> Our technology. Your success.

Pumps ▪ Valves ▪ Service

61st Annual Report, 2020

View from other end

B22

Sea water lifting pump

30 meters long pump assembly at KSB Chinchwad plant

B22
Sea water lifting pump

Management Team - Plant visit

KSB India jointly with KSB Brazil has manufactured 3 numbers of **B22 sea water lifting pumps** for Oil and Natural Gas Corporation Limited for the Oil excavation platform at Neelam Process Complex (NH).

Pumps for Nuclear Applications : **RHD & YNK**

Celebrating the Journey of Self-reliant India!

KSB has been supplying various pumps for critical application in Nuclear Power Plants and is a trusted and reliable partner of NPCIL. In July 2020, NPCIL has achieved criticality of 700 MW Kakrapar Atomic Power Plant 3. KSB is proud to partner with NPCIL for this prestigious project.

We are glad to be a part of this historic milestone and thus contribute to the **Make-in-India** initiative.

Following Pumps were supplied by KSB :

- Primary cooling pumps
- Shutdown cooling pumps
- Condensate extraction pumps
- Boiler feed pumps
- Auxiliary boiler feed pumps
- Condensate transfer & hot water make-up pumps
- Pumps for primary piping package

Inauguration Ceremony of Special Machines for Manufacturing Nuclear Pumps

Inauguration of special Machines for Nuclear Pumps was held on 29th Jan 2021 at Energy Pump division (EPD), Shirwal which was graced by the presence of key decision makers from Nuclear Power Corporation of India Limited (NPCIL)

CONTENTS

ANNUAL GENERAL MEETING		
Date	:	29th April, 2021
Day	:	Thursday
Time	:	3.00 p.m.
Mode	:	Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") .

COMMUNICATION DETAILS

Tel No. : 020-27101024

Shareholders' Grievance Cell : compsec.india@ksb.com

Website : www.ksbindia.co.in

GENERAL INFORMATION

Board of Directors

Mr. Gaurav Swarup (Chairman)
Mr. D. N. Damania
Mr. Pradip Shah
Mr. V. K. Viswanathan
Ms. Sharmila Barua Roychowdhury
Dr. Stephan Bross
Dr. Matthias Schmitz
Mr. Rajeev Jain (Managing Director)

Chief Financial Officer

Mr. Milind Khadilkar

Company Secretary

Mr. Mahesh Bhave

Collaborators

KSB SE & Co. KGaA, Germany

Registered Office

Office No. 601, Runwal R-Square,
L.B.S. Marg, Mulund (West),
Mumbai - 400 080.

Factories

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

Tamil Nadu -
NSN Palayam, Coimbatore

Zonal and Branch Offices

North	-	Noida (ZO)
Offices	-	Chandigarh, Jaipur and Lucknow
East	-	Kolkata (ZO)
Offices	-	Bhubaneshwar, Jamshedpur and Raipur
West	-	Mumbai (ZO)
Offices	-	Odhav, Baroda, Indore and Pune
South	-	Chennai (ZO)
Offices	-	Bengaluru & Secunderabad

Registrar & Transfer Agent

Link Intime India Pvt. Ltd.

Bankers

Central Bank of India
Deutsche Bank AG
Standard Chartered Bank
ICICI Bank
Kotak Mahindra Bank
Axis Bank
HSBC Bank
Citi Bank
Federal Bank

Statutory Auditors

Price Waterhouse Chartered Accountants LLP

Cost Auditors

Dhananjay V. Joshi & Associates

Secretarial Auditors

Nilesh Shah & Associates

NOTICE

NOTICE is hereby given that the Sixty First Annual General Meeting of the members of KSB LIMITED will be held on Thursday, 29th April, 2021 at 3.00 P.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited standalone financial statements and the audited consolidated financial statements of the Company for the year ended 31st December, 2020, together with the Board's Report and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. Stephan Bross (DIN: 00423114) who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Explanatory Statement under Section 102 of the Companies Act, 2013 ("the Act"), is annexed to the Notice.

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

   "RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013, the remuneration payable for the year ending 31st December, 2021 to M/s Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration No. 000030), appointed by the Board of Directors of the Company to conduct the audit of the Cost Records of the Company, amounting to ₹ 4,85,000 (Rupees Four Lakhs Eighty Five Thousand) as also the payment of GST as applicable and reimbursement of out of pocket expenses incurred during the course of audit be and is hereby ratified and confirmed."

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

   "RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, and Rules thereunder, read with Schedule V to the Act (including any amendment or re-enactment thereof, for the time being in force), the Articles of Association of the Company, based on the recommendation of Nomination and Remuneration Committee and subject to such other approvals as may be necessary, the consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Rajeev Jain (DIN: 07475640) as the Managing Director and Key Managerial Personnel of the Company for a term of 5 years commencing from 1st July, 2021, not liable to retire by rotation, including the remuneration which in any financial year(s) during the said tenure may exceed 5% of the net profits of the Company subject to the overall limits for all managerial persons specified in Section 197(1) read with other relevant provisions of the Act, in the event of loss or inadequacy of profits in any financial year during his said tenure the remuneration be paid within the overall limits of Section 197 of the Act, with an authority to the Board of Directors to pay to Mr. Rajeev Jain remuneration and perquisites within the maximum limits specified below:

(A) Fixed Gross Compensation:

The fixed gross compensation at present is ₹ 2,15,71,000 per annum which shall include Basic salary, Commission, Supplementary allowance and Leave Travel Assistance [refer A (i), (ii), (iii) and (iv)], Provident Fund and Gratuity [refer E (i) & (ii)]. Annual increment will be decided by the Board on the recommendation of the Nomination and Remuneration Committee :

(i) Basic Salary:

Basic salary at present is ₹ 9,96,300 per month. This is subject to revision with the annual increment in the range of ₹ 9,50,000 to ₹ 18,00,000.

(ii) Commission:

50% of Basic salary.

(iii) Supplementary allowance:

As may be decided by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

(iv) Leave Travel Assistance:

For self and family, once in a year in accordance with Rules of the Company.

(B) Bonus:

Performance linked bonus not exceeding one year's Fixed gross compensation stated in (A) above payable annually, as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee. For this purpose, yearly fixed gross compensation would be the amount payable after considering annual increments from time to time and effective for the year for which the bonus is payable.

(C) Special Allowance:

As may be decided by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

(D) Perquisites:

Perquisites will be in addition to Fixed gross compensation, Bonus and Special allowance and the same shall be computed as hereinafter provided.

(i) Housing:

Furnished residential accommodation with free fuel, gas, electricity, telephone, water and furnishings or reimbursement of charges thereof.

Reimbursement of costs for Housekeeping / cook not exceeding ₹ 48,360 per month.

(ii) Car :

A suitable car with driver shall be provided for both – official and personal use. Fuel costs, repairs and maintenance and costs of the driver shall be borne by the Company.

(iii) Club membership :

All costs including entrance fees/ membership fees or any other charges for membership of a club.

(iv) Insurance :

(a) Personal Accident Insurance for self and spouse in case of death by accident / incapacity by accident.

(b) Health Insurance for self and spouse.

The annual premium of (a) and (b) above shall not exceed ₹ 10,00,000 per annum.

(v) Medical examination :

Expenses for a preventive medical examination for Mr. Rajeev Jain shall be borne by the Company.

(vi) Leave :

Annual Leave as per the Rules of the Company.

(vii) Continuation of Salary payments in case of Sickness or Death:

In the case of temporary casual disablement because of illness, the Company shall continue to pay monthly remuneration of not more than 9 months from the beginning of such temporary disablement. In the event of death, the Company shall pay to widow and/or dependent children of Mr. Rajeev Jain currently applicable monthly remuneration including the Bonus for a period of 9 months.

(E) Retirement benefits:

(i) Provident Fund:

Benefit of the Company's contribution to Provident Fund @ 12% of basic salary.

(ii) Gratuity:

Benefit under the Company's Gratuity scheme. Since contribution to the Gratuity fund are not made separately for each employee, determination of financial value is considered @ 4.81% of Basic salary.

(iii) Super Annuation Fund :

Benefit under Company's superannuation scheme.

(iv) Applicability :

For computation of benefit under Company's Gratuity scheme and Superannuation scheme [E (ii) & (iii)], total length of service of Mr. Rajeev Jain shall be considered from his original date of joining KSB Limited i.e. from 16th September, 1985.

(F) Perquisites shall be evaluated as per Income-tax Rules wherever applicable or at actual cost.

(G) Overall remuneration:

The aggregate of the fixed gross compensation, bonus, special allowance, retirement benefits, perquisites, etc. as mentioned above, in any one financial year shall not exceed the limits prescribed under Section 197, 198, Schedule V and other relevant provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 or any modifications or re-enactment for the time being in force.

(H) **Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, in the event of no profits or inadequacy of profits in any financial year, the Company will pay remuneration by way of salary, allowances, bonus and perquisites as specified above, subject to requisite approvals including Central Government, if any, as may be required in that behalf.

(I) Mr. Rajeev Jain, so long as he functions as a Managing Director, shall not be entitled to receive any fees for attending meetings of the Board of Directors and/or any committees thereof and shall not be liable to retire by rotation."

By Order of the Board

GAURAV SWARUP
Chairman

Registered Office:

Office No. 601, Runwal R-Square,
L.B.S. Marg, Mulund (West),
Mumbai- 400 080,

Mumbai, 25th February, 2021

NOTES:

a. In view of Covid-19 pandemic, social distancing norms and restrictions on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020, 20/2020 and 02/2021 dated 8th April, 2020, 13th April, 2020, 5th May, 2020, and 13th January, 2021 respectively (collectively referred to as "MCA Circulars") issued by the Ministry of Corporate Affairs ("MCA") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 12th May, 2020 and 15th January, 2021 respectively issued by the Securities and Exchange Board of India (collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM which does not require physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

b. Since this AGM is being held through VC / OAVM, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

c. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

d. Institutional / Corporate Members (i.e. other than individuals/HUF/NRI etc.) are required to send scanned copy of Board Resolution authorizing their representative to attend the AGM through VC / OAVM on its behalf and to vote through remote E-voting to the Company's Registrar & Transfer Agent ("RTA"), Link Intime India Pvt. Ltd. at the email address : rnt.helpdesk@linkintime.co.in

e. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 17th April, 2021 to Thursday, 29th April, 2021 (both days inclusive).

f. Dividend as recommended by the Board of Directors, if declared at the AGM, will be paid on or after Saturday, 15th May, 2021 to those members whose names appear in the Register of Members at the close of the business hours on 16th April, 2021, in respect of shares held by them in physical form and whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of the business hours on 16th April, 2021 in respect of shares held by them in dematerialised form.

g. Unclaimed interim Dividend for the financial year ended 31st December, 2013 has been transferred to the Investor Education and Protection Fund ("IEPF") after completion of seven years in accordance with Section 125 of the Companies Act, 2013. Other unpaid dividends that are due for transfer are detailed below:

Dividend	For the Financial Year ended	Date of Payment	Due for Transfer on
Final	31st Dec. '13	5th May '14	4th May '21
Final	31st Dec. '14	15th May '15	14th May '22
Final	31st Dec. '15	17th May '16	16th May '23
Final	31st Dec. '16	17th May '17	16th May '24
Final	31st Dec. '17	16th May '18	15th May '25
Final	31st Dec. '18	13th May'19	12th May'26
Final	31st Dec. '19	16th Oct'20	15th Oct'27

Members who have not encashed their Dividend Warrants/Demand Drafts pertaining to the earlier years may approach the Company's Registrar & Transfer Agent ("RTA"), Link Intime India Pvt. Ltd., at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, for the same.

Pursuant to the provisions of Section 124 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF Account established by the Central Government, within thirty days of such shares becoming due for transfer to the Fund. The Members whose shares/ unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in form IEPF 5 (available on www.iepf.gov.in) along with requisite fee as decided by the Authority from time to time. The details of the unclaimed dividends are available on the Company's website at www.ksbindia.co.in and on the website of Ministry of Corporate Affairs at: www.mca.gov.in

h. Members who hold equity shares in physical form and desirous of availing Electronic Clearance Scheme (ECS) facility for direct credit of dividend to their bank account, may submit their request to the Company's RTA. Any query related to dividend should be directed to RTA.

i. The information regarding the Director/s who is/are proposed to be appointed/re- appointed, as required to be provided under Listing Regulations, 2015 and Secretarial Standard on General Meetings, is annexed hereto.

j. In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Notice of the sixty first AGM of the Company along with the Annual Report for the year 2020 is being sent only through electronic mode to those Members whose email addresses are registered with their respective Depository Participants ("DPs"), Company or Company's RTA. Members may note that the Notice of the AGM and the Annual Report for the year 2020 will also be available on the Company's website at www.ksbindia.co.in, and also on the website of the Stock Exchanges where the shares of the Company have been listed viz., BSE Limited- www.bseindia.com and National Stock Exchange of India Limited - www.nseindia.com. The Company has published a Public Notice by way of advertisement with the required details of Sixty First AGM, for information of the Members.

NOTICE (Contd.)

k. Members having more than one folio in identical names are requested to consolidate the same.

l. The Company has made necessary arrangements for the members to hold their shares in dematerialised form. Members holding shares in physical form are requested to dematerialise their shares by approaching any of the DPs.

m. All documents referred in the accompanying Notice and Statement setting out material facts will be available electronically for inspection for Members upto Thursday, 29th April, 2021 being the date of the AGM. Members seeking to inspect such documents can send an email at : compsec.india@ksb.com

n. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

o. **Instructions for Remote E-voting before AGM:**

In compliance with the provisions of Section 108 of Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the provisions of the Regulation 44 of the Listing Regulations, 2015, the members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by Link Intime India Pvt. Ltd., on all resolutions set forth in this Notice.

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

i. Visit the e-Voting website of Link Intime India Private Limited ("LIIPL") at the link: https://instavote.linkintime.co.in

ii. Click on "Log-in" under "Shareholders" section.

iii. Now enter your User ID, password and image verification code (CAPTCHA) as shown on the screen.

iv. User ID details are given below:

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form: Event Number + Folio Number registered with the Company / RTA.

v. Password details are given below:

If you are using e-Voting system of LIIPL: https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under "Shareholders" section, register your details and set the password of your choice and confirm (the password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

For Shareholders holding shares in Demat Form or Physical Form:

PAN*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). *Members who have not updated their PAN with the Company/ Depository are requested to use the sequence number which is enclosed/ printed on Attendance Slip indicated in the PAN Field.
DOB# DOI	Enter the DOB (Date of Birth)/DOI (Date of Incorporation)as recorded in your demat account or in the Company/DP records for the said demat account or folio.
Dividend Bank details#	Enter the Dividend Bank Account Details as recorded in your demat account or in the Company records for the said demat account or folio. #Please enter the DOB/ DOI or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company, please enter the member id / folio number in the Dividend Bank Details field as mentioned in instruction No. iv-c.

vi. After entering these details appropriately, click on "SUBMIT".

vii. If you are holding shares in demat form and had registered on to e-Voting system of LIIPL at https://instavote.linkintime.co.in, and/or voted on an earlier voting of any Company then your existing password is to be used.

viii. If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholder is having valid email address, Password will be sent to the shareholder's registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

ix. The password is to be used by demat shareholders for voting on the resolutions placed by the Company in which they are a shareholder and eligible to vote, provided that the Company opts for e-voting platform of LIIPL.

x. For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

xi. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

xii. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.

xiii. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

Cast your vote by selecting appropriate option i.e. Favour/ Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

xiv. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.

xv. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.

xvi. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

xvii. Note for Non-Individual Shareholders and Custodians:

a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as 'Custodian/ Mutual Fund / Corporate Body'.

b. A scanned certified true copy of the Board resolution /authority letter/power of attorney etc. is required to be uploaded together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

xviii. Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

xix. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e., 23rd April, 2021 follow the same instructions as mentioned above for e-voting.

xx. In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or write an email to enotices@linkintime.co.in or Call : Tel : 022 - 49186000.

Other Instructions

i. The remote e-voting period commences on **Monday, 26th April, 2021 at 9.00 a.m. and ends on Wednesday, 28th April, 2021 at 5.00 p.m.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on **Friday, 23rd April, 2021** (**the cut-off date**) may cast their vote electronically. The e-voting module shall be disabled for voting thereafter.

ii. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on **23rd April, 2021.**

iii. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting and voting during the AGM.

iv. Ms. Hetal Shah, Partner, M/s Nilesh Shah & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.

v. The results declared along with the Scrutinizer's Report shall be placed on the Company's website at www.ksbindia.co.in within two days of the 61st AGM of the Company to be held on **29th April, 2021.**

vi. The contact details for Registrar and Transfer Agent: Link Intime India Pvt. Ltd., Tel. No. : 022 4918 6270, E-mail : rnt.helpdesk@linkintime.co.in

p. Instructions for Members to attend the AGM through (VC/OAVM) :

Members are entitled to attend the AGM through VC/OAVM provided by RTA, Link Intime Pvt. Ltd., by following the below mentioned process:

i. Facility for joining the AGM through VC/OAVM shall open 15 minutes before the time scheduled for the AGM and shall be kept open till the expiry of 15 minutes after the scheduled time on first-come-first basis.

ii. Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chair Persons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis.

iii. Members will be provided with InstaMeet facility wherein they shall register their details and attend the AGM as under:

1. Open the internet browser and open the URL https://instameet.linkintime.co.in
2. Select the **"Company"** and **"Event date"** and register with your following details:

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No.

(a) Members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID

(b) Members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID

(c) Members holding shares in physical form shall provide Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company/RTA.

3. Click “Go to Meeting”: You are now registered for InstaMeet and your attendance is marked for the meeting.

   (Note: Members are encouraged to join the Meeting through Tablets/Laptops connected through broadband for better experience. Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting).

q. **Instructions for Members to Vote during the AGM:**

(a) Only those Members, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.

(b) If any Votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members attending the meeting.

(c) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

Once the electronic voting is activated by the scrutinizer/ moderator during the AGM, the Members who have not exercised their vote through the remote e-voting can cast the vote as under:

i. On the Members VC page, click on the link for e-Voting “Cast your vote”

ii. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on “Submit”.

iii. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.

iv. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.

v. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.

vi. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

r. **Instructions for Members to Speak during the AGM:**

i. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request on or before 21st April, 2021 mentioning their name, demat account number/folio number, e-mail ID, mobile number at: compsec.india@ksb.com

ii. Only those Members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the meeting.

iii. Members will get confirmation on first cum first basis. First 10 Speakers registered with the Company will only be allowed to speak at the AGM for a duration upto 3 minutes each.

iv. Members will receive “speaking serial number” once they mark attendance for the meeting.

v. Members are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

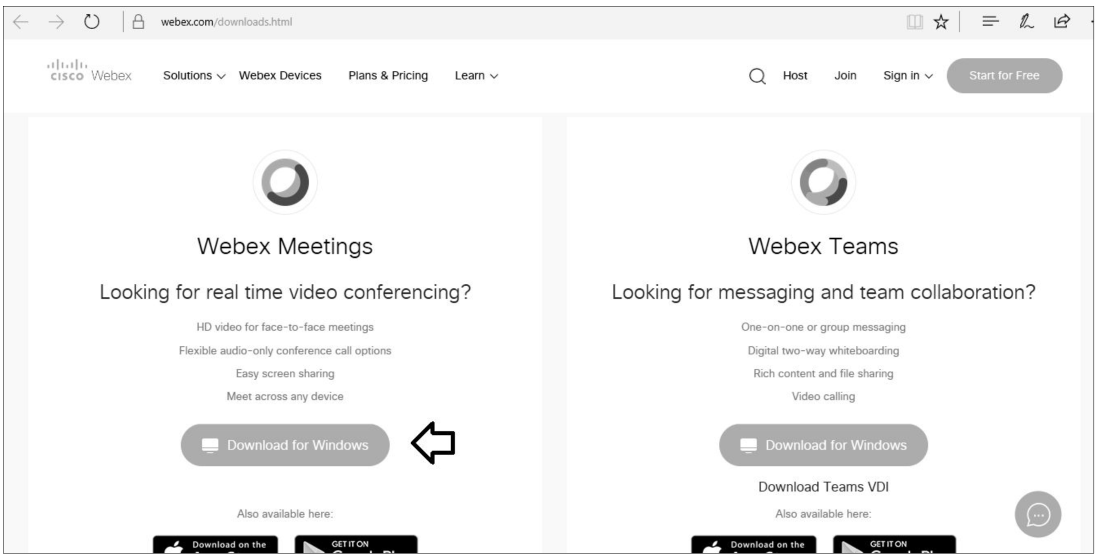
vi. Please remember your speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.

vii. Please note that the Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.

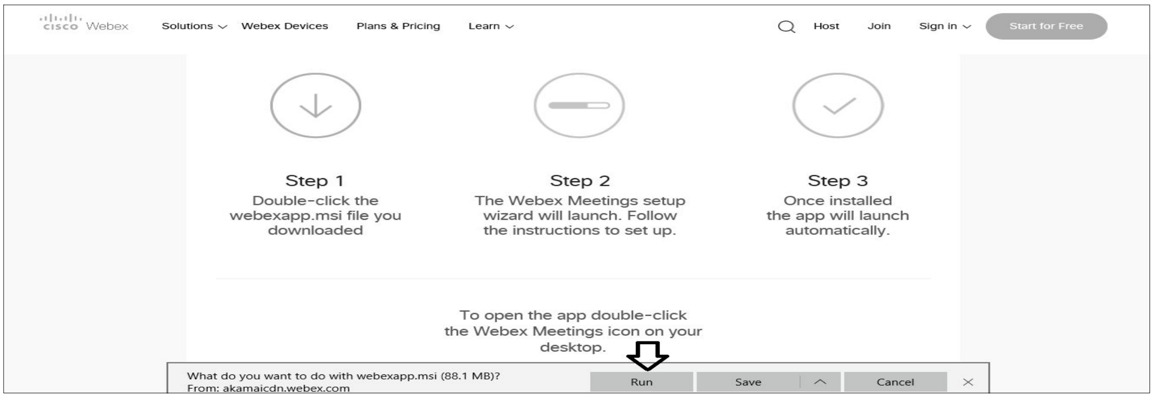
The Members who do not wish to speak during the AGM but have queries may send their queries in advance on or before 21st April, 2021 mentioning their name, demat account number/ folio number, e-mail ID, mobile number at compsec.india@ksb.com .These queries will be replied to by the Company suitably by e-mail.

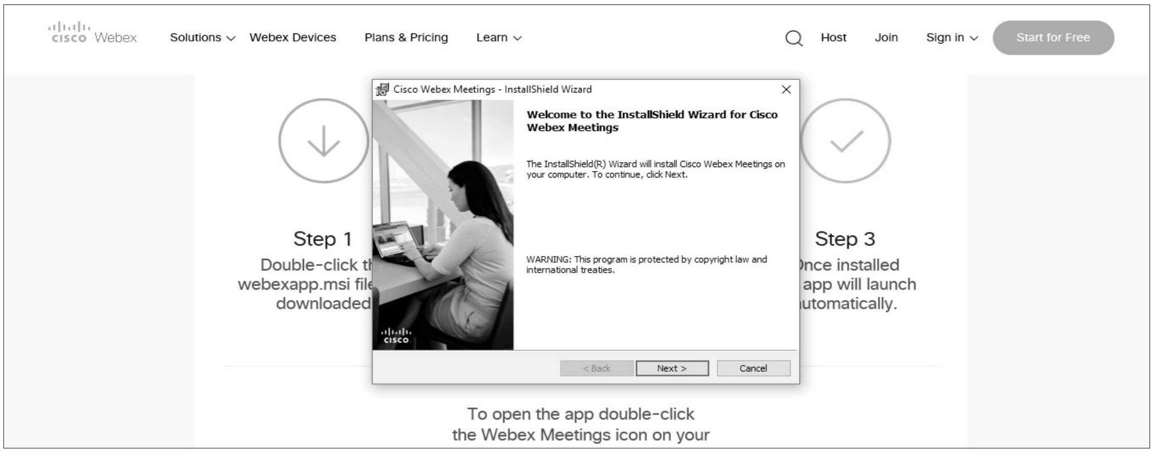
For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as following:

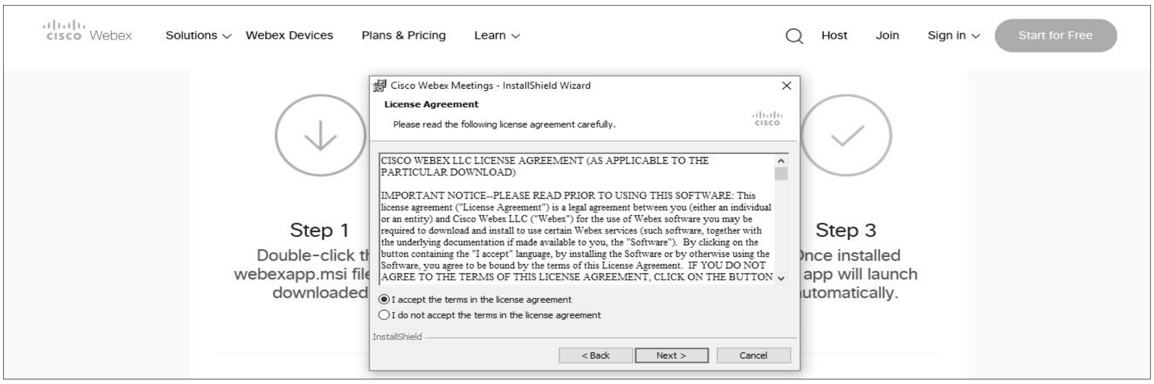
a) Please download and install the Webex application by clicking on the link https://www.webex.com/downloads.html/

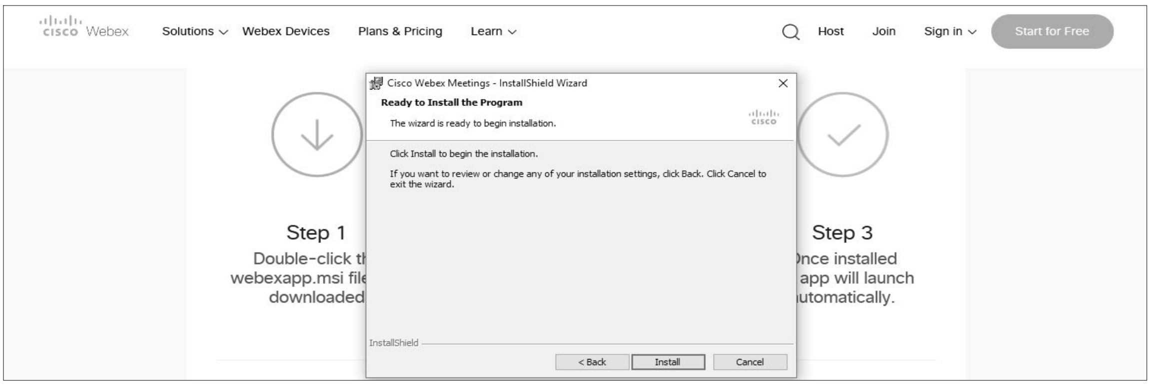


NOTICE (Contd.)









or

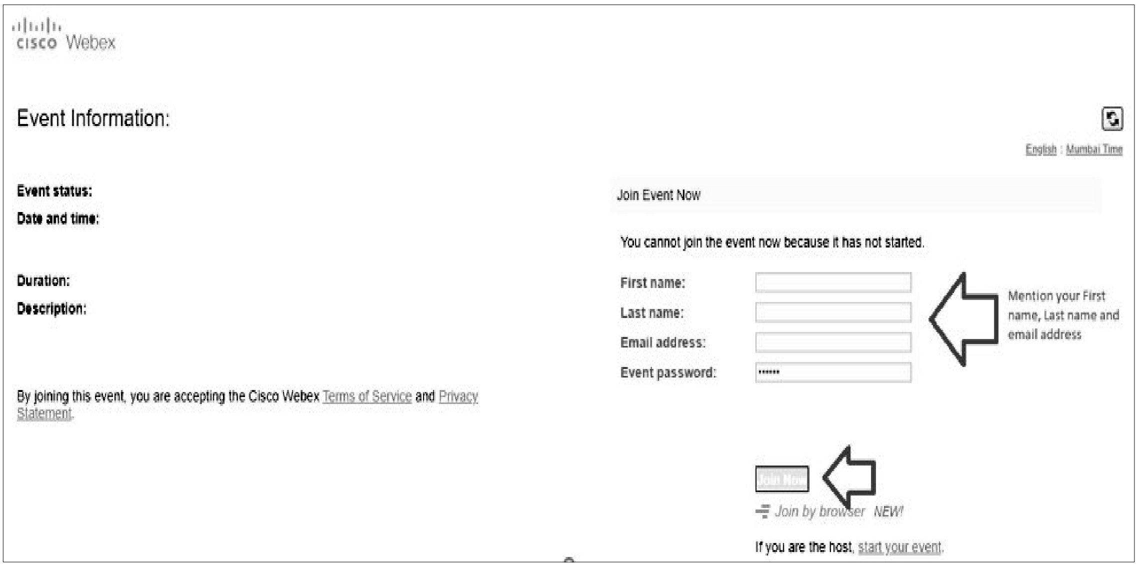
b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

Step 1: Enter your First Name, Last Name and Email ID and click on "Join Now".

1 (A) : If you have already installed the Webex application on your device, join the meeting by clicking on "Join Now".

Click on "Run a temporary application", an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on "Join Now".

1 (B) : If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application.



In case shareholders/members have any queries regarding login, they may send an e-mail to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

s. **Instructions for Income Tax compliances with respect to dividend:**

i. The Finance Act, 2020 has abolished dividend distribution tax (DDT). Accordingly, effective from 1st April, 2020, dividend income will be taxable in the hands of shareholders. Hence the Company is required to deduct tax at source ("TDS") from the amount of dividend paid to shareholders at the prescribed rates. The detailed TDS rates and required documents for claiming non-deduction/lower deduction of TDS are uploaded in the website of the company at: www.ksbindia.co.in

ii. To avail the benefit of non-deduction/lower deduction of TDS kindly submit the required documents by email to ksbdivtax@linkintime.co.in on or before 21st April, 2021:

or

The forms/documents (duly completed and signed) for claiming tax exemption are required to be uploaded on the url: https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html

- On this page the user shall be prompted to select / share the required information therein to register their request.

NOTICE (Contd.)

iii. The forms for tax exemption can be downloaded from Link Intime's website. The url for the same is: https://www.linkintime.co.in/client-downloads.html

- On this page select the General tab. All the forms are available under the head "Form 15G/15H/10F"

iv. The upload of forms/documents (duly completed and signed) on the above mentioned URL of Link Intime India Private Ltd should be done on or before 21st April, 2021 to enable the Company to determine and deduct appropriate TDS / Withholding Tax.

v. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after 21st April , 2021.

vi. All communications/ queries in this respect should be addressed to our RTA, Link Intime India Private Limited to: ksbdivtax@linkintime.co.in

ANNEXURE TO THE NOTICE

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

BUSINESS 4:

The Board of Directors of the Company, on the recommendation of its Audit Committee, has approved the appointment of M/s Dhananjay V. Joshi & Associates, Cost Accountants, Pune, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st December, 2021. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought by way of an Ordinary Resolution as set out at Business No. 4 of the Notice for ratification of the remuneration amounting to ₹ 4,85,000 plus applicable GST and out-of pocket expenses incurred by them in connection with the aforesaid audit.

The Directors recommend the resolution for approval.

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

BUSINESS 5:

The Board upon recommendation of the Nomination and Remuneration Committee, at its meeting held on 25th February, 2021, re-appointed Mr. Rajeev Jain as Managing Director and Key Managerial Personnel of the Company for a term of 5 years effective from 1st July, 2021, subject to approval of members of the Company and such other approvals as may be necessary.

Considering Mr. Rajeev Jain's experience, able leadership and association with the Company, the Board of Directors is of the opinion that it will be in the interest of the Company to re-appoint Mr. Rajeev Jain as the Managing Director of the Company for a term of 5 years from 1st July, 2021.

The Company has received from Mr. Rajeev Jain, (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Companies Act, 2013, confirming his eligibility for such appointment.

The terms of re-appointment of Mr. Rajeev Jain including the terms of remuneration are as per the Resolution set out at Business No. 5.

In the event of conditions beyond control, other adverse factors affecting the business of Company and despite the best efforts of the Management if the financial performance of the Company suffers resulting in inadequate profits in any financial year during the tenure of said appointment, the Managing Director shall be paid remuneration by way of salary and perquisites as set out in the Resolution, as minimum remuneration, subject to restrictions, if any, set out in Schedule V to the Act, from time to time.

This resolution is being proposed as a special resolution in view of the relevant provisions of Schedule V to the Act requiring a special resolution for payment of minimum remuneration in the event of loss or inadequacy of Profit and payment of remuneration exceeding 5% of the net profits of the Company subject to the overall limits for all managerial person specified in Section 197(1) read with other relevant provisions of the Act.

The Directors recommend the resolution for approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Rajeev Jain to whom the resolution relates, are in any way, concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board

GAURAV SWARUP
Chairman

Registered Office:
Office No. 601, Runwal R-Square,
L.B.S. Marg, Mulund (West),
Mumbai- 400 080,

Mumbai, 25th February, 2021

Notes on Director/s seeking appointment/re-appointment

As required under Listing Regulations, 2015 and Secretarial Standards on General Meetings, particulars of Director who is to be appointed/re-appointed are given below:

Name of the Director	Dr. Stephan Bross
Director Identification Number	00423114
Date of Birth	19th July, 1962
Director since	11th February, 2014
Qualifications	BE, MBA (Harvard) Mechanical Engineering Studies (Germany), Research Assistant, Institute for fluid Engineering
Experience	Vast experience in the engineering industry
List of other Directorships in India	Nil
Chairmanship/ Membership of Audit and Stakeholders' Relationship Committees in other Public companies	Nil
Relationship with other Directors and Key Managerial Personnel	Nil
No. of shares held in the Company	Nil
No. of Board meetings attended during last Financial Year	4 (Four)
Details of Remuneration paid/ sought to be paid	Sitting fees and commission
Terms and conditions of appointment	Non Executive Director (Non Independent), liable to retire by rotation.

Name of the Director	Mr. Rajeev Jain
Director Identification Number	07475640
Date of Birth	7th March, 1964
Director since	1st July, 2016
Qualifications	BE (Mechanical)
Experience	Vast experience in the engineering industry
List of other Directorships in India	Pofran Sales and Agency Limited KSB MIL Controls Limited KSB Tech Private Limited
Chairmanship/ Membership of Audit and Stakeholders' Relationship Committees in other Public companies	Audit Committee: Chairman: KSB MIL Controls Limited Member: Nil Stakeholders' Relationship Committee: Chairman: Nil Member: Nil
Relationship with other Directors and Key Managerial Personnel	Nil
No. of shares held in the Company	800
No. of Board meetings attended during last Financial Year	4 (Four)
Details of Remuneration paid/ sought to be paid	₹ 44.29 Million
Terms and conditions of appointment	Executive Director (Non Independent), not liable to retire by rotation.

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, 2020.

