

## NOTICE

NOTICE is hereby given that the Fifty-Fourth 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 Friday, 11th April, 2014 at 2.00 p.m. to transact the following items of business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Statement of Profit and Loss of the Company for the year ended 31st December, 2013, together with the Board's Report and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. A. R. Broacha, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pradip Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. G. Swarup, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting, and to fix their remuneration.

### SPECIAL BUSINESS:

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

“RESOLVED THAT Dr. Stephan Bross who was appointed by the Directors of the Company with effect from 11th February, 2014 pursuant to Article 112 of the Articles of Association of the Company to fill the casual vacancy caused by the resignation of Dr. Augus Lee and who holds office as a Director until this annual general meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company”.

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

“RESOLVED THAT subject to approval of the Central Government under section 294AA and other applicable provisions, if any, of the Companies Act, 1956, and of other authorities, if any, that consent be and is hereby accorded to the appointment of KSB Singapore (Asia Pacific) Pte. Limited, Singapore (KSB Asia Pacific) as sole selling agent of the Company in all territories outside India for a period of three years from 20th February, 2014 on the terms and conditions contained in the proposed agreement between the Company and KSB Asia Pacific”.

### 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. An explanatory statement under section 102 of the Companies Act, 2013, is annexed hereto.
- e. 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.
- f. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 24th March, 2014 to Friday, 11th April, 2014 (both days inclusive).
- g. Dividend if declared will be paid on or after Monday, 5th May, 2014 to those members whose names appear in the Company's Register of Members on 11th April, 2014.
- 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 31.12.2005 and Unpaid Interim 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
Final	31.12.2006	31.05.2007	30.05.2014
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

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. Limited, 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. Limited, at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, or at [ksbpumpsgogreen@linkintime.co.in](mailto: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](http://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.

By Order of the Board

G. SWARUP  
Chairman

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

Mumbai, 11th February, 2014

#### 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. A. R. Broacha

Age	79 Years
Qualifications	Advocate and Solicitor
Experience	Vast experience in the corporate legal field
Director Since	7th October, 1975
List of other Directorships	The Industrial & Prudential Investment Company Limited New Holding and Trading Company Limited
Membership in Committees in other companies*	None
No. of shares held	30,000

2. Mr. Pradip Shah

Age	61 years
Qualifications	B. Com, AICWA, ACA, MBA (Harvard)
Experience	Vast experience in finance
Director Since	21st June, 2008
List of other Directorships	BASF India Limited Godrej & Boyce Mfg. Co. Limited Shah Foods Limited Panasonic Energy India Company Limited IndAsia Fund Advisors Private Limited Sonata Software Limited Pfizer Limited Kansai Nerolac Paints Limited Mukand Limited TATA Investment Corporation Limited Wyeth Limited Pangea EcoNet Assets Private Limited Universal Trustees Private Limited C. D. Aviation (India) Private Limited Helios GreenTech Private Limited Hardy Oil & Gas Limited (U.K.) Supra Advisors (BVI) Limited (British Virgin Islands) Grindwell Norton Limited

Membership in Committees in other companies*	Name of the company	Audit Committee	Shareholder's Grievance Committee
	BASF India Limited	Member	-
	Kansai Nerolac Paints Limited	Chairman	-
	Panasonic Energy India Co. Limited	Member	Member
	Sonata Software Limited	Member	-
	Tata Investment Corporation Limited	Member	-
	Pfizer Limited	Member	Member
No. of shares held	Nil		

