog pumps and water pumps.</p> <p>B) Power Projects Division (P.P.D.) at Chinchwad Manufacturing of primary heat transfer pumps, moderator pumps, main boiler feed pumps and multistage condense extraction pumps, re-heater drain pumps and auxiliary boiler feed pumps.</p> <p>C) Foundry Division at Vambhori Manufacturing of steel &amp; iron castings including for captive consumption.</p> <p>D) Coimbatore Unit Manufacturing of valves (Globe, Gate, Check, Butterfly &amp; Ball valves).</p> <p>E) Nasik Unit (Sinnar) Established in 1995, this unit is engaged in the manufacture of high pressure and submersible pumps.</p>														
2	<p><b>Significant accounting policies</b></p>														
2.1	<p><b>Fixed assets and depreciation/amortisation:</b></p> <p>(a) Fixed assets are stated at cost of acquisition or construction less depreciation/amortisation. Cost comprises the purchase price and other attributable costs on making the asset ready for its intended use.</p> <p>(b) Depreciation/amortisation on fixed assets:</p> <p>i) Depreciation is provided on the Straight Line Method (SLM) / Written down value (WDV) method over the useful lives of the assets which has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, maintenance support, etc. Taking into account these factors, the Company has decided to retain the useful life hitherto adopted for various categories of fixed assets, which are different from those prescribed in Schedule II to the Companies Act, 2013 (Act) except for server and networking (SLM), electrical installation (SLM) and furniture and fixtures (WDV) which are same as prescribed in Schedule II to the Act. Estimated useful lives of assets are as follows -</p> <table style="margin-left: 40px;"> <tr> <td>Buildings</td> <td>- 43 to 90 years (WDV)</td> </tr> <tr> <td>Plant and Machinery</td> <td>- 09 to 21 years (SLM)</td> </tr> <tr> <td>Vehicles</td> <td>- 05 to 11 years (WDV)</td> </tr> <tr> <td>Office Equipments</td> <td>- 10 years (SLM)</td> </tr> <tr> <td>Computer Equipments</td> <td>- 06 years (SLM)</td> </tr> </table> <p>Leasehold land and assets taken on lease are amortised over the period of the lease.</p> <p>ii) Intangible assets are amortised on the straight line method as follows :</p> <table style="margin-left: 40px;"> <tr> <td>Rights, techniques, Process and Know how</td> <td>- 7 to 10 years</td> </tr> <tr> <td>Software</td> <td>- 3 years</td> </tr> </table>	Buildings	- 43 to 90 years (WDV)	Plant and Machinery	- 09 to 21 years (SLM)	Vehicles	- 05 to 11 years (WDV)	Office Equipments	- 10 years (SLM)	Computer Equipments	- 06 years (SLM)	Rights, techniques, Process and Know how	- 7 to 10 years	Software	- 3 years
Buildings	- 43 to 90 years (WDV)														
Plant and Machinery	- 09 to 21 years (SLM)														
Vehicles	- 05 to 11 years (WDV)														
Office Equipments	- 10 years (SLM)														
Computer Equipments	- 06 years (SLM)														
Rights, techniques, Process and Know how	- 7 to 10 years														
Software	- 3 years														
2.2	<p><b>Investments</b></p> <p>Long-term Investments are valued at cost of acquisition and related expenses. Provision is made for other than temporary diminution, if any, in the value of such investments.</p>														
2.3	<p><b>Inventories</b></p> <p>Inventories are stated at the lower of cost and net realisable value. In determining the cost of raw materials, components, stores, spares and loose tools the weighted average method is used. Costs of work-in-progress and manufactured finished products include material costs, labour and factory overheads on the basis of full absorption costing.</p>														
2.4	<p><b>Trade receivables and advances</b></p> <p>Specific debts and advances identified as irrecoverable or doubtful are written-off or provided for, respectively.</p>														

## Notes forming part of consolidated financial statements (Contd.)

2.5	<p>Foreign currency transactions and translations</p> <p>Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Realised gains and losses as also exchange differences arising on translation at year end exchange rates of monetary assets and liabilities outstanding at the end of the year are recognised in the Statement of Profit and Loss. Premium/Discount in respect of Forward Contracts is accounted for over the period of contract.</p>
2.6	<p>Revenue Recognition</p> <p>(i) Sales of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyers.</p> <p>(ii) Dividend income from investments is recognised when the owner's right to receive the payment is established.</p> <p>(iii) Income from services rendered is accounted for when the work is performed.</p>
2.7	<p>Employee Benefits</p> <p>Employee benefits includes gratuity, superannuation and provident fund and leave encashment benefits under the approved schemes of the Company.</p> <p>In respect of defined contribution plans, the contribution payable for the year is charged to the Statement of Profit and Loss.</p> <p>In respect of defined benefit plans and other long-term employee benefits, the employee benefit costs is accounted for based on an actuarial valuation during the year.</p>
2.8	<p>Product Warranty</p> <p>Cost of product warranties is disclosed under the head:</p> <p>(i) 'raw materials and components consumed' as consists of free replacement of spares.</p> <p>(ii) 'miscellaneous expenses' which includes provision for warranties.</p>
2.9	<p>Taxes on Income</p> <p>Tax expense for the year is included in the determination of the net profit for the year.</p> <p>Deferred tax is recognised on all timing differences, subject to consideration of prudence in respect of deferred tax assets. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.</p>
2.10	<p>Leases</p> <p>Assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception of the lease and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.</p> <p>Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.</p>
2.11	<p>Borrowing Costs</p> <p>Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.</p>
2.12	<p>Cash Flow Statement</p> <p>The Cash Flow statement is prepared by the indirect method and presents cash flows by operating, investing and financing activities of the Company.</p>
2.13	<p>Use of Estimates</p> <p>The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual result and estimates are recognized in the year in which the results are known/materialized.</p>

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## Notes forming part of consolidated financial statements (Contd.)