FINANCIAL RESULTS AND DIVIDEND

Financial Results (Standalone):

₹ Million

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from operations and Other Income	12,404.14	13,180.39
Profit before tax	1,549.34	1,375.81
Income tax expense		
Current	612.17	337.72
Deferred tax	(36.21)	59.84
Total tax expense	575.96	397.56
Profit for the year	973.38	978.25
Other comprehensive income	(37.74)	(52.56)
Total comprehensive income	935.64	925.69
Appropriations:		
Opening balance of retained earnings	6,370.53	5,695.94
Profit for the year	973.38	978.25
Dividend paid (including tax thereon)	(278.46)	(251.10)
Other comprehensive income recognised directly in retained earnings	(37.74)	(52.56)
Total retained earnings	7,027.71	6,370.53
EPS	27.96	28.10

The Company does not propose to transfer any amount to its Reserves for the year under review.

Dividend:

The Board of Directors propose a dividend of ₹ 8.5 per share of ₹ 10 each (85 %).

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:

The Financial year 2020 posed several challenges on account of adverse situations of COVID-19 pandemic. With the government of India announcing nation-wide lockdown towards the end of the first quarter of 2020 to contain the spread COVID-19 pandemic, the country witnessed complete shutdown of business and social activities. The Company's plants across locations were shut during the lockdown. The plants resumed the operations post-lockdown following the government protocols. The extensive focus on the development and implementation of workplace response plans to address COVID-19-related health and safety risks at each site ensured that our people felt safe and were informed about the necessary preventive measures.

Despite such multi-pronged challenges, the Company could achieve relatively good performance during the year 2020. The Company could achieve higher profitability as compared to previous year due to reduction in fixed costs and overheads in the face of pandemic situations and due to excellent steps taken by management for cost cutting measures and to improve the performance of the Company in such situations by reducing overdue payments and execution of orders and improving productivity.

Export increased by ₹ 94 Million from ₹ 2,245 Million last year to ₹ 2,339 Million.

The Company continues with its efforts to maintain growth even during the continued pandemic situation and related challenges.

Credit Rating:

ICRA Limited has reaffirmed the Long Term rating (Fund based) [ICRA] AA+ (stable) and Short Term Rating [ICRA] A1+ assigned for the Line of Credit of the Company. This reaffirms the high reputation and the trust Company has earned for its sound financial management and its ability to meet financial obligations. Below Credit Ratings are obtained during past 3 years:

Year	Amount (₹ in Million)	Rating
2020	25,000.00	Long Term AA+, Short Term A1+
2019	25,000.00	Long Term AA+, Short Term A1+
2018	12,000.00	Long Term AA+, Short Term A1+

The Company does not have any debt instruments, fixed deposit program or any scheme for mobilization of funds and accordingly it has not obtained any credit ratings during the financial year for these purposes.

Fixed Deposits:

The Company has not accepted any deposits.

Transfer to Investor Education and Protection Fund ("IEPF"):

During the year, in accordance with section 125 of the Companies Act, 2013 ("the Act") an amount of ₹ 5,41,963 being unclaimed dividends up to the year 31st December, 2013, were transferred to the Investor Education and Protection Fund established by the Central Government.

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 ("IEPF Rules"), as amended, the shares on which dividend remains unpaid / unclaimed for seven consecutive years or more shall be transferred to the Investor's Education and Protection Fund (IEPF). Accordingly, during the year Company has transferred 3,180 equity shares to the IEPF including the outstanding Bonus shares. The details of equity shares transferred are available on the Company's website at: www.ksbindia.co.in

Subsidiary and Associate:

The Company has 1 subsidiary, viz. Pofran Sales and Agency Limited and 1 associate, viz. KSB MIL Controls Limited as on 31st December, 2020.

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 as Annexure I.

The audited financial statements of Pofran Sales and Agency Limited for the year ended 31st March, 2020 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 electronically upon request by any member of the Company interested in obtaining the same.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Annexed to this report as Annexure II.

REPORT ON CORPORATE GOVERNANCE

Annexed to this Report alongwith certificate thereon as Annexure III.

BUSINESS RESPONSIBILITY REPORT

Annexed to this report as Annexure IV.

EXTRACT OF ANNUAL RETURN

Annexed to this report as Annexure V.

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.

DISCLOSURE UNDER REGULATION 34(3) OF SEBI LISTING REGULATIONS, 2015

There are no loans and advances in the nature of loans to subsidiary/ associate/ firms/ Companies in which Directors are interested.

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 stakeholders to bring to the attention of the management, the concerns about behaviours 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. The Risk Management Committee monitors the risks and their mitigation actions.

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 complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, to redress complaints received regarding sexual harassment. The Company has in place a policy in line with the requirements of the said Act. During the year, one complaint with allegations of sexual harassment was received by the Company and the same is under investigation.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Dr. Stephan Bross retires by rotation and is eligible for reappointment.

At the 59th Annual General Meeting of the Company held on 8th May, 2019 the shareholders have approved re-appointment of Independent Director Mr. V.K. Viswanathan for a period of five consecutive years effective from 16th January, 2020.

The Board of Directors, on recommendation of the Nomination and Remuneration Committee and Audit Committee, appointed Mr. Mahesh Bhave as GM-Finance and Company Secretary and Key Managerial Personnel of the Company effective from 16th January, 2020.

The Board of Directors, on recommendation of the Nomination and Remuneration Committee, has proposed re-appointment of Mr. Rajeev Jain as Managing Director and Key Managerial Personnel of the Company for a term of 5 years effective from 1st July, 2021. The Board recommends this re-appointment for approval of the shareholders.

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 and Regulation 25 of the Listing Regulations, 2015.

BOARD MEETINGS

During the year ended 31st December, 2020, four meetings of the Board were held.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and other matters forms part of report on Corporate Governance. The detailed policy is available on the Company's website at: www.ksbindia.co.in

EVALUATION OF BOARD OF DIRECTORS

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

BOARD COMMITTEES

The Company has five Committees of Board, viz,

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

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 as Annexure VI.

The information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be available electronically for inspection by members upto Thursday 29th April, 2021, being the date of the 61st AGM. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished electronically on such request.

STATUTORY AUDITORS

Pursuant to provisions of Section 139 of the Act and Rules thereunder, M/s Price Waterhouse Chartered Accountants LLP (Registration No. 012754N/ N500016) were appointed as Statutory Auditors of the Company for a term of five years, to hold office from the conclusion of 57th Annual General Meeting, until the conclusion of 62nd Annual General Meeting.

A certificate from Statutory Auditors has been received to the effect that their appointment as Statutory Auditors of the Company, continues to be according to the terms and conditions prescribed under Section 139 of the Act and Rules framed there under.

The Auditors' Report for the financial year 2020 does not contain any qualification, reservation, adverse remark or disclaimer except the updated comment about the incident of fraud as reported by the Company in previous Annual Report 2019.

COST AUDITORS

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Act, 2013, is required by the Company and accordingly such accounts and records are prepared and maintained. Pursuant to Section 148, the Board on the recommendation of the Audit Committee has re-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 2021 at a remuneration as mentioned in the Notice convening the 61st Annual General Meeting and the same is recommended for your consideration and ratification. The Cost Audit Report for financial year 2019 which was due to be filed with the Ministry of Corporate Affairs before 29th June, 2020, was filed on 25th May, 2020 and it did not contain any qualification, reservation, adverse remark or disclaimer.

SECRETARIAL AUDITORS

Pursuant to provisions of Section 204 of the Act and Rules thereunder, the Secretarial Audit Report for financial year 2020 issued by Secretarial Auditors, M/s Nilesh Shah and Associates, Company Secretaries, Mumbai is annexed to this report as Annexure VII and it does not contain any qualification, reservation, adverse remark or disclaimer except the self explanatory comments. During the year, due to technical glitches faced on the Ministry of Corporate Affairs ("MCA") Portal, the Company could not upload and pay for the said eForm MGT-14. The form pertained to intimation of prescribed matters under Section 179 of the Act. The Company attempted several times for uploading and payment of the Form but each time technical issues were faced on the MCA portal. Due to such technical reasons and lockdown conditions the form remained un-uploaded for more than 300 days. The Company with the approval of Board of Directors is in the process of initiating to file for condonation of delay and make the compliance good.

SECRETARIAL STANDARDS

During the year 2020, the Company has complied with applicable Secretarial Standards issued by the Institute of the Company Secretaries of India.

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 as Annexure VIII.

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 as Annexure IX.

ACKNOWLEDGEMENTS

The Board of Directors are grateful to Canadian Kay Pump Ltd., the main shareholder, and to KSB SE & Co. KGaA, 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 all employees including the workers, staff and management and all others concerned with the Company's business.

On behalf of the Board of Directors
GAURAV SWARUP
Chairman

Mumbai, 25th February, 2021

ANNEXURE I TO BOARD'S REPORT

FORM NO. AOC–1

Statement containing salient features of the financial statement of subsidiaries/associate companies as per Section 129 (3) and Rules thereunder

Part "A": Subsidiaries

₹ 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, 2020 to 31st March, 2021*
Reporting currency and Exchange rate	₹
Share capital	0.50
Reserves & Surplus	1.39
Total Assets	1.93
Total Liabilities	0.04
Investments	-
Turnover	-**
Profit / (Loss) before taxation	(0.09)
Provision for taxation	0.01
Profit / (Loss) after taxation	(0.08)
Proposed Dividend	-
% of shareholding	100

*The consolidation is based on the unaudited financial information for the period ended as on 31st December, 2020 of the subsidiary.

** Subsidiary's business operations are temporarily stopped subsequent to termination of agency agreement with its sole customer.

Part "B": Associate

₹ Million

Name of the associate	KSB MIL Controls Limited
The date on which associate was associated / acquired	24th October, 1997
Latest audited Balance Sheet date	31st December, 2020
Number of shares of associate held by the company on the year end	7,35,000
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	662.27
Profit / Loss for the year	103.86
i. Considered in consolidation	50.89
ii. Not Considered in consolidation	52.97

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

Gaurav Swarup
Chairman

Mahesh Bhave
Company Secretary

D. N. Damania
Director

Rajeev Jain
Managing Director

Mumbai, 25th February, 2021

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ANNEXURE II TO BOARD'S REPORT

INTRODUCTION

The Company is engaged in the business of manufacture of power driven pumps and industrial valves. Castings are mainly produced for captive consumption.

INDUSTRY STRUCTURE AND DEVELOPMENT

General

Following a collapse last year caused by the COVID-19 pandemic, global economic output is expected to expand 4% in the year 2021 but still remains more than 5% below pre-pandemic projections. Global growth is projected to moderate to 3.8% in the year 2022, weighed down by the pandemic's lasting damage to potential growth. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in Emerging Market and Developing Economies (EMDEs) and set back key development goals.

In India, the pandemic hit the economy at a time when growth was already decelerating. Output is projected to fall by 7.7% in the year 2021, reflecting a sharp drop in household spending and private investment. The pandemic disproportionately affected activity in the services sector (mainly in urban areas, such as retail), paralyzed consumption, and caused significant unemployment. Recent high frequency data indicate that the services sector recovery is gaining momentum.

Pumps and valves industries

The pump market in India by revenue is expected to grow at a CAGR of over 7% during the period 2021–2026. The demand for pumps is expected to grow at a steady rate due to the increased application of pumps in several end-user sectors.

The increased oil and gas demand and high investments in water and wastewater treatment activities are projected to increase sales substantially. Factors such as the increased focus on energy-efficient products in the water and wastewater industry, the development of generic pharmaceutical production, rapid urbanization, and the rise in massive housing schemes and expansion in infrastructural projects are likely to influence the growth.

OPPORTUNITIES AND THREATS

The industry offers varied opportunities for the company to maintain growth. The Company continues to take efforts to identify opportunities in various types of products, government initiatives, and competitive advantage and deploys efforts and resources that may be required.

The company constantly monitors the threats from competition, industry, product life cycle, raw material costs and takes steps to maintain/ enhance existing competence.

SEGMENTWISE PERFORMANCE (Consolidated)

During the year under review, pumps and related spares worth ₹ 9,570 Million (Previous year ₹ 10,335 Million) and valves and related spares worth ₹ 1,991 Million (Previous year ₹ 2,050 Million) were sold.

Out of the above, export of pumps, valves and their spares in terms of value were ₹ 2,339 Million (Previous year ₹ 2,245 Million)

OUTLOOK

Post the initial lag during the start of the year 2021, the Company expects the market for pumps, valves and services to grow reasonably in line with general industrial outlook. The export sector is also expected to grow moderately; provided the pandemic effect is completely over post June 2021.

RISKS AND CONCERNS THE MANAGEMENT PERCEIVE

Risks to the outlook are tilted to the downside. They include more severe and longer-lasting infection rates from the pandemic, financial and debt distress caused by an abrupt tightening of financing conditions or widespread corporate bankruptcies, adverse effects of extreme weather and climate change, weaker-than-expected recoveries in key partner economies, and a worsening of policy- and security-related uncertainty.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Internal Control Systems are implemented:

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

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

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

The Audit Committee meets periodically to review -

- Financial 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.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL EFFICIENCY

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES, INDUSTRIAL RELATIONS

The outbreak of pandemic resulted in new roadblocks for the Economy, causing disruptive impact on the way organizations work. Paving the way through the crisis, the Company could effectively continue to work with all the stakeholders. The focus on strengthening the processes of attracting, developing, engaging and retaining the human asset was continued during the year. With the robust systems and processes, an agile and responsive approach, the Company continued its efforts on digitalization, process improvement, employee engagement and improving the work life balance contributing its own share in achieving the business goal and outcome for the Year 2020. The trainee programme augmented with recruitment of experienced talent from the market, enthuse talent with challenging work, market driven remuneration, learning avenues, development opportunities and quality of life is an integral part of our leadership pipeline development process. The Company continued its approach to the management development on the belief that learning initiatives must remain synergistic and aligned to business outcomes. Employee recognition through introduction of recognition platforms across businesses, communication through Town Halls, meetings of young and potential managers with senior leaders, reinforcement of career dialogues and improving goal clarity through the performance management system have all contributed to improving the levels of engagement across the

Company and creating a strong culture of ownership and accountability. Inspite of the Economic slow-down the Company recognized the contribution of the employees through structured compensation revision process. The highest standards of safety and precautionary measures were established, Work from home concept was initiated wherever possible, using the time effectively for skill development of employees through various E- learning Platform, Using the technology enabled solutions for employee connect. This was supplemented with the provision of counselling services, employee wellness programmes, formal-casual connect, internal communication drives across a spectrum of platforms recognizing the role of employees and their contributions. In order to uphold the values of ethical conduct and compliance, the Company ensured all employees followed a detailed and structured training and awareness programme to familiarize themselves with the standards and expectations on ethics. Company remains dedicated to an Employee Relations climate of partnership and collaboration ensuring that operations are cost effective, flexible and responsive. During these difficult times, the Company reached out to the disadvantaged and weaker sections of society and provided assistance through our CSR program. Inspired by this Vision, driven by Values and powered by internal Vitality, we look forward to the future with confidence and stand committed to create a brighter future for all stakeholders.

CAUTION

This report is based on the experience and information available to the Company in the pumps and valves 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.

KEY FINANCIAL RATIOS

Key financial ratios of the Company showing financial performance are as under:

Ratios (Standalone)		Year Ended 31st December 2020	Year Ended 31st December 2019
1.	Debtors Turnover (days)	86	88
2.	Inventory Turnover	110	92
3.	Operating Profit Margin (%)	11.33	9.94
4.	Net Profit Margin (%)	8.12	7.62
5.	Return on Net Worth (%)*	11.96	13.09
6.	Interest Coverage Ratio (%)**	46.56	26.96

* Return on Net Worth decreased turnover marginally impacted by COVID-19.

** Interest coverage ratio increased due to higher profit and lower finance cost.

On behalf of the Board of Directors,
GAURAV SWARUP
Chairman

Mumbai, 25th February, 2021

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

DISTRIBUTION OF INCOME (STANDALONE)

₹ Million

		Year ended 31st December, 2020 ₹	%	Year ended 31st December, 2019 ₹	%
1.	Raw Materials/Bought-out components consumed	6,205	50.03	6,983	52.47
2.	Excise Duty(till 30th June, 2017)	-	-	-	-
3.	Employee benefit expense	1,862	15.01	1,772	13.32
4.	Other Expenses	2,336	18.83	2,667	20.04
5.	Finance cost	34	0.27	53	0.40
6.	Depreciation	418	3.37	457	3.43
7.	Taxation				
	Current	422	3.40	338	2.54
	Tax settlement relating to previous years	190	1.53	-	-
	Deferred	(36)	(0.29)	60	0.45
8.	Other Comprehensive (Income)/Expense	38	0.31	52	0.39
9.	Dividend (including tax thereon)	278	2.24	251	1.89
10.	Retained Earnings	657	5.30	675	5.07
	TOTAL	12,404	100.00	13,308	100.00

FINANCIAL POSITION AT A GLANCE (STANDALONE)

₹ Million

CAPITAL

	Year ended 31st December, 2020	Year ended 31st December, 2019
ASSETS OWNED		
Non-Current Assets		
1. Property, Plant and Equipment (including Capital Work in Progress and RoU assets)	3,421	3,402
2. Intangible Assets	14	16
3. Investments	63	63
4. Other Non-Current Assets (net)	(81)	(16)
5. Deferred Tax Assets (net)	168	119
Current Assets (Net) excluding borrowings	5,479	4,823
TOTAL	9,064	8,407
FINANCED BY		
1. Borrowings	600	600
2. Net Worth*	8,464	7,807
TOTAL	9,064	8,407
*Represented by Equity Share Capital	348	348
Other equity	8,116	7,459
TOTAL	8,464	7,807
INCOME EARNED		
1. Revenue from operations	12,081	12,939
2. Other Income	323	369
TOTAL	12,404	13,308
INCOME DISTRIBUTED		
1. Materials consumed	6,205	6,983
2. Excise Duty (till 30th June, 2017)	-	-
3. Employee benefits expense	1,862	1,772

₹ Million

		Year ended 31st December, 2020	Year ended 31st December, 2019
4.	Other expenses	2,336	2,667
5.	Finance cost	34	53
6.	Depreciation	418	457
7.	Taxation		
	Current	422	338
	Tax settlement relating to previous years	190	-
	Deferred	(36)	60
8.	Other Comprehensive (Income)/Expense (net)	38	52
9.	Dividend (including tax thereon)	278	251
10.	Retained Income	657	675
	TOTAL	12,404	13,308

FINANCIAL SUMMARY (STANDALONE)

	2020	2019	2018	2017	2016
CAPITAL ACCOUNTS (₹ Million)					
Liabilites					
Equity Share Capital	348	348	348	348	348
Other Equity	8,116	7,459	6,784	6,277	5,808
Non-Current Liabilities	462	424	366	373	370
Assets					
Non-Current Assets					
Gross Block	7,482	7,184	6,615	6,152	5,149
Net Block	3,435	3,418	3,252	3,123	2,351
Investments	63	63	63	63	63
Other Non-Current Assets	381	408	520	629	704
Deferred Tax Assets (net)	168	119	161	176	153
Current Assets (Net)	4,879	4,223	3,502	3,007	3,255
REVENUE ACCOUNTS (₹ Million)					
Revenue from operations and Other Income	12,404	13,308	11,198	10,008	9,052
Gross Profit before finance cost and depreciation	2,001	1,886	1,550	1,391	1,315
Finance cost	34	53	37	35	31
Depreciation	418	457	397	309	294
Profit before tax	1,549	1,376	1,116	1,047	990
Profit after tax	973	978	740	677	654
Dividend amount (including tax thereon)	278	251	243	230	230
Retained earnings	657	675	507	470	387
SELECTED INDICATORS					
Return on Capital Employed %	17.46	17.00	15.24	16.03	16.40
Current Ratio	2.01	1.96	1.96	1.99	2.17
Earnings per share	27.96	28.10	21.27	19.45	18.77
Debt equity ratio	0.07	0.08	0.06	0.02	0.01
Book value per share	243.18	224.30	204.91	190.34	176.87
Dividend %	80	60	60	55	55
Fixed Assets Turnover	3.61	3.89	3.44	3.20	3.85

ANNEXURE III 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 eight Directors as on signing of this report, 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	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM
Mr. Gaurav Swarup	00374298	Chairman - NED	4	Yes
Mr. D. N. Damania	00403834	NED - I	4	Yes
Mr. Pradip Shah	00066242	NED - I	4	Yes
Mr. V. K. Viswanathan*	01782934	NED - I	4	Yes
Ms. Sharmila Barua Roychowdhury	08242998	NED - I	4	Yes
Dr. Stephan Bross	00423114	NED	4	Yes
Dr. Matthias Schmitz	07884418	NED	3	No
Mr. Rajeev Jain	07475640	Managing Director - ED	4	Yes

ED : Executive Director
NED : Non-Executive Director
NED – I : Non-Executive Director – Independent

* Mr. V. K. Viswanathan is reappointed for second term effective from 16th January, 2020.

(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. Gaurav Swarup	6	1	2
Mr. D. N. Damania	3	3	Nil
Mr. Pradip Shah	7	3	3
Mr. V. K. Viswanathan	7	2	5
Ms. Sharmila Barua Roychowdhury	Nil	Nil	Nil
Dr. Stephan Bross	Nil	Nil	Nil
Dr. Matthias Schmitz	Nil	Nil	Nil
Mr. Rajeev Jain	2	0	1

@ Directorships of other Indian Public Limited Companies are included.

Memberships / Chairmanships in Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies are included in above table.

(d) Membership on the Boards of other listed Companies

Name of Director	Name of other Listed Company	Category
Mr. Gaurav Swarup	Swadeshi Polytex Limited	Chairman & NED
	Industrial And Prudential Investment Company Limited	Chairman & MD
	Avadh Sugar & Energy Limited	NED-I
	TIL Limited	NED-I
	Graphite Limited	NED-I
Mr. D. N. Damania	Sanghvi Movers Limited	NED-I
	Sudarshan chemical Industries Limited	NED-I
Mr. Pradip Shah	BASF India Limited	Chairman & NED-I
	Kansai Nerolac Paints Limited	Chairman & NED-I
	Sonata Software Limited	Chairman & NED-I
	Pfizer Limited	NED-I
	Bajaj Auto Limited	NED-I
	Bajaj holding and investment	NED-I

Mr. V. K. Viswanathan	Bharti Airtel Limited	NED-I
	HDFC Life Insurance Company Limited	NED-I
	Magma Fincrop Limited	NED-I
	United Spirits Limited	NED-I
	ABB India Limited	NED-I
Ms. Sharmila Barua Roychowdhury	Nil	Nil
Dr. Stephan Bross	Nil	Nil
Dr. Matthias Schmitz	Nil	Nil
Mr. Rajeev Jain	Nil	Nil

MD : Managing Director, NED : Non-Executive Director

NED – I : Non-Executive Director – Independent

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

Meetings were held on 27th February, 2020, 11th June, 2020, 14th August, 2020 and 5th November, 2020.

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

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

Name of Non- Executive Director	No. of shares held
Mr. Gaurav Swarup	34,000
Mr. D. N. Damania	4,200

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

(h) Web-link of familiarisation programme for Independent Directors : https://www.ksbindia.co.in

(i) The Board evaluates its composition to ensure that the Board has the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In the table below, the specific areas of focus or expertise of individual Board members have been highlighted.

No.	Essential Core skills/expertise/ competencies required for the Company	Core skills/expertise/competencies of all the Directors on the Board of the Company
1	Strategic and Business Leadership	The Directors and especially the Managing Director have many years of experience.
2	Financial expertise	The Board has eminent business leaders with deep knowledge of finance and business.
3	Governance, Compliance and Regulatory	The presence of Directors with qualifications and expertise in Law and Regulatory affairs lends strength to the Board.
4	Knowledge and expertise of Trade and Technology	The Directors have profound knowledge of economic Affairs, trade and technology related matters.

(j) The Board has noted the declaration received from the Independent Directors pursuant to Listing Regulations, 2015 with regard to their Independence and is of the opinion that the Independent Directors fulfil the conditions of independence and are independent of the management of the Company.

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.

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. Gaurav Swarup	4	4
Dr. Stephan Bross	4	4
Mr. Pradip Shah	4	4
Mr. V. K. Viswanathan	4	4
Ms. Sharmila Barua Roychowdhury	4	4

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

Meetings were held on 27th February, 2020, 11th June, 2020, 14th August, 2020 and 5th November, 2020.

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	3
Mr. Pradip Shah	3	3
Mr. Gaurav Swarup	3	3

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

Meetings were held on 27th February, 2020, 11th June, 2020 and 5th November, 2020.

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 and 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 (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. Summary of evaluation is presented to the Nomination and Remuneration Committee and the Board of Directors (as applicable).

Directors express their satisfaction with the evaluation process.

C. Corporate Social Responsibility Committee

i. Terms of Reference

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

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	3	3
Mr. Gaurav Swarup	3	3
Mr. Rajeev Jain	3	3

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

Meetings were held on 27th February, 2020, 11th June, 2020 and 5th November, 2020.

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. D. N. Damania (Chairman)	1	1
Mr. Gaurav Swarup	1	1
Mr. Rajeev Jain	1	1

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

Meeting was held on 5th November, 2020.

iv. Compliance Officer is Mr. Mahesh Bhave, Company Secretary.

During the year under review 1 grievance was received based on the reports from Link in time India Private Limited. The grievance has been resolved to the satisfaction of the shareholder. There are no pending Complaints as at the year end.

E. Risk Management 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. Pradip Shah (Chairman)	1	1
Dr. Matthias Schmitz	1	0
Mr. Rajeev Jain	1	1

iii. Details of Risk Management Committee meetings held during the year under review

The Meeting was held on 27th February, 2020.

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 on the recommendation of Nomination and Remuneration Committee determine the performance linked bonus from year to year.

(a) Details of remuneration paid/payable to the Executive Director for the year under review

₹ '000s

Name of the Director	Salary	Commission	Performance linked bonus	Perquisites Contribution to Provident Fund	Total	Terms of appointment
Mr. Rajeev Jain	11,956	5,978	12,011	14,342	44,287	5 years, effective from 1st July, 2016 to 30th June, 2021

Notes:

i. 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 are not separately available.

ii. The Company does not have a stock option scheme.

iii. 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.

(b) The Board of Directors decide the remuneration of Non-Executive Directors which consists of a sitting fee as well as commission based on the net profits of the Company. As approved by the members commission amount is limited to 1% of the net profits of the Company.

Details of remuneration to Non-Executive Directors for the period 1st January, 2020 to 31st December, 2020 are as under:

₹ '000s

Name of the Directors	Directors' Fees	Commission (to be proposed)
Mr. Gaurav Swarup	245	1,650
Mr. D. N. Damania	245	1,320
Mr. Pradip Shah	220	1,320
Mr. V. K. Viswanathan	180	1,320
Ms. Sharmila Barua Roychowdhury	180	1,320
Dr. Stephan Bross	180	1,320
Dr. Matthias Schmitz	75	1,320
Total	1,325	9,570

5. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue
2017	25th April, 2018	3.00 p.m.	Bajaj Bhavan, Mumbai
2018	8th May, 2019	3.00 p.m.	Bajaj Bhavan, Mumbai
2019	28th September, 2020	3.00 p.m.	Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

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

Financial Year	Special Resolution Passed
2017	Yes
2018	Yes
2019	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 2021, as per the prescribed procedure.

6. MEANS OF COMMUNICATION

i. Quarterly Results	Published in the newspaper every quarter
ii. Newspapers wherein results are normally published	i. Business Standard ii. Navshakti
iii. Any website, where results are displayed	On the website of the Company at www. ksbindia.co.in and on websites of BSE Limited and National Stock Exchange of India Ltd.
iv. Whether it also displays official news releases	Yes
v. The presentations made to institutional investors or to the analysts	Yes and the same is available on the website of the Company at www.ksbindia.co.in

7. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	29th April, 2021 at 3.00 p.m. through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM").
Financial Year	The financial year under review covers the period 1st January, 2020 to 31st December, 2020.
Date of Book Closure	17th April, 2021 to 29th April, 2021 (both days inclusive).
Dividend Payment date	15th May, 2021 onwards
Listing on Stock Exchanges	1. BSE Limited, Mumbai 2. National Stock Exchange of India Limited (NSE), Mumbai The Company has paid the listing fees for the period 1st April, 2020 to 31st March, 2021.
Stock Code	1. BSE : 500249 2. NSE : KSB 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	Transfer of shares held in physical form is not permitted after 31st March, 2019 as per the SEBI notifications.

Updation of KYC details	Members are requested to update their KYC details with Company's RTA viz. Link in time India Pvt. Ltd. at the earliest.
Distribution of Shareholding and Shareholding pattern as on 31st December, 2020	Please see Annexure 'C'.
Dematerialisation of shares and liquidity	99.19% of the Paid-up Capital has been dematerialised as on 31st December, 2020.
Outstanding GDRs/ADRs/Warrants or any Convertible instruments conversion date and likely impact on equity	Not issued.
Plant Locations	The Company's plants are located at **Maharashtra-** Pimpri, Pune Chinchwad, Pune Vambori, Ahmednagar Sinnar, Nashik Kesurdi, Shirwal / Khandala **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
Credit Rating	The Company does not have any debt instruments, fixed deposit program or any scheme for mobilization of funds and accordingly it has not obtained any credit ratings during the financial year for these purposes. The details of Credit Rating obtained for borrowings are covered in the Board's Report annexed herewith.

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

The Company has not entered into any transactions of a material nature with the promoters, Directors or management their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large.

Normal trade transactions, sales commission agreement for exports and license and technical collaboration agreements are being entered into with KSB SE (Previously 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 Ind AS 24 are given under Notes to the financial statements.

The link of the Related Party Policy of the Company has been included in the annexure IX to the Board's Report.

Details of shareholdings of Non-Executive Directors and dividend paid thereon:

Name of the Directors	No. of shares held	Dividend paid (₹)
Mr. Gaurav Swarup	34,000	2,72,000
Mr. D. N. Damania	4,200	33,600

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 except one instance of delayed prior intimation of Board Meeting for adoption of results for the quarter ended 30th September, 2018. The Company had paid requisite fine to BSE Limited and National Stock Exchange of India Limited.

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.

E. Whistle Blower Policy

The Whistle Blower Policy has been adopted to provide appropriate avenues to the stakeholders 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 personnel has been denied access to the Chairman of the Audit Committee.

F. Details required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been disclosed in Board's Report.

G. Certificate from practicing Company Secretary on eligibility of the Board of Directors to serve as Directors is annexed to this Report.

H. The Board has accepted the recommendations of its Committees, as applicable.

I. The total fees for all services paid by the Company to the statutory auditor are mentioned in financial statements.

9. NON-MANDATORY REQUIREMENTS

The Company has complied with all requirements of corporate governance specified in Listing Regulations, 2015.

The status with regard to compliance by the Company with discretionary requirements as listed out in Part E of Schedule II of the SEBI Listing Regulations is as under:

a. The position and office of the Chairman of the Board of Directors and that of MD / CEO are separate.

b. The audit report of the Company's Financial Statements for the year ended 31st December, 2020 is unmodified.

c. The Internal Auditors engaged by the Company report directly to the Audit Committee.

d. The Company follows a robust process of communicating with the shareholders which has been elaborated in the Report under the Heading 'Means of Communication'.

On behalf of the Board of Directors
GAURAV SWARUP
Mumbai, 25th February, 2021 Chairman

Declaration by the Managing Director under Schedule V to SEBI Listing Regulations, 2015 regarding compliance with Business conduct Guidelines (Code of Conduct)

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2020.

Rajeev Jain
Managing director

Mumbai, 25th February, 2021

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

KSB Limited

We have examined the compliance with conditions of Corporate Governance by KSB Limited ('The Company') for the year ended on 31st December, 2020, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 to the extent applicable.

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 substantially complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI 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, 2020 against the Company and the Registrars and Transfer Agents have reported to the Stakeholders 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
UDIN: F004554B003559061
Mumbai, 25th February, 2021 Peer Review No.: 698/2020

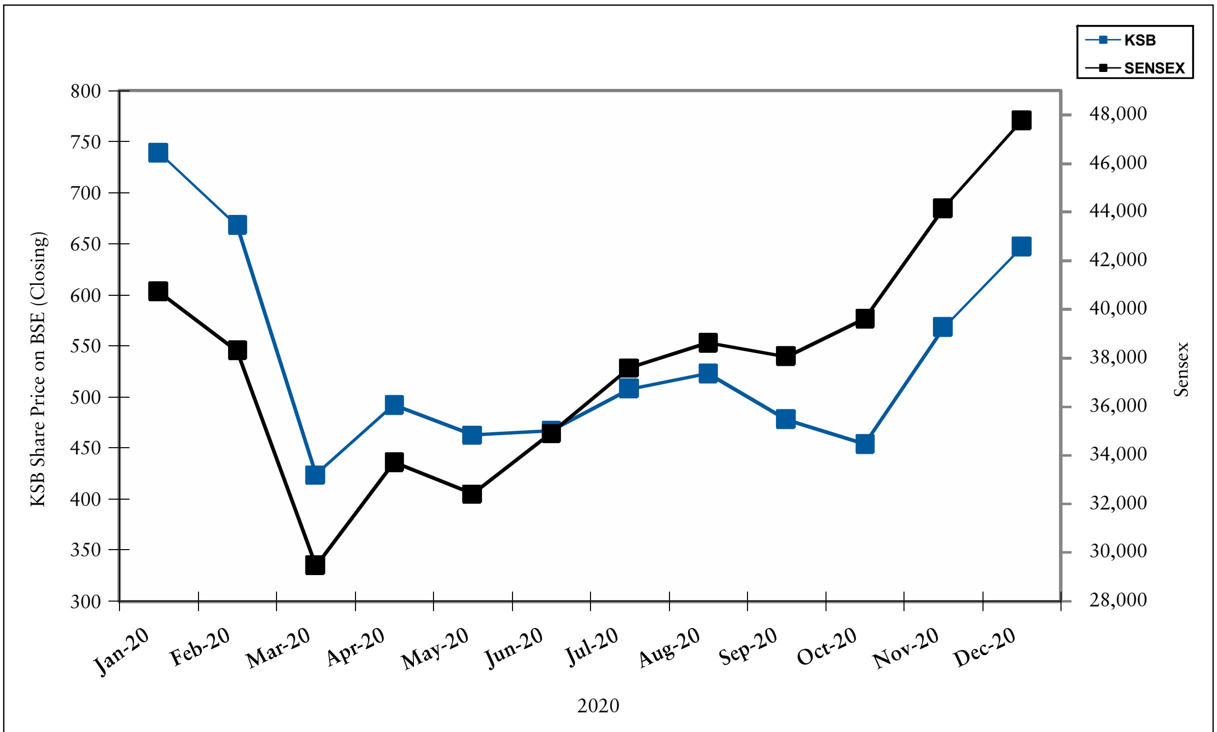
REPORT ON CORPORATE GOVERNANCE (Contd.)

