
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