

57th Annual Report, 2016



Boiler feed pumps, YNK 300/670
pumps under final assembly



YNK 300/670

Radially split volute casing pumps under assembly. These pumps will be used as booster pumps for the main pump - CHTD in Tanda Project.

Vertical high-pressure inline pumps
WKT pumps - Finishing touches before despatch at Power Projects Division, Chinchwad, Pune.





View from the main entrance side





Energy Pumps Division
Location : MIDC Khandala Phase II,
Kesurdi Village, Dist. Satara.
Off Pune-Bengaluru highway
(Approx. 60 kms from Pune city)



'Bhoomipoojan' was performed on 8th April 2016.

	Page Nos.
General Information	2
Board's Report.....	3 – 6
Annexure	
i. Management Discussion and Analysis Report.....	7 – 10
ii. Report on Corporate Governance	11 – 21
iii. Other Annexures	22 – 48
Auditors' Report.....	49 – 55
Balance Sheet	56
Statement of Profit & Loss.....	57
Cash Flow	58 – 59
Notes 1 to 43	60 – 84
Consolidated Financial Statements	85 – 116

ANNUAL GENERAL MEETING

Date	: 26th April, 2017
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. Rajeev Jain (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, Baroda, Indore, Nagpur & Pune
South - Chennai
Offices - Bengaluru & Secunderabad

Factories

Maharashtra -
Pimpri, Pune
Chinchwad, Pune
Vambori Dist. Ahmednagar
Sinnar, Dist. Nashik
Kesurdi, Shirwal, Dist. Satara
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 49186270
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, 2016.

FINANCIAL RESULTS AND DIVIDEND

Financial Results:

	₹ in Million	
	Year ended 31.12.2016	Year ended 31.12.2015
Revenue from operations (net) & Other Income	8,528.32	8,496.80
Profit before taxation	930.09	1,054.88
Less: Tax expense		
Current	338.00	384.13
Short / (excess) provision in respect of earlier years	3.83	-
Deferred tax (Credit)	(29.29)	(27.53)
	312.54	356.60
Profit for the year	617.55	698.28
Balance brought forward	4,095.65	3,620.33
Profit for appropriation	<u>4,713.20</u>	<u>4,318.61</u>
Appropriations:		
Proposed dividend	191.44	191.44
Tax on proposed dividend	38.97	31.52
General Reserve	-	-
Surplus carried to Balance Sheet	<u>4,482.79</u>	<u>4,095.65</u>
	<u>4,713.20</u>	<u>4,318.61</u>

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

Dividend:

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

Dividend Distribution Policy of the company as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015") is available on the Company's website at www.ksbindia.co.in.

GENERAL REVIEW

Working:

During the year under review, the Company has earned lower profit before tax compared to the previous year due to tough market conditions and price realization. The overall economic slowdown and delay in project execution continued in 2016. Hence, situation of heavy pressure on margins continued in the year.

Export decreased by ₹ 454 Million from ₹ 1,587 Million last year to ₹ 1,133 Million.

The Company expects to complete Phase – I of its expansion plans in April 2017 wherein the new plant facility at MIDC, Shirwal, Maharashtra will be available for manufacturing/processing in respect of activities of high-end engineered pumps for Super Critical Power Plants.

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

Unclaimed Bonus Shares:

Total 20,304 bonus shares held by 144 shareholders were unclaimed in the end of year 2015. During the year no shareholders had approached/ claimed for bonus shares. The total number of shares outstanding at the end the year 2016 is 20,304 held by 144 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, and Section 125 of the Companies Act, 2013 ("the Act") an amount of ₹ 289,313 being unclaimed dividends up to the year 31st December, 2009, were transferred to the Investor Education & Protection Fund established by the Central Government.

Subsidiary & Associate:

The Company has 1 subsidiary, viz. Pofran Sales and Agency Limited and 1 associate, viz. KSB MIL Controls Limited (formerly MIL Controls Limited) as on 31st December, 2016.

BOARD'S REPORT (Contd.)

In accordance with Section 129 (3) of the Act and Regulation 34 of Listing Regulations, 2015, 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 alongwith certificate thereon.

BUSINESS RESPONSIBILITY REPORT

Regulation 34(2) of Listing Regulations, 2015, inter alia, provides that the annual report of the top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall include a Business Responsibility Report ("BRR"). The Company, being one of such 500 listed entities, has annexed BRR to this Report, as part of the Annual Report, describing initiatives taken by the Company from an environmental, social and governance perspective.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) of the Act, 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 ON 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

BOARD'S REPORT (Contd.)

Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed 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. Werner Stegmuller, Director, retires by rotation and is eligible for re-appointment.

Mr. N. N. Kampani retires by rotation and has expressed his intention not to seek re-appointment. The Board expresses its sincere appreciation for the valuable services provided by him during his tenure as a Director. The Board does not intend to fill this casual vacancy.

Mr. W. Spiegel retired from the services as Managing Director of the Company from 30th June, 2016. The Board expresses its sincere appreciation for the valuable services provided by him during his tenure as Managing Director.

At the Board Meeting held on 27th June, 2016 Mr. Rajeev Jain was appointed as Additional Director and Managing Director of Company effective from 1st July, 2016 and he shall hold office upto the date of ensuing the 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.

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, 2016, five 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

Your 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 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 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.

BOARD'S REPORT (Contd.)

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.

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 seventh 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

The existing auditors of the Company M/s Deloitte Haskins & Sells LLP (Registration No. 117366W/W-100018) will retire at the conclusion of this Annual General Meeting of the Company pursuant to the provisions of the Act requiring rotation of auditors. M/s Price Waterhouse Chartered Accountants LLP (Registration No. 012754N/N500016) is being recommended for appointment of auditors.

M/s Price Waterhouse Chartered Accountants LLP have confirmed that their appointment, if made, will be within the limits prescribed under the Act. Members are requested to consider their appointment from the conclusion of this Annual General Meeting until the conclusion of the 62nd 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 2016. The Cost Audit Report for Financial Year

2015 which was due to be filed with the Ministry of Corporate Affairs on 28th June, 2016, was filed on 27th May, 2016.

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 2016 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 2016.

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

Mumbai, 20th February, 2017

Chairman

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 2016, global economic activity remained sluggish. Global growth for 2016 is estimated at 3.1 %. Economic activities in both advanced economies and emerging markets and developing economies is forecast to accelerate in 2017 and 2018.

Indian economy is estimated to register a GDP growth rate of 7.1 % in 2016-17. The temporary negative consumption due to currency exchange initiative is expected to impact the growth. Average Consumer Price Index ("CPI") inflation declined in 2016 compared to 2015.

2.2 Pumps & Valves Industries

Global economy being sluggish, there has been no upturn in the pumps and valves business worldwide. Markets in Asia had marginal growth during the year.

3.0 OPPORTUNITIES AND THREATS

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

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

4.0 SEGMENTWISE PERFORMANCE

During the year under review, pumps and related spares worth ₹ 6,296 Million (Previous year ₹ 6,174 Million) and valves and related spares worth ₹ 1,238 Million (Previous year ₹ 1,325 Million) were sold.

Out of the above, export of pumps, valves and their spares in terms of value were ₹ 1,133 Million (Previous year ₹ 1,588 Million).

5.0 OUTLOOK

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

6.0 RISKS & CONCERNS THE MANAGEMENT PERCEIVE

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

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

7.0 INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

Internal Control Systems are implemented:-

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

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

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

The Audit Committee meets periodically to review -

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

8.0 DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL EFFICIENCY

Due to ongoing investments being funded from internal resources, temporary short term borrowing facilities were utilized during intermittent period. Cost reduction have been achieved in certain areas by implementing efficiency improvement programme within the company.

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

With the dynamic employment market and limited availability of the competent workforce, attracting and retaining the talent continued to be a major challenge for the Company during the last year. The rise of technology, social media and rapidly

changing business trends have redefined the role of Human Resources. The Company sustained its ongoing efforts on people development initiatives with Leadership Development, Competence and Capability building, Performance Management, Sales Activity Management, Succession Planning and Health and Safety Management in 2016. With this focussed approach and imbibed organizational culture, Company was able to retain the competent and potential workforce and also maintained the attrition level below the average for the Indian Job Market.

In order to understand employee expectations and improve work engagement, the Company have completed the initiative of “KSB Voice- Employee Engagement Survey 2016”. The inputs received from the survey will be used as a development tool to strengthen the organisation development and employee engagement. Employee relation continued to be cordial and we concluded the productivity linked settlement at one of the plants in 2016.

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, 2017

MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

DISTRIBUTION OF INCOME

	Year ended 31.12.2016		Year ended 31.12.2015	
	₹	%	₹	%
1. Raw Materials/Bought-out Components Consumed	3,872	45.39	3,888	45.75
2. Employee benefits expense	1,448	16.98	1,248	14.69
3. Administrative, Sales & Other Expenses	1,967	23.07	2,011	23.67
4. Finance cost	17	0.20	17	0.20
5. Depreciation	294	3.45	278	3.27
6. Taxation				
Current	342	4.01	384	4.52
Deferred	(29)	(0.34)	(27)	(0.32)
On Dividend	39	0.46	32	0.38
7. Dividend	191	2.24	191	2.25
8. Retained Earnings	387	4.54	475	5.59
TOTAL	8,528	100.00	8,497	100.00

FINANCIAL POSITION AT A GLANCE

CAPITAL

	Year ended 31.12.2016	Year ended 31.12.2015
ASSETS OWNED		
Non-Current Assets -		
1. Fixed Assets (net)	2,351	2,083
2. Investments	63	63
3. Other Non-Current Assets (net)	272	127
4. Deferred Tax Assets (net)	157	128
Current Assets (Net) excluding borrowings	3,128	3,144
TOTAL	5,971	5,545
FINANCED BY		
1. Borrowings	52	13
2. Net Worth*	5,919	5,532
TOTAL	5,971	5,545
*Represented by		
Share Capital	348	348
Reserves (Net)	5,571	5,184
TOTAL	5,919	5,532
INCOME EARNED		
1. Revenue from operations (net)	8,270	8,188
2. Other Income	258	309
TOTAL	8,528	8,497
INCOME DISTRIBUTED		
1. Materials consumed	3,872	3,888
2. Employee benefits expense	1,448	1,248
3. Other expenses	1,967	2,011
4. Finance cost	17	17
5. Depreciation	294	278
6. Taxation		
Current	342	384
Deferred	(29)	(27)
On Dividend	39	32
7. Dividend	191	191
8. Retained Income	387	475
TOTAL	8,528	8,497

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

	2016	2015	2014	2013	2012
CAPITAL ACCOUNTS (₹ in Million)					
Liabilities					
Share Capital	348	348	348	348	348
Reserves & Surplus	5,571	5,184	4,709	4,284	3,911
Non-Current Liabilities	432	365	363	293	284
Assets					
Non-Current Assets					
Gross Block	5,149	4,603	4,319	3,967	3,789
Net Block	2,351	2,083	2,008	1,895	1,852
Investments	63	63	63	63	64
Other Non-Current Assets	704	492	549	565	487
Deferred Tax Assets (net)	157	128	100	78	75
Current Assets (Net)	3,076	3,131	2,700	2,325	2,057
REVENUE ACCOUNTS (₹ in Million)					
Revenue from operations and Other Income	8,528	8,497	8,292	7,475	7,319
Gross Profit before finance cost and depreciation	1,241	1,350	1,269	1,167	1,094
Finance cost	17	17	22	26	52
Depreciation	294	278	276	265	235
Profit before tax	930	1,055	971	876	807
Profit after tax	617	698	654	597	580
Tax on Dividend	39	32	38	33	31
Dividend amount	191	191	191	191	191
Retained earnings	387	475	425	373	358
SELECTED INDICATORS					
Return on Capital Employed %	15.86	19.33	18.73	19.34	19.40
Current Ratio	1.98	2.01	2.00	1.93	1.92
Earnings per share	17.74	20.06	18.79	17.17	16.67
Debt equity ratio	0.01	0.00	0.05	0.01	0.04
Book value per share	170.06	158.94	145.29	133.08	122.36
Dividend %	55	55	55	55	55
Fixed Assets Turnover	3.63	4.08	4.13	3.94	3.95

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

REPORT ON CORPORATE GOVERNANCE

ANNEXURE TO BOARD'S REPORT

1. Company's philosophy of Corporate Governance

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

2. Board of Directors

(a) Composition

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

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

Name of the Director	DIN of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM
Mr. G. Swarup	00374298	Chairman – NED	5	Yes
Mr. A. R. Broacha	00056291	NED – I	5	Yes
Mr. D. N. Damania	00403834	NED – I	4	Yes
Mr. N. N. Kampani	00009071	NED	3	No
Mr. Pradip Shah	00066242	NED – I	4	Yes
Dr. Stephan Bross	00423114	NED	4	Yes
Mr. V. K. Viswanathan	01782934	NED – I	4	Yes
Ms. S. F. Motwani	00052851	NED – I	2	No
Mr. W. Stegmuller	06929923	NED	4	Yes
Mr. W. Spiegel * (Upto 30 th June, 2016)	00058903	Managing Director – ED	3	Yes
Mr. Rajeev Jain ** (effective from 1 st July, 2016)	07475640	Managing Director – ED	2	N.A.

ED : Executive Director

NED – I : Non-Executive Director – Independent

N.A. : Not Applicable

* Mr. W. Spiegel retired on 30th June, 2016.

** Mr. Rajeev Jain is appointed as an Additional Director and Managing Director of the Company effective from 1st July, 2016 subject to approval of the Members and the Central Government.

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	13	Nil	1
Mr. A. R. Broacha	2	Nil	Nil
Mr. D. N. Damania	5	5	Nil
Mr. N. N. Kampani	10	5	1
Mr. Pradip Shah	17	7	1
Dr. Stephan Bross	2	Nil	Nil
Mr. V. K. Viswanathan	9	3	4
Ms. S. F. Motwani	10	Nil	Nil
Mr. W. Stegmuller	6	Nil	Nil
Mr. W. Spiegel *	2	Nil	1
Mr. Rajeev Jain *	3	Nil	1

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

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

* Details provided for the period for which the Director held Directorship of the other Companies during the year under review.

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

Sr. No.	Date
1.	18th February, 2016
2.	26th April, 2016
3.	27th June, 2016
4.	22nd July, 2016
5.	25th October, 2016

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

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

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

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

- (g) Web-link of familiarisation programme for Independent Directors is https://www.ksb.com/ksb-in/investor-relations/Terms_of_Appointment_of_Independent_Director/.

3. Committees of the Board

A. Audit Committee

i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations, 2015 and the Act.

REPORT ON CORPORATE GOVERNANCE (Contd.)

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	4	4
Mr. G. Swarup	4	4
Dr. Stephan Bross	4	4
Mr. A. R. Broacha	4	4
Mr. Pradip Shah	4	3

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

Meetings were held on 18th February, 2016, 26th April, 2016, 22nd July, 2016 and 25th October, 2016.

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.

B. Nomination and Remuneration Committee

i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations, 2015 and the Act.

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	3	2
Mr. Pradip Shah	3	3
Mr. G. Swarup	3	3

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

Meetings were held on 18th February, 2016, 27th June, 2016 and 25th October, 2016.

iv. Remuneration Policy

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

v. Annual evaluation of Board, Committees and individual Directors

Pursuant to the provisions of the Act, Listing Regulations, 2015 and the Remuneration Policy of the Company, the Board of Directors/ Independent Directors/ Nomination and Remuneration Committee ("NRC") (as applicable) has undertaken an evaluation of its own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees. Such evaluation are presented to the NRC and the Board of Directors (as applicable).

Directors express their satisfaction with the evaluation process.

REPORT ON CORPORATE GOVERNANCE (Contd.)

C. Corporate Social Responsibility Committee

i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under Listing Regulations, 2015 and the Act.

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	1	1
Mr. G. Swarup	1	1
Mr. W. Spiegel (Upto 30th June, 2016)	1	1
Mr. Rajeev Jain (effective from 1st July, 2016)	N.A.	N.A.

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

Meeting was held on 26th April, 2016.

D. Stakeholders' Relationship Committee

i. Terms of Reference:

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations, 2015 and the Act.

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. A. R. Broacha (Chairman)	1	1
Mr. G. Swarup	1	1
Mr. W. Spiegel (Upto 30th June, 2016)	N.A.	N.A.
Mr. Rajeev Jain (effective from 1st July, 2016)	1	1

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

Meeting was held on 25th October, 2016.

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

v. Complaints

During the year under review 26 grievances were received. All the grievances have been resolved to the satisfaction of the shareholders.

E. Share Transfer Committee

i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations, 2015 and the Act.

REPORT ON CORPORATE GOVERNANCE (Contd.)

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. G. Swarup (Chairman)	3	3
Mr. A. R. Broacha	3	3
Mr. D. N. Damania	3	3
Mr. W. Spiegel (Upto 30th June, 2016)	3	2
Mr. Rajeev Jain (effective from 1st July, 2016)	N.A.	N.A.

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

Meetings were held on 5th January, 2016, 13th January, 2016 and 8th March, 2016.

4. Remuneration of Directors

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

(a) Details of remuneration paid/payable to the Executive Directors 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	4,850	834	2,518	5,005	Retired on 30th June, 2016
Mr. Rajeev Jain	5,232	2,616	-	3,461	5 years, effective from 1st July, 2016 to 30th June, 2021

Notes:

- The above remuneration to Mr. Rajeev Jain 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.
 - The notice period for Mr. Rajeev Jain will be as per the service contract mutually agreed between him and the Board. No severance fees are payable to the Director.
 - The one-time payment of ₹ 3,182 Thousand (included in salary above) to Mr. W. Spiegel on his retirement is subject to approval of the members.
- (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

REPORT ON CORPORATE GOVERNANCE (Contd.)

by the members commission amount is limited to 1% of the net profits of the Company. Details of remuneration to Non-Executive Directors for the period 1st January, 2016 to 31st December, 2016 are as under:

₹ '000s

Name of the Directors	Directors' Fees	Commission
Mr. G. Swarup	265	500
Mr. A. R. Broacha	225	500
Mr. D. N. Damania	225	500
Mr. N. N. Kampani	75	500
Mr. Pradip Shah	190	500
Dr. Stephan Bross	180	500
Mr. V. K. Viswanathan	100	500
Ms. S. F. Motwani	50	500
Mr. W. Stegmuller	100	500

5. General Body Meetings

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

Financial Year	Date	Time	Venue
2013	11th April, 2014	2.00 p.m.	Bajaj Bhavan, Mumbai
2014	22nd April, 2015	3.00 p.m.	Bajaj Bhavan, Mumbai
2015	26th April, 2016	2.00 p.m.	Bajaj Bhavan, Mumbai

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

Financial Year	Special Resolution Passed
2013	Yes
2014	Yes
2015	No

(iii) Postal Ballot

No resolution was required to be passed by means of a postal ballot during the last year. Resolution, if required, shall be passed by Postal Ballot during the Financial Year 2017, as per the prescribed procedure.

6. Means of Communication

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

7. General Shareholder Information

AGM: Date, Time and Venue	26th April, 2017 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, 2016 to 31st December, 2016.
Date of Book Closure	16th April, 2017 to 26th April, 2017 (both days inclusive).
Dividend Payment date	17th May, 2017 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, 2016 to 31st March, 2017.
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 dematerialised shares are transferred through the depository participants in electronic mode. The physical transfers received are processed by the Registrar and Transfer Agent. To facilitate prompt services to the shareholders, the Company Secretary is authorised to approve transfers and transmission not exceeding 300 shares per folio per occasion. These are processed on a fortnightly basis. Consolidation, sub-division of shares and issue of duplicate share certificates are approved by the Share Transfer Committee/Board of Directors.
Distribution of Shareholding and Shareholding pattern as on 31st December, 2016	Please see Annexure 'C'.
Dematerialisation of shares and liquidity	98.89% of the Paid-up Capital has been dematerialised as on 31st December, 2016.
Outstanding GDRs/ADRs/Warrants or any Convertible instruments conversion date and likely impact on equity	Not issued.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Plant Locations	The Company's plants are located at Maharashtra- Pimpri, Pune Chinchwad, Pune Vambori, Ahmednagar Sinnar, Nashik Kesurdi, Shirwal Tamil Nadu- NSN Palayam, Coimbatore
Address for correspondence	Shareholders should address correspondence to Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No.: 022 49186270 E-mail: rnt.helpdesk@linkintime.co.in

8. Disclosures

A. Pursuant to requirements of Listing Regulations, 2015 the Company has adopted the policy determining material subsidiaries and the policy on related party transactions and the said policies are available on the Company's website at www.ksbindia.co.in.

