

NOTICE

NOTICE is hereby given that the Fifty-Fifth Annual General Meeting of the members of KSB PUMPS LIMITED will be held at Bajaj Bhavan, Ground Floor (Kamalnayan Bajaj Hall), 226, Nariman Point, Mumbai 400 021, on Wednesday, 22nd April, 2015 at 3.00 p.m. to transact the following items of business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended 31st December, 2014, together with the Board's Report and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. N. N. Kampani (DIN: 00009071) who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. W. Spiegel (DIN: 00058903) who retires by rotation, and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT the retiring auditors, Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai having Registration No. 117366W/ W-100018, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, be and are hereby re-appointed to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Managing Director of the Company be and is hereby authorised to fix their remuneration.”

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as ORDINARY RESOLUTION:
“RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and any rules made thereunder read with Schedule IV to the Act, Ms. Sulajja Firodia Motwani (DIN 00052851), who was appointed as an Additional Director/ Independent Director of the Company with effect from 16th January, 2015 and who holds office until this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Act along with requisite deposit, proposing Ms. Sulajja Firodia Motwani's candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the company to hold office for a period of 5

years from 16th January, 2015 and whose office shall not be liable to retire by rotation.”

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and any rules made thereunder read with Schedule IV to the Act, Mr. V. K. Viswanathan (DIN 01782934), who was appointed as an Additional Director/ Independent Director of the Company with effect from 16th January, 2015 and who holds office until this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Act along with requisite deposit, proposing Mr. V. K. Viswanathan's candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the company to hold office for a period of 5 years from 16th January, 2015 and whose office shall not be liable to retire by rotation.”

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable for the year ending 31st December, 2015 to Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm's Registration No. 000030), appointed by the Board of Directors of the Company to conduct the audit of the Cost Records of the Company, amounting to ₹ 4,40,000/- (Rupees Four Lakhs Forty Thousand) as also the payment of service tax as applicable and re-imbursalment of out of pocket expenses incurred during the course of audit be and is hereby ratified and confirmed.”

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Clause 49 (VII) of the Listing Agreement, entered into with the Stock Exchanges (including any statutory modifications or amendments or re-enactments thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to the Board of Directors (including its Committee thereof), to enter into material contracts / arrangements / transactions in the normal course of business with KSB AG, Germany (“KSB AG”), a ‘Related Party’

as defined under Clause 49 (VII) of the Listing Agreement, as set out in the Statement under Item No. 9 in the Annexure to the notice, on such terms and conditions as may be mutually agreed upon between the Company and KSB AG for an amount not exceeding in aggregate ₹ 2,000 Millions in each financial year.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things, and to finalise the terms and conditions as may be considered necessary, expedient or desirable in order to give effect to this Resolution.”

NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE ‘MEETING’) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b. Member/proxies should bring duly filled attendance slip sent herewith to attend the meeting.
- c. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- d. The information as required to be provided under Clause 49 of the Listing Agreement entered into with the Stock Exchanges on which shares of the Company are listed, regarding the Directors who are proposed to be re-appointed is annexed hereto.
- e. An Explanatory Statement under Section 102 of the Companies Act, 2013, is annexed hereto.
- f. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 1st April, 2015 to Wednesday, 22nd April, 2015 (both days inclusive).
- g. Dividend if declared will be paid on or after Friday, 15th May, 2015 to those members whose names appear in the Company’s Register of Members on 22nd April, 2015.
- h. The Company in accordance with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, has transferred to General Revenue Account of the Central Government, all dividend declared up to the Final Dividend for the year 1994-95, and remaining unclaimed.

Concerned shareholders can receive the amount of their unclaimed dividend from the Registrar of Companies, at Mumbai, Maharashtra, upon preferring an application in the form prescribed under the said Rules.

- i. Unclaimed Final Dividend for the financial year ended and Unpaid Final Dividend for the financial year ended 31.12.2006 have been transferred to the Investor Education and Protection Fund after completion of seven years in accordance with Section 205C of the Companies Act, 1956. Other unpaid dividends that are due for transfer are detailed below:

Dividend	For the Financial Year ended	Date of Payment	Due for Transfer on
Interim	31.12.2007	22.11.2007	21.11.2014
Final	31.12.2007	30.05.2008	29.05.2015
Interim	31.12.2008	19.11.2008	18.11.2015
Final	31.12.2008	12.05.2009	11.05.2016
Interim	31.12.2009	17.11.2009	16.11.2016
Final	31.12.2009	18.05.2010	17.05.2017
Interim	31.12.2010	15.11.2010	14.11.2017
Final	31.12.2010	21.04.2011	20.04.2018
Interim	31.12.2011	15.11.2011	14.11.2018
Final	31.12.2011	07.05.2012	06.05.2019
Interim	31.12.2012	22.11.2012	21.11.2019
Second Interim	31.12.2012	18.03.2013	17.03.2020
Interim	31.12.2013	20.11.2013	19.11.2020
Final	31.12.2013	05.05.2014	04.05.2021

Members who have not encashed their dividend warrants pertaining to the earlier years may approach the Company’s Registrar & Transfer Agent, Link Intime India Pvt. Ltd., at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, for the same.

- j. Members having more than one folio in identical names are requested to consolidate the same.
- k. As per directions of SEBI and as a part of green initiative activity undertaken by the Company, members are requested to update their e-mail addresses to the Company’s Registrar & Transfer Agent, Link Intime India Pvt. Ltd., at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, or at ksbpumpsgogreen@linkintime.co.in
- l. The Annual Report duly circulated to the members of the Company, is available on the Company’s website www.ksbindia.co.in
- m. As you are aware the Company’s shares have been dematerialised for all investors, members holding share certificates in the physical form are requested to de-materialise their shares by approaching any of the Depository Participants registered with SEBI.

n. Voting options:

(1) E-voting

In compliance with the provisions of Section 108 of Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the provisions of Clause 35B of the Listing Agreement entered into with the Stock Exchanges, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services Limited (CDSL), on all resolutions set forth in this Notice.

The Instructions for members opting to vote electronically are as under:

- i. Log on to the e-voting website www.evotingindia.com during the voting period
- ii. Click on “Shareholders” tab
- iii. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification Code as displayed and Click on Login.
- v. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

For members holding shares in Demat Form and Physical Form

PAN *	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 100 then enter RA00000100 in the PAN field.

DOB#	Enter the Date of Birth in dd/mm/yyyy format as recorded in your demat account or in the Company records for the said demat account or folio.
Dividend Bank details#	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. #Please enter the DOB or Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id/ folio number in the Dividend Bank Details field as mentioned in instruction no. iii.

- vii. After entering these details appropriately, click on ‘SUBMIT’ tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the relevant EVSN of KSB Pumps Limited on which you choose to vote.
- xi. On the voting page, you will see RESOLUTION DESCRIPTION and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the RESOLUTIONS FILE LINK if you wish to view the entire Resolutions.
- xiii. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

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- xv. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then enter the User ID and image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Note for Non-Individual Shareholders and Custodians
- a. Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and custodians.
 - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - c. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e. They should upload a scanned copy of the Board Resolution/ authority letter etc. in PDF format in the system for the scrutinizer to verify the same.
- xviii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (2) **In case of voting by using Ballot Forms**
- i. In terms of Clause 35B of the Listing Agreement, the Company, in order to enable its Members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, is enclosing a Ballot Form along with Annual Report.
 - ii. A Member desiring to exercise voting by using Ballot Form shall complete the enclosed Ballot Form with assent (FOR) or dissent (AGAINST) and send it to the Scrutinizer, Ms. Hetal Shah, Partner M/s. Nilesh Shah & Associates, Company Secretaries duly appointed by the Board of Directors of the Company, in the enclosed postage prepaid self-addressed envelope. Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted at the Registered Office of the Company.
- iii. Please convey your assent in Column “FOR” and dissent in the column “AGAINST” by placing a tick (✓) mark in the appropriate column in the Ballot Form only. The assent / dissent received in any other form / manner will not be considered.
 - iv. Duly completed and signed Ballot Forms shall reach the Scrutinizer before the close of working hours on **16th April, 2015 (6.00 p.m.)**. The Ballot Forms received after the said date shall be strictly treated as if the reply from the Member has not been received.
 - v. Unsigned / incomplete Ballot Forms will be rejected. Scrutinizer’s decision on validity of the Ballot Form shall be final.
 - vi. A Member may request duplicate Ballot Form, if so required, by writing to the Company’s Registrar & Share Transfer Agent, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 by mentioning their Folio No. / DP ID and Client ID. However, the duly filled in duplicate Ballot Form should reach the scrutinizer not later than the close of working hours on **16th April, 2015 (6.00 p.m.)**.
 - vii. A Member can opt for only single mode of voting i.e. either through e-voting or by Ballot Form. If a Member casts votes by both modes then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- (3) **Voting at AGM:** The Members who have not casted their vote either electronically or through Ballot Form, can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. If a member casts vote in AGM is found to have exercised their voting options either electronically or ballot form or both, voting at AGM will be treated as invalid and vote as per point 2(vii) will be treated as valid.
- Other Instructions:**
- i. The e-voting period commences on **Tuesday, 14th April, 2015 at 9.00 a.m.** and ends on **Thursday, 16th April, 2015 at 6.00 p.m.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on **Friday, 13th March, 2015 (the cut-off date)** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- ii. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on 13th March, 2015.
- iii. Ms. Hetal Shah, Partner M/s. Nilesh Shah & Associates, Company Secretaries, Mumbai has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
- iv. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.ksbindia.co.in and on the website of NSDL www.evoting.nsdl.com within two days of the 55th AGM of the Company to be held on 22nd April, 2015.

Notes on Directors seeking re-appointment

As required under Listing Agreement, particulars of Directors who are to be re-appointed are given below:

1. Mr. N. N. Kampani:

Age	68 years		
Qualifications	B. Com, FCA		
Experience	Investment Banking including mergers, acquisitions & restructuring. Corporate Finance and Capital Markets		
Director since	27th February 1989		
List of other Directorships	Apollo Tyres Limited Britannia Industries Limited Capital Market Publishers India Pvt. Ltd. Deepak Nitrite Limited J.M. Financial & Investment Consultancy Services Pvt. Ltd. JM Financial Limited JM Financial Trustee Company Pvt. Ltd. JM Financial Services Limited J.M. Financial Institutional Securities Ltd. Kampani Consultants Limited		
Membership in Committees in other Companies	Name of the Company	Audit Committee	Stakeholders Relationship Committee
	Britania Industries Limited	Member	Member
	JM Financial Services Limited	Chairman	-
	JM Financial Institutional Securities Ltd.	Chairman	-
	JM Financial Ltd.	-	Member
No. of shares held	Nil		

2. Mr. W. Spiegel

Age	63 years		
Qualifications	Mechanical Engineer		
Experience	Vast experience in the engineering industry		
Director of the Company Since	1st January, 2002		
List of other Directorship	MIL Controls Ltd. KSB Tech Private Limited KSB Pumps Company Limited, Lahore SEC-KSB Nuclear Pumps and Valves Co. Ltd., Shanghai KSB Shanghai Pump Co. Ltd., Shanghai KSB Valves (Shanghai) Co. Ltd. KSB Australia Pty. Ltd. PT. KSB Indonesia Dalian KSB Amri Valves Co. Ltd., Shanghai KSB Seil Co. Ltd.		
Membership in Committees in other companies	None		
No. of shares held	Nil		

* Only Audit Committee and Stakeholders Relationship Committee membership in Indian Companies have been considered.

By Order of the Board

G. SWARUP
Chairman

Registered Office:
126, Maker Chambers III
Nariman Point
Mumbai 400 021
Mumbai, 20th February, 2015

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 6:

The Board of Directors appointed Ms. Sulajja Firodia Motwani (DIN 00052851), as an Additional Director/Independent Director with effect from 16th January, 2015 pursuant to Section 149 and 161 of the Companies Act, 2013. She holds office till conclusion of this Annual General Meeting.

Ms. Sulajja Firodia Motwani, being eligible, the resolution seeks the approval of members for her appointment as an Independent Director, pursuant to Section 149 and other applicable provisions of the Act and Rules made there under (including any statutory modification or re-enactment thereof, for the time being in force), and that she shall not be liable to retire by rotation.

The Company has received notice in writing pursuant to Section 160 of the Act, from a member along with a deposit of ₹ 100,000/- proposing the candidature of Ms. Sulajja Firodia Motwani, for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Company has received from Ms. Sulajja Firodia Motwani, (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act, confirming her eligibility for such appointment and (iii) a declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act.

Ms. Motwani is an MBA from Carnegie Mellon University Pennsylvania, USA. She is the Vice Chairperson of Kinetic Engineering Ltd. and plays a key role in steering business strategy and its implementation across group companies. She has received numerous awards for her achievements and has been invited to speak at a large number of forums.

In the opinion of the Board, Ms. Sulajja Firodia Motwani fulfills the conditions specified in the Act and the Rules made there under for her appointment as an Independent Director of the Company and is independent of the Management. A copy of the draft letter for the appointment of Ms. Sulajja Firodia Motwani as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturday. The Board

considers that her association would be of immense benefit to the Company and it is desirable to avail her service as Independent Director.

The Directors recommend the resolution for approval. No director, key managerial personnel or their relatives, except Ms. Sulajja Firodia Motwani, to whom the resolution relates, is interested or concerned in the resolution.

ITEM NO. 7:

The Board of Directors appointed Mr. V. K. Viswanathan (DIN 01782934), as an Additional Director/Independent Director with effect from 16th January, 2015 pursuant to Section 149 and 161 of the Companies Act, 2013. He holds office till the conclusion of this Annual General Meeting.

Mr. V. K. Viswanathan, being eligible, the resolution seeks the approval of members for his appointment as an Independent Director, pursuant to Section 149 and other applicable provisions of the Act and Rules made there under (including any statutory modification or re-enactment thereof, for the time being in force), and that he shall not be liable to retire by rotation.

The Company has received notice in writing pursuant to Section 160 of the Act, from a member along with a deposit of ₹ 100,000/- proposing the candidature of Mr. V. K. Viswanathan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Company has received from Mr. V. K. Viswanathan, (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act, confirming his eligibility for such appointment and (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act.

Mr. Viswanathan is a Chartered Accountant and attended advanced leadership programmes in many prestigious institutions including Stanford University, USA. He has worked in senior positions in several reputed organizations like Tata Consultancy Services Ltd., Lipton India Ltd., Hindustan Uniliver Ltd. and Bosch Ltd. of which he is presently the Chairman. He has flair for teaching and has given many key note speeches in many national and international events.

In the opinion of the Board, Mr. V. K. Viswanathan fulfills the conditions specified in the Act and the Rules made there under for his appointment as an Independent Director of the Company and is independent of the Management. A copy of the draft letter for the appointment of Mr. V. K. Viswanathan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day, excluding Saturday. The Board considers that his association would be of immense benefit to the Company and it is desirable to avail his service as Independent Director.

The Directors recommend the resolution for approval.

No director, key managerial personnel or their relatives, except Mr. V. K. Viswanathan, to whom the resolution relates, is interested or concerned in the resolution.

ITEM NO. 8:

The Board of Directors of the Company, on the recommendation of its Audit Committee, has approved the appointment of Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm's Registration No. 000030), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st December, 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration amounting to ₹ 4,40,000/- plus applicable service tax and out of pocket expenses incurred by them in connection with the aforesaid audit.

The Directors recommend the resolution for approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 9:

KSB AG, GERMANY ("KSB AG"), the Company's collaborators, is one of the world's leading manufacturers of pumps, valves and systems for process engineering applications, building services, for water and waste water management, energy and mining sectors. The Group has a presence across more than 100 countries with its own sales and marketing organizations, manufacturing facilities and service operations having its head quarters situated at Germany.

KSB Pumps Limited is engaged in the business of manufacture of power driven pumps and industrial valves. The Company has 5 manufacturing plants and a nation-wide sales, distribution and service network. The Company being part of the KSB AG group, has access to the group's synergies, research, technology, competency, brand name, process, best practices and systems, market information & analysis and support for export; which are critical and essential to carry out its business operations most efficiently and profitably.

KSB AG through Canadian Kay Pump Limited, Toronto, Canada, (Canadian Kay Pump) a wholly owned subsidiary outside India, holds 40.54% of the total issued and paid up share capital in the KSB Pumps Limited. Accordingly, KSB AG is a 'related party' in terms of Clause 49 of the Listing Agreement.

KSB Pumps Limited has existing and prospective contracts/ agreements/ transactions with KSB AG. As part of its regular business, the Company enters into commercial transactions on an ongoing basis with KSB AG, for purchase and sale of goods/ rendering and availing of services related to business mainly for products, sales support, systems including IT, knowhow and royalty; at arm's length and in the ordinary course of business. The said contracts/ agreements/ transactions are in the business interest of the Company considering manufacturing support, sales support and effective utilisation of resources.

In terms of said provisions of Clause 49 of listing agreement, the transactions as described above are likely to exceed the materiality threshold as prescribed under Clause 49. Thus, in terms of Clause 49, these transactions would require the approval of the members by way of a Special Resolution.

The proposed transactions with KSB AG play a significant role in the Company's business operations. These transactions are critical to the business interest of the Company considering the export potential, strategic value to the Business, technology support, administrative support, sales support, manufacturing support, requirements of third-party customers, strategic outsourcing, strategy based on location and customers and similar reasons. Accordingly, the Board recommends the Special Resolution for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. W. Spiegel, Mr. W. Stegmuller and Dr. Stephan Bross being nominee/ representative of KSB AG on the Board of the Company are concerned or interested, financially or otherwise, in the said Resolution.

The particulars of the Contract/arrangement/transaction are as under:

Name of the related party	KSB AG, Germany
Name of the director/ Key managerial personnel who is related, if any	None except Mr. W. Spiegel, Mr. W. Stegmuller and Dr. Stephan Bross being nominee/ representative of KSB AG on the Board of the Company.
Nature of relationship	KSB AG through Canadian Kay Pump Limited, Toronto, Canada, (Canadian Kay Pump) a wholly owned subsidiary outside India, holds 40.54% of the total issued and paid up share capital in KSB Pumps Limited.
Nature and particulars of transactions	Commercial transactions on an ongoing basis for purchase and sale of goods / rendering and availing of services related to business mainly for products, sales support, systems including IT, knowhow and royalty. These transactions are in the ordinary course of business and are conducted on an arm's length basis.
Material Terms of contracts/ arrangements/transactions	Terms and conditions for transaction in ordinary course of business and arm's length <ul style="list-style-type: none"> • Delivery of materials – Mainly FOB • Services – On satisfactory completion • Payment terms – Mostly 90 days • Indirect taxes as applicable • Currency – Euro/ USD
Duration of these transactions	These transactions are undertaken from time to time depending on needs of business. Sale and purchase of goods are against specific orders. Services are based on Agreements for a period.
The value of each type of transactions in the last 2 years	This information forms part of the Notes to the Audited financial statements to the extent they are executed in the respective years.
Estimated Monetary value of transactions	Not exceeding ₹2,000 Millions in each financial year. This includes contracts or arrangements entered into for delivery/receipt of products which are likely to continue beyond a financial year and hence not fully comparable to the executed projects value reported in the audited financial statements. The annual value of the transactions proposed is estimated on the basis of the Company's current level of business operations and future business projections.
Whether the transactions have been approved by the Audit Committee	Yes.
Any other information relevant or important for the members to make a decision on proposed transaction	The company, over and above the standard products, operates in core infrastructure, capital goods sectors such as energy, oil and gas, process industry, etc. The products to such projects are long lead items depending on complexity of development and execution. The amount sought to be approved takes this aspect into consideration. The enabling Resolution will permit the company to accept large value orders for such major projects which is executable over several years.