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, 2020	760	659	15,169	760	665	2,84,899
February, 2020	764	633	17,906	764	630	4,13,274
March, 2020	700	386	5,24,695	700	386	7,89,785
April, 2020	553	400	77,841	558	400	4,63,884
May, 2020	492	427	20,385	499	427	2,60,038
June, 2020	540	451	49,382	438	450	6,31,388
July, 2020	575	460	70,669	591	464	11,43,161
August, 2020	563	493	46,248	565	501	6,08,117
September, 2020	556	452	30,948	557	452	5,95,615
October, 2020	491	425	46,072	495	428	6,27,302
November, 2020	577	436	1,86,603	578	437	15,95,960
December, 2020	654	564	60,775	655	563	7,90,900

ANNEXURE B



ANNEXURE C

Distribution of shareholding as on 31st December, 2020

Number of shares held	Members		Shares	
	Number	%	Number	%
1-500	16,721	88.56	15,72,375	4.52
501-1,000	1,063	5.63	7,97,949	2.29
1,001-2,000	659	3.49	9,66,507	2.78
2,001-3,000	180	0.95	4,39,180	1.26
3,001-4,000	74	0.39	2,57,039	0.74
4,001-5,000	39	0.21	1,74,986	0.50
5,001-10,000	71	0.38	4,88,363	1.40
10,001 and above	73	0.39	3,01,11,445	86.51
Total	**18,880**	**100.00**	**3,48,07,844**	**100.00**

Shareholding pattern as on 31st December, 2020

Category	No. of Members	No. of Shares held	% to the Capital
Indian Promoters	8	89,69,458	25.87
Foreign Promoters	1	1,41,10,848	40.54
Mutual Funds and UTI	28	22,98,086	6.60
Banks, Financial Institutions and Insurance Companies	6	12,13,754	3.49
Foreign Institutional Investors	0	0	0.00
Private Corporate Bodies	248	19,15,510	5.41
Indian Public/Trust	17,698	47,58,449	13.67
Foreign Nationals/NRIs	891	15,41,739	4.43
Total	**18,880**	**3,48,07,844**	**100.00**

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
KSB LIMITED
Office No. 601, Runwal R-Square,
L.B.S. Marg, Mulund (West),
Mumbai - 400080.

We have examined the relevant registers, records, forms, returns, declarations and other disclosures received from the Directors of KSB LIMITED, having CIN: L29120MH1960PLC011635 and having registered office situated at Office No. 601, Runwal R-Square, L.B.S. Marg, Mulund (West), Mumbai - 400080 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and carried by us and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on December 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authorities:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Gaurav Swarup	00374298	24/01/2000
2.	Pradip Panalal Shah	00066242	21/06/2008
3.	Dara Nadirshaw Damania	00403834	30/12/1981
4.	Stephan Bross	00423114	11/02/2014
5.	Vegulaparanan Kasi Viswanathan	01782934	16/01/2015
6.	Rajeev Jayantiprasad Jain	07475640	01/07/2016
7.	Matthias Gunter Schmitz	07884418	25/07/2017
8.	Sharmila Barua Roychowdhury	08242998	30/09/2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Hetal Shah
Nilesh Shah & Associates
FCS : 8063, C.P. : 8964
UDIN: F008063B003559292
Peer Review No.: 698/2020

Mumbai, 25th February, 2021

BUSINESS RESPONSIBILITY REPORT

ANNEXURE IV TO BOARD'S REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) :** L29120MH1960PLC011635
2. **Name of the Company :** KSB LIMITED
3. **Registered Address :** Office No. 601, Runwal R-Square, L.B.S. Marg, Mulund (West), Mumbai-400 080, Tel. : +91 (022) 2168 1300
4. **Website :** www.ksbindia.co.in
5. **E-mail id :** compsec.india@ksb.com
6. **Financial Year Reported :** 1st January, 2020 to 31st December, 2020
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, 5 service stations, 22 warehouses and 14 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 (₹ Million):** 348.08
2. **Total turnover (₹ Million):** 12,081.15 (Separate)
3. **Total profit after taxes (₹ Million):** 973.38 (Separate)
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 2.32%
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.
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.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 (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 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 well being 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

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

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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 45001, OHSAS 18001, PED 2014/68/EU etc.								
4	Has the policy being approved by the board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	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.ksbindia.co.in CSR Policy is available at: https://www.ksbindia.co.in Whistle Blower Policy is available at: https://www.ksbindia.co.in 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.								
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.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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?**

The BR is published annually as part of the annual report.

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 had received one complaint from stakeholders related to ethics, bribery during the year 2020, the details of which were provided in the previous Annual Report 2019.

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. SICCA GTC, GLC, GTF, GLF (Valves equipped with certified packing intended for application in volatile air pollutants and hazardous fluids.)

   ii. KWPK (high efficiency Pump for Flue Gas Desulphurization plants)

   iii. Axial Split case pump CHTRa-BB3 (Axial Split multistage pumps for API market)

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. SICCA GTC, GLC, GTF, GLF : To achieve low emission from valves through gland packing for the services having Toxic medium .these series of valves are qualified with low emission certified packings, which reduces the emission to protect the environment.

   ii. KWPK : Upon completion of popular size 900 development, company has continued its development for further sizes to meet smaller plant sizes and this endeavour will continue to reduce Sulpur content emission to atmosphere. Special material used for pump parts leads to longer life in this very corrosive application, thereby reducing the maintenance cost during plant operations. As a part of make in India Initiative more than 90% parts of these pumps are localised. this will reduce the pollution to surroundings

   iii. CHTRa-BB3 : This axial split multistage pump series has been developed by optimizing weights and hydraulics for refinery and petrochemical market. Due to their maintenance friendly design and lesser material compared to regular Barrel type pumps this will result 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 entity viz. KSB SE, Germany. KSB ensures contractual agreement with logistic providers for safe transportation of goods. More than 50% goods were sourced sustainably based on mentioned sourcing criteria.

   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

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 management 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:** 1,749
2. **Please indicate the total number of employees hired on temporary/ contractual/ casual basis:** 1,080
3. **Please indicate the number of permanent women employees:** 46
4. **Please indicate the number of permanent employees with disabilities:** 0
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?** 59 %
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:** One
8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**
   (a) **Permanent Employees :** 100 %
   (b) **Permanent Women Employees:** 100 %
   (c) **Casual/ Temporary/ Contract Employees:** 100 %
   (d) **Employees with Disabilities:** N. A.

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.

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. Mahratta 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)
   v. Indian Plumbing Association
   vi. German Machinery and Plant Manufacturer's Association

BUSINESS RESPONSIBILITY REPORT (Contd.)

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

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 ₹ 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?:** No.

On behalf of the Board of Directors

GAURAV SWARUP
Chairman

Mumbai, 25th February, 2021

ANNEXURE V TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st December, 2020

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

I. REGISTRATION & OTHER DETAILS

CIN	L29120MH1960PLC011635
Registration Date	11th April, 1960
Name of the Company	KSB LIMITED
Category/Sub-category of the Company	Indian Non-Government Company limited by shares
Address of the Registered office & contact details	Office No. 601, Runwal R-Square, L.B.S. Marg, Mulund (West), Mumbai- 400 080, Tel. : +91 (022) 2168 1300, email: compsec.india@ksb.com
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, rnt.helpdesk@linkintime.co.in

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	71.77
2	Manufacturing of valves and spares thereof	2813	13.86

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, 104th Mile Stone Mumbai-Pune Road, Pimpri, Pune-411018	U51103PN2005PLC020123	Subsidiary	100	2(87)
2	KSB MIL Controls Limited Meladoor, Annamanada, Thrissur, Kerala- 680741	U32107KL1983PLC003725	Associate	49	2(6)

ANNEXURE TO BOARD'S REPORT (Contd.)

IV. SHARE HOLDING 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	1,53,458	-	1,53,458	0.44	1,53,458	-	1,53,458	0.44	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	88,50,000	-	88,50,000	25.43	88,50,000	-	88,50,000	25.43	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	90,03,458	-	90,03,458	25.87	90,03,458	-	90,03,458	25.87	-
(2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	1,41,10,848	-	1,41,10,848	40.54	1,41,10,848	-	1,41,10,848	40.54	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	1,41,10,848		1,41,10,848	40.54	1,41,10,848		1,41,10,848	40.54	-
Total Shareholding of Promoter [(A)= (A)(1)+(A)(2)]	2,31,14,306	-	2,31,14,306	66.41	2,31,14,306	-	2,31,14,306	66.41	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	29,63,688	-	29,63,688	8.51	22,98,086	-	22,98,086	6.60	(1.91)
b) Banks / FI	6,150	808	6,958	0.02	1,326	808	2,134	0.01	(0.01)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	11,54,108	-	11,54,108	3.32	12,11,620	-	12,11,620	3.48	0.17
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investor	12,21,936	-	12,21,936	3.51	11,66,419	-	11,66,419	3,35	(0.16)
j) Foreign Financial Institution	-	-	-	-	-	-	-	-	-
k) Any Other: Alternate Investment funds	4,82,000	-	4,82,000	1.38	5,38,161	-	5,38,161	1.55	0.16
Sub-total (B)(1)	58,27,882	808	58,28,690	16.75	52,15,612	808	52,16,420	14.99	(1.76)

(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	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	13,63,651	3,366	13,67,017	3.93	13,39,983	3,366	13,43,349	3.86	(0.07)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	32,97,746	2,31,943	35,29,689	10.14	36,71,802	2,22,555	38,94,357	11.19	1.05
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	4,37,377	50,112	4,87,489	1.40	5,65,443	50,112	6,15,555	1.77	0.37
c) Trusts	5,366	-	5,366	0.02	2,696	-	2,696	0.01	(0.01)
d) Hindu Undivided Family	1,32,425	-	1,32,425	0.38	1,93,517	-	1,93,517	0.56	0.18
e) Non-Resident Indians	3,06,760	3,540	3,10,300	0.89	3,71,780	3,540	3,75,320	1.08	0.19
f) Directors/ Relatives	5,000	-	5,000	0.01	5,000	-	5,000	0.01	0.00
g) Clearing Members	3,870	-	3,870	0.01	23,632	-	23,632	0.07	0.06
h) IEPF	23,692	-	23,692	0.07	23,692	-	23,692	0.07	0.00
Sub-total (B)(2)	55,75,887	2,88,961	58,64,848	16.85	61,97,545	2,79,573	64,77,118	18.61	1.76
Total Public Shareholding [(B) = (B)(1)+(B)(2)]	1,14,03,769	2,89,769	1,16,93,538	33.59	1,14,13,157	2,80,381	1,16,93,538	33.59	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	3,45,18,075	2,89,769	3,48,07,844	100.00	3,45,27,463	2,80,381	3,48,07,844	100.00	-

(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.	71,40,000	20.51	-	71,40,000	20.51	-	-
7	Paharpur Cooling Towers Ltd.	14,50,000	4.17	-	14,50,000	4.17	-	-
8	New Holding And Trading Co. Ltd.	2,60,000	0.75	-	2,60,000	0.75	-	-
9	Canadian Kay Pump Limited	1,41,10,848	40.54	-	1,41,10,848	40.54	-	-
	Total	2,31,14,306	66.41	-	2,31,14,306	66.41	-	-

ANNEXURE TO BOARD'S REPORT (Contd.)

(iii) Change in Promoters' Shareholding

There were no changes in the promoters' 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	NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA TAX SAVER (ELSS) FUND							
		19,34,775	5.56					
				10-Jan-20	(719)	Sale	19,34,056	5.56
				17-Jan-20	(3,871)	Sale	19,30,185	5.55
				24-Jan-20	(2,112)	Sale	19,28,073	5.54
				7-Feb-20	(34,081)	Sale	18,93,992	5.44
				14-Feb-20	(16,100)	Sale	18,77,892	5.40
				21-Feb-20	(7,459)	Sale	18,70,433	5.37
				28-Feb-20	(2,491)	Sale	18,67,942	5.37
				6-Mar-20	(7,196)	Sale	18,60,746	5.35
				13-Mar-20	(19,945)	Sale	18,40,801	5.29
				20-Mar-20	(6,555)	Sale	18,34,246	5.27
				10-Apr-20	(1,306)	Sale	18,32,940	5.27
				17-Apr-20	(1,35,991)	Sale	16,96,949	4.88
				24-Apr-20	(68,943)	Sale	16,28,006	4.68
				1-May-20	(10,201)	Sale	16,17,805	4.65
				8-May-20	(2,100)	Sale	16,15,705	4.64
				15-May-20	(26,000)	Sale	15,89,705	4.57
				28-Aug-20	(1,56,982)	Sale	14,32,723	4.12
				11-Sep-20	(2,564)	Sale	14,30,159	4.11
				18-Sep-20	(27,328)	Sale	14,02,831	4.03
				25-Sep-20	(74,600)	Sale	13,28,231	3.82
				30-Sep-20	(39,991)	Sale	12,88,240	3.70
				2-Oct-20	(1,900)	Sale	12,86,340	3.70
				9-Oct-20	(37,905)	Sale	12,48,435	3.59
				16-Oct-20	(25,712)	Sale	12,22,723	3.51
				23-Oct-20	787	Purchase	12,23,510	3.52
				30-Oct-20	5	Purchase	12,23,515	3.52
				6-Nov-20	22	Purchase	12,23,537	3.52
				13-Nov-20	(67)	Sale	12,23,470	3.51
				20-Nov-20	18	Purchase	12,23,488	3.51
				27-Nov-20	52	Purchase	12,23,540	3.52
				4-Dec-20	35	Purchase	12,23,575	3.52
				11-Dec-20	284	Purchase	12,23,859	3.52
				18-Dec-20	51	Purchase	12,23,910	3.52

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
				25-Dec-20	18	Purchase	12,23,928	3.52
				31-Dec-20	61	Purchase	12,23,989	3.52
		12,23,989	3.52					
2	THYSSENKRUPP INDUSTRIES INDIA PRIVATE LIMITED							
		10,80,000	3.10					
						No change in the shareholding during the year		
		10,80,000	3.10					
3	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.							
		11,54,108	3.32					
				3-Jan-20	4,000	Purchase	11,58,108	3.33
				24-Jan-20	15,985	Purchase	11,74,093	3.37
				31-Jan-20	11,015	Purchase	11,85,108	3.40
				7-Feb-20	20,043	Purchase	12,05,151	3.46
				14-Feb-20	2,000	Purchase	12,07,151	3.47
				21-Feb-20	(16,000)	Sale	11,91,151	3.42
				6-Mar-20	5,500	Purchase	11,96,651	3.44
				13-Mar-20	4,000	Purchase	12,00,651	3.45
				20-Mar-20	7,000	Purchase	12,07,651	3.47
				31-Mar-20	500	Purchase	12,08,151	3.47
				3-Apr-20	500	Purchase	12,08,651	3.47
				10-Apr-20	2,000	Purchase	12,10,651	3.48
				12-Jun-20	(557)	Sale	12,10,094	3.48
				19-Jun-20	5,000	Purchase	12,15,094	3.49
				26-Jun-20	2,000	Purchase	12,17,094	3.50
				28-Aug-20	22,000	Purchase	12,39,094	3.56
				23-Oct-20	(1,26,848)	Sale	11,12,246	3.20
				30-Oct-20	(25,600)	Sale	10,86,646	3.12
				6-Nov-20	(21,400)	Sale	10,65,246	3.06
				20-Nov-20	(10,000)	Sale	10,55,246	3.03
				4-Dec-20	5,000	Purchase	10,60,246	3.05
				31-Dec-20	15,000	Purchase	10,75,246	3.09
		10,75,246	3.09					
4	SUNDARAM MUTUAL FUND A/C SUNDARAM INFRASTRUCTURE ADVANTAGE FUND							
		8,94,789	2.57					
				7-Feb-20	9,157	Purchase	9,03,946	2.60
				28-Feb-20	17,388	Purchase	9,21,334	2.65
				20-Mar-20	26,322	Purchase	9,47,656	2.72
				28-Aug-20	1,662	Purchase	9,49,318	2.73

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
				4-Sep-20	(1,000)	Sale	9,48,318	2.72
				11-Sep-20	(5,338)	Sale	9,42,980	2.71
				18-Sep-20	(2,088)	Sale	9,40,892	2.70
				25-Sep-20	(1,000)	Sale	9,39,892	2.70
				30-Sep-20	(12,000)	Sale	9,27,892	2.67
				2-Oct-20	(613)	Sale	9,27,279	2.66
				9-Oct-20	(16,722)	Sale	9,10,557	2.62
				20-Nov-20	90,000	Purchase	10,00,557	2.87
				27-Nov-20	44,307	Purchase	10,44,864	3.00
				4-Dec-20	(13,292)	Sale	10,31,572	2.96
				11-Dec-20	10,250	Purchase	10,41,822	2.99
		10,41,822	2.99					
5	PINEBRIDGE GLOBAL FUNDS - PINEBRIDGE INDIA EQUITY FUND							
		28,676	0.08					
				6-Mar-20	6,85,000	Purchase	7,13,676	2.05
				13-Mar-20	2,66,351	Purchase	9,80,027	2.82
				20-Mar-20	(26,300)	Sale	9,53,727	2.74
				20-Nov-20	(75,000)	Sale	8,78,727	2.52
				27-Nov-20	(89,500)	Sale	7,89,227	2.27
		7,89,227	2.27					
6	VANTAGE EQUITY FUND							
		4,52,000	1.30					
				13-Mar-20	(3,150)	Sale	4,48,850	1.29
				20-Mar-20	(8,870)	Sale	4,39,980	1.26
				31-Mar-20	(1,520)	Sale	4,38,460	1.26
				3-Apr-20	(3,000)	Sale	4,35,460	1.25
				8-May-20	(11,460)	Sale	4,24,000	1.22
				15-May-20	(14,100)	Sale	4,09,900	1.18
				22-May-20	(15,900)	Sale	3,94,000	1.13
				29-May-20	(30,000)	Sale	3,64,000	1.05
				12-Jun-20	(2,624)	Sale	3,61,376	1.04
		3,61,376	1.04					
7	ROYAL SUNDARAM GENERAL INSURANCE CO. LIMITED							
		0	0.00					
				4-Dec-20	65,242	Purchase	65,242	0.19
				18-Dec-20	34,656	Purchase	99,898	0.29
				25-Dec-20	36,476	Purchase	1,36,374	0.39
		1,36,374	0.39					

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	FIDUCIAN INDIA FUND							
		0	0.00					
				24-Apr-20	53,297	Purchase	53,297	0.15
				23-Oct-20	75,296	Purchase	1,28,593	0.37
		1,28,593	0.37					
9	KEVIC ANANT SETALVAD							
		1,10,700	0.32					
						No change in the shareholding during the year		
		1,10,700	0.32					
10	GOVERNMENT OF SINGAPORE - E							
		1,07,907	0.31					
						No change in the shareholding during the year		
		1,07,907	0.31					

(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. Rajeev Jain						
	At the beginning of the year	1-Jan-2020		800	0.00		
	Changes during the year		-	-	-	800	0.00
	At the end of the year	31-Dec-2020		800	0.00		
2	Mr. D.N. Damania						
	At the beginning of the year	1-Jan-2020		4,200	0.02		
	Changes during the year		-	-	-	4,200	0.02
	At the end of the year	31-Dec-2020		4,200	0.02		
3	Mr. Gaurav Swarup						
	At the beginning of the year	1-Jan-2020		34,000	0.10		
	Changes during the year		-	-	-	34,000	0.10
	At the end of the year	31-Dec-2020		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.

₹ Million

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	600.00	-	600.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	600.00	-	600.00
Change in Indebtedness during the financial year				
Addition (Net)	-	-	-	-
Reduction (Net)	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	600.00	-	600.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	600.00	-	600.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. No.	Particulars of Remuneration	Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7.16
	(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)	1.44
	Total (A)	44.29
	Ceiling as per the Act	81.29

B. Remuneration to other Directors ₹ Million

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr. D. N. Damania	Mr. Pradip Shah	Mr. V.K. Viswanathan	Ms. Sharmila Barua Roychowdhury	
	Fee for attending board / committee meetings	0.25	0.22	0.18	0.18	
	Commission	1.32	1.32	1.32	1.32	
	Others	-	-	-	-	
	Total (1)	1.57	1.54	1.50	1.50	6.11
2	Other Non-Executive Directors	Mr. Gaurav Swarup	Dr. Stephan Bross	Dr. Matthias Schmitz		
	Fee for attending board / committee meetings	0.25	0.18	0.08		
	Commission	1.65	1.32	1.32		
	Others	-	-	-		
	Total (2)	1.90	1.50	1.40		4.79
	Total (B)=(1+2)					10.90
	Total Managerial Remuneration					55.19
	Overall Ceiling as per the Act					97.55

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD ₹ Million

S. No.	Particulars of Remuneration Designation	Key Managerial Personnel		Total Amount
		Chief Financial Officer	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13.35	3.83	17.18
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(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)	0.39	0.19	0.58
	Total	13.74	4.02	17.76

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, 25th February, 2021

Gaurav Swarup
Chairman

ANNEXURE VI TO BOARD'S REPORT

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 2020, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary during the Financial year 2020.

No.	Name of the Director / KMP	Designation	Ratio of remuneration of each Director to the median remuneration of employees	% Increase in remuneration during FY 2020
1.	Mr. Rajeev Jain	Managing Director	63 : 1	6%
2.	Mr. Milind Khadilkar	Chief Financial Officer	Not Applicable	12.7%
3.	Mr. Mahesh Bhave	Company Secretary	Not Applicable	NA

Note: 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.

ii. **The percentage increase in the median remuneration of the employees in the financial year:** There has been an increase of 3.28% in median remuneration of employees in Financial Year 2020 as compared to Financial Year 2019.

iii. **The number of permanent employees on the rolls of the Company:** There were 1,749 employees on the rolls of the Company as on 31st December, 2020.

iv. **Average percentile increase already made in the salaries of employees other than the key managerial personnel in Financial Year 2020 and its comparison with the percentile increase in the managerial remuneration:** The aggregate remuneration of employees other than managerial personnel has increased by 10% and that of managerial personnel has also increased by 7%

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

Gaurav Swarup
Chairman

Mumbai, 25th February, 2021

ANNEXURE VII TO BOARD'S REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2020

[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 LIMITED
Office No. 601, Runwal R-Square,
L.B.S. Marg, Mulund (West),
Mumbai- 400080

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 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, 2020, substantially 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, 2020, 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 thereunder as amended from time to time;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under, 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;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (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.
- (e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(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 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 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 (Share Based Employee Benefits) Regulations, 2014;

(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;

Based on aforesaid information provided by the Company, we report that during the financial year under report, save and except, few lapses in compliance of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 due to technical issues faced, and maintaining the Structural Digital Data Base to reflect the movement of UPSI internally due to lockdown, filing of Form MGT-14 under Section 179 of the Act the Company has generally 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.

We also report that adequate notice was given to all Directors to schedule the Board Meetings and necessary compliances as envisaged in the Secretarial Standard was generally carried out in respect of holding of Board Meeting. The agenda along with detailed notes to agenda were generally sent at least 7 days in advance 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. During the year ended December 31, 2020, pursuant to letter from one of the employees of the Company, an internal investigation has been conducted. The results of the investigations confirmed that an employee of the Company has accepted kickbacks / money from a vendor for certain marketing services amounting to ₹ 11.40 million over the years. The Company has taken appropriate steps like detailed inquiries, obtaining statements from the employee as well as the vendor, verifying available records, etc. The concerned employee has been terminated and the Company has recovered entire amount from the concerned employee. The Company has taken steps to strengthen the existing controls and the said matter is closed.

For Nilesh Shah & Associates
Company Secretaries
Hetal Shah
Partner (FCS: 8063) C.P. No. : 8964
UDIN: F008063B003559061
Peer Review No.: 698/2020

Mumbai, 25th February, 2021

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

'ANNEXURE A'

To,
The Members,
KSB LIMITED
Office No. 601, Runwal R-Square,
L.B.S. Marg, Mulund (West),
Mumbai- 400080

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. Due to COVID-19 outbreak and lockdown situation in respect of part of the Audit, we have relied on the information, details, data, documents and explanation as provided by the Company and its officers and agents in electronic form without physically verifying their office.
7. 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
UDIN: F008063B003559061
Peer Review No.: 698/2020

Mumbai, 25th February, 2021

ANNEXURE VIII TO BOARD'S REPORT

A. CONSERVATION OF ENERGY

In continuous endeavour to conserve energy, the Company has upgraded the conventional lighting system to efficient LED lighting at our Pimpri and Chinchwad plants.

The Company has entered into a group captive solar agreement for 4.5 MW for its foundry and rooftop solar OPEX of 0.250 MW for Company's Chinchwad plant boosting the use of solar power.

The Company reduced KVAR component during pump testing application at various voltage level using Real time power factor controller (RTPFC) at the Shirwal plant.

B. TECHNOLOGY ABSORPTION

1. Performance and Product Improvements

The Company has taken efforts to optimize various hydraulics of multistage engineered pumps. Leak proof motor concept is implemented for submersible range of products. For Industrial products, the Company has applied casting technology improvement program which has lead to lower casting consumption and help environment conservation.

2. Research and Development

The Company continues to strengthen the products for Refinery and petrochemical market by developing axial split casing pumps and vertical cannister pumps as per latest API standards. Developing Submersible range of stainless steel sheet metal pump continues to be in focus. Company also developed a special steel impellers for the FGD applications along with special heat treatment. On the Industrial products company introduced bigger size pumps for paper and pulp market. Looking at the water transportation need in India, Company continues further size development with newer sizes under the light weight efficient pump series for water handling.

3. Benefits of Research and Development

Taking the development route company reduced its dependence on import of special impellers and developed new impellers locally. This has helped in material availability.

4. Future Plans

The Company plans to strengthen product range in refinery and petrochemical, water handling, building services segments to meet the needs to these sectors. Looking at growing needs of FGD power plants, company will continue to develop new hydraulics and sizes to cater market need.

5. Expenditure on Research and Development

The recurring expenditure during the year amounted to ₹ 5.14 Million (previous year ₹ 5.45 Million) and it is 0.04% (previous year 0.03%) of the total turnover. There is no capital expenditure during the year under review and previous year.

6. Technology Absorption, Adaptation and Innovation

Main focus of the company was on localization program there by supporting government initiative of make in India. This will reduced import content and save foreign exchange. Company also made lot of progress in process digitisation, helping to move toward paperless process, this will reduce in paper consumption. The Company also supported various customers on energy conservation by reducing the energy consumption of the products already installed by modifying the equipment. Company also introduced controller for HVAC market and developed and release several adaptions of submersible Agri and Domestic market.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year were ₹ 2,339 Million. Total foreign exchange earned during the year was ₹ 2,243 Million. Export orders outstanding for execution are ₹ 1,855 Million. Total foreign exchange used during the year was ₹ 1,543 Million.

On behalf of the Board of Directors

Gaurav Swarup
Chairman

Mumbai, 25th February, 2021

ANNEXURE IX TO BOARD'S REPORT

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. Gaurav Swarup

   Mr. Rajeev Jain

3. **Average net profit before tax of the company for last three financial years:** ₹ 1,134.12 Million

4. **Prescribed CSR Expenditure (two per cent of the amount as above):** ₹ 22.68 Million

5. **Details of CSR spent during the financial year:**

   (a) Total amount spent for the financial year: ₹ 22.71 Million.

   (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 were undertaken (refer note 1)	Amount outlay (budget) project or programs wise (₹ in Million)
1	Support for destitute children	Destitute care and rehabilitation	Pune, Maharashtra	3.55
2	Support for children of socially backward women	Children rehabilitation	Pune, Maharashtra	0.85
3	Support for education of children from economically backward areas/ orphans	Education	Pune and Sinnar, Maharashtra, and Coimbatore, Tamil Nadu	5.25
4	Support for recreational and cultural centre and training / education/ for mentally/ physically challenged children	Promoting differently abled children	Pune, Maharashtra and Coimbatore, Tamil Nadu	4.50
5	Support for old age home	Destitute care	Pune, Maharashtra	0.73

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)
6	Support for providing primary medical facilities	Healthcare / COVID-19 Pandemic	Pune and Nashik, Maharashtra	16.34
7	Providing vocational skills for livelihood of women from rural areas	Employment	Pune and Nashik, Maharashtra	2.09
8	Rural development	Rural development	Nashik, Maharashtra and Coimbatore, Tamil Nadu	2.00
9	Disaster management	COVID-19 Pandemic	Pune and Nashik, Maharashtra and Coimbatore, Tamil Nadu	2.32
10	PM care fund	PM care fund / COVID-19 Pandemic	-	2.50
11	Tree plantation	Environment	-	1.00
12	Administrative overheads	-	-	1.00
	Total			42.13

Notes:

i. The programs and projects identified are in and around manufacturing locations of the Company.

ii. The Company has directly spent the partial amount allocated for CSR activities and partial amount through its implementing agency KSB Care Charitable Trust. The trustees and the CSR committee approves the projects identified. The above projects/activities undertaken by the Trust during the year 2020 are from the contribution, which the company made during the year 2019 and 2020. The said trust spends the amount on CSR activities as per the specific instructions given by the CSR Committee over a specified time frame.

iii. 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 (ii) above.

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:** NA

7. **A responsibility statement of the CSR Committee:** The Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

On behalf of the Board of Directors

	Rajeev Jain	D. N. Damania
Mumbai, 25th February, 2021	Managing Director	Chairman of CSR Committee

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KSB LIMITED

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of KSB Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss(including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

2. 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 Companies Act, 2013 ("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 state of affairs of the Company as at December 31, 2020, total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Appropriateness of Revenue Recognition in accordance with Ind AS 115 (Refer to Note1(e), 2(ii) and 21to the standalone financial statements) The Company recognises revenue in accordance with Ind AS 115 "Revenue from Contracts with Customers". This involves application of significant judgements by Management with respect to: • Combining of multiple contracts as single contract. • Identification of distinct performance obligations; • Allocation of consideration to identified performance obligations; • Determination of timing of recognition of revenue either over a period of time or at a point in time on	Our audit procedures included the following : • Understanding and evaluation of the design and testing the operating effectiveness of controls surrounding the recording of revenue in accordance with the principles of Ind AS 115. • Testing of customer contracts on a sample basis to assess the terms for identification of performance obligations in accordance with the Ind AS 115 and comparing those to the management assessment; • Assessing appropriateness of management's judgements and estimates involved in accounting for the sample of customer contracts including the inquiry and discussion with appropriate client personnel especially regarding the nature of products and alternative use to the company.

transfer of control to customers. This include assessment of alternative use basis technical analysis as well as legal assessment of right to payment. Considering the above-mentioned factors, appropriateness of revenue recognition in accordance with Ind AS 115 has been considered as a Key Audit Matter.	• Evaluation of the in-house legal counsel's views regarding the Company's right to payment for performance to date ; • Testing the appropriateness of timing of recognition of revenue (including procedures related to cut off) in line with the terms of the customer contracts; • Testing the key assumptions used by the management to estimate contract risks, claims, liquidated damages etc.; • Verifying the reports used by management for monitoring contracts and their progress; • Evaluating appropriateness of the disclosures provided in the standalone financial statements. Based on above procedures, we did not identify any significant exceptions in the judgements applied by the management in recognition of revenue in accordance with Ind AS 115.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the standalone financial statements and our auditors' report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

   (a) Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

   (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   (e) Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public

disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

14. 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 (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on December 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (g) With respect to the other matters to be included in the Auditors' 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, if any, of pending litigations as at December 31, 2020 on its financial position in its standalone financial statements - Refer Note19(b), 32(a) and 32(b) to the standalone financial statements.

        ii. The Company has made provision as at December 31, 2020, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note7, 9 and 37(C)to the standalone financial statements.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Invest or Education and Protection Fund by the Company during the year ended December 31, 2020.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended December 31, 2020.

15. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership Number: 108391
UDIN: 21108391AAAABE3703

Pune, February 25, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of KSB Limited on the standalone financial statements for the year ended December 31, 2020

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of KSB Limited("the Company") as of December 31, 2020in 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

2. 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 (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 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

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

reference to standalone financial statements 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at December 31, 2020, 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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership Number: 108391
UDIN: 21108391AAAABE3703

Pune, February 25, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of KSB Limited on the standalone financial statements as of and for the year ended December 31, 2020

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items 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 programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3- Property, plant and equipment and Note 4 - Right-of-use assets to the standalone financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties managed warehouse have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.

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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of employees' state insurance, income tax and goods and services tax though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues, including provident fund, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, goods and services tax, duty of customs, value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax, service tax, duty of excise as at December 31, 2020 which have not been deposited on account of a dispute, are as follows:

ANNEXURE TO INDEPENDENT AUDITORS’ REPORT (Contd.)