B. Disclosure on Material Related Party Transactions

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

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

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

b. Related party transactions

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

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

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

D. Board Disclosures - Risk Management

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

E. Whistle Blower Policy

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

9. NON-MANDATORY REQUIREMENTS

The Company has complied with all requirements of corporate governance specified in Listing Regulations, 2015. The Board has taken cognizance of the discretionary requirements as specified in Part E of Schedule II to the Listing Regulations, 2015 and shall consider adopting the same at an appropriate time.

On behalf of the Board of Directors

G. SWARUP
Chairman

Mumbai, 20th February, 2017

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, 2016, as stipulated in Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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 Regulations.

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, 2016 against the Company and the Registrars and Transfer Agents have reported to the Shareholders' Relationship Committee on the status of the grievances, if any.

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

For Nilesh Shah & Associates
Company Secretaries

(Nilesh Shah)

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

Mumbai, 20th February, 2017

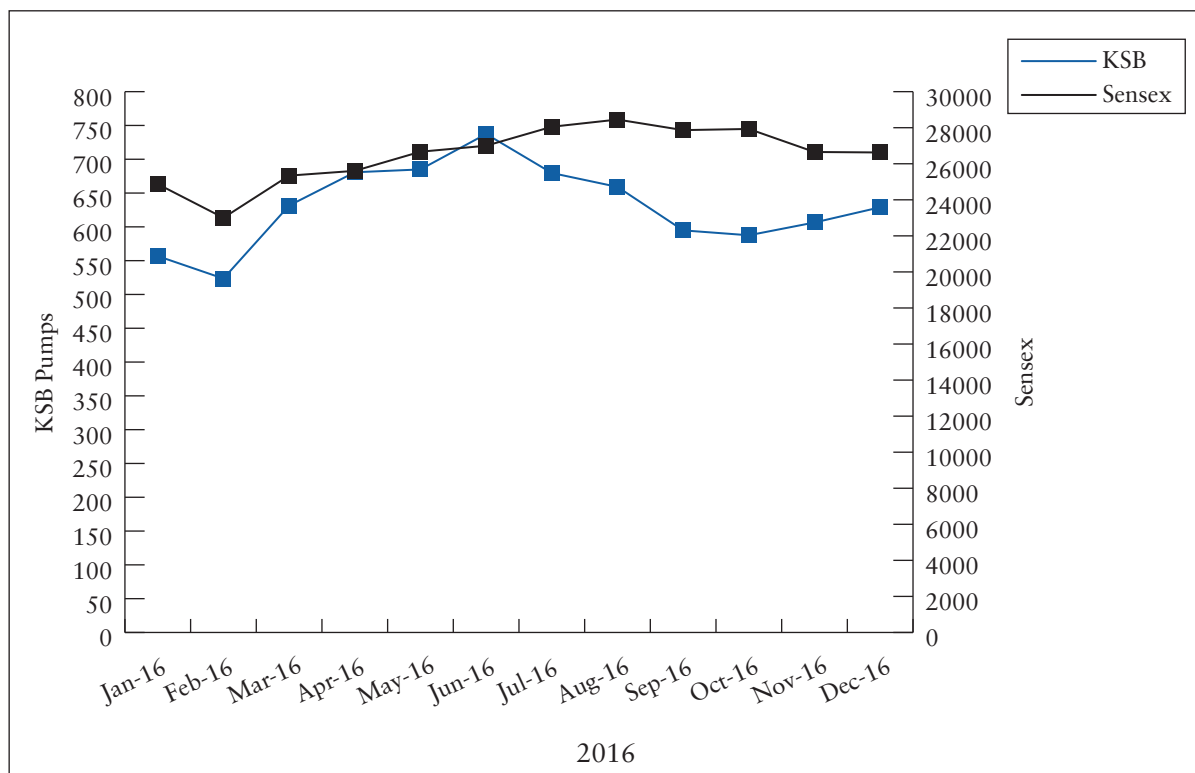
REPORT ON CORPORATE GOVERNANCE (Contd.)

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, 2016	645	499	32,900	643	516	83,620
February, 2016	577	500	115,011	576	503	98,395
March, 2016	677	504	30,807	680	516	218,831
April, 2016	719	587	128,276	718	587	657,765
May, 2016	705	666	27,917	705	665	166,241
June, 2016	744	650	24,914	749	650	166,826
July, 2016	768	670	31,909	774	668	248,256
August, 2016	678	593	17,254	682	595	149,265
September, 2016	667	591	183,749	665	542	301,920
October, 2016	617	550	26,282	621	543	153,706
November, 2016	617	560	17,306	614	558	121,493
December, 2016	635	575	20,223	639	575	197,204

ANNEXURE B



REPORT ON CORPORATE GOVERNANCE (Contd.)

ANNEXURE C

Distribution of shareholding as on 31st December, 2016

Number of shares held	Members		Shares	
	Number	%	Number	%
1-500	9,766	84.31	983,004	2.82
501-1,000	880	7.6	679,323	1.95
1,001-2,000	584	5.04	866,401	2.5
2,001-3,000	148	1.28	355,762	1.02
3,001-4,000	61	0.52	213,775	0.61
4,001-5,000	32	0.28	145,121	0.42
5,001-10,000	50	0.43	351,002	1.01
10,001 and above	63	0.54	31,213,456	89.67
Total	11,584	100.00	34,807,844	100.00

Shareholding pattern as on 31st December, 2016

Category	No. of Members	No. of Shares held	% to the Capital
Indian Promoters	8	9,003,458	25.87
Foreign Promoters	1	14,110,848	40.54
Mutual Funds & UTI	24	42,48,575	12.21
Banks, Financial Institutions and Insurance Companies	7	9,60,125	2.76
Foreign Institutional Investors	1	6,460	0.02
Private Corporate Bodies	265	2,518,313	7.23
Indian Public/Trust	10,938	3,807,789	10.93
Foreign Nationals/NRIs	340	152,276	0.44
Total	11,584	34,807,844	100.00

BUSINESS RESPONSIBILITY REPORT

ANNEXURE TO BOARD'S REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) : L29120MH1960PLC011635
2. Name of the Company: KSB PUMPS LIMITED
3. Registered Address: 126, Maker Chambers III, Nariman Point Mumbai 400021
4. Website: www.ksbindia.co.in
5. E-mail id: narasimhan.raghu@ksb.com
6. Financial Year Reported: 1st January, 2016 to 31st December, 2016
7. Sector(s) the Company is engaged in (industrial activity code-wise):

Industrial Group	Description
281	Manufacture of general purpose machinery

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
 - i) Manufacture of power driven pumps and spares thereof
 - ii) Manufacture of industrial Valves and spares thereof
 - iii) Production of castings for captive consumption
9. Total number of locations where business activity is undertaken by the Company:
 - i. Number of international locations (provide details of major 5): Nil
 - ii. Number of national locations: 6 manufacturing units, 4 zonal offices, 4 service stations, 22 warehouses and 15 branch offices at different locations across India.
10. Markets served by the Company: Local, state, national, international

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR Million): 348.08
2. Total Turnover (INR Million): 8,270.23 (standalone)
3. Total profit after taxes (INR Million): 617.55 (standalone)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 3.22 %
5. List of activities in which expenditure in 4 above has been incurred:

Details are in the Annual Report on CSR Activities annexed to Board's Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies?

Yes, the Company has 1 subsidiary viz. Pofran Sales and Agency Limited.
2. Does the Subsidiary Company / Companies participate in the Business Responsibility ("BR") Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

There is no participation by the subsidiary Company in business responsibility initiatives.

BUSINESS RESPONSIBILITY REPORT (Contd.)

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR Initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60]

The Company encourages its suppliers, dealers and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR

- (a) Details of the Director / Directors responsible for implementation of the BR policy/policies:

DIN: 07475640

Name: Mr. Rajeev Jain

Designation: Managing Director

- (b) Details of the BR head

No.	Particulars	Details
1.	DIN Number (if applicable)	07475640
2.	Name	Rajeev Jain
3.	Designation	Managing Director
4.	Telephone number	020 2710 1000
5.	e-mail id	rajeev.jain@ksb.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These are briefly are as under:

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- P3 Businesses should promote the wellbeing of all employees
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5 Businesses should respect and promote human rights
- P6 Businesses should respect, protect and make efforts to restore the environment
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8 Businesses should support inclusive growth and equitable development
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

BUSINESS RESPONSIBILITY REPORT (Contd.)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for principle	Y	Y	Y	Y	Y*	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy confirm to any national / international standards? If yes, specify?	The policies are developed and aligned to applicable legal and regulatory requirements, guidelines, regulations and our internal mandates; and are in line with international standards and practices such as ISO 9001, ISO 14001, OHSAS 18001, ISO 26000, PED 97/23/EC etc.								
4	Has the policy being approved by the board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Significant policies are formulated at KSB Group level in Germany as well as by the Company. The policies pertaining to local legislations and systems are approved and signed by relevant senior management personnel.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes. The Company has specified Committees of the Board/Directors/Officials to oversee the implementation of the policies.								
6	Indicate the link for the policy to be viewed online?	KSB Code of Conduct is available at: https://www.ksb.com/ksb-en/Investor-relations/Corporate-Governance/Code-of-Conduct/ CSR Policy is available at: https://www.ksb.com/ksb-in/investor-relations/our-policies/csr-policy/csr-policy/91858/ Whistle Blower Policy is available at: https://www.ksb.com/ksb-in/investor-relations/our-policies/whistle-blower-policy/ All other policies are available on the Company's internal network.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. All the policies communicated to internal stakeholders are available on the internal network. Policies communicated to external stakeholders are available on the website of the Company.								
8	Does the company have in-house structure to implement the policy / policies?	Yes. There is an in-house structure with defined roles and responsibilities.								

BUSINESS RESPONSIBILITY REPORT (Contd.)

9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes. The Company has a grievance redressal mechanism.
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes. The Company's policies and procedures are supported by internal risk controls. These risk controls are continually evaluated for their efficacy through internal audit mechanism and are also subject to external audits.

*This Principle is encompassed in the KSB Code of Conduct.

2a. If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principle	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	P7 The Company through the various industry forums endeavours to promote growth and technological progress, economic reforms, inclusive development policies and sustainable business principles. Therefore, need for a formal policy has not been felt.								

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Assessment is an ongoing exercise and is an inherent part of corporate functions.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first Business Responsibility Report being published by the Company for the Financial Year 2016. The report can be viewed as a part of the Annual Report.

BUSINESS RESPONSIBILITY REPORT (Contd.)

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

No. The Policy extends to the group, suppliers, dealers, service providers, contractors and all relevant stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has received no complaints from stakeholders related to ethics, bribery and corruption during the year 2016.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- i. MCPK (Mega chemical processed pumps)
- ii. Etanorm (Water handling pumps)
- iii. Etanorm SYT (Thermic fluid handling pumps)

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The above products are energy efficient designs and hence lead to conservation of drive power i.e. electricity.

- i. MCPK: This series has replaced “CPK” series. For equivalent duty parameters, selecting MCPK results in smaller pump size thereby resulting in 10% lower weights. This leads to raw material conservation.
- ii. Etanorm: This series has replaced “Mega” series and is 10% lighter in weight thereby resulting in raw material conservation.
- iii. Etanorm SYT: This series has replaced “CPK-EY / EGY” series and is lighter in weight 10% thereby resulting in raw material conservation.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

The supplier selection, assessment and evaluation process includes elements of sustainability. This includes audits by internal Quality Management as well external audits like “Made by KSB” are carried out by the parent Company viz. KSB AG, Germany.

BUSINESS RESPONSIBILITY REPORT (Contd.)

Various aspects of sustainability are laid down in procurement activity e.g. legal compliance, health, safety and environmental protection. Bribery and corruption is addressed by a statement forming part of the purchase order documentation. The Company respects rules of free competition and has built strong partnerships with suppliers.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Overall large portion of goods to the extent of 55 % is sourced from small and medium enterprises. The Company continuously looks for opportunities to source its material locally. Local suppliers are generally preferred if they meet quality specifications and cost criteria as well Environment, Health and Safety (“EHS”) compliance. Suppliers are audited and supported for the development. Outsourcing to local suppliers is ongoing activity. A structured development plan is in place for localization. Further, components and products have been identified which are currently imported. Support is provided to suppliers for local manufacturing.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company is committed to increase waste efficiency. The robust waste management system in the Company regulates the measures with regard to waste prevention, recycling and ecologically acceptable disposal of the waste, internal collection and treatment of waste for recycling and disposal. At all the locations of the Company, wastes are segregated based on their characteristics, collected and stored in an appropriate manner. The wastes collected are sent to the Company’s plant at foundry for recycling or to the Central / state pollution board approved recyclers for suitable reuse/ recycle/ disposal.

Principle 3 : Businesses should promote the wellbeing of all employees

1. Please indicate the total number of employees: 1,677
2. Please indicate the total number of employees hired on temporary/ contractual/ casual basis: 958
3. Please indicate the number of permanent women employees: 36
4. Please indicate the number of permanent employees with disabilities: 3
5. Do you have an employee association that is recognized by management?: Yes
6. What percentage of your permanent employees are members of this recognized employee association? 60.38 %
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year: Nil

BUSINESS RESPONSIBILITY REPORT (Contd.)

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees : 90.70 %
- (b) Permanent Women Employees: 95.20%
- (c) Casual/ Temporary/ Contractual Employees: 94.44%
- (d) Employees with Disabilities: 100%

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders?

Yes. The company has mapped its internal and external stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes. The company has identified the disadvantaged, vulnerable & marginalized stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The details of initiatives undertaken for disadvantaged, vulnerable and marginalised stakeholders are in the Annual Report on CSR Activities annexed to Board's Report.

Principle 5 : Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

The Company's policy on human rights extends to the group, suppliers, dealers, service providers, contractors and all relevant stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? Nil

Principle 6 : Businesses should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.

The Company has well laid down policies, principles and standards that all its units in India must adhere to. Our Environment, Health and Safety Policy also specifies requirements to be extended to the contractors.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Yes. The strategies / initiatives are covered in the action arising on implementation of the Policy.

3. Does the company identify and assess potential environmental risks? Y/N

Yes. The Company identifies and assesses potential environmental risks.

BUSINESS RESPONSIBILITY REPORT (Contd.)

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The Company currently does not have any Clean Development Mechanism Project.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Innovative technologies are used to reduce the impact on the environment. In the entire chain of manufacturing, the emphasis is on preserving natural resources. Processes are designed to minimize use of raw materials and energy.

Details of conservation of energy are in the annexure to the Board's Report.

6. Are the emissions/waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company is in compliance with the applicable environmental laws and regulations. The Company's emissions, effluents and waste are within Central and State Pollution Control Boards permission limits.

7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year: Nil

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

The Company is a member of:

- i. Maharashtra Chamber of Commerce Industries and Agriculture (MCCIA)
 - ii. Indian Pumps Manufacturers' Association (IPMA)
 - iii. Confederation of Indian Industry (CII)
 - iv. Indo-German Chamber of Commerce (IGCC)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes, following are the broad areas:

- i. Governance and Administration
- ii. Economic Reforms
- iii. Inclusive Development Policies
- iv. Energy & Water Conservation
- v. Sustainable Business

BUSINESS RESPONSIBILITY REPORT (Contd.)

Principle 8 : Businesses should support inclusive growth and equitable development

- 1. Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The details of programmes/ initiatives/ projects are in the Annual Report on CSR Activities annexed to Board's Report.

- 2. Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?**

The activities are undertaken through KSB Care Charitable Trust.

- 3. Have you done any impact assessment of your initiative?**

The impact assessment of initiatives is an ongoing exercise as per the CSR activities.

- 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

The details of contribution are in the Annual Report on CSR Activities annexed to Board's Report.

- 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company ensures its presence is established right from the commencement of the initiatives. It collaborates with the communities right from need identification to project implementation phase. The Company has extensive engagement with various stakeholders. The feedback from the stakeholders are analysed and various actions like improvement actions are prioritized.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

- 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

There were no new/ pending consumer complaints/ cases filed against the Company during the year.

- 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A./ Remarks(additional information)**

Yes, apart from the mandated declarations, additional declarations are furnished on the products / labels relating to the products and their usage.

- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so: NIL**

- 4. Did your company carry out any consumer survey/consumer satisfaction trends?**

The Company did not carry a customer satisfaction survey during the year since the Company carries the survey after reasonable intervals.

On behalf of the Board of Directors

G. SWARUP
Chairman

Mumbai, 20th February, 2017

ANNEXURE TO BOARD'S REPORT

FORM NO. AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

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

Part "A": Subsidiaries

₹ in Million

Name of the subsidiary	Pofran Sales and Agency Limited
The date since when subsidiary was acquired	7th January, 2005
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st April, 2016 to 31st March, 2017*
Reporting currency and Exchange rate	INR
Share capital	0.50
Reserves & Surplus	53.24
Total Assets	53.97
Total Liabilities	0.23
Investments	-
Turnover	12.89
Profit / (Loss) before taxation	11.94
Provision for taxation	3.89
Profit / (Loss) after taxation	8.05
Proposed Dividend	-
% of shareholding	100

*Financial Year has been aligned with provisions of Section 2(41) of Companies Act, 2013. The consolidation is based on the audited financial statements for the period ended as on 31st December, 2016 of the subsidiary.

Part "B": Associate

₹ in Million

Name of associate	KSB MIL Controls Limited (Formerly MIL Controls Limited)
The date on which associate was associated / acquired	24th October, 1997
Latest audited Balance Sheet date	31st December, 2016
Number of shares of associate held by the company on the year end	735,000
Amount of investment in associate	62.65
Extent of holding %	49%
Description of how there is significant influence	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of not more than 50% of the voting Power and no control over the Board
Networth attributable to shareholding as per latest audited Balance Sheet	541.05
Profit / Loss for the year	
i. Considered in consolidation	49.43
ii. Not Considered in consolidation	51.45

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

Mumbai, 20th February, 2017

ANNEXURE TO BOARD'S REPORT (Contd.)

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st December, 2016

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

I. REGISTRATION & OTHER DETAILS

CIN	L29120MH1960PLC011635
Registration Date	11th April, 1960
Name of the Company	KSB PUMPS LIMITED
Category/Sub-category of the Company	Indian Non-Government Company Limited by shares
Address of the Registered office & contact details	126, Maker Chambers-III, Nariman point, Mumbai - 400 021 Tel No.: 022-66588787, Fax No. : 022-66588788
Whether listed company	Yes
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No.: 022 49186270, Fax: 022-49186060

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Manufacturing of pumps and spares thereof	2812	76.12
2	Manufacturing of valves and spares thereof	2813	14.97

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

ANNEXURE TO BOARD'S REPORT (Contd.)

