

Date: 13th April, 2019

The General Manager
Corporate Relationship Department
BSE Limited
1st floor, New Trading Ring,
Rotunda Building
P J Towers
Dalal Street, Fort
Mumbai 400 001
BSE Scrip Code: 500249

The Manager
Listing Department
National Stock Exchange of India
Limited
“Exchange Plaza”, C-1, Block G
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051
NSE Symbol: KSB

Dear Sirs,

Sub: Intimation of commencement of dispatch of Annual Report

Ref: Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

Pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 we wish to inform you that the Company has commenced the dispatch of its Annual Report for the year ended 31st December, 2018 for the Annual General Meeting to be held on 8th May, 2019.

The physical copies of Annual Reports have been dispatched on 12th April, 2019 and the electronic copy of Annual Report is being circulated today i.e. on 13th April, 2019.

Attached herewith a copy of Annual Report for your records please.

Kindly take the same on your records.

Yours faithfully,
For **KSB LIMITED**

Milind Khadilkar
Chief Financial Officer

59th Annual Report, 2018



CHTD 6 Pump at Energy Pumps Division



Inside the factory

Shareholder's Visit to Sinnar plant

Over 100 shareholders visited KSB Sinnar plant in November, 2018. After brief presentations, KSB team took them around the plant and introduced to various product range and its manufacturing processes.



Mr. Milind Khadilkar (Chief Financial Officer)



Mr. Narasimhan R
(DGM - Finance & Company Secretary)



Mr. Sunil Bapat (GM - Operations, Sinnar)



▲
Addressing the Shareholders

▲
Glimpses of Visit to Sinnar plant



CHTR 6/5+1

Pumps ready under final assembly. High pressure multistage barrel pumps with motor and accessories for critical application in one of the Indian refineries.



CHTR 6 Testing at Energy Pumps Division



Senior Management Visit

Dr. Stephon Bross (Director) & Mr. Rajeev Jain (Managing Director) visited Energy Pumps Division and took a review of the developments.



RPH Pumps

Ready to despatch from KSB Pimpri plant



KWP K 300-400

Manufactured highest size KWP pumps in KSB Pimpri Plant (IPD)



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ANNUAL GENERAL MEETING	
Date	: 8th May, 2019
Day	: Wednesday
Time	: 3.00 p.m.
Venue	: Bajaj Bhavan, Ground Floor, (Kamalnayan Bajaj Hall), 226, Nariman Point, Mumbai- 400 021.

COMMUNICATION DETAILS	
Tel No.	: 022-66588787
Fax No.	: 022-66588788
Shareholders' Grievance Cell	: compsec.india@ksb.com
Website	: www.ksbindia.co.in

GENERAL INFORMATION

Board of Directors

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

Registered Office

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

Factories

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

Tamil Nadu -
NSN Palayam, Coimbatore

Bankers

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

Chief Financial Officer

Mr. Milind Khadilkar

Company Secretary

Mr. R. Narasimhan

Collaborators

KSB SE & Co. KGaA, Germany

Zonal Offices

North - Noida
Offices - Chandigarh, Jaipur and Lucknow
East - Kolkata
Offices - Bhubaneswar, Jamshedpur and Raipur
West - Mumbai
Offices - Odhav, Aurangabad, Baroda, Indore, Nagpur and Pune
South - Chennai
Offices - Bengaluru & Secunderabad

Registrar & Transfer Agent

Link Intime India Pvt. Ltd.

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 Fifty-Ninth Annual General Meeting of the members of KSB LIMITED (Formerly known as KSB PUMPS LIMITED) will be held at Bajaj Bhavan, Ground Floor (Kamalnayan Bajaj Hall), 226, Nariman Point, Mumbai 400 021, on Wednesday, 8th May, 2019 at 3.00 p.m. 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, 2018, together with the Board's Report and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. Matthias Schmitz (DIN: 07884418), 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, 2019 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 an ORDINARY RESOLUTION:
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and Rules thereunder read with Schedule IV to the Act and the applicable provisions of the Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015") Ms. Sharmila Barua Roychowdhury (DIN: 08242998), who was appointed as an Additional Director/ Independent Director of the Company effective from 30th September, 2018 and who holds office until this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Act, proposing candidature of Ms. Sharmila Barua Roychowdhury for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years effective from 30th September, 2018 and whose office shall not be liable to retire by rotation."
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:
"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in the respective meetings held on 27th February, 2019 and pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules thereunder and the

NOTICE (Contd.)

applicable provisions of the Listing Regulations, 2015, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. D. N. Damania (DIN: 00403834) whose current period of office is expiring on 30th September, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Act read with the Listing Regulations, 2015 and who is eligible for re-appointment for a second term under the provisions of the Act, Rules thereunder and Listing Regulations, 2015 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Director of the Company, to hold office for a term of five consecutive years on the Board of the Company effective from 1st October, 2019 and whose term shall not be subject to retirement by rotation;

RESOLVED FURTHER THAT pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members of the Company be and is hereby accorded effective from 1st April, 2019 to Mr. D. N. Damania for continuation of the Directorship in the Company who has attained the age of seventy five years, up to the expiry of his present term as an Independent Director i.e. up to 30th September, 2019, on the existing terms and conditions and for the above said second term of five consecutive years effective from 1st October, 2019 as an Independent Director of the Company.”

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

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in the respective meetings held on 27th February, 2019 and pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules thereunder and the applicable provisions of the Listing Regulations, 2015, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Pradip Shah (DIN: 00066242) whose current period of office is expiring on 30th September, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Act read with the Listing Regulations, 2015 and who is eligible for re-appointment for a second term under the provisions of the Act, Rules thereunder and Listing Regulations, 2015 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Director of the Company, to hold office for a term of five consecutive years on the Board of the Company effective from 1st October, 2019 and whose term shall not be subject to retirement by rotation.”

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

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in the respective meetings held on 27th February, 2019 and pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules thereunder and the applicable provisions of the Listing Regulations, 2015, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. V. K. Viswanathan (DIN: 01782934) whose current period of office is expiring on 15th January, 2020 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the

NOTICE (Contd.)

Act read with the Listing Regulations, 2015 and who is eligible for re-appointment for a second term under the provisions of the Act, Rules thereunder and Listing Regulations, 2015 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Director of the Company, to hold office for a term of five consecutive years on the Board of the Company effective from 16th January, 2020 and whose term shall not be subject to retirement by rotation.”

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

“**RESOLVED THAT** pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members of the Company be and is hereby accorded effective from 1st April, 2019 to Mr. A. R. Broacha (DIN: 00056291) for continuation of the Directorship in the Company who has attained the age of seventy five years, up to the expiry of his present term as an Independent Director i.e. up to 30th September, 2019, on the existing terms and conditions.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 and Rules thereunder, the draft Articles of Association of the Company submitted to this meeting, be and is hereby approved and adopted in substitution and to the total exclusion of the existing Articles of Association of the Company;

RESOLVED FURTHER THAT for the purpose of giving full effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution;

RESOLVED FURTHER THAT Mr. Rajeev Jain, Managing Director, Mr. Milind Khadilkar, Chief Financial Officer and Mr. Narasimhan R, DGM-Finance and Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be required to give effect to the above resolution.”

By Order of the Board
G. SWARUP
Chairman

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

Mumbai, 27th February, 2019

NOTICE (Contd.)

NOTES:

- a. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A person can act as proxy on behalf of members not exceeding 50 (fifty) in number and holding in the aggregate not more than 10% of the total issued and paid up share capital of the Company. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable. A member holding more than 10% of the total issued and paid up share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

- b. Members/ proxies/ authorised representatives are requested to bring duly filled attendance slip sent herewith to attend the Meeting.
- c. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- d. The Register of Members and the Share Transfer Books of the Company will remain closed from Sunday, 28th April, 2019 to Wednesday, 8th May, 2019 (both days inclusive).
- e. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after Monday, 13th May, 2019 to those members whose names appear in the Register of Members at the close of the business hours on 27th April, 2019, 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 27th April, 2019 in respect of shares held by them in dematerialised form.
- f. Unclaimed Final Dividend for the financial year ended 31st December, 2010 and interim dividend for the financial year ended 31st December, 2011 have 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. '11	7th May '12	6th May '19
Interim	31st Dec. '12	22nd Nov. '12	21st Nov. '19
Second Interim	31st Dec. '12	18th Mar. '13	17th Mar. '20
Interim	31st Dec. '13	20th Nov. '13	19th Nov. '20
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

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Members who have not encashed their dividend warrants 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.

- g. 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.
- h. The information regarding the Directors who 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.
- i. Pursuant to the provisions of Sections 101 and 136 of the Act read with 'The Companies (Accounts) Rules, 2014' electronic copy of the Annual Report for the financial year 2018 is being sent to those members whose email addresses are registered with their respective Depository Participants ("DPs"), Company or Company's RTA unless any member has requested for a hard copy of the same. Members who have not registered their email addresses so far, are requested to promptly intimate the same to their respective DPs or Company's RTA. Physical copies of the Annual Report for the year 2018 will be sent in the permitted mode in cases where the email addresses are not available with the Company.
- j. Electronic copy of the Notice convening the Fifty Ninth Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members who hold shares in dematerialised mode and whose email addresses are registered with their respective DPs. For those members who have not registered their email address, physical copies of the said Notice inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy form is being sent in the permitted mode.
- 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.

NOTICE (Contd.)

- m. All documents referred to in the accompanying Notice and Statement setting out material facts are open for inspection at the Registered Office of the Company during normal business hours on all the working days.
- n. The Annual Report duly circulated to the members of the Company is available on the Company's website at: www.ksbindia.co.in
- o. Voting options:

(1) **Remote E-voting**

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 ("LI IPL") 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
- v. Password details are given below:

If you are using e-Voting system of LI IPL: <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.
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NOTICE (Contd.)

DOB# DOI	Enter the DOB (Date of Birth)/DOI (Date of Incorporation) as recorded in your demat account or in the Company 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 LIPL 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 LIPL.
- 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.

NOTICE (Contd.)

- 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 LIPL 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., **2nd May, 2019** may 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.

(2) In case of voting by using Ballot Forms

- i. The Company, in order to enable its members, who do not have access to remote e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, is enclosing a Ballot Form in the Annual Report.
- ii. A Member desiring to exercise voting by using Ballot Form shall complete the Ballot Form with assent (FOR) or dissent (AGAINST) and send it to the Scrutinizer, Ms. Hetal Shah, Partner, M/s Nilesh Shah & Associates, Company Secretaries duly appointed by the Board of Directors of the Company, in the enclosed postage prepaid self-addressed envelope. Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted at the Registered Office of the Company.
- iii. Please convey your assent in Column “FOR” and dissent in the column “AGAINST” by placing a tick (✓) mark in the appropriate column in the Ballot

NOTICE (Contd.)

Form only. The assent / dissent received in any other form / manner will not be considered.

- iv. Duly completed and signed Ballot Forms shall reach the Scrutinizer before the close of working hours on **7th May, 2019 (5.00 p.m.)**. The Ballot Forms received after the said date shall be strictly treated as if the reply from the Member has not been received.
- v. Unsigned / incomplete Ballot Forms will be rejected. Scrutinizer's decision on validity of the Ballot Form shall be final.
- vi. A Member may request duplicate Ballot Form, if so required, by writing to the Company's Registrar & Transfer Agent by mentioning their Folio No. / DP ID and Client ID. However, the duly filled in duplicate Ballot Form should reach the scrutinizer not later than the close of working hours on **7th May, 2019(5.00 p.m.)**.
- vii. A Member can opt for only single mode of voting i.e. either through e-voting or by Ballot Form. If a Member casts votes by both modes then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

(3) Voting at Annual General Meeting

The members who have not cast their vote either electronically or through Ballot Form, can exercise their voting rights at the Annual General Meeting. The Company will make necessary arrangements in this regard at the Annual General Meeting Venue.

If a member casts vote in Annual General Meeting is found to have exercised their voting options either electronically or ballot form or both, voting at Annual General Meeting will be treated as invalid and vote as per point 2(vii) will be treated as valid.

Other Instructions

- i. The remote e-voting period commences on **Sunday, 5th May, 2019 at 9.00 a.m.** and ends on **Tuesday, 7th May, 2019 at 5.00 p.m.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on **Thursday, 2nd May, 2019 (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 **2nd May, 2019**.
- 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, by ballot paper as well as voting at the venue.
- 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 59th Annual General Meeting of the Company to be held on **8th May, 2019**.

NOTICE (Contd.)

- vi. Members are requested to send their question(s), if any, relating to the financial statements, shareholding, etc., to the Company Secretary/Chief Financial Officer at the Registered Office of the Company, on or before 25th April, 2019 so that the answers/details can be kept ready at the Annual General Meeting.
- vii. 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

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, 2019. 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 has appointed Ms. Sharmila Barua Roychowdhury as an Additional Director/Independent Director of the Company pursuant to Section 149 and 161 of the Companies Act, 2013. She holds office till the conclusion of this Annual General Meeting.

Ms. Sharmila Barua Roychowdhury, being eligible, the resolution seeks the approval of members for her appointment as an Independent Director, pursuant to Section 149 and other applicable provisions of the Act and Rules there under (including any statutory modification or re-enactment thereof, for the time being in force), and that she shall not be liable to retire by rotation.

The Company has received notice in writing pursuant to Section 160 of the Act, from a member proposing the candidature of Ms. Sharmila Barua Roychowdhury for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Act.

The Company has received from Ms. Sharmila Barua Roychowdhury, (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 she is not disqualified under Section

NOTICE (Contd.)

164(2) of the Companies Act, 2013, confirming her eligibility for such appointment and a declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Listing Regulations, 2015.

In the opinion of the Board, Ms. Sharmila Barua Roychowdhury fulfills the conditions specified in the Act, the Rules made there under and Listing Regulations, 2015 for her appointment as an Independent Director of the Company and is independent of the Management. A copy of the draft letter for her appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on all the working days. The Board considers that her association would be of immense benefit to the Company and it is desirable to avail her services as Independent Director.

The Directors recommend the resolution for approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Ms. Sharmila Barua Roychowdhury to whom the resolution relates and her relatives, are in any way, concerned or interested, financially or otherwise, in the said resolution.

BUSINESS NO. 6 TO 9:

The Members of the Company had through postal ballot, inter alia, appointed Mr. D. N. Damania and Mr. Pradip Shah as Independent Directors of the Company for a period of five consecutive years effective from 1st October, 2014. The Members of the Company in the 55th Annual General Meeting had appointed Mr. V. K. Viswanathan as Independent Director of the Company for a period of five consecutive years effective from 16th January, 2015.

The Board upon recommendation of the Nomination and Remuneration Committee, based on the skills, rich experience, knowledge, continued valuable guidance of above said Directors to the management and based on the outcome of performance evaluation, has in the meetings held on 27th February, 2019 recommended re-appointment of the said Directors as Independent Directors of the Company for second consecutive term of 5 years subject to approval of members, pursuant to Section 149 of the Companies Act, 2013.

The Company has received notice in writing pursuant to Section 160 of the Act, from a member proposing the candidature of Mr. D. N. Damania, Mr. Pradip Shah and Mr. V. K. Viswanathan for the office of Independent Director, to be re-appointed as such under the provisions of Section 149 of the Act.

The Company has received from Mr. D. N. Damania, Mr. Pradip Shah and Mr. V. K. Viswanathan, (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 they are not disqualified under Section 164(2) of the Companies Act, 2013, confirming their eligibility for such appointment and a declaration to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act and Listing Regulations, 2015.

In the opinion of the Board, Mr. D. N. Damania, Mr. Pradip Shah and Mr. V. K. Viswanathan fulfill the conditions specified in the Act, the Rules made there under and Listing Regulations,

NOTICE (Contd.)

2015 for their re-appointment as Independent Directors of the Company and are independent of the Management. Copies of the draft letters for their appointment as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on all the working days

In the opinion of the Board of Directors, Mr. D. N. Damania, Mr. Pradip Shah and Mr. V. K. Viswanathan being eligible, approval of members through Special resolution is sought for their re-appointment as Independent Directors, pursuant to Section 149 and other applicable provisions of the Act and Rules there under and that the said Directors shall not be liable to retire by rotation.

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, which are effective from 1st April, 2019, a person who has attained the age of seventy five years can continue as a Non-Executive Director in a listed Company, provided approval of its members by way of a special resolution is obtained. Mr. D. N. Damania and Mr. A. R. Broacha are above the age of seventy five years. Special resolution as set out in business no. 6 seeks approval of shareholders for continuation of Directorship of Mr. D. N. Damania as Independent Director of the Company effective from 1st April, 2019 up to end of the existing term i.e. 30th September, 2019 and for second consecutive term effective from 1st October, 2019. Special resolution as set out in business no. 9 seeks approval of shareholders for continuation of Directorship of Mr. A. R. Broacha as Independent Director of the Company effective from 1st April, 2019 up to end of the existing term i.e. 30th September, 2019.

In the opinion of the Board of Directors, Mr. D. N. Damania, Mr. Pradip Shah, Mr. V. K. Viswanathan and Mr. A. R. Broacha are persons of high repute, integrity and have rich and varied experience. The Board considers that their continued association would benefit to the Company and it is desirable to continue to avail their services.

The profiles of the above said Directors are provided in the annexure to this Notice.

The Directors recommend the resolutions as set out in businesses 6 to 9 for approval.

None of the Directors and Key Managerial Personnel including their respective relatives other than those mentioned in the respective resolutions and their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

BUSINESS 10:

The existing Articles of Association (“AOA”) of the Company are based on the provisions of the Companies Act, 1956. The Sections under the Companies Act, 2013 were notified on various dates and have since then also been amended from time to time.

Such amendments enable various operational and functioning conveniences for the Board, management and business in general. In view of the aforesaid, it is recommended to adopt revised set of AoA in line with provisions of the Companies Act, 2013.

Considering that the changes to be made in the existing AoA are large in number, it is proposed to adopt a comprehensive new set of AoA in substitution of and to the entire exclusion of the existing AoA. The Board of Directors in its meeting held on 27th February, 2019 has decided subject to the approval of members to adopt revised set of AoA.

NOTICE (Contd.)

As per Section 14 of the Act and Rules thereunder, any alterations proposed to be made in the AoA of the Company require the approval of the members by way of special resolution.

A copy of the proposed amended AoA of the Company is available for inspection by the Members of the Company at the Registered office during normal business hours on all the working days. The proposed draft AoA is also available on the Company's website at: www.ksbindia.co.in

Key changes proposed in the new set of Articles of Association:

Category	Proposed change
Definitions	Existing definitions have been modified to align with the Companies Act, 2013 and new definitions have been included in line with the Act
Documents and notices	Service of documents through e-mail where shareholders have registered their e-mail address
Directors	Increased maximum No. of Directors from 12 to 15, inclusion of clauses related to Independent Directors, resignation of Directors
Key Managerial personnel	Inclusion of appointment, terms of appointment, appointed as director in any other company.
Board/ Committees meetings	Service of documents through e-mail, video conferencing
General Meetings	Revised quorum requirements, revised process of voting by poll, enabling remote voting.
Common seal	Relaxations on the requirement of Common Seal for execution of various documents under the Companies Act, 2013
Transfer of shares to IEPF	Inclusion of provisions for transfer of shares on which dividend is unpaid/unclaimed for seven consecutive years

It is proposed to retain "KSB" specific clauses in the Articles of Association.

The Directors recommend the resolution as set out in business 10 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.

By Order of the Board
G. SWARUP
Chairman

Registered Office:

126, Maker Chambers III
Nariman Point,
Mumbai 400 021

Mumbai, 27th February, 2019

NOTICE (Contd.)

Notes on Directors seeking appointment/re-appointment

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

Name of the Director	Dr. Matthias Schmitz	Ms. Sharmila Barua Roychowdhury	Mr. A. R. Broacha
Director Identification Number	07884418	08242998	00056291
Date of Birth	15th November, 1963	25th July, 1962	18th February, 1934
Director since	25th July, 2017	30th September, 2018	7th October, 1975
Qualifications	Doctorate and, Engineering and Business Administration degree from University of Kaiserslautern	Lawyer by profession and bachelors in Social studies in human behaviour	Advocate and Solicitor
Experience	Vast experience in engineering industry	Vast experience in the area of law	Vast experience in corporate legal field
List of other Directorships in India	Nil	Nil	Nil
Chairmanship/ Membership in Committees in other Public Companies in India*	Nil	Nil	Nil
Relationship with other Directors and Key Managerial Personnel	Nil	Nil	Nil
No. of shares held in the Company	Nil	Nil	37,220
No. of Board meetings attended during last Financial Year	3 (Three)	1 (One)	4 (Four)
Details of Remuneration paid/ sought to be paid	Sitting fees and commission	Sitting fees and commission	Sitting fees and commission
Terms and conditions of appointment	Non Executive Director (Non Independent), liable to retire by rotation	Independent Director for a term of 5 years	Independent Director on the existing terms of appointment

* Only Audit Committee and Stakeholders' Relationship Committee membership in Indian Companies have been considered.

NOTICE (Contd.)

Name of the Director	Mr. D. N. Damania	Mr. Pradip Shah	Mr. V. K. Viswanathan
Director Identification Number	00403834	00066242	01782934
Date of Birth	2nd December, 1936	7th January, 1953	20th November, 1950
Director since	30th December, 1981	21st June, 2008	16th January, 2015
Qualifications	Engineer	B. Com, ACMA, ACA, MBA (Harvard)	Chartered Accountant
Experience	Vast experience in engineering industry	Vast experience in finance	Vast experience in finance
List of other Directorships in India	<ol style="list-style-type: none"> 1. ThyssenKrupp India Private Limited 2. Rieco Industries Limited 3. Finolex Industries Limited 4. Sudarshan Chemical Industries Limited 5. Sanghvi Movers Limited 	<ol style="list-style-type: none"> 1. Ambit Private Limited 2. BASF India Limited 3. Godrej & Boyce Mfg. Limited 4. Grindwell Norton Limited 5. IndAsia Fund Advisors Private Limited 6. Helios GreenTech Private Limited 7. Kansai Nerolac Paints Limited 8. Kancor Ingredients Limited 9. MEB-IndAsia Corporate Advisors Private Limited 10. Pfizer Limited 11. Pangea EcoNet Assets Private Limited 12. Sonata Software Limited 13. Tata Investment Corporation Limited 14. Universal Trustees Private Limited 	<ol style="list-style-type: none"> 1. Bosch Limited 2. Magma HDI General Insurance Company Limited 3. Bharti Airtel Limited 4. HDFC Life Insurance Company Limited 5. Century Metal Recycling Limited 6. TransUnion CIBIL Limited 7. Magma Fincorp Limited 8. United Spirits Limited

NOTICE (Contd.)

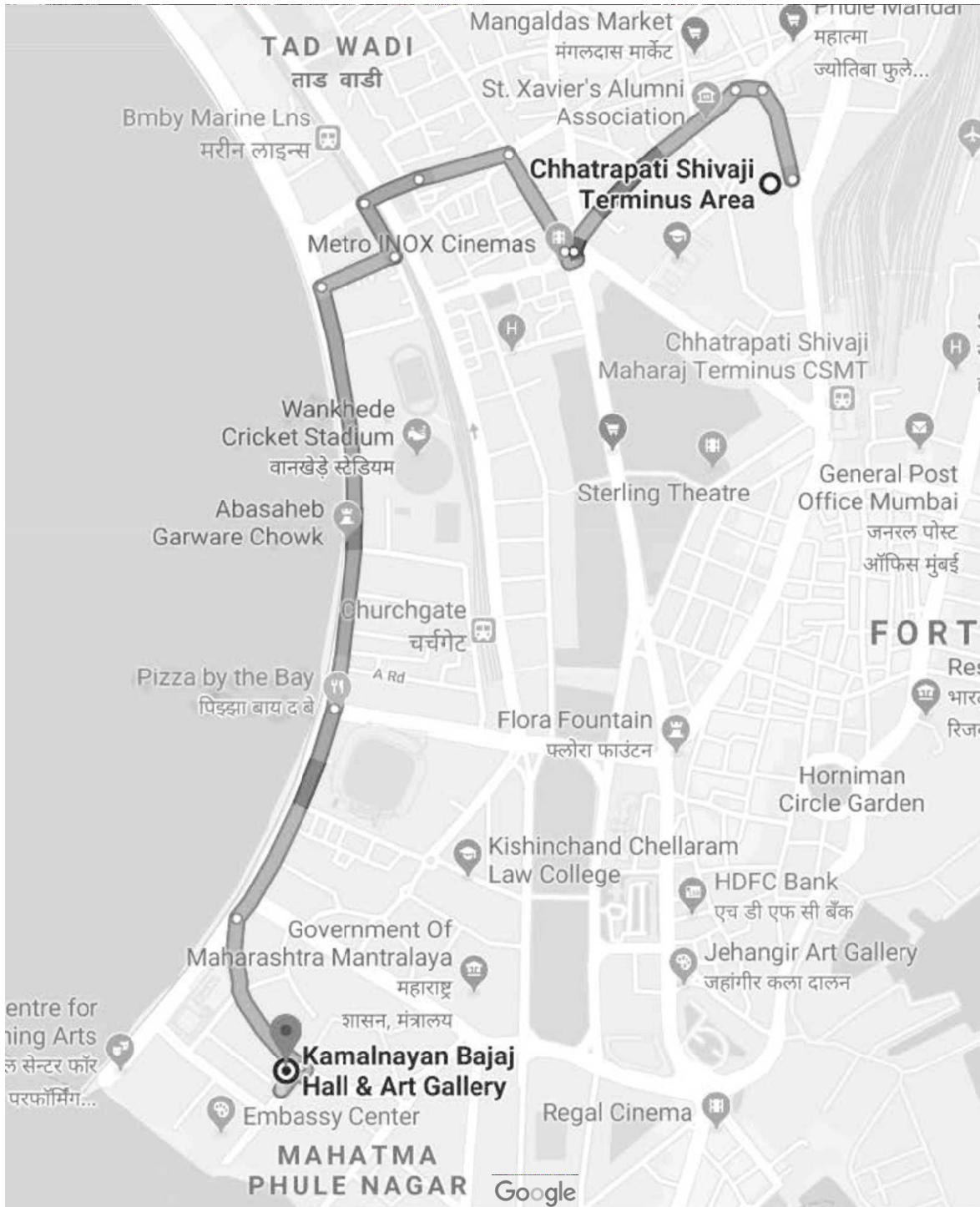
Name of the Director	Mr. D. N. Damania	Mr. Pradip Shah	Mr. V. K. Viswanathan
Chairmanship/ Membership in Committees in other Companies*	<p>Audit Committee: Chairman: Nil Member: 1. Sudarshan Chemical Industries Limited, 2. Finolex Industries Limited, 3. Sanghvi Movers Limited,</p> <p>Stakeholders' Relationship Committee: Chairman: Nil Member: 1. Finolex Industries Limited, 2. Sanghvi Movers Limited</p>	<p>Audit Committee: Chairman: 1. Kansai Nerolac Paints Limited Member: 1. BASF India Limited 2. Grindwell Norton Limited 3. Kancor Ingredients Limited 4. Pfizer Limited 5. Sonata Software Limited 6. Tata Investment Corporation Limited</p> <p>Stakeholders' Relationship Committee: Chairman: Nil Member: Nil</p>	<p>Audit Committee: Chairman: 1. Magma HDI General Insurance Company Limited 2. HDFC Life Insurance Company Limited 3. Bharti Airtel Limited 4. TransUnion CIBIL Limited 5. United Spirits Limited Member: 1. Bosch Limited 2. Century Metal Recycling Limited 3. Magma Fincorp Limited</p> <p>Stakeholders' Relationship Committee: Chairman: Nil Member: 1. Bosch Limited</p>
Relationship with other Directors and Key Managerial Personnel	Nil	Nil	Nil
No. of shares held in the Company	4,200	Nil	Nil
No. of Board meetings attended during last Financial Year	5 (Five)	4 (Four)	4 (Four)
Details of Remuneration paid/ sought to be paid	Sitting fees and commission	Sitting fees and commission	Sitting fees and commission
Terms and conditions of appointment	Independent Director for a term of 5 years	Independent Director for a term of 5 years	Independent Director for a term of 5 years

* Only Audit Committee and Stakeholders' Relationship Committee membership in Indian Companies have been considered.