By Order of the Board

G. SWARUP
Chairman

Registered Office:
126, Maker Chambers III
Nariman Point
Mumbai 400 021

Mumbai, 20th February, 2015

► Our Technology. Your Success.
Pumps • Valves • Service



55th Annual Report, 2014



Products

Flanged High Pressure Gate Valves
Made by KSB for Reliance Industries



Operations

Modern manufacturing process - at Sinnar works

Pumps from Global series are manufactured at Sinnar works.



Etanorm SYT



HPK-L

From cleaning of components till packing, an ultra-modern assembly line is used. ▲

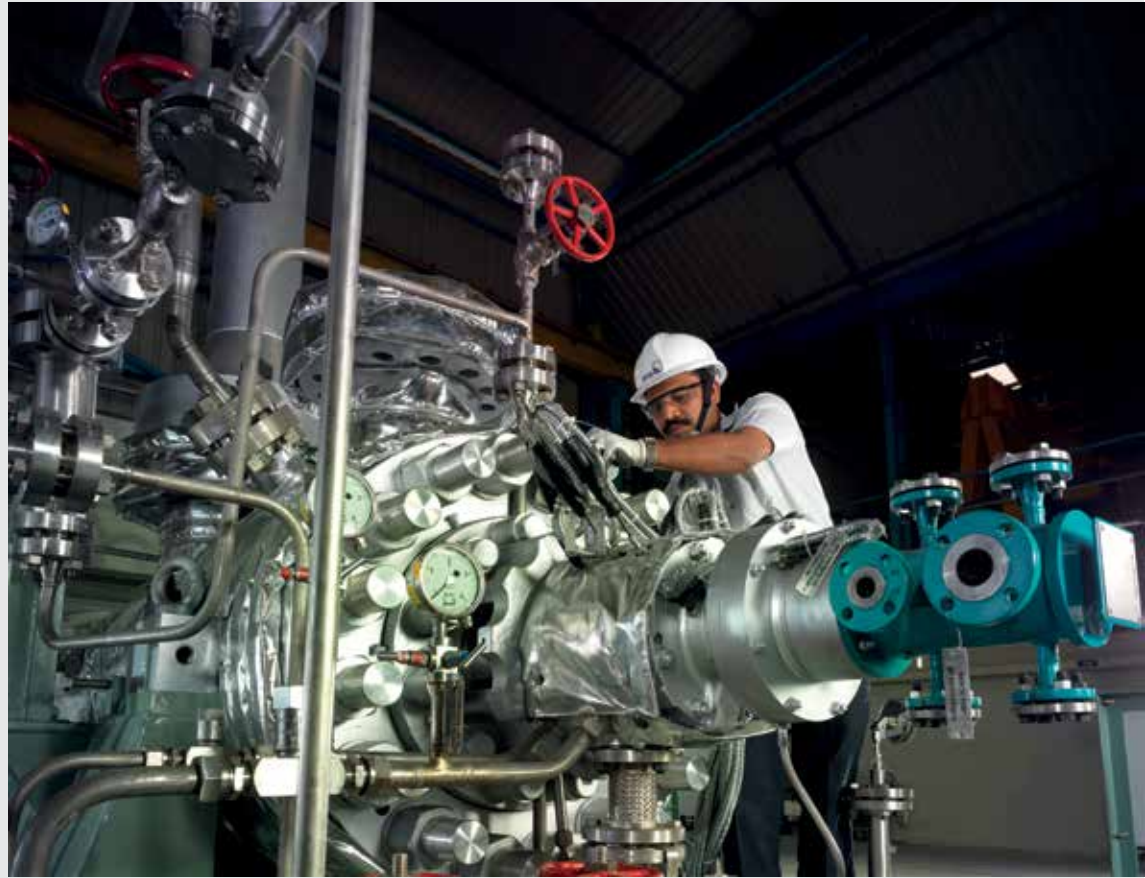


Cleaning

Assembly

Painting

Final checks before despatch
CHTR 6/1+7 pump
for Reliance Industries



Drying

Packing

Ready to despatch

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ANNUAL GENERAL MEETING

Date : 22nd April, 2015
Day : Wednesday
Time : 3.00 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
Website : www.ksbindia.co.in

GENERAL INFORMATION

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 - Bhubaneshwar, Jamshedpur & Raipur
West - Mumbai
Offices - Ahmedabad, Aurangabad, Vadodara, Indore,
Nagpur & Pune
South - Chennai
Offices - Bangalore & 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

Registrars & Transfer Agents

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 Balance Sheet, Statement of Profit and Loss of the Company and cash flow statement for the year ended 31st December, 2014.

FINANCIAL RESULTS AND DIVIDEND

(i) Financial Results:

	₹ in Million	
	Year ended 31.12.2014	Year ended 31.12.2013
Revenue from operations (net) & Other Income	8292.16	7474.98
Profit before taxation	971.21	876.05
Less: Provision for taxation		
Current	341.50	278.00
Deferred tax (Credit)	(22.47)	(3.17)
Adjustment of tax of earlier years	(2.01)	3.63
	<u>317.02</u>	<u>278.46</u>
Profit after tax	654.19	597.59
Balance brought forward	3261.86	2949.26
Profit for appropriation	<u>3916.05</u>	<u>3546.85</u>
Appropriation:		
Interim Dividend	-	34.81
Proposed Dividend	191.44	156.64
Tax on Interim Dividend	-	5.92
Tax on Proposed Dividend	38.28	26.62
General Reserve	66.00	61.00
Balance carried to Balance Sheet	<u>3620.33</u>	<u>3261.86</u>
	<u>3916.05</u>	<u>3546.85</u>

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

(ii) Dividend:

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

GENERAL REVIEW

(i) 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 2014. Hence, situation of heavy pressure on margin continued in the year.

Export increased by ₹ 142 Million from ₹ 1068 Million last year to ₹ 1210 Million.

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

(ii) Unclaimed Bonus Shares:

Total 19,918 bonus shares held by 146 shareholders were unclaimed in the end of year 2013. During the year 2 shareholders had approached/claimed for 150 shares for which necessary supporting documents are awaited. The total number of shares outstanding at the end of the year 2014 is 19,918 held by 146 shareholders.

(iii) Fixed Deposits:

The Company has no unclaimed deposits.

(iv) Transfer to Investor Education & Protection Fund:

During the year, in accordance with section 205C of the Companies Act, 1956, an amount of ₹ 1,90,022 being unclaimed dividends up to the year 31.12.2006, were transferred to the Investor Education & Protection Fund established by the Central Government.

(v) Subsidiary & Associate:

The Ministry of Corporate Affairs, the Government of India has vide Circular No. 2/2011 dated 8th February, 2011 granted

BOARD'S REPORT (Contd.)

general exemption subject to fulfillment of certain conditions from attaching the Balance Sheet of the Subsidiary to the Balance Sheet of the Company without making an application for exemption. Accordingly, the Balance Sheet, the Statement of Profit and Loss and other documents of the subsidiary company is not being attached with the Balance Sheet of the Company. Financial information of the subsidiary company is disclosed in the Annual Report. The Audited Annual Accounts of this subsidiary and related detailed information will be made available to any member of the Company/ its subsidiary seeking such information at any point of time and are also available for inspection by any member of the Company/ its subsidiary at the Registered Office of the Company. The Audited Annual Accounts of the said Subsidiary will also be available for inspection, as above, at the Head Office of the subsidiary company.

The Associate Company, MIL Controls Limited (MIL) has made a profit before tax of ₹ 244.98 Million for the year ended 31st December, 2014 (previous year ₹ 317.41 Million). The reduction in profit of the company was due to erosion in margins due to heavy pressure on prices and poor market activity especially in project sector.

- (vi) Management Discussion and Analysis Report:

Annexed to this Report

- (vii) Corporate Governance:

Annexed to this Report

- (viii) Consolidated Accounts:

As per the requirement of SEBI, consolidated accounts in accordance with Accounting Standard AS 21 have been annexed to this Annual Report.

DIRECTORS

Mr. N.N. Kampani and Mr. W. Spiegel retire by rotation and are eligible for re-appointment.

Dr. Wolfgang Schmitt retired from services and hence resigned from the Board on 30th June, 2014. The Board expresses its sincere appreciation for the valuable services provided by him during his tenure as a Director. The Board appointed Mr. Werner Stegmuller as a Director on 24th July, 2014 to fill the casual vacancy caused. Members have appointed him as Director in the postal ballot held on 28th September, 2014.

Mr. A.R. Broacha, Mr. D.N. Damania and Mr. Pradip Shah, Independent Directors of the company were appointed by the Members in the postal ballot held on 28th September, 2014.

Ms. Sulajja Firodia Motwani was appointed by the Board as Additional Director / Independent Director effective 16th January, 2015 and she shall hold office upto the date of ensuing annual general meeting. The Company has received a notice in writing from a member proposing her candidature for appointment of Director under Section 160 of the Companies Act, 2013.

Mr. V.K. Viswanathan was appointed by the Board as Additional Director / Independent Director effective 16th January, 2015 and he shall hold office upto the date of ensuing annual general meeting. The Company has received a notice in writing from a member proposing his candidature for appointment of Director under Section 160 of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors confirm that,

- i. in the preparation of annual accounts, the applicable accounting standards have been followed and there is no material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and

BOARD'S REPORT (Contd.)

made judgments 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 the year under review;

- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this report and financial statement are being sent to all the members of the Company, excluding the statement of particulars of employees. Any member interested in obtaining a copy of the said statement may write to the Company Secretary of the Company.

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

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the annexure to this report.

SAFETY AND ENVIRONMENT

The Company has a focus on safety and environment at work place and is committed towards improving environment, organizational health and safety standards on a continuous basis.

During the year, Pimpri and Sinnar plants were audited for OHSAS 18001 : 2007 standards and certified by TuV Rheinland. Now all our manufacturing plants are certified for QMS, EMS and OHSAS standards except Foundry at Vambori.

Extensive training programs are held to train our core team members who would be responsible to implement the requirements of this standard across all plants.

The Company implemented sustainability measures at different locations to improve our environment and save energy. These were in the area of solar street lights, replacing asbestos, rain water harvesting, compressed air management, ladder management and implementation of energy saving devices in plants.

Environmental aspects and Occupational health & safety hazards are identified and management plans to reduce the risks are in place at all the locations.

We conduct constant dialogue with our suppliers to initiate the EHS activities at their end, and this will be closely monitored in future to achieve desired result.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Through KSB Care Charitable Trust, the Company has initiated projects under the Corporate Social Responsibility (CSR) with an objective to provide sustainable solutions to improve quality of life of our community in a proactive and sensitive manner.

Mainly focusing on the projects for the underprivileged children, women and elders, we identified 13 projects in and around our manufacturing locations. Activities undertaken by us were, sponsoring children who are being taken care by reputed philanthropic institutions, construction of classrooms, sanitary blocks, technical workshop and providing equipment

BOARD'S REPORT (Contd.)

for skill training, installation of KSB make pumps for drinking water facility, providing brail printer, rainwater harvesting facility, setting up a biogas plant and the like.

SNEHALAYA at Vambori (Ahmednagar) is one such institution indentified for our CSR projects which rescues and rehabilitates the children and women who are HIV affected or victims of sexual exploitation and trafficking. They also run an adoption centre and a rehabilitation centre for the unwed mothers as well as support deprived women and children from slums. We supported them by sponsoring the annual expenses of 40 children, provided school furniture and developed their playground.

CSR has given an opportunity to the Company to work with organisations helping deprived and under privileged members of our society. The company plans to continue with these initiatives to contribute towards more sustainable development of the society.

AUDITORS

You are requested to appoint auditors for the current year and to fix their remuneration. The retiring auditors Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, are eligible and offer themselves for re-appointment. The Company has received written consent and a certificate from Messrs. Deloitte Haskins &

Sells LLP to the effect that their re-appointment, if made, shall be in accordance with the specified conditions.

COST AUDITORS

The Company has appointed Messrs. 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 2014. The Cost Audit Report for Financial Year 2013 which was due to be filed with the Ministry of Corporate Affairs on 29th June, 2014, was filed on 20th May, 2014.

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, 20th February, 2015

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 the year 2014, the global growth continued to remain moderate, with an uneven recovery across industrial countries. Recovery in USA has broadened on the back of strong domestic consumption, rising investment and industrial activity. In the Euro area, headwinds from recessionary forces continue to weaken industrial production and investment sentiment. China had subdued industrial activity.

In India, agricultural activity was muted during the year. Industrial activity has been broad based. However, continued contraction in consumer goods production underscored the persistent weakness in consumption demand.

Retail inflation has softened due to declining oil price, weak domestic demand and softer commodity prices. Easing inflationary pressures strengthened the impact of comfortable liquidity conditions on market interest rates.

The narrowing of the trade deficit, due to positive export growth and contraction in both oil and non-oil imports, should bring the current account deficit down to a more sustainable level for the fiscal year as a whole.

2.2 Pumps & Valves Industries

Global sales revenue growth in the machinery sector was around 3.3%. In

contrast, growth within the pump and valve industry was subdued. In some regions, there was positive business momentum from a revival in project activity in the energy sector and in the waste and waste water sector. In India, activities in energy sector continued to remain subdued during the year along with lack of demand in agricultural sector and building construction sector.

3.0 OPPORTUNITIES AND THREATS

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

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 worth ₹ 5387 Million (Previous year ₹ 4813 Million) and valves worth ₹ 1204 Million (Previous year ₹ 1182 Million) were sold.

Out of the above, export of pumps and valves in terms of value were ₹ 1210 Million (Previous year ₹ 1068 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.

MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

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.

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 statements, 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 talent continued to be a major challenge in 2014 even though our attrition rate remained slightly below the projections in the job market.

We continued our well established HR Programmes on leadership development, succession planning, competence and capability development, performance management and communication meetings. We initiated new functional development interventions such as Team Synergy, Sales Activity Management, Development of Service Team to ensure that each of our teams exercise their full potential to achieve the business objectives.

We signed productivity linked wage settlements with the unions at 3 plants. Overall industrial relations situation at all the plants continued to be co-ordial.

MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

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 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.

On behalf of the Board of Directors,

G SWARUP
Chairman

Mumbai, 20th February, 2015

DISTRIBUTION OF INCOME

	Year ended		Year ended	
	31.12.2014		31.12.2013	
	₹	%	₹	%
1. Raw Materials/Bought-out Components Consumed	3815	46.01	3443	46.06
2. Employee benefits expense	1270	15.32	1101	14.72
3. Administrative, Sales & Other Expenses	1938	23.37	1764	23.60
4. Finance cost	22	0.27	26	0.35
5. Depreciation	276	3.33	265	3.55
6. Taxation				
Current	339	4.09	282	3.77
Deferred	(22)	(0.27)	(3)	(0.04)
On Dividend	38	0.46	33	0.44
7. Dividend	191	2.30	191	2.56
8. Retained Earnings	425	5.13	373	4.99
TOTAL	<u>8292</u>	<u>100.00</u>	<u>7475</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 31.12.2014	Year ended 31.12.2013
ASSETS OWNED		
Non-Current Assets -		
1. Fixed Assets (net)	2008	1895
2. Investments	63	63
3. Other Non-Current Assets (net)	186	272
4. Deferred Tax Assets (net)	100	78
Current Assets (Net) excluding borrowings	2944	2356
TOTAL	<u>5301</u>	<u>4664</u>
FINANCED BY		
1. Borrowings	244	32
2. Net Worth*	5057	4632
TOTAL	<u>5301</u>	<u>4664</u>
*Represented by		
Share Capital	348	348
Reserves (Net)	4709	4284
TOTAL	<u>5057</u>	<u>4632</u>
INCOME EARNED		
1. Revenue from operations (net)	8017	7313
2. Other Income	275	162
TOTAL	<u>8292</u>	<u>7475</u>
INCOME DISTRIBUTED		
1. Materials consumed	3815	3443
2. Employee benefit expense	1270	1101
3. Other expenses	1938	1764
4. Finance cost	22	26
5. Depreciation	276	265
6. Taxation		
Current	339	282
Deferred	(22)	(3)
On Dividend	38	33
7. Dividend	191	191
8. Retained Income	425	373
TOTAL	<u>8292</u>	<u>7475</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 SUMMARY

	2014	2013	2012	2011	2010
CAPITAL ACCOUNTS (₹ in Million)					
Liabilities					
Share Capital	348	348	348	348	174
Reserves & Surplus	4709	4284	3911	3553	3459
Non-Current Liabilities	363	293	284	237	177
Assets					
Non-Current Assets					
Gross Block	4219	3885	3522	3265	3095
Net Block	2008	1895	1852	1597	1574
Investments	63	63	64	64	64
Other Non-Current Assets	549	565	487	470	355
Deferred Tax Assets (net)	100	78	75	52	47
Current Assets (Net)	2700	2325	2057	1955	1770
REVENUE ACCOUNTS (₹ in Million)					
Revenue from operations and Other Income	8292	7475	7319	7570	6201
Gross Profit before finance cost and depreciation	1269	1167	1094	869	954
Finance cost	22	26	52	28	5
Depreciation	276	265	235	218	207
Profit before tax	971	876	807	623	742
Profit after tax	654	597	580	429	515
Tax on Dividend	38	33	31	22	28
Dividend amount	191	191	191	139	174
Retained earnings	425	373	358	268	313
SELECTED INDICATORS					
Return on Capital Employed %	18.73	19.34	19.40	14.36	19.81
Current Ratio	2.00	1.93	1.92	2.11	1.90
Earnings per share (₹)	18.79	17.17	16.67	12.35	14.82
Debt equity ratio	0.05	0.01	0.04	0.16	0.04
Book value per share (₹)	145.29	133.08	122.36	112.08	104.38
Dividend %	55	55	55	40	100
Fixed Assets Turnover	4.13	3.94	3.95	4.74	3.94

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

REPORT ON CORPORATE GOVERNANCE

ANNEXURE TO BOARD'S REPORT

A. MANDATORY REQUIREMENTS

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 eight 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	6	Yes
Mr. A.R. Broacha	00056291	NED – I	6	Yes
Mr. D.N. Damania	00403834	NED – I	3	Yes
Mr. N.N. Kampani	00009071	NED*	6	Yes
Dr. Stephan Bross	00423114	NED	4	Yes
Dr. W. Schmitt **	01320086	NED	2	Yes
Mr.W. Stegmuller**	06929923	NED	2	NA
Mr. Pradip Shah	00066242	NED – I	6	Yes
Mr. W. Spiegel	00058903	Managing Director –ED	4	Yes

ED – Executive Director

NED – I – Non-Executive Director - Independent

Note 1: 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.

