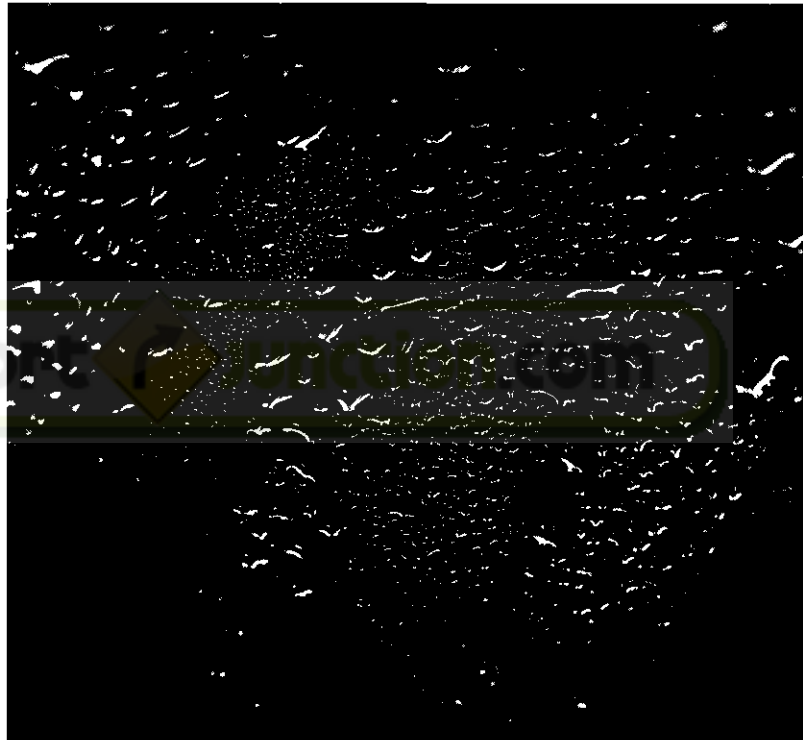
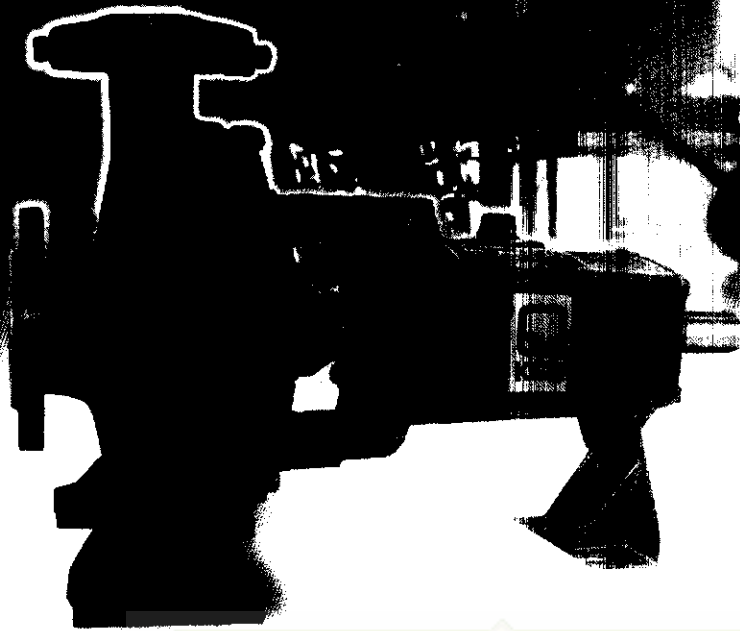