Name of the statute	Nature of dues	Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty (including interest and penalty if applicable)	22.65	0.59	Aug'13 to Jun'17	Commissioner of Central Excise (Appeals), Nasik
Finance Act, 1994	Service Tax (including interest and penalty, if applicable)	2.56	2.56	April-08 to Mar-13	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		474.59	9.49	Sept-04 to Mar-09	
Income Tax Act,1961	Income Tax (including interest and penalty if applicable)	3.60	-	AY 1989-90	High Court / Income-tax Appeallate Tribunal (ITAT)
		5.61	-	AY 1995-96	
		2.88	-	AY 1996-97	
		3.21	-	AY 2005-06	

The above disputed dues do not include the income tax matters as disclosed in Note 13(b)(i) of the standalone financial statements.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date. The Company had not issued any debentures as at balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 15 of our standalone audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership Number: 108391
UDIN: 21108391AAAABE3703

Pune, February 25, 2021

Balance Sheet as at December 31, 2020

(All amounts in ₹ million, unless otherwise stated)

Particulars	Notes	As at December 31, 2020	As at December 31, 2019
ASSETS			
I. Non-current assets			
Property, plant and equipment	3	2,907.53	3,056.74
Capital work-in-progress	3	251.00	344.90
Right-of-use assets	4	262.92	-
Intangible assets	5	13.71	16.11
Financial assets			
(a) Investments	6 (a)	63.15	63.15
(b) Loans	6 (b)	81.27	80.97
(c) Trade receivables	7	166.41	130.89
Assets for current tax (net)		125.64	155.48
Deferred tax assets (net)	13 (a)	168.14	119.24
Other non-current assets	11	8.07	40.57
Total non-current assets		4,047.84	4,008.05
II. Current assets			
Inventories	10	3,608.75	3,248.43
Financial assets			
(a) Trade receivables	7	2,667.59	2,961.79
(b) Cash and cash equivalents	8 (a)	870.34	483.51
(c) Bank balances other than (b) above	8 (b)	3,162.83	2,416.50
(d) Loans	6 (b)	18.73	21.55
(e) Other financial assets	9	102.85	105.63
Other current assets	12	481.03	632.84
Total current assets		10,912.12	9,870.25
Total Assets		14,959.96	13,878.30
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14 (a)	348.08	348.08
Other equity	14 (b)	8,116.24	7,459.06
Total Equity		8,464.32	7,807.14
LIABILITIES			
I. Non-current liabilities			
Lease liabilities	15	8.98	-
Provisions	19 (a)	453.51	424.40
Total non-current liabilities		462.49	424.40
II. Current liabilities			
Financial liabilities			
(a) Borrowings	16	600.00	600.00
(b) Lease liabilities	15	6.76	-
(c) Trade payables	17		
- Total outstanding dues of micro enterprises and small enterprises		24.78	12.24
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,602.78	2,410.56
(d) Other financial liabilities	18	667.39	712.07
Other current liabilities	20	1,453.74	1,432.17
Provisions	19 (b)	493.32	466.35
Current tax liabilities (net)		184.38	13.37
Total current liabilities		6,033.15	5,646.76
Total Liabilities		6,495.64	6,071.16
Total Equity and Liabilities		14,959.96	13,878.30
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

Gaurav Swarup
Chairman
(DIN : 00374298)

Mahesh Bhave
Company Secretary

D. N. Damania
Director
(DIN : 00403834)

Rajeev Jain
Managing Director
(DIN : 07475640)

Mumbai, February 25, 2021

Statement of Profit and Loss for the year ended December 31, 2020

(All amounts are in ₹ million, unless otherwise stated)

Particulars	Notes	Year ended December 31, 2020	Year ended December 31, 2019
Income			
Revenue from operations	21	12,081.15	12,939.08
Other income	22	322.99	241.31
Total Income		12,404.14	13,180.39
Expenses			
Cost of materials consumed	23	5,512.66	6,015.78
Purchases of stock-in-trade	24	970.63	1,062.39
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(278.11)	(95.11)
Employee benefit expense	26	1,862.43	1,771.83
Finance costs	27	33.94	53.12
Depreciation and amortisation expense	28	417.70	457.23
Other expenses	29	2,335.55	2,666.76
Total Expenses		10,854.80	11,932.00
Profit before exceptional item and tax		1,549.34	1,248.39
Exceptional item	30	-	127.42
Profit before tax		1,549.34	1,375.81
Tax expense			
Current tax	13 (b)	421.79	337.72
Tax settlement relating to previous years	13 (b) (i)	190.38	-
Deferred tax	13 (a), (b)	(36.21)	59.84
Total tax expense		575.96	397.56
Profit for the year		973.38	978.25
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	33	(50.43)	(70.27)
Income tax relating to items that will not be reclassified to profit or loss	13 (a), (b)	12.69	17.71
Total other comprehensive income for the year, net of tax		(37.74)	(52.56)
Total comprehensive income for the year		935.64	925.69
Earnings per equity share			
Basic and Diluted (face value of ₹ 10/- each)	31	27.96	28.10

Summary of significant accounting policies 1

The accompanying notes are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

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Managing Director
(DIN : 07475640)

Mumbai, February 25, 2021

Statement of Changes in Equity for the year ended December 31, 2020

(All amounts are in ₹ million, unless otherwise stated)

A. Equity share capital

	Notes	
As at January 1, 2019		348.08
Change in equity share capital	14 (a)	-
As at December 31, 2019		348.08
Change in equity share capital	14 (a)	-
As at December 31, 2020		348.08

B. Other Equity

	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2019	0.09	0.10	3.20	1,085.08	0.06	5,695.94	6,784.47
Profit for the year	-	-	-	-	-	978.25	978.25
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	(52.56)	(52.56)
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(208.85)	(208.85)
Tax on Dividend	-	-	-	-	-	(42.25)	(42.25)
As at December 31, 2019	0.09	0.10	3.20	1,085.08	0.06	6,370.53	7,459.06

	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2020	0.09	0.10	3.20	1,085.08	0.06	6,370.53	7,459.06
Profit for the year	-	-	-	-	-	973.38	973.38
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	(37.74)	(37.74)
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(278.46)	(278.46)
As at December 31, 2020	0.09	0.10	3.20	1,085.08	0.06	7,027.71	8,116.24

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.
This is the Statement of Changes in Equity referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

For and on behalf of the Board of Directors

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(DIN : 07475640)

Mumbai, February 25, 2021

Statement of Cash Flows for the year ended December 31, 2020

(All amounts are in ₹ million, unless otherwise stated)

	Particulars		Year ended December 31, 2020		Year ended December 31, 2019
A.	Cash flows from operating activities				
	Profit before tax		1,549.34		1,375.81
	Adjustments for :				
	Depreciation and amortisation expense	417.70		457.23	
	(Gain)/loss on disposal of property, plant and equipment [Refer note (ii) below]	8.40		(128.02)	
	Interest expense (including interest expense on lease liabilities)	33.94		53.12	
	Interest income	(192.72)		(128.60)	
	Dividend from investment in associate	(32.71)		(21.68)	
	Dividend from investment in subsidiary	-		(3.30)	
	Fair value (gain) / loss in derivative financial instruments	(8.20)		9.60	
	Sundry credit balances and provisions no longer required, written back	(21.05)		(14.59)	
	Unrealised foreign exchange (gain) / loss	3.77		(21.09)	
	Allowance for doubtful receivables	91.91		(7.26)	
			301.04		195.41
	Operating profit before working capital changes		1,850.38		1,571.22
	Adjustment for changes in working capital:				
	(Increase) / decrease in operating assets:				
	Inventories	(360.32)		(218.20)	
	Trade receivables	178.06		(56.94)	
	Loans	2.52		(22.67)	
	Other assets	159.75		226.32	
	Increase / (decrease) in operating liabilities:				
	Trade payables	215.13		257.50	
	Other financial liabilities	53.25		114.56	
	Other liabilities	21.57		460.54	
	Provisions	5.65		42.67	
			275.61		803.78
	Cash generated from operations		2,125.99		2,375.00
	Income taxes paid		(411.32)		(353.53)
	Net cash flows generated from operating activities (A)		1,714.67		2,021.47

Statement of Cash Flows for the year ended December 31, 2020 (Contd.)

(All amounts in ₹ million, unless otherwise stated)

Particulars		Year ended December 31, 2020		Year ended December 31, 2019
B. Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	(497.87)		(586.56)	
Proceeds from disposal of property, plant and equipment	2.79		131.20	
Investment in fixed deposits	(3,832.52)		(2,205.88)	
Redemption of fixed deposits	3,087.23		1,051.66	
Interest received	202.11		63.06	
Dividend from investment in associate	32.71		21.68	
Dividend from investment in subsidiary	-		3.30	
Net cash flows used in investing activities (B)		(1,005.55)		(1,521.54)
C. Cash flows from financing activities				
Proceeds from current borrowings	1,200.00		1,270.00	
Repayment of current borrowings	(1,200.00)		(1,004.12)	
Interest paid	(32.25)		(53.12)	
Repayment of lease liabilities	(7.20)		-	
Dividends paid	(278.46)		(208.85)	
Tax on dividend	-		(42.25)	
Net cash flows used in financing activities (C)		(317.91)		(38.34)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		391.21		461.59
Cash and cash equivalents at the beginning of the year		483.51		19.67
Effects of exchange rate changes on cash and cash equivalents		(4.38)		2.25
Cash and cash equivalents at the end of the year		870.34		483.51

Reconciliation of Cash and cash equivalents as per Statement of Cash Flows

Cash and cash equivalents as per above comprise of following:	As at December 31, 2020	As at December 31, 2019
Cash and cash equivalents [Refer note 8 (a)]	870.34	483.51
Balances as per Statement of Cash Flows	870.34	483.51

Notes:

(i) Statement of Cash Flows has been prepared under the 'Indirect Method' in accordance with 'Ind AS 7 : Statement of Cash Flows'.

(ii) Net gain on disposal of property, plant and equipment for the year ended December 31, 2019 includes gain of ₹ 127.42 million arising from sale of office property located at Mumbai.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.
This is the Statement of Cash Flows referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

Gaurav Swarup
Chairman
(DIN : 00374298)

Mahesh Bhave
Company Secretary

D. N. Damania
Director
(DIN : 00403834)

Rajeev Jain
Managing Director
(DIN : 07475640)

Mumbai, February 25, 2021

Notes forming part of the financial statements

(All amounts are in ₹ million, unless otherwise stated)

Background:

KSB Limited(the 'Company') is a public limited Company domiciled in India with its registered office located at Office No. 601, Runwal R-Square, L.B.S Marg, Mulund (West), Mumbai – 400 080. The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).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. CIN of the Company is L29120MH1960PLC011635.

The standalone financial statements have been authorized for issue by the Board of Directors on February 25, 2021.

1. Summary of significant accounting policies:

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time] and other relevant provisions of the Act.

(ii) Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value
- Defined benefit plans — plan assets measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(b) New and amended standards adopted by the Company:

The Company has adopted the following standards and amendments with effect from January 1, 2020:

- Ind AS 116, Leases [Refer note 1(h),note (4), note (15) and note (39)]
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes

The Company has changed its accounting policies as a result of adopting Ind AS 116. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Company's board of directors. Refer note 35for segment information presented.

Notes forming part of the financial statements (Contd.)

(All amounts in ₹ million, unless otherwise stated)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The standalone financial statements are presented in Indian rupee (₹), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(e) Revenue recognition

Ind AS 115 Revenue from Contracts with Customers has been adopted by the Company with effect from January 1, 2019. The new standard deals with revenue recognition and establishes principles for reporting useful information to users of standalone financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

A five-step process must be applied before revenue can be recognised:

(i) identify contracts with customers
(ii) identify the separate performance obligation
(iii) determine the transaction price of the contract
(iv) allocate the transaction price to each of the separate performance obligations, and
(v) recognise the revenue as each performance obligation is satisfied.

(i) Revenue from sale of products

The Company accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Company generate revenue from sale of pumps, valves and related support services. The Company may promise to provide distinct goods or services within a contract, for example when a contract covers multiple promises (e.g., supply of pumps, motors and spares), in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost-plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or
(b) The customer controls the work-in-progress, or
(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

If none of the criteria above are met, the Company recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

The Company uses input method to measure the progress for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the input method measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

Due to the nature of the work required to be performed on performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. It is common for project contracts to contain penalties, bonuses or other provisions that can either increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and may be based upon customer discretion.

The Company estimates variable consideration using expected value method of probability-weighted values at an amount to which it expects to be entitled. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Contracts are modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

When estimates of total costs to be incurred exceed total estimates of revenue to be earned on a performance obligation related to a contract, a provision for the entire loss on the performance obligation is recognized in the period.

Revenue recognised at a point-in-time

For sale of products, revenue is recognised at point in time when control of goods is transferred to the customer - based on delivery terms, payment terms, customer acceptance and other indicators of control as mentioned above.

(ii) Revenue from sale of services

Company generate revenue from sale of pumps, valves and related support services. Revenue from services is recognised in the accounting period in which the services are rendered.

(iii) Other operating revenue

Revenue comprising of income from ancillary activities incidental to the operations of the Company is recognized when the right to receive the income is established as per the terms of the contract. Revenue from export incentives majorly comprises of Duty drawback and Merchandise Export Incentive Scheme (MEIS) which are recognised on an accrual basis at specified rates. Refer note 21.

(All amounts in ₹ million, unless otherwise stated)

(iv) Other income

Interest income:

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in Other income in the Statement of Profit and Loss.

Dividends:

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Government grants relating to income are recognised in the Statement of Profit and Loss. Refer note 1(e)(iii) for accounting policy related to Duty drawback and Merchandise Export Incentive Scheme (MEIS).

When government or related institutions provide concession in interest on borrowings or loans availed by the Company from financial institutions, such interest concession is regarded as a government grant. The Company accounts for the interest paid at concessional rate on packing credit facility availed for export of goods.

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(h) Leases

Accounting policies till December 31, 2019:

As a lessee

Leases of property, plant and equipment, where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are recognized 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 bifurcated 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.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Accounting policies with effect from January 1, 2020:

Effective January 1, 2020, the Company has adopted Ind AS 116 - Leases, using the 'Modified Retrospective Approach' for transition from Ind AS 17 - Leases, with no impact to the retained earnings as at January 1, 2020. Accordingly, the comparatives have not been retrospectively adjusted.

As a lessee:

From January 1, 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the principal (liability) and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Profit and Loss. Short-term leases are leases with a lease term of 12 months or less.

(i) Impairment of assets

The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. If an asset is impaired, the Company recognises an impairment loss as the excess of

(All amounts in ₹ million, unless otherwise stated)

	the carrying amount of the asset over the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.
(j)	Cash and cash equivalents
	For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, balances with banks in current accounts and EEFC accounts, fixed deposits with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. Other bank balances include fixed deposits with original maturities of more than three months and earmarked accounts which includes unpaid dividend.
(k)	Trade receivables
	Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment and liquidated damages.
(l)	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.
(m)	Inventories
	Inventories are valued at the lower of cost and net realisable value.
	Cost of raw materials, components, stores, spares, loose tools and traded goods comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
(n)	Financial assets
	(i) Classification
	The Company classifies its financial assets in the following measurement categories: • those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and • those measured at amortised cost.
	The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
	For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.
	For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.
	The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(All amounts are in ₹ million, unless otherwise stated)

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as follows:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Equity instruments

The Company subsequently measures equity investment at fair value. The Company's Management elects to present fair value gains and losses on equity investments in other comprehensive income on an instrument by instrument basis.

(iii) Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer note 37(A)for details of credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(o) Derivatives

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

(p) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or

(All amounts in ₹ million, unless otherwise stated)

realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

(q) Property, plant and equipment

Freehold land is stated at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on the straight-line method/ written down value method over the useful lives of assets which has been assessed as under the 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., which are different from those prescribed in Schedule II to the Companies Act, 2013 (Act) except for server and networking (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:

Asset	Useful life
Buildings	43 to 90 years (WDV)
Plant and equipment	09 to 21 years (SLM)
Vehicles	05 to 11 years (WDV)
Office equipment	10 years (SLM)
Computer equipment	06 years (SLM)

The property, plant and equipment acquired under finance leases is depreciated over the asset’s useful life or over the shorter of the asset’s useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term. Leasehold land and assets taken on lease are amortized over the period of the lease.

The asset’s residual values and useful lives are reviewed and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Net gains or net losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss under other income or other expenses respectively.

(r) Intangible assets

Intangible assets are stated at acquisition cost net of tax/ duty credits availed, if any, and net of accumulated amortisation. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. Intangible assets are amortized on the straight-line method as follows:

Asset	Useful life
Rights, techniques, process	7 to 10 years
Computer software	3 years

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Company after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(t) Provisions and Contingent liabilities

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Provisions are not recognised for future operating losses. Provision for warranty is computed as a percentage of sales based on the past trends observed.

Contingent liabilities are disclosed by way of a note to the standalone financial statements when there is a possible obligation arising from past events, 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 a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(u) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for privileged leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) Defined benefit plans-gratuity and superannuation

(b) Defined contribution plans - provident fund

(a) Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972, as amended from time to time. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

(All amounts in ₹ million, unless otherwise stated)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance cost in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.

(a) Superannuation

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

Defined Contribution Plans

The Company pays provident fund contributions for all employees to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(v) Dividends

The Company recognizes provision for Dividend and the tax thereupon, if any, once the Dividend is approved by the shareholders in the annual general meeting.

(w) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(x) Earnings per share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing:

- the net profit for the period attributable to equity shareholders
- by the weighted average number of equity shares outstanding during the financial year.

Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted Earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(y) Rounding of amounts:

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

Notes forming part of the financial statements (Contd.)

(All amounts in ₹ million, unless otherwise stated)

2. Significant accounting judgements, estimates and assumptions

The preparation of standalone financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reliable and relevant under the circumstances. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Management believes that the estimates are the most likely outcome of future events. Detailed information about each of these estimates and judgements is described below.

Judgements

In the process of applying the Company's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

i. Legal contingencies

The Company has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

ii. Revenue Recognition on Contracts with Customers

Company generate revenue from sale of Pumps, valves and related support services. Company uses judgement with respect to accounting of multiple contracts which need to be combined and considered as single contract. The Company exercises judgement with respect to identifying contracts for which revenue need to be recognised point in time or over a period of time, depending upon when customer consumes the benefit, when the control is passed to customer, whether asset created has an alternative use and whether the Company has right to payment for performance completed till date, either contractually or legally.

iii. Ind AS 116 – Leases

In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices and equipment's, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend (or not terminate).
- The Company consider other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and equipment leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed periodically whether an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(All amounts in ₹ million, unless otherwise stated)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Warranty

The Company generally offers an 18 months warranty for its products, except for certain projects where the warranty offered may be higher to meet specific project requirements. Warranty costs are determined as a percentage of sales based on the past trends of the costs required to be incurred for repairs, replacements, material costs and servicing cost. Management estimates the related closing provision as at Balance Sheet date for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. As the time value of money is not considered to be material, warranty provisions are not discounted. Refer note 19 for further information.

ii. Gratuity

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate, mortality rates and expected return on planned assets. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the year end. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. For further details about gratuity obligations are given in note 33.

iii. Recoverability of trade receivables

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. Refer note 37A for further details.

iv. Inventories

An inventory provision is recognized for cases where the realizable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sale prices of inventory item and losses associated with obsolete / slow moving / redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

(All amounts are in ₹ million, unless otherwise stated)

3 Property, plant and equipment

	Freehold land	Leasehold land [Refer note (ii) below]	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Development of property	Total	Capital work-in-progress
Gross carrying amount as at January 1, 2019	3.01	265.15	1,692.54	4,129.91	124.77	69.36	152.73	0.04	6,437.51	41.38
Additions	-	-	80.37	192.06	9.75	14.77	15.11	-	312.06	303.52
Disposals	-	-	(1.86)	(38.52)	(0.93)	(14.67)	(1.45)	-	(57.43)	-
Gross carrying amount as at December 31, 2019	3.01	265.15	1,771.05	4,283.45	133.59	69.46	166.39	0.04	6,692.14	344.90
Accumulated depreciation	-	11.39	540.18	2,470.72	97.78	44.90	80.56	0.04	3,245.57	-
Charge for the year (Refer note 28)	-	2.81	116.83	245.39	12.35	14.10	12.20	-	403.68	-
Impairment loss [Refer note (iii) below and 28]	-	-	-	40.40	-	-	-	-	40.40	-
Disposals	-	-	(1.63)	(36.39)	(0.93)	(13.95)	(1.35)	-	(54.25)	-
Closing accumulated depreciation as at December 31, 2019	-	14.20	655.38	2,720.12	109.20	45.05	91.41	0.04	3,635.40	-
Net carrying amount as at December 31, 2019	3.01	250.95	1,115.67	1,563.33	24.39	24.41	74.98	-	3,056.74	344.90

	Freehold land	Leasehold land [Refer note (ii) below]	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Development of property	Total	Capital work-in-progress
Gross carrying amount as at January 1, 2020	3.01	265.15	1,771.05	4,283.45	133.59	69.46	166.39	0.04	6,692.14	344.90
Additions	-	-	220.79	262.64	6.56	1.76	12.48	-	504.23	-
Disposals	-	-	(2.24)	(119.35)	(7.55)	(1.85)	(10.32)	-	(141.31)	(93.90)
Transferred to Right-of-use assets	-	(265.15)	-	-	-	-	-	-	(265.15)	-
Gross carrying amount as at December 31, 2020	3.01	-	1,989.60	4,426.74	132.60	69.37	168.55	0.04	6,789.91	251.00
Accumulated depreciation as at January 1, 2020	-	14.20	655.38	2,720.12	109.20	45.05	91.41	0.04	3,635.40	-
Charge for the year (Refer note 28)	-	-	117.95	245.42	9.77	11.68	12.54	-	397.36	-
Disposals	-	-	(1.53)	(116.24)	(7.44)	(1.58)	(9.39)	-	(136.18)	-
Transferred to Right-of-use assets	-	(14.20)	-	-	-	-	-	-	(14.20)	-
Closing accumulated depreciation as at December 31, 2020	-	-	771.80	2,849.30	111.53	55.15	94.56	0.04	3,882.38	-
Net carrying amount as at December 31, 2020	3.01	-	1,217.80	1,577.44	21.07	14.22	73.99	-	2,907.53	251.00

(All amounts are in ₹ million, unless otherwise stated)

i. Refer to note 32 (c) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

ii. Leasehold land mainly pertains to manufacturing plant located at Shirwal. Leasehold land is transferred to Right-of-use asset in accordance with 'Ind AS 116 : Leases' with effect from January 1, 2020 (Refer note 4).

iii. Impairment loss for the year ended December 31, 2019 relates to plant and machinery which, based on the technical assessment done by the Company, are not in use and the likelihood of using these assets in foreseeable future is remote. The net carrying amount of these assets has been recognised as impairment loss in the Statement of Profit and Loss under the head 'Depreciation and amortisation expense'.

iv. The Company has reduced the useful life of 'Plant and equipment' of Cast Iron Foundry on the basis of revised business plan effective from November 1, 2020. The depreciation expense for the year is higher by ₹ 3.04 million. There would be proportionate increase in the depreciation expense in the next three years.

v. Disposals for the year ended December 31, 2019 include the sale of office property held at Mumbai (Refer note 30).

vi. Capital work-in-progress mainly includes building under construction and plant and machinery in the process of installation.

vii. The additions to capital work-in-progress are net after considering the transfers to property, plant and equipment. Gross additions to capital work-in-progress and transfers to property, plant and equipment are as follows:

	Capital work-in-progress	
	As at December 31, 2020	As at December 31, 2019
Opening carrying value	344.90	41.38
Additions	408.57	600.81
Transfers to property, plant and equipment	(502.47)	(297.29)
Closing carrying value	251.00	344.90

4 Right-of-use assets

	Leasehold land	Buildings	Total
Cost as at January 1, 2020	-	-	-
Transferred from Property, plant and equipment (Refer note 3)	265.15	-	265.15
Addition on account of transition to Ind AS 116 “Leases” (Refer note 39)	-	12.03	12.03
Additions	-	9.22	9.22
Cost as at December 31, 2020	265.15	21.25	286.40
Accumulated depreciation as at January 1, 2020	-	-	-
Transferred from Property, plant and equipment (Refer note 3)	14.20	-	14.20
Charge for the year (Refer note 28)	2.81	6.47	9.28
Accumulated depreciation as at December 31, 2020	17.01	6.47	23.48
Net carrying value as at December 31, 2020	248.14	14.78	262.92

Details of Leases :

The Company’s leasing arrangements include land and, building for office premises and service stations. Rental contracts for office premises and service stations are typically made for fixed periods of 3 to 15 years, but have extension options. Refer note 39 for changes in Accounting policies.

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(i) Amount recognised in the Statement of Profit and Loss

	Note	December 31, 2020
Interest expense on lease liabilities	27	1.69
Depreciation on right-of-use assets	28	9.28
Expenses related to short term leases (included as rent in Other expenses)	29	4.79

The total cash outflow for leases for the year ended December 31, 2020 is ₹ 11.99 million .

(ii) Extension and Termination option :

Extension and termination options are included in a number of lease contracts. These terms are used to maximise operational flexibility in terms of managing contracts.

5 Intangible Assets

	Copyrights, patents and other intellectual property rights, services and operating rights	Computer Software	Total
Gross carrying amount as at January 1, 2019	59.26	77.24	136.50
Additions	-	10.60	10.60
Disposals	-	-	-
Gross carrying amount as at December 31, 2019	59.26	87.84	147.10
Accumulated Amortisation			
Balance as at January 1, 2019	55.41	62.43	117.84
Charge for the year (Refer note 28)	1.16	11.99	13.15
Disposals	-	-	-
Closing accumulated amortisation as at December 31, 2019	56.57	74.42	130.99
Net carrying amount as at December 31, 2019	2.69	13.42	16.11

	Copyrights, patents and other intellectual property rights, services and operating rights	Computer Software	Total
Gross carrying amount as at January 1, 2020	59.26	87.84	147.10
Additions	-	8.66	8.66
Disposals	-	(0.71)	(0.71)
Gross carrying amount as at December 31, 2020	59.26	95.79	155.05
Accumulated Amortisation			
Balance as at January 1, 2020	56.57	74.42	130.99
Charge for the year (Refer note 28)	1.14	9.92	11.06
Disposals	-	(0.71)	(0.71)
Closing accumulated amortisation as at December 31, 2020	57.71	83.63	141.34
Net carrying value as at December 31, 2020	1.55	12.16	13.71

(All amounts are in ₹ million, unless otherwise stated)

6 (a) Investments

	As at December 31, 2020	As at December 31, 2019
Investment in subsidiary Pofran Sales & Agency Ltd. - 5,000 equity shares (December 31, 2019 - 5,000 equity shares) of ₹ 100 each fully paid	0.50	0.50
Investment in associate KSB MIL Controls Ltd. - 7,35,000 equity shares (December 31, 2019 - 7,35,000 equity shares) of ₹ 10 each fully paid	62.65	62.65
Investment in equity instruments of other entities Mula Pravara Electric Co - operative Society Ltd. - 15,995 equity shares (December 31, 2019 - 15,995 equity shares) of ₹ 25 each fully paid	0.40	0.40
Total (unquoted investments)	63.55	63.55
Less : Aggregate amount of provision for impairment in the value of investments	(0.40)	(0.40)
Total Investments	63.15	63.15

6 (b) Loans

Non-current	As at December 31, 2020	As at December 31, 2019
Unsecured, considered good		
Loans to employees	43.19	44.31
Security deposits	38.08	36.66
Unsecured, considered doubtful		
Security deposits	5.30	5.30
	86.57	86.27
Less: Provision for doubtful security deposits	(5.30)	(5.30)
Total	81.27	80.97

Current	As at December 31, 2020	As at December 31, 2019
Unsecured, considered good		
Loans and advances to employees	18.73	21.55
Total	18.73	21.55

(All amounts in ₹ million, unless otherwise stated)

7 Trade receivables

		As at December 31, 2020	As at December 31, 2019
Trade receivables		2,631.34	2,673.26
Receivables from related parties (Refer note 34)		457.61	593.54
		3,088.95	3,266.80
Less: Loss allowance		(254.95)	(174.12)
	Total	2,834.00	3,092.68
Current portion		2,667.59	2,961.79
Non-current portion		166.41	130.89

Break-up of security details

		As at December 31, 2020	As at December 31, 2019
Trade receivables considered good - Unsecured		2,834.00	3,092.68
Trade receivables - credit impaired		254.95	174.12
		3,088.95	3,266.80
Less: Loss allowance		(254.95)	(174.12)
	Total	2,834.00	3,092.68

8 (a) Cash and cash equivalents

		As at December 31, 2020	As at December 31, 2019
Balances with banks			
In current accounts		523.06	385.78
In EEFC accounts		342.39	97.06
Deposits with original maturity of less than three months		4.35	-
Cash on hand		0.54	0.67
	Total	870.34	483.51

8 (b) Bank balances other than 8 (a) above

		As at December 31, 2020	As at December 31, 2019
Balances with banks			
Fixed deposits*		3,158.59	2,413.30
In earmarked accounts			
Unpaid dividend accounts		4.24	3.20
	Total	3,162.83	2,416.50

*Includes ₹ 462.19 million (December 31, 2019: ₹ 431.98 million) held as lien by bank against credit facilities.

9 Other financial assets-current

		As at December 31, 2020	As at December 31, 2019
Interest accrued on deposits with banks		96.24	105.63
Derivative asset		6.61	-
	Total	102.85	105.63

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

10 Inventories

	As at December 31, 2020	As at December 31, 2019
Raw materials (includes in transit ₹ 194.50 million; December 31, 2019 : ₹ 62.51 million)	1,093.20	1,012.48
Work-in-progress	1,721.82	1,523.95
Finished goods (includes in transit ₹ 140.67 million; December 31, 2019 : ₹ 116.67 million)	641.92	544.92
Stock-in-trade	102.65	119.41
Stores and spares	45.05	42.47
Loose tools	4.11	5.20
Total	3,608.75	3,248.43

The cost of inventories recognised as an expense during the year is disclosed in Note 23, 24 and 25. The cost of inventories recognised as an expense include write-down of inventories of ₹ 166.75 million (December 31, 2019: ₹ 136 million) and reversal of write-down of inventories of ₹ 201.94 million (December 31, 2019 : ₹ 98 million).

11 Other non-current assets

	As at December 31, 2020	As at December 31, 2019
Capital advances	7.19	31.75
Advances other than capital advances		
Prepaid expenses	0.88	1.83
Balances with government authorities		
Considered good	-	6.99
Considered doubtful	7.25	3.72
	7.25	10.71
Less: Provision for doubtful balances	(7.25)	(3.72)
	-	6.99
Total	8.07	40.57

12 Other current assets

	As at December 31, 2020	As at December 31, 2019
Prepaid expenses	12.14	6.72
Advances to related parties (Refer note 34)	0.45	28.07
Balances with government authorities		
Considered good	174.80	310.47
Considered doubtful	7.48	7.48
	182.28	317.95
Less: Provision for doubtful balances	(7.48)	(7.48)
	174.80	310.47
Others*		
Considered good	293.64	287.58
Considered doubtful	11.59	11.59
	305.23	299.17
Less: Provision for doubtful balances	(11.59)	(11.59)
	293.64	287.58
Total	481.03	632.84

*Others include export incentives receivable, advances paid to suppliers which would be subsequently settled against purchases.

Notes forming part of the financial statements (Contd.)

(All amounts in ₹ million, unless otherwise stated)

13 (a) Deferred tax assets (net)

The balance of deferred tax comprises temporary differences attributable to:

	As at December 31, 2020	As at December 31, 2019
Deferred tax assets		
Provision for compensated absences, gratuity and superannuation	127.35	116.04
Provision for loss allowance and doubtful advances	72.22	50.99
Fair value loss on derivative instruments	-	0.40
Others (including allowances on payment basis)	66.11	58.22
	265.68	225.65
Deferred tax liabilities		
Accelerated depreciation for tax purposes	95.88	106.41
Fair value gain on derivative instruments	1.66	-
	97.54	106.41
Deferred tax assets (net)	168.14	119.24

Changes in Deferred tax assets/ (liabilities) in Statement of Profit and Loss [credited / (charged) during the year]

	Year Ended December 31, 2020	Year Ended December 31, 2019
Provision for compensated absences, gratuity and superannuation	11.31	(26.77)
Provision for loss allowance and doubtful advances	21.23	(25.27)
Accelerated depreciation for tax purposes	10.53	25.38
Fair value of derivative instruments	(2.06)	3.20
Others	7.89	(18.67)
Total	48.90	(42.13)

13(b) Income Taxes

The major components of income tax expense for the year ended December 31, 2020 and December 31, 2019 are:

Statement of Profit and Loss

	Year ended December 31, 2020	Year ended December 31, 2019
Current income tax charge		
Current income tax		
- Current tax on profit for the current year	427.75	351.84
- Tax settlement relating to previous years [Refer note (i) below]	190.38	-
- Adjustments for current tax of prior periods	(5.96)	(14.12)
Deferred tax	(36.21)	59.84
Total tax expense reported in the Statement of Profit and Loss	575.96	397.56

(All amounts are in ₹ million, unless otherwise stated)

Other comprehensive income	Year ended December 31, 2020	Year ended December 31, 2019
Deferred tax relating to remeasurement of post employment benefit obligations	12.69	17.71
Income tax credit to Other comprehensive income	12.69	17.71

Movement in income tax liabilities / (assets) (net)

	As at December 31, 2020	As at December 31, 2019
Opening balance	(142.11)	(126.30)
Add : Current tax payable (including tax for prior period)	612.17	337.72
Less : Taxes paid (including tax paid for prior period)	(411.32)	(353.53)
Closing balance [payable/ (receivable)]	58.74	(142.11)

Reconciliation of tax expense and accounting profit multiplied by statutory income tax rate :

	Year ended December 31, 2020	Year ended December 31, 2019
Accounting profit before tax	1,549.34	1,375.81
Tax at statutory income tax rate of 25.17% (2019: 25.17%) [Refer note (ii) below]	389.97	346.29
Reduction in statutory income tax rate-reversal of deferred tax assets	-	40.74
Impact of higher tax rate for the quarter ended March 31, 2019 (34.94%)	-	23.76
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Dividend Income	-	(6.29)
- Donations	2.55	2.90
- Other items	(0.98)	4.28
Tax settlement relating to previous years [Refer note (i) below]	190.38	-
Adjustments for current-tax of prior periods	5.96	(14.12)
Income tax expense	587.88	397.56

(i) The Government of India has introduced 'Direct Tax Vivad Se Vishwas Act, 2020' which allows the assesses to settle the ongoing Income-tax litigations at various Adjudicating authorities. In this regard, the Management has decided to exercise the option as given under the said Act and to settle all the ongoing Income-tax litigations at various Adjudicating authorities pertaining to Assessment years from 2009-10 to 2016-17. Pursuant to this, complete waiver of interest liability and immunity from penalty will be achieved for the abovementioned assessment years. Accordingly, the Company has filed an application with the Income-tax authorities for exercising this option. Based on the Management assessment, it is estimated that the Company will need to pay the Income-tax of ₹ 114.40 million towards the settlement of disputed Income-tax liability of ₹ 198.89 million, after adjusting of the refunds due to the extent of ₹ 84.49 million. The Company has recognized provision of ₹ 190.38 million in the current year in this regard.

(ii) Pursuant to the announcement made by the Finance Ministry of the Government of India on September 20, 2019, the Company opted for a lower corporate tax rate as per section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation laws (Amendment) Ordinance, 2019 from financial year 2019-20 onwards. Accordingly, the Company recognised provision for income tax and remeasured the Deferred Tax Assets basis the revised lower tax rate and the impact of the same was recognised in the year ended December 31, 2019.

Notes forming part of the financial statements (Contd.)

(All amounts in ₹ million, unless otherwise stated)

14 (a) Equity share capital

		As at December 31, 2020	As at December 31, 2019
Authorised equity share capital : 40,000,000 (December 31, 2019: 4,00,00,000) Equity shares of ₹ 10 each		400.00	400.00
	Total	400.00	400.00
Issued, subscribed and paid up : 34,807,844 (December 31, 2019: 3,48,07,844) Equity shares of ₹ 10 each		348.08	348.08
	Total	348.08	348.08

(i) Reconciliation of number of equity shares

	As at December 31, 2020	As at December 31, 2019
Shares outstanding at the beginning and end of the year	3,48,07,844	3,48,07,844

(ii) Rights, preferences and restrictions attached to equity shares

The company has only one class of shares referred to as equity shares having a face value of ₹ 10/- per share. Each equity shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Shares held by Ultimate Holding Company/ Holding Company and/ or their Subsidiaries/ Associates.

	As at December 31, 2020	As at December 31, 2019
Canadian Kay Pump Ltd. (Holding Company)	1,41,10,848	1,41,10,848

(iv) Details of equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company

Name of the shareholder	As at December 31, 2020		As at December 31, 2019	
	% holding	No. of shares	% holding	No. of shares
Canadian Kay Pump Ltd.	40.54%	1,41,10,848	40.54%	1,41,10,848
The Industrial & Prudential Investment Co. Ltd.	20.51%	71,40,000	20.51%	71,40,000
Reliance Capital Trustee Company Ltd.(held in Reliance Infrastructure Fund and Reliance Tax Saver (ELSS) Fund)	0.00%	-	5.56%	19,34,775

(v) There were neither shares bought back nor allotted either as fully paid bonus shares or under any contract without payment being received in cash, during the five years immediately preceding December 31, 2020.

(All amounts are in ₹ million, unless otherwise stated)

14 (b) Other equity

(i) Retained earnings

	As at December 31, 2020	As at December 31, 2019
Opening balance	6,370.53	5,695.94
Profit for the year	973.38	978.25
	7,343.91	6,674.19
Less: Dividend paid	(278.46)	(208.85)
Less: Tax on dividend*	-	(42.25)
Items of other comprehensive income recognised directly in retained earnings		
Remeasurement of post-employment benefit obligations (net of tax)	(37.74)	(52.56)
Closing Balance	7,027.71	6,370.53
Total Retained earnings	7,027.71	6,370.53

*In accordance with the recent amendments in sections 10(34) and 115-O of the Income-tax Act, 1961, Dividend Distribution Tax (DDT) would not be payable by companies in respect of dividends declared, distributed or paid after March 31, 2020 and similarly tax exemption under section 10(34) to recipient is withdrawn with effect from April 1, 2020. Accordingly, the Company has deducted and paid withholding tax upon the dividend paid in current year.