ROUTE MAP FOR THE VENUE OF ANNUAL GENERAL MEETING

KSB LIMITED

59th Annual General Meeting, 3.00 P.M.



Note: Route map changes subject to Metroline Construction.

Venue: Bajaj Bhawan, Jammalal Bajaj Marg, Ground Floor, 226, Nariman Point, Mumbai 400021.

Ph: 022 2202 3626

Landmark: Opposite to INOX CR2

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, 2018.

FINANCIAL RESULTS AND DIVIDEND

Financial Results (Separate):

	Year ended December 31, 2018	INR Million Year ended December 31, 2017
Revenue from operations and Other Income	11,197.76	10,008.14
Profit before tax	1,116.73	1,046.69
Income tax expense		
Current	367.40	404.74
Deferred tax (Credit)	9.07	(35.10)
Total tax expense	376.47	369.64
Profit for the year	740.26	677.05
Other comprehensive income	9.94	22.68
Total comprehensive income	750.20	699.73
Appropriations:		
Opening balance of retained earnings	5,188.68	4,719.36
Profit for the year	740.26	677.05
Dividend paid (including tax thereon)	(242.94)	(230.41)
Other comprehensive income recognised directly in retained earnings	9.94	22.68
Total retained earnings	5,695.94	5,188.68
EPS	21.27	19.45

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 ₹ 6.00 per share of ₹ 10 each (60 %).

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

GENERAL REVIEW

Working:

During the year under review, the Company has earned higher profit before tax compared to the previous year due to various cost reduction and efficiency improvement measures taken during the year. The overall economic slowdown and delay in project execution continued in 2018. Hence, situation of heavy pressure on margins continued in the year.

Export increased by ₹ 190 Million from ₹ 1,361 Million last year to ₹ 1,551 Million.

BOARD'S REPORT (Contd.)

The Company has received orders of around ₹ 4,130 Million from Nuclear Power Corporation of India Limited (“NPCIL”) for supply of Primary Coolant Pumps and Electric Motor alongwith auxiliaries and accessories for their Gorakhpur Haryana Anu Vidyut Pariyojana – 1 and 2 project. The sales/ supply of products/ services for these orders will be in a phased manner during the years 2022 and 2023.

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

Unclaimed Bonus Shares:

Total 20,074 bonus shares held by 143 shareholders were unclaimed in the end of the year 2017. During the year 3 shareholders had approached/claimed for bonus shares. The total number of shares outstanding at the end of the year 2018 is 19,394 held by 140 shareholders.

Change of name of the Company:

The name of the Company stands changed from ‘KSB PUMPS LIMITED’ to ‘KSB LIMITED’ pursuant to fresh Certificate of Incorporation issued by the Registrar of Companies, Mumbai effective from 9th July, 2018.

Shifting of registered office:

The shareholders in its 58th Annual General Meeting held on 25th April, 2018 had approved shifting of registered office of the Company from Mumbai to Pune through a special resolution. Subsequently, the Board decided to defer the shifting of registered office and to reconsider the same.

Alteration of Articles of Association:

The Company has proposed to adopt revised set of Articles of Association under the Companies Act, 2013 ("Act") to avail operational conveniences made available under the Act. A resolution seeking approval for the same forms part of the Notice convening the 59th Annual General Meeting and the same is recommended for your consideration and approval.

Credit Rating:

ICRA Limited has upgraded the Long Term rating (Fund based) from [ICRA] AA (stable) to [ICRA] AA+ (stable) for KSB Limited. The Short Term rating (Fund based and non-fund based) have been reaffirmed at [ICRA] A1+. This reaffirms the high reputation and the trust Company has earned for its sound financial management and its ability to meet financial obligations.

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 ₹ 246,852 being unclaimed dividends up to the year 31st December, 2011, were transferred to the Investor Education and Protection Fund established by the Central Government.

BOARD'S REPORT (Contd.)

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 20,714 equity shares to the IEPF. 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, 2018.

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, 2018 have been placed on the website of the Company viz. www.ksbindia.co.in and are available for inspection at the registered office of the Company. The Company will also make available these documents upon request by any member of the Company interested in obtaining the same.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Annexed to this report 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

Extract of Annual Return in Form MGT-9 is available at the website of the Company at: www.ksbindia.co.in

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.

BOARD'S REPORT (Contd.)

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, no complaint with allegations of sexual harassment was received by the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Dr. Matthias Schmitz retires by rotation and is eligible for reappointment.

Ms. Sharmila Barua Roychowdhury, on recommendation of the Nomination and Remuneration Committee was appointed by the Board as Additional Director / Independent Director effective from 30th September, 2018 and she shall hold office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing her candidature for appointment as Director under Section 160 of the Companies Act, 2013.

Mr. A. R. Broacha, Mr. D. N. Damania and Mr. Pradip Shah will be completing their present term as Independent Directors of the Company on 30th September, 2019. Mr. V. K. Viswanathan will be completing his present term as Independent Director of the Company on 15th January, 2020.

On the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on 27th February, 2019, subject to the approval of shareholders by special resolution, has recommended re-appointment of Mr. D. N. Damania and Mr. Pradip Shah as Independent Directors of the Company for a further term of five years effective from 1st October, 2019 and Mr. V. K. Viswanathan for a further term of five years effective from 16th January, 2020. Mr. A. R. Broacha has expressed his unwillingness to propose his candidature for re-appointment for second consecutive term as Independent Director of the Company.

BOARD'S REPORT (Contd.)

Pursuant to Listing Regulations, 2015, a person who has attained the age of seventy five years can continue as Independent Director if approval of its Members is obtained by way of a special resolution. Mr. D. N. Damania and Mr. A. R. Broacha are above seventy five years of age. Special resolutions seeking approval for continuation of their Directorships from 1st April, 2019 on the existing terms of appointment form part of the Notice convening the 59th Annual General Meeting.

Ms. Divya Shriram, on recommendation of the Nomination and Remuneration Committee was appointed by the Board as Additional Director effective from 21st May, 2018 to hold office upto the date of ensuing Annual General Meeting. Ms. Divya Shriram resigned from the Board effective from close of business hours on 19th August, 2018.

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, 2018, five meetings of the Board were held.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

Pursuant to the requirement of Listing Regulations, 2015 the Board constituted Risk Management Committee of the Company effective from 31st October, 2018.

The Board dissolved the Share Transfer Committee of the Company effective from 24th July, 2018 and the roles and responsibilities of Share Transfer Committee have been transferred to the Stakeholders' Relationship Committee effective from 24th July, 2018.

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;

BOARD'S REPORT (Contd.)

- (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 V.

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, is available for inspection by members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), upto the date of the 59th Annual General Meeting. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on such request.

STATUTORY AUDITORS

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, subject to ratification of their appointment at every subsequent Annual General Meeting.

However the Ministry of Corporate Affairs has vide notification dated 7th May, 2018 withdrawn the requirement of seeking Member's ratification at every Annual General Meeting on appointment of Statutory Auditor during their tenure of five years. Hence the resolution seeking ratification for their appointment is not being placed at this 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 2018 does not contain any qualification, reservation, adverse remark or disclaimer.

BOARD'S REPORT (Contd.)

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year 2018.

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 2019 at a remuneration as mentioned in the Notice convening the 59th Annual General Meeting and the same is recommended for your consideration and ratification. The Cost Audit Report for financial year 2017 which was due to be filed with the Ministry of Corporate Affairs before 29th June, 2018, was filed on 17th May, 2018 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 2018 issued by Secretarial Auditors, M/s Nilesh Shah and Associates, Company Secretaries, Mumbai is annexed to this report as Annexure VI and it does not contain any qualification, reservation, adverse remark or disclaimer.

SECRETARIAL STANDARDS

During the year 2018, 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 VII.

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 VIII.

ACKNOWLEDGEMENTS

The Board of Directors are grateful to Canadian Kay Pump Ltd., the main shareholder, and to KSB SE & Co. KGaA (formerly KSB Aktiengesellschaft), 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
G. SWARUP
Chairman

Mumbai, 27th February, 2019

ANNEXURE TO BOARD'S REPORT

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

INR 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, 2018 to 31st March, 2019*
Reporting currency and Exchange rate	INR
Share capital	0.50
Reserves & Surplus	5.55
Total Assets	6.10
Total Liabilities	0.06
Investments	-
Turnover	-**
Profit / (Loss) before taxation	1.85
Provision for taxation	0.12
Profit / (Loss) after taxation	1.73
Proposed Dividend	-
% of shareholding	100

*The consolidation is based on the unaudited financial information for the period ended as on 31st December, 2018 of the subsidiary.

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

Part "B": Associate

INR 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, 2018
Number of shares of associate held by the company on the year end	735,000
Amount of investment in associate	62.65
Extent of holding %	49%
Description of how there is significant influence	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of not more than 50% of the voting Power and no control over the Board
Networth attributable to shareholding as per latest audited Balance Sheet	597.72
Profit / Loss for the year	88.10
i. Considered in consolidation	43.17
ii. Not Considered in consolidation	44.93

For and on behalf of the Board of Directors

Milind Khadilkar
Chief Financial Officer

G. Swarup
Chairman

R. Narasimhan
Company Secretary

D. N. Damania
Director

Rajeev Jain
Managing Director

Mumbai, February 27, 2019

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

As per world bank report, Global economic growth for 2018 is estimated to be 3% as economic slack dissipates, monetary policy accommodation in advanced economies is removed, and global trade gradually slows.

In India, growth has accelerated, driven by an upswing in consumption, and investment growth has firmed as the effects of temporary factors wane.

Pumps and valves industries

Growth is witnessed in certain segments of Pumps and Valves industries in 2018 compared to 2017. Healthier order inflows provide prospects for growth in upcoming year.

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 ₹ 8,106 Million (Previous year ₹ 7,118 Million) and valves and related spares worth ₹ 1,557 Million (Previous year ₹ 1,473 Million) were sold.

Out of the above, export of pumps, valves and their spares in terms of value were ₹ 1,521 Million (Previous year ₹ 1,150 Million).

OUTLOOK

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.

RISKS AND CONCERNS THE MANAGEMENT PERCEIVE

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

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

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

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

The Audit Committee meets periodically to review -

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

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

Considering the strategic vision and business growth, one of the main challenges for HR was to ensure the competent, engaged and motivated human resources to succeed. Organizational development initiatives have been taken to strengthen the various functions, attracting the talent pool, retention of key employees and maintain healthy work environment. The ongoing initiatives have also been sustained like Leadership Development, Performance Management, Learning and Development, Succession Planning and Health and Safety Management in alignment to the business requirements as per business strategy.

As a part of HR employee engagement programme, the continuation of Employee Engagement initiatives like Communication Meetings, Sports tournaments, Celebration of local festivals, Flexi-Work Hours, Career Development, IT infrastructure development, Reward and Recognitions is ensured. The business initiatives and process improvements have been backed up with focus on open and safe work environment. The employee relations at all the plants continued to be healthy and productive. Productivity linked settlements at two plants has been completed in 2018.

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.

On behalf of the Board of Directors,
G. SWARUP
Chairman

Mumbai, 27th February, 2019

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

DISTRIBUTION OF INCOME (SEPARATE)

	Year ended		INR Million	
	31st December, 2018		Year ended	
	INR	%	31st December, 2017	%
1. Raw Materials/Bought-out components consumed	5,651	50.46	4,672	46.68
2. Excise Duty (till 30th June, 2017)	0	0.00	249	2.49
3. Employee benefits expense	1,540	13.75	1,446	14.46
4. Other Expenses	2,457	21.94	2,250	22.48
5. Finance cost	37	0.33	35	0.35
6. Depreciation	397	3.55	309	3.09
7. Taxation				
Current	367	3.28	405	4.05
Deferred	9	0.08	(35)	(0.35)
8. Other Comprehensive (Income)/Expense	(10)	(0.09)	(23)	(0.25)
9. Dividend (including tax thereon)	243	2.17	230	2.30
10. Retained Earnings	507	4.53	470	4.70
TOTAL	11,198	100	10,008	100

FINANCIAL POSITION AT A GLANCE (SEPARATE)

	INR Million	
	Year ended	Year ended
	31st December, 2018	31st December, 2017
CAPITAL		
ASSETS OWNED		
Non-Current Assets		
1. Property, Plant and Equipment (including Capital Work in Progress)	3,233	3,104
2. Intangible Assets	19	19
3. Investments	63	63
4. Other Non-Current Assets (net)	154	256
5. Deferred Tax Assets (net)	161	176
Current Assets (Net) excluding borrowings	3,936	3,133
TOTAL	7,566	6,751
FINANCED BY		
1. Borrowings	434	126
2. Net Worth*	7,132	6,625
TOTAL	7,566	6,751
*Represented by Equity Share		
Capital	348	348
Other equity	6,784	6,277
TOTAL	7,132	6,625
INCOME EARNED		
1. Revenue from operations	10,931	9,692
2. Other Income	267	316
TOTAL	11,198	10,008
INCOME DISTRIBUTED		
1. Materials consumed	5,651	4,672
2. Excise Duty (till 30th June, 2017)	-	249
3. Employee benefits expense	1,540	1,446

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

	Year ended 31st December, 2018	INR Million Year ended 31st December, 2017
4. Other expenses	2,457	2,250
5. Finance cost	37	35
6. Depreciation	397	309
7. Taxation		
Current	367	405
Deferred	9	(35)
8. Other Comprehensive (Income)/Expense (net)	(10)	(23)
9. Dividend (including tax thereon)	243	230
10. Retained Income	507	470
TOTAL	11,198	10,008

FINANCIAL SUMMARY (SEPARATE)

	2018*	2017*	2016*	2015	2014
CAPITAL ACCOUNTS (INR Million)					
Liabilities					
Equity Share Capital	348	348	348	348	348
Other Equity	6,784	6,277	5,808	5,184	4,709
Non-Current Liabilities	366	373	370	365	363
Assets					
Non-Current Assets					
Gross Block	6,615	6,152	5,149	4,603	4,319
Net Block	3,252	3,123	2,351	2,083	2,008
Investments	63	63	63	63	63
Other Non-Current Assets	520	629	704	492	549
Deferred Tax Assets (net)	161	176	153	128	100
Current Assets (Net)	3,502	3,007	3,255	3,131	2,700
REVENUE ACCOUNTS (INR Million)					
Revenue from operations and Other Income	11,198	10,008	9,052	8,497	8,292
Gross Profit before finance cost and depreciation	1,550	1,391	1,315	1,350	1,269
Finance cost	37	35	31	17	22
Depreciation	397	309	294	278	276
Profit before tax	1,117	1,047	990	1,055	971
Profit after tax	740	677	654	698	654
Dividend amount (including tax thereon)	243	230	230	223	229
Retained earnings	507	470	387	475	425
SELECTED INDICATORS					
Return on Capital Employed %	15.24	16.03	16.40	19.33	18.73
Current Ratio	1.96	1.99	2.17	2.01	2.00
Earnings per share	21.27	19.45	18.77	20.06	18.79
Debt equity ratio	0.06	0.02	0.01	0.00	0.05
Book value per share	204.91	190.34	176.87	158.94	145.29
Dividend %	60	55	55	55	55
Fixed Assets Turnover	3.44	3.20	3.85	4.08	4.13

* Figures for the years 2018, 2017 and 2016 are as per IND AS compliant financial statements. Previous periods' figures are as per previous GAAP financial statements.

REPORT ON CORPORATE GOVERNANCE

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

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

Name of the Director	DIN	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM
Mr. G. Swarup	00374298	Chairman - NED	5	Yes
Mr. A. R. Broacha	00056291	NED - I	4	Yes
Mr. D. N. Damania	00403834	NED - I	5	Yes
Mr. Pradip Shah	00066242	NED - I	4	Yes
Mr. V. K. Viswanathan	01782934	NED - I	4	Yes
Ms. Sharmila Barua Roychowdhury* (effective from 30th September, 2018)	08242998	NED - I	1	N.A.
Dr. Stephan Bross	00423114	NED	4	Yes
Dr. Matthias Schmitz	07884418	NED	3	Yes
Mr. Rajeev Jain	07475640	Managing Director - ED	5	Yes
Ms. Divya Shriram** (from 21st May, 2018 to 19th August, 2018)	00281644	NED	Nil	N.A.
Ms. Sulajja Firodia Motwani*** (Upto 22nd February, 2018)	00052851	NED - I	Nil	N.A.

ED : Executive Director

NED : Non-Executive Director

NED - I : Non-Executive Director – Independent

N.A. : Not Applicable

* Ms. Sharmila Barua Roychowdhury is appointed as an Additional Director/ Independent Director w.e.f. 30th September, 2018.

** Ms. Divya Shriram was appointed as an Additional Director w.e.f. 21st May 2018 and resigned w.e.f. close of the business hours on 19th August, 2018.

*** Ms. Sulajja Firodia Motwani resigned w.e.f. close of the business hours on 22nd February, 2018.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- (c) Number of other Companies or Committees the Director of the Company is a Director/ Member/Chairman

Name of Director	No. of Directorships in other Boards @	No. of Memberships in other Board Committees #	No. of Chairmanships in other Board Committees #
Mr. G. Swarup	12	3	2
Mr. A. R. Broacha	Nil	Nil	Nil
Mr. D. N. Damania	5	5	Nil
Mr. Pradip Shah	16	7	1
Mr. V. K. Viswanathan	8	7	5
Ms. Sharmila Barua Roychowdhury*	Nil	Nil	Nil
Dr. Stephan Bross	5	Nil	Nil
Dr. Matthias Schmitz	7	Nil	Nil
Mr. Rajeev Jain	3	Nil	1
Ms. Divya Shriram*	2	Nil	Nil
Ms. Sulajja Firodia Motwani*	10	Nil	Nil

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

Memberships in Committees other than Audit Committee/Stakeholders' Relationship Committee of Public Limited Companies and all Committees of Private Limited/Body Corporates are excluded in the above table.

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

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

Meetings were held on 22nd February, 2018, 25th April, 2018, 21st May, 2018, 24th July, 2018 and 31st October, 2018.

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

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

Name of Non- Executive Director	No. of shares held
Mr. G. Swarup	34,000
Mr. A. R. Broacha	37,220*
Mr. D. N. Damania	4,200

*7,220 shares were acquired pursuant to transmission.

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

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

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. G. Swarup	4	4
Dr. Stephan Bross	4	4
Mr. A. R. Broacha	4	3
Mr. Pradip Shah	4	3
Mr. V. K. Viswanathan	4	3

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

Meetings were held on 22nd February, 2018, 25th April, 2018, 24th July, 2018 and 31st October, 2018.

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	2
Mr. G. Swarup	3	3

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

Meetings were held on 22nd February, 2018, 21st May, 2018 and 31st October, 2018.

iv. Remuneration Policy

Remuneration Policy of the Company aims at recommending and reviewing the remuneration to Managing Director, Non-Executive Directors and Key

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 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)	2	2
Mr. G. Swarup	2	2
Mr. Rajeev Jain	2	2

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

Meetings were held on 25th April, 2018 and 31st October, 2018.

D. Stakeholders' Relationship Committee

i. Terms of Reference:

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

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. A. R. Broacha (Chairman)	2	2
Mr. D. N. Damania*	2	2
Mr. G. Swarup	2	2
Mr. Rajeev Jain	2	2

*Member w.e.f. 24th July, 2018.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

Meetings were held on 7th September, 2018 and 25th September, 2018.

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

- v. Complaints

During the year under review 7 grievances were received based on the reports from Link in time India Private Limited. All the grievances have been resolved to the satisfaction of the shareholders.

E. Risk Management Committee

(Constituted effective from 31st October, 2018)

- 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)	N.A.	N.A
Dr. Matthias Schmitz	N.A	N.A
Mr. Rajeev Jain	N.A	N.A

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

The Committee is constituted on 31st October, 2018. During the period 31st October, 2018 to 31st December, 2018 the Committee has not held any meeting.

F. Share Transfer Committee

(Dissolved effective from 24th July, 2018)

- 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. G. Swarup (Chairman)	5	5
Mr. A. R. Broacha	5	5
Mr. D. N. Damania	5	3
Mr. Rajeev Jain	5	5

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

Meetings were held on 5th February, 2018, 12th March, 2018, 4th April, 2018, 4th June, 2018 and 15th June, 2018.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

INR '000s

Name of the Director	Salary	Commission	Performance linked bonus	Perquisites Contribution to Provident Fund	Total	Terms of appointment
Mr. Rajeev Jain	11,239	5,619	6,141	9,703	32,702	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, 2018 to 31st December, 2018 are as under:

INR '000s

Name of the Directors	Directors' Fees	Commission
Mr. G. Swarup	290	1,250
Mr. A. R. Broacha	195	1,000
Mr. D. N. Damania	280	1,000
Mr. Pradip Shah	180	1,000
Mr. V. K. Viswanathan	160	1,000
Ms. Sharmila Barua Roychowdhury	25	250
Dr. Stephan Bross	180	1,000
Dr. Matthias Schmitz	75	1,000
Ms. Divya Shriram	Nil	250
Ms. Sulajja Firodia Motwani	Nil	Nil
Total	1,385	7,750

REPORT ON CORPORATE GOVERNANCE (Contd.)

5. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue
2015	26th April, 2016	2.00 p.m.	Bajaj Bhavan, Mumbai
2016	26th April, 2017	3.00 p.m.	Bajaj Bhavan, Mumbai
2017	25th April, 2018	3.00 p.m.	Bajaj Bhavan, Mumbai

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

Financial Year	Special Resolution Passed
2015	No
2016	No
2017	Yes

(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 2019, 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	On the website of the Company at www.ksbindia.co.in

7. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	8th May, 2019 at 3.00 p.m. at Bajaj Bhavan, Ground Floor (Kamalnayan Bajaj Hall), 226, Nariman Point, Mumbai 400 021.
Financial Year	The financial year under review covers the period 1st January, 2018 to 31st December, 2018.
Date of Book Closure	28th April, 2019 to 8th May, 2019 (both days inclusive).

REPORT ON CORPORATE GOVERNANCE (Contd.)

Dividend Payment date	13th May, 2019 onwards
Listing on Stock Exchanges	<ol style="list-style-type: none"> 1. BSE Limited, Mumbai 2. National Stock Exchange of India Limited (NSE), Mumbai <p>The Company has paid the listing fees for the period 1st April, 2018 to 31st March, 2019.</p>
Stock Code	<ol style="list-style-type: none"> 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	<p>All the dematerialised shares are transferred through the depository participants in electronic mode. The physical transfers received are processed by the Registrar and Transfer Agent. To facilitate prompt services to the shareholders, the Company Secretary is authorised to approve transfers and transmission not exceeding 1,000 shares per folio per occasion. Consolidation, sub-division of shares and issue of duplicate share certificates have been approved by the Share Transfer Committee/ Stakeholders' Relationship Committee/ Board of Directors.</p> <p>SEBI vide its Circular No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 amended Regulation 40 of Listing Regulations, 2015 pursuant to which after 5th December, 2018 transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository. The said deadline has been extended by SEBI to 1st April, 2019. Pursuant thereto, the Company has sent letters to those shareholders holding shares in physical form advising them to dematerialize their holding.</p>

REPORT ON CORPORATE GOVERNANCE (Contd.)

Updation of KYC details	As per SEBI norms, efforts are underway to update Permanent Account Number (PAN) and Bank account details of its concerned Shareholders and communications have been sent by the Company to eligible shareholders in this regard. It is requested to update these details with Company's RTA viz. Link Intime India Pvt. Ltd. at the earliest.
Distribution of Shareholding and Shareholding pattern as on 31st December, 2018	Please see Annexure 'C'.
Dematerialisation of shares and liquidity	99.08% of the Paid-up Capital has been dematerialised as on 31st December, 2018.
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 Tamil Nadu- NSN Palayam, Coimbatore
Address for correspondence	Shareholders should address correspondence to Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No.: 022 49186270 E-mail: rnt.helpdesk@linkintime.co.in

8. DISCLOSURES

- A. Pursuant to requirements of Listing Regulations, 2015 the Company has adopted the policy determining material subsidiaries and the policy on related party transactions and the said policies are available on the Company's website at: www.ksbindia.co.in
- B. Disclosure on Material Related Party Transactions
 - i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large
 - a. Details of shareholdings of Non-Executive Directors and dividend paid thereon

REPORT ON CORPORATE GOVERNANCE (Contd.)

Name of the Directors	No. of shares held	Dividend paid (INR)
Mr. G. Swarup	34,000	204,000
Mr. A. R. Broacha	37,220	180,000*
Mr. D. N. Damania	4,200	25,200

* Dividend paid on 30,000 shares as held on record date 19th April, 2018.

b. Related party transactions

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 Note 31 of the financial statements.

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

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

D. Board Disclosures - Risk Management

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

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.

9. NON-MANDATORY REQUIREMENTS

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

On behalf of the Board of Directors
G. SWARUP
Chairman

Mumbai, 27th February, 2019

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 2018.

Rajeev Jain
Managing director

Mumbai, 27th February, 2019

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
KSB Limited
(Formerly Known as KSB Pumps Limited)

We have examined the compliance with conditions of Corporate Governance by KSB Limited, for the year ended on 31st December, 2018, as stipulated in Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The compliance with conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has 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, 2018 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

Mumbai, 27th February, 2019

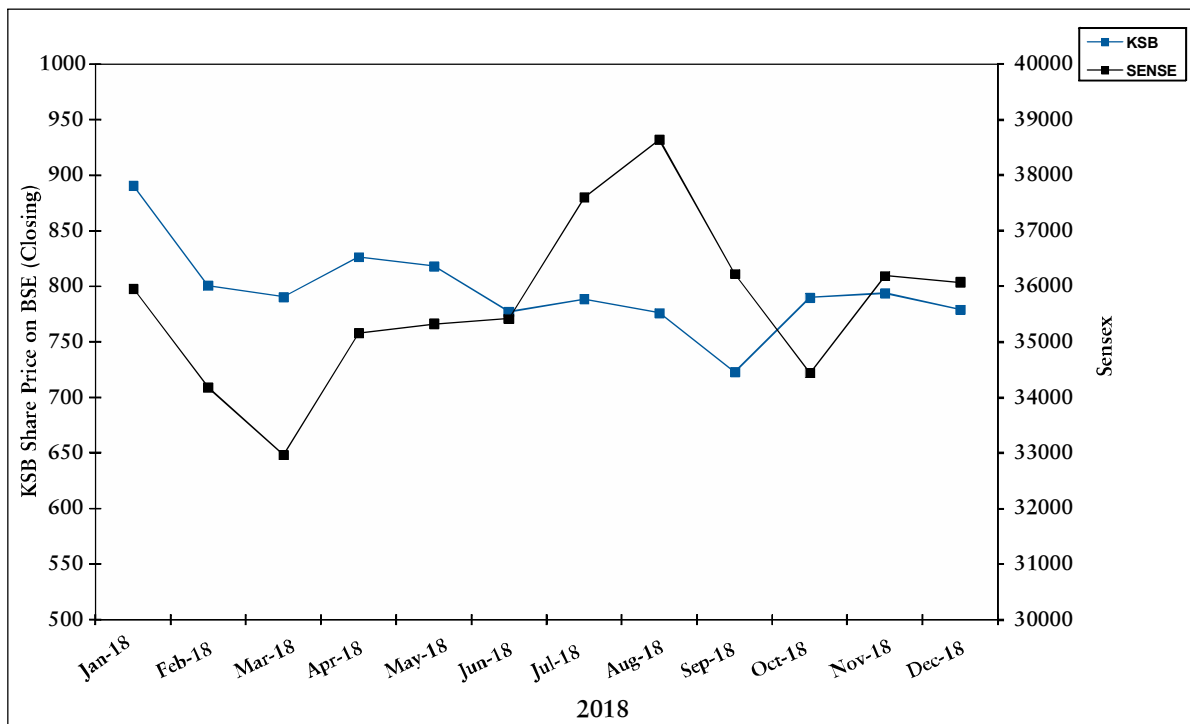
REPORT ON CORPORATE GOVERNANCE (Contd.)