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2.14	<p>Provisions, Contingent Liabilities and Contingent Assets</p> <p>The Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.</p> <p>No provision is recognised for:</p> <ul style="list-style-type: none"><li>(i) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or</li><li>(ii) Any present obligation that arises from past events but is not recognized because-<ul style="list-style-type: none"><li>- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or</li><li>- A reliable estimate of the amount of obligation cannot be made.</li></ul></li></ul> <p>Such obligations are recorded as Contingent Liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.</p> <p>Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.</p>
2.15	<p>Earnings per share</p> <p>Basic earnings per share is computed by dividing the profit attributable to equity shareholders for the year by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit attributable to equity shareholders for the year as adjusted for dividend, interest and other charges to expenses or income (net of taxes) relating to the diluted potential equity shares, by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.</p>



## Notes forming part of consolidated financial statements (Contd.)

### Note 3 - Share capital

Particulars	As at 31st December, 2015		As at 31st December, 2014	
	Number of shares	₹ in Million	Number of shares	₹ in Million
<b>Authorised:</b>				
Equity shares of ₹ 10/- each.	40,000,000	400.00	40,000,000	400.00
Issued, Subscribed and Fully Paid up:				
Equity shares of ₹ 10/- each.	34,807,844	348.08	34,807,844	348.08
Total	34,807,844	348.08	34,807,844	348.08

(i) Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:

	As at 31st December, 2015		As at 31st December, 2014	
	₹ in Million	No of shares	₹ in Million	No of shares
No. of shares outstanding at the beginning				
- Equity shares	348.08	34,807,844	348.08	34,807,844
Add: Additional shares issued				
- Equity shares	-	-	-	-
Less: Shares forfeited/Bought back				
- Equity shares	-	-	-	-
No. of shares outstanding at the end				
- Equity shares	348.08	34,807,844	348.08	34,807,844

(ii) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each shareholder of equity shares is entitled to one vote per share.

(iii) Aggregate number of equity shares allotted as fully paid up by way of bonus shares for the period of five years immediately preceding the Balance Sheet date - 17,403,922 (Previous Year - 17,403,922)

(iv) Number of shares held by each shareholder holding more than 5% shares in the Company are as follows:

Particulars	As at 31st December, 2015		As at 31st December, 2014	
	No. of shares	% of shares held	No. of shares	% of shares held
Canadian Kay Pump Ltd.	14,110,848	40.54%	14,110,848	40.54%
The Industrial & Prudential Investment Co. Ltd.	7,140,000	20.51%	7,140,000	20.51%
Reliance Capital Trustee Company Ltd. (held in Reliance Infrastructure Fund and Reliance Tax Saver (ELSS) Fund)	2,518,155	7.23%	2,549,881	7.33%

(v) The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes forming part of consolidated financial statements (Contd.)

### Note 4 - Reserves and surplus

Particulars	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
Capital reserve		
Opening balance	0.09	0.09
Add: Additions	-	-
Less: Utilised/transferred	-	-
Closing balance	0.09	0.09
Capital redemption reserve		
Opening balance	0.10	0.10
Add: Additions	-	-
Less: Utilised/transferred	-	-
Closing balance	0.10	0.10
Securities premium account		
Opening balance	3.20	3.20
Add: Premium on shares issued	-	-
Less: Utilised	-	-
Closing balance	3.20	3.20
General reserve		
Opening balance	1,085.97	1,019.97
Add: Transferred from surplus in Statement of Profit and Loss	-	66.00
Less: Utilisations/transfers	-	-
Closing balance	1,085.97	1,085.97
Amalgamation Reserve		
Opening balance	0.06	0.06
Add: Additions/transfers	-	-
Less: Utilisations/transfers	-	-
Closing balance	0.06	0.06
Surplus in Statement of Profit and Loss		
Opening balance	4,134.74	3,746.22
Add: Profit for the year	687.32	684.24
Less: Proposed dividend (₹ 5.50 per share) (previous year ₹ 5.50 per share)	191.44	191.44
Tax on Interim dividend by subsidiary	8.14	-
Tax on proposed dividend	31.52	38.28
Transferred to General reserve	-	66.00
Closing balance	4,590.96	4,134.74
Total	5,680.38	5,224.16

### Note 5 - Other long-term liabilities

Other than trade payables:

Other Payables (includes Deposits received from dealers, etc.)	70.42	66.67
Total	70.42	66.67

### Note 7 - Short-term borrowings

Loans Repayable on Demand

Working Capital Facilities from banks (Secured)	12.97	243.79
Total	12.97	243.79

## Notes forming part of consolidated financial statements (Contd.)

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
Working Capital Facility -1	Pledge of Fixed Deposits of ₹ 10 Million (previous year ₹ 10 Million)	-	-
Working Capital Facility -2	Pledge of Fixed Deposits of ₹ 433.76 Million (Previous year ₹ 433.76 Million) and hypothecation of stocks including loose tools, stores and spares, book debts.	12.97	51.54
Working Capital Facility -3	Hypothecation of stocks including loose tools, stores and spares, book debts.	-	192.25
	<b>Total</b>	<b>12.97</b>	<b>243.79</b>

### Note 8 - Trade payables

Trade payables other than acceptances	1,545.72	1,537.26
<b>Total</b>	<b>1,545.72</b>	<b>1,537.26</b>

### Note 9 - Other current liabilities

Unclaimed Dividend	2.63	2.59
Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	116.70	106.77
(ii) Payables for purchase of fixed assets	47.12	23.51
(iii) Advances from customers	529.53	591.53
(iv) Others (Liquidated damages, etc.)	379.70	352.56
<b>Total</b>	<b>1,075.68</b>	<b>1,076.96</b>

### Note 10 - Short-term provisions

Provision for employee benefits (Refer Note 30)	56.01	51.87
Provision - Others:		
(i) Tax provisions less payments (current tax)	105.15	5.35
(ii) Provision for Warranty (Refer Note 33)	41.00	35.27
(iii) Proposed dividend	191.44	191.44
(iv) Tax on proposed dividend	38.97	38.28
(v) Mark to market loss on derivative contracts	3.66	-
(vi) Provision - others (for statutory levies) (Refer Note 33)	42.85	22.10
	<b>423.07</b>	<b>292.44</b>
<b>Total</b>	<b>479.08</b>	<b>344.31</b>