(ii) Other reserves

	As at December 31, 2020	As at December 31, 2019
Capital reserve [Refer note (i)]	0.09	0.09
Capital redemption reserve [Refer note (i) below]	0.10	0.10
Securities premium [Refer note (i) below]	3.20	3.20
General reserve [Refer note (ii) below]	1,085.08	1,085.08
Amalgamation reserve [Refer note (i) below]	0.06	0.06
Total Other reserves	1,088.53	1,088.53
Total Other equity	8,116.24	7,459.06

Nature and purpose of Other reserves:

i These reserves pertain to reserve arising on amalgamations in the past, which is required to be statutorily maintained and cannot be distributed to the shareholders.

ii This reserve represents amounts transferred from retained earnings in earlier years as per the requirements of the erstwhile Companies Act, 1956. The reserve is a free reserve.

15 Lease liabilities

	As at December 31, 2020
Non-current lease liabilities [Refer note 39]	8.98
Current lease liabilities [Refer note 39]	6.76
Total	15.74

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

16 Borrowings - Current

	As at December 31, 2020	As at December 31, 2019
Working capital facilities from banks (unsecured)	600.00	600.00
Total	600.00	600.00

Terms of repayment for borrowings

Particulars	Terms of repayment	As at December 31, 2020	As at December 31, 2019
Working capital facilities from banks (unsecured) [Refer note (i) below]	Repayable within six months at average interest rate 4.75% - 8.40 % p.a.	600.00	600.00
	Total	600.00	600.00

(i) The amount includes Export packing credit of ₹ 600 million (December 31, 2019 : ₹ 600 million). Export packing credit has been obtained by the Company at a concessional rate of interest ranging from 1.75% to 5.40% p.a repayable within six months from the date of drawdown.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at December 31, 2020	As at December 31, 2019
Cash and bank balance		
Cash and cash equivalents [Refer note 8 (a)	870.34	483.51
Other bank balance* [Refer note 8 (b)]	3,158.59	2,413.30
Borrowings		
Current borrowings	(600.00)	(600.00)
Net cash and bank balance	3,428.93	2,296.81

*Other bank balance consists of fixed deposits which are considered as short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

17 Trade payables

	As at December 31, 2020	As at December 31, 2019
Total outstanding dues of micro enterprises and small enterprises	24.78	12.24
	24.78	12.24
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related parties (Refer note 34)	610.30	598.31
(ii) Others	1,992.48	1,812.25
	2,602.78	2,410.56
Total	2,627.56	2,422.80

(All amounts in ₹ million, unless otherwise stated)

17 Trade payables (continued)

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The information as required to be disclosed under MSMED Act has been determined to the extent such parties have been identified on the basis of information available with the Company.

Sr. No.	Particulars	December 31, 2020	December 31, 2019
a)	i) The principal amount remaining unpaid to any supplier as at the year end	22.65	0.92
	ii) The interest due remaining unpaid to any supplier as at the year end	0.12	-
b)	The amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	6.85	-
c)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	2.01	1.83
d)	The amount of interest accrued and remaining unpaid as at the year end	2.13	11.32
e)	The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

18 Other financial liabilities-current

	As at December 31, 2020	As at December 31, 2019
Security deposits	101.13	107.06
Unclaimed dividend	4.24	3.20
Payable for purchase of property, plant and equipment	80.00	177.38
Derivative liability	-	1.59
Dealer incentive schemes	316.11	322.44
Payable to employees	165.91	100.40
Total	667.39	712.07

19(a) Provisions Non-current

	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits (Refer note 33)	427.27	379.21
Provision for warranty [Refer note (ii) below]	26.24	45.19
Total	453.51	424.40

(All amounts are in ₹ million, unless otherwise stated)

19(b) Provisions - Current

	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits [Refer note (i) below]	259.61	256.56
Provision for warranty [Refer note (ii) below]	95.49	43.17
Provision for litigations / contingencies [Refer note (iii) below]	138.22	166.62
Total	493.32	466.35

Notes:

(i) Includes provision for employee bonus and incentives. For details of gratuity, superannuation and compensated absences, refer note 33.

(ii) The Company offers warranty for its products. Provision for warranty is computed as a percentage of sales based on the past trends observed. The time value of money is considered to be not material and hence the provisions are not discounted. It is expected that this expenditure will be incurred over the contractual warranty period.

(iii) Provision is towards contingencies in respect of disputed claims against the Company, the quantum of outflow and timing of which is presently unascertainable.

Movement in provisions

	Provision for warranty	Provision for litigations / contingencies
As at January 1, 2019		
Balance at the beginning	70.18	161.50
Charged to the Statement of Profit and Loss		
Provision recognised (net of reversal)	41.15	6.19
Amounts used during the year	(22.97)	(1.07)
As at December 31, 2019	88.36	166.62

	Provision for warranty	Provision for litigations / contingencies
As at January 1, 2020		
Balance at the beginning	88.36	166.62
Charged to the Statement of Profit and Loss		
Provision recognised (net of reversal)	71.10	(28.40)
Amounts used during the year	(37.73)	-
As at December 31, 2020	121.73	138.22

20 Other current liabilities

	As at December 31, 2020	As at December 31, 2019
Statutory dues payable	59.39	31.05
Advances from customers*	1,394.35	1,401.12
Total	1,453.74	1,432.17

(All amounts are in ₹ million, unless otherwise stated)

*Movement in Advance from customers during the year

	As at December 31, 2020	As at December 31, 2019
Opening balance	1,401.12	1,292.31
Add : Advances received during the year	953.20	1,131.43
Less : Revenue recognized during the year	(959.97)	(1,022.62)
Closing balance	1,394.35	1,401.12

21 Revenue from operations

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from contracts with customers		
Sale of products	11,873.01	12,713.36
Sale of services	109.10	115.39
	11,982.11	12,828.75
Other operating revenue		
Sale of scrap	27.93	46.59
Export incentives	71.11	63.74
	99.04	110.33
Revenue from operations	12,081.15	12,939.08

Notes:

(i) Disaggregated revenue information

The table below presents disaggregated revenue from contracts with customers for the year ended December 31, 2020 and December 31, 2019. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

	Year ended December 31, 2020	Year ended December 31, 2019
Within India	9,608.81	10,460.73
Outside India	2,373.30	2,368.02
Revenue from contracts with customers	11,982.11	12,828.75

	Year ended December 31, 2020	Year ended December 31, 2019
Pumps	9,999.65	10,785.65
Valves	1,982.46	2,043.10
Revenue from contracts with customers	11,982.11	12,828.75

(All amounts are in ₹ million, unless otherwise stated)

(ii) Reconciliation of revenue recognized with contract price :

	Year ended December 31, 2020	Year ended December 31, 2019
Contract price	12,332.22	13,483.07
Adjustments for: Discounts, incentives, liquidated damages, price reductions	(350.11)	(654.32)
Revenue from contracts with customers	11,982.11	12,828.75

22 Other income

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income		
- Interest income from financials assets measured at amortised cost	165.83	92.62
- Others	26.89	35.98
Dividend income from associate	32.71	21.68
Dividend income from subsidiary	-	3.30
Sundry credit balances and provisions no longer required, written back	21.05	14.59
Net gain on disposal of property, plant and equipment	-	0.60
Net gain on foreign currency transactions and translations	32.72	50.49
Fair value gain in derivative financial instruments	8.20	-
Miscellaneous income	35.59	22.05
Total	322.99	241.31

23 Cost of materials consumed

	Year ended December 31, 2020	Year ended December 31, 2019
Opening stock of raw materials	1,012.48	883.39
Add: Purchases	5,593.38	6,144.87
Less: Closing stock of raw materials	1,093.20	1,012.48
Total	5,512.66	6,015.78

24 Purchases of stock-in-trade

	Year ended December 31, 2020	Year ended December 31, 2019
Purchases of stock-in-trade	970.63	1,062.39
Total	970.63	1,062.39

Notes forming part of the financial statements (Contd.)

(All amounts in ₹ million, unless otherwise stated)

25 Change in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended December 31, 2020	Year ended December 31, 2019
Opening inventory		
- Finished goods	544.92	542.99
- Stock-in-trade	119.41	139.59
- Work-in-progress	1,523.95	1,410.59
	2,188.28	2,093.17
Less: Closing inventory		
- Finished goods	641.92	544.92
- Stock-in-trade	102.65	119.41
- Work-in-progress	1,721.82	1,523.95
	2,466.39	2,188.28
Net change in inventories	(278.11)	(95.11)

26 Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and wages	1,655.09	1,554.14
Contributions to provident fund and other funds	110.01	105.48
Staff welfare expenses	97.33	112.21
Total	1,862.43	1,771.83

27 Finance costs

	Year ended December 31, 2020	Year ended December 31, 2019
Interest on borrowings	16.31	39.23
Interest expense on lease liabilities (Refer note 4 and 39)	1.69	-
Net interest expense on defined benefit obligations (Refer note 33)	15.94	13.89
Total	33.94	53.12

28 Depreciation and amortisation expense

	Year ended December 31, 2020	Year ended December 31, 2019
Depreciation and impairment on property, plant and equipment (Refer note 3)	397.36	444.08
Depreciation on right-of-use assets (Refer note 4)	9.28	-
Amortisation of intangible assets (Refer note5)	11.06	13.15
Total	417.70	457.23

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

29 Other expenses

	Year ended December 31, 2020	Year ended December 31, 2019
Processing and machining charges	502.69	649.88
Stores consumed	168.40	251.35
Tools consumed	50.85	45.26
Water, power and fuel	179.67	242.33
Rent	6.56	9.86
Rates and taxes	8.82	10.42
Repairs and maintenance		
- Buildings	11.83	14.35
- Machinery	20.01	40.07
- Others	52.54	32.28
Travelling and conveyance	34.67	98.97
Packing and forwarding charges	295.87	385.44
(Net of recoveries - ₹ 17.65 million; previous year - ₹ 39.92 million)		
Export selling agents	32.79	6.76
Other selling agents	11.90	8.16
Group service charges [Refer note (i) below]	36.00	33.00
Royalty charges	165.51	174.13
Expenditure on Corporate Social Responsibility [Refer note (ii) below]	22.71	20.96
Fair value losses in derivative financial instruments	-	9.60
Legal and professional fees [Refer note (iii) below]	31.61	46.38
Net loss on disposal of property, plant and equipment	8.40	-
Other computer services	114.33	92.36
Advertisements, catalogues, other advertising	63.01	75.04
Miscellaneous expenses	517.38	420.16
Total	2,335.55	2,666.76

(i) Group service charges

This includes the provision related to Group service charges for the year ended December 31, 2020, which are recorded based on the past experience for similar services from KSB SE & Co. KGaA.

(ii) Expenditure on Corporate Social Responsibility

	December 31, 2020	December 31, 2019
Contribution to KSB Care Charitable Trust	10.75	20.96
Expenditure towards other CSR activities	11.96	-
Total	22.71	20.96
Gross amount required to be spent by the Company during the year	22.68	20.96

Amount spent during the year on :

	In cash	
	December 31, 2020	December 31, 2019
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above	22.71	20.96
Total	22.71	20.96

(All amounts are in ₹ million, unless otherwise stated)

(iii) **Payment to auditors (included in legal and professional fees)**

	Year ended December 31, 2020	Year ended December 31, 2019
As auditor		
Audit fee (Including limited review and audit of consolidated financial statements)	1.75	1.75
Tax audit fee	0.30	0.30
Accounts for tax purposes	0.45	0.45
Fees for other services	1.55	2.70
Reimbursement of expenses	0.20	0.30
Total	4.25	5.50

30 Exceptional item

Exceptional item for the year ended December 31, 2019 represents gain of ₹ 127.42 million arising from sale of office property located at Mumbai.

31 Earnings per equity share

	Year ended December 31, 2020	Year ended December 31, 2019
Profit for the year attributable to the equity shareholders of the Company	973.38	978.25
Weighted average number of equity shares	3,48,07,844	3,48,07,844
Basic and Diluted Earnings per share (in ₹)	27.96	28.10

32 Contingencies and commitments

a) Contingent liabilities	Year ended December 31, 2020	Year ended December 31, 2019
Claims against the Company not acknowledged as debts	68.93	58.02
Income tax matters in dispute pending at various stages of appeal	3.21	198.33
Excise and Service tax matters	501.47	459.48
Total	573.61	715.83

b) The Company has evaluated the impact of the recent Supreme Court Judgment in the case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. Accordingly, the Company has taken the necessary measures, prospectively, to comply with the aforesaid Judgement and the related circular. Based on the Management assessment, the aforesaid matter is not likely to have a significant impact for the past period and accordingly no provision has been recognised in books of accounts.

c) Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 61.92 million (December 31, 2019 ₹ 156.65 million)

Notes forming part of the financial statements (contd.)

(All amounts are in ₹ million, unless otherwise stated)

33 Employee benefit obligations

	As at December 31, 2020	As at December 31, 2019
Compensated absences (Refer note B)	253.53	236.98
Non-current	220.82	196.05
Current	32.71	40.93
Gratuity (Refer note C)	222.65	199.44
Non-current	179.62	159.05
Current	43.03	40.39
Superannuation (Refer note D)	29.83	24.64
Non-current	26.83	24.12
Current	3.00	0.52

A Defined contribution plan

Contributions are made to provident fund at a fixed percentage of employee's salary as per the regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards contribution to provident fund is ₹ 69.24 million (December 31, 2019 - ₹ 69.11 million).

B Compensated absences

The leave obligations cover the Company's liability for privilege leave and sick leave. The amount of provision made during the year is ₹ 50.14 million (December 31, 2019 - ₹ 50.32 million). The Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within twelve months and accordingly, amounts have been classified as current and non-current.

C Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days to one month's salary multiplied for the number of years of service. The gratuity plan is a funded plan.

(I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2019	561.18	(390.39)	170.79
Current service cost	34.54	-	34.54
Interest expense/(income)	41.78	(29.07)	12.71
Total amount recognised in Statement of Profit and Loss	76.32	(29.07)	47.25
Return on plan assets	-	(2.07)	(2.07)
(Gain)/loss from experience changes	51.87	-	51.87
(Gain)/loss from change in financial assumptions	13.59	-	13.59
Total amount recognised in Other Comprehensive Income	65.46	(2.07)	63.39
Employer contributions	-	(40.39)	(40.39)
Benefits paid	(41.60)	-	(41.60)
December 31, 2019	661.36	(461.92)	199.44

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2020	661.36	(461.92)	199.44
Current service cost	38.43	-	38.43
Interest expense/(income)	47.06	(32.87)	14.19
Total amount recognised in Statement of Profit and Loss	85.49	(32.87)	52.62
Return on plan assets	-	3.89	3.89
(Gain)/loss from experience changes	(2.41)	-	(2.41)
(Gain)/loss from change in financial assumptions	47.16	-	47.16
Total amount recognised in Other Comprehensive Income	44.75	3.89	48.64
Employer contributions	-	(43.03)	(43.03)
Benefits paid	(35.02)	-	(35.02)
December 31, 2020	756.58	(533.93)	222.65

(II) The net liability disclosed above relates to funded plans are as follows :

	As at December 31, 2020	As at December 31, 2019
Present value of funded obligation	756.58	661.36
Fair value of plan assets	(533.93)	(461.92)
Deficit	222.65	199.44

(III) Significant estimates

The significant actuarial assumptions were as follows :

	As at December 31, 2020	As at December 31, 2019
Discount rate	6.00%	7.10%
Salary growth rate	7.50%	7.50%
Attrition rate	7.00%	7.00%

(IV) Sensitivity of actuarial assumptions

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

Assumption	Impact on defined benefit obligation [Increase / (Decrease)]	
	As at December 31, 2020	As at December 31, 2019
Discount rate		
1 % increase	(43.12)	(37.59)
1 % decrease	47.85	41.63
Future salary increase		
1 % increase	50.39	44.38
1 % decrease	(46.74)	(41.18)
Attrition rate		
1 % increase	(3.89)	(1.41)
1 % decrease	5.23	1.89

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Projected benefits payable from the fund in future years from the date of reporting:

	As at December 31, 2020	As at December 31, 2019
Upto 1 year	66.66	58.41
Between 2 to 5 years	331.22	290.39
Between 6 to 10 years	405.60	386.21
More than 10 years	342.12	353.93
Total	1,145.60	1,088.94

The weighted average duration of the defined benefit obligation is 6 years. (December 31, 2019: 7 years)

(V) The major categories of plan assets are as follows:

	As at December 31, 2020	As at December 31, 2019
Funds managed by insurer	100%	100%

D Superannuation

Superannuation is a benefit to certain employees at ₹ 1,000/ 500/ 250 (depending on the grade/ category of the employee and completed years of service) per year for each completed year of service.

(I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2019	32.47	(16.67)	15.80
Current service cost	1.57	-	1.57
Interest expense/(income)	2.42	(1.24)	1.18
Total amount recognised in Statement of Profit or Loss	3.99	(1.24)	2.75
Return on plan assets	-	0.72	0.72
(Gain)/loss from experience changes	5.72	-	5.72
(Gain)/loss from change in financial assumptions	0.45	-	0.45
Total amount recognised in Other Comprehensive Income	6.17	0.72	6.89
Employer contributions	-	(0.80)	(0.80)
Benefits paid	(13.42)	13.42	-
December 31, 2019	29.21	(4.57)	24.64

(All amounts are in ₹ million, unless otherwise stated)

	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2020	29.21	(4.57)	24.64
Current service cost	1.65	-	1.65
Interest expense/(income)	2.08	(0.33)	1.75
Total amount recognised in Statement Profit or Loss	3.73	(0.33)	3.40
Return on plan assets	-	(0.07)	(0.07)
(Gain)/loss from experience changes	0.36	-	0.36
(Gain)/loss from change in financial assumptions	1.50	-	1.50
Total amount recognised in Other Comprehensive Income	1.86	(0.07)	1.79
Employer contributions	-	-	-
Benefits paid	(2.46)	2.46	-
December 31, 2020	32.34	(2.51)	29.83

(II) The net liability disclosed above relates to funded plans are as follows:

	As at December 31, 2020	As at December 31, 2019
Present value of funded obligation	32.34	29.21
Fair value of plan assets	(2.51)	(4.57)
Deficit	29.83	24.64

(III) Significant estimates

The significant actuarial assumptions were as follows:

	As at December 31, 2020	As at December 31, 2019
Discount rate	6.00%	7.10%
Attrition rate	7.00%	7.00%

(IV) Sensitivity of actuarial assumptions

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:.

Assumption	Impact on defined benefit obligation [Increase/Decrease]	
	As at December 31, 2020	As at December 31, 2019
Discount rate		
1 % increase	(1.37)	(1.26)
1 % decrease	1.48	1.37
Attrition rate		
1 % increase	0.28	0.33
1 % decrease	(0.34)	(0.40)

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Projected benefits payable from the fund in future years:

	As at December 31, 2020	As at December 31, 2019
Upto 1 year	5.51	5.09
Between 2 to 5 years	19.43	18.55
Between 6 to 10 years	12.41	13.18
More than 10 years	6.16	5.17
Total	43.51	41.99

The weighted average duration of the defined benefit obligation is 4 years. (December 31, 2019: 4 years)

(V) The major categories of plan assets are as follows:

	As at December 31, 2020	As at December 31, 2019
Funds managed by insurer	100%	100%

Risk exposure for the above plans

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

(i) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes asset - liability matching strategy and investment risk management policy (which includes contributing to plans that invest in risk averse markets). The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

(ii) Asset volatility

All plan assets are maintained in a trust fund managed by a public sector insurer i.e., LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence, 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

(iii) Discount rate risk

The present value of the defined benefit obligation is calculated using discount rate based on Government bonds. The decrease in the bond yield will increase the defined benefit obligation, however the same will be partially offset by an increase in value of plan assets.

(iv) Future salary escalation risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the defined benefit obligation.

(All amounts are in ₹ million, unless otherwise stated)

34 Disclosure pursuant to Ind AS 24 'Related Party Disclosures':

A Name of the related parties and nature of relationship

a.	Ultimate Parent Entity / Ultimate Controlling Party KSB Stiftung and Kuborth Stiftungs GmbH
b.	Parent Entities Canadian Kay Pump Ltd. (Direct parent) KSB SE & Co. KGaA (next most senior parent that produces Consolidated Financials for public use)
c.	Subsidiary Pofran Sales and Agency Limited
d.	Associate KSB MIL Controls Limited
e.	Other Related Parties with whom transactions have taken place during the year: Fellow Subsidiaries: 1 KSB S.A.S France 2 KSB Inc., USA 3 KSB Pumps and Valves Pty Ltd South Africa 4 KSB Australia Pty Limited 5 KSB Chile S.A. 6 KSB Singapore (Asia Pacific) PTE Ltd. 7 KSB Limited, Hongkong 8 KSB Pumps Co.Ltd., Thailand 9 P.T. KSB., Indonesia 10 KSB Taiwan Co.Ltd. 11 KSB Ltd, Tokyo 12 KSB Brazil LtdA. 13 KSB Korea Limited 14 KSB de Mexico S.A. de C.V. 15 KSB Nederland B.V. 16 DP Industries B.V., Netherland 17 KSB Pumps Arabia Ltd. 18 KSB Limited United Kingdom 19 KSB Italia S.p.A., Italy 20 KSB Pompa Armatur Sanayi ve Ticaret AS Turkey 21 KSB Shanghai Pump Co. Ltd., China 22 Dalian KSB AMRI Valves Co., Ltd. 23 KSB Finland Oy 24 KSB Pumps Company Limited, Pakistan 25 KSB ITUR S.A., Spain 26 KSB Tech Pvt. Ltd., India 27 GIW Industries Inc., USA 28 KSB Middle East FZE, Dubai 29 KSB Service LLC UAE 30 KSB Polska Sp. z o.o, Poland 31 KSB Bombas e Valvulas SA 32 KSB Malaysia Pumps & Valves Sdn. Bhd.

(All amounts are in ₹ million, unless otherwise stated)

34 A. Name of the related parties and nature of relationship (Contd.)

	33 KSB Finanz S.A., Luxembourg 34 KSB Sverige Aktiebolag 35 KSB Pompes ET Robintteries Sarl, Morocco 36 KSB Service GmbH, Germany 37 KSB New Zealand 38 KSB OOO, Russia 39 KSB Vietnam Company Ltd. 40 KSB Philippines 41 KSB Colombia SAS 42 KSB Valves (Changzhou) Co.,Ltd., China 43 SISTO Armaturen S.A., Luxembourg 44 Shanghai Electric KSB Nuclear Pumps and Valves Co. Ltd., China 45 PT. KSB Sales Indonesia 46 KSB Zambia Limited 47 KSB Pumps and Valves L.t.d., Slovenia 48 KSB Pumps and Valves L.t.d., Kenya 49 Pumpen-Service Bentz GmbH
f.	Key Management Personnel: 1 Mr. Rajeev Jain 2 Mr. Gaurav Swarup 3 Mr. A. R. Broacha (until September 30, 2019) 4 Mr. D. N. Damania 5 Mr. Pradip Shah 6 Dr. Stephan Bross 7 Mr. V. K. Vishwanathan 8 Dr. Matthias Schmitz 9 Ms. Sharmila Barua Roychowdhury
g.	Individuals having significant influence over the enterprise 1 Mr. Gaurav Swarup
h.	Relatives of individuals having significant influence over the enterprise 1 Mrs. Gyan M Swarup 2 Mr. Vikram Swarup and Mr. Gaurav Swarup (HUF) 3 Mr. Vikram Swarup 4 Mrs. Bindu Swarup 5 Mrs. Parul Swarup
i.	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence 1 The Industrial & Prudential Investment Co. Ltd. 2 New Holding and Trading Company Ltd. 3 Paharpur Cooling Towers Ltd.
j.	Post employment benefit Trusts 1 KSB Pumps Employee's Gratuity Trust 2 Grade-O-Castings Employee's Gratuity Trust 3 KSB Pumps (Core Employee's) Superannuation Trust

(All amounts in ₹ million, unless otherwise stated)

34 B. Transactions with related parties

Nature of transactions	Parent Entities	Subsidiary Company	Associate Company	Fellow Subsidiaries	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	Post employment benefit Trusts	Total
Purchase of goods	369.93	-	38.12	125.42	-	-	-	-	-	533.47
	(211.92)	(-)	(31.39)	(173.44)	(-)	(-)	(-)	(-)	(-)	(416.75)
Purchase of Property,	-	-	1.75	-	-	-	-	-	-	1.75
plant and equipment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of goods	518.68	-	0.23	1,014.56	-	-	-	28.95	-	1,562.42
	(519.51)	(-)	(0.06)	(937.54)	(-)	(-)	(-)	(19.53)	(-)	(1,476.64)
Income from services	20.48	-	-	10.50	-	-	-	-	-	30.98
	(20.45)	(-)	(-)	(9.69)	(-)	(-)	(-)	(-)	(-)	(30.14)
Site expenses	-	-	-	1.08	-	-	-	-	-	1.08
	(0.18)	(-)	(-)	(1.54)	(-)	(-)	(-)	(-)	(-)	(1.72)
Commission income	5.56	-	-	4.43	-	-	-	-	-	9.99
	(8.18)	(-)	(-)	(1.04)	(-)	(-)	(-)	(-)	(-)	(9.22)
Commission expenses	10.10	-	-	15.72	-	-	-	-	-	25.82
	(-)	(-)	(-)	(6.76)	(-)	(-)	(-)	(-)	(-)	(6.76)
Group service charges	36.00	-	-	-	-	-	-	-	-	36.00
	(33.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(33.00)
Dividend income	-	-	32.71	-	-	-	-	-	-	32.71
	(-)	(3.30)	(21.68)	(-)	(-)	(-)	(-)	(-)	(-)	(24.98)
Liquidated damages	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(1.05)	(-)	(-)	(-)	(-)	(-)	(1.05)
Charges for technical /	125.30	-	-	15.14	-	-	-	-	-	140.44
professional services	(106.01)	(-)	(-)	(22.15)	(-)	(-)	(-)	(-)	(-)	(128.16)
Royalty charges	160.06	-	-	3.20	-	-	-	-	-	163.26
	(171.98)	(-)	(-)	(2.16)	(-)	(-)	(-)	(-)	(-)	(174.14)
Warranty charges	0.22	-	-	0.03	-	-	-	-	-	0.25
	(0.41)	(-)	(-)	(0.83)	(-)	(-)	(-)	(-)	(-)	(1.24)
Rent income	-	-	0.93	-	-	-	-	-	-	0.93
	(-)	(-)	(1.86)	(-)	(-)	(-)	(-)	(-)	(-)	(1.86)
Recovery of expenses	1.33	0.01	10.10	0.45	-	-	-	-	-	11.89
	(2.18)	(-)	(11.35)	(0.53)	(-)	(-)	(-)	(-)	(-)	(14.06)
Reimbursement of expenses	4.13	-	-	2.37	-	-	-	-	-	6.50
	(0.42)	(-)	(-)	(0.39)	(-)	(-)	(-)	(0.59)	(-)	(1.40)

(All amounts in ₹ million, unless otherwise stated)

34 B. Transactions with related parties (Contd.)

Nature of transactions	Parent Entities	Subsidiary Company	Associate Company	Fellow Subsidiaries	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	Post employment benefit Trusts	Total
Bad Debts	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(0.08)	(-)	(-)	(-)	(-)	(-)	(0.08)
Remuneration	-	-	-	-	44.29	-	-	-	-	44.29
	(-)	(-)	(-)	(-)	(41.01)	(-)	(-)	(-)	(-)	(41.01)
Sitting fees paid	-	-	-	-	1.08	0.25	-	-	-	1.33
	(-)	(-)	(-)	(-)	(1.08)	(0.24)	(-)	(-)	(-)	(1.32)
Dividend paid	112.89	-	-	-	0.28	0.27	0.96	70.80	-	185.20
	(84.67)	(-)	(-)	(-)	(0.21)	(0.20)	(0.72)	(53.10)	(-)	(138.90)
Commission to Directors	-	-	-	-	8.10	1.50	-	-	-	9.60
	(-)	(-)	(-)	(-)	(6.50)	(1.25)	(-)	(-)	(-)	(7.75)
Contribution of post	-	-	-	-	-	-	-	-	43.50	43.50
employment benefits	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(41.19)	(41.19)
Outstanding balances arising from sales/ purchases of goods and services										
Trade receivables	158.30	-	-	299.31	-	-	-	-	-	457.61
(Refer note 7)	(228.47)	(-)	(-)	(359.95)	(-)	(-)	(-)	(5.12)	(-)	(593.54)
Trade payables	530.21	-	3.26	76.83	-	-	-	-	-	610.30
(Refer note 17)	(492.67)	(-)	(21.80)	(83.84)	(-)	(-)	(-)	(-)	(-)	(598.31)
Advances from related	66.76	-	-	46.96	-	-	-	-	-	113.72
parties	(71.85)	(-)	-	(36.97)	(-)	(-)	(-)	(-)	(-)	(108.82)
Advances to related parties	-	-	-	0.45	-	-	-	-	-	0.45
(Refer note 12)	(-)	(-)	(22.42)	(5.65)	(-)	(-)	(-)	(-)	(-)	(28.07)
Security deposits	-	-	0.12	-	-	-	-	-	-	0.12
	(-)	(-)	(0.12)	(-)	(-)	(-)	(-)	(-)	(-)	(0.12)

Note :
1. Previous year's figures are shown in brackets.
2. Terms and conditions for outstanding balances
3. All outstanding balances are unsecured and payable in cash.

(All amounts are in ₹ million, unless otherwise stated)

34 C. Transactions with related parties:

(I) Key management personnel compensation

	Year ended December 31, 2020	Year ended December 31, 2019
Short term employee benefits	44.01	41.93
Post-employment benefits	4.52	4.55
Total	48.53	46.48

(II) Material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2020	Year ended December 31, 2019
1	Purchase of goods	KSB SE & Co. KGaA	369.93	211.92
		KSB S.A.S France	8.59	42.19
2	Purchase of Property, plant and equipment	KSB MIL Controls Ltd.	1.75	-
3	Sale of goods	KSB SE & Co. KGaA	518.68	519.51
		KSB Australia Pty Limited	160.55	93.04
		KSB Singapore (Asia Pacific) PTE Ltd.	68.71	102.76
		KSB Middle East FZE, Dubai	88.56	77.19
		PT. KSB Sales Indonesia	114.78	149.84
4	Income from services	KSB SE & Co. KGaA	20.48	20.45
		KSB Tech Pvt. Ltd., India	10.50	9.46
5	Site expenses	KSB SE & Co. KGaA	-	0.18
		KSB Malaysia Pumps & Valves Sdn. Bhd.	0.52	-
		KSB Shanghai Pump Co. Ltd., China	0.56	-
		KSB Singapore (Asia Pacific) PTE Ltd.	-	1.30
6	Commission income	KSB SE & Co. KGaA	5.56	8.18
		KSB Service GmbH, Germany	3.99	0.06
7	Commission expenses	KSB Ltd, Tokyo	1.02	6.05
		KSB SE & Co. KGaA	10.10	-
		KSB Middle East FZE, Dubai	9.87	-
		KSB Korea Limited	3.47	-
		KSB Valves (Changzhou) Co., Ltd., China	-	0.71
8	Group service charges	KSB SE & Co. KGaA	36.00	33.00
9	Dividend income	KSB MIL Controls Limited	32.71	21.68
		Pofran Sales and Agency Limited	-	3.30
10	Liquidated damages	KSB Middle East FZE, Dubai	-	0.67
		KSB Valves (Changzhou) Co., Ltd., China	-	0.35
11	Charges for technical / professional services	KSB SE & Co. KGaA	125.30	106.01
		KSB Tech Pvt. Ltd., India	14.72	14.36

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

34 C. Transactions with related parties: (contd.)

(II) Material transactions with related parties (contd.)

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2020	Year ended December 31, 2019
12	Royalty charges	KSB SE & Co. KGaA	160.06	171.98
13	Warranty charges	KSB S.A.S France	-	0.77
		KSB SE & Co. KGaA	0.22	0.41
14	Rent income	KSB MIL Controls Limited	0.93	1.86
15	Recovery of expenses	KSB MIL Controls Limited	10.10	11.35
		KSB SE & Co. KGaA	1.33	2.18
16	Reimbursement of expenses	KSB SE & Co. KGaA	4.13	0.42
		KSB S.A.S France	1.46	-
		KSB Middle East FZE, Dubai	0.01	0.36
		Paharpur Cooling Towers Ltd.	-	0.59
17	Remuneration	Mr. Rajeev Jain	44.29	41.01
18	Sitting fees paid	Mr. Gaurav Swarup	0.25	0.24
		Mr. A. R. Broacha	-	0.01
		Mr. D. N. Damania	0.25	0.24
		Mr. Pradip Shah	0.22	0.22
		Dr. Stephan Bross	0.18	0.18
		Mr. V. K. Vishwanathan	0.18	0.18
		Ms. Sharmila Barua Roychowdhury	0.18	0.14
19	Dividend paid	Canadian Kay Pump Ltd.	112.89	84.67
		The Industrial & Prudential Investment Co. Ltd.	57.12	42.84
20	Commission to Directors	Mr. Gaurav Swarup	1.50	1.25
		Mr. A. R. Broacha	0.90	1.00
		Mr. D. N. Damania	1.20	1.00
		Mr. Pradip Shah	1.20	1.00
		Dr. Stephan Bross	1.20	1.00
		Mr. V. K. Vishwanathan	1.20	1.00
		Ms. Sharmila Barua Roychowdhury	1.20	0.25
		Dr. Matthias Schmitz	1.20	1.00
21	Contribution to post employment benefits	KSB Pumps Employee's Gratuity Trust	41.20	38.14
		Grade-O-Castings Employee's Gratuity Trust	2.30	2.25
		KSB Pumps (Core Employee's) Superannuation Trust	-	0.80

Note :

1. "Material transactions with related parties" denote entities accounting for 10% or more of the aggregate for that category of balance during respective period.

35 Segment reporting

As per Ind AS 108 Operating Segments, when a financial report contains both consolidated financial statements and separate financial statements 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.

(All amounts are in ₹ million, unless otherwise stated)

36 Fair value measurements

Except derivative instruments, all financial assets and financial liabilities are measured at amortised cost. Derivative instruments are classified as fair value through profit or loss. The fair value is determined using forward exchange rates at the balance sheet date. The instruments fall under level II of the fair value hierarchy as per Ind AS 113 Fair Value Measurements. Level II fair values maximise the use of observable market data and rely as little as possible on entity specific estimates. Significant inputs required to measure a level II fair value are observable. The fair value of all the instruments measured at amortised cost is not significantly different from the carrying value of such instruments.

37 Financial risk management

The Company's activities exposes it to credit risk, liquidity risk and market risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are taken. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

The Company's risk management is carried out by the Company's treasury department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. For banks and other financial institutions, only high rated banks/ financial institutions are accepted. The balances with banks, loans given to employees, security deposits are subject to low credit risk and the risk of default is negligible or nil. The Company has recognized provision based on assumptions about risk of default, expected loss rates and specific identification method.

I Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly. The Company has recognized the provision based on assumptions about risk of default, expected loss rates and specific identification method.