ANNEXURE A

Price and volume of shares traded

Month/Year	BSE Ltd.			National Stock Exchange of India Ltd.		
	High (INR)	Low (INR)	Volume traded	High (INR)	Low (INR)	Volume traded
January, 2018	936	856	70,259	938	855	419,043
February, 2018	908	774	22,685	906	771	259,422
March, 2018	801	750	31,705	830	755	147,294
April, 2018	891	776	43,079	894	776	496,916
May, 2018	877	780	192,214	876	781	997,815
June, 2018	908	759	107,911	909	756	118,187
July, 2018	858	752	10,409	875	751	120,368
August, 2018	885	746	54,504	811	750	83,475
September, 2018	787	675	22,142	783	677	68,569
October, 2018	812	656	17,085	820	674	285,039
November, 2018	810	751	43,292	825	750	74,015
December, 2018	819	741	12,063	795	744	128,353

ANNEXURE B



REPORT ON CORPORATE GOVERNANCE (Contd.)

ANNEXURE C

Distribution of shareholding as on 31st December, 2018

Number of shares held	Members		Shares	
	Number	%	Number	%
1-500	11,971	85.94	1,119,933	3.22
501-1,000	938	6.73	717,844	2.06
1,001-2,000	626	4.50	930,404	2.67
2,001-3,000	174	1.25	420,694	1.21
3,001-4,000	58	0.42	201,190	0.58
4,001-5,000	33	0.24	148,080	0.42
5,001-10,000	68	0.49	461,451	1.33
10,001 and above	60	0.43	30,808,248	88.51
Total	13,928	100.00	34,807,844	100.00

Shareholding pattern as on 31st December, 2018

Category	No. of Members	No. of Shares held	% to the Capital
Indian Promoters	8	9,003,458	25.87
Foreign Promoters	1	14,110,848	40.54
Mutual Funds and UTI	23	3,223,227	9.26
Banks, Financial Institutions and Insurance Companies	7	1,152,164	3.31
Foreign Institutional Investors	0	0	0.00
Private Corporate Bodies	279	1,838,625	5.28
Indian Public/Trust	13,013	4,009,681	11.52
Foreign Nationals/NRIs	597	1,469,841	4.22
Total	13,928	34,807,844	100.00

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 (Formerly known as KSB PUMPS LIMITED)
3. Registered Address : 126, Maker Chambers III, Nariman Point Mumbai 400021
4. Website : www.ksbindia.co.in
5. E-mail id : compsec.india@ksb.com
6. Financial Year Reported : 1st January, 2018 to 31st December, 2018
7. Sector(s) the Company is engaged in (industrial activity code-wise):

Industrial Group	Description
281	Manufacture of general purpose machinery

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
 - i) Manufacture of power driven pumps and spares thereof
 - ii) Manufacture of industrial valves and spares thereof
 - iii) Production of castings for captive consumption
9. Total number of locations where business activity is undertaken by the Company:
 - i. Number of international locations (provide details of major 5): Nil
 - ii. Number of national locations: 6 manufacturing units, 4 zonal offices, 4 service stations, 21 warehouses and 16 branch offices at different locations across India.
10. Markets served by the Company: Local, state, national, international

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR Million): 348.08
2. Total turnover (INR Million): 10,930.66 (Separate)
3. Total profit after taxes (INR Million): 740.26 (Separate)
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2.16
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

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 14001, 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.ksb.com/ksb-in/investor-relations/code-of-conduct/ CSR Policy is available at: https://www.ksb.com/ksb-in/investor-relations/our-policies/csr-policy/csr-policy/91858/ Whistle Blower Policy is available at: https://www.ksb.com/ksb-in/investor-relations/our-policies/whistle-blower-policy/ All other policies are available on the Company's internal network.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. All the policies communicated to internal stakeholders are available on the internal network. Policies communicated to external stakeholders are available on the website of the Company.								
8	Does the company have in-house structure to implement the policy/ policies?	Yes. There is an in-house structure with defined roles and responsibilities.								
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 has received no complaints from stakeholders related to ethics, bribery and corruption during the year 2018.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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. Magnochem (Magnetic drive, Sealless pumps)
 - ii. Etanorm (Water handling pumps)
 - iii. Etanorm SYT (Thermic fluid handling pumps)

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

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

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

- i. Magnochem: This series has been newly introduced and consists of magnetic drive. This design eliminates the need for mechanical seal and its associated instruments, accessories and piping. This eliminates the potential source of leakage thereby protecting the environment.
- ii. Etanorm: This series has replaced “Mega” series and is 10% lighter in weight thereby resulting in raw material conservation.
- iii. Etanorm SYT: This series has replaced “CPK-EY / EGY” series and is lighter in weight 10% thereby resulting in raw material conservation.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

If yes, what percentage of your inputs was sourced sustainably?

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

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

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

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

BUSINESS RESPONSIBILITY REPORT (Contd.)

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: 1,703
2. Please indicate the total number of employees hired on temporary/ contractual/ casual basis: 1,001
3. Please indicate the number of permanent women employees: 47
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: Nil
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.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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)

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)

BUSINESS RESPONSIBILITY REPORT (Contd.)

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 INR and the details of the projects undertaken.**

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

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

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

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

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

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

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

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

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

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

Yes, a customer satisfaction survey was carried in 2018.

On behalf of the Board of Directors
G. SWARUP
Chairman

Mumbai, 27th February, 2019

ANNEXURE TO BOARD'S REPORT (Contd.)

ANNEXURE V 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 2018, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary during the Financial year 2018.**

No.	Name of the Director / KMP	Designation	Ratio of remuneration of each Director to the median remuneration of employees	% Increase in remuneration during FY 2018
1.	Mr. Rajeev Jain	Managing Director	58 : 1	10%
2.	Mr. Milind Khadilkar	Chief Financial Officer	Not Applicable	10%
3.	Mr. Narasimhan R	Company Secretary	Not Applicable	10%

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 9% in median remuneration of employees in Financial Year 2018 as compared to Financial Year 2017.
- iii. **The number of permanent employees on the rolls of the Company:** There were 1,718 employees on the rolls of the Company as on 31st December, 2018.
- iv. **Average percentile increase already made in the salaries of employees other than the key managerial personnel in Financial Year 2018 and its comparison with the percentile increase in the managerial remuneration:** The aggregate remuneration of employees other than managerial personnel has increased by 9.5% and that of managerial personnel has also increased by 9.5%
- 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
G. Swarup
Chairman

Mumbai, 27th February, 2019

ANNEXURE TO BOARD'S REPORT (Contd.)

ANNEXURE VI TO BOARD'S REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2018

[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
(Formerly known as KSB Pumps Limited)
126, Maker Chambers- III,
Nariman Point,
Mumbai 400 021

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by KSB 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, 2018, generally 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, 2018, 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

ANNEXURE TO BOARD'S REPORT (Contd.)

- 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.
- (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 Securities and Exchange Board of India (Listing Obligation and Requirements) Regulations, 2015.

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;

ANNEXURE TO BOARD'S REPORT (Contd.)

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 problems being faced as explained by the management earlier and a delay in intimation under SEBI (Prohibition of Insider Trading), Regulation, 2015 due to late intimation of information of transmission by the Company from Insider, 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.

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.

For Nilesh Shah & Associates
Company Secretaries
Hetal Shah

Mumbai, 27th February, 2019

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

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

ANNEXURE TO BOARD'S REPORT (Contd.)

'ANNEXURE A'

To,
The Members,
KSB LIMITED
(Formerly known as KSB Pumps Limited)
126, Maker Chambers- III,
Nariman Point,
Mumbai 400 021

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

Mumbai, 27th February, 2019

For Nilesh Shah & Associates
Company Secretaries
Hetal Shah
Partner (FCS: 8063) C.P. No. : 8964

ANNEXURE TO BOARD'S REPORT (Contd.)

ANNEXURE VII TO BOARD'S REPORT

A. CONSERVATION OF ENERGY

In continuous endeavor to conserve energy, the Company has taken steps to introduce Variable Frequency Drive for pump testing. This will enable the tuning of power requirement as per need in the testing area. Company's new plant at Shirwal is equipped with LED light fittings thereby optimizing energy usage.

B. TECHNOLOGY ABSORPTION

1. Performance and Product Improvements

The Company has taken efforts to optimize various hydraulics of Submersible range. This has led to the Company having maximum number of Energy Saving 5 and 4 star labelled products which is the highest in the pump industry. For the Industrial products company has undertaken a casting technology improvement program which will lead to lower casting consumption and improve environment.

2. Research and Development

We have strengthened our Submersible range by developing stainless steel sheet metal pump and complete stainless steel motor for Solar market. The Green Energy - Solar shall continue to be our focus area. We have equipped our Submersible R&D team with simulation and modelling software there by providing optimum designed products for Indian conditions.

3. Benefits of Research and Development

The new range for Energy Sector is developed thus making us the very first Indian pump Company to indigenize this specialized technology. Due to focus on localization via R & D, company has reduced import dependence.

4. Future Plans

To strengthen our product range in water and waste water segments to meet the needs to these sectors. Company is also in advance stage of development of pumps for flue gas desulphurization. This will contribute to environmental protection.

5. Expenditure on Research and Development

The recurring expenditure during the year amounted to ₹ 2.78 Million (previous year ₹ 3.79 Million) and it is 0.03% (previous year 0.04%) of the total turnover. There is no capital expenditure during the year under review and previous year.

6. Technology Absorption, Adaptation and Innovation

The indigenously developed new series for Energy sector has been successfully enhanced. Indigenously developed new End suction series for Industrial segment to meet segment needs. Waste water series electromechanical series is also enhanced to meet growing demand.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year were ₹ 1,551 Million. Total foreign exchange earned during the year was ₹ 1,480 Million. Export orders outstanding for execution are ₹ 547 Million. Total foreign exchange used during the year was ₹ 914 Million.

On behalf of the Board of Directors
G. Swarup
Chairman

Mumbai, 27th February, 2019

ANNEXURE TO BOARD'S REPORT (Contd.)

ANNEXURE VIII 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. G. Swarup

Mr. Rajeev Jain

3. **Average net profit before tax of the company for last three financial years: ₹ 1,065.29 Million**
4. **Prescribed CSR Expenditure (two per cent of the amount as above): ₹ 20.98 Million**
5. **Details of CSR spent during the financial year:**

(a) Total amount spent for the financial year: ₹ 16 Million has been contributed to KSB Care Charitable Trust.

(b) Amount unspent: ₹ 4.98 Million

(c) Details of CSR projects/activities approved by the Trust and CSR Committee are given below:

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken (refer note 1)	Amount outlay (budget) project or programs wise (₹ in Million)
1	Support for destitute children	Destitute care and rehabilitation	Pune, Maharashtra	2.24
2	Support for children of socially backward women	Children rehabilitation	Pune, Maharashtra	0.90
3	Support for education of children from economically backward areas/ orphans	Education	Pune and Sinnar, Maharashtra, and Coimbatore, Tamil Nadu	4.43
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	4.40
5	Support for old age home	Destitute care	Pune, Maharashtra	2.58

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 children, destitute women and education	Children/ women rehabilitation, education	Nashik, Maharashtra	3.27
7	Support for providing primary medical facilities	Healthcare	Pune and Nashik, Maharashtra	1.30
8	Providing vocational skills for livelihood of women from rural areas	Employment	Pune and Nashik, Maharashtra	1.70
9	Tree Plantation	Environment	Pune, Maharashtra	0.20
10	Providing and laying of drinking water pipeline	Sanitation	Shirwal, Maharashtra	4.10
11	Support in dewatering the mine and rescue of minors	Promoting Healthcare (Disaster relief)	Meghalaya	0.57
	Total			25.69

Notes:

- The programs and projects identified are in and around manufacturing locations of the Company.
- The Company spends the amounts allocated for CSR activities through its implementing agency KSB Care Charitable Trust, Mumbai. The trustees and the CSR committee approves the projects identified. The above projects/activities undertaken during the year 2018 are from the contribution, which the company made during the year 2017. Similarly, the contribution which has been made in 2018 will be spent for the projects to be approved in 2019. The said trust spends the amount on CSR activities as per the specific instructions given by the CSR Committee over a specified time frame.
- For the amount spent on the projects or programmes (direct expenditure/overheads), cumulative expenditure upto the reporting period and amount spent (direct or through implementing agency) refer Note 2 above.

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:

The Company had voluntarily contributed to KSB Care Charitable Trust around 1% of the net profits under its CSR policy, before the Companies Act 2013 came into effect with intent to spend on identified CSR projects. For the year 2018, the Company was required to spend ₹ 20.98 Million being 2% of the average net profits of preceding 3 years. After considering the contributions made in earlier years before the CSR provisions of the Act came into effect, the company has contributed amount of ₹ 16 Million to the Trust in the year 2018. The Company will be executing the CSR projects in 2019 out of the contribution made in 2018 as well as earlier years before 2013. Hence the Company will be meeting the objective of the Act to spend 2% of the net profits amounting to ₹ 20.98 Million, i.e. ₹ 16 Million out of funds contributed in 2018 and ₹ 4.98 Million out of the funds contributed in the years before 2013.

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, 27th February, 2019	Managing Director	Chairman of CSR Committee

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KSB LIMITED
(formerly known as KSB Pumps Limited)

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of KSB Limited (formerly known as KSB Pumps Limited) (“the Company”), which comprise the Balance Sheet as at December 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Standalone Ind AS Financial Statements

2. The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatements.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

INDEPENDENT AUDITORS' REPORT (Contd.)

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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 Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2018 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 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 knowledge and belief and according to the information and explanations given to us:
 - (i) The Company has disclosed the impact, if any, of pending litigations as at December 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 29a;
 - (ii) The Company has made provision as at December 31, 2018, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 34c and Note 6;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended December 31, 2018.

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

Neeraj Sharma
Partner

Membership Number 108391

Mumbai, February 27, 2019

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of KSB Limited (formerly known as KSB Pumps Limited) on the standalone financial statements for the year ended December 31, 2018.

Report on the Internal Financial Controls with reference to 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 financial statements of KSB Limited (formerly known as KSB Pumps Limited) ("the Company") as of December 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls

with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to 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 financial statements and such internal financial controls with reference to financial statements were operating effectively as at December 31, 2018, 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

Mumbai, February 27, 2019

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of KSB Limited (formerly known as KSB Pumps Limited) on the standalone financial statements as of and for the year ended December 31, 2018.

- 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 on fixed assets to the 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.
- 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, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax with effect from July 1, 2017 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 duty of customs, value added tax, sales tax, Goods and Service Tax which have not been deposited on account of any dispute. The particulars of dues of service tax, duty of excise, Income tax as at December 31, 2018 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 (INR in million)	Amount paid under protest (INR 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)	24.33	0.01	December 1998 to December 2004	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	
		27.70	1.6	March 2002 to March 2007		
Finance Act, 1994	Service Tax (including interest and penalty if applicable)	428.97	9.49	September 2004 to March 2009		
		1.74	1.04	April 2008 to March 2013		
		10.15	-	January 2005 to December 2009		
Income Tax Act, 1961	Income Tax (including interest and penalty if applicable)	3.60	-	AY 1989-90		High Court / Commissioner of Income-tax (Appeals) CIT(A) / Income Tax Tribunal (ITAT)
		5.61	-	AY 1995-96		
		2.88	-	AY 1996-97		
		2.28	-	AY 2004-05		
		3.67	-	AY 2006-07		
		3.95	-	AY 2007-08		
		3.56	-	AY 2008-09		
		10.59	-	AY 2009-10		
		5.24	-	AY 2010-11		
		3.21	-	AY 2005-06		
		17.82	-	AY 2011-12		
		26.69	5	AY 2012-13		
		33.37	-	AY 2013-14		
		34.16	-	AY 2014-15		

- 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.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

- 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

Mumbai, February 27, 2019

Balance Sheet as at 31st December, 2018

(All amounts in INR million, unless otherwise stated)

Particulars	Notes	December 31, 2018	December 31, 2017
ASSETS			
I. Non-current assets			
Property, plant and equipment	3	3,191.94	3,063.50
Capital work-in-progress	3	41.38	40.92
Intangible assets	4	18.66	18.49
Financial assets			
(a) Trade receivables	6	99.34	58.89
(b) Investments	5 (a)	63.15	63.15
(c) Loans	5 (b)	67.87	67.99
Assets for current tax (net)		141.49	98.70
Deferred tax assets (net)	12 (a)	161.37	175.78
Other non-current assets	10	210.96	404.19
Total non-current assets		3,996.16	3,991.61
II. Current assets			
Inventories	9	3,030.23	2,476.37
Financial assets			
(a) Trade receivables	6	2,907.15	2,551.11
(b) Cash and cash equivalents	7 (a)	119.81	178.21
(c) Bank balances other than (b) above	7 (b)	1,262.58	679.56
(d) Loans	5 (b)	22.43	30.31
(e) Other financial assets	8	48.10	19.93
Other current assets	11	667.89	365.79
Total current assets		8,058.19	6,301.28
Total Assets		12,054.35	10,292.89
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	13 (a)	348.08	348.08
Other equity	13 (b)	6,784.47	6,277.21
Total Equity		7,132.55	6,625.29
LIABILITIES			
I. Non-current liabilities			
Provisions	17 (a)	365.79	373.35
Total non-current liabilities		365.79	373.35
II. Current liabilities			
Financial liabilities			
(a) Borrowings	14	434.26	126.34
(b) Trade and other payables	15		
- Total outstanding dues of micro enterprises and small enterprises		21.30	9.67
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,155.73	1,767.90
(c) Other financial liabilities	16	546.17	372.90
Other current liabilities	18	971.34	512.25
Provisions	17 (b)	412.02	491.29
Current tax liabilities (net)		15.19	13.90
Total current liabilities		4,556.01	3,294.25
Total Liabilities		4,921.80	3,667.60
Total Equity and Liabilities		12,054.35	10,292.89

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

Mumbai, February 27, 2019

Milind Khadilkar
Chief Financial Officer

R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors

G. Swarup
Chairman

D. N. Damania
Director

Rajeev Jain
Managing Director

Statement of Profit and Loss for the year ended 31st December, 2018

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

Particulars	Notes	Year ended December 31, 2018	Year ended December 31, 2017
Income			
Revenue from operations	19	10,930.66	9,692.34
Other income	20	267.10	315.80
Total Income		11,197.76	10,008.14
Expenses			
Cost of materials consumed	21	5,203.55	4,302.35
Purchases of stock in trade	22	783.68	642.37
Changes in inventories of finished goods, work-in-progress and stock in trade	23	(336.54)	(272.99)
Excise duty		-	249.10
Employee benefit expense	24	1,539.66	1,445.94
Finance costs	25	37.49	35.48
Depreciation and amortisation expense	26	396.67	308.78
Other expenses	27	2,456.52	2,250.42
Total Expenses		10,081.03	8,961.45
Profit before tax		1,116.73	1,046.69
Income tax expense			
Current tax	12 (b)	367.40	404.74
Deferred tax	12 (a)	9.07	(35.10)
Total tax expense		376.47	369.64
Profit for the year		740.26	677.05
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations			
benefit obligations	30	15.28	34.69
Income tax relating to these items		(5.34)	(12.01)
Total other comprehensive income for the year, net of tax		9.94	22.68
Total comprehensive income for the year (net)		750.20	699.73
Earnings per share			
Basic and Diluted	28	21.27	19.45

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

Mumbai, February 27, 2019

Milind Khadilkar
Chief Financial Officer

R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors

G. Swarup
Chairman

D. N. Damania
Director

Rajeev Jain
Managing Director

Statement of Changes in Equity for the year ended 31st December, 2018

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

A. Equity share capital

	Notes	
As at January 1, 2017		348.08
Change in equity share capital	13 (a)	-
As at December 31, 2017		348.08
Change in equity share capital	13 (a)	-
As at December 31, 2018		348.08

B. Other Equity

	Capital reserve	Capital redemption reserve	Securities premium account	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2017	0.09	0.10	3.20	1,085.08	0.06	4,719.36	5,807.89
Profit for the year						677.05	677.05
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	22.68	22.68
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(191.44)	(191.44)
Tax on Dividend	-	-	-	-	-	(38.97)	(38.97)
As at December 31, 2017	0.09	0.10	3.20	1,085.08	0.06	5,188.68	6,277.21
	Capital reserve	Capital redemption reserve	Securities premium account	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2018	0.09	0.10	3.20	1,085.08	0.06	5,188.68	6,277.21
Profit for the year						740.26	740.26
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	9.94	9.94
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(208.85)	(208.85)
Tax on Dividend						(34.09)	(34.09)
As at December 31, 2018	0.09	0.10	3.20	1,085.08	0.06	5,695.94	6,784.47

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

Mumbai, February 27, 2019

Milind Khadilkar
Chief Financial Officer

R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors
G. Swarup
Chairman

D. N. Damania
Director

Rajeev Jain
Managing Director

Statement of Cash Flows for the year ended 31st December, 2018

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

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
A. Cash flow from operating activities		
Profit before tax	1,116.73	1,046.69
Adjustments for :		
Depreciation and amortisation expense	396.67	308.78
(Profit) / loss on sale / disposal / write off of property, plant and equipment	(4.85)	3.43
Finance costs	37.49	35.48
Interest income	(95.15)	(112.65)
Dividend from investment in associate	(26.09)	(22.42)
Dividend from investment in subsidiary	(43.00)	-
Mark to market (gain) / loss on derivative contracts	(5.13)	9.71
Sundry credit balances and provisions no longer required, written back	(60.90)	(119.90)
Unrealised exchange (gain) / loss	9.51	(8.44)
Allowance for doubtful receivables	(9.00)	7.81
Liquidated damages	40.57	37.57
	<u>240.12</u>	<u>139.37</u>
Operating profit before working capital changes	1,356.85	1,186.06
Adjustment for changes in working capital:		
(Increase) / decrease in operating assets:		
Inventories	(553.86)	(357.74)
Trade receivables	(426.14)	(1,026.71)
Loans	8.00	(18.59)
Other assets	(119.25)	(116.22)
Increase / (decrease) in operating liabilities:		
Trade payables	456.80	395.48
Other financial liabilities	75.50	35.99
Other liabilities	458.34	(85.22)
Provisions	(71.55)	179.45
	<u>(172.16)</u>	<u>(993.56)</u>
Cash generated from operations	1,184.69	192.50
Income taxes paid	(408.90)	(449.95)
Net cash flow from / (used in) operating activities (A)	<u>775.79</u>	<u>(257.45)</u>

Statement of Cash Flows for the year ended 31st December, 2018 (Contd.)

(All amounts in INR million, unless otherwise stated)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(425.44)	(818.30)
Proceeds from sale of property, plant and equipment	6.81	1.38
Bank balances not considered as cash and cash equivalents	(583.02)	1,034.27
Interest received	72.11	143.28
Dividend from investment in associate	26.09	22.42
Dividend from investment in subsidiary	43.00	-
Net cash flow from / (used in) in investing activities (B)	(860.45)	383.05
C. Cash flow from financing activities		
Increase in working capital borrowings	307.92	56.47
Finance costs	(37.49)	(35.48)
Dividends paid	(210.12)	(189.55)
Tax on dividend	(34.09)	(38.97)
Net cash flow from / (used in) financing activities (C)	26.22	(207.53)
Net decrease in Cash and cash equivalents (A+B+C)	(58.44)	(81.93)
Cash and cash equivalents (Opening balance)	178.21	259.98
Effects of exchange rate changes on cash and cash equivalents	0.04	0.16
Cash and cash equivalents (Closing balance)	<u>119.81</u>	<u>178.21</u>
Cash and cash equivalents at the end of the year include:	As at 31st December, 2018	As at 31st December, 2017
(a) Cash on hand	0.47	0.66
(b) Balances with banks in current accounts	119.34	177.55
Cash and cash equivalents (Refer note 7 (a))	<u>119.81</u>	<u>178.21</u>
Cash and cash equivalents at the end of the year	<u>119.81</u>	<u>178.21</u>

Note : Statement of cash flows has been prepared under the 'Indirect Method' in accordance with 'Ind-AS 7: Statement of cash flows'.

The above Statement of cash flows should be read in conjunction with the accompanying notes.
This is the Cash Flow Statement 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

Mumbai, February 27, 2019

Milind Khadilkar
Chief Financial Officer
R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors
G. Swarup
Chairman
D. N. Damania
Director

Rajeev Jain
Managing Director

Notes forming part of the financial statements

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

	<p>Background:</p> <p>KSB Limited (formerly known as KSB Pumps Limited) (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. The registered office of the Company is 126, Maker Chambers III, Nariman Point, Mumbai – 400 021. The separate financial statements have been authorized for issue by the Board of Directors on February 27, 2019.</p>
1.	<p>Significant accounting policies:</p> <p>This note provides a list of the significant accounting policies adopted in the preparation of these separate financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.</p>
(a)	<p>Basis of preparation</p> <p>(i) Compliance with Ind AS</p> <p>The separate 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] and other relevant provisions of the Act.</p> <p>(ii) Historical cost convention</p> <p>The financial statements have been prepared on a historical cost basis, except for the following:</p> <ul style="list-style-type: none"> • Certain financial assets and liabilities (including derivative instruments) that are measured at fair value • Defined benefit plans — plan assets measured at fair value; and <p>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 realization 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.</p>
(b)	<p>Segment reporting</p> <p>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 32 for segment information presented.</p>
(c)	<p>Foreign currency translation</p> <p>(i) Functional and presentation currency</p> <p>Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company’s functional and presentation currency.</p> <p>(ii) Transactions and balances</p> <p>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 exchange rates are recognised in profit and loss and are presented in the Statement of profit and loss on a net basis.</p>

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

(d)	<p>Revenue recognition</p> <p>Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax and amounts collected on behalf of third parties.</p> <p>The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.</p> <p>(i) Sale of products and services</p> <p>Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer as per the terms of the contract and the amount of revenue can be measured reliably. Revenue from services is accounted for when the work is performed.</p> <p>(ii) Other income</p> <p>Interest income</p> <p>Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.</p> <p>Dividend income</p> <p>Dividend income from investments is recognized when the owner's right to receive the payment is established.</p> <p>Duty drawback</p> <p>Income from duty drawback and export incentives is recognised on an accrual basis.</p>
(e)	<p>Income tax</p> <p>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.</p> <p>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.</p> <p>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 Separate 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.</p> <p>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.</p> <p>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.</p>

Notes forming part of the financial statements (Contd.)