IV. SHAREHOLDING PATTERN

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	153,458	-	153,458	0.44	153,458	-	153,458	0.44	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	8,850,000	-	8,850,000	25.43	8,850,000	-	8,850,000	25.43	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	9,003,458	-	9,003,458	25.87	9,003,458	-	9,003,458	25.87	-
(2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	14,110,848	-	14,110,848	40.54	14,110,848	-	14,110,848	40.54	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	14,110,848	-	14,110,848	40.54	14,110,848	-	14,110,848	40.54	-
Total Shareholding of Promoter									
[(A)= (A)(1)+(A)(2)]	23,114,306	-	23,114,306	66.41	23,114,306	-	23,114,306	66.41	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	4,508,511	700	4,509,211	12.95	4,247,875	700	4,248,575	12.20	0.75
b) Banks / FI	4,324	808	5,132	0.01	3,303	808	4,111	0.01	0.00
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	820,642	-	820,642	2.36	956,014	-	956,014	2.75	0.39
g) FIIs	86,107	-	86,107	0.25	6,460	-	6,460	0.02	(0.23)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investor	935,917	-	935,917	2.69	1,194,414	-	1,194,414	3.43	0.74
j) Foreign Financial Institution	-	1,000	1,000	0.00	-	1,000	1,000	0.00	-
Sub-total (B)(1)	6,355,501	2,508	6,358,009	18.27	6,408,066	2,508	6,410,574	18.42	0.15

ANNEXURE TO BOARD'S REPORT (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
2. Non-Institutions										
a) Bodies Corp.										
i) Indian	1,299,497	3,966	1,303,463	3.74	1,318,933	3,966	1,322,899	3.80	0.06	
ii) Overseas	-	-	-	-	-	-	-	-	-	
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,845,333	328,593	3,173,926	9.11	2,796,912	318,258	3,115,170	8.94	(0.17)	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	527,515	50,112	577,627	1.66	488,595	50,112	538,707	1.55	(0.11)	
c) Trusts	1,016	-	1,016	0.00	1,716	-	1,716	0.00	0.00	
d) Hindu Undivided Family	97,088	-	97,088	0.28	95,841	-	95,841	0.28	0.00	
e) Non-Resident Indians	126,691	5,604	132,295	0.38	146,672	5,604	152,276	0.44	0.06	
f) Directors/Relatives	34,200	-	34,200	0.10	41,420	-	41,420	0.12	0.02	
g) Clearing Members	15,914	-	15,914	0.05	14,935	-	14,935	0.04	(0.01)	
Sub-total (B)(2)	4,947,254	388,275	5,335,529	15.32	4,905,024	377,940	5,282,964	15.17	(0.15)	
Total Public Shareholding [(B) = (B)(1)+(B)(2)]	11,302,755	390,783	11,693,538	33.59	11,313,090	380,448	11,693,538	33.59	0.00	
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	34,417,061	390,783	34,807,844	100.00	34,427,396	380,448	34,807,844	100.00	0.00	

(ii) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	
1	Vikram Swarup	40,000	0.11	-	40,000	0.11	-	-
2	Gaurav Swarup	34,000	0.10	-	34,000	0.10	-	-
3	Bindu Vikram Swarup	16,000	0.05	-	16,000	0.05	-	-
4	Parul Swarup	3,058	0.01	-	3,058	0.01	-	-
5	Vikram Swarup & Gaurav Swarup	60,400	0.17	-	60,400	0.17	-	-
6	The Industrial And Prudential Investment Co. Ltd.	7,140,000	20.51	-	7,140,000	20.51	-	-
7	Paharpur Cooling Towers Ltd.	1,450,000	4.17	-	1,450,000	4.17	-	-
8	New Holding And Trading Co. Ltd.	260,000	0.75	-	260,000	0.75	-	-
9	Canadian Kay Pump Limited	14,110,848	40.54	-	14,110,848	40.54	-	-
	Total	23,114,306	66.41	-	23,114,306	66.41	-	-

ANNEXURE TO BOARD'S REPORT (Contd.)

(iii) Change in Promoters' Shareholding

There were no changes in the promoter's shareholding during the year under review.

(iv) Shareholding Pattern of Top Ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For each of the Top Ten Shareholders	Shareholding at the beginning / end of the year	% of total Shares of the Company	Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	% of total Shares of the Company
1	RELIANCE CAPITAL TRUSTEE CO. LTD. - A/C RELIANCE TAX SAVER (ELSS) FUND	2,518,155	7.23					
				22-Jan-2016	750	Purchase	2,518,905	7.24
				8-Apr-2016	(4,220)	Sale	2,514,685	7.22
				15-Apr-2016	(13,670)	Sale	2,501,015	7.19
				22-Apr-2016	(280)	Sale	2,500,735	7.18
				29-Apr-2016	(4,540)	Sale	2,496,195	7.17
				6-May-2016	(17,820)	Sale	2,478,375	7.12
				15-Jul-2016	(42)	Sale	2,478,333	7.12
				23-Sep-2016	(40,000)	Sale	2,438,333	7.01
				28-Oct-2016	41,970	Purchase	2,480,303	7.13
				4-Nov-2016	10,091	Purchase	2,490,394	7.15
				18-Nov-2016	22,362	Purchase	2,512,756	7.22
				25-Nov-2016	2,929	Purchase	2,515,685	7.23
				2-Dec-2016	4,079	Purchase	2,519,764	7.24
				9-Dec-2016	929	Purchase	2,520,693	7.24
		2,520,693	7.24					
2	THYSSENKRUPP INDUSTRIES INDIA PRIVATE LIMITED	1,080,000	3.10					
				No change in the shareholding during the year				
		1,080,000	3.10					
3	PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED	847,934	2.44					
				4-Mar-2016	102,417	Purchase	950,351	2.73
				16-Dec-2016	15,000	Purchase	965,351	2.77
		965,351	2.77					
4	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	820,642	2.36					
				1-Jan-2016	5,000	Purchase	825,642	2.37
				8-Jan-2016	8,000	Purchase	833,642	2.39
				26-Feb-2016	1,000	Purchase	834,642	2.40
				4-Mar-2016	(14,500)	Sale	820,142	2.36
				11-Mar-2016	7,000	Purchase	827,142	2.38
				18-Mar-2016	(9,000)	Sale	818,142	2.35
				25-Mar-2016	15,000	Purchase	833,142	2.39
				31-Mar-2016	23,000	Purchase	856,142	2.46
				15-Apr-2016	(3,623)	Sale	852,519	2.45
				29-Apr-2016	(12,100)	Sale	840,419	2.41
				3-Jun-2016	2,000	Purchase	842,419	2.42
				17-Jun-2016	1,000	Purchase	843,419	2.42
				1-Jul-2016	20,000	Purchase	863,419	2.48
				8-Jul-2016	25,000	Purchase	888,419	2.55
				15-Jul-2016	17,345	Purchase	905,764	2.60

ANNEXURE TO BOARD'S REPORT (Contd.)

S. No.	For each of the Top Ten Shareholders	Shareholding at the beginning / end of the year	% of total Shares of the Company	Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	% of total Shares of the Company
				5-Aug-2016	15,000	Purchase	920,764	2.65
				2-Sep-2016	5,000	Purchase	925,764	2.66
				23-Sep-2016	(8,000)	Sale	917,764	2.64
				7-Oct-2016	1,000	Purchase	918,764	2.64
				4-Nov-2016	2,000	Purchase	920,764	2.65
				11-Nov-2016	250	Purchase	921,014	2.65
				16-Dec-2016	20,000	Purchase	941,014	2.70
				30-Dec-2016	15,000	Purchase	956,014	2.75
		956,014	2.75					
5	DSP BLACKROCK MICRO CAP FUND	333,893	0.96					
				13-May-16	8,022	Purchase	341,915	0.98
				20-May-16	1,888	Purchase	343,803	0.99
				27-May-16	3,517	Purchase	347,320	1.00
				23-Sep-16	268,158	Purchase	615,478	1.77
		615,478	1.77					
6	SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND	548,441	1.58					
				15-Jan-2016	6,252	Purchase	554,693	1.59
				22-Jan-2016	528	Purchase	555,221	1.60
				29-Jan-2016	1,401	Purchase	556,622	1.60
				5-Feb-2016	3,233	Purchase	559,855	1.61
				12-Feb-2016	11,263	Purchase	571,118	1.64
				19-Feb-2016	14,001	Purchase	585,119	1.68
				4-Mar-2016	14,820	Purchase	599,939	1.72
				29-Apr-2016	(16,929)	Sale	583,010	1.67
				6-May-2016	(2,611)	Sale	580,399	1.67
				8-Jul-2016	(13,628)	Sale	566,771	1.63
				15-Jul-2016	14,338	Purchase	581,109	1.67
		581,109	1.67					
7	UTI - LONG TERM EQUITY FUND (TAX SAVING)	643,938	1.85					
				1-Jan-2016	(2,521)	Sale	641,417	1.84
				5-Feb-2016	(4,349)	Sale	637,068	1.83
				4-Mar-2016	(598)	Sale	636,470	1.83
				18-Mar-2016	16,647	Purchase	653,117	1.88
				13-May-2016	(983)	Sale	652,134	1.87
				23-Sep-2016	(311,450)	Sale	340,684	0.98
				28-Oct-2016	(11,188)	Sale	329,496	0.95
				16-Dec-2016	(67,067)	Sale	262,429	0.75
		262,429	0.75					

ANNEXURE TO BOARD'S REPORT (Contd.)

S. No.	For each of the Top Ten Shareholders	Shareholding at the beginning / end of the year	% of total Shares of the Company	Date of transaction	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	% of total Shares of the Company
8	KOTAK INFRASTRUCTURE & ECONOMIC REFORM FUND							
		161,423	0.46					
				8-Jan-2016	(6,758)	Sale	154,665	0.44
				26-Feb-2016	(242)	Sale	154,423	0.44
				4-Mar-2016	(768)	Sale	153,655	0.44
				11-Mar-2016	(3,076)	Sale	150,579	0.43
				31-Mar-2016	(8,047)	Sale	142,532	0.41
				29-Apr-2016	(7,456)	Sale	135,076	0.39
				30-Jun-2016	(959)	Sale	134,117	0.39
				15-Jul-2016	(1,833)	Sale	132,284	0.38
				12-Aug-2016	11,465	Purchase	143,749	0.41
				19-Aug-2016	817	Purchase	144,566	0.42
				21-Oct-2016	1,441	Purchase	146,007	0.42
				28-Oct-2016	2,000	Purchase	148,007	0.43
		148,007	0.43					
9	IIFL BEST OF CLASS FUND 1 - CLASS 2							
		119,959	0.34					
				No change in the shareholding during the year				
		119,959	0.34					
10	ANANT VENKATRAO SETALVAD							
		112,700	0.32					
				8-Jan-2016	(500)	Sale	112,200	0.32
		112,200	0.32					

(v) Shareholding of Directors and Key Managerial Personnel

S. No.	Shareholding of each Director and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. A.R. Broacha						
	At the beginning of the year	1-Jan-2016		30,000	0.09	30,000	0.09
	Changes during the year		-	-	-	-	-
	At the end of the year	31-Dec-2016		30,000	0.09	30,000	0.09
2	Mr. D.N. Damania						
	At the beginning of the year	1-Jan-2016		4,200	0.01	4,200	0.01
	Changes during the year		-	-	-	-	-
	At the end of the year	31-Dec-2016		4,200	0.01	4,200	0.01
3	Mr. G. Swarup						
	At the beginning of the year	1-Jan-2016		34,000	0.10	34,000	0.10
	Changes during the year		-	-	-	-	-
	At the end of the year	31-Dec-2016		34,000	0.10	34,000	0.10

ANNEXURE TO BOARD'S REPORT (Contd.)

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	₹ in Million
				Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	12.97	-	-	12.97
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	12.97	-	-	12.97
Change in Indebtedness during the financial year				
Addition (Net)	38.87	-	-	38.87
Reduction (Net)	-	-	-	-
Net Change	38.87	-	-	38.87
Indebtedness at the end of the financial year				
i) Principal Amount	51.84	-	-	51.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	51.84	-	-	51.84

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

S. No.	Particulars of Remuneration to Managing Director	Mr. Rajeev Jain (effective from 1st July, 2016)	Mr. W. Spiegel (upto 30th June, 2016)	₹ in Million
				Total Amount
1	Gross salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	8.80	8.24	17.04
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	1.88	4.77	6.65
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others (Contribution to Provident Fund)	0.63	0.20	0.83
	Total (A)	11.31	13.21	24.52
	Ceiling as per the Act			49.13

ANNEXURE TO BOARD'S REPORT (Contd.)

B. Remuneration to other Directors						₹ in Million
S. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr. A.R. Broacha	Mr. V.K. Viswanathan	Mr. Pradip Shah	Ms. S. F. Motwani	Mr. D. N. Damania
	Fee for attending board/ committee meetings	0.23	0.10	0.19	0.05	0.23
	Commission	0.50	0.50	0.50	0.50	0.50
	Others	-	-	-	-	-
	Total (1)	0.73	0.60	0.69	0.55	0.73
2	Other Non-Executive Directors	Mr. G. Swarup	Mr. N.N. Kampani	Dr. Stephan Bross	Mr. W. Stegmuller	
	Fee for attending board/ committee meetings	0.26	0.07	0.18	0.10	
	Commission	0.50	0.50	0.50	0.50	
	Others	-	-	-	-	
	Total (2)	0.76	0.57	0.68	0.60	2.61
	Total (B)=(1+2)					5.91
	Total Managerial Remuneration (A) + (B)					30.43
	Overall Ceiling as per the Act					58.95

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD				₹ in Million
S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
	Designation	Chief Financial Officer	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	9.52	2.41	11.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.12	0.02	0.14
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others (Contribution to Provident Fund)	0.38	0.11	0.49
	Total	10.02	2.54	12.56

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of Board of Directors

Mumbai, 20th February, 2017

G. Swarup
Chairman

ANNEXURE TO BOARD'S REPORT (Contd.)

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

- i. **Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary during the Financial year 2016.**

No.	Name of the Director / KMP and Designation	Designation	Ratio of remuneration of each Director to the median remuneration of employees	% Increase in remuneration during FY 2016
1.	Mr. W. Spiegel	Managing Director (Upto 30th June, 2016)	Refer Note 2	Refer Note 2
2.	Mr. Rajeev Jain	Managing Director (effective from 1st July, 2016)	Refer Note 2	Refer Note 2
3.	Mr. Verghese Oommen	Chief Financial Officer	Not Applicable	10%
4.	Mr. R. Narasimhan	Company Secretary	Not Applicable	10%

Note:

1. The Independent Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-executive Directors Remuneration is therefore not considered for the above purpose.
 2. Since this information is for part of the year, the same is not comparable.
- ii. **The percentage increase in the median remuneration of the employees in the Financial Year:** There has been an increase of 10% in median remuneration of employees in Financial Year 2016 as compared to Financial Year 2015.
- iii. **The number of permanent employees on the rolls of the Company:** There were 1,677 employees on the rolls of the Company as on 31st December, 2016.
- iv. **Average percentage increase already made in the salaries of employees other than the key managerial personnel in Financial Year 2016 and its comparison with the percentage increase in the managerial remuneration:** The aggregate remuneration of employees other than managerial personnel has increased by 7% and that of managerial personnel has increased by 8%.
- v. **Affirmation that the remuneration is as per the remuneration policy of the Company:** The remuneration of Directors was as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

Mumbai, 20th February, 2017

G. Swarup
Chairman

ANNEXURE TO BOARD'S REPORT (Contd.)

A. CONSERVATION OF ENERGY

The Company is constantly engaged in various initiatives towards conservation of energy. Recent measures implemented include installation of automatic schedulers for central air conditioning system at Pimpri and Chinchwad plants, rain harvesting at Pimpri plant and variable frequency drive at Chinchwad test field.

B. TECHNOLOGY ABSORPTION

1. Performance and Product Improvements

More products from our Submersible range are now available as energy efficient products as certified by Bureau of Energy Efficiency. This will continue to remain Company's focus area in the near future.

2. Research and Development

The development of new series catering to API markets is now complete. Existing product basket catering to sewage and dewatering segment is now enhanced.

3. Benefits of Research and Development

The enhancement in the product basket would meet the growing industry needs with competitive products.

4. Future Plans

Development activities to introduce new series catering to Energy sector have started and will continue in the next year.

5. Expenditure on Research and Development

The recurring expenditure during the year amounted to ₹ 2.93 Million (previous year ₹ 2.94 Million) and it is 0.04% (previous year 0.04%) of the total turnover. There is no capital expenditure during the year under review and previous year.

6. Technology Absorption, Adaptation and Innovation

Development of new series of between bearing pumps catering to API markets is now complete. Higher capacity sewage pumps for the local markets are now available.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year were ₹ 1,133 Million. Total foreign exchange earned during the year was ₹ 1,194 Million. Export orders outstanding for execution are ₹ 484 Million. Total foreign exchange used during the year was ₹ 961 Million.

On behalf of the Board of Directors

G. Swarup
Chairman

Mumbai, 20th February, 2017

ANNEXURE TO BOARD'S REPORT (Contd.)

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2016

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

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

Dear Sir / Madam,

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

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st December, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter:

We herewith report that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test check basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st December, 2016, as per the provisions of:

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

ANNEXURE TO BOARD'S REPORT (Contd.)

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.
- (vi) Considering activities of the Company, there is no specific regulator / law subject to whose approval the company can carry on / continue business operation and hence no comment is invited in respect of the same. We have also in-principally verified systems and mechanism which is in place and the system driven Legal Compliance System established in the Company and followed by the Company which tracks compliances and generates necessary certificates and ensures Compliance of other applicable Laws like Labour Laws, Environmental Law, Legal Metrology Act etc (in addition to the above mentioned Laws (i to v) and applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed/followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the of the same.

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

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

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

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

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

We further report that:

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

ANNEXURE TO BOARD'S REPORT (Contd.)

We also report that adequate notice and in case of urgency shorter notice was given to all Directors to schedule the Board Meetings and necessary compliances as envisaged in the Secretarial Standard was carried out in respect of holding of Board Meeting with Short Notice. The agenda along with detailed notes to agenda were sent at least 7 days in advance unless the meeting was called at the short notice and a reasonable system exists for Board Members to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

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

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

We further report that during the year under report, the Company has not undertaken any corporate action having a major bearing on the Company's affairs in pursuance of aforesaid laws, rules and regulations, guidelines, standards, etc. as mentioned above. However, the following major event which took place during the year under review:

- The Company has appointed Mr. Rajeev Jain as Managing Director and Whole-time Key Managerial Personnel of the Company subject to the approval of the Shareholders and Central Government during the year under review and the Company has duly made an application to the Central Government for seeking its approval in this regard.

For Nilesh Shah & Associates
Company Secretaries

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

Mumbai, 20th February, 2017

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

ANNEXURE TO BOARD'S REPORT (Contd.)

'ANNEXURE A'

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

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

For Nilesh Shah & Associates
Company Secretaries

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

Mumbai, 20th February, 2017

ANNEXURE TO BOARD'S REPORT (Contd.)