Note 2: Ms. Sulajja Firodia Motwani and Mr. V.K. Viswanathan were appointed additional / Independent directors on 29.12.2014 with effect from 16.01.2015

Note 3: * Pursuant to the provisions of Clause 49 (II)(B)(2) of the revised Listing Agreement with respect to limitation on maximum number of Directorship in Listed companies, the designation of Director of the Company, Mr. Nimesh Kampani, as Non-Executive Director - Independent has been changed to Non-Executive Director with effect from October 01, 2014.

** Dr. W. Schmitt has resigned w.e.f. 30.06.2014.

Mr. W. Stegmuller was appointed w.e.f. 24.07.2014

REPORT ON CORPORATE GOVERNANCE (Contd.)

- (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	19	3	Nil
Mr. A.R. Broacha	2	Nil	Nil
Mr. D.N. Damania	5	5	Nil
Mr. N.N. Kampani	10	3	2
Dr. Stephan Bross	2	Nil	Nil
Mr. W. Stegmuller	7	Nil	Nil
Mr. Pradip Shah	15	7	1
Mr. W. Spiegel	10	Nil	Nil

@ Directorships in Foreign Companies and Private Limited Companies are included in the above table – Section 8 is included above.

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

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

Sr. No.	Date
1.	11.02.2014
2.	11.04.2014
3.	25.04.2014
4.	24.07.2014
5.	22.10.2014
6.	19.12.2014

The Company has a program to familiarize Independent Directors with the business and affairs of the Company, growth plans, peculiarities of the industry in which Company operates etc. The same is available on the website of the Company at <http://www.ksb.com/ksb-in/Investor-relations/>.

3. Audit Committee

- i. Terms of Reference:

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Agreement and the Companies Act, 2013.

REPORT ON CORPORATE GOVERNANCE (Contd.)

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings attended
Mr. N.N. Kampani, Chairman*	3
Mr. D.N. Damania**	2
Mr. G. Swarup	5
Dr. Stephan Bross***	2
Mr. A.R. Broacha	5
Mr. Pradip Shah****	2

* Chairman till 30.09.2014

** Chairman w.e.f. 01.10.2014

*** Member w.e.f. 11.02.2014

**** Member w.e.f. 01.10.2014

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

Sr. No.	Date
1.	11.02.2014
2.	25.04.2014
3.	24.07.2014
4.	22.10.2014
5.	19.12.2014

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.

4. Nomination and Remuneration Committee

i. Terms of Reference:

The terms of reference of this Committee are wide enough covering the matters specified under the revised Listing Agreement and the Companies Act, 2013.

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings attended
Mr. D.N. Damania, Chairman	1
Mr. Pradip Shah	2
Mr. G. Swarup	2

iii. 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 based on evaluation criteria such as industry benchmarks, company's annual performance & its strategy, expertise, talent and meritocracy.

Directors express their satisfaction with the evaluation process.

REPORT ON CORPORATE GOVERNANCE (Contd.)

5. 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 directors 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	3336	1668	1558	1362	5 years, from 01.01.2012 to 31.12.2016

Notes:

- Above 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 payments made to non-executive directors for the period 1.1.2014 to 31.12.2014 are as under:

₹ '000s

Name of the Directors	Directors' Fees	Commission
Mr. G. Swarup	120	500
Mr. A.R. Broacha	105	500
Mr. D.N. Damania	65	500
Mr. N.N. Kampani	60	500
Dr. Stephan Bross	40	500
Mr. W. Stegmuller	20	250
Mr. Pradip Shah	70	500
Dr. W. Schmitt	20	250

* There are no inter-se relationships between the Board members.

REPORT ON CORPORATE GOVERNANCE (Contd.)

6. Stakeholders Relationship Committee

i. Composition

Members of the Committee are: -

- a. Mr. A.R. Broacha, Chairman (Non-Executive Director)
- b. Mr. G. Swarup
- c. Mr. W. Spiegel

The meeting of the Committee was held on 22.10.2014 which was attended by the then available members.

ii. Compliance Officer

Mr. Narasimhan R., Company Secretary

iii. Complaints

48 complaints were received during the year under review. All the complaints have been resolved to the satisfaction of the shareholders. There were no pending transfers as on 31st December, 2014.

7. Subsidiaries

The Company has formulated a policy for determining material subsidiaries. The policy is available on the website of the company at http://www.ksb.com/ksb-in/Investor-relations/Our_Policies/. The Company did not have any material non-listed Subsidiary Company during the year 2014.

8. General Body Meetings

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

Financial Year	Date	Time	Venue
2011	12.04.2012	2.00 p.m.	Bajaj Bhavan, Mumbai
2012	12.04.2013	2.00 p.m.	Bajaj Bhavan, Mumbai
2013	11.04.2014	2.00 p.m.	Bajaj Bhavan, Mumbai

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

Financial Year	Special Resolution Passed
2011	Yes
2012	Yes
2013	Yes

(iii) Postal Ballot

During the year under review, the Company through Postal Ballot (including e-voting) under Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, passed Ordinary Resolutions for appointment of three

REPORT ON CORPORATE GOVERNANCE (Contd.)

Independent Directors and regularisation of one Non-Executive Director of the Company. The resolution was passed with requisite majority, the details of which are as under:

Resolutions	For			Against		
	No. of members voted	No. of votes	% of valid votes	No. of members voted	No. of votes	% of valid votes
Appointment of Mr. A. R. Broacha as Independent Director	390	28663684	99.728	19	78166	0.272
Appointment of Mr. D.N. Damania as Independent Director	392	28662250	99.720	17	80336	0.280
Appointment of Mr. Pradip Shah as Independent Director	395	28737095	99.983	13	4748	0.017
Appointment of Mr. Werner Stegmuller as Director	403	28742265	99.998	7	622	0.002

The Company had appointed Ms. Hetal Shah of M/s. Nilesh Shah and Associates, Company Secretaries, Mumbai as Scrutinizer to conduct the Postal Ballot Process. Postal Ballot Forms received upto closure of 28th September, 2014 had been considered and the result of Postal Ballot was declared on 30th September, 2014 at the Registered Office of the Company.

9. Disclosures

A. Basis of 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	153,000.00
Mr. A.R. Broacha	30,000	135,000.00
Mr. D.N. Damania	4,200	18,900.00

b. Related party transactions

Normal trade transactions, Sales Commissions 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,

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 Annual Accounts.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company at http://www.ksb.com/ksb-in/Investor-relations/Our_Policies/.

- ii. 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.

B. Disclosure of Accounting Treatment

The financial statement of the Company is prepared in accordance with the Accounting Standard.

C. 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.

D. Whistle Blower Policy

The Company has adopted Whistle Blower Policy as required by the Listing Agreement. The policy is available on the website of the company at http://www.ksb.com/ksb-in/Investor-relations/Our_Policies/.

10. 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 to Institutional Investors or to the Analysts

11. General Shareholder Information

AGM: Date, Time and Venue	22nd April, 2015 at 3.00 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, 2014 to 31st December, 2014.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Date of Book Closure	1st April, 2015 to 22nd April, 2015 (both days inclusive)
Dividend Payment date	15th May, 2015 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, 2014 to 31st March, 2015
Stock Code	1. BSE : 500249 2. NSE : KSBPUMPS 3. ISIN : INE999A01015
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 not exceeding 300 shares per folio per occasion. These are processed on a fortnightly basis. Transmission, 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 Shareholding pattern as on 31.12.2014	Please see Annexure 'C'
Dematerialisation of shares and liquidity	98.80% of the Paid-up Capital has been dematerialised as on 31.12.2014
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

REPORT ON CORPORATE GOVERNANCE (Contd.)

B. NON-MANDATORY REQUIREMENTS

- a. **The Board – Re : Non-executive Chairman–Maintenance of office at Company’s expense**

The Company does not maintain a separate office for the non – executive Chairman.

- b. **Shareholders Rights – Re : half yearly results**

Interim Financial results are published in the newspaper of wide circulation and not sent to individual shareholders.

- c. **Audit Qualifications**

The financial statements of the Company are unqualified.

- d. **Separate posts of Chairman and CEO**

The company has appointed separate persons to the post of Chairman and Managing Director.

- e. **Reporting of Internal Auditors**

Internal Auditors report directly to the Audit Committee of the Company.

On behalf of the Board of Directors

G. SWARUP
Chairman

Mumbai, 20th February, 2015

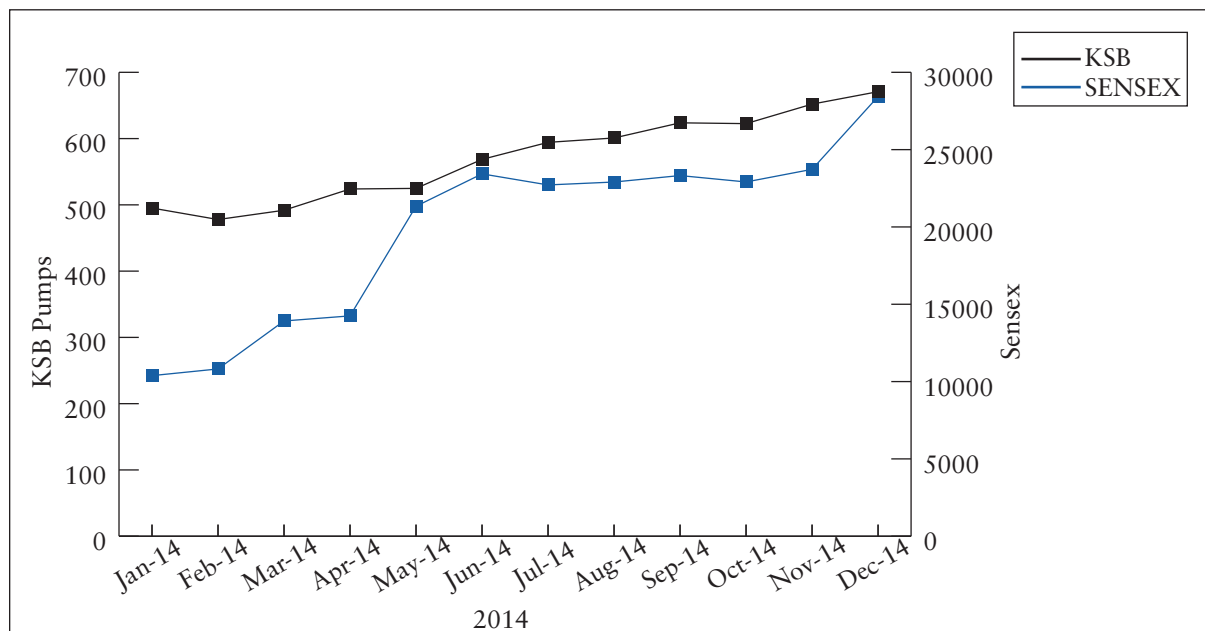
REPORT ON CORPORATE GOVERNANCE (Contd.)

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, 14	274.00	235.10	77642	274.10	236.00	276254
February, 14	275.00	226.00	138990	253.90	234.20	378811
March, 14	364.00	248.00	606403	363.65	245.15	1648176
April, 14	367.00	322.00	340652	367.90	322.05	781824
May, 14	542.00	315.00	406037	540.95	316.55	1217914
June, 14	573.50	496.80	238765	574.80	490.00	878568
July, 14	566.00	500.00	63604	570.05	507.95	415331
August, 14	552.50	507.50	58545	554.00	500.40	191065
September, 14	591.80	523.00	125656	598.00	523.00	504599
October, 14	553.00	500.00	28612	554.00	500.35	87474
November, 14	640.00	530.60	113962	639.85	532.10	259187
December, 14	680.00	535.50	161556	682.00	520.00	622642

ANNEXURE B



REPORT ON CORPORATE GOVERNANCE (Contd.)

ANNEXURE C

Distribution of shareholding as on 31st December, 2014

Number of shares held	Members		Shares	
	Number	%	Number	%
1-500	8605	81.65	961288	2.76
501-1000	897	8.51	686536	1.97
1001-2000	648	6.15	962914	2.77
2001-3000	166	1.58	399905	1.15
3001-4000	71	0.67	248418	0.71
4001-5000	36	0.34	163492	0.47
5001-10000	52	0.49	369310	1.06
10001 and above	64	0.61	31015981	89.11
TOTAL	10539	100.00	34807844	100.00

Shareholding pattern as on 31st December, 2014

Category	No. of Members	No. of Shares held	% to the Capital
Indian Promoters	8	9003458	25.87
Foreign Promoters	1	14110848	40.54
Mutual Funds & UTI	26	4275797	12.28
Banks, Financial Institutions and Insurance Companies	7	759762	2.18
Foreign Institutional Investors	9	914057	2.63
Private Corporate Bodies	251	1428503	4.10
Indian Public/Trust	9950	4181467	12.02
Foreign Nationals/NRIs	287	133952	0.38
Total	10539	34807844	100.00

REPORT ON CORPORATE GOVERNANCE (Contd.)

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, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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, 2014 against the Company and the Registrars and Transfer Agents have reported to the Stakeholders Relationship Committee on the status of the grievances.

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)
Partner

Mumbai, 20th February, 2015

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

ANNEXURE TO BOARD'S REPORT

A. DISCLOSURE UNDER CLAUSE 32

Sr. No.	Disclosure of loans/advances/investments/Outstanding during the year	As at 31st December, 2014 ₹	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 where there is	NIL	NIL
	a. No repayment schedule or repayment beyond seven years of the Companies Act, 1956		
	b. No interest or interest below section 372A of the Companies Act, 1956		
4.	Loans and advances in the nature of loans to firms/ companies in which directors are interested	NIL	NIL

B. DECLARATION UNDER CLAUSE 49

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2014.

Mumbai, 20th February, 2015

W. Spiegel
Managing Director

ANNEXURE TO BOARD'S REPORT

Statement pursuant to section 212 of the Companies Act, 1956 relating to Subsidiary Company

	Pofran Sales & Agency Ltd.
(A) The financial year of the Subsidiary Company	Year ended 31st December, 2014
(B) (a) Number of shares held by KSB Pumps Limited in Subsidiary Company	5,000 Equity shares of ₹ 100 each
(b) Extent of holding	100.00%
(C) The net aggregate of Profits / (Losses) of the Subsidiary Company so far it concerns the members of KSB Pumps Limited.	
(a) not dealt with in the accounts of KSB Pumps Limited for the year ended 31st December, 2014 amounted to -	
(i) for the subsidiary's financial year ended as in (A) above	₹ 16.06 mio
(ii) for the previous financial years of the subsidiary since it became subsidiary	₹ 63.07 mio
(b) dealt with in the accounts of KSB Pumps Limited for the year ended 31st December, 2014 amounted to -	
(i) for the subsidiary's financial year ended as in (A) above	NIL
(ii) for the previous financial years of the subsidiary since it became subsidiary	₹ 18.00 mio

<p>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</p>	<p>Chairman</p> <p>} Directors</p> <p>} Managing Director</p>
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Mumbai, 20th February, 2015

R. Narasimhan
Company Secretary

ANNEXURE TO BOARD'S REPORT

A. CONSERVATION OF ENERGY

Efforts towards conservation of energy are ongoing. Measures implemented as a part of this include introduction of LED lights in the shop floor.

B. TECHNOLOGY ABSORPTION

1. Performance and Product Improvements

New hydraulics were introduced in 4", 6", 7" and 8" Submersibles thereby increasing the available range.

2. Research and Development

Further optimization of submersible pump sets has been completed.

3. Benefits of Research and Development

Wider product basket for Submersibles resulting in increased competitiveness and higher volumes.

4. Future Plans

Introduction of new series catering to API market.

5. Expenditure on Research and Development

(₹ in million)

Year ended 31.12.2014 Year ended 31.12.2013

(a) Capital	-	-
(b) Recurring	4.16	2.43
(c) Total	4.16	2.43
(d) Total R&D Expenditure as Percentage of total Turnover	0.05%	0.03%

6. Technology Absorption, Adaptation and Innovation

The project of worldwide rationalization of end suction pumps is now complete. The Company has played major role in this project.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year were ₹ 1210 million. Total foreign exchange earned during the year was ₹ 1275 million. Export orders outstanding for execution are ₹ 585 million. Total foreign exchange used during the year was ₹ 767 million.

On behalf of the Board of Directors

G SWARUP
Chairman

Mumbai, 20th February, 2015

Paint booth - Coimbatore
In-house facility for painting of
high pressure Valves of bigger sizes



Phase II - Cast Iron Foundry, Vambori
Pouring in operation at full load.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
KSB PUMPS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **KSB PUMPS LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st December, 2014, the Statement of Profit and Loss and 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 Financial Statements

The Company’s Management is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 (“the Act”) (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgment, 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 control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT (Contd.)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order for the year ended 31st December 2014, to the extent the same are applicable to the Company.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have 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
 - (d) are in agreement with the books of account,
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014).
 - (e) Since the provisions of Section 274(1)(g) of the Act are not in effect from April 1, 2014, the reporting requirement under Section 227(3) (f) of the Act is not applicable as of the Balance sheet date.

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

Hemant M. Joshi
Partner
Membership No.: 038019

Pune, 20th February, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business/activities/results during the year, clauses (vi), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

- 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.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- 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 neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the period the said Section was applicable.
- 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/sold are of a special nature and comparable alternative quotations/prices are not available, 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) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered for the period the said Section was applicable.
- b) Where each of such transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, for the period the said section was applicable, is in excess of ₹ 5 lakhs during such period in respect of a party, the transactions have been made at prices which are, *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained, for the period the said Section was applicable. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- viii) 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, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, 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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st December, 2014 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 and Cess which have not been deposited as on 31st December, 2014 on account of disputes are given below:

Nature of Dues	Amount Involved (₹)	Period to which the amount relates	Forum where dispute is pending
Excise Duty	955,100*	1994-1998	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai.
Excise Duty	21,900,000*	2002-2007	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai.
Excise Duty	498,120*	2004	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Delhi.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

Excise Duty	780,900*	2004	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Delhi.
Excise Duty	975,585*	2004	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Chennai.
Excise Duty	1,580,000*	1999	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai.
Excise Duty	2,536,000*	2003	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Chennai.
Excise Duty	50,000	2002-2003	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Chennai.
Service Tax	8,200,000*	2005-2007	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai.
Service Tax	40,970,000*	2008-2009	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai.
Service Tax	3,890,000*	2008-2009	Commissioner Appeals LTU, Mumbai
Service Tax	1,380,000*	2008-2009	Commissioner Appeals LTU, Mumbai

* stay granted for recovery.

