

56th Annual Report, 2015



CHT pump Barrel
inspection before final assembly

Products - Valves



Pressure Seal Gate Valve

with extended spindle arrangement

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

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

These Valves are for use in utility power plant.

Products - Pumps

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





Electric motor
as a drive

Pump - YNK 350
Booster pump

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ANNUAL GENERAL MEETING

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

COMMUNICATION DETAILS

Tel No. : 022-66588787
 Fax No. : 022-66588788
 Shareholders' Grievance Cell : narasimhan.raghu@ksb.com
 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 - Bhubaneswar, Jamshedpur & Raipur
West - Mumbai
Offices - Ahmedabad, Aurangabad, Baroda, Indore, Nagpur & Pune
South - Chennai
Offices - Bengaluru & Secunderabad

Factories

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

Tamil Nadu -
NSN Palayam, Coimbatore

Collaborators

KSB Aktiengesellschaft, Germany

Bankers

Central Bank of India
Deutsche Bank AG
Standard Chartered Bank

Auditors

Deloitte Haskins & Sells LLP

Cost Auditors

Dhananjay V. Joshi & Associates

Registrar & Transfer Agent

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

BOARD'S REPORT

To

The Shareholders,

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

FINANCIAL RESULTS AND DIVIDEND

Financial Results:

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

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

Dividend:

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

GENERAL REVIEW

Working:

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

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

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

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

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

Unclaimed Bonus Shares:

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

Fixed Deposits:

The Company has no unclaimed deposits.

Transfer to Investor Education & Protection Fund:

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

Subsidiary & Associate:

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

BOARD'S REPORT (Contd.)

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Annexed to this Report

REPORT ON CORPORATE GOVERNANCE

Annexed to this Report along with certificate thereon.

EXTRACT OF ANNUAL RETURN

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

RISK MANAGEMENT

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

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

BOARD'S REPORT (Contd.)

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

DECLARATIONS BY INDEPENDENT DIRECTORS

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

BOARD MEETINGS

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

EVALUATION OF BOARD OF DIRECTORS

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

BOARD COMMITTEES

The Company has five Committees of Board, viz.

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

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

BOARD'S REPORT (Contd.)

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

STATUTORY AUDITORS

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

COST AUDITORS

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

SECRETARIAL AUDITORS

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

COMMENTS ON AUDITORS' REPORT

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

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

G. SWARUP
Chairman

Mumbai, 18th February, 2016