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

2. Composition of CSR Committee:

Mr. D. N. Damania (Chairman)

Mr. G. Swarup

Mr. Rajeev Jain

3. Average net profit before tax of the company for last three financial years: ₹ 995.5 Million
4. Prescribed CSR Expenditure (two per cent of the amount as above): ₹ 19.9 Million
5. Details of CSR spent during the financial year:
 - (a) Total amount spent for the financial year: ₹ 19.9 Million has been contributed to KSB Care Charitable Trust.
 - (b) Amount unspent: Nil
 - (c) Details of CSR projects/activities approved by the Trust and CSR Committee are given below:

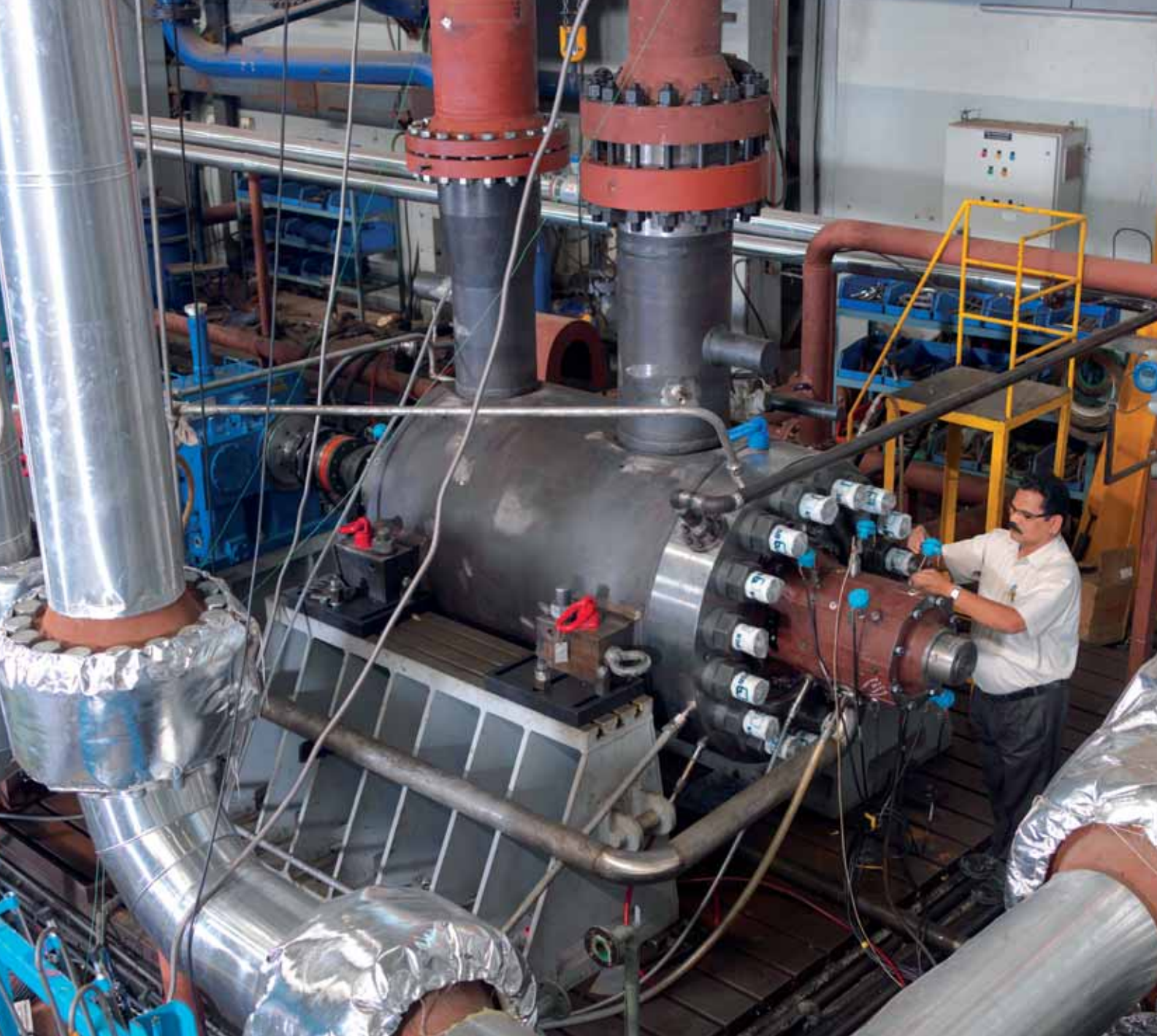
S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken (refer note 1)	Amount outlay (budget) project or programs wise (₹ in Million)
1	Support for destitute children	Destitute care and rehabilitation	Pune, Maharashtra	1.8
2	Support for children of socially backward women	Children rehabilitation	Pune, Maharashtra	0.5
3	Support for education of children from economically backward areas / orphans	Education	Pune, Maharashtra and Sinnar, Maharashtra	2.1

ANNEXURE TO BOARD'S REPORT (Contd.)

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken (refer note 1)	Amount outlay (budget) project or programs wise (₹ in Million)
4	Support for recreational and cultural centre for disabled children	Promoting differently abled children	Pune, Maharashtra and Coimbatore, Tamil Nadu	2.1
5	Support for deprived / cancer patients	Promoting healthcare including preventive healthcare	Pune, Maharashtra	4.5
6	Support for old age home	Destitute care	Pune, Maharashtra	1.9
7	Sanitation in rural village	Sanitation	Nashik, Maharashtra	0.7
8	Providing vocational skills for livelihood of women from rural areas	Employment	Nashik, Maharashtra	0.2
9	Support for children, destitute women and education	Children/women rehabilitation, education	Nashik, Maharashtra	2.5
10	Education support for mentally/physically challenged children	Education	Nashik, Maharashtra and Coimbatore, Tamil Nadu	3.7
	Total			20.0

Notes:

1. The programs and projects identified are in and around manufacturing locations of the Company.
2. The Company spends the amounts allocated for CSR activities through its implementing agency KSB Care Charitable Trust, Mumbai. The trustees and the CSR committee approves the projects identified. The above projects/activities undertaken during the year 2016 are from the contribution, which the company made during the year 2015. Similarly, the contribution which has been made in 2016 will be spent for the projects to be approved in 2017. The said trust spends the amount on CSR activities as per the specific instructions given by the CSR Committee over a specified time frame. No overhead expenditure is proposed to be incurred on these projects.
3. For the amount spent on the projects or programmes (direct expenditure/overheads), cumulative expenditure upto the reporting period and amount spent (direct or through implementing agency) refer Note 2 above.



KSB India's "Make in India" initiative - New generation high pressure pumps for super critical applications

KSB India has bagged a prestigious order for the supply of 6 sets of high pressure boiler feed pumps for M/s Alstom Bharat Forge Power Ltd. These Pumps with design pressure of 500 bar will be driven by electric motor & turbine having power rating 11 MW and 17 MW respectively. All pumps will be installed at NTPC's 2x660 MW super critical power project located in Tanda in Uttar Pradesh.

The scope includes supply of high pressure boiler feed pumps, booster pumps along with accessories like base plates, electric motors, hydraulic couplings, oil coolers, gear box, noise enclosures and related instrumentation.

Energy Pumps Division
Ready to house production facilities



Dedicated testing facility for high pressure pumps



Canteen facility for employees

Shop 1 - Facilities for assembly and testing of boiler feed pumps and condensate extraction pumps.



INDEPENDENT AUDITOR'S REPORT

To The Members Of
KSB PUMPS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of KSB PUMPS LIMITED (“the Company”), which comprise the Balance Sheet as at 31st December, 2016, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles

INDEPENDENT AUDITOR'S REPORT (Contd.)

generally accepted in India, of the state of affairs of the Company as at 31st December, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31st December, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 26 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Nilesh H Lahoti
Partner
Membership No. 130054

Mumbai, 20th February, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE “A” TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of the Company as of 31st December, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal

Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting

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

includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or

that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Nilesh H Lahoti
Partner
Membership No. 130054

Mumbai, 20th February, 2017

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

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect to 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. With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventories lying with third parties confirmation have been obtained for a major portion of inventories.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
 - (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
 - (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
 - (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 - (vii) According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other

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

material statutory dues applicable to it to the appropriate authorities.

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

as at 31st December, 2016 for a period of more than six months from the date they became payable.

- c. Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31st December, 2016 on account of disputes are given below:

Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹)
Excise Duty	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai.	2002-2007	23,885,117*
Excise Duty	CESTAT, Delhi.	2004	563,000*
Excise Duty	CESTAT, Delhi.	2004	863,000*
Excise Duty	CESTAT, Mumbai.	1999	710,000*
Excise Duty	CESTAT, Chennai.	2003	2,840,000*
Service Tax	CESTAT, Mumbai.	2005-2007	9,354,504*
Service Tax	CESTAT, Mumbai.	2008-2009	45,930,191*
Service Tax	Commissioner Appeals LTU, Mumbai	2008-2009	3,890,000*
Service Tax	Commissioner Appeals LTU, Mumbai	2008-2009	1,380,000*
Service Tax	CESTAT, Mumbai.	2004-2009	375,795,902*
Income Tax	ITAT	2004-05	3,210,000
Income Tax	ITAT	2010-11	17,815,986
Income Tax	ITAT	2011-12	26,685,008

* Stay granted for recovery

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) 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 by its

officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section

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

177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding,

subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013, are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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

Nilesh H Lahoti
Partner
Membership No. 130054

Mumbai, 20th February, 2017

Balance Sheet as at 31st December, 2016

Particulars	Note No.	As at 31st December, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	348.08	348.08
(b) Reserves and surplus	4	5,571.32	5,184.18
		<u>5,919.40</u>	<u>5,532.26</u>
(2) Non-current liabilities			
(a) Other long-term liabilities	5	75.42	70.42
(b) Long-term provisions	6	356.66	294.47
		<u>432.08</u>	<u>364.89</u>
(3) Current liabilities			
(a) Short-term borrowings	7	51.84	12.97
(b) Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		0.24	0.47
Others		1,725.11	1,545.53
(c) Other current liabilities	9	1,023.97	1,075.66
(d) Short-term provisions	10	446.56	479.08
		<u>3,247.72</u>	<u>3,113.71</u>
		<u>9,599.20</u>	<u>9,010.86</u>
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11.A	2,163.08	1,930.42
(ii) Intangible assets	11.B	23.22	10.12
(iii) Capital work-in-progress		164.95	142.18
		<u>2,351.25</u>	<u>2,082.72</u>
(b) Non-current investments	12	63.15	63.15
(c) Deferred tax assets (net)	13	157.04	127.75
(d) Long-term loans and advances	14	703.78	492.43
		<u>3,275.22</u>	<u>2,766.05</u>
(2) Current assets			
(a) Inventories	15	2,118.63	1,826.41
(b) Trade receivables	16	1,797.31	1,771.09
(c) Cash and cash equivalents	17	1,973.81	2,252.39
(d) Short-term loans and advances	18	386.55	354.05
(e) Other current assets	19	47.68	40.87
		<u>6,323.98</u>	<u>6,244.81</u>
		<u>9,599.20</u>	<u>9,010.86</u>

See accompanying notes forming part of the financial statements

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

Nilesh H Lahoti
(Partner)

Vergheese Oommen
Chief Financial Officer

R. Narasimhan
Company Secretary

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

Chairman

Directors

Managing Director

Mumbai, 20th February, 2017

Mumbai, 20th February, 2017

Statement of Profit and Loss for the year ended 31st December, 2016

Particulars	Note No.	For the Year ended 31st December, 2016 ₹ in Million	For the Year ended 31st December, 2015 ₹ in Million
1 Revenue from operations (gross)	20	8,813.08	8,707.80
Less: Excise duty	20	(542.85)	(519.72)
Revenue from operations (net)		8,270.23	8,188.08
2 Other income	21	258.09	308.72
3 Total revenue (1 + 2)		8,528.32	8,496.80
4 Expenses			
Cost of materials consumed	22.a	3,597.08	3,459.82
Purchases of stock-in-trade		392.73	308.72
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	(117.67)	119.22
Employee benefits expense	23	1,447.94	1,247.82
Finance cost	24	17.23	17.30
Depreciation and amortisation expense	11.A & 11.B	293.57	277.66
Other expenses	25	1,986.92	2,030.68
Expenditure transferred to capital account		(19.57)	(19.30)
Total expenses		7,598.23	7,441.92
5 Profit before tax (3 - 4)		930.09	1,054.88
6 Tax expense:			
(a) Current tax		338.00	384.13
(b) Short / (excess) provision in respect of earlier years		3.83	-
(c) Deferred tax		(29.29)	(27.53)
		312.54	356.60
7 Profit for the year (5 - 6)		617.55	698.28
8 Earnings per equity share (Face Value per share ₹ 10/-):			
(1) Basic	39	17.74	20.06
(2) Diluted	39	17.74	20.06
See accompanying notes forming part of the financial statements			

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

Nilesh H Lahoti
(Partner)

Vergheese Oommen
Chief Financial Officer

R. Narasimhan
Company Secretary

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

Chairman

Directors

Managing Director

Mumbai, 20th February, 2017

Mumbai, 20th February, 2017

Cash Flow Statement for the year ended 31st December, 2016

Particulars	For the Year ended 31st December, 2016		For the Year ended 31st December, 2015	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		930.09		1,054.88
Adjustments for:				
Depreciation and amortisation expense	293.57		277.66	
(Profit) / loss on sale / disposal / write off of fixed assets	(1.64)		(4.16)	
Finance cost	17.23		17.30	
Interest income	(164.57)		(163.50)	
Income from Trade investements (non-current)	(22.05)		(71.24)	
Mark to market loss on derivative contracts	(3.66)		3.66	
Sundry credit balances & provisions no longer required, written back	(37.56)		(50.07)	
Unrealised exchange (gain) / loss	1.63		(1.86)	
		<u>82.95</u>		<u>7.79</u>
Operating profit / (loss) before working capital changes		1,013.04		1,062.67
Adjustment for changes in working capital:				
(Increase) / decrease in operating assets:				
Inventories	(292.22)		191.31	
Trade receivables	(26.22)		8.97	
Short-term loans and advances	(32.50)		(28.70)	
Long-term loans and advances	8.01		92.43	
Increase / (decrease) in operating liabilities:				
Trade payables	216.91		58.82	
Other current liabilities	(37.88)		(24.90)	
Other long-term liabilities	5.00		3.75	
Short-term provisions	26.97		30.62	
Long-term provisions	62.19		(1.43)	
		<u>(69.74)</u>		<u>330.87</u>
Cash generated from operations		943.30		1,393.54
Direct taxes paid		(395.48)		(281.07)
Net cash flow from / (used in) operating activities (A)		<u>547.82</u>		<u>1,112.47</u>
B. Cash flow from investing activities				
Purchase of Fixed Assets	(798.18)		(369.52)	
Proceeds from sale of fixed assets	2.11		4.97	
Bank balances not considered as Cash and cash equivalents	20.23		(219.60)	
Interest received	157.76		180.94	
Income from Trade investements (non-current)	22.05		71.24	
Net cash flow from / (used in) investing activities (B)		<u>(596.03)</u>		<u>(331.97)</u>

Cash Flow Statement for the year ended 31st December, 2016 (Contd.)

Particulars	For the Year ended 31st December, 2016		For the Year ended 31st December, 2015	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
C. Cash flow from financing activities				
Increase/(decrease) in Working capital borrowings	38.87		(230.82)	
Finance cost	(17.23)		(17.30)	
Dividends paid	(191.44)		(191.44)	
Tax on dividend	(38.97)		(30.83)	
Net cash flow from/(used in) financing activities (C)		(208.77)		(470.39)
Unrealized exchange gain/(loss) in cash and cash equivalents (D)		(1.63)		1.86
Net increase/(decrease) in Cash and cash equivalents (A + B + C + D)		(258.61)		311.97
Cash and cash equivalents (Opening Balance)		518.59		206.62
Cash and cash equivalents (Closing Balance)		259.98		518.59
Cash and cash equivalents at the end of the year include:		As at 31st December, 2016	As at 31st December, 2015	As at 31st December, 2014
(a) Cash on hand		0.58	0.71	0.64
(b) Balances with banks in current accounts		259.40	517.88	205.98
Cash and cash equivalents (Refer Note 17)		259.98	518.59	206.62
Other Bank balances (Refer Note 17)		1,713.83	1,733.80	1,514.16
Cash and Cash equivalents at the end of the year		<u>1,973.81</u>	<u>2,252.39</u>	<u>1,720.78</u>

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

Nilesh H Lahoti
(Partner)

Vergheese Oommen
Chief Financial Officer

R. Narasimhan
Company Secretary

Mumbai, 20th February, 2017

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

Chairman
Directors
Managing Director

Mumbai, 20th February, 2017

Notes forming part of the financial statements

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 Vambhori 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 assets ready for its intended use.</p> <p>(b) Depreciation / amortisation on fixed assets:</p> <p>i) Depreciation is provided on the Straight Line Method (SLM)/Written down value (WDV) method over the useful lives of assets which has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, maintenance support, etc. Taking into account these factors, the Company has decided to retain the useful life hitherto adopted for various categories of fixed assets, which are different from those prescribed in Schedule II to the Companies Act, 2013 (Act) except for server and networking (SLM), electrical installation (SLM) and furniture and fixtures (WDV) which are same as prescribed in Schedule II to the Act. Estimated useful lives of assets are as follows -</p> <table style="margin-left: 20px;"> <tr> <td>Buildings</td> <td>- 43 to 90 years (WDV)</td> </tr> <tr> <td>Plant and Machinery</td> <td>- 09 to 21 years (SLM)</td> </tr> <tr> <td>Vehicles</td> <td>- 05 to 11 years (WDV)</td> </tr> <tr> <td>Office Equipments</td> <td>- 10 years (SLM)</td> </tr> <tr> <td>Computer Equipments</td> <td>- 06 years (SLM)</td> </tr> </table> <p>Leasehold land and assets taken on lease are amortised over the period of the lease.</p> <p>ii) Intangible assets are amortised on the straight line method as follows :</p> <table style="margin-left: 20px;"> <tr> <td>Rights, techniques, Process and Know-how</td> <td>- 7 to 10 years</td> </tr> <tr> <td>Software</td> <td>- 3 years</td> </tr> </table>	Buildings	- 43 to 90 years (WDV)	Plant and Machinery	- 09 to 21 years (SLM)	Vehicles	- 05 to 11 years (WDV)	Office Equipments	- 10 years (SLM)	Computer Equipments	- 06 years (SLM)	Rights, techniques, Process and Know-how	- 7 to 10 years	Software	- 3 years
Buildings	- 43 to 90 years (WDV)														
Plant and Machinery	- 09 to 21 years (SLM)														
Vehicles	- 05 to 11 years (WDV)														
Office Equipments	- 10 years (SLM)														
Computer Equipments	- 06 years (SLM)														
Rights, techniques, Process and Know-how	- 7 to 10 years														
Software	- 3 years														
2.2	<p>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 exchange 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.)

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 financial statements (Contd.)

Note 3 - Share capital

Particulars	As at 31st December, 2016		As at 31st December, 2015	
	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, 2016		As at 31st December, 2015	
	₹ in Million	No. of shares	₹ in Million	No. of shares
No. of shares outstanding at the beginning				
- Equity shares	348.08	34,807,844	348.08	34,807,844
Add: Additional shares issued				
- Equity shares	-	-	-	-
Less: Shares forfeited/Bought back				
- Equity shares	-	-	-	-
No. of shares outstanding at the end				
- Equity shares	348.08	34,807,844	348.08	34,807,844

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

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

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

Particulars	As at 31st December, 2016		As at 31st December, 2015	
	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)	2,520,693	7.24%	2,518,155	7.23%

(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, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Capital reserve		
Opening balance	0.09	0.09
Add: Additions	-	-
Less: Utilised / transferred	-	-
Closing balance	0.09	0.09
Capital redemption reserve		
Opening balance	0.10	0.10
Add: Additions	-	-
Less: Utilised / transferred	-	-
Closing balance	0.10	0.10
Securities premium account		
Opening balance	3.20	3.20
Add : Premium on shares issued	-	-
Less : Utilised	-	-
Closing balance	3.20	3.20
General reserve		
Opening balance	1,085.08	1,085.08
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilisations / transfers	-	-
Closing balance	1,085.08	1,085.08
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	4,095.65	3,620.33
Add: Profit for the year	617.55	698.28
Less: Proposed dividend (₹ 5.50 per share) (previous year ₹ 5.50 per share)	191.44	191.44
Tax on proposed dividend	38.97	31.52
Transferred to General reserve	-	-
Closing balance	4,482.79	4,095.65
Total	5,571.32	5,184.18

Notes forming part of the financial statements (Contd.)

Note 5 - Other long-term liabilities

Particulars	As at 31st December, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Other than trade payables:		
Other Payables (includes Deposits received from dealers, etc.)	75.42	70.42
Total	<u>75.42</u>	<u>70.42</u>

Note 6 - Long-term provisions

Provision for employee benefits (Refer Note 35)	330.85	273.97
Other Provisions:		
Provision for Warranty (Refer Note 38)	25.81	20.50
Total	<u>356.66</u>	<u>294.47</u>

Note 7 - Short-term borrowings

Loans Repayable on Demand		
Working Capital Facilities from banks (Secured)	51.84	12.97
Total	<u>51.84</u>	<u>12.97</u>

Notes:

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

Particulars	Nature of security	As at 31st December, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Working Capital Facility -1	Pledge of Fixed Deposits of ₹ 10 Million (previous year ₹10 Million)	-	-
Working Capital Facility -2	Pledge of Fixed Deposits of ₹433.76 Million (Previous year ₹433.76 Million) and hypothecation of stocks including loose tools, stores and spares, book debts.	-	12.97
Working Capital Facility -3	Hypothecation of stocks including loose tools, stores and spares, book debts.	51.84	-
Total		<u>51.84</u>	<u>12.97</u>

Notes forming part of the financial statements (Contd.)