- ix) 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.
- x) 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.
- xi) 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.
- xii) 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.
- xiii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- xiv) 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
(Registration No.: 117366W/W-100018)

Hemant M. Joshi
Partner
Membership No.: 038019

Pune, 20th February, 2015

Balance Sheet as at 31st December, 2014

Particulars	Note No.	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	348.08	348.08
(b) Reserves and surplus	4	4,708.86	4,284.39
		5,056.94	4,632.47
(2) Non-current liabilities			
(a) Other long-term liabilities	5	66.67	60.44
(b) Long-term provisions	6	295.90	232.68
		362.57	293.12
(3) Current liabilities			
(a) Short-term borrowings	7	243.79	31.85
(b) Trade payables	8	1,537.25	1,297.62
(c) Other current liabilities	9	1,076.91	960.03
(d) Short-term provisions	10	344.31	291.28
		3,202.26	2,580.78
TOTAL		8,621.77	7,506.37
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11.A	1,896.30	1,795.44
(ii) Intangible assets	11.B	11.82	17.03
(iii) Capital work-in-progress		99.57	82.42
		2,007.69	1,894.89
(b) Non-current investments	12	63.15	63.15
(c) Deferred tax assets (net)	13	100.22	77.75
(d) Long-term loans and advances	14	548.49	564.75
		2,719.55	2,600.54
(2) Current assets			
(a) Inventories	15	2,017.72	1,833.02
(b) Trade receivables	16	1,780.06	1,260.16
(c) Cash and cash equivalents	17	1,720.78	1,546.34
(d) Short-term loans and advances	18	325.35	232.81
(e) Other current assets	19	58.31	33.50
		5,902.22	4,905.83
TOTAL		8,621.77	7,506.37

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)

R. Narasimhan
Company Secretary

Pune, 20th February, 2015

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

Mumbai, 20th February, 2015

Statement of Profit and Loss for the year ended 31st December, 2014

Particulars	Note No.	For the Year ended 31st December, 2014 ₹ in Million	For the Year ended 31st December, 2013 ₹ in Million
1 Revenue from operations (gross)	20	8,503.92	7,850.46
Less: Excise duty	20	(486.93)	(537.03)
Revenue from operations (net)		8,016.99	7,313.43
2 Other income	21	275.17	161.55
3 Total revenue (1+2)		8,292.16	7,474.98
4 Expenses			
Cost of materials consumed	22.a	3,681.94	3,107.19
Purchases of stock-in-trade	29.c	330.35	293.56
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	(196.91)	42.57
Employee benefits expense	23	1,270.37	1,100.60
Finance cost	24	21.47	25.94
Depreciation and amortisation expense	11.A & 11.B	275.54	265.29
Other expenses	25	1,951.76	1,774.38
Expenditure transferred to capital account		(13.57)	(10.60)
Total expenses		7,320.95	6,598.93
5 Profit before tax (3 - 4)		971.21	876.05
6 Tax expense:			
(a) Current tax		341.50	278.00
(b) Short/(excess) provision in respect of earlier years		(2.01)	3.63
(c) Deferred tax/(credit)		(22.47)	(3.17)
		317.02	278.46
7 Profit for the year (5 - 6)		654.19	597.59
8 Earnings per equity share (Face Value per share ₹ 10/-):			
(1) Basic	39	18.79	17.17
(2) Diluted	39	18.79	17.17

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
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(Partner)

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Company Secretary

Pune, 20th February, 2015

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W. Stegmuller
W. Spiegel

Chairman
Directors
Managing Director

Mumbai, 20th February, 2015

Cash Flow Statement for the year ended 31st December, 2014

Particulars	For the Year ended 31st December, 2014		For the Year ended 31st December, 2013	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
A. Cash flow from operating activities				
Net Profit/(Loss) before tax		971.21		876.05
Adjustments for:				
Depreciation and amortisation expense	275.54		265.29	
(Profit)/loss on sale/disposal/write off of fixed assets (net)	(7.19)		3.57	
Provision for diminution in value of non-current investments	-		0.40	
Finance costs	21.47		25.94	
Interest income	(184.85)		(104.34)	
Income from trade investements (non-current)	(52.19)		(38.96)	
Unrealised exchange (gain)/loss	1.09		1.59	
		<u>53.87</u>		<u>153.49</u>
Operating profit/(loss) before working capital changes		1,025.08		1,029.54
Adjustment for changes in working capital:				
(Increase)/decrease in operating assets:				
Inventories	(184.70)		102.33	
Trade receivables	(519.90)		192.92	
Short-term loans and advances	(92.54)		(14.51)	
Long-term loans and advances	(20.59)		(90.04)	
Other non-current assets - Long-term trade receivables	-		8.61	
Increase/(decrease) in operating liabilities:				
Trade payables	239.63		95.05	
Other current liabilities	123.27		78.84	
Other long-term liabilities	6.23		4.40	
Short-term provisions	4.97		(23.81)	
Long-term provisions	63.22		5.03	
		<u>(380.41)</u>		<u>358.82</u>
Cash generated from operations		644.67		1388.36
Direct taxes paid		(299.92)		(343.19)
Net cash flow from/(used in) operating activities (A)		<u>344.75</u>		<u>1,045.17</u>
B. Cash flow from investing activities				
Payment for Fixed Assets	(398.72)		(256.00)	
Proceeds from sale of fixed assets	9.89		4.48	
Interest received	160.04		98.46	
Income from trade investements (non-current)	52.19		38.96	
Net cash flow from/(used in) investing activities (B)		<u>(176.60)</u>		<u>(114.10)</u>

Cash Flow Statement for the year ended 31st December, 2014

Particulars	For the Year ended 31st December, 2014		For the Year ended 31st December, 2013	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
C. Cash flow from financing activities				
Increase/(decrease) in Working capital borrowings	211.94		(136.67)	
Finance cost	(21.47)		(25.94)	
Dividends paid	(156.47)		(191.27)	
Tax paid on dividend	(26.62)		(31.33)	
Net cash flow from/(used in) financing activities (C)		7.38		(385.21)
Unrealized exchange gain/(loss) in cash and cash equivalents (D)		(1.09)		(1.59)
Net increase/(decrease) in Cash and cash equivalents (A+B+C+D)		174.44		544.27
Cash and cash equivalents (Opening Balance)		1,546.34		1,002.07
Cash and cash equivalents (Closing Balance)		1,720.78		1,546.34

Cash and cash equivalents at the end of the year include:	As at 31st Dec., 2014	As at 31st Dec., 2013	As at 31st Dec., 2012
(a) Cash on hand	0.64	0.60	0.41
(b) Balances with banks			
(i) In current accounts	205.98	458.51	205.52
(ii) In deposit accounts	1,511.57	1,084.81	793.90
(iii) In unpaid dividend account	2.59	2.42	2.24
Cash and Cash equivalents at the end of the year (Refer Note 17)	<u>1,720.78</u>	<u>1,546.34</u>	<u>1,002.07</u>

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

Hemant M. Joshi
(Partner)

R. Narasimhan
Company Secretary

Pune, 20th February, 2015

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

Mumbai, 20th February, 2015

Notes forming part of the financial statements

Note	Particulars														
1	<p>Company Overview</p> <p>Products: 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>Operations: 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 Vambori Manufacturing of steel & iron castings including for captive consumption.</p> <p>D) Coimbatore Unit Manufacturing of valves (Globe, Gate, Check, Butterfly & 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>Significant accounting policies</p>														
2.1	<p>Fixed assets and depreciation/amortisation:</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/amortization on fixed assets:</p> <p>i) Depreciation on tangible fixed assets is provided at the rates and in the manner laid down in Schedule XIV to the Companies Act, 1956 on the written down value (WDV) method in respect of buildings, furniture and fixtures and vehicles and on the straight line method (SLM) in respect of other assets. However, the rate of depreciation in respect of the following assets is higher :</p> <table> <tr> <td>Jigs & fixtures</td> <td>- 33% (SLM)</td> </tr> <tr> <td>Furniture & fixtures</td> <td>- 37% (WDV)</td> </tr> <tr> <td>Office equipments</td> <td>- 10% (SLM)</td> </tr> <tr> <td>Electrical installations</td> <td>- 10% (SLM)</td> </tr> <tr> <td>Vehicles</td> <td>- 60% (WDV)</td> </tr> </table> <p>Leasehold land are amortised over the period of the lease.</p> <p>ii) Intangible assets are amortised on the straight line method at the following rates :</p> <table> <tr> <td>Rights, techniques, Process and Know-how</td> <td>- 14.29%, 20%</td> </tr> <tr> <td>Software</td> <td>- 33%</td> </tr> </table>	Jigs & fixtures	- 33% (SLM)	Furniture & fixtures	- 37% (WDV)	Office equipments	- 10% (SLM)	Electrical installations	- 10% (SLM)	Vehicles	- 60% (WDV)	Rights, techniques, Process and Know-how	- 14.29%, 20%	Software	- 33%
Jigs & fixtures	- 33% (SLM)														
Furniture & fixtures	- 37% (WDV)														
Office equipments	- 10% (SLM)														
Electrical installations	- 10% (SLM)														
Vehicles	- 60% (WDV)														
Rights, techniques, Process and Know-how	- 14.29%, 20%														
Software	- 33%														
2.2	<p>Investments</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>Inventories</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>Trade receivables and advances</p> <p>Specific debts and advances identified as irrecoverable or doubtful are written-off or provided for, respectively.</p>														
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>														

Notes forming part of the financial statements (Contd.)

Note	Particulars
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. 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>
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> <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"> - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or - A reliable estimate of the amount of obligation cannot be made. <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 the financial statements (Contd.)

Note 3 - Share capital

Particulars	As at 31st December, 2014		As at 31st December, 2013	
	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, 2014		As at 31st December, 2013	
	₹ in Million	Number of shares	₹ in Million	Number 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, 2014		As at 31st December, 2013	
	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 Limited (held in Reliance Infrastructure Fund and Reliance Tax Saver (ELSS) Fund)	2,549,881	7.33%	2,655,080	7.63%

- 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, 2014 ₹ in Million	As at 31st December, 2013 ₹ 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	1,019.08	958.08
Add: Transferred from surplus in Statement of Profit and Loss	66.00	61.00
Less: Utilisations/transfers	-	-
Closing balance	1,085.08	1,019.08
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	3,261.86	2,949.26
Add: Transferred from Statement of Profit and Loss Account	654.19	597.59
Less: Interim dividend	-	34.81
Proposed dividend (₹ 5.50 per share) (previous year ₹ 4.50 per share)	191.44	156.64
Tax on interim dividend	-	5.92
Tax on proposed dividend	38.28	26.62
Transferred to General reserve	66.00	61.00
Closing balance	3,620.33	3,261.86
Total	4,708.86	4,284.39

Notes forming part of the financial statements (Contd.)

Note 5 - Other long-term liabilities

Particulars	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
Other than trade payables:		
Other Payables (includes Deposits received from dealers, etc.)	66.67	60.44
Total	66.67	60.44

Note 6 - Long-term provisions

Provision for employee benefits (Refer Note 35)	278.27	222.31
Other Provisions:		
Provision for Warranty (Refer Note 38)	17.63	10.37
Total	295.90	232.68

Note 7 - Short-term borrowings

Loans Repayable on Demand		
Working Capital Facilities from banks (Secured)	243.79	31.85
Total	243.79	31.85

Note:

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

Particulars	Nature of security	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
Working Capital Facility -1	Pledge of Fixed Deposits of ₹ 10 Million (previous year ₹ 90 Million)	-	0.21
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.	51.54	31.64
Working Capital Facility -3	Hypothecation of stocks including loose tools, stores and spares, book debts.	192.25	0
Total		243.79	31.85

Notes forming part of the financial statements (Contd.)

Note 8 - Trade payables

Particulars	As at 31st December, 2014	As at 31st December, 2013
	₹ in Million	₹ in Million
Trade payables (Refer Note 27)	1,537.25	1,297.62
Total	1,537.25	1,297.62

Note 9 - Other current liabilities

Unclaimed Dividend	2.59	2.42
Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	106.72	106.63
(ii) Payables for purchase of fixed assets	23.51	30.07
(iii) Advances from customers	591.53	539.59
(iv) Others (Liquidated damages, etc.)	352.56	281.32
Total	1,076.91	960.03

Note 10 - Short-term provisions

Provision for employee benefits (Refer Note 35)	51.87	48.83
Provision - Others:		
(i) Tax provisions less payments (current tax)	5.35	3.75
(ii) Provision for Warranty (Refer Note 38)	35.27	20.75
(iii) Proposed dividend	191.44	156.64
(iv) Tax on proposed dividend	38.28	26.62
(v) Provision - others (for statutory levies) (Refer Note 38)	22.10	34.69
	292.44	242.45
Total	344.31	291.28

Notes forming part of the financial statements (Contd.)

Particulars	Gross block		Depreciation/Amortisation		Net block		
	As at 31st December, 2013	Additions during the year 2013	Deductions during the year 2013	As at 31st December, 2013	Provided during the year 2014	Upto 31st December, 2014	As at 31st December, 2014
A. Tangible Assets							
(Owned, unless otherwise stated)							
(a) Land							
- Freehold	3.01	-	-	3.01	-	-	3.01
- Leasehold	15.15	-	-	15.15	0.18	3.22	12.11
(b) Buildings (See Note)	627.48	52.85	-	680.33	35.41	312.77	350.12
(c) Plant and Equipment	2,914.65	302.61	31.02	3,186.24	211.27	1,733.61	1,362.88
(d) Furniture and Fixtures	91.22	1.07	0.02	92.27	6.79	80.27	17.72
(e) Vehicles	44.76	12.00	7.99	48.77	7.06	36.43	8.44
(f) Office equipment	89.62	3.74	0.70	92.66	8.00	55.83	41.16
(g) Development of Property	0.04	-	-	0.04	-	0.04	-
Total Tangible Assets	3,785.93	372.27	39.73	4,118.47	268.71	2,222.17	1,896.30
Previous year	3,429.11	494.55	137.73	3,785.93	257.80	1,990.49	1,795.44
B. Intangible Assets							
(other than internally generated)							
(a) Computer software	42.15	1.62	-	43.77	5.38	38.76	8.77
(b) Copyrights, patents and other intellectual property rights, services and operating rights	57.20	-	-	57.20	1.45	50.39	8.26
Total Intangible Assets	99.35	1.62	-	100.97	6.83	89.15	17.03
Previous year	92.73	6.62	-	99.35	7.49	82.32	17.90

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.)

Particulars	Gross block		Depreciation/Amortisation		Net block		
	As at 31st December, 2012	Additions during the year	Deductions during the year	As at 31st December, 2012	Provided during the year	Upto 31st December, 2013	As at 31st December, 2013
Tangible Assets (Owned, unless otherwise stated)							
(a) Land							
- Freehold	3.01	-	-	-	-	-	3.01
- Leasehold	15.15	-	-	2.86	0.18	3.04	12.29
(b) Buildings	535.86	109.34	17.72	257.35	34.35	277.36	350.12
(c) Plant and Equipment	2,665.84	351.79	102.98	1,448.53	202.05	1,551.77	1,217.31
(d) Furniture and Fixtures	78.68	15.16	2.62	68.64	7.48	73.50	10.04
(e) Vehicles							
- Owned	47.09	6.17	8.50	38.73	5.92	36.32	8.36
- Taken under finance lease	0.21	-	0.21	0.20	-	-	0.01
(f) Office equipment	83.23	12.09	5.70	46.02	7.82	48.46	37.21
(g) Development of Property	0.04	-	-	0.04	-	0.04	-
Total Tangible Assets	3,429.11	494.55	137.73	1,862.37	257.80	1,990.49	1,795.44
Intangible Assets (other than internally generated)							
(a) Computer software	36.28	5.87	-	27.33	6.05	33.38	8.95
(b) Copyrights, patents and other intellectual property rights, services and operating rights	56.45	0.75	-	47.50	1.44	48.94	8.95
Total Intangible Assets	92.73	6.62	-	74.83	7.49	82.32	17.90

Note 11 C - Fixed assets - Tangible and Intangible assets

₹ in Million

Notes forming part of the financial statements (Contd.)

Note 12 - Non-current investments

Particulars	As at 31st December, 2014		As at 31st December, 2013
	₹ 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
Others			
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 - Deffered Tax Assets (Net)

(i) Break up of deferred tax liability as at year end:			
Nature of timing difference			
Provision for Depreciation		107.62	102.85
Total		<u>107.62</u>	<u>102.85</u>
(ii) Break up of deferred tax asset as at year end:			
Nature of timing difference			
Provision for compensated absences and gratuity		112.21	92.16
Provision for doubtful debts and advances		47.65	49.90
Others		47.98	38.54
Total		<u>207.84</u>	<u>180.60</u>
(iii) Deferred tax Asset/(Liability) Net		100.22	77.75

Note 14 - Long-term loans and advances

(Unsecured - considered good unless otherwise stated)

Capital advances		35.08	33.96
Security Deposits			
Considered good		30.79	30.16
Considered Doubtful		4.84	4.84
		<u>35.63</u>	<u>35.00</u>
Less: Provision for doubtful security deposits		4.84	4.84
		<u>30.79</u>	<u>30.16</u>
Other loans and advances			
- Loans and advances to employees		20.47	17.69
- Taxes paid in advance less provisions (current tax)		94.35	132.32
- Balances with government authorities - VAT credit receivable etc.			
Considered Good		367.01	349.24
Considered Doubtful		4.64	20.90
		<u>371.65</u>	<u>370.14</u>
Less: Provision for doubtful loans and advances		4.64	20.90
		<u>367.01</u>	<u>349.24</u>
- Prepaid Expenses		0.79	1.38
Total		<u>548.49</u>	<u>564.75</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, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
Raw materials (including Goods-in-transit ₹ 3.89 Million (previous year ₹ 2.13 Million))	480.09	489.11
Work-in-progress (Refer Note 29e)	1,030.14	911.11
Finished goods	372.44	314.62
Stock-in-trade (in respect of goods acquired for trading)	82.61	62.55
Stores and spares	45.05	43.57
Loose tools	7.39	12.06
Total	2,017.72	1,833.02

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	225.69	126.58
Doubtful	124.31	114.67
	350.00	241.25
Other Trade receivables		
Considered good	1,554.37	1,133.58
Total	1,904.37	1,374.83
Less: Provision for doubtful trade receivables	124.31	114.67
Total	1,780.06	1,260.16

Note 17 - Cash and cash equivalents

Cash on hand	0.64	0.60
Balances with banks		
- In current accounts	205.98	458.51
- In deposit accounts	1,067.81	561.05
- In earmarked accounts		
- Unpaid dividend accounts	2.59	2.42
- Balances held as security against borrowings	443.76	523.76
Total	1,720.78	1,546.34

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, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
Loans and advances to related parties (Refer Note 36) (includes advance for supply of goods ₹ 84.33 Million (previous year ₹ 34.78 Million))	91.58	41.39
Other Loans and Advances		
- Employee advances	11.27	15.78
- Prepaid expenses	7.68	6.30
- Balances with government authorities (CENVAT and Service Tax receivable)	87.48	45.56
- Others (includes Advances to Suppliers, DEPB Receivable, Insurance Claim Receivable, etc.)		
Considered good	127.34	123.78
Doubtful	6.00	6.00
	133.34	129.78
Less: Provision for other doubtful loans and advances	6.00	6.00
	127.34	123.78
Total	325.35	232.81
 Note 19 - Other current assets		
Interest accrued on fixed deposits	58.31	33.50
Total	58.31	33.50

Notes forming part of the financial statements (Contd.)