## Note 11 - Fixed assets - Tangible and Intangible assets

## Notes forming part of consolidated financial statements (Contd.)

Particulars	Gross block				Depreciation/Amortisation			Net block	
	As at 31st December, 2014	Additions during the year	Deductions during the year	As at 31st December, 2015	Upto 31st December, 2014	Provided during the year	Deductions during the year	As at 31st December, 2015	As at 31st December, 2014
<b>A. Tangible Assets</b>									
(a) Land									
Freehold	3.01	-	-	3.01	-	-	-	3.01	3.01
Leasehold	15.15	-	-	15.15	3.22	0.18	3.40	11.75	11.93
(b) Buildings (See Note)	680.33	104.16	0.67	783.82	312.77	38.29	0.64	433.40	367.56
(c) Plant and Equipment	3,186.24	182.73	64.55	3,304.42	1,733.61	214.31	63.89	1,420.39	1,452.63
(d) Furniture and Fixtures	92.27	4.48	0.64	96.11	80.27	5.26	0.60	11.18	12.00
(e) Vehicles	48.77	4.32	1.36	51.73	36.43	6.66	1.32	9.96	12.34
(f) Office equipment	92.66	12.54	1.66	103.54	55.83	8.60	1.62	40.73	36.83
(g) Development of Property	0.04	-	-	0.04	0.04	-	-	-	-
<b>Total Tangible Assets</b>	<b>4,118.47</b>	<b>308.23</b>	<b>68.88</b>	<b>4,357.82</b>	<b>2,222.17</b>	<b>273.30</b>	<b>68.07</b>	<b>1,930.42</b>	<b>1,896.30</b>
<b>B. Intangible Assets (other than internally generated)</b>									
(a) Computer software	43.77	0.63	-	44.40	38.76	2.93	-	2.71	5.01
(b) Copyrights, patents and other intellectual property rights, services and operating rights	57.20	2.06	-	59.26	50.39	1.44	-	7.43	6.81
<b>Total Intangible Assets</b>	<b>100.97</b>	<b>2.69</b>	<b>-</b>	<b>103.66</b>	<b>89.15</b>	<b>4.37</b>	<b>-</b>	<b>10.14</b>	<b>11.82</b>

Note:

Buildings include ₹ 10,750 (previous year - ₹ 10,750) being the cost of shares in co-operative housing/industrial societies.

## Notes forming part of consolidated financial statements (Contd.)

### Note 11 C - Fixed assets - Tangible and Intangible assets

Particulars	Gross block			Depreciation/Amortisation			Net block			
	As at 31st December, 2013	Additions during the year	Deductions during the year	As at 31st December, 2014	Upto 31st December, 2013	Provided during year	Deductions during year	Upto 31st December, 2014	As at 31st December, 2013	As at 31st December, 2014
<b>Tangible Assets</b>										
(Owned, unless otherwise stated)										
(a) Land										
Freehold	3.01	-	-	3.01	-	-	-	-	3.01	3.01
Leasehold	15.15	-	-	15.15	3.04	0.18	-	3.22	11.93	12.11
(b) Buildings (See Note)	627.48	52.85	-	680.33	277.36	35.41	-	312.77	367.56	350.12
(c) Plant and Equipment	2,914.65	302.61	31.02	3,186.24	1,551.77	211.27	29.43	1,733.61	1,452.63	1,362.88
(d) Furniture and Fixtures	91.22	1.07	0.02	92.27	73.50	6.79	0.02	80.27	12.00	17.72
(e) Vehicles	44.76	12.00	7.99	48.77	36.32	7.06	6.95	36.43	12.34	8.44
(f) Office equipment	89.62	3.74	0.70	92.66	48.46	8.00	0.63	55.83	36.83	41.16
(g) Development of Property	0.04	-	-	0.04	0.04	-	-	0.04	-	-
<b>Total Tangible Assets</b>	<b>3,785.93</b>	<b>372.27</b>	<b>39.73</b>	<b>4,118.47</b>	<b>1,990.49</b>	<b>268.71</b>	<b>37.03</b>	<b>2,222.17</b>	<b>1,896.30</b>	<b>1,795.44</b>
<b>Intangible Assets</b>										
(other than internally generated)										
(a) Computer software	42.15	1.62	-	43.77	33.38	5.38	-	38.76	5.01	8.77
(b) Copyrights, patents and other intellectual property rights, services and operating rights	57.20	-	-	57.20	48.94	1.45	-	50.39	6.81	8.26
<b>Total Intangible Assets</b>	<b>99.35</b>	<b>1.62</b>	<b>-</b>	<b>100.97</b>	<b>82.32</b>	<b>6.83</b>	<b>-</b>	<b>89.15</b>	<b>11.82</b>	<b>17.03</b>

Note:  
Buildings include ₹ 10,750 (previous year - ₹ 10,750) being the cost of shares in co-operative housing/industrial societies.

## Notes forming part of consolidated financial statements (Contd.)

### Note 12 - Non-current investments

Particulars	As at 31st December, 2015		As at 31st December, 2014
	₹ in Million	₹ in Million	₹ in Million
Unquoted, Trade			
Investment in equity instruments of associates (at carrying cost)			
MIL Controls Limited - 735,000 (previous year - 735,000) equity shares of ₹ 10 each fully paid. (Includes ₹ 24.52 Million (previous year ₹ 24.52 Million) of Goodwill arising on acquisition of associate)		513.67	498.83
Investment in equity instruments of Other Entities (at cost)			
Mula Pravara Electric Co-operative Society Limited - 15,995 (previous year - 15,995) shares of ₹ 25 each fully paid.	0.40		0.40
Less: Provision for diminution in value of investments	(0.40)		(0.40)
Total		<u>513.67</u>	<u>498.83</u>

### Note 13 - Deferred Tax Assets (Net)

(i) Break up of deferred tax liability as at year end :			
Nature of timing difference			
Provision for Depreciation		111.51	107.62
Total		<u>111.51</u>	<u>107.62</u>
(ii) Break up of deferred tax asset as at year end:			
Nature of timing difference			
Provision for compensated absences and gratuity		114.20	112.21
Provision for doubtful debts and advances		65.35	47.65
Others		59.78	47.98
Total		<u>239.33</u>	<u>207.84</u>
(iii) Deferred tax Asset/(Liability) Net		<u>127.82</u>	<u>100.22</u>

### Note 14 - Long-term loans and advances

(Unsecured - considered good unless otherwise stated)

Capital advances		74.71	35.08
Security Deposits			
Considered good		35.02	30.79
Considered Doubtful		5.30	4.84
		<u>40.32</u>	<u>35.63</u>
Less: Provision for doubtful security deposits		5.30	4.84
		<u>35.02</u>	<u>30.79</u>
Other loans and advances			
- Loans and advances to employees		23.75	20.47
- Taxes paid in advance less provisions (current tax)		91.86	95.24
- Balances with government authorities - VAT credit receivable etc.			
Considered Good		267.53	367.01
Considered Doubtful		4.85	4.64
		<u>272.38</u>	<u>371.65</u>
Less: Provision for doubtful loans and advances		4.85	4.64
		<u>267.53</u>	<u>367.01</u>
- Prepaid Expenses		0.33	0.79
Total		<u>493.20</u>	<u>549.38</u>

## Notes forming part of consolidated financial statements (Contd.)

### Note 15 - Inventories

(at cost or net realisable value whichever is lower)