Note 8 - Trade payables

Particulars	As at 31st December, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Trade payables other than acceptances (Refer Note 27)	1,725.35	1,546.00
Total	<u>1,725.35</u>	<u>1,546.00</u>

Note 9 - Other current liabilities

Unclaimed Dividend	2.89	2.63
Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	140.25	116.68
(ii) Payables for purchase of fixed assets	33.05	47.12
(iii) Advances from customers	457.22	529.53
(iv) Others (Liquidated damages, etc.)	390.56	379.70
Total	<u>1,023.97</u>	<u>1,075.66</u>

Note 10 - Short-term provisions

Provision for employee benefits (Refer Note 35)	57.48	56.01
Provision - Others:		
(i) Tax provisions less payments (current tax)	49.32	105.15
(ii) Provision for Warranty (Refer Note 38)	51.61	41.00
(iii) Proposed dividend	191.44	191.44
(iv) Tax on proposed dividend	38.97	38.97
(v) Mark to market loss on derivative contracts	-	3.66
(vi) Provision - others (for statutory levies) (Refer Note 38)	57.74	42.85
Total	<u>389.08</u>	<u>423.07</u>
Total	<u>446.56</u>	<u>479.08</u>

Note 11 - Fixed assets - Tangible and Intangible assets

Particulars	Gross block		Depreciation/Amortisation		Net block			
	As at 31st December, 2015	Additions during the year	Deductions during the year	As at 31st December, 2015	Provided during the year	Deductions during the year	As at 31st December, 2016	As at 31st December, 2015
A. Tangible Assets								
(a) Land								
Freehold	3.01	-	-	-	-	-	3.01	3.01
Leasehold	15.15	250.00	-	3.40	2.37	-	259.38	11.75
Buildings (See Note)	783.82	76.69	0.03	350.42	45.36	0.03	464.73	433.40
(b) Plant and Equipment	3,304.42	177.77	9.83	1,884.03	223.34	9.79	1,374.78	1,420.39
(c) Furniture and Fixtures	96.11	1.26	1.16	84.93	4.33	0.97	7.92	11.18
(d) Vehicles	51.73	3.69	4.77	41.77	4.68	4.69	8.89	9.96
(e) Office equipment	103.54	12.38	1.54	62.81	8.58	1.38	44.37	40.73
(f) Development of Property	0.04	-	-	0.04	-	-	-	-
Total Tangible Assets	4,357.82	521.79	17.33	2,427.40	288.66	16.86	2,163.08	1,930.42
B. Intangible Assets								
(other than internally generated)								
(a) Computer software	44.37	18.01	-	41.68	3.67	-	17.03	2.69
(b) Copyrights, patents and other intellectual property rights, services and operating rights	59.26	-	-	51.83	1.24	-	6.19	7.43
Total Intangible Assets	103.63	18.01	-	93.51	4.91	-	23.22	10.12

Note:

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

Notes forming part of the financial statements (Contd.)

Note 11 C - Fixed assets - Tangible and Intangible assets

Particulars	Gross block		Depreciation/Amortisation		Net block		
	As at 31st December, 2014	Additions during the year 2014	Deductions during the year 2014	As at 31st December, 2014	Upto 31st December, 2015	As at 31st December, 2015	As at 31st December, 2014
Tangible Assets							
(a) Land							
Freehold	3.01	-	-	-	-	3.01	3.01
Leasehold	15.15	-	0.18	3.22	3.40	11.75	11.93
(b) Buildings (See Note)	680.33	104.16	0.67	312.77	350.42	433.40	367.56
(c) Plant and Equipment	3,186.24	182.73	64.55	1,733.61	1,884.03	1,420.39	1,452.63
(d) Furniture and Fixtures	92.27	4.48	0.64	80.27	84.93	11.18	12.00
(e) Vehicles	48.77	4.32	1.36	36.43	41.77	9.96	12.34
(f) Office equipment	92.66	12.54	1.66	55.83	62.81	40.73	36.83
(g) Development of Property	0.04	-	-	0.04	0.04	-	-
Total Tangible Assets	4,118.47	308.23	68.88	2,222.17	2,427.40	1,930.42	1,896.30
Intangible Assets (other than internally generated)							
(a) Computer software	43.77	0.60	-	38.76	41.68	2.69	5.01
(b) Copyrights, patents and other intellectual property rights, services and operating rights	57.20	2.06	-	50.39	51.83	7.43	6.81
Total Intangible Assets	100.97	2.66	-	89.15	93.51	10.12	11.82

Note:

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

Notes forming part of the financial statements (Contd.)

Note 12 - Non-current investments

Particulars	As at 31st December, 2016 ₹ in Million	As at 31st December, 2015 ₹ 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)		
KSB MIL Controls Limited (Previously MIL Controls Limited) - 735,000 (previous year -735,000) equity shares of ₹10 each fully paid.	62.65	62.65
Investment in equity instruments of Other Entities (at cost)		
Mula Pravara Electric Co-operative Society Limited - 15,995 (previous year -15,995) shares of ₹25 each fully paid.	0.40	0.40
Less : Provision for diminution in value of investments	(0.40)	(0.40)
Total	<u>63.15</u>	<u>63.15</u>

Note 13 - Deferred Tax Assets (Net)

(i) Break up of deferred tax liability as at year end :		
Nature of timing difference		
Provision for Depreciation	112.20	111.51
Total	<u>112.20</u>	<u>111.51</u>
(ii) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Provision for compensated absences and gratuity	134.39	114.20
Provision for doubtful debts and advances	72.92	65.28
Others	61.93	59.78
Total	<u>269.24</u>	<u>239.26</u>
(iii) Deferred tax Asset/(Liability) Net	<u>157.04</u>	<u>127.75</u>

Note 14 - Long-term loans and advances

(Unsecured - considered good unless otherwise stated)		
Capital advances	296.25	74.71
Security Deposits		
Considered good	35.88	35.02
Considered Doubtful	5.30	5.30
	<u>41.18</u>	<u>40.32</u>
Less: Provision for doubtful security deposits	5.30	5.30
	<u>35.88</u>	<u>35.02</u>
Other loans and advances		
- Loans and advances to employees	25.49	23.75
- Taxes paid in advance less provisions (current tax)	88.91	91.09
- Balances with government authorities - VAT credit receivable etc.		
Considered Good	255.78	267.53
Considered Doubtful	6.25	4.64
	<u>262.03</u>	<u>272.17</u>
Less: Provision for doubtful loans and advances	6.25	4.64
	<u>255.78</u>	<u>267.53</u>
- Prepaid Expenses	1.47	0.33
Total	<u>703.78</u>	<u>492.43</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, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Raw materials (including Goods-in-transit ₹ 2.46 million (previous year ₹2.61 million))	590.59	408.80
Work-in-progress	1,006.73	1,015.53
Finished goods	403.72	292.63
Stock-in-trade (in respect of goods acquired for trading)	73.19	57.81
Stores and spares	39.44	50.26
Loose tools	4.96	1.38
Total	<u>2,118.63</u>	<u>1,826.41</u>

Note 16 - Trade receivables

(Unsecured - considered good unless otherwise stated)

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

Considered good	174.03	175.79
Doubtful	183.10	172.83
	<u>357.13</u>	<u>348.62</u>
Other Trade receivables		
Considered good	1,623.28	1,595.30
Doubtful	-	-
	<u>1,623.28</u>	<u>1,595.30</u>
Total	<u>1,980.41</u>	<u>1,943.92</u>
Less: Provision for doubtful trade receivables	183.10	172.83
Total	<u>1,797.31</u>	<u>1,771.09</u>

Note 17 - Cash and cash equivalents

A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)

Cash on hand	0.58	0.71
Balances with banks in current accounts	259.40	517.88
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	<u>259.98</u>	<u>518.59</u>

B. Other bank balances

- In deposit accounts	1,267.18	1,287.41
- In earmarked accounts		
- Unpaid dividend accounts	2.89	2.63
- Balances held as security against borrowings	443.76	443.76
Total - Other bank balances (B)	<u>1,713.83</u>	<u>1,733.80</u>
Total	<u>1,973.81</u>	<u>2,252.39</u>

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, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Loans and advances to related parties (Refer Note 36) (includes advance for supply of goods ₹ Nil (previous year ₹ 82.47 Million))	3.66	89.27
Other Loans and Advances		
- Employee advances	14.68	15.23
- Prepaid expenses	4.68	5.26
- Balances with government authorities (CENVAT and Service Tax receivable)	192.64	131.96
- Others (includes Advances to Suppliers, DEPB Receivable, Insurance Claim Receivable, etc.)		
Considered good	170.89	112.33
Doubtful	15.65	5.47
	186.54	117.80
Less: Provision for other doubtful loans and advances	15.65	5.47
	170.89	112.33
Total	386.55	354.05
Note 19 - Other current assets		
Interest accrued on fixed deposits	47.68	40.87
Total	47.68	40.87

Notes forming part of the financial statements (Contd.)

Note 20 - Revenue from operations

Particulars	For the year ended 31st December, 2016 ₹ in Million	For the year ended 31st December, 2015 ₹ in Million
Sale of products	8,564.44	8,487.33
Sale of services	145.87	152.68
Other operating revenues		
- Scrap Sale	27.14	25.02
- Export Incentive	75.63	42.77
	8,813.08	8,707.80
Less:		
Excise duty	(542.85)	(519.72)
Total	8,270.23	8,188.08

Note 21 - Other income

Interest on Bank deposits, Income tax refunds, delayed payments from dealers/customers, etc.	164.57	163.50
Dividend income from Trade investments (non-current) - Associate	22.05	31.24
Dividend income from Trade investments (non-current) - Subsidiary	-	40.00
Sundry credit balances & provisions no longer required, written back	37.56	50.07
Profit on sale/disposal/write off of fixed assets (net)	1.64	4.16
Net gain on foreign currency transactions and translation	12.76	-
Other non-operating income	19.51	19.75
Total	258.09	308.72

Note 22.a - Cost of materials consumed

Raw Materials and Components Consumed (Refer Note 29d)	3,597.08	3,459.82
Cost of materials consumed	3,597.08	3,459.82

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	403.72	292.63
Work-in-progress	1,006.73	1,015.53
Stock-in-trade	73.19	57.81
	1,483.64	1,365.97

Inventories at the beginning of the year:

Finished goods	292.63	372.44
Work-in-progress	1,015.53	1,030.14
Stock-in-trade	57.81	82.61
	1,365.97	1,485.19
Net (increase) / decrease	(117.67)	119.22

Note 23 - Employee benefit expenses

Salaries and wages	1,206.69	1,073.38
Contributions to provident and other funds (Refer Note 35)	154.14	87.16
Staff welfare expenses	87.11	87.28
Total	1,447.94	1,247.82

Note 24 - Finance cost

Interest expense on Borrowings, Income Tax etc.	17.23	17.30
Total	17.23	17.30

Notes forming part of the financial statements (Contd.)

Note 25 - Other expenses

Particulars	For the year ended 31st December, 2016		For the year ended 31st December, 2015
	₹ in Million	₹ in Million	₹ in Million
Processing & Machining Charges		396.66	363.39
Stores Consumed		170.53	164.80
Tools Consumed		53.53	43.97
Water Power and fuel		189.16	175.89
Rent		6.96	7.13
Excise duty relating to increase / (decrease) in finished goods stock		(1.18)	(14.65)
Rates and taxes (Refer Note 38)		43.27	47.46
Insurance (Net)		2.16	2.28
Repairs and maintenance - Buildings	9.83		3.62
- Machinery	60.56		59.21
- Others	69.39		71.59
		139.78	134.42
Travelling and conveyance		54.29	58.81
Packing & Forwarding Charges		212.41	212.94
(net of recoveries - ₹56.06 Million; previous year ₹46.14 Million)			
Directors' fees		1.41	1.39
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	1.25		1.20
Reimbursement of out-of-pocket expenses	0.05		0.22
		3.35	3.47
Cost Audit Fees		0.40	0.40
Sales commission			
Export Selling agents	86.60		96.04
Other Selling agents	28.92		33.29
		115.52	129.33
Cash Discount		22.42	17.54
Royalty Charges		81.41	90.87
In respect of late delivery under contracts		33.39	80.00
Provision for doubtful receivables and advances (net)		22.06	48.45
Expenditure on Corporate Social Responsibility (Refer Note 42)		19.90	18.30
Legal and professional		22.74	22.34
Net loss on foreign currency transactions and translation		-	20.88
Mark to market loss on derivative contracts		-	3.66
Miscellaneous expenses		396.75	397.61
Total		1,986.92	2,030.68

Notes forming part of the financial statements (Contd.)

Note 26 - Contingent Liabilities and Commitments

Particulars	As at 31st December, 2016	As at 31st December, 2015
	₹ in Million	₹ in Million
(i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts	29.38	27.54
(b) Taxation matters in dispute pending at various stages of appeal	98.79	66.85
(c) Bills Discounted / Cheques purchased with banks	18.03	24.13
(d) Excise and Service Tax matters	512.42	484.46
(e) Guarantees given by the bankers on behalf of the Company	1,310.68	1,148.91
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) -		
- Tangible Assets	544.42	321.64

Note 27

- Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information and relied upon by the auditors) as at 31/12/2016 is ₹ 0.24 Million (previous year – ₹0.47 Million) including unpaid amounts of ₹ Nil (previous year – ₹ Nil) outstanding for more than 45 days. Estimated interest due thereon is ₹ Nil (previous year – ₹ Nil).
- Amount of payments made to suppliers beyond 45 days during the year is ₹ 2.99 Million (previous year – ₹3.93 Million). Interest paid thereon is ₹ Nil (previous year – ₹ Nil) and the estimated interest due and payable thereon is ₹ 0.06 Million (previous year - ₹ 0.09 Million).
- The amount of estimated interest accrued and remaining unpaid as at 31/12/2016 is ₹ 2.03 Million (previous year – ₹ 1.97 Million).
- The amount of estimated interest due and payable for the period from 01/01/2017 to actual date of payment or 30/01/2017 (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 31st December, 2016

Particulars	Amount in foreign currency		Equivalent amount ₹ in Million		Purpose
	Current year	Previous year	Current year	Previous year	
Forward Cover	USD 5,709,893	USD 7,793,866	401.89	528.56	Covering Trade Receivables and future sales
	Euro 2,741,286	Euro 3,383,981	213.05	256.90	
Forward Cover	USD 1,305,033	USD 640,045	90.03	44.07	Covering Trade Payables and future purchases
	Euro 2,191,157	Euro 6,479,262	167.91	486.81	

(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 432,734	USD 855,825	29.88	57.77
	Euro 3,111,459	Euro 3,130,327	226.73	231.52
Trade Receivables	USD 2,212,227	USD 2,810,411	148.04	183.66
	-	Euro 488,890	-	34.84
Bank balances	USD 2,952,235	USD 4,236,270	197.56	276.84
	Euro 121,276	Euro 154,689	8.52	11.02

Note 29a - CIF Value of Imports

Particulars	For the year ended 31st December, 2016	For the year ended 31st December, 2015
	₹ in Million	₹ in Million
Raw materials and components	518.98	468.83
Stores, spares and tools	6.85	-
Capital goods	2.28	4.28
Items imported for resale	105.17	71.48
Total	633.28	544.59

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, 2016		For the year ended 31st December, 2015	
	₹ in Million	%	₹ in Million	%
Raw materials and Bought-out components:				
Imported at landed cost	378.09	10.51%	241.73	6.99%
Indigenously obtained	3,218.99	89.49%	3,218.09	93.01%
Total	3,597.08	100.00%	3,459.82	100.00%

Note:

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

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

₹ in Million

Particulars	Goods Purchased for trading	
	For the year ended 31st December, 2016	For the year ended 31st December, 2015
Pumps	250.44	232.88
Valves	57.80	35.16
Spares	84.49	40.68
Total	392.73	308.72

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, 2016	For the year ended 31st December, 2015	As at 31st December, 2016	As at 31st December, 2015
Castings	668.39	545.31	127.72	106.49
Electric motors	139.15	43.40	7.21	22.09
Winding wire & cables	233.44	156.88	38.79	31.27
Forgings	185.30	127.25	44.34	22.49
Stampings	194.51	111.57	16.45	12.18
Steels	114.90	106.40	39.22	26.85
Metal Scrap	112.38	174.51	31.51	25.75
Pig Iron	47.04	44.44	2.51	0.81
Melting additions	138.69	59.27	8.51	5.04
Other metals & bought-out components	1,763.28	2,090.79	274.33	155.83
Total	3,597.08	3,459.82	590.59	408.80

Notes:

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

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

₹ in Million

Particulars	WIP Opening Stock		WIP Closing Stock	
	As at 1st January, 2016	As at 1st January, 2015	As at 31st December, 2016	As at 31st December, 2015
Pumps	750.90	764.03	779.34	750.90
Valves	189.47	143.53	140.39	189.47
Others	75.16	122.58	87.00	75.16
Total	1,015.53	1,030.14	1,006.73	1,015.53

Notes forming part of the financial statements (Contd.)

Note 29f - Details of Revenue from operations and Finished Goods (FG) Stock under broad heads ₹ in Million

Particulars	FG Opening Stock		FG Closing Stock		Revenue from operations (Net)	
	As at 1st January, 2016	As at 1st January, 2015	As at 31st December, 2016	As at 31st December, 2015	For the year ended on 31st December, 2016	For the year ended on 31st December, 2015
I. a) Power Driven Pumps	245.40	253.21	378.21	245.40	5,633.61	5,373.06
b) Spares for above	-	-	-	-	662.05	801.23
II. a) Industrial Valves	44.73	119.12	25.44	44.73	1,151.24	1,301.79
b) Spares for above	-	-	-	-	86.44	22.83
III. Castings - Carbon Steel, Alloy Steel & Alloy Iron Castings	-	-	-	-	8.44	5.17
IV. Export Incentives	-	-	-	-	75.63	42.77
V. Income from Services	-	-	-	-	145.86	152.68
VI. Pumps for resale	56.11	76.49	69.78	56.11	320.03	348.72
VII. Valves for resale	2.49	0.11	0.06	2.49	79.14	51.90
VIII. Spares for resale	1.71	6.12	3.42	1.71	80.65	62.91
IX. Scrap Sales	-	-	-	-	27.14	25.02
Total	350.44	455.05	476.91	350.44	8,270.23	8,188.08

Notes:

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

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

Particulars	For the year ended 31st December, 2016 ₹ in Million	For the year ended 31st December, 2015 ₹ in Million
(i) Royalty (net of tax)	73.27	81.78
(ii) Professional fees (net of tax)	62.01	61.96
(iii) Technical services (net of tax)	11.12	5.96
(iv) Other matters	96.80	99.63

Note 31 - Earnings in foreign currency

Particulars	For the year ended 31st December, 2016 ₹ in Million	For the year ended 31st December, 2015 ₹ in Million
(i) Exports at FOB value *	1,133.22	1,587.65
(ii) Recovery of packing and forwarding charges	6.99	5.29
(iii) Service charges	15.46	9.30
(iv) Technical services	16.91	17.21
(v) Commission	21.10	29.80
(vi) Others	-	1.63

* Excludes ₹ 45.41 Million (previous year - ₹22.69 Million) on account of exports to Nepal, consideration for which is receivable in Indian Rupees.

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

Particulars	₹ in Million	
	Paid in Year 2016 Final	Paid in Year 2015 Final
(i) Year to which the dividend relates	2015	2014
(ii) Number of non-resident shareholders to whom remittance was made	212	210
(iii) Number of shares on which remittance was made	15,303,984	15,143,707
(iv) Amount remitted (₹ in Million)	84.17	83.29

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

Notes forming part of the financial statements (Contd.)

Note 33 - Research and Development expenditure debited to the Statement of Profit and Loss aggregating ₹ 2.93 Million (previous year - ₹ 2.94 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 gain- ₹ 12.76 Million (previous year - net loss - ₹ 20.88 Million)

Note 35 Disclosures under Accounting Standards

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

35.1.a Defined contribution plan

Amount recognised as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plan towards Provident Fund is ₹ 54.21 Million (previous year ₹ 54.61 Million).

35.1.b Defined benefit plans

- Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit & Loss.
- 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 2016	Year 2015	Year 2016	Year 2015
(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	493.00	459.29	31.76	30.52
2	Current Service cost	28.23	29.31	1.69	1.45
3	Interest cost	39.52	35.95	2.55	2.38
4	Losses (gains) on Curtailment	-	-	-	-
5	Liabilities extinguished on settlements	-	-	-	-
6	Plan amendments	-	-	-	-
7	Actuarial (gains) / losses	53.13	(11.77)	3.47	(0.99)
8	Benefits paid	(61.88)	(19.78)	(4.28)	(1.60)
9	Present Value of Defined Benefit Obligation as at 31st December	552.00	493.00	35.19	31.76
(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	323.97	278.92	23.69	22.68
2	Expected return on plan assets	24.89	24.06	1.90	1.78
3	Actuarial gains and (losses)	1.30	2.29	(0.55)	0.27
4	Actual contributions by employers	38.75	38.48	1.21	1.26
5	Benefits paid	(61.88)	(19.78)	(4.28)	(2.30)
6	Plan assets as at 31st December	327.03	323.97	21.97	23.69

Notes forming part of the financial statements (Contd.)