Note 20 - Revenue from operations	Particulars	For the Year ended 31st December, 2014 ₹ in Million	For the Year ended 31st December, 2013 ₹ in Million
	Sale of products	8,277.33	7,638.35
	Sale of services	139.75	144.94
	Other operating revenues		
	- Scrap Sale	31.52	25.07
	- Export Incentive	55.32	42.10
		8,503.92	7,850.46
	Less:		
	Excise duty	(486.93)	(537.03)
	Total	8,016.99	7,313.43
	Note 21 - Other income		
	Interest on Bank deposits, Income tax refunds, delayed payments from dealers/customers, etc.	184.85	104.34
	Dividend income from Trade Investments (non current)	52.19	38.96
	Profit on sale/disposal/write off of fixed assets (net)	7.19	-
	Provision for doubtful receivables and advances (net)	6.63	-
	Other non-operating income	24.31	18.25
	Total	275.17	161.55
	Note 22. a - Cost of materials consumed		
	Raw Materials and Components Consumed (Refer Note 29d)	3,681.94	3,107.19
	Cost of materials consumed	3,681.94	3,107.19
	Note 22. b - Changes in inventories of finished goods, work-in-progress and stock-in-trade		
	<u>Inventories at the end of the year:</u>		
	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
	<u>Inventories at the beginning of the year:</u>		
	Finished goods	314.62	338.71
	Work-in-progress	911.11	906.54
	Stock in trade	62.55	85.60
		1,288.28	1,330.85
	Net (increase)/decrease	(196.91)	42.57
	Note 23 - Employee benefit expenses		
	Salaries and wages	1,049.46	935.08
	Contributions to provident and other funds (Refer Note 35)	128.49	89.37
	Staff welfare expenses	92.42	76.15
	Total	1,270.37	1,100.60
	Note 24 - Finance cost		
	Interest expense on Borrowings, Income Tax etc.	21.47	25.94
	Total	21.47	25.94

Notes forming part of the financial statements (Contd.)

Note 25 - Other expenses

Particulars	For the Year ended 31st December, 2014 ₹ in Million	For the Year ended 31st December, 2013 ₹ in Million
Processing & Machining Charges	330.50	325.43
Stores Consumed	153.07	126.22
Tools Consumed	46.93	47.55
Water, Power and fuel	172.69	156.66
Rent	8.77	9.32
Excise duty relating to increase/(decrease) in finished goods stock	5.70	(5.19)
Rates and taxes (Refer Note 38)	26.46	15.26
Insurance (Net)	4.77	5.42
Repairs and maintenance - Buildings	15.22	17.42
- Machinery (Refer Note 40)	58.70	60.53
- Others	71.83	73.07
	145.75	151.02
Travelling and conveyance	64.03	58.94
Packing & Forwarding Charges (net of recoveries - ₹ 36.57 Million; previous year ₹ 33.52 Million)	194.54	197.12
Directors' fees	0.50	0.49
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	1.61	1.40
Reimbursement of out of pocket expenses	0.19	0.20
	3.85	3.65
Cost Audit Fees	0.40	0.40
Sales commission	129.32	136.40
Cash Discount	18.44	16.32
Royalty Charges	85.86	52.49
In respect of late delivery under contracts	62.09	17.63
Provision for doubtful receivables and advances (net)	-	39.55
Provision for diminution in the value of non-current investments	-	0.40
Legal and professional (including SAP implementation/ upgradation expenses ₹ Nil; previous year - ₹ 8.58 Million)	20.22	33.77
Net loss on foreign currency transactions and translation	50.71	0.43
Loss on sale/disposal/write off of fixed assets	-	3.57
Miscellaneous expenses	427.16	381.53
Total	1,951.76	1,774.38

Notes forming part of the financial statements (Contd.)

Note 26 - Contingent Liabilities and Commitments

Particulars	As at 31st	As at 31st
	December, 2014 ₹ in Million	December, 2013 ₹ in Million
(i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts	15.09	10.99
(b) Taxation matters in dispute pending at various stages of appeal	46.57	63.20
(c) Bills Discounted/Cheques purchased with banks	13.71	35.25
(d) Excise matters	120.69	75.46
(e) Guarantees given by the bankers on behalf of the Company	1,061.70	1,186.38
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) -		
-Tangible Assets	156.48	21.37

Note 27

- Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31/12/2014 is ₹ 1.75 Million (previous year – ₹ 0.22 Million) including unpaid amounts of ₹ Nil (previous year – ₹ 0.01 Million) 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 ₹ 5.43 Million (Previous year – ₹ 1.19 Million). Interest paid thereon is ₹ Nil (Previous Year – Nil) and the estimated interest due and payable thereon is ₹ 0.15 Million (Previous year - ₹ 0.02 Million).
- The amount of estimated interest accrued and remaining unpaid as at 31/12/2014 is ₹ 1.88 Million (previous year – ₹ 1.73 Million).
- The amount of estimated interest due and payable for the period from 01/01/2015 to actual date of payment or 30/01/2015 (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, 2014

Particulars	Amount in foreign Currency		Equivalent amount ₹ in Million		Purpose
	Current Year	Previous year	Current Year	Previous year	
	Forward Cover	USD 9,906,769 Euro 2,354,253	USD 8,684,274 Euro 554,797	638.72 200.18	
Forward Cover	USD 861,681 Euro 7,580,737	USD 673,701 Euro 5,555,282	56.18 678.36	41.08 468.74	Covering Trade Payables and future purchases

(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 1,754,603 Euro 2,302,219	USD 3,887,229 Euro 892,677	112.87 180.52	244.47 77.59
Trade Receivables	USD 1,819,045 Euro 5,388	USD 1,061,041 Euro 7,415	113.31 0.41	64.59 0.62
Bank balances	USD 2,330,483 Euro 192,047	USD 3,333,147 Euro NIL	145.17 14.52	202.92 -

Note 29a - CIF Value of Imports

Particulars	For the Year ended	For the Year ended
	31st December, 2014 ₹ in Million	31st December, 2013 ₹ in Million
Raw materials and components	265.69	130.37
Stores, spares and tools	1.43	4.97
Capital goods	119.49	39.58
Items imported for resale	84.52	73.10
Total	471.13	248.02

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, 2014		For the year ended 31st December, 2013	
	₹ in Million	%	₹ in Million	%
Raw materials and Bought-out components:				
Imported at landed cost	177.95	4.83%	95.45	3.07%
Indigenously obtained	3,503.99	95.17%	3,011.74	96.93%
Total	<u>3,681.94</u>	<u>100.00%</u>	<u>3,107.19</u>	<u>100.00%</u>

Note:

Components and spare parts referred to in paragraph 5(viii)(c) of Part II of revised schedule VI of the Companies Act, 1956, 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, 2014	For the year ended 31st December, 2013
Pumps	275.15	270.35
Valves	33.60	12.16
Spares	21.60	11.05
Total	<u>330.35</u>	<u>293.56</u>

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, 2014	For the year ended 31st December, 2013	As at 31st December, 2014	As at 31st December, 2013
Castings	625.59	516.75	139.36	148.21
Electric motors	138.89	117.11	23.95	0.67
Winding wire & cables	191.18	199.50	25.65	28.66
Forgings	188.66	165.30	33.21	32.13
Stampings	124.51	136.05	18.14	21.42
Steels	121.10	108.70	38.94	32.21
Metal Scrap	148.57	123.10	28.30	13.70
Pig Iron	50.60	54.51	13.12	2.11
Melting additions	64.91	42.70	8.31	3.90
Other metals & bought-out components	2,027.93	1,643.47	151.11	206.10
Total	<u>3,681.94</u>	<u>3,107.19</u>	<u>480.09</u>	<u>489.11</u>

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 Revised Schedule VI to the Companies Act, 1956.
- 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, 2014	As at 1st January, 2013	As at 31st December, 2014	As at 31st December, 2013
Pumps	713.67	675.19	764.03	713.67
Valves	96.44	98.88	143.53	96.44
Others	101.00	132.47	122.58	101.00
Total	<u>911.11</u>	<u>906.54</u>	<u>1,030.14</u>	<u>911.11</u>

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, 2014	As at 1st January, 2013	As at 31st December, 2014	As at 31st December, 2013	For the year ended on 31st December, 2014	For the year ended on 31st December, 2013
I. a) Power Driven Pumps	229.61	198.14	253.21	229.61	5,387.40	4,812.50
b) Spares for above	-	-	-	-	733.30	673.36
II. a) Industrial Valves	76.97	140.57	119.12	76.97	1,203.85	1,181.49
b) Spares for above	-	-	-	-	19.05	25.25
III. Castings - Carbon Steel, Alloy Steel & Alloy Iron Castings	-	-	-	-	8.77	4.97
IV. Export Incentives	-	-	-	-	55.32	42.10
V. Income from Services	-	-	-	-	139.75	144.94
VI. Pumps for resale	69.16	82.14	76.49	69.16	360.92	380.82
VII. Valves for resale	-	-	0.11	-	54.95	13.14
VIII. Spares for resale	1.43	3.46	6.12	1.43	22.16	9.79
IX. Scrap Sales	-	-	-	-	31.52	25.07
Total	377.17	424.31	455.05	377.17	8,016.99	7,313.43

Note:

- 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 revised schedule VI of the Companies Act, 1956.

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

Particulars	For the year ended 31st December, 2014 ₹ in Million	For the year ended 31st December, 2013 ₹ in Million
(i) Royalty (net of tax)	77.27	47.24
(ii) Professional fees (net of tax)	61.46	68.93
(iii) Technical services (net of tax)	3.35	11.29
(iv) Other matters	86.51	119.03

Note 31 - Earnings in foreign currency

(i) Exports at FOB value *	1,210.07	1,067.49
(ii) Recovery of packing and forwarding charges	5.75	5.44
(iii) Service charges	16.34	18.33
(iv) Technical services	15.87	13.47
(v) Commission	27.02	30.16
(vi) Others	0.33	1.81

* Excludes ₹ 24.69 Million (previous year - ₹ 21.08 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 2014	Paid in Year 2013	
	Final	2nd Interim	1st Interim
(i) Year to which the dividend relates	2013	2012	2013
(ii) Number of non-resident shareholders to whom remittance was made	193	203	217
(iii) Number of shares on which remittance was made	14,914,613	14,449,025	14,595,408
(iv) Amount remitted (₹ in Million)	67.11	65.02	14.60

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 ₹ 4.16 Million (previous year - ₹ 2.43 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- ₹ 50.71 Million (previous year - net loss- ₹ 0.43 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 ₹ 52.48 Million (previous year ₹ 48.63 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 2014	Year 2013	Year 2014	Year 2013
(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	392.20	356.80	23.90	20.63
2	Current Service cost	27.13	27.37	1.18	1.25
3	Interest cost	35.75	28.66	2.25	1.68
4	Losses (gains) on Curtailment	-	-	-	-
5	Liabilities extinguished on settlements	-	-	-	-
6	Plan amendments	-	-	-	-
7	Actuarial (gains)/losses	27.90	2.16	3.19	1.14
8	Benefits paid	(23.69)	(22.79)	0.00	(0.80)
9	Present Value of Defined Benefit Obligation as at 31st December	459.29	392.20	30.52	23.90
(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	247.72	215.93	20.87	19.46
2	Expected return on plan assets	20.26	17.64	1.67	1.54
3	Actuarial gains and (losses)	(0.02)	5.00	0.14	0.23
4	Actual contributions by employers	34.65	31.94	-	0.44
5	Benefits paid	(23.69)	(22.79)	-	(0.80)
6	Plan assets as at 31st December	278.92	247.72	22.68	20.87

Notes forming part of the financial statements (Contd.)

₹ in Million

	Particulars	Gratuity		Superannuation	
		Year 2014	Year 2013	Year 2014	Year 2013
(C)	Analysis of Defined Benefit Obligation :				
1	Defined Benefit Obligation as at 31st December	459.29	392.20	30.52	23.90
2	Fair Value of Plan Assets at the end of year	(278.92)	(247.72)	(22.68)	(20.87)
3	Net (Asset)/Liability recognised in the Balance Sheet as at 31st December	180.37	144.48	7.84	3.03
(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	459.29	392.20	30.52	23.90
2	Fair value of plan assets	278.92	247.72	22.68	20.87
3	Funded status [Surplus/(Deficit)]	(180.37)	(144.48)	(7.84)	(3.03)
4	Unrecognised Past Service Costs	-	-	-	-
5	Net Asset/(Liability) recognised in Balance Sheet	(180.37)	(144.48)	(7.84)	(3.03)
(E)	Components of employer expenses recognised in the statement of profit and loss for the year ended 31st December				
1	Current Service cost	27.13	27.37	1.18	1.25
2	Interest cost	35.75	28.66	2.25	1.68
3	Expected return on plan assets	(20.26)	(17.64)	(1.67)	(1.54)
4	Curtailement cost/(credit)	-	-	-	-
5	Settlement cost/(credit)	-	-	-	-
6	Past Service cost	-	-	-	-
7	Actuarial Losses/(Gains)	27.92	(2.84)	3.05	0.91
8	Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	70.54	35.55	4.81	2.30
(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	9.40	8.00	9.40
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.)

₹ in Million

(H) Experience History	Gratuity					Superannuation				
	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
1 Defined Benefit Obligation at end of the period	459.29	392.20	356.80	315.40	260.21	30.52	23.90	20.63	23.17	21.74
2 Plan Assets at end of the period	278.92	247.72	215.93	222.94	192.09	22.68	20.87	19.46	22.80	23.29
3 Funded Status	(180.37)	(144.48)	(140.87)	(92.46)	(68.12)	(7.84)	(3.03)	(1.17)	(0.37)	1.55
4 Experience Gain/ (Loss) adjustments on plan liabilities	7.63	(27.96)	(7.96)	(42.57)	(7.56)	(1.72)	(2.14)	(0.22)	(1.88)	0.33
5 Experience Gain/ (Loss) adjustments on plan assets	(0.02)	5.00	(0.05)	2.18	0.17	0.14	0.23	0.02	(0.60)	0.97

(I) Actual Return on Plan Assets	Gratuity		Superannuation	
	Year 2014	Year 2013	Year 2014	Year 2013
1 Expected return on plan assets	20.26	17.64	1.67	1.54
2 Actuarial gains and (Losses) on plan assets	(0.02)	5.00	0.14	0.23
3 Actual Return on Plan Assets	20.24	22.64	1.81	1.77

(J) Contributions expected to be paid to the plan during the next financial year ₹ 39.24 million (previous year- ₹ 36.14 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
	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Purchase of goods	106.94	-	-	55.76	-	-	-	-	-	162.70
Purchase of Fixed Assets	(64.41)	(-)	(1.25)	(39.65)	(-)	(-)	(-)	(-)	(-)	(105.31)
Sale of goods	(0.51)	(-)	(-)	(0.02)	(-)	(-)	(-)	(-)	(-)	(0.53)
Income from services	415.80	-	-	691.82	-	-	-	-	7.67	1,115.29
	(296.92)	(-)	(-)	(644.28)	(-)	(-)	(-)	(-)	(11.20)	(952.40)
Order Cancellation Charges received	22.37	0.34	0.07	15.12	-	-	-	-	0.20	38.10
Site expenses paid	(18.83)	(-)	(-)	(17.79)	(-)	(-)	(-)	(-)	(-)	(36.62)
Commission income	0.12	-	-	0.21	-	-	-	-	-	0.33
Commission paid	(1.16)	(-)	(-)	(0.65)	(-)	(-)	(-)	(-)	(-)	(1.81)
Dividend received	1.82	-	-	1.27	-	-	-	-	-	3.09
Liquidated Damages Paid	(2.54)	(-)	(-)	(4.51)	(-)	(-)	(-)	(-)	(-)	(7.05)
Charges paid for technical / Professional services	23.65	-	-	3.36	-	-	-	-	-	27.01
Royalty paid	(25.60)	(-)	(-)	(4.56)	(-)	(-)	(-)	(-)	(-)	(30.16)
	67.65	-	-	3.56	-	-	-	-	-	71.21
	(-)	(-)	(-)	(100.84)	(-)	(-)	(-)	(-)	(-)	(100.84)
	-	-	52.19	-	-	-	-	-	-	52.19
	(-)	(-)	(38.96)	(-)	(-)	(-)	(-)	(-)	(-)	(38.96)
	-	-	-	2.87	-	-	-	-	-	2.87
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	72.01	-	-	7.91	-	-	-	-	-	79.92
	(88.38)	(-)	(-)	(7.59)	(-)	(-)	(-)	(-)	(-)	(95.97)
	85.48	-	-	0.38	-	-	-	-	-	85.86
	(52.11)	(-)	(-)	(0.37)	(-)	(-)	(-)	(-)	(-)	(52.48)

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
Warranty charges paid	-	-	-	1.17	-	-	-	-	-	1.17
Rent received	(-)	(-)	(-)	(5.00)	(-)	(-)	(-)	(-)	(-)	(5.00)
	-	0.06	1.61	-	-	-	-	-	-	1.67
Recovery of expenses	(-)	(0.06)	(1.61)	(-)	(-)	(-)	(-)	(-)	(-)	(1.67)
	0.22	0.68	11.08	4.26	-	-	-	-	0.01	16.25
Reimbursement of expenses	(3.33)	(0.33)	(10.30)	(5.30)	(-)	(-)	(-)	(-)	(-)	(19.26)
	0.34	-	-	0.11	-	-	-	-	-	0.45
Technical knowhow	(0.27)	(-)	(-)	(0.08)	(-)	(-)	(-)	(-)	(-)	(0.35)
	-	-	-	-	-	-	-	-	-	-
Remuneration	(0.76)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.76)
	-	-	-	-	7.92	-	-	-	-	7.92
Sitting fees paid	(-)	(-)	(-)	(-)	(7.86)	(-)	(-)	(-)	(-)	(7.86)
	-	-	-	-	-	-	0.12	-	-	0.12
Dividend paid	(-)	(-)	(-)	(-)	(-)	(-)	(0.12)	(-)	(-)	(0.12)
	63.50	-	-	-	-	-	0.15	0.54	39.85	104.04
Commission to Directors	(77.61)	(-)	(-)	(-)	(-)	(-)	(0.19)	(0.66)	(48.71)	(127.17)
	-	-	-	-	-	-	0.50	-	-	0.50
Amounts outstanding at year end	(-)	(-)	(-)	(-)	(-)	(-)	(0.50)	(-)	(-)	(0.50)
- Receivable	144.45	0.64	7.25	255.19	-	-	-	-	1.35	408.88
	(100.72)	(0.11)	(4.07)	(147.59)	(-)	(-)	(-)	(-)	(4.81)	(257.30)
- Payable	212.84	-	-	112.11	-	-	0.50	-	0.09	325.54
	(141.17)	(-)	(-)	(170.24)	(-)	(-)	(0.50)	(-)	(0.09)	(312.00)
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 31 December, 2014 ₹ In Million	For the year ended 31 December, 2013 ₹ In Million
1	Purchase of goods	KSB AG	106.94	64.41
		KSB S.A.	38.55	32.76
2	Sale of goods	KSB AG	415.80	296.92
3	Income from services	KSB AG	22.37	18.83
		KSB Tech. Pvt. Ltd.	7.48	6.50
4	Order Cancellation Charges received	KSB AG	0.12	1.16
		P.T. KSB Indonesia	0.21	-
5	Site expenses paid	KSB AG	1.82	2.54
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	0.54	0.07
6	Commission income	KSB AG	23.65	25.60
7	Commission paid	KSB AG	67.65	-
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	3.56	100.84
8	Dividend received	MIL Controls Ltd.	52.19	38.96
9	Liquidated Damages Paid	KSB S.A.	1.90	-
		KSB Korea	0.97	-
10	Charges paid for technical/ Professional services	KSB AG	72.01	88.38
11	Royalty paid	KSB AG	85.48	52.11
12	Warranty charges paid	KSB S.A.	0.34	4.55
		KSB Valves (Shanghai) Co. Ltd., China	0.81	-
13	Rent received	MIL Controls Ltd.	1.61	1.61
14	Recovery of expenses	KSB Singapore (Asia Pacific) PTE Ltd. Singapore	3.54	3.33
		MIL Controls Ltd.	11.08	10.30
15	Reimbursement of expenses	KSB AG	0.34	0.27
		P.T. KSB Indonesia	0.06	-
		KSB Finanz SA	0.05	0.05
16	Remuneration	W. Spiegel	7.92	7.86
17	Sitting fees paid	G. Swarup	0.12	0.12
18	Dividend paid	Canadian Kay Pump Ltd.	63.50	77.61
		The Industrial & Prudential Investment Co. Ltd.	32.13	39.27
19	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. Pofran 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., Griebenland KSB Tech. Pvt. Ltd., India GIW Industries Inc., USA KSB Middle East FZE, Dubai
Common Control	

Notes forming part of the financial statements (Contd.)