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

	<p>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.</p>
(f)	<p>Leases</p> <p><i>As a lessee</i></p> <p>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 apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.</p> <p>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.</p>
(g)	<p>Impairment of assets</p> <p>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 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.</p>
(h)	<p>Cash and cash equivalents</p> <p>For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and demand deposits with banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.</p>
(i)	<p>Trade receivables</p> <p>Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.</p>
(j)	<p>Borrowing costs</p> <p>Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.</p>
(k)	<p>Inventories</p> <p>Inventories are stated at lower of cost and net realisable value. In determining the cost of raw materials, components, stores, spares and loose tools the weighted average method is used. Costs of work-in-progress and manufactured finished products include material costs, labour and factory overheads on the basis of full absorption costing. Costs of purchased inventories are determined after deducting rebates and discounts. Net</p>

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

	<p>realizable 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.</p>
(l)	<p>Financial assets</p> <p>(i) Classification</p> <p>The Company classifies its financial assets in the following measurement categories:</p> <ul style="list-style-type: none"> • those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and • those measured at amortised cost. <p>The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.</p> <p>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.</p> <p>The Company reclassifies debt investments when and only when its business model for managing those assets changes.</p> <p>(ii) Measurement</p> <p>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 profit or loss statement.</p> <p>Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.</p> <p>Debt instruments</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>Equity instruments</p> <p>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.</p> <p>(iii) Impairment of financial assets</p> <p>The Company assesses on a forward looking basis the expected credit losses 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 34(A) for details of credit risk.</p>

Notes forming part of the financial statements (Contd.)

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

	<p>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.</p>
(iv)	<p>Derecognition of financial assets</p> <p>A financial asset is derecognised only when</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
(m)	<p>Derivatives</p> <p>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>
(n)	<p>Offsetting financial instruments</p> <p>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 company or the counterparty.</p>
(o)	<p>Property, plant and equipment</p> <p>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.</p> <p>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 profit or loss during the reporting period in which they are incurred.</p> <p>Depreciation methods, estimated useful lives and residual value</p> <p>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:</p>

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

	Asset	Useful life
	Buildings	43 to 90 years (WDV)
	Plant and machinery	09 to 21 years (SLM)
	Vehicles	05 to 11 years (WDV)
	Office equipments	10 years (SLM)
	Computer equipments	06 years (SLM)
	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.	
	Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ other expenses respectively.	
(p)	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 profit or Loss. Intangible assets are amortized on the straight line method as follows:	
	Asset	Useful life
	Rights, techniques, process	7 to 10 years
	Software	3 years
(q)	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.	
(r)	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 Separate 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	

Notes forming part of the financial statements (Contd.)

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

	<p>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.</p>
(s)	<p>Employee benefits</p> <p>(i) Short-term obligations</p> <p>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.</p> <p>(ii) Other long-term employee benefit obligations</p> <p>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 profit or 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.</p> <p>(iii) Post-employment obligations</p> <p>The Company operates the following post-employment schemes:</p> <p>(a) Defined benefit plans - gratuity and superannuation</p> <p>(b) Defined contribution plans - provident fund</p> <p>(a) Gratuity</p> <p>The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. 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.</p> <p>The liability or asset recognised in the balance sheet in respect of defined benefit pension and 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

	<p>Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.</p>
	<p>(b) Superannuation</p> <p>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.</p> <p>Defined Contribution Plans</p> <p>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.</p>
(t)	<p>Contributed equity</p> <p>Equity shares are classified as equity.</p> <p>Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.</p>
(u)	<p>Earnings per share</p> <p>(i) Basic Earnings per share</p> <p>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.</p> <p>(ii) Diluted Earnings per share</p> <p>For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.</p>
(v)	<p>Rounding of amounts:</p> <p>All amounts disclosed in the Separate financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.</p>
2.	<p>Significant accounting judgements, estimates and assumptions</p> <p>The preparation of 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. 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.</p>

Notes forming part of the financial statements (Contd.)

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

	<p>Judgements</p> <p>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:</p> <p>(i) Legal contingencies</p> <p>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.</p> <p>(ii) Segment reporting</p> <p>Ind-AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.</p> <p>The Company has determined that the Chief Operating Decision Maker (CODM) is the Board of Directors (BoD), based on its internal reporting structure and functions of the BoD. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources.</p> <p>Estimates and assumptions</p> <p>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 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.</p> <p>(i) Warranty</p> <p>The Company generally offers an 18 months warranty for its products. 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 provision 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 17 for further information.</p>
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Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

<p>(ii) Gratuity</p> <p>The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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 and mortality rates. 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 each reporting date. 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 (2006-08) 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 30.</p> <p>(iii) Recoverability of trade receivables</p> <p>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 34 A for further details.</p>
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Notes forming part of the financial statements (Contd.)

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

3 Property, Plant and Equipment

	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Development of property	Total	Capital work in progress
Gross carrying amount as on										
January 1, 2017	3.01	265.15	860.48	3,472.36	96.21	50.65	114.38	0.04	4,862.28	164.95
Additions	-	-	603.81	547.02	10.83	24.05	20.34	-	1,206.05	(124.03)
Disposals	-	-	(8.78)	(61.05)	(1.98)	(4.53)	(6.09)	-	(82.43)	-
Gross carrying amount as on										
December 31, 2017	3.01	265.15	1,455.51	3,958.33	105.06	70.17	128.63	0.04	5,985.90	40.92
Accumulated depreciation	-	5.77	395.75	2,097.58	88.29	41.76	70.01	0.04	2,699.20	-
Charge for the year	-	2.81	50.13	227.39	4.06	8.16	8.27	-	300.82	-
Disposals	-	-	(7.10)	(58.12)	(1.97)	(4.42)	(6.01)	-	(77.62)	-
Closing accumulated depreciation as at December 31, 2017	-	8.58	438.78	2,266.85	90.38	45.50	72.27	0.04	2,922.40	-
Net carrying amount as on										
December 31, 2017	<u>3.01</u>	<u>256.57</u>	<u>1,016.73</u>	<u>1,691.48</u>	<u>14.68</u>	<u>24.67</u>	<u>56.36</u>	<u>-</u>	<u>3,063.50</u>	<u>40.92</u>
Gross carrying amount as on										
January 1, 2018	3.01	265.15	1,455.51	3,958.33	105.06	70.17	128.63	0.04	5,985.90	40.92
Additions	-	-	237.03	221.74	19.73	11.27	25.84	-	515.61	0.46
Disposals	-	-	-	(50.16)	(0.02)	(12.08)	(1.74)	-	(64.00)	-
Gross carrying amount as on										
December 31, 2018	3.01	265.15	1,692.54	4,129.91	124.77	69.36	152.73	0.04	6,437.51	41.38
Accumulated depreciation	-	8.58	438.78	2,266.85	90.38	45.50	72.27	0.04	2,922.40	-
Charge for the year	-	2.81	101.40	252.93	7.42	10.98	9.67	-	385.21	-
Disposals	-	-	-	(49.06)	(0.02)	(11.58)	(1.38)	-	(62.04)	-
Closing accumulated depreciation as at December 31, 2018	-	11.39	540.18	2,470.72	97.78	44.90	80.56	0.04	3,245.57	-
Net carrying amount as on										
December 31, 2018	<u>3.01</u>	<u>253.76</u>	<u>1,152.36</u>	<u>1,659.19</u>	<u>26.99</u>	<u>24.46</u>	<u>72.17</u>	<u>-</u>	<u>3,191.94</u>	<u>41.38</u>

Notes forming part of the financial statements (Contd.)

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

- i. Refer to note 29 (b) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- ii. The borrowing costs capitalised during the year ended December 31, 2018 under buildings and plant and machinery is ₹ Nil (December 31, 2017 : 35.49 million). The Company constructed a new manufacturing plant in the year ended December 31, 2017 and the average rate used to determine the amount of borrowing costs eligible for capitalisation is 8%.
- iii. Leasehold land mainly pertains to manufacturing plant located at Shirwal.
- iv. Capital work in progress mainly includes plant and machinery in the process of installation.
- v. 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/transfers to property, plant and equipment are as follows:

	Capital work in progress	
	As at December 31, 2018	As at December 31, 2017
Opening carrying value	40.92	164.95
Additions	504.80	1,057.97
Transfers to property, plant and equipment	(504.34)	(1,182.00)
Closing carrying value	<u>41.38</u>	<u>40.92</u>

4 Intangible Assets

	Computer Software	Copyrights, patents and other intellectual property rights, services and operating rights	Total
Gross carrying amount as on January 1, 2017	62.38	59.26	121.64
Additions	3.23	-	3.23
Gross carrying amount as on December 31, 2017	65.61	59.26	124.87
Accumulated Amortisation			
Balance as at January 1, 2017	45.35	53.07	98.42
Amortisation charge for the year	6.79	1.17	7.96
Closing accumulated depreciation as at December 31, 2017	52.14	54.24	106.38
Net carrying amount as on December 31, 2017	<u>13.47</u>	<u>5.02</u>	<u>18.49</u>

	Computer Software	Copyrights, patents and other intellectual property rights, services and operating rights	Total
Gross carrying amount as on January 1, 2018	65.61	59.26	124.87
Additions	11.63	-	11.63
Gross carrying amount as on December 31, 2018	77.24	59.26	136.50
Accumulated Amortisation			
Balance as at January 1, 2018	52.14	54.24	106.38
Amortisation charge for the year	10.29	1.17	11.46
Closing accumulated depreciation as at December 31, 2018	62.43	55.41	117.84
Net carrying value as on December 31, 2018	<u>14.81</u>	<u>3.85</u>	<u>18.66</u>

Notes forming part of the financial statements (Contd.)

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

5 (a) Investments

	As at December 31, 2018	As at December 31, 2017
Investment in subsidiary Pofran Sales & Agency Ltd. - 5000 equity shares (December 31, 2017 - 5000) equity shares of ₹ 100 each fully paid	0.50	0.50
Investment in associate KSB MIL Controls Ltd. - 735,000 equity shares (December 31, 2017 - 735,000) 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, 2017 - 15,995) equity shares of ₹ 25 each fully paid	0.40	0.40
Total	<u>63.55</u>	<u>63.55</u>
Less : Aggregate amount of impairment in the value of investments	(0.40)	(0.40)
Total Investments	<u>63.15</u>	<u>63.15</u>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	63.55	63.55

5 (b) Loans

	As at December 31, 2018	As at December 31, 2017
Non-current		
Unsecured, considered good		
Loans and advances to employees	35.45	36.75
Security deposits	32.42	31.24
Unsecured, considered doubtful		
Security deposits	<u>5.30</u>	<u>5.30</u>
	73.17	73.29
Less: Provision for doubtful security deposits	(5.30)	(5.30)
Total	<u>67.87</u>	<u>67.99</u>
Current		
Unsecured, considered good		
Advances to related parties (Refer note 31)	10.45	14.16
Loans and advances to employees	11.98	16.15
Total	<u>22.43</u>	<u>30.31</u>

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

6 Trade receivables

	As at December 31, 2018	As at December 31, 2017
Trade receivables	3,035.49	2,755.04
Receivables from related parties (Refer note 31)	405.82	274.14
	<u>3,441.31</u>	<u>3,029.18</u>
Less: Provision for liquidated damages	(262.41)	(231.69)
Less: Allowance for doubtful debts	(172.41)	(187.49)
Total	<u><u>3,006.49</u></u>	<u><u>2,610.00</u></u>
Current portion	2,907.15	2,551.11
Non-current portion	99.34	58.89
Break-up of security details		
	As at December 31, 2018	As at December 31, 2017
Secured, considered good	-	-
Unsecured, considered good	3,006.49	2,610.00
Doubtful	434.82	419.18
	<u>3,441.31</u>	<u>3,029.18</u>
Less: Provision for liquidated damages	(262.41)	(231.69)
Less: Allowance for doubtful debts	(172.41)	(187.49)
Total	<u><u>3,006.49</u></u>	<u><u>2,610.00</u></u>

Transferred receivables

The carrying amounts of the trade receivables includes receivables which have been discounted with banks (with recourse). The Company has the obligation to pay to the bank in case the customer makes a default in payment. Hence, the Company has continued to recognise the transferred receivables along with a corresponding liability of equivalent amount under current borrowings.

The relevant carrying amounts are as follows

	As at December 31, 2018	As at December 31, 2017
Total transferred receivables	-	9.75
Corresponding borrowings against receivables discounted	-	9.75

7 (a) Cash and cash equivalents

	As at December 31, 2018	As at December 31, 2017
Balances with banks		
In current accounts	85.20	72.21
In EEFC accounts	34.14	105.34
Cash on hand	0.47	0.66
Total	<u><u>119.81</u></u>	<u><u>178.21</u></u>

Notes forming part of the financial statements (Contd.)

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

7 (b) Bank balances other than 7 (a) above

	As at December 31, 2018	As at December 31, 2017
Balances with banks		
In deposits with original maturity of more than three but less than twelve months	785.34	309.98
In earmarked accounts		
Unpaid dividend accounts	3.50	4.78
Balances held as security against credit facilities	473.74	364.80
Total	<u>1,262.58</u>	<u>679.56</u>

8 Other financial assets-current

	As at December 31, 2018	As at December 31, 2017
Interest accrued on deposits with banks	40.09	17.05
Derivative asset	8.01	2.88
Total	<u>48.10</u>	<u>19.93</u>

9 Inventories

	As at December 31, 2018	As at December 31, 2017
Raw materials	883.39	666.07
Work in progress	1,410.59	1,113.82
Finished goods	542.99	509.16
Stock in trade	139.59	133.65
Stores and spares	46.64	47.87
Loose tools	7.03	5.80
Total	<u>3,030.23</u>	<u>2,476.37</u>

The goods in transit pertaining to raw materials during the year ended December 31, 2018 were ₹ 62.11 million (December 31, 2017 ₹ 3.34 million).

10 Other non-current assets

	As at December 31, 2018	As at December 31, 2017
Capital advances	21.32	31.70
Advances other than capital advances		
Prepaid expenses	2.12	1.44
Balances with government authorities		
Considered good	187.52	371.05
Considered doubtful	6.25	6.25
	<u>193.77</u>	<u>377.30</u>
Less: Provision for doubtful loans and advances	<u>(6.25)</u>	<u>(6.25)</u>
Total	<u>210.96</u>	<u>404.19</u>

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

11 Other current assets

	As at December 31, 2018	As at December 31, 2017
Prepaid expenses	6.86	5.93
Balances with government authorities - current		
Considered good	444.44	158.98
Considered doubtful	7.48	7.48
	<u>451.92</u>	<u>166.46</u>
Less: Provision for doubtful loans and advances	(7.48)	(7.48)
	<u>444.44</u>	<u>158.98</u>
Others*		
Considered good	216.59	200.88
Considered doubtful	11.59	11.59
	<u>228.18</u>	<u>212.47</u>
Less: Provision for doubtful loans and advances	(11.59)	(11.59)
	<u>216.59</u>	<u>200.88</u>
Total	<u><u>667.89</u></u>	<u><u>365.79</u></u>

*Others includes advances paid to suppliers which would be subsequently settled against purchases.

12 (a) Deferred tax assets

The balance of deferred tax comprises temporary differences attributable to:

	As at December 31, 2018	As at December 31, 2017
Deferred tax assets		
Provision for compensated absences and gratuity	142.81	141.81
Provision for doubtful debts and advances	73.75	75.62
Others (including allowances on payment basis)	79.40	89.12
	<u>295.96</u>	<u>306.55</u>
Deferred tax liabilities		
Accelerated depreciation for tax purposes	131.79	125.42
Fair value gains on derivative instruments	2.80	5.35
	<u>134.59</u>	<u>130.77</u>
Deferred tax assets (net)	<u><u>161.37</u></u>	<u><u>175.78</u></u>

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

	Year Ended	
	December 31, 2018	December 31, 2017
Provision for compensated absences and gratuity	1.00	7.42
Provision for doubtful debts and advances	(1.87)	2.70
Accelerated depreciation for tax purposes	(6.37)	(13.22)
Fair value of derivative instruments	2.55	(0.99)
Others	(9.72)	27.18
Total	<u><u>(14.41)</u></u>	<u><u>23.09</u></u>

Notes forming part of the financial statements (Contd.)

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

12(b) Income Taxes

The major components of income tax expense for the year ended December 31, 2018 and December 31, 2017 are:

Statement of profit and loss

Profit and loss section	Year ended December 31, 2018	Year ended December 31, 2017
Current income tax charge		
Current income tax		
- Current tax on profit for the current year	366.11	388.24
- Adjustments for current tax of prior periods	1.29	16.50
Deferred tax	9.07	(35.10)
Income tax expense reported in the Statement of profit and loss	<u>376.47</u>	<u>369.64</u>

Other comprehensive income section	Year ended December 31, 2018	Year ended December 31, 2017
Deferred tax relating to remeasurements of post employment benefit obligations	(5.34)	(12.01)
Current tax relating to remeasurements of post employment benefit obligations	-	-
Income tax charged to Other comprehensive income	<u>(5.34)</u>	<u>(12.01)</u>

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

	As at December 31, 2018	As at December 31, 2017
Opening balance [payable/ (receivable)]	(84.80)	(39.59)
Add: Current tax payable	367.40	404.74
Less: Taxes paid (including tax paid for prior period)	(408.90)	(449.95)
Closing balance [payable/ (receivable)]	<u>(126.30)</u>	<u>(84.80)</u>

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

	Year ended December 31, 2018	Year ended December 31, 2017
Accounting profit before tax	1,116.73	1,046.69
Tax at statutory income tax rate of 34.94% (2017: 34.61%)	390.23	362.24
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Dividend Income	(24.14)	(7.76)
- Donations	2.80	2.61
- Other items	6.83	(3.95)
Adjustments for current-tax of prior periods	1.29	16.50
Difference in tax rates	(0.54)	-
Income tax expense	<u>376.47</u>	<u>369.64</u>

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

13 (a) Equity share capital

	As at December 31, 2018	As at December 31, 2017
Authorised equity share capital : 40,000,000 (December 31, 2017: 40,000,000)		
Equity shares of ₹ 10 each	400.00	400.00
Total	<u>400.00</u>	<u>400.00</u>
Issued, subscribed and paid up : 34,807,844 (December 31, 2017: 34,807,844)		
Equity shares of ₹ 10 each	348.08	348.08
Total	<u>348.08</u>	<u>348.08</u>

(i) Reconciliation of number of equity shares

	As at December 31, 2018	As at December 31, 2017
Shares outstanding at the beginning and end of the year	34,807,844	34,807,844

(ii) Terms/ rights attached to equity shares

The company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each shareholder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Shares held by holding Company/ ultimate holding Company and/ or their subsidiaries/ associates.

	As at December 31, 2018	As at December 31, 2017
Canadian Kay Pump Ltd.	14,110,848	14,110,848

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

Name of the shareholder	As at December 31, 2018		As at December 31, 2017	
	% holding	No. of shares	% holding	No. of shares
Canadian Kay Pump Ltd.	40.54%	14,110,848	40.54%	14,110,848
The Industrial & Prudential Investment Co. Ltd.	20.51%	7,140,000	20.51%	7,140,000
Reliance Capital Trustee Company Ltd.(held in Reliance Infrastructure Fund and Reliance Tax Saver (ELSS) Fund)	6.89%	2,396,693	7.24%	2,520,693

Notes forming part of the financial statements (Contd.)

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

13 (b) Other equity

(i) Retained earnings

	As at December 31, 2018	As at December 31, 2017
Opening balance	5,188.68	4,719.36
Net profit for the year	740.26	677.05
	<u>5,928.94</u>	<u>5,396.41</u>
Less: Dividend paid (including tax thereon)	(242.94)	(230.41)
Items of other comprehensive income recognised directly in retained earnings		
Re-measurements of post-employment benefit obligations (net of tax)	9.94	22.68
Closing Balance	<u>5,695.94</u>	<u>5,188.68</u>
Total Retained earnings	<u>5,695.94</u>	<u>5,188.68</u>

(ii) Other reserves

	As at December 31, 2018	As at December 31, 2017
Capital reserve (Refer note 1)	0.09	0.09
Capital redemption reserve (Refer note 1)	0.10	0.10
Securities premium reserve (Refer note 1)	3.20	3.20
General reserve (Refer note 2)	1,085.08	1,085.08
Amalgamation reserve (Refer note 1)	0.06	0.06
Total Other reserves	<u>1,088.53</u>	<u>1,088.53</u>
Total Other equity	<u>6,784.47</u>	<u>6,277.21</u>

Nature and purpose of Other reserves:

- 1 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.
- 2 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.

14 Current borrowings

	As at December 31, 2018	As at December 31, 2017
Working capital facilities from banks (secured)	100.14	116.59
Working capital facilities from banks (unsecured)	334.12	-
Payable to banks (in respect of bills discounted) (unsecured)	-	9.75
Total	<u>434.26</u>	<u>126.34</u>

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

Terms of repayment for borrowings

Particulars	Terms of repayment	As at December 31, 2018	As at December 31, 2017
Working capital facilities from banks (secured)	Repayable within one year at average interest rate 7.5 - 9.5 % p.a.	100.14	116.59
Working capital facilities from banks (unsecured) (Refer note - 1 below)	Repayable within six months at average interest rate 5 - 7 % p.a.	334.12	-
		<u>434.26</u>	<u>116.59</u>

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

Particulars	Nature of security	As at December 31, 2018	As at December 31, 2017
Working Capital Facility -1	Pledge of Fixed Deposits of ₹ 473.74 Million (December 31, 2017: ₹ 247.50 Million)	100.14	-
Working Capital Facility -2 (Refer note - 2 below)	Pledge of Fixed Deposits of ₹ Nil (December 31, 2017: ₹ 71 Million) and hypothecation of stocks including loose tools, stores and spares, book debts.	-	11.27
Working Capital Facility -3 (Refer note - 2 below)	Hypothecation of stocks including loose tools, stores and spares, book debts.	-	105.32
	Total	<u>100.14</u>	<u>116.59</u>

Notes:

- Packing credit has been obtained by the Company at a concessional rate of interest ranging from 5 - 7% p.a.
- Hypothecation of stocks including loose tools, stores and spares, book debts against the Working Capital Facility - 2 and 3 has been released in full w.e.f. December 17, 2018

Net debt reconciliation

	As at December 31, 2018	As at December 31, 2017
Cash and cash equivalents	119.81	178.21
Liquid investments	1,259.08	674.78
Current borrowings	(434.26)	(126.34)
Net debt	<u>944.63</u>	<u>726.65</u>

Notes forming part of the financial statements (Contd.)

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

15 Trade and other payables

	As at December 31, 2018	As at December 31, 2017
Total outstanding dues of micro enterprises and small enterprises	21.30	9.67
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related parties (Refer note 31)	385.09	499.47
(ii) Others	1,770.64	1,268.43
Total	<u>2,177.03</u>	<u>1,777.57</u>

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

Based on the information and records available with the Company, the disclosures required pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED ACT'). The Disclosure pursuant to the said MSMED Act are as follows:

Sr. No.	Particulars	December 31, 2018	December 31, 2017
a)	Principal amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end	21.30	9.67
b)	Interest due to suppliers registered under the MSMED Act, on the principal amount due as at the year end and remaining unpaid as at the year end	0.34	0.08
c)	Principal amounts paid to suppliers registered under the MSMED Act, beyond 45 days during the year	351.50	127.89
d)	Interest paid for amounts paid to suppliers registered under the MSMED Act, beyond 45 days during the year	-	-
e)	Estimated interest due and payable on amounts paid to suppliers registered under the MSMED Act, beyond 45 days during the year	3.01	1.52
f)	Interest accrued and remaining unpaid for the earlier years	6.56	3.55

16 Other financial liabilities-current

	As at December 31, 2018	As at December 31, 2017
Security deposits	91.81	83.61
Unclaimed dividend	3.50	4.78
Payable for purchase of property, plant and equipment	127.33	35.45
Dealer incentive schemes	239.26	206.40
Payable to employees	71.14	22.36
Liquidated damages	13.13	20.30
Total	<u>546.17</u>	<u>372.90</u>

Notes forming part of the financial statements (Contd.)

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

17(a) Non-current provisions

	As at December 31, 2018	As at December 31, 2017
Provision for employee benefits (Refer note 30)	342.40	346.12
Provision for warranty	23.39	27.23
Total	<u>365.79</u>	<u>373.35</u>

17(b) Current provisions

	As at December 31, 2018	As at December 31, 2017
Provision for employee benefits	208.65	282.92
Provision for warranty	46.79	54.45
Other provisions	156.58	153.92
Total	<u>412.02</u>	<u>491.29</u>

Provision for employee benefits under note 17 (b) includes provision for employee bonus and incentives. For details of gratuity, superannuation and compensated absences, refer note 30.

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.

Movement in provisions

	Provision for warranty	Other provision
As at January 1, 2018		
Balance at the beginning	81.68	153.92
Charged/(Credited) to profit and loss		
Additional provision recognised	70.18	74.70
Unused amounts reversed	(46.29)	(72.04)
Amounts used during the year	(35.39)	-
As at December 31, 2018	<u>70.18</u>	<u>156.58</u>

18 Other current liabilities

	As at December 31, 2018	As at December 31, 2017
Statutory dues	29.65	12.35
Advances from customers	941.69	499.90
Total	<u>971.34</u>	<u>512.25</u>

Notes forming part of the financial statements (Contd.)

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

19 Revenue from operations

	Year ended December 31, 2018	Year ended December 31, 2017
Sale of products (inclusive of excise duty)	10,665.78	9,508.86
Sale of services	109.16	105.86
Other operating revenue		
Sale of scrap	46.34	34.34
Export incentives	109.38	43.28
Total	155.72	77.62
Revenue from operations	10,930.66	9,692.34

Goods and Service Tax (GST) has been effective from July 1, 2017 replacing excise duty. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 1, 2017, 'Sale of products' excludes the amount of GST recovered. 'Sale of products' for the year ended December 31, 2017 includes Rs. 249.10 million of excise duty collected. Accordingly, 'Sale of products' for the year ended December 31, 2018 and December 31, 2017 are not comparable to the extent.

20 Other income

	Year ended December 31, 2018	Year ended December 31, 2017
Interest income		
- Interest income from financials assets measured at amortised cost	62.89	93.38
- Others	32.26	19.27
Dividend income from associate	26.09	22.42
Dividend income from subsidiary	43.00	-
Sundry credit balances and provisions no longer required written back	60.90	119.90
Profit on disposal of property, plant and equipment	4.85	-
Net gains on foreign currency transactions and translations	-	37.26
Fair value gains in derivative financial instruments	5.13	-
Other income	31.98	23.57
Total	267.10	315.80

21 Cost of materials consumed

	Year ended December 31, 2018	Year ended December 31, 2017
Opening stock of raw materials	666.07	590.59
Add: Purchases	5,420.87	4,377.83
Less: Closing stock of raw materials	883.39	666.07
Total	5,203.55	4,302.35

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

22 Purchases of stock in trade

	Year ended December 31, 2018	Year ended December 31, 2017
Purchases of stock in trade	783.68	642.37
Total	<u>783.68</u>	<u>642.37</u>

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

	Year ended December 31, 2018	Year ended December 31, 2017
Opening inventory		
- Finished goods	509.16	403.72
- Work-in-progress	1,113.82	1,006.73
- Stock in trade	133.65	73.19
	<u>1,756.63</u>	<u>1,483.64</u>
Less: Closing inventory		
- Finished goods	542.99	509.16
- Work-in-progress	1,410.59	1,113.82
- Stock in trade	139.59	133.65
	<u>2,093.17</u>	<u>1,756.63</u>
Net change in inventory	<u>(336.54)</u>	<u>(272.99)</u>

24 Employee benefits expense

	Year ended December 31, 2018	Year ended December 31, 2017
Salaries and wages	1,331.83	1,264.08
Contributions to provident fund and other funds	99.41	86.97
Staff welfare expenses	108.42	94.89
Total	<u>1,539.66</u>	<u>1,445.94</u>

25 Finance costs

	Year ended December 31, 2018	Year ended December 31, 2017
Interest on borrowings	21.46	19.41
Net interest expense on defined benefit obligations	16.03	16.07
Total	<u>37.49</u>	<u>35.48</u>

Finance costs amounting to ₹ Nil (December 31, 2017 : ₹ 35.49 million) is capitalised in the cost of assets during the current year. The average rate used to determine the amount of borrowing costs eligible for capitalisation is 8%.

