

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.

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- (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/

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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

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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.

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- 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.

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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

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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).

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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>

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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

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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

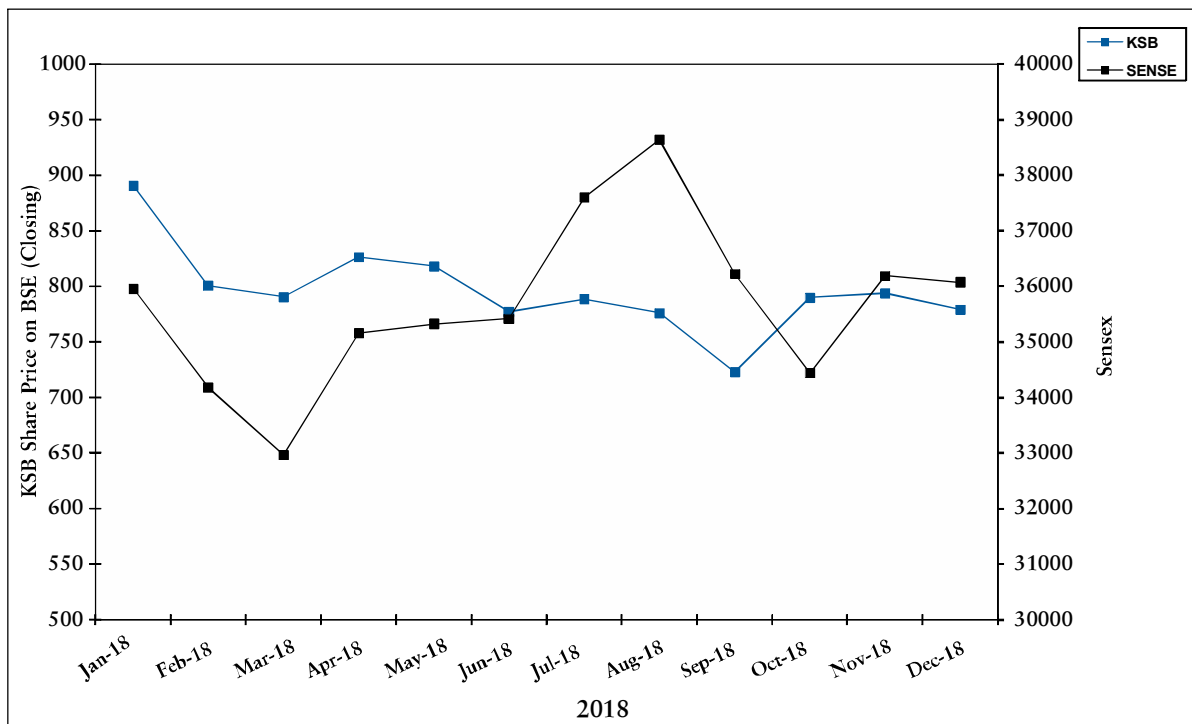
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ANNEXURE A

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



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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