₹ in Million

	Particulars	Gratuity		Superannuation	
		Year 2016	Year 2015	Year 2016	Year 2015
(C)	Analysis of Defined Benefit Obligation :				
1	Defined Benefit Obligation as at 31st December	552.00	493.00	35.19	31.76
2	Fair Value of Plan Assets at the end of year	(327.03)	(323.97)	(21.97)	(23.69)
3	Net (Asset)/Liability recognised in the Balance Sheet as at 31st December	224.97	169.03	13.22	8.07
(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	552.00	493.00	35.19	31.76
2	Fair value of plan assets	327.03	323.97	21.97	23.69
3	Funded status [Surplus/(Deficit)]	(224.97)	(169.03)	(13.22)	(8.07)
4	Unrecognised Past Service Costs	-	-	-	-
5	Net Asset/(Liability) recognised in Balance Sheet	(224.97)	(169.03)	(13.22)	(8.07)
(E)	Components of employer expenses recognised in the statement of profit and loss for the year ended 31st December				
1	Current Service cost	28.23	29.31	1.69	1.45
2	Interest cost	39.52	35.95	2.55	2.38
3	Expected return on plan assets	(24.89)	(24.06)	(1.90)	(1.78)
4	Curtailment cost/(credit)	-	-	-	-
5	Settlement cost/(credit)	-	-	-	-
6	Past Service cost	-	-	-	-
7	Actuarial Losses/(Gains)	51.83	(14.06)	4.02	(1.26)
8	Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	94.69	27.14	6.36	0.79
(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 (%)	6.75	8.00	6.75	8.00
2	Expected Return on plan assets (%)	8.00	8.00	8.00	8.00
3	Salary Escalation (%)	7.50	7.50	N/A	N/A
4	Medical cost inflation	N/A	N/A	N/A	N/A
5	Withdrawal Rate (%)	7.00	7.00	7.00	7.00

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

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

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

Notes forming part of the financial statements (Contd.)

Amount ₹ in Million

(H)	Experience History	Gratuity					Superannuation				
		Year 2016	Year 2015	Year 2014	Year 2013	Year 2012	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012
1	Defined Benefit Obligation at end of the year	552.00	493.00	459.29	392.20	356.80	35.19	31.76	30.52	23.90	20.63
2	Plan Assets at end of the period	327.03	323.97	278.92	247.72	215.93	21.97	23.69	22.68	20.87	19.46
3	Funded Status	(224.97)	(169.03)	(180.37)	(144.48)	(140.87)	(13.22)	(8.07)	(7.84)	(3.03)	(1.17)
4	Experience Gain / (Loss) adjustments on plan liabilities	(53.13)	11.77	7.63	(27.96)	(7.96)	(3.47)	0.99	(1.72)	(2.14)	(0.22)
5	Experience Gain / (Loss) adjustments on plan assets	1.30	2.29	(0.02)	5.00	(0.05)	(0.55)	0.27	0.14	0.23	0.02

(I)	Actual Return on Plan Assets	Gratuity		Superannuation	
		Year 2016	Year 2015	Year 2016	Year 2015
1	Expected return on plan assets	24.89	24.06	1.90	1.78
2	Actuarial gains and (Losses) on plan assets	1.30	2.29	(0.55)	0.27
3	Actual Return on Plan Assets	26.19	26.35	1.35	2.05

(J) Contributions expected to be paid to the plan during the next financial year ₹ 42.90 Million (previous year – ₹ 42.20 Million).

Note 36 - Related Party disclosures

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

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

Notes forming part of the financial statements (Contd.)

Nature of transactions	Controlling Companies	Subsidiary Company	Associate Company	Common Control	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Total
Purchase of goods	341.65	-	3.39	93.63	-	-	-	-	-	438.67
	(320.34)	(-)	(4.72)	(46.51)	(-)	(-)	(-)	(-)	(-)	(371.57)
Sale of goods	274.34	-	-	753.54	-	-	-	-	-	1,027.88
	(471.64)	(-)	(-)	(980.03)	(-)	(-)	(-)	(5.82)	(-)	(1,457.49)
Income from services	24.45	-	-	16.50	-	-	-	-	-	40.95
	(24.91)	(0.19)	(-)	(8.48)	(-)	(-)	(-)	(-)	(-)	(33.58)
Order Cancellation Charges received	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(1.63)	(-)	(-)	(-)	(-)	(-)	(1.63)
Site expenses paid	3.43	-	-	1.06	-	-	-	-	-	4.49
	(3.75)	(-)	(-)	(3.83)	(-)	(-)	(-)	(-)	(-)	(7.58)
Commission income	19.49	-	-	1.60	-	-	-	-	-	21.09
	(26.66)	(-)	(-)	(3.14)	(-)	(-)	(-)	(-)	(-)	(29.80)
Commission paid	71.60	-	-	-	-	-	-	-	-	71.60
	(86.04)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(86.04)
Dividend received	-	-	22.05	-	-	-	-	-	-	22.05
	(-)	(40.00)	(31.24)	(-)	(-)	(-)	(-)	(-)	(-)	(71.24)
Charges paid for technical / Professional services	80.43	-	-	7.07	-	-	-	-	-	87.50
	(73.41)	(-)	(-)	(4.84)	(-)	(-)	(-)	(-)	(-)	(78.25)
Royalty paid	80.87	-	-	0.54	-	-	-	-	-	81.41
	(90.50)	(-)	(-)	(0.37)	(-)	(-)	(-)	(-)	(-)	(90.87)
Warranty charges paid	-	-	-	1.37	-	-	-	-	-	1.37
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Rent received	-	0.06	2.05	-	-	-	-	-	-	2.11
	(-)	(0.06)	(1.61)	(-)	(-)	(-)	(-)	(-)	(-)	(1.67)
Recovery of expenses	1.07	0.66	11.67	1.51	-	-	-	-	-	14.91
	(2.67)	(0.70)	(11.72)	(1.94)	(-)	(-)	(-)	(-)	(-)	(17.03)

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
Reimbursement of expenses	0.85	-	-	0.39	-	-	-	-	-	1.24
	(0.34)	(-)	(-)	(0.09)	(-)	(-)	(-)	(-)	(-)	(0.43)
Bad Debts	-	-	-	-	-	-	-	-	0.03	0.03
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.06)	(0.06)
Technical knowhow	-	-	-	-	-	-	-	-	-	-
	(2.06)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2.06)
Remuneration	-	-	-	-	23.68	-	-	-	-	23.68
	(-)	(-)	(-)	(-)	(7.63)	(-)	(-)	(-)	(-)	(7.63)
Sitting fees paid	-	-	-	-	-	-	0.27	-	-	0.27
	(-)	(-)	(-)	(-)	(-)	(-)	(0.24)	(-)	(-)	(0.24)
Dividend paid	77.61	-	-	-	-	-	0.19	0.66	48.68	127.14
	(77.61)	(-)	(-)	(-)	(-)	(-)	(0.19)	(0.66)	(48.68)	(127.14)
Commission to Directors	-	-	-	-	-	-	0.50	-	-	0.50
	(-)	(-)	(-)	(-)	(-)	(-)	(0.50)	(-)	(-)	(0.50)
Amounts outstanding at year end										
- Receivable	56.83	0.21	3.70	218.62	-	-	-	-	-	279.36
	(286.25)	(0.21)	(6.78)	(235.69)	(-)	(-)	(-)	(0.03)	(-)	(528.96)
- Payable	391.55	-	-	25.32	-	-	0.50	-	-	417.37
	(406.71)	(-)	(5.29)	(75.57)	(-)	(-)	(0.50)	(-)	(-)	(488.07)
Provision for doubtful debts	-	-	-	1.15	-	-	-	-	-	1.15
	(-)	(-)	(-)	(1.15)	(-)	(-)	(-)	(-)	(-)	(1.15)

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

Notes forming part of the financial statements (Contd.)

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

Sr. No.	Nature of transactions	Name of the party	For the year ended 31st December, 2016 ₹ in Million	For the year ended 31st December, 2015 ₹ in Million
1	Purchase of goods	KSB AG	341.65	320.34
		KSB S.A.	52.77	31.36
2	Sale of goods	KSB AG	274.34	471.64
		KSB Singapore	182.53	154.54
3	Income from services	KSB AG	24.45	24.91
		KSB Tech. Pvt. Ltd.	9.96	7.48
4	Order Cancellation Charges received	P.T. KSB., Indonesia	-	1.63
5	Site expenses paid	KSB AG	3.43	3.75
		KSB Pumps Co. Ltd., Thailand	0.71	-
		KSB Singapore (Asia Pacific) PTE Ltd. Singapore	-	2.45
		KSB Valves (Shanghai) Co., Ltd.	-	0.78
6	Commission income	KSB AG	19.49	26.66
7	Commission paid	KSB AG	71.60	86.04
8	Dividend received	MIL Controls Ltd.	22.05	31.24
		POFRAN Sales & Agency Ltd.	-	40.00
9	Charges paid for technical / Professional services	KSB AG	80.43	73.41
10	Royalty paid	KSB AG	80.87	90.50
11	Warranty charges paid	KSB S.A.	1.09	-
		KSB Valves (Shanghai) Co. Ltd., China	0.28	-
12	Rent received	MIL Controls Ltd.	2.05	1.61
13	Recovery of expenses	MIL Controls Ltd.	11.67	11.72
		KSB AG	1.07	2.67
14	Reimbursement of expenses	KSB AG	0.85	0.34
		KSB Shanghai Pump Co., Ltd.	0.16	-
		KSB Finanz SA	0.17	0.08
15	Bad Debts	Paharpur Cooling Towers Ltd.	0.03	0.06
16	Technical know-how	KSB AG	-	2.06
17	Remuneration	W. Spiegel	13.00	7.63
		Rajeev Jain	10.68	-
18	Sitting fees paid	G. Swarup	0.27	0.24
19	Dividend paid	Canadian Kay Pump Ltd.	77.61	77.61
		The Industrial & Prudential Investment Co. Ltd.	39.27	39.27
20	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.
Associate Company	KSB MIL Controls Ltd. (previously MIL Controls Ltd.)
Subsidiary Company	Pofran Sales & Agency 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 Netherland DP Industries B.V, Netherland KSB Pumps Arabia Ltd. KSB Ltd., U.K. KSB Italia S.p.A., Italy KSB Pompa Turkey KSB Shanghai Pump Co. Ltd., China KSB Valves (Shanghai) Co. Ltd., China Mercantile-KSB Oy AB, Finland KSB Pakistan Delian KSB Amri Valves Co. Ltd., China Bombas ITUR S.A., Spain KSB TESMA S.A., Gricchenland 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

Notes forming part of the financial statements (Contd.)

	<p>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 KSB Service GMBH KSB Canada KSB New Zeland Rotary Equipment KSB OOO, Russia KSB Valulas Ltda. Brazil KSB Services Ltd., Saudi Arabia AMRI Inc., USA KSB Vietnam Company Ltd. KSB Philippines KSB Colombia SAS KSB Zürich AG, Switzerland KSB Valves (Changzhou) Co., Ltd., China SISTO Armaturen S.A., Luxembourg Shanghai Electric-KSB Nuclear, China PT. KSB Sales Indonesia</p>
Key management personnel	<p>Mr. Rajeev Jain (w.e.f. 1st July 2016) Mr. W. Spiegel (retired on 30th June 2016) Mr. Gaurav Swarup</p>
Individuals having significant influence over the enterprise	<p>Mrs. Gyan M. Swarup</p>
Relatives of individuals having significant influence over the enterprise	<p>Mr. Vikram Swarup and Mr. Gaurav Swarup (HUF) Mr. Vikram Swarup Mrs. Bindu Swarup Mrs. Parul Swarup</p>
Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	<p>The Industrial & Prudential Investment Co. Ltd. New Holding and Trading Company Ltd. Paharpur Cooling Towers Ltd.</p>

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	As at 31st December, 2016		As at 31st December, 2015	
	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	61.50	42.85	52.90	22.10
Additional Provision made during the year	77.42	57.74	61.50	42.85
Amount used during the year	(47.90)	–	(45.74)	–
Unused amount reversed during the year	(13.60)	(42.85)	(7.16)	(22.10)
Carrying amount at the end of the year	77.42	57.74	61.50	42.85

Note 39 - Earnings per Share

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

Note 40 - Repairs to machinery include ₹ 37.92 Million (previous year - ₹ 36.06 Million) spares consumed.

Note 41 - Provision for taxation for the year is an aggregate of the provision made for the year ended 31st March, 2016 as reduced by the provision for 9 months up to 31st December, 2015 and the provision based on the figures for the remaining 9 months up to 31st December, 2016. However, the ultimate tax liability for the remaining 9 months up to 31st December, 2016 will be determined based on the results for the year 1st April, 2016 to 31st March, 2017.

Note 42 - The prescribed Corporate Social Responsibility (CSR) expenditure required to be spent in for year 2016 as per Section 135 of the Companies Act, 2013 is ₹ 19.90 Million. The Company has spent ₹ 19.90 Million towards CSR. No amount has been spent on construction/acquisition of an asset of the Company.

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

Signature to Notes 1 to 43

	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	
Verghese Oommen Chief Financial Officer	Rajeev Jain	
R. Narasimhan Company Secretary		

Mumbai, 20th February, 2017

Marching towards new records

Immediately after milestone achievement of producing 100,000th pumpset in the year 2016, KSB Sinnar division did a spectacular achievement of surpassing the mark of Rs. 3000 Million Sales in December 2016 for the first time in the history of KSB Sinnar.

Congratulations team Sinnar and all the best for the future !



VIP visit to KSB IPD & PPD

Dr. Volker Wissing, Minister of Economic Affairs of the State of Rhineland-Palatinate with his political delegation visited KSB IPD & PPD plants on 24th November 2016.

Mr. Rajeev Jain, Managing Director, KSB Pumps Ltd. welcomed the delegation at Irrigation and Process Pumps Division of KSB Pumps Ltd., Pune.

KSB wins the Realty plus Excellence Awards (West) 2016 & Power Building Brand Awards 2016

The 8th edition of the Realty plus Conclave 2016 & Awards, supported by GIHED - Gujarat Institute of Housing and Estate Developers, held in Ahmedabad on July 01, 2016 at Hotel Courtyard by Marriott. KSB was chosen to be the winner of the "Power Brands Awards 2016" by the Jury, which comprised of eminent members of CREDAI.

The award was received on behalf of us at a glittering function, full of Razzmatazz, at the Sahara Star Hotel in Mumbai, on 30th September 2016, by team KSB.





30th All India Dealers' Conference, 2017. Dubai

The venue of the AIDC was Dubai. On the basis of business qualifying criteria clearly laid out in the KSB India dealership policy, Invitations are extended to only such dealers who meet the eligibility criteria. Basis of which, over 210 delegates from dealers and KSB attended the Conference at the Ritz Carlton (DIFC) between the 3rd and 6th February 2017! At the meeting dealers and the top Management of KSB got an opportunity to be on a common platform.

Dignitaries at the dais, expressing their views and ideas to achieve the target 2017 - Growth of 25% over 2016 in Standard Pumps Dealers' Business



Mr. Werner Stegmuller
Member of the Board of Management,
KSB AG



Mr. Gaurav Swarup,
Chairman, KSB Pumps Ltd.



Mr. Rajeev Jain
Managing Director KSB Pumps Ltd.

Prestigious award winners for the year 2016

Select Club award



M/s Swastik Trading Corporation,
Mumbai



M/s Shree Mahabir Associates,
Bhubaneswar

Kohinoor Club award



M/s R. K. Engineers Sales Ltd.
Lucknow



M/s R. S. Concern,
Burdwan

Ready to achieve the goal ! - Delegates from dealers and KSB



INDEPENDENT AUDITOR'S REPORT

To The Members Of
KSB PUMPS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KSB PUMPS LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) and its associate, comprising of the Consolidated Balance Sheet as at 31st December, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management's Responsibility for the Consolidated Financial Statements

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

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (Contd.)

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st December, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

a) We did not audit the financial statements of Pofran Sales and Agency Limited, a subsidiary, whose financial statements reflect total assets of ₹53.97 million as at 31st December, 2016, total revenues of ₹12.89 million and net cash outflows amounting to ₹1.84 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 49.43 million for the year ended 31st December, 2016, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31st December, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, and associate

INDEPENDENT AUDITOR'S REPORT (Contd.)

- company incorporated in India, none of the directors of the Group companies, its associate company incorporated in India is disqualified as on 31st December, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in “Annexure A”, which is based on the auditors’ reports of the Holding company, subsidiary company and associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company’s, subsidiary company’s and associate company’s incorporated in India internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate. Refer Note 26 to the consolidated financial statements
 - ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company and associate company incorporated in India.

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

Nilesh H Lahoti
Partner
Membership No. 130054

Mumbai, 20th February, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st December, 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company and associate company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Nilesh H Lahoti
Partner
Membership No. 130054

Mumbai, 20th February, 2017

Consolidated Balance Sheet as at 31st December, 2016

Particulars	Note No.	As at 31st December, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	348.08	348.08
(b) Reserves and surplus	4	6,102.96	5,680.38
		<u>6,451.04</u>	<u>6,028.46</u>
(2) Non-current liabilities			
(a) Other long-term liabilities	5	75.42	70.42
(b) Long-term provisions	6	356.66	294.47
		<u>432.08</u>	<u>364.89</u>
(3) Current liabilities			
(a) Short-term borrowings	7	51.84	12.97
(b) Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		0.24	0.47
Others		1,725.33	1,545.25
(c) Other current liabilities	9	1,023.97	1,075.68
(d) Short-term provisions	10	446.56	479.08
		<u>3,247.94</u>	<u>3,113.45</u>
TOTAL		<u><u>10,131.06</u></u>	<u><u>9,506.80</u></u>
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11.A	2,163.08	1,930.42
(ii) Intangible assets	11.B	23.23	10.14
(iii) Capital work-in-progress		164.95	142.18
		<u>2,351.26</u>	<u>2,082.74</u>
(b) Non-current investments	12	541.05	513.67
(c) Deferred tax assets (net)	13	157.04	127.82
(d) Long-term loans and advances	14	704.42	493.20
		<u>3,753.77</u>	<u>3,217.43</u>
(2) Current assets			
(a) Inventories	15	2,118.63	1,826.41
(b) Trade receivables	16	1,801.07	1,783.73
(c) Cash and cash equivalents	17	2,021.84	2,283.62
(d) Short-term loans and advances	18	386.55	354.05
(e) Other current assets	19	49.20	41.56
		<u>6,377.29</u>	<u>6,289.37</u>
TOTAL		<u><u>10,131.06</u></u>	<u><u>9,506.80</u></u>

See accompanying notes forming part of the financial statements

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

Nilesh H Lahoti
(Partner)

Vergheese Oommen
Chief Financial Officer

R. Narasimhan
Company Secretary

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

Chairman
Directors
Managing Director

Mumbai, 20th February, 2017

Mumbai, 20th February, 2017

Consolidated Statement of Profit and Loss for the year ended 31st December, 2016

Particulars	Note No.	For the Year ended 31st December, 2016 ₹ in Million	For the Year ended 31st December, 2015 ₹ in Million
1 Revenue from operations (gross)	20	8,821.93	8,726.99
Less: Excise duty	20	(542.85)	(519.72)
Revenue from operations (net)		8,279.08	8,207.27
2 Other income	21	240.03	240.61
3 Total revenue (1+2)		8,519.11	8,447.88
4 Expenses			
Cost of materials consumed	22.a	3,597.08	3,459.82
Purchases of stock-in-trade		392.73	308.72
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	(117.67)	119.22
Employee benefits expense	23	1,448.60	1,248.52
Finance cost	24	17.23	17.35
Depreciation and amortisation expense	11.A & 11.B	293.58	277.67
Other expenses	25	1,987.14	2,031.02
Expenditure transferred to capital account		(19.57)	(19.30)
Total expenses		7,599.12	7,443.02
5 Profit before tax (3 - 4)		919.99	1,004.86
6 Tax expense:			
(a) Current tax		341.82	391.22
(b) Short / (excess) provision in respect of earlier years		3.83	-
(c) Deferred tax		(29.22)	(27.60)
		316.43	363.62
7 Profit for the year (5 - 6)		603.56	641.24
8 Add: Share of profit for the year in respect of investment in Associate Company		49.43	46.08
		652.99	687.32
9 Earnings per equity share (Face Value per share ₹10/-):			
(1) Basic	34	18.76	19.75
(2) Diluted	34	18.76	19.75