Movement of provision for loss allowance :

	Provision for Loss allowance
Provision as at January 1, 2019	172.41
Change during the year	(1.71)
Provision as at December 31, 2019	174.12
Change during the year	(80.83)
Provision as at December 31, 2020	254.95

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying business, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for :

Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

1) all non-derivative financial liabilities, and

2) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows."

Maturity profile of financial liabilities based on undiscounted cash flows:

	December 31, 2020		December 31, 2019	
	Upto 1 year	Above 1 year	Upto 1 year	Above 1 year
Borrowings	603.21	-	607.04	-
Trade payables	2,627.56	-	2,422.80	-
Lease liabilities	7.40	10.34	-	-
Other financial liabilities	667.39	-	712.07	-

(C) Market risk

I) Foreign currency risk

The Company is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the EUR, USD, AUD, GBP and CHF. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The Company's risk management policy is to hedge purchases and sales separately. The Company uses foreign exchange forward contracts to hedge its exposure in foreign currency risk.

i) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ million, are as follows :-

	December 31, 2020					December 31, 2019				
	EUR	USD	AUD	GBP	CHF	EUR	USD	AUD	GBP	CHF
Financial assets										
Trade receivables	191.55	439.30	-	-	-	65.38	736.89	-	-	-
Bank balances in EEFC accounts	136.17	206.21	-	-	-	5.87	91.19	-	-	-
Derivative assets - Foreign exchange forward contracts (Sell Foreign Currency)	(17.62)	(60.89)	-	-	-	-	(123.06)	-	-	-
Net exposure to foreign currency risk (assets)	310.10	584.62	-	-	-	71.25	705.02	-	-	-
Financial liabilities										
Trade payables	248.99	199.64	1.06	8.28	-	216.39	97.22	0.94	0.08	0.30
Derivative liabilities - Foreign exchange forward contracts (Buy Foreign Currency)	-	-	-	-	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	248.99	199.64	1.06	8.28	-	216.39	97.22	0.94	0.08	0.30

(All amounts are in ₹ million, unless otherwise stated)

ii) Sensitivity

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments:

	Impact on profit before tax	
	December 31, 2020	December 31, 2019
EUR sensitivity		
INR/EUR - Increase by 5% (December 31, 2019-5%)*	3.06	(7.26)
INR/EUR - Decrease by 5% (December 31, 2019-5%)*	(3.06)	7.26
USD sensitivity		
INR/USD - Increase by 5% (December 31, 2019-5%)*	19.25	30.39
INR/USD - Decrease by 5% (December 31, 2019-5%)*	(19.25)	(30.39)

* Holding all other variables constant

II) Interest rate risk

The Company's main interest rate risk arises from short term borrowings and deposits taken / placed over a period of time on frequent basis thereby exposing the Company to interest rate risk. The Company's policy is to have fixed interest rate at the time of deal execution.

38 Capital management

a) Risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholders value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company is virtually debt-free and has net cash balance. Refer note 16 for Net debt reconciliation.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2020 and December 31, 2019.

b) Dividends

	December 31, 2020	December 31, 2019
(i) Equity shares Final dividend paid for the year ended December 31, 2019 of ₹ 8.00 (December 31, 2018 of ₹ 6.00) per fully paid share	278.46	208.85
Dividend distribution tax on final dividend	-	42.25
(ii) Dividends not recognised at the end of the reporting period The directors have recommended the payment of a final dividend of ₹ 8.50 per fully paid equity share (December 31, 2019 - ₹ 8.00). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	295.87	278.46

(All amounts are in ₹ million, unless otherwise stated)

39 Changes in Accounting policies

This note explains the impact of the adoption of Ind AS 116, Leases on the Company's financial statements.

(i) Impact on the financial statements - lessee accounting

Effective from January 1, 2020, the Company has adopted Ind AS 116 - Leases, using the 'Modified Retrospective Approach' for transition from Ind AS 17 - Leases, but has not restated comparatives for the year ended December 31, 2019, as permitted under the specific transition provision in the standard.

On adoption of Ind AS 116, the Company has recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 - Leases. These liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2020. The weighted average incremental borrowing rate applied to lease liabilities recognised on transition was 9.50%.

(ii) The Company has used the following practical expedients:

1. Applying a single discount rate to a portfolio of leases with similar remaining lease term.
2. Not applying the transition requirements to leases for which the lease term ends within 12 months of the date of initial application.
3. Excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application.
4. Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iii) Measurement of lease liabilities

	January 1, 2020
Contracts recognised as leases on transition to Ind AS 116 "Leases"	14.40
Short-term leases	(1.47)
Effect of discounting	(0.90)
Lease liabilities for operating leases as at January 1, 2020	12.03
Non-current	5.59
Current	6.44

40 During the year ended December 31, 2020, pursuant to letter from one of the employees of the Company, an internal investigation has been conducted. The results of the investigations confirmed that an employee of the Company has accepted kickbacks / money from a vendor for certain marketing services amounting to ₹ 11.40 million over the years. The Company has taken appropriate steps like detailed inquiries, obtaining statements from the employee as well as the vendor, verifying available records, etc. The concerned employee has been terminated and the Company has recovered entire amount from the concerned employee. The Company has taken steps to strengthen the existing controls and the said matter is closed.

41 Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

42 The Novel Coronavirus (COVID-19) is a Global Pandemic and is rapidly spreading throughout the world. With effect from March 23, 2020, the Company had shutdown all plants and offices in adherence to nationwide lockdown, as declared by Government of India to prevent and contain the spread of Coronavirus outbreak. The Company resumed its operations across India in a phased manner as the Government of India progressively relaxed the lockdown. The Management has made an assessment of liquidity, recoverable values of its financial

(All amounts are in ₹ million, unless otherwise stated)

and non-financial assets and has concluded that there are no material adjustments required in the financial statements. However, the impact assessment of COVID-19 is a continuous process, given the uncertainties associated with its nature and duration. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

43 Events occurring after the reporting period

Refer to note 38 (b) (ii) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing general meeting.

44 Previous year's figures have been regrouped / reclassified wherever considered necessary to conform current year's classification / disclosure.

In terms of our report of even date
For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

Gaurav Swarup
Chairman
(DIN : 00374298)

Mahesh Bhave
Company Secretary

D. N. Damania
Director
(DIN : 00403834)

Rajeev Jain
Managing Director
(DIN : 07475640)

Mumbai, February 25, 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KSB LIMITED

Report on the audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of KSB 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 (refer Note 36 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at December 31, 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. 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 Companies Act, 2013 ("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 December 31, 2020, of the consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained, other than the unaudited financial information as certified by the management and referred to in sub-paragraph 14 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Appropriateness of Revenue Recognition in accordance with Ind AS 115 (Refer to Note 1(f), 2(ii) and 21 to the consolidated financial statements) The Group recognises revenue in accordance with Ind AS 115 "Revenue from Contracts with Customers". This involves application of significant judgements by Management with respect to: • Combining of multiple contracts as single contract.	**Our audit procedures included the following:** • Understanding and evaluation of the design and testing the operating effectiveness of controls surrounding the recording of revenue in accordance with the principles of Ind AS 115. • Testing of customer contracts on a sample basis to assess the terms for identification of performance obligations in accordance with the Ind AS 115 and comparing those to the management assessment;

• Identification of distinct performance obligations; • Allocation of consideration to identified performance obligations; • Determination of timing of recognition of revenue either over a period of time or at a point in time on transfer of control to customers. This include assessment of alternative use basis technical analysis as well as legal assessment of right to payment. Considering the above-mentioned factors, appropriateness of revenue recognition in accordance with Ind AS 115 has been considered as a Key Audit Matter.	• Assessing appropriateness of management's judgements and estimates involved in accounting for the sample of customer contracts including the inquiry and discussion with appropriate client personnel especially regarding the nature of products and alternative use to the company. • Evaluation of the in-house legal counsel's views regarding the Company's right to payment for performance to date; • Testing the appropriateness of timing of recognition of revenue (including procedures related to cut off) in line with the terms of the customer contracts; • Testing the key assumptions used by the management to estimate contract risks, claims, liquidated damages etc.; • Verifying the reports used by management for monitoring contracts and their progress; • Evaluating appropriateness of the disclosures provided in the consolidated financial statements. Based on above procedures, we did not identify any significant exceptions in the judgements applied by the management in recognition of revenue in accordance with Ind AS 115.

Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditors' report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

11. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

14. We did not audit the financial information of the subsidiary, whose financial information reflect total assets of ₹ 1.93 million and net assets of ₹ 1.89 million as at December 31, 2020, total revenue of ₹ Nil, total comprehensive loss (comprising of loss and other comprehensive loss) of ₹ 0.08 million and net cash flows amounting to ₹ (0.10) million for the year ended on that date, as considered in the consolidated financial statements. This financial information is unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

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 matter with respect to our reliance on the work done and financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

15. 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.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, dealt with by this Report are in agreement with the relevant books of accounts and records 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 specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company and its associate company incorporated in India as on December 31, 2020 taken on record by the Board of Directors of the Holding Company and its associate company incorporated in India, respectively, none of the directors of the Holding Company and its associate company incorporated in India are disqualified as on December 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and its associate and the operating effectiveness of such controls, refer to our separate report "Annexure A".

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Company (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, if any, of pending litigations as at December 31, 2020 on the consolidated financial position of the Group and its associate -Refer Note 19(b), 32(a), 32(b) and 36(d) to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at December 31, 2020 -Refer (a) Note7, 9 and 39(C)to the consolidated financial statements in respect of such items as it relates to the Group and its associate and (b) Note 36for the Group's share of net profit in respect of its associate.

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 associate incorporated in India during the year ended December 31, 2020.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended December 31, 2020.

16. The Group and its associate has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

Neeraj Sharma
Partner
Membership Number: 108391
UDIN: 21108391AAAABF5908

Pune, February 25, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of KSB Limited on the consolidated financial statements for the year ended December 31, 2020.

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of KSB Limited as of and for the year ended December 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of KSB Limited(hereinafter referred to as "the Holding Company") and its associate company which is incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its associate company to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to consolidated financial statements is applicable, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements 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 ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

6. A company's internal financial control with

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

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

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

Opinion

8. In our opinion, the Holding Company and its associate company which is incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at December 31, 2020, based on the internal control over financial reporting criteria established by the Holding 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 Price Waterhouse Chartered Accountants LLP
Firm Registration Number:012754N/N500016.

Neeraj Sharma
Partner
Membership Number: 108391
UDIN: 21108391AAAABF5908

Pune, February 25, 2021

Consolidated Balance Sheet as at December 31, 2020

(All amounts in ₹ million, unless otherwise stated)

Particulars	Notes	As at December 31, 2020	As at December 31, 2019
ASSETS			
I. Non-current assets			
Property, plant and equipment	3	2,907.53	3,056.74
Capital work-in-progress	3	251.00	344.90
Right-of-use assets	4	262.92	-
Intangible assets	5	13.71	16.11
Financial assets			
(a) Investments	6 (a)	662.32	644.14
(b) Loans	6 (b)	81.27	80.97
(c) Trade receivables	7	166.41	130.89
Assets for current tax (net)		127.24	157.06
Deferred tax assets (net)	13 (a)	8.93	15.80
Other non-current assets	11	8.07	40.57
Total non-current assets		4,489.40	4,487.18
II. Current assets			
Inventories	10	3,608.75	3,248.43
Financial assets			
(a) Trade receivables	7	2,667.59	2,961.79
(b) Cash and cash equivalents	8 (a)	870.68	483.95
(c) Bank balances other than (b) above	8 (b)	3,162.83	2,416.50
(d) Loans	6 (b)	18.73	21.55
(e) Other financial assets	9	102.85	105.63
Other current assets	12	481.03	632.84
Total current assets		10,912.46	9,870.69
Total Assets		15,401.86	14,357.87
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14 (a)	348.08	348.08
Other equity	14 (b)	8,558.10	7,938.59
Total Equity		8,906.18	8,286.67
LIABILITIES			
I. Non-current liabilities			
Lease liabilities	15	8.98	-
Provisions	19 (a)	453.51	424.40
Total non-current liabilities		462.49	424.40
II. Current liabilities			
Financial liabilities			
(a) Borrowings	16	600.00	600.00
(b) Lease liabilities	15	6.76	-
(c) Trade payables	17		
- Total outstanding dues of micro enterprises and small enterprises		24.78	12.24
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,602.82	2,410.60
(d) Other financial liabilities	18	667.39	712.07
Other current liabilities	20	1,453.74	1,432.17
Provisions	19 (b)	493.32	466.35
Current tax liabilities (net)		184.38	13.37
Total current liabilities		6,033.19	5,646.80
Total Liabilities		6,495.68	6,071.20
Total Equity and Liabilities		15,401.86	14,357.87
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these consolidated financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

Mahesh Bhave
Company Secretary

Mumbai, February 25, 2021

Gaurav Swarup
Chairman
(DIN : 00374298)

D. N. Damania
Director
(DIN : 00403834)

Rajeev Jain
Managing Director
(DIN : 07475640)

Consolidated Statement of Profit and Loss for the year ended December 31, 2020

(All amounts in ₹ million, unless otherwise stated)

Particulars	Notes	Year ended December 31, 2020	Year ended December 31, 2019
Income			
Revenue from operations	21	12,081.15	12,939.08
Other income	22	290.28	216.33
Total Income		12,371.43	13,155.41
Expenses			
Cost of materials consumed	23	5,512.66	6,015.78
Purchases of stock-in-trade	24	970.63	1,062.39
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(278.11)	(95.11)
Employee benefit expense	26	1,862.43	1,771.83
Finance costs	27	33.94	53.12
Depreciation and amortisation expense	28	417.70	457.23
Other expenses	29	2,335.63	2,666.85
Total Expenses		10,854.88	11,932.09
Profit before share of net profit of associate accounted for using the equity method, exceptional item and tax		1,516.55	1,223.32
Share of net profit of associate accounted for using the equity method		53.02	54.15
Profit before exceptional item and tax		1,569.57	1,277.47
Exceptional item	30	-	127.42
Profit before tax		1,569.57	1,404.89
Tax expense			
Current tax	13 (b)	421.79	337.72
Tax settlement relating to previous years	13 (b) (i)	190.38	-
Deferred tax	13 (a), (b)	19.56	59.84
Total tax expense		631.73	397.56
Profit for the year		937.84	1,007.33
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	33	(50.43)	(70.27)
Income tax relating to items that will not be reclassified to profit or loss	13 (a), (b)	12.69	17.71
Share of Other comprehensive income of associate accounted for using the equity method		(2.13)	(1.34)
Total other comprehensive income for the year, net of tax		(39.87)	(53.90)
Total comprehensive income for the year		897.97	953.43
Earnings per equity share			
Basic and Diluted (face value of ₹ 10/- each)	31	26.94	28.94
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these consolidated financial statements.
This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

Gaurav Swarup
Chairman
(DIN : 00374298)

Mahesh Bhave
Company Secretary

D. N. Damania
Director
(DIN : 00403834)

Rajeev Jain
Managing Director
(DIN : 07475640)

Mumbai, February 25, 2021

Consolidated Statement of Changes in Equity for the year ended December 31, 2020

(All amounts in ₹ million, unless otherwise stated)

A. Equity Share Capital

	Notes	
As at January 1, 2019		348.08
Change in equity share capital	14 (a)	-
As at December 31, 2019		348.08
Change in equity share capital	14 (a)	-
As at December 31, 2020		348.08

B. Other equity [Refer note 14 (b)]

	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2019	0.09	0.10	3.20	1,085.97	0.06	6,140.14	7,229.56
Profit for the year	-	-	-	-	-	1,007.33	1,007.33
Share of associate - adjustment on account of adoption of Ind AS 115- 'Revenue from Contracts with Customers' (net of tax) [Refer note - 36C(ii)]	-	-	-	-	-	7.38	7.38
Other Comprehensive Income Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	(53.90)	(53.90)
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(208.85)	(208.85)
Tax on Dividend	-	-	-	-	-	(42.93)	(42.93)
As at December 31, 2019	0.09	0.10	3.20	1,085.97	0.06	6,849.17	7,938.59

	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2020	0.09	0.10	3.20	1,085.97	0.06	6,849.17	7,938.56
Profit for the year	-	-	-	-	-	937.84	937.84
Other Comprehensive Income Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	(39.87)	(39.87)
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(278.46)	(278.46)
As at December 31, 2020	0.09	0.10	3.20	1,085.97	0.06	7,468.68	8,558.10

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.
This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

Mahesh Bhave
Company Secretary

Mumbai, February 25, 2021

Gaurav Swarup
Chairman
(DIN : 00374298)

D. N. Damania
Director
(DIN : 00403834)

Rajeev Jain
Managing Director
(DIN : 07475640)

Consolidated Statement of Cash Flows for the year ended December 31, 2020

(All amounts in ₹ million, unless otherwise stated)

Particulars	Year ended December 31, 2020		Year ended December 31, 2019	
A. Cash flow from operating activities				
Profit before tax		1,569.57		1,404.89
Adjustments for :				
Depreciation and amortisation expense	417.70		457.23	
(Gain)/loss on disposal of property, plant and equipment [Refer note (ii) below]	8.40		(128.02)	
Interest expense (including interest expense on lease liabilities)	33.94		53.12	
Interest income	(192.72)		(128.60)	
Fair value (gain) / loss in derivative financial instruments	(8.20)		9.60	
Sundry credit balances and provisions no longer required, written back	(21.05)		(14.59)	
Unrealised foreign exchange (gain) / loss	3.77		(21.09)	
Allowance for doubtful receivables	91.91		(7.26)	
Share of net profit of associates	(53.02)		(54.15)	
		280.73		166.24
Operating profit before working capital changes		1,850.30		1,571.13
Adjustment for changes in working capital:				
(Increase) / decrease in operating assets:				
Inventories	(360.32)		(218.20)	
Trade receivables	178.06		(56.94)	
Loans	2.52		(22.67)	
Other assets	159.75		226.33	
Increase / (decrease) in operating liabilities:				
Trade payables	215.13		257.48	
Other financial liabilities	53.25		114.56	
Other liabilities	21.57		460.54	
Provisions	5.65		42.67	
		275.61		803.77
Cash generated from operations		2,125.91		2,374.90
Income taxes paid		(411.34)		(353.53)
Net cash flows generated from operating activities (A)		1,714.57		2,021.37
B. Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	(497.87)		(586.56)	
Proceeds from disposal of property, plant and equipment	2.79		131.20	
Investment in fixed deposits	(3,832.52)		(2,205.88)	
Redemption of fixed deposits	3,087.23		1,051.66	
Interest received	202.11		63.06	
Income from trade investments (non-current)	32.71		21.68	
Net cash flows used in investing activities (B)		(1,005.55)		(1,524.84)

Consolidated Statement of Cash Flows for the year ended December 31, 2020 (Contd.)

(All amounts in ₹ million, unless otherwise stated)

Particulars		Year ended December 31, 2020		Year ended December 31, 2019
C. Cash flows from financing activities				
Proceeds from current borrowings	1,200.00		1,270.00	
Repayment of current borrowings	(1,200.00)		(1,004.12)	
Interest paid	(32.25)		(53.12)	
Repayment of lease liabilities	(7.20)		-	
Dividends paid	(278.46)		(208.85)	
Tax on dividend	-		(42.93)	
Net cash flows used in financing activities (C)		(317.91)		(39.02)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		391.11		457.51
Cash and cash equivalents at the beginning of the year		483.95		24.19
Effects of exchange rate changes on cash and cash equivalents		(4.38)		2.25
Cash and cash equivalents at the end of the year		870.68		483.95

Cash and cash equivalents as per above comprise of following:	As at December 31, 2020	As at December 31, 2019
Cash and cash equivalents [Refer note 8 (a)]	870.68	483.95
Balances as per Statement of Cash Flows	870.68	483.95

Notes:

(i) Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' in accordance with 'Ind AS 7 : Statement of Cash Flows'.

(ii) Net gain on disposal of property, plant and equipment for the year ended December 31, 2019 includes gain of ₹ 127.42 million arising from sale of office property located at Mumbai.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Consolidated Statement of Cash Flows referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

Gaurav Swarup
Chairman
(DIN : 00374298)

Mahesh Bhave
Company Secretary

D. N. Damania
Director
(DIN : 00403834)

Rajeev Jain
Managing Director
(DIN : 07475640)

Mumbai, February 25, 2021

(All amounts in ₹ million, unless otherwise stated)

Background:

KSB Limited (the 'Company') is a public limited Company domiciled in India with its registered office located at Office No. 601, Runwal R-Square, L.B.S Marg, Mulund (West), Mumbai – 400 080. The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). 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. CIN of the Company is L29120MH1960PLC011635.

The consolidated financial statements comprise the financial statements of KSB Limited and its subsidiary company (jointly referred to as the 'Group') and its associate company (Refer Note 36 to the attached consolidated financial statements).

The consolidated financial statements have been authorized for issue by the Board of Directors on February 25, 2021.

1. Summary of significant accounting policies :

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time] and other relevant provisions of the Act.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value
- Defined benefit plans - plan assets measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Groups' operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(b) New and amended standards adopted by the Group:

The Group has adopted the following standards and amendments with effect from January 1, 2020:

- Ind AS 116, Leases [Refer note 1(j), note 4,note 15, and note 41]
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes

The Group has changed its accounting policies as a result of adopting Ind AS 116. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(All amounts in ₹ million, unless otherwise stated)

(c) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the company and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity accounted investments are tested for impairment in accordance with the policy of the Group.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Group’s board of directors. Refer note 35 for segment information presented.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency'). The consolidated financial statements are presented in Indian rupee (₹), which is the Group’s functional and presentation currency.

(All amounts in ₹ million, unless otherwise stated)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Consolidated Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(f) Revenue recognition

Ind AS 115 Revenue from Contracts with Customers has been adopted by the Group with effect from January 1, 2019. The new standard deals with revenue recognition and establishes principles for reporting useful information to users of consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The five-step process must be applied before revenue can be recognised:

(i) identify contracts with customers

(ii) identify the separate performance obligation

(iii) determine the transaction price of the contract

(iv) allocate the transaction price to each of the separate performance obligations, and

(v) recognise the revenue as each performance obligation is satisfied.

(i) Revenue from sale of products

The Group accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collect ability of consideration is probable.

Group generate revenue from sale of pumps, valves and related support services. The Group may promise to provide distinct goods or services within a contract, for example when a contract covers multiple promises (e.g., supply of pumps, motors and spares), in which case the Group separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Group allocates the total transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost-plus margin approach to allocate the transaction price to each distinct performance obligation.

The Group assesses for the timing of revenue recognition in case of each distinct performance obligation. The Group first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Group performs, or

(b) The customer controls the work-in-progress, or

(c) The Group's performance does not create an asset with alternative use to the Group and the Grouphas right to payment for performance completed till date.

If none of the criteria above are met, the Group recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on

(All amounts in ₹ million, unless otherwise stated)

when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Group also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

The Group uses input method to measure the progress for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the input method measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

Due to the nature of the work required to be performed on performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. It is common for project contracts to contain penalties, bonuses or other provisions that can either increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and may be based upon customer discretion.

The Group estimates variable consideration using expected value method of probability-weighted values at an amount to which it expects to be entitled. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Contracts are modified to account for changes in contract specifications and requirements. The Group considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

When estimates of total costs to be incurred exceed total estimates of revenue to be earned on a performance obligation related to a contract, a provision for the entire loss on the performance obligation is recognized in the period.

Revenue recognised at a point-in-time

For sale of products, revenue is recognised at point in time when control of goods is transferred to the customer - based on delivery terms, payment terms, customer acceptance and other indicators of control as mentioned above.

(ii) Revenue from sale of services

Group generate revenue from sale of pumps, valves and related support services. Revenue from services is recognised in the accounting period in which the services are rendered.

(iii) Other operating revenue

Revenue comprising of income from ancillary activities incidental to the operations of the Group is recognized when the right to receive the income is established as per the terms of the contract. Revenue from export incentives majorly comprises of Duty drawback and Merchandise Export Incentive Scheme (MEIS) which are recognised on an accrual basis at specified rates. Refer note 21.

(All amounts in ₹ million, unless otherwise stated)

(iv) Other income

Interest income :

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in Other income in the Consolidated Statement of Profit and Loss.

Dividends :

Dividends are recognised in the Consolidated Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(g) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to income are recognised in the Consolidated Statement of Profit and Loss. Refer note 1(f)(iii) for accounting policy related to Duty drawback and Merchandise Export Incentive Scheme (MEIS).

When government or related institutions provide concession in interest on borrowings or loans availed by the Group from financial institutions, such interest concession is regarded as a government grant. The Group accounts for the interest paid at concessional rate on packing credit facility availed for export of goods.

(i) Leases

Accounting policies till December 31, 2019:

As a lessee

(All amounts in ₹ million, unless otherwise stated)

Leases of property, plant and equipment, where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are recognized 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 bifurcated 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.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Accounting policies with effect from January 1, 2020:

Effective January 1, 2020, the Group has adopted Ind AS 116 - Leases, using the 'Modified Retrospective Approach' for transition from Ind AS 17 - Leases, with no impact to the retained earnings as at January 1, 2020. Accordingly, the comparatives have not been retrospectively adjusted.

As a lessee:

From January 1, 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the principal (liability) and finance cost. The finance cost is charged to the Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Profit and Loss. Short-term leases are leases with a lease term of 12 months or less.

(j) Impairment of assets

The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. If an asset is impaired, the Group recognises an impairment loss as the excess of the

(All amounts in ₹ million, unless otherwise stated)

	carrying amount of the asset over the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.
(k)	Ash and cash equivalents
	For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, balances with banks in current accounts and EEFC accounts, fixed deposits with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. Other bank balances include fixed deposits with original maturities of more than three months and earmarked accounts which includes unpaid dividend.
(l)	Trade receivables
	Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment and liquidated damages.
(m)	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.
(n)	Inventories
	Inventories are valued at the lower of cost and net realisable value.
	Cost of raw materials, components, stores, spares, loose tools and traded goods comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
(o)	Financial assets
	(i) Classification
	The Group classifies its financial assets in the following measurement categories:
	• those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
	• those measured at amortised cost.
	The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
	For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(All amounts in ₹ million, unless otherwise stated)

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expended in Consolidated Statement of Profit and Loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as follows:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Financial assets

Equity instruments

The Group subsequently measures equity investment at fair value. The Group's Management elects to present fair value gains and losses on equity investments in other comprehensive income on an instrument by instrument basis.

(iii) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer note 39(A) for details of credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

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

(All amounts in ₹ million, unless otherwise stated)

(p) Derivatives

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

(q) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

(r) Property, plant and equipment

Freehold land is stated at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on the straight-line method/ written down value method over the useful lives of assets which has been assessed as under the 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., which are different from those prescribed in Schedule II to the Companies Act, 2013 (Act) except for server and networking (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:

Asset	Useful life
Buildings	43 to 90 years (WDV)
Plant and equipment	09 to 21 years (SLM)
Vehicles	05 to 11 years (WDV)
Office equipment	10 years (SLM)
Computer equipment	06 years (SLM)

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Leasehold land and assets taken on lease are amortized over the period of the lease.

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Net gains or net losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss under other income or other expenses respectively.

(All amounts in ₹ million, unless otherwise stated)

(s) Intangible assets

Intangible assets are stated at acquisition cost net of tax/ duty credits availed, if any, and net of accumulated amortisation. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Consolidated Statement of Profit and Loss. Intangible assets are amortized on the straight-line method as follows:

Asset	Useful life
Rights, techniques, process	7 to 10 years
Computer software	3 years

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Group after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(u) Provisions and Contingent liabilities

Provisions are recognised when the Group has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Provisions are not recognised for future operating losses. Provision for warranty is computed as a percentage of sales based on the past trends observed.

Contingent liabilities are disclosed by way of a note to the consolidated financial statements when there is a possible obligation arising from past events, 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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(v) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for privileged leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by

(All amounts in ₹ million, unless otherwise stated)

employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Consolidated Statement of Profit and Loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have anunconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Group operates the following post-employment schemes:

(a) Definedbenefit plans-gratuity and superannuation

(b) Defined contribution plans - provident fund

(a) Gratuity

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972, as amended from time to time. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance cost in the Consolidated Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Consolidated Statement of Profit and Loss as past service cost.

(b) Superannuation

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

Defined Contribution Plans

The Group pays provident fund contributions for all employees to publicly administered provident funds as per local regulations. The Group has no further payment obligations once the contributions have been paid.

(All amounts in ₹ million, unless otherwise stated)

The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(w) Dividends

The Group recognizes provision for Dividend and the tax thereupon, if any, once the Dividend is approved by the shareholders in the annual general meeting.

(x) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(y) Earnings per share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing:

- the net profit for the period attributable to equity shareholders
- by the weighted average number of equity shares outstanding during the financial year.

Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted Earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(z) Rounding of amounts:

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

(All amounts in ₹ million, unless otherwise stated)

2. Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reliable and relevant under the circumstances. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Management believes that the estimates are the most likely outcome of future events. Detailed information about each of these estimates and judgements is described below.

Judgements

In the process of applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

i. Legal contingencies

The Group has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

ii. Revenue Recognition on Contracts with Customers

Group generate revenue from sale of Pumps, valves and related support services. Group uses judgement with respect to accounting of multiple contracts which need to be combined and considered as single contract. The Group exercises judgement with respect to identifying contracts for which revenue need to be recognised point in time or over a period of time, depending upon when customer consumes the benefit, when the control is passed to customer, whether asset created has an alternative use and whether the Group has right to payment for performance completed till date, either contractually or legally.

iii. Ind AS 116 – Leases

In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(All amounts in ₹ million, unless otherwise stated)

For leases of offices and equipment's, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend (or not terminate).
- The Group consider other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and equipment leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed periodically whether an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i. Warranty

The Group generally offers an 18 months warranty for its products, except for certain projects where the warranty offered may be higher to meet specific project requirements. Warranty costs are determined as a percentage of sales based on the past trends of the costs required to be incurred for repairs, replacements, material costs and servicing cost. Management estimates the related closing provision as at Balance Sheet date for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. As the time value of money is not considered to be material, warranty provisions are not discounted. Refer note 19 for further information.

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

(All amounts in ₹ million, unless otherwise stated)

ii. Gratuity

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate, mortality rates and expected return on planned assets. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the year end. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. For further details about gratuity obligations are given in note 33.

iii. Recoverability of trade receivables

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counter party, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. Refer note 39A for further details.

iv. Inventories

An inventory provision is recognized for cases where the realizable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sale prices of inventory item and losses associated with obsolete / slow moving / redundant inventory items. The Group has, based on these assessments, made adequate provision in the books.

(All amounts are in ₹ million, unless otherwise stated)

3 Property, plant and equipment

	Freehold land	Leasehold land [Refer note (ii) below]	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Development of property	Total	Capital work -in- progress [Refer note (vii) below]
Gross carrying amount as at January 1, 2019	3.01	265.15	1,692.54	4,129.91	124.77	69.36	152.73	0.04	6,437.51	41.38
Additions	-	-	80.37	192.06	9.75	14.77	15.11	-	312.06	303.52
Disposals	-	-	(1.86)	(38.52)	(0.93)	(14.67)	(1.45)	-	(57.43)	-
Gross carrying amount as at December 31, 2019	3.01	265.15	1,771.05	4,283.45	133.59	69.46	166.39	0.04	6,692.14	344.90
Accumulated depreciation	-	11.39	540.18	2,470.72	97.78	44.90	80.56	0.04	3,245.57	-
Charge for the year (Refer note 28)	-	2.81	116.83	245.39	12.35	14.10	12.20	-	403.68	-
Impairment loss [Refer note (iii) below and 28]	-	-	-	40.40	-	-	-	-	40.40	-
Disposals	-	-	(1.63)	(36.39)	(0.93)	(13.95)	(1.35)	-	(54.25)	-
Closing accumulated depreciation as at December 31, 2019	-	14.20	655.38	2,720.12	109.20	45.05	91.41	0.04	3,635.40	-
Net carrying amount as at December 31, 2019	3.01	250.95	1,115.67	1,563.33	24.39	24.41	74.98	-	3,056.74	344.90

	Freehold land	Leasehold land [Refer note (ii) below]	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Development of property	Total	Capital work -in- progress [Refer note (vii) below]
Gross carrying amount as at January 1, 2020	3.01	265.15	1,771.05	4,283.45	133.59	69.46	166.39	0.04	6,692.14	344.90
Additions	-	-	220.79	262.64	6.56	1.76	12.48	-	504.23	-
Disposals	-	-	(2.24)	(119.35)	(7.55)	(1.85)	(10.32)	-	(141.31)	(93.90)
Transferred to Right-of-use assets	-	(265.15)	-	-	-	-	-	-	(265.15)	
Gross carrying amount as at December 31, 2020	3.01	-	1,989.60	4,426.74	132.60	69.37	168.55	0.04	6,789.91	251.00
Accumulated depreciation as at January 1, 2020	-	14.20	655.38	2,720.12	109.20	45.05	91.41	0.04	3,635.40	-
Charge for the year (Refer note 28)	-	-	117.95	245.42	9.77	11.68	12.54	-	397.36	
Disposals	-	-	(1.53)	(116.24)	(7.44)	(1.58)	(9.39)	-	(136.18)	-
Transferred to Right-of-use assets	-	(14.20)	-	-	-	-	-	-	(14.20)	
Closing accumulated depreciation as at December 31, 2020	-	-	771.80	2,849.30	111.53	55.15	94.56	0.04	3,882.38	-
Net carrying amount as at December 31, 2020	3.01	-	1,217.80	1,577.44	21.07	14.22	73.99	-	2,907.53	251.00

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

(All amounts in ₹ million, unless otherwise stated)

Notes:

(i) Refer to note 32 (c) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Leasehold land mainly pertains to manufacturing plant located at Shirwal. Leasehold land is transferred to Right-of-use asset in accordance with 'Ind AS 116 : Leases' with effect from January 1, 2020 (Refer note 4).

(iii) Impairment loss for the year ended December 31, 2019 relates to plant and machinery which, based on the technical assessment done by the Group, are not in use and the likelihood of using these assets in foreseeable future is remote. The net carrying amount of these assets has been recognised as impairment loss in the Consolidated Statement of Profit and Loss under the head 'Depreciation and amortisation expense'.

(iv) The Company has reduced the useful life of 'Plant and equipment' of Cast Iron Foundry on the basis of revised business plan effective from November 1, 2020. The depreciation expense for the year is higher by ₹ 3.04 million. There would be proportionate increase in the depreciation expense in the next three years.

(v) Disposals for the year ended December 31, 2019 include the sale of office property held at Mumbai (Refer note 30).

(vi) Capital work-in-progress mainly includes building under construction and plant and machinery in the process of installation.