Particulars	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
Raw materials (including Goods-in-transit ₹ 2.61 million (previous year ₹ 3.89 million))	408.80	480.09
Work-in-progress	1,015.53	1,030.14
Finished goods	292.63	372.44
Stock-in-trade (in respect of goods acquired for trading)	57.81	82.61
Stores and spares	50.26	45.05
Loose tools	1.38	7.39
Total	<u>1,826.41</u>	<u>2,017.72</u>

### Note 16 - Trade receivables

(Unsecured - considered good unless otherwise stated)

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Considered good	175.79	225.69
Doubtful	<u>172.83</u>	<u>124.31</u>
	348.62	350.00
Other Trade receivables		
Considered good	1,607.94	1,564.67
Doubtful	-	-
	<u>1,607.94</u>	<u>1,564.67</u>
Total	<u>1,956.56</u>	<u>1,914.67</u>
Less: Provision for doubtful trade receivables	172.83	124.31
Total	<u>1,783.73</u>	<u>1,790.36</u>

### Note 17 - Cash and cash equivalents

Cash on hand	0.71	0.64
Balances with banks		
- In current accounts	520.31	206.20
- In deposit accounts	1,316.21	1,134.31
- In earmarked accounts		
- Unpaid dividend accounts	2.63	2.59
- Balances held as security against borrowings	443.76	443.76
Total	<u>2,283.62</u>	<u>1,787.50</u>

## Notes forming part of consolidated financial statements (Contd.)

### Note 18 - Short-term loans and advances

(Unsecured - considered good unless otherwise stated)

Particulars	As at 31st December, 2015 ₹ in Million	As at 31st December, 2014 ₹ in Million
Loans and advances to related parties (Refer Note 32) (includes advance for supply of goods ₹ 82.47 Million (previous year ₹ 84.33 Million))	89.27	91.58
Other Loans and Advances		
- Employee advances	15.23	11.27
- Prepaid expenses	5.26	7.68
- Balances with government authorities (CENVAT and Service Tax receivable)	131.96	87.58
- Others (includes Advances to Suppliers, DEPB Receivable, Insurance Claim Receivable, etc.)		
Considered good	112.33	127.34
Doubtful	5.47	6.00
	<u>117.80</u>	<u>133.34</u>
Less: Provision for other doubtful loans and advances	5.47	6.00
	<u>112.33</u>	<u>127.34</u>
Total	<u><u>354.05</u></u>	<u><u>325.45</u></u>

### Note 19 - Other current assets

Interest accrued on fixed deposits

	41.56	59.98
Total	<u><u>41.56</u></u>	<u><u>59.98</u></u>

### Note 20 - Revenue from operations

	For the year ended 31st December, 2015 ₹ in Million	For the year ended 31st December, 2014 ₹ in Million
Sale of products	8,487.33	8,277.33
Sale of services	171.87	159.49
Other operating revenues		
- Scrap Sale	25.02	31.52
- Export Incentive	42.77	55.32
	<u>8,726.99</u>	<u>8,523.66</u>
Less:		
Excise duty	(519.72)	(486.93)
Total	<u><u>8,207.27</u></u>	<u><u>8,036.73</u></u>

### Note 21 - Other income

Interest on Bank deposits, Income tax refunds, delayed payments from dealers/customers, etc.	166.69	190.50
Sundry credit balances & Provisions no longer required, written back	50.07	-
Profit on sale/disposal/write off of fixed assets (net)	4.16	7.19
Provision for doubtful receivables and advances (net)	-	6.63
Other non-operating income (net of expenses directly attributable to such income)	19.69	24.25
Total	<u><u>240.61</u></u>	<u><u>228.57</u></u>



## Notes forming part of consolidated financial statements (Contd.)

### Note 22.a - Cost of materials consumed

Particulars	For the year ended 31st December, 2015 ₹ in Million	For the year ended 31st December, 2014 ₹ in Million
Raw Materials and Components Consumed	3,459.82	3,681.94
Cost of materials consumed	<u>3,459.82</u>	<u>3,681.94</u>

### Note 22.b - Changes in inventories of finished goods, work-in-progress and stock-in-trade

#### Inventories at the end of the year:

Finished goods	292.63	372.44
Work-in-progress	1,015.53	1,030.14
Stock-in-trade	57.81	82.61
	<u>1,365.97</u>	<u>1,485.19</u>

#### Inventories at the beginning of the year:

Finished goods	372.44	314.62
Work-in-progress	1,030.14	911.11
Stock-in-trade	82.61	62.55
	<u>1,485.19</u>	<u>1,288.28</u>
Net (increase)/decrease	119.22	(196.91)

### Note 23 - Employee benefit expenses

Salaries and wages	1,074.08	1,050.15
Contributions to provident and other funds (Refer Note 30)	87.16	128.49
Staff welfare expenses	87.28	92.42
Total	<u>1,248.52</u>	<u>1,271.06</u>

### Note 24 - Finance cost

Interest expense on Borrowings, Income Tax etc.	17.35	21.47
Total	<u>17.35</u>	<u>21.47</u>

## Notes forming part of consolidated financial statements (Contd.)

### Note 25 Other expenses

Particulars	For the year ended 31st December, 2015	For the year ended 31st December, 2014
	₹ in Million	₹ in Million
Processing & Machining Charges	363.39	330.50
Stores Consumed	164.80	153.07
Tools Consumed	43.97	46.93
Water Power and fuel	175.89	172.69
Rent	7.13	8.77
Excise duty relating to increase/(decrease) in finished goods stock	(14.65)	5.70
Rates and taxes (Refer Note 33)	47.46	26.46
Insurance (Net)	2.28	4.77
Repairs and maintenance - Buildings	3.62	15.22
- Machinery	59.21	58.70
- Others	71.59	71.83
	134.42	145.75
Travelling and conveyance	58.81	64.03
Packing & Forwarding Charges (net of recoveries - ₹ 46.14 million; previous year ₹ 36.57 million)	212.94	194.54
Directors' fees	1.39	0.50
Auditors' remuneration (net of service tax) and expenses:		
Audit fees	1.30	1.30
Tax audit fees	0.30	0.30
Accounts for tax purposes	0.45	0.45
Fees for other services	1.20	1.61
Reimbursement of out of pocket expenses	0.22	0.19
	3.47	3.85
Cost Audit Fees	0.40	0.40
Sales commission		
Export Selling agents	96.04	113.58
Other Selling agents	33.29	15.88
	129.33	129.46
Cash Discount	17.54	18.44
Royalty Charges	90.87	85.86
In respect of late delivery under contracts	80.00	62.09
Provision for doubtful receivables and advances (net)	48.66	-
Expenditure on Corporate Social Responsibility	18.30	15.40
Legal and professional	22.34	20.22
Net loss on foreign currency transactions and translation	20.94	51.34
Mark to market loss on derivative contracts	3.66	-
Miscellaneous expenses	397.68	411.84
Total	2,031.02	1,952.61