3. Mr. G. Swarup

Age	57 Years
Qualifications	BE, MBA (Harvard)
Experience	Vast experience in engineering industry
Director Since	24 <sup>th</sup> January, 2000
List of other Directorships	Swadeshi Polytex Limited The Industrial & Prudential Investment Company Limited Paharpur Cooling Towers Limited Paharpur Industries Limited Chemical and Metallurgical Design Company Limited Upper Ganges Sugar and Industries Limited TIL Limited Floeter India Retort-Pouches Private Limited Paharpur-Pragnya Tech Park Private Limited Paharpur Pragnya Realty Private Limited Medica Synergie Private Limited Garima Private Limited C. D. Aviation (India) Private Limited New Holding and Trading Company Limited Paharpur Mauritius Limited Paharpur USA Inc. Safind Forest Products (Pty) Limited, South Africa Plastic Export Promotion Council Harvard Business School Club of India
Membership in Committees in other companies*	TIL Limited Paharpur Pragnya Realty Private Limited Paharpur-Pragnya Tech Park Private Limited
No. of shares held	34,000

4. Dr. Stephan Bross

Age	51 Years
Qualifications	Mechanical Engineering Studies (Germany), Research Assistant, Institute for fluid Engineering (Germany).
Experience	Vast experience in engineering industry
Director Since	11th February, 2014
List of other Directorships	KSB AG, Frankenthal/ Pfalz, (Germany).
Membership in Committees in other companies*	None
No. of shares held	None

\* Only Audit Committee and Shareholder's Grievance 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, 11th February, 2014

---

## Annexure to the Notice

---

Explanatory Statement as required by section 102(1) of the Companies Act, 2013.

### ITEM 7:

In the vacancy caused by the resignation of Dr. August Lee, a Director liable to retire by rotation, the Directors of the Company appointed Dr. Stephan Bross with effect from 11th February, 2014. Under Article 112 of the Articles of Association of the Company, Dr. Stephan Bross holds office till the date of the forthcoming annual general meeting of the Company. A notice has been received from a member, as required by section 257 of the Companies Act, 1956, proposing Dr. Stephan Bross as a Director. Dr. Stephan Bross is a Spokesman of the Board of Management, KSB AG, Germany and has extensive experience in managerial fields and in view of this, the Company stands to benefit by his knowledge and advice. The Directors recommend the resolution for approval.

Dr. Stephan Bross is concerned or interested in the resolution at item 7 of the notice. No other Director is concerned or interested in the said resolution.

### ITEM 8:

At the annual general meeting of the Company held on 7th April, 2011 members of the Company had approved, subject to approval of the Central Government under section 294AA of the Companies Act, 1956 and of Reserve Bank of India (RBI) and such other approvals, if any, the appointment of KSB Singapore (Asia Pacific) Pte. Ltd., Singapore (KSB Asia Pacific) as Sole Selling Agent of the Company in all territories outside India for a period of three years from 20th February, 2011 to 19th February, 2014 on the terms and conditions as contained in the agreement dated 24th February, 2011 made between the Company and KSB Asia Pacific. The Central Government by its letter no. 12/01/2011-CL.VI dated 4th July, 2011 accorded its approval to the said appointment of KSB Asia Pacific upto 19th February, 2014.

The Company proposes to renew the Sole Selling Agency agreement for a further period of three years from 20th February, 2014 to 19th February, 2017 and the terms and conditions of this proposed agreement are substantially the same as those of the earlier agreement dated 24th February, 2011, inter alia, are as under:

- (i) The Company confers its agency for total world-wide exports of its products on KSB Asia Pacific;
- (ii) KSB Asia Pacific will utilize its sales organization actively, for the promotion of the export business of the Company;
- (iii) For all export orders materializing during the period of this proposed agreement, the Company will pay KSB Asia Pacific commission at the rate upto 12.5% (twelve and a half percent) for all countries of the world on the FOB value of the order in the currency in which the order is placed. These charges will fall due for payment on receipt of payment from the customers.

The agreement is subject to approval of the Central Government under section 294AA of the Companies Act, 1956. Under the present exchange control regulations, approval of RBI is not necessary. KSB Asia Pacific possesses a world-wide sales network and is fully conversant with the Company's products. The Directors feel that the arrangement with KSB Asia Pacific will considerably help to further improve the Company's exports, and recommend the special resolution for approval of members.