Notes forming part of the financial statements (Contd.)

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

26 Depreciation and amortization expense

	Year ended December 31, 2018	Year ended December 31, 2017
Depreciation on property, plant and equipment	385.21	300.82
Amortisation of intangible assets	11.46	7.96
Total	396.67	308.78

27 Other expenses

	Year ended December 31, 2018	Year ended December 31, 2017
Processing and machining charges	525.83	483.37
Stores consumed	198.46	183.85
Tools consumed	78.96	60.18
Water, power and fuel	229.96	211.30
Rent	7.57	7.62
Excise duty relating to increase / (decrease) in finished goods stock	-	(16.00)
Rates and taxes	11.09	45.50
Repairs and maintenance		
- Buildings	8.14	6.78
- Machinery	63.42	66.80
- Others	129.09	93.74
Travelling and conveyance	87.68	75.24
Packing and forwarding Charges (Net of recoveries - ₹ 47.62 million; previous year - ₹ 66.94 million)	306.98	272.59
Export selling agents	0.45	31.45
Other selling agents	27.26	20.84
Group service charges	48.00	73.97
Royalty charges	136.35	92.59
Liquidated damages	40.57	37.57
Expenditure on Corporate Social Responsibility [Refer note 27(a)]	16.00	20.10
Fair value losses in derivative financial instruments	-	9.71
Legal and professional fees	40.21	33.77
Loss on sale/disposal/write off of property, plant and equipment (net)	-	3.43
Net losses on foreign currency transactions and translations	22.20	-
Other computer services	92.66	85.71
Advertisements, catalogues, other advertising	55.01	57.08
Miscellaneous expenses	330.63	293.23
Total	2,456.52	2,250.42

Notes forming part of the financial statements (Contd.)

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

27 (a) Expenditure on Corporate Social Responsibility

	December 31, 2018	December 31, 2017
Contribution to KSB Care Charitable Trust	16.00	20.10
Gross amount required to be spent by the Company during the year	21.00	20.10

Amount spent during the year on :

	In cash	
	December 31, 2018	December 31, 2017
a. Construction/ acquisition of any asset	-	-
b. On purposes other than (a) above	16.00	20.10
Total	<u>16.00</u>	<u>20.10</u>

27 (b) Payment to auditors (included in legal and professional fees)

	Year ended December 31, 2018	Year ended December 31, 2017
As auditor		
Audit fee	1.80	1.80
Tax audit fee	0.30	0.30
Accounts for tax purposes	0.45	0.45
Fees for other services	1.60	1.83
Reimbursement of out of pocket expenses	0.30	0.30
Total	<u>4.45</u>	<u>4.68</u>

28 Earnings per share (EPS)

	Year ended December 31, 2018	Year ended December 31, 2017
Net profit attributable to the equity shareholders of the Company	740.26	677.05
Weighted average number of equity shares	34,807,844	34,807,844
Basic and diluted Earnings per share (in INR)	21.27	19.45

29 Contingencies and commitments

a) Contingent liabilities	Year ended December 31, 2018	Year ended December 31, 2017
Claims against the Company not acknowledged as debts	47.51	36.74
Taxation matters in dispute pending at various stages of appeal	156.61	122.45
Excise and Service tax matters	476.33	497.78
Total	<u>680.45</u>	<u>656.97</u>

b) Capital commitments

- i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 60.58 million (December 31, 2017 ₹ 59.81 million)

Notes forming part of the financial statements (contd.)

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

30 Employee benefit obligations

Particulars	December 31, 2018	December 31, 2017
Compensated absences (Refer note B)	222.13	198.72
Non-current	193.99	173.23
Current	28.14	25.49
Gratuity (Refer note C)	170.79	197.87
Non-current	132.61	159.70
Current	38.18	38.17
Superannuation (Refer note D)	15.80	13.19
Non-current	15.80	13.19
Current	-	-

A Defined contribution plan

The Company also has certain defined contribution plans. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per 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 period towards defined contribution plan is ₹ 60.01 million (December 31, 2017 - ₹ 54.97 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 ₹ 52.63 million (December 31, 2017 - ₹ 59.34 million).

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.

The fund is subject to risks such as asset volatility, changes in bond yields and asset liability mismatch risk. 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.

Notes forming part of the financial statements (Contd.)

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

- (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, 2017	552.01	(327.03)	224.98
Current service cost	28.69	-	28.69
Interest expense/(income)	37.24	(22.06)	15.18
Total amount recognised in profit and loss	65.93	(22.06)	43.87
Return on plan assets	-	(2.72)	(2.72)
(Gain)/loss from experience changes	(2.04)	-	(2.04)
(Gain)/loss from change in financial assumptions	(28.32)	-	(28.32)
Total amount recognised in other comprehensive income	(30.36)	(2.72)	(33.08)
Employer contributions	-	(37.90)	(37.90)
Benefits paid	(48.13)	48.13	-
December 31, 2017	539.45	(341.58)	197.87

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2018	539.45	(341.58)	197.87
Current service cost	27.76	-	27.76
Interest expense/(income)	40.97	(25.94)	15.03
Past service cost	7.45	-	7.45
Total amount recognised in profit and loss	76.18	(25.94)	50.24
Return on plan assets	-	(1.22)	(1.22)
(Gain)/loss from experience changes	(18.98)	-	(18.98)
(Gain)/loss from change in financial assumptions	4.98	-	4.98
Total amount recognised in other comprehensive income	(14.00)	(1.22)	(15.22)
Employer contributions	-	(36.33)	(36.33)
Benefits paid	(40.45)	14.68	(25.77)
December 31, 2018	561.18	(390.39)	170.79

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

	December 31, 2018	December 31, 2017
Present value of funded obligation	561.18	539.45
Fair value of plan assets	(390.39)	(341.58)
Deficit	170.79	197.87

Notes forming part of the financial statements (Contd.)

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

(III) Significant estimates

The significant actuarial assumptions were as follows :

Particulars	December 31, 2018	December 31, 2017
Discount rate	7.45%	7.60%
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 Particulars	Impact on defined benefit obligation	
	December 31, 2018	December 31, 2017
Discount rate		
1 % increase	(31.85)	(30.28)
1 % decrease	35.27	33.60
Future salary increase		
1 % increase	32.52	25.96
1 % decrease	(30.03)	(25.30)
Attrition rate		
1 % increase	(2.29)	1.39
1 % decrease	3.10	(2.09)

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

	December 31, 2018	December 31, 2017
Less than a year	64.80	67.14
Between 2 to 5 years	232.28	230.37
Between 6 to 10 years	303.74	277.27
More than 10 years	351.73	350.48
Total	952.55	925.26

The weighted duration of the defined benefit obligation is 7 years. (December 31, 2017: 6 years)

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

Particulars	December 31, 2018	December 31, 2017
Funds managed by insurer	100%	100%

D Superannuation

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

Notes forming part of the financial statements (Contd.)

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

- (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, 2017	35.20	(21.96)	13.24
Current service cost	1.77	-	1.77
Interest expense/(income)	2.37	(1.48)	0.89
Total amount recognised in Profit or Loss	4.14	(1.48)	2.66
Return on plan assets	-	0.95	0.95
(Gain)/loss from experience changes	(1.49)	-	(1.49)
(Gain)/loss from change in financial assumptions	(1.07)	-	(1.07)
Total amount recognised in Other Comprehensive Income	(2.56)	0.95	(1.61)
Employer contributions	-	(1.10)	(1.10)
Benefits paid	(4.55)	4.55	-
December 31, 2017	32.23	(19.04)	13.19

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2018	32.23	(19.04)	13.19
Current service cost	1.67	-	1.67
Interest expense/(income)	2.45	(1.45)	1.00
Total amount recognised in Profit or Loss	4.12	(1.45)	2.67
Return on plan assets	-	0.47	0.47
(Gain)/loss from experience changes	(0.73)	-	(0.73)
(Gain)/loss from change in financial assumptions	0.20	-	0.20
Total amount recognised in Other Comprehensive Income	(0.53)	0.47	(0.06)
Employer contributions	-	-	-
Benefits paid	(3.35)	3.35	-
December 31, 2018	32.47	(16.67)	15.80

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

Particulars	December 31, 2018	December 31, 2017
Present value of funded obligation	32.47	32.23
Fair value of plan assets	(16.67)	(19.04)
Deficit	15.80	13.19

- (III) Significant estimates

The significant actuarial assumptions were as follows:

Particulars	December 31, 2018	December 31, 2017
Discount rate	7.45%	7.60%
Attrition rate	7.00%	7.00%

Notes forming part of the financial statements (Contd.)

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

(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	
	December 31, 2018	December 31, 2017
Discount rate		
1 % increase	(1.32)	(1.18)
1 % decrease	1.43	1.27
Attrition rate		
1 % increase	1.30	1.09
1 % decrease	(1.58)	(1.36)

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

	December 31, 2018	December 31, 2017
Less than a year	8.27	11.10
Between 2 to 5 years	18.93	18.20
Between 6 to 10 years	12.61	10.12
More than 10 years	6.82	5.68
Total	46.63	45.10

The weighted duration of the defined benefit obligation is 4 years. (December 31, 2017: 4 years)

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

	December 31, 2018	December 31, 2017
Funds managed by insurer	100%	100%

31 Related party transactions

Name of the related parties and nature of relationship

a.	Ultimate Holding Company Johannes und Jacob Klein GmbH (previously Klein Pumpen GmbH)
b.	Holding Company Canadian Kay Pump Ltd. KSB SE & Co. KGaA (previously KSB AG)
c.	Subsidiary Pofran Sales & Agency Ltd.
d.	Associate KSB MIL Controls Ltd. (previously MIL Controls Ltd.)
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

Notes forming part of the financial statements (Contd.)

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

31 Related party transactions (Contd.)

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 Armatür Sanayi ve Ticaret AS Turkey
21	KSB Shanghai Pump Co. Ltd., China
22	KSB Valves (Shanghai) Co. Ltd., China
23	KSB Finland Oy
24	KSB Pumps Company Limited, Pakistan
25	Delian KSB Amri Valves Co. Ltd., China
26	Bombas ITUR S.A., Spain
27	KSB TESMA S.A., Griechenland
28	KSB Tech. Pvt. Ltd., India
29	GIW Industries Inc., USA
30	KSB Middle East FZE, Dubai
31	KSB Pumpy + Armaturny spol. sr. o, Czech
32	KSB Service LLC UAE
33	KSB Pompy i Armatura Sp. z o.o., Poland
34	KSB Compania Sudamericana De Bombas S.A., Argentina
35	KSB Malaysia Pumps & Valves Sdn. Bhd.
36	KSB Finanz S.A., Luxembourg
37	KSB AMV SA Spain
38	KSB Mork AB, Sweden
39	KSB Pompes ET Robintteries Sarl, Morocco
40	KSB Service GmbH, Germany
41	KSB Pumps Inc., Canada
42	KSB New Zealand
43	KSB OOO, Russia
44	KSB Valvulas Ltda. Brazil
45	AMRI Inc., USA
46	KSB Vietnam Company Ltd.
47	KSB Philippines
48	KSB Colombia SAS
49	KSB (Schweiz) AG, Switzerland
50	KSB Valves (Changzhou) Co.,Ltd., China

Notes forming part of the financial statements (Contd.)

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

31 Related party transactions (Contd.)

e.	<p>Other Related Parties with whom transactions have taken place during the year (Contd.):</p> <p>Fellow Subsidiaries:</p> <p>51 SISTO Armaturen S.A., Luxembourg</p> <p>52 Shanghai Electric KSB Nuclear Pumps and Valves Co. Ltd., China</p> <p>53 PT. KSB Sales Indonesia</p> <p>54 KSB Zambia Limited</p> <p>55 KSB Pumps and Valves L.t.d., Slovenia</p> <p>56 KSB Peru S.A.</p> <p>57 TOO "KSB Kazakhstan"</p>
f.	<p>Key Management Personnel:</p> <p>1 Mr. Rajeev Jain</p> <p>2 Mr. G. Swarup</p> <p>3 Mr. A. R. Broacha</p> <p>4 Mr. D. N. Damania</p> <p>5 Mr. N. N. Kampani (untill April 26, 2017)</p> <p>6 Mr. Pradip Shah</p> <p>7 Dr. Stephan Bross</p> <p>8 Mr. V. K. Viswanathan</p> <p>9 Ms. S. F. Motwani (untill February 22, 2018)</p> <p>10 Mr. W. Stegmuller (untill May 31, 2017)</p> <p>11 Dr. Matthias Schmitz (w.e.f. July 25, 2017)</p> <p>12 Ms. Divya Shriram (w.e.f. May 21, 2018 until August 19, 2018)</p> <p>13 Ms. Sharmila Roychowdhury (w.e.f. September 30, 2018)</p>
g.	<p>Individuals having significant influence over the enterprise</p> <p>1 Mr. Gaurav Swarup</p>
h.	<p>Relatives of individuals having significant influence over the enterprise</p> <p>1 Mrs. Gyan M Swarup</p> <p>2 Mr. Vikram Swarup and Mr. Gaurav Swarup (HUF)</p> <p>3 Mr. Vikram Swarup</p> <p>4 Mrs. Bindu Swarup</p> <p>5 Mrs. Parul Swarup</p>
i.	<p>Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence</p> <p>1 The Industrial & Prudential Investment Co. Ltd.</p> <p>2 New Holding and Trading Company Ltd.</p> <p>3 Paharpur Cooling Towers Ltd.</p>
j.	<p>Post employment benefit Trusts</p> <p>1 KSB Pumps Employee's Gratuity Trust</p> <p>2 Grade-O-Castings Employee's Gratuity Trust</p> <p>3 KSB Pumps (Core Employee's) Superannuation Trust</p>

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

31. Transactions with related parties (Contd.)

Nature of transactions	Controlling Companies	Subsidiary Company	Associate Company	Common Control	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Post employment benefit Trusts	Total
Purchase of goods	113.08 (133.63)	-	12.33 (11.56)	66.45 (161.32)	-	-	-	-	0.13	-	191.99 (306.51)
Sale of goods	224.04 (460.32)	-	1.06 (0.03)	798.18 (694.32)	-	-	-	-	8.87 (2.69)	-	1,032.15 (1,157.36)
Income from services	19.22 (19.18)	-	-	10.99 (13.11)	-	-	-	-	-	-	30.21 (32.29)
Order cancellation charges received	-	-	-	0.05	-	-	-	-	-	-	0.05
Site expenses paid	3.31 (1.32)	-	-	0.80 (1.56)	-	-	-	-	-	-	(1.56) 4.11
Commission income	7.39 (4.53)	-	-	2.26 (5.50)	-	-	-	-	-	-	(2.88) 9.65
Commission paid	-	-	-	0.45	-	-	-	-	-	-	(10.03) 0.45
Group service charges paid	(31.45) 48.00 (73.97)	-	-	-	-	-	-	-	-	-	(31.45) 48.00 (73.97)
Dividend received	-	43.00	26.09	-	-	-	-	-	-	-	69.09
Charges paid for technical / professional services	(-)	(-)	(22.42)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(22.42)
Royalty paid	120.86 (90.08)	-	-	11.96 (12.96)	-	-	-	-	-	-	132.82 (103.04)
Warranty charges paid	134.82 (91.74)	-	-	1.53 (0.85)	-	-	-	-	-	-	136.35 (92.59)
Rent received	-	-	-	0.45 (0.74)	-	-	-	-	-	-	0.45 (0.74)
Recovery of expenses	-	0.02	1.86	-	-	-	-	-	-	-	1.88
Reimbursement of expenses	(-)	(0.06)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.06)
	2.94 (0.05)	-	11.92 (13.50)	0.51 (0.30)	-	-	-	-	-	-	15.37 (14.02)
	0.55 (0.32)	-	0.01 (-)	0.86 (0.48)	-	-	-	-	0.18	-	1.60 (0.80)

Notes forming part of the financial statements (Contd.)

(All amounts in INR million, unless otherwise stated)

31. Transactions with related parties (Contd.)

Nature of transactions	Controlling Companies	Subsidiary Company	Associate Company	Common Control	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Post employment benefit Trusts	Total
Technical knowhow	2.40	-	-	-	-	-	-	-	-	-	2.40
Group service charges	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
written back	55.85	-	-	-	-	-	-	-	-	-	55.85
Remuneration	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	-	-	33.75	-	-	-	-	-	33.75
Sitting fees paid	(-)	(-)	(-)	(-)	(31.01)	(-)	(-)	(-)	(-)	(-)	(31.01)
	-	-	-	-	1.10	-	0.29	-	-	-	1.39
Dividend paid	(-)	(-)	(-)	(-)	(1.18)	(-)	(0.33)	(-)	(-)	(-)	(1.51)
	84.67	-	-	-	0.21	-	0.20	0.72	53.10	-	138.90
Commission to Directors	(77.61)	(-)	(-)	(-)	(-)	(-)	(0.19)	(0.66)	(48.68)	(-)	(127.14)
	-	-	-	-	4.20	-	0.60	-	-	-	4.80
Contribution of post employment benefits	(-)	(-)	(-)	(-)	(4.00)	(-)	(0.50)	(-)	(-)	(-)	(4.50)
Outstanding balances arising from sales/purchases of goods and services	(-)	(-)	(-)	(-)	-	-	-	-	-	38.15	38.15
Receivables	114.32	-	-	286.95	-	-	-	-	4.55	-	405.82
	(78.92)	(0.05)	(0.10)	(194.71)	(-)	(-)	(-)	(-)	(0.36)	(-)	(274.14)
Payables	337.27	-	-	47.82	-	-	-	-	-	-	385.09
	(437.78)	-	(11.60)	(49.59)	(-)	(-)	(0.50)	(-)	(-)	(-)	(499.47)
Provision for doubtful debts	(-)	(-)	(-)	1.15	-	-	-	-	-	-	1.15
Advances	(-)	(-)	(-)	(1.15)	(-)	(-)	(-)	(-)	(-)	(-)	(1.15)
	-	-	6.47	3.98	-	-	-	-	-	-	10.45
Security deposits	(-)	(-)	(11.30)	(2.86)	(-)	(-)	(-)	(-)	(-)	(-)	(14.16)
	-	-	0.12	-	-	-	-	-	-	-	0.12
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

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

Terms and conditions for outstanding balances

All outstanding balances are unsecured and payable in cash.

Notes forming part of the financial statements (Contd.)

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

31 Transactions with related parties (Contd.) :

(I) Key management personnel compensation

	Year ended December 31, 2018	Year ended December 31, 2017
Short term employee benefits	33.75	31.01
Post-employment benefits	3.16	5.16
Long term employee benefits	2.38	1.04
Termination benefits	-	-
Total	39.29	37.21

(II) Material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2018	Year ended December 31, 2017
1	Purchase of goods	KSB SE & Co. KGaA	113.08	133.63
		KSB S.A.S France	27.93	88.64
		KSB Nederland B.V.	36.30	39.84
		KSB Shanghai Pump Co. Ltd., China	1.57	30.2
2	Sale of goods	KSB SE & Co. KGaA	224.04	460.32
		KSB Singapore (Asia Pacific) PTE Ltd.	69.71	94.43
		KSB Middle East FZE, Dubai	118.12	58.96
3	Income from services	KSB SE & Co. KGaA	19.22	19.18
		KSB Tech. Pvt. Ltd.	9.46	9.89
4	Order cancellation charges received	KSB SE & Co. KGaA	-	1.56
		KSB (Schweiz) AG, Switzerland	0.04	-
		KSB Malaysia Pumps & Valves Sdn. Bhd.	0.02	-
5	Site expenses paid	KSB SE & Co. KGaA	3.31	1.32
		KSB Australia Pty Limited	0.22	0.57
		KSB Taiwan Co.Ltd.	-	0.67
		KSB S.A.S France	0.50	-
6	Commission income	KSB SE & Co. KGaA	7.39	4.53
		KSB Service GmbH, Germany	1.43	4.98
7	Commission paid	KSB SE & Co. KGaA	-	31.45
		PT. KSB Sales Indonesia	0.45	-
8	Group service charges paid	KSB SE & Co. KGaA	48.00	73.97
9	Dividend received	KSB MIL Controls Ltd.	26.09	22.42
		Pofran Sales & Agency Ltd.	43.00	-
10	Charges paid for technical / professional services	KSB SE & Co. KGaA	120.86	90.08
		KSB Tech. Pvt. Ltd.	11.96	12.43

Notes forming part of the financial statements (Contd.)

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

31 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, 2018	Year ended December 31, 2017
11	Royalty paid	KSB SE & Co. KGaA	134.82	91.74
12	Warranty charges paid	KSB S.A.S France	-	0.74
		PT. KSB Sales Indonesia	0.32	-
		KSB Malaysia Pumps & Valves Sdn. Bhd.	0.13	-
13	Rent received	KSB MIL Controls Ltd.	1.86	-
		Pofran Sales & Agency Ltd.	0.02	0.06
14	Recovery of expenses	KSB MIL Controls Ltd.	11.92	13.50
		KSB SE & Co. KGaA	2.94	0.05
15	Reimbursement of expenses	KSB SE & Co. KGaA	0.55	0.32
		KSB Malaysia Pumps & Valves Sdn. Bhd.	0.29	-
		KSB Finanz S.A., Luxembourg	0.37	0.33
		KSB Singapore (Asia Pacific) PTE Ltd.	0.16	0.06
16	Technical knowhow	KSB SE & Co. KGaA	2.40	-
17	Group service charges written back	KSB SE & Co. KGaA	55.85	-
18	Remuneration	Mr. Rajeev Jain	33.75	31.01
19	Sitting fees paid	Mr. G. Swarup	0.29	0.33
		Mr. A. R. Broacha	0.20	0.24
		Mr. D. N. Damania	0.28	0.32
		Mr. Pradip Shah	0.18	0.21
		Dr. Stephan Bross	0.18	0.18
		Mr. V. K. Viswanathan	0.16	0.08
20	Dividend paid	Canadian Kay Pump Ltd.	84.67	77.61
		The Industrial & Prudential Investment Co. Ltd.	42.84	39.27
21	Commission to Directors	Mr. G. Swarup	0.60	0.50
		Mr. A. R. Broacha	0.60	0.50
		Mr. D. N. Damania	0.60	0.50
		Mr. Pradip Shah	0.60	0.50
		Dr. Stephan Bross	0.60	0.50
		Mr. V. K. Viswanathan	0.60	0.50
22	Contribution to post employment benefits	KSB Pumps Employee's Gratuity Trust	36.07	35.80
		Grade-O-Castings Employee's Gratuity Trust	2.08	2.10
		KSB Pumps (Core Employee's) Superannuation Trust	-	1.10

Notes forming part of the financial statements (Contd.)

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

32 Segment reporting

Where 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.

33 Fair value measurements

All financial assets (except derivative instruments) and financial liabilities (except derivative liabilities) are measured at amortised cost and 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 materially different from the carrying value of such instruments.

34 Financial risk management

The Company's activities exposes it to market risk, liquidity risk and credit 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. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

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.

Movement of provision for doubtful debts:

Provision for doubtful debts as on January 1, 2017	367.90
Change during the year	51.28
Provision for doubtful debts as on December 31, 2017	<u>419.18</u>
Change during the year	15.64
Provision for doubtful debts as on December 31, 2018	<u><u>434.82</u></u>

Notes forming part of the financial statements (Contd.)

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

(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 financial liabilities as at December 31, 2018 and December 31, 2017 mature within a period of one year.

(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 USD, EUR, 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 (INR). 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 INR, are as follows :-

	December 31, 2018					December 31, 2017				
	EUR	USD	AUD	GBP	CHF	EUR	USD	AUD	GBP	CHF
Financial assets										
Trade receivables	21.23	311.49	-	-	-	47.85	352.67	-	-	-
Bank balances in EEFC accounts	2.27	31.86	-	-	-	8.04	97.30	-	-	-
Derivative assets - Foreign exchange forward contracts (Sell Foreign Currency)	(12.76)	(225.32)	-	-	-	(47.85)	(145.16)	-	-	-
Net exposure to foreign currency risk (assets)	10.74	118.03	-	-	-	8.04	304.81	-	-	-
Financial liabilities										
Trade payables	106.06	43.11	1.12	0.58	0.28	76.52	72.33	0.09	0.12	-
Derivative liabilities - Foreign exchange forward contracts (Buy Foreign Currency)	(13.42)	(22.23)	-	-	-	(53.32)	(22.76)	-	-	-
Net exposure to foreign currency risk (liabilities)	92.64	20.88	1.12	0.58	0.28	23.20	49.57	0.09	0.12	-

Notes forming part of the financial statements (Contd.)

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

ii) Sensitivity

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

	Impact on profit before tax	
	December 31, 2018	December 31, 2017
EUR sensitivity		
INR/EUR - Increase by 5% (December 31, 2017-5%)*	(4.10)	(0.76)
INR/EUR - Decrease by 5% (December 31, 2017-5%)*	4.10	0.76
USD sensitivity		
INR/USD - Increase by 5% (December 31, 2017-5%)*	4.86	12.76
INR/USD - Decrease by 5% (December 31, 2017-5%)*	(4.86)	(12.76)

* 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.

35 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.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2018 and December 31, 2017.

Net debt to equity ratio

	December 31, 2018	December 31, 2017
Net debt	314.45	-
Total equity	7,132.55	6,625.29
Net debt to equity ratio	<u>4.41%</u>	<u>-</u>

Notes forming part of the financial statements (Contd.)

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

b) Dividends

	December 31, 2018	December 31, 2017
(i) Equity shares		
Final dividend paid for the year ended December 31, 2017 of ₹ 6.00		
(December 31, 2016 of ₹ 5.50) per fully paid share	208.85	191.44
Dividend distribution tax on final dividend	34.09	38.97
(ii) Dividends not recognised at the end of the reporting period		
The directors have recommended the payment of a final dividend of ₹ 6.00 per fully paid equity share (December 31, 2017 - ₹ 6.00). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	208.85	208.85
Dividend distribution tax on final dividend	42.93	34.09

36 The list of standards issued but not yet effective:

Following are the pronouncements which have been issued by the Ministry of the Corporate Affairs ('MCA') that are effective from annual periods beginning on and after April 1, 2018 and are applicable to the Company from next year:

a) Ind AS 115 - Revenue from Contract with Customers

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financials statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the Company's contracts with customers. It defines a new five step model to recognise revenue from customer contracts.