	<p>KSB Pumpy + Armatury spol. s r. 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 Osterreich, Austria KSB Pompes ET Robinetteries Sarl, Morocco KSB Argentina KSB Service GMBH KSB Canada KSB New Zealand Rotary Equipment KSB OOO, Russia KSB Valvulas Ltd. Brazil KSB Services Ltd, Saudi Arabia AMRI Inc., USA KSB Vietnam Company Ltd. KSB Philippines</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	2014		2013	
	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	31.12	34.69	26.24	47.02
Additional Provision made during the year	52.90	22.10	31.12	34.69
Amount used during the year	(27.08)	-	(24.62)	-
Unused amount reversed during the year	(4.04)	(34.69)	(1.62)	(47.02)
Carrying amount at the end of the year	52.90	22.10	31.12	34.69

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 ₹ 36.12 million (previous year - ₹ 43.17 million) spares consumed.

Note 41 - Provision for taxation for the year is an aggregate of the provision made for the year ended 31st March, 2014 as reduced by the provision for 9 months up to 31st December, 2013 and the provision based on the figures for the remaining 9 months up to 31st December, 2014. However, the ultimate tax liability for the remaining 9 months up to 31st December, 2014 will be determined based on the results for the year 1st April, 2014 to 31st March, 2015.

Note 42 - Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Signature to Notes 1 to 42

	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	
R. Narasimhan		
Company Secretary		

Mumbai, 20th February, 2015

Precise machining - at pattern shop, Pimpri (IPD)

5 axis universal milling machine for
precise pattern making of components like impeller vanes



Sophisticated manufacturing facilities - at Chinchwad (PPD)

Multitasking of complex jobs with precision is facilitated with this 5 axis mill-turn machine.



To The Board of Directors of
KSB Pumps Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KSB PUMPS LIMITED (the "Company"), and its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st December, 2014, the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and presentation 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 the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiary referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st December, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 80,277,260 as at 31st December, 2014, total revenues of ₹ 25,544,290 and net cash outflows amounting to ₹ 55,900 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the report of the other auditors.

Our opinion is not qualified in respect of this matter.

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

Hemant M. Joshi
Partner
Membership No.: 038019

Pune, 20th February, 2015

Consolidated Balance Sheet as at 31st December, 2014

Particulars	Note No.	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	348.08	348.08
(b) Reserves and surplus	4	5,224.16	4,769.64
		<u>5,572.24</u>	<u>5,117.72</u>
(2) Non-current liabilities			
(a) Other long-term liabilities	5	66.67	60.44
(b) Long-term provisions	6	295.90	232.68
		<u>362.57</u>	<u>293.12</u>
(3) Current liabilities			
(a) Short-term borrowings	7	243.79	31.85
(b) Trade payables	8	1,537.26	1,297.63
(c) Other current liabilities	9	1,076.96	960.04
(d) Short-term provisions	10	344.31	291.28
		<u>3,202.32</u>	<u>2,580.80</u>
TOTAL		<u><u>9,137.13</u></u>	<u><u>7,991.64</u></u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11.A	1,896.30	1,795.44
(ii) Intangible assets	11.B	11.82	17.03
(iii) Capital work-in-progress		99.57	82.42
		<u>2,007.69</u>	<u>1,894.89</u>
(b) Non-current investments	12	498.83	484.83
(c) Deferred tax assets (net)	13	100.22	77.75
(d) Long-term loans and advances	14	549.38	565.69
		<u>3,156.12</u>	<u>3,023.16</u>
(2) Current assets			
(a) Inventories	15	2,017.72	1,833.02
(b) Trade receivables	16	1,790.36	1,267.29
(c) Cash and cash equivalents	17	1,787.50	1,600.64
(d) Short-term loans and advances	18	325.45	232.81
(e) Other current assets	19	59.98	34.72
		<u>5,981.01</u>	<u>4,968.48</u>
TOTAL		<u><u>9,137.13</u></u>	<u><u>7,991.64</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)

R. Narasimhan
Company Secretary

Pune, 20th February, 2015

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

Mumbai, 20th February, 2015

Consolidated Statement of Profit and Loss for the year ended 31st December, 2014

Particulars	Note No.	For the Year ended 31st December, 2014 ₹ in Million	For the Year ended 31st December, 2013 ₹ in Million
1. Revenue from operations (gross)	20	8,523.66	7,864.38
Less: Excise duty	20	(486.93)	(537.03)
Revenue from operations (net)		8,036.73	7,327.35
2. Other income	21	228.57	127.35
3. Total revenue (1+2)		8,265.30	7,454.70
4. Expenses			
Cost of materials consumed	22.a	3,681.94	3,107.19
Purchases of stock-in-trade		330.35	293.56
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	(196.91)	42.57
Employee benefits expense	23	1,271.06	1,100.97
Finance costs	24	21.47	25.94
Depreciation and amortisation expense	11.A & 11.B	275.54	265.29
Other expenses	25	1,952.61	1,774.04
Expenditure transferred to capital account		(13.57)	(10.60)
Total expenses		7,322.49	6,598.96
5. Profit before tax (3 - 4)		942.81	855.74
6. Tax expense:			
(a) Current tax		349.23	284.05
(b) Short/(excess) provision in respect of earlier years		(2.01)	3.63
(c) Deferred tax/(credit)		(22.47)	(3.17)
		324.75	284.51
7. Profit for the year (5 - 6)		618.06	571.23
8. Add: Share of profit for the year in respect of investment in Associate Company		66.18	96.41
		684.24	667.64
9. Earnings per equity share (Face Value per share ₹ 10/-):			
(1) Basic	34	19.66	19.18
(2) Diluted	34	19.66	19.18
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)

R. Narasimhan
Company Secretary

Pune, 20th February, 2015

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, 20th February, 2015

Consolidated Cash Flow Statement for the year ended 31 December, 2014

Particulars	For the Year ended 31st December, 2014		For the Year ended 31st December, 2013	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
A. Cash flow from operating activities				
Net Profit/(Loss) before tax		942.81		855.74
Adjustments for:				
Depreciation and amortisation expense	275.54		265.29	
(Profit)/loss on sale/disposal/write off of fixed assets (net)	(7.19)		3.57	
Provision for diminution in value of non-current investments	-		0.40	
Finance costs	21.47		25.94	
Interest income	(190.50)		(108.24)	
Unrealised exchange (gain)/loss	1.09		1.59	
		<u>100.41</u>		<u>188.55</u>
Operating profit/(loss) before working capital changes		1,043.22		1,044.29
Adjustment for changes in working capital:				
(Increase)/decrease in operating assets:				
Inventories	(184.70)		102.33	
Trade receivables	(523.07)		193.57	
Short-term loans and advances	(92.64)		(14.51)	
Long-term loans and advances	(20.58)		(90.05)	
Other non-current assets – Long-term trade receivables	-		8.61	
Increase/(decrease) in operating liabilities:				
Trade payables	239.63		95.02	
Other current liabilities	123.31		78.84	
Other long-term liabilities	6.23		4.40	
Short-term provisions	4.97		(23.81)	
Long-term provisions	63.22		5.03	
		<u>(383.63)</u>		<u>359.43</u>
Cash generated from operations		659.59		1403.72
Direct taxes paid		(307.61)		(350.21)
Net cash flow from/(used in) operating activities (A)		<u>351.98</u>		<u>1,053.51</u>
B. Cash flow from investing activities				
Payment for Fixed Assets	(398.73)		(256.00)	
Proceeds from sale of fixed assets	9.89		4.48	
Interest received	165.24		101.83	
Income from trade investements (non-current)	52.19		38.96	
Net cash flow from/(used in) investing activities (B)		<u>(171.41)</u>		<u>(110.73)</u>

Consolidated Cash Flow Statement for the year ended 31 December, 2014

Particulars	For the Year ended 31st December, 2014		For the Year ended 31st December, 2013	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
C. Cash flow from financing activities				
Increase/(decrease) in Working capital borrowings	211.94		(136.67)	
Finance cost	(21.47)		(25.94)	
Dividends paid	(156.47)		(191.27)	
Tax Paid on dividend	(26.62)		(31.33)	
Net cash flow from/(used in) financing activities (C)		7.38		(385.21)
Unrealized exchange gain/(loss) in cash and cash equivalents (D)		(1.09)		(1.59)
Net increase/(decrease) in Cash and cash equivalents (A + B + C + D)		186.86		555.98
Cash and cash equivalents (Opening Balance)		1,600.64		1,044.66
Cash and cash equivalents (Closing Balance)		1,787.50		1,600.64

Cash and cash equivalents at the end of the year include:	As at 31st Dec., 2014	As at 31st Dec., 2013	As at 31st Dec., 2012
(a) Cash on hand	0.64	0.60	0.41
(b) Balances with banks			
(i) In current accounts	206.20	458.79	207.56
(ii) In deposit accounts	1,578.07	1,138.83	834.45
(iii) In unpaid dividend account	2.59	2.42	2.24
Cash and Cash equivalents at the end of the year (Refer Note 17)	<u>1,787.50</u>	<u>1,600.64</u>	<u>1,044.66</u>

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

Hemant M. Joshi
(Partner)

R. Narasimhan
Company Secretary

Pune, 20th February, 2015

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, 20th February, 2015

Notes forming part of the consolidated financial statements

Note	Particulars														
1	<p>Company Overview</p> <p>Products: 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>Operations: 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 Vambori Manufacturing of steel & iron castings including for captive consumption.</p> <p>D) Coimbatore Unit Manufacturing of valves (Globe, Gate, Check, Butterfly & 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>Significant accounting policies</p>														
2.1	<p>Fixed assets and depreciation/amortisation:</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/amortization on fixed assets:</p> <p>i) Depreciation on tangible fixed assets is provided at the rates and in the manner laid down in Schedule XIV to the Companies Act, 1956 on the written down value (WDV) method in respect of buildings, furniture and fixtures and vehicles and on the straight line method (SLM) in respect of other assets. However, the rate of depreciation in respect of the following assets is higher:</p> <table style="margin-left: 40px;"> <tr> <td>Jigs & fixtures</td> <td>- 33% (SLM)</td> </tr> <tr> <td>Furniture & fixtures</td> <td>- 37% (WDV)</td> </tr> <tr> <td>Office equipments</td> <td>- 10% (SLM)</td> </tr> <tr> <td>Electrical installations</td> <td>- 10% (SLM)</td> </tr> <tr> <td>Vehicles</td> <td>- 60% (WDV)</td> </tr> </table> <p>Leasehold land are amortised over the period of the lease.</p> <p>ii) Intangible assets are amortised on the straight line method at the following rates:</p> <table style="margin-left: 40px;"> <tr> <td>Rights, techniques, Process and Know how</td> <td>- 14.29%, 20%</td> </tr> <tr> <td>Software</td> <td>- 33%</td> </tr> </table>	Jigs & fixtures	- 33% (SLM)	Furniture & fixtures	- 37% (WDV)	Office equipments	- 10% (SLM)	Electrical installations	- 10% (SLM)	Vehicles	- 60% (WDV)	Rights, techniques, Process and Know how	- 14.29%, 20%	Software	- 33%
Jigs & fixtures	- 33% (SLM)														
Furniture & fixtures	- 37% (WDV)														
Office equipments	- 10% (SLM)														
Electrical installations	- 10% (SLM)														
Vehicles	- 60% (WDV)														
Rights, techniques, Process and Know how	- 14.29%, 20%														
Software	- 33%														
2.2	<p>Investments</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>Inventories</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>Trade receivables and advances</p> <p>Specific debts and advances identified as irrecoverable or doubtful are written-off or provided for, respectively.</p>														
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>														

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

Note	Particulars
2.7	<p>Employee Benefits Employee benefits includes gratuity, superannuation and provident fund and leave encashment benefits under the approved schemes of the Company. In respect of defined contribution plans, the contribution payable for the year is charged to the Statement of Profit and Loss. 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 Cost of product warranties is disclosed under the head: (i) 'raw materials and components consumed' as consists of free replacement of spares. (ii) 'miscellaneous expenses' which includes provision for warranties.</p>
2.9	<p>Taxes on Income Tax expense for the year is included in the determination of the net profit for the year. 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 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>Borrowing Costs 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 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 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>Provisions, Contingent Liabilities and Contingent Assets 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. No provision is recognised for: (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 (ii) Any present obligation that arises from past events but is not recognized because- - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or - A reliable estimate of the amount of obligation cannot be made. 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. 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 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 consolidated financial statements (Contd.)

Note 3 - Share capital

Particulars	As at 31st December, 2014		As at 31st December, 2013	
	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, 2014		As at 31st December, 2013	
	₹ 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 31 December, 2014		As at 31 December, 2013	
	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)	2,549,881	7.33%	2,655,080	7.63%

- (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 consolidated financial statements (Contd.)

Note 4 - Reserves and surplus

Particulars	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ 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	1,019.97	958.97
Add: Transferred from surplus in Statement of Profit and Loss	66.00	61.00
Less: Utilisations/transfers	-	-
Closing balance	1,085.97	1,019.97
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	3,746.22	3,363.57
Add: Transferred from Statement of Profit and Loss	684.24	667.64
Less: Interim dividend	-	34.81
Proposed dividend (₹ 5.50 per share) (previous year ₹ 4.50 per share)	191.44	156.64
Tax on interim dividend	-	5.92
Tax on proposed dividend	38.28	26.62
Transferred to General reserve	66.00	61.00
Closing balance	4,134.74	3,746.22
Total	5,224.16	4,769.64

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

Note 5 - Other long-term liabilities

Particulars	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
Other than trade payables:		
Other Payables (includes Deposits received from dealers, etc.)	66.67	60.44
Total	66.67	60.44

Note 6 - Long-term provisions

Provision for employee benefits (Refer Note 30)	278.27	222.31
Other Provisions:		
Provision for Warranty (Refer Note 33)	17.63	10.37
Total	295.90	232.68

Note 7 - Short-term borrowings

Loans Repayable on Demand		
Working Capital Facilities from banks (Secured)	243.79	31.85
Total	243.79	31.85

Note:

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

Particulars	Nature of security	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
Working Capital Facility -1	Pledge of Fixed Deposits of ₹ 10 Million (previous year ₹ 90 Million)	-	0.21
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.	51.54	31.64
Working Capital Facility -3	Hypothecation of stocks including loose tools, stores and spares, book debts.	192.25	-
Total		243.79	31.85

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

Note 8 - Trade payables

Particulars	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
Trade payables	1,537.26	1,297.63
Total	1,537.26	1,297.63

Note 9 - Other current liabilities

Unclaimed Dividend	2.59	2.42
Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	106.77	106.64
(ii) Payables for purchase of fixed assets	23.51	30.07
(iii) Advances from customers	591.53	539.59
(iv) Others (Liquidated damages, etc.)	352.56	281.32
Total	1,076.96	960.04

Note 10 - Short-term provisions

Provision for employee benefits (Refer Note 30)	51.87	48.83
Provision - Others:		
(i) Tax provisions less payments (current tax)	5.35	3.75
(ii) Provision for Warranty (Refer Note 33)	35.27	20.75
(iii) Proposed dividend	191.44	156.64
(iv) Tax on proposed dividend	38.28	26.62
(v) Provision - others (for statutory levies) (Refer Note 33)	22.10	34.69
Total	292.44	242.45
Total	344.31	291.28

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

Particulars	Gross block		Depreciation/Amortisation		Net block			
	As at 31st December, 2013	Additions during the year 2014	Deductions during the year 2013	Provided during the year 2014	Upto 31st December, 2014	Upto 31st December, 2014	As at 31st December, 2014	As at 31st December, 2013
A. Tangible Assets								
(Owned, unless otherwise stated)								
(a) Land								
- Freehold	3.01	-	-	-	-	3.01	3.01	3.01
- Leasehold	15.15	-	3.04	0.18	-	11.93	12.11	12.11
(b) Buildings (See Note)	627.48	52.85	277.36	35.41	-	367.56	350.12	350.12
(c) Plant and Equipment	2,914.65	302.61	1,551.77	211.27	29.43	1,452.63	1,362.88	1,362.88
(d) Furniture and Fixtures	91.22	1.07	73.50	6.79	0.02	12.00	17.72	17.72
(e) Vehicles	44.76	12.00	36.32	7.06	6.95	12.34	8.44	8.44
(f) Office equipment	89.62	3.74	48.46	8.00	0.63	36.83	41.16	41.16
(g) Development of Property	0.04	-	0.04	-	-	-	-	-
Total Tangible Assets	3,785.93	372.27	1,990.49	268.71	37.03	1,896.30	1,795.44	1,795.44
Previous year	3,429.11	494.55	1,862.37	257.80	129.68	1,795.44	1,566.74	1,566.74
B. Intangible Assets								
(other than internally generated)								
(a) Computer software	42.15	1.62	33.38	5.38	-	5.01	8.77	8.77
(b) Copyrights, patents and other intellectual property rights, services and operating rights	57.20	-	48.94	1.45	-	6.81	8.26	8.26
Total Intangible Assets	99.35	1.62	82.32	6.83	-	11.82	17.03	17.03
Previous year	92.73	6.62	74.83	7.49	-	17.03	17.90	17.90

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 consolidated financial statements (Contd.)