See accompanying notes forming part of the financial statements

In terms of our report attached For Deloitte Haskins & Sells LLP Chartered Accountants		G. Swarup A. R. Broacha D. N. Damania N. N. Kampani Pradip Shah	Chairman
Nilesh H Lahoti (Partner)	Vergheese Oommen Chief Financial Officer	Dr. Stephan Bross V. K. Viswanathan S. F. Motwani W. Stegmuller	Directors
	R. Narasimhan Company Secretary	Rajeev Jain	Managing Director
Mumbai, 20th February, 2017		Mumbai, 20th February, 2017	

Consolidated Cash Flow Statement for the year ended 31st December, 2016

Particulars	For the Year ended 31st December, 2016		For the Year ended 31st December, 2015	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		919.99		1,004.86
Adjustments for:				
Depreciation and amortisation expense		293.58		277.67
(Profit) / loss on sale / disposal / write off of fixed assets		(1.64)		(4.16)
Finance cost		17.23		17.35
Interest income		(167.82)		(166.69)
Mark to market loss on derivative contracts		(3.66)		3.66
Sundry credit balances & provisions no longer required, written back		(37.56)		(50.07)
Unrealised exchange (gain) / loss		1.63		(1.73)
		<u>101.76</u>		<u>76.03</u>
Operating profit / (loss) before working capital changes		1,021.75		1,080.89
Adjustment for changes in working capital:				
(Increase) / decrease in operating assets:				
Inventories		(292.22)		191.31
Trade receivables		(17.34)		6.63
Short-term loans and advances		(32.50)		(28.60)
Long-term loans and advances		8.01		92.43
Increase / (decrease) in operating liabilities:				
Trade payables		217.41		58.53
Other current liabilities		(37.90)		(24.93)
Other long-term liabilities		5.00		3.75
Short-term provisions		26.97		30.62
Long-term provisions		<u>62.19</u>		<u>(1.43)</u>
		<u>(60.38)</u>		<u>328.31</u>
Cash generated from operations		961.37		1,409.20
Direct taxes paid		<u>(399.17)</u>		<u>(288.04)</u>
Net cash flow from / (used in) operating activities (A)		<u>562.20</u>		<u>1,121.16</u>
B. Cash flow from investing activities				
Purchase of Fixed Assets		(798.18)		(369.55)
Proceeds from sale of fixed assets		2.11		4.97
Bank balances not considered as Cash and cash equivalents		1.58		(181.90)
Interest received		160.18		185.11
Income from trade investements (non-current)		<u>22.05</u>		<u>31.24</u>
Net cash flow from / (used in) investing activities (B)		(612.26)		(330.13)

Consolidated Cash Flow Statement for the year ended 31st December, 2016 (Contd.)

Particulars	For the Year ended 31st December, 2016		For the Year ended 31st December, 2015	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
C. Cash flow from financing activities				
Increase / (decrease) in Working capital borrowings	38.87		(230.82)	
Finance cost	(17.23)		(17.35)	
Dividends paid	(191.44)		(191.44)	
Tax on dividend	(38.97)		(38.97)	
Net cash flow from / (used in) financing activities (C)		(208.77)		(478.58)
Unrealized exchange gain / (loss) in cash and cash equivalents (D)		(1.63)		1.73
Net increase / (decrease) in Cash and cash equivalents (A + B + C + D)		(260.46)		314.18
Cash and cash equivalents (Opening Balance)		521.02		206.84
Cash and cash equivalents (Closing Balance)		260.56		521.02
Cash and cash equivalents at the end of the year include:		As at 31st December, 2016	As at 31st December, 2015	As at 31st December, 2014
(a) Cash on hand		0.58	0.71	0.64
(b) Balances with banks in current accounts		259.98	520.31	206.20
Cash and cash equivalents (Refer Note 17)		260.56	521.02	206.84
Other Bank balances (Refer Note 17)		1,761.28	1,762.60	1,580.66
Cash and Cash equivalents at the end of the year		2,021.84	2,283.62	1,787.50

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

Nilesh H Lahoti
(Partner)

Vergheese Oommen
Chief Financial Officer

R. Narasimhan
Company Secretary

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

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

Rajeev Jain

Chairman

Directors

Managing Director

Mumbai, 20th February, 2017

Mumbai, 20th February, 2017

Notes forming part of the consolidated financial statements

1	<p>Company Overview</p> <p>Products:</p> <p>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:</p> <p>The Company has factories at the following places:-</p> <p>A) Irrigation and Process Pumps Division (I.P.D.) at Pimpri Manufacturing of submersible pumps, vertical and horizontal pumps, series and non-series pumps, Multistage pumps, chemical process pumps, non clog pumps and water pumps.</p> <p>B) Power Projects Division (P.P.D.) at Chinchwad Manufacturing of primary heat transfer pumps, moderator pumps, main boiler feed pumps and multistage condense extraction pumps, re-heater drain pumps and auxiliary boiler feed pumps.</p> <p>C) Foundry Division at Vambhori Manufacturing of steel & 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 assets ready for its intended use.</p> <p>(b) Depreciation / amortisation on fixed assets:</p> <p>i) Depreciation is provided on the Straight Line Method (SLM)/Written Down Value (WDV) method over the useful lives of assets which has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, maintenance support, etc. Taking into account these factors, the Company has decided to retain the useful life hitherto adopted for various categories of fixed assets, which are different from those prescribed in Schedule II to the Companies Act, 2013 (Act) except for server and networking (SLM), electrical installation (SLM) and furniture and fixtures (WDV) which are same as prescribed in Schedule II to the Act. Estimated useful lives of assets are as follows -</p> <table style="margin-left: 40px;"> <tr> <td>Buildings</td> <td>- 43 to 90 years (WDV)</td> </tr> <tr> <td>Plant and Machinery</td> <td>- 09 to 21 years (SLM)</td> </tr> <tr> <td>Vehicles</td> <td>- 05 to 11 years (WDV)</td> </tr> <tr> <td>Office Equipments</td> <td>- 10 years (SLM)</td> </tr> <tr> <td>Computer Equipments</td> <td>- 06 years (SLM)</td> </tr> </table> <p>Leasehold land and assets taken on lease are amortised over the period of the lease.</p> <p>ii) Intangible assets are amortised on the straight line method as follows :</p> <table style="margin-left: 40px;"> <tr> <td>Rights, techniques, Process and Know how</td> <td>- 7 to 10 years</td> </tr> <tr> <td>Software</td> <td>- 3 years</td> </tr> </table>	Buildings	- 43 to 90 years (WDV)	Plant and Machinery	- 09 to 21 years (SLM)	Vehicles	- 05 to 11 years (WDV)	Office Equipments	- 10 years (SLM)	Computer Equipments	- 06 years (SLM)	Rights, techniques, Process and Know how	- 7 to 10 years	Software	- 3 years
Buildings	- 43 to 90 years (WDV)														
Plant and Machinery	- 09 to 21 years (SLM)														
Vehicles	- 05 to 11 years (WDV)														
Office Equipments	- 10 years (SLM)														
Computer Equipments	- 06 years (SLM)														
Rights, techniques, Process and Know how	- 7 to 10 years														
Software	- 3 years														
2.2	<p>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.</p> <p>Costs of work-in-progress and manufactured finished products include material costs, labour and factory overheads on the basis of full absorption costing.</p>														

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

2.4	Trade receivables and advances Specific debts and advances identified as irrecoverable or doubtful are written-off or provided for, respectively.
2.5	Foreign exchange transactions and translations 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.
2.6	Revenue Recognition (i) Sales of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyers. (ii) Dividend income from investments is recognised when the owner's right to receive the payment is established. (iii) Income from services rendered is accounted for when the work is performed.
2.7	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.
2.8	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.
2.9	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.
2.10	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.
2.11	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.
2.12	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.
2.13	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.

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

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 consolidated financial statements (Contd.)

Note 3 - Share capital

Particulars	As at 31st December, 2016		As at 31st December, 2015	
	No. of shares	₹ in Million	No. 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	<u>34,807,844</u>	<u>348.08</u>	<u>34,807,844</u>	<u>348.08</u>

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

	As at 31st December, 2016		As at 31st December, 2015	
	₹ in Million	No. of shares	₹ in Million	No. of shares
No. of shares outstanding at the beginning				
- Equity shares	348.08	34,807,844	348.08	34,807,844
Add: Additional shares issued				
- Equity shares	-	-	-	-
Less: Shares forfeited/Bought back				
- Equity shares	-	-	-	-
No. of shares outstanding at the end				
- Equity shares	348.08	34,807,844	348.08	34,807,844

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

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

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

Particulars	As at 31st December, 2016		As at 31st December, 2015	
	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)	2,520,693	7.24%	2,518,155	7.23%

(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, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Capital reserve		
Opening balance	0.09	0.09
Add: Additions	-	-
Less: Utilised / transferred	-	-
Closing balance	0.09	0.09
Capital redemption reserve		
Opening balance	0.10	0.10
Add: Additions	-	-
Less: Utilised / transferred	-	-
Closing balance	0.10	0.10
Securities premium account		
Opening balance	3.20	3.20
Add : Premium on shares issued	-	-
Less : Utilised	-	-
Closing balance	3.20	3.20
General reserve		
Opening balance	1,085.97	1,085.97
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilisations / transfers	-	-
Closing balance	1,085.97	1,085.97
Amalgamation Reserve		
Opening balance	0.06	0.06
Add: Additions / transfers	-	-
Less: Utilisations / transfers	-	-
Closing balance	0.06	0.06
Surplus in Statement of Profit and Loss		
Opening balance	4,590.96	4,134.74
Add: Profit for the year	652.99	687.32
Less: Proposed dividend (₹ 5.50 per share) (previous year ₹ 5.50 per share)	191.44	191.44
Tax on interim dividend by subsidiary	-	8.14
Tax on proposed dividend	38.97	31.52
Transferred to General reserve	-	-
Closing balance	5,013.54	4,590.96
Total	6,102.96	5,680.38

Note 5 - Other long-term liabilities

Other than trade payables:		
Other Payables (includes Deposits received from dealers, etc.)	75.42	70.42
Total	75.42	70.42

Note 6 - Long-term provisions

Provision for employee benefits (Refer Note 30)	330.85	273.97
Other Provisions:		
Provision for Warranty (Refer Note 33)	25.81	20.50
Total	356.66	294.47

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

Note 7 - Short-term borrowings

Particulars	As at 31st December, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Loans Repayable on Demand		
Working Capital Facilities from banks (Secured)	51.84	12.97
Total	51.84	12.97

Notes:

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

Particulars	Nature of security	As at 31st December, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Working Capital Facility -1	Pledge of Fixed Deposits of ₹ 10 Million (previous year ₹10 Million)	-	-
Working Capital Facility -2	Pledge of Fixed Deposits of ₹433.76 Million (previous year ₹433.76 Million) and hypothecation of stocks including loose tools, stores and spares, book debts.	-	12.97
Working Capital Facility -3	Hypothecation of stocks including loose tools, stores and spares, book debts.	51.84	-
Total		51.84	12.97

Note 8 - Trade payables

Trade payables other than acceptances	1,725.57	1,545.72
Total	1,725.57	1,545.72

Note 9 - Other current liabilities

Unclaimed Dividend	2.89	2.63
Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	140.25	116.70
(ii) Payables for purchase of fixed assets	33.05	47.12
(iii) Advances from customers	457.22	529.53
(iv) Others (Liquidated damages, etc.)	390.56	379.70
Total	1,023.97	1,075.68

Note 10 - Short-term provisions

Provision for employee benefits (Refer Note 30)	57.48	56.01
Provision - Others:		
(i) Tax provisions less payments (current tax)	49.32	105.15
(ii) Provision for Warranty (Refer Note 33)	51.61	41.00
(iii) Proposed dividend	191.44	191.44
(iv) Tax on proposed dividend	38.97	38.97
(v) Mark to market loss on derivative contracts	-	3.66
(vi) Provision - others (for statutory levies) (Refer Note 33)	57.74	42.85
Total	446.56	479.08

Note 11 - Fixed assets - Tangible and Intangible assets

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

Particulars	Gross block			Depreciation/Amortisation			Net block			
	As at 31st December, 2015	Additions during the year	Deductions during the year	As at 31st December, 2016	Upto 31st December, 2015	Provided during the year	Deductions during the year	Upto 31st December, 2016	As at 31st December, 2016	As at 31st December, 2015
A. Tangible Assets										
(a) Land										
Freehold	3.01	-	-	3.01	-	-	-	-	3.01	3.01
Leasehold	15.15	250.00	-	265.15	3.40	2.37	-	5.77	259.38	11.75
(b) Buildings (See Note)	783.82	76.69	0.03	860.48	350.42	45.36	0.03	395.75	464.73	433.40
(c) Plant and Equipment	3,304.42	177.77	9.83	3,472.36	1,884.03	223.34	9.79	2,097.58	1,374.78	1,420.39
(d) Furniture and Fixtures	96.11	1.26	1.16	96.21	84.93	4.33	0.97	88.29	7.92	11.18
(e) Vehicles	51.73	3.69	4.77	50.65	41.77	4.68	4.69	41.76	8.89	9.96
(f) Office equipment	103.54	12.38	1.54	114.38	62.81	8.58	1.38	70.01	44.37	40.73
(g) Development of Property	0.04	-	-	0.04	0.04	-	-	0.04	-	-
Total Tangible Assets	4,357.82	521.79	17.33	4,862.28	2,427.40	288.66	16.86	2,699.20	2,163.08	1,930.42
B. Intangible Assets										
(other than internally generated)										
(a) Computer software	44.40	18.01	-	62.41	41.69	3.68	-	45.37	17.04	2.71
(b) Copyrights, patents and other intellectual property rights, services and operating rights	59.26	-	-	59.26	51.83	1.24	-	53.07	6.19	7.43
Total Intangible Assets	103.66	18.01	-	121.67	93.52	4.92	-	98.44	23.23	10.14

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.)

Note 11 C - Fixed assets - Tangible and Intangible assets

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

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.)

Note 12 - Non-current investments

Particulars	As at		As at 31st
	31st December, 2016	31st December, 2015	December, 2015
	₹ in Million	₹ in Million	₹ in Million
Unquoted, Trade			
Investment in equity instruments of associates (at cost)			
MIL Controls Limited - 735,000 (previous year -735,000) equity shares of ₹10 each fully paid.	541.05		513.67
(Includes ₹ 24.52 Million (previous year ₹ 24.52 Million) of Goodwill arising on acquisition of associate)			
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	541.05		513.67

Note 13 - Deferred Tax Assets (Net)

(i) Break up of deferred tax liability as at year end :			
Nature of timing difference			
Provision for Depreciation	112.20		111.51
Total	112.20		111.51
(ii) Break up of deferred tax asset as at year end:			
Nature of timing difference			
Provision for compensated absences and gratuity	134.39		114.20
Provision for doubtful debts and advances	72.92		65.35
Others	61.93		59.78
Total	269.24		239.33
(iii) Deferred tax Asset/(Liability) Net	157.04		127.82

Note 14 - Long-term loans and advances

(Unsecured - considered good unless otherwise stated)

Capital advances	296.25		74.71
Security Deposits			
Considered good	35.88		35.02
Considered Doubtful	5.30		5.30
	41.18		40.32
Less: Provision for doubtful security deposits	5.30		5.30
	35.88		35.02
Other loans and advances			
- Loans and advances to employees	25.49		23.75
- Taxes paid in advance less provisions (current tax)	89.55		91.86
- Balances with government authorities - VAT credit receivable etc.			
Considered Good	255.78		267.53
Considered Doubtful	6.46		4.85
	262.24		272.38
Less: Provision for doubtful loans and advances	6.46		4.85
	255.78		267.53
- Prepaid Expenses	1.47		0.33
Total	704.42		493.20

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, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Raw materials (including Goods-in-transit ₹ 2.46 Million (previous year ₹2.61 Million))	590.59	408.80
Work-in-progress	1,006.73	1,015.53
Finished goods	403.72	292.63
Stock-in-trade (in respect of goods acquired for trading)	73.19	57.81
Stores and spares	39.44	50.26
Loose tools	4.96	1.38
Total	2,118.63	1,826.41

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	174.66	175.79
Doubtful	183.10	172.83
	<u>357.76</u>	<u>348.62</u>
Other Trade receivables		
Considered good	1,626.41	1,607.94
Doubtful	-	-
	<u>1,626.41</u>	<u>1,607.94</u>
Total	1,984.17	1,956.56
Less: Provision for doubtful trade receivables	183.10	172.83
Total	1,801.07	1,783.73

Note 17 - Cash and cash equivalents

A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)

Cash on hand	0.58	0.71
Balances with banks in current accounts	259.98	520.31
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	<u>260.56</u>	<u>521.02</u>
B. Other bank balances		
- In deposit accounts	1,314.63	1,316.21
- In earmarked accounts		
- Unpaid dividend accounts	2.89	2.63
- Balances held as security against borrowings	443.76	443.76
Total - Other bank balances (B)	<u>1,761.28</u>	<u>1,762.60</u>
Total	2,021.84	2,283.62

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, 2016 ₹ in Million	As at 31st December, 2015 ₹ in Million
Loans and advances to related parties (Refer Note 32) (includes advance for supply of goods ₹ Nil (previous year ₹ 82.47 Million))	3.66	89.27
Other Loans and Advances		
- Employee advances	14.68	15.23
- Prepaid expenses	4.68	5.26
- Balances with government authorities (CENVAT and Service Tax receivable)	192.64	131.96
- Others (includes Advances to Suppliers, DEPB Receivable, Insurance Claim Receivable, etc.)		
Considered good	170.89	112.33
Doubtful	15.65	5.47
	186.54	117.80
Less: Provision for other doubtful loans and advances	15.65	5.47
	170.89	112.33
Total	386.55	354.05
 Note 19 - Other current assets		
Interest accrued on fixed deposits	49.20	41.56
Total	49.20	41.56

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

Note 20 - Revenue from operations

Particulars	For the year ended 31st December, 2016 ₹ in Million	For the year ended 31st December, 2015 ₹ in Million
Sale of products	8,564.44	8,487.33
Sale of services	154.72	171.87
Other operating revenues		
- Scrap Sale	27.14	25.02
- Export Incentive	75.63	42.77
	8,821.93	8,726.99
Less:		
Excise duty	(542.85)	(519.72)
Total	8,279.08	8,207.27

Note 21 - Other income

Interest on Bank deposits, Income tax refunds, delayed payments from dealers/customers, etc.	167.82	166.69
Sundry credit balances & provisions no longer required, written back	37.56	50.07
Profit on sale/disposal/write off of fixed assets (net)	1.64	4.16
Net gain on foreign currency transactions and translation	13.56	-
Other non-operating income	19.45	19.69
Total	240.03	240.61

Note 22a - Cost of materials consumed

Raw Materials and Components Consumed	3,597.08	3,459.82
Cost of materials consumed	3,597.08	3,459.82

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

Inventories at the end of the year:

Finished goods	403.72	292.63
Work-in-progress	1,006.73	1,015.53
Stock-in-trade	73.19	57.81
	1,483.64	1,365.97

Inventories at the beginning of the year:

Finished goods	292.63	372.44
Work-in-progress	1,015.53	1,030.14
Stock-in-trade	57.81	82.61
	1,365.97	1,485.19
Net (increase) / decrease	(117.67)	119.22

Note 23 - Employee benefit expenses

Salaries and wages	1,207.35	1,074.08
Contributions to provident and other funds (Refer Note 30)	154.14	87.16
Staff welfare expenses	87.11	87.28
Total	1,448.60	1,248.52