(vii) The additions to capital work-in-progress are net after considering the transfers to property, plant and equipment. Gross additions to capital work-in-progress and transfers to property, plant and equipment are as follows:

	Capital work-in-progress	
	As at December 31, 2020	As at December 31, 2019
Opening carrying value	344.90	41.38
Additions	408.57	600.81
Transfers to property, plant and equipment	(502.47)	(297.29)
Closing carrying value	251.00	344.90

4 Right-of-use assets

	Leasehold land	Buildings	Total
Cost as at January 1, 2020	-	-	-
Transferred from Property, plant and equipment (Refer note 3)	265.15	-	265.15
Addition on account of transition to Ind AS 116 "Leases" (Refer note 41)	-	12.03	12.03
Additions	-	9.22	9.22
Cost as at December 31, 2020	265.15	21.25	286.40
Accumulated depreciation as at January 1, 2020	-	-	-
Transferred from Property, plant and equipment (Refer note 3)	14.20	-	14.20
Charge for the year (Refer note 28)	2.81	6.47	9.28
Accumulated depreciation as at December 31, 2020	17.01	6.47	23.48
Net carrying value as at December 31, 2020	248.14	14.78	262.92

Details of Leases : The Group's leasing arrangements include land and, building for office premises and service stations. Rental contracts for office premises and service stations are typically made for fixed periods of 3 to 15 years, but have extension options. Refer note 41 for changes in Accounting policies.

(i) Amount recognised in the Consolidated Statement of Profit and Loss

	Note	December 31, 2020
Interest expense on lease liabilities	27	1.69
Depreciation on right-of-use assets	28	9.28
Expenses related to short term leases (included as rent in Other expenses)	29	4.79

The total cash outflow for leases for the year ended December 31, 2020 is ₹ 11.99 million.

(ii) Extension and Termination option :

Extension and termination options are included in a number of lease contracts. These terms are used to maximise operational flexibility in terms of managing contracts.

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

(All amounts in ₹ million, unless otherwise stated)

5 Intangible assets

	Copyrights, patents and other intellectual property rights, services and operating rights	Computer software	Total
Gross carrying amount as at January 1, 2019	59.26	77.27	136.53
Additions	-	10.60	10.60
Disposals	-	-	-
Gross carrying amount as at December 31, 2019	59.26	87.87	147.13
Accumulated Amortisation Balance as at January 1, 2019	55.41	62.46	117.87
Charge for the year (Refer note 28)	1.16	11.99	13.15
Disposals	-	-	-
Closing accumulated amortisation as at December 31, 2019	56.57	74.45	131.02
Net carrying amount as at December 31, 2019	2.69	13.42	16.11

	Copyrights, patents and other intellectual property rights, services and operating rights	Computer software	Total
Gross carrying amount as at January 1, 2020	59.26	87.87	147.13
Additions	-	8.66	8.66
Disposals	-	(0.71)	(0.71)
Gross carrying amount as at December 31, 2020	59.26	95.82	155.08
Accumulated Amortisation Balance as at January 1, 2020	56.57	74.45	131.02
Charge for the year (Refer note 28)	1.14	9.92	11.06
Disposals	-	(0.71)	(0.71)
Closing accumulated amortisation as at December 31, 2020	57.71	83.66	141.37
Net carrying value as at December 31, 2020	1.55	12.16	13.71

(All amounts in ₹ million, unless otherwise stated)

6(a) Investments

	As at December 31, 2020	As at December 31, 2019
Investment in associate (Refer note 36)	662.32	644.14
KSB MIL Controls Ltd. - 735,000 equity shares (December 31, 2019 - 735,000 equity shares) of ₹ 10 each fully paid		
Investment in equity instruments of other entities Mula Pravara Electric Co - operative Society Ltd. - 15,995 equity shares (December 31, 2019 - 15,995 equity shares) of ₹ 25 each fully paid	0.40	0.40
Total (unquoted investments)	662.72	644.54
Less : Aggregate amount of provision for impairment in the value of investments	(0.40)	(0.40)
Total Investments	662.32	644.14

6(b) Loans

Non-current	As at December 31, 2020	As at December 31, 2019
Unsecured, considered good		
Loans to employees	43.19	44.31
Security deposits	38.08	36.66
Unsecured, considered doubtful		
Security deposits	5.30	5.30
	86.57	86.27
Less: Provision for doubtful security deposits	(5.30)	(5.30)
Total	81.27	80.97

Current	As at December 31, 2020	As at December 31, 2019
Unsecured, considered good		
Loans and advances to employees	18.73	21.55
Total	18.73	21.55

(All amounts in ₹ million, unless otherwise stated)

7 Trade receivables

		As at December 31, 2020	As at December 31, 2019
Trade receivables		2,631.34	2,673.26
Receivables from related parties (Refer note 34)		457.61	593.54
		3,088.95	3,266.80
Less: Loss allowance		(254.95)	(174.12)
	Total	2,834.00	3,092.68
Current portion		2,667.59	2,961.79
Non-current portion		166.41	130.89

Break-up of security details

		As at December 31, 2020	As at December 31, 2019
Trade receivables considered good - Unsecured		2,834.00	3,092.68
Trade receivables - credit impaired		254.95	174.12
		3,088.95	3,266.80
Less: Loss allowance		(254.95)	(174.12)
	Total	2,834.00	3,092.68

8 (a) Cash and cash equivalents

		As at December 31, 2020	As at December 31, 2019
Balances with banks			
In current accounts		523.40	386.22
In EEFC accounts		342.39	97.06
Deposits with original maturity of less than three months		4.35	-
Cash on hand		0.54	0.67
	Total	870.68	483.95

8 (b) Bank balances other than 8 (a) above

		As at December 31, 2020	As at December 31, 2019
Balances with banks			
Fixed deposits*		3,158.59	2,413.30
In earmarked accounts			
Unpaid dividend accounts		4.24	3.20
	Total	3,162.83	2,416.50

*Includes ₹ 462.19 million (December 31, 2019: ₹ 431.98 million) held as lien by bank against credit facilities.

9 Other financial assets-current

		As at December 31, 2020	As at December 31, 2019
Interest accrued on deposits with banks		96.24	105.63
Derivative asset		6.61	-
	Total	102.85	105.63

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

(All amounts in ₹ million, unless otherwise stated)

10 Inventories

	As at December 31, 2020	As at December 31, 2019
Raw materials (includes in transit ₹ 194.50 million; December 31, 2019 : ₹ 62.51 million)	1,093.20	1,012.48
Work-in-progress	1,721.82	1,523.95
Finished goods (includes in transit ₹ 140.67 million; December 31, 2019 : ₹ 116.67 million)	641.92	544.92
Stock-in-trade	102.65	119.41
Stores and spares	45.05	42.47
Loose tools	4.11	5.20
Total	3,608.75	3,248.43

The cost of inventories recognised as an expense during the year is disclosed in Note 23, 24 and 25. The cost of inventories recognised as an expense include write-down of inventories of ₹ 166.75 million (December 31, 2019 : ₹ 136 million) and reversal of write-down of inventories of ₹ 201.94 million (December 31, 2019 : ₹ 98 million).

11 Other non-current assets

	As at December 31, 2020	As at December 31, 2019
Capital advances	7.19	31.75
Advances other than capital advances		
Prepaid expenses	0.88	1.83
Balances with government authorities		
Considered good	-	6.99
Considered doubtful	7.25	3.72
	7.25	10.71
Less: Provision for doubtful balances	(7.25)	(3.72)
	-	6.99
Total	8.07	40.57

12 Other current assets

	As at December 31, 2020	As at December 31, 2019
Prepaid expenses	12.14	6.72
Advances to related parties (Refer note 34)	0.45	28.07
Balances with government authorities		
Considered good	174.80	310.47
Considered doubtful	7.48	7.48
	182.28	317.95
Less: Provision for doubtful balance	(7.48)	(7.48)
	174.80	310.47
Others*		
Considered good	293.64	287.58
Considered doubtful	11.59	11.59
	305.23	299.17
Less: Provision for doubtful balances	(11.59)	(11.59)
	293.64	287.58
Total	481.03	632.84

*Others includes export incentives receivable and advances paid to suppliers which would be subsequently settled against purchases and export incentives receivable.

(All amounts in ₹ million, unless otherwise stated)

13 (a) Deferred tax assets (net)

The balance of deferred tax comprises temporary differences attributable to:

	As at December 31, 2020	As at December 31, 2019
Deferred tax assets		
Provision for compensated absences, gratuity and superannuatin	127.35	116.04
Provision for loss allowance and doubtful advances	72.22	50.99
Fair value loss on derivative instruments	-	0.40
Others (including allowances on payment basis)	66.11	58.22
	265.68	225.65
Deferred tax liabilities		
Accelerated depreciation for tax purposes	95.88	106.41
Fair value gain on derivative instruments	1.66	-
Unremitted earnings of associate	159.21	103.44
	256.75	209.85
Deferred tax assets (net)	8.93	15.80

Changes in Deferred tax assets/ (liabilities) in Consolidated Statement of profit and loss [(charged)/ credited during the year]

	Year Ended December 31, 2020	Year Ended December 31, 2019
Provision for compensated absences, gratuity and superannuation	11.31	(26.77)
Provision for loss allowance and doubtful advances	21.23	(25.27)
Accelerated depreciation for tax purposes	10.53	25.38
Fair value of derivative instruments	(2.06)	3.20
Unremitted earnings of associate	(55.77)	-
Others	7.89	(18.67)
Total	(6.87)	(42.13)

13 (b) Income taxes

The major components of income tax expense for the year ended December 31, 2020 and December 31, 2019 are:

Consolidated Statement of Profit and Loss

	Year ended December 31, 2020	Year ended December 31, 2019
Current income tax charge		
Current income tax		
- Current tax on profit for the current year	427.75	351.84
- Tax settlement relating to previous years [Refer note (i) below]	190.38	-
- Adjustments for current tax of prior periods	(5.96)	(14.12)
Deferred tax	19.56	59.84
Total tax expense reported in the Consolidated Statement of Profit and Loss	631.73	397.56

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

(All amounts in ₹ million, unless otherwise stated)

Other comprehensive income section	Year ended December 31, 2020	Year ended December 31, 2019
Deferred tax relating to remeasurement of post-employment benefit obligations	12.69	17.71
Income tax credit to Other comprehensive income	12.69	17.71

Movement in income tax liabilities / (assets) (net)

	As at December 31, 2020	As at December 31, 2019
Opening balance	(143.69)	(127.88)
Add : Current tax payable (including tax for prior period)	612.17	337.72
Less : Taxes paid (including tax paid for prior period)	(411.34)	(353.53)
Closing balance [payable/ (receivable)]	57.14	(143.69)

Reconciliation of tax expense and accounting profit multiplied by statutory income tax rate :

	Year ended December 31, 2020	Year ended December 31, 2019
Accounting profit before tax	1,569.57	1,404.89
Tax at statutory income tax rate of 25.17% (2019: 25.17%) [Refer note (ii) below]	395.06	353.61
Reduction in statutory income tax rate-reversal of deferred tax assets	-	40.74
Impact of higher tax rate for the quarter ended March 31, 2019 (34.94%)	-	23.76
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Donations	2.55	2.90
- Other items	(0.96)	4.30
Tax settlement relating to previous years [Refer note (i) below]	190.38	-
Adjustments for current-tax of prior periods	(5.96)	(14.12)
Remeasurement of the deferred tax liability on Unremitted earnings of associate [Refer note (iii) below]	50.66	-
Share of profit of associate	-	(13.63)
Income tax expense	631.73	397.56

(i) The Government of India has introduced 'Direct Tax Vivad Se Vishwas Act, 2020' which allows the assesses to settle the ongoing Income-tax litigations at various Adjudicating authorities. In this regard, the Management has decided to exercise the option as given under the said Act and to settle all the ongoing Income-tax litigations at various Adjudicating authorities pertaining to Assessment years from 2009-10 to 2016-17. Pursuant to this, complete waiver of interest liability and immunity from penalty will be achieved for the abovementioned assessment years. Accordingly, the Company has filed an application with the Income-tax authorities for exercising this option. Based on the Management assessment, it is estimated that the Company will need to pay the Income-tax of ₹ 114.40 million towards the settlement of disputed Income-tax liability of ₹ 198.89 million, after adjusting of the refunds due to the extent of ₹ 84.49 million. The Company has recognized provision of ₹ 190.38 million in the current year in this regard.

(All amounts in ₹ million, unless otherwise stated)

(ii) Pursuant to the announcement made by the Finance Ministry of the Government of India on September 20, 2019, the Group opted for a lower corporate tax rate as per section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation laws (Amendment) Ordinance, 2019 from financial year 2019-20 onwards. Accordingly, the Group recognised provision for income tax and remeasured the Deferred Tax Assets basis the revised lower tax rate and the impact of the same was recognised in the year ended December 31, 2019.

(iii) In accordance with the recent amendments in sections 10(34) and 115-O of the Income-tax Act, 1961, Dividend Distribution Tax (DDT) would not be payable by companies in respect of dividends declared, distributed or paid after March 31, 2020 and similarly tax exemption under section 10(34) to recipient has been withdrawn with effect from April 1, 2020. Accordingly, the Group remeasured the deferred tax liability on Unremitted earnings of associate considering tax rate applicable to Group and the impact ₹ 50.66 million was recognised as a tax expense for the year ended December 31, 2020.

14 (a) Equity share capital

		As at December 31, 2020	As at December 31, 2019
Authorised equity share capital :			
4,00,00,000 (December 31, 2019 : 4,00,00,000) Equity shares of ₹ 10 each		400.00	400.00
	Total	400.00	400.00
Issued, subscribed and paid up :			
3,48,07,844 (December 31, 2019 : 3,48,07,844) Equity shares of ₹ 10 each		348.08	348.08
	Total	348.08	348.08

(i) Reconciliation of number of equity shares

	As at December 31, 2020	As at December 31, 2019
Shares outstanding at the beginning and end of the year	3,48,07,844	3,48,07,844

(ii) Rights, preferences and restrictions attached to equity shares

There is only one class of shares referred to as equity shares having a face value of ₹10/- per share. Each equity shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Group, the equity shareholders will be entitled to receive any of the remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Shares held by Ultimate Holding Company/ Holding Company and/ or their Subsidiaries/ Associates

	As at December 31, 2020	As at December 31, 2019
Canadian Kay Pump Ltd. (Holding Company)	1,41,10,848	1,41,10,848

(All amounts in ₹ million, unless otherwise stated)

(iv) Details of equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company

Name of the shareholder	As at December 31, 2020		As at December 31, 2019	
	% holding	No. of shares	% holding	No. of shares
Canadian Kay Pump Ltd.	40.54%	1,41,10,848	40.54%	1,41,10,848
The Industrial & Prudential Investment Co. Ltd.	20.51%	71,40,000	20.51%	71,40,000
Reliance Capital Trustee Company Ltd. (held in Reliance Infrastructure Fund and Reliance Tax Saver (ELSS) Fund)	0.00%	-	5.56%	19,34,775

(v) There were neither shares bought back nor allotted either as fully paid bonus shares or under any contract without payment being received in cash, during the five years immediately preceding December 31, 2020.

14 (b) Other equity

(i) Retained earnings

	As at December 31, 2020	As at December 31, 2019
Opening balance	6,849.17	6,140.14
Profit for the year	937.84	1,007.33
	7,787.01	7,147.47
Less: Dividend paid (including tax thereon)	(278.46)	(208.85)
Less: Tax on dividend [Refer note 13(b)(iii)]	-	(42.93)
Share of associate - adjustment on account of adoption of Ind AS 115 – 'Revenue from Contracts with Customers' (net of tax) [Refer note - 36C(ii)]	-	7.38
Items of other comprehensive income recognised directly in retained earnings		
Remeasurement of post-employment benefit obligations (net of tax)	(39.87)	(53.90)
Closing Balance	7,468.68	6,849.17
Total Retained earnings	7,468.68	6,849.17

(ii) Other reserves

	As at December 31, 2020	As at December 31, 2019
Capital reserve [Refer note (i) below]	0.09	0.09
Capital redemption reserve [Refer note (i) below]	0.10	0.10
Securities premium [Refer note (i) below]	3.20	3.20
General reserve [Refer note (ii) below]	1,085.97	1,085.97
Amalgamation reserve [Refer note (i) below]	0.06	0.06
Total Other reserves	1,089.42	1,089.42
Total Other equity	8,558.10	7,938.59

(All amounts in ₹ million, unless otherwise stated)

Nature and purpose of Other reserves:

(i) These reserves pertain to reserve arising on amalgamations in the past, which is required to be statutorily maintained and cannot be distributed to the shareholders.

(ii) This reserve represents amounts transferred from retained earnings in earlier years as per the requirements of the erstwhile Companies Act, 1956. The reserve is a free reserve.

15 Lease liabilities

	As at December 31, 2020
Non-current lease liabilities [Refer note 41]	8.98
Current lease liabilities [Refer note 41]	676
Total	15.74

16 Borrowings - current

	As at December 31, 2020	As at December 31, 2019
Working capital facilities from banks (unsecured)	600.00	600.00
Total	600.00	600.00

Terms of repayment for borrowings

Particulars	Terms of repayment	As at December 31, 2020	As at December 31, 2019
Working capital facilities from banks (unsecured) [Refer note - (i) below]	Repayable within six months at average interest rate 4.75 - 8.40 % p.a.	600.00	600.00
Total		600.00	600.00

Notes :

(i) The amount includes Export packing credit of ₹ 600 million (December 31, 2019 : ₹ 600 million). Export packing credit has been obtained by the Group at a concessional rate of interest ranging from 1.75% to 5.40% p.a. repayable within six months from the date of drawdown.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at December 31, 2020	As at December 31, 2019
Cash and bank balance		
Cash and cash equivalents [Refer note 8 (a)]	870.68	483.95
Other bank balance* [Refer note 8 (b)]	3,158.59	2,413.30
Borrowings		
Current borrowings	(600.00)	(600.00)
Net cash and bank balance	3,429.27	2,297.25

*Other bank balance consists of fixed deposits which are considered as short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(All amounts in ₹ million, unless otherwise stated)

17 Trade payables

	As at December 31, 2020	As at December 31, 2019
Total outstanding dues of micro enterprises and small enterprises	24.78	12.24
	24.78	12.24
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related parties (Refer note 34)	610.30	598.31
(ii) Others	1,992.52	1,812.29
	2,602.82	2,410.60
Total	2,627.60	2,422.84

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The information as required to be disclosed under MSMED Act has been determined to the extent such parties have been identified on the basis of information available with the Group.

		December 31, 2020	December 31, 2019
a)	i) The principal amount remaining unpaid to any supplier as at the year end	22.65	0.92
	ii) The interest due remaining unpaid to any supplier as at the year end	0.12	-
b)	The amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	6.85	-
c)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	2.01	1.83
d)	The amount of interest accrued and remaining unpaid as at the year end	2.13	11.32
e)	The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

(All amounts in ₹ million, unless otherwise stated)

18 Other financial liabilities-current

	As at December 31, 2020	As at December 31, 2019
Security deposits	101.13	107.06
Unclaimed dividend	4.24	3.20
Payable for purchase of property, plant and equipment	80.00	177.38
Derivative liability	-	1.59
Dealer incentive schemes	316.11	322.44
Payable to employees	165.91	100.40
Total	667.39	712.07

19 (a) Provisions - Non-current

	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits (Refer note 33)	427.27	379.21
Provision for warranty [Refer note (ii) below]	26.24	45.19
Total	453.51	424.40

19 (b) Provisions - Current

	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits [Refer note (i) below]	259.61	256.56
Provision for warranty [Refer note (ii) below]	95.49	43.17
Provision for litigations / contingencies [Refer note (iii) below]	138.22	166.62
Total	493.32	466.35

Notes :

(i) Includes provision for employee bonus and incentives. For details of gratuity, superannuation and compensated absences, refer note 33.

(ii) The Group offers warranty for its products. Provision for warranty is computed as a percentage of sales based on the past trends observed. The time value of money is considered to be not material and hence the provisions are not discounted. It is expected that this expenditure will be incurred over the contractual warranty period.

(iii) Provision is towards contingencies in respect of disputed claims against the Group, the quantum of outflow and timing of which is presently unascertainable.

Movement in provisions

	Provision for warranty	Provision for litigations / contingencies
As at January 1, 2019		
Balance at the beginning	70.18	161.50
Charged to the Consolidated Statement of Profit and Loss		
Pprovision recognised (net of reversal)	41.15	6.19
Amounts used during the year	(22.97)	(1.07)
As at December 31,2019	88.36	166.62

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

(All amounts in ₹ million, unless otherwise stated)

	Provision for warranty	Provision for litigations / contingencies
As at January 1, 2020		
Balance at the beginning	88.36	166.62
Charged to the Consolidated Statement of Profit and Loss		
Pprovision recognised (net of reversal)	71.10	(28.40)
Amounts used during the year	(37.73)	-
As at December 31, 2020	121.73	138.22

20 Other current liabilities

	As at December 31, 2020	As at December 31, 2019
Statutory dues payable	59.39	31.05
Advances from customers*	1,394.35	1,401.12
Total	1,453.74	1,432.17

*Movement in Advance from customers during the year

	As at December 31, 2020	As at December 31, 2019
Opening balance	1,401.12	1,292.31
Add : Advances received during the year	953.20	1,131.43
Less : Revenue recognized during the year	(959.97)	(1,022.62)
Closing balance	1,394.35	1,401.12

21 Revenue from operations

	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from contracts with customers		
Sale of products	11,873.01	12,713.36
Sale of services	109.10	115.39
	11,982.11	12,828.75
Other operating revenue		
Sale of scrap	27.93	46.59
Export incentives	71.11	63.74
	99.04	110.33
Revenue from operations	12,081.15	12,939.08

Notes:

(i) Disaggregated revenue information

The table below presents disaggregated revenue from contracts with customers for the year ended December 31, 2020 and December 31, 2019. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

(All amounts in ₹ million, unless otherwise stated)

	Year ended December 31, 2020	Year ended December 31, 2019
Within India	9,608.81	10,460.73
Outside India	2,373.30	2,368.02
Revenue from contracts with customers	11,982.11	12,828.75

	Year ended December 31, 2020	Year ended December 31, 2019
Pumps	9,999.65	10,785.65
Valves	1,982.46	2,043.10
Revenue from contracts with customers	11,982.11	12,828.75

(ii) Reconciliation of revenue recognized with contract price :

	Year ended December 31, 2020	Year ended December 31, 2019
Contract price	12,332.22	13,483.07
Adjustments for discounts, incentives, liquidated damages, price reductions	(350.11)	(654.32)
Revenue from contracts with customers	11,982.11	12,828.75

22 Other income

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income		
- Interest income from financials assets measured at amortised cost	165.83	92.62
- Others	26.89	35.98
Sundry credit balances and provisions no longer required, written back	21.05	14.59
Net gain on disposal of property, plant and equipment	-	0.60
Net gain on foreign currency transactions and translations	32.72	50.49
Fair value gain in derivative financial instruments	8.20	-
Miscellaneous income	35.59	22.05
Total	290.28	216.33

23 Cost of materials consumed

	Year ended December 31, 2020	Year ended December 31, 2019
Opening stock of raw materials	1,012.48	883.39
Add: Purchases	5,593.38	6,144.87
Less: Closing stock of raw materials	1,093.20	1,012.48
Total	5,512.66	6,015.78

24 Purchases of stock-in -trade

	Year ended December 31, 2020	Year ended December 31, 2019
Purchases of stock-in-trade	970.63	1,062.39
Total	970.63	1,062.39

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

(All amounts in ₹ million, unless otherwise stated)

25 Change in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended December 31, 2020	Year ended December 31, 2019
Opening Inventory		
- Finished goods	544.92	542.99
- Stock-in-trade	119.41	139.59
- Work-in-progress	1,523.95	1,410.59
	2,188.28	2,093.17
Less: Closing Inventory		
- Finished goods	641.92	544.92
- Stock-in-trade	102.65	119.41
- Work-in-progress	1,721.82	1,523.95
	2,466.39	2,188.28
Net change in inventories	(278.11)	(95.11)

26 Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Salaries and wages	1,655.09	1,554.14
Contributions to provident fund and other funds	110.01	105.48
Staff welfare expenses	97.33	112.21
Total	1,862.43	1,771.83

27 Finance costs

	Year ended December 31, 2020	Year ended December 31, 2019
Interest on borrowings	16.31	39.23
Interest expense on lease liabilities (Refer note 4 and 41)	1.69	-
Net interest expense on defined benefit obligations	15.94	13.89
Total	33.94	53.12

28 Depreciation and amortisation expenses

	Year ended December 31, 2020	Year ended December 31, 2019
Depreciation and impairment on property, plant and equipment (Refer note 3)	397.36	444.08
Depreciation on right-of-use assets (Refer note 4)	9.28	-
Amortisation of intangible assets(Refer note 5)	11.06	13.15
Total	417.70	457.23

29 Other expenses

	Year ended December 31, 2020	Year ended December 31, 2019
Processing and machining charges	502.69	649.88
Stores consumed	168.40	251.35
Tools consumed	50.85	45.26
Water, power and fuel	179.67	242.33
Rent	6.56	9.86
Rates and taxes	8.82	10.42

(All amounts in ₹ million, unless otherwise stated)

Repairs and maintenance		
- Buildings	11.83	14.35
-Machinery	20.01	40.07
- Others	52.54	32.28
Travelling and conveyance	34.67	98.97
Packing and forwarding charges	295.87	385.44
(Net of recoveries - ₹ 17.65 million; previous year - ₹ 39.92 million)		
Export selling agents	32.79	6.76
Other selling agents	11.90	8.16
Group service charges [Refer note (i) below]	36.00	33.00
Royalty charges	165.51	174.13
Expenditure on Corporate Social Responsibility [Refer note (ii) below]	22.71	20.96
Fair value losses in derivative financial instruments	-	9.60
Legal and professional fees [Refer note (iii) below]	31.61	46.38
Net loss on disposal of property, plant and equipment	8.40	-
Other computer services	114.33	92.36
Advertisements, catalogues, other advertising	63.01	75.04
Miscellaneous expenses	517.46	420.25
Total	2,335.63	2,666.85

(i) Group service charges

This includes the provision related to Group service charges for the year ended December 31, 2020, which are recorded based on the past experience for similar services from KSB SE & Co. KGaA.

(ii) Expenditure on Corporate Social Responsibility

	December 31, 2020	December 31, 2019
Contribution to KSB Care Charitable Trust	10.75	20.96
Expenditure towards other CSR activities	11.96	-
Total	22.71	20.96
Gross amount required to be spent by the Group during the year	22.68	20.96
Total	22.68	20.96

Amount spent during the year on : In cash

	December 31, 2020	December 31, 2019
a. Construction/ acquisition of any asset	-	-
b. On purposes other than (a) above	22.71	20.96
Total	22.71	20.96

(iii) Payment to auditors (included in legal and professional fees)

	Year ended December 31, 2020	Year ended December 31, 2019
As auditor		
Audit fee (Including limited review and audit of consolidated financial statements)	1.75	1.75
Tax audit fee	0.30	0.30
Accounts for tax purposes	0.45	0.45
Fees for other services	1.55	2.70
Reimbursement of expenses	0.20	0.30
Total	4.25	5.50

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

(All amounts in ₹ million, unless otherwise stated)

30 Exceptional item

Exceptional item for the year ended December 31, 2019 represents gain of ₹ 127.42 million arising from sale of office property located at Mumbai.

31 Earnings per equity share

	As at December 31, 2020	As at December 31, 2019
Profit for the year attributable to the equity shareholders of the Company	937.84	1,007.33
Weighted average number of equity shares	3,48,07,844	3,48,07,844
Basic and Diluted Earnings per share (in ₹)	26.94	28.94

32 Contingencies and commitments

a) Contingent liabilities

	As at December 31, 2020	As at December 31, 2019
Claims against the Group not acknowledged as debts	68.93	58.02
Income tax matters in dispute pending at various stages of appeal	3.21	198.33
Excise and Service tax matters	501.47	459.48
Total	573.61	715.83

b) The Group has evaluated the impact of the recent Supreme Court Judgment in the case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. Accordingly, the Group has taken the necessary measures, prospectively, to comply with the aforesaid Judgement and the related circular. Based on the Management assessment, the aforesaid matter is not likely to have a significant impact for the past period and accordingly no provision has been recognised in books of accounts.

c) Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 61.92 million (December 31, 2019 ₹ 156.65 million)

33 Employee benefit obligations

Particulars	As at December 31, 2020	As at December 31, 2019
Compensated absences (Refer note B)	253.53	236.98
Non-current	220.82	196.05
Current	32.71	40.93
Gratuity (Refer note C)	222.65	199.44
Non-current	179.62	159.05
Current	43.03	40.39
Superannuation (Refer note D)	29.83	24.64
Non-current	26.83	24.12
Current	3.00	0.52

(All amounts in ₹ million, unless otherwise stated)

A Defined contribution plan

Contributions are made to provident fund at a fixed percentage of employee's salary as per the regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards contribution to provident fund is ₹ 69.24 million (December 31, 2019 - ₹ 69.11 million).

B Compensated absences

The leave obligations cover the Group's liability for privilege leave and sick leave. The amount of provision made during the year is ₹ 50.14 million (December 31, 2019 - ₹ 50.32 million). The Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within twelve months and accordingly, amounts have been classified as current and non-current.

C Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days to one month's salary multiplied for the number of years of service. The gratuity plan is a funded plan.

(I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows :

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2019	561.18	(390.39)	170.79
Current service cost	34.54	-	34.54
Interest expense/(income)	41.78	(29.07)	12.71
Total amount recognised in Statement of Profit and Loss	76.32	(29.07)	47.25
Return on plan assets	-	(2.07)	(2.07)
(Gain)/loss from experience changes	51.87	-	51.87
(Gain)/loss from change in financial assumptions	13.59	-	13.59
Total amount recognised in other Comprehensive Income	65.46	(2.07)	63.39
Employer contributions	-	(40.39)	(40.39)
Benefits paid	(41.60)	-	(41.60)
December 31, 2019	661.36	(461.92)	199.44

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2020	661.36	(461.92)	199.44
Current service cost	38.43	-	38.43
Interest expense/(income)	47.06	(32.87)	14.19
Total amount recognised in Statement of Profit or Loss	85.49	(32.87)	52.62
Return on plan assets	-	3.89	3.89
(Gain)/loss from experience changes	(2.41)	-	(2.41)
(Gain)/loss from change in financial assumptions	47.16	-	47.16
Total amount recognised in Other Comprehensive Income	44.75	3.89	48.64
Employer contributions	-	(43.03)	(43.03)
Benefits paid	(35.02)	-	(35.02)
December 31, 2020	756.58	(533.93)	222.65

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

(All amounts in ₹ million, unless otherwise stated)

(II) The net liability disclosed above relates to funded plans are as follows:

Particulars	As at December 31, 2020	As at December 31, 2019
Present value of funded obligation	756.58	661.36
Fair value of plan assets	(533.93)	(461.92)
Deficit	222.65	199.44

(III) Significant estimates

The significant actuarial assumptions were as follows :

Particulars	As at December 31, 2020	As at December 31, 2019
Discount rate	6.00%	7.10%
Salary growth rate	7.50%	7.50%
Attrition rate	7.00%	7.00%

(IV) Sensitivity of actuarial assumptions

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

Assumption	Impact on defined benefit obligation [Increase / (Decrease)]	
	As at December 31, 2020	As at December 31, 2019
Discount rate		
1 % increase	(43.12)	(37.59)
1 % decrease	47.85	41.63
Future salary increase		
1 % increase	50.39	44.38
1 % decrease	(46.74)	(41.18)
Attrition rate		
1 % increase	(3.89)	(1.41)
1 % decrease	5.23	1.89

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Projected benefits payable from the fund in future years from the date of reporting:

	As at December 31, 2020	As at December 31, 2019
Upto 1 year	66.66	58.41
Between 2 to 5 years	331.22	290.39
Between 6 to 10 years	405.60	386.21
More than 10 years	342.12	353.93
Total	1,145.60	1,088.94

The weighted average duration of the defined benefit obligation is 6 years. (December 31, 2019: 7 years)

(V) The major categories of plan assets are as follows:

Particulars	As at December 31, 2020	As at December 31, 2019
Funds managed by insurer	100%	100%

(All amounts in ₹ million, unless otherwise stated)

D Superannuation

Superannuation is a benefit to certain employees at ₹ 1,000/ 500/ 250 (depending on the grade/ category of the employee and completed years of service) per year for each completed year of service.

(I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows :

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2019	32.47	(16.67)	15.80
Current service cost	1.57	-	1.57
Interest expense/(income)	2.42	(1.24)	1.18
Total amount recognised in Statement of Profit or Loss	3.99	(1.24)	2.75
Return on plan assets	-	0.72	0.72
Gain)/loss from experience changes	5.72	-	5.72
(Gain)/loss from change in financial assumptions	0.45	-	0.45
Total amount recognised in Other Comprehensive Income	6.17	0.72	6.89
Employer contributions	-	(0.80)	(0.80)
Benefits paid	(13.42)	13.42	-
December 31, 2019	29.21	(4.57)	24.64

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2020	29.21	(4.57)	24.64
Current service cost	1.65	-	1.65
Interest expense/(income)	2.08	(0.33)	1.75
Total amount recognised in Statement of Profit and Loss	3.73	(0.33)	3.40
Return on plan assets	-	(0.07)	(0.07)
(Gain)/loss from experience changes	0.36	-	0.36
(Gain)/loss from change in financial assumptions	1.50	-	1.50
Total amount recognised in Other Comprehensive Income	1.86	(0.07)	1.79
Employer contributions	-	-	-
Benefits paid	(2.46)	2.46	-
December 31, 2020	32.34	(2.51)	29.83

(II) The net liability disclosed above relates to funded plans are as follows :

Particulars	As at December 31, 2020	As at December 31, 2019
Present value of funded obligation	33.34	29.21
Fair value of plan assets	(2.51)	(4.57)
Deficit	29.83	24.64

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

(All amounts in ₹ million, unless otherwise stated)

(III) Significant estimates

The significant actuarial assumptions were as follows :

Particulars	As at December 31, 2020	As at December 31, 2019
Discount rate	6.00%	7.10%
Attrition rate	7.00%	7.00%

(IV) Sensitivity of actuarial assumptions

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

Assumption	Impact on defined benefit obligation [Increase / (Decrease)]	
	As at December 31, 2020	As at December 31, 2019
Discount rate		
1 % increase	(1.37)	(1.26)
1 % decrease	1.48	1.37
Attrition rate		
1 % increase	0.28	0.33
1 % decrease	(0.34)	(0.40)

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Projected benefits payable from the fund in future years:

	As at December 31, 2020	As at December 31, 2019
Upto 1 year	5.51	5.09
Between 2 to 5 years	19.43	18.55
Between 6 to 10 years	12.41	13.18
More than 10 years	6.16	5.17
Total	43.51	41.99

The weighted average duration of the defined benefit obligation is 4 years. (December 31, 2019: 4 years)

(V) The major categories of plan assets are as follows:

Particulars	As at December 31, 2020	As at December 31, 2019
Funds managed by insurer	100%	100%

Risk exposure for the above plans

Through its defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

(i) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes asset -

(All amounts in ₹ million, unless otherwise stated)

liability matching strategy and investment risk management policy (which includes contributing to plans that invest in risk averse markets). The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

(ii) Asset volatility

All plan assets are maintained in a trust fund managed by a public sector insurer i.e., LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence, 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

(iii) Discount rate risk

The present value of the defined benefit obligation is calculated using discount rate based on Government bonds. The decrease in the bond yield will increase the defined benefit obligation, however the same will be partially offset by an increase in value of plan assets.

(iv) Future salary escalation risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the defined benefit obligation.