## Notes forming part of consolidated financial statements (Contd.)

### Note 26 - Contingent Liabilities and Commitments

Particulars	As at 31st December, 2015	As at 31st December, 2014
	₹ in Million	₹ in Million
(i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts	27.54	15.09
(b) Taxation matters in dispute pending at various stages of appeal	66.85	46.57
(c) Bills Discounted/Cheques purchased with banks	24.13	13.71
(d) Excise/Sales Tax matters	485.22	121.45
(e) Guarantees given by the bankers on behalf of the Company	1,148.91	1,061.70
(f) Duty exemption availed on purchase of fixed assets against export obligation	9.64	10.41
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) -		
- Tangible Assets	323.04	159.86

### Note 27 - (a) Details on derivatives instruments (for hedging)

Outstanding forward exchange contracts entered into by the Company as on 31 December, 2015

Particulars	Amount in foreign Currency		Equivalent amount ₹ in Million		Purpose
	Current Year	Previous year	Current Year	Previous year	
Forward Cover	USD 7,793,866	USD 9,906,769	528.56	638.72	Covering Trade Receivables and future sales
	Euro 3,383,981	Euro 2,354,253	256.90	200.18	
Forward Cover	USD 640,045	USD 861,681	44.07	56.18	Covering Trade Payables and future purchases
	Euro 6,479,262	Euro 7,580,737	486.81	678.36	

### (b) Details of year-end foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Amount in foreign Currency		Equivalent amount ₹ in Million	
	Current Year	Previous year	Current Year	Previous year
Trade Payables	USD 855,825	USD 1,754,603	57.77	112.87
	Euro 3,130,327	Euro 2,302,219	231.52	180.52
Trade Receivables	USD 2,810,411	USD 1,819,045	183.66	113.31
	Euro 665,776	Euro 149,115	47.35	11.27
Bank balances	USD 4,236,270	USD 2,330,483	276.84	145.17
	Euro 154,689	Euro 192,047	11.02	14.52

**Note 28** - Research and Development expenditure debited to the Statement of Profit and Loss aggregating ₹ 2.94 Million (previous year - ₹ 4.16 Million) has been incurred by the Company and disclosed under Miscellaneous expenses (Refer note 25).

**Note 29** - The net exchange differences arising during the year recognised appropriately in the Statement of Profit and Loss - net loss- ₹ 20.94 Million (previous year - net loss - ₹ 51.34 Million).

### Note 30 Disclosures under Accounting Standards

30.1 Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee benefits are as under:

#### 30.1.a Defined contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plan towards Provident Fund is ₹ 54.61 Million (previous year ₹ 52.48 Million)

## Notes forming part of consolidated financial statements (Contd.)

### 30.1.b Defined benefit plans

- i. Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit & Loss.
- ii. The Defined Benefit Plans comprise of Gratuity and superannuation.  
Gratuity is a benefit to an employee based on 15/ 20/ 25/ 30 days (depending on the grade/ category of the employee and the completed years of service) last drawn salary for each completed year of service.  
Superannuation is a benefit to certain employees at ₹ 1000/ 500/ 250 (depending on the grade/category of the employee and the completed years of service) per month for each completed year of service.

Both the plans are funded.

₹ in Million

	Particulars	Gratuity		Superannuation	
		Year 2015	Year 2014	Year 2015	Year 2014
(A)	Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:				
1	Present Value of Defined Benefit Obligation as at 1st January	459.29	392.20	30.52	23.90
2	Current Service cost	29.31	27.13	1.45	1.18
3	Interest cost	35.95	35.75	2.38	2.25
4	Losses (gains) on Curtailment	-	-	-	-
5	Liabilities extinguished on settlements	-	-	-	-
6	Plan amendments	-	-	-	-
7	Actuarial (gains)/losses	(11.77)	27.90	(0.99)	3.19
8	Benefits paid	(19.78)	(23.69)	(1.60)	-
9	Present Value of Defined Benefit Obligation as at 31st December	493.00	459.29	31.76	30.52
(B)	Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:				
1	Fair value of Plan assets as at 1st January	278.92	247.72	22.68	20.87
2	Expected return on plan assets	23.05	20.26	1.78	1.67
3	Actuarial gains and (losses)	3.30	(0.02)	0.27	0.14
4	Actual contributions by employers	38.48	34.65	1.26	-
5	Benefits paid	(19.78)	(23.69)	(2.30)*	-
6	Plan assets as at 31st December	323.97	278.92	23.69	22.68
	* Includes additional benefit payment of ₹ 0.70 Million from 2014 which was not included the obligations for 2014 and the same is paid in the year 2015.				
(C)	Analysis of Defined Benefit Obligation :				
1	Defined Benefit Obligation as at 31st December	493.00	459.29	31.76	30.52
2	Fair Value of Plan Assets at the end of year	(323.97)	(278.92)	(23.69)	(22.68)
3	Net (Asset)/Liability recognised in the Balance Sheet as at 31st December	169.03	180.37	8.07	7.84
(D)	Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognised in the Balance Sheet:				
1	Present value of Defined Benefit Obligation	493.00	459.29	31.76	30.52
2	Fair value of plan assets	323.97	278.92	23.69	22.68
3	Funded status [Surplus/(Deficit)]	(169.03)	(180.37)	(8.07)	(7.84)
4	Unrecognised Past Service Costs	-	-	-	-
5	Net Asset/(Liability) recognised in Balance Sheet	(169.03)	(180.37)	(8.07)	(7.84)

## Notes forming part of consolidated financial statements (Contd.)

	Particulars	Gratuity		Superannuation	
		Year 2015	Year 2014	Year 2015	Year 2014
(E)	Components of employer expenses recognised in the statement of profit and loss for the year ended 31st December				
1	Current Service cost	29.31	27.13	1.45	1.18
2	Interest cost	35.95	35.75	2.38	2.25
3	Expected return on plan assets	(23.05)	(20.26)	(1.78)	(1.67)
4	Curtailment cost/(credit)	-	-	-	-
5	Settlement cost/(credit)	-	-	-	-
6	Past Service cost	-	-	-	-
7	Actuarial Losses/(Gains)	(15.08)	27.92	(1.26)	3.05
8	Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	27.13	70.54	0.79	4.81
(F)	In respect of Funded Benefits with respect to gratuity and superannuation, the fair value of Plan assets represents the amounts invested through “Insurer Managed Funds”				
(G)	Actuarial Assumptions:				
1	Discount Rate (%)	8.00	8.00	8.00	8.00
2	Expected Return on plan assets (%)	8.00	8.00	8.00	8.00
3	Salary Escalation (%)	7.50	7.50	N/A	N/A
4	Medical cost inflation	N/A	N/A	N/A	N/A
5	Withdrawal Rate (%)	7.00	7.00	7.00	7.00