Dr. Wolfgang Schmitt is Director of KSB Asia Pacific. No other Director is concerned or interested in the said resolution.

The documents referred to herein above will be open for inspection by members at the registered office of the Company during usual office hours on all working days (except Saturdays) of the Company upto and including the day of the annual general meeting.

By Order of the Board

G. SWARUP  
Chairman

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

Mumbai, 11th February, 2014



## Technology that **makes its mark** 54<sup>th</sup> Annual Report - 2013





## Strengthening manufacturing facilities at Vambori and Coimbatore

6th April, 2013 - Cast Iron foundry in a new look



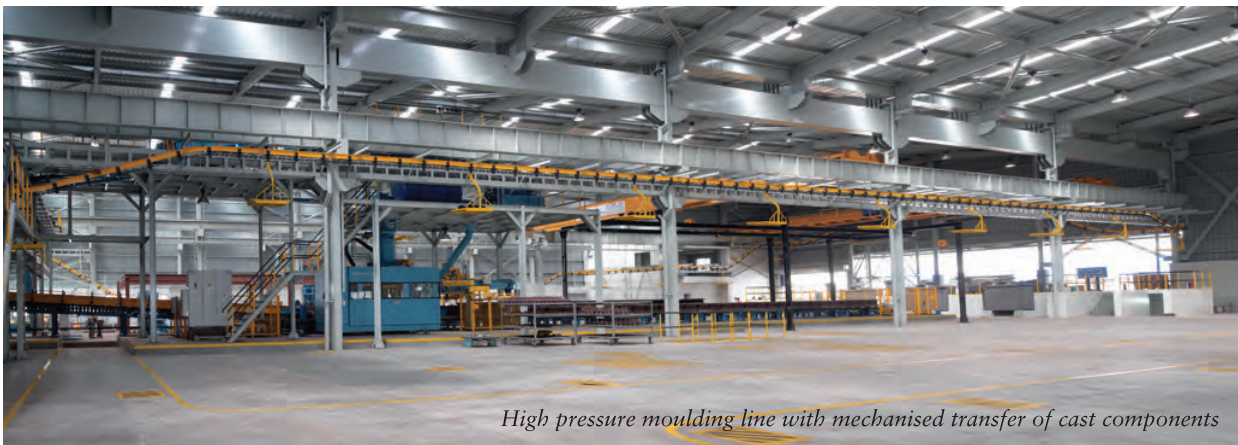
*Birds eye view*



*Mr. Werner Spiegel, Managing Director, KSB India inaugurated the new shed.*

### **Project details :**

Project investment : ₹ 310 Million  
Floor area : 4700 sq. mtrs.  
Capacity : 300 MT/ month



*High pressure moulding line with mechanised transfer of cast components*

18th September, 2013 - Painting & testing facilities for “Aakash” range of valves



*Inside view of shed with testing facilities and paint booth*



*Shed from outside*

	Page Nos.
General Information .....	2
Board's Report .....	3-5
Annexures	
i. Management Discussion & Analysis Report .....	6-10
ii. Report on Corporate Governance .....	11-19
iii. Other Annexures .....	20-22
Auditors' Report .....	23-27
Balance Sheet .....	28
Statement of Profit & Loss .....	29
Cash Flow .....	30-31
Notes 1 to 43 .....	32-53
Consolidated Financial Statements .....	54-84
Summary of Financial Information of Subsidiary Company .....	85

#### ANNUAL GENERAL MEETING

Date : 11th April, 2014  
 Day : Friday  
 Time : 2.00 p.m.  
 Venue : Bajaj Bhavan, Ground Floor,  
 (Kamalnayan Bajaj Hall),  
 226, Nariman Point,  
 Mumbai 400 021.