34 Disclosure pursuant to Ind AS 24 'Related party transactions':

A Name of the related parties and nature of relationship

a.	Ultimate Parent Entity / Ultimate Controlling Party KSB Stiftung und Kuborth Stiftungs GmbH
b.	Parent Entities Canadian Kay Pump Ltd. (Direct parent) KSB SE & Co. KGaA (next most senior parent that produces Consolidated Financials for public use)
c.	Subsidiary Pofran Sales and Agency Limited
d.	Associate KSB MIL Controls Limited
e.	Other Related Parties with whom transactions have taken place during the year: Fellow Subsidiaries: 1 KSB S.A.S France 2 KSB Inc., USA 3 KSB Pumps and Valves Pty Ltd South Africa 4 KSB Australia Pty Limited 5 KSB Chile S.A. 6 KSB Singapore (Asia Pacific) PTE Ltd. 7 KSB Limited, Hongkong 8 KSB Pumps Co.Ltd., Thailand 9 P.T. KSB., Indonesia 10 KSB Taiwan Co.Ltd. 11 KSB Ltd, Tokyo

(All amounts in ₹ million, unless otherwise stated)

34 A Name of the related parties and nature of relationship (continued):

	12	KSB Brazil LtdA.
	13	KSB Korea Limited
	14	KSB de Mexico S.A. de C.V.
	15	KSB Nederland B.V.
	16	DP Industries B.V., Netherland
	17	KSB Pumps Arabia Ltd.
	18	KSB Limited United Kingdom
	19	KSB Italia S.p.A., Italy
	20	KSB Pompa Armatur Sanayi ve Ticaret AS Turkey
	21	KSB Shanghai Pump Co. Ltd., China
	22	Dalian KSB AMRI Valves Co., Ltd.
	23	KSB Finland Oy
	24	KSB Pumps Company Limited, Pakistan
	25	KSB ITUR S.A., Spain
	26	KSB Tech Pvt. Ltd., India
	27	GIW Industries Inc., USA
	28	KSB Middle East FZE, Dubai
	29	KSB Service LLC UAE
	30	KSB Polska Sp. z o.o, Poland
	31	KSB Bombas e Válvulas, SA
	32	KSB Malaysia Pumps & Valves Sdn. Bhd.
	33	KSB Finanz S.A., Luxembourg
	34	KSB Sverige Aktiebolag
	35	KSB Pompes ET Robintteries Sarl, Morocco
	36	KSB Service GmbH, Germany
	37	KSB New Zealand
	38	KSB OOO, Russia
	39	KSB Vietnam Company Ltd.
	40	KSB Philippines
	41	KSB Colombia SAS
	42	KSB Valves (Changzhou) Co.,Ltd., China
	43	SISTO Armaturen S.A., Luxembourg
	44	Shanghai Electric KSB Nuclear Pumps and Valves Co. Ltd., China
	45	PT. KSB Sales Indonesia
	46	KSB Zambia Limited
	47	KSB Pumps and Valves L.t.d., Slovenia

(All amounts in ₹ million, unless otherwise stated)

34 A Name of the related parties and nature of relationship (continued):

	48 KSB Pumps and Valves Limited, Kenya
	49 Pumpen-Service Bentz GmbH
f.	Key Management Personnel:
	1 Mr. Rajeev Jain
	2 Mr. Gaurav Swarup
	3 Mr. A. R. Broacha (until September 30, 2019)
	4 Mr. D. N. Damania
	5 Mr. Pradip Shah
	6 Dr. Stephan Bross
	7 Mr. V. K. Vishwanathan
	8 Dr. Matthias Schmitz
	9 Ms. Sharmila Barua Roychowdhury
g.	Individuals having significant influence over the enterprise
	1 Mr. Gaurav Swarup
h.	Relatives of individuals having significant influence over the enterprise
	1 Mrs. Gyan M Swarup
	2 Mr. Vikram Swarup and Mr. Gaurav Swarup (HUF)
	3 Mr. Vikram Swarup
	4 Mrs. Bindu Swarup
	5 Mrs. Parul Swarup
i.	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence
	1 The Industrial & Prudential Investment Co. Ltd.
	2 New Holding and Trading Company Ltd.
	3 Paharpur Cooling Towers Ltd.
j.	Post employment benefit Trusts
	1 KSB Pumps Employee's Gratuity Trust
	2 Grade-O-Castings Employee's Gratuity Trust
	3 KSB Pumps (Core Employee's) Superannuation Trust

(All amounts in ₹ million, unless otherwise stated)

34 B. Transactions with related parties:

Nature of transactions	Parent Entities	Associate Company	Fellow Subsidiaries	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	Post employment benefit Trusts	Total
Purchase of goods	369.93	38.12	125.42	-	-	-	-	-	533.47
	(211.92)	(31.39)	(173.44)	(-)	(-)	(-)	(-)	(-)	(416.75)
Purchase of Property,	-	1.75	-	-	-	-	-	-	1.75
plant and equipment	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of goods	518.68	0.23	1,014.56	-	-	-	28.95	-	1,562.42
	(519.51)	(0.06)	(937.54)	(-)	(-)	(-)	(19.53)	(-)	(1,476.64)
Income from services	20.48	-	10.50	-	-	-	-	-	30.98
	(20.45)	(-)	(9.69)	(-)	(-)	(-)	(-)	(-)	(30.14)
Site expenses	-	-	1.08	-	-	-	-	-	1.08
	(0.18)	(-)	(1.54)	(-)	(-)	(-)	(-)	(-)	(1.72)
Commission income	5.56	-	4.43	-	-	-	-	-	9.99
	(8.18)	(-)	(1.04)	(-)	(-)	(-)	(-)	(-)	(9.22)
Commission expenses	10.10	-	15.72	-	-	-	-	-	25.82
	(-)	(-)	(6.76)	(-)	(-)	(-)	(-)	(-)	(6.76)
Group service charges	36.00	-	-	-	-	-	-	-	36.00
	(33.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(33.00)
Dividend income	-	32.71	-	-	-	-	-	-	32.71
	(-)	(21.68)	(-)	(-)	(-)	(-)	(-)	(-)	(21.68)
Liquidated damages	-	-	-	-	-	-	-	-	-
	(-)	(-)	(1.05)	(-)	(-)	(-)	(-)	(-)	(1.05)
Charges for technical /	125.30	-	15.14	-	-	-	-	-	140.44
professional services	(106.01)	(-)	(22.15)	(-)	(-)	(-)	(-)	(-)	(128.16)
Royalty charges	160.06	-	3.20	-	-	-	-	-	163.26
	(171.98)	(-)	(2.16)	(-)	(-)	(-)	(-)	(-)	(174.14)
Warranty charges	0.22	-	0.03	-	-	-	-	-	0.25
	(0.41)	(-)	(0.83)	(-)	(-)	(-)	(-)	(-)	(1.24)
Rent income	-	0.93	-	-	-	-	-	-	0.93
	(-)	(1.86)	(-)	(-)	(-)	(-)	(-)	(-)	(1.86)
Recovery of expenses	1.33	10.10	0.45	-	-	-	-	-	11.88
	(2.18)	(11.35)	(0.53)	(-)	(-)	(-)	(-)	(-)	(14.06)

(All amounts in ₹ million, unless otherwise stated)

34 B. Transactions with related parties (Contd.):

Nature of transactions	Parent Entities	Associate Company	Fellow Subsidiaries	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	Post employment benefit Trusts	Total
Reimbursement of expenses	4.13	-	2.37	-	-	-	-	-	6.50
	(0.42)	(-)	(0.39)	(-)	(-)	(-)	(0.59)	(-)	(1.40)
Bad Debts	-	-	-	-	-	-	-	-	-
	(-)	(-)	(0.08)	(-)	(-)	(-)	(-)	(-)	(0.08)
Remuneration	-	-	-	44.29	-	-	-	-	44.29
	(-)	(-)	(-)	(41.01)	(-)	(-)	(-)	(-)	(41.01)
Sitting fees paid	-	-	-	1.07	0.24	-	-	-	1.31
	(-)	(-)	(-)	(1.08)	(0.24)	(-)	(-)	(-)	(1.32)
Dividend paid	112.89	-	-	0.28	0.27	0.96	70.80	-	185.20
	(84.67)	(-)	(-)	(0.21)	(0.20)	(0.72)	(53.10)	(-)	(138.90)
Commission to Directors	-	-	-	8.10	1.50	-	-	-	9.60
	(-)	(-)	(-)	(6.50)	(1.25)	(-)	(-)	(-)	(7.75)
Contribution of post	-	-	-	-	-	-	-	43.50	43.50
employment benefits	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(41.19)	(41.19)
Outstanding balances arising from sales/ purchases of goods and services									
Trade receivables	158.30	-	299.31	-	-	-	-	-	457.61
(Refer note 7)	(228.47)	(-)	(359.95)	(-)	(-)	(-)	(5.12)	(-)	(593.54)
Trade payables	530.21	3.26	76.83	-	-	-	-	-	610.30
(Refer note 17)	(492.67)	(21.80)	(83.84)	(-)	(-)	(-)	(-)	(-)	(598.31)
Advances from related	66.76	-	46.96	-	-	-	-	-	113.72
parties	(71.85)	-	(36.97)	(-)	(-)	(-)	(-)	(-)	(108.82)
Advances to related parties	-	-	0.45	-	-	-	-	-	0.45
(Refer note 12)	(-)	(22.42)	(5.65)	(-)	(-)	(-)	(-)	(-)	(28.07)
Security deposits	-	0.12	-	-	-	-	-	-	0.12
	(-)	(0.12)	(-)	(-)	(-)	(-)	(-)	(-)	(0.12)

Note :

1. Previous year's figures are shown in brackets.
2. The Group enters into a variety of transactions with the related parties on arm's length basis.
3. All outstanding balances are unsecured and payable in cash.

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

(All amounts in ₹ million, unless otherwise stated)

34 C. Transactions with related parties:

I Key management personnel compensation

	Year ended December 31, 2020	Year ended December 31, 2019
Short term employee benefits	44.01	41.93
Post-employment benefits	4.52	4.55
Total	48.53	46.48

II Material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2020	Year ended December 31, 2019
1	Purchase of goods	KSB SE & Co. KGaA	369.93	211.92
		KSB S.A.S France	8.59	42.19
2	Purchase of Property, plant and equipment	KSB MIL Controls Ltd.	1.75	-
3	Sale of goods	KSB SE & Co. KGaA	518.68	519.51
		KSB Australia Pty Limited	160.55	93.04
		KSB Singapore (Asia Pacific) PTE Ltd.	68.71	102.76
		KSB Middle East FZE, Dubai	88.56	77.19
		PT. KSB Sales Indonesia	114.78	149.84
4	Income from services	KSB SE & Co. KGaA	20.48	20.45
		KSB Tech Pvt. Ltd., India	10.50	9.46
5	Site expenses	KSB SE & Co. KGaA	-	0.18
		KSB Malaysia Pumps & Valves Sdn. Bhd.	0.52	-
		KSB Shanghai Pump Co. Ltd., China	0.56	-
		KSB Singapore (Asia Pacific) PTE Ltd.	-	1.30
6	Commission income	KSB SE & Co. KGaA	5.56	8.18
		KSB Service GmbH, Germany	3.99	0.06
7	Commission expenses	KSB Ltd, Tokyo	1.02	6.05
		KSB SE & Co. KGaA	10.10	-
		KSB Middle East FZE, Dubai	9.87	-
		KSB Korea Limited	3.47	-
		KSB Valves (Changzhou) Co.,Ltd., China	-	0.71
8	Group service charges	KSB SE & Co. KGaA	36.00	33.00
9	Dividend income	KSB MIL Controls Limited	32.71	21.68

(All amounts in ₹ million, unless otherwise stated)

34 C. Transactions with related parties:

II Material transactions with related parties (continued)

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2020	Year ended December 31, 2019
10	Liquidated damages	KSB Middle East FZE, Dubai	-	0.67
		KSB Valves (Changzhou) Co.,Ltd., China	-	0.35
11	Charges for technical / professional services	KSB SE & Co. KGaA	125.30	106.01
		KSB Tech Pvt. Ltd., India	14.72	14.36
12	Royalty charges	KSB SE & Co. KGaA	160.06	171.98
13	Warranty charges	KSB S.A.S France	-	0.77
		KSB SE & Co. KGaA	0.22	0.41
14	Rent income	KSB MIL Controls Limited	0.93	1.86
15	Recovery of expenses	KSB MIL Controls Limited	10.10	11.35
		KSB SE & Co. KGaA	1.33	2.18
16	Reimbursement of expenses	KSB SE & Co. KGaA	4.13	0.42
		KSB S.A.S France	1.46	-
		KSB Middle East FZE, Dubai	0.01	0.36
		Paharpur Cooling Towers Ltd.	-	0.59
17	Remuneration	Mr. Rajeev Jain	44.29	41.01
18	Sitting fees paid	Mr. Gaurav Swarup	0.25	0.24
		Mr. A. R. Broacha	-	0.01
		Mr. D. N. Damania	0.25	0.24
		Mr. Pradip Shah	0.22	0.22
		Dr. Stephan Bross	0.18	0.18
		Mr. V. K. Vishwanathan	0.18	0.18
		Ms. Sharmila Barua Roychowdhury	0.18	0.14
19	Dividend paid	Canadian Kay Pump Ltd.	112.89	84.67
		The Industrial & Prudential Investment Co. Ltd.	57.12	42.84
20	Commission to Directors	Mr. Gaurav Swarup	1.50	1.25
		Mr. A. R. Broacha	0.90	1.00
		Mr. D. N. Damania	1.20	1.00
		Mr. Pradip Shah	1.20	1.00
		Dr. Stephan Bross	1.20	1.00
		Mr. V. K. Vishwanathan	1.20	1.00
		Ms. Sharmila Barua Roychowdhury	1.20	0.25
		Dr. Matthias Schmitz	1.20	1.00

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

(All amounts in ₹ million, unless otherwise stated)

34 C. Transactions with related parties:

II Material transactions with related parties (continued)

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2020	Year ended December 31, 2019
21	Contribution to post employment benefits	KSB Pumps Employee's Gratuity Trust	41.20	38.14
		Grade-O-Castings Employee's Gratuity Trust	2.30	2.25
		KSB Pumps (Core Employee's) Superannuation Trust	-	0.80

Note :

1. "Material transactions with related parties" denote entities accounting for 10% or more of the aggregate for that category of balance during respective period.

35 Segment reporting

(A) Description of segments and principal activities

In line with the changes in the internal structure for reporting financial information to the Company's chief operating decision maker (CODM), the Group has changed its Segment disclosures in the consolidated financial statements / results as per Ind AS 108 'Operating Segments', from previously reported segments being 'Pumps', 'Valves' and 'Others' to revised segments being 'Pumps' and 'Valves', and changed the method of allocation of corporate expenses. The corresponding segment information of the previous year have been restated accordingly

1 Pumps segment includes manufacturing / trading of all types of pumps like industrial pumps, submersible pumps, effluent treatment pumps, etc. and spares and services in respect thereof.

2 Valves segment consists basically manufacturing and trading of industrial valves and spares and services in respect thereof.

	Year ended December 31, 2020			Year ended December 31, 2019		
	Pumps	Valves	Total	Pumps	Valves	Total
(B) Segment revenue						
Total segment revenue	10,081.53	2,010.49	12,092.02	10,881.65	2,082.00	12,963.65
Inter segment revenue		(10.87)	(10.87)	-	(24.57)	(24.57)
Revenue from external customers	10,081.53	1,999.62	12,081.15	10,881.65	2,057.43	12,939.08
(C) Segment profit	1,242.62	115.23	1,357.85	1,040.86	107.07	1,147.93
Share of net profit of associate accounted for using the equity method			53.02			54.15
Unallocated corporate income / (expenses) [Refer note (i) below]			(0.08)			127.33
Finance cost			(33.94)			(53.12)
Interest income			192.72			128.60
Profit before tax			1,569.57			1,404.89
Tax expense			(631.73)			(397.56)
Profit for the year			937.84			1,007.33

(All amounts in ₹ million, unless otherwise stated)

35 Segment reporting

	Year ended December 31, 2020			Year ended December 31, 2019		
	Pumps	Valves	Total	Pumps	Valves	Total
(D) Segment assets	9,125.22	1,348.40	10,473.62	9,189.51	1,345.28	10,534.79
Investment in associate			662.32			644.14
Unallocated corporate assets			4,265.92			3,178.94
Total assets			15,401.86			14,357.87
(E) Segment liabilities	4,973.23	733.79	5,707.02	4,698.44	756.15	5,454.59
Unallocated corporate liabilities			788.66			616.61
Total liabilities			6,495.68			6,071.20
(F) Cost incurred during the period to acquire segment property, plant and equipment	407.96	11.03	418.99	602.31	23.87	626.18
(G) Depreciation and amortisation	379.85	37.85	417.70	413.04	44.19	457.23

(i) 'Unallocable corporate income / (expense)' for the year ended December 31, 2019 include gain of ₹ 127.42 million arising from sale of office property located at Mumbai.

(H) Geographical Segments

	Year ended December 31, 2020			Year ended December 31, 2019		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment revenue by geographical area based on geographical location of customers	9,707.85	2,373.30	12,081.15	10,571.06	2,368.02	12,939.08

(I) The total of non-current assets other than financial instruments, investments and deferred tax assets broken down by location of the assets is as under:

	As at December 31, 2020	As at December 31, 2019
India	3,568.17	3,615.38
Other countries	2.30	-
Total	3,570.47	3,615.38

(All amounts in INR million, unless otherwise stated)

36 Interests in other entities

(a) Subsidiary

Name of the entity	Place of business/Country of incorporation	Ownership interest held by the Group		Principal activities
		As at December 31, 2020	As at December 31, 2019	
Pofran Sales and Agency Limited	India	100%	100%	Commission agency

(b) Interest in associate

Name of the entity	Place of business	Percentage of ownership interest held by Group	Accounting method	Principal activities
KSB MIL Controls Limited	India	49%	Equity method	Manufacturing of control valves and accessories

KSB MIL Controls Limited is an unlisted entity and no quoted price is available.

(c) Summarized financial information for associate

The summarized financial information for associate disclosed below, reflects the amounts presented in the financial statements of the relevant associate and not Group's share of those amounts.

(i) Summarized balance sheet

	KSB MIL Controls Limited	
	As at December 31, 2020	As at December 31, 2019
Total current assets	1,437.27	1,388.52
Total non-current assets	515.40	641.52
Total current liabilities	602.71	723.40
Total non-current liabilities	48.32	42.10
Net assets	1,301.64	1,264.54

(ii) Reconciliation of carrying amounts

	KSB MIL Controls Limited	
	As at December 31, 2020	As at December 31, 2019
Opening net assets*	1,264.54	1,187.98
Profit for the year	108.21	132.66
Other comprehensive income	(4.35)	(2.74)
Dividends paid	(66.76)	(53.36)
Closing net assets	1,301.64	1,264.54
Group's share in %	49%	49%
Group's share in ₹	637.80	619.62
Goodwill	24.52	24.52
Carrying amount	662.32	644.14

*Effective from January 1, 2019, the associate has adopted Ind AS 115 – 'Revenue from Contracts with Customers'. Ind AS 115 replaces existing revenue recognition standards viz Ind AS 18 'Revenue' and Ind AS 11

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

(All amounts in INR million, unless otherwise stated)

'Construction Contracts'. Using the modified retrospective approach, the associate has recognised the effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings. Accordingly, Opening net assets for the year ended December 31, 2019 have been adjusted by ₹ 18.19 million.

(iii) Summarized Statement of Profit and Loss

	KSB MIL Controls Limited	
	Year ended December 31, 2020	Year ended December 31, 2019
Revenue	1,599.72	1,709.36
Profit for the period	108.21	132.66
Other comprehensive income	(4.35)	(2.74)
Total comprehensive income	103.86	129.92
Dividends received	-	-

(d) Commitments and contingent liabilities in respect of associates

	As at December 31, 2020	As at December 31, 2019
Share of contingent liabilities incurred jointly with other investors of the associate		
Excise and Service tax matters	0.13	0.13
Sales tax matters in dispute pending at various stages of appeal	0.25	9.55
Commitments of associate		
Commitment to provide funding for associate's capital commitments, if called	47.29	1.23
Total	47.67	10.91

37 Additional information required by Schedule III

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ Million)	As % of consolidated profit or loss	Amount (₹ Million)
Parent				
KSB Limited				
December 31, 2020	92.54%	8,241.97	94.34%	847.16
December 31, 2019	92.20%	7,640.55	94.47%	900.71
Subsidiary - Indian				
Pofran Sales and Agency Limited				
December 31, 2020	0.02%	1.89	-0.01%	(0.08)
December 31, 2019	0.02%	1.98	-0.01%	(0.09)

(All amounts in INR million, unless otherwise stated)

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ Million)	As % of consolidated profit or loss	Amount (₹ Million)
Associate - Indian (Investment as per equity method)				
KSB MIL Controls Limited				
December 31, 2020	7.44%	662.32	5.67%	50.89
December 31, 2019	7.77%	644.14	5.54%	52.81
Total - December 31, 2020	100.00	8,906.18	100.00	897.97
Total - December 31, 2019	100.00	8,286.67	100.00	953.43

38 Fair value measurements

Except derivative instruments, all financial assets and financial liabilities are measured at amortised cost. Derivative instruments are classified as fair value through profit or loss. The fair value is determined using forward exchange rates at the balance sheet date. The instruments fall under level II of the fair value hierarchy as per Ind AS 113 Fair Value Measurements. Level II fair values maximise the use of observable market data and rely as little as possible on entity specific estimates. Significant inputs required to measure a level II fair value are observable. The fair value of all the instruments measured at amortised cost is not significantly different from the carrying value of such instruments.

39 Financial risk management

The Group's activities exposes it to credit risk, liquidity risk and market risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are taken. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

The Group's risk management is carried out by the Group's treasury department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. For banks and other financial institutions, only high rated banks/ financial institutions are accepted. The balances with banks, loans given to employees, security deposits are subject to low credit risk and the risk of default is negligible or nil. The Group has recognized provision based on assumptions about risk of default, expected loss rates and specific identification method.

I Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into

(All amounts in INR million, unless otherwise stated)

account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly. The Group has recognized the provision based on assumptions about risk of default, expected loss rates and specific identification method.

Movement of provision for loss allowance :

	Provision for Loss allowance
Provision as at January 1, 2019	172.41
Change during the year	1.71
Provision as at December 31, 2019	174.12
Change during the year	80.83
Provision as at December 31, 2020	254.95

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying business, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for :

1) all non-derivative financial liabilities, and

2) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

Maturity profile of financial liabilities based on undiscounted cash flows:

	December 31, 2020		December 31, 2019	
	Upto 1 year	Above 1 year	Upto 1 year	Above 1 year
Borrowings	603.21	-	607.04	-
Trade payables	2,627.60	-	2,422.84	-
Lease liabilities	7.40	10.34	-	-
Other financial liabilities	667.39	-	712.07	-

(C) Market risk

I) Foreign currency risk

The Group is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the EUR, USD, AUD, GBP and CHF. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (₹). The Group's risk management policy is to hedge purchases and sales separately. The Group uses foreign exchange forward contracts to hedge its exposure in foreign currency risk.

(All amounts in INR million, unless otherwise stated)

i) Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ million, are as follows :-

	December 31, 2020					December 31, 2019				
	EUR	USD	AUD	GBP	CHF	EUR	USD	AUD	GBP	CHF
Financial assets										
Trade receivables	191.55	439.30	-	-	-	65.38	736.89	-	-	-
Bank balances in EEFC accounts	136.17	206.21	-	-	-	5.87	91.19	-	-	-
Derivative assets - Foreign exchange forward contracts (Sell Foreign Currency)	(17.62)	(60.89)	-	-	-	-	(123.06)	-	-	-
Net exposure to foreign currency risk (assets)	310.10	584.62	-	-	-	71.25	705.02	-	-	-
Financial liabilities										
Trade payables	248.99	199.64	1.06	8.28	-	216.39	97.22	0.94	0.08	0.30
Derivative liabilities - Foreign exchange forward contracts (Buy Foreign Currency)	-	-	-	-	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	248.99	199.64	1.06	8.28	-	216.39	97.22	0.94	0.08	0.30

ii) Sensitivity

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments:

	Impact on profit before tax	
	December 31, 2020	December 31, 2019
EUR sensitivity		
INR/EUR - Increase by 5% (December 31, 2019-5%)*	3.06	(7.26)
INR/EUR - Decrease by 5% (December 31, 2019-5%)*	(3.06)	7.26
USD sensitivity		
INR/USD - Increase by 5% (December 31, 2019-5%)*	19.25	30.39
INR/USD - Decrease by 5% (December 31, 2019-5%)*	(19.25)	(30.39)

* Holding all other variables constant

II) Interest rate risk

The Group's main interest rate risk arises from short term borrowings and deposits taken / placed over a period of time on frequent basis thereby exposing the Group to interest rate risk. The Group's policy is to have fixed interest rate at the time of deal execution.

40 Capital management

a) Risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholders value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group is virtually debt-free and has net cash balance. Refer note 16 for net debt reconciliation.

(All amounts in INR million, unless otherwise stated)

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2020 and December 31, 2019.

b) Dividends

		December 31, 2020	December 31, 2019
(i)	Equity shares		
	Final dividend paid for the year ended December 31, 2019 of ₹ 8.00 (December 31, 2018 of ₹ 6.00) per fully paid share	208.85	208.85
	Dividend distribution tax on final dividend	42.25	42.25
(ii)	Dividends not recognised at the end of the reporting period		
	The directors have recommended the payment of a final dividend of ₹ 8.50 per fully paid equity share (December 31, 2019 - ₹ 8.00). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	295.87	278.46

41 Changes in Accounting policies

This note explains the impact of the adoption of Ind AS 116, Leases on the Group's financial statements.

(i) Impact on the financial statements - lessee accounting

Effective from January 1, 2020, the Group has adopted Ind AS 116 - Leases, using the 'Modified Retrospective Approach' for transition from Ind AS 17 - Leases, but has not restated comparatives for the year ended December 31, 2019, as permitted under the specific transition provision in the standard.

On adoption of Ind AS 116, the Group has recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of Ind AS 17 - Leases. These liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2020. The weighted average incremental borrowing rate applied to lease liabilities recognised on transition was 9.50%.

(ii) The Group has used the following practical expedients:

1. Applying a single discount rate to a portfolio of leases with similar remaining lease term.
2. Not applying the transition requirements to leases for which the lease term ends within 12 months of the date of initial application.
3. Excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application.
4. Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iii) Measurement of lease liabilities

	January 1, 2020
Contracts recognised as leases on transition to Ind AS 116 “Leases”	14.40
Short-term leases	(1.47)
Effect of discounting	(0.90)
Lease liabilities for operating leases as at January 1, 2020	12.03
Non-current	5.59
Current	6.44

(All amounts in INR million, unless otherwise stated)

42 During the year ended December 31, 2020, pursuant to letter from one of the employees of the Company, an internal investigation has been conducted. The results of the investigations confirmed that an employee of the Company has accepted kickbacks / money from a vendor for certain marketing services amounting to ₹ 11.40 million over the years. The Company has taken appropriate steps like detailed inquiries, obtaining statements from the employee as well as the vendor, verifying available records, etc. The concerned employee has been terminated and the Company has recovered entire amount from the concerned employee. The Company has taken steps to strengthen the existing controls and the said matter is closed.

43 **Recent Accounting Pronouncements:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

44 The Novel Corona virus (COVID-19) is a Global Pandemic and is rapidly spreading throughout the world. With effect from March 23, 2020, the Group had shutdown all plants and offices in adherence to nationwide lockdown, as declared by Government of India to prevent and contain the spread of Corona virus outbreak. The Group resumed its operations across India in a phased manner as the Government of India progressively relaxed the lockdown. The Management has made an assessment of liquidity, recoverable values of its financial and non-financial assets and has concluded that there are no material adjustments required in the financial statements. However, the impact assessment of COVID-19 is a continuous process, given the uncertainties associated with its nature and duration. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions.

45 **Events occurring after the reporting period**

Refer to note 40 (b) (ii) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing general meeting.

46 Previous year's figures have been regrouped / reclassified wherever considered necessary to conform current year's classification / disclosure.

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Neeraj Sharma
Partner
Membership No.: 108391

Pune, February 25, 2021

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

Gaurav Swarup
Chairman
(DIN : 00374298)

Mahesh Bhave
Company Secretary

D. N. Damania
Director
(DIN : 00403834)

Rajeev Jain
Managing Director
(DIN : 07475640)

Mumbai, February 25, 2021

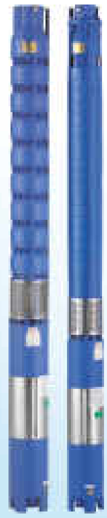
Notes

Products development

MR Series

3 Phase Horizontal Openwell Submersible Pumps

New contemporary designs for 3 phase horizontal openwell series (up to15 hp) are being launched with wide variety of models and variants under the name MR



UPC & BPC Series

To enhance KSB's submersible range and to meet the market requirement for matching products against competition, new series for 5 inch bore well application with hydraulics are introduced with 5 inch motor.

Cute Plus I Cute Star I Periplus I Peristar SZX

Centrifugal Regenerative Monobloc Pumpsets

KSB has recently introduced single phase self priming mini-monobloc pumps namely Cute Plus, Cute Star, Periplus and Peristar SZ X for the domestic market.

Primary Variable HVAC Control Panel

In July 2020, KSB India introduced new Primary Variable HVAC Control Panel. This system is configured to control upto 8 identical pumps for primary flow system.

KNCPP

KNCPP pumps are KSB's Non Clog Paper and Pulp pumps.

To suit the higher head and higher flow requirement in Paper and Pulp market segment, KSB has introduced these pumps in December 2020.

KSB

Promotional activities

Wall Painting

Hoarding

In Shop Branding

Dealer Shop Signage

Auto hood branding

KSB Care Charitable Trust

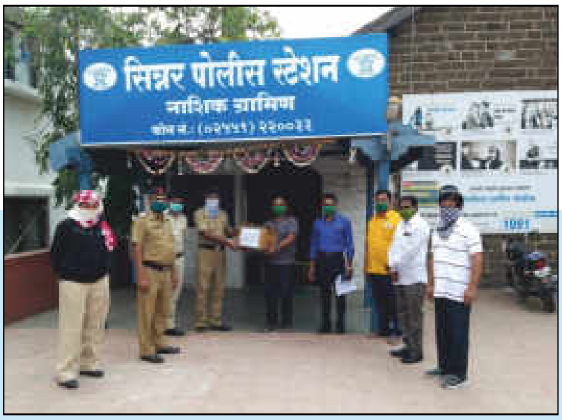
Corporate Social Responsibility

KSB Care Charitable Trust, is the company's initiative that undertakes social welfare projects in and around the manufacturing plants, to enhance the quality of life of underprivileged children, women and the elderly. Projects are implemented in and around Pune, Nashik, Ahmednagar, Coimbatore and Kochi.

KSB Care Charitable Trust is the heart that pumps compassion and warmth into the society it lives in.

Donation of children playground
to Gaurang Abhinav School, Vambori.

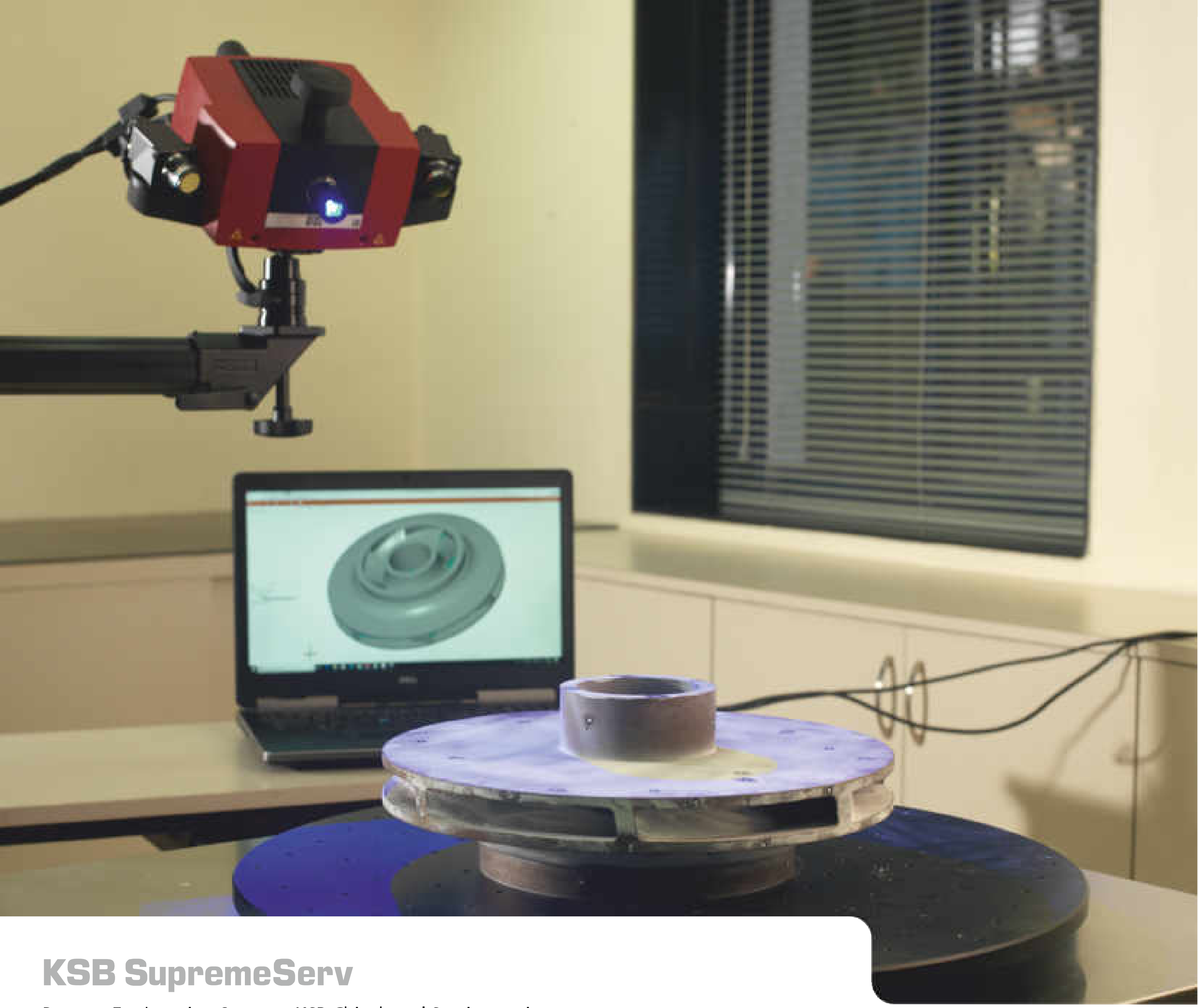
Distribution of face mask to Sinnar police.



Donation of New Building to
"Family for Children" (FFC), Podanur

Donated "Mahindra" pickup van to
'Mahamanav Baba Amte' Ashram, Shrigonda,
Ahmednagar.

Pumps and Valves are our business. Social welfare is our responsibility.



KSB SupremeServ

Reverse Engineering Setup at KSB Chinchwad Service station

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