Revenue is recognised when a customer obtains control of the goods or receive services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard supersedes Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts' and related interpretations. Adoption of Ind AS 115 is not expected to have a significant impact on the timing and measurement of revenue. Consistent with the current practice, recognition of revenue will continue to occur over time when services are provided to customers, which is also when the customers consumes the benefits of the entity's performance as it occurs under Ind AS 115. The Company is in process of evaluating the effect of this on the financials statements and does not expect any material impact from the change.

b) Ind AS 12 - Income Taxes

The amendments clarify the accounting for deferred taxes on unrealised loss, where an asset is measured at fair value and the fair value is below assets tax base. A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. The amendment will come into force from April 1, 2018. The Company is in process of evaluating the effect of this on the financials statements and does not expect any material impact from the change.

c) Ind AS 21 - Foreign currency transactions and advance consideration

The amendments clarify the date of the transaction for the purpose of determining the exchange rate to use an initial recognition of the related asset, expense or income, when an entity has received or paid advance

Notes forming part of the financial statements (Contd.)

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

consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is in process of evaluating the effect of this on the financials statements and does not expect any material impact from the change.

There is no other standards or interpretations that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

37 Events occurring after the reporting period

Refer to note 35 (b) (ii) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing general meeting.

38 Previous year's figures have been regrouped / reclassified wherever considered necessary to conform to 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

Mumbai, February 27, 2019

Milind Khadilkar
Chief Financial Officer

R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors

G. Swarup
Chairman

D. N. Damania
Director

Rajeev Jain
Managing Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KSB LIMITED
(formerly known as KSB Pumps Limited)

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of KSB Limited (formerly known as KSB Pumps Limited) (“hereinafter referred to as the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) and its associate company; (refer Note 33 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at December 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as “the Consolidated Ind AS Financial Statements”).

Management’s Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company’s Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associate in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company’s Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. 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 its associate respectively and for preventing and detecting frauds and other irregularities; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors’ Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS

INDEPENDENT AUDITORS' REPORT (Contd.)

financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us, other than the unaudited financial information as certified by the management and referred to in sub paragraph 8 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate as at December 31, 2018 and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. We did not audit the financial information of the subsidiary whose financial information reflect total assets of ₹ 6.1 million and net assets of ₹ 6.05 million as at December 31, 2018, total revenue of ₹ 2.28 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 1.72 million and net cash flows amounting to ₹ (4.35) million for the year ended

on that date, as considered in the consolidated Ind AS financial statements. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary company and our report in terms of sub-section (3) of Section 143 of the Act 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, these financial information are not material to the Group.

Our opinion on the consolidated Ind AS 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 financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

9. 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 Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its associate company incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and its associate company.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in

INDEPENDENT AUDITORS' REPORT (Contd.)

- agreement with the relevant books of account maintained by the Holding Company and its associate company incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian 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 as on December 31, 2018 taken on record by the Board of Directors of the Holding Company and its associate company incorporated in India, none of the directors of the Holding Company and its associate company incorporated in India is disqualified as on December 31, 2018 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 financial statements of the Holding Company and its associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matter 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 consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at December 31, 2018 on the consolidated financial position of the Group and its associate - Refer Note (29a and 33d) to the consolidated Ind AS financial statements.
 - ii. Provision has been made in the consolidated Ind AS 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, 2018 - Refer Note 36(c) to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and 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 company incorporated in India during the year ended December 31, 2018.

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

Neeraj Sharma
Partner

Membership Number:108391

Mumbai, February 27, 2019

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 (f) of the Independent Auditors' Report of even date to the members of KSB Limited (formerly known as KSB Pumps Limited) on the consolidated financial statements for the year ended December 31, 2018

Report on the Internal Financial Controls 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 (formerly known as KSB Pumps Limited) as of and for the year ended December 31, 2018, we have audited the internal financial controls with reference to financial statements of KSB Limited (formerly known as KSB Pumps Limited) (hereinafter referred to as "the Holding Company") and its associate company, which are companies incorporated in India, as of that date. 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 financial statements is not applicable to subsidiary company incorporated in India pursuant to MCA notification GSR 583(E) dated 13 June 2017.

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 financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 auditor's judgement, including the assessment of the risks of material

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

misstatement of the 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to 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 are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at December 31, 2018 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

Mumbai, February 27, 2019

Consolidated Balance Sheet as at 31st December, 2018

(All amounts in INR million, unless otherwise stated)

Particulars	Notes	December 31, 2018	December 31, 2017
ASSETS			
I. Non-current assets			
Property, plant and equipment	3	3,191.94	3,063.50
Capital work-in-progress	3	41.38	40.92
Intangible assets	4	18.66	18.49
Financial assets			
(a) Trade receivables	6	99.34	58.89
(b) Investments	5 (a)	597.72	578.05
(c) Loans	5 (b)	67.87	67.99
Assets for current tax (net)		143.07	99.96
Deferred tax assets (net)	12 (a)	65.84	83.61
Other non-current assets	10	210.96	404.19
Total non-current assets		<u>4,436.78</u>	<u>4,415.60</u>
II. Current assets			
Inventories	9	3,030.23	2,476.37
Financial assets			
(a) Trade receivables	6	2,907.15	2,549.80
(b) Cash and cash equivalents	7 (a)	124.33	187.08
(c) Bank balances other than (b) above	7 (b)	1,262.58	725.66
(d) Loans	5 (b)	22.43	30.31
(e) Other financial assets	8	48.10	21.24
Other current assets	11	667.90	365.79
Total current assets		<u>8,062.72</u>	<u>6,356.25</u>
Total Assets		<u><u>12,499.50</u></u>	<u><u>10,771.85</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	13 (a)	348.08	348.08
Other equity	13 (b)	7,229.56	6,756.11
Total Equity		<u>7,577.64</u>	<u>7,104.19</u>
LIABILITIES			
I. Non-Current liabilities			
Provisions	17 (a)	365.79	373.35
Total non-current liabilities		<u>365.79</u>	<u>373.35</u>
II. Current liabilities			
Financial liabilities			
(a) Borrowings	14	434.26	126.34
(b) Trade and other payables	15		
- Total outstanding dues of micro enterprises and small enterprises		21.30	9.67
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,155.79	1,767.96
(c) Other financial liabilities	16	546.17	372.90
Other current liabilities	18	971.34	512.25
Provisions	17 (b)	412.02	491.29
Current tax liabilities (net)		15.19	13.90
Total current liabilities		<u>4,556.07</u>	<u>3,294.31</u>
Total Liabilities		<u>4,921.86</u>	<u>3,667.66</u>
Total Equity and Liabilities		<u><u>12,499.50</u></u>	<u><u>10,771.85</u></u>

The accompanying notes are an integral part of these 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

Mumbai, February 27, 2019

Milind Khadilkar
Chief Financial Officer
R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors

G. Swarup
Chairman
D. N. Damania
Director

Rajeev Jain
Managing Director

Consolidated Statement of Profit and Loss for the year ended 31st December, 2018

(All amounts in INR million, unless otherwise stated)

Particulars	Notes	Year ended December 31, 2018	Year ended December 31, 2017
Income			
Revenue from operations	19	10,930.66	9,692.47
Other income	20	200.29	296.86
Total Income		11,130.95	9,989.33
Expenses			
Cost of materials consumed	21	5,203.55	4,302.35
Purchases of stock in trade	22	783.68	642.37
Changes in inventories of finished goods, work-in-progress and stock in trade	23	(336.54)	(272.99)
Excise duty		-	249.10
Employee benefits expense	24	1,539.66	1,445.94
Finance costs	25	37.53	35.48
Depreciation and amortisation expense	26	396.67	308.78
Other expenses	27	2,456.91	2,250.75
Total Expenses		10,081.46	8,961.78
Profit before share of net profit of associates accounted for using the equity method and tax		1,049.49	1,027.55
Share of net profit of associates accounted for using the equity method		43.17	51.78
Profit before tax		1,092.66	1,079.33
Income tax expense			
Current tax	12 (b)	367.52	405.58
Deferred tax	12 (a)	9.07	(35.10)
Total tax expense		376.59	370.48
Profit for the year		716.07	708.85
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	30	15.28	34.69
Income tax relating to these items		(5.34)	(12.01)
Share of comprehensive income of associate		(0.78)	1.50
Total other comprehensive income for the year, net of tax		9.16	24.18
Total comprehensive income for the year (net)		725.23	733.03
Earnings per share			
Basic and Diluted	28	20.57	20.36

The accompanying notes are an integral part of these 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

Mumbai, February 27, 2019

Milind Khadilkar
Chief Financial Officer

R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors

G. Swarup
Chairman

D. N. Damania
Director

Rajeev Jain
Managing Director

Consolidated Statement of Changes in Equity for the year ended 31st December, 2018

(All amounts in INR million, unless otherwise stated)

A. Equity Share Capital

	Notes	
As at January 1, 2017		348.08
Change in equity share capital	13 (a)	-
As at December 31, 2017		348.08
Change in equity share capital	13 (a)	-
As at December 31, 2018		348.08

B. Other Equity

	Capital reserve	Capital redemption reserve	Securities premium account	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2017	0.09	0.10	3.20	1,085.97	0.06	5,164.07	6,253.49
Profit for the year						708.85	708.85
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	24.18	24.18
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(191.44)	(191.44)
Tax on Dividend	-	-	-	-	-	(38.97)	(38.97)
As at December 31, 2017	0.09	0.10	3.20	1,085.97	0.06	5,666.69	6,756.11
	Capital reserve	Capital redemption reserve	Securities premium account	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2018	0.09	0.10	3.20	1,085.97	0.06	5,666.69	6,756.11
Profit for the year						716.07	716.07
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	9.16	9.16
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, 2018	0.09	0.10	3.20	1,085.97	0.06	6,140.14	7,229.56

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

Mumbai, February 27, 2019

Milind Khadilkar
Chief Financial Officer

R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors

G. Swarup
Chairman

D. N. Damania
Director

Rajeev Jain
Managing Director

Consolidated Statement of Cash Flows for the year ended 31st December, 2018

(All amounts in INR million, unless otherwise stated)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
A. Cash flow from operating activities		
Profit before tax	1,092.66	1,079.33
Adjustments for :		
Depreciation and amortisation expense	396.67	308.78
(Profit) / loss on sale / disposal / write off of property, plant and equipment	(4.85)	3.43
Finance cost	37.53	35.48
Interest income	(96.12)	(116.13)
Mark to market loss on derivative contracts	(5.13)	9.71
Sundry credit balances and provisions no longer required, written back	(62.21)	(119.90)
Unrealised exchange (gain) / loss	9.51	(8.44)
Allowance for doubtful receivables	(9.00)	7.81
Share of profit of associates	(43.17)	(51.78)
Liquidated damages	40.57	37.57
	<u>263.80</u>	<u>106.53</u>
Operating profit before working capital changes	1,356.46	1,185.86
Adjustment for changes in working capital: (Increase) / decrease in operating assets:		
Inventories	(553.86)	(357.74)
Trade receivables	(426.14)	(1,021.64)
Loans	8.00	(18.59)
Other assets	(119.27)	(116.22)
Increase / (decrease) in operating liabilities:		
Trade payables	456.80	395.32
Other financial liabilities	75.50	35.99
Other liabilities	458.34	(85.22)
Provisions	(71.55)	179.45
	<u>(172.18)</u>	<u>(988.65)</u>
Cash generated from operations	1,184.28	197.21
Income taxes paid	(409.34)	(451.41)
Net cash flow from / (used in) operating activities (A)	<u>774.94</u>	<u>(254.20)</u>
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(425.44)	(818.30)
Proceeds from sale of property, plant and equipment	6.81	1.38
Bank balances not considered as cash and cash equivalents	(536.92)	1,035.62
Interest received	74.39	146.97
Income from trade investments (non-current)	26.09	22.42
Net cash flow from / (used in) investing activities (B)	<u>(855.07)</u>	<u>388.09</u>

Consolidated Statement of Cash Flows for the year ended 31st December, 2018 (Contd.)

(All amounts in INR million, unless otherwise stated)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
C. Cash flow from financing activities		
Increase in working capital borrowings	307.92	56.47
Finance cost	(37.53)	(35.48)
Dividends paid	(210.12)	(189.55)
Tax on dividend	(42.93)	(38.97)
Net cash flow from / (used in) financing activities (C)	17.34	(207.53)
Net decrease in Cash and cash equivalents (A+B+C)	(62.79)	(73.64)
Cash and cash equivalents (Opening balance)	187.08	260.56
Effects of exchange rate changes on cash and cash equivalents	0.04	0.16
Cash and cash equivalents (Closing balance)	124.33	187.08

Cash and cash equivalents at the end of the year include:

	As at 31st December, 2018	As at 31st December, 2017
(a) Cash on hand	0.47	0.66
(b) Balances with banks in current accounts	123.86	186.42
Cash and cash equivalents (Refer note 7 (a))	124.33	187.08
Cash and cash equivalents at the end of the year	124.33	187.08

Note : Consolidated Statement of cash flows has been prepared under the 'Indirect Method' in accordance with 'Ind-AS 7: Statement of cash flows'.

The above Consolidated Statement of cash flows should be read in conjunction with the accompanying notes.

This is the Cash Flow Statement referred to in our report of even date.

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

Milind Khadilkar
Chief Financial Officer

Neeraj Sharma
Partner
Membership No.: 108391

R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors

G. Swarup
Chairman

D. N. Damania
Director

Rajeev Jain
Managing Director

Notes forming part of the Consolidated financial statements

(All amounts in INR million, unless otherwise stated)

	<p>Background:</p> <p>KSB Limited (formerly known as KSB Pumps Limited) (the Group) is engaged in the business of manufacture of different types of power driven pumps and industrial valves. Castings are mainly produced for captive consumption. The registered office of the Company is 126, Maker Chambers III, Nariman Point, Mumbai – 400 021. The consolidated financial statements have been authorized for issue by the Board of Directors on February 27, 2019.</p>
1.	<p>Significant accounting policies:</p> <p>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.</p>
(a)	<p>Basis of preparation</p> <p>(i) Compliance with Ind AS</p> <p>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] and other relevant provisions of the Act.</p> <p>(ii) Historical cost convention</p> <p>The consolidated financial statements have been prepared on a historical cost basis, except for the following:</p> <ul style="list-style-type: none"> • Certain financial assets and liabilities (including derivative instruments) that are measured at fair value • Defined benefit plans — plan assets measured at fair value; and <p>All assets and liabilities have been classified as current or non-current as per the Group'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 realization 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.</p>
(b)	<p>Principles of consolidation and equity accounting</p> <p>(i) Subsidiaries</p> <p>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 parent and its subsidiaries 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.</p> <p>(ii) Associates</p> <p>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.</p>

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

(All amounts in INR million, unless otherwise stated)

(iii)	<p>Equity method</p> <p>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.</p>
(c)	<p>Segment reporting</p> <p>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 32 for segment information presented.</p>
(d)	<p>Foreign currency translation</p> <p>(i) Functional and presentation currency</p> <p>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 (INR), which is the Company's functional and presentation currency.</p> <p>(ii) Transactions and balances</p> <p>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 exchange rates are recognised in profit and loss and are presented in the Consolidated Statement of profit and loss on a net basis.</p>
(e)	<p>Revenue recognition</p> <p>Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax and amounts collected on behalf of third parties.</p> <p>The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.</p> <p>(i) Sale of products and services:</p> <p>Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer as per the terms of the contract and the amount of revenue can be measured reliably. Revenue from services is accounted for when the work is performed.</p>

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

(All amounts in INR million, unless otherwise stated)

(ii)	<p>Other income</p> <p>Interest income</p> <p>Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.</p> <p>Dividend income</p> <p>Dividend income from investments is recognised when the owner's right to receive the payment is established.</p> <p>Duty drawback</p> <p>Income from duty drawback and export incentives is recognised on an accrual basis.</p>
(f)	<p>Income tax</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
(g)	<p>Leases</p> <p><i>As a lessee</i></p> <p>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 recognised at the lower of the fair value of the leased assets at inception of the lease and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.</p> <p>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</p>

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

(All amounts in INR million, unless otherwise stated)

	<p>from the lessor) are charged to consolidated 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 increase.</p>
(h)	<p>Impairment of assets</p> <p>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 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.</p>
(i)	<p>Cash and cash equivalents</p> <p>For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and demand deposits with banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.</p>
(j)	<p>Trade receivables</p> <p>Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.</p>
(k)	<p>Borrowing costs</p> <p>Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.</p>
(l)	<p>Inventories</p> <p>Inventories are stated at lower of cost and net realisable value. In determining the cost of raw materials, components, stores, spares and loose tools the weighted average method is used. Costs of work-in-progress and manufactured finished products include material costs, labour and factory overheads on the basis of full absorption costing. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable 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.</p>
(m)	<p>Financial assets</p> <p>(i) Classification</p> <p>The Group classifies its financial assets in the following measurement categories:</p> <ul style="list-style-type: none"> • those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and • those measured at amortised cost. <p>The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.</p> <p>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.</p>

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

(All amounts in INR million, unless otherwise stated)

	<p>The Group reclassifies debt investments when and only when its business model for managing those assets changes.</p>
(ii)	<p>Measurement</p> <p>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 expensed in profit or loss statement.</p> <p>Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.</p> <p>Debt instruments</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>Equity instruments</p> <p>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.</p>
(iii)	<p>Impairment of financial assets</p> <p>The Group assesses on a forward looking basis the expected credit losses 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 36 (A) for details of credit risk.</p> <p>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.</p>
(iv)	<p>Derecognition of financial assets</p> <p>A financial asset is derecognised only when</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

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

(All amounts in INR million, unless otherwise stated)

(n)	<p>Derivatives</p> <p>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.</p>												
(o)	<p>Offsetting financial instruments</p> <p>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.</p>												
(p)	<p>Property, plant and equipment</p> <p>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.</p> <p>Subsequent costs are included in the asset's carrying amount or recognised as a consolidated 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 consolidated asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.</p> <p>Depreciation methods, estimated useful lives and residual value</p> <p>Depreciation is provided on the straight-line method (SLM)/ written down value (WDV) method over the useful lives of assets which has been assessed as under 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:</p> <table border="1"> <thead> <tr> <th>Asset</th> <th>Useful life</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td>43 to 90 years (WDV)</td> </tr> <tr> <td>Plant and machinery</td> <td>09 to 21 years (SLM)</td> </tr> <tr> <td>Vehicles</td> <td>05 to 11 years (WDV)</td> </tr> <tr> <td>Office equipments</td> <td>10 years (SLM)</td> </tr> <tr> <td>Computer equipments</td> <td>06 years (SLM)</td> </tr> </tbody> </table> <p>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.</p> <p>The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of the reporting period.</p> <p>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.</p> <p>Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ other expenses respectively.</p>	Asset	Useful life	Buildings	43 to 90 years (WDV)	Plant and machinery	09 to 21 years (SLM)	Vehicles	05 to 11 years (WDV)	Office equipments	10 years (SLM)	Computer equipments	06 years (SLM)
Asset	Useful life												
Buildings	43 to 90 years (WDV)												
Plant and machinery	09 to 21 years (SLM)												
Vehicles	05 to 11 years (WDV)												
Office equipments	10 years (SLM)												
Computer equipments	06 years (SLM)												

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

(All amounts in INR million, unless otherwise stated)

(q)	<p>Intangible assets</p> <p>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 profit or Loss. Intangible assets are amortized on the straight line method as follows:</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Asset</th> <th style="text-align: left;">Useful life</th> </tr> </thead> <tbody> <tr> <td>Rights, techniques, process</td> <td>7 to 10 years</td> </tr> <tr> <td>Software</td> <td>3 years</td> </tr> </tbody> </table>	Asset	Useful life	Rights, techniques, process	7 to 10 years	Software	3 years
Asset	Useful life						
Rights, techniques, process	7 to 10 years						
Software	3 years						
(r)	<p>Trade and other payables</p> <p>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.</p>						
(s)	<p>Provisions and Contingent liabilities</p> <p>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.</p> <p>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.</p>						
(t)	<p>Employee benefits</p> <p>(i) Short-term obligations</p> <p>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.</p> <p>(ii) Other long-term employee benefit obligations</p> <p>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 profit or 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.</p>						

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

(All amounts in INR million, unless otherwise stated)

(iii)	<p>Post-employment obligations</p> <p>The Group operates the following post-employment schemes:</p> <p>(a) Defined benefit plans - gratuity and superannuation</p> <p>(b) Defined contribution plans - provident fund</p> <p>(a) Gratuity</p> <p>The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. 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.</p> <p>The liability or asset recognised in the balance sheet in respect of defined benefit pension and 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.</p> <p>(b) Superannuation</p> <p>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.</p> <p>Defined Contribution Plans</p> <p>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. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.</p>
(u)	<p>Contributed equity</p> <p>Equity shares are classified as equity.</p> <p>Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.</p>
(v)	<p>Earnings per share</p> <p>(i) Basic Earnings per share</p> <p>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</p>

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

(All amounts in INR million, unless otherwise stated)

	<p>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.</p>
(ii)	<p>Diluted Earnings per share</p> <p>For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.</p>
(w)	<p>Rounding of amounts:</p> <p>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.</p>
2.	<p>Significant accounting judgements, estimates and assumptions</p> <p>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. 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.</p> <p>Judgements</p> <p>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 financial statements:</p>
(i)	<p>Legal contingencies</p> <p>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.</p>
(ii)	<p>Segment reporting</p> <p>Ind-AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.</p> <p>The Group has determined that the Chief Operating Decision Maker (CODM) is the Board of Directors (BoD), based on its internal reporting structure and functions of the BoD. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources.</p>
	<p>Estimates and assumptions</p> <p>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 bases its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions</p>

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

(All amounts in INR million, unless otherwise stated)

	<p>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.</p>
(i)	<p>Warranty</p> <p>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 provision 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 17 for further information.</p>
(ii)	<p>Gratuity</p> <p>The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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 and mortality rates. 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 each reporting date. 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 (2006-08) 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 30.</p>
(iii)	<p>Recoverability of trade receivables</p> <p>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 36 A for further details.</p>

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

(All amounts in INR million, unless otherwise stated)

3 Property, plant and equipment

	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Development of property	Total Capital work in progress
Gross carrying amount as on January 1, 2017	3.01	265.15	860.48	3,472.36	96.21	50.65	114.38	0.04	4,862.28
Additions	-	-	603.81	547.02	10.83	24.05	20.34	-	1,206.05
Disposals	-	-	(8.78)	(61.05)	(1.98)	(4.53)	(6.09)	-	(82.43)
Gross carrying amount as on December 31, 2017	3.01	265.15	1,455.51	3,958.33	105.06	70.17	128.63	0.04	5,985.90
Accumulated depreciation	-	5.77	395.75	2,097.58	88.29	41.76	70.01	0.04	2,699.20
Charge for the year	-	2.81	50.13	227.39	4.06	8.16	8.27	-	300.82
Disposals	-	-	(7.10)	(58.12)	(1.97)	(4.42)	(6.01)	-	(77.62)
Closing accumulated depreciation as at December 31, 2017	-	8.58	438.78	2,266.85	90.38	45.50	72.27	0.04	2,922.40
Net carrying amount as on December 31, 2017	3.01	256.57	1,016.73	1,691.48	14.68	24.67	56.36	-	3,063.50
	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Development of property	Total Capital work in progress
Gross carrying amount as on January 1, 2018	3.01	265.15	1,455.51	3,958.33	105.06	70.17	128.63	0.04	5,985.90
Additions	-	-	237.03	221.74	19.73	11.27	25.84	-	515.61
Disposals	-	-	-	(50.16)	(0.02)	(12.08)	(1.74)	-	(64.00)
Gross carrying amount as on December 31, 2018	3.01	265.15	1,692.54	4,129.91	124.77	69.36	152.73	0.04	6,437.51
Accumulated depreciation	-	8.58	438.78	2,266.85	90.38	45.50	72.27	0.04	2,922.40
Charge for the year	-	2.81	101.40	252.93	7.42	10.98	9.67	-	385.21
Disposals	-	-	-	(49.06)	(0.02)	(11.58)	(1.38)	-	(62.04)
Closing accumulated depreciation as at December 31, 2018	-	11.39	540.18	2,470.72	97.78	44.90	80.56	0.04	3,245.57
Net carrying amount as on December 31, 2018	3.01	253.76	1,152.36	1,659.19	26.99	24.46	72.17	-	3,191.94

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

(All amounts in INR million, unless otherwise stated)

Notes:

- i. Refer to note 29 (b) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- ii. The borrowing costs capitalised during the year ended December 31, 2018 under buildings and plant and machinery is ₹ Nil (December 31, 2017 : 35.49 million). The Company constructed a new manufacturing plant in the year ended December 31, 2017 and the average rate used to determine the amount of borrowing costs eligible for capitalisation is 8%.
- iii. Leasehold land mainly pertains to manufacturing plant located at Shirwal.
- iv. Capital work in progress mainly includes plant and machinery in the process of installation.
- v. 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/ transfers to property, plant and equipment are as follows:

	Capital work in progress	
	As at December 31, 2018	As at December 31, 2017
Opening carrying value	40.92	164.95
Additions	504.80	1,057.97
Transfers to Property, Plant and Equipment	(504.34)	(1,182.00)
Closing carrying value	<u>41.38</u>	<u>40.92</u>

4 Intangible Assets

	Computer software	Copyrights, patents and other intellectual property rights, services and operating rights	Total
Gross carrying amount as on January 1, 2017	62.41	59.26	121.67
Additions	3.23	-	3.23
Gross carrying amount as on December 31, 2017	65.64	59.26	124.90
Accumulated Amortisation			
Balance as at January 1, 2017	45.38	53.07	98.45
Amortisation charge for the year	6.79	1.17	7.96
Closing accumulated depreciation as at December 31, 2017	52.17	54.24	106.41
Net carrying amount as on December 31, 2017	<u>13.47</u>	<u>5.02</u>	<u>18.49</u>
	Computer software	Copyrights, patents and other intellectual property rights, services and operating rights	Total
Gross carrying amount as on January 1, 2018	65.64	59.26	124.90
Additions	11.63	-	11.63
Gross carrying amount as on December 31, 2018	77.27	59.26	136.53
Accumulated Amortisation			
Balance as at January 1, 2018	52.17	54.24	106.41
Amortisation charge for the year	10.29	1.17	11.46
Closing accumulated depreciation as at December 31, 2018	62.46	55.41	117.87
Net carrying value as on December 31, 2018	<u>14.81</u>	<u>3.85</u>	<u>18.66</u>

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

(All amounts in INR million, unless otherwise stated)

5 (a) Investments

	As at December 31, 2018	As at December 31, 2017
Investment in associate	597.72	578.05
KSB MIL Controls Ltd. - 735,000 equity shares (December 31, 2017 - 735,000) equity shares of ₹ 10 each fully paid		
Investment in equity instruments of other entities	0.40	0.40
Mula Pravara Electric Co - operative Society Ltd. - 15,995 equity shares (December 31, 2017 - 15,995) equity shares of ₹ 25 each fully paid		
Total	<u>598.12</u>	<u>578.45</u>
Less: Aggregate amount of impairment in the value of investments	(0.40)	(0.40)
Total Investments	<u>597.72</u>	<u>578.05</u>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	598.12	578.45

5 (b) Loans

	As at December 31, 2018	As at December 31, 2017
Non-current		
Unsecured, considered good		
Loans and advances to employees	35.45	36.75
Security deposits	32.42	31.24
Unsecured, considered doubtful		
Security deposits	5.30	5.30
	<u>73.17</u>	<u>73.29</u>
Less: Provision for doubtful security deposits	(5.30)	(5.30)
Total	<u>67.87</u>	<u>67.99</u>
Current		
Unsecured, considered good		
Advances to related parties (Refer note 31)	10.45	14.16
Loans and advances to employees	11.98	16.15
Total	<u>22.43</u>	<u>30.31</u>

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

(All amounts in INR million, unless otherwise stated)

6 Trade receivables

	As at December 31, 2018	As at December 31, 2017
Trade receivables	3,035.49	2,753.78
Receivables from related parties (Refer note 31)	405.82	274.09
	<u>3,441.31</u>	<u>3,027.87</u>
Less: Provision for liquidated damages	(262.41)	(231.69)
Less: Allowance for doubtful debts	(172.41)	(187.49)
Total	<u><u>3,006.49</u></u>	<u><u>2,608.69</u></u>
Current portion	2,907.15	2,549.80
Non-current portion	99.34	58.89
Break-up of security details		
	As at December 31, 2018	As at December 31, 2017
Secured, considered good	-	-
Unsecured, considered good	3,006.49	2,608.69
Doubtful	434.82	419.18
	<u>3,441.31</u>	<u>3,027.87</u>
Less: Provision for liquidated damages	(262.41)	(231.69)
Less: Allowance for doubtful debts	(172.41)	(187.49)
Total	<u><u>3,006.49</u></u>	<u><u>2,608.69</u></u>

Transferred receivables

The carrying amounts of the trade receivables includes receivables which have been discounted with banks (with recourse). The Group has the obligation to pay to the bank in case the customer makes a default in payment. Hence, the Group has continued to recognise the transferred receivables along with a corresponding liability of equivalent amount under current borrowings.