The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

Expected Rate of Return of Plan Assets: This is based on the expectation of the average long-term rate of return expected on investments of the Fund during the estimated term of obligations

Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

Amount ₹ in Millions

	Experience History	Gratuity					Superannuation				
		Year 2015	Year 2014	Year 2013	Year 2012	Year 2011	Year 2015	Year 2014	Year 2013	Year 2012	Year 2011
1	Defined Benefit Obligation at end of the period	493.00	459.29	392.20	356.80	315.40	31.76	30.52	23.90	20.63	23.17
2	Plan Assets at end of the period	323.97	278.92	247.72	215.93	222.94	23.69	22.68	20.87	19.46	22.80
3	Funded Status	(169.03)	(180.37)	(144.48)	(140.87)	(92.46)	(8.07)	(7.84)	(3.03)	(1.17)	(0.37)
4	Experience Gain/(Loss) adjustments on plan liabilities	11.77	7.63	(27.96)	(7.96)	(42.57)	0.99	(1.72)	(2.14)	(0.22)	(1.88)
5	Experience Gain/(Loss) adjustments on plan assets	3.30	(0.02)	5.00	(0.05)	2.18	0.27	0.14	0.23	0.02	(0.60)
		Gratuity				Superannuation					
(I)	Actual Return on Plan Assets	Year 2015	Year 2014	Year 2015	Year 2014						
1	Expected return on plan assets	23.05	20.26	1.78	1.67						
2	Actuarial gains and (Losses) on plan assets	3.30	(0.02)	0.27	0.14						
3	Actual Return on Plan Assets	26.35	20.24	2.05	1.81						

(J) Contributions expected to be paid to the plan during the next financial year ₹ 42.20 Million (previous year - ₹ 39.24 Million).

## Note 31 - Segment Information :

## (A) Primary segments - Business Segments

	Pumps			Valves			Others			Elimination			Total Amount		
	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
a	Segment Revenue														
	Sales to External Customers	6,755.85	6,661.07	1,378.46	1,279.36	5.17	9.46	-	-	-	8,139.48	-	8,139.48	7,949.89	
	Inter Segment Revenue	-	-	3.16	4.22	613.76	513.85	(616.92)	(518.07)	-	-	-	-	-	
	Total Segment Revenue	6,755.85	6,661.07	1,381.62	1,283.58	618.93	523.31	(616.92)	(518.07)	-	8,139.48	(518.07)	8,139.48	7,949.89	
b	Segment Results	855.01	869.27	84.65	(16.57)	(16.75)	(16.69)	-	-	-	922.91	(67.39)	922.91	836.01	
	Unallocated Corporate expenses										(67.39)	(62.23)	(67.39)	(62.23)	
	Finance Cost										(17.35)	(21.47)	(17.35)	(21.47)	
	Interest income										166.69	190.50	166.69	190.50	
	Profit before tax										1,004.86	942.81	1,004.86	942.81	
	Income taxes (including short/(excess) provision in respect of earlier years)										(391.22)	(347.22)	(391.22)	(347.22)	
	Deferred Tax										27.60	22.47	27.60	22.47	
	Profit after tax										641.24	618.06	641.24	618.06	
c	Segment Assets	4,675.71	4,713.25	1,048.34	1,216.14	765.79	725.92				6,489.84	6,655.31	6,489.84	6,655.31	
	Unallocated Corporate Assets										3,016.96	2,481.82	3,016.96	2,481.82	
	Total Assets										9,506.80	9,137.13	9,506.80	9,137.13	
d	Segment Liabilities	(2,447.73)	(2,636.98)	(403.79)	(389.51)	(264.19)	(41.25)				(362.63)	(497.15)	(362.63)	(497.15)	
	Unallocated Corporate liabilities										(3,115.71)	(3,067.74)	(3,115.71)	(3,067.74)	
	Total Liabilities										(3,478.34)	(3,564.89)	(3,478.34)	(3,564.89)	
	Net Assets	2,227.98		644.55		501.60									
e	Cost incurred during the period to acquire segment fixed assets	233.95	331.85	24.40	28.09	134.82	32.22								
f	Depreciation/Amortisation	178.44	169.57	54.52	59.13	44.71	46.84								
g	Non-cash expenditure other than depreciation/amortisation	48.66	-	-	-	-	-								

## Notes :

- Inter-segment transfers have been priced on arm's length basis.
- (a) Pumps segment includes manufacturing/trading of all types of pumps like industrial, submersible, effluent treatment, etc and spares and services in respect thereof.  
(b) Valves segment consists basically of manufacturing and trading of industrial valves and spares and services in respect thereof.  
(c) "Others" represents manufacture of castings.

## (B) Secondary segments - Geographical Segments

	Domestic			Export			Total	
	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	
	2015	2014	2015	2014	2015	2014	2014	
Segment revenue by geographical area based on geographical location of customers	6,476.33	6,660.70	1,663.15	1,289.19	8,139.48	7,949.89		

## Note:

The Company's operating facilities are located in India

## Notes forming part of consolidated financial statements (Contd.)

### Note 32 - Related Party disclosures

(A) Name of the related party and nature of relationship where control exists:

Name of the party	Nature of relationship
1. KSB AG	Controlling Company
2. Canadian Kay Pump Ltd.	Controlling Company
3. Klein Pumpen GmbH	Controlling Company