Note 24 - Finance cost

Interest expense on Borrowings, Income Tax etc.	17.23	17.35
Total	17.23	17.35

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

Note 25 Other expenses

Particulars	For the year ended 31st December, 2016		For the year ended 31st December, 2015
	₹ in Million	₹ in Million	₹ in Million
Processing & Machining Charges		396.66	363.39
Stores Consumed		170.53	164.80
Tools Consumed		53.53	43.97
Water Power and fuel		189.16	175.89
Rent		6.96	7.13
Excise duty relating to increase / (decrease) in finished goods stock		(1.18)	(14.65)
Rates and taxes (Refer Note 33)		43.27	47.46
Insurance (Net)		2.16	2.28
Repairs and maintenance			
- Buildings	9.83		3.62
- Machinery	60.56		59.21
- Others	69.39		71.59
		139.78	134.42
Travelling and conveyance		54.29	58.81
Packing & Forwarding Charges (net of recoveries - ₹56.06 Million; previous year ₹46.14 Million)		212.41	212.94
Directors' fees		1.41	1.39
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	1.25		1.20
Reimbursement of out of pocket expenses	0.05		0.22
		3.35	3.47
Cost Audit Fees		0.40	0.40
Sales commission			
Export Selling agents	86.60		96.04
Other Selling agents	28.95		33.29
		115.55	129.33
Cash Discount		22.42	17.54
Royalty Charges		81.41	90.87
In respect of late delivery under contracts		33.39	80.00
Provision for doubtful receivables and advances (net)		22.06	48.66
Expenditure on Corporate Social Responsibility		19.90	18.30
Legal and professional		22.74	22.34
Net loss on foreign currency transactions and translation		-	20.94
Mark to market loss on derivative contracts		-	3.66
Miscellaneous expenses		396.94	397.68
Total		1,987.14	2,031.02

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

Note 26 - Contingent Liabilities and Commitments

Particulars	As at 31st December, 2016	As at 31st December, 2015
	₹ in Million	₹ in Million
(i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts	29.38	27.54
(b) Taxation matters in dispute pending at various stages of appeal	98.79	66.85
(c) Bills Discounted / Cheques purchased with banks	18.03	24.13
(d) Excise, Service Tax and Sales Tax matters	514.50	485.22
(e) Guarantees given by the bankers on behalf of the Company	1,310.68	1,148.91
(f) Duty exemption availed on purchase of fixed assets against export obligation	8.76	9.64
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) -		
-Tangible Assets	546.14	323.04

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

Outstanding forward exchange contracts entered into by the Company as on 31st December, 2016

Particulars	Amount in foreign currency		Equivalent amount ₹ in Million		Purpose
	Current year	Previous year	Current year	Previous year	
Forward Cover	USD 5,709,893	USD 7,793,866	401.89	528.56	Covering Trade Receivables and future sales
	Euro 2,741,286	Euro 3,383,981	213.05	256.90	
Forward Cover	USD 1,305,033	USD 640,045	90.03	44.07	Covering Trade Payables and future purchases
	Euro 2,191,157	Euro 6,479,262	167.91	486.81	

(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 432,734	USD 855,825	29.88	57.77
	Euro 3,111,459	Euro 3,130,327	226.73	231.52
Trade Receivables	USD 2,212,227	USD 2,810,411	148.04	183.66
	Euro 53,518	Euro 665,776	3.76	47.35
Bank balances	USD 2,952,235	USD 4,236,270	197.56	276.84
	Euro 121,276	Euro 154,689	8.52	11.02

Note 28 - Research and Development expenditure debited to the Statement of Profit and Loss aggregating ₹ 2.93 Million (previous year - ₹ 2.94 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 gain- ₹ 13.56 Million (previous year - net loss - ₹ 20.94 Million).

Note 30 - Disclosures under Accounting Standards

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

30.1.a Defined contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plan towards Provident Fund is ₹ 54.21 Million (previous year ₹ 54.61 Million).

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

30.1.b Defined benefit plans

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

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

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

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

Both the plans are funded.

₹ in Million

	Particulars	Gratuity		Superannuation	
		Year 2016	Year 2015	Year 2016	Year 2015
(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	493.00	459.29	31.76	30.52
2	Current Service cost	28.23	29.31	1.69	1.45
3	Interest cost	39.52	35.95	2.55	2.38
4	Losses (gains) on Curtailment	-	-	-	-
5	Liabilities extinguished on settlements	-	-	-	-
6	Plan amendments	-	-	-	-
7	Actuarial (gains) / losses	53.13	(11.77)	3.47	(0.99)
8	Benefits paid	(61.88)	(19.78)	(4.28)	(1.60)
9	Present Value of Defined Benefit Obligation as at 31st December	552.00	493.00	35.19	31.76
(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	323.97	278.92	23.69	22.68
2	Expected return on plan assets	24.89	24.06	1.90	1.78
3	Actuarial gains and (losses)	1.30	2.29	(0.55)	0.27
4	Actual contributions by employers	38.75	38.48	1.21	1.26
5	Benefits paid	(61.88)	(19.78)	(4.28)	(2.30)
6	Plan assets as at 31st December	327.03	323.97	21.97	23.69
(C)	Analysis of Defined Benefit Obligation :				
1	Defined Benefit Obligation as at 31st December	552.00	493.00	35.19	31.76
2	Fair Value of Plan Assets at the end of year	(327.03)	(323.97)	(21.97)	(23.69)
3	Net (Asset)/Liability recognised in the Balance Sheet as at 31st December	224.97	169.03	13.22	8.07
(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	552.00	493.00	35.19	31.76
2	Fair value of plan assets	327.03	323.97	21.97	23.69
3	Funded status [Surplus/(Deficit)]	(224.97)	(169.03)	(13.22)	(8.07)
4	Unrecognised Past Service Costs	-	-	-	-
5	Net Asset/(Liability) recognised in Balance Sheet	(224.97)	(169.03)	(13.22)	(8.07)

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

₹ in Million

	Particulars	Gratuity		Superannuation	
		Year 2016	Year 2015	Year 2016	Year 2015
(E)	Components of employer expenses recognised in the statement of profit and loss for the year ended 31st December				
1	Current Service cost	28.23	29.31	1.69	1.45
2	Interest cost	39.52	35.95	2.55	2.38
3	Expected return on plan assets	(24.89)	(24.06)	(1.90)	(1.78)
4	Curtailment cost/(credit)	-	-	-	-
5	Settlement cost/(credit)	-	-	-	-
6	Past Service cost	-	-	-	-
7	Actuarial Losses/(Gains)	51.83	(14.06)	4.02	(1.26)
8	Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	94.69	27.14	6.36	0.79
(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 (%)	6.75	8.00	6.75	8.00
2	Expected Return on plan assets (%)	8.00	8.00	8.00	8.00
3	Salary Escalation (%)	7.50	7.50	N/A	N/A
4	Medical cost inflation	N/A	N/A	N/A	N/A
5	Withdrawal Rate (%)	7.00	7.00	7.00	7.00

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

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

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

Amount ₹ in Million

	Experience History	Gratuity					Superannuation				
		Year 2016	Year 2015	Year 2014	Year 2013	Year 2012	Year 2016	Year 2015	Year 2014	Year 2013	Year 2012
1	Defined Benefit Obligation at end of the year	552.00	493.00	459.29	392.20	356.80	35.19	31.76	30.52	23.90	20.63
2	Plan Assets at end of the period	327.03	323.97	278.92	247.72	215.93	21.97	23.69	22.68	20.87	19.46
3	Funded Status	(224.97)	(169.03)	(180.37)	(144.48)	(140.87)	(13.22)	(8.07)	(7.84)	(3.03)	(1.17)
4	Experience Gain / (Loss) adjustments on plan liabilities	(53.13)	11.77	7.63	(27.96)	(7.96)	(3.47)	0.99	(1.72)	(2.14)	(0.22)
5	Experience Gain / (Loss) adjustments on plan assets	1.30	2.29	(0.02)	5.00	(0.05)	(0.55)	0.27	0.14	0.23	0.02

	Actual Return on Plan Assets	Gratuity		Superannuation	
		Year 2016	Year 2015	Year 2016	Year 2015
1	Expected return on plan assets	24.89	24.06	1.90	1.78
2	Actuarial gains and (Losses) on plan assets	1.30	2.29	(0.55)	0.27
3	Actual Return on Plan Assets	26.19	26.35	1.35	2.05

(J) Contributions expected to be paid to the plan during the next financial year ₹ 42.90 Million (previous year- ₹ 42.20 Million).

Notes forming part of the 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	6,849.72	6,755.85	1,318.14	1,378.46	8.44	5.17	-	-	8,176.30	8,139.48
Inter Segment Revenue	-	-	8.35	3.16	644.09	613.76	(652.44)	(616.92)	-	-
Total Segment Revenue	6,849.72	6,755.85	1,326.49	1,381.62	652.53	618.93	(652.44)	(616.92)	8,176.30	8,139.48
Segment Results	847.75	855.01	7.91	84.65	(8.25)	(16.75)	-	-	847.41	922.91
Unallocated Corporate expenses									(78.81)	(67.39)
Finance Cost									(17.23)	(17.35)
Interest income									168.62	166.69
Profit before tax									919.99	1,004.86
Income taxes (including short/(excess) provision in respect of earlier years)									(345.65)	(391.22)
Deferred Tax									29.22	27.60
Profit after tax									603.56	641.24
Segment Assets	5,604.83	4,675.71	868.73	1,048.34	847.94	765.79			7,321.50	6,489.84
Unallocated Corporate Assets									2,809.56	3,016.96
Total Assets									10,131.06	9,506.80
Segment Liabilities	(2,772.39)	(2,447.73)	(408.59)	(403.79)	(152.87)	(264.19)			(3,333.85)	(3,115.71)
Unallocated Corporate liabilities									(346.17)	(362.63)
Total Liabilities									(3,680.02)	(3,478.34)
Net Assets	<u>2,832.44</u>		<u>460.14</u>		<u>695.07</u>					
Cost Incurred during the period to acquire segment fixed assets	660.61	233.95	31.97	24.40	91.53	134.82				
Depreciation / Amortisation	185.13	178.44	52.86	54.52	55.59	44.71				
Non-cash expenditure other than depreciation/ amortisation	22.06	-	-	-	-	-				

Notes :

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

	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	6,980.76	6,476.33	1,195.54	1,663.15	8,176.30	8,139.48

Note:

The Company's operating facilities are located in India

Notes forming part of the 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	341.65 (320.34)	3.39 (4.72)	93.63 (46.51)	- (-)	- (-)	- (-)	- (-)	- (-)	438.67 (371.57)
Sale of goods	274.34 (471.64)	- (-)	753.54 (980.03)	- (-)	- (-)	- (-)	- (-)	- (5.82)	1,027.88 (1,457.49)
Income from services	24.45 (24.91)	- (-)	16.50 (8.48)	- (-)	- (-)	- (-)	- (-)	- (-)	40.95 (33.39)
Order Cancellation Charges received	- (-)	- (-)	- (1.63)	- (-)	- (-)	- (-)	- (-)	- (-)	- (1.63)
Site expenses paid	3.43 (3.75)	- (-)	1.06 (3.83)	- (-)	- (-)	- (-)	- (-)	- (-)	4.49 (7.58)
Commission income	19.49 (26.66)	- (-)	1.60 (3.14)	- (-)	- (-)	- (-)	- (-)	- (-)	21.09 (29.80)
Commission paid	71.60 (86.04)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	71.60 (86.04)
Dividend received	- (-)	22.05 (31.24)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	22.05 (31.24)
Charges paid for technical / Professional services	80.43 (73.41)	- (-)	7.07 (4.84)	- (-)	- (-)	- (-)	- (-)	- (-)	87.50 (78.25)
Royalty paid	80.87 (90.50)	- (-)	0.54 (0.37)	- (-)	- (-)	- (-)	- (-)	- (-)	81.41 (90.87)
Warranty charges paid	- (-)	- (-)	1.37 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1.37 (-)
Rent received	- (-)	2.05 (1.61)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2.05 (1.61)
Recovery of expenses	1.07 (2.67)	11.67 (11.72)	1.51 (1.94)	- (-)	- (-)	- (-)	- (-)	- (-)	14.25 (16.33)
Reimbursement of expenses	0.85 (0.34)	- (-)	0.39 (0.09)	- (-)	- (-)	- (-)	- (-)	- (-)	1.24 (0.43)
Bad Debts	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.03 (0.06)	0.03 (0.06)
Technical know-how	- (2.06)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (2.06)
Remuneration	- (-)	- (-)	- (-)	23.68 (7.63)	- (-)	- (-)	- (-)	- (-)	23.68 (7.63)
Sitting fees paid	- (-)	- (-)	- (-)	- (-)	- (-)	0.27 (0.24)	- (-)	- (-)	0.27 (0.24)
Dividend paid	77.61 (77.61)	- (-)	- (-)	- (-)	- (-)	0.19 (0.19)	0.66 (0.66)	48.68 (48.68)	127.14 (127.14)
Commission to Directors	- (-)	- (-)	- (-)	- (-)	- (-)	0.50 (0.50)	- (-)	- (-)	0.50 (0.50)
Amounts outstanding at year end									
- Receivable	56.83 (286.25)	3.70 (6.78)	218.62 (235.69)	- (-)	- (-)	- (-)	- (-)	- (0.03)	279.15 (528.75)
- Payable	391.55 (406.71)	- (5.29)	25.32 (75.57)	- (-)	- (-)	0.50 (0.50)	- (-)	- (-)	417.37 (488.07)
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 consolidated financial statements (Contd.)

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

Sr. No.	Nature of transactions	Name of the party	For the year ended 31st December, 2016 ₹ in Million	For the year ended 31st December, 2015 ₹ in Million
1	Purchase of goods	KSB AG	341.65	320.34
		KSB S.A.	52.77	31.36
2	Sale of goods	KSB AG	274.34	471.64
		KSB Singapore	182.53	154.54
3	Income from services	KSB AG	24.45	24.91
		KSB Tech. Pvt. Ltd.	9.96	7.48
4	Order Cancellation Charges received	P.T. KSB., Indonesia	-	1.63
5	Site expenses paid	KSB AG	3.43	3.75
		KSB Pumps Co. Ltd., Thailand	0.71	-
		KSB Singapore (Asia Pacific)	-	2.45
		PTE Ltd. Singapore	-	-
		KSB Valves (Shanghai) Co., Ltd.	-	0.78
6	Commission income	KSB AG	19.49	26.66
7	Commission paid	KSB AG	71.60	86.04
8	Dividend received	MIL Controls Ltd.	22.05	31.24
9	Charges paid for technical / Professional services	KSB AG	80.43	73.41
10	Royalty paid	KSB AG	80.87	90.50
11	Warranty charges paid	KSB S.A.	1.09	-
		KSB Valves (Shanghai) Co. Ltd., China	0.28	-
12	Rent received	MIL Controls Ltd.	2.05	1.61
13	Recovery of expenses	MIL Controls Ltd.	11.67	11.72
		KSB AG	1.07	2.67
14	Reimbursement of expenses	KSB AG	0.85	0.34
		KSB Shanghai Pump Co., Ltd.	0.16	-
		KSB Finanz SA	0.17	0.08
15	Bad Debts	Paharpur Cooling Towers Ltd.	0.03	0.06
16	Technical knowhow	KSB AG	-	2.06
17	Remuneration	W. Spiegel	13.00	7.63
		Rajeev Jain	10.68	-
18	Sitting fees paid	G. Swarup	0.27	0.24
19	Dividend paid	Canadian Kay Pump Ltd.	77.61	77.61
		The Industrial & Prudential Investment Co. Ltd.	39.27	39.27
20	Commission to Directors	G. Swarup	0.50	0.50

Notes forming part of the 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	KSB MIL Controls Ltd. (previously MIL Controls Ltd.)
Common Control	<p>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 Netherland DP Industries B.V., Netherland KSB Pumps Arabia Ltd. KSB Ltd., U.K. KSB Italia S.p.A., Italy KSB Pompa Turkey KSB Shanghai Pump Co. Ltd., China KSB Valves (Shanghai) Co. Ltd., China Mercantile-KSB Oy AB, Finland KSB Pakistan Delian KSB Amri Valves Co. Ltd., China Bombas ITUR S.A., Spain KSB TESMA S.A., Griechenland KSB Tech. Pvt. Ltd., India GIW Industries Inc., USA KSB Middle East FZE, Dubai KSB Pumpy + Armatury spol. sr. o, Czech KSB Service LLC KSB Pompy Armatura Poland KSB Compania Sudamericana KSB Belgium SA KSB China KSB Pumps & Valves Malaysia KSB Finanz SA KSB AMV SA Spain KSB Finland KSB Mork AB , Sweden KSB Lindflaten, Norway KSB Oesterreich, Austria KSB Pompes ET Robintteries Sarl, Morocco</p>

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

	<p>KSB Argentina KSB Service GMBH KSB Canada KSB New Zeland Rotary Equipment KSB OOO, Russia KSB Valvulas Ltda. Brazil KSB Services Ltd., Saudi Arabia AMRI Inc., USA KSB Vietnam Company Ltd. KSB Philippines KSB Colombia SAS KSB Zürich AG, Switzerland KSB Valves (Changzhou) Co., Ltd., China SISTO Armaturen S.A., Luxembourg Shanghai Electric-KSB Nuclear, China PT. KSB Sales Indonesia</p>
Key management personnel	<p>Mr. Rajeev Jain (w.e.f. 1st July, 2016) Mr. W. Spiegel (retired on 30th June, 2016)</p>
Individuals having significant influence over the enterprise	<p>Mr. Gaurav Swarup</p>
Relatives of individuals having significant influence over the enterprise	<p>Mrs. Gyan M. Swarup Mr. Vikram Swarup and Mr. Gaurav Swarup (HUF) Mr. Vikram Swarup Mrs. Bindu Swarup Mrs. Parul Swarup</p>
Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	<p>The Industrial & Prudential Investment Co. Ltd. New Holding and Trading Company Ltd. Paharpur Cooling Towers Ltd.</p>

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

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

Particulars	As at 31st December, 2016		As at 31st December, 2015	
	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	61.50	42.85	52.90	22.10
Additional Provision made during the year	77.42	57.74	61.50	42.85
Amount used during the year	(47.90)	-	(45.74)	-
Unused amount reversed during the year	(13.60)	(42.85)	(7.16)	(22.10)
Carrying amount at the end of the year	77.42	57.74	61.50	42.85

Note 34 - Earnings per Share

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

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

Name of Company	Country of Incorporation	% of Voting power held	
		As at 31st December, 2016	As at 31st December, 2015
Pofran Sales & Agency Ltd.	India	100	100

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

For the year 2016

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
KSB MIL Controls Ltd. (previously MIL Controls Ltd.), India	49	62.65	24.52	478.40	541.05

For the year 2015

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

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

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

Note 37 - Repairs to machinery include ₹ 37.92 Million (previous year - ₹ 36.06 Million) spares consumed.

Note 38 - Provision for taxation for the year is an aggregate of the provision made for the year ended 31st March, 2016 as reduced by the provision for 9 months up to 31st December, 2015 and the provision based on the figures for the remaining 9 months up to 31st December, 2016. However, the ultimate tax liability for the remaining 9 months up to 31st December, 2016 will be determined based on the results for the year 1st April, 2016 to 31st March, 2017.

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

Particulars	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Million)	As % of consolidated profit or loss	Amount (₹ in Million)
Parent KSB Pumps Limited	90.78	5,856.25	91.20	595.51
Subsidiary - Indian Pofran Sales and Agency Limited	0.83	53.74	1.23	8.05
Associate - Indian (Investment as per equity method) KSB MIL Controls Ltd. (previously MIL Controls Ltd.)	8.39	541.05	7.57	49.43
Total	100.00	6,451.04	100.00	652.99

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

Signature to Notes 1 to 40

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

Mumbai, 20th February, 2017



KSB Care Charitable Trust



Some of the major projects completed in 2016 are :

- Dining hall and vehicle for "Families for the Children" Coimbatore
- Toilet blocks for the women at a village "Kundewadi" near Sinnar
- A computer lab with LCD projector for "Anamprem", an institute located near Vambori which takes care of blind, deaf, dumb and physically challenged persons

Niwara : Old age home, Pune

Under KSB CSR activity, kitchen is upgraded with Stainless Steel cooking equipments for hygienic food preparations.



Project 'Aakash' - Size 24 inch, class 2500, Gate valves under final check.
Coimbatore team has successfully manufactured these valves for the first time in history.



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