The relevant carrying amounts are as follows:

	As at December 31, 2018	As at December 31, 2017
Total transferred receivables	-	9.75
Corresponding borrowings against receivables discounted	-	9.75

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

(All amounts in INR million, unless otherwise stated)

7 (a) Cash and cash equivalents

	As at December 31, 2018	As at December 31, 2017
Balances with banks		
In current accounts	89.72	73.58
In deposit accounts	-	7.50
In EEFC accounts	34.14	105.34
Cash on hand	0.47	0.66
Total	<u>124.33</u>	<u>187.08</u>

7 (b) Bank balances other than 7 (a) above

	As at December 31, 2018	As at December 31, 2017
Balances with banks		
- in deposits with original maturity of more than three but less than twelve months	785.34	356.08
In earmarked accounts		
Unpaid dividend accounts	3.50	4.78
Balances held as security against credit facilities	473.74	364.80
Total	<u>1,262.58</u>	<u>725.66</u>

8 Other financial assets-current

	As at December 31, 2018	As at December 31, 2017
Interest accrued on deposits with banks	40.09	18.36
Derivative asset	8.01	2.88
Total	<u>48.10</u>	<u>21.24</u>

9 Inventories

	As at December 31, 2018	As at December 31, 2017
Raw materials	883.39	666.07
Work in progress	1,410.59	1,113.82
Finished goods	542.99	509.16
Stock-in-trade	139.59	133.65
Stores and spares	46.64	47.87
Loose tools	7.03	5.80
Total	<u>3,030.23</u>	<u>2,476.37</u>

The goods in transit pertaining to raw materials during the year ended December 31, 2018 were ₹ 62.11 million (December 31, 2017 ₹ 3.34 million).

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

(All amounts in INR million, unless otherwise stated)

10 Other non-current assets

	As at December 31, 2018	As at December 31, 2017
Capital advances	21.32	31.70
Advances other than capital advances		
Prepaid expenses	2.12	1.44
Balances with government authorities		
Considered good	187.52	371.05
Considered doubtful	6.25	6.25
	<u>193.77</u>	<u>377.30</u>
Less: Provision for doubtful loans and advances	(6.25)	(6.25)
	<u>187.52</u>	<u>371.05</u>
Total	<u><u>210.96</u></u>	<u><u>404.19</u></u>

11 Other current assets

	As at December 31, 2018	As at December 31, 2017
Prepaid expenses	6.86	5.93
Balances with government authorities - current		
Considered good	444.44	158.98
Considered doubtful	7.48	7.48
	<u>451.92</u>	<u>166.46</u>
Less: Provision for doubtful loans and advances	(7.48)	(7.48)
	<u>444.44</u>	<u>158.98</u>
Others*		
Considered good	216.60	200.88
Considered doubtful	11.59	11.59
	<u>228.19</u>	<u>212.47</u>
Less: Provision for doubtful loans and advances	(11.59)	(11.59)
	<u>216.60</u>	<u>200.88</u>
Total	<u><u>667.90</u></u>	<u><u>365.79</u></u>

*Others includes advances paid to suppliers which would be subsequently settled against purchases.

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

(All amounts in INR million, unless otherwise stated)

12 (a) Deferred tax assets

The balance of deferred tax comprises temporary differences attributable to:

	As at December 31, 2018	As at December 31, 2017
Deferred tax assets		
Provision for compensated absences and gratuity	142.81	141.81
Provision for doubtful debts and advances	73.75	75.62
Others (including allowances on payment basis)	79.40	89.12
	<u>295.96</u>	<u>306.55</u>
Deferred tax liabilities		
Accelerated depreciation for tax purposes	131.79	125.42
Fair value gains on derivative instruments	2.80	5.35
Unremitted earnings of associate	95.53	92.17
	<u>230.12</u>	<u>222.94</u>
Deferred tax assets (net)	<u>65.84</u>	<u>83.61</u>

Changes in Deferred tax assets/ (liabilities) in Consolidated Statement of profit and loss [(charged)/ credited during the year]

	Year Ended December 31, 2018	December 31, 2017
Provision for compensated absences and gratuity	1.00	7.42
Provision for doubtful debts and advances	(1.87)	2.70
Accelerated depreciation for tax purposes	(6.37)	(13.22)
Fair value of derivative instruments	2.55	(0.99)
Others	(9.72)	27.18
Total	<u>(14.41)</u>	<u>23.09</u>

12 (b) Income taxes

The major components of income tax expense for the year ended December 31, 2018 and December 31, 2017 are:

Consolidated Statement of profit and loss

Profit and loss section	Year ended December 31, 2018	Year ended December 31, 2017
Current income tax charge		
Current income tax		
- Current tax on profit for the current year	366.23	389.08
- Adjustments for current tax of prior periods	1.29	16.50
Deferred tax	9.07	(35.10)
Income tax expense reported in the Consolidated Statement of profit and loss	<u>376.59</u>	<u>370.48</u>

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

(All amounts in INR million, unless otherwise stated)

Other comprehensive income section	Year ended December 31, 2018	Year ended December 31, 2017
Deferred tax related to remeasurements of post-employment benefit obligations	(5.34)	(12.01)
Current tax related to remeasurements of post-employment benefit obligations	-	-
Income tax charged to Other comprehensive income	<u>(5.34)</u>	<u>(12.01)</u>
 Movement in income tax (assets) / liabilities (net)		
	As at December 31, 2018	As at December 31, 2017
Opening balance [payable/ (receivable)]	(86.06)	(40.23)
Add : Current tax payable	367.52	405.58
Less : Taxes paid (including tax paid for prior period)	(409.34)	(451.41)
Closing balance [payable/ (receivable)]	<u>(127.88)</u>	<u>(86.06)</u>

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

	Year ended December 31, 2018	Year ended December 31, 2017
Accounting profit before tax (after share of profit of associate)	1,092.66	1,079.33
Tax at statutory income tax rate of 34.944% (2017: 34.61%)	381.82	373.53
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Donations	2.80	2.61
- Other items	6.31	(4.15)
Adjustments for current-tax of prior periods	1.29	16.50
Share of profit of associate	(15.09)	(17.92)
Difference in tax rates	(0.54)	(0.09)
Income tax expense	<u>376.59</u>	<u>370.48</u>

13 (a) Equity share capital

	As at December 31, 2018	As at December 31, 2017
Authorised equity share capital : 40,000,000 (December 31, 2017: 40,000,000) Equity shares of ₹ 10 each	400.00	400.00
Total	<u>400.00</u>	<u>400.00</u>
Issued, subscribed and paid up : 34,807,844 (December 31, 2017: 34,807,844) Equity shares of ₹ 10 each	348.08	348.08
Total	<u>348.08</u>	<u>348.08</u>

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

(All amounts in INR million, unless otherwise stated)

(i) Reconciliation of number of equity shares

	As at December 31, 2018	As at December 31, 2017
Shares outstanding at the beginning and end of the year	34,807,844	34,807,844

(ii) Terms/ rights attached to equity shares

There is only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each shareholder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive any of the remaining assets of the Group, after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Shares held by holding Company/ ultimate holding Company and/ or their subsidiaries/ associates

	As at December 31, 2018	As at December 31, 2017
Canadian Kay Pump Ltd.	14,110,848	14,110,848

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

Name of the shareholder	As at December 31, 2018		As at December 31, 2017	
	% holding	No. of shares	% holding	No. of shares
Canadian Kay Pump Ltd.	40.54%	14,110,848	40.54%	14,110,848
The Industrial & Prudential Investment Co. Ltd.	20.51%	7,140,000	20.51%	7,140,000
Reliance Capital Trustee Company Ltd. (held in Reliance Infrastructure Fund and Reliance Tax Saver (ELSS) Fund)	6.89%	2,396,693	7.24%	2,520,693

13 (b) Other equity

(i) Retained earnings

	As at December 31, 2018	As at December 31, 2017
Opening balance	5,666.69	5,164.07
Net profit for the year	716.07	708.85
	6,382.76	5,872.92
Less: Dividend paid (including tax thereon)	(251.78)	(230.41)
Items of other comprehensive income recognised directly in retained earnings		
Re-measurements of post-employment benefit obligations (net of tax)	9.16	24.18
Closing Balance	6,140.14	5,666.69
Total Retained earnings	6,140.14	5,666.69

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

(All amounts in INR million, unless otherwise stated)

(ii) Other reserves

	As at December 31, 2018	As at December 31, 2017
Capital reserve (Refer note 1)	0.09	0.09
Capital redemption reserve (Refer note 1)	0.10	0.10
Securities premium reserve (Refer note 1)	3.20	3.20
General reserve (Refer note 2)	1,085.97	1,085.97
Amalgamation reserve (Refer note 1)	0.06	0.06
Total Other reserves	<u>1,089.42</u>	<u>1,089.42</u>
Total Other equity	<u>7,229.56</u>	<u>6,756.11</u>

Nature and purpose of Other reserves:

- 1 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.
- 2 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.

14 Current borrowings

	As at December 31, 2018	As at December 31, 2017
Working capital facilities from banks (secured)	100.14	116.59
Working capital facilities from banks (unsecured)	334.12	-
Payable to banks (against bills discounted) (unsecured)	-	9.75
Total	<u>434.26</u>	<u>126.34</u>

Terms of repayment for borrowings

Particulars	Terms of repayment	As at December 31, 2018	As at December 31, 2017
Working capital facilities from banks (secured)	Repayable within one year at average interest rate 7.5 - 9.5 % p.a.	100.14	116.59
Working capital facilities from banks (unsecured) (Refer note - 1 below)	Repayable within six months at average interest rate 5 - 7 % p.a.	334.12	-
		<u>434.26</u>	<u>116.59</u>

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

(All amounts in INR million, unless otherwise stated)

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

Particulars	Nature of security	As at December 31, 2018	As at December 31, 2017
Working Capital Facility -1	Pledge of Fixed Deposits of ₹ 473.74 Million (December 31, 2017 : ₹ 247.50 Million)	100.14	-
Working Capital Facility -2 (Refer note - 2 below)	Pledge of Fixed Deposits of ₹ Nil (December 31, 2017: ₹ 71 Million) and hypothecation of stocks including loose tools, stores and spares, book debts.	-	11.27
Working Capital Facility -3 (Refer note - 2 below)	Hypothecation of stocks including loose tools, store s and spares, book debts.	-	105.32
	Total	100.14	116.59

Notes:

- Packing credit has been obtained by the Company at a concessional rate of interest ranging from 5-7% p.a.
- Hypothecation of stocks including loose tools, stores and spares, book debts against the Working Capital Facility - 2 and 3 has been released in full w.e.f. December 17, 2018.

Net debt reconciliation

	As at December 31, 2018	As at December 31, 2017
Cash and cash equivalents	124.33	187.08
Liquid investments	1,259.08	720.88
Current borrowings	(434.26)	(126.34)
	Net debt 949.15	781.62

15 Trade and other payables

	As at December 31, 2018	As at December 31, 2017
Total outstanding dues of micro enterprises and small enterprises	21.30	9.67
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related parties (Refer note 31)	385.09	499.47
(ii) Others	1,770.70	1,268.49
	Total 2,177.09	1,777.63

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

(All amounts in INR million, unless otherwise stated)

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

Based on the information and records available with the Group, the disclosures required pursuant to the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED ACT'). The Disclosure pursuant to the said MSMED Act are as follows:

Sr. No.	Particulars	December 31, 2018	December 31, 2017
a)	Principal amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end	21.30	9.67
b)	Interest due to suppliers registered under the MSMED Act, on the principal amount due as at the year end and remaining unpaid as at the year end	0.34	0.08
c)	Principal amounts paid to suppliers registered under the MSMED Act, beyond 45 days during the year	351.50	127.89
d)	Interest paid for amounts paid to suppliers registered under the MSMED Act, beyond 45 days during the year	-	-
e)	Estimated interest due and payable on amounts paid to suppliers registered under the MSMED Act, beyond 45 days during the year	3.01	1.52
f)	Interest accrued and remaining unpaid for the earlier years	6.56	3.55

16 Other financial liabilities-current

	As at December 31, 2018	As at December 31, 2017
Security deposits	91.81	83.61
Unclaimed dividend	3.50	4.78
Payable for purchase of property, plant and equipment	127.33	35.45
Dealer incentive schemes	239.26	206.40
Payable to employees	71.14	22.36
Liquidated damages	13.13	20.30
Total	546.17	372.90

17(a) Non-current provisions

	As at December 31, 2018	As at December 31, 2017
Provision for employee benefits (Refer note 30)	342.40	346.12
Provision for warranty	23.39	27.23
Total	365.79	373.35

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

(All amounts in INR million, unless otherwise stated)

17(b) Current provisions

	As at December 31, 2018	As at December 31, 2017
Provision for employee benefits (Refer note 30)	208.65	282.92
Provision for warranty	46.79	54.45
Other provisions	156.58	153.92
Total	<u>412.02</u>	<u>491.29</u>

Provision for employee benefits under note 17 (b) includes provision for employee bonus and incentives. For details of gratuity, superannuation and compensated absences, refer note 30.

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.

Movement in provisions

	Provision for warranty	Other provisions
As at January 1, 2018	81.68	153.92
Balance at the beginning		
Charged/(Credited) to profit and loss		
Additional provision recognised	70.18	74.70
Unused amounts reversed	(46.29)	(72.04)
Amounts used during the year	(35.39)	-
As at December 31, 2018	<u>70.18</u>	<u>156.58</u>

18 Other current liabilities

	As at December 31, 2018	As at December 31, 2017
Statutory dues	29.65	12.35
Advances from customers	941.69	499.90
Total	<u>971.34</u>	<u>512.25</u>

19 Revenue from operations

	Year ended December 31, 2018	Year ended December 31, 2017
Sale of products (inclusive of excise duty)	10,665.78	9,508.86
Sale of services	109.16	105.99
Other operating revenue		
-Sale of scrap	46.34	34.34
-Export incentives	109.38	43.28
Total	<u>155.72</u>	<u>77.62</u>
Revenue from operations	<u>10,930.66</u>	<u>9,692.47</u>

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

(All amounts in INR million, unless otherwise stated)

Goods and Service Tax (GST) has been effective from July 1, 2017 replacing excise duty. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 1, 2017, 'Sale of products' excludes the amount of GST recovered. 'Sale of products' for the year ended December 31, 2017 includes ₹ 249.10 million of excise duty collected. Accordingly, 'Sale of products' for the year ended December 31, 2018 and December 31, 2017 are not comparable to the extent.

20 Other income

	Year ended December 31, 2018	Year ended December 31, 2017
Interest income		
- Interest income from financial assets measured at amortised cost	63.86	96.86
- Others	32.26	19.27
Sundry credit balances and provisions no longer required written back	62.21	119.90
Profit on disposal of property, plant and equipment	4.85	-
Net gains on foreign currency transactions and translations	-	37.26
Fair value gains on derivatives not designated as hedges	5.13	-
Other income	31.98	23.57
Total	<u>200.29</u>	<u>296.86</u>

21 Cost of materials consumed

	Year ended December 31, 2018	Year ended December 31, 2017
Opening stock of raw materials	666.07	590.59
Add: Purchases	5,420.87	4,377.83
Less: Closing stock of raw materials	883.39	666.07
Total	<u>5,203.55</u>	<u>4,302.35</u>

22 Purchases of stock in trade

	Year ended December 31, 2018	Year ended December 31, 2017
Purchases of stock in trade	783.68	642.37
Total	<u>783.68</u>	<u>642.37</u>

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

(All amounts in INR million, unless otherwise stated)

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

	Year ended December 31, 2018	Year ended December 31, 2017
Opening Inventory		
- Finished goods	509.16	403.72
- Work in progress	1,113.82	1,006.73
- Stock in trade	133.65	73.19
	<u>1,756.63</u>	<u>1,483.64</u>
Less: Closing Inventory		
- Finished goods	542.99	509.16
- Work in progress	1,410.59	1,113.82
- Stock in trade	139.59	133.65
	<u>2,093.17</u>	<u>1,756.63</u>
Net change in inventory	<u>(336.54)</u>	<u>(272.99)</u>

24 Employee benefits expense

	Year ended December 31, 2018	Year ended December 31, 2017
Salaries and wages	1,331.83	1,264.08
Contributions to provident fund and other funds	99.41	86.97
Staff welfare expenses	108.42	94.89
Total	<u>1,539.66</u>	<u>1,445.94</u>

25 Finance costs

	Year ended December 31, 2018	Year ended December 31, 2017
Interest on borrowings	21.50	19.41
Net interest expense on defined benefit obligations	16.03	16.07
Total	<u>37.53</u>	<u>35.48</u>

Finance costs amounting to ₹ Nil (December 31, 2017: ₹ 35.49 million) is capitalised in the cost of assets during the current year. The average rate used to determine the amount of borrowing costs eligible for capitalisation is 8%.

26 Depreciation and amortization expense

	Year ended December 31, 2018	Year ended December 31, 2017
Depreciation on property, plant and equipment	385.21	300.82
Amortisation of intangible assets	11.46	7.96
Total	<u>396.67</u>	<u>308.78</u>

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

(All amounts in INR million, unless otherwise stated)

27 Other expenses

	Year ended December 31, 2018	Year ended December 31, 2017
Processing and machining charges	525.83	483.37
Stores consumed	198.46	183.85
Tools consumed	78.96	60.18
Water, power and fuel	229.96	211.30
Rent	7.57	7.62
Excise duty relating to increase / (decrease) in finished goods stock	-	(16.00)
Rates and taxes	11.09	45.50
Repairs and maintenance		
- Buildings	8.14	6.78
- Machinery	63.42	66.80
- Others	129.09	93.74
Travelling and conveyance	87.68	75.24
Packing and forwarding charges (Net of recoveries - ₹ 47.62 million; previous year - ₹ 66.94 million)	306.98	272.59
Export selling agents	0.45	31.45
Other selling agents	27.26	20.84
Group service charges	48.00	73.97
Royalty charges	136.35	92.59
Liquidated damages	40.57	37.57
Expenditure on Corporate Social Responsibility	16.00	20.10
Fair value loss on derivatives not designated as hedges	-	9.71
Legal and professional fees	40.21	33.77
Net losses on foreign currency transactions and translations	22.20	-
Loss on sale/disposal/write off of property, plant and equipment (net)	-	3.43
Other computer services	92.66	85.71
Advertisements, catalogues, other advertising	55.01	57.08
Miscellaneous expenses	331.02	293.56
Total	2,456.91	2,250.75

28 Earnings per share (EPS)

	Year ended December 31, 2018	Year ended December 31, 2017
Net profit attributable to the equity shareholders of the Company	716.07	708.85
Weighted average number of equity shares	34,807,844	34,807,844
Basic and diluted Earnings per share (in INR)	20.57	20.36

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

(All amounts in INR million, unless otherwise stated)

29 Contingencies and commitments

a) Contingent liabilities

	As at December 31, 2018	As at December 31, 2017
Claims against the Group not acknowledged as debts	47.51	36.74
Taxation matters in dispute pending at various stages of appeal	156.61	122.45
Excise and Service tax matters	476.33	497.78
Total	680.45	656.97

b) Capital commitments

- i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 60.58 million (December 31, 2017 ₹ 59.81 million)

30 Employee benefit obligations

Particulars	December 31, 2018	December 31, 2017
Compensated absences (Refer note B)	222.13	198.72
Non-current	193.99	173.23
Current	28.14	25.49
Gratuity (Refer note C)	170.79	197.87
Non-current	132.61	159.70
Current	38.18	38.17
Superannuation (Refer note D)	15.80	13.19
Non-current	15.80	13.19
Current	-	-

A Defined contribution plan

The Group also has certain defined contribution plans. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per 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 period towards defined contribution plan is ₹ 60.01 million (December 31, 2017 - ₹ 54.97 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 ₹ 52.63 million (December 31, 2017 - ₹ 59.34 million).

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 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.

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

(All amounts in INR million, unless otherwise stated)

The fund is subject to risks such as asset volatility, changes in bond yields and asset liability mismatch risk. 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.

(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, 2017	552.01	(327.03)	224.98
Current service cost	28.69	-	28.69
Interest expense/(income)	37.24	(22.06)	15.18
Total amount recognised in profit and loss	65.93	(22.06)	43.87
Return on plan assets	-	(2.72)	(2.72)
(Gain)/loss from experience changes	(2.04)	-	(2.04)
(Gain)/loss from change in financial assumptions	(28.32)	-	(28.32)
Total amount recognised in other comprehensive income	(30.36)	(2.72)	(33.08)
Employer contributions	-	(37.90)	(37.90)
Benefits paid	(48.13)	48.13	-
December 31, 2017	539.45	(341.58)	197.87

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2018	539.45	(341.58)	197.87
Current service cost	27.76	-	27.76
Interest expense/(income)	40.97	(25.94)	15.03
Past service cost	7.45	-	7.45
Total amount recognised in profit and loss	76.18	(25.94)	50.24
Return on plan assets	-	(1.22)	(1.22)
(Gain)/loss from experience changes	(18.98)	-	(18.98)
(Gain)/loss from change in financial assumptions	4.98	-	4.98
Total amount recognised in other comprehensive income	(14.00)	(1.22)	(15.22)
Employer contributions	-	(36.33)	(36.33)
Benefits paid	(40.45)	14.68	(25.77)
December 31, 2018	561.18	(390.39)	170.79

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

(All amounts in INR million, unless otherwise stated)

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

Particulars	December 31, 2018	December 31, 2017
Present value of funded obligation	561.18	539.45
Fair value of plan assets	(390.39)	(341.58)
Deficit	<u>170.79</u>	<u>197.87</u>

(III) Significant estimates

The significant actuarial assumptions were as follows :

Particulars	December 31, 2018	December 31, 2017
Discount rate	7.45%	7.60%
Salary growth rate	7.50%	7.50%
Attrition rate	7.00%	7.00%

(IV) Sensitivity of actuarial assumptions

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

Assumption	Impact on defined benefit obligation	
	December 31, 2018	December 31, 2017
Discount rate		
1 % increase	(31.85)	(30.28)
1 % decrease	35.27	33.60
Future salary increase		
1 % increase	32.52	25.96
1 % decrease	(30.03)	(25.30)
Attrition rate		
1 % increase	(2.29)	1.39
1 % decrease	3.10	(2.09)

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

	December 31, 2018	December 31, 2017
Less than a year	64.80	67.14
Between 2 to 5 years	232.28	230.37
Between 6 to 10 years	303.74	277.27
More than 10 years	351.73	350.48
Total	<u>952.55</u>	<u>925.26</u>

The weighted duration of the defined benefit obligation is 7 years. (December 31, 2017: 6 years)

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

Particulars	December 31, 2018	December 31, 2017
Funds managed by insurer	100%	100%

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

(All amounts in INR million, unless otherwise stated)

D Superannuation

Superannuation is a benefit to certain employees at ₹ 1000/ 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, 2017	35.20	(21.96)	13.24
Current service cost	1.77	-	1.77
Interest expense/(income)	2.37	(1.48)	0.89
Total amount recognised in profit and loss	4.14	(1.48)	2.66
Return on plan assets	-	0.95	0.95
(Gain)/loss from experience changes	(1.49)	-	(1.49)
(Gain)/loss from change in financial assumptions	(1.07)	-	(1.07)
Total amount recognised in other comprehensive income	(2.56)	(0.95)	(1.61)
Employer contributions	-	(1.10)	(1.10)
Benefits paid	(4.55)	4.55	-
December 31, 2017	32.23	(19.04)	13.19

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2018	32.23	(19.04)	13.19
Current service cost	1.67	-	1.67
Interest expense/(income)	2.45	(1.45)	1.00
Total amount recognised in profit and loss	4.12	(1.45)	2.67
Return on plan assets	-	0.47	0.47
(Gain)/loss from experience changes	(0.73)	-	(0.73)
(Gain)/loss from change in financial assumptions	0.20	-	0.20
Total amount recognised in other comprehensive income	(0.53)	0.47	(0.06)
Employer contributions	-	-	-
Benefits paid	(3.35)	3.35	-
December 31, 2018	32.47	(16.67)	15.80

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

(All amounts in INR million, unless otherwise stated)

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

Particulars	December 31, 2018	December 31, 2017
Present value of funded obligation	32.47	32.23
Fair value of plan assets	(16.67)	(19.04)
Deficit	<u>15.80</u>	<u>13.19</u>

(III) Significant estimates

The significant actuarial assumptions were as follows :

Particulars	December 31, 2018	December 31, 2017
Discount rate	7.45%	7.60%
Attrition rate	7.00%	7.00%

(IV) Sensitivity of actuarial assumptions

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

Assumption	Impact on defined benefit obligation	
	December 31, 2018	December 31, 2017
Discount rate		
1 % increase	(1.32)	(1.18)
1 % decrease	1.43	1.27
Attrition rate		
1 % increase	1.30	1.09
1 % decrease	(1.58)	(1.36)

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

	December 31, 2018	December 31, 2017
Less than a year	8.27	11.10
Between 2 to 5 years	18.93	18.20
Between 6 to 10 years	12.61	10.12
More than 10 years	6.82	5.68
Total	<u>46.63</u>	<u>45.10</u>

The weighted duration of the defined benefit obligation is 4 years. (December 31, 2017: 4 years)

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

Particulars	December 31, 2018	December 31, 2017
Funds managed by insurer	100%	100%

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

(All amounts in INR million, unless otherwise stated)

31 Related party transactions

Name of the related parties and nature of relationship

a.	Ultimate Holding Company Johannes und Jacob Klein GmbH (previously Klein Pumpen GmbH)
b.	Holding Company Canadian Kay Pump Ltd. KSB SE & Co. KGaA (previously KSB AG)
c.	Associate KSB MIL Controls Ltd. (previously MIL Controls Ltd.)
d.	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 Armatür Sanayi ve Ticaret AS Turkey
	21 KSB Shanghai Pump Co. Ltd., China
	22 KSB Valves (Shanghai) Co. Ltd., China
	23 KSB Finland Oy
	24 KSB Pumps Company Limited, Pakistan
	25 Delian KSB Amri Valves Co. Ltd., China