Particulars	Gross block		Depreciation/Amortisation			Net block	
	As at 31st December, 2012	Additions during the year	Deductions during the year	As at 31st December, 2012	Provided during the year	Upto 31st December, 2013	As at 31st December, 2013
Tangible Assets							
(Owned, unless otherwise stated)							
(a) Land							
- Freehold	3.01	-	-	-	-	-	3.01
- Leasehold	15.15	-	-	2.86	0.18	3.04	12.29
(b) Buildings	535.86	109.34	17.72	257.35	34.35	277.36	350.12
(c) Plant and Equipment	2,665.84	351.79	102.98	1,448.53	202.05	1,551.77	1,362.88
(d) Furniture and Fixtures	78.68	15.16	2.62	68.64	7.48	73.50	17.72
(e) Vehicles							
- Owned	47.09	6.17	8.50	38.73	5.92	36.32	8.44
- Taken under finance lease	0.21	-	0.21	0.20	-	-	-
(f) Office equipment	83.23	12.09	5.70	46.02	7.82	48.46	41.16
(g) Development of Property	0.04	-	-	0.04	-	0.04	-
Total Tangible Assets	3,429.11	494.55	137.73	1,862.37	257.80	1,990.49	1,795.44
Intangible Assets							
(other than internally generated)							
(a) Computer software	36.28	5.87	-	27.33	6.05	33.38	8.77
(b) Copyrights, patents and other intellectual property rights, services and operating rights	56.45	0.75	-	47.50	1.44	48.94	8.26
Total Intangible Assets	92.73	6.62	-	74.83	7.49	82.32	17.03

Note 11 C - Fixed assets - Tangible and Intangible assets

₹ in Million

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

Note 12 - Non-current investments

Particulars	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ 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)	498.83	484.83
Others		
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>498.83</u>	<u>484.83</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	107.62	102.85
Total	<u>107.62</u>	<u>102.85</u>
(ii) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Provision for compensated absences and gratuity	112.21	92.16
Provision for doubtful debts and advances	47.65	49.90
Others	47.98	38.54
Total	<u>207.84</u>	<u>180.60</u>
(iii) Deferred tax Asset/(Liability) Net	100.22	77.75

Note 14 - Long-term loans and advances

(Unsecured - considered good unless otherwise stated)

Capital advances	35.08	33.96
Security Deposits		
Considered good	30.79	30.16
Considered Doubtful	4.84	4.84
	<u>35.63</u>	<u>35.00</u>
Less: Provision for doubtful security deposits	4.84	4.84
	<u>30.79</u>	<u>30.16</u>
Other loans and advances		
- Loans and advances to employees	20.47	17.69
- Taxes paid in advance less provisions (current tax)	95.24	133.25
- Balances with government authorities - VAT credit receivable etc.		
Considered Good	367.01	349.24
Considered Doubtful	4.64	20.90
	<u>371.65</u>	<u>370.14</u>
Less: Provision for doubtful loans and advances	4.64	20.90
	<u>367.01</u>	<u>349.24</u>
- Prepaid Expenses	0.79	1.39
Total	<u>549.38</u>	<u>565.69</u>

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

Note 15 - Inventories

(at cost or net realisable value whichever is lower)

Particulars	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
Raw materials (including Goods-in-transit ₹ 3.89 million (previous year ₹ 2.13 million))	480.09	489.11
Work-in-progress	1,030.14	911.11
Finished goods	372.44	314.62
Stock-in-trade (in respect of goods acquired for trading)	82.61	62.55
Stores and spares	45.05	43.57
Loose tools	7.39	12.06
Total	2,017.72	1,833.02

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	225.69	126.58
Doubtful	124.31	114.67
	350.00	241.25
Other Trade receivables		
Considered good	1,564.67	1,140.71
Total	1,914.67	1,381.96
Less: Provision for doubtful trade receivables	124.31	114.67
Total	1,790.36	1,267.29

Note 17 - Cash and cash equivalents

Cash on hand	0.64	0.60
Balances with banks		
- In current accounts	206.20	458.79
- In deposit accounts	1,134.31	615.07
- In earmarked accounts		
- Unpaid dividend accounts	2.59	2.42
- Balances held as security against borrowings	443.76	523.76
Total	1,787.50	1,600.64

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

Note 18 - Short-term loans and advances

(Unsecured - considered good unless otherwise stated)

Particulars	As at 31st December, 2014 ₹ in Million	As at 31st December, 2013 ₹ in Million
Loans and advances to related parties (Refer Note 32) (includes advance for supply of goods ₹ 84.33 Million (previous year ₹ 34.78 Million))	91.58	41.39
Other Loans and Advances		
- Employee advances	11.27	15.78
- Prepaid expenses	7.68	6.30
- Balances with government authorities (CENVAT and Service Tax receivable)	87.58	45.56
- Others (includes Advances to Suppliers, DEPB Receivable, Insurance Claim Receivable, etc.)		
Considered good	127.34	123.78
Doubtful	6.00	6.00
	133.34	129.78
Less: Provision for other doubtful loans and advances	6.00	6.00
	127.34	123.78
Total	325.45	232.81

Note 19 - Other current assets

Interest accrued on fixed deposits

59.98	34.72
59.98	34.72
Total	34.72

Note 20 - Revenue from operations

	For the Year ended 31st December, 2014 ₹ in Million	For the Year ended 31st December, 2013 ₹ in Million
Sale of products	8,277.33	7,638.35
Sale of services	159.49	158.86
Other operating revenues		
- Scrap Sale	31.52	25.07
- Export Incentive	55.32	42.10
	8,523.66	7,864.38
<u>Less:</u>		
Excise duty	(486.93)	(537.03)
Total	8,036.73	7,327.35

Note 21 - Other income

Interest on Bank deposits, Income tax refunds, delayed payments from dealers/customers, etc.	190.50	108.24
Profit on sale / disposal / write off of fixed assets (net)	7.19	-
Exchange Gain (net)	-	0.92
Provision for doubtful receivables and advances (net)	6.63	-
Other non-operating income	24.25	18.19
Total	228.57	127.35

Notes forming part of consolidated financial statements (Contd.)

Note 22. a - Cost of materials consumed

Particulars	For the year ended 31 December, 2014 ₹ in Million	For the year ended 31 December, 2013 ₹ in Million
Raw Materials and Components Consumed	3,681.94	3,107.19
Cost of materials consumed	<u>3,681.94</u>	<u>3,107.19</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	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>

Inventories at the beginning of the year:

Finished goods	314.62	338.71
Work-in-progress	911.11	906.54
Stock in trade	62.55	85.60
	<u>1,288.28</u>	<u>1,330.85</u>

Net (increase) / decrease	(196.91)	42.57
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Note 23 - Employee benefits expense

Salaries and wages	1,050.15	935.45
Contributions to provident and other funds (Refer Note 30)	128.49	89.37
Staff welfare expenses	92.42	76.15
Total	<u>1,271.06</u>	<u>1,100.97</u>

Note 24 - Finance cost

Interest expense on Borrowings, Income Tax etc.	21.47	25.94
Total	<u>21.47</u>	<u>25.94</u>

Notes forming part of consolidated financial statements (Contd.)

Note 25 Other expenses

Particulars	For the year ended 31st December, 2014 ₹ in Million	For the year ended 31st December, 2013 ₹ in Million
Processing & Machining Charges	330.50	325.43
Stores Consumed	153.07	126.22
Tools Consumed	46.93	47.55
Water, Power and fuel	172.69	156.66
Rent	8.77	9.33
Excise duty relating to increase / (decrease) in finished goods stock	5.70	(5.19)
Rates and taxes (Refer Note 33)	26.46	15.27
Insurance (Net)	4.77	5.42
Repairs and maintenance - Buildings	15.22	17.42
- Machinery (Refer Note 37)	58.70	60.53
- Others	71.83	73.07
	145.75	151.02
Travelling and conveyance	64.03	58.94
Packing & Forwarding Charges (net of recoveries - ₹ 36.57 million; previous year ₹ 33.52 million)	194.54	197.12
Directors' fees	0.50	0.49
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	1.61	1.40
Reimbursement of out of pocket expenses	0.19	0.20
	3.85	3.65
Cost Audit Fees	0.40	0.40
Sales commission	129.46	136.40
Cash Discount	18.44	16.32
Royalty Charges	85.86	52.49
In respect of late delivery under contracts	62.09	17.63
Provision for doubtful receivables and advances (net)	-	39.55
Provision for diminution in the value of non-current investments	-	0.40
Legal and professional (including SAP implementation/ upgradation expenses ₹ Nil; previous year - ₹ 8.58 million)	20.22	33.77
Net loss on foreign currency transactions and translation	51.34	-
Loss on sale/disposal/write off of fixed assets	-	3.57
Miscellaneous expenses	427.24	381.60
Total	1,952.61	1,774.04

Notes forming part of consolidated financial statements (Contd.)

Note 26 - Contingent Liabilities and Commitments

Particulars	As at 31 December, 2014 ₹ in Million	As at 31 December, 2013 ₹ in Million
(i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts	15.09	10.99
(b) Taxation matters in dispute pending at various stages of appeal	46.57	63.20
(c) Bills Discounted / Cheques purchased with banks	13.71	35.25
(d) Excise matters	120.69	75.46
(e) Guarantees given by the bankers on behalf of the Company	1,061.70	1,186.38
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) -		
-Tangible Assets	156.48	21.37

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

Outstanding forward exchange contracts entered into by the Company as on 31 December, 2014

Particulars	Amount in foreign Currency		Equivalent amount ₹ in Million		Purpose
	Current Year	Previous year	Current Year	Previous year	
Forward Cover	USD 9,906,769	USD 8,684,274	638.72	556.75	Covering Trade Receivables and future sales
	Euro 2,354,253	Euro 554,797	200.18	48.84	
Forward Cover	USD 861,681	USD 673,701	56.18	41.08	Covering Trade Payables and future purchases
	Euro 7,580,737	Euro 5,555,282	678.36	468.74	

(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 1,754,603	USD 3,887,229	112.87	244.47
	Euro 2,302,219	Euro 892,677	180.52	77.59
Trade Receivables	USD 1,819,045	USD 1,061,041	113.31	64.59
	Euro 149,115	Euro 92,497	11.27	7.75
Bank balances	USD 2,330,483	USD 3,334,497	145.17	203.72
	Euro 192,047	Euro NIL	14.52	-

Note 28 - Research and Development expenditure debited to the Statement of Profit and Loss aggregating ₹ 4.16 million (previous year - ₹ 2.43 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 - ₹ 51.34 million (previous year - net gain - ₹ 0.92 million)

Notes forming part of consolidated financial statements (Contd.)

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 ₹ 52.48 million (previous year ₹ 48.63 million)

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 2014	Year 2013	Year 2014	Year 2013
(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	392.20	356.80	23.90	20.63
2	Current Service cost	27.13	27.37	1.18	1.25
3	Interest cost	35.75	28.66	2.25	1.68
4	Losses (gains) on Curtailment	-	-	-	-
5	Liabilities extinguished on settlements	-	-	-	-
6	Plan amendments	-	-	-	-
7	Actuarial (gains) / losses	27.90	2.16	3.19	1.14
8	Benefits paid	(23.69)	(22.79)	-	(0.80)
9	Present Value of Defined Benefit Obligation as at 31st December	459.29	392.20	30.52	23.90
(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	247.72	215.93	20.87	19.46
2	Expected return on plan assets	20.26	17.64	1.67	1.54
3	Actuarial gains and (losses)	(0.02)	5.00	0.14	0.23
4	Actual contributions by employers	34.65	31.94	-	0.44
5	Benefits paid	(23.69)	(22.79)	-	(0.80)
6	Plan assets as at 31st December	278.92	247.72	22.68	20.87
(C)	Analysis of Defined Benefit Obligation :				
1	Defined Benefit Obligation as at 31st December	459.29	392.20	30.52	23.90
2	Fair Value of Plan Assets at the end of year	(278.92)	(247.72)	(22.68)	(20.87)
3	Net (Asset)/Liability recognised in the Balance Sheet as at 31st December	180.37	144.48	7.84	3.03
(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	459.29	392.20	30.52	23.90
2	Fair value of plan assets	278.92	247.72	22.68	20.87
3	Funded status [Surplus/(Deficit)]	(180.37)	(144.48)	(7.84)	(3.03)
4	Unrecognised Past Service Costs	-	-	-	-
5	Net Asset/(Liability) recognised in Balance Sheet	(180.37)	(144.48)	(7.84)	(3.03)

Notes forming part of consolidated financial statements (Contd.)

₹ in Million

	Particulars	Gratuity		Superannuation	
		Year 2014	Year 2013	Year 2014	Year 2013
(E)	Components of employer expenses recognised in the statement of profit and loss for the year ended 31st December				
1	Current Service cost	27.13	27.37	1.18	1.25
2	Interest cost	35.75	28.66	2.25	1.68
3	Expected return on plan assets	(20.26)	(17.64)	(1.67)	(1.54)
4	Curtailment cost/(credit)	-	-	-	-
5	Settlement cost/(credit)	-	-	-	-
6	Past Service cost	-	-	-	-
7	Actuarial Losses/(Gains)	27.92	(2.84)	3.05	0.91
8	Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	70.54	35.55	4.81	2.30
(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	9.40	8.00	9.40
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

(H)	Experience History	Gratuity					Superannuation				
		Year 2014	Year 2013	Year 2012	Year 2011	Year 2010	Year 2014	Year 2013	Year 2012	Year 2011	Year 2010
1	Defined Benefit Obligation at end of the period	459.29	392.20	356.80	315.40	260.21	30.52	23.90	20.63	23.17	21.74
2	Plan Assets at end of the period	278.92	247.72	215.93	222.94	192.09	22.68	20.87	19.46	22.80	23.29
3	Funded Status	(180.37)	(144.48)	(140.87)	(92.46)	(68.12)	(7.84)	(3.03)	(1.17)	(0.37)	1.55
4	Experience Gain / (Loss) adjustments on plan liabilities	7.63	(27.96)	(7.96)	(42.57)	(7.56)	(1.72)	(2.14)	(0.22)	(1.88)	0.33
5	Experience Gain / (Loss) adjustments on plan assets	(0.02)	5.00	(0.05)	2.18	0.17	0.14	0.23	0.02	(0.60)	0.97
		Gratuity				Superannuation					
(I)	Actual Return on Plan Assets	Year 2014	Year 2013	Year 2014	Year 2013						
1	Expected return on plan assets	20.26	17.64	1.67	1.54						
2	Actuarial gains and(Losses) on plan assets	(0.02)	5.00	0.14	0.23						
3	Actual Return on Plan Assets	20.24	22.64	1.81	1.77						

(J) Contributions expected to be paid to the plan during the next financial year ₹ 39.24 million (previous year- ₹ 36.14 million).

Notes forming part of consolidated financial statements (Contd.)

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
a) Segment Revenue										
Sales to External Customers	6,661.07	6,033.90	1,279.36	1,221.31	9.46	4.97	-	-	7,949.89	7,260.18
Inter Segment Revenue	-	-	4.22	1.49	513.85	437.21	(518.07)	(438.70)	-	-
Total Segment Revenue	6,661.07	6,033.90	1,283.58	1,222.80	523.31	442.18	(518.07)	(438.70)	7,949.89	7,260.18
b) Segment Results	869.27	813.98	(16.57)	18.18	(16.69)	(14.54)	-	-	836.01	817.62
Unallocated Corporate expenses									(62.23)	(44.18)
Finance Cost									(21.47)	(25.94)
Interest income									190.50	108.24
Profit before tax									942.81	855.74
Income taxes (including short/(excess) provision in respect of earlier years)									(347.22)	(287.68)
Deferred Tax									22.47	3.17
Profit after tax									618.06	571.23
c) Segment Assets	4,713.25	3,669.29	1,216.14	1,348.42	725.92	677.44			6,655.31	5,695.15
Unallocated Corporate Assets									2,481.82	2,296.49
Total Assets									9,137.13	7,991.64
d) Segment Liabilities	(2,636.98)	(2,007.88)	(389.51)	(520.97)	(41.25)	(103.09)			(3,067.74)	(2,631.94)
Unallocated Corporate liabilities									(497.15)	(241.98)
Total Liabilities									(3,564.89)	(2,873.92)
Net Assets	2,076.27	826.63	684.67							
e) Cost Incurred during the period to acquire segment fixed assets	331.85	113.85	28.09	94.91	32.22	66.55				
f) Depreciation / Amortisation	169.57	168.35	59.13	54.49	46.84	42.45				
g) Non-cash expenditure other than depreciation / amortisation	-	39.95	-	-	-	-				

Notes :

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

	Domestic		Export		Total	
	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million	₹ Million
(B) Secondary segments - Geographical Segments						
Segment revenue by geographical area based on geographical location of customers	2014	2013	2014	2013	2014	2013
	6660.70	6116.81	1289.19	1143.37	7949.89	7260.18