(B) Related Party Transactions

Nature of transactions	Controlling Companies	Associate Company	Common Control	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the enterprise exercise significant influence	Total
	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Purchase of goods	320.34	4.72	46.51	-	-	-	-	-	371.57
	(106.94)	(-)	(55.76)	(-)	(-)	(-)	(-)	(-)	(162.70)
Sale of goods	471.64	-	980.03	-	-	-	-	5.82	1,457.49
	(415.80)	(-)	(691.82)	(-)	(-)	(-)	(-)	(7.67)	(1,115.29)
Income from services	24.91	-	8.48	-	-	-	-	-	33.39
	(22.37)	(0.07)	(15.12)	(-)	(-)	(-)	(-)	(0.20)	(37.76)
Order Cancellation Charges received	-	-	1.63	-	-	-	-	-	1.63
	(0.12)	(-)	(0.21)	(-)	(-)	(-)	(-)	(-)	(0.33)
Site expenses paid	3.75	-	3.83	-	-	-	-	-	7.58
	(1.82)	(-)	(1.27)	(-)	(-)	(-)	(-)	(-)	(3.09)
Commission income	26.66	-	3.14	-	-	-	-	-	29.80
	(23.65)	(-)	(3.36)	(-)	(-)	(-)	(-)	(-)	(27.01)
Commission paid	86.04	-	-	-	-	-	-	-	86.04
	(67.65)	(-)	(3.56)	(-)	(-)	(-)	(-)	(-)	(71.21)
Dividend received	-	31.24	-	-	-	-	-	-	31.24
	(-)	(52.19)	(-)	(-)	(-)	(-)	(-)	(-)	(52.19)
Liquidated Damages Paid	-	-	-	-	-	-	-	-	-
	(-)	(-)	(2.87)	(-)	(-)	(-)	(-)	(-)	(2.87)
Charges paid for technical/ Professional services	73.41	-	4.84	-	-	-	-	-	78.25
	(72.01)	(-)	(7.91)	(-)	(-)	(-)	(-)	(-)	(79.92)
Royalty paid	90.50	-	0.37	-	-	-	-	-	90.87
	(85.48)	(-)	(0.38)	(-)	(-)	(-)	(-)	(-)	(85.86)
Warranty charges paid	-	-	-	-	-	-	-	-	-
	(-)	(-)	(1.17)	(-)	(-)	(-)	(-)	(-)	(1.17)
Rent received	-	1.61	-	-	-	-	-	-	1.61
	(-)	(1.61)	(-)	(-)	(-)	(-)	(-)	(-)	(1.61)
Recovery of expenses	2.67	11.72	1.94	-	-	-	-	-	16.33
	(0.22)	(11.08)	(4.26)	(-)	(-)	(-)	(-)	(0.01)	(15.57)
Reimbursement of expenses	0.34	-	0.09	-	-	-	-	-	0.43
	(0.34)	(-)	(0.11)	(-)	(-)	(-)	(-)	(-)	(0.45)
Bad Debts	-	-	-	-	-	-	-	0.06	0.06
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Technical knowhow	2.06	-	-	-	-	-	-	-	2.06
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Remuneration	-	-	-	7.63	-	-	-	-	7.63
	(-)	(-)	(-)	(7.92)	(-)	(-)	(-)	(-)	(7.92)
Sitting fees paid	-	-	-	-	-	0.24	-	-	0.24
	(-)	(-)	(-)	(-)	(-)	(0.12)	(-)	(-)	(0.12)
Dividend paid	77.61	-	-	-	-	0.19	0.66	48.68	127.14
	(63.50)	(-)	(-)	(-)	(-)	(0.15)	(0.54)	(39.85)	(104.04)
Commission to Directors	-	-	-	-	-	0.50	-	-	0.50
	(-)	(-)	(-)	(-)	(-)	(0.50)	(-)	(-)	(0.50)
Amounts outstanding at year end									
- Receivable	286.25	6.78	235.69	-	-	-	-	0.03	528.75
	(144.45)	(7.25)	(255.19)	(-)	(-)	(-)	(-)	(1.35)	(408.24)
- Payable	406.71	5.29	75.57	-	-	0.50	-	-	488.07
	(212.84)	(-)	(112.11)	(-)	(-)	(0.50)	(-)	(0.09)	(325.54)
Provision for doubtful debts	-	-	1.15	-	-	-	-	-	1.15
	(-)	(-)	(1.15)	(-)	(-)	(-)	(-)	(-)	(1.15)

Note: Previous year's figures are shown within brackets.

## Notes forming part of consolidated financial statements (Contd.)

### (C) Disclosure in respect of material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	For the year ended 31st December, 2015	For the year ended 31st December, 2014
			₹ in Million	₹ in Million
1	Purchase of goods	KSB AG	320.34	106.94
		KSB S.A.	31.36	38.55
2	Sale of goods	KSB AG	471.64	415.80
		KSB Singapore	154.54	102.61
3	Income from services	KSB AG	24.91	22.37
		KSB Tech. Pvt. Ltd.	7.48	7.48
4	Order Cancellation Charges received	KSB AG	-	0.12
		P.T. KSB., Indonesia	1.63	0.21
5	Site expenses paid	KSB AG	3.75	1.82
		KSB Singapore (Asia Pacific)	2.45	0.54
		PTE Ltd. Singapore		
		KSB Valves (Shanghai) Co., Ltd.	0.78	-
6	Commission income	KSB AG	26.66	23.65
7	Commission paid	KSB AG	86.04	67.65
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	-	3.56
8	Dividend received	MIL Controls Ltd.	31.24	52.19
9	Liquidated Damages Paid	KSB S.A.	-	1.90
		KSB Korea	-	0.97
10	Charges paid for technical/ Professional services	KSB AG	73.41	72.01
11	Royalty paid	KSB AG	90.50	85.48
12	Warranty charges paid	KSB S.A.	-	0.34
		KSB Valves (Shanghai) Co. Ltd., China	-	0.81
13	Rent received	MIL Controls Ltd.	1.61	1.61
14	Recovery of expenses	MIL Controls Ltd.	11.72	11.08
		KSB AG	2.67	0.22
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	1.02	3.54
		KSB AG	0.34	0.34
15	Reimbursement of expenses	P.T. KSB., Indonesia	-	0.06
		KSB Finanz SA	0.08	0.05
16	Bad Debts	Paharpur Cooling Towers Ltd.	0.06	-
17	Technical knowhow	KSB AG	2.06	-
18	Remuneration	W. Spiegel	7.63	7.92
19	Sitting fees paid	G. Swarup	0.24	0.12
20	Dividend paid	Canadian Kay Pump Ltd.	77.61	63.50
		The Industrial & Prudential Investment Co. Ltd.	39.27	32.13
21	Commission to Directors	G. Swarup	0.50	0.50



## Notes forming part of consolidated financial statements (Contd.)

(D) The related parties included in the various categories above, where transactions have taken place are given below:

Controlling Companies	KSB AG Canadian Kay Pump Ltd.
Associate Company	MIL Controls Ltd.
Common Control	KSB S.A. KSB Inc., USA KSB Pumps (S.A.) (Pty.) Ltd., South Africa KSB Australia KSB Chile S.A. KSB Singapore (Asia Pacific) PTE Ltd.Singapore KSB Limited, Hongkong KSB Pumps Co. Ltd., Thailand P.T. KSB., Indonesia KSB Taiwan Co. Ltd. KSB Ltd., Tokyo KSB Brazil KSB Korea KSB Mexico KSB Nederland DP Industries B.V., Netherland KSB Pumps Arabia Ltd. KSB Ltd., U.K. KSB Italia S.p.A., Italy KSB Pompa Turkey KSB Shanghai Pump Co. Ltd., China KSB Valves (Shanghai) Co. Ltd., China Mercantile-KSB Oy AB, Finland KSB Pakistan Delian KSB Amri Valves Co. Ltd., China Bombas ITUR S.A., Spain KSB TESMA S.A., Griechenland KSB Tech. Pvt. Ltd., India GIW Industries Inc., USA KSB Middle East FZE, Dubai KSB Pumpy + Armatury spol. sr. o, Czech KSB Service LLC KSB Pompy Armatura Poland KSB Compania Sudamericana KSB Belgium SA KSB China KSB Pumps & Valves Malaysia KSB Finanz SA KSB AMV SA Spain KSB Finland KSB Mork AB, Sweden KSB Lindflaten, Norway. KSB Oesterreich, Austria KSB Pompes ET Robintteries Sarl, Morocco KSB Argentina

## Notes forming part of consolidated financial statements (Contd.)

	<p>KSB Service GMBH  KSB Canada  KSB New Zeland  Rotary Equipment  KSB OOO, Russia  KSB Valvulas Ltda. Brazil  KSB Services Ltd., Saudi Arabia  AMRI Inc., USA  KSB Vietnam Company Ltd.  KSB Philippines  KSB Colombia SAS  KSB Zürich AG, Switzerland</p>
Key management personnel	Mr. W. Spiegel
Individuals having significant influence over the enterprise	Mr. Gaurav Swarup
Relatives of individuals having significant influence over the enterprise	<p>Mrs. Gyan M Swarup  Mahendra Swarup &amp; Sons HUF  Mr. Vikram Swarup  Mrs. Bindu Swarup  Mrs. Parul Swarup</p>
Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	<p>The Industrial &amp; Prudential Investment Co. Ltd.  New Holding and Trading Company Ltd.  Paharpur Cooling Towers Ltd.</p>

## Notes forming part of consolidated financial statements (Contd.)

**Note 33 - Details of provisions and movements in each class of provisions as required by the Accounting Standard on 'Provisions, Contingent liabilities and Contingent assets' (AS-29)**

Particulars	2015		2014	
	Warranty	Other Provisions (for Statutory levies)	Warranty	Other Provisions (for Statutory levies)
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Carrying amount at the beginning of the year	52.90	22.10	31.12	34.69
Additional Provision Made during the year	61.50	42.85	52.90	22.10
Amount used during the year	(45.74)	-	(27.08)	-
Unused amount reversed during the year	(7.16)	(22.10)	(4.04)	(34.69)
Carrying amount at the end of the year	61.50	42.85	52.90	22.10

### Note 34 - Earnings per Share

- (a) The amount used as the numerator in calculating basic and diluted earnings per share is the Profit for the year attributable to the equity shareholders disclosed in the Statement of Profit and Loss.
- (b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 34,807,844.

**Note 35 - The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard (AS-21) on "Consolidated Financial Statements". The subsidiary considered in the Consolidated Financial Statement is:**

Name of Company	Country of Incorporation	% of Voting power held	
		As at 31st December, 2015	As at 31st December, 2014
Pofran Sales & Agency Ltd.	India	100	100

**Note 36 - (a) The Investment in Associate is accounted for in accordance with AS - 23, "Accounting for Investment in Associates in Consolidated Financial Statements". The details of associates, ownership interest, etc. is given below:-**

For the year 2015

Name of Associate and Country of Incorporation	Ownership Interest (%)	Original cost of Investment	Amount of Goodwill in Original cost	Share of Accumulated Profit as at year end	Carrying cost of Investment (net of dividend)
		₹ in Million	₹ in Million	₹ in Million	₹ in Million
MIL Controls Ltd. India	49	62.65	24.52	451.02	513.67

For the year 2014

Name of Associate and Country of Incorporation	Ownership Interest (%)	Original cost of Investment	Amount of Goodwill in Original cost	Share of Accumulated Profit as at year end	Carrying cost of Investment (net of dividend)
		₹ in Million	₹ in Million	₹ in Million	₹ in Million
MIL Controls Ltd. India	49	62.65	24.52	436.18	498.83

## Notes forming part of consolidated financial statements (Contd.)

(b) - The Associate Company follows a different accounting policy in respect of fixed assets. All the fixed assets are depreciated on straight line method by the associate company. No adjustments have been made for the said differences in accounting policies to arrive at the share of profits of associate company, etc. as the said differences are not expected to have material impact on the accounts of the Group.

**Note 37** - Repairs to machinery include ₹ 36.06 Million (previous year - ₹ 36.12 Million) spares consumed.

**Note 38** - Provision for taxation for the year is an aggregate of the provision made for the year ended 31st March, 2015 as reduced by the provision for 9 months up to 31st December, 2014 and the provision based on the figures for the remaining 9 months up to 31st December, 2015. However, the ultimate tax liability for the remaining 9 months up to 31st December, 2015 will be determined based on the results for the year 1st April, 2015 to 31st March, 2016.

**Note 39** - Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/ Associates/ Joint Ventures

Particulars	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)
Parent KSB Pumps Limited	91.06	5,699.51	91.23	627.04
Subsidiary - Indian Pofran Sales and Agency Limited	0.73	45.69	2.07	14.2
Associate - Indian (Investment as per equity method) MIL Controls Limited	8.21	513.67	6.70	46.08
Total	100.00	6,258.87	100.00	687.32

**Note 40** - Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Signature to Notes 1 to 40

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Hemant M. Joshi  
(Partner)

Verghese Oommen  
Director Finance

R. Narasimhan  
Company Secretary

Pune, 18th February, 2016

G. Swarup	Chairman
A. R. Broacha	
D. N. Damania	Directors
N. N. Kampani	
Pradip Shah	
Dr. Stephan Bross	
V. K. Viswanathan	
S. F. Motwani	
W. Stegmuller	Managing Director
W. Spiegel	

Mumbai, 18th February, 2016

# Products - Pumps

**RHD 350 pumps**  
Single stage, between bearing centrifugal pumps





Mahatma Phule School, Sinnar - Provided instruments, chemicals, & furniture for laboratory



Families for the children - Campus 2, Coimbatore – Constructed a class room and a path way.



Snehalaya, Ahmednagar - Provided clothes and toys to underprivileged kids



Maher Ashram, Pune - Provided a pick-up van for their Vatsalyadham project

## CSR activities-2015

Some of the major projects identified and executed during the year 2015.



**KSB Pumps Limited**

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