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

(All amounts in INR million, unless otherwise stated)

31 Related party transactions (Contd.)

d.	Other Related Parties with whom transactions have taken place during the year (Contd): Fellow Subsidiaries:
	26 Bombas ITUR S.A., Spain
	27 KSB TESMA S.A., Griechenland
	28 KSB Tech. Pvt. Ltd., India
	29 GIW Industries Inc., USA
	30 KSB Middle East FZE, Dubai
	31 KSB Pumpy + Armaturny spol. sr. o, Czech
	32 KSB Service LLC UAE
	33 KSB Pompy i Armatura Sp. z o.o., Poland
	34 KSB Compania Sudamericana De Bombas S.A., Argentina
	35 KSB Malaysia Pumps & Valves Sdn. Bhd.
	36 KSB Finanz S.A., Luxembourg
	37 KSB AMV SA Spain
	38 KSB Mork AB, Sweden
	39 KSB Pompes ET Robintteries Sarl, Morocco
	40 KSB Service GmbH, Germany
	41 KSB Pumps Inc., Canada
	42 KSB New Zealand
	43 KSB OOO, Russia
	44 KSB Valvulas Ltda. Brazil
	45 AMRI Inc., USA
	46 KSB Vietnam Company Ltd.
	47 KSB Philippines
	48 KSB Colombia SAS
	49 KSB (Schweiz) AG, Switzerland
	50 KSB Valves (Changzhou) Co.,Ltd., China
	51 SISTO Armaturen S.A., Luxembourg
	52 Shanghai Electric KSB Nuclear Pumps and Valves Co. Ltd., China
	53 PT. KSB Sales Indonesia
	54 KSB Zambia Limited
	55 KSB Pumps and Valves L.t.d., Slovenia
	56 KSB Peru S.A.
	57 TOO "KSB Kazakhstan"

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

(All amounts in INR million, unless otherwise stated)

31 Related party transactions (Contd.)

e.	Key Management Personnel:
	1 Mr. Rajeev Jain
	2 Mr. G. Swarup
	3 Mr. A. R. Broacha
	4 Mr. D. N. Damania
	5 Mr. N. N. Kampani (untill April 26, 2017)
	6 Mr. Pradip Shah
	7 Dr. Stephan Bross
	8 Mr. V. K. Viswanathan
	9 Ms. S. F. Motwani (untill February 22, 2018)
	10 Mr. W. Stegmuller (untill May 31, 2017)
	11 Dr. Matthias Schmitz (w.e.f. July 25, 2017)
	12 Ms. Divya Shriram (w.e.f. May 21, 2018 until August 19, 2018)
	13 Ms. Sharmila Roychowdhury (w.e.f. September 30, 2018)
f.	Individuals having significant influence over the enterprise
	1 Mr. Gaurav Swarup
g.	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
h.	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.
i.	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

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

(All amounts in INR million, unless otherwise stated)

31. Transactions with related parties (Contd.)

Nature of transactions	Controlling Companies	Associate Company	Common Control	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Post employment benefit Trusts	Total
Purchase of goods	113.08 (133.63)	12.33 (11.56)	66.45 (161.32)	- (-)	- (-)	- (-)	- (-)	0.13 (-)	- (-)	191.99 (306.51)
Sale of goods	224.04 (460.32)	1.06 (0.03)	798.18 (694.32)	- (-)	- (-)	- (-)	- (-)	8.87 (2.69)	- (-)	1,032.15 (1,157.36)
Income from services	19.22 (19.18)	- (-)	10.99 (13.11)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	30.21 (32.29)
Order cancellation charges received	- (1.56)	- (-)	0.05 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.05 (1.56)
Site expenses paid	3.31 (1.32)	- (-)	0.80 (1.56)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	4.11 (2.88)
Commission income	7.39 (4.53)	- (-)	2.26 (5.50)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	9.65 (10.03)
Commission paid	- (31.45)	- (-)	0.45 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.45 (31.45)
Group service charges paid	48.00 (73.97)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	48.00 (73.97)
Dividend received	- (-)	26.09 (22.42)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	26.09 (22.42)
Charges paid for technical professional services	120.86 (90.08)	- (-)	11.96 (12.96)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	132.82 (103.04)
Royalty paid	134.82 (91.74)	- (-)	1.53 (0.85)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	136.35 (92.59)
Warranty charges paid	- (-)	- (-)	0.45 (0.74)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.45 (0.74)
Rent received	- (-)	1.86 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1.86 (-)
Recovery of expenses	2.94 (0.05)	11.92 (13.50)	0.51 (0.30)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	15.37 (13.85)
Reimbursement of expenses	0.55 (0.32)	0.01 (-)	0.86 (0.48)	- (-)	- (-)	- (-)	- (-)	0.18 (-)	- (-)	1.60 (1.24)

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

(All amounts in INR million, unless otherwise stated)

31 Transactions with related parties (Contd.):

(I) Key management personnel compensation

	Year ended December 31, 2018	Year ended December 31, 2017
Short term employee benefits	33.75	31.01
Post-employment benefits	3.16	5.16
Long term employee benefits	2.38	1.04
Termination benefits	-	-
Total	39.29	37.21

(II) Material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2018	Year ended December 31, 2017
1	Purchase of goods	KSB SE & Co. KGaA	113.08	133.63
		KSB S.A.S France	27.93	88.64
		KSB Nederland B.V.	36.30	39.84
		KSB Shanghai Pump Co. Ltd., China	1.57	30.20
2	Sale of goods	KSB SE & Co. KGaA	224.04	460.32
		KSB Singapore (Asia Pacific) PTE Ltd.	69.71	94.43
		KSB Middle East FZE, Dubai	118.12	58.96
3	Income from services	KSB SE & Co. KGaA	19.22	19.18
		KSB Tech. Pvt. Ltd.	9.46	9.89
4	Order cancellation charges received	KSB SE & Co. KGaA	-	1.56
		KSB (Schweiz) AG, Switzerland	0.04	-
		KSB Malaysia Pumps & Valves Sdn. Bhd.	0.02	-
5	Site expenses paid	KSB SE & Co. KGaA	3.31	1.32
		KSB Australia Pty Limited	0.22	0.57
		KSB Taiwan Co. Ltd.	-	0.67
		KSB S.A.S France	0.50	-
6	Commission income	KSB SE & Co. KGaA	7.39	4.53
		KSB Service GmbH, Germany	1.43	4.98
7	Commission paid	KSB SE & Co. KGaA	-	31.45
		PT. KSB Sales Indonesia	0.45	-
8	Group service charges paid	KSB SE & Co. KGaA	48.00	73.97
9	Dividend received	KSB MIL Controls Ltd.	26.09	22.42
10	Charges paid for technical/professional services	KSB SE & Co. KGaA	120.86	90.08
		KSB Tech. Pvt. Ltd.	11.96	12.43
11	Royalty paid	KSB SE & Co. KGaA	134.82	91.74

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

(All amounts in INR million, unless otherwise stated)

31 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, 2018	Year ended December 31, 2017
12	Warranty charges paid	KSB S.A.S France	-	0.74
		PT. KSB Sales Indonesia	0.32	-
		KSB Malaysia Pumps & Valves Sdn. Bhd.	0.13	-
13	Rent received	KSB MIL Controls Ltd.	1.86	-
14	Recovery of expenses	KSB MIL Controls Ltd.	11.92	13.50
		KSB SE & Co. KGaA	2.94	0.05
15	Reimbursement of expenses	KSB SE & Co. KGaA	0.55	0.32
		KSB Malaysia Pumps & Valves Sdn. Bhd.	0.29	-
		KSB Finanz S.A., Luxembourg	0.37	0.33
		KSB Singapore (Asia Pacific) PTE Ltd.	0.16	0.06
16	Technical knowhow	KSB SE & Co. KGaA	2.40	-
17	Group service charges written back	KSB SE & Co. KGaA	55.85	-
18	Remuneration	Mr. Rajeev Jain	33.75	31.01
19	Sitting fees paid	Mr. G. Swarup	0.29	0.33
		Mr. A. R. Broacha	0.20	0.24
		Mr. D. N. Damania	0.28	0.32
		Mr. Pradip Shah	0.18	0.21
		Dr. Stephan Bross	0.18	0.18
		Mr. V. K. Viswanathan	0.16	0.08
		20	Dividend paid	Canadian Kay Pump Ltd.
		The Industrial & Prudential Investment Co. Ltd.	42.84	39.27
21	Commission to Directors	Mr. G. Swarup	0.60	0.50
		Mr. A. R. Broacha	0.60	0.50
		Mr. D. N. Damania	0.60	0.50
		Mr. Pradip Shah	0.60	0.50
		Dr. Stephan Bross	0.60	0.50
		Mr. V. K. Viswanathan	0.60	0.50
22	Contribution to post employment benefits	KSB Pumps Employee's Gratuity Trust	36.07	35.80
		Grade-O-Castings Employee's Gratuity Trust	2.08	2.10
		KSB Pumps (Core Employee's) Superannuation Trust	-	1.10

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

(All amounts in INR million, unless otherwise stated)

32 Segment reporting

(A) Description of segments and principal activities

- 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.
- 3 “Others“ represents manufacture of castings.

(B) Segment revenue and Segment profit

	Year ended December 31, 2018				Year ended December 31, 2017			
	Pumps	Valves	Others	Total	Pumps	Valves	Others	Total
Segment revenue								
Total segment revenue	9,153.85	1,781.79	728.60	11,664.24	8,079.49	1,614.21	743.15	10,436.85
Inter segment revenue	-	(16.13)	(717.45)	(733.58)	-	(10.74)	(733.64)	(744.38)
Revenue from external customers	9,153.85	1,765.66	11.15	10,930.66	8,079.49	1,603.47	9.51	9,692.47
Segment profit	955.64	127.93	(19.75)	1,063.82	953.51	87.00	(7.82)	1,032.69
Share of net profit of associate accounted for using the equity method				43.17				51.78
Unallocated corporate expenses				(72.92)				(85.79)
Finance cost				(37.53)				(35.48)
Interest income				96.12				116.13
Profit before tax				<u>1,092.66</u>				<u>1,079.33</u>

(C) Segment assets

	As at December 31, 2018	As at December 31, 2017
Segment assets		
Pumps	8,113.29	7,170.40
Valves	1,327.42	1,074.18
Others	<u>865.25</u>	<u>852.91</u>
Total segment assets	10,305.96	9,097.49
Investment in associate	597.72	578.05
Unallocated corporate assets	<u>1,595.82</u>	<u>1,096.31</u>
Total assets	<u>12,499.50</u>	<u>10,771.85</u>

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

(All amounts in INR million, unless otherwise stated)

(D) Segment liabilities

	As at December 31, 2018	As at December 31, 2017
Segment liabilities		
Pumps	3,695.17	2,921.04
Valves	645.67	501.14
Others	128.07	100.46
Total segment liabilities	<u>4,468.91</u>	<u>3,522.64</u>
Unallocated corporate liabilities	<u>452.95</u>	<u>145.02</u>
Total liabilities	<u><u>4,921.86</u></u>	<u><u>3,667.66</u></u>

(E) Cost incurred during the period to acquire segment property, plant and equipment

	As at December 31, 2018	As at December 31, 2017
Cost incurred during the period to acquire segment property, plant and equipment		
Pumps	487.75	1,047.59
Valves	32.53	24.84
Others	7.42	12.82

(F) Depreciation and amortisation

	As at December 31, 2018	As at December 31, 2017
Depreciation and amortisation		
Pumps	288.49	195.64
Valves	48.92	51.58
Others	59.26	61.56

(G) Geographical Segments

	Within India		Other countries		Total	
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Segment revenue by geographical area based on geographical location of customers	9,379.52	8,245.60	1,551.14	1,446.87	10,930.66	9,692.47

The total of non-current assets other than financial instruments, investments accounted for using equity method and deferred tax assets broken down by location of the assets is as under:

	As at December 31, 2018	As at December 31, 2017
India	3,606.01	3,627.06
Other countries	-	-
Total	<u><u>3,606.01</u></u>	<u><u>3,627.06</u></u>

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

(All amounts in INR million, unless otherwise stated)

33 Interest in other entities

(a) Subsidiary

Name of the entity	Place of business	Ownership held by Group		Principal activities
		As at December 31, 2018	As at December 31, 2017	
Pofran Sales and Agency Limited	India	100%	100%	Commission agency

(b) Interest in associate

Name of the entity	Place of business	Percentage of ownership held by Group	Accounting method	Principal activities
KSB MIL Controls Ltd.	India	49%	Equity method	Manufacturing of control valves and accessories

KSB MIL Controls Ltd. is an unlisted entity and no quoted price is available.

(c) Summarised financial information for associate

The summarised 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) Summarised balance sheet

	KSB MIL Controls Ltd.	
	As at December 31, 2018	As at December 31, 2017
Total current assets	1,250.28	1,063.62
Total non-current assets	435.26	460.52
Total current liabilities	485.09	366.41
Total non-current liabilities	30.66	28.07
Net assets	<u>1,169.79</u>	<u>1,129.66</u>

(ii) Reconciliation of carrying amounts

	KSB MIL Controls Ltd.	
	As at December 31, 2018	As at December 31, 2017
Opening net assets	1,129.66	1,054.06
Profit for the year	105.90	127.60
Other comprehensive income	(1.60)	3.10
Dividends paid	(64.17)	(55.10)
Closing net assets	<u>1,169.79</u>	<u>1,129.66</u>
Group's share in %	49%	49%
Group's share in INR	573.20	553.53
Goodwill	24.52	24.52
Carrying amount	<u>597.72</u>	<u>578.05</u>

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

(All amounts in INR million, unless otherwise stated)

(iii) Summarised statement of profit and loss

	KSB MIL Controls Ltd.	
	For the year ended December 31, 2018	For the year ended December 31, 2017
Revenue	1,513.40	1,431.40
Profit for the period	105.90	127.60
Other comprehensive income	(1.60)	3.10
Total comprehensive income	104.30	130.70
Dividends received	-	-

(d) Commitments and contingent liabilities in respect of associates

	As at December 31, 2018	As at December 31, 2017
Share of contingent liabilities incurred jointly with other investors of the associate		
Demand of Excise Duty and Penalty on account of forged exemption certificate produced by a Customer against which appeal is pending before Customs, Excise and Service Tax Appellate Tribunal	0.12	0.12
Penalty imposed under Kerala Value Added Tax Act, 2003 on account of Multiple Transmission of consignment through different Route, against which appeal is pending before Assistant Commissioner (Appeals)	0.25	-
Assessment Order passed by Assistant Commissioner of State Tax (Kerala) for the assessment year 2011-12	9.78	-
Availment of CENVAT credit on services of Commission agents (May 2014 to December 2014) – Pending with Commissioner of Central excise (Appeals)	0.10	-
Availment of CENVAT credit on services of Commission agents (August 2009 to January 2014) – Pending with Commissioner of Central excise (Appeals)	1.13	1.23
Availment of CENVAT credit on services of Commission agents (January 2015 to December 2015) – Pending with Commissioner of Central excise (Appeals)	0.13	-
Commitments of associate		
Commitment to provide funding for associate's capital commitments, if called	0.05	3.68
Total	11.56	5.03

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

(All amounts in INR million, unless otherwise stated)

34 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 (₹ In Million)	As % of consolidated profit or loss	Amount (₹ In Million)
Parent				
KSB Limited (formerly known as KSB Pumps Limited)				
December 31, 2018	92.03%	6,973.88	93.92%	681.11
December 31, 2017	91.07%	6,469.98	92.40%	677.33
Subsidiary - Indian				
Pofran Sales and Agency Limited				
December 31, 2018	0.08%	6.04	0.24%	1.73
December 31, 2017	0.79%	56.16	0.33%	2.42
Associate - Indian (Investment as per equity method)				
KSB MIL Controls Ltd. (previously MIL Controls Ltd.)				
December 31, 2018	7.89%	597.72	5.84%	42.39
December 31, 2017	8.14%	578.05	7.27%	53.28
December 31, 2018 Total	<u>100.00</u>	<u>7,577.64</u>	<u>100.00</u>	<u>725.23</u>
December 31, 2017 Total	<u>100.00</u>	<u>7,104.19</u>	<u>100.00</u>	<u>733.03</u>

35 Fair value measurements

All financial assets (except derivative instruments) and financial liabilities (except derivative liabilities) are measured at amortised cost and 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 materially different from the carrying value of such instruments.

36 Financial risk management

The Group's activities exposes it to market risk, liquidity risk and credit 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 entered into. 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.

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

(All amounts in INR million, unless otherwise stated)

(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. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

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 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.

Movement of provision for doubtful debts:

Provision for doubtful debts as on January 1, 2017	367.90
Change during the year	51.28
Provision for doubtful debts as on December 31, 2017	419.18
Change during the year	15.64
Provision for doubtful debts as on December 31, 2018	434.82

(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 financial liabilities as at December 31, 2018 and December 31, 2017 mature within a period of one year.

(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 USD, EUR, 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 (INR). 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.

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

(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 INR, are as follows :-

	December 31, 2018					December 31, 2017				
	EUR	USD	AUD	GBP	CHF	EUR	USD	AUD	GBP	CHF
Financial assets										
Trade receivables	21.23	311.49	-	-	-	47.85	352.67	-	-	-
Bank balances in EEFC accounts	2.27	31.86	-	-	-	8.04	97.30	-	-	-
Derivative assets - Foreign exchange forward contracts (Sell Foreign Currency)	(12.76)	(225.32)	-	-	-	(47.85)	(145.16)	-	-	-
Net exposure to foreign currency risk (assets)	10.74	118.03	-	-	-	8.04	304.81	-	-	-
Financial liabilities										
Trade payables	106.06	43.11	1.12	0.58	0.28	76.52	72.33	0.09	0.12	-
Derivative liabilities - Foreign exchange forward contracts (Buy Foreign Currency)	(13.42)	(22.23)	-	-	-	(53.32)	(22.76)	-	-	-
Net exposure to foreign currency risk (liabilities)	92.64	20.88	1.12	0.58	0.28	23.20	49.57	0.09	0.12	-

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, 2018	December 31, 2017
EUR sensitivity		
INR/EUR - Increase by 5% (December 31, 2017-5%)*	(4.10)	(0.76)
INR/EUR - Decrease by 5% (December 31, 2017-5%)*	4.10	0.76
USD sensitivity		
INR/USD - Increase by 5% (December 31, 2017-5%)*	4.86	12.76
INR/USD - Decrease by 5% (December 31, 2017-5%)*	(4.86)	(12.76)

* 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.

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

(All amounts in INR million, unless otherwise stated)

37 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.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2018 and December 31, 2017.

Net debt to equity ratio

	December 31, 2018	December 31, 2017
Net debt	309.93	-
Total equity	7,577.64	7,104.19
Net debt to equity ratio	4.09%	-

b) Dividends

	December 31, 2018	December 31, 2017
(i) Equity shares		
Final dividend for the year ended December 31, 2017 of ₹ 6.00 (December 31, 2016 of ₹ 5.50) per fully paid share	208.85	191.44
Dividend distribution tax on final dividend	34.09	38.97
(ii) Dividends not recognised at the end of the reporting period		
The directors have recommended the payment of a final dividend of ₹ 6.00 per fully paid equity share (December 31, 2017 - ₹ 6.00). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	208.85	208.85
Dividend distribution tax on final dividend	42.93	34.09

38 The list of standards issued but not yet effective:

Following are the pronouncements which have been issued by the Ministry of the Corporate Affairs ('MCA') that are effective from annual periods beginning on and after April 1, 2018 and are applicable to the Group from next year:

a) Ind AS 115 - Revenue from Contract with Customers

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financials statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the Group's contracts with customers. It defines a new five step model to recognise revenue from customer contracts.

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

(All amounts in INR million, unless otherwise stated)

Revenue is recognised when a customer obtains control of the goods or receive services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard supersedes Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts' and related interpretations. Adoption of Ind AS 115 is not expected to have a significant impact on the timing and measurement of revenue. Consistent with the current practice, recognition of revenue will continue to occur over time when services are provided to customers, which is also when the customers consumes the benefits of the entity's performance as it occurs under Ind AS 115. The Group is in process of evaluating the effect of this on the financials statements and does not expect any material impact from the change.

b) Ind AS 12 - Income Taxes

The amendments clarify the accounting for deferred taxes on unrealised loss, where an asset is measured at fair value and the fair value is below assets tax base. A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. The amendment will come into force from April 1, 2018. The Group is in process of evaluating the effect of this on the financials statements and does not expect any material impact from the change.

c) Ind AS 21 - Foreign currency transactions and advance consideration

The amendments clarify the date of the transaction for the purpose of determining the exchange rate to use an initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Group is in process of evaluating the effect of this on the financials statements and does not expect any material impact from the change.

There is no other standards or interpretations that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

39 Events occurring after the reporting period

Refer to note 37 (b) (ii) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing general meeting.

40 Previous year's figures have been regrouped / reclassified wherever necessary to conform to 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

Mumbai, February 27, 2019

Milind Khadilkar
Chief Financial Officer

R. Narasimhan
Company Secretary

Mumbai, February 27, 2019

For and on behalf of
the Board of Directors

G. Swarup
Chairman

D. N. Damania
Director

Rajeev Jain
Managing Director



KSB LIMITED (Formerly known as KSB PUMPS LIMITED)

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

Tel : (022) 66588787, Fax : (022) 66588788, Website : www.ksbindia.co.in, email:compsec.india@ksb.com

CIN : L29120MH1960PLC011635

PROXY

I/We.....

residing at.....

being Member/ Members of KSB Limited, hereby appoint

residing at

or failing him/her

residing at

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the FIFTY NINTH ANNUAL GENERAL MEETING of the Company, to be held on Wednesday, 8th May, 2019 at Bajaj Bhavan, Ground Floor, (Kamalnayan Bajaj Hall), 226, Nariman Point, Mumbai 400 021, at 3.00 p.m. or at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Description	No. of Shares held	Vote	
			[Optional: refer Note (c)] (FOR)	(AGAINST)
ORDINARY BUSINESS				
1.	Adoption of the audited standalone financial statements and audited consolidated financial statements for the year ended 31st December, 2018 together with the Board's Report and Auditors' Report thereon.			
2.	Declaration of Dividend.			
3.	Re-appointment of Dr. Matthias Schmitz (DIN: 07884418), Director who retires by rotation, and being eligible, offers himself for re-appointment.			
SPECIAL BUSINESS				
4.	Ratification of remuneration payable to Cost Auditors for Financial Year 2019.			
5.	Appointment of Ms. Sharmila Barua Roychowdhury (DIN: 08242998) as Independent Director of the Company.			
6.	Re-appointment of Mr. D. N. Damania (DIN: 00403834) as Independent Director of the Company.			
7.	Re-appointment of Mr. Pradip Shah (DIN: 00066242) as Independent Director of the Company.			
8.	Re-appointment of Mr. V. K. Viswanathan (DIN: 01782934) as Independent Director of the Company.			
9.	Continuation of Directorship of Mr. A. R. Broacha (DIN: 00056291) as Independent Director of the Company.			
10.	Adoption of amended Articles of Association of the Company.			

Signed this day of 2019.

RF/DPID/Client ID No

No. of Share held

Signature.....

Affix
Re. 1
Revenue
Stamp

Notes:

- Proxies, in order to be effective must be received by the Company not less than 48 hours before the time of the meeting.
- A proxy need not be a member.
- It is optional to indicate vote preference. If 'FOR' or 'AGAINST' columns are left blank against any/all resolutions, then the proxy will be entitled to vote in the manner as he/she may deem fit.
- Shareholders' grievance cell email - compsec.india@ksb.com





KSB LIMITED (Formerly Known as KSB PUMPS LIMITED)

CIN: L29120MH1960PLC011635

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

Phone: 022-66588787 Fax: 022 66588788 Website: www.ksbindia.co.in email:compsec.india@ksb.com

BALLOT FORM

1.	Name and Address of the Sole/ First named Shareholder as registered with the Company	
2.	Name(s) of the joint Shareholder(s), if any, registered with the Company	
3.	Registered Folio No./DPID No.* & Client ID No.* : (*Applicable to Investors holding shares in dematerialized from)	
4.	Number of shares held	

I/We hereby exercise my/our vote in respect of the Resolutions set out in the Notice of 59th Annual General Meeting ("AGM") of the Company, to be held on Wednesday, 8th May, 2019 at 3.00. p.m. by conveying my/our assent or dissent to the said resolutions by placing the tick [V] mark in the appropriate column below:

No.	Description	Type of resolution	No. of Shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
ORDINARY BUSINESS					
1.	Adoption of the audited standalone financial statements and audited consolidated financial statements for the year ended 31st December, 2018 together with the Board's Report and Auditors' Report thereon.	Ordinary			
2.	Declaration of Dividend.	Ordinary			
3.	Re-appointment of Dr. Matthias Schmitz (DIN: 07884418), Director who retires by rotation, and being eligible, offers himself for re-appointment.	Ordinary			
SPECIAL BUSINESS					
4.	Ratification of remuneration payable to Cost Auditors for Financial Year 2019.	Ordinary			
5.	Appointment of Ms. Sharmila Barua Roychowdhury (DIN 08242998) as Independent Director of the Company.	Ordinary			
6.	Re-appointment of Mr. D. N. Damania (DIN: 00403834) as Independent Director of the Company.	Special			
7.	Re-appointment of Mr. Pradip Shah (DIN: 00066242) as Independent Director of the Company.	Special			
8.	Re-appointment of Mr. V. K. Viswanathan (DIN: 01782934) as Independent Director of the Company.	Special			
9.	Continuation of Directorship of Mr. A. R. Broacha (DIN: 00056291) as Independent Director of the Company.	Special			
10.	Adoption of amended Articles of Association of the Company.	Special			

Place:

Date:



Signature of Member



CORA 100_3 HH/75

New Products Launched

To address newer markets, a variety of products were introduced in submersible, domestic and standard industrial pumps segments.

Agriculture Segment

CORA Chrom



Industrial Segment

CPK SO



Domestic Segment



S STAR

K STAR

PERISTAR GS

CUB II

OPAL 10 CX

Control Panels



D START



GARDO PLUS

Sales Promotion Activities



Kisan Exhibition, Pune



Hoarding



Branding on buses



Shop branding



Branding with Trolley at Airport



Branding on Auto



Mr. Ralf Kannefass
Member of Board, KSB SE & Co, KGaA



Mr. Gaurav Swarup
Chairman



Mr. Rajeev Jain
Managing Director



Mr. Farrokh Bhatena
Director - Sales & Marketing

31st All India Dealers' Conference - 2019, Bali

31st All India Dealer Conference held at Bali in Indonesia. Around 100 dealer participants along with Mr. Ralf Kannefass (Member of Board, KSB SE & Co, KGaA), Mr. Gaurav Swarup (Chairman), Mr. Farrokh Bhatena (Director - Sales & Marketing), Mr. Rajeev Jain (Managing Director) and management team attended the conference.



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.



Dialysis Machine to Morya hospital, Chinchwad, Pune.



Sewing Machines for Skill Development Centre at Sinnar



Donation of Mobile clinic van to 'Samavedna'



Anamprem, Ahmednagar - Donated ambulance



V.N.Naik School, Sinnar - Donated 10 Computer sets and projector screen for students.



Primary School Building at Sinnar, Nashik



Automation of assembly line of 150 mm submersible pumps at Sinnar plant.

New brand "SupremeServe" focusing on Installed Base business

KSB SupremeServ



Be honest with your KSB Pumps
Use Genuine KSB Spare Parts

www.ksbindia.co.in



KSB Limited

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