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 reporting 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
Purchase of goods	106.94	-	55.76	-	-	-	-	-	162.70
	(64.41)	(1.25)	(39.65)	(-)	(-)	(-)	(-)	(-)	(105.31)
Purchase of Fixed Assets	-	-	-	-	-	-	-	-	-
	(0.51)	(-)	(0.02)	(-)	(-)	(-)	(-)	(-)	(0.53)
Sale of goods	415.80	-	691.82	-	-	-	-	7.67	1,115.29
	(296.92)	(-)	(644.28)	(-)	(-)	(-)	(-)	(11.20)	(952.40)
Income from services	22.37	0.07	15.12	-	-	-	-	0.20	37.76
	(18.83)	(-)	(17.79)	(-)	(-)	(-)	(-)	(-)	(36.62)
Order Cancellation Charges received	0.12	-	0.21	-	-	-	-	-	0.33
	(1.16)	(-)	(0.65)	(-)	(-)	(-)	(-)	(-)	(1.81)
Site expenses paid	1.82	-	1.27	-	-	-	-	-	3.09
	(2.54)	(-)	(4.51)	(-)	(-)	(-)	(-)	(-)	(7.05)
Commission income	23.65	-	3.36	-	-	-	-	-	27.01
	(25.60)	(-)	(4.56)	(-)	(-)	(-)	(-)	(-)	(30.16)
Commission paid	67.65	-	3.56	-	-	-	-	-	71.21
	(-)	(-)	(100.84)	(-)	(-)	(-)	(-)	(-)	(100.84)
Dividend received	-	52.19	-	-	-	-	-	-	52.19
	(-)	(38.96)	(-)	(-)	(-)	(-)	(-)	(-)	(38.96)
Liquidated Damages Paid	-	-	2.87	-	-	-	-	-	2.87
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Charges paid for technical / Professional services	72.01	-	7.91	-	-	-	-	-	79.92
Royalty paid	(88.38)	(-)	(7.59)	(-)	(-)	(-)	(-)	(-)	(95.97)
	85.48	-	0.38	-	-	-	-	-	85.86
Warranty charges paid	(52.11)	(-)	(0.37)	(-)	(-)	(-)	(-)	(-)	(52.48)
	-	-	1.17	-	-	-	-	-	1.17
Rent received	(-)	1.61	-	-	-	-	-	-	1.61
	(-)	(1.61)	(-)	(-)	(-)	(-)	(-)	(-)	(1.61)
Recovery of expenses	0.22	11.08	4.26	-	-	-	-	0.01	15.57
	(3.33)	(10.30)	(5.30)	(-)	(-)	(-)	(-)	(-)	(18.93)
Reimbursement of expenses	0.34	-	0.11	-	-	-	-	-	0.45
Technical knowhow	(0.27)	(-)	(0.08)	(-)	(-)	(-)	(-)	(-)	(0.35)
	(0.76)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.76)
Remuneration	-	-	-	7.92	-	-	-	-	7.92
	(-)	(-)	(-)	(7.86)	(-)	(-)	(-)	(-)	(7.86)
Sitting fees paid	-	-	-	-	-	0.12	-	-	0.12
	(-)	(-)	(-)	(-)	(-)	(0.12)	(-)	(-)	(0.12)
Dividend paid	63.50	-	-	-	-	0.15	0.54	39.85	104.04
	(77.61)	(-)	(-)	(-)	(-)	(0.19)	(0.66)	(48.71)	(127.17)
Commission to Directors	-	-	-	-	-	0.50	-	-	0.50
	(-)	(-)	(-)	(-)	(-)	(0.50)	(-)	(-)	(0.50)
Amounts outstanding at year end									
- Receivable	144.45	7.25	255.19	-	-	-	-	1.35	408.24
	(100.72)	(4.07)	(147.59)	(-)	(-)	(-)	(-)	(4.81)	(257.19)
- Payable	212.84	-	112.11	-	-	0.50	-	0.09	325.54
	(141.17)	(-)	(170.24)	(-)	(-)	(0.50)	(-)	(0.09)	(312.00)
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 31 December, 2014 ₹ in Million	For the year ended 31 December, 2013 ₹ in Million
1	Purchase of goods	KSB AG	106.94	64.41
		KSB S.A.	38.55	32.76
2	Sale of goods	KSB AG	415.80	296.92
3	Income from services	KSB AG	22.37	18.83
		KSB Tech. Pvt. Ltd.	7.48	6.50
4	Order Cancellation Charges received	KSB AG	0.12	1.16
		P.T. KSB Indonesia	0.21	-
5	Site expenses paid	KSB AG	1.82	2.54
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	0.54	0.07
6	Commission income	KSB AG	23.65	25.60
7	Commission paid	KSB AG	67.65	-
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	3.56	100.84
8	Dividend received	MIL Controls Ltd.	52.19	38.96
9	Liquidated Damages Paid	KSB S.A.	1.90	-
		KSB Korea	0.97	-
10	Charges paid for technical / Professional services	KSB AG	72.01	88.38
11	Royalty paid	KSB AG	85.48	52.11
12	Warranty charges paid	KSB S.A.	0.34	4.55
		KSB Valves (Shanghai) Co. Ltd., China	0.81	-
13	Rent received	MIL Controls Ltd.	1.61	1.61
14	Recovery of expenses	KSB Singapore (Asia Pacific) PTE Ltd. Singapore	3.54	3.33
		MIL Controls Ltd.	11.08	10.30
15	Reimbursement of expenses	KSB AG	0.34	0.27
		P.T. KSB Indonesia	0.06	-
		KSB Finanz SA	0.05	0.05
16	Remuneration	W. Spiegel	7.92	7.86
17	Sitting fees paid	G. Swarup	0.12	0.12
18	Dividend paid	Canadian Kay Pump Ltd.	63.50	77.61
		The Industrial & Prudential Investment Co. Ltd.	32.13	39.27
19	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., 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 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 Robinetteries Sarl, Morocco KSB Argentina

Notes forming part of consolidated financial statements (Contd.)

	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
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	Mrs. Gyan M Swarup Mahendra Swarup & Sons HUF Mr. Vikram Swarup Mrs. Bindu Swarup Mrs. Parul Swarup
Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	The Industrial & Prudential Investment Co. Ltd. New Holding and Trading Company Ltd. Paharpur Cooling Towers Ltd.

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	2014		2013	
	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	31.12	34.69	26.24	47.02
Additional Provision Made during the year	52.90	22.10	31.12	34.69
Amount used during the year	(27.08)	-	(24.62)	-
Unused amount reversed during the year	(4.04)	(34.69)	(1.62)	(47.02)
Carrying amount at the end of the year	52.90	22.10	31.12	34.69

Note 34 - 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 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 31 December, 2014	As at 31 December, 2013
Pofran Sales & Agency Ltd.	India	100	100

Notes forming part of consolidated financial statements (Contd.)

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 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
For the year 2013					
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	422.18	484.83

(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 ₹ 36.12 million (previous year - ₹ 43.17 million) spares consumed.

Note 38 - Provision for taxation for the year is an aggregate of the provision made for the year ended 31st March, 2014 as reduced by the provision for 9 months up to 31st December, 2013 and the provision based on the figures for the remaining 9 months up to 31st December, 2014. However, the ultimate tax liability for the remaining 9 months up to 31st December, 2014 will be determined based on the results for the year 1st April, 2014 to 31st March, 2015.

Note 39 - Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signature to Notes 1 to 39

	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	
	W. Spiegel	Managing Director
R. Narasimhan		
Company Secretary		

Mumbai, 20th February, 2015

Summary of Financial Information of Subsidiary Company under Section 212 read with General Circular No. 2/2011 dated 8th February, 2011 for the year ended on 31st December, 2014.

Name of the Subsidiary :		POFRAN SALES & AGENCY LIMITED
		₹ in Million
a	Share Capital	0.50
b	Reserves	79.13
c	Total Assets	80.28
d	Total Liabilities	0.65
e	Details of investment (except in case of investment in the subsidiary)	Nil
f	Turnover (Including other income of ₹ 5.65 Million)	25.54
g	Profit before taxation	23.79
h	Provision for taxation	7.73
i	Profit after taxation	16.06
j	Proposed Dividend	Nil



Pumps and Valves is our business. Social welfare is our obligation

Corporate Social Responsibility (CSR) by KSB Care Charitable Trust - An initiative by KSB in India.

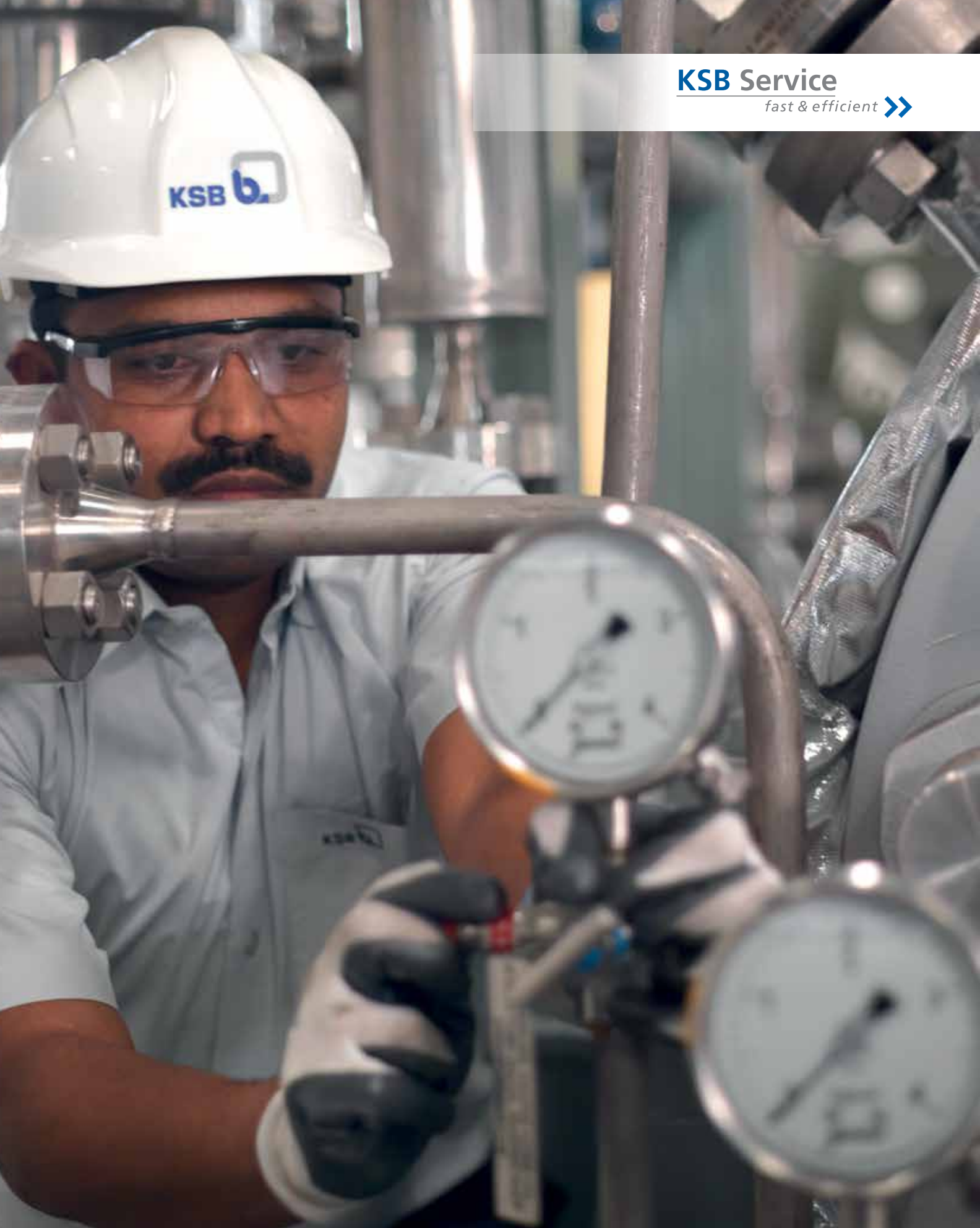


In order to provide sustainable solutions to improve quality of life of our communities in a proactive and sensitive manner KSB Care Charitable Trust has undertaken few projects.



▲ **'Snehalaya'**, a rehabilitation center located in Ahmednagar, Maharashtra for children & women who are victims of sexual exploitation and trafficking, rescued victims from flesh trade, HIV positive children and women etc. KSB Care Charitable Trust is taking care of annual expenses of 40 children from the centre. It also runs a school where the trust has provided classroom & office furniture and also developed a playground for them.

▲ **TARA SOFOSH Dhadphale Centre** in Pune, takes care of physically and mentally challenged children. KSB Care Charitable Trust has donated a van fitted with a specially designed ramp. This van will be used to take them to hospitals for routine medical checkup and treatment.



KSB Service

fast & efficient >>



KSB Pumps Limited

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

Tel. : +91 22 6658 8787 Fax : +91 22 6658 8788 www.ksbindia.co.in CIN L29120MH1960PLC011635

**KSB PUMPS LIMITED**

CIN: L29120MH1960PLC011635

Registered Office: 126, Maker Chambers-III, Nariman Point, Mumbai - 400 021

Phone: 022-66588787/ Fax: 022 66588788 Website: www.ksbindia.co.in

BALLOT FORM

Serial No.:

1.	Name and Address of the Sole/ First named Shareholder as registered with the Company			
2.	Name(s) of the joint Shareholder(s), if any, registered with the Company			
3.	Registered Folio No./DPID No.* & Client ID No.* : (*Applicable to Investors holding shares in dematerialized form)			
4.	Number of shares held			
I/We hereby exercise my/our vote in respect of the following Resolution(s) to be passed at the 55 th Annual General Meeting ("AGM") of the Company, to be held on Wednesday, 22 nd April, 2015 at 3.00. p.m. at Bajaj Bhavan, Ground Floor (Kamalnayan Bajaj Hall), 226, Nariman Point, Mumbai 400 021, in respect of the businesses as stated in the Notice dated 20 th February, 2015 by conveying my / our assent or dissent to the said resolution(s) by placing the tick [✓] mark in the appropriate column below:				
Item No.	Description	No. of Shares held	I/We assent to the Resolution (For)	I/We dissent to the Resolution (AGAINST)
ORDINARY BUSINESS				
1.	Adoption of the Audited Financial Statements for the year ended 31 st December, 2014 together with the Reports of the Directors and Auditors thereon.			
2.	Declaration of Dividend.			
3.	Re-appointment of Mr. N. N. Kampani (DIN: 00009071) who retires by rotation, and being eligible, offers himself for re-appointment			
4.	Re-appointment of Mr. W. Spiegel (DIN: 00058903) who retires by rotation, and being eligible, offers himself for re-appointment			
5.	Appointment of Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai having Reg. No. 117366W/ W-100018 as statutory Auditors of the Company from the conclusion of this AGM till the conclusion of next AGM.			
SPECIAL BUSINESS				
6.	Appointment of Ms. Sulajja Firodia Motwani (DIN 00052851), as an Independent Director of the Company for a period of 5 consecutive years.			
7.	Appointment of Mr. V. K. Viswanathan (DIN 01782934), as an Independent Director of the Company for a period of 5 consecutive years.			
8.	To ratify remuneration payable to Cost Auditors for Financial Year 2015.			
9.	To approve material related party transactions with KSB AG.			

Place: Telephone / Mobile No. :

Date: E- mail ID:

Signature of Member**ELECTRONIC VOTING PARTICULARS
(Applicable for individual members only)**

EVSN (E-Voting Sequence Number)	*Default PAN
150319005	

* Only members who have not updated their PAN with the Company / Depository Participants shall use default PAN in the PAN field.



KSB PUMPS LIMITED

Registered Office : 126 MAKER CHEMBERS III, NARIMAN POINT , MUMBAI 400 021
Tel : (022) 66588787 Fax : (022) 66588788 Website : www. ksbindia.co.in
CIN : L29120MH1960PLC011635

ATTENDANCE SLIP

«SRNO» / «FOLIO»
«NAM1»
«ADD1»
«ADD2»
«ADD3»
«CITY» «PIN»

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record, my presence at the FIFTY FIFTH ANNUAL GENERAL MEETING of the Company at Bajaj Bhavan, Ground Floor, (Kamalayan Bajaj Hall), 226, Nariman Point, Mumbai 400 021, on Wednesday, 22nd April, 2015 at 3.00 p.m.

.....
Member's/Proxy's Name in Block Letters

.....
Member's/Proxy's Signature

Notes:

- 1. PLEASE SIGN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ATTENDANCE VERIFICATION COUNTER AT THE ENTRANCE OF THE MEETING HALL.
- 2. NO GIFTS SHALL BE GIVEN AT THE MEETING.
- 3. THIS ATTENDANCE IS VALID ONLY IN CASE SHARES ARE HELD ON THE DATE OF THE MEETING.

ELECTRONIC VOTING PARTICULARS

EVSN (E-voting Sequence Number)	UserID	*Default PAN
150319005		

* Only Members who have not updated their PAN with the Company / Depository Participant shall use default PAN in the PAN field.

----- TEAR OFF -----



KSB PUMPS LIMITED

Registered Office : 126 MAKER CHEMBERS III, NARIMAN POINT , MUMBAI 400 021
Tel : (022) 66588787 Fax : (022) 66588788 Website : www. ksbindia.co.in
CIN : L29120MH1960PLC011635

PROXY

I/We of in the district of being a Member/Members of KSB Pumps Limited, hereby appoint of in the district of or failing him of in the district of as my/our Proxy to attend and vote for me/us and on my/our behalf at the FIFTY FIFTH Annual General Meeting of the Company, to be held on Wednesday, 22nd April, 2015 or at any adjournment thereof.

Signed this day of 2015.

RF/DPID/Client ID No.....

No. of Share held.....

Signature.....

Affix Re. 1 Revenue Stamp

This form is to be used *In favour of /*against the resolution. Unless otherwise instructed, the Proxy will act as he thinks fit.
*Strike out whichever is not desired.

Notes:

- (a) Proxies, in order to be effective must be received by the Company not less than 48 hours before the time of the meeting.
- (b) A proxy need not be a member.
- (c) Shareholders grievance cell email - narasimhan.raghu@ksb.com

FORM A-Standalone Financial statements

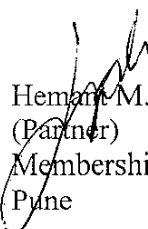
Covering letter of the annual report to be filed with the Stock Exchange as per Clause 31 (a)

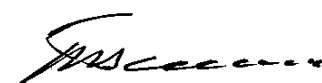
1.	Name of the Company:	KSB Pumps Limited
2.	Annual financial statements for the year ended	31st December, 2014
3.	Type of Observation	Unqualified
4.	Frequency of Observations	Not Applicable

Refer our Audit Report dated 20/02/2015 on the Standalone financial statements of the Company For Deloitte Haskins & Sells LLP Chartered Accountants Registration No.: 117366W/W-100018


W. Spiegel
(Managing Director)


Vergheese Oommen
(Chief Financial Officer)


Hemant M. Joshi
(Partner)
Membership No. 038019
Pune


D. N. Damania
(Chairman-Audit Committee)


&

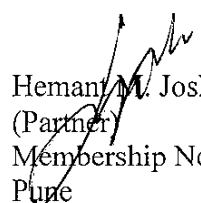
FORM A- Consolidated Financial statements
Covering letter of the annual report to be filed with the Stock Exchange as per Clause 31 (a)


1.	Name of the Company:	KSB Pumps Limited
2.	Annual financial statements for the year ended	31st December, 2014
3.	Type of Observation	Unqualified
4.	Frequency of Observations	Not Applicable

Refer our Audit Report dated 20/02/2015 on the Consolidated financial statements of the Company For Deloitte Haskins & Sells LLP Chartered Accountants Registration No.: 117366W/W-100018


W Spiegel
(Managing Director)


Vergheese Oommen
(Chief Financial Officer)


Hemant M. Joshi
(Partner)
Membership No. 038019
Pune


D. N. Damania
(Chairman-Audit Committee)