#### COMMUNICATION DETAILS

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

---

## GENERAL INFORMATION

---

### Board Of Directors

G. Swarup (Chairman)  
A.R. Broacha  
D.N. Damania  
N.N. Kampani  
Dr. Stephan Bross  
Dr. W. Schmitt  
Pradip Shah  
W. Spiegel (Managing Director)

### Registered Office

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

### Zonal Offices

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

### Factories

#### **Maharashtra -**

Pimpri, Pune  
Chinchwad, Pune  
Vambori, Dist. Ahmednagar  
Sinnar, Dist. Nashik

#### **Tamil Nadu -**

NSN Palayam, Coimbatore

### Collaborators

KSB Aktiengesellschaft, Germany

### Bankers

Central Bank of India  
Deutsche Bank AG  
Standard Chartered Bank

### Auditors

Deloitte Haskins & Sells LLP

### Cost Auditors

Dhananjay V. Joshi & Associates

### Registrar & Transfer Agent

Link Intime India Pvt. Ltd.  
Tel. No.: 022-25946970  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto: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 and Statement of Profit and Loss of the Company for the year ended 31st December, 2013.

### FINANCIAL RESULTS AND DIVIDEND

(i) Financial Results:

	₹ in Million	
	Year ended 31.12.2013	Year ended 31.12.2012
Revenue from operations (net) & Other Income	7474.98	7318.82
Profit before taxation	876.05	806.58
Less: Tax expense		
Current	278.00	265.10
Deferred	(3.17)	(22.25)
Adjustment of tax of earlier years	3.63	(16.43)
	278.46	226.42
Profit after tax	597.59	580.16
Balance brought forward	2949.26	2651.61
Profit for appropriation	3546.85	3231.77
Appropriation:		
First Interim Dividend	34.81	34.81
Second Interim Dividend	-	156.64
Final Dividend	156.64	-
Tax on Dividend	32.54	31.06
General Reserve	61.00	60.00
Balance carried to Balance Sheet	3261.86	2949.26
	3546.85	3231.77

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

(ii) Dividend:

An interim dividend of ₹ 1 per share of ₹ 10 each (10%) was paid during the year. The Board of Directors propose a final dividend of ₹ 4.50 per share of ₹ 10 each

(45%) making a total of ₹ 5.50 per share of ₹ 10 each (55%) for the year.

### 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. The overall economic slowdown and delay in project execution continued in 2013. Hence, situation of heavy pressure on margin continued in the year.

Export increased by ₹ 34 Million from ₹ 1034 Million last year to ₹ 1068 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 year 2013. During the year no shareholder had approached/ claimed for such shares. The total number of shares outstanding at the end of the year 2013 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 ₹ 31,000 being unclaimed fixed deposits and an amount of ₹ 295,595 being unclaimed dividends up to the year 31st December, 2006 were transferred to the Investor Education & Protection Fund established by the Central Government.

---

## BOARD'S REPORT (Contd.)

---

(v) Subsidiary & Associate:

The Ministry of Corporate Affairs, the Government of India has vide Circular No. 2/2011 dated 8th February, 2011 granted 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 has made a profit before tax of ₹ 317.41 Million for the year ended 31st December, 2013 (previous year ₹ 337.68 Million).

(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 - 21 have been annexed to this Annual Report.

### DIRECTORS

Mr. A. R. Broacha, Mr. Pradip Shah, and Mr. G. Swarup retire by rotation and are eligible for re-appointment.

Dr. August Lee expressed his inability to continue as director and resigned from the Board on 30th December, 2013. The Board expresses its sincere appreciation for the valuable services provided by him during his tenure as a Director. Dr. Stephan Bross was appointed as a Director on 11th February, 2014 to fill the casual vacancy caused by the resignation of Dr. August Lee. Dr. Stephan Bross holds office as such, upto the ensuing annual general meeting under Article 112 of the Articles of Association of the Company.

The Company has received a notice in writing from a member proposing his candidature for appointment as Director under section 257 of the Companies Act, 1956.

### 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 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;