# 40TH ANNUAL REPORT 1999 - 2000

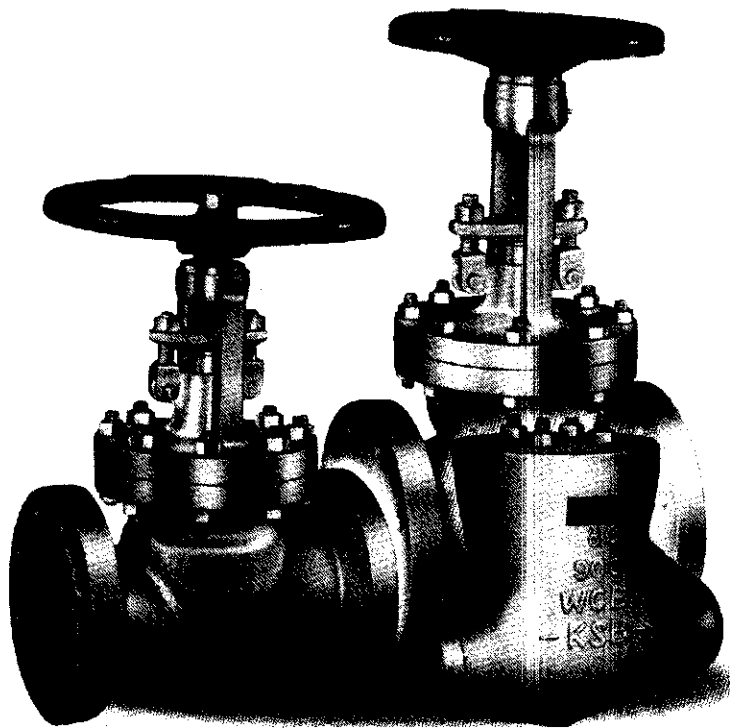


**MEGA GB** : Pumps for fire fighting application.  
The 1st pump series of KSB India having TAC approval (for 11 models)



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**SICCA<sup>®</sup>** valves for the ANSI World  
Gate, Globe & Check valves





## GENERAL INFORMATION

### BOARD OF DIRECTORS

A. V. SETALVAD (Chairman)  
 A. R. BROACHA  
 D. N. DAMANIA  
 N. N. KAMPANI  
 DR. A. SUSANTO  
 G. SWARUP  
 M. SWARUP  
 P. WURZBACHER  
 C. V. SAHA (Dy. Managing Director)  
 B. LANGEBARTELS (Managing Director)

### REGISTERED OFFICE

126, MAKER CHAMBERS III  
 NARIMAN POINT, MUMBAI 400 021

### HEAD OFFICE

PIMPRI, PUNE 411 018

### ZONAL OFFICES

NORTH — NOIDA  
 Offices — Bareilly, Chandigarh, Indore, Jaipur & Lucknow  
 EAST — CALCUTTA  
 Offices — Bhubaneshwar, Durgapur, Guwahati,  
 Jamshedpur & Raipur  
 WEST — MUMBAI  
 Offices — Ahmedabad, Aurangabad, Baroda, Nagpur &  
 Pune.  
 SOUTH — CHENNAI  
 Offices — Bangalore, Hubli & Secunderabad

### FACTORIES

PIMPRI, PUNE 411 018  
 (Irrigation & Process Pumps Division)  
 CHINCHWAD, PUNE 411 019  
 (Power Projects Division)  
 VAMBORI 413 704, DIST. AHMEDNAGAR  
 (Foundry Division)  
 NSN PALAYAM, COIMBATORE 641 031  
 (Water Pumps & Valves Division)  
 SINNAR, DIST. NASHIK 422 103  
 (Pumps & Valves Division)

### COLLABORATORS

KSB AKTIENGESELLSCHAFT, GERMANY

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Profit & Loss Account	10-11
Schedules 1 to 18	12-23
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Subsidiary's Accounts	30-43

### BANKERS

CENTRAL BANK OF INDIA  
 DEUTSCHE BANK AG  
 ANZ GRINDLAYS BANK Ltd.

### AUDITORS

A. F. FERGUSON & CO.

### REGISTRARS & TRANSFER AGENTS

IIT CORPORATE SERVICES LTD.

### REGISTRARS TO FIXED DEPOSIT SCHEME

KISU CORPORATE SERVICES



## FINANCIAL POSITION AT A GLANCE

### CAPITAL

	Rs. in million	
	1999-2000	1998-99
<b>ASSETS OWNED</b>		
1. Fixed Assets (Net)	522	539
2. Investments	83	83
3. Current Assets (Net)	729	554
<b>TOTAL</b>	<b>1334</b>	<b>1176</b>
<b>FINANCED BY</b>		
1. Loans	415	347
2. Net Worth*	919	829
<b>TOTAL</b>	<b>1334</b>	<b>1176</b>
<b>* Represented by</b>		
Share Capital	174	174
Reserves (Net)	745	655
<b>TOTAL</b>	<b>919</b>	<b>829</b>

### REVENUE

	Rs. in million	
	1999-2000	1998-99
<b>INCOME EARNED</b>		
1. Sales, Erection and other charges	1836	2035
2. Other Income	234	68
3. Depreciation written back	42	—
3. Increase/(Decrease) in Stocks	50	36
<b>TOTAL</b>	<b>2162</b>	<b>2139</b>
<b>INCOME DISTRIBUTED</b>		
1. Materials Consumed	899	929
2. Employee Cost	348	320
3. Expenses	549	553
4. Extra-ordinary item	35	—
5. Interest	38	44
6. Depreciation	79	83
7. Taxation	67	71
8. Dividend (including dividend tax)	58	58
9. Retained Income	89	81
<b>TOTAL</b>	<b>2162</b>	<b>2139</b>



## BOARD'S REPORT

To  
The Shareholders,

The Board of Directors have pleasure to submit the report and audited Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2000.

### FINANCIAL RESULTS AND DIVIDEND

#### (i) Financial Results :

	Rs. in million	
	1999-2000	1998-99
Sales & Other Income	2069,8	2103,6
Profit before taxation & extra-ordinary item	251,0	213,0
Extra-ordinary item	34,9	—
Provision for tax on income	67,5	71,5
Profit after tax	148,6	141,5
Adjustment of tax of earlier years	1,5	2,8
Profit for appropriation	147,1	138,7
Appropriation:		
Dividend	52,2	52,2
Tax on Dividend	5,7	5,5
Debenture Redemption Reserve	—	36,7
General Reserve	20,0	44,3
Profit & Loss Account	69,2	—
	147,1	138,7

#### (ii) Dividend :

During the year 1<sup>st</sup> interim dividend of 10% was paid on 26<sup>th</sup> November, 1999 and 2<sup>nd</sup> interim dividend of 20% was paid on 29<sup>th</sup> May, 2000, making a total of 30% for the year (which quantum is the same as total dividend for the previous year). Directors propose that no further dividend for the year be recommended.

### GENERAL REVIEW

#### (i) Working :

- a) The Company has achieved higher output but sales have been lower

compared to the previous year. Profit before tax after excluding compensation under contract of Rs.166,8 million, write-back of depreciation of Rs.42,5 million and extra-ordinary expenditure on account of voluntary retirement scheme of Rs.34,9 million, is lower by 80% compared to previous year. The reasons for the decline in profit were mainly because of lower sales, margins continued to be under pressure on account of sluggishness in the capital equipment market, resulting in reliance on small and standard pumps which contribute marginally and nil contribution from the valves division for the same reasons.

- b) During the year settlement of the various aspects of the contracts with NPCIL for the manufacture of pumps for nuclear power stations at PPD has been reached. Effective credit to profit and loss account on account of this settlement has been Rs.209,3 million. In this regard reference is requested to note no. 4 of schedule 18 annexed to the accounts.

#### (ii) Sources of funds:

During the year the Company has repaid second instalment of Rs.36,7 million of 13.5% Redeemable Non-Convertible Debentures. To meet long term requirement of funds for the business of the Company, an amount of Rs.100 million was raised by issue of 5 years 11.95% Secured Redeemable Non-convertible Debentures on private placement basis.

#### (iii) Fixed Deposits:

The Company has no unpaid deposits except those unclaimed after the period of maturing. As on 31st March, 2000, 92 depositors (Rs.1,23 million) had not claimed their deposits on the due dates.

#### (iv) Subsidiary & Affiliate:

During the year, Grade-o-Castings Ltd. (GOC) made a loss of Rs.1,4 million. The accumulated loss is Rs.3,4 million.



## BOARD'S REPORT (Contd.)

The affiliate Company, MIL Controls Limited (MIL) has made a profit before tax of Rs.33,4 million for the year ended 31<sup>st</sup> March, 2000 (previous year Rs.30,8 million). It has paid interim dividend of 100% on 22<sup>nd</sup> May, 2000 which income would be accounted in the current year.

(v) Y2K Compliance :

*During the year the Company did not face any Y2K risk. The transition to Y2K both for IT Systems and non-IT related areas was smooth. The total cost involved is Rs.23 million.*

### DIRECTORS

Mr. Mahendra Swarup and Mr. B. Langebartels retire by rotation and are eligible for re-appointment.

Dr. A. Susanto was appointed as a Director with effect from 29<sup>th</sup> January, 1999 to fill the casual vacancy caused by the resignation Mr. J. Gerstner and retires at the ensuing annual general meeting. The Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956.

Mr. Gaurav Swarup was appointed as an additional Director on 24<sup>th</sup> January, 2000. Mr. Swarup will hold office upto the date of the ensuing annual general meeting. A notice has been received under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director.

### ACKNOWLEDGEMENTS

The Board of Directors are grateful to Canadian Kay Pump Ltd. the main shareholder, and 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 Bankers and other lending institutions, all employees including the workers, staff and middle management and all others concerned with the Company's business.

### PARTICULARS OF EMPLOYEES

The particulars prescribed under section 217(2A) of the Companies Act, 1956 are furnished in the annexure to this report.

### 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.

### AUDITORS

You are requested to appoint auditors for the current year and fix their remuneration. The retiring auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, are eligible and offer themselves for re-appointment. The Company has received a certificate from Messrs. A.F. Ferguson & Co., to the effect that their re-appointment, if made, will be within the prescribed limits specified in section 224(1-B) of the Companies Act, 1956.

On behalf of the Board of Directors,  
A. V. SETALVAD

Mumbai, 2nd June, 2000

Chairman

**AUDITORS' REPORT TO THE SHAREHOLDERS**

We have audited the attached Balance Sheet of KSB Pumps Limited as at 31st March, 2000 together with the annexed Profit and Loss Account of the Company for the year ended on that date and report that :

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, a statement on the matters specified in paragraphs 4 and 5 of the said order is annexed.
- (2) Further to our comments in the statement referred to in paragraph (1) above :
  - (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 appears from our examination of the books;
  - (c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the profit and loss account and balance sheet comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000, and
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For A. F. FERGUSON & CO.  
Chartered Accountants

F. M. CHINOY  
(Partner)

Mumbai, 5th June, 2000





## ANNEXURE TO THE AUDITORS' REPORT

STATEMENT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KSB PUMPS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2000.

1. The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets. As explained to us, the management has physically verified most of the fixed assets during the year, other than patterns lying with third parties for which confirmations have been obtained from parties in most of the cases, and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable.
2. None of the fixed assets have been revalued during the year.
3. Physical verification has been conducted by the management during the year in respect of finished goods, stores, spare parts and raw materials. In respect of stocks lying with third parties, confirmations have been obtained for a major portion of stocks. In our opinion, the frequency of verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification, between physical stocks and book records, were not material in relation to the operations of the Company and have been properly dealt with in the books of account.
6. In our opinion, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year except that the excise duty liability on finished goods stock in bond which has been provided for during the year for the first time has consequently been included in the valuation of inventories. However, this has no effect on the profits for the year.
7. The Company has not taken/granted any loans, secured or unsecured, from/to companies, firms or other parties, listed in the register maintained under Section 301 of the Companies Act, 1956, where the rate of interest and other terms and conditions are prima facie prejudicial to the interests of the Company. We are informed that there are no companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
8. As explained to us, in the case of loans and advances made to the subsidiary of the Company there are no stipulations as to the repayment of principal and interest. In respect of loans and advances in the nature of loans where stipulations have been made, parties are repaying the principal amount and interest (where applicable) as stipulated or as rescheduled.
9. In our opinion and according to the information and explanations given to us and having regard to the explanation that some of the items purchased/sold are of a special nature and for which comparable alternative quotations/prices are not available, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
10. In our opinion and according to the information and explanations given to us, where purchases/sales have been made from/to different parties and have not been explained to be of a special nature, the transactions of purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable, having regard to prevailing market prices as available with the Company for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
11. In our opinion and according to the information and explanations given to us, unserviceable or damaged stores, raw materials and finished goods have been determined by the management and adequate provision has been made in the accounts for the loss so determined.
12. In our opinion and according to the information and explanations given to us,





## ANNEXURE TO THE AUDITORS' REPORT (Contd.)

- the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
13. In our opinion, reasonable records have been maintained by the Company of the sale and disposal of scrap. As explained to us, the Company's manufacturing process does not generate any realisable by-product.
  14. The Company has an internal audit system which is commensurate with the size and nature of the Company's business.
  15. We have broadly reviewed the books of account maintained by the Company relating to the manufacture of Power Driven Pumps pursuant to the notification of the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and, on the basis of the information received, are of the opinion that prima facie the prescribed accounts and records have been maintained/are being made up. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government have not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any other products of the Company.
  16. We are informed by the Company that the Employees' State Insurance Act, 1948 (ESI), is applicable only to certain locations of the Company and in respect of such locations where contributions have been deducted/accrued in the books of accounts by the Company as also provident fund dues in respect of all locations have been regularly deposited during the year with the appropriate authorities.
  17. There were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty, outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
  18. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
  19. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
  20. In respect of the service activities of the Company:
    - (i) where the activity involves consumption of raw materials, there is a reasonable system of recording receipts, issues and consumption (where applicable) of materials and stores, commensurate with the size and nature of service activities undertaken and such system provides for a reasonable allocation of the materials and stores consumed to the relative jobs.
    - (ii) there is a reasonable system of allocating man-hours utilised to the relative jobs, commensurate with the size and nature of the Company. In respect of certain service activity having regard to the manner of billing the Management considers a system of allocation of man-hours is not necessary.
    - (iii) there is a reasonable system of authorisation at proper levels with necessary control on the issue of stores and allocation of stores and labour to jobs. There is a reasonable system of internal control commensurate with the size and nature of the Company's service activity.
  21. As explained to us, damaged goods have been determined in respect of the class of goods traded in by the Company and adequate provision has been made for the loss so determined.

For A. F. FERGUSON & CO.  
Chartered Accountants

F. M. CHINOY  
(Partner)

Mumbai, 5th June, 2000

**BALANCE SHEET AS AT**

<b>LIABILITIES</b>	<b>SCHEDULE</b>	<b>As at 31st March, 2000 Rs. in '000s</b>	<b>As at 31st March, 1999 Rs. in '000s</b>
SHARE CAPITAL	1	174,030	174,030
RESERVES AND SURPLUS	2	744,565	655,394
SECURED LOANS	3	206,329	154,631
UNSECURED LOANS	4	209,201	192,941
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	5	456,093	644,653
Provisions	6	91,947	55,106
<b>TOTAL</b>		<b><u>1,882,165</u></b>	<b><u>1,876,755</u></b>

Schedule 17 : Statement of Significant Accounting Policies

Schedule 18 : Notes to the Accounts

Per our report attached

For A. F. FERGUSON &amp; CO.

Chartered Accountants

F. M. CHINOY

(Partner)

Mumbai, 